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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

October 23, 2024

Company name: Japan Aviation Electronics Industry, Limited
Stock exchange listing: Tokyo Stock Exchange
Code number: 6807
URL: https://www.jae.com
Representative: Masayuki Muraki, President
Contact: Katsuyuki Koyama, General Manager Accounting and Financial Division
Phone: +81-3-3780-2752
Scheduled date of filing semi-annual securities report: November 13, 2024
Scheduled date of commencing dividend payments: December 3, 2024
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	113,451	0.1	9,218	36.1	8,119	(5.7)	6,631	(1.2)
September 30, 2023	113,285	(7.3)	6,770	(37.4)	8,607	(39.9)	6,711	(37.4)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥3,195 million [(74.0)%]
Six months ended September 30, 2023: ¥12,285 million [(26.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	98.45	98.40
September 30, 2023	73.64	73.58

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	218,687	128,047	58.5
As of March 31, 2024	236,042	126,810	53.7

(Reference) Equity: As of September 30, 2024: ¥127,914 million
As of March 31, 2024: ¥126,686 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	25.00	–	30.00	55.00
Fiscal year ending March 31, 2025	–	30.00			
Fiscal year ending March 31, 2025 (Forecast)			–	30.00	60.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	230,000	1.9	17,000	17.9	16,000	8.4	12,500	2.1	185.59

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

(2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, please refer to "2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)" on page 8 of the Attachments.

(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: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Total number of issued and outstanding shares (common shares)

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

September 30, 2024:	70,302,608 shares
March 31, 2024:	92,302,608 shares

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

September 30, 2024:	2,929,666 shares
March 31, 2024:	24,950,801 shares

3) Average number of shares during the period:

Six months ended June 30, 2024:	67,363,283 shares
Six months ended June 30, 2023:	91,146,602 shares

* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or an audit firm.

* Explanation of the proper use of performance forecast and other notes

The forward-looking statements concerning future financial results presented in this document are prepared based on the information currently available for the Company and certain preconditions which the Company believes to be reasonable at this time. Actual results may be substantially different from any projections presented herein due to various factors. Please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Attachments for the assumptions underlying the financial results forecasts and precautions when using the forecasts.

The Company is scheduled to hold a financial results briefing session (telephone conference) for institutional investors and analysts on October 23, 2024. We will post the financial results explanatory materials to be used at the session on our website.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

The world economy during the six months ended September 30, 2024 saw the United States economy remain strong mainly in personal consumption despite continued monetary tightening, while the Chinese economy continued to be stagnant due to sluggish demand in spite of robust exports. Meanwhile, the Japanese economy experienced an improvement in business sentiment and a recovery in personal consumption, which had been dampened by rising prices, and largely performed well. Against this background, the foreign exchange market witnessed major fluctuations, with a historic yen depreciation in the first half of the period, followed by a sharp yen appreciation partly due to an interest rate hike in Japan in the second half.

In the electronics market relevant to the Group, the automotive market generally remained firm despite a slowdown in electric vehicles and the impact of production suspension in some quarters. Demand in the mobile device market bottomed out but remained severe, and the industrial market showed signs of bottoming out in some products or destinations but fell short of a full-fledged recovery. The aviation and space market, which has been added as a priority market, saw a growing demand on the back of an increase in the defense budget.

In the meantime, on the cost side, surging material and energy prices continued.

Under these circumstances, the Group aimed to expand orders received and sales by conducting active global marketing centered on its flagship Connector Business and speeding up new product development activities. At the same time, the Group strived to achieve higher business performance by promoting the streamlining of management as a whole, including optimized transaction prices in response to soaring material costs, improvement of factory utilization ratio through further expansion of in-house production, cost reduction through more efficient use of equipment, and the curbing of various expenses.

Consequently, for the six months ended September 30, 2024, the Group recorded net sales totaling ¥113,451 million (100% compared to the corresponding period of the previous year). On the profit side, we posted operating profit totaling ¥9,218 million (136% compared to the corresponding period of the previous year), ordinary profit totaling ¥8,119 million (94% compared to the corresponding period of the previous year) due to the recording of foreign exchange losses arising from currency fluctuations in the second half of the period, and profit attributable to owners of parent totaling ¥6,631 million (99% compared to the corresponding period of the previous year).

(2) Explanation of Financial Position

a. Assets, Liabilities, and Net Assets

Total assets, liabilities and net assets at the end of the six months ended September 30, 2024, due to the change in the interest rate policy of the Bank of Japan, we strengthened our cash management and repaid borrowings with the aim of "reducing the burden of rising interest on borrowings" and "reducing total assets for improve total asset turnover."

As a result, total assets amounted to ¥218,687 million, we were able to reduce by ¥17,354 million from the end of the consolidated fiscal year ended March 31, 2024. The decrease was attributable mainly to decreases in cash and deposits, decreases in property, plants and equipment due to investment restraint.

Total liabilities amounted to ¥90,640 million, marking a decrease of ¥18,591 million from the end of the consolidated fiscal year ended March 31, 2024, mainly due to the payment of borrowings.

Net assets amounted to ¥128,047 million, marking an increase of ¥1,237 million from the end of the consolidated fiscal year ended March 31, 2024, mainly due to the recording of profit attributable to owners of parent, despite decreases in foreign currency translation adjustment due to yen appreciation.

As a result, the equity ratio amounted to 58.5%, marking an increased 4.8 percentage points from the end of the consolidated fiscal year ended March 31, 2024.

b. Cash Flows

Net cash provided by operating activities for the six months ended September 30, 2024 was ¥18,941 million (¥16,621 million provided in the corresponding period of the previous year). This was attributable mainly to the recording of profit before income taxes and depreciation.

Net cash used in investing activities was ¥8,309 million (¥10,773 million used in the corresponding period of the previous year), mainly due to expenses arising from the purchase of property, plant and equipment centered on equipment to manufacture new products.

As a result, Net cash provided by consolidated Free Cash Flow was 10,632 million yen.

Net cash used in financing activities was ¥21,293 million (¥6,072 million used in the corresponding period of the previous year), due to the payment of borrowings and the dividends paid.

As a result, the balance of cash and cash equivalents on September 30, 2024 decreased by ¥12,425 million to ¥55,873 million from the end of the consolidated fiscal year ended March 31, 2024.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2025 (for the full year) and the dividend forecast (for the year-end) remain unchanged from the figures announced on April 24, 2024.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	68,298	55,873
Notes and accounts receivable - trade	41,463	40,667
Inventories	28,321	28,364
Other	6,440	5,440
Allowance for doubtful accounts	(71)	(70)
Total current assets	144,452	130,274
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,845	26,552
Machinery, equipment and vehicles, net	20,599	19,839
Tools, furniture and fixtures, net	8,413	8,137
Land	6,831	6,752
Construction in progress	9,488	9,045
Total property, plant and equipment	73,179	70,326
Intangible assets	2,701	2,640
Investments and other assets		
Deferred tax assets	1,846	2,157
Other	13,992	13,418
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	15,709	15,446
Total non-current assets	91,589	88,413
Total assets	236,042	218,687

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,608	27,800
Short-term borrowings	10,500	7,250
Income taxes payable	1,150	1,550
Provision for bonuses for directors (and other officers)	106	54
Other	14,804	14,208
Total current liabilities	53,169	50,863
Non-current liabilities		
Long-term borrowings	54,000	38,000
Retirement benefit liability	191	161
Other	1,870	1,615
Total non-current liabilities	56,062	39,776
Total liabilities	109,232	90,640
Net assets		
Shareholders' equity		
Share capital	10,690	10,690
Capital surplus	14,879	14,431
Retained earnings	144,479	94,028
Treasury shares	(62,955)	(7,392)
Total shareholders' equity	107,093	111,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,976	1,508
Foreign currency translation adjustment	14,422	11,606
Remeasurements of defined benefit plans	3,194	3,042
Total accumulated other comprehensive income	19,592	16,156
Share acquisition rights	124	132
Total net assets	126,810	128,047
Total liabilities and net assets	236,042	218,687

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	113,285	113,451
Cost of sales	93,846	90,961
Gross profit	19,438	22,490
Selling, general and administrative expenses	12,667	13,272
Operating profit	6,770	9,218
Non-operating income		
Interest income	151	148
Dividend income	112	504
Foreign exchange gains	1,697	–
Subsidy income	400	–
Other	118	192
Total non-operating income	2,479	844
Non-operating expenses		
Interest expenses	30	337
Loss on retirement of non-current assets	168	188
Foreign exchange losses	–	1,335
Loss on tax purpose reduction entry of non-current assets	400	–
Other	44	82
Total non-operating expenses	643	1,943
Ordinary profit	8,607	8,119
Extraordinary income		
Gain on sale of non-current assets	–	344
Total extraordinary income	–	344
Profit before income taxes	8,607	8,464
Income taxes - current	2,001	1,918
Income taxes - deferred	(105)	(85)
Total income taxes	1,895	1,832
Profit	6,711	6,631
Profit attributable to owners of parent	6,711	6,631

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	6,711	6,631
Other comprehensive income		
Valuation difference on available-for-sale securities	408	(467)
Foreign currency translation adjustment	5,207	(2,816)
Remeasurements of defined benefit plans, net of tax	(43)	(151)
Total other comprehensive income	5,573	(3,435)
Comprehensive income	12,285	3,195
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,285	3,195
Comprehensive income attributable to non-controlling interests	–	–

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	8,607	8,464
Depreciation	9,716	10,256
Increase (decrease) in retirement benefit liability	(33)	(28)
Interest and dividend income	(264)	(652)
Interest expenses	30	337
Foreign exchange losses (gains)	(651)	712
Loss on retirement of non-current assets	168	188
Gain on sale of non-current assets	–	(344)
Decrease (increase) in trade receivables	(1,796)	333
Decrease (increase) in inventories	826	(551)
Increase (decrease) in trade payables	949	1,115
Other, net	902	492
Subtotal	18,455	20,321
Interest and dividends received	267	652
Interest paid	(31)	(337)
Income taxes paid	(2,218)	(1,753)
Income taxes refund	148	58
Net cash provided by (used in) operating activities	16,621	18,941
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,299)	(8,157)
Proceeds from sale of property, plant and equipment	12	372
Purchase of investment securities	(0)	(200)
Other, net	(486)	(324)
Net cash provided by (used in) investing activities	(10,773)	(8,309)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(2,000)
Repayments of long-term borrowings	(3,911)	(17,250)
Dividends paid	(2,277)	(2,020)
Other, net	116	(22)
Net cash provided by (used in) financing activities	(6,072)	(21,293)
Effect of exchange rate change on cash and cash equivalents	2,360	(1,763)
Net increase (decrease) in cash and cash equivalents	2,135	(12,425)
Cash and cash equivalents at beginning of period	63,025	68,298
Cash and cash equivalents at end of period	65,161	55,873

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

The Company resolved to cancel the treasury shares it holds based on the provisions in Article 178 of the Companies Act at a Board of Directors' meeting held on April 24, 2024, and canceled 22,000,000 shares of treasury shares as of May 17, 2024. As a result, capital surplus, retained earnings, and treasury shares decreased by ¥446 million, ¥55,063 million, and ¥55,510 million, respectively, for the three months ended June 30, 2024 and stood at ¥14,431 million, ¥94,028 million, and ¥7,392 million, respectively, as of September 30, 2024.

(Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

For calculation of tax expenses, we adopt a method whereby the effective tax rate for the profit before income taxes for the fiscal year ending March 31, 2025, after the application of tax effect accounting is reasonably estimated, and the semi-annual profit before income taxes is multiplied by such effective tax rate.

However, in cases where calculating tax expenses using the reasonably estimated effective tax rate yields a result that is notably lacking rationality, tax expenses are calculated using the statutory effective tax rate.

(Changes in accounting policies)

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

We have applied the "Accounting Standard for Current Income Taxes, etc." (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other standards from the beginning of the three months ended June 30, 2024.

Regarding income taxes - current, etc. (hereinafter referred to as "total income taxes"), which are taxable on incomes, we had previously recorded amounts calculated according to laws and regulations as profit or loss. However, we are now to record the total income taxes on income by separating them as profit or loss, shareholders' equity, and other comprehensive income, depending on the transactions which are sources of such taxes. As for the total income taxes recorded as accumulated other comprehensive income, in particular, we are to record corresponding tax amount as profit or loss upon recording the attributable transactions, etc. which are sources of such total income taxes as profit or loss. When transactions which are sources of such taxes are related to shareholders' equity or other comprehensive income, in addition to profit or loss, and it is difficult to calculate the total income taxes imposed on shareholders' equity or other comprehensive income, we record such tax amount as profit or loss.

With regard to the revision to the recording category of total income taxes (taxation on other comprehensive income), we comply with the transitional treatment provided for in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard.

These changes in accounting policies do not affect the semi-annual consolidated financial statements.

(Segment information, etc.)

[Segment information]

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Others (Note 2)	Total	Adjustment	Amount recorded in Semi-annual Consolidated Statements of Income
	Connector Business	User Interface Solutions Business	Aerospace Business				
Net sales							
Mobile devices	40,161	–	–	–	40,161	–	40,161
Automotive	46,660	2,208	672	–	49,541	–	49,541
Industrial and infrastructure	8,407	3,025	7,036	–	18,468	–	18,468
Aviation and space	–	–	2,098	–	2,098	–	2,098
Others	2,586	–	–	429	3,015	–	3,015
Revenue from contracts with customers	97,815	5,233	9,807	429	113,285	–	113,285
Total	97,815	5,233	9,807	429	113,285	–	113,285
Segment income (Note 1)	7,098	265	1,992	54	9,410	(2,640)	6,770

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the semi-annual consolidated statements of income. However, ¥2,640 million in general and administrative expenses such as headquarters staff expenses, which is difficult to allocate to each reportable segment, is included in the adjustment.

2. The “Others” classification is a business segment that is not included in any reportable segments and includes the sale of other goods and the service business.

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Others (Note 2)	Total	Adjustment	Amount recorded in Semi-annual Consolidated Statements of Income
	Connector Business	User Interface Solutions Business	Aerospace Business				
Net sales							
Mobile devices	36,434	–	–	–	36,434	–	36,434
Automotive	53,702	2,743	121	–	56,567	–	56,567
Industrial and infrastructure	6,926	1,940	5,648	–	14,515	–	14,515
Aviation and space (Note 3)	–	–	4,073	–	4,073	–	4,073
Others	1,614	–	–	246	1,861	–	1,861
Revenue from contracts with customers	98,677	4,683	9,843	246	113,451	–	113,451
Total	98,677	4,683	9,843	246	113,451	–	113,451
Segment income (Note 1)	10,183	163	1,405	31	11,783	(2,565)	9,218

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the semi-annual consolidated statements of income. However, ¥2,565 million in general and administrative expenses such as headquarters staff expenses, which is difficult to allocate to each reportable segment, is included in the adjustment.

2. The “Others” classification is a business segment that is not included in any reportable segments and includes the sale of other goods and the service business.
3. Starting from the three months ended June 30, 2024, the “Aviation and space,” which was previously presented in “Others” for the information on net sales and income (loss) by reportable segment, is expected to see expansion of sales on the back of the increasing defense budget and has been newly added as a priority market. Accordingly, figures for the six months ended September 30, 2023 have been recalculated to reflect the reorganization.