

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	–	24.00	–		
Fiscal year ending March 31, 2025 (Forecast)				24.00	48.00

(Note) Revision to the dividend forecast 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
Full year	82,000	6.6	4,000	147.2	3,650	(1.6)	2,350	55.4	100.81

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name: Nanshin Co., Ltd.)
 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):

December 31, 2024: 23,849,878 shares
 March 31, 2024: 23,849,878 shares

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

December 31, 2024: 539,193 shares
 March 31, 2024: 539,008 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 23,310,795 shares
 Nine months ended December 31, 2023: 23,310,902 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 financial results forecast stated in this document are based on the information currently available to the Company and certain assumptions that the Company deems to be reasonable. These statements are no guarantees of future performance and 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 and notes on the use of the forecasts, please refer to page4 of the attachments, “1. Qualitative Information on Semi-annual Financial Results (3) Future Outlook.”

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1. Qualitative Information on Semi-annual Financial Results

(1) Overview of Operating Results

Net sales in the nine months ended December 31, 2024 under review amounted to ¥61,830 million, an increase of 8.3% year-on-year, reflecting increased sales in the VCCS, CTC and FC/MD segments. Operation profit came in at ¥3,100 million, an increase of 314.6% year-on-year, because profit of the VCCS segment improved stabilized. Also, both CTC and FC/MD segments turned profitable following the first quarter. Ordinary profit increased by 110.4% year-on-year to ¥3,713 million, reflecting an exchange gain of ¥564 million attributable to the weakening of the yen. Profit attributable to owners of the parent increased by 165.3% year-on-year to ¥2,557 million reflecting the increased ordinary profit despite the extraordinary loss of ¥251 million including business restructuring cost associated with layoff in a subsidiary because of sluggish demand in the Chinese market in the second quarter of the fiscal year. The average exchange rate for the nine months ended December 31, 2024 was ¥152.61 against the US dollar, while the closing rate was ¥158.18 against the US dollar.

The results by segment are as follows.

<VCCS> (Core product: Antenna for Vehicle)

In the automotive market, the main market for this segment, demand for new vehicles is slowing in response to the global economic slowdown, although sales are on an improving trend driven by a stable semiconductors and component supply. A breakdown by region shows that sales in the United States, China, and Japan were flat or slightly decreased.

In these circumstances, mainstay products for automobile manufacturers, such as shark fin antennas and GPS antennas, slightly decreased year-on-year because of a slump in sales of Japanese automobile manufacturers to the Chinese market and an impact of production adjustments by some customers.

As a result, sales for this segment increased year-on-year to ¥41,793 million (up 0.6% year-on-year) due in part to the weakening of the yen. The segment reported the profit of ¥2,092 million (up 4.2% year-on-year), due in part to improved production efficiency through the review of production system and stable receipt of orders, despite increase in shipping and other logistics costs and higher labor costs at production bases in China and Vietnam 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 remained still stagnant, 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 increased year-on-year because of turning upward sales in MEMS probe cards (YPX) for high-frequency electronics components testing and increased 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 ¥11,440 million (up 24.6% year-on-year). The segment reported a profit of ¥961 million (a loss of ¥726 million in the previous fiscal year), due to increased profit associated with an increase in sales and improved product mix despite temporary technical issue response costs.

<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 a recovery of orders received of the POS terminals due in part to resolution of the end of customers' production adjustment and continued solid sales of wearable devices such as wireless earbuds.

In the MD business, sales increased 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 remained solid.

As a result, sales for this segment increased year-on-year, to 8,375 million (up 38.2% year-on-year). The segment reported a profit of ¥651 million (a profit of ¥41 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. 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 had developed systems for the mass production of optical connector products utilizing photoelectric conversion device technologies for the optical communications market. However, the Company disbanded developmentally this business in the second quarter as a photoelectric conversion project for the semiconductor testing market.

As a result, sales for this segment decreased year-on-year, to ¥218 million (down 26.4% year-on-year). The segment reported a loss of ¥616 million (a loss of ¥592 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

	Nine months ended December 31, 2023 (Million yen)	Nine months ended December 31, 2024 (Million yen)	Y o Y change (%)
VCCS	41,561	41,793	+0.6
CTC	9,182	11,440	+24.6
FC/MD	6,058	8,375	+38.2
Incubation Center	296	218	(26.4)
Others	5	3	(44.2)
Total	57,104	61,830	+8.3

Consolidated Net Sales by Business Segment (Quarterly trend in the Fiscal year ending March 31, 2025)

	1st quarter-end Apr.–Jun. (Million yen)	2nd quarter-end Jul.–Sep. (Million yen)	3rd quarter-end Oct.–Dec. (Million yen)
VCCS	14,433	13,281	14,078
CTC	3,606	3,860	3,972
FC/MD	2,749	2,711	2,913
Incubation Center	87	76	54
Others	1	1	1
Total	20,877	19,931	21,021

(2) Overview of Financial Position

(Assets)

Assets stood at ¥80,649 million in the nine months ended December 31, 2024 under review (an increase of ¥4,241 million from the end of the previous fiscal year). This was due primarily to increases of ¥1,184 million in cash and deposits, ¥975 million in trade receivables, ¥1,141 million in inventories, and ¥1,055 million in intangible assets.

The increase in cash and deposits is due to an increase in operating profit. Also, the increase in inventories is attributable to an increase in the value converted into Japanese currency due to the weakening of the yen.

(Liabilities)

Liabilities stood at ¥27,452 million in the nine months ended December 31, 2024 under review (an increase of ¥1,428 million from the end of the previous fiscal year) due to increases of ¥1,417 million in trade payables, ¥356 million in long-term borrowings (including the current portion), and ¥435 million in income taxes payable despite decrease in ¥1,159 million in short-term borrowings.

(Net assets)

Net assets amounted to ¥53,197 million in the nine months ended December 31, 2024 under review (an increase of ¥2,813 million from the end of the previous fiscal year). This primarily reflects an increase of ¥1,305 million in foreign currency translation adjustment, the recording of profit attributable to owners of the parent of ¥2,557 million, and dividends paid of ¥1,072 million.

(Equity ratio)

The equity ratio was 65.8% in the nine months ended December 31, 2024 under review (up 0.0 point from the end of the previous consolidated fiscal year).

(3) Future Outlook

The full-year outlook for the fiscal year ending March 31, 2025 is based on the following assumptions:

- The automotive market, the main market for the Company, remains generally at the same level throughout the current fiscal year.
- While the market for logic semiconductor testing for PCs and smartphones remains sluggish, demand for semiconductor testing for generative AI continues expanding.
- In the market for mobile communication terminals, demand for POS terminals and other electronic terminals recovers moderately as excess inventory is cleared.
- In the advanced medical equipment market, demand for minimally invasive medical procedures using catheters and similar products grows steadily.
- The MaaS/IoT market sees steady growth, reflecting the advance of mobility solutions and widespread adoption of IoT.
- The Company bases its financial results forecasts on an exchange rate of ¥150 (¥145 at the time of the previous forecast announcement) against the US dollar from February 2025 until the end of the current fiscal year.

Net sales have been revised as indicated in the table below based on the results for the nine months ended December 31, 2024 of the current fiscal year and the latest forecast for orders, above the assumptions outlined. Operating profit has also been revised as indicated in the table below based on the fact that, although increased sales are expected to lead to higher profits in the FC/MD segment, a decline in sales and rising logistics costs in the VCCS segment are anticipated to reduce profits there. Additionally, the CTC segment continues to be partially affected by one-off costs to address technical issues. Ordinary profit and profit attributable to owners of the parent have been revised as indicated in the table below, due to anticipated foreign exchange losses of ¥350 million at an assumed exchange rate of ¥150 against the US dollar.

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

	Previous forecast (Announced on November 8, 2024) (Million yen)	Revised forecast (Million yen)	Change (Million yen)	Change (%)
Net Sales	82,000	82,000	–	–
VCCS	55,600	55,400	(200)	(0.4)
CTC	15,300	15,300	–	–
FC/MD	10,800	11,000	+200	+1.9
Incubation Center	300	300	–	–
Others/Adjustments	–	–	–	–
Operating profit	4,450	4,000	(450)	(10.1)
VCCS	2,800	2,750	(50)	(1.8)
CTC	1,650	1,250	(400)	(24.2)
FC/MD	750	850	+100	+13.3
Incubation Center	(750)	(850)	(100)	–
Others/Adjustments	–	–	–	–
Ordinary profit	3,650	3,650	–	–
Profit attributable to owners of parent	2,350	2,350	–	–

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	18,702	19,887
Notes and accounts receivable - trade	13,129	14,105
Merchandise and finished goods	8,445	9,199
Work in process	470	462
Raw materials and supplies	5,860	6,256
Other	2,563	2,383
Allowance for doubtful accounts	(3)	(3)
Total current assets	49,169	52,291
Non-current assets		
Property, plant and equipment	19,754	19,639
Intangible assets	1,642	2,698
Investments and other assets		
Retirement benefit asset	1,114	1,193
Other	4,727	4,826
Total investments and other assets	5,841	6,019
Total non-current assets	27,238	28,357
Total assets	76,408	80,649
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,310	7,728
Short-term borrowings	6,158	4,999
Current portion of long-term borrowings	1,600	1,659
Income taxes payable	518	953
Provision for bonuses	904	737
Other	4,134	4,805
Total current liabilities	19,625	20,882
Non-current liabilities		
Long-term borrowings	4,500	4,797
Retirement benefit liability	547	619
Other	1,350	1,152
Total non-current liabilities	6,398	6,569
Total liabilities	26,023	27,452
Net assets		
Shareholders' equity		
Share capital	7,819	7,819
Capital surplus	7,804	7,804
Retained earnings	28,418	29,903
Treasury shares	(635)	(635)
Total shareholders' equity	43,407	44,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,084	1,124
Foreign currency translation adjustment	5,463	6,769
Remeasurements of defined benefit plans	348	316
Total accumulated other comprehensive income	6,896	8,209
Non-controlling interests	80	95

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Total net assets	50,384	53,197
Total liabilities and net assets	76,408	80,649

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	57,104	61,830
Cost of sales	48,615	50,089
Gross profit	8,488	11,740
Selling, general and administrative expenses	7,741	8,640
Operating profit	747	3,100
Non-operating income		
Interest income	78	65
Dividend income	60	75
Foreign exchange gains	1,062	564
Other	106	106
Total non-operating income	1,308	812
Non-operating expenses		
Interest expenses	190	145
Share of loss of entities accounted for using equity method	36	16
Other	64	37
Total non-operating expenses	291	199
Ordinary profit	1,764	3,713
Extraordinary income		
Gain on sale of non-current assets	5	3
Gain on sale of investment securities	8	-
Other	-	24
Total extraordinary income	13	27
Extraordinary losses		
Loss on retirement of non-current assets	32	12
Loss on sale of non-current assets	0	10
Business restructuring expenses	283	224
Impairment losses	51	-
Other	-	4
Total extraordinary losses	367	251
Profit before income taxes	1,410	3,489
Income taxes - current	741	1,038
Income taxes - deferred	(294)	(118)
Total income taxes	447	920
Profit	962	2,568
Profit (loss) attributable to non-controlling interests	(1)	11
Profit attributable to owners of parent	963	2,557

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	962	2,568
Other comprehensive income		
Valuation difference on available-for-sale securities	252	39
Foreign currency translation adjustment	817	1,309
Remeasurements of defined benefit plans, net of tax	(15)	(32)
Total other comprehensive income	1,054	1,316
Comprehensive income	2,016	3,885
Comprehensive income attributable to		
Owners of parent	2,013	3,869
Non-controlling interests	3	15

(3) Notes to Semi-annual Consolidated Financial Statements

(Going concern assumptions)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment and Other Information)

Sales, profit or loss, and breakdown of revenue by reportable segment

Nine months ended December 31, 2023 (Apr.–Dec.)

(Unit : Million yen)

	Reportable segment					Others	Adjustment	Total
	VCCS	CTC	FC/MD	Incubation Center	Total			
Net Sales								
Japan	13,040	985	2,739	296	17,061	5	–	17,067
Europe and America	19,205	2,267	700	0	22,173	–	–	22,173
Asia	9,315	5,929	2,619	–	17,864	–	–	17,864
Revenue from contracts with customers	41,561	9,182	6,058	296	57,098	5	–	57,104
Sales to third parties	41,561	9,182	6,058	296	57,098	5	–	57,104
Inter-segment transactions and transfers	–	–	–	–	–	357	(357)	–
Total	41,561	9,182	6,058	296	57,098	363	(357)	57,104
Segment profit (loss)	2,009	(726)	41	(592)	731	0	15	747

Notes :

- 1 The total segment profit (loss) is the same as operating profit on the quarterly consolidated statement of income.
- 2 The "Others" category is a business segment not included in any reportable segments and includes the temporary staffing business and other businesses.
- 3 The "Adjustment" represents the amount of elimination of inter-segment transactions.

Nine months ended December 31, 2024 (Apr.–Dec.)

(Unit : Million yen)

	Reportable segment					Others	Adjustment	Total
	VCCS	CTC	FC/MD	Incubation Center	Total			
Net Sales								
Japan	14,476	844	3,292	217	18,831	3	–	18,834
Europe and America	19,929	3,390	966	0	24,286	–	–	24,286
Asia	7,387	7,205	4,116	–	18,708	–	–	18,708
Revenue from contracts with customers	41,793	11,440	8,375	218	61,826	3	–	61,830
Sales to third parties	41,793	11,440	8,375	218	61,826	3	–	61,830
Inter-segment transactions and transfers	–	–	–	–	–	407	(407)	–
Total	41,793	11,440	8,375	218	61,826	411	(407)	61,830
Segment profit (loss)	2,092	961	651	(616)	3,090	0	9	3,100

Notes :

- 1 The total segment profit (loss) is the same as the operating profit on the quarterly consolidated statement.
- 2 The "Others" category is a business segment not included in any reportable segments and includes the temporary staffing business and other businesses.
- 3 The "Adjustment" represents the amount of elimination of inter-segment transactions.

(Quarterly Consolidated statements of Cash Flows)

The Quarterly Consolidated statement of Cash Flows for the nine months ended December 31, 2024 has not been prepared.

Depreciation (including amortization of intangible fixed assets for the nine months ended December 31, 2024) is as follows:

	(Unit : Million yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
	(Apr.–Dec.)	(Apr.–Dec.)
Depreciation	2,989	2,963