

Translation

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Summary of Consolidated Financial Results for the Six Months Ended May 31, 2023 (Based on Japanese GAAP)

July 13, 2023

Company name: Astena Holdings Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8095 URL <https://www.astena-hd.com>
 Representative: President Keitaro Iwaki
 Inquiries: Managing Executive Officer Minoru Kadokura TEL 03-3279-0481
 Scheduled date to file Quarterly Securities Report: July 13, 2023
 Scheduled date to commence dividend payments: August 10, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2023 (from December 1, 2022 to May 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	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 May 31, 2023	26,857	7.7	208	(71.1)	283	(66.0)	(227)	–
Six months ended May 31, 2022	24,934	–	720	–	835	–	932	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2023	(5.78)		–	
Six months ended May 31, 2022	23.33		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2023	64,828	26,627	40.9	671.40
As of November 30, 2022	63,551	27,068	42.5	685.24

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended November 30, 2022	–	9.00	–	9.00	18.00
Year ending November 30, 2023	–	9.00	–	–	–
Year ending November 30, 2023 (Forecast)	–	–	–	9.00	18.00

3. Forecast of consolidated financial results for the year ending November 30, 2023 (from December 1, 2022 to November 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	51,500	3.8	720	(12.2)	410	(53.8)	10	(98.3)	0.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2023
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

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

As of May 31, 2023	40,884,504 shares	As of November 30, 2022	40,772,366 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	1,384,314 shares	As of November 30, 2022	1,389,642 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2023	39,428,011 shares	Six months ended May 31, 2022	39,982,434 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	6,925,821	5,428,060
Notes and accounts receivable - trade, and contract assets	15,362,845	15,069,739
Electronically recorded monetary claims - operating	3,743,809	4,498,690
Merchandise and finished goods	5,915,864	5,857,344
Work in process	1,644,206	1,935,687
Raw materials and supplies	1,929,398	2,241,558
Other	1,263,268	1,071,019
Allowance for doubtful accounts	(35,679)	(13,591)
Total current assets	36,749,534	36,088,508
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,427,698	10,433,223
Accumulated depreciation	(6,364,667)	(6,463,087)
Buildings and structures, net	4,063,030	3,970,135
Machinery, equipment and vehicles	10,079,248	10,316,113
Accumulated depreciation	(8,212,905)	(8,413,363)
Machinery, equipment and vehicles, net	1,866,343	1,902,749
Land	3,138,980	3,100,522
Other	4,090,574	4,231,959
Accumulated depreciation	(2,831,415)	(2,969,070)
Other, net	1,259,158	1,262,889
Construction in progress	2,792,287	5,051,829
Total property, plant and equipment	13,119,799	15,288,126
Intangible assets		
Goodwill	4,512,067	4,535,293
Technical assets	507,897	490,681
Customer relationship	2,043,608	1,933,450
Other	1,221,544	1,151,719
Total intangible assets	8,285,118	8,111,144
Investments and other assets		
Investment securities	3,814,234	3,778,261
Retirement benefit asset	469,274	441,425
Other	1,137,677	1,144,952
Allowance for doubtful accounts	(23,818)	(23,818)
Total investments and other assets	5,397,366	5,340,820
Total non-current assets	26,802,285	28,740,092
Deferred assets		
Organization expenses	–	262
Total deferred assets	–	262
Total assets	63,551,819	64,828,862

(Thousands of yen)

	As of November 30, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,475,155	8,896,937
Electronically recorded obligations - operating	3,667,121	4,238,480
Electronically recorded obligations - non-operating	3,045	77,808
Short-term borrowings	10,035,000	10,912,000
Accrued expenses	2,508,458	2,730,107
Income taxes payable	920,241	439,933
Provision for bonuses	419,387	226,914
Provision for product warranties	8,461	12,984
Other provisions	59,100	101,200
Other	1,696,103	1,646,113
Total current liabilities	27,792,074	29,282,479
Non-current liabilities		
Long-term borrowings	4,777,500	5,080,311
Deferred tax liabilities	728,789	687,727
Provision for share-based compensation	66,255	60,449
Retirement benefit liability	2,570,515	2,547,028
Other	547,983	543,838
Total non-current liabilities	8,691,043	8,919,354
Total liabilities	36,483,118	38,201,834
Net assets		
Shareholders' equity		
Share capital	4,557,400	4,581,397
Capital surplus	6,538,828	6,569,700
Retained earnings	15,031,853	14,433,056
Treasury shares	(531,722)	(525,817)
Total shareholders' equity	25,596,360	25,058,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,007,002	1,105,590
Deferred gains or losses on hedges	(4,026)	563
Foreign currency translation adjustment	191,067	222,428
Remeasurements of defined benefit plans	196,203	133,450
Total accumulated other comprehensive income	1,390,246	1,462,033
Non-controlling interests	82,094	106,656
Total net assets	27,068,701	26,627,028
Total liabilities and net assets	63,551,819	64,828,862

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	24,934,991	26,857,511
Cost of sales	16,782,199	19,008,028
Gross profit	8,152,791	7,849,482
Selling, general and administrative expenses	7,432,742	7,641,147
Operating profit	720,049	208,334
Non-operating income		
Interest income	1,215	1,007
Dividend income	27,451	29,190
Rental income	8,896	7,171
Foreign exchange gains	49,518	1,330
Other	90,448	105,942
Total non-operating income	177,530	144,642
Non-operating expenses		
Interest expenses	26,931	29,471
Share of loss of entities accounted for using equity method	7,415	11,765
Other	28,217	28,223
Total non-operating expenses	62,563	69,460
Ordinary profit	835,016	283,516
Extraordinary income		
Gain on sale of non-current assets	663,894	10,774
Gain on donation of a state subsidy	24,900	14,827
Total extraordinary income	688,794	25,601
Extraordinary losses		
Loss on sale of non-current assets	–	39
Loss on disposal of non-current assets	5,435	20,171
Loss on valuation of investment securities	–	216,728
Loss on transition of retirement benefit plan	54,459	–
Loss on liquidation of subsidiaries and associates	–	4,038
Total extraordinary losses	59,895	240,977
Profit before income taxes	1,463,916	68,140
Income taxes - current	800,878	361,600
Income taxes - deferred	(264,947)	(57,804)
Total income taxes	535,931	303,796
Profit (loss)	927,985	(235,655)
Loss attributable to non-controlling interests	(4,984)	(7,843)
Profit (loss) attributable to owners of parent	932,969	(227,812)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Profit (loss)	927,985	(235,655)
Other comprehensive income		
Valuation difference on available-for-sale securities	(79,730)	98,348
Deferred gains or losses on hedges	1,519	4,681
Foreign currency translation adjustment	76,949	31,360
Remeasurements of defined benefit plans, net of tax	(6,035)	(62,752)
Share of other comprehensive income of entities accounted for using equity method	112	148
Total other comprehensive income	(7,185)	71,786
Comprehensive income	920,799	(163,868)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	925,784	(156,025)
Comprehensive income attributable to non-controlling interests	(4,984)	(7,843)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,463,916	68,140
Depreciation	1,038,167	1,081,158
Share-based payment expenses	24,447	18,191
Increase (decrease) in allowance for doubtful accounts	(1,046)	(22,173)
Increase (decrease) in provision for bonuses	150,338	(192,738)
Increase (decrease) in provision for product warranties	(1,140)	4,523
Increase (decrease) in retirement benefit liability	(8,199)	(96,105)
Interest and dividend income	(28,667)	(30,198)
Interest expenses	26,931	29,471
Foreign exchange losses (gains)	(50,693)	8,315
Share of loss (profit) of entities accounted for using equity method	7,415	11,765
Loss (gain) on liquidation of subsidiaries and associates	–	4,038
Loss (gain) on sale of non-current assets	(663,894)	(10,734)
Loss (gain) on disposal of non-current assets	5,435	20,171
Subsidy income	(24,900)	(21,766)
Loss (gain) on valuation of investment securities	–	216,728
Decrease (increase) in trade receivables and contract assets	1,103,647	(212,007)
Decrease (increase) in inventories	(800,689)	(540,022)
Decrease (increase) in returned assets	(40,633)	8,410
Decrease (increase) in accounts receivable - other	49,881	279,684
Increase (decrease) in trade payables	(52,026)	781,158
Increase (decrease) in accrued expenses	(594,396)	200,737
Increase (decrease) in accrued consumption taxes	(51,373)	(17,858)
Decrease (increase) in advance payments to suppliers	30,660	(100,149)
Increase (decrease) in refund liabilities	63,580	(73,627)
Decrease (increase) in distressed receivables	(500)	–
Decrease (increase) in other current assets	23,377	(28,186)
Increase (decrease) in other current liabilities	219,509	126,429
Other, net	170,961	71,548
Subtotal	2,060,107	1,584,903
Interest and dividends received	28,667	30,198
Interest paid	(27,318)	(28,298)
Income taxes paid	(872,143)	(871,422)
Income taxes refund	139,515	88,843
Payments of retirement benefits for directors (and other officers)	–	(690)
Net cash provided by (used in) operating activities	1,328,828	803,534

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(689,850)	(2,795,376)
Proceeds from sale of property, plant and equipment	1,388,441	81,980
Purchase of intangible assets	(142,398)	(88,511)
Purchase of investment securities	(148,130)	(73,257)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(76,937)
Payments for acquisition of businesses	(627,015)	–
Subsidies received	8,300	30,066
Other, net	187,766	(28,280)
Net cash provided by (used in) investing activities	(22,888)	(2,950,316)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,000,000)	597,000
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(535,900)	(573,989)
Purchase of treasury shares	(9,858)	(2)
Proceeds from sale of treasury shares	29,185	–
Repayments of finance lease liabilities	(54,174)	(54,850)
Proceeds from share issuance to non-controlling shareholders	40,400	30,350
Dividends paid	(363,973)	(359,244)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6,874)	–
Net cash provided by (used in) financing activities	(1,901,195)	639,263
Effect of exchange rate change on cash and cash equivalents	47,003	5,442
Net increase (decrease) in cash and cash equivalents	(548,251)	(1,502,076)
Cash and cash equivalents at beginning of period	10,807,061	6,803,817
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2,312	3,315
Cash and cash equivalents at end of period	10,261,123	5,305,056