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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 27, 2023

Company name: Japan Aviation Electronics Industry, Limited
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6807
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Scheduled date of filing quarterly securities report: August 8, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

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

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended June 30, 2023 | 51,734 | (8.4) | 1,828 | (65.0) | 3,046 | (60.7) | 2,500 | (57.3) |
| June 30, 2022 | 56,452 | 7.4 | 5,225 | 45.0 | 7,749 | 115.4 | 5,853 | 118.3 |

(Note) Comprehensive income: Three months ended June 30, 2023: ¥6,633 million [(34.5)%]

Three months ended June 30, 2022: ¥10,131 million [256.7%]

| | Basic earnings per share | Diluted earnings per share |
|----------------------------------|--------------------------|----------------------------|
| Three months ended June 30, 2023 | Yen 27.44 | Yen 27.42 |
| June 30, 2022 | 64.32 | 64.29 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2023 | 228,790 | 175,711 | 76.7 |
| As of March 31, 2023 | 226,626 | 171,284 | 75.5 |

(Reference) Equity: As of June 30, 2023: ¥175,596 million

As of March 31, 2023: ¥171,160 million

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|--------------|--------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2023 | Yen — | Yen 25.00 | Yen — | Yen 25.00 | Yen 50.00 |
| Fiscal year ending March 31, 2024 | — | | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | 25.00 | — | 25.00 | 50.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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 |
| First half | 110,000 | (10.0) | 9,000 | (16.8) | 8,500 | (40.6) | 6,500 | (39.4) | 71.35 |
| Full year | 230,000 | (2.5) | 18,500 | 5.3 | 17,500 | (8.5) | 13,500 | (7.8) | 148.19 |

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): 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 6 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: None
 - 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):

| | |
|-----------------|-------------------|
| June 30, 2023: | 92,302,608 shares |
| March 31, 2023: | 92,302,608 shares |
 - 2) Total number of treasury shares at the end of the period:

| | |
|-----------------|------------------|
| June 30, 2023: | 1,165,304 shares |
| March 31, 2023: | 1,202,097 shares |
 - 3) Average number of shares during the period:

| | |
|-----------------------------------|-------------------|
| Three months ended June 30, 2023: | 91,121,664 shares |
| Three months ended June 30, 2022: | 91,004,913 shares |

* These quarterly consolidated financial results are outside the scope of quarterly review by a certified public accountant 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 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 three months ended June 30, 2023 saw the United States economy remained strong despite the effects of monetary tightening to date. On the other hand, more cautious attitude toward capital investment in China raised concerns over economic stagnation such as slump in consumption. With regard to the Japanese economy, demand was robust primarily in the service sector, partly because the government downgraded the category of COVID-19 under the Infectious Diseases Control Law. In addition, the yen depreciated further in the period through the latter half of the three months under review, due mainly to expectations that U.S. interest rate hikes would continue.

In the electronics market relevant to the Group, the automotive market performed robustly as the negative impact of semiconductor shortages was eased. However, demand remained sluggish in the mobile device market, and the industrial market was also affected by the continuing slowdown in demand for semiconductor manufacturing equipment that continued since the latter half of the fiscal year, adjustments in the receipt of orders for general industrial machinery, as well as a decrease in capital investment in China. Furthermore, we thus faced a harsh business environment remained generally challenging due to high material prices and soaring energy prices.

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 cost reduction through further expansion of in-house production, improvement in efficiency of equipment, and the curbing of various expenses.

Consequently, for the three months ended June 30, 2023, the Group recorded net sales totaling ¥51,734 million (92% compared to the corresponding period of the previous year). On the profit side, we posted operating profit totaling ¥1,828 million (35% compared to the corresponding period of the previous year), ordinary profit totaling ¥3,046 million (39% compared to the corresponding period of the previous year), and profit attributable to owners of parent totaling ¥2,500 million (43% compared to the corresponding period of the previous year).

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2023 amounted to ¥228,790 million, marking an increase of ¥2,164 million from the end of the consolidated fiscal year ended March 31, 2023. The increase was attributable mainly to an increase in property, plant and equipment arising from the expansion of a factory by our subsidiary (JAE Yamagata, Ltd.), which serves as our major domestic producer in the Connector Business, despite a decrease in cash and deposits.

Total liabilities amounted to ¥53,079 million, marking a decrease of ¥2,262 million from the end of the consolidated fiscal year ended March 31, 2023, mainly due to the payment of trade payables and the scheduled payment of borrowings.

Net assets amounted to ¥175,711 million, marking an increase of ¥4,426 million from the end of the consolidated fiscal year ended March 31, 2023, mainly due to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustment due to 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, 2024 (for the first six months and for the full year) and the dividend forecast (for the second-quarter end and for the year-end) remain unchanged from the figures announced on April 27, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 63,025 | 60,119 |
| Notes and accounts receivable - trade | 43,017 | 42,254 |
| Inventories | 28,562 | 30,140 |
| Other | 6,814 | 7,146 |
| Allowance for doubtful accounts | (45) | (101) |
| Total current assets | 141,375 | 139,558 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 24,708 | 28,811 |
| Machinery, equipment and vehicles, net | 18,938 | 20,300 |
| Tools, furniture and fixtures, net | 8,947 | 9,627 |
| Land | 6,840 | 6,913 |
| Construction in progress | 12,040 | 8,971 |
| Total property, plant and equipment | 71,474 | 74,623 |
| Intangible assets | 2,656 | 2,646 |
| Investments and other assets | | |
| Deferred tax assets | 3,438 | 3,522 |
| Other | 7,810 | 8,568 |
| Allowance for doubtful accounts | (129) | (129) |
| Total investments and other assets | 11,119 | 11,961 |
| Total non-current assets | 85,251 | 89,232 |
| Total assets | 226,626 | 228,790 |

(Million yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,842 | 27,757 |
| Short-term borrowings | 7,302 | 6,202 |
| Income taxes payable | 1,906 | 1,157 |
| Provision for bonuses for directors (and other officers) | 110 | 28 |
| Other | 12,473 | 13,082 |
| Total current liabilities | 50,634 | 48,227 |
| Non-current liabilities | | |
| Long-term borrowings | 2,500 | 2,500 |
| Retirement benefit liability | 520 | 520 |
| Other | 1,686 | 1,831 |
| Total non-current liabilities | 4,707 | 4,851 |
| Total liabilities | 55,341 | 53,079 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,690 | 10,690 |
| Capital surplus | 14,740 | 14,792 |
| Retained earnings | 136,791 | 137,014 |
| Treasury shares | (916) | (888) |
| Total shareholders' equity | 161,305 | 161,608 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,000 | 1,349 |
| Foreign currency translation adjustment | 8,196 | 12,008 |
| Remeasurements of defined benefit plans | 658 | 629 |
| Total accumulated other comprehensive income | 9,855 | 13,987 |
| Share acquisition rights | 123 | 114 |
| Total net assets | 171,284 | 175,711 |
| Total liabilities and net assets | 226,626 | 228,790 |

(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, 2022 | For the three months ended June 30, 2023 |
|--|---|---|
| Net sales | 56,452 | 51,734 |
| Cost of sales | 45,227 | 43,717 |
| Gross profit | 11,225 | 8,017 |
| Selling, general and administrative expenses | 5,999 | 6,189 |
| Operating profit | 5,225 | 1,828 |
| Non-operating income | | |
| Interest income | 11 | 62 |
| Dividend income | 89 | 112 |
| Foreign exchange gains | 2,478 | 1,077 |
| Other | 53 | 56 |
| Total non-operating income | 2,633 | 1,308 |
| Non-operating expenses | | |
| Interest expenses | 23 | 15 |
| Loss on retirement of non-current assets | 71 | 44 |
| Other | 15 | 31 |
| Total non-operating expenses | 110 | 91 |
| Ordinary profit | 7,749 | 3,046 |
| Profit before income taxes | 7,749 | 3,046 |
| Income taxes - current | 1,967 | 659 |
| Income taxes - deferred | (71) | (114) |
| Total income taxes | 1,895 | 545 |
| Profit | 5,853 | 2,500 |
| Profit attributable to owners of parent | 5,853 | 2,500 |

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

| | For the three months ended June 30, 2022 | For the three months ended June 30, 2023 |
|--|---|---|
| Profit | 5,853 | 2,500 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (11) | 348 |
| Foreign currency translation adjustment | 4,360 | 3,812 |
| Remeasurements of defined benefit plans, net of tax | (71) | (28) |
| Total other comprehensive income | 4,277 | 4,132 |
| Comprehensive income | 10,131 | 6,633 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,131 | 6,633 |
| 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)

Not applicable.

(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, 2024, 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.

(Segment information, etc.)

[Segment information]

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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 | 22,498 | – | – | – | 22,498 | – | 22,498 |
| Automotive | 18,139 | 1,674 | 270 | – | 20,083 | – | 20,083 |
| Industrial and infrastructure | 6,863 | 1,228 | 2,683 | – | 10,775 | – | 10,775 |
| Others | 2,007 | – | 863 | 225 | 3,095 | – | 3,095 |
| Revenue from contracts with customers | 49,508 | 2,902 | 3,817 | 225 | 56,452 | – | 56,452 |
| Total | 49,508 | 2,902 | 3,817 | 225 | 56,452 | – | 56,452 |
| Segment income (Note 1) | 5,722 | 180 | 534 | 59 | 6,496 | (1,270) | 5,225 |

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the quarterly consolidated statements of income. However, ¥1,270 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 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 | 16,951 | – | – | – | 16,951 | – | 16,951 |
| Automotive | 21,729 | 993 | 303 | – | 23,026 | – | 23,026 |
| Industrial and infrastructure | 4,655 | 1,499 | 3,299 | – | 9,454 | – | 9,454 |
| Others | 1,422 | – | 654 | 225 | 2,301 | – | 2,301 |
| Revenue from contracts with customers | 44,759 | 2,492 | 4,257 | 225 | 51,734 | – | 51,734 |
| Total | 44,759 | 2,492 | 4,257 | 225 | 51,734 | – | 51,734 |
| Segment income (Note 1) | 2,184 | 127 | 792 | 9 | 3,114 | (1,285) | 1,828 |

(Notes) 1. Segment income (loss) represents the operating profit (loss) in the quarterly consolidated statements of income. However, ¥1,285 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.