

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 27, 2023

Company name: AISAN INDUSTRY CO., LTD.

Stock exchange listing: Tokyo, Nagoya

Code number: 7283

URL: <https://www.aisan-ind.co.jp/>

Representative: Tokuhisa Nomura, President

Contact: Hideto Ikai, General Manager, Accounting & Finance Dept.

Phone: +81-562-47-1131

Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary explanatory materials on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	69,131	37.6	3,931	57.9	4,857	50.9	3,867	89.1
June 30, 2022	50,250	2.1	2,490	(26.2)	3,220	(11.6)	2,045	(33.6)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥11,535 million [91.1%]

Three months ended June 30, 2022: ¥6,036 million [0.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	61.45	61.40
June 30, 2022	32.48	32.48

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	235,161	120,346	49.3
As of March 31, 2023	225,762	110,382	47.1

(Reference) Equity: As of June 30, 2023: ¥115,947 million

As of March 31, 2023: ¥106,408 million

2. Cash dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	15.00	—	20.00	35.00
Fiscal year ended March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		20.00	—	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	137,000	28.9	6,800	24.3	6,800	6.3	4,300	14.5	68.39
Full year	280,000	16.3	14,000	2.7	14,000	(0.6)	8,700	2.3	138.44

(Note) Revision to the financial results forecast announced most recently:No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

June 30, 2023: 63,173,379 shares

March 31, 2023: 63,086,379 shares

2) Total number of treasury shares at the end of the period:

June 30, 2023: 369,652 shares

March 31, 2023: 72,368 shares

3) Average number of shares during the period:

Three months ended June 30, 2023: 62,929,615 shares

Three months ended June 30, 2022: 62,966,453 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The above forward-looking statements are prepared based on judgment and assumption from information currently available to the Company. These statements do not purport that the Company pledges to realize such statements. Actual business results may differ from the forecast figures due to various factors such as uncertainties of the information, future economic conditions, stock prices and exchange rates trends.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	2
2. Quarterly Consolidated Financial Statements and Principal Notes	3
(1) Quarterly Consolidated Balance Sheets	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes on going concern assumption)	7
(Notes in case of significant changes in shareholders' equity)	7
(Additional information)	7
(Segment information, etc.)	7

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese and global economy made steady progress with its social and economic activities returning to normal following the lifting of behavioral restrictions against COVID-19. In the automobile industry, production by automobile manufacturers has been at a high level as the semiconductor supply shortage has been resolved. Meanwhile, the outlook remains uncertain due to inflation caused primarily by soaring prices of raw materials and energy and wage increases, and also to dramatic fluctuations in the foreign exchange rate.

Under these circumstances, the Company's consolidated net sales for the three months ended June 30, 2023 were ¥69,131 million, an increase of 37.6% year on year. As for profits, operating profit increased 57.9% year on year to ¥3,931 million, ordinary profit increased 50.9% year on year to ¥4,857 million, and profit attributable to owners of parent increased 89.1% year on year to ¥3,867 million.

Results by segment are as follows. Net sales include inter-segment sales.

(Japan)

Net sales increased 18.7% year on year to ¥24,564 million due to an increase in sales volume, and operating profit increased 3.0% year on year to ¥383 million due mainly to efforts to improve profitability.

(Asia)

Net sales increased 15.9% year on year to ¥28,586 million due to foreign exchange rate fluctuations and an increase in sales volume, and operating profit increased 12.0% year on year to ¥1,957 million.

(Americas)

Net sales increased 2.5 times year on year to ¥16,852 million due to an increase in sales volume including from the acquired business, and operating profit increased 4.7 times year on year to ¥1,104 million.

(Europe)

Net sales increased 24.7% year on year to ¥3,891 million due to foreign exchange rate fluctuations, and operating profit was ¥193 million (operating loss of ¥7 million in the previous corresponding period).

(2) Explanation of Financial Position

As of June 30, 2023, total assets amounted to ¥235,161 million, an increase of ¥9,398 million from the end of the previous fiscal year, mainly due to an increase in the value of the assets of overseas subsidiaries resulting from a weaker yen. Liabilities decreased ¥565 million from the end of the previous fiscal year to ¥114,814 million, mainly due to a decrease in borrowings.

Net assets increased ¥9,964 million from the end of the previous fiscal year to ¥120,346 million, mainly due to an increase in foreign currency translation adjustment resulting from a weaker yen and an increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

No change has been made to the financial results forecast and divided forecast for the fiscal year ending March 31, 2024, announced on April 26, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	42,555	46,363
Notes and accounts receivable - trade	30,664	35,766
Electronically recorded monetary claims - operating	4,027	4,156
Securities	3,418	3,508
Merchandise and finished goods	7,820	7,703
Work in process	5,153	4,697
Raw materials and supplies	21,803	19,697
Other	5,916	5,766
Allowance for doubtful accounts	(33)	(24)
Total current assets	121,326	127,634
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,639	21,254
Machinery, equipment and vehicles, net	42,337	42,742
Land	7,121	7,168
Construction in progress	3,682	3,939
Other, net	6,122	6,156
Total property, plant and equipment	79,903	81,260
Intangible assets	2,229	2,224
Investments and other assets		
Investment securities	5,331	6,819
Retirement benefit asset	10,222	10,398
Deferred tax assets	5,158	5,342
Other	1,637	1,525
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	22,303	24,040
Total non-current assets	104,436	107,526
Total assets	225,762	235,161

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,390	27,988
Electronically recorded obligations - operating	2,733	3,275
Short-term borrowings	2,909	1,855
Current portion of long-term borrowings	6,273	2,297
Accrued expenses	9,424	11,227
Income taxes payable	1,093	1,248
Provision for product warranties	2,949	3,262
Provision for bonuses for directors (and other officers)	93	22
Provision for business restructuring	176	176
Other	5,838	6,836
Total current liabilities	58,881	58,191
Non-current liabilities		
Long-term borrowings	39,646	39,586
Deferred tax liabilities	1,040	907
Provision for retirement benefits for directors (and other officers)	48	46
Retirement benefit liability	15,144	15,494
Other	617	588
Total non-current liabilities	56,498	56,623
Total liabilities	115,380	114,814
Net assets		
Shareholders' equity		
Share capital	10,714	10,754
Capital surplus	12,541	12,581
Retained earnings	73,957	76,530
Treasury shares	(56)	(356)
Total shareholders' equity	97,155	99,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,745	3,754
Foreign currency translation adjustment	5,407	11,789
Remeasurements of defined benefit plans	1,099	893
Total accumulated other comprehensive income	9,252	16,436
Share acquisition rights	86	49
Non-controlling interests	3,888	4,349
Total net assets	110,382	120,346
Total liabilities and net assets	225,762	235,161

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	50,250	69,131
Cost of sales	43,804	60,280
Gross profit	6,445	8,850
Selling, general and administrative expenses	3,955	4,919
Operating profit	2,490	3,931
Non-operating income		
Interest income	60	47
Dividend income	70	76
Foreign exchange gains	701	830
Other	53	76
Total non-operating income	885	1,030
Non-operating expenses		
Interest expenses	45	52
Loss on sale and retirement of non-current assets	95	43
Other	14	8
Total non-operating expenses	155	104
Ordinary profit	3,220	4,857
Extraordinary income		
Gain on reversal of share acquisition rights	19	24
Total extraordinary income	19	24
Extraordinary losses		
Estimated loss on leaked fund of American subsidiary	743	-
Total extraordinary losses	743	-
Profit before income taxes	2,496	4,881
Income taxes - current	1,435	881
Income taxes - deferred	(1,134)	(34)
Total income taxes	301	847
Profit	2,194	4,034
Profit attributable to non-controlling interests	149	167
Profit attributable to owners of parent	2,045	3,867

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	2,194	4,034
Other comprehensive income		
Valuation difference on available-for-sale securities	(252)	1,010
Foreign currency translation adjustment	4,222	6,719
Remeasurements of defined benefit plans, net of tax	(128)	(229)
Total other comprehensive income	3,841	7,500
Comprehensive income	6,036	11,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,690	11,051
Comprehensive income attributable to non-controlling interests	346	483

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Additional information)

(Changes in fiscal year, etc. of consolidated subsidiaries)

Effective from the three months ended June 30, 2023, P.T. Aisan Nasmoco Industri, Franklin Precision Industry, Inc., Aisan Corporation of America, Aisan Industry Czech s.r.o., and Aisan Corporation Europe NV/SA have changed their fiscal year end from December 31 to March 31 to align with the consolidated fiscal year end.

For Aisan Autopartes Mexico, S.A. de C.V, Aisan (Tianjin) Auto Parts Co., Ltd., Aisan (Foshan) Auto Parts Co., Ltd., and Aisan Corporation Guangzhou Co., Ltd., consolidation procedure has been changed to prepare consolidated financial statements using provisional settlements of their accounts as of March 31.

These subsidiaries' profit and loss for the three months from January 1, 2023 to March 31, 2023 are adjusted in retained earnings.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Total	Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Japan	Asia	Americas	Europe			
Net sales							
(1) Net sales to outside customers	15,989	24,334	6,809	3,116	50,250	—	50,250
(2) Inter-segment net sales or transfers	4,699	328	20	2	5,050	(5,050)	—
Total	20,688	24,663	6,829	3,119	55,300	(5,050)	50,250
Segment income (loss)	371	1,748	235	(7)	2,348	141	2,490

(Notes) 1. The ¥141 million adjustment to segment income (loss) is mainly an adjustment for unrealized inter-segment profits.

2. Segment income (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

II For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Total	Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Japan	Asia	Americas	Europe			
Net sales							
(1) Net sales to outside customers	20,150	28,293	16,804	3,882	69,131	—	69,131
(2) Inter-segment net sales or transfers	4,414	292	48	8	4,763	(4,763)	—
Total	24,564	28,586	16,852	3,891	73,894	(4,763)	69,131
Segment income	383	1,957	1,104	193	3,638	292	3,931

(Notes) 1. The ¥292 million adjustment to segment income is mainly an adjustment for unrealized inter-segment profits.

2. Segment income is adjusted with operating profit in the quarterly consolidated statements of income.

Summary of Financial Results for Q1 FY2023



2023-07-27

Key Points

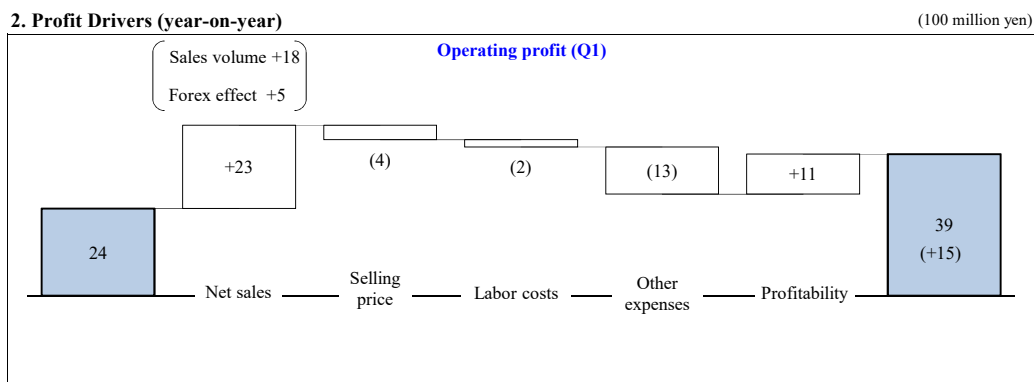
- Net sales increased year on year due to an increase in sales volume including from the acquired fuel pump business, and to the effect of a weaker yen.
- Operating profit increased year on year due mainly to an increase in sales volume and the effect of a weaker yen, despite of an increase in expenses such as R&D expenditure.
- Although Q1 results exceeded the initial projections, the full-year forecast remains unchanged due to uncertainties in the external environment in Q2 and H2 of the fiscal year, including customers' operation status and the level of exchange rate.

1. Consolidated Financial Results

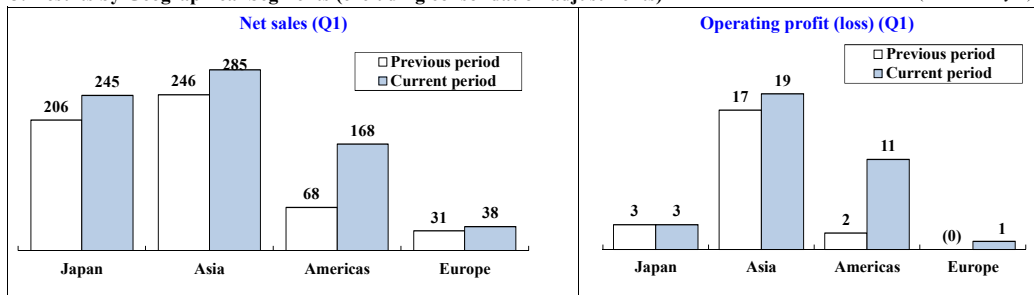
	Q1 FY2022 (Apr.–Jun. 2022)		Q1 FY2023 (Apr.–Jun. 2023)		YoY Changes		Apr. 1, 2023–Mar. 31, 2024	
	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Amount	%	Sales ratio (%)	Amount
Net sales	100.0	50,250	100.0	69,131	18,880	37.6%	100.0	280,000
Operating profit	5.0	2,490	5.7	3,931	1,441	57.9%	5.0	14,000
Ordinary profit	6.4	3,220	7.0	4,857	1,637	50.9%	5.0	14,000
Profit	4.1	2,045	5.6	3,867	1,821	89.1%	3.1	8,700
Basic earnings per share (yen)		32.48		61.45	28.97	89.2%		138.44
Exchange rate (JPY/USD)		130		137	[Depreciated by 7 yen]			130
Capital adequacy ratio (%)	(Mar. 31, 2023)	47.1%	(Jun. 30, 2023)	49.3%	—	—	—	—
Total assets		225,762		235,161	9,398	4.2%	—	—
Net assets		110,382		120,346	9,964	9.0%	—	—
Consolidated subsidiaries		28		28	±0	—	28	—

Note: Profit represents "profit attributable to owners of parent."

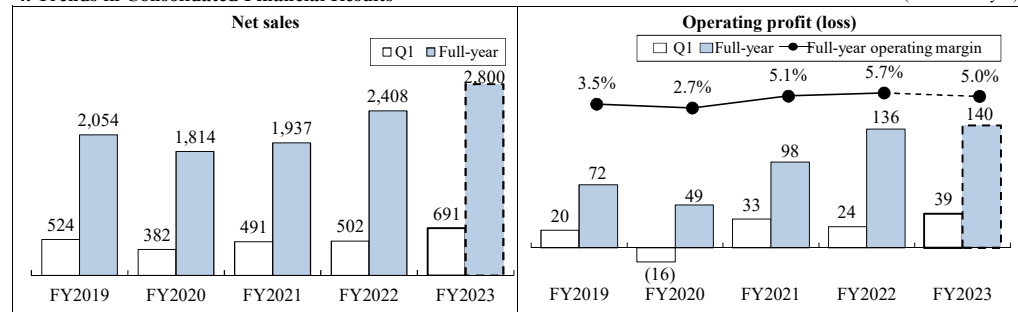
2. Profit Drivers (year-on-year)



3. Results by Geographical Segments (excluding consolidation adjustments)



4. Trends in Consolidated Financial Results



5. Trends in Financial Indicators

