

Consolidated Financial Review



For the 2nd Quarter Ended Sep. 30, 2021 [Japanese GAAP]

Nov.12, 2021

Listed Market: TSE 1st

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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 2nd quarter ended Sep.30, 2021 (4/01/2021 – 9/30/2021)

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

(1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Six months ended Sep.30,2021	11,075	-9.4	716	129.9	730	137.9	524	91.9
Six months ended Sep.30,2020	12,230	2.3	311	---	307	---	273	---

Note: Comprehensive income

Six months ended Sep.30,2021 ¥623 million (142.8 %)

Six months ended Sep.30,2020 ¥256 million (---%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
Six months ended Sep.30,2021	57.66		57.26	
Six months ended Sep.30,2020	30.16		29.93	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
As of Sep.30,2021	34,999	14,749	42.0
As of Mar.31,2021	37,508	14,125	37.5

Note: Equity

As of Sep. 30, 2021: ¥14,704 million

As of Mar. 31, 2021: ¥14,074 million

2. Cash Dividends

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

Note: Revision of the latest forecast of cash dividends: None

3. Business result forecast for the year ending Mar. 31, 2022(4/01/2021-3/31/2022)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Profit for the period per share
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Yen
Fiscal year ending Mar. 31, 2022	30,000	24.0	1,600	120.0	1,500	102.7	800	137.0	87.53

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 | : Yes |
| 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 Sep. 30, 2021:	9,758,947 shares	As of Mar. 31, 2021:	9,758,947 shares
② Number of treasury stock as of end of period			
As of Sep. 30, 2021:	629,341 shares	As of Mar. 31, 2021:	672,594 shares
③ Average number of issued shares outstanding			
Six months ended Sep. 30, 2021:	9,100,552 shares	Six months ended Sep. 30, 2020:	9,064,456 shares

*Indication of quarterly review procedure implementation status

This quarterly financial report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Law.

*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) Description of Financial Estimates Information such as Consolidated Business Results Forecasts.

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1. Qualitative Information on Financial Statements.

(1) Description of Consolidated Business Results.

During the six months started from Apr.1, 2021, world economy has been gradually picking up in the first half, but the second half of this period world economy has again become uncertain situation because of supply chain disruption and severe operational restrictions caused by new variant' of COVID-19.

In the semiconductor industry to which we belong, nevertheless affected by COVID-19 infection there has been still demand for related to 5G, EV, AI and IoT.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products to grasp every minute changing client's needs.

As a result, consolidated this six month our business result was as follows. Net sales amounted to ¥11,075 million (9.4% decreased compared to the previous corresponding period), operating income marked ¥716 million (129.9% increased compared to the previous corresponding period), ordinary income marked ¥730 million (137.9% increased compared to the previous corresponding period), profit attributable to owners of parent marked ¥524 million (91.9% increased compared to the previous corresponding period).

Moreover because of adoption of the "Accounting Standard for Revenue Recognition" net sales for this consolidated cumulative period decreased by ¥79 million, cost of sales decreased by ¥55 million, and operating income, ordinary income and net income before adjustment for taxes decreased by ¥24 million each. In addition, the balance of retained earnings at the beginning of the current period has increased by ¥46 million.

Each segment result was as follows.

(Mechatronics related business segment)

Backed by resuming economic activity and strong demand, Laser Annealing Equipment business for power semiconductor and Taping Machine business for smartphone business went well.

As a result, net sales of mechatronics related business segment amounted to ¥6,055 million (18.0 % increased compared to the previous corresponding period) and segment income marked ¥678 million. (140.7 % increased compared to the previous corresponding period.)

(Display related business segment)

Stagnated production plan of our clients in PRC, which is our main market, had started to move gradually but influenced by new variant' of COVID-19, operational restriction has changed to more severe and new order receiving activities were forced to be postponed.

As a result, net sales of display related business segment amounted to ¥952 million (74.1% decreased compared to the previous corresponding period) and segment income marked -¥201million (the corresponding period of the previous financial year was -¥87 million).

Moreover because of adoption of the "Accounting Standard for Revenue Recognition" net sales for this consolidated cumulative period decreased by ¥79 million and segment income decreased by ¥24 million.

(Industrial machinery related business segment)

Domestic market of cleaning related equipment was influenced by "Self-restrain," and overseas business that we mainly operate in PRC was the same as domestic market. Therefore, business atmosphere was very severe in both markets.

As a result, net sales of industrial machinery related business amounted to ¥371 million (9.0% decreased compared to the previous corresponding period) and segment income marked -¥49million (the previous corresponding period segment income marked -¥78 million).

(Electronics related business segment)

Business for electric power company and business of dialyzer have gone well without break.

As a result, net sales of electronics related business amounted to ¥3,696 million (22.4% increased compared to the previous corresponding period) and segment income marked ¥179 million (125.8% increased compared to the previous corresponding period).

(2) Description of Consolidated Financial Position.

(Assets)

Current assets as of Sep.30,2021 were ¥26,870 million, a decrease of ¥2,296 million compared to the previous financial year end. Major decreases were ¥1,492 million in cash and deposits and ¥486 million in work in process. Noncurrent assets were ¥8,129 million a decrease of ¥211 million. As a result, total assets as of Sep.30, 2021 decreased by ¥2,508 million from the previous financial year end to ¥34,999 million.

(Liabilities)

Current liabilities as of Sep.30,2021 were ¥12,847 million, a decrease of ¥2,541 million compared to the previous financial year end. The major decreases were ¥1,500 million in short-term loans payable and ¥653 million in advances received.

Fixed liabilities as of Sep.30,2021 were ¥7,403 million, a decrease of ¥590 million compared to the previous financial year end. A main decrease was ¥422 million in long term loan payable.

As a result, total liabilities as of Sep.30,2021 decreased by ¥3,131 million from the previous financial year end to ¥20,250 million.

(Net assets)

Total net assets as of Sep.30,2021 were ¥14,749 million, an increase of ¥623 million compared to the previous financial year end. As a result, equity ratio at the end of the 2nd quarter was 42.0% and net assets per share came to ¥1,610.62.

(3) Description of Financial Estimates Information such as Consolidated Business Results Forecasts.

Consolidated twelve-month business result forecasts ending at Mar.31,2022 is the same as consolidated business results 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 Sep.30,2021.
(Assets)		
Current assets		
Cash and deposits	10,009	8,517
Trade note and accounts receivable	10,195	10,038
Securities	0	0
Merchandise and finished goods	1,291	1,323
Work in process	5,688	5,201
Raw materials and supplies	1,397	1,370
Others	647	479
Allowance for doubtful accounts	-63	-62
Total current assets	29,166	26,870
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	5,031	5,060
Accumulated depreciation	-3,180	-3,252
Building and structures(net)	1,851	1,807
Machinery, equipment, and vehicles	2,434	2,440
Accumulated depreciation	-1,875	-1,954
Machinery, equipment, and vehicles(net)	558	485
Tools, equipment, and fixtures	3,574	3,607
Accumulated depreciation	-3,189	-3,248
Tools, equipment, and fixtures(net)	385	359
Land	3,597	3,597
Leased assets	303	302
Accumulated depreciation	-145	-166
Leased assets(net)	158	135
Construction in progress	188	298
Total tangible fixed assets	6,739	6,684
Intangible assets		
Good will	179	119
Soft wares	60	50
Leased assets	30	23
Telephone subscription rights	20	20
Others	14	22
Total intangible assets	305	236
Investments and other assets		
Investment securities	442	443
Long-term lending	0	2
Differed income taxes	672	576
Long-term retention receivables	166	165
Others	205	210
Allowance for doubtful accounts	-190	-189
Total investments and other assets	1,296	1,209
Total noncurrent assets	8,341	8,129
Total assets	37,508	34,999

(Millions of yen)

	As of Mar.31,2021.	As of Sep.30,2021.
Liabilities		
Current liabilities		
Notes and accounts payable trade	3,937	3,814
Short-term loans payable	9,175	7,674
Lease obligations	70	62
Income taxes payable	248	91
Provision for bonuses	374	365
Provision for products warranty	71	69
Expense payable	418	350
Advances received	856	202
Others	237	216
Total current liabilities	15,388	12,847
Fixed liabilities		
Bonds payable	500	500
Long-term loans payable	5,588	5,166
Expense payable long term	1	---
Lease obligations	138	113
Deferred tax payable	90	73
Obligations related to retirement benefits	1,157	1,231
Asset retirement obligation	48	51
Provision for business restructuring	439	238
Others	28	28
Total fixed liabilities	7,993	7,403
Total liabilities	23,382	20,250
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,637	3,649
Retained earnings	8,452	8,933
Treasury stock	-574	-536
Total shareholders' equity	14,316	14,847
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	6
Foreign currency translation adjustment	-248	-156
Pension liability adjustments	4	6
Total accumulated other comprehensive income	-242	-143
Subscription rights to shares	51	44
Total net assets	14,125	14,749
Total liabilities and net assets	37,508	34,999

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

(Millions of yen)

	The previous corresponding period. (Apr.1,2020 to Sep.30,2020)	Six months ended Sep.30,2021. (Apr.1,2021 to Sep.30,2021)
Net sales	12,230	11,075
Cost of sales	9,790	8,166
Gross profit	2,440	2,909
Selling, g&a expenses		
Salary & directors' compensation	908	886
Provision for bonuses	73	78
Fringe benefit expenses	35	39
Rent expenses	98	85
Outsourcing expenses	56	53
R&D expenses	211	232
Depreciation	87	77
Others	657	739
Total selling, g&a expenses	2,128	2,193
Operating income (loss)	311	716
Non-operating income		
Interest income	5	5
Dividend's income	38	28
Rents income	8	8
Insurance proceeds received	---	6
Others	46	49
Total non-operating income	98	97
Non-operating expenses		
Interest expenses	51	41
Foreign exchange losses	23	12
Equity in losses of affiliates accounted for by the equity method	---	3
Others	28	26
Total non-operating losses	102	83
Ordinary income (loss)	307	730
Extraordinary income		
Income on disposal of fixed assets	43	3
Reversal of reserve for business consolidation loss	---	90
Others	4	0
Total extraordinary income	47	94
Extraordinary loss		
Loss on disposal of fixed assets	3	13
Others	0	0
Total extraordinary loss	4	14
Profit (loss) before income tax	350	810
Income taxes	96	210
Income tax adjustment	-17	75
Total income tax	79	285
Profit (loss) for the period	270	524
Profit (loss) attributable to:		
Non-controlling interest	(2)	---

Owners of parent	273	524
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Consolidated Statements of Comprehensive Income.

(Millions of yen)

	The previous corresponding period. (Apr.1,2020 to Sep.30,2020)	Six months ended Sep.30, 2021. (Apr.1,2021 to Sep.30,2021)
Profit (loss) for the period	270	524
Other comprehensive income		
Valuation difference on available-for sale securities	6	5
Foreign currency translation adjustment	-19	91
Pension liabilities adjustment	-0	2
Total other comprehensive income(loss)	(13)	99
Comprehensive income(loss)	256	623
Comprehensive income(loss) attributable to:		
Owners of parent	259	623
Non-controlling interest	(2)	---

(3) Notes on Quarterly Financial Report.

(Note concerning Going Concern Assumption.)

None

(Note concerning Major Changes in Shareholders' Equity.)

None

(Adoption of Special Accounting Methods for Preparation of Quarterly Financial Statements.)

None

(Changes of Accounting Policies.)

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

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 this financial year 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 contracted goods or services is transferred to the customer.

As a result, in case of export sales which our 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. Regarding the application of Revenue Recognition Accounting Standards, we follow the transitional treatment stipulated in the proviso of paragraph 84 of Revenue Recognition Accounting Standard. Therefore, the cumulative effect of retroactively applying the new accounting policy before the beginning of the first quarter of this consolidated accounting period is added to or subtracted from the retained earnings at the beginning of the first quarter of this consolidated financial period, and the new accounting policy is adopted from the balance at the beginning of this financial period.

We are applying a new accounting policy. However, we apply the method stipulated in Article 86 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 financial period.

As a result, net sales for this consolidated cumulative period decreased by ¥79 million, cost of sales decreased by ¥55 million, and operating income, ordinary income, and net income before adjustment for taxes decreased by ¥24 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 provision 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 each profit separately generated from each separate independent obligation of each contract with customers for the previous cumulative consolidated 2nd quarter.

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

We have 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 this financial year. We have prospectively adopted new accounting policies based on the Accounting Standard for Fair Value Measurement. 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 consolidated financial statements.

(Changes in Accounting Estimates.)

<Evaluation rule for inventories>

Our group have internal rule for evaluation of merchandise and finished goods, and raw materials and supplies that regularly discount those valuation at a fixed rate if it exceeds a certain period of time after acquisition. Based on this, consolidated balance sheet figures are based on this devalued amount.

Therefore, considering the Group's inventory holding status, sales performance status and others, we have changed such certain period and discount rate related to the devaluation of the book value in order to appropriately reflect the fact of declining profitability of inventories in the financial condition and business results

Due to this change, impact for operating income, ordinary income, and net income before adjustment for taxes of this current consolidated cumulative period is minor

(Additional Information.)

None

(Segment Information.)

[Segment Information.]

I . The previous corresponding period (Apr.1,2020 to Sep.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	5,132	3,669	408	3,019	12,230	---	12,230
Intersegment sales and transfers	---	2	---	2	5	-5	---
Total	5,132	3,672	408	3,022	12,236	-5	12,230
Segment income (loss)	281	(87)	(78)	79	195	116	311

Notes

1. Segment income (loss) adjustment of ¥116 million is the corporate income and expenses not apportioned in each reportable segment. Corporate income, mainly comprise management fee from consolidated subsidiaries which belong to each reportable segment is ¥454 million. And corporate expense of ¥338 million is mainly expenses of general and administration division which does not belong to reportable segment.
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 Sep.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	6,055	952	371	3,696	11,075	---	11,075
Intersegment sales and transfers	0	4	3	0	8	-8	---
Total	6,055	956	375	3,696	11,083	-8	11,075
Segment income (loss)	678	(201)	(49)	179	606	109	716

Notes

1. Segment income (loss) adjustment of ¥109 million is the corporate income and expenses not apportioned in each reportable segment. Corporate income, mainly comprise management fee from consolidated subsidiaries which belong to each reportable segment is ¥472 million. And corporate expense of ¥362 million is mainly expenses of general and administration division which does not belong to reportable segment.
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 was 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 ¥79 million and segment income decreased by ¥24 million compared to the conventional method.