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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



July 30, 2024

Company name: AISAN INDUSTRY CO., LTD.

Stock exchange listing: Tokyo, Nagoya

Code number: 7283

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

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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 June 30, 2024 (April 1, 2024 to 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, 2024	83,187	20.3	5,796	47.4	6,938	42.8	5,375	39.0
June 30, 2023	69,131	37.6	3,931	57.9	4,857	50.9	3,867	89.1

(Note) Comprehensive income: Fiscal year ended June 30, 2024: ¥8,165 million [-29.2%]

Fiscal year ended June 30, 2023: ¥11,535 million [91.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended June 30, 2024	86.10	86.03
June 30, 2023	61.45	61.40

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2024	285,932	145,556	49.2
March 31, 2024	272,549	139,558	49.4

(Reference) Equity: As of June 30, 2024: ¥ 140,727 million

As of March 31, 2024: ¥ 134,741 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 27.00	Yen -	Yen 28.00	Yen 55.00
Fiscal year ended March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)	-	31.00	-	32.00	63.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	325,000	3.4	19,000	22.6	20,000	16.3	13,000	10.7	208.19

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

* Notes:

(1) Significant changes in scope of consolidation during the period: No

(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: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

Notes: For the details, please refer to page 8 "Changes in accounting policies"

(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, 2024: 63,365,379 shares

March 31, 2024: 63,339,379 shares

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

June 30, 2024: 917,500 shares

March 31, 2024: 917,500 shares

3) Average number of shares during the period:

Three months ended June 30, 2024: 62,432,129 shares

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

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: No

* 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 factor.

(How to obtain supplementary financial results material)

Supplementary financial material will be posted on the Company's website on July 30, 2024(JST)

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1. Qualitative Information on Quarterly Financial Results

(1) Overview of Operating Results

During the three months ended June 30, 2024, the Japanese and global economies were steadily as a whole, but economic uncertainty continued due to factors such as high interest rate levels in various countries and concerns about the outlook for the Chinese economy. In the automobile industry, sales in Europe and the United States were firm, but sales in China remained weak due to intensifying competition among local OEMs and Japanese companies. In Japan, the Company faced the impact of production stop for some car models. The outlook remains challenging primarily due to high price of raw material and energy, changes in production plans at our clients, inflation and fluctuations in the foreign exchange rate, and heightened international tension.

Under these circumstances, the Company's consolidated net sales for the three months ended June 30, 2024, were ¥83,187 million, an increase of 20.3% year on year. As for profits, operating profit increased 47.4% year on year to ¥5,796 million, ordinary profit increased 42.8% year on year to ¥6,938 million, and profit attributable to owners of parent increased 39.0% year on year to ¥5,375 million.

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

(Japan)

Net sales increased 27.5% year on year to ¥31,319 million due to an increase in sales volume, and operating profit increased 2.2 times year on year to ¥829 million due mainly to efforts to improve profitability.

(Asia)

Net sales increased 25.4% year on year to ¥35,860 million due to an increase in sales volume and foreign exchange rate fluctuations, and operating profit increased 70.1% year on year to ¥3,329 million.

(Americas)

Net sales increased 21.7% year on year to ¥20,501 million due to an increase in sales volume, and operating profit increased 7.5% year on year to ¥1,186 million.

(Europe)

Net sales increased 15.8% year on year to ¥4,504 million due to foreign exchange rate fluctuations, and operating profit increased 2.3 times year on year to ¥444 million due mainly to efforts to improve profitability.

(2) Overview of Financial Position

As of June 30, 2024, total assets amounted to ¥285,932 million, an increase of ¥13,383 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 and an increase in property, plant and equipment. Liabilities increased ¥7,385 million from the end of the previous fiscal year to ¥140,375 million, mainly due to an increase in accounts payable.

Net assets increased ¥5,997 million from the end of the previous fiscal year to ¥145,556 million, mainly due to an increase in foreign currency translation adjustment resulting from a weaker yen and an increase in retained earnings.

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

The Company has revised its assumption of the full-year foreign exchange rate from ¥140 to US\$1 to ¥148 to US\$1 (¥145 to US\$1 from the second quarter onward) as the yen is weakening more than anticipated. In addition, sales volume and profitability improvement are expected to exceed the previously announced forecast.

In light of these circumstances, we have updated our consolidated financial results forecast for the fiscal year ending March 31, 2025, as follows.

Consolidated Financial Results Forecast for Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Million yen unless otherwise stated)

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Previous Forecast (A)	315,000	16,000	16,500	11,000	176.22
Revised Forecast (B)	325,000	19,000	20,000	13,000	208.19
Change (B – A)	10,000	3,000	3,500	2,000	–
Change (%)	3.2%	18.8%	21.2%	18.2%	–
[Reference] Previous Fiscal Year Results	314,336	15,498	17,201	11,744	187.63

The assumed foreign exchange rate is ¥148 to US\$1.

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, 2025 as follows:

	Dividend per Share (Yen)		
Record Date	2nd quarter-end	Year-End	Annual
Previous Forecast	28.00	28.00	56.00
Revised Forecast	31.00	32.00	63.00
Actual Results	–	–	–
[Reference] Previous Fiscal Year Results	27.00	28.00	55.00

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	65,554	71,903
Notes and accounts receivable - trade	39,279	38,780
Electronically recorded monetary claims - operating	3,752	3,755
Securities	1,482	519
Merchandise and finished goods	8,287	9,546
Work in process	6,320	6,303
Raw materials and supplies	18,959	21,152
Other	6,084	8,181
Allowance for doubtful accounts	(82)	(112)
Total current assets	149,636	160,029
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,422	21,570
Machinery, equipment and vehicles, net	41,680	41,085
Land	8,617	8,649
Construction in progress	6,331	11,291
Other, net	5,547	5,589
Total property, plant and equipment	83,599	88,186
Intangible assets	2,398	2,430
Investments and other assets		
Investment securities	9,200	7,413
Retirement benefit asset	23,309	23,396
Deferred tax assets	2,707	2,920
Other	1,743	1,600
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	36,915	35,286
Total non-current assets	122,912	125,903
Total assets	272,549	285,932

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,872	33,316
Electronically recorded obligations - operating	7,462	8,223
Short-term borrowings	2,219	2,314
Current portion of long-term borrowings	8,091	8,049
Accrued expenses	10,955	12,803
Income taxes payable	1,179	1,659
Provision for product warranties	7,603	7,608
Provision for bonuses for directors (and other officers)	96	31
Provision for business restructuring	148	141
Other	11,438	15,437
Total current liabilities	82,067	89,586
Non-current liabilities		
Long-term borrowings	31,526	31,505
Deferred tax liabilities	3,448	2,921
Provision for retirement benefits for directors (and other officers)	51	40
Retirement benefit liability	15,357	15,486
Other	538	834
Total non-current liabilities	50,922	50,789
Total liabilities	132,990	140,375
Net assets		
Shareholders' equity		
Share capital	10,838	10,852
Capital surplus	12,668	12,682
Retained earnings	82,720	86,347
Treasury shares	(1,032)	(1,032)
Total shareholders' equity	105,195	108,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,332	4,086
Foreign currency translation adjustment	14,854	18,679
Remeasurements of defined benefit plans	9,358	9,111
Total accumulated other comprehensive income	29,546	31,877
Share acquisition rights	27	12
Non-controlling interests	4,789	4,816
Total net assets	139,558	145,556
Total liabilities and net assets	272,549	285,932

(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, 2023	For the three months ended June 30, 2024
Net sales	69,131	83,187
Cost of sales	60,280	71,704
Gross profit	8,850	11,483
Selling, general and administrative expenses	4,919	5,687
Operating profit	3,931	5,796
Non-operating income		
Interest income	47	191
Dividend income	76	98
Gain on sale of investment securities	-	356
Foreign exchange gains	830	493
Other	76	110
Total non-operating income	1,030	1,251
Non-operating expenses		
Interest expenses	52	34
Loss on sale and retirement of non-current assets	43	50
Other	8	23
Total non-operating expenses	104	108
Ordinary profit	4,857	6,938
Extraordinary income		
Gain on reversal of share acquisition rights	24	11
Total extraordinary income	24	11
Profit before income taxes	4,881	6,950
Income taxes - current	881	1,608
Income taxes - deferred	(34)	(274)
Total income taxes	847	1,334
Profit	4,034	5,616
Profit attributable to non-controlling interests	167	241
Profit attributable to owners of parent	3,867	5,375

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

	(Millions of yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	4,034	5,616
Other comprehensive income		
Valuation difference on available-for-sale securities	1,010	(1,244)
Foreign currency translation adjustment	6,719	4,037
Remeasurements of defined benefit plans, net of tax	(229)	(244)
Total other comprehensive income	7,500	2,549
Comprehensive income	11,535	8,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,051	7,706
Comprehensive income attributable to non-controlling interests	483	459

(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.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied since the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). This change in accounting policies had no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains or losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

(Segment information, etc.)

[Segment information]

I 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.

II For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	22,756	35,462	20,486	4,482	83,187	—	83,187
(2) Inter-segment net sales or transfers	8,563	397	15	21	8,997	(8,997)	—
Total	31,319	35,860	20,501	4,504	92,185	(8,997)	83,187
Segment income	829	3,329	1,186	444	5,791	4	5,796

(Notes) 1. The ¥4 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.

(Notes to consolidated statements of cash flows)

Quarterly consolidated statements of cash flows were not prepared for the three months ended June 30, 2024. “Depreciation” (including amortization of intangible assets other than goodwill) and “Amortization of goodwill” for the three months ended June 30, 2023 and 2024 were as follows.

	(Million yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	3,499	3,434
Amortization of goodwill	29	34