

Financial Results for the First Three Months of the Fiscal Year Ending September 30, 2024 <under Japanese GAAP> (Non-Consolidated)

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 Scheduled date to submit Quarterly Securities Report: February 14, 2024
 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 Three Months of the Fiscal Year Ending September 30, 2024 (from October 1, 2023 to December 31, 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 three months ended								
December 31, 2023	2,483	–	319	–	320	–	203	–
December 31, 2022	–	–	–	–	–	–	–	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months ended		
December 31, 2023	51.05	–
December 31, 2022	–	–

Note: The Company disclosed its consolidated financial results for the first three months of the fiscal year ended September 30, 2023. Starting with results for the first six months of the fiscal year ended 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 three months of the fiscal year ended September 30, 2023 or year-on-year percentage changes.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2023	8,536	6,519	76.4
September 30, 2023	9,251	6,708	72.5

Reference: Equity As of December 31, 2023: 6,519 million yen
 As of September 30, 2023: 6,708 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, 2023	–	0.00	–	102.00	102.00
Fiscal year ending September 30, 2024	–				
Fiscal year ending September 30, 2024 (Forecast)		0.00	–	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, 2024 (from October 1, 2023 to September 30, 2024)

(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
First half	4,800	2.2	280	(29.6)	280	(31.1)	230	(51.8)	57.79
Full year	10,100	6.2	710	(1.1)	710	(2.5)	590	(17.7)	148.26

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

* Notes

- (1) Application of special accounting in preparing quarterly financial statements: None
Notes on application of special accounting in preparing quarterly financial statements
- (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 |
- Notes on changes in accounting policies
- (3) Number of issued shares (common shares)
- | | |
|---|------------------|
| (a) Total number of issued shares at the end of the period (including treasury shares) | |
| As of December 31, 2023 | 3,980,000 shares |
| As of September 30, 2023 | 3,980,000 shares |
| (b) Number of treasury shares at the end of the period | |
| As of December 31, 2023 | 455 shares |
| As of September 30, 2023 | 418 shares |
| (c) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) | |
| First three months ended December 31, 2023 | 3,979,565 shares |
| First three months ended December 31, 2022 | 3,979,623 shares |
- Notes on the number of issued 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

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 a discussion of the assumptions and other factors considered by the Company in preparing projections, please refer to page 3 of the attachments, "1. Qualitative Information for Financial Results for the First Three Months, (3) Explanation regarding earnings forecasts and other forward-looking statements."

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

(1) Explanation regarding operating results

During the first three months of the fiscal year ending September 30, 2024, the global economy showed signs of a recovery. However, the outlook continues to require attention due to geopolitical risks including the situations in Ukraine and the Middle East, concerns about the slowdown of the Chinese economy, and changes in monetary policies in Europe and the United States, among other factors.

The Japanese economy was on a path toward a moderate recovery, although there was a temporary standstill in some areas. Looking ahead, the moderate recovery is expected to continue particularly in consumer spending due in part to the effects of measures taken along with the improvement of employment and income conditions. However, in consideration of the risk of downward pressure being placed on the Japanese economy by the decline of overseas economies that could be attributable to concerns about the outlook for the Chinese economy, geopolitical risks and other factors, careful attention should be paid to the negative effects of rising prices, the Noto Peninsula Earthquake and the fluctuation of 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 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. Due to progress in the improvement of unit prices in the Design and Development Outsourcing business coupled with expenses that were not incurred, the Company recorded net sales of 2,483 million yen, operating profit of 319 million yen, ordinary profit of 320 million yen and profit of 203 million yen in the first three months under review.

The results in each segment are as follows.

(a) Design and Development Outsourcing business

In this segment, net sales stood at 2,433 million yen, and segment profit (operating profit) came to 526 million yen. The segment profit (operating profit) margin was 21.7%. The major contributing factor was an increase in sales from dispatch contracts. In addition, progress in the revision of unit prices was greater than planned.

(b) 3D Printing business

In this segment, net sales came to 20 million yen while segment loss (operating loss) stood at 6 million yen, partly because the Company has refrained from receiving orders to move forward with procedures for the closure of the business.

(c) Beauty and Health Products Manufacture and Sale business

In this segment, as a result of progress in cost reduction, net sales came to 14 million yen while segment loss (operating loss) stood at 3 million yen.

(d) Real Estate Leasing business

In this segment, net sales stood at 15 million yen, and segment profit (operating profit) came to 6 million yen. The segment profit (operating profit) margin was 43.1%. The result reflected continuing high occupancy rates at leased properties coupled with expenses being controlled, including utilities expenses.

The Company prepared consolidated quarterly financial statements for the first three 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 three months under review stood at 8,536 million yen, down 715 million yen from the end of the previous fiscal year. This is attributable mainly to a decrease in cash and deposits due to dividends paid and a decrease in deferred tax assets.

Total liabilities stood at 2,017 million yen, a decrease of 526 million yen from the end of the previous fiscal year. This chiefly reflected a decrease in provision for retirement benefits for directors.

Net assets fell 188 million yen from the end of the previous fiscal year, to 6,519 million yen, chiefly reflecting a decrease in retained earnings due to the payment of dividends.

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

No change has been made to the forecasts for financial results announced on November 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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,310,800	3,705,587
Accounts receivable – trade	1,387,266	1,394,090
Merchandise and finished goods	121	172
Work in process	36,428	54,059
Raw materials and supplies	22,780	24,448
Prepaid expenses	116,513	83,619
Income taxes	–	10,539
Other	28,964	28,679
Total current assets	5,902,876	5,301,197
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	972,217	962,987
Land	993,400	993,400
Other, net	64,971	61,734
Total property, plant and equipment	2,030,589	2,018,122
Intangible assets	133,937	120,011
Investments and other assets	1,184,568	1,097,622
Total non-current assets	3,349,095	3,235,756
Total assets	9,251,971	8,536,954
Liabilities		
Current liabilities		
Accounts payable - trade	3,819	790
Short-term borrowings	50,000	50,000
Accounts payable - other	689,263	758,197
Accrued consumption taxes	144,524	214,543
Deposits received	69,996	175,158
Income taxes payable	10,567	–
Provision for bonuses	360,174	–
Provision for bonuses for directors	15,858	3,411
Provision for shareholder benefit program	42,530	17,079
Other	9,083	21,416
Total current liabilities	1,395,816	1,240,597
Non-current liabilities		
Provision for retirement benefits	595,240	603,543
Provision for retirement benefits for directors	486,092	–
Long-term accounts payable - other	15,516	122,803
Other	50,427	50,130
Total non-current liabilities	1,147,276	776,477
Total liabilities	2,543,093	2,017,074

	As of September 30, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	1,026,650	1,026,650
Capital surplus	1,016,650	1,016,650
Retained earnings	4,411,001	4,208,248
Treasury shares	(1,315)	(1,429)
Total shareholders' equity	6,452,985	6,250,118
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	255,892	269,760
Total of valuation and translation adjustments, etc.	255,892	269,760
Total net assets	6,708,878	6,519,879
Total liabilities and net assets	9,251,971	8,536,954

(2) Non-consolidated quarterly statements of income

First three-month period

(Thousand yen)

	First three months ended December 31, 2023
Net sales	2,483,877
Cost of sales	1,746,984
Gross profit	736,893
Selling, general and administrative expenses	417,048
Operating profit	319,845
Non-operating income	
Interest income	0
Commission income	162
Subsidy income	432
Total non-operating income	594
Non-operating expenses	
Interest expenses	75
Total non-operating expenses	75
Ordinary profit	320,364
Extraordinary losses	
Loss on retirement of non-current assets	10,668
Provision for retirement benefits for directors	3,150
Total extraordinary losses	13,818
Profit before income taxes	306,545
Income taxes - current	3,343
Income taxes - deferred	100,037
Total income taxes	103,381
Profit	203,164

(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 three months ended December 31, 2023

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

(Thousand yen)

	Reportable segments				Total	Adjustment (Note)	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	2,433,577	20,483	14,582	15,235	2,483,877	–	2,483,877
Inter-segment sales and transfers	–	–	11	–	11	(11)	–
Total	2,433,577	20,483	14,593	15,235	2,483,889	(11)	2,483,877
Segment profit (loss)	526,938	(6,400)	(3,173)	6,573	523,938	(204,092)	319,845

(Note) The adjustment consists of the following items.

The adjustment to segment profit (loss), (204,092 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 three months ended December 31, 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	1,338,657	–	–	–	1,338,657
Dispatch contract	1,089,376	–	–	–	1,089,376
Others	5,543	20,483	14,582	–	40,608
Revenue from contracts with customers	2,433,577	20,483	14,582	–	2,468,642
Other revenue	–	–	–	15,235	15,235
Sales to outside customers	2,433,577	20,483	14,582	15,235	2,483,877

(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.