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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 8, 2024

Company name: YOKOWO CO.,LTD.

Listing: Tokyo

Securities code: 6800

URL: <https://www.yokowo.co.jp/>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

Representative Director, President and Executive Officer
Executive Officer,SCI (Sustainability & Corporate Integrity)
Promotion H.Q.Chief Officer

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(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	%
Three months ended June 30, 2024	20,877	14.8	1,056	-	2,017	74.5	1,728	108.7
June 30, 2023	18,181	(3.9)	(258)	-	1,156	(62.2)	828	(59.2)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 3,305 million [66.5%]
Three months ended June 30, 2023: ¥ 1,985 million [(45.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	74.17	-
June 30, 2023	35.53	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	80,397	53,176	66.0
March 31, 2024	76,408	50,384	65.8

(Reference) Equity: As of June 30, 2024: ¥ 53,090 million
As of March 31, 2024: ¥ 50,303 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	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		24.00	-	24.00	48.00

(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 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
Six months ending September 30, 2024	40,000	8.7	1,800	-	1,150	(32.4)	750	(21.8)	32.17
Full year	80,000	4.0	4,100	153.4	3,000	(19.1)	2,000	32.3	85.80

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

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

Newly included: - (Company name:)
Excluded: - (Company name:)

(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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

June 30, 2024: 23,849,878 shares

March 31, 2024: 23,849,878 shares

2) Number of treasury shares at the end of the period:

June 30, 2024: 539,068 shares

March 31, 2024: 539,008 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 23,310,855 shares

Three months ended June 30, 2023: 23,310,950 shares

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are no guarantees of future performance. Actual results may differ materially from the forecast depending on a range of factors. For a discussion of the assumptions and other factors considered by the Company in preparing projections, please refer to page4 of the attachments, “1. Overview of Operating Results, etc., (3) Future Outlook.”

Contents of Attachments

1. Qualitative Information on Quarterly Financial Results.	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position	3
(3) Future Outlook	4
2. Quarterly Consolidated Financial Statements	6
(1) Quarterly Consolidated Balance Sheets.....	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	8
(3) Notes to Quarterly Consolidated Financial Statements	10
(Notes on going concern assumptions)	10
(Segment and Other Information)	11
(Notes to Quarterly Consolidated statements of Cash Flows).....	12

1. Qualitative Information on Quarterly Financial Results

(1) Overview of Operating Results

Net sales in the first quarter of the consolidated fiscal year under review amounted to ¥20,877 million, an increase of 14.8% year-on-year, reflecting increased year-on-year sales in VCCS, CTC and FC • MD segment. The Company reported an operating profit of ¥1,056 million, a loss of ¥258 million in the previous year, due to profit in VCCS segment improved significantly and stabilized. Also, both CTC and FC • MD segment turned profitable.

Ordinary profit increased by 74.5% year-on-year, to ¥2,017 million, reflecting an exchange gain of ¥967 million attributable to the weakening of the yen and an increased operating profit. Profit attributable to owners of the parent increased by 108.7% year-on-year, to ¥1,728 million reflecting due to an increased ordinary profit and a decrease in the tax burden ratio by improved collection of deferred tax asset.

<VCCS> (Core product: Antenna for Vehicle)

In the automotive market, the main market for this segment, sales are improving trend driven by a stable semiconductors and component supply, amid a decline in demand for electric vehicles (EVs) and an increase in demand for hybrid vehicles (HVs) mainly in the United States. A breakdown by region shows that the number of units sold in China increased while sales in the United States were flat, and sales in the Japanese market decreased.

In these circumstances, mainstay products for automobile manufacturers, such as shark fin antennas and GPS antennas, increased year-on-year by the weakening of the yen and strong sales in other regions although sales of Japanese automobile manufacturers to the Chinese market were slumped.

As a result, sales for this segment increased year-on-year, to ¥14,433 million (up 12.9% year-on-year). The segment reported a profit of ¥653 million (up 321.8% year-on-year), due to increased profit associated with an increase in sales and increased production efficiency through stable orders, despite high labor costs at production bases in China, Vietnam, and the Philippines associated with the strengthening of the local currencies.

<CTC> (Core Product: Semiconductor Testing Socket and Probe Card)

In the semiconductor testing market, the main market for this segment, increased year-on-year due to strong demand for testers related to generative AI. However, demand for PCs and smartphones declined significantly, and demand growth for industrial machinery and automobiles was slowing.

In these circumstances, sales of jigs for semiconductor back-end testing, the mainstay product of the Group, increased year-on-year, due to capturing demand for testers related to generative AI despite a decrease in orders for logic semiconductor testing sockets. Sales of jigs for semiconductor front-end testing decreased year-on-year because of sales in MEMS probe cards (YPX) for high-frequency electronics components testing decreased despite slightly improved sales in the turnkey business which offers one-stop solutions services including peripheral devices.

As a result, sales for this segment increased year-on-year, to ¥3,606 million (up 5.6% year-on-year). The segment reported a profit of ¥378 million (a loss of ¥131 million in the previous fiscal year), due to a decline in cost through lower cost of raw materials and improving efficiency by product mix.

<FC • MD> (FC Core Product: Fine spring connector for electronics) (MD Core Product: Medical devices and units)

In the market for mobile communication terminals, a key market for this segment, sales of wearable terminals are expected to grow given their diversification and greater sophistication, and unit shipments of smartphones were increased year-on-year. Demand for POS terminal market has been growing steadily in a wide range of industries, including those engaging in logistics and manufacturing, with a view toward improvements in operational efficiency through information management.

In these circumstances, sales for FC business, for which fine spring connectors act as core products, increased year-on-year, reflecting sales of POS terminals were on a recovery trend and an increase in sales of a product for wearable devices, such as wireless earbuds, due resolution of customer's production adjustment.

In MD business, sales increase year-on-year due to strong sales of both unit products and catheter components for a major domestic medical device manufacturer which is a major customer.

In addition, sales for the venture ecosystem in which the Company participates as a manufacturing partner were increased.

As a result, sales for this segment increased year-on-year, to 2,749 million (up 46.8% year-on-year). The segment reported a profit of ¥225 million (a loss of ¥109 million in the previous fiscal year) chiefly owing to increased profit associated with an increase in sales in FC business.

<Incubation Center> (Core Product: Antenna and providing solutions for MaaS/IoT)

The Company has been engaged in full-scale business development efforts, aiming to create new businesses and innovate business models for new growth markets such as MaaS, and IoT as well as the optical communication market for higher-speed and larger-capacity communication. Due to organizational changes implemented during the first quarter of the fiscal year ended March 31, 2024, development in these new business fields was split off from existing operating departments and classified under Incubation Center as a new reporting segment comprising Platform Business and Advanced Device Business. The MaaS/IoT market, which is a key market for this segment, is expected to grow steadily, reflecting the advance of mobility including car sharing, and the widespread adoption of IoT connecting everything through the Internet.

In these circumstances, Platform business has made progress in expanding sales of MIMO antennas utilizing smart antenna technologies for IoT, and vehicle key management solutions for MaaS and rental cars. For Advanced Device business, which includes the segment, the Company has developed systems for the mass production of optical connector products utilizing photoelectric conversion device technologies for the optical communications market.

As a result, sales for this segment decreased year-on-year, to 87 million (down 21.1% year-on-year). The segment reported a loss of ¥205 million (a loss of ¥180 million in the previous fiscal year), because the segment, which is in the early stages of its development, generates sales at a small scale and involves up-front investment.

Consolidated Net Sales by Business Segment (year on year)

	1st quarter ended June 30, 2023 Apr. – Jun. (Million yen)	4th quarter ended March 31, 2024 Jan. – Mar. (Million yen)	1st quarter ended June 30, 2024 Apr. – Jun. (Million yen)	Y o Y Increase/ (decrease) (%)	Q o Q Increase/ (decrease) (%)
VCCS	12,779	14,022	14,433	+12.9	+2.9
CTC	3,415	3,403	3,606	+5.6	+6.0
FC・MD	1,873	2,314	2,749	+46.8	+18.8
Incubation Center	110	49	87	(21.1)	+75.9
Others	2	1	1	(62.1)	(32.3)
Total	18,181	19,791	20,877	+14.8	+5.5

(2) Overview of Financial Position

(Assets)

Assets stood at ¥80,397 million in the first quarter of the fiscal year ended March 31, 2025 under review (a gain of ¥3,988 million in the end of the previous fiscal year). This was due primarily to increases of ¥2,395 million in cash and deposits, ¥1,180 million in trade receivables, and ¥341 million in intangible assets.

The increase in cash and deposits is mainly due to an exchange gain to the weakening of the yen. The increase in intangible assets is mainly due to the additional introduction and maintenance of fundamental information systems.

(Liabilities)

Liabilities stood at ¥27,220 million in the first quarter of the fiscal year ended March 31, 2025 under review (a gain of ¥1,196 million from the end of the previous fiscal year) due to decreases of ¥286 million in provision for bonuses and increase in ¥296 million in accounts payables (including other current liabilities), and ¥555 million in lease obligations.

The increase in provision for bonuses mainly reflected an increase in purchasing raw materials for meeting order forecasts in CTC segment.

(Net assets)

Net assets amounted to ¥53,176 million in the first quarter of the fiscal year ended March 31, 2025 under review (a gain of ¥2,792 million from the end of the previous fiscal year). This primarily reflects an increase of ¥1,510 million in foreign currency translation adjustment, the recording of profit attributable to owners of the parent of ¥1,728 million, and dividends paid of ¥582 million.

(Equity ratio)

The equity ratio was 66.0% in the first quarter of the fiscal year ended March 31, 2025 under review (up 0.2 points from the end of the previous consolidated fiscal year).

(3) Future Outlook

The following are our assumptions for the results forecast for the fiscal year ending March 31, 2025.

- In the automobile market, the main market for the Company, a production adjustment at some automobile manufacturers is expected to be continued until the fiscal year ending March 31, 2025.
- In the semiconductor testing market, the downturn that developed from the second half of the fiscal year ended March 31, 2023 has been bottomed out as well as demand for semiconductor testing related to generative AI is expected to continue to increase.
- In the market for mobile communication terminals, stagnation of the sale of POS terminals and other electronic terminals caused by the global recession is expected to be recovered with customers' liquidating excess inventory.
- In the advanced medical equipment market, demand for minimally invasive medical procedures using catheters and similar products is expected to grow steadily.
- In the MaaS/IoT market, steady growth is expected, reflecting the advance of mobility solutions and widespread adoption of IoT.

We base our performance forecasts below on an exchange rate of ¥145 against US\$ from August through September 2024 (the assumed exchange rate announced in May 2024 was the same). After September 2024, we set an exchange rate of ¥140 against US\$ (the assumed exchange rate announced in May 2024 was ¥140 against US\$).

Based on those assumption, our forecast for net sales for the first half and the full year is as shown in the table below.

① Forecasts for the first six months of the fiscal year (first half)

Our forecast for net sales for the first half is as shown in the table below based on the result and the latest order forecast of the first quarter for the fiscal year ending March 31, 2025.

Our forecast for operating profit for the first half is as shown in the table below. This reflects projected year-on-year decreases in net sales in VCCS segment because of production adjustments by customers, despite an anticipated year-on-year increase in profit in CTC segment due to an increase in profit driven by improvements in product mix.

Our forecasts for ordinary profit and profit attributable to owners of parent are as shown in the table below, which incorporate a foreign exchange loss of ¥650 million based on an exchange rate of ¥145 against US\$.

② Full-year forecasts

Our forecast for net sales for the full year is as shown in the table below based on reviewing order forecasts in each segment and decreased sales impact in line with reviewing our exchange rate of ¥140 against US\$ (the assumed exchange rate announced in May 2024 was ¥140 against US\$) in consideration of the strengthening of the yen.

Our forecast for operating profit for the full year is as shown in the table below based on a decrease in net sales in VCCS segment because of production adjustments by customers, slowed down profit margin in CTC segment caused by increased domestic production ratio, and decrease profit associated with a decrease in sales in both CTC and FC・MD segment by reviewing assumed exchanged rate.

Our forecasts for ordinary profit and profit attributable to owners of parent are as shown in the table below, which incorporate a foreign exchange loss of ¥1,100 million based on an exchange rate of ¥140 against US\$.

Previous and revised forecasts for the six months ending September 30, 2024

(Unit : Million yen, %)

	Previous forecast (Announced on May 14, 2024)	Revised forecast (Announced on August 8, 2024)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net Sales	40,000	40,000	—	—
VCCS	27,700	27,700	—	—
CTC	7,500	7,200	(300)	(4.0)
FC・MD	4,650	4,950	+300	+6.5
Incubation Center	150	150	—	—
Other・Adjustments	—	—	—	—
Operating profit	1,800	1,800	—	—
VCCS	1,700	1,300	(400)	(23.5)
CTC	250	650	+400	160.0
FC・MD	300	300	—	—
Incubation Center	(450)	(450)	—	—
Other・Adjustments	—	—	—	—
Ordinary profit	1,000	1,150	+150	+15.0
Profit attributable to owners of parent	650	750	+100	+15.4

Previous and revised forecasts for the Fiscal Year Ending March 31, 2025

(Unit : Million yen, %)

	Previous forecast (Announced on May 14, 2024)	Revised forecast (Announced on August 8, 2024)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net Sales	81,150	80,000	(1,150)	(1.4)
VCCS	55,650	55,100	(550)	(1.0)
CTC	15,500	14,800	(700)	(4.5)
FC・MD	9,650	9,800	+150	+1.6
Incubation Center	350	300	(50)	(14.3)
Other・Adjustments	—	—	—	—
Operating profit	4,550	4,100	(450)	(9.9)
VCCS	3,450	3,050	(400)	(11.6)
CTC	1,200	1,200	—	—
FC・MD	700	650	(50)	(7.1)
Incubation Center	(800)	(800)	—	—
Other・Adjustments	—	—	—	—
Ordinary profit	3,750	3,000	(750)	(20.0)
Profit attributable to owners of parent	2,500	2,000	(500)	(20.0)

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	18,702	21,098
Notes and accounts receivable - trade	13,129	14,309
Merchandise and finished goods	8,445	7,936
Work in process	470	433
Raw materials and supplies	5,860	5,936
Other	2,563	2,827
Allowance for doubtful accounts	(3)	(3)
Total current assets	49,169	52,538
Non-current assets		
Property, plant and equipment	19,754	19,849
Intangible assets	1,642	1,984
Investments and other assets		
Retirement benefit asset	1,114	1,136
Other	4,727	4,888
Total investments and other assets	5,841	6,024
Total non-current assets	27,238	27,858
Total assets	76,408	80,397
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,310	6,606
Short-term borrowings	6,158	6,216
Current portion of long-term borrowings	1,600	1,600
Income taxes payable	518	637
Provision for bonuses	904	617
Other	4,134	5,184
Total current liabilities	19,625	20,862
Non-current liabilities		
Long-term borrowings	4,500	4,500
Retirement benefit liability	547	572
Other	1,350	1,284
Total non-current liabilities	6,398	6,357
Total liabilities	26,023	27,220
Net assets		
Shareholders' equity		
Share capital	7,819	7,819
Capital surplus	7,804	7,804
Retained earnings	28,418	29,634
Treasury shares	(635)	(635)
Total shareholders' equity	43,407	44,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,084	1,154
Foreign currency translation adjustment	5,463	6,974
Remeasurements of defined benefit plans	348	337
Total accumulated other comprehensive income	6,896	8,467
Non-controlling interests	80	86

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Total net assets	50,384	53,176
Total liabilities and net assets	76,408	80,397

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	18,181	20,877
Cost of sales	15,916	17,090
Gross profit	2,265	3,787
Selling, general and administrative expenses	2,523	2,730
Operating profit (loss)	(258)	1,056
Non-operating income		
Interest income	9	21
Dividend income	32	36
Foreign exchange gains	1,446	967
Other	29	26
Total non-operating income	1,517	1,052
Non-operating expenses		
Interest expenses	62	49
Share of loss of entities accounted for using equity method	17	26
Other	21	15
Total non-operating expenses	102	91
Ordinary profit	1,156	2,017
Extraordinary income		
Gain on sale of non-current assets	2	1
Total extraordinary income	2	1
Extraordinary losses		
Loss on retirement of non-current assets	19	10
Loss on sale of non-current assets	0	3
Total extraordinary losses	19	14
Profit before income taxes	1,139	2,004
Income taxes - current	264	323
Income taxes - deferred	51	(49)
Total income taxes	315	274
Profit	823	1,729
Profit (loss) attributable to non-controlling interests	(4)	0
Profit attributable to owners of parent	828	1,728

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	823	1,729
Other comprehensive income		
Valuation difference on available-for-sale securities	145	70
Foreign currency translation adjustment	1,022	1,516
Remeasurements of defined benefit plans, net of tax	(6)	(10)
Total other comprehensive income	1,161	1,575
Comprehensive income	1,985	3,305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,983	3,299
Comprehensive income attributable to non-controlling interests	1	6

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment and Other Information)

Sales, profit or loss, assets, liabilities and other items by reportable segment

First quarter ended June 30, 2023 (Apr. – Jun.)

(Unit : Million yen)

	Reportable segment					Other	Inter-segment transactions	Total
	VCCS	CTC	FC・MD	Incubation Center	Total			
Net Sales								
Japan	3,827	368	867	110	5,174	2	—	5,176
Europe and America	6,072	880	228	—	7,181	—	—	7,181
Asia	2,879	2,166	777	—	5,823	—	—	5,823
Revenue from contracts with customers	12,779	3,415	1,873	110	18,178	2	—	18,181
Sales to third parties	12,779	3,415	1,873	110	18,178	2	—	18,181
Inter-segment transactions and transfers	—	—	—	—	—	121	(121)	—
Total	12,779	3,415	1,873	110	18,178	124	(121)	18,181
Segment profit	155	(131)	(109)	(180)	(266)	0	7	(258)

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

First quarter ended June 30, 2024 (Apr. – Jun.)

(Unit : Million yen)

	Reportable segment					Other	Inter-segment transactions	Total
	VCCS	CTC	FC・MD	Incubation Center	Total			
Net Sales								
Japan	4,413	269	985	87	5,756	1	—	5,757
Europe and America	7,403	992	290	—	8,686	—	—	8,686
Asia	2,616	2,343	1,472	—	6,433	—	—	6,433
Revenue from contracts with customers	14,433	3,606	2,749	87	20,876	1	—	20,877
Sales to third parties	14,433	3,606	2,749	87	20,876	1	—	20,877
Inter-segment transactions and transfers	—	—	—	—	—	130	(130)	—
Total	14,433	3,606	2,749	87	20,876	131	(130)	20,877
Segment profit	653	378	225	(205)	1,052	0	3	1,056

Notes :

1 The total segment profit is the same as the operating profit on the quarterly consolidated statement.

2 The Others category is a business segment not included in reportable segments and includes the temporary staffing business and other businesses.

3 The reconciling amounts for inter-segment sales and transfers are a method for the elimination of inter-segment transactions.

(Notes to Quarterly Consolidated statements of Cash Flows)

The Quarterly Consolidated statement of Cash Flows for the first quarter of the current fiscal year has not been prepared.

Depreciation (including amortization of intangible fixed assets for the first quarter of the consolidated fiscal year under review) are as follows:

	(Unit : Million yen)	
	First quarter ended June 30, 2023	First quarter ended June 30, 2024
	(Apr. – Jun.)	(Apr. – Jun.)
Depreciation	959	984