

Consolidated Financial Results for the Three Months Ended June 30, 2024 < Under Japanese GAAP >



July 29, 2024

Company name: Stanley Electric Co., Ltd.

Securities code: 6923

(URL: <https://www.stanley.co.jp/>)

Stock exchange listing: Tokyo Stock Exchange

Representative: Yasuaki Kaizumi, President and Representative Director

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Scheduled date of commencement of dividend payments: –

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: No

(Figures are rounded down to the nearest million yen.)

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

(1) Consolidated Results of Operations (cumulative)

(% figures denote year-on-year change.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2024	121,441	8.7	9,535	160.2	11,714	69.1	5,824	148.1
June 30, 2023	111,726	19.5	3,664	12.8	6,927	36.7	2,347	(8.8)

Note: Comprehensive income: Three months ended June 30, 2024: ¥23,841 million [(25.7)%]

Three months ended June 30, 2023: ¥32,095 million [19.7%]

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
Three months ended June 30, 2024	36.31	36.31
June 30, 2023	14.27	14.27

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Three months ended June 30, 2024	787,288	651,416	68.2
Fiscal year ended March 31, 2024	708,264	589,362	74.0

(Reference) Equity: As of June 30, 2024: ¥536,822 million; As of March 31, 2024: ¥524,409 million

2. Dividends

	Cash Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	27.00	-	28.00	55.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		30.00	-	31.00	61.00

Note: Revision to the dividend forecast from recently released figures: No

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

(% figures denote year-on-year change.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half	230,000	1.7	18,600	32.1	21,500	6.5	9,400	17.3	58.61
Full year	500,000	5.8	50,000	39.5	56,200	16.9	31,100	17.4	193.89

Note: Revision to the consolidated business forecasts from recently released figures: No

4. Others

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: one company (Company name: Thai Stanley Electric Public Co., Ltd.)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and corrections of errors
 - 1) Changes in line with revision to accounting standards: No
 - 2) Other changes in accounting policies: No
 - 3) Changes in accounting estimates: No
 - 4) Corrections of errors: No
- (4) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at the end of the period (including treasury stock)

Three months ended June 30, 2024:	171,200,000 shares
Fiscal year ended March 31, 2024:	171,200,000 shares
 - 2) Number of shares of treasury stock at the end of the period

Three months ended June 30, 2024:	10,819,194 shares
Fiscal year ended March 31, 2024:	10,820,114 shares
 - 3) Average number of shares during the period

Three months ended June 30, 2024:	160,380,381 shares
Three months ended June 30, 2023:	164,540,584 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation for the appropriate use of performance forecasts and other special notes:

At this point in time, there are no changes to the consolidated business forecasts.

The Company made these projections in forecasts based on currently available economic and business information; as such, these projections include certain risks and other uncertainties, and the Company does not intend to guarantee the achievement of these projections. Actual business performance may differ significantly from current projections resulting from various critical factors.

5. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	194,642	246,309
Notes and accounts receivable-trade	75,060	76,166
Securities	3,998	1,999
Inventories	55,521	59,750
Other	29,406	34,729
Allowance for doubtful accounts	(17)	(22)
Total current assets	358,610	418,933
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,909	84,131
Machinery, equipment and vehicles, net	65,901	83,830
Tools, furniture and fixtures, net	14,883	18,210
Land	14,963	20,940
Lease assets, net	3,110	3,406
Construction in progress	17,072	20,428
Total property, plant and equipment	190,840	230,946
Intangible assets		
Goodwill	673	682
Other	8,152	9,258
Total intangible assets	8,825	9,941
Investments and other assets		
Investment securities	130,901	98,192
Net defined benefit asset	5,383	5,823
Deferred tax assets	4,489	5,198
Other	9,212	18,252
Total investments and other assets	149,987	127,467
Total noncurrent assets	349,653	368,355
Total assets	708,264	787,288

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	40,575	41,857
Current portion of bonds payable	10,000	-
Lease obligations	1,489	1,537
Income taxes payable	4,949	5,853
Provision for product warranties	9,474	8,135
Provision for bonuses	5,115	3,360
Provision for directors' bonuses	276	83
Provision for extra retirement payments	-	344
Other	25,826	30,587
Total current liabilities	97,708	91,759
Noncurrent liabilities		
Bonds payable	-	20,000
Lease obligations	2,788	2,953
Deferred tax liabilities	16,534	17,322
Provision for directors' retirement benefits	58	81
Other provisions	28	28
Net defined benefit liability	1,134	3,066
Asset retirement obligations	478	479
Other	170	179
Total noncurrent liabilities	21,193	44,112
Total liabilities	118,901	135,872
Net assets		
Shareholders' equity		
Capital stock	30,514	30,514
Capital surplus	29,669	29,833
Retained earnings	386,872	388,207
Treasury stock	(28,862)	(28,860)
Total shareholders' equity	418,194	419,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,860	45,408
Foreign currency translation adjustment	58,233	68,683
Remeasurements of defined benefit plans	3,122	3,035
Total accumulated other comprehensive income	106,215	117,127
Subscription rights to shares	388	406
Non-controlling interests	64,564	114,187
Total net assets	589,362	651,416
Total liabilities and net assets	708,264	787,288

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three-month period

(Millions of Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	111,726	121,441
Cost of sales	96,490	97,951
Gross profit	15,235	23,489
Selling, general and administrative expenses	11,570	13,954
Operating income	3,664	9,535
Non-operating income		
Interest income	1,103	1,309
Dividends income	53	357
Equity in earnings of affiliates	493	107
Foreign exchange gains	1,445	536
Miscellaneous income	257	202
Total non-operating income	3,352	2,513
Non-operating expenses		
Interest expenses	27	88
Bond issuance costs	-	95
Miscellaneous loss	61	151
Total non-operating expenses	89	334
Ordinary income	6,927	11,714
Extraordinary income		
Gain on sales of noncurrent assets	42	18
Gain on bargain purchase	-	3,502
Total extraordinary income	42	3,521
Extraordinary losses		
Loss on step acquisitions	-	1,130
Impairment losses	103	224
Loss on retirement of noncurrent assets	981	976
Extra retirement payments	-	724
Loss on abandonment of inventories	-	301
Special research expenses	-	49
Total extraordinary losses	1,084	3,407
Income before income taxes	5,885	11,828
Income taxes	2,233	3,678
Net income	3,652	8,150
Net income attributable to non-controlling interests	1,305	2,326
Net income attributable to owners of parent	2,347	5,824

Quarterly Consolidated Statements of Comprehensive Income
 Three-month period

(Millions of Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	3,652	8,150
Other comprehensive income		
Valuation difference on available-for-sale securities	10,831	470
Foreign currency translation adjustment	16,325	15,088
Remeasurements of defined benefit plans	(20)	(85)
Share of other comprehensive income of affiliates accounted for using equity method	1,306	217
Total other comprehensive income	28,442	15,690
Comprehensive income	32,095	23,841
Comprehensive income attributable to owners of parent	27,379	16,735
Comprehensive income attributable to non-controlling interests	4,715	7,105

(3) Segment Information, etc.

Segment information

I. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Sales and income or loss by reportable segment

(Millions of Yen)

	Automotive Equipment Business	Electronic Components Business	Applied Electronic Products Business	Others (Note 1)	Adjustment (Note 2)	Total amount recognized in quarterly consolidated statements of income (Note 3)
Sales						
Sales to outside customers	92,432	5,411	13,837	44	-	111,726
Intersegment sales or transfer	300	3,913	11,957	525	(16,697)	-
Total	92,733	9,324	25,794	570	(16,697)	111,726
Segment income (loss)	3,355	345	1,739	(19)	(1,755)	3,664

Notes: 1. "Others" mainly includes the following project and services not included in the reportable segments: the project for promotion of employment of the physically disabled; and financial and management services provided within the Stanley Group.

2. (1,755) million yen adjustment to segment income (loss) mainly includes company-wide expenses not included in the reportable segments of (1,702) million yen. The company-wide expenses are mainly general research and development expenses and administrative expenses, which are not attributable to the reportable segments.

3. Segment income (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

The information is omitted due to lack of materiality.

(Significant gain on bargain purchase resulted from recognition of negative goodwill)

Not applicable.

II. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Sales and income or loss by reportable segment

(Millions of Yen)

	Automotive Equipment Business	Electronic Components Business	Applied Electronic Products Business	Others (Note 1)	Adjustment (Note 2)	Total amount recognized in quarterly consolidated statements of income (Note 3)
Sales						
Sales to outside customers	104,438	4,831	12,166	4	-	121,441
Intersegment sales or transfer	193	4,177	15,940	800	(21,112)	-
Total	104,632	9,009	28,106	804	(21,112)	121,441
Segment income	9,507	469	1,647	40	(2,129)	9,535

Notes: 1. "Others" mainly includes the following project and services not included in the reportable segments: the project for promotion of employment of the physically disabled; and financial and management services provided within the Stanley Group.

2. (2,129) million yen adjustment to segment income mainly includes company-wide expenses not included in the reportable segments of (2,097) million yen. The company-wide expenses are mainly general research and development expenses and administrative expenses, which are not attributable to the reportable segments.

3. Segment income is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets or goodwill by reportable segment
(Significant impairment loss on noncurrent assets)

The information is omitted due to lack of materiality.

(Significant gain on bargain purchase resulted from recognition of negative goodwill)

In the “Automotive Equipment Business,” gain on bargain purchase was recorded upon the Company additionally acquiring shares in Thai Stanley Electric Public Co., Ltd., formerly an affiliate, which resulted in negative goodwill as a result of becoming a consolidating subsidiary. The recorded amount of gain on bargain purchase from this acquisition was 3,502 million yen. Gain on bargain purchase is recorded as extraordinary income rather than the segment income. Note that the gain over this acquisition (negative goodwill) is on a provisional basis as of June 30, 2024, since the precise allocation of the purchase cost is under detailed valuation analysis.

(4) Notes on quarterly consolidated statements of cash flows

The Company did not prepare quarterly consolidated statements of cash flows for the three months ended June 30, 2024. Depreciation and amortization (including amortization of intangible assets) for the period was as follows:

	(Millions of Yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation and amortization	8,685	11,142

(5) Significant Subsequent Events

(Purchase of treasury stock)

The Company resolved to purchase treasury stock in accordance with the provisions of Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act at the meeting of the Board of Directors held on July 29, 2024 as follows:

(a) Reasons for purchase of treasury stock

The Company will purchase treasury stock in order to enhance shareholder returns and improve capital efficiency.

(b) Details of purchase

1) Type of shares to be purchased

Common stocks of the Company

2) Total number of shares to be purchased

13,000,000 shares (maximum)

3) Total purchase price of shares

30,000 million yen (maximum)

4) Purchase period

From August 13, 2024 to March 31, 2025

5) Purchase method

Market purchase

(Retirement of treasury stock)

The Company resolved to retire treasury stock in accordance with Article 178 of the Companies Act at the meeting of the Board of Directors held on July 29, 2024 as follows:

(a) Details of the resolution by the Board of Directors regarding the retirement of treasury stock

- 1) Type of shares to be retired
Common stocks of the Company
- 2) Total number of shares to be retired
3,700,000 shares
- 3) Scheduled date of retirement
August 9, 2024

(b) The total number of shares issued and outstanding after the retirement above will be 167,500,000 shares.