

**Non-consolidated Financial Results for the  
Second Quarter of the Fiscal Year Ending June 30, 2022  
(Six Months Ended December 31, 2021)**

[Japanese GAAP]

February 10, 2022

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Scheduled date of filing of Quarterly Report: February 14, 2022  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for quarterly financial results: None  
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Non-consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022  
(July 1, 2021 to December 31, 2021)**

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec. 31, 2021	939	26.1	251	74.9	258	73.2	177	72.9
Six months ended Dec. 31, 2020	745	(19.2)	143	(42.3)	149	(41.5)	102	(41.6)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2021	37.02	-
Six months ended Dec. 31, 2020	21.45	-

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2021	9,303	8,550	91.9
As of Jun. 30, 2021	9,096	8,412	92.5

Reference: Shareholders' equity (millions of yen)      As of Dec. 31, 2021: 8,550      As of Jun. 30, 2021: 8,412

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2021	-	0.00	-	70.00	70.00
Fiscal year ending Jun. 30, 2022	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2022 (forecast)	-	-	-	70.00	70.00

Note: Revision to the most recently announced dividend forecast: None

**3. Earnings Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,850	10.8	497	31.3	506	30.0	340	26.6	70.88

Note: Revisions to the most recently announced earnings forecast: None

**\* Notes**

(1) Application of special accounting methods for presenting quarterly non-consolidated financial statements: None

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

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

As of Dec. 31, 2021:	6,000,000 shares	As of Jun. 30, 2021:	6,000,000 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2021:	988,390 shares	As of Jun. 30, 2021:	1,201,549 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2021:	4,807,714 shares	Six months ended Dec. 31, 2020:	4,798,496 shares
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\* The current quarterly financial results are not subject to the quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the A-One Seimitsu's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "Explanation of Earnings Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, the overall Japanese economy was steady, reflecting the recovery of the global economy from the downturn caused by the COVID-19 pandemic.

To address the crisis caused by the COVID-19 pandemic, governments around the world stepped up fiscal spending while central banks continued monetary easing and purchased assets to supply liquidity to the financial system and support their economies. Simultaneously, the rate of vaccination against the COVID-19 pandemic progressed. As a result of these actions, economic and social activities returned to near normal levels and some momentum toward recovery also emerged.

In the manufacturing industry, semiconductors are indispensable for power-driven equipment, machinery, measuring instruments, measuring equipment, medical devices, electrical devices, automobiles, and other products. But semiconductor shortages have become more pronounced as investment in 5th generation telecommunications networks has progressed. As a result, orders for equipment used in the production of semiconductors and peripheral electronic components are surging to high levels. In the automotive industry, automakers have been forced to shut down some production plants in Asia, their main production base. As semiconductor shortages have also resulted in production cutbacks automakers are actively taking actions to restore production to former levels and stepping up investments to rapidly promote electrification. Some companies in the manufacturing industry are also investing to meet new demand, enhance productivity, and address labor shortages. Benefitting from these trends, orders are rising at machine tools and production equipment manufacturers.

While all asset prices have been rising for the past ten years, economic and social activities have returned and consumer spending is also getting stronger, resulting in significant upward pressure on prices worldwide. The stock market and real estate prices have so far remained at high levels, although there are signs of a correction of ultra-easy monetary conditions and some moves to raise interest rates.

In the collect chuck segment, the overall volume of mass-produced components at companies in the semiconductor, electronic components, precision instruments and medical equipment sectors was high, even though there was slowdown in production of automotive parts at some manufacturers. Although there was a temporary slowdown in orders in last November, orders rebounded to yearly high in December and the uptrend continued throughout the fiscal year.

Segment sales were 659 million yen, up 28.0% year on year, and segment profit was 322 million yen, up 38.6%.

In the cutting tool segment, although orders for tools for processing mass-produced components and of jigs, tools and dies and other products for individual processing were strong, they slowed temporarily in August as large companies suspended factory operations for mid-summer holidays. Thereafter, orders increased gradually toward the end of the year.

Demand for the fabrication and regrinding of special-order cutting tools increased because of the processing of tools with complex shapes and of shorter processing times. The result was a 35.6% increase in sales from one year earlier to 73 million yen.

Demand for the regrinding of general-purpose cutting tools increased along with higher machinery utilization rates at client companies. Sales were up 17.5% from the same period in the previous fiscal year to 196 million yen.

Segment sales were 269 million yen, up 21.9% year on year, and segment profit was 70 million yen, up 90.3%.

In the automatic lathe cams segment, there was firm demand for mass-produced components that are processed by using cam-type automatic lathes. Although orders increased, earnings were lower because of higher expenses caused by relocations of employees.

Segment sales were 10 million yen, up 20.8% year on year, and segment profit was 2 million yen, down 44.9%.

First half net sales were 939 million yen, up 26.1% year on year. Operating profit increased 74.9% to 251 million yen, ordinary profit increased 73.2% to 258 million yen, and profit increased 72.9% to 177 million yen.

## (2) Explanation of Financial Position

### Assets

Current assets amounted to 7,547 million yen at the end of the second quarter of the current fiscal year, an increase of 1 million yen from 7,546 million yen at the end of the previous fiscal year. This is mainly due to increases of 97 million yen in prepaid expenses, 669 thousand yen in work in process and 654 thousand yen in finished goods, which were partially offset by decreases of 88 million yen in cash and deposits, 5 million yen in notes and accounts receivable-trade and 3 million yen in raw materials.

Non-current assets amounted to 1,755 million yen, an increase of 205 million yen from 1,550 million yen at the end of the previous fiscal year. This is mainly due to increases of 193 million yen in long-term prepaid expenses, 5 million yen in deferred tax assets, 4 million yen in machinery, equipment and vehicles and 4 million yen in investment securities, which were partially offset by decreases of 1 million yen in other and 439 thousand yen in buildings and structures.

As a result, total assets at the end of the second quarter of the current fiscal year were 9,303 million yen, compared with 9,096 million yen at the end of the previous fiscal year.

### Liabilities

Current liabilities amounted to 251 million yen at the end of the second quarter of the current fiscal year, an increase of 52 million yen from 198 million yen at the end of the previous fiscal year. This is mainly due to increases of 35 million yen in income taxes payable and 20 million yen in other, which were partially offset by decreases of 3 million yen in provision for bonuses for directors (and other officers) and 224 thousand yen in accounts payable-other.

Non-current liabilities amounted to 501 million yen, an increase of 15 million yen from 485 million yen at the end of the previous fiscal year. This is mainly due to increases of 14 million yen in provision for retirement benefits and 1 million yen in provision for retirement benefits for directors (and other officers).

As a result, total liabilities at the end of the second quarter of the current fiscal year were 753 million yen, compared with 684 million yen at the end of the previous fiscal year.

### Net assets

Net assets totaled 8,550 million yen, an increase of 138 million yen from 8,412 million yen at the end of the previous fiscal year. This was mainly due to increases of 143 million yen in capital surplus and 3 million yen in valuation difference on available-for-sale securities, which were partially offset by decreases of 157 million yen in retained earnings and 149 million yen in treasury shares.

### Cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased by 88 million yen from the end of the previous fiscal year to 954 million yen. The cash flow components during the first half and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities for the first half of the current fiscal year totaled 323 million yen (compared with net cash provided of 171 million yen in the same period of the previous fiscal year). Positive factors include profit before income taxes of 257 million yen, depreciation of 73 million yen, an increase in provision for retirement benefits of 14 million yen, a decrease in trade receivables of 5 million yen and a decrease in inventories of 2 million yen. Negative factors were income taxes paid of 52 million yen, a decrease in provision for bonuses for directors (and other officers) of 3 million yen and a decrease in accounts payable-other of 1 million yen.

#### Cash flows from investing activities

Net cash used in investing activities for the first half of the current fiscal year totaled 76 million yen (compared with net cash used of 96 million yen in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 76 million yen, while there was other, net of 108 thousand yen.

#### Cash flows from financing activities

Net cash used in financing activities for the first half of the current fiscal year totaled 335 million yen (compared with net cash used of 239 million yen in the same period of the previous fiscal year). This was mainly due to dividends paid of 335 million yen and repayments of lease obligations of 452 thousand yen.

### **(3) Explanation of Earnings Forecast and Other Forward-looking Statements**

There are no changes at this time in the full year forecasts that were announced on August 10, 2021.

**2. Quarterly Non-consolidated Financial Statements and Notes****(1) Quarterly Non-consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/21 (As of Jun. 30, 2021)	Second quarter of FY6/22 (As of Dec. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	6,881,276	6,792,853
Notes and accounts receivable - trade	406,642	400,884
Finished goods	3,608	4,262
Raw materials	30,912	27,308
Work in process	223,135	223,804
Prepaid expenses	-	97,716
Other	1,119	1,285
Allowance for doubtful accounts	(250)	(272)
Total current assets	7,546,445	7,547,843
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	450,646	450,206
Machinery, equipment and vehicles, net	456,254	461,029
Land	333,534	333,534
Other, net	13,297	12,237
Total property, plant and equipment	1,253,733	1,257,009
Intangible assets	3,710	3,230
Investments and other assets		
Investment securities	132,075	136,433
Long-term prepaid expenses	393	193,685
Deferred tax assets	159,564	164,700
Other	1,279	987
Allowance for doubtful accounts	(724)	(540)
Total investments and other assets	292,587	495,266
Total non-current assets	1,550,032	1,755,505
Total assets	9,096,477	9,303,349
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,112	16,705
Accounts payable - other	85,080	84,856
Income taxes payable	58,660	94,066
Provision for bonuses for directors (and other officers)	9,300	6,130
Other	29,608	49,814
Total current liabilities	198,762	251,572
Non-current liabilities		
Provision for retirement benefits	351,961	366,880
Provision for retirement benefits for directors (and other officers)	128,910	130,290
Other	4,711	4,259
Total non-current liabilities	485,583	501,430
Total liabilities	684,345	753,003

	(Thousands of yen)	
	FY6/21 (As of Jun. 30, 2021)	Second quarter of FY6/22 (As of Dec. 31, 2021)
Net assets		
Shareholders' equity		
Share capital	292,500	292,500
Capital surplus	337,400	481,250
Retained earnings	8,593,408	8,435,484
Treasury shares	(841,395)	(692,153)
Total shareholders' equity	8,381,912	8,517,081
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	30,219	33,265
Total valuation and translation adjustments	30,219	33,265
Total net assets	8,412,131	8,550,346
Total liabilities and net assets	9,096,477	9,303,349



**(2) Quarterly Non-consolidated Statement of Income**  
**For the Six-month Period**

	(Thousands of yen)	
	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Net sales	745,068	939,563
Cost of sales	474,857	547,067
Gross profit	270,210	392,495
Selling, general and administrative expenses	126,338	140,843
Operating profit	143,872	251,652
Non-operating income		
Interest income	216	93
Dividend income	3,121	3,429
Electricity sale income	1,484	1,678
Reversal of allowance for doubtful accounts	-	8
Other	382	1,292
Total non-operating income	5,203	6,502
Ordinary profit	149,075	258,154
Extraordinary losses		
Loss on retirement of non-current assets	0	574
Total extraordinary losses	0	574
Profit before income taxes	149,075	257,580
Income taxes - current	43,000	86,060
Income taxes - deferred	3,155	(6,448)
Total income taxes	46,155	79,612
Profit	102,920	177,968

**(3) Quarterly Non-consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	149,075	257,580
Depreciation	87,867	73,761
Amortization of long-term prepaid expenses	222	39
Share-based payment expenses	-	2,101
Loss on retirement of property, plant and equipment	0	574
Increase (decrease) in allowance for doubtful accounts	27	(161)
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,330)	(3,170)
Increase (decrease) in provision for retirement benefits	(19,051)	14,919
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4,690	1,380
Interest and dividend income	(3,337)	(3,522)
Decrease (increase) in trade receivables	5,428	5,757
Decrease (increase) in inventories	(21,880)	2,279
Increase (decrease) in trade payables	(1,035)	592
Increase (decrease) in accounts payable - other	(1,237)	(1,333)
Other, net	13,524	22,068
Subtotal	206,964	372,868
Interest and dividends received	3,303	3,467
Income taxes refund (paid)	(39,256)	(52,443)
Net cash provided by (used in) operating activities	171,011	323,892
Cash flows from investing activities		
Decrease (increase) in time deposits	(151)	(30)
Purchase of property, plant and equipment	(95,394)	(76,758)
Purchase of intangible assets	(896)	-
Other, net	(446)	108
Net cash provided by (used in) investing activities	(96,889)	(76,680)
Cash flows from financing activities		
Purchase of treasury shares	-	(58)
Dividends paid	(239,634)	(335,156)
Repayments of lease obligations	(261)	(452)
Net cash provided by (used in) financing activities	(239,895)	(335,666)
Net increase (decrease) in cash and cash equivalents	(165,773)	(88,453)
Cash and cash equivalents at beginning of period	1,028,987	1,043,113
Cash and cash equivalents at end of period	863,213	954,659

#### **(4) Notes to Quarterly Non-consolidated Financial Statements**

##### **Going Concern Assumption**

Not applicable.

##### **Significant Changes in Shareholders' Equity**

A-ONE SEIMITSU has sold 213,200 shares for restricted stock compensation for directors on December 24, 2021 pursuant to the resolution of the Board of Directors on November 1, 2021. As a result, treasury stock decreased 149 million yen during the first half of FY6/22 to 692 million yen at the end of the second quarter of FY6/22.

In addition, due to the disposal of treasury stock, gain on disposal of treasury stock of 143 million yen was recorded, and capital surplus increased by the same amount.

##### **Changes in Accounting Policies**

###### **Application of the Accounting Standard for Revenue Recognition**

We have applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. When control of a promised good or service is transferred to a customer, we recognize revenue at the amount expected to be received in exchange for the good or service.

In addition, A-One Seimitsu applies the alternative treatment prescribed in Paragraph 98 of the Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue at the time of shipment when the period between the time of shipment and the time when control of the relevant goods is transferred to the customer is a normal period for sales of goods.

This change has no impact on profit and loss for the first half of the current fiscal year or the beginning balance of retained earnings for the second quarter of the current fiscal year.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), A-One Seimitsu has not presented information on revenue from contracts with customers broken down for the first half of the previous fiscal year.

###### **Application of the Accounting Standard for Fair Value Measurement**

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), we have decided to prospectively apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard, etc. This decision has no impact on the quarterly financial statements.

**Segment and Other Information**

## Segment Information

## I. First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)

Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly non-consolidated statement of income (Note 2)
	Collet Chucks	Cutting Tools	Automatic Lathe Cams	Total		
Net sales						
External sales	515,053	221,447	8,567	745,068	-	745,068
Inter-segment sales and transfers	-	-	-	-	-	-
Total	515,053	221,447	8,567	745,068	-	745,068
Segment profit	232,751	37,265	5,054	275,071	(131,199)	143,872

Notes: 1. The adjustment to segment profit includes common expenses of (4,860) thousand yen at the manufacturing department and selling, general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating profit shown on the quarterly non-consolidated statement of income.

## II. First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)

Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly non-consolidated statement of income (Note 2)
	Collet Chucks	Cutting Tools	Automatic Lathe Cams	Total		
Net sales						
External sales	659,215	269,996	10,351	939,563	-	939,563
Inter-segment sales and transfers	-	-	-	-	-	-
Total	659,215	269,996	10,351	939,563	-	939,563
Segment profit	322,653	70,928	2,786	396,368	(144,716)	251,652

Notes: 1. The adjustment to segment profit includes common expenses of (3,872) thousand yen at the manufacturing department and selling, general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating profit shown on the quarterly non-consolidated statement of income.

**Revenue Recognition**

Information on revenue from contracts with customers broken down

First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)

(Thousands of yen)

	Reportable segment					Total
	Collet Chucks	Cutting Tools			Automatic Lathe Cams	
		Fabrication and Regrinding of Special-order Cutting Tools	General-purpose Cutting Tools	Subtotal		
Manufacture of tools	659,215	73,084	-	73,084	10,351	742,650
Other	-	-	196,912	196,912	-	196,912
Revenue from contracts with customers broken down	659,215	73,084	196,912	269,996	10,351	939,563
Other revenue	-	-	-	-	-	-
External sales	659,215	73,084	196,912	269,996	10,351	939,563

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*