

**Non-consolidated Financial Results for the
Second Quarter of the Fiscal Year Ending June 30, 2023
(Six Months Ended December 31, 2022)**

[Japanese GAAP]

February 10, 2023

Company name: A-ONE SEIMITSU INC.
Stock code: 6156
Representative: Tetsuya Hayashi, President
Contact: Tetsuya Hayashi, President
Tel: +81-(0)42-363-1039

Listing: Tokyo Stock Exchange
URL: <https://www.a-one-seimitsu.co.jp/>

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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, 2023
(July 1, 2022 to December 31, 2022)**

(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, 2022	895	(4.7)	173	(30.9)	175	(32.1)	119	(32.7)
Six months ended Dec. 31, 2021	939	26.1	251	74.9	258	73.2	177	72.9

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2022	23.93	-
Six months ended Dec. 31, 2021	37.02	-

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	9,100	8,336	91.6
As of Jun. 30, 2022	9,479	8,688	91.7

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2022: 8,336 As of Jun. 30, 2022: 8,688

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2022	-	0.00	-	100.00	100.00
Fiscal year ending Jun. 30, 2023	-	0.00			
Fiscal year ending Jun. 30, 2023 (forecast)			-	100.00	100.00

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

3. Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(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	1,780	(4.7)	302	(30.3)	306	(31.2)	214	(31.1)	42.74

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, 2022:	6,000,000 shares	As of Jun. 30, 2022:	6,000,000 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2022:	992,460 shares	As of Jun. 30, 2022:	988,460 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2022:	5,007,757 shares	Six months ended Dec. 31, 2021:	4,807,714 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

During the first half of the current fiscal year, after reaching a peak, the Japanese economy started slowly declining because of slowing economic growth worldwide as interest rates rise.

Friction between the United States and China regarding advanced semiconductors is increasing. In addition, there is growing tension between Russia, Europe and other industrialized countries worldwide due to the Ukraine crisis, which is raising the cost of energy and grain. Shortages of parts due to disruptions of manufacturing caused by the pandemic along with restrictions on movements of people and goods are also impacting the global economy. Rising interest rates to combat inflation as well are slowing down global economic growth.

In the Japanese manufacturing sector, shortages of some key components are holding down automobile production. In addition, declining orders for smartphones, PCs, televisions and other consumer electronics are raising inventories of memory chips and other components, resulting in production reductions. Demand is strong in a number of market sectors that require advanced semiconductor devices, such as self-driving systems, data linkage with machinery and environmentally responsible infrastructure. Other market sectors are remaining relatively stable, such as medical equipment and food. The corporate goods price index rose sharply, consumer goods price index is climbing steadily and exerting downward pressure on consumer spending in Japan. Due to this environment, along with concerns about an economic downturn in other countries, manufacturing activity in Japan is sluggish.

In the collet chuck segment, orders declined somewhat in August and September 2022, increased in October and then decreased slowly during the remainder of the year. One reason is a downturn in automobile production as parts shortages prevented manufacturers from returning to planned output levels. Production of semiconductor memory devices also decreased because of lower demand. As a result, there was a downturn in the processing of mass-produced components in Japan's manufacturing sector and a slow decline in orders for our collet chucks.

Segment sales were 615 million yen, down 6.7% year on year, and the segment profit was 271 million yen, down 15.7%.

In the cutting tools segment, sales were slow in August in part due to summer vacation breaks at large companies. In September, companies using our products increased the utilization of machinery but afterward the output of mass-produced components decreased slowly during the remainder of the year. The result was no change in orders in this segment.

In the market for the fabrication and regrinding of special-order cutting tools, demand was firm with steady orders associated with the need for more efficient manufacturing and cost cutting. The result was a 5.5% increase in sales from the same period in the previous fiscal year to 77 million yen.

In the market for regrinding general-purpose cutting tools, there was no change in the volume of orders because of the large number of tools used for processing mass-produced components and a decline in the utilization rate of machinery at companies using this service. As a result, sales were down 0.8% from the same period in the previous fiscal year to 195 million yen.

Segment sales were 272 million yen, up 0.9% year on year, and segment profit was 44 million yen, down 36.7%.

In the automatic lathe cams segment, sales and earnings decreased as a decline in mass-produced components processed by using cam-type automatic lathes reduced orders.

Segment sales were 8 million yen, down 21.6% year on year, and segment profit was 1 million yen, down 51.0%.

Net sales in the first half were 895 million yen, down 4.7% year on year. Operating profit decreased 30.9% to 173 million yen, ordinary profit decreased 32.1% to 175 million yen, and profit decreased 32.7% to 119 million yen.

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

Current assets amounted to 7,411 million yen at the end of the second quarter of the current fiscal year, a decrease of 308 million yen from 7,719 million yen at the end of the previous fiscal year. This is mainly due to decreases of 298 million yen in cash and deposits, 22 million yen in notes and accounts receivable – trade, and 1 million yen in prepaid expenses, which were partially offset by increases of 10 million yen in work in process and 4 million yen in raw materials.

Non-current assets amounted to 1,689 million yen, a decrease of 70 million yen from 1,759 million yen at the end of the previous fiscal year. This is mainly due to decreases of 50 million yen in long-term prepaid expenses, 46 million yen in machinery, equipment and vehicles, and 15 million yen in buildings and structures, which were partially offset by increases of 41 million yen in investment securities and 2 million yen in deferred tax assets.

As a result, total assets at the end of the second quarter of the current fiscal year were 9,100 million yen, compared with 9,479 million yen at the end of the previous fiscal year.

Liabilities

Current liabilities amounted to 229 million yen at the end of the second quarter of the current fiscal year, a decrease of 35 million yen from 265 million yen at the end of the previous fiscal year. This is mainly due to decreases of 37 million yen in income taxes payable, 6 million yen in provision for bonuses for directors (and other officers), 6 million yen in accounts payable – other, and 3 million yen in accounts payable – trade, which was partially offset by an increase of other of 17 million yen.

Non-current liabilities amounted to 534 million yen, an increase of 9 million yen from 525 million yen at the end of the previous fiscal year. This is mainly due to a decrease of 6 million yen in provision for retirement benefits for directors (and other officers), which was partially offset by increases of 12 million yen in provision for retirement benefits and 3 million yen in other.

As a result, total liabilities at the end of the second quarter of the current fiscal year were 764 million yen, compared with 790 million yen at the end of the previous fiscal year.

Net assets

Net assets totaled 8,336 million yen, a decrease of 352 million yen from 8,688 million yen at the end of the previous fiscal year. This was mainly due to an increase of 28 million yen in valuation difference on available-for-sale securities, which was partially offset by a decrease of 381 million yen in retained earnings.

Cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased by 298 million yen from the end of the previous fiscal year to 829 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 217 million yen (compared with net cash provided of 323 million yen in the same period of the previous fiscal year). Positive factors include profit before income taxes of 175 million yen, depreciation of 78 million yen, share-based remuneration expenses of 52 million yen, a decrease in trade receivables of 22 million yen, other of 15 million yen, and an increase in provision for retirement benefits of 12 million yen. Negative factors were income taxes paid of 105 million yen, an increase in inventories of 14 million yen, a decrease in accounts payable – other of 7 million yen, a decrease in provision for bonuses for directors (and other officers) of 6 million yen, and a decrease in provision for retirement benefits for directors (and other officers) of 6 million yen.

Cash flows from investing activities

Net cash used in investing activities for the first half of the current fiscal year totaled 14 million yen (compared with net cash used of 76 million yen in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 14 million yen.

Cash flows from financing activities

Net cash used in financing activities for the first half of the current fiscal year totaled 501 million yen (compared with net cash used of 335 million yen in the same period of the previous fiscal year). This was mainly due to dividends paid of 500 million yen and repayments of lease obligations of 452 thousand yen.

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

Regarding the outlook for the full year, A-One Seimitsu announced a notice of revisions to our earnings forecast on January 31, 2023, in light of the situation in the first half of the current fiscal year. For details, please refer to the "Notice of Revisions to the First Half and the Full Year Earnings Forecasts".

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

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	6,965,864	6,667,620
Notes and accounts receivable - trade	386,287	363,306
Finished goods	3,428	2,624
Raw materials	31,906	36,776
Work in process	233,739	244,022
Prepaid expenses	97,716	95,883
Other	933	988
Allowance for doubtful accounts	(158)	(44)
Total current assets	7,719,717	7,411,178
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	442,625	427,444
Machinery, equipment and vehicles, net	496,636	450,223
Land	333,534	333,534
Other, net	11,117	10,071
Total property, plant and equipment	1,283,914	1,221,274
Intangible assets	3,850	3,398
Investments and other assets		
Investment securities	145,388	186,477
Long-term prepaid expenses	138,745	88,166
Deferred tax assets	187,529	190,195
Other	879	771
Allowance for doubtful accounts	(540)	(540)
Total investments and other assets	472,002	465,070
Total non-current assets	1,759,767	1,689,742
Total assets	9,479,485	9,100,920
Liabilities		
Current liabilities		
Accounts payable - trade	18,589	15,567
Accounts payable - other	89,866	83,678
Income taxes payable	115,450	78,383
Provision for bonuses for directors (and other officers)	10,700	4,120
Other	30,884	48,223
Total current liabilities	265,490	229,971
Non-current liabilities		
Provision for retirement benefits	376,525	388,964
Provision for retirement benefits for directors (and other officers)	139,540	132,960
Other	8,975	12,676
Total non-current liabilities	525,040	534,600
Total liabilities	790,531	764,572

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	292,500	292,500
Capital surplus	481,250	481,250
Retained earnings	8,567,962	8,186,635
Treasury shares	(692,283)	(692,283)
Total shareholders' equity	8,649,428	8,268,101
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	39,525	68,246
Total valuation and translation adjustments	39,525	68,246
Total net assets	8,688,953	8,336,348
Total liabilities and net assets	9,479,485	9,100,920

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

	(Thousands of yen)	
	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Net sales	939,563	895,550
Cost of sales	547,067	581,706
Gross profit	392,495	313,843
Selling, general and administrative expenses	140,843	139,917
Operating profit	251,652	173,926
Non-operating income		
Interest income	93	93
Dividend income	3,429	3,834
Electricity sale income	1,678	364
Reversal of allowance for doubtful accounts	8	110
Gain on sale of scraps	994	818
Other	298	595
Total non-operating income	6,502	5,817
Non-operating expenses		
Loss on extinguishment of share-based remuneration expenses	-	4,430
Total non-operating expenses	-	4,430
Ordinary profit	258,154	175,313
Extraordinary losses		
Loss on retirement of non-current assets	574	0
Total extraordinary losses	574	0
Profit before income taxes	257,580	175,313
Income taxes - current	86,060	70,520
Income taxes - deferred	(6,448)	(15,033)
Total income taxes	79,612	55,487
Profit	177,968	119,826

(3) Quarterly Non-consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	257,580	175,313
Depreciation	73,761	78,588
Amortization of long-term prepaid expenses	39	40
Share-based payment expenses	2,101	52,094
Loss on retirement of property, plant and equipment	574	0
Loss on extinguishment of share-based remuneration expenses	-	4,430
Increase (decrease) in allowance for doubtful accounts	(161)	(114)
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,170)	(6,580)
Increase (decrease) in provision for retirement benefits	14,919	12,439
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,380	(6,580)
Interest and dividend income	(3,522)	(3,928)
Decrease (increase) in trade receivables	5,757	22,980
Decrease (increase) in inventories	2,279	(14,348)
Increase (decrease) in trade payables	592	(3,022)
Increase (decrease) in accounts payable - other	(1,333)	(7,322)
Other, net	22,068	15,589
Subtotal	372,868	319,580
Interest and dividends received	3,467	3,873
Income taxes refund (paid)	(52,443)	(105,837)
Net cash provided by (used in) operating activities	323,892	217,615
Cash flows from investing activities		
Decrease (increase) in time deposits	(30)	(30)
Purchase of property, plant and equipment	(76,758)	(14,825)
Other, net	108	108
Net cash provided by (used in) investing activities	(76,680)	(14,747)
Cash flows from financing activities		
Purchase of treasury shares	(58)	-
Dividends paid	(335,156)	(500,690)
Repayments of lease liabilities	(452)	(452)
Net cash provided by (used in) financing activities	(335,666)	(501,142)
Net increase (decrease) in cash and cash equivalents	(88,453)	(298,274)
Cash and cash equivalents at beginning of period	1,043,113	1,127,547
Cash and cash equivalents at end of period	954,659	829,273

(4) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Implementation Guidance on Application of the Accounting Standard for Fair Value Measurement

A-One Seimitsu have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ)Statement No. 31 issued on June 17, 2021; hereinafter the "Implementation Guidance on 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 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard, we have decided to prospectively apply the new accounting policy set forth in the Implementation Guidance on Fair Value Measurement Accounting Standard, etc. This decision has no impact on the quarterly financial statements.

Non-consolidated Statement of Income

A-One Seimitsu acquired at no cost all 4,000 shares of its common stock that was distributed as restricted stock compensation to employees who subsequently resigned, as provided for in the restricted stock allocation contract. The cost of stock compensation for the 4,000 shares for the remaining portion of the contract period, which was recognized on the balance sheet as prepaid expenses and long-term prepaid expenses, was extinguished and a non-operating expense for a loss on the extinguishment of the cost of stock compensation was recognized.

Segment and Other Information

Segment information

I. 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 with operating profit shown on the quarterly non-consolidated statement of income.

II. First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)

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	615,078	272,354	8,117	895,550	-	895,550
Inter-segment sales and transfers	-	-	-	-	-	-
Total	615,078	272,354	8,117	895,550	-	895,550
Segment profit	271,848	44,923	1,364	318,136	(144,209)	173,926

Notes: 1. The adjustment to segment profit includes common expenses of (4,292) 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 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	Regrinding of 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

First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)

(Thousands of yen)

	Reportable segment					Total
	Collet Chucks	Cutting Tools			Automatic Lathe Cams	
		Fabrication and Regrinding of Special-order Cutting Tools	Regrinding of general-purpose Cutting Tools	Subtotal		
Manufacture of tools	615,078	77,088	-	77,088	8,117	700,284
Other	-	-	195,266	195,266	-	195,266
Revenue from contracts with customers broken down	615,078	77,088	195,266	272,354	8,117	895,550
Other revenue	-	-	-	-	-	-
External sales	615,078	77,088	195,266	272,354	8,117	895,550

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.