

**Non-consolidated Financial Results for the
Second Quarter of the Fiscal Year Ending June 30, 2021
(Six Months Ended December 31, 2020)**

[Japanese GAAP]

February 10, 2021

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Scheduled date of filing of Quarterly Report: February 12, 2021
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, 2021
(July 1, 2020 to December 31, 2020)**

(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, 2020	745	(19.2)	143	(42.3)	149	(41.5)	102	(41.6)
Six months ended Dec. 31, 2019	921	(12.7)	249	(24.0)	254	(23.8)	176	(23.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2020	21.45	-
Six months ended Dec. 31, 2019	36.73	-

Note: A-One Seimitsu conducted a 2-for-1 common stock split effective on July 1, 2020. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2020	8,890	8,229	92.6
As of June. 30, 2020	9,019	8,361	92.7

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2020: 8,229 As of June. 30, 2020: 8,361

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2020	-	0.00	-	100.00	100.00
Fiscal year ending Jun. 30, 2021	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2021 (forecast)	-	-	-	50.00	50.00

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

3. Earnings Forecast for the Fiscal Year Ending June 30, 2021 (July 1, 2020 to June 30, 2021)

(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	1,650	(6.3)	331	(26.7)	340	(26.4)	226	(29.3)	47.10

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: None

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, 2020:	6,000,000 shares	As of Jun. 30, 2020:	6,000,000 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2020:	1,201,504 shares	As of Jun. 30, 2020:	1,201,504 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2020:	4,798,496 shares	Six months ended Dec. 31, 2019:	4,798,496 shares
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Note: A-One Seimitsu conducted a 2-for-1 common stock split effective on July 1, 2020. The number of outstanding shares as of the end of the period (including treasury shares), the number of treasury shares as of the end of the period and the average number of outstanding shares during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* 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 Japanese economy started to recover from the steep decline caused by COVID-19.

The restaurant and other service sectors and railroads, airlines and other transportation sectors are still severely impacted by this crisis. The manufacturing sector, particularly the automobile industry, has recovered rapidly. The output of major automakers returned to the originally planned levels in July and manufacturers of auto parts have largely completed inventory adjustments. The result is a clear recovery in manufacturing activity. Demand is increasing in many categories, such as 5G telecommunications equipment and electronic devices. Capital expenditures for semiconductor manufacturing equipment is increasing in response to the tight supply of semiconductor devices. The machine tool industry is improving as well as orders recover along with the economic upturn in China. As production volumes recover and companies use new manufacturing methods, demand is increasing for automated and other labor-saving equipment such as robots and factory conveyance equipment. Orders from companies in the aerospace industry were down as the number of passengers declined. Overall, in 2020, the manufacturing sector in Japan suffered the largest downturn since the global financial crisis. Although, this decline ended in the middle of 2020 and manufacturing activity then started to recover quickly, output has still not returned to the normal level.

In the collet chucks segment, orders stopped falling in August and recovered rapidly in September and October. Although the speed of the recovery began to decline in November, orders continued to climb from month to month. Orders in this segment have recovered from the bottom of the downturn because of the upturn in the processing of mass-produced components and parts. This is a reflection of the recovery in the production of automotive parts, the strong performance of the semiconductor sector, the rebound in output of electronic parts and other positive trends.

Segment sales in the first half were 515 million yen, down 20.5% year on year, and the segment profit was 232 million yen, down 27.6%.

In the cutting tools segment, orders have been recovering since September after the downturn ended in August. The activities of this segment are the regrinding of blades used in cutting processes and the manufacturing and regrinding of specialty cutting tools. These blades and cutting tools are used for processing mass-produced components, individual parts, dies, machinery, tools and many other items. The breadth of these applications reduced the magnitude of both the downturn in orders and the subsequent recovery.

Segment sales in the first half were 221 million yen, down 15.1% year on year, and the segment profit was 37 million yen, down 40.5%.

In the automatic lathe cams segment, orders were down significantly because of a big decline in the output of mass-produced components that are made by using cam-type automatic lathes.

Segment sales in the first half were 8 million yen, down 34.8% year on year, and the segment profit was 5 million yen, down 24.6%.

First half net sales were 745 million yen, down 19.2% year on year. Operating profit decreased 42.3% to 143 million yen, ordinary profit decreased 41.5% to 149 million yen, and profit decreased 41.6% to 102 million yen.

Business segment sales were as follows.

(Percentages represent year-on-year changes)

	First six months of FY6/20 (Jul. 1, 2019 – Dec. 31, 2019)		First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)		FY6/20 (Jul. 1, 2019 – Jun. 30, 2020)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Collet Chucks	647	(86.4)	515	(79.5)	1,231	(83.7)
Cutting Tools	260	(89.0)	221	(84.9)	503	(85.6)
Automatic Lathe Cams	13	(103.9)	8	(65.2)	25	(99.3)
Total	921	(87.3)	745	(80.8)	1,760	(84.5)

(2) Explanation of Financial Position**Assets**

Current assets amounted to 7,297 million yen at the end of the second quarter of the current fiscal year, a decrease of 149 million yen from 7,447 million yen at the end of the previous fiscal year. This is mainly due to decreases of 165 million yen in cash and deposits and 5 million yen in notes and accounts receivable-trade, which were partially offset by an increase of 23 million yen in work in process.

Non-current assets amounted to 1,592 million yen, an increase of 20 million yen from 1,572 million yen at the end of the previous fiscal year. This is mainly due to increases of 15 million yen in machinery, equipment and vehicles and 6 million yen in investment securities, which was partially offset by decreases of 5 million yen in buildings and structures and 4 million yen in deferred tax assets.

As a result, total assets at the end of the second quarter of the current fiscal year were 8,890 million yen, compared with 9,019 million yen at the end of the previous fiscal year.

Liabilities

Current liabilities amounted to 177 million yen at the end of the second quarter of the current fiscal year, an increase of 13 million yen from 163 million yen at the end of the previous fiscal year. This is mainly due to increases of 4 million yen in income taxes payable and 3 million yen in accounts payable-other, which was partially offset by decreases of 7 million yen in provision for bonuses for directors (and other officers) and 1 million yen in accounts payable-trade.

Non-current liabilities amounted to 484 million yen, a decrease of 9 million yen from 493 million yen at the end of the previous fiscal year. This is mainly due to a decrease of 19 million yen in provision for retirement benefits, which were partially offset by an increase of 4 million yen in provision for retirement benefits for directors (and other officers).

As a result, total liabilities at the end of the second quarter were 661 million yen, compared with 657 million yen at the end of the previous fiscal year.

Net assets

Net assets totaled 8,229 million yen, a decrease of 132 million yen from 8,361 million yen at the end of the previous fiscal year. This was mainly due to a decrease of 137 million yen in retained earnings, which was partially offset by an increase of 4 million yen in valuation difference on available-for-sale securities.

Cash Flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased by 165 million yen from the end of the previous fiscal year to 863 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 171 million yen (compared with net cash provided of 254 million yen in the same period of the previous fiscal year). Positive factors include profit before income taxes of 149 million yen, depreciation of 87 million yen, a decrease in trade receivables of 5 million yen and an increase in provision for retirement benefits for directors (and other officers) of 4 million yen. Negative factors were income taxes paid of 39 million yen, an increase in inventories of 21 million yen, a decrease in provision for retirement benefits of 19 million yen and a decrease in provision for bonuses for directors (and other officers) of 7 million yen.

Cash flows from investing activities

Net cash used in investing activities for the first half of the current fiscal year totaled 96 million yen (compared with net cash used of 70 million yen in the same period of the previous fiscal year). This was mainly due to

purchase of property, plant and equipment of 95 million yen and purchase of intangible assets of 896 thousand yen.

Cash flows from financing activities

Net cash used in financing activities for the first half of the current fiscal year totaled 239 million yen (compared with net cash used of 167 million yen in the same period of the previous fiscal year). This was mainly due to dividends paid of 239 million yen.

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

Based on sales and earnings in the first half of the fiscal year, the fiscal year forecast was revised as was announced on February 1, 2021 in a release titled “Revisions to Forecast for the Fiscal Year Ending in June 2021” (Japanese version only). Please see this release for more information about the revisions.

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

	(Thousands of yen)	
	FY6/20 (As of Jun. 30, 2020)	Second quarter of FY6/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,866,762	6,701,140
Notes and accounts receivable - trade	341,543	336,115
Finished goods	3,196	3,198
Raw materials	33,707	32,046
Work in process	201,028	224,568
Other	1,084	1,148
Allowance for doubtful accounts	(243)	(271)
Total current assets	7,447,080	7,297,946
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	466,739	461,382
Machinery, equipment and vehicles, net	488,305	504,239
Land	333,534	333,534
Other, net	8,834	16,266
Total property, plant and equipment	1,297,414	1,315,423
Intangible assets	2,360	3,776
Investments and other assets		
Investment securities	101,081	107,114
Long-term prepaid expenses	334	111
Deferred tax assets	171,001	166,030
Other	1,078	1,525
Allowance for doubtful accounts	(1,058)	(1,058)
Total investments and other assets	272,438	273,724
Total non-current assets	1,572,212	1,592,923
Total assets	9,019,292	8,890,869
Liabilities		
Current liabilities		
Accounts payable - trade	14,477	13,441
Accounts payable - other	62,605	66,329
Income taxes payable	45,110	49,287
Provision for bonuses for directors (and other officers)	11,000	3,670
Other	30,315	44,341
Total current liabilities	163,508	177,069
Non-current liabilities		
Provision for retirement benefits	374,372	355,320
Provision for retirement benefits for directors (and other officers)	119,520	124,210
Other	-	5,163
Total non-current liabilities	493,892	484,694
Total liabilities	657,400	661,764

	(Thousands of yen)	
	FY6/20 (As of Jun. 30, 2020)	Second quarter of FY6/21 (As of Dec. 31, 2020)
Net assets		
Shareholders' equity		
Share capital	292,500	292,500
Capital surplus	337,400	337,400
Retained earnings	8,564,772	8,427,769
Treasury shares	(841,335)	(841,335)
Total shareholders' equity	8,353,337	8,216,333
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,554	12,771
Total valuation and translation adjustments	8,554	12,771
Total net assets	8,361,891	8,229,105
Total liabilities and net assets	9,019,292	8,890,869

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

(Thousands of yen)

	First six months of FY6/20 (Jul. 1, 2019 – Dec. 31, 2019)	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)
Net sales	921,557	745,068
Cost of sales	534,319	474,857
Gross profit	387,237	270,210
Selling, general and administrative expenses	137,839	126,338
Operating profit	249,398	143,872
Non-operating income		
Interest income	328	216
Dividend income	2,999	3,121
Electricity sale income	1,437	1,484
Reversal of allowance for doubtful accounts	98	-
Other	352	382
Total non-operating income	5,215	5,203
Ordinary profit	254,614	149,075
Extraordinary income		
Gain on sales of non-current assets	73	-
Total extraordinary income	73	-
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	254,687	149,075
Income taxes - current	80,890	43,000
Income taxes - deferred	(2,417)	3,155
Total income taxes	78,473	46,155
Profit	176,214	102,920

(3) Quarterly Non-consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/20 (Jul. 1, 2019 – Dec. 31, 2019)	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	254,687	149,075
Depreciation	85,291	87,867
Amortization of long-term prepaid expenses	222	222
Loss (gain) on sales of property, plant and equipment	(73)	-
Loss on retirement of property, plant and equipment	0	0
Increase (decrease) in allowance for doubtful accounts	(120)	27
Increase (decrease) in provision for bonuses for directors (and other officers)	(9,760)	(7,330)
Increase (decrease) in provision for retirement benefits	11,191	(19,051)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(630)	4,690
Interest and dividend income	(3,327)	(3,337)
Decrease (increase) in trade receivables	64,513	5,428
Decrease (increase) in inventories	(10,887)	(21,880)
Increase (decrease) in trade payables	(328)	(1,035)
Increase (decrease) in accounts payable - other	(37,917)	(1,237)
Other, net	11,414	13,524
Subtotal	364,276	206,964
Interest and dividends received	3,180	3,303
Income taxes (paid) refund	(112,878)	(39,256)
Net cash provided by (used in) operating activities	254,577	171,011
Cash flows from investing activities		
Decrease (increase) in time deposits	(151)	(151)
Proceeds from sales of property, plant and equipment	73	-
Purchase of property, plant and equipment	(69,943)	(95,394)
Purchase of intangible assets	(450)	(896)
Other, net	-	(446)
Net cash provided by (used in) investing activities	(70,471)	(96,889)
Cash flows from financing activities		
Dividends paid	(167,295)	(239,634)
Repayments of lease obligations	-	(261)
Net cash provided by (used in) financing activities	(167,295)	(239,895)
Net increase (decrease) in cash and cash equivalents	16,809	(165,773)
Cash and cash equivalents at beginning of period	921,056	1,028,987
Cash and cash equivalents at end of period	937,866	863,213

(4) Notes to Quarterly Non-consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**I. First six months of FY6/20 (Jul. 1, 2019 – Dec. 31, 2019)**

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	647,722	260,690	13,144	921,557	-	921,557
Inter-segment sales and transfers	-	-	-	-	-	-
Total	647,722	260,690	13,144	921,557	-	921,557
Segment profit	321,479	62,632	6,704	390,817	(141,418)	249,398

Notes: 1. The adjustment to segment profit includes common expenses of (3,579) 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 FY6/21 (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.

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.