Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 (Japanese Accounting Standards)

February 13, 2025

Company name: Elecom Co., Ltd. Stock Listing: Tokyo Stock Exchange
Stock code: 6750 URL: http://www.elecom.co.jp/
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Date of Dividend Payment (Planned): —
Availability of Presentation Materials Supplementary to Financial Results: Yes
Financial Results Presentation Meeting: None

(Figures of less than one million yen are rounded down to the nearest decimal.)

1. Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(% figures indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	87,335	7.7	9,388	1.4	9,280	(3.7)	6,322	(5.6)
December 31, 2023	81,101	3.9	9,258	0.9	9,636	8.2	6,696	5.7

Note: Comprehensive Income Nine months ended December 31, 2024: ¥7,174 million (-7.4%)
Nine months ended December 31, 2023: ¥7,751 million (21.5%)

	Earnings per Share	Diluted Earnings per Share
Nine months ended	Yen	Yen
December 31, 2024	80.55	—
December 31, 2023	80.07	80.06

Notes: 1. In the fiscal year ended March 31, 2024, the Company finalized the provisional accounting treatment associated with a business combination, and each figure for the first nine months of the fiscal year ended March 31, 2024 reflects the details of the finalization of the provisional accounting treatment.
2. Diluted earnings per share for the first nine months ended December 31, 2024 is not shown, as there are no potentially dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	112,768	83,021	73.5	1,085.43
March 31, 2024	117,368	86,449	73.6	1,056.60

Reference: Equity As of December 31, 2024: ¥82,880 million
As of March 31, 2024: ¥86,324 million

2. Dividends

	Annual Dividend				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal 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 (est.)				24.00	48.00

Note: Revisions to the most recently announced dividend forecasts: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(% indicates YoY changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	120,000	8.9	13,400	8.2	13,900	4.0	9,650	(3.4)	118.11

Note: Revisions to the most recently announced earnings forecasts: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly consolidated: —
Removed from consolidation: —

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
1) Changes in accounting policies associated with revisions to accounting standards: Yes
2) Changes in accounting policies other than those in item 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares issued (common shares)

1) Shares issued as of the end of the period (including treasury shares)	Nine months ended December 31, 2024	92,221,420 shares	Fiscal year ended March 31, 2024	92,221,420 shares
2) Treasury shares as of the end of the period	Nine months ended December 31, 2024	15,864,064 shares	Fiscal year ended March 31, 2024	10,520,882 shares
3) Average during the period (cumulative from the start of the fiscal year)	Nine months ended December 31, 2024	78,493,740 shares	Nine months ended December 31, 2023	83,628,564 shares

* Review of the attached consolidated financial statements by certified public accountants or accounting auditors: None

* Explanation regarding proper use of financial forecasts and other special matters

The earnings forecasts and other forward-looking statements presented in these materials reflect information available to the Company and assumptions as of the date of this announcement that are based on uncertain factors that may affect future results, and the Company does not guarantee the achievement of these targets. Actual results may differ significantly as a consequence of numerous factors. For more information on the assumptions underpinning the financial forecasts and important considerations when using the forecasts, please refer to page 3, “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” under “1. Overview of Operating Results, etc.”

As of February 13, 2025, briefing materials on the results are posted on the Company website (http://www.elecom.co.jp/ir/).

Contents

1. Overview of Operating Results, etc.

(1) Overview of operating results during the period

The Group's consolidated operating results in the nine months ended December 31, 2024 were as follows: net sales of ¥87,335 million (+7.7% year on year), gross profit of ¥33,830 million (+6.9% year on year), operating profit of ¥9,388 million (+1.4% year on year), ordinary profit of ¥9,280 million (-3.7% year on year), and profit attributable to owners of parent of ¥6,322 million (-5.6% year on year).

Sales in the corporate business were affected by a slowdown in semiconductor-related investment demand that began in the second half of the previous fiscal year, resulting in a drop in sales of industrial equipment memory, while sales of receiving-related devices and the like also suffered owing to customer inventory adjustments and other factors. On the other hand, the security-related business expanded, driven by heightened awareness of crime prevention. Meanwhile, sales of power supplies, such as mobile batteries and AC chargers that support high-speed charging, remained strong, driven by steady demand, including for disaster prevention-related products since the summer. Sales of I/O devices, such as mice and keyboards, also grew. For both product lines, we continued and enhanced strategic new product launches targeting competitors, contributing to sales growth. Furthermore, overall sales rose year on year, with beauty (hair) appliances achieving strong sales and profit growth, thanks to the newly consolidated Tescom Denki Group, which was acquired through an M&A deal in the previous fiscal year.

Since we purchase products from overseas in US dollars, the cost of sales on a yen basis rose due to a weaker yen, and some products were affected by a severe competitive environment. Nevertheless, gross profit increased year on year as a result of our ongoing efforts to focus on profits through price revisions and cost reductions, as well as higher sales.

Operating profit increased year on year, as gross profit improvements outweighed the rise in SG&A expenses. The increase in SG&A expenses was primarily driven by higher personnel costs, reflecting new hires to strengthen the business foundation, base salary increases, and additional headcount from M&A. Promotion expenses also rose in line with expanded sales activities. Additionally, administrative expenses increased mainly due to M&A-related factors, including goodwill amortization.

Ordinary profit fell year on year despite higher operating profit, reflecting an increase in foreign exchange losses amid continued sharp fluctuations in exchange rates.

We are currently stepping up various initiatives to return to a growth trajectory as a Group. To accelerate the development of strategic new products, we are fully leveraging the Shenzhen Technology Development Center, launched in April 2024, to stay ahead of global competitors and speed up development efforts, while also introducing and expanding sales of new products. Additionally, we are strengthening sales activities to drive profit growth by identifying priority products and services for each sales channel based on market trends, demand, and our contribution to solving customer challenges. We are also continuing to implement measures to improve profitability, including price revisions and thorough cost management across sales, procurement, and development, to better withstand the weak yen and intense market competition. While profits fell below plan in the first half of the fiscal year, these efforts have steadily contributed to improved performance in the second half.

Furthermore, from a medium- to long-term perspective, we will promote initiatives to transform our corporate business into a comprehensive, proposal-based model while also exploring M&A and other opportunities to strengthen and expand product categories and develop sales channels, further enhancing corporate value. Guided by our purpose of "Better being," we will swiftly identify and respond to market changes to achieve our vision of "Creating a unique global brand from Japan that is loved by our customers," as outlined in our medium-term management plan ending in March 2027. Through these efforts, we aim to achieve long-term sustainable growth and enhance our corporate value by creating value through products and services that enhance customer satisfaction and by focusing on human resource development and building a strong business foundation.

The operating results by product category are shown below. Note that the Company presents operating results classified by product and service category since the Elecom Group operates in a single segment that engages in development, manufacturing, and sales of PCs, digital devices, and home appliance-related products, as well as the provision of related services.

(Power & I/O Device-related Products)

Demand for PC units was in the process of recovery, and sales of cables struggled due to price revisions. However, sales of power supplies, such as mobile batteries and AC chargers that support high-speed charging, remained strong, driven by steady demand, including for disaster prevention-related products since the summer. Sales of I/O devices, such as mice and keyboards, also grew. For both product lines, we continued and enhanced strategic new product launches targeting competitors, contributing to sales growth.

As a result, sales of power & I/O device-related products for the nine months ended December 31, 2024 were ¥29,361 million (+7.6% year on year).

(Home Appliances)

As a result of significantly higher sales following the consolidation of the Tescom Denki Group, which is primarily engaged in the business of beauty (hair) and cooking appliances, through an M&A deal in the previous fiscal year, sales of home appliances in the nine months ended December 31, 2024 were ¥9,729 million (+109.4% year on year).

(B2B Solutions)

Sales grew in the security-related business on the back of heightened interest in crime prevention following recent incidents of theft and robberies. Additionally, the inclusion of groxi Inc. in the scope of consolidation after an M&A deal in the previous fiscal year contributed to sales. However, sales of industrial equipment memory at a group company declined sharply due to a slowdown in semiconductor-related investment demand since the second half of the previous fiscal year. Sales of receiving-related devices also stagnated due to customer inventory adjustments and other factors.

As a result, sales of B2B solutions for the nine months ended December 31, 2024 were ¥24,072 million (-6.2% year on year).

(Peripheral Devices and Accessories)

For peripheral devices, sales of storage equipment were up, but profits suffered mainly in the first half of the fiscal year due to the severe competitive environment. Sales of accessories rose, as higher sales of printer-related products offset sluggish sales of smartphone-related products, resulting from price revisions and other factors.

As a result, sales of peripheral devices and accessories for the nine months ended December 31, 2024 were ¥23,608 million (+2.4% year on year).

Note: From the fiscal year ending March 31, 2025, we have revised the product categories from the previous PC-related Products, Smartphone/Tablet-related Products, TV/AV-related Products, Peripheral Devices, and Other to Power & I/O Device-related Products, Home Appliances, B2B Solutions, Peripheral Devices and Accessories, and Other, based on the growth strategy set forth in the medium-term management plan and changes in business profile. For comparative purposes, the figures for the nine months ended December 31, 2023 below have been recalculated to reflect these new product categories.

[Consolidated net sales by product category] (Millions of yen; %)

Product category	Nine months ended December 31, 2023		Nine months ended December 31, 2024		YoY change (%)
	Amount	%	Amount	%	
Power & I/O Device-related Products	27,298	33.7	29,361	33.6	7.6
Home Appliances	4,646	5.7	9,729	11.1	109.4
B2B Solutions	25,650	31.6	24,072	27.6	(6.2)
Peripheral Devices and Accessories	23,046	28.4	23,608	27.0	2.4
Other	459	0.6	563	0.7	22.8
Total	81,101	100.0	87,335	100.0	7.7

(2) Overview of financial position during the period

Total assets as of December 31, 2024 were down ¥4,600 million from the end of the previous fiscal year to ¥112,768 million. This is mainly attributed to a decrease in cash and deposits due to purchase of treasury shares.

Liabilities declined ¥1,172 million to ¥29,746 million. This was due to a decrease of income taxes payable and other factors.

Net assets decreased ¥3,427 million to ¥83,021 million. This is mainly attributed to a decrease in shareholders' equity resulting from a purchase of treasury shares, which more than offset an increase in retained earnings.

Cash flow conditions in the nine months ended December 31, 2024 were as follows.

Net cash provided by operating activities totaled ¥8,266 million (increase of ¥3,969 million in the same period of the previous year). The main sources of cash were the recording of ¥9,128 million in profit before income taxes and ¥2,433 million in depreciation, which were partially offset by ¥2,954 million in income taxes paid.

Net cash used in investing activities amounted to ¥3,384 million (decrease of ¥2,574 million in the same period of the previous year). The main contributing factor was ¥2,235 million for the purchase of property, plant and equipment.

Net cash used in financing activities came to ¥10,640 million (decrease of ¥8,162 million in the same period of the previous year). The main factors were ¥3,629 million in dividends paid and ¥7,005 million in the purchase of treasury shares.

As a result, cash and cash equivalents as of December 31, 2024 decreased ¥5,067 million from the end of the previous fiscal year to ¥36,417 million.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The consolidated earnings forecasts have not changed from the figures disclosed in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards)” announced on May 15, 2024.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Nine months ended December 31, 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	41,484	36,417
Notes and accounts receivable–trade	21,734	23,004
Securities	10,871	11,752
Merchandise and finished goods	12,758	11,422
Work in process	589	636
Raw materials and supplies	1,575	1,660
Right of return asset	429	404
Forward exchange contracts	6,941	6,528
Other	1,412	1,447
Allowance for doubtful accounts	(0)	(0)
Total current assets	97,796	93,272
Non-current assets		
Property, plant and equipment	11,290	11,396
Intangible assets		
Goodwill	2,078	1,683
Other	2,435	2,215
Total intangible assets	4,513	3,899
Investments and other assets	3,768	4,199
Total non-current assets	19,572	19,495
Total assets	117,368	112,768
Liabilities		
Current liabilities		
Notes and accounts payable–trade	15,154	15,048
Electronically recorded obligations–operating	2,207	1,883
Short-term borrowings	500	500
Income taxes payable	1,811	1,209
Refund liability	1,708	1,147
Provision for bonuses	1,174	697
Other provisions	141	170
Other	5,100	5,789
Total current liabilities	27,798	26,447
Non-current liabilities		
Retirement benefit liability	2,098	2,073
Provision for retirement benefits for directors (and other officers)	66	25
Other	956	1,201
Total non-current liabilities	3,120	3,299
Total liabilities	30,919	29,746

(Millions of yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Nine months ended December 31, 2024 (As of December 31, 2024)
Net assets		
Shareholders’ equity		
Share capital	12,577	12,577
Capital surplus	12,909	12,911
Retained earnings	68,880	71,573
Treasury shares	(15,887)	(22,880)
Total shareholders’ equity	78,480	74,182
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	680	888
Deferred gains or losses on hedges	4,135	4,146
Foreign currency translation adjustment	3,048	3,673
Remeasurements of defined benefit plans	(20)	(11)
Total accumulated other comprehensive income	7,844	8,697
Share acquisition rights	107	125
Non-controlling interests	16	15
Total net assets	86,449	83,021
Total liabilities and net assets	117,368	112,768

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)

First nine months of the consolidated fiscal year ending March 31, 2025

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net sales	81,101	87,335
Cost of sales	49,467	53,504
Gross profit	31,633	33,830
Selling, general and administrative expenses	22,375	24,442
Operating profit	9,258	9,388
Non-operating income		
Interest income	541	517
Dividend income	50	58
Purchase discounts	0	0
Compensation income	1	3
Insurance claim income	1	0
Other	64	55
Total non-operating income	660	636
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	255	689
Office relocation expenses	0	5
Commission for purchase of treasury shares	0	26
Other	25	21
Total non-operating expenses	282	743
Ordinary profit	9,636	9,280
Extraordinary income		
Gain on sale of non-current assets	16	7
Gain on sale of investment securities	49	―
Gain on reversal of share acquisition rights	101	9
Other	1	―
Total extraordinary income	168	16
Extraordinary losses		
Loss on retirement of non-current assets	26	41
Loss on liquidation of business	―	127
Other	0	1
Total extraordinary losses	27	169
Profit before income taxes	9,777	9,128
Income taxes–current	2,865	2,325
Income taxes–deferred	214	481
Total income taxes	3,079	2,807
Profit	6,697	6,321
Profit (loss) attributable to non-controlling interests	1	(1)
Profit attributable to owners of parent	6,696	6,322

(Quarterly Consolidated Statement of Comprehensive Income)

First nine months of the consolidated fiscal year ending March 31, 2025

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Profit	6,697	6,321
Other comprehensive income		
Valuation difference on available-for-sale securities	187	208
Deferred gains or losses on hedges	230	11
Foreign currency translation adjustment	636	625
Remeasurements of defined benefit plans, net of tax	(0)	8
Total other comprehensive income	1,053	853
Comprehensive income	7,751	7,174
Comprehensive income attributable to:		
Owners of parent	7,748	7,176
Non-controlling interests	2	(1)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	9,777	9,128
Depreciation	2,072	2,433
Amortization of goodwill	251	394
Interest and dividend income	(592)	(575)
Interest expenses	0	1
Decrease (increase) in trade receivables	(2,537)	(904)
Decrease (increase) in inventories	(1,363)	1,222
Increase (decrease) in trade payables	1,259	(937)
Increase (decrease) in provisions	(387)	(508)
Other, net	(1,495)	402
Subtotal	6,985	10,656
Interest and dividends received	580	566
Interest paid	(0)	(1)
Income taxes paid	(3,595)	(2,954)
Net cash provided by (used in) operating activities	3,969	8,266
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,904)	(2,235)
Proceeds from sale of property, plant and equipment	376	13
Purchase of intangible assets	(480)	(324)
Purchase of securities	(2,540)	(337)
Proceeds from sale of securities	6,877	—
Purchase of investment securities	(20)	(24)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,161)	—
Other, net	279	(476)
Net cash provided by (used in) investing activities	(2,574)	(3,384)
Cash flows from financing activities		
Proceeds from disposal of treasury shares	360	—
Purchase of treasury shares	(3,802)	(7,005)
Decrease (increase) in deposits paid for purchase of treasury shares	(1,197)	0
Dividends paid	(3,522)	(3,629)
Other, net	(0)	(4)
Net cash provided by (used in) financing activities	(8,162)	(10,640)
Effect of exchange rate change on cash and cash equivalents	713	690
Net increase (decrease) in cash and cash equivalents	(6,053)	(5,067)
Cash and cash equivalents at beginning of period	41,253	41,484
Cash and cash equivalents at end of period	35,200	36,417

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

No applicable matters to report.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company repurchased 5,352,000 shares of treasury shares in accordance with a resolution at the Board of Directors meeting held on May 23, 2024. As a result, treasury shares increased ¥7,005 million during the first six months of the consolidated fiscal year, amounting to ¥22,880 million at the end of the first nine months of the consolidated fiscal year.

(Notes Regarding Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

No applicable matters to report.

(Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes and Related Guidance)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, "the 2022 revised accounting standard") and related guidance were applied from the beginning of the first nine months of the consolidated fiscal year ending March 31, 2025.

The revision to the account classification for current income taxes (taxes on other comprehensive income) follows the transitional treatment specified in the provisory clause of Paragraph 20-3 of the 2022 revised accounting standard and the transitional treatment specified in the provisory clause of Paragraph 65-2, Provision (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022; hereafter, "the 2022 revised guidance"). The change in accounting policy had no effect on the consolidated financial statements for the first nine months of the fiscal year ending March 31, 2025.

We applied the 2022 revised guidance on revisions concerning treatment in the consolidated financial statements when deferring taxes on gain or loss on the sale of the shares of subsidiaries, etc., between consolidated companies from the beginning of the first nine months of the consolidated fiscal year ending March 31, 2025. The change in accounting policy was applied retroactively, and we have restated the quarterly and full-year consolidated financial statements for the previous year to reflect the changes after the revision. The change in the accounting policy had no effect on the quarterly consolidated financial statements and the full-year consolidated financial statements for the previous year.

(Changes in Accounting Estimates)

No applicable matters to report.

(Important Subsequent Events)

No applicable matters to report.

(Segment Information and Related Information)

[Segment Information]

I. First nine months of the fiscal year ended March 31, 2024 (from April 1, 2023 to December 31, 2023)

Segment-specific information has been omitted as the Company operates in a single segment that engages in development, manufacturing, and sales of PCs and digital device-related products.

II. First nine months of the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

Segment-specific information has been omitted as the Company operates in a single segment that engages in development, manufacturing, and sales of PCs, digital devices, and home appliance-related products, as well as the provision of related services.