

Consolidated Financial Review

For the 3rd Quarter, Ended December 31, 2020 [Japanese GAAP]



Feb. 12, 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 unless otherwise stated.

1. Financial highlights for the 3rd quarter ended Dec.31, 2020 (4/01/2020-12/31/2020)

(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	%
Nine months ended Dec.31, 2020	17,706	8.6	271	---	283	---	97	---
Nine months ended Dec. 31 2019	16,304	-38.9	-630	---	-707	---	-1,602	---

Note: Comprehensive income

Nine months ended Dec. 31, 2020 ¥103 million (---%)
Nine months ended Dec. 31, 2019 -¥1,680 million (---%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2020	10.78		10.69	
Nine months ended Dec. 31, 2019	-177.38		---	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2020	39,696	13,836	34.7
Mar.31, 2020	39,135	14,065	35.3

Note: Equity

As of Dec. 31, 2020. ¥13,784 million
As of Mar. 31, 2020. ¥13,818 million

2. Cash Dividends

	Cash dividend per share				
	The 1st quarter	The 2nd quarter	The 3 rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2021	---	10.00	---		
Fiscal year ending Mar. 31, 2021 (forecast)				10.00	20.00

Note: Revision of cash dividends in year under review: None

3. Corporate estimates for the year ending March 31, 2021 (4/01/2020-3/31/2021)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill Yen	%	Yen
Fiscal year ending Mar. 31, 2021	27,000	23.2	800	---	700	---	500	---	55.09

Note: Revision of corporate estimate in year: 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 Dec. 31, 2020. 9,758,947 shares As of Mar. 31, 2020. 9,758,947 shares

② Number of treasury stock as of end of period

As of Dec. 31, 2020. 672,204 shares As of Mar. 31, 2020. 702,714 shares

③ Average number of issued shares outstanding

Nine months ended Dec. 31, 2020 9,071,912 shares Nine months ended Dec. 31, 2019. 9,034,573 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 forecasts” for the assumptions used and other notes.

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1. Qualitative Information, Financial Statements

(1) Qualitative information regarding the status of consolidated business

Results

During the nine months started from Apr.1, 2020, generally world economy has gradually been heading for recovery by each government economic policy but the other hand at the same time further prolongation and expansion of COVID-19 were concerned and uncertain situation keeps continuing. In the semiconductor industry, demand for consumer products such as smart phone, in-vehicle equipment, and industrial machine has decreased but data traffic has explosively increased caused by “Telework” and “Nesting demand” and demand for data center related equipment has suddenly increased. Change and evolution have been required in workstyle, manufacturing system, consumer attitude, education, and medical with changes of humans’ behavior and as a result 5G, AI, and IoT has been realized and advance investment demand for those items has increased and business has gone well. On the other hand, in the FPD industry, nevertheless production atmosphere in P.R.C. has recovered, demand has gone down caused by decrease of individual income and assets and enterprises’ sales down, and business has decelerated in the world. Under these economic atmospheres, our group has endeavored to develop and commercialize new products which seize the customers’ needs, which are changing every moment. Our business results of this nine months ended Dec. 31, 2020 was as follows.

Net sales amounted to ¥17,706 million (increased by 8.6% compared to the same period of the previous financial year), operating income marked ¥271 million (the same period of the previous financial year marked -¥630 million), ordinary income marked ¥283 million (the same period of the previous financial year marked -¥707 million) and profit attributable to owners of parent marked ¥97million (the same period of the previous financial year marked -¥1,602 million).

Each segment result was as follows.

(Mechatronics related business segment)

Because of stable new capital investment demand for data center and power semiconductor, burnisher for HDD manufacturing and laser annealing equipment for power semiconductor manufacturing, taping equipment for manufacturing of 5G related electronics went well, and sales and profit increased.

As a result, net sales of mechatronics related business amounted to ¥6,927 million (increased by 20.6% compared to the same period of the previous financial year) and segment income marked ¥196 million (the same period of the previous financial year marked loss ¥8 million)

(Display related business segment)

Because of resume of business activities in P.R.C., which is a major display market, previous year’s new order received was realized to sales and sales increased but it was not a full-scale recovery and not able to recover fixed costs, and continuously made loss.

As a result, net sales of display related business amounted to ¥5,825 million (increased by 36.8% compared to the same period of the previous financial year) and segment loss marked ¥144 million (the same period of the previous financial year, segment loss marked ¥720 million)

(Industrial machinery related business segment)

Domestic cleaning business was influenced a big by business self-restrained and remote homework, and we could not see any recovery in P.R.C. market, and business result was decrease in sales and profit,

As a result, net sales of industrial machinery related business segment amounted to ¥588 million (decreased by 51.5% compared to the same period of the previous financial year) and segment loss marked ¥121 million (the same period of the previous financial year segment loss marked ¥99million.)

(Electronics related business segment)

Business of control communication equipment for electric power companies and dialyzer continuously went well, and segment sales decreased but income increased.

As a result, net sales of electronics related business segment amounted to ¥4,372 million (decreased by 14.1% compared to the same period of the previous financial year) and segment income marked ¥167 million (increased by 83.5% compared to the same period of the previous financial year)

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Dec. 31, 2020 stood at ¥31,288 million increased by ¥736 million compared to the previous financial year end. The major increased item was cash and deposits by ¥6,116 million, and major decreased items were trade note and accounts receivable by ¥3,770 million and work in process by ¥1,575 million. Noncurrent assets amounted to ¥ 8,408 million decreased by ¥174 million compared to the previous financial year end.

As a result, total assets as of Dec. 31, 2020 stood at ¥39,696 million increased by ¥561 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Dec. 31, 2020 stood at ¥18,368 million increased by ¥921 million compared to the previous financial year end. The major increased item was short term loan payable by ¥2,846 million, and major decreased item were notes and account payable by ¥1,236 million, advances received by ¥414 million and current portion of bond payable by ¥300 million.

Noncurrent liabilities amounted to ¥7,492 million decreased by ¥131 million compared to the previous financial year end. The major increased item was bond payable by ¥300 million, and major decreased items were long term loan payable by ¥305 million and provision for business liquidation losses by ¥99 million.

As a result, total liabilities as of Dec. 31, 2020 stood at ¥25,860 million increased by ¥790 million compared to the previous financial year end.

(Net assets)

Total net assets as of Dec. 31, 2020 amounted to ¥13,836 million decreased by ¥228 million compared to the previous financial year end.

As a result, equity ratio at the end of 3rd quarter came to 34.7% and net assets per share came to ¥1,517.00.

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve-months business result forecasts ending at Mar.31, 2021 remains the same as consolidated business results forecast which announced on Nov.13, 2020.

2. Consolidated Financial Information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2020	This financial period. As of Dec. 31, 2020
Assets		
Current assets		
Cash and deposits	6,531	12,647
Trade note and accounts receivable	12,469	8,699
Securities	0	0
Merchandise and finished goods	1,073	1,190
Work in process	8,341	6,766
Raw materials and supplies	1,423	1,429
Others	859	620
Allowance for doubtful accounts	-148	-65
Total current assets	30,552	31,288
Noncurrent assets		
Tangible fixed assets		
Building and structures	5,165	5,031
Accumulated depreciation	-3,206	-3,147
Building and structures(net)	1,959	1,883
Machinery, equipment, and vehicles	2,202	2,376
Accumulated depreciation	-1,739	-1,842
Machinery, equipment, and vehicles(net)	462	534
Tools, equipment, and fixtures	3,483	3,530
Accumulated depreciation	-3,067	-3,154
Tools, equipment, and fixtures(net)	415	376
Land	3,610	3,597
Leased assets	264	300
Accumulated depreciation	-111	-133
Leased assets(net)	153	166
Construction in progress account	157	193
Total tangible fixed assets	6,759	6,751
Intangible assets		
Goodwill	299	209
Soft wares	80	66
Leased assets	44	33
Telephone subscription rights	20	20
Others	5	12
Total intangible assets	450	342
Investments and other assets		
Investment securities	393	425
Long-term lending	1	0
Differed income taxes	781	698
Long-term retention receivables	188	188
Others	221	214
Allowance for doubtful accounts	-213	-213
Total investments and other assets	1,373	1,314
Total noncurrent assets	8,583	8,408
Total assets	39,135	39,696

(Millions of yen)

	As of Mar. 31, 2020.	This financial period As of Dec. 31, 2020.
Liabilities		
Current liabilities		
Notes and account payable trade	5,754	4,518
Short-term loans payable	8,322	11,169
Lease obligations	66	64
Income taxes payable	---	98
Provision for bonuses	363	202
Provision for product warranties	82	49
Expense payable	404	384
Advances received	1,603	1,188
Current portion of bonds payable	700	400
Others	148	292
Total current liabilities	17,446	18,368
Fixed liabilities		
Bonds payable	---	300
Long-term loans payable	5,439	5,133
Expense payable long term	81	77
Lease obligations	158	159
Deferred tax payable	96	89
Obligations related to retirement benefits	1,160	1,161
Asset retirement obligations	63	49
Provision for business liquidation losses	592	492
Others	30	28
Total fixed liabilities	7,623	7,492
Total liabilities	25,070	25,860
Net Assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,635	3,637
Retained earnings	8,296	8,213
Treasury stock	-600	-574
Total shareholders' equity	14,132	14,077
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	-27	-10
Foreign currency translation adjustment	-298	-292
Pension liabilities adjustment	11	10
Total accumulated other comprehensive income	-314	-292
Subscription rights to shares	51	51
Non controlling interest	195	---
Total net assets	14,065	13,836
Total liabilities and net assets	39,135	39,696

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

(Millions of yen)

	The previous corresponding period. (Apr.1, 2019 to Dec.31,2019)	Nine months ended Dec.31,2020 (Apr. 1, 2020 to Dec.31, 2020)
Net sales	16,304	17,706
Cost of sales	13,441	14,177
Gross profit	2,862	3,529
Selling, g & a expenses		
Salary & directors' compensation	1,321	1,375
Provision for bonuses	51	24
Fringe benefit expenses	53	53
Rent expenses	142	146
Outsourcing expenses	113	81
R&D expenses	369	331
Depreciations	144	132
Others	1,297	1,113
Total selling, g&a expenses	3,493	3,258
Operating income (loss)	(630)	271
Non-operating income		
Interest income	9	8
Dividends income	22	39
Rents income	10	12
Subsidy income	2	74
Others	46	33
Total non-operating income	90	169
Non-operating expenses		
Interest expenses	64	74
Foreign exchange losses	52	39
Others	51	43
Total non-operating losses	168	157
Ordinary income (loss)	(707)	283
Extraordinary income		
Income on disposal of fixed assets	0	43
Income on disposal of investment securities	36	---
Others	0	7
Total extraordinary income	37	50
Extraordinary loss		
Losses on disposal of fixed assets	2	23
Liquidation loss of affiliates.	20	---
Business restructuring expenses	18	13
Business liquidation loss	699	---
Others	4	0
Total extraordinary loss	744	36
Income (loss) before income tax	(1,415)	297
Income taxes	60	148
Income tax adjustment	145	68
Total income tax	205	216
Profit (loss) for the period	(1,620)	81
Profit (loss) attributable to non-controlling interest.	(18)	(16)
Profit attributable to owners of parent	(1,602)	97

Consolidated Statements of Comprehensive Income

(Millions of yen)

	The previous corresponding period. (Apr.1, 2019 to Dec. 31, 2019)	Nine months ended Dec. 31, 2020. (Apr.1, 2020 to Dec.31, 2020)
Profit(loss)for the period	(1,620)	81
Other comprehensive income(loss)		
Valuation difference on available- for sale securities	(29)	17
Foreign currency translation adjustments	(33)	6
Pension liability adjustments	2	(1)
Total other comprehensive income (loss)	(59)	22
Comprehensive income (Loss)	(1,680)	103
Attributable to:		
Owners of parent	(1,662)	119
Non-controlling interest (loss)	(18)	(16)

(3) Notes on quarterly financial report

(Notes concerning Going Concern Assumption)

None.

(Notes concerning major Changes in Shareholders Equity)

None.

(Adoption of special accounting methods for preparation of quarterly financial statements)

None.

(Changes of accounting policies)

None

(Changes in accounting estimates)

None.

(Additional information.)

None.

(Segment Information)

I . The previous corresponding period (Apr.1, 2019 to Dec.31, 2019)

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	5,744	4,259	1,212	5,087	16,304	---	16,304
Intersegment sales and transfers	0	3	---	4	9	-9	---
Total	5,745	4,262	1,212	5,091	16,313	-9	16,304
Segment income (loss)	(8)	(720)	(99)	91	(737)	107	(630)

Notes

1. Segment income (loss) adjustment of ¥107 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥652 million from consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥545 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, 2020 to Dec.31, 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	6,927	5,820	588	4,369	17,706	---	17,706
Intersegment sales and transfers	---	4	---	2	7	-7	---
Total	6,927	5,825	588	4,372	17,714	-7	17,706
Segment income (loss)	196	(144)	(121)	167	97	173	271

Notes

1. Segment income (loss) adjustment of ¥173 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥684 million from consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥510 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