



August 10, 2023

Translation

Financial Results for the First Nine Months of the Fiscal Year Ending September 30, 2023 <under Japanese GAAP> (Non-Consolidated)

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 Scheduled date to submit Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes

(Rounded down to the nearest million yen)

1. Non-Consolidated Performance for the First Nine Months of the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to June 30, 2023)

(1) Non-Consolidated Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended								
June 30, 2023	7,048	–	555	–	564	–	603	–
June 30, 2022	–	–	–	–	–	–	–	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months ended		
June 30, 2023	151.75	–
June 30, 2022	–	–

Note: The Company disclosed its consolidated financial results for the fiscal year ended September 30, 2022. Starting with results for the first six months of the fiscal year ending September 30, 2023, it has decided to make disclosures on a non-consolidated basis. Therefore, the results are shown without reference to results for the first nine months of the fiscal year ended September 30, 2022 or year-on-year percentage changes.

(2) Non-Consolidated Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
June 30, 2023	8,763	6,725	76.7
September 30, 2022	8,359	6,142	73.5

Reference: Equity As of June 30, 2023: 6,725 million yen
 As of September 30, 2022: 6,142 million yen

2. Cash Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	–	0.00	–	102.00	102.00
Fiscal year ending September 30, 2023	–	0.00	–		
Fiscal year ending September 30, 2023 (Forecast)				102.00	102.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Non-Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,900	–	740	–	740	–	610	–	153.28

Note: Revisions to the earnings forecasts most recently announced: None

The Company acquired ABIST H&F Co., Ltd., its consolidated subsidiary, through an absorption-type merger on February 1, 2023. With the Company having no consolidated subsidiaries as a result of the merger, results for the fiscal year ending September 30, 2023 (full-year) will be disclosed on a non-consolidated basis. Reference to year-on-year percentage changes in results forecasts are not stated since the basis for comparison is different.

* Notes

- (1) Application of special accounting in preparing quarterly financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- | | |
|--|------|
| (a) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| (b) Changes in accounting principles other than (a): | None |
| (c) Changes in accounting estimates: | None |
| (d) Restatement of prior period financial statements after error corrections: | None |
- (3) Number of issued shares (common shares)
- | | |
|---|------------------|
| (a) Total number of issued shares at the end of the period (including treasury shares) | |
| As of June 30, 2023 | 3,980,000 shares |
| As of September 30, 2022 | 3,980,000 shares |
| (b) Number of treasury shares at the end of the period | |
| As of June 30, 2023 | 377 shares |
| As of September 30, 2022 | 377 shares |
| (c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) | |
| First nine months ended June 30, 2023 | 3,979,623 shares |
| First nine months ended June 30, 2022 | 3,979,636 shares |

* Quarterly results are not subject to quarterly review by a certified public accountant or the auditing firm.

* Cautionary statement regarding forecasts of operating results and special notes

(Caution regarding forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements contained in this material are based on information available to the Company and certain assumptions that are deemed to be reasonable. Therefore, actual results may differ significantly from these forward-looking statements due to various factors. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 5 of the Attached Materials of the Non-Consolidated Financial Results, “1. Qualitative Information for Financial Results for the First Nine Months, (3) Explanation regarding earnings forecasts and other forward-looking statements.”

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1. Qualitative Information for Financial Results for the First Nine Months

(1) Explanation regarding operating results

During the first nine months of the fiscal year ending September 30, 2023, the global economy temporarily showed signs of stabilization. However, unpredictability continued, reflecting geopolitical risks including the Ukraine situation, among other factors, and confusions in the financial sector attributable to high inflation rates and sharp rises in policy interest rates.

The Japanese economy is recovering moderately as it approaches the normalization of socioeconomic activity and capital expenditures have remained strong thanks to high corporate earnings. Looking ahead, the moderate recovery is expected to continue particularly in capital expenditures and consumer spending due in part to the effects of measures taken along with the improvement of employment and income conditions. However, with a slowdown in overseas economies posing a risk of putting downward pressure on the Japanese economy amid worldwide monetary tightening, careful attention should be paid to the effects of rising prices, and fluctuations in the financial and capital markets.

In the automobile industry and auto parts industry, where the Company operates its main business, the global trend towards decarbonization is continuing, and research and development are expected to accelerate to develop next-generation technologies. Since the Group's mainstay Design and Development Outsourcing business is an upstream process in production, automakers' suspension of plant operation or reduced production is unlikely to have a direct impact, such as contract cancellations. On the other hand, the performance of the business may be impacted in instances such as a more severe slowdown of overseas economies. Therefore, the observation of industry trends should continue. In addition, average wages in Japan are rising partly due to the government and Keidanren calling for wage increases as global consumer prices continue to rise.

In this business environment, the Company actively promoted not only its existing businesses but also new businesses with the aim of becoming a digital solution company that proposes solutions with greater added value. As part of these efforts, the Company has decided to discontinue its 3D Printing business, a non-core business, in the third quarter of the fiscal year under review to concentrate management resources on the development of its proprietary digital technology. Consequently, the Company recorded net sales of 7,048 million yen, an operating profit of 555 million yen, an ordinary profit of 564 million yen and profit of 603 million yen in the first nine months under review.

The results in each segment are as follows.

(a) Design and Development Outsourcing business

In this segment, net sales stood at 6,925 million yen, and segment profit (operating profit) came to 1,229 million yen. The segment profit (operating profit) margin was 17.8%. The major factor that contributed to sales was an increase in the order volume through dispatch contracts.

(b) 3D Printing business

In this segment, net sales came to 51 million yen while segment loss (operating loss) stood at 35 million yen as a result of progress in the procedure for business closure and the Company's main customers deferring the time of order placement.

(c) Beauty and Health Products Manufacture and Sale business

In this segment, net sales were 57 million yen and segment loss (operating loss) came to 19 million yen due to the impact of a decrease in orders for OEM products.

(d) Real Estate Leasing business

In this segment, net sales stood at 45 million yen, and segment profit (operating profit) came to 18 million yen. The segment profit (operating profit) margin was 39.7%. The result reflected higher expenses including utility expenses for leased properties, although occupancy rates continued to be high.

The Company prepared consolidated quarterly financial statements for the first nine months of the previous fiscal year, but it did not prepare non-consolidated quarterly financial statements. Therefore no comparison has been made with the same period of the previous fiscal year.

(2) Explanation regarding financial position

Total assets at the end of the first nine months under review stood at 8,763 million yen, up 403 million yen from the end of the previous fiscal year. This was attributable primarily to an increase in non-current assets resulting from the merger of ABIST H&F Co.,Ltd. a consolidated subsidiary of the Company. Total liabilities stood at 2,038 million yen, a decrease of 179 million yen from the end of the previous fiscal year. This is chiefly due to a decrease in provision for bonuses. Net assets totaled 6,725 million yen, an increase of 583 million yen from the end of the previous fiscal year, mainly reflecting an increase in the valuation difference on available-for-sale securities.

(3) Explanation regarding earnings forecasts and other forward-looking statements

No change has been made to the forecasts for financial results announced on May 10, 2023. If any revision to the financial forecasts becomes necessary in the future, the Company will promptly disclose it.

2. Financial Statements and Primary Notes

(1) Non-consolidated quarterly balance sheets

(Thousand yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	3,824,758	3,809,354
Accounts receivable - trade	1,339,707	1,301,975
Work in process	36,903	64,348
Raw materials and supplies	16,286	25,153
Prepaid expenses	110,198	118,346
Income taxes	—	86,611
Other	55,628	33,000
Total current assets	5,383,483	5,438,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	889,926	981,556
Land	941,587	993,400
Other, net	29,759	58,027
Total property, plant and equipment	1,861,273	2,032,984
Intangible assets	198,915	150,661
Investments and other assets	916,287	1,141,392
Total non-current assets	2,976,476	3,325,038
Total assets	8,359,959	8,763,828
Liabilities		
Current liabilities		
Short-term borrowings	50,000	50,000
Accounts payable - other	561,358	708,260
Accrued consumption taxes	154,165	135,678
Deposits received	13,464	137,055
Income taxes payable	183,405	—
Provision for bonuses	350,008	—
Provision for bonuses for directors	—	13,399
Provision for shareholder benefit program	27,135	26,815
Other	14,499	10,045
Total current liabilities	1,354,036	1,081,254
Non-current liabilities		
Provision for retirement benefits	529,593	578,829
Provision for retirement benefits for directors	282,282	312,014
Other	51,615	66,240
Total non-current liabilities	863,490	957,083
Total liabilities	2,217,527	2,038,337

	(Thousand yen)	
	As of September 30, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,026,650	1,026,650
Capital surplus	1,016,650	1,016,650
Retained earnings	4,100,309	4,298,286
Treasury shares	(1,176)	(1,176)
Total shareholders' equity	6,142,432	6,340,409
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	385,081
Total of valuation and translation adjustments, etc.	-	385,081
Total net assets	6,142,432	6,725,490
Total liabilities and net assets	8,359,959	8,763,828

(2) Non-consolidated quarterly statements of income

First nine-month period

(Thousand yen)

	First nine months ended June 30, 2023
Net sales	7,048,640
Cost of sales	5,261,928
Gross profit	1,786,712
Selling, general and administrative expenses	1,230,894
Operating profit	555,817
Non-operating income	
Interest income	238
Commission income	468
Subsidy income	1,301
Compensation income	7,214
Total non-operating income	9,222
Non-operating expenses	
Interest expenses	253
Total non-operating expenses	253
Ordinary profit	564,786
Extraordinary income	
Gain on sale of non-current assets	53,912
Total extraordinary income	53,912
Extraordinary losses	
Loss on extinguishment of tie-in shares	11,008
Total extraordinary losses	11,008
Profit before income taxes	607,690
Income taxes - current	67,172
Income taxes - deferred	(63,380)
Total income taxes	3,792
Profit	603,898

(3) Notes to non-consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of material changes in shareholders' equity)

Not applicable.

(Segment information)

[Segment information]

I. First nine months ended June 30, 2023

1. Information regarding amounts of net sales and profit/loss by reportable segment

(Thousand yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount recorded in the non- consolidated quarterly statement of income
	Design and Development Outsourcing business	3D Printing business	Beauty and Health Products Manufacture and Sale business	Real Estate Leasing business			
Net sales							
Sales to outside customers	6,925,607	51,413	25,912	45,707	7,048,640	—	7,048,640
Inter-segment sales and transfers	—	—	31,397	—	31,397	(31,397)	—
Total	6,925,607	51,413	57,309	45,707	7,080,038	(31,397)	7,048,640
Segment profit (loss)	1,229,371	(35,063)	(19,454)	18,125	1,192,978	(637,161)	555,817

(Note 1) The adjustment consists of the following items.

The adjustment to segment profit (loss), (637,161 thousand yen), is corporate costs that are not allocated to any of the reportable segments.

(Matters concerning revenue recognition)

Information on the breakdown of revenue from contracts with customers

First nine months ended June 30, 2023

(Thousand yen)

	Reportable segments				Total
	Design and Development Outsourcing business	3D Printing business	Beauty and Health Products Manufacture and Sale business	Real Estate Leasing business	
Contract for work	3,936,191	—	—	—	3,936,191
Dispatch contract	2,955,140	—	—	—	2,955,140
Others	34,276	51,413	25,912	—	111,601
Revenue from contracts with customers	6,925,607	51,413	25,912	—	7,022,933
Other revenue	—	—	—	45,707	45,707
Sales to outside customers	6,925,607	51,413	25,912	45,707	7,048,640

(Note) Other revenue includes lease revenue under the Accounting Standard for Lease Transactions (ASBJ Statement No.13, March 30, 2007).

(Significant subsequent events)

Not applicable.