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February 3, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6832
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 Scheduled date to file quarterly securities report: February 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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	%
Nine months ended								
December 31, 2022	29,355	(9.7)	1,078	(59.9)	1,288	(56.6)	881	(56.9)
December 31, 2021	32,506	–	2,692	–	2,970	–	2,043	–

Note: Comprehensive income For the nine months ended December 31, 2022: ¥903 million [(59.3)%]
 For the nine months ended December 31, 2021: ¥2,221 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	73.47	–
December 31, 2021	170.30	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure for the nine months ended December 31, 2021, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	58,941	51,177	86.8	4,265.13
March 31, 2022	61,152	50,946	83.3	4,245.83

Reference: Equity
 As of December 31, 2022: ¥51,177 million
 As of March 31, 2022: ¥50,946 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	27.00	–	29.00	56.00
Fiscal year ending March 31, 2023	–	27.00	–		
Fiscal year ending March 31, 2023 (Forecast)				29.00	56.00

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

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	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	37,500	(13.5)	300	(90.9)	300	(92.7)	210	(92.5)	17.50

Note: Revisions to the financial results forecast most recently announced: Yes

Regarding revisions to the consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” announced today (February 3, 2023) in Japanese.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “Changes in accounting policies” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

(4) Number of issued shares (common shares)

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

As of December 31, 2022	12,000,000 shares
As of March 31, 2022	12,000,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2022	975 shares
As of March 31, 2022	899 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	11,999,083 shares
Nine months ended December 31, 2021	11,999,101 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Although the financial results forecast was calculated based on information currently available as of the announcement date of these materials, a considerable number of uncertain factors are also included. Please understand that actual financial results may differ significantly from the forecasts presented in these materials due to changes to business conditions, etc.

Attached Materials

Index

1. Qualitative information on the quarterly financial results	2
(1) Operating results	2
(2) Financial position	2
(3) Explanation of consolidated financial results forecast and other forward-looking statements	2
2. Quarterly consolidated financial statements and significant notes thereto	3
(1) Consolidated balance sheets.....	3
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)	5
Consolidated statements of income (cumulative)	5
Consolidated statements of comprehensive income (cumulative)	6
(3) Notes to quarterly consolidated financial statements	7
Notes on premise of going concern	7
Notes on significant changes in the amount of shareholders' equity	7
Application of special accounting for preparing quarterly consolidated financial statements.....	7
Changes in accounting policies.....	7
Changes in accounting estimates	7
Additional information	7
Segment information.....	7

1. Qualitative information on the quarterly financial results

(1) Operating results

During the nine months ended December 31, 2022, the Japanese economy maintained its track of recovery together with its move to balance COVID-19 preventive measures with social and economic activities. However, the outlook remained uncertain due to sharp fluctuations in the foreign exchange market and rising prices due to soaring resource prices. Overseas, concern persists over the economic downside risk caused by global inflation and monetary tightening as well as the impact on resource prices and the supply chain caused by the prolonged geopolitical risk in Eastern Europe.

In the electronic components industry, to which the Group belongs, consumption of digital equipment and household electronics ran its course, resulting in decreased sales. Demand for components for mobile information devices also fell rapidly due to the stagnation in the Chinese economy caused by strict restrictions. The future also appears extremely challenging due to surging prices for raw materials and inventory adjustments caused by market deterioration.

Amid these circumstances, for the nine months ended December 31, 2022, consolidated net sales totaled ¥29,355 million (decrease of ¥3,150 million (-9.7%) year on year), operating profit totaled ¥1,078 million (decrease of ¥1,613 million (-59.9%) year on year) due to soaring electricity and raw material prices as well as increased depreciation associated with upfront investments, ordinary profit totaled ¥1,288 million (decrease of ¥1,681 million (-56.6%) year on year), and profit attributable to owners of parent totaled ¥881 million (decrease of ¥1,161 million (-56.9%) year on year).

With regard to the Group's net sales by category, integrated circuits recorded ¥25,307 million (decrease of ¥2,491 million (-9.0%) year on year) due to a large decline in demand for components for mobile information devices caused by the stagnation of the Chinese economy. Sales of functional components totaled ¥4,022 million (decrease of ¥615 million (-13.3%) year on year) due to struggling orders for thermal print heads overseas.

(2) Financial position

Assets as of December 31, 2022 totaled ¥58,941 million (decrease of ¥2,211 million from the end of the previous fiscal year) due to a decrease in cash and deposits, and notes and accounts receivable - trade. Liabilities totaled ¥7,764 million (decrease of ¥2,442 million from the end of the previous fiscal year) due to a decrease in income taxes payable and notes and accounts payable - trade. As a result, net assets totaled ¥51,177 million (increase of ¥231 million from the end of the previous fiscal year), and the equity-to-asset ratio was 86.8%.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

Regarding the financial results forecast for the fiscal year ending March 31, 2023, please refer to the "Notice Regarding Revision of Financial Forecast" announced today (February 3, 2023) in Japanese.

2. Quarterly consolidated financial statements and significant notes thereto
(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	24,114,441	23,243,646
Notes and accounts receivable - trade	9,438,508	7,270,663
Electronically recorded monetary claims - operating	2,221,023	2,525,386
Securities	3,000,000	3,000,000
Merchandise and finished goods	154,269	115,670
Work in process	950,571	1,067,067
Raw materials and supplies	1,887,534	2,330,622
Prepaid expenses	77,291	119,317
Other	874,083	952,945
Total current assets	42,717,723	40,625,318
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,301,681	20,992,445
Accumulated depreciation and impairment	(15,508,630)	(15,475,853)
Buildings and structures, net	5,793,051	5,516,591
Machinery, equipment and vehicles	46,354,918	45,696,577
Accumulated depreciation and impairment	(43,519,030)	(42,919,642)
Machinery, equipment and vehicles, net	2,835,887	2,776,934
Tools, furniture and fixtures	8,684,170	8,809,093
Accumulated depreciation and impairment	(8,056,393)	(8,215,408)
Tools, furniture and fixtures, net	627,776	593,685
Land	3,463,289	3,464,288
Leased assets	337,161	343,334
Accumulated depreciation and impairment	(187,874)	(187,859)
Leased assets, net	149,287	155,474
Construction in progress	700,910	1,264,382
Total property, plant and equipment	13,570,201	13,771,357
Intangible assets		
Goodwill	136,350	126,838
Other	165,254	152,932
Total intangible assets	301,605	279,770
Investments and other assets		
Investment securities	2,694,487	2,667,267
Retirement benefit asset	377,488	425,537
Deferred tax assets	1,084,140	811,857
Other	407,117	360,595
Total investments and other assets	4,563,233	4,265,259
Total non-current assets	18,435,041	18,316,386
Total assets	61,152,764	58,941,705

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,471,090	1,836,825
Electronically recorded obligations - operating	1,504,218	1,332,690
Short-term borrowings	190,000	475,000
Current portion of long-term borrowings	306,028	212,034
Lease liabilities	63,542	66,977
Accounts payable - other	2,441,021	2,054,297
Income taxes payable	1,128,147	20,733
Provision for bonuses	721,662	180,576
Other	660,977	1,070,186
Total current liabilities	9,486,688	7,249,320
Non-current liabilities		
Long-term borrowings	302,177	166,680
Lease liabilities	109,399	107,424
Deferred tax liabilities	1,377	1,392
Retirement benefit liability	216,791	152,620
Asset retirement obligations	27,595	27,705
Other	62,592	59,121
Total non-current liabilities	719,934	514,945
Total liabilities	10,206,623	7,764,266
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	40,402,686	40,612,348
Treasury shares	(1,881)	(2,028)
Total shareholders' equity	50,737,255	50,946,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	243,992	231,356
Remeasurements of defined benefit plans	(35,106)	(687)
Total accumulated other comprehensive income	208,886	230,669
Total net assets	50,946,141	51,177,439
Total liabilities and net assets	61,152,764	58,941,705

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

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	32,506,439	29,355,600
Cost of sales	26,438,650	24,984,623
Gross profit	6,067,788	4,370,976
Selling, general and administrative expenses	3,374,986	3,292,097
Operating profit	2,692,802	1,078,878
Non-operating income		
Interest income	1,131	1,027
Dividend income	11,802	14,332
Technical support fee income	46,432	58,601
Compensation income	1,850	29,038
Rental income	25,851	25,277
Foreign exchange gains	197,044	114,258
Share of profit of entities accounted for using equity method	4,065	–
Other	53,129	57,157
Total non-operating income	341,308	299,692
Non-operating expenses		
Interest expenses	5,301	3,912
Compensation expenses	28,153	41,653
Depreciation of assets for rent	18,762	24,773
Share of loss of entities accounted for using equity method	–	2,927
Other	11,775	16,426
Total non-operating expenses	63,993	89,694
Ordinary profit	2,970,117	1,288,877
Extraordinary income		
Gain on sale of non-current assets	11,117	27,834
Total extraordinary income	11,117	27,834
Extraordinary losses		
Loss on retirement of non-current assets	8,184	52,196
Loss on valuation of investment securities	3,412	–
Environmental expenses	–	1,467
Total extraordinary losses	11,596	53,663
Profit before income taxes	2,969,638	1,263,047
Income taxes - current	679,160	119,644
Income taxes - deferred	247,060	261,791
Total income taxes	926,221	381,436
Profit	2,043,416	881,611
Profit attributable to owners of parent	2,043,416	881,611

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	2,043,416	881,611
Other comprehensive income		
Valuation difference on available-for-sale securities	153,591	(12,636)
Remeasurements of defined benefit plans, net of tax	24,751	34,419
Total other comprehensive income	178,342	21,782
Comprehensive income	2,221,759	903,394
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,221,759	903,394
Comprehensive income attributable to non-controlling interests	–	–

(3)Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Application of special accounting for preparing quarterly consolidated financial statements

Not applicable

Changes in accounting policies

Application of the "Implementation Guidance on Accounting Standard for Measurement of Fair Value"

The Company has applied "Implementation Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance on Accounting Standard for Measurement of Fair Value") effective from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Measurement of Fair Value, the new accounting policy will be applied prospectively.

There is no effect on the quarterly consolidated financial statements for the nine months ended December 31, 2022.

Changes in accounting estimates

Not applicable

Additional information

Accounting estimates related to the impact of the spread of COVID-19

A severe impact on the economy and corporate activities is expected due to the global spread of COVID-19. Although it is difficult to estimate the impact on our financial results for the nine months ended December 31, 2022, the Group has determined the accounting estimates for impairment accounting of non-current assets, recoverability of deferred tax assets, etc. to the extent that can currently be estimated.

Segment information

Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021) and the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

The Group consists of a single operating segment, of which business activities are manufacturing and selling electric and electronic components, and the entire Group formulates comprehensive business strategies and conducts business activities. Accordingly, segment information has been omitted.