

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2021 [Japanese GAAP]



Aug. 11, 2021

Listed Market: TSE 1st Section

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Application of U.S. GAAP: None

For reference only

The Japanese version of this Financial Review is the original, English version is essentially a translation from Japanese.

The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

Amounts are rounded down to the nearest million yen.

1. Financial highlights for the 1st quarter ended Jun.30, 2021 (4/01/2021—6/30/2021)

(Percentage is the rate of increase or decrease from the previous corresponding period.)

(1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Mill. yen	%	Mill. yen	%	Mill. yen	%	Mill. yen	%
Three months ended Jun.30, 2021	4,748	-10.1	122	---	117	---	32	---
Three months ended Jun. 30, 2020	5,279	-1.3	-1	---	10	---	-23	---

Note: Comprehensive income

Three months ended Jun. 30, 2021 ¥103 million (--- %)
 Three months ended Jun. 30, 2020 -¥43 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2021	3.63		3.60	
Three months ended Jun. 30, 2020	-2.54		---	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2021	35,103	14,185	40.3
Mar. 31, 2021	37,508	14,125	37.5

Note: Equity

As of Jun. 30, 2021: ¥14,141 million
 As of Mar. 31, 2021: ¥14,074 million

2. Cash Dividends

	Cash dividend per share				
	1st quarter end	2nd quarter end	3 rd quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2022	---				
Fiscal year ending Mar. 31, 2022 (forecast)		12.00	---	12.00	24.00

Note: Revision of cash dividends in year under review is none.

3. Corporate estimates for the year ending March 31, 2022 (4/01/2021-3/31/2022)

(Percentage is the rate of increase or decrease from the previous financial year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill. Yen	%	Yen
Fiscal year ending Mar. 31, 2022	30,000	24.0	1,600	120.0	1,500	102.7	800	137.0	88.00

Note: Revision of corporate estimate in year under review: None

Notes

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):

None

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes of accounting policies, changes in accounting estimates and retrospective restatement

- ① Changes of accounting policies accompanied by revision of accounting standard etc.: Yes
- ② Changes of accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Retrospective restatement : None

(4) Number of issued shares outstanding (Common shares)

① Number of issued shares outstanding as of end of period (including treasury stock)

As of Jun. 30, 2021:	9,758,947 shares	As of Mar. 31, 2021:	9,758,947 shares
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② Number of treasury stock as of end of period

As of Jun. 30, 2021:	667,806 shares	As of Mar. 31, 2021:	672,594 shares
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③ Average number of issued shares outstanding

Three months ended Jun. 30, 2021:	9,088,509 shares	Three months ended Jun. 30, 2020:	9,056,153 shares
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This quarterly financial report is exempt from quarterly review procedure.

Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to us and certain assumptions that are regarded as legitimate. We do not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P 5" (3) Qualitative information regarding consolidated business results and dividend forecasts" for the assumptions used and other notes.

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1. Qualitative Information on Financial Results for the Current Quarter

(1) Qualitative information regarding the status of consolidated business results

During the three months started from Apr.1, 2021, world economy has been under severe condition and uncertainty about futures remained which influenced by pandemic of COVID-19, also in Japan, economic activities have been forced to be restricted.

In each business area which we belong to, for example in mechatronics related business, because of expanded needs for 5G and Ai and expanded demand for data center use led by progress of IoT and DX, business has continued to be well. In the other related business, business resulted very severe because of restricted people flow caused by COVID-19.

As a result, our consolidated business result of this three months period ended Jun 30, 2021, were net sales of ¥4,748 million (10.1% decreased compared to the corresponding period of the previous year), operating income of ¥122 million (the corresponding period of the previous year was minus ¥1 million), ordinary income of ¥117 million (1,001.1% increased compared to the corresponding period of the previous year), profit attributable to owners of parent of ¥32 million (the corresponding period of the previous financial year was minus ¥23 million). Due to the adoption of Revenue Recognition Accounting Standards etc, sales for the first quarter of this financial year decreased by ¥124 million, cost of sales decreased by ¥77 million, and operating income, ordinary income, net income before taxes decreased by ¥46 million each. In addition, the balance of retained earnings at the beginning of the period increased by ¥46 million.

Each segment result was as follows.

(Mechatronics related business)

Taping equipment for electronic components and automobile semiconductor, semiconductor for datacenter and power semiconductor related business went well because of strong demand.

As a result of these, sales of Mechatronics related business were ¥2,874 million (17.2% increased compared to the corresponding period of the previous year) and segment profit was ¥383 million (210.7% increased compared to the corresponding period of the previous year).

(Display related business)

In P.R.C. which is a main manufacturing market, manufacturing plan have delayed because of city lockdown and restricted people flow, and business went sluggish.

As a result, sales of Display related business were ¥344 million (69.7% decreased compared to the corresponding period of the previous year) and segment profit was minus ¥238 million (the corresponding period of the previous year was minus ¥138 million). Due to the adoption of Revenue Recognition Accounting Standards etc, sales for the first quarter of this financial year decreased by ¥124 million and segment income decreased by ¥46 million.

(Industrial machinery related business)

Domestic and overseas market has been influenced by changes of life-style such as self-restrain and increasing tele-work caused by state of emergency issued, and business atmosphere in domestic as well as overseas were very severe.

As a result, sales of Industrial machine related business were ¥127 million (42.8% decreased compared to the corresponding period of the previous year) and segment profit was minus ¥60 million (the corresponding period of the previous year was minus ¥47 million).

(Electronics related business)

Never the less the sales of control communication equipment went well but bid for dialyzer in Latin America delayed and resulted below budget.

As a result, sales of Electronics related business were ¥1,402 million (4.5% decreased compared to the corresponding period of the previous year) and segment profit was minus ¥7 million (the corresponding period of the previous year was ¥1 million).

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Total assets as of Jun 30, 2021 were ¥35,103 million, a decrease of ¥2,405 million compared

to the previous financial year end. In current assets, this is mainly due to a decrease ¥1,890 million in cash and deposit and ¥ 1,078 million in trade note and account receivable. Noncurrent assets were ¥8,320 million a decrease of ¥20 million compared to the previous financial year end.

(Liabilities)

Total liabilities as of Jun. 30, 2021 were ¥20,917 million, a decrease of ¥2,465 million compared to the previous financial year end. The major decrease were ¥2,069 million in short-term loans payable and ¥463 million in long-term loans payable.

(Net assets)

Total net assets as of Jun. 30, 2021 were ¥14,185million, an increase of ¥60 million compared to the previous financial year end. As a result, equity ratio as of Jun 30, 2021 was 40.3% (the previous financial year end was 37.5 %)

(3) Qualitative information regarding consolidated business results and dividends forecast

Consolidated twelve months business result forecasts ending at Mar.31, 2022 and cash dividend forecast remain the same as consolidated business results and dividend forecast which announced on May. 14, 2021.

2. Consolidated Financial Information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2021	As of Jun 30, 2021
(Assets)		
Current assets		
Cash and deposits	10,009	8,119
Trade note and accounts receivable	10,195	9,117
Securities	0	0
Merchandise and finished goods	1,291	1,309
Work in process	5,688	5,805
Raw materials and supplies	1,397	1,502
Others	647	989
Allowance for doubtful accounts	-63	-61
Total current assets	29,166	26,782
Non current assets		
Tangible fixed assets		
Buildings and structures	5,031	5,037
Accumulated depreciation	-3,180	-3,217
Building and structures(net)	1,851	1,820
Machinery, equipment and vehicles	2,434	2,484
Accumulated depreciation	-1,875	-1,940
Machinery, equipment and vehicles(net)	558	544
Tools, equipment and fixtures	3,574	3,603
Accumulated depreciation	-3,189	-3,235
Tools, equipment and fixtures(net)	385	368
Land	3,597	3,597
Leased assets	303	302
Accumulated depreciation	-145	-152
Leased assets(net)	158	149
Construction in progress	188	247
Total tangible fixed assets	6,739	6,727
Intangible assets		
Good will	179	149
Soft wares	60	54
Leased assets	30	26
Telephone subscription rights	20	20
Others	14	13
Total intangible assets	305	265
Investments and other assets		
Investment securities	442	445
Long-term lending	0	0
Differed income taxes	672	713
Long-term retentions receivable	166	166
Others	205	192
Allowance for doubtful accounts	-190	-190
Total investments and other assets	1,296	1,327
Total noncurrent assets	8,341	8,320
Total assets	37,508	35,103

(Millions of yen)

	As of Mar. 31, 2021	As of Jun 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable trade	3,937	4,043
Short-term loans payable	9,175	7,105
Lease obligations	70	70
Income tax payable	248	42
Provision for bonuses	374	391
Provision for products warranty	71	70
Expense payable	418	355
Advances received	856	827
Others	237	492
Total current liabilities	15,388	13,399
Fixed liabilities		
Bond payable	500	500
Long-term loans payable	5,588	5,125
Expense payable long term	1	1
Lease obligations	138	125
Deferred tax payable	90	91
Obligations related to retirement benefits	1,157	1,192
Asset retirement obligation	48	51
Provision for business liquidation losses	439	401
Others	28	28
Total fixed liability	7,993	7,517
Total liabilities	23,382	20,917
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,637	3,639
Retained earnings	8,452	8,441
Treasury stock	-574	-569
Total shareholders' equity	14,316	14,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Foreign currency translation adjustment	-248	-181
Pension liability adjustments	4	7
Total accumulated other comprehensive income	-242	-171
Subscription rights to shares	51	44
Total net assets	14,125	14,185
Total liabilities and net assets	37,508	35,103

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	The previous corresponding period (Apr.1, 2020 to Jun. 30, 2020)	Three months ended Jun. 30, 2021 (Apr. 1, 2021 to Jun. 30, 2021)
Net sales	5,279	4,748
Cost of sales	4,260	3,534
Gross profit	1,018	1,214
Selling, g&a expenses		
Salary & directors' compensation	459	446
Provision for bonuses	30	42
Fringe benefit expenses	20	19
Rent expenses	52	44
Outsourcing expenses	30	26
R&D expenses	101	107
Depreciations	43	38
Others	280	367
Total selling, g&a expenses	1,020	1,091
Operating income(loss)	(1)	122
Non-operating income		
Interest income	2	2
Dividends income	43	1
Rents income	4	4
Investment gain on equity method	0	---
Insurance proceeds	---	6
Others	17	11
Total non-operating income	68	25
Non-operating expenses		
Interest expenses	30	20
Foreign exchange losses	10	4
Investment loss on equity method	---	1
Others	16	3
Total non-operating losses	56	30
Ordinary income(loss)	10	117
Extraordinary income		
Income on disposal of fixed assets	34	1
Others	4	---
Total extraordinary income	38	1
Extraordinary loss		
Losses on disposal of fixed assets	3	0
Others	0	0
Total extraordinary loss	3	1
Income (Loss) before income tax	45	117
Income taxes	94	126
Income tax adjustment	-23	-41
Total income tax	70	84
Profit (Loss)	(25)	32
Profit (Loss) attributable to non controlling interests	(2)	---
Profit (loss) attributable to owners of parent	(23)	32

Consolidated Statements of Comprehensive Income

(Millions of yen)

	The previous corresponding period (Apr.1, 2020 to Jun.30, 2020)	Three months ended Jun. 30, 2021 (Apr.1, 2021 to Jun. 30, 2021)
Income (Loss) before minority interests	(25)	32
Other comprehensive income		
Valuation difference on available-for sale securities	5	1
Foreign currency translation adjustment	-23	67
Pension liability adjustments	-0	2
Total other comprehensive Income (Loss)	(18)	71
Comprehensive income (Loss)	(43)	103
(comprehensive income(Loss) attribute to)		
Owners of parent	(41)	103
Non controlling interests	(2)	---

(3) Notes on Quarterly Financial Information.

(Notes Concerning Going Concern Assumption)

None

(Notes Concerning Major Changes in Shareholders' Equity)

None

(Changes of Accounting Policy)

<Adoption of "Accounting Standard for Revenue Recognition," etc.>

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020 (hereinafter "Accounting Standard for Revenue Recognition". from the beginning of the first quarter of fiscal year of 2022 and recognizes revenue for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.

As a result, in case of export sales which the Group is obliged to install in contracts with customers, in the past domestic consolidated subsidiaries used to recognize revenue when we received an acceptance from a customer, but now we will be obliged to recognize "delivery of equipment" and "Installation and on-site adjustment work" as a separate and independent performance obligation. We have changed to a method of recognizing each revenue when the delivery of the equipment is completed and when the installation adjustment on site is completed.

However, we apply the method stipulated in Article 84 of the Accounting Standard for Revenue Recognition.

Therefore, we have not retroactively applied the new accounting policy to previous handled contracts that recognized almost all revenue amounts prior to the beginning of the first quarter of this consolidated fiscal period.

As a result, net sales for the first quarter of the current consolidated cumulative period decreased by ¥124 million, cost of sales decreased by ¥77 million, and operating income, ordinary income, and net income before adjustment for taxes decreased by ¥46 million each. In addition, the balance of retained earnings at the beginning of the current period has increased by ¥46 million.

In accordance with the transition provisions in Article 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standard No. 12, March 31, 2020), paragraphs 28-15, we have not stated the profits generated from the contracts with customers for the previous first quarter consolidated cumulative period.

<Adoption of "Accounting Standard for Fair Value Measurement," etc.>

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019 (hereinafter "Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of fiscal year of 2022. The Company has prospectively adopted new accounting policies based on the Accounting Standard for Fair Value Measurement, etc. in accordance with the transition provisions in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). There is no impact of these changes on quarterly financial statements.

(Changes in Accounting Estimate)

None

(Additional Information)

None

(Segment Information and Others)**[Segment information]**

I. The previous corresponding period (Apr. 1, 2020 to Jun. 30, 2020)

1. Information on sales and income or loss in reportable segment.

(Millions of Yen)

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	2,452	1,134	223	1,468	5,279	---	5,279
Intersegment sales and transfers	---	1	---	2	4	-4	---
Total	2,452	1,136	223	1,471	5,283	-4	5,279
Segment income (loss)	123	(138)	(47)	1	(60)	58	(1)

Notes

1. Segment income (loss) adjustment of ¥58 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥208 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥149million.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None

II. This financial period (Apr.1, 2021 to Jun.30, 2021)

1. Information on sales and income or loss in reportable segment.

(Millions of Yen)

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	2,874	344	127	1,402	4,748	---	4,748
Intersegment sales and transfers	0	0	0	0	1	-1	---
Total	2,874	344	128	1,402	4,749	-1	4,748
Segment income (loss)	383	(238)	(60)	(7)	77	44	122

Notes

1. Segment income (loss) adjustment of ¥44 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥229 million. From consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥185 million.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None

3. Items on changes of reportable segment.

As described in the change in accounting policy, Accounting Standard for the Revenue Recognition, etc. will be adopted from the beginning of the first quarter of this consolidated accounting period. Due to the change in the accounting method for revenue recognition, the method for measuring profit or loss in the business segment has also changed.

As a result of this change, sales of the "display-related business" decreased by 124 million yen and segment income decreased by 46 million yen compared to the conventional method.