

Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023

[Japanese GAAP]

August 10, 2023

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Scheduled date of Annual General Meeting of Shareholders: September 23, 2023
 Scheduled date of payment of dividend: September 26, 2023
 Scheduled date of filing of Annual Securities Report: September 25, 2023
 Preparation of supplementary materials for financial results: None
 Holding of financial results meeting: Yes

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

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(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 | % |
| Fiscal year ended Jun. 30, 2023 | 1,755 | (6.0) | 275 | (36.4) | 281 | (36.6) | 191 | (38.2) |
| Fiscal year ended Jun. 30, 2022 | 1,868 | 11.9 | 433 | 14.3 | 444 | 14.0 | 310 | 15.6 |

| | Net income per share | Diluted net income per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Jun. 30, 2023 | 38.34 | - | 2.2 | 3.0 | 15.7 |
| Fiscal year ended Jun. 30, 2022 | 63.24 | - | 3.6 | 4.8 | 23.2 |

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2023: -
 Fiscal year ended Jun. 30, 2022: -

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Jun. 30, 2023 | 9,206 | 8,431 | 91.6 | 1,684.36 |
| As of Jun. 30, 2022 | 9,479 | 8,688 | 91.7 | 1,733.79 |

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2023: 8,431 As of Jun. 30, 2022: 8,688

(3) Cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended Jun. 30, 2023 | 422 | (73) | (501) | 975 |
| Fiscal year ended Jun. 30, 2022 | 606 | (185) | (336) | 1,127 |

2. Dividends

| | Dividend per share | | | | | Total dividends | Dividend payout ratio | Dividends on equity |
|--|--------------------|--------|--------|----------|--------|-----------------|-----------------------|---------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended Jun. 30, 2022 | - | 0.00 | - | 100.00 | 100.00 | 501 | 158.1 | 5.7 |
| Fiscal year ended Jun. 30, 2023 | - | 0.00 | - | 100.00 | 100.00 | 500 | 260.8 | 5.9 |
| Fiscal year ending Jun. 30, 2024 (forecasts) | - | 0.00 | - | 100.00 | 100.00 | | 252.8 | |

3. Earnings Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(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 |
| First half | 832 | (7.1) | 138 | (20.7) | 140 | (20.1) | 93 | (22.4) | 18.58 |
| Full year | 1,850 | 5.4 | 280 | 1.6 | 287 | 1.9 | 198 | 3.2 | 39.56 |

*** Notes**

(1) 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

(2) Number of shares outstanding (common shares)

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

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Jun. 30, 2023: | 6,000,000 shares | As of Jun. 30, 2022: | 6,000,000 shares |
|----------------------|------------------|----------------------|------------------|

- 2) Number of treasury shares as of the end of the period

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Jun. 30, 2023: | 994,460 shares | As of Jun. 30, 2022: | 988,460 shares |
|----------------------|----------------|----------------------|----------------|

- 3) Average number of outstanding shares during the period

| | | | |
|----------------------------------|------------------|----------------------------------|------------------|
| Fiscal year ended Jun. 30, 2023: | 5,006,767 shares | Fiscal year ended Jun. 30, 2022: | 4,908,819 shares |
|----------------------------------|------------------|----------------------------------|------------------|

* The current financial results are not subject to the audit 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 "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations for the Current Fiscal Year

Although the Japanese economy recovered during the current fiscal year as the decline in the number of workers in the service and other sectors due to the pandemic eased. However, Japan's manufacturing sector is declining because of the negative effect on the Japanese economy of rising interest rates in other countries.

Rising interest rates worldwide in response to rapid inflation have triggered downturns in prices of real estate, stocks and other classes of assets. To slow down inflation, the United States has raised interest rates rapidly. One result has been the failure of several banks and increasing concerns about the possibility of an economic downturn. Although consumer spending is currently firm, business sentiment in the manufacturing sector is declining. In China, the economic growth rate has started recovering following the end of the zero-COVID policy, but growth is now slowing. China's real estate market is declining and the overall economy is not expanding. Furthermore, China's external demand is sluggish in all sectors.

In Japan's manufacturing sector, although companies were forced to limit production due to shortages of semiconductors and other parts, output is recovering as supply restrictions slowly end. However, the output of automakers has not yet returned to full capacity. Suppliers to automakers are continuing to reduce inventories of parts. As a result, more time will be required for a recovery in production to reach companies at the lower levels of the automobile industry supply chain. In the semiconductor industry, soft demand for semiconductor memory devices for data centers, PCs, smartphones and other applications is causing market conditions to worsen. Although demand is strong for power and some other categories of semiconductors, total production of semiconductors is slowing down. This is lowering output at makers of semiconductor manufacturing equipment and electronic components, which are closely tied to the semiconductor industry. Companies are holding down capital expenditures due to the global downturn in the performance of manufacturers, resulting in a decline in orders for machine tools. Market conditions were strong in the construction machinery and medical equipment sectors.

Net sales in the fiscal year ended June 30, 2023 were 1,755 million yen, down 6.0% year on year. Operating profit decreased 36.4% to 275 million yen, ordinary profit decreased 36.6% to 281 million yen, and profit decreased 38.2% to 191 million yen.

Business segment performance was as follows.

(Collet Chucks)

The utilization rate of machinery for the processing of mass-produced components was relatively low, mainly in the automobile industry and the electronic component and machine tools sectors were also sluggish. Furthermore, orders decreased in the second half of the fiscal year.

Segment sales were 1,208 million yen, down 7.5% year on year, and segment profit was 499 million yen, down 17.7%.

(Cutting Tools)

In the market for the fabrication and regrinding of special-order cutting tools, there was a slow increase in the volume of business due to the ability to meet with flexibility customers' requirements concerning shapes of tools and to deliver these tools quickly. The result was a 5.0% increase in sales from the previous fiscal year to 153 million yen.

In the market for regrinding general-purpose cutting tools, the utilization rate of machinery by customers decreased during the summer vacation period of big companies and orders received in the business category declined. For general-purpose cutting tools, most of the tools submitted for regrinding are used for mass production processing. The volume of this business decreased slowly during the fiscal year. Sales were down 3.9% from the previous fiscal year to 381 million yen.

Segment sales were 534 million yen, down 1.5% year on year, and segment profit was 66 million yen, down 42.4%.

(Automatic Lathe Cams)

In the automatic lathe cams segment, a decline in mass-produced components processed by using cam-type automatic lathes in Japan and outside of Japan reduced orders.

Segment sales were 12 million yen, down 35.7% year on year, and segment loss was 1 thousand yen compared with 6 million yen one year earlier.

(2) Financial Position for the Current Fiscal Year

Assets

Current assets amounted to 7,538 million yen at the end of the current fiscal year, a decrease of 181 million yen from 7,719 million yen at the end of the previous fiscal year. This is mainly due to decreases of 151 million yen in cash and deposits, 30 million yen in notes receivable – trade, and 28 million yen in accounts receivable – trade, which were partially offset by increases of 21 million yen in work in process and 10 million yen in raw materials.

Non-current assets amounted to 1,668 million yen, a decrease of 91 million yen from 1,759 million yen at the end of the previous fiscal year. This is mainly due to decreases of 96 million yen in long-term prepaid expenses, 68 million yen in machinery and equipment, and 17 million yen in buildings and 2 million yen in structures, which were partially offset by increases of 73 million yen in investment securities, 20 million yen in deferred tax assets and 1 million yen in construction in progress.

As a result, total assets at the end of the current fiscal year were 9,206 million yen, compared with 9,479 million yen at the end of the previous fiscal year.

Liabilities

Current liabilities amounted to 201 million yen at the end of the current fiscal year, a decrease of 63 million yen from 265 million yen at the end of the previous fiscal year. This is mainly due to decreases of 59 million yen in income taxes payable, 5 million yen in accounts payable-other, 3 million yen in provision for bonuses for directors (and other officers) and 3 million yen in accounts payable-trade, which was partially offset by an increase of 7 million yen in deposits received.

Non-current liabilities amounted to 573 million yen, an increase of 48 million yen from 525 million yen at the end of the previous fiscal year. This is mainly due to increases of 43 million yen in provision for retirement benefits and 8 million yen in other, which was partially offset by a decrease of 2 million yen in provision for retirement benefits for directors (and other officers).

As a result, total liabilities at the end of the current fiscal year were 775 million yen, compared with 790 million yen at the end of the previous fiscal year.

Net assets

Net assets totaled 8,431 million yen, a decrease of 257 million yen from 8,688 million yen at the end of the previous fiscal year. This was mainly due to decreases of 300 million yen in general reserve and 9 million yen in retained earnings brought forward, which was partially offset by an increase of 51 million yen in valuation difference on available-for-sale securities.

(3) Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter “net cash”) as of the end of the current fiscal year amounted to 975 million yen, a decrease of 151 million yen, or 13.5%, over the end of the previous fiscal year. Positive cash flows include profit before income taxes of 281 million yen, depreciation of 161 million yen, share-based payment expenses of 103 million yen, a decrease in trade receivables of 59 million yen, an increase in provision for retirement benefits of 43 million yen, interest and dividends received of 8 million yen, loss on extinguishment of stock-based compensation expenses of 6 million yen. Negative cash flows include dividends paid of 500 million yen, income taxes paid of 188 million yen, purchase of property, plant and equipment of 69 million yen, an increase in inventories of 31 million yen, a decrease in accounts payable-other of 8 million yen, a decrease in provision for bonuses for directors (and other officers) of 3 million yen, and a decrease in trade payables of 3 million yen.

Cash flows from operating activities

Net cash provided by operating activities for the current fiscal year totaled 422 million yen (compared with net cash provided of 606 million yen in the previous fiscal year). Positive cash flows include profit before income taxes of 281 million yen, depreciation of 161 million yen, share-based payment expenses of 103 million yen, a

decrease in trade receivables of 59 million yen, an increase in provision for retirement benefits of 43 million yen, interest and dividends received of 8 million yen, loss on extinguishment of stock-based compensation expenses of 6 million yen. Negative cash flows include income taxes paid of 188 million yen, an increase in inventories of 31 million yen, a decrease in accounts payable-other of 8 million yen, a decrease in provision for bonuses for directors (and other officers) of 3 million yen, and a decrease in trade payables of 3 million yen.

Cash flows from investing activities

Net cash used in investing activities for the current fiscal year totaled 73 million yen (compared with net cash used of 185 million yen in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 69 million yen, while there was other, net of 3 million yen.

Cash flows from financing activities

Net cash used in financing activities for the current fiscal year totaled 501 million yen (compared with net cash used of 336 million yen in the previous fiscal year). This was mainly due to dividends paid of 500 million yen and repayments of lease liabilities of 904 thousand yen.

(4) Outlook

In the fiscal year ending in June 2024, the pace of U.S. interest rate hikes is likely to slow down and rates may even be lowered. As worldwide monetary tightening comes to an end, the world will probably be able to avoid an economic downturn. Nevertheless, the effects of the rapid rise in interest rates to stop the rise in prices of assets and inflation in general, the result of many years of easy-money policies, are unlikely to disappear soon. Consequently, the negative effects on the economy of high interest rates will probably remain for some time.

In the manufacturing sector, the output of some existing products will probably decrease because of the soft global economy. Many new products are emerging that are necessary for various reasons. Examples include products involving climate change and protecting the environment, healthcare products and equipment, and products and equipment for conserving energy and using energy more efficiently. Many of these new products will create an even more diverse range of tools that require processing. We believe that we will be able to receive orders for this processing by responding to these changes in our markets with flexibility.

Based on this outlook, our earnings forecast for the fiscal year ending in June 2024 is as follows:

| | | |
|------------------|-------------------|------------------------|
| Net sales | 1,850 million yen | (up 5.4% year on year) |
| Operating profit | 280 million yen | (up 1.6% year on year) |
| Ordinary profit | 287 million yen | (up 1.9% year on year) |
| Profit | 198 million yen | (up 3.2% year on year) |

2. Basic Approach to the Selection of Accounting Standards

A-One Seimitsu has applied Japanese GAAP because most of our stakeholders are shareholders, creditors and business partners located in Japan, and we do not foresee any need at this time to procure funds in overseas capital markets.

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

| | (Thousands of yen) | |
|-------------------------------------|---------------------------------|---------------------------------|
| | FY6/22 (As of Jun. 30, 2022) | FY6/23 (As of Jun. 30, 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,965,864 | 6,814,158 |
| Notes receivable - trade | 110,825 | 80,488 |
| Accounts receivable - trade | 275,462 | 246,629 |
| Finished goods | 3,428 | 3,126 |
| Raw materials | 31,906 | 42,332 |
| Work in process | 233,739 | 255,511 |
| Prepaid expenses | 97,716 | 94,966 |
| Other | 933 | 1,253 |
| Allowance for doubtful accounts | (158) | (10) |
| Total current assets | 7,719,717 | 7,538,455 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 1,415,977 | 1,430,770 |
| Accumulated depreciation | (995,598) | (1,027,493) |
| Buildings, net | 420,379 | 403,277 |
| Structures | 112,928 | 112,928 |
| Accumulated depreciation | (90,681) | (93,294) |
| Structures, net | 22,246 | 19,634 |
| Machinery and equipment | 3,934,438 | 3,941,648 |
| Accumulated depreciation | (3,437,829) | (3,513,651) |
| Machinery and equipment, net | 496,609 | 427,997 |
| Vehicles | 3,692 | 4,796 |
| Accumulated depreciation | (3,664) | (4,226) |
| Vehicles, net | 27 | 570 |
| Tools, furniture and fixtures | 48,777 | 48,403 |
| Accumulated depreciation | (42,406) | (43,080) |
| Tools, furniture and fixtures, net | 6,370 | 5,322 |
| Leased assets | 5,754 | 5,754 |
| Accumulated depreciation | (1,539) | (2,361) |
| Leased assets, net | 4,215 | 3,393 |
| Land | 333,534 | 333,534 |
| Construction in progress | 531 | 2,420 |
| Total property, plant and equipment | 1,283,914 | 1,196,149 |
| Intangible assets | | |
| Software | 3,196 | 2,291 |
| Telephone subscription right | 653 | 653 |
| Total intangible assets | 3,850 | 2,945 |
| Investments and other assets | | |
| Investment securities | 145,388 | 218,888 |
| Distressed receivables | 540 | 540 |
| Long-term prepaid expenses | 138,745 | 42,470 |
| Deferred tax assets | 187,529 | 207,547 |
| Other | 338 | 134 |
| Allowance for doubtful accounts | (540) | (540) |
| Total investments and other assets | 472,002 | 469,041 |
| Total non-current assets | 1,759,767 | 1,668,136 |
| Total assets | 9,479,485 | 9,206,592 |

| | (Thousands of yen) | |
|--|---------------------------------|---------------------------------|
| | FY6/22 (As of Jun. 30, 2022) | FY6/23 (As of Jun. 30, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 18,589 | 15,497 |
| Lease liabilities | 904 | 904 |
| Accounts payable - other | 89,866 | 84,612 |
| Accrued expenses | 13,798 | 14,503 |
| Income taxes payable | 115,450 | 56,095 |
| Advances received | 277 | 58 |
| Deposits received | 15,904 | 22,931 |
| Provision for bonuses for directors (and other officers) | 10,700 | 6,900 |
| Total current liabilities | 265,490 | 201,502 |
| Non-current liabilities | | |
| Lease liabilities | 3,807 | 2,903 |
| Provision for retirement benefits | 376,525 | 420,016 |
| Provision for retirement benefits for directors (and other officers) | 139,540 | 137,440 |
| Other | 5,167 | 13,617 |
| Total non-current liabilities | 525,040 | 573,977 |
| Total liabilities | 790,531 | 775,480 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 292,500 | 292,500 |
| Capital surplus | | |
| Legal capital surplus | 337,400 | 337,400 |
| Other capital surplus | | |
| Gain of treasury stock disposal | 143,850 | 143,850 |
| Total capital surplus | 481,250 | 481,250 |
| Retained earnings | | |
| Legal retained earnings | 20,000 | 20,000 |
| Other retained earnings | | |
| General reserve | 8,140,000 | 7,840,000 |
| Retained earnings brought forward | 407,962 | 398,743 |
| Total retained earnings | 8,567,962 | 8,258,743 |
| Treasury shares | (692,283) | (692,283) |
| Total shareholders' equity | 8,649,428 | 8,340,210 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 39,525 | 90,901 |
| Total valuation and translation adjustments | 39,525 | 90,901 |
| Total net assets | 8,688,953 | 8,431,111 |
| Total liabilities and net assets | 9,479,485 | 9,206,592 |

(2) Non-consolidated Statement of Income

| | (Thousands of yen) | |
|--|--------------------------------|--------------------------------|
| | FY6/22 | FY6/23 |
| | (Jul. 1, 2021 – Jun. 30, 2022) | (Jul. 1, 2022 – Jun. 30, 2023) |
| Net sales | 1,868,061 | 1,755,258 |
| Cost of sales | | |
| Beginning finished goods inventory | 3,608 | 3,428 |
| Cost of products manufactured | 1,147,661 | 1,198,859 |
| Total | 1,151,269 | 1,202,287 |
| Ending finished goods inventory | 3,428 | 3,126 |
| Total cost of sales | 1,147,841 | 1,199,161 |
| Gross profit | 720,220 | 556,097 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 2,712 | 3,025 |
| Freight and packing costs | 40,222 | 38,722 |
| Remuneration for directors (and other officers) | 50,700 | 46,500 |
| Salaries and allowances | 44,783 | 42,071 |
| Bonuses | 13,596 | 10,408 |
| Welfare expenses | 18,422 | 16,979 |
| Share-based payment expenses | 6,925 | 10,502 |
| Retirement benefit expenses | 4,988 | 10,199 |
| Provision for retirement benefits for directors (and other officers) | 13,990 | 9,150 |
| Provision for bonuses for directors (and other officers) | 10,700 | 6,900 |
| Depreciation | 3,866 | 4,931 |
| Taxes and dues | 17,112 | 15,825 |
| Fee expenses | 21,687 | 21,630 |
| Other | 37,440 | 43,709 |
| Total selling, general and administrative expenses | 287,148 | 280,557 |
| Operating profit | 433,071 | 275,539 |
| Non-operating income | | |
| Interest income | 185 | 186 |
| Dividend income | 6,923 | 7,912 |
| Electricity sale income | 2,031 | 481 |
| Reversal of allowance for doubtful accounts | 122 | 104 |
| Gain on sale of scraps | 1,388 | 1,262 |
| Other | 733 | 2,394 |
| Total non-operating income | 11,384 | 12,341 |
| Non-operating expenses | | |
| Loss on extinguishment of stock-based compensation expenses | - | 6,187 |
| Total non-operating expenses | - | 6,187 |
| Ordinary profit | 444,456 | 281,694 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 574 | 0 |
| Total extraordinary losses | 574 | 0 |
| Profit before income taxes | 443,881 | 281,694 |
| Income taxes - current | 165,409 | 131,900 |
| Income taxes - deferred | (31,973) | (42,141) |
| Total income taxes | 133,436 | 89,759 |
| Profit | 310,445 | 191,935 |

Manufacturing Statement

| Category | Note | FY6/22 (Jul. 1, 2021 – Jun. 30, 2022) | | FY6/23 (Jul. 1, 2022 – Jun. 30, 2023) | |
|--|--------|--|--------------------|--|--------------------|
| | | Amount (Thousands of yen) | Composition (%) | Amount (Thousands of yen) | Composition (%) |
| I Material cost | Note 1 | 121,389 | 10.5 | 110,729 | 9.1 |
| II Labor cost | | 664,859 | 57.4 | 710,979 | 58.2 |
| III Expenses | | 372,016 | 32.1 | 398,922 | 32.7 |
| Total manufacturing costs | | 1,158,265 | 100.0 | 1,220,631 | 100.0 |
| Beginning inventory of work in process | | 223,135 | | 233,739 | |
| Total | | 1,381,400 | | 1,454,370 | |
| Ending inventory of work in process | | 233,739 | | 255,511 | |
| Cost of products manufactured | | 1,147,661 | | 1,198,859 | |

Note 1: Major breakdown is as follows:

| Item | FY6/22 (Jul. 1, 2021 – Jun. 30, 2022) | | FY6/23 (Jul. 1, 2022 – Jun. 30, 2023) | |
|----------------------|--|---------|--|---------|
| | Amount (Thousands of yen) | | Amount (Thousands of yen) | |
| Subcontract expenses | | 57,140 | | 55,094 |
| Depreciation | | 150,417 | | 156,319 |
| Supplies expenses | | 76,632 | | 80,173 |
| Electricity expenses | | 48,770 | | 64,911 |

(Cost accounting)

A-One Seimitsu applies the simple process costing method. Pre-determined costs are used during the fiscal year and the difference is allocated to finished goods, work in process and cost of sales at the end of the fiscal year.

(3) Non-consolidated Statement of Changes in Net Assets

FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

| | Shareholders' equity | | | |
|--|----------------------|---------------------------------|-----------------------|-----------------------|
| | Share capital | Capital surplus | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus |
| | | Gain of treasury stock disposal | | |
| Balance at beginning of period | 292,500 | 337,400 | - | 337,400 |
| Changes during period | | | | |
| Dividends of surplus | | | | |
| Profit | | | | |
| Provision of general reserve | | | | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Gain of treasury stock disposal | | | 143,850 | 143,850 |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | - | 143,850 | 143,850 |
| Balance at end of period | 292,500 | 337,400 | 143,850 | 481,250 |

| | Shareholders' equity | | | |
|--|-------------------------|-------------------------|-----------------------------------|-------------------------|
| | Retained earnings | | | Total retained earnings |
| | Legal retained earnings | Other retained earnings | | |
| | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 20,000 | 8,140,000 | 433,408 | 8,593,408 |
| Changes during period | | | | |
| Dividends of surplus | | | (335,891) | (335,891) |
| Profit | | | 310,445 | 310,445 |
| Provision of general reserve | | | | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Gain of treasury stock disposal | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | - | (25,446) | (25,446) |
| Balance at end of period | 20,000 | 8,140,000 | 407,962 | 8,567,962 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | (841,395) | 8,381,912 | 30,219 | 30,219 | 8,412,131 |
| Changes during period | | | | | |
| Dividends of surplus | | (335,891) | | | (335,891) |
| Profit | | 310,445 | | | 310,445 |
| Provision of general reserve | | | | | - |
| Purchase of treasury shares | (187) | (187) | | | (187) |
| Disposal of treasury shares | 149,299 | 149,299 | | | 149,299 |
| Gain of treasury stock disposal | | 143,850 | | | 143,850 |
| Net changes in items other than shareholders' equity | | | 9,305 | 9,305 | 9,305 |
| Total changes during period | 149,111 | 267,516 | 9,305 | 9,305 | 276,822 |
| Balance at end of period | (692,283) | 8,649,428 | 39,525 | 39,525 | 8,688,953 |

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(Thousands of yen)

| | Shareholders' equity | | | |
|--|----------------------|---------------------------------|-----------------------|-----------------------|
| | Share capital | Capital surplus | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus |
| | | Gain of treasury stock disposal | | |
| Balance at beginning of period | 292,500 | 337,400 | 143,850 | 481,250 |
| Changes during period | | | | |
| Dividends of surplus | | | | |
| Profit | | | | |
| Provision of general reserve | | | | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Gain of treasury stock disposal | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | - | - | - |
| Balance at end of period | 292,500 | 337,400 | 143,850 | 481,250 |

| | Shareholders' equity | | | |
|--|-------------------------|-------------------------|-----------------------------------|-------------------------|
| | Legal retained earnings | Retained earnings | | Total retained earnings |
| | | Other retained earnings | | |
| | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 20,000 | 8,140,000 | 407,962 | 8,567,962 |
| Changes during period | | | | |
| Dividends of surplus | | | (501,154) | (501,154) |
| Profit | | | 191,935 | 191,935 |
| Provision of general reserve | | (300,000) | 300,000 | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Gain of treasury stock disposal | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | (300,000) | (9,218) | (309,218) |
| Balance at end of period | 20,000 | 7,840,000 | 398,743 | 8,258,743 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | (692,283) | 8,649,428 | 39,525 | 39,525 | 8,688,953 |
| Changes during period | | | | | |
| Dividends of surplus | | (501,154) | | | (501,154) |
| Profit | | 191,935 | | | 191,935 |
| Provision of general reserve | | - | | | - |
| Purchase of treasury shares | | - | | | - |
| Disposal of treasury shares | | - | | | - |
| Gain of treasury stock disposal | | - | | | - |
| Net changes in items other than shareholders' equity | | | 51,376 | 51,376 | 51,376 |
| Total changes during period | - | (309,218) | 51,376 | 51,376 | (257,842) |
| Balance at end of period | (692,283) | 8,340,210 | 90,901 | 90,901 | 8,431,111 |

(4) Non-consolidated Statement of Cash Flows

| | (Thousands of yen) | |
|---|--------------------------------|--------------------------------|
| | FY6/22 | FY6/23 |
| | (Jul. 1, 2021 – Jun. 30, 2022) | (Jul. 1, 2022 – Jun. 30, 2023) |
| Cash flows from operating activities | | |
| Profit before income taxes | 443,881 | 281,694 |
| Depreciation | 154,284 | 161,251 |
| Amortization of long-term prepaid expenses | 80 | 682 |
| Share-based payment expenses | 62,169 | 103,875 |
| Loss on retirement of non-current assets | 574 | 0 |
| Loss on extinguishment of stock-based compensation expenses | - | 6,187 |
| Increase (decrease) in allowance for doubtful accounts | (274) | (148) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 1,400 | (3,800) |
| Increase (decrease) in provision for retirement benefits | 24,563 | 43,491 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 10,630 | (2,100) |
| Interest and dividend income | (7,108) | (8,098) |
| Decrease (increase) in trade receivables | 20,354 | 59,169 |
| Decrease (increase) in inventories | (11,417) | (31,895) |
| Increase (decrease) in trade payables | 2,476 | (3,091) |
| Increase (decrease) in accounts payable - other | 4,443 | (8,858) |
| Other, net | 4,971 | 5,036 |
| Subtotal | 711,028 | 603,395 |
| Interest and dividends received | 7,108 | 8,098 |
| Income taxes refund (paid) | (111,944) | (188,578) |
| Net cash provided by (used in) operating activities | 606,192 | 422,915 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | (152) | (152) |
| Purchase of property, plant and equipment | (184,059) | (69,885) |
| Purchase of intangible assets | (1,120) | - |
| Other, net | 216 | (3,054) |
| Net cash provided by (used in) investing activities | (185,115) | (73,092) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (187) | - |
| Dividends paid | (335,549) | (500,777) |
| Repayments of lease liabilities | (904) | (904) |
| Net cash provided by (used in) financing activities | (336,641) | (501,682) |
| Net increase (decrease) in cash and cash equivalents | 84,434 | (151,858) |
| Cash and cash equivalents at beginning of period | 1,043,113 | 1,127,547 |
| Cash and cash equivalents at end of period | 1,127,547 | 975,689 |

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

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 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 6,000 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 6,000 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.

Revenue Recognition**Notes to Revenue Recognition****(1) Information on revenue from contracts with customers broken down**

FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)

(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 | 1,305,867 | 145,761 | - | 145,761 | 19,465 | 1,471,093 |
| Other | - | - | 396,967 | 396,967 | - | 396,967 |
| Revenue from contracts with customers broken down | 1,305,867 | 145,761 | 396,967 | 542,728 | 19,465 | 1,868,061 |
| Other revenue | - | - | - | - | - | - |
| External sales | 1,305,867 | 145,761 | 396,967 | 542,728 | 19,465 | 1,868,061 |

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(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 | 1,208,290 | 153,046 | - | 153,046 | 12,513 | 1,373,850 |
| Other | - | - | 381,408 | 381,408 | - | 381,408 |
| Revenue from contracts with customers broken down | 1,208,290 | 153,046 | 381,408 | 534,455 | 12,513 | 1,755,258 |
| Other revenue | - | - | - | - | - | - |
| External sales | 1,208,290 | 153,046 | 381,408 | 534,455 | 12,513 | 1,755,258 |

(2) Information concerning the basis for revenue from contracts with customers

As described in “3. Non-consolidated Financial Statements and Notes, (5) Notes to Non-consolidated Financial Statements.”

(3) Relationship between fulfillment of contractual obligations to customers and the associated cash flows and information about revenue expected to be recognized in subsequent fiscal years, and timing of recognition, due to contracts with customers as of the end of June 2023

1) Contractual assets and contractual liabilities, etc.

This information is omitted because the amounts of these assets and liabilities are immaterial.

2) Transaction prices allocated to contractual obligations

Information about transaction prices allocated to remaining contractual obligations is omitted because there are no contracts with a period of more than one year.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the constituent units of A-One Seimitsu for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

There are three reportable segments: Collet Chucks, Cutting Tools, and Automatic Lathe Cams. Each segment is responsible for planning and other decision-making regarding its products and services.

The Collet Chucks segment manufactures and sells collet chucks for small automatic lathes, general-purpose industrial machinery and specialized machinery. The Cutting Tools segment regrinds blades used in cutting processing and manufactures and regrinds specialty cutting tools. The Automatic Lathe Cams segment manufactures and sells cams used in small automatic lathes and specialized machinery.

2. Information related to net sales, profit or loss, assets, liabilities and other items for each reportable segment

FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)

| | Reportable segment | | | | Adjustment (Note 1) | Amounts shown on non-consolidated financial statements (Note 2) |
|---|--------------------|------------------|-------------------------|-----------|------------------------|--|
| | Collet Chucks | Cutting Tools | Automatic Lathe Cams | Total | | |
| Net sales | | | | | | |
| External sales | 1,305,867 | 542,728 | 19,465 | 1,868,061 | - | 1,868,061 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 1,305,867 | 542,728 | 19,465 | 1,868,061 | - | 1,868,061 |
| Segment profit | 607,534 | 114,789 | 6,086 | 728,410 | (295,338) | 433,071 |
| Segment assets | 974,881 | 698,576 | 22,053 | 1,695,511 | 7,783,973 | 9,479,485 |
| Other items | | | | | | |
| Depreciation | 69,272 | 77,101 | 351 | 146,725 | 7,558 | 154,284 |
| Increase in property, plant and equipment and intangible assets | 65,193 | 101,067 | - | 166,260 | 18,387 | 184,647 |

Notes: 1. Adjustment includes followings:

(1) The adjustment to segment profit includes common expenses of (8,190) thousand yen at the manufacturing department and selling, general and administrative expenses that are not attributable to any of the reportable segments.

(2) The adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments and mainly consist of cash and deposits and investment securities.

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

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

| | Reportable segment | | | | Adjustment (Note 1) | Amounts shown on non-consolidated financial statements (Note 2) |
|---|--------------------|------------------|-------------------------|-----------|------------------------|--|
| | Collet Chucks | Cutting Tools | Automatic Lathe Cams | Total | | |
| Net sales | | | | | | |
| External sales | 1,208,290 | 534,455 | 12,513 | 1,755,258 | - | 1,755,258 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 1,208,290 | 534,455 | 12,513 | 1,755,258 | - | 1,755,258 |
| Segment profit | 499,745 | 66,132 | (1) | 565,876 | (290,336) | 275,539 |
| Segment assets | 951,506 | 611,007 | 24,661 | 1,587,175 | 7,619,416 | 9,206,592 |
| Other items | | | | | | |
| Depreciation | 68,164 | 84,750 | 391 | 153,306 | 7,945 | 161,251 |
| Increase in property, plant and equipment and intangible assets | 50,656 | 7,234 | 2,935 | 60,826 | 9,867 | 70,693 |

Notes: 1. Adjustment includes followings:

- (1) The adjustment to segment profit includes common expenses of (9,779) thousand yen at the manufacturing department and selling, general and administrative expenses that are not attributable to any of the reportable segments.
 - (2) The adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments and mainly consist of cash and deposits and investment securities.
2. Segment profit is adjusted to be consistent with operating profit shown on the non-consolidated statement of income.

Related information

FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)

1. Information by product or service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

| (Thousands of yen) | | |
|--------------------|---------|-----------|
| Japan | Asia | Total |
| 1,672,270 | 195,790 | 1,868,061 |

Note: Classification of net sales is based on the location of customers and categorized by country or region.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

No information is provided because no specific external customer accounts for 10% or more of net sales in the non-consolidated statement of income.

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

1. Information by product or service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

| (Thousands of yen) | | |
|--------------------|---------|-----------|
| Japan | Asia | Total |
| 1,599,934 | 155,324 | 1,755,258 |

Note: Classification of net sales is based on the location of customers and categorized by country or region.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

No information is provided because no specific external customer accounts for 10% or more of net sales in the non-consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

| | FY6/22 (Jul. 1, 2021 – Jun. 30, 2022) | FY6/23 (Jul. 1, 2022 – Jun. 30, 2023) |
|----------------------|--|--|
| Net assets per share | 1,733.79 | 1,684.36 |
| Net income per share | 63.24 | 38.34 |

Notes: 1. Diluted net income per share is not presented because there are no potential shares with dilutive effects.

2. The basis for calculating net income per share is as follows.

(Thousands of yen, unless otherwise stated)

| | FY6/22 (Jul. 1, 2021 – Jun. 30, 2022) | FY6/23 (Jul. 1, 2022 – Jun. 30, 2023) |
|---|--|--|
| Net income per share | | |
| Profit | 310,445 | 191,935 |
| Amount not attributable to common shareholders | - | - |
| Profit attributable to common shareholders of parent | 310,445 | 191,935 |
| Average number of shares of common stock during the period (shares) | 4,908,819 | 5,006,767 |

3. The basis for calculating net assets per share is as follows.

(Thousands of yen, unless otherwise stated)

| | FY6/22 (As of Jun. 30, 2022) | FY6/23 (As of Jun. 30, 2023) |
|---|---------------------------------|---------------------------------|
| Total net assets | 8,688,953 | 8,431,111 |
| Deduction on total net assets | - | - |
| Net assets applicable to common shares at end of period | 8,688,953 | 8,431,111 |
| Number of common shares used in calculation of net assets per share at end of period (shares) | 5,011,540 | 5,005,540 |

Material Subsequent Events

Not applicable.

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.