

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



August 5, 2024

Company name: A&D HOLON Holdings Company, Limited

Stock exchange listing: Tokyo Stock Exchange

Code number: 7745

URL: <https://andholon.com/en>

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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Holding of quarterly financial results briefing session: No

(Amounts less than one million yen are truncated.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to parent company shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	13,911	3.9	996	(9.4)	1,148	(13.4)	323	(61.4)
June 30, 2023	13,387	11.7	1,099	-	1,326	-	836	-

Note: Comprehensive income Three months ended June 30, 2024: ¥1,832 million [40.0%]
Three months ended June 30, 2023: ¥1,308 million [(69.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2024	Yen 11.75	Yen 11.74
June 30, 2023	30.47	30.44

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	71,000	39,051	54.8
As of March 31, 2024	71,986	37,762	52.3

Reference: Equity As of June 30, 2024: ¥38,939 million
As of March 31, 2024: ¥37,672 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 15.00	Yen -	Yen 20.00	Yen 35.00
Fiscal year ending March 31, 2025	-	-	-	-	-
Fiscal year ending March 31, 2025 (Forecast)	-	20.00	-	20.00	40.00

Note: Revision to the forecast for dividends announced most recently: No

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, or corresponding quarter of previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to parent company shareholders		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (cumulative)	29,700	1.2	3,100	(2.0)	3,000	(12.1)	2,100	(2.3)	76.41
Full period	66,000	6.5	9,200	15.6	8,980	9.0	6,200	17.0	225.59

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

* Notes:

(1) Changes in significant subsidiaries during the period under review: Yes

New: - companies (Company name) - ; Excluded: 1 company (Company name) SUM Electro Mechanics Co., Ltd.

An absorption-type merger was conducted, effective April 1, 2024, with A&D Manufacturing Company, Limited as the surviving company and SUM Electro Mechanics Co., Ltd. as the non-surviving company.

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(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

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies)” on page 8 of the Appendix.

(4) Total number of issued shares (common stock)

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

June 30, 2024: 27,845,208 shares

March 31, 2024: 27,845,208 shares

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

June 30, 2024: 361,227 shares

March 31, 2024: 361,167 shares

3) Average number of shares during the period:

Three months ended June 30, 2024: 27,484,000 shares

Three months ended June 30, 2023: 27,451,414 shares

Note: The total number of treasury stock at the end of the period and the total number of treasury stock which has been eliminated when calculating the average number of shares during the period include the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust properties of the stock benefit trust system.

* Review of attached quarterly consolidated financial results by certified public accountants or audit corporations: No

* Explanation of the proper use of financial results forecasts and other notes

Forward-looking statements in this document, including financial results forecasts, are based on information available and certain assumptions deemed reasonable by the Company at present, and the Company does not guarantee their achievement. Actual business results, etc., may differ significantly due to various factors.

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1. Qualitative Information on Quarterly Financial Results for the Period

(1) Business Results

During the three months ended June 30, 2024, the global economy continued to face an uncertain outlook due to ongoing instability in Ukraine and the Middle East, the slowdown of the Chinese economy, and exchange rate fluctuations caused by interest rate differences between Japan and Western countries.

Amid such circumstances, A&D HOLON Holdings Company, Limited (the “Company”), and its subsidiaries (collectively, the “Group”), under a medium-term management plan for fiscal 2022 to 2024, have continued to promote each business unit’s initiatives to respond flexibly to changes in the external environment and to strengthen group synergies.

In the Semiconductor-related Business, as the semiconductor market itself is moving toward recovery, demand for the Group’s products remained robust, resulting in a year-on-year increase in both sales and profit. On the other hand, in the Medical and Home Healthcare Equipment Business, in addition to fluctuations in demand by customer and region, the impact of currency exchange was significant, resulting in a year-on-year increase for sales and decrease for profit. In the Measuring and Weighing Equipment Business, as the impact of limited demand for CAPEX in the US remains, demand in Japan and Asia was robust, leading to a year-on-year increase in sales and a narrower loss.

As a result, net sales for the three months ended June 30, 2024, were ¥13,911 million (up 3.9% year-on-year), operating profit was ¥996 million (down 9.4% year-on-year), ordinary profit was ¥1,148 million (down 13.4% year-on-year), and net profit attributable to parent company shareholders was ¥323 million (down 61.4% year-on-year).

Business results by segment are as follows.

1) Semiconductor-related Business

Thanks to robust orders since the previous fiscal year, sales remained roughly flat year-on-year. However, profit increased due to continued efforts to improve productivity.

As a result, net sales in the Semiconductor-related Business were ¥2,731 million (up 0.8% year-on-year) and operating profit was ¥1,071 million (up 13.7% year-on-year).

2) Medical and Healthcare Equipment Business

In Japan, demand was strong, primarily for medical products, as sales ended in line with the previous year. Profit increased due to the product mix as higher profit margin products were shipped more.

On the other hand, in the Americas, while sales were sluggish on a local currency base corresponding with low demand for home blood pressure monitors, sales after yen-conversion increased due to the impact of currency exchange. Profit declined due to the impact of higher costs and lower local sales.

In Europe, the Group focused on maintaining the local share and managed to increase sales. However, profit declined due to increased costs from strengthening sales activities and the significant impact of currency exchange.

As a result, net sales in the Medical and Home Healthcare Equipment Business were ¥5,408 million (up 7.0% year-on-year) and operating profit was ¥661 million (down 17.3% year-on-year).

3) Measuring and Weighing Equipment Business

In Japan, sales increased due to strong demand for weighing and testing equipment. The segment recorded an operating loss, just like it did in the previous fiscal year. However, the loss was smaller due to increased sales.

In the Americas, while there were signs of a recovery in CAPEX demand, shipments during the three months ended June 30, 2024 were low, leading to a decrease in both sales and profits.

In Asia and Oceania, weighing equipment demand was strong, primarily in Korea, leading to increased sales and profit.

As a result, net sales in the Measuring and Weighing Equipment Business were ¥5,771 million (up 2.6% year-on-year) and operating loss was ¥49 million (operating loss ¥55 million for the same period of the previous year).

(2) Financial Position

(Assets, liabilities and net assets)

Total assets as of June 30, 2024, were ¥71,000 million, a decrease of ¥986 million compared to the end of the previous fiscal year. This was mainly due to a decrease in current assets of ¥772 million, resulting from factors such as progress in collecting accounts receivable, as well as a decrease in fixed assets of ¥213 million due to a reduction of deferred tax assets and other factors.

Total liabilities as of June 30, 2024, were ¥31,949 million, a decrease of ¥2,274 million compared to the end of the previous fiscal year. This was primarily due to a decrease of ¥2,132 million in current liabilities owing to such factors as a reduction in accrued corporate taxes, etc., and provision for bonuses, as well as a decrease in fixed liabilities of ¥142 million due to a reduction of long-term borrowings and other factors.

Net assets as of June 30, 2024, were ¥39,051 million, an increase of ¥1,288 million compared to the end of the previous fiscal year. This was driven by an increase of ¥1,497 million in accumulated other comprehensive income, which is due to an increase in foreign currency translation adjustments.

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

There are no changes from the consolidated financial results forecast announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	14,642	16,031
Notes and accounts receivable and contract assets	17,869	13,815
Products	9,027	10,345
Unfinished goods	5,107	5,823
Raw materials and supplies	5,977	5,986
Other	1,858	1,696
Allowance for doubtful accounts	(115)	(102)
Total current assets	54,368	53,595
Fixed Assets		
Tangible fixed assets		
Land	5,912	5,949
Other, net	7,005	7,109
Total tangible fixed assets	12,918	13,058
Intangible fixed assets		
Goodwill	7	18
Other	1,337	1,332
Total intangible fixed assets	1,345	1,351
Investments, etc.	3,354	2,994
Total fixed assets	17,618	17,404
Total assets	71,986	71,000
Liabilities		
Current liabilities		
Notes and accounts payable	5,265	5,040
Short-term borrowings	13,433	13,392
Long-term borrowings to be repaid within one year	1,258	1,145
Accrued corporate taxes, etc.	1,593	432
Provision for bonuses	1,388	849
Provision for product warranties	341	244
Other	6,614	6,659
Total current liabilities	29,896	27,764
Fixed liabilities		
Long-term borrowings	2,097	1,888
Provision for retirement benefits for directors (and other officers)	122	-
Provision for product warranties	25	28
Retirement benefit liabilities	1,010	1,069
Provision for share-based remuneration for directors (and other officers)	90	95
Other	980	1,102
Total fixed liabilities	4,327	4,184
Total liabilities	34,223	31,949

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	6,388	6,388
Share capital surplus	8,319	8,319
Retained earnings	23,471	23,240
Treasury shares	(162)	(162)
Total shareholders' equity	38,017	37,785
Accumulated other comprehensive income		
Unrealized gains on other marketable securities	45	52
Foreign currency translation adjustments	(511)	990
Accumulated adjustment on retirement benefits	122	111
Total accumulated other comprehensive income	(344)	1,153
Non-controlling interests	89	112
Total net assets	37,762	39,051
Total liabilities and net assets	71,986	71,000

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	13,387	13,911
Cost of sales	7,447	7,767
Gross profit	5,940	6,143
Selling, general and administrative expenses	4,840	5,147
Operating profit	1,099	996
Non-operating income		
Interest income	57	119
Foreign exchange gains	229	102
Rental income from land and buildings	11	12
Other	35	34
Total non-operating income	334	269
Non-operating expenses		
Interest expenses	101	91
Other	6	26
Total non-operating expenses	108	117
Ordinary profit	1,326	1,148
Extraordinary income		
Gain on sales of fixed assets	0	1
Total extraordinary income	0	1
Extraordinary loss		
Loss on retirement of fixed assets	4	0
Loss on valuation of investment securities	-	2
Total extraordinary loss	4	2
Net profit before taxes	1,322	1,147
Corporate tax, resident income tax and business taxes	139	193
Corporate tax adjustments	343	624
Total corporate taxes	482	817
Profit	839	330
Net profit attributable to non-controlling interests	3	7
Net profit attributable to parent company shareholders	836	323

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	839	330
Other comprehensive income		
Unrealized gains on other marketable securities	5	6
Foreign currency translation adjustments	474	1,506
Adjustment related to retirement benefits	(11)	(10)
Total other comprehensive income	468	1,501
Comprehensive income	1,308	1,832
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,301	1,820
Comprehensive income attributable to non-controlling interests	7	11

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on changes in accounting policies)

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

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022. Hereinafter “2022 Revised Accounting Standard”), etc. from the beginning of the three months under review.

For revisions related to accounting categories for income taxes, etc. (tax on other comprehensive income), the Company applies transient handling established in the proviso for 2022 Revised Accounting Standard No. 20-3 as well as the proviso for “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022. Hereinafter “2022 Revised Guidance”) No. 65-2 (2). There is no impact on the quarterly consolidated financial statements due to this change.

Also, from the beginning of the three months under review, the Company has applied the 2022 Revised Guidance for revisions related to the review of handling items on the consolidated financial statements in cases when deferring losses on sales from the sale of subsidiary shares, etc. between consolidated companies for tax purposes. The changes to these accounting standards is retroactively applied. The quarterly consolidated financial statements and consolidated financial statements for the previous quarter and previous fiscal year are presented after this retroactive application of standards. There is no impact on the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and previous fiscal year due to this change.

(Notes on accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

	For the three months ended June 30, 2024
Calculation of tax expenses	Tax expenses for certain consolidated subsidiaries are calculated by reasonably estimating the effective tax rate after tax effect accounting to be applied to profit before taxes for the fiscal year, which includes the first quarter, and multiplying profit before taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2023

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Semiconductor-related Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	2,709	-	-	-	2,709
Inter-segment net sales or transfers	-	-	-	-	-
Total	2,709	-	-	-	2,709
Segment profit (loss)	941	-	-	-	941

	Medical and Healthcare Equipment Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	1,174	2,252	1,541	85	5,054
Inter-segment net sales or transfers	2,242	0	2	1,908	4,153
Total	3,417	2,252	1,544	1,994	9,208
Segment profit (loss)	436	138	128	97	800

	Measuring and Weighing Equipment Business					Adjustment (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	3,158	1,136	148	1,179	5,623	-	13,387
Inter-segment net sales or transfers	650	52	0	668	1,372	(5,525)	-
Total	3,809	1,188	149	1,848	6,995	(5,525)	13,387
Segment profit (loss)	(209)	63	(11)	102	(55)	(586)	1,099

Notes: 1. The adjustment of ¥(586) million in segment profit (loss) includes corporate expenses of ¥(424) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

2. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Information on impairment loss or goodwill, etc., for fixed assets by reportable segment

Not applicable.

II. For the three months ended June 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Semiconductor-related Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	2,731	-	-	-	2,731
Inter-segment net sales or transfers	-	-	-	-	-
Total	2,731	-	-	-	2,731
Segment profit (loss)	1,071	-	-	-	1,071

	Medical and Healthcare Equipment Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	1,147	2,355	1,826	79	5,408
Inter-segment net sales or transfers	2,573	1	2	2,121	4,698
Total	3,720	2,356	1,829	2,201	10,107
Segment profit (loss)	560	81	(30)	50	661

	Measuring and Weighing Equipment Business					Adjustment (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	3,205	988	171	1,406	5,771	-	13,911
Inter-segment net sales or transfers	824	89	0	836	1,750	(6,449)	-
Total	4,030	1,077	172	2,242	7,522	(6,449)	13,911
Segment profit (loss)	(125)	(71)	(0)	148	(49)	(687)	996

Notes: 1. The adjustment of ¥(687) million in segment profit (loss) includes corporate expenses of ¥(432) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

2. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Information on impairment loss or goodwill, etc., for fixed assets by reportable segment

Not applicable.

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

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated statement of cash flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the three months ended June 30, 2024. Further, depreciation (including depreciation related to intangible fixed assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	¥410 million	¥437 million
Amortization of goodwill	21	2