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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



October 30, 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

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: November 27, 2023

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 Six Months Ended September 30, 2023 (April 1, 2023 - September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2023	147,749	39.0	8,514	55.7	9,889	54.6	7,525	100.4
September 30, 2022	106,289	8.9	5,469	7.2	6,397	17.3	3,755	(6.6)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥17,567 million [47.4%]

Six months ended September 30, 2022: ¥11,918 million [57.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	119.84	119.72
September 30, 2022	59.63	59.63

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	247,834	126,031	49.0
As of March 31, 2023	225,762	110,382	47.1

(Reference) Equity: As of September 30, 2023: ¥121,341 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	-	27.00	-	-	-
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	27.00	54.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	300,000	24.6	16,000	17.4	17,000	20.7	11,500	35.2	183.50

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2023: 63,216,379 shares

March 31, 2023: 63,086,379 shares

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

September 30, 2023: 685,060 shares

March 31, 2023: 72,368 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 62,792,405 shares

Six months ended September 30, 2022: 62,981,398 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. For more information on forecasts, please see “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information”

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2023, the Japanese and global economy saw a moderate recovery overall, despite factors such as interest rate hikes in various countries and concerns about the outlook for the Chinese economy. In the automobile industry, while production by automobile manufacturers has been at a high level as the semiconductor supply shortage has been easing, the outlook remains uncertain due to factors such as inflation caused primarily by persistently high raw material and energy prices and wage increases, and also fluctuations in the foreign exchange rate.

Under these circumstances, the Company's consolidated net sales for the six months ended September 30, 2023, were ¥147,749 million, an increase of 39.0% year on year. As for profits, operating profit increased 55.7% year on year to ¥8,514 million, ordinary profit increased 54.6% year on year to ¥9,889 million, and profit attributable to owners of parent increased 2.0 times year on year to ¥7,525 million.

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

(Japan)

Net sales increased 21.1% year on year to ¥54,368 million due to an increase in sales volume, and operating profit decreased 53.6% year on year to ¥873 million due to an increase in expenses.

(Asia)

Net sales increased 23.5% year on year to ¥62,929 million due to the effect of foreign exchange rate and an increase in sales volume, and operating profit increased 60.3% year on year to ¥5,068 million.

(Americas)

Net sales increased 2.3 times year on year to ¥34,031 million due to an increase in sales volume including from the acquired business, and operating profit increased 3.9 times year on year to ¥1,994 million.

(Europe)

Net sales increased 15.6% year on year to ¥7,192 million due to foreign exchange rate fluctuations, and operating profit was ¥209 million (operating loss of ¥254 million in the previous corresponding period).

(2) Explanation of Financial Position

As of September 30, 2023, total assets amounted to ¥247,834 million, an increase of ¥22,071 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 increased ¥6,423 million from the end of the previous fiscal year to ¥121,803 million, mainly due to an increase in accounts payable.

Net assets increased ¥15,648 million from the end of the previous fiscal year to ¥126,031 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

For the six months ended September 30, 2023, results exceeded the previous forecast mainly due to higher-than-expected sales and the effect of foreign exchange rates. In addition, we have revised our full-year consolidated financial results forecast as follows, taking into account the results for the six months ended September 30, 2023, as well as our expectation that automobile production will remain strong, and after revising the assumed foreign exchange rates in the financial results forecast. The assumed average foreign exchange rate during the period is ¥141 to US\$1.

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

	Net sales (Million yen)	Operating profit (Million yen)	Ordinary profit (Million yen)	Profit attributable to owners of parent (Million yen)	Basic earnings per share (Yen)
Previous Forecast (A)	280,000	14,000	14,000	8,700	138.06
Revised Forecast (B)	300,000	16,000	17,000	11,500	183.50
Change (B – A)	20,000	2,000	3,000	2,800	–
Change (%)	7.1%	14.3%	21.4%	32.2%	–
[Reference] Previous Fiscal Year Results	240,806	13,632	14,083	8,504	135.01

In addition, taking into account the consolidated financial results forecast and other factors, we have revised the interim and year-end dividend forecasts for the fiscal year ending March 31, 2024 as follows:

	Dividend per Share (Yen)		
Record Date	2nd quarter-end	Year-End	Annual
Previous Forecast	20.00	20.00	40.00
Revised Forecast	–	27.00	54.00
Actual Results	27.00	–	–
[Reference] Previous Fiscal Year Results	15.00	20.00	35.00

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	42,555	52,324
Notes and accounts receivable - trade	30,664	40,812
Electronically recorded monetary claims - operating	4,027	4,429
Securities	3,418	2,484
Merchandise and finished goods	7,820	8,044
Work in process	5,153	5,819
Raw materials and supplies	21,803	19,482
Other	5,916	6,114
Allowance for doubtful accounts	(33)	(63)
Total current assets	121,326	139,449
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,639	21,174
Machinery, equipment and vehicles, net	42,337	41,903
Land	7,121	8,506
Construction in progress	3,682	4,417
Other, net	6,122	5,851
Total property, plant and equipment	79,903	81,853
Intangible assets	2,229	2,222
Investments and other assets		
Investment securities	5,331	7,230
Retirement benefit asset	10,222	10,574
Deferred tax assets	5,158	5,064
Other	1,637	1,484
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	22,303	24,309
Total non-current assets	104,436	108,385
Total assets	225,762	247,834

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,390	31,123
Electronically recorded obligations - operating	2,733	6,143
Short-term borrowings	2,909	1,491
Current portion of long-term borrowings	6,273	2,232
Accrued expenses	9,424	10,445
Income taxes payable	1,093	1,144
Provision for product warranties	2,949	4,671
Provision for bonuses for directors (and other officers)	93	45
Provision for business restructuring	176	176
Other	5,838	7,934
Total current liabilities	58,881	65,409
Non-current liabilities		
Long-term borrowings	39,646	39,512
Deferred tax liabilities	1,040	933
Provision for retirement benefits for directors (and other officers)	48	49
Retirement benefit liability	15,144	15,346
Other	617	551
Total non-current liabilities	56,498	56,393
Total liabilities	115,380	121,803
Net assets		
Shareholders' equity		
Share capital	10,714	10,775
Capital surplus	12,541	12,602
Retained earnings	73,957	80,191
Treasury shares	(56)	(747)
Total shareholders' equity	97,155	102,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,745	4,045
Foreign currency translation adjustment	5,407	13,647
Remeasurements of defined benefit plans	1,099	826
Total accumulated other comprehensive income	9,252	18,519
Share acquisition rights	86	44
Non-controlling interests	3,888	4,645
Total net assets	110,382	126,031
Total liabilities and net assets	225,762	247,834

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

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	106,289	147,749
Cost of sales	92,234	127,990
Gross profit	14,054	19,758
Selling, general and administrative expenses	8,584	11,244
Operating profit	5,469	8,514
Non-operating income		
Interest income	121	276
Dividend income	72	80
Foreign exchange gains	914	1,327
Other	98	151
Total non-operating income	1,207	1,835
Non-operating expenses		
Interest expenses	108	260
Loss on sale and retirement of non-current assets	138	136
Other	32	63
Total non-operating expenses	279	460
Ordinary profit	6,397	9,889
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	786	-
Total extraordinary losses	786	-
Profit before income taxes	5,631	9,913
Income taxes - current	2,038	1,803
Income taxes - deferred	(412)	194
Total income taxes	1,626	1,998
Profit	4,004	7,915
Profit attributable to non-controlling interests	248	390
Profit attributable to owners of parent	3,755	7,525

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

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	4,004	7,915
Other comprehensive income		
Valuation difference on available-for-sale securities	(620)	1,301
Foreign currency translation adjustment	8,798	8,647
Remeasurements of defined benefit plans, net of tax	(263)	(296)
Total other comprehensive income	7,913	9,652
Comprehensive income	11,918	17,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,252	16,792
Comprehensive income attributable to non-controlling interests	665	775

(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 from January 1, 2023 to March 31, 2023 are adjusted in retained earnings.

(Segment information, etc.)

[Segment information]

I For the six months ended September 30, 2022 (from April 1, 2022 to September 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	35,243	50,309	14,522	6,213	106,289	—	106,289
(2) Inter-segment net sales or transfers	9,668	635	31	5	10,341	(10,341)	—
Total	44,911	50,945	14,553	6,219	116,630	(10,341)	106,289
Segment income (loss)	1,881	3,161	509	(254)	5,298	171	5,469

(Notes) 1. The ¥171 million adjustment to segment income (loss) is mainly an adjustment for unrealized intersegment profits.

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

II For the six months ended September 30, 2023 (from April 1, 2023 to September 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	44,296	62,340	33,941	7,171	147,749	—	147,749
(2) Inter-segment net sales or transfers	10,072	588	90	21	10,772	(10,772)	—
Total	54,368	62,929	34,031	7,192	158,521	(10,772)	147,749
Segment income	873	5,068	1,994	209	8,144	369	8,514

(Notes) 1. The ¥369 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 Q2 FY2023



2023-10-30

Key Points

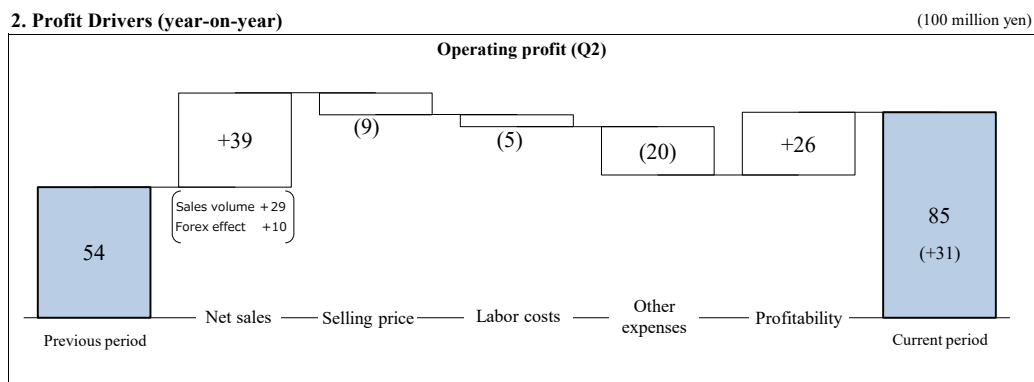
- Net sales increased year on year due to an increase in sales volume, including from the acquired fuel pump business, and the effect of a weaker yen.
- Operating profit increased year on year due to factors such as increased sales volume, the effect of a weaker yen, and profitability improvements, which absorbed negative factors such as aggressive R&D expenditures oriented towards the future.
- For the business environment in the second half, we expect strong vehicle production by customers and continuation of the current weak yen. Due to these factors, we have revised our financial results forecast

1. Consolidated Financial Results

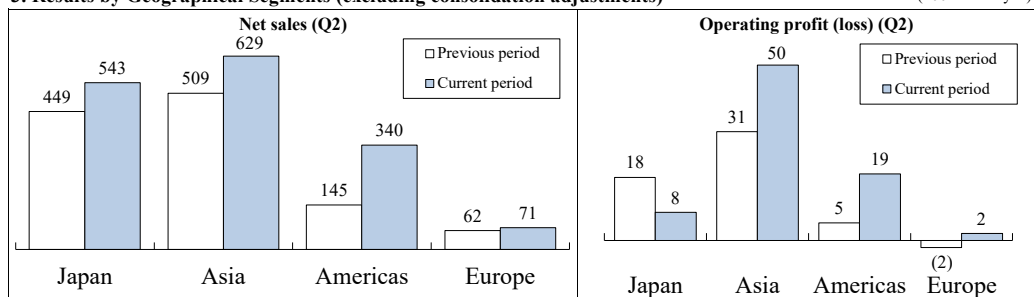
	Q2 FY2022 (Apr.-Sept. 2022)		Q2 FY2023 (Apr.-Sept. 2023)		YoY Changes		Apr. 1, 2023-Mar. 31, 2024		Changes (%) (YoY)
	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Amount	%	Sales ratio (%)	Amount	
Net sales	100.0	106,289	100.0	147,749	41,460	39.0%	100.0	300,000	24.6%
Operating profit	5.1	5,469	5.8	8,514	3,045	55.7%	5.3	16,000	17.4%
Ordinary profit	6.0	6,397	6.7	9,889	3,491	54.6%	5.7	17,000	20.7%
Profit	3.5	3,755	5.1	7,525	3,769	2.0 times	3.8	11,500	35.2%
Basic earnings per share (yen)		59.63		119.84	60.21	2.0 times		183.50	35.9%
Exchange rate (JPY/USD)		134		141	[Depreciated by 7 yen]			(Second half: 140) 141	—
Capital adequacy ratio (%)	(Mar. 31, 2023)	47.1%	(Sept. 30, 2023)	49.0%	—	—		—	—
Total assets		225,762		247,834	22,071	9.8%		—	—
Net assets		110,382		126,031	15,648	14.2%		—	—
Consolidated subsidiaries		28		28	±0	—		28	—

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

2. Profit Drivers (year-on-year)



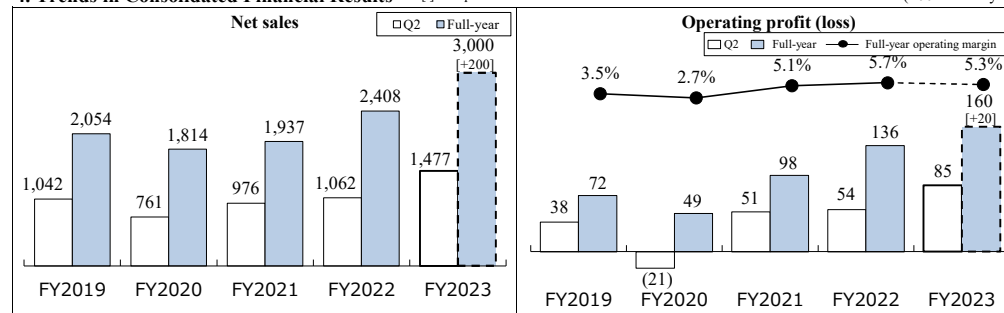
3. Results by Geographical Segments (excluding consolidation adjustments)



4. Trends in Consolidated Financial Results

[] Comparison with most recent announcement

(100 million yen)



5. Trends in Financial Indicators

[] Comparison with most recent announcement

