

**Non-consolidated Financial Results for the
Second Quarter of the Fiscal Year Ending June 30, 2024
(Six Months Ended December 31, 2023)**

[Japanese GAAP]

February 9, 2024

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Scheduled date of filing of Quarterly Report: February 14, 2024
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, 2024
(July 1, 2023 to December 31, 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	%
Six months ended Dec. 31, 2023	809	(9.7)	107	(38.1)	114	(34.9)	78	(34.8)
Six months ended Dec. 31, 2022	895	(4.7)	173	(30.9)	175	(32.1)	119	(32.7)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2023	15.59	-
Six months ended Dec. 31, 2022	23.93	-

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2023	8,847	8,057	91.1
As of Jun. 30, 2023	9,206	8,431	91.6

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 8,057 As of Jun. 30, 2023: 8,431

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2023	-	0.00	-	100.00	100.00
Fiscal year ending Jun. 30, 2024	-	0.00	-	100.00	100.00
Fiscal year ending Jun. 30, 2024 (forecast)	-	-	-	100.00	100.00

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

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
Full year	1,850	5.4	280	1.6	287	1.9	198	3.2	39.56

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, 2023:	5,300,000 shares	As of Jun. 30, 2023:	6,000,000 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2023:	279,472 shares	As of Jun. 30, 2023:	994,460 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2023:	5,011,486 shares	Six months ended Dec. 31, 2022:	5,007,757 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.

Contents of Attachments

1. Qualitative Information on Quarterly Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Earnings Forecast and Other Forward-looking Statements	4
2. Quarterly Non-consolidated Financial Statements and Notes	5
(1) Quarterly Non-consolidated Balance Sheet	5
(2) Quarterly Non-consolidated Statement of Income	7
For the Six-months Period	7
(3) Quarterly Non-consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Non-consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Accounting Policies	9
Non-consolidated Balance Sheet	9
Non-consolidated Statement of Income	9
Segment and Other Information	10
Revenue Recognition	11

1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

The Japanese economy recovered slowly during the first half of the current fiscal year despite instability caused by events worldwide as inflation slowed and interest rate hikes stopped in many countries.

Many events are holding down the global economy. There is uncertainty created by the prolonged Ukraine crisis and conflict in Israel as well as by tension involving the Middle East, North Korea and relations between China and Taiwan. In addition, higher interest rates in many countries to bring down inflation have caused stagnation in Europe and China. Although economies are strong in some countries, notably the United States and India, the global economy overall is weakening.

In Japan, the economy is recovering, mainly in the service sector, as economic activity increases following the end of the pandemic. Consumer spending has rebounded and the return of foreign tourists, other than from China, is supporting the strength of consumer activity. In the manufacturing sector, automobile production is increasing because most restrictions caused by shortages of parts have ended. Orders for machine tools are down from companies in China but are slowly increasing in North America. There is also an upturn in the construction machinery sector, including machinery for mines. The medical equipment sector also has a certain level of demand and remains firm. In the semiconductor industry, demand is down due to the end of a period of strong demand for devices used in data centers, smartphones and PCs. Demand has been soft since autumn of 2023, primarily for memory devices, as companies reduce inventories. The electronic component sector is also declining with the downturn in semiconductor demand. The growth of capital expenditures by companies is lower due to the end of expenditures for automation and other labor-saving equipment. Demand for semiconductors is expected to increase because of increasing sales of self-driving cars and electric cars, the use of AI for manufacturing, utilization of data in a variety of production activities, and for other reasons. As a result, capital expenditures are expected to increase for semiconductor manufacturing equipment and associated electronic components, processing machinery for new components, and in other categories.

In the collet chucks segment, orders in October were the lowest in any month during the past three years mainly because of a decline in the processing of mass-produced components in Japan caused by decreased in the semiconductor, electronic component and equipment component categories. Orders recovered somewhat in November and December.

Segment sales were 562 million yen, down 8.6% year on year, and segment profit was 227 million yen, down 16.5%.

In the cutting tools segment, orders decreased because of lower machinery utilization rates at companies in many industries other than the automotive parts processing sector. Sales decreased from one year earlier but have remained about the same in this period.

In the fabrication and regrinding of special-order cutting tools category, demand continues for these services but sales were impacted by the decline in the volume of processing in the manufacturing sector. The result was sales of 71 million yen, down 6.8%.

In the regrinding of general-purpose cutting tools category, sales decreased because of lower machinery utilization rates in many industries, with the exception of the automobile industry, for processing mass-produced components and individual tools. Sales were 169 million yen, down 13.4%.

Segment sales were 240 million yen, down 11.5% year on year, and segment profit was 38 million yen, down 13.5%.

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

Segment sales were 5 million yen, down 28.2% year on year, and segment loss was 9 million yen compared with a profit of 1 million yen one year earlier.

Net sales in the first half of the fiscal year ending June 30, 2024 were 809 million yen, down 9.7% year on year. Operating profit decreased 38.1% to 107 million yen, ordinary profit decreased 34.9% to 114 million yen, and profit decreased 34.8% to 78 million yen.

(2) Explanation of Financial Position

1) Assets, liabilities, and net assets

Assets

Current assets amounted to 6,691 million yen at the end of the second quarter of the current fiscal year, a decrease of 847 million yen from 7,538 million yen at the end of the previous fiscal year. This is mainly due to decreases of 869 million yen in cash and deposits, 16 million yen in notes and accounts receivable – trade, and 574 thousand yen in raw materials, which were partially offset by increases of 15 million yen in prepaid expenses and 13 million yen in work in process.

Non-current assets amounted to 2,156 million yen, an increase of 488 million yen from 1,668 million yen at the end of the previous fiscal year. This is mainly due to increases of 527 million yen in investment securities, 32 million yen in other under property, plant and equipment, and 14 million yen in deferred tax assets, which were partially offset by decreases of 39 million yen in long-term prepaid expenses, 31 million yen in machinery, equipment and vehicles, and 15 million yen in buildings and structures.

As a result, total assets at the end of the second quarter of the current fiscal year were 8,847 million yen, compared with 9,206 million yen at the end of the previous fiscal year.

Liabilities

Current liabilities amounted to 231 million yen at the end of the second quarter of the current fiscal year, an increase of 30 million yen from 201 million yen at the end of the previous fiscal year. This is mainly due to increases of 13 million yen in other, 12 million yen in accounts payable – other, and 8 million yen in income taxes payable, which was partially offset by a decrease of 4 million yen in provision for bonuses for directors (and other officers).

Non-current liabilities amounted to 558 million yen, a decrease of 15 million yen from 573 million yen at the end of the previous fiscal year. This is mainly due to decreases of 137 million yen in provision for retirement benefits for directors (and other officers), and 3 million yen in provision for retirement benefits, which was partially offset by an increase of 125 million yen in other.

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

Net assets

Net assets totaled 8,057 million yen, a decrease of 373 million yen from 8,431 million yen at the end of the previous fiscal year. This was mainly due to decreases of 765 million yen in retained earnings and 124 million yen in capital surplus, which were partially offset by a decrease of 497 million yen in treasury shares and an increase of 18 million yen in valuation difference on available-for-sale securities.

2) Cash flows

Cash and cash equivalents as of the end of the first half of the current fiscal year decreased by 268 million yen from the end of the previous fiscal year to 706 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 183 million yen (compared with net cash provided of 217 million yen in the same period of the previous fiscal year). Positive cash flows include an increase in long-term accounts payable – other of 139 million yen, profit before income taxes of 113 million yen, depreciation of 73 million yen, share-based payment expenses of 59 million yen, a decrease in trade receivables of 16 million yen. Negative factors were a decrease in provision for retirement benefits for directors (and other officers) of 137 million yen, income taxes paid of 49 million yen, a decrease in accounts payable – other of 15 million yen, and an increase in inventories of 13 million yen.

Cash flows from investing activities

Net cash provided by investing activities for the first half of the current fiscal year totaled 47 million yen (compared with net cash used of 14 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in time deposits of 600 million yen, while there was the purchase of investment securities of 500 million yen and the purchase of property, plant and equipment of 49 million yen.

Cash flows from financing activities

Net cash used in financing activities for the first half of the current fiscal year totaled 499 million yen (compared with net cash used of 501 million yen in the same period of the previous fiscal year). This was mainly due to dividends paid of 499 million yen and repayments of lease liabilities 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, 2023.

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

	(Thousands of yen)	
	FY6/23 (As of Jun. 30, 2023)	Second quarter of FY6/24 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	6,814,158	5,945,019
Notes and accounts receivable - trade	327,118	310,424
Finished goods	3,126	3,232
Raw materials	42,332	41,757
Work in process	255,511	269,477
Prepaid expenses	94,966	110,120
Other	1,253	11,188
Allowance for doubtful accounts	(10)	0
Total current assets	7,538,455	6,691,219
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	422,911	407,891
Machinery, equipment and vehicles, net	428,567	396,584
Land	333,534	333,534
Other, net	11,135	43,148
Total property, plant and equipment	1,196,149	1,181,159
Intangible assets	2,945	4,384
Investments and other assets		
Investment securities	218,888	745,931
Long-term prepaid expenses	42,470	2,809
Deferred tax assets	207,547	221,850
Other	675	627
Allowance for doubtful accounts	(540)	(540)
Total investments and other assets	469,041	970,678
Total non-current assets	1,668,136	2,156,221
Total assets	9,206,592	8,847,441
Liabilities		
Current liabilities		
Accounts payable - trade	15,497	15,197
Accounts payable - other	84,612	97,037
Income taxes payable	56,095	64,887
Provision for bonuses for directors (and other officers)	6,900	2,800
Other	38,397	51,927
Total current liabilities	201,502	231,849
Non-current liabilities		
Provision for retirement benefits	420,016	416,258
Provision for retirement benefits for directors (and other officers)	137,440	-
Other	16,521	142,121
Total non-current liabilities	573,977	558,380
Total liabilities	775,480	790,230

	(Thousands of yen)	
	FY6/23 (As of Jun. 30, 2023)	Second quarter of FY6/24 (As of Dec. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	292,500	292,500
Capital surplus	481,250	356,627
Retained earnings	8,258,743	7,492,846
Treasury shares	(692,283)	(194,566)
Total shareholders' equity	8,340,210	7,947,406
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	90,901	109,804
Total valuation and translation adjustments	90,901	109,804
Total net assets	8,431,111	8,057,211
Total liabilities and net assets	9,206,592	8,847,441

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

	(Thousands of yen)	
	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)
Net sales	895,550	809,002
Cost of sales	581,706	552,123
Gross profit	313,843	256,878
Selling, general and administrative expenses	139,917	149,297
Operating profit	173,926	107,581
Non-operating income		
Interest income	93	937
Dividend income	3,834	4,613
Electricity sale income	364	118
Reversal of allowance for doubtful accounts	110	10
Gain on sale of scraps	818	454
Other	595	412
Total non-operating income	5,817	6,545
Non-operating expenses		
Loss on extinguishment of share-based compensation expenses	4,430	-
Total non-operating expenses	4,430	-
Ordinary profit	175,313	114,127
Extraordinary losses		
Loss on retirement of non-current assets	0	902
Total extraordinary losses	0	902
Profit before income taxes	175,313	113,224
Income taxes - current	70,520	57,563
Income taxes - deferred	(15,033)	(22,443)
Total income taxes	55,487	35,120
Profit	119,826	78,104

(3) Quarterly Non-consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	175,313	113,224
Depreciation	78,588	73,175
Amortization of long-term prepaid expenses	40	608
Share-based payment expenses	52,094	59,201
Loss on retirement of property, plant and equipment	0	902
Loss on extinguishment of share-based compensation expenses	4,430	-
Increase (decrease) in allowance for doubtful accounts	(114)	(10)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6,580)	(4,100)
Increase (decrease) in provision for retirement benefits	12,439	(3,757)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6,580)	(137,440)
Interest and dividend income	(3,928)	(5,550)
Decrease (increase) in trade receivables	22,980	16,694
Decrease (increase) in inventories	(14,348)	(13,497)
Increase (decrease) in trade payables	(3,022)	(300)
Increase (decrease) in accounts payable - other	(7,322)	(15,572)
Increase (decrease) in long-term accounts payable - other	-	139,670
Other, net	15,589	4,669
Subtotal	319,580	227,916
Interest and dividends received	3,873	4,653
Income taxes refund (paid)	(105,837)	(49,273)
Net cash provided by (used in) operating activities	217,615	183,296
Cash flows from investing activities		
Decrease (increase) in time deposits	(30)	600,203
Purchase of investment securities	-	(500,000)
Purchase of property, plant and equipment	(14,825)	(49,715)
Purchase of intangible assets	-	(1,990)
Other, net	108	(959)
Net cash provided by (used in) investing activities	(14,747)	47,539
Cash flows from financing activities		
Purchase of treasury shares	-	(23)
Dividends paid	(500,690)	(499,295)
Repayments of lease liabilities	(452)	(452)
Net cash provided by (used in) financing activities	(501,142)	(499,771)
Net increase (decrease) in cash and cash equivalents	(298,274)	(268,935)
Cash and cash equivalents at beginning of period	1,127,547	975,689
Cash and cash equivalents at end of period	829,273	706,753

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

Not applicable.

Significant Changes in Shareholders' Equity

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

Dividend payment

Resolution	Type of share	Source of funds	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on September 24, 2022	Common shares	Retained earnings	501,154	100	June 30, 2022	September 27, 2022

First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)

Dividend payment

Resolution	Type of share	Source of funds	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on September 23, 2023	Common shares	Retained earnings	500,554	100	June 30, 2023	September 26, 2023

Changes in Accounting Policies

Not applicable.

Non-consolidated Balance Sheet

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

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, was extinguished and a non-operating expense for a loss on the extinguishment of the cost of stock compensation was recognized.

Non-consolidated Statement of Income

Not applicable.

Segment and Other Information

Segment information

I. 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

	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.

II. First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)

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

	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	562,264	240,905	5,832	809,002	-	809,002
Inter-segment sales and transfers	-	-	-	-	-	-
Total	562,264	240,905	5,832	809,002	-	809,002
Segment profit or loss	227,076	38,874	(9,072)	256,878	(149,297)	107,581

Notes: 1. The adjustment to segment profit or loss includes selling, general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit or loss is adjusted with operating profit shown on the quarterly non-consolidated statement of income.

2. Information related to changes in reportable segments

To appropriately assess and manage performance of each reportable segment, A-One Seimitsu has reexamined part of methods for allocating common expenses and changed the method for calculating profit or loss for each segment from the first quarter of FY6/24.

Segment information for the first six months of FY6/23 is disclosed based on the previous method for allocating common expenses as it is practically difficult to prepare the information using the method after the change.

Revenue Recognition

Information on revenue from contracts with customers broken down

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	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

First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 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	562,264	71,880	-	71,880	5,832	639,976
Other	-	-	169,025	169,025	-	169,025
Revenue from contracts with customers	562,264	71,880	169,025	240,905	5,832	809,002
Other revenue	-	-	-	-	-	-
External sales	562,264	71,880	169,025	240,905	5,832	809,002

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.