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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

January 29, 2025

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
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Scheduled date of commencing dividend payments: –
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 - December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	166,453	(2.9)	11,454	(0.4)	11,070	(10.6)	8,720	(19.1)
December 31, 2023	171,350	(6.8)	11,499	(29.0)	12,377	(30.3)	10,777	(19.7)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥10,571 million [(25.0)%]
Nine months ended December 31, 2023: ¥14,093 million [(9.0)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	129.44	129.38
December 31, 2023	118.23	118.14

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	223,229	133,444	59.7
As of March 31, 2024	236,042	126,810	53.7

(Reference) Equity: As of December 31, 2024: ¥133,311 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 quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)" on page 7 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):

December 31, 2024:	70,302,608 shares
March 31, 2024:	92,302,608 shares

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

December 31, 2024:	2,912,715 shares
March 31, 2024:	24,950,801 shares

3) Average number of shares during the period:

Nine months ended December 31, 2024:	67,369,966 shares
Nine months ended December 31, 2023:	91,159,060 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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 2 of the Attachments for the assumptions underlying the financial results forecasts and precautions when using the forecasts.

We will post the supplementary explanatory materials on quarterly financial results on our website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The world economy during the nine months ended December 31, 2024 saw the United States economy remain strong mainly in personal consumption despite continued monetary tightening resulting in slowing inflation, while the Chinese economy continued to be stagnant due to sluggish domestic demand in spite of robust exports. Meanwhile, the Japanese economy experienced an improvement in business sentiment and a recovery in domestic demand thanks to a pickup in personal consumption and remained on a gradual recovery path. Against this background, the foreign exchange market witnessed major fluctuations during the period, with a temporary yen appreciation in the first half of the period, followed by a yen depreciation again in the second half.

In the electronics market relevant to the Group, the automotive market saw production volume affected by a slowdown in electric vehicles, production suspension by some clients, and a decreasing demand in various countries. Demand in the mobile device market bottomed out but remained severe mainly for high-end models, and the industrial market fell short of a full-fledged recovery and remained sluggish. 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.

However, affected mainly by the end of production of some products for mobile devices and the sluggish industrial market, for the nine months ended December 31, 2024, the Group recorded net sales totaling ¥166,453 million (97% compared to the corresponding period of the previous year). On the profit side, we posted operating profit totaling ¥11,454 million (100% compared to the corresponding period of the previous year), ordinary profit totaling ¥11,070 million (89% compared to the corresponding period of the previous year) due to the recording of foreign exchange losses arising from currency fluctuations, and profit attributable to owners of parent totaling ¥8,720 million (81% compared to the corresponding period of the previous year) due to a decrease in extraordinary income, etc.

(2) Explanation of Financial Position

With regard to total assets, liabilities and net assets at the end of the nine months ended December 31, 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 improving total asset turnover.”

As a result, total assets amounted to ¥223,229 million, marking a decrease of ¥12,812 million from the end of the consolidated fiscal year ended March 31, 2024. The decrease was attributable mainly to decreases in cash and deposits and in trade receivables, the latter of which is due to the promotion of the collection of such receivables.

Total liabilities amounted to ¥89,784 million, marking a decrease of ¥19,447 million from the end of the consolidated fiscal year ended March 31, 2024, mainly due to the payment of borrowings.

Net assets amounted to ¥133,444 million, marking an increase of ¥6,634 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 and an increase in foreign currency translation adjustment arising from yen depreciation.

(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. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	68,298	56,560
Notes and accounts receivable - trade	41,463	39,268
Inventories	28,321	30,802
Other	6,440	6,432
Allowance for doubtful accounts	(71)	(72)
Total current assets	144,452	132,990
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,845	26,784
Machinery, equipment and vehicles, net	20,599	18,929
Tools, furniture and fixtures, net	8,413	7,983
Land	6,831	6,830
Construction in progress	9,488	10,989
Total property, plant and equipment	73,179	71,518
Intangible assets	2,701	2,692
Investments and other assets		
Deferred tax assets	1,846	2,195
Other	13,992	13,962
Allowance for doubtful accounts	(129)	(129)
Total investments and other assets	15,709	16,028
Total non-current assets	91,589	90,239
Total assets	236,042	223,229

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,608	29,988
Short-term borrowings	10,500	7,250
Income taxes payable	1,150	1,100
Provision for bonuses for directors (and other officers)	106	81
Other	14,804	13,030
Total current liabilities	53,169	51,450
Non-current liabilities		
Long-term borrowings	54,000	36,500
Retirement benefit liability	191	149
Other	1,870	1,684
Total non-current liabilities	56,062	38,334
Total liabilities	109,232	89,784
Net assets		
Shareholders' equity		
Share capital	10,690	10,690
Capital surplus	14,879	14,431
Retained earnings	144,479	94,094
Treasury shares	(62,955)	(7,349)
Total shareholders' equity	107,093	111,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,976	1,541
Foreign currency translation adjustment	14,422	16,939
Remeasurements of defined benefit plans	3,194	2,963
Total accumulated other comprehensive income	19,592	21,443
Share acquisition rights	124	133
Total net assets	126,810	133,444
Total liabilities and net assets	236,042	223,229

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	171,350	166,453
Cost of sales	140,766	135,167
Gross profit	30,584	31,286
Selling, general and administrative expenses	19,085	19,832
Operating profit	11,499	11,454
Non-operating income		
Interest income	247	236
Dividend income	146	546
Foreign exchange gains	831	–
Subsidy income	400	–
Other	229	236
Total non-operating income	1,856	1,018
Non-operating expenses		
Interest expenses	41	480
Loss on retirement of non-current assets	329	388
Foreign exchange losses	–	397
Loss on tax purpose reduction entry of non-current assets	400	–
Other	206	136
Total non-operating expenses	978	1,402
Ordinary profit	12,377	11,070
Extraordinary income		
Gain on sale of non-current assets	1,630	344
Total extraordinary income	1,630	344
Profit before income taxes	14,007	11,415
Income taxes - current	3,309	2,778
Income taxes - deferred	(78)	(83)
Total income taxes	3,230	2,694
Profit	10,777	8,720
Profit attributable to owners of parent	10,777	8,720

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	10,777	8,720
Other comprehensive income		
Valuation difference on available-for-sale securities	541	(434)
Foreign currency translation adjustment	2,839	2,516
Remeasurements of defined benefit plans, net of tax	(64)	(230)
Total other comprehensive income	3,316	1,851
Comprehensive income	14,093	10,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,093	10,571
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to Quarterly 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, ¥94,094 million, and ¥7,349 million, respectively, as of December 31, 2024.

(Accounting methods adopted particularly for the preparation of quarterly 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 quarterly 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 quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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

(Million yen)

	Reportable segment			Others (Note 2)	Total	Adjustment	Amount recorded in Quarterly Consolidated Statements of Income
	Connector Business	User Interface Solutions Business	Aerospace Business				
Net sales							
Mobile devices	60,064	–	–	–	60,064	–	60,064
Automotive	74,006	3,630	857	–	78,493	–	78,493
Industrial and infrastructure	11,719	3,969	10,055	–	25,744	–	25,744
Aviation and space	–	–	3,140	–	3,140	–	3,140
Others	3,320	–	–	587	3,907	–	3,907
Revenue from contracts with customers	149,110	7,599	14,053	587	171,350	–	171,350
Total	149,110	7,599	14,053	587	171,350	–	171,350
Segment income (Note 1)	12,248	373	2,677	81	15,380	(3,881)	11,499

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the quarterly consolidated statements of income. However, ¥3,881 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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

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

(Million yen)

	Reportable segment			Others (Note 2)	Total	Adjustment	Amount recorded in Quarterly Consolidated Statements of Income
	Connector Business	User Interface Solutions Business	Aerospace Business				
Net sales							
Mobile devices	52,148	–	–	–	52,148	–	52,148
Automotive	79,645	4,188	162	–	83,996	–	83,996
Industrial and infrastructure	10,674	2,675	7,632	–	20,982	–	20,982
Aviation and space (Note 3)	–	–	5,683	–	5,683	–	5,683
Others	3,260	–	–	382	3,642	–	3,642
Revenue from contracts with customers	145,728	6,863	13,479	382	166,453	–	166,453
Total	145,728	6,863	13,479	382	166,453	–	166,453
Segment income (Note 1)	13,158	268	1,735	58	15,220	(3,766)	11,454

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the quarterly consolidated statements of income. However, ¥3,766 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 nine months ended December 31, 2023 have been recalculated to reflect the reorganization.

(Notes to Consolidated Statement of Cash Flows)

We have not prepared a Consolidated Statement of Cash Flows for the nine months ended December 31, 2024. Depreciation (including depreciation of intangible assets) for the nine months ended December 31 is as follows.

	For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation	¥15,038 million	¥15,419 million