

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2022 [Japanese GAAP]



Aug. 12, 2022

Listed Market: TSE Prime

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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, 2022 (4/01/2022—6/30/2022)

(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, 2022	4,900	3.2	45	-62.7	133	13.5	78	139.3
Three months ended Jun. 30, 2021	4,748	-10.1	122	---	117	---	32	---

Note: Comprehensive income

Three months ended Jun. 30, 2022 ¥212 million (104.1 %)
 Three months ended Jun. 30, 2021 ¥103 million (--- %)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2022	8.64	8.57	3.63	3.60
Three months ended Jun. 30, 2021	3.63	3.60		

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2022	36,426	15,318	41.9
Mar. 31, 2022	36,997	15,324	41.3

Note: Equity

As of Jun. 30, 2022: ¥15,271 million
 As of Mar. 31, 2022: ¥15,278 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, 2022	---	12.00	---	24.00	36.00
Fiscal year ending Mar. 31, 2023	---				
Fiscal year ending Mar. 31, 2023 (forecast)		25.00	---	25.00	50.00

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

3. Corporate estimates for the year ending March 31, 2023 (4/01/2022-3/31/2023)

(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, 2023	30,000	31.6	3,000	91.5	2,800	87.7	1,700	53.5	186.22

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.: None
- 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, 2022:	9,758,947 shares	As of Mar. 31, 2022:	9,758,947 shares
② Number of treasury stock as of end of period			
As of Jun. 30, 2022:	630,339 shares	As of Mar. 31, 2022:	629,389 shares
③ Average number of issued shares outstanding			
Three months ended Jun. 30, 2022:	9,129,537 shares	Three months ended Jun. 30, 2021:	9,088,509 shares

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 first three months started from Apr. 1, 2022, uncertainty of the global economy about the future has increased, and concerns about an economic recession have increased due to rising resources price and progressing inflation caused by the situation in Ukraine and disruptions to supply chains due to lockdowns in P.R.C.

The business environment surrounding Our Group was weak due to a decline in gross profit caused by soaring material prices and difficulties in procuring parts, and delays in delivery due to customer's request. However, orders continued to be firm due to the expansion of demand for electric power and medical care.

However, orders continued to be firm due to the miniaturization and diversification of electronic components, the expansion of data center demand, and the increasing demand for electric power and medical care, orders continued to be firm.

As a result, our consolidated business results of this three months ended Jun 30, 2022, were net sales of ¥4,900 million (3.2% increased compared to the corresponding period of the previous year), operating income of ¥45 million (62.7% decreased compared to the corresponding period of the previous year), ordinary income of ¥133 million (13.5% increased compared to the corresponding period of the previous year), profit attributable to owners of parent of ¥78 million (139.3% increased compared to the corresponding period of the previous year).

Each segment result was as follows.

(Mechatronics related business)

Orders for burnishing equipment, taping equipment for electronic components and automobiles, remained strong due to robust demand. However, both sales and profits decreased due to supply chain disruptions and other factors.

As a result, sales in the mechatronics-related business amounted to 2,168 million yen (24.6% decreased compared to the corresponding period of the previous year).

Segment income was 90 million yen (76.5% decreased compared to the corresponding period of the previous year).

(Display related business)

Sales increased due to the strong backlog of orders for heat treatment furnaces for FPDs at the previous fiscal year end, and the segment loss also improved significantly.

As a result, sales of Display related business were ¥1,289 million (274.9% increased compared to the corresponding period of the previous year) and segment profit was minus ¥89 million (the corresponding period of the previous year was minus ¥238 million)

(Industrial machinery related business)

The contraction trend in the domestic and overseas home cleaning market subsided, and the development of the medical linen market progressed smoothly. The new business for packaging equipment has not yet contributed to sales, but development is progressing smoothly.

As a result, sales of Industrial machine related business were ¥150 million (17.4% increased compared to the corresponding period of the previous year) and segment profit was minus ¥33 million (the corresponding period of the previous year was minus ¥60 million).

(Electronics related business)

Sales of control and communication equipment for electric power companies went favorable, but business results of dialyzer fell short of expectations due to delays in the delivery of components.

As a result, sales of Electronics related business were ¥1,292 million (7.8% decreased compared to the corresponding period of the previous year) and segment profit was ¥49 million (the corresponding period of the previous year was loss ¥7 million).

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current asset as of Jun 30, 2022 were ¥28,306 million, a decrease of ¥559 million compared to the previous financial year end. this is mainly due to an increase ¥1,440 million in work in

process and decreases ¥1,745 million in cash and deposit and ¥774 million in trade note and receivables. Noncurrent assets were ¥8,119 million and nearly the same as the previous financial year end. As these results, total assets were ¥36,426 million a decrease of ¥571 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2022 were ¥13,786 million, a decrease of ¥37 million compared to the previous financial year end. The major factors were an increase of ¥744 million in notes and accounts payable trade and a decrease ¥1,093 million in short-term loans payable. Fixed liabilities as of Jun. 30, 2022 were ¥7,321 million, a decrease of ¥526 million compared to the previous financial year end. The major factor was a decrease of ¥497 million in long-term loans payable. As results, total liabilities were ¥21,107 million a decrease of ¥564 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2022 were ¥15,318 million, an decrease of ¥6 million compared to the previous financial year end. As a result, equity ratio as of Jun 30, 2022 was 41.9% (the previous financial year end was 41.3 %)

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

Consolidated twelve months business result forecasts ending at Mar.31, 2023 and cash dividend forecast remain the same as consolidated business results and dividend forecast which announced on May. 13, 2022.

2. Consolidated Financial Information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2022	As of Jun 30, 2022
(Assets)		
Current assets		
Cash and deposits	8,695	6,950
Trade note and accounts receivable	10,572	9,798
Securities	0	0
Merchandise and finished goods	1,362	1,427
Work in process	5,780	7,220
Raw materials and supplies	1,703	1,875
Others	857	1,141
Allowance for doubtful accounts	-106	-108
Total current assets	28,865	28,306
Non-current assets		
Tangible fixed assets		
Buildings and structures	5,069	5,084
Accumulated depreciation	-3,321	-3,361
Building and structures(net)	1,747	1,723
Machinery, equipment and vehicles	2,487	2,534
Accumulated depreciation	-1,981	-2,042
Machinery, equipment and vehicles(net)	506	492
Tools, equipment and fixtures	3,684	3,784
Accumulated depreciation	-3,341	-3,388
Tools, equipment and fixtures(net)	343	396
Land	3,597	3,597
Leased assets	349	309
Accumulated depreciation	-181	-172
Leased assets(net)	168	137
Construction in progress	477	492
Total tangible fixed assets	6,840	6,839
Intangible assets		
Good will	59	29
Soft wares	45	36
Leased assets	69	93
Telephone subscription rights	20	20
Others	20	32
Total intangible assets	216	212
Investments and other assets		
Investment securities	308	303
Long-term lending	13	12
Differed income taxes	596	595
Long-term retentions receivable	163	163
Others	179	177
Allowance for doubtful accounts	-185	-185
Total investments and other assets	1,075	1,067
Total noncurrent assets	8,131	8,119
Total assets	36,997	36,426

(Millions of yen)

	As of Mar. 31, 2022	As of Jun 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable trade	5,219	5,964
Short-term loans payable	7,198	6,105
Lease obligations	77	69
Income tax payable	178	62
Provision for bonuses	423	451
Provision for products warranty	70	75
Expense payable	271	301
Advances received	129	173
Others	255	583
Total current liabilities	13,824	13,786
Fixed liabilities		
Bond payable	500	500
Long-term loans payable	5,537	5,040
Lease obligations	183	180
Deferred tax payable	93	80
Obligations related to retirement benefits	1,283	1,299
Asset retirement obligation	50	53
Provision for business liquidation losses	170	139
Others	28	28
Total fixed liability	7,848	7,321
Total liabilities	21,672	21,107
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,646	3,646
Retained earnings	9,406	9,266
Treasury stock	-535	-535
Total shareholders' equity	15,318	15,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-3	-5
Foreign currency translation adjustment	-48	88
Pension liability adjustments	11	9
Total accumulated other comprehensive income	-40	92
Subscription rights to shares	46	46
Total net assets	15,324	15,318
Total liabilities and net assets	36,997	36,426

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

(Millions of yen)

	The previous corresponding period (Apr.1, 2021 to Jun. 30, 2021)	Three months ended Jun. 30, 2022 (Apr. 1, 2022 to Jun. 30, 2022)
Net sales	4,748	4,900
Cost of sales	3,534	3,775
Gross profit	1,214	1,125
Selling, g&a expenses		
Salary & directors' compensation	446	442
Provision for bonuses	42	44
Fringe benefit expenses	19	19
Rent expenses	44	44
Outsourcing expenses	26	18
R&D expenses	107	95
Depreciations	38	34
Others	367	380
Total selling, g&a expenses	1,091	1,080
Operating income(loss)	122	45
Non-operating income		
Interest income	2	1
Dividends income	1	50
Foreign exchange gains	---	48
Rents income	4	4
Insurance proceeds	6	---
Others	11	7
Total non-operating income	25	111
Non-operating expenses		
Interest expenses	20	17
Foreign exchange losses	4	---
Investment loss on equity method	1	2
Others	3	4
Total non-operating losses	30	24
Ordinary income(loss)	117	133
Extraordinary income		
Income on disposal of fixed assets	1	---
Others	---	0
Total extraordinary income	1	0
Extraordinary loss		
Losses on disposal of fixed assets	0	0
Others	0	---
Total extraordinary loss	1	0
Income (Loss) before income tax	117	133
Income taxes	126	66
Income tax adjustment	-41	-12
Total income tax	84	54
Profit (Loss)	32	78
Profit (loss) attributable to owners of parent	32	78

Consolidated Statements of Comprehensive Income

(Millions of yen)

	The previous corresponding period (Apr.1, 2021 to Jun.30, 2021)	Three months ended Jun. 30, 2022 (Apr.1, 2022 to Jun. 30, 2022)
Income (Loss) before minority interests	32	78
Other comprehensive income		
Valuation difference on available-for sale securities	1	-1
Foreign currency translation adjustment	67	137
Pension liability adjustments	2	-1
Total other comprehensive Income (Loss)	71	133
Comprehensive income (Loss)	103	212
(Comprehensive income (Loss) attribute to)		
Owners of parent	103	212
Non controlling interests	---	---

(3) Notes on Quarterly Financial Information.

(Notes Concerning Going Concern Assumption)

None

(Notes Concerning Major Changes in Shareholders' Equity)

None

(Changes of accounting policy)

None

(Changes in Accounting Estimate)

None

(Additional Information)

None

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

I. The previous corresponding 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

II. This financial period (Apr.1, 2022 to Jun.30, 2022)

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	2,168	1,289	150	1,292	4,900	---	4,900
Intersegment sales and transfers	---	4	0	0	4	-4	---
Total	2,168	1,294	150	1,292	4,905	-4	4,900
Segment income (loss)	90	(89)	(33)	49	17	28	45

Notes

1. Segment income (loss) adjustment of ¥28 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥270 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥242million.
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

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