



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

October 31, 2023

Company name: AS ONE CORPORATION

Stock exchange listing: Tokyo

Code number: 7476

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President

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Scheduled date of filing quarterly securities report: November 9, 2023

Scheduled date of commencing dividend payments: December 4, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(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 to 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	44,113	3.6	4,974	(6.7)	5,167	(3.1)	3,550	(3.5)
September 30, 2022	42,597	5.3	5,329	37.2	5,330	32.4	3,680	29.7

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 2,612 million [(15.2) %]
Six months ended September 30, 2022: ¥ 3,082 million [(21.4) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	98.10	97.96
September 30, 2022	98.53	98.40

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	94,228	64,380	68.2
March 31, 2023	97,479	63,968	65.5

(Reference) Equity: As of September 30, 2023: ¥ 64,261 million
As of March 31, 2023: ¥ 63,848 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 48.00	Yen -	Yen 63.00	Yen 111.00
Fiscal year ending March 31, 2024	-	50.00			
Fiscal year ending March 31, 2024 (Forecast)			-	51.00	101.00

(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 to 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
Full year	96,600	5.7	10,330	(9.4)	10,710	(8.0)	7,350	(9.4)	203.04

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

* 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

(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 shares (common shares)

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

September 30, 2023: 40,276,270 shares

March 31, 2023: 40,276,270 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 4,072,743 shares

March 31, 2023: 4,088,337 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 36,194,749 shares

Six months ended September 30, 2022: 37,352,144 shares

(Note)

The indicated total number of treasury shares at the end of the period includes our Company stock (six months ended September 2023: 90,494 shares, fiscal year ended March 2023: 101,952 shares) held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for our board benefit trust (for directors) and our employee stock ownership plan trust.

*The quarter earnings summary is not subject to a quarterly review by a Certified Public Accountant or an auditing firm

*Earnings forecasts and other forward-looking statements indicated in this document are based on certain assumptions deemed as reasonable based on available information at the time of creation. The information in this document does not constitute any promise concerning the achievement of said performance. Actual performance may vary significantly due to various factors.

Overview of Operating Results

1H FY03/24 results (out October 31, 2023)

In 1H FY03/24, sales were JPY44.1bn (+3.6% YoY), operating profit was JPY5.0bn (-6.7% YoY), recurring profit was JPY5.2bn (-3.1% YoY) and net income attributable to owners of the parent was JPY3.6bn (-3.5% YoY).

Sales increased YoY. Strong demand at mainstay customers (research labs and factories) have continued to be strong since FY03/23. The number of our products sold online rose roughly 2.7mn YoY to 10mn, with sales of long tail products (products with relatively low-volume of sales) improving on the generation of synergies with an expanding customer base for e-commerce. Therefore, we were able to compensate for the demand adjustment of infection control products associated with the change of the legal status of COVID-19.

GPM remained flat YoY as we applied flexible pricing for rising procurement costs.

SG&A expenses were JPY8.8bn (+9.7% YoY). There was an increase in rental fees for real estate properties due partly to the opening of the Hanshin DC, a new logistics base. As for other expenses, there was an increase in personnel expenses due to wage hikes implemented as part of human resource investments, but overall, these were contained owing to the reduction of shipment and other costs in line with the full-year forecast for FY03/24.

Research and Industrial Instruments Division

In 1H FY03/24, sales of Research and Industrial Instruments Division were JPY35.9bn (+7.8% YoY), with sales of Scientific Sector totaling JPY26.8bn (+8.6% YoY), and sales of Industrial Sector at JPY9.1bn (+5.5% YoY).

Scientific Sector caters to universities, research institutes, and corporate research departments. With the implementation of the new fiscal year's budget, this Sector saw an increase in sales of laboratory consumables such as paper and towels, analytical instruments such as pipettes, and analyzers, as the temporary restraint in purchasing at end-FY03/23 was reversed. Solid domestic R&D demand from the previous fiscal year continued. By sales channel, sales through single-source purchasing systems and sales via online sellers were a sales driver, improving 12.9% YoY. A new consolidated subsidiary joined the group in June 2023 and contributed about 1.6% to sales in the Scientific Sector from July onwards.

Industrial Sector, which focuses on manufacturing plants, saw higher sales for cleanroom supplies, measuring equipment, and other products, as a recovery in consumer spending and the easing of supply constraints led to an increase in factory operating rates. By sales channel, as was the case with the Scientific Sector, sales through single-source purchasing systems and sales via online sellers were a sales driver, improving 14.2% YoY.

Medical Instruments Division

Sales in the Medical Instruments Division were JPY7.9bn (-12.2% YoY). Following the change in the legal status of COVID-19 to category 5, there was a shift in demand, particularly for infection control products. Compared with 1H FY03/23, when the seventh wave of the COVID-19 pandemic resulted in high demand, we saw a reactionary decline in demand in Q2 FY03/24 (July–September 2023) in connection with the release of stockpiled medical supplies by the government and local government agencies. On the other hand, sales of storage equipment and beds increased due to new openings and facility renovations. Sales to centralized purchasing systems and online retailers increased 18.0% YoY, indicating progress in sales acquisition through e-commerce channels.

Others

Sales in the Other Division product category were JPY280mn (+8.8% YoY).

Here, subsidiary Triumph21 Co., Ltd. operates a web-based purchasing agency service for laboratory instruments and supplies using the "OffSide" system among others, securing its revenue through system usage fees. Revenue grew in line with an increase in system

usage fees and other factors.

Progress of sales initiatives under Project ONE medium-term business plan

E-commerce sales were JPY12.9bn (+14.7% YoY), and overseas business sales were JPY2.3bn (+4.2% YoY).

Sales were up 11.3% YoY in the open-site (i.e., open to the public) e-commerce channels and 18.0% YoY in the members-only e-commerce channels.

Sales to online retailers and open-site e-commerce channels such as AXEL Shop finished the period up versus the same period the previous year thanks to an expansion in the number of our products listed by online sellers, and improved convenience through various collaborations.

In the members-only e-commerce channels, including retail e-commerce support service WAVE and Ocean, a single-source purchasing system for large businesses, the YoY increase in sales reflected an increase in new accounts, as well as expansion in usage sites at existing user companies due to expansion of listed products.

In overseas operations, sales in China were up 4.1% YoY (+1.4% YoY on a local currency basis). Export sales from Japan to Asian countries other than China rose 0.3% YoY.

In China, sales grew as the expanded product lineup and promotional activities for Japanese-made bio-related equipment proved successful.

For exports from Japan to Asian countries other than China, we expanded the number of products listed on AXEL_GLOBAL and Wave_GLOBAL, multi-language websites, and the listing of products with overseas specifications, reaching a total of just under 2.4mn. Moreover, with the resumption of travel, efforts to strengthen communication with local dealers resulted in an increase in sales.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	17,612,260	16,445,763
Notes and accounts receivable - trade	21,437,544	19,544,201
Electronically recorded monetary claims - operating	10,897,523	11,032,284
Securities	1,000,000	201,097
Inventories	11,007,670	11,184,529
Other	714,956	788,729
Allowance for doubtful accounts	(9,962)	(8,757)
Total current assets	62,659,993	59,187,847
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,644,891	2,876,631
Land	1,834,659	2,048,687
Other, net	3,215,995	3,159,869
Total property, plant and equipment	7,695,546	8,085,188
Intangible assets	1,564,271	1,604,559
Investments and other assets		
Investment securities	20,492,715	20,168,011
Deferred tax assets	86,907	96,214
Investment property, net	3,834,115	3,805,182
Other	1,168,021	1,310,670
Allowance for doubtful accounts	(22,136)	(29,226)
Total investments and other assets	25,559,623	25,350,851
Total non-current assets	34,819,441	35,040,599
Total assets	97,479,434	94,228,447
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,689,945	18,218,776
Short-term borrowings	2,750,000	2,108,976
Income taxes payable	2,217,975	1,572,409
Provision for bonuses	879,849	582,639
Other	1,767,513	1,477,583
Total current liabilities	27,305,283	23,960,385
Non-current liabilities		
Long-term borrowings	3,437,500	2,958,242
Deferred tax liabilities	906,000	552,326
Provision for share awards	147,542	84,001
Provision for share awards for directors (and other officers)	58,233	58,233
Retirement benefit liability	122,518	128,871
Asset retirement obligations	905,297	1,239,975
Other	628,937	865,584
Total non-current liabilities	6,206,028	5,887,233
Total liabilities	33,511,312	29,847,618

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	5,075,000	5,075,000
Capital surplus	4,337,748	4,350,932
Retained earnings	58,286,371	59,550,841
Treasury shares	(9,989,561)	(9,916,160)
Total shareholders' equity	57,709,558	59,060,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,830,305	4,788,267
Foreign currency translation adjustment	308,467	412,158
Total accumulated other comprehensive income	6,138,773	5,200,425
Share acquisition rights	119,790	119,790
Total net assets	63,968,121	64,380,828
Total liabilities and net assets	97,479,434	94,228,447

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

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	42,597,726	44,113,472
Cost of sales	29,202,329	30,291,208
Gross profit	13,395,397	13,822,263
Selling, general and administrative expenses	8,066,073	8,847,421
Operating profit	5,329,323	4,974,841
Non-operating income		
Interest income	42,295	57,663
Dividend income	35,581	46,575
Rental income from real estate	211,627	214,944
Other	13,035	31,008
Total non-operating income	302,539	350,191
Non-operating expenses		
Interest expenses	706	1,802
Rental costs on real estate	91,214	87,789
Foreign exchange losses	196,807	56,220
Other	12,526	11,254
Total non-operating expenses	301,255	157,066
Ordinary profit	5,330,608	5,167,966
Profit before income taxes	5,330,608	5,167,966
Income taxes - current	1,577,046	1,490,717
Income taxes - deferred	73,250	126,517
Total income taxes	1,650,296	1,617,234
Profit	3,680,311	3,550,732
Profit attributable to owners of parent	3,680,311	3,550,732

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

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	3,680,311	3,550,732
Other comprehensive income		
Valuation difference on available-for-sale securities	(816,188)	(1,042,037)
Foreign currency translation adjustment	218,215	103,690
Total other comprehensive income	(597,973)	(938,347)
Comprehensive income	3,082,338	2,612,385
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,082,338	2,612,385

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,330,608	5,167,966
Depreciation	780,366	856,031
Interest and dividend income	(77,877)	(104,238)
Interest expenses	706	1,802
Decrease (increase) in trade receivables	3,818,802	2,028,049
Decrease (increase) in inventories	(2,143,637)	127,302
Increase (decrease) in trade payables	(2,793,580)	(1,559,271)
Other, net	(984,992)	(548,948)
Subtotal	3,930,395	5,968,694
Interest and dividends received	94,029	107,040
Interest paid	(715)	(1,839)
Income taxes paid	(1,466,591)	(2,128,479)
Net cash provided by (used in) operating activities	2,557,118	3,945,415
Cash flows from investing activities		
Payments into time deposits	-	(600)
Proceeds from withdrawal of time deposits	-	100,000
Purchase of investment securities	(1,000,000)	(1,884,090)
Proceeds from redemption of investment securities	-	1,500,000
Purchase of property, plant and equipment	(224,481)	(444,938)
Purchase of intangible assets	(330,382)	(360,117)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(418,989)
Other, net	(1,551)	4,859
Net cash provided by (used in) investing activities	(1,556,416)	(1,503,877)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	10,192
Repayments of long-term borrowings	(800,000)	(1,384,696)
Purchase of treasury shares	(699,984)	(903)
Proceeds from disposal of treasury shares	15,678	19,567
Dividends paid	(1,986,130)	(2,284,684)
Repayments of lease liabilities	(17,088)	(22,296)
Net cash provided by (used in) financing activities	(3,487,525)	(3,662,821)
Effect of exchange rate change on cash and cash equivalents	117,935	70,687
Net increase (decrease) in cash and cash equivalents	(2,368,888)	(1,150,596)
Cash and cash equivalents at beginning of period	14,427,964	13,822,260
Cash and cash equivalents at end of period	12,059,076	12,671,663