

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 1, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Aoi Electronics Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6832
 URL: <https://www.aoi-electronics.co.jp/>
 Representative: Kazuhiro Kinoshita, President
 Inquiries: Ryoji Aoki, Director, General Manager of Administration Div.
 Telephone: +81-87-882-1131
 Scheduled date to file semi-annual securities report: November 14, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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 September 30, 2024	17,651	3.4	539	–	537	–	479	–
September 30, 2023	17,076	(17.3)	(789)	–	(646)	–	(657)	–

Note: Comprehensive income For the six months ended September 30, 2024: ¥408 million [–%]
 For the six months ended September 30, 2023: ¥(592) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	42.78	–
September 30, 2023	(54.80)	–

(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
September 30, 2024	50,473	43,244	85.7	3,861.51
March 31, 2024	50,134	43,161	86.1	3,854.03

Reference: Equity As of September 30, 2024: ¥43,244 million
 As of March 31, 2024: ¥43,161 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, 2024	–	25.00	–	29.00	54.00
Fiscal year ending March 31, 2025	–	25.00			
Fiscal year ending March 31, 2025 (Forecast)			–	29.00	54.00

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, 2025 (from April 1, 2024 to March 31, 2025)

(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	36,500	7.5	1,050	–	1,050	–	720	–	64.29

Note: Revisions to the financial results forecast most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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

(4) Number of issued shares (common shares)

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

As of September 30, 2024	12,000,000 shares
As of March 31, 2024	12,000,000 shares

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

As of September 30, 2024	801,000 shares
As of March 31, 2024	800,975 shares

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

Six months ended September 30, 2024	11,199,015 shares
Six months ended September 30, 2023	11,999,025 shares

* Semi-annual financial results reports are exempt from 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.

Means of access to supplementary material on financial results

The supplementary material on financial results will be available on the Company's website.

Attached Materials

Index

1. Qualitative information on the semi-annual financial results	2
(1) Operating results during the period under review	2
(2) Financial position during the period under review	2
(3) Explanation of consolidated financial results forecast and other forward-looking statements	2
2. Semi-annual consolidated financial statements and significant notes thereto	3
(1) Semi-annual consolidated balance sheets.....	3
(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income	5
Semi-annual consolidated statements of income (cumulative).....	5
Semi-annual consolidated statements of comprehensive income (cumulative).....	6
(3) Notes to semi-annual 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 semi-annual consolidated financial statements.....	7
Changes in accounting policies.....	7
Changes in accounting estimates	7
Additional information	7
Notes to segment information, etc.	7

1. Qualitative information on the semi-annual financial results

(1) Operating results during the period under review

During the six months ended September 30, 2024, the Japanese economy maintained its track of moderate recovery with an improved employment and personal income environment and expanded demand from inbound tourism amid normalization of social and economic activities. On the other hand, the economic outlook remains uncertain and bleak due to economic downside risks such as soaring prices of raw materials and energy due to the unstable global situation and the volatility in foreign exchange, and weak consumer sentiment as a result of sustained high prices. Overseas, the U.S. economy has underlying strength from the support of expanding personal consumption and strong domestic demand from capital investment and housing investment. In China, the economy lacked strength mainly due to a prolonged real estate recession and a cooling of consumer sentiment. In addition, the level of uncertainty for the global economy remains high, due to prolonged geopolitical risks in Eastern Europe and the Middle East, deepening trade frictions, and other concerns.

In the electronic components industry, to which the Group belongs, although the market environment has improved for some products, following a recovery in demand after a demand slump caused by rapidly worsening market conditions, a full-scale recovery is yet to occur as there are observed discrepancies in the supply/demand balance and the status of inventory adjustments in each market, mainly due to the impact of a lack of strength in the recovery of demand for components for industrial equipment as well as the prolonged slump for automotive components against the backdrop of a slowdown in the pace of growth in demand for electric vehicles (EVs).

Amid these circumstances, for the six months ended September 30, 2024, consolidated net sales totaled ¥17,651 million (increase of ¥574 million (+3.4%) year on year), operating profit totaled ¥539 million (compared with operating loss of ¥789 million in the same period of the previous fiscal year) due to a decline in depreciation following impairment processing carried out in the previous fiscal year, despite soaring raw material prices and other factors, ordinary profit totaled ¥537 million (compared with ordinary loss of ¥646 million in the same period of the previous fiscal year), and profit attributable to owners of parent totaled ¥479 million (compared with loss attributable to owners of parent of ¥657 million in the same period of the previous fiscal year).

With regard to the Group's net sales by category, integrated circuits recorded ¥15,433 million (increase of ¥314 million (+2.1%) year on year) due to an increase in orders for components for mobile information devices and consumer devices. Sales of functional components totaled ¥2,191 million (increase of ¥238 million (+12.2%) year on year) due to an increase in orders for thermal print heads accompanying the progress in inventory adjustments.

(2) Financial position during the period under review

Assets as of September 30, 2024 totaled ¥50,473 million (increase of ¥338 million from the end of the previous fiscal year) mainly due to increases in notes and accounts receivable - trade, and property, plant and equipment, and a decrease in cash and deposits. Liabilities totaled ¥7,228 million (increase of ¥255 million from the end of the previous fiscal year) due to increases in notes and accounts payable - trade and accounts payable - other. As a result, net assets totaled ¥43,244 million (increase of ¥83 million from the end of the previous fiscal year), and the equity-to-asset ratio was 85.7%.

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

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2025, although no changes have been made to the consolidated financial results forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024" on May 10, 2024, the Company is reviewing various factors concerning the business environment due to the possibility of significant changes in the financial results arising from trends of the global economy, market trends, etc. If modifications are necessary, the Company will announce them promptly.

2. Semi-annual consolidated financial statements and significant notes thereto

(1)Semi-annual consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	20,056,678	19,312,950
Notes and accounts receivable - trade	6,520,586	6,815,660
Electronically recorded monetary claims - operating	1,683,421	1,968,153
Securities	3,000,000	3,000,000
Merchandise and finished goods	63,176	91,240
Work in process	905,065	917,710
Raw materials and supplies	1,954,610	2,022,112
Prepaid expenses	86,392	144,554
Other	678,473	239,313
Total current assets	34,948,405	34,511,696
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,578,392	23,251,315
Accumulated depreciation and impairment	(17,007,723)	(17,384,918)
Buildings and structures, net	5,570,669	5,866,396
Machinery, equipment and vehicles	45,463,641	46,181,865
Accumulated depreciation and impairment	(44,714,908)	(44,733,675)
Machinery, equipment and vehicles, net	748,732	1,448,190
Tools, furniture and fixtures	8,778,433	8,825,853
Accumulated depreciation and impairment	(8,686,858)	(8,665,653)
Tools, furniture and fixtures, net	91,575	160,199
Land	3,453,102	3,453,102
Leased assets	311,308	316,203
Accumulated depreciation and impairment	(208,047)	(205,831)
Leased assets, net	103,260	110,371
Construction in progress	541,684	319,040
Total property, plant and equipment	10,509,025	11,357,300
Intangible assets	117,174	113,793
Investments and other assets		
Investment securities	2,948,981	2,906,617
Retirement benefit asset	1,320,318	1,363,317
Deferred tax assets	47,428	41,190
Other	242,908	179,185
Total investments and other assets	4,559,637	4,490,310
Total non-current assets	15,185,837	15,961,405
Total assets	50,134,243	50,473,101

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,719,617	1,951,363
Electronically recorded obligations - operating	916,022	640,958
Short-term borrowings	190,000	190,000
Current portion of long-term borrowings	233,496	217,683
Lease liabilities	52,292	48,206
Accounts payable - other	1,694,444	1,932,509
Income taxes payable	62,151	88,014
Provision for bonuses	681,035	678,651
Other	535,235	717,143
Total current liabilities	6,084,296	6,464,531
Non-current liabilities		
Long-term borrowings	474,185	369,500
Lease liabilities	60,855	70,266
Deferred tax liabilities	230,681	223,852
Retirement benefit liability	37,430	34,951
Asset retirement obligations	27,890	27,964
Other	57,476	37,039
Total non-current liabilities	888,518	763,574
Total liabilities	6,972,815	7,228,105
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	33,836,814	33,991,101
Treasury shares	(1,961,228)	(1,961,302)
Total shareholders' equity	42,212,036	42,366,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	310,676	275,999
Remeasurements of defined benefit plans	638,714	602,747
Total accumulated other comprehensive income	949,391	878,747
Total net assets	43,161,427	43,244,996
Total liabilities and net assets	50,134,243	50,473,101

(2)Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income
Semi-annual consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	17,076,660	17,651,368
Cost of sales	15,774,402	14,874,361
Gross profit	1,302,258	2,777,006
Selling, general and administrative expenses	2,091,441	2,237,923
Operating profit (loss)	(789,182)	539,083
Non-operating income		
Interest income	847	3,080
Dividend income	7,842	8,748
Foreign exchange gains	102,834	–
Technical support fee income	24,854	6,597
Compensation income	97	9,558
Rental income	15,473	16,961
Subsidy income	24,783	–
Share of profit of entities accounted for using equity method	–	10,890
Other	37,679	46,121
Total non-operating income	214,414	101,958
Non-operating expenses		
Interest expenses	1,642	2,929
Foreign exchange losses	–	69,651
Compensation expenses	25,365	6,486
Depreciation of assets for rent	17,124	16,449
Share of loss of entities accounted for using equity method	17,305	–
Other	10,471	7,889
Total non-operating expenses	71,910	103,407
Ordinary profit (loss)	(646,678)	537,634
Extraordinary income		
Gain on sale of non-current assets	61,539	321
Gain on sale of investment securities	87	–
Total extraordinary income	61,627	321
Extraordinary losses		
Loss on sale of non-current assets	21,293	–
Loss on retirement of non-current assets	9,601	4,034
Environmental expenses	13,530	–
Total extraordinary losses	44,424	4,034
Profit (loss) before income taxes	(629,476)	533,921
Income taxes - current	5,001	25,374
Income taxes - deferred	23,069	29,488
Total income taxes	28,070	54,863
Profit (loss)	(657,546)	479,058
Profit (loss) attributable to owners of parent	(657,546)	479,058

Semi-annual consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	(657,546)	479,058
Other comprehensive income		
Valuation difference on available-for-sale securities	52,730	(34,676)
Remeasurements of defined benefit plans, net of tax	12,762	(35,967)
Total other comprehensive income	65,492	(70,644)
Comprehensive income	(592,054)	408,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(592,054)	408,414
Comprehensive income attributable to non-controlling interests	-	-

(3)Notes to semi-annual 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 semi-annual consolidated financial statements

Not applicable

Changes in accounting policies

Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Application Guidance of 2022"). This change in the accounting policy has no impact on the semi-annual consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Application Guidance of 2022 from the beginning of the six months ended September 30, 2024. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy is reflected in the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024. This change in the accounting policy has no impact on the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

Changes in accounting estimates

Not applicable

Additional information

Not applicable

Notes to segment information, etc.

Segment information

The six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023) and the six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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.