Consolidated Financial Results for the Fiscal Year Ended March 31, 2024
(Japanese Accounting Standards)

May 15, 2024

Company name: Elecom Co., Ltd. Stock Listing: Tokyo Stock Exchange
Stock code: 6750 URL: http://www.elecom.co.jp/
Representative: Yukio Shibata, Director and Co-president
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Annual General Meeting of Shareholders (Planned): June 26, 2024
Date of Dividend Payment (Planned): June 27, 2024
Scheduled Date to File Securities Report (Planned): June 27, 2024
Availability of Presentation Materials Supplementary to Financial Results: Yes
Financial Results Presentation Meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% figures indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	110,169	6.2	12,380	9.5	13,360	17.4	9,985	22.8
March 31, 2023	103,727	(3.4)	11,305	(18.9)	11,376	(21.0)	8,129	(21.8)

Note: Comprehensive Income Fiscal year ended March 31, 2024: ¥13,483 million (62.9%)
Fiscal year ended March 31, 2023: ¥8,277 million (-34.4%)

	Earnings per Share	Diluted Earnings per Share	Return on Equity	Ratio of Ordinary Profit to Total Assets	Operating Profit Margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	119.94	119.93	11.9	11.9	11.2
March 31, 2023	95.32	—	10.0	10.5	10.9

Reference: Share of profit (loss) of investments accounted for using the equity method Fiscal year ended March 31, 2024: ¥ —million Fiscal year ended March 31, 2023: ¥ —million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	117,368	86,449	73.6	1,056.60
March 31, 2023	106,846	81,204	75.8	957.74

Reference: Equity As of March 31, 2024: ¥86,324 million
As of March 31, 2023: ¥80,959 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	9,669	(2,428)	(8,169)	41,484
March 31, 2023	9,161	(7,110)	(3,255)	41,253

2. Dividends

	Annual Dividend					Total dividends	Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	20.00	—	20.00	40.00	3,381	42.0	4.3
Fiscal year ended March 31, 2024	—	22.00	—	22.00	44.00	3,629	36.7	4.4
Fiscal year ending March 31, 2025 (est.)	—	24.00	—	24.00	48.00		40.6	

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

(% figures for the full year represent the change from the previous fiscal year; % figures for the six months period represent the change from the same period of the previous fiscal year)

	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
Six months ending September 30, 2024	57,413	11.1	6,200	1.5	6,454	(3.9)	4,462	(2.0)	54.62
Fiscal year ending March 31, 2025	120,000	8.9	13,400	8.2	13,900	4.0	9,650	(3.4)	118.11

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation): None

Newly consolidated: —

Removed from consolidation: —

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies associated with revisions to accounting standards: None

2) Changes in accounting policies other than those in item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(3) Number of shares issued (common shares)

1) Shares issued as of the end of the period (including treasury shares)	Fiscal year ended March 31, 2024	92,221,420 shares	Fiscal year ended March 31, 2023	92,221,420 shares
2) Treasury shares as of the end of the period	Fiscal year ended March 31, 2024	10,520,882 shares	Fiscal year ended March 31, 2023	7,688,962 shares
3) Average during the period	Fiscal year ended March 31, 2024	83,252,050 shares	Fiscal year ended March 31, 2023	85,286,904 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results

(% indicates YoY changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	82,848	4.0	6,792	7.8	8,258	4.1	6,611	9.7
March 31, 2023	79,676	(4.8)	6,299	(34.6)	7,932	(31.2)	6,024	(28.3)

	Earnings per Share	Diluted Earnings per Share
Fiscal year ended	Yen	Yen
March 31, 2024	79.41	79.40
March 31, 2023	70.64	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	100,449	65,013	64.6	794.43
March 31, 2023	93,382	64,765	69.1	763.45

Reference: Equity As of March 31, 2024: ¥64,905 million
As of March 31, 2023: ¥64,536 million

* These financial statements are outside the scope of audit procedures by certified public accountants or accounting auditors.

* Appropriate use of earnings forecasts and other special notes

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 4 "(4) Outlook" under "1. Overview of Operating Results, etc. "

As of May 15, 2024, 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 for the fiscal year ended March 31, 2024

In the consolidated fiscal year ended March 31, 2024, the global economy overall gradually slowed down. Economic conditions varied between regions, with the US economy holding firm while the European economy stagnated, against a backdrop of ongoing monetary tightening to quell inflation in countries around the world and geopolitical risks, including the Russia-Ukraine war and the Israel-Hamas war in Gaza. The Japanese economy, on the other hand, slowly recovered backed by a strong corporate capex appetite, a rebound in inbound demand, and improved employment conditions. That being said, the outlook remained clouded due to sluggish individual consumption, weakening semiconductor demand, and sharp fluctuations in the exchange rate, which continued to pose a concern for companies like Elecom that conduct many purchases in US dollars.

In this environment, the Elecom Group bolstered efforts to develop products to fight off competition in the PC-related and smartphone/tablet-related products categories, and strategically launched products tailored to physical stores and the growing e-commerce channel. The Company has actively entered the B2B market, which boasts a substantial size and growth potential, by, for instance, developing solution packages, such as its security-related business that combines security cameras, cloud-based services, peripheral devices, software, and network construction, through drawing on the strengths of Group companies and collaborating with non-Group companies. In terms of M&A, on June 30, 2023, the Company made groxi Inc., which provides a one-stop service covering network design, construction, maintenance, and operations—functions the Company has sought after, a subsidiary. On July 6, 2023, the Company made the Tescom Denki Group, which has established recognition as a key player in the market for hair dryers and other home beauty devices categories, a subsidiary, with the goal of accelerating the growth of the Group's home appliance business. The Company rolled out measures to combine the growth potential of the newly acquired companies with the Elecom Group's strengths.

As a result of the above, net sales amounted to ¥110,169 million (+6.2% YoY), gross profit ¥42,572 million (+11.0% YoY), operating profit ¥12,380 million (+9.5% YoY), ordinary profit ¥13,360 million (+17.4% YoY), and profit attributable to owners of parent ¥9,985 million (+22.8% YoY).

Net sales grew year-on-year. While intense competition and sluggish demand weighed on sales of peripheral devices and TV/AV-related products in particular, sales of mobile batteries and AC chargers that support high-speed charging grew sharply due to a strategic sales expansion, including the launch of new products. Sales of products for new iPhone models were also brisk. The launch of the security-related business centered on security cameras and the consolidation of new group companies through M&A also contributed to sales growth.

Gross profit also expanded. Because the Company procures products from overseas in US dollars, a weaker yen means higher cost of sales in yen terms. To mitigate this, from the previous fiscal year, the Company has worked on measures focused on securing profit, including price revisions (price increases) and thorough rebate management. These efforts, combined with sales growth, led to an increase in gross profit and the gross profit margin.

SG&A expenses increased due to higher personnel and administrative expenses resulting from the consolidation of the Tescom Denki Group and groxi, higher personnel expenses due to base salary increases in efforts to bolster personnel investment, M&A expenses, and higher travel, transportation and other administrative expenses following the normalization of economic activities with the end of the pandemic. The increase in SG&A expenses, however, was more than offset by the growth in gross profit, leading to higher operating profit.

Ordinary profit increased, due to an increase in interest income and foreign exchange gains versus a loss recorded a year ago due to the sharp depreciation of the yen, in addition to higher operating profit.

Profit attributable to owners of parent was up as well, owing to a one-time decline in income taxes due to the sale of shares in subsidiaries and associates, in addition to the above factors.

The operating results by product category are shown below. Note that the Company presents operating results classified by product category since the Elecom Group operates in a single segment that engages in development, manufacturing, and sales of PC and digital device-related products.

(PC-related Products)

Sales of PC-related products came to ¥30,364 million (+2.1% YoY) in the consolidated fiscal year ended March 31, 2024. This was attributed to strong sales of keyboards, including gaming keyboards, through e-commerce channels, increased sales of mice propelled by the launch of unique models, and an increase in PC filter orders from corporate clients, which made up for weak sales of PC cables and USB hubs caused by sluggish demand for PCs.

(Smartphone/Tablet-related Products)

Sales of smartphone/tablet-related products amounted to ¥22,060 million (+12.4% YoY) in the consolidated fiscal year ended

March 31, 2024. The sales growth was due to sharp increases in sales of mobile batteries and AC chargers supporting high-speed charging, the former through mass retailers and the latter e-commerce channels, supported by a strategic sales expansion, including the launch of new products. Also contributing to sales were brisk sales of type-C cables and accessories, mainly smartphone cases and films, prompted by the launch of new iPhone models.

(TV/AV-related Products)

Sales of TV/AV-related products totaled ¥16,887 million (-3.1% YoY) in the consolidated fiscal year ended March 31, 2024. The sales decline was due to sluggish demand for headset microphones and AV cables, despite growth in telecommunications construction work at DX Antenna mainly for newly built properties in Greater Tokyo.

(Peripheral Devices)

Sales of peripheral devices came to ¥27,477 million (-6.1% YoY) in the consolidated fiscal year ended March 31, 2024. While sales of network equipment and storage devices declined due to intensifying competition, competition surrounding storage devices eased, with the competitive landscape for network equipment expected to improve going forward. Sales of memory-related devices fell sharply, especially those for industrial equipment, against a backdrop of weakening semiconductor-related demand, but profit improved owing to price revisions and growth in SSD sales. The security-related business grew significantly.

(Other)

Sales in the Other category amounted to ¥13,380 million (+74.8% YoY) in the consolidated fiscal year ended March 31, 2024. Sales grew despite a drop in sales of customized PCs for corporate clients, owing to contributions from the newly consolidated Tescom Denki Group and groxi.

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

Product category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		YoY change (%)
	Amount	%	Amount	%	
PC-related Products	29,731	28.7	30,364	27.6	2.1
Smartphone/Tablet-related Products	19,633	18.9	22,060	20.0	12.4
TV/AV-related Products	17,428	16.8	16,887	15.3	(3.1)
Peripheral Devices	29,275	28.2	27,477	24.9	(6.1)
Other	7,656	7.4	13,380	12.2	74.8
Total	103,727	100.0	110,169	100.0	6.2

(2) Overview of financial position for the fiscal year ended March 31, 2024

As of March 31, 2024, total assets were up ¥10,521 million from the end of the previous fiscal year to ¥117,368 million.

<Factors contributing to increase>

Notes and accounts receivable–trade: Increased, due to M&A (made the Tescom Denki Group and groxi subsidiaries) and sales recovery

Merchandise and finished goods: Increased, due to M&A and procurement commensurate with demand trends

Other current assets: Forward exchange contracts increased due to yen depreciation

Property, plant and equipment: Increased, due to M&A

<Factors behind decrease>

Securities: Decreased, due to the sale of some bonds

Total liabilities were up ¥5,277 million to ¥30,919 million. This was mainly due to M&A and an increase in accounts payable–trade for purchases.

Net assets were up ¥5,244 million to ¥86,449 million. This mainly reflected increases in retained earnings and other comprehensive income due to yen depreciation, offsetting a decline in shareholders' equity caused by the purchase of treasury shares.

As a result of the above, the equity ratio slightly declined from 75.8% at the end of the fiscal year ended March 31, 2023, to 73.6%, but the Company maintained a strong financial position.

Cash and cash equivalents as of March 31, 2024 amounted to ¥41,484 million, with the Company maintaining a high level of liquidity in hand. Even in uncertain business environments, the Company will place top priority on business continuity and continue investing in M&A and other areas expected to contribute to growth.

(3) Overview of cash flows for the fiscal year ended March 31, 2024

At the end of the consolidated fiscal year ended March 31, 2024, cash and cash equivalents (hereinafter, “net cash”) increased ¥230 million year-on-year to ¥41,484 million, mainly due to a ¥9,669 million increase in net cash from operating activities, a ¥2,428 million decrease in net cash from investing activities, and an ¥8,169 million decrease in net cash from financing activities.

The status of each cash flow and relevant factors during the consolidated fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥9,669 million (¥9,161 million provided in the previous fiscal year). This mainly reflected profit before income taxes of ¥13,500 million, depreciation of ¥2,950 million, and an increase in trade payables of ¥1,715 million, offsetting income taxes paid of ¥3,762 million, an increase in trade receivables of ¥1,964 million, an increase in inventories of ¥643 million, and a decline in accounts payable of ¥1,348 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥2,428 million (¥7,110 million used in the previous fiscal year). This was mainly due to the purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥5,161 million, purchase of securities of ¥2,651 million, and purchase of property, plant and equipment of ¥2,352 million, which offset proceeds from sale of securities of ¥6,877 million and proceeds from sale of property, plant and equipment of ¥1,316 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥8,169 million (¥3,255 million used in the previous fiscal year). The principal use of cash was ¥3,522 million for the payment of dividends and ¥5,005 million for the purchase of treasury shares.

(4) Outlook

1) Operating environment

Although we expect the global economy to continue recovering gradually overall, we are concerned about changes in the operating environment in degrees exceeding our expectations due to the ongoing monetary tightening mainly in the US and Europe, the slowing pace of growth in China due to the deteriorating local real estate market, and geopolitical risks, such as the protracted war in Ukraine and the US-China conflict. We expect the Japanese economy to continue improving, supported in large part by domestic demand, against a backdrop of a rebound in individual consumption and increased capital investments, including the anticipated resumption of investment in semiconductors and electronic parts. That being said, it is difficult to be optimistic about the business environment outlook, due to rising prices and the ongoing risk of rapid fluctuations in the exchange rate.

In the Company’s main business domain of PC and digital equipment-related products, the end product markets for PC-related, smartphone and tablet-related, and TV/AV-related products in particular are maturing, and competition is expected to further intensify, triggered by the emergence of global manufacturers from emerging markets. Further, while we expect the e-commerce market to further expand, customer needs are becoming increasingly sophisticated and diverse.

2) Purpose of the Elecom Group

The Elecom Group, which pursues better products and services and a better company and society, has made “Better being” an expression of the raison d'être underlying its growth plans. The Group has been pursuing “Better” since its founding and will continue to do so.

With “Better being” at the core of our corporate value creation, the Elecom Group encourages each and every employee to grow by questioning themselves as to how they can contribute to fulfilling that purpose and thinking and acting independently to bring about positive changes to and evolution of the Group. We aim to resolve social issues and contribute to a better global environment through the Group’s products, services, and solutions, and will strive to continue growing sustainably in the future.

3) Medium-term management plan

The Group, in light of the operating environment described above, established a medium-term management plan spanning the three years from April 2024 to March 2027. Based on the Group’s purpose of “Better being,” we have set our ideal as “Creating a unique global brand from Japan that is loved by our customers.” We aim to achieve long-term sustainable growth by “creating value through products and services that enhance customer satisfaction” and by “focusing on human resource development and building a strong business foundation.”

Key strategies are as follows.

<Value creation>

(i) Domestic B2C

- Thoroughly implement countermeasures against global competition in terms of products, services, and sales methods
- Strengthen and expand product categories where we can leverage our strengths (by strengthening the lineup of products from the newly consolidated Tescom Denki Group and expanding the lineup of other strategic products, including through

new M&A)

(ii) Domestic B2B

- Further expand the existing distributor business
- Establish high value-added business models (solutions and end-user sales, and maintenance/subscriptions business)

(iii) Overseas

- Establish foundations for growth of global businesses in the North American and Asian markets

<Establishment of robust business infrastructure>

(i) Development capability

- Enhance rapid development by establishing a dual development system in Japan and China (Shenzhen Development Center)

(ii) Supply chain management (SCM)

- Strengthen logistics functions from the viewpoint of business expansion and BCP
- Optimize the procurement balance to minimize country-specific risks

(iii) Recruitment and development of human resources

- Secure and develop human resources necessary for building high value-added business models and achieving global expansion
- Strengthen AI/DX human resources to enhance the customer experience (CX) value strategy

In pursuing these key strategies, we will leverage our strengths, including our ability to generate cash and our stable financial base, to aggressively invest in growth areas and in strengthening our business foundation.

- Investment to add new product categories and strengthen development capabilities (including through M&A)
- Investment in overseas business expansion centered on North America (advertising, platform, product development expenses, etc.)
- Investment in human resources to strengthen new high value-added business areas and CX value strategy
- Investment to further strengthen the cost structure (logistics automation, establishment of global SCM, etc.)

Numerical targets of the medium-term management plan

- Operating profit growth rate: Average of at least 10% per year
- ROE: At least 13%

Shareholder return policy in the medium-term management plan

- Progressive dividend payment (maintain or increase dividends level each year)
- Dividend payout ratio of 30% or higher
- Flexible acquisition of treasury stock

4) Consolidated earnings forecast

For the fiscal year ending March 31, 2025, despite uncertainties in the external environment, we will press forward with the key strategies of the medium-term management plan and continue implementing measures to improve earnings so that we can withstand the impact of the yen depreciation. For the fiscal year, we forecast net sales of ¥120,000 million (+8.9% YoY), operating profit of ¥13,400 million (+8.2% YoY), ordinary profit of ¥13,900 million (+4.0% YoY), and profit attributable to owners of parent of ¥9,650 million (-3.4% YoY).

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 product category classifications for internal management. For comparative purposes, the figures for the fiscal year ended March 31, 2024 below have been recalculated to reflect these new product categories.

[Consolidated Sales Plan by Product Category] (Millions of yen; %)

Product category	Fiscal year ended March 31, 2024 (Results)		Fiscal year ending March 31, 2025 (Plans)		YoY change (%)
	Amount	%	Amount	%	

Power & I/O Device-related Products	37,408	33.9	39,372	32.8	5.3
Home Appliances	7,335	6.7	14,101	11.8	92.2
B2B Solutions	34,340	31.2	36,892	30.7	7.4
Peripheral Devices and Accessories	30,500	27.7	28,998	24.2	(4.9)
Other	584	0.5	635	0.5	8.7
Total	110,169	100.0	120,000	100.0	8.9

5) Dividend forecast

The Company considers returning profits to shareholders a management priority and has set forth a shareholder return policy in the medium-term management plan as well. The Group's basic policy is to pay progressive dividends (maintain or increase dividends every fiscal year) to shareholders while striving to improve earnings and securing retained earnings necessary for future business development. Based on this policy, the Group will work to further increase shareholder returns by growing earnings. We aim to maintain a payout ratio of 30% or above against consolidated profit attributable to owners of parent. Regarding the purchase of treasury shares, to execute a flexible capital policy in response to changes in the business environment, we intend to purchase treasury shares as appropriate while keeping an eye on our financial position and share price. We pay dividends twice a year, an interim dividend determined by the resolution of the Board of Directors and a year-end dividend by the resolution of the General Meeting of Shareholders.

For the fiscal year ended March 31, 2024, based on the above policy and in accordance with the latest dividend forecast, we paid an interim dividend per share of ¥22.00 and plan to pay a year-end dividend per share of ¥22.00. For the next fiscal year ending March 31, 2025, based on the same policy, we forecast raising the interim and year-end dividend forecast per share by ¥2.00 each to ¥24.00, and accordingly pay an annual dividend per share of ¥48.00.

(5) Significant Events Relating to Going Concern Assumption, etc.

No applicable matters to report.

2. Basic Views on Selection of Accounting Standards

The Elecom Group applies the Japanese Generally Accepted Accounting Principles (J-GAAP) because most of its stakeholders are domestic shareholders, creditors, and business partners, and there is little need for capital procurement from overseas.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	41,253	41,484
Notes and accounts receivable–trade	17,648	21,734
Securities	13,860	10,871
Merchandise and finished goods	10,214	12,758
Work in process	239	589
Raw materials and supplies	1,994	1,575
Right of return assets	529	429
Forward exchange contracts	3,502	6,941
Other	1,457	1,412
Allowance for doubtful accounts	(0)	(0)
Total current assets	90,700	97,796
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,562	4,158
Machinery, equipment and vehicles, net	3,483	2,959
Land	1,417	1,830
Construction in progress	286	201
Other, net	1,622	2,140
Total property, plant and equipment	10,371	11,290
Intangible assets		
Software	1,302	1,558
Software in progress	331	267
Goodwill	231	2,078
Other	20	609
Total intangible assets	1,885	4,513
Investments and other assets		
Investment securities	1,580	2,044
Deferred tax assets	1,261	698
Other	1,052	1,029
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	3,890	3,768
Total non-current assets	16,146	19,572
Total assets	106,846	117,368

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	10,825	15,154
Electronically recorded obligations–operating	2,946	2,207
Short-term borrowings	500	500
Accounts payable - other	2,182	1,767
Income taxes payable	1,824	1,811
Refund liability	1,789	1,708
Provision for sales promotion expenses	110	141
Provision for bonuses	938	1,174
Other	2,257	3,332
Total current liabilities	23,374	27,798
Non-current liabilities		
Retirement benefit liability	1,780	2,098
Provision for retirement benefits for directors (and other officers)	22	66
Other	464	956
Total non-current liabilities	2,267	3,120
Total liabilities	25,642	30,919
Net assets		
Shareholders' equity		
Share capital	12,577	12,577
Capital surplus	12,822	12,909
Retained earnings	62,487	68,880
Treasury shares	(11,261)	(15,887)
Total shareholders' equity	76,626	78,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	502	680
Deferred gains or losses on hedges	2,172	4,135
Foreign currency translation adjustment	1,659	3,048
Remeasurements of defined benefit plans	(0)	(20)
Total accumulated other comprehensive income	4,333	7,844
Share acquisition rights	229	107
Non-controlling interests	15	16
Total net assets	81,204	86,449
Total liabilities and net assets	106,846	117,368

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net sales	103,727	110,169
Cost of sales	65,385	67,597
Gross profit	38,341	42,572
Selling, general and administrative expenses	27,035	30,192
Operating profit	11,305	12,380
Non-operating income		
Interest income	319	759
Dividend income	47	91
Purchase discounts	2	1
Foreign exchange gains	—	68
Compensation income	2	2
Insurance claim income	0	1
Gain on valuation of derivatives	97	36
Other	53	69
Total non-operating income	521	1,031
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	419	—
Office relocation expenses	7	0
Consumption tax differences	0	11
Commission for purchase of treasury shares	19	30
Other	3	7
Total non-operating expenses	451	51
Ordinary profit	11,376	13,360
Extraordinary income		
Gain on sale of non-current assets	—	15
Gain on sale of investment securities	1	49
Gain on reversal of share acquisition rights	38	101
Gain on termination of retirement benefit plan	91	—
Gain on sale of shares of subsidiaries and associates	—	65
Other	—	1
Total extraordinary income	131	233
Extraordinary losses		
Loss on sale of non-current assets	0	22
Loss on retirement of non-current assets	58	70
Other	3	0
Total extraordinary losses	62	92
Profit before income taxes	11,445	13,500
Income taxes–current	3,408	3,550
Income taxes–deferred	(89)	(21)
Total income taxes	3,319	3,529
Profit	8,125	9,971
Loss attributable to non-controlling interests	(3)	(14)
Profit attributable to owners of parent	8,129	9,985

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Profit	8,125	9,971
Other comprehensive income		
Valuation difference on available-for-sale securities	115	178
Deferred gains or losses on hedges	(437)	1,963
Foreign currency translation adjustment	656	1,389
Remeasurements of defined benefit plans, net of tax	(183)	(19)
Total other comprehensive income	151	3,512
Comprehensive income	8,277	13,483
Comprehensive income attributable to:		
Owners of parent	8,279	13,496
Non-controlling interests	(2)	(13)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,577	12,815	57,630	(6,052)	76,972
Changes during period					
Dividends of surplus			(3,271)		(3,271)
Profit attributable to owners of parent			8,129		8,129
Purchase of treasury shares				(5,239)	(5,239)
Disposal of treasury shares		6		30	36
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	—	6	4,857	(5,209)	(345)
Balance at end of period	12,577	12,822	62,487	(11,261)	76,626

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	386	2,609	1,004	183	4,182	228	18	81,401
Changes during period								
Dividends of surplus								(3,271)
Profit attributable to owners of parent								8,129
Purchase of treasury shares								(5,239)
Disposal of treasury shares								36
Change in scope of consolidation								—
Net changes in items other than shareholders' equity	115	(437)	655	(183)	150	1	(2)	149
Total changes during period	115	(437)	655	(183)	150	1	(2)	(196)
Balance at end of period	502	2,172	1,659	(0)	4,333	229	15	81,204

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,577	12,822	62,487	(11,261)	76,626
Changes during period					
Dividends of surplus			(3,522)		(3,522)
Profit attributable to owners of parent			9,985		9,985
Purchase of treasury shares				(4,999)	(4,999)
Disposal of treasury shares		86		374	461
Change in scope of consolidation			(70)		(70)
Net changes in items other than shareholders' equity					
Total changes during period	—	86	6,392	(4,625)	1,853
Balance at end of period	12,577	12,909	68,880	(15,887)	78,480

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	502	2,172	1,659	(0)	4,333	229	15	81,204
Changes during period								
Dividends of surplus								(3,522)
Profit attributable to owners of parent								9,985
Purchase of treasury shares								(4,999)
Disposal of treasury shares								461
Change in scope of consolidation								(70)
Net changes in items other than shareholders' equity	178	1,963	1,389	(19)	3,511	(121)	1	3,390
Total changes during period	178	1,963	1,389	(19)	3,511	(121)	1	5,244
Balance at end of period	680	4,135	3,048	(20)	7,844	107	16	86,449

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	11,445	13,500
Depreciation	2,685	2,950
Increase (decrease) in retirement benefit liability	(128)	61
Amortization of goodwill	77	326
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	19
Increase (decrease) in provision for sales promotion expenses	(0)	31
Increase (decrease) in provision for bonuses	23	123
Increase (decrease) in allowance for doubtful accounts	(5)	0
Interest and dividend income	(366)	(851)
Interest expenses	1	1
Loss (gain) on sale of non-current assets	0	7
Loss on retirement of non-current assets	58	70
Decrease (increase) in trade receivables	1,583	(1,964)
Decrease (increase) in inventories	174	(643)
Decrease (increase) in advance payments to suppliers	(66)	(2)
Decrease (increase) in accounts receivable - other	(48)	174
Increase (decrease) in trade payables	(4,155)	1,715
Increase (decrease) in accounts payable - other	323	(1,348)
Increase (decrease) in accrued consumption taxes	228	445
Decrease (increase) in return asset	18	149
Increase (decrease) in refund liability	223	(353)
Other, net	41	(1,820)
Subtotal	12,116	12,590
Interest and dividends received	365	842
Interest paid	(1)	(1)
Income taxes paid	(3,319)	(3,762)
Net cash provided by (used in) operating activities	9,161	9,669
Cash flows from investing activities		
Purchase of securities	(298)	(2,651)
Proceeds from sale of securities	—	6,877
Purchase of investment securities	(21)	(23)
Purchase of property, plant and equipment	(6,194)	(2,352)
Proceeds from sale of property, plant and equipment	0	1,316
Purchase of intangible assets	(555)	(746)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(5,161)
Other, net	(41)	313
Net cash provided by (used in) investing activities	(7,110)	(2,428)

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Dividends paid	(3,271)	(3,522)
Proceeds from disposal of treasury shares	15	360
Purchase of treasury shares	(5,239)	(5,005)
Decrease (increase) in deposits paid for purchase of treasury shares	5,240	(0)
Other, net	—	(1)
Net cash provided by (used in) financing activities	(3,255)	(8,169)
Effect of exchange rate change on cash and cash equivalents	374	1,167
Net increase (decrease) in cash and cash equivalents	(829)	239
Cash and cash equivalents at beginning of period	42,082	41,253
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(9)
Cash and cash equivalents at end of period	41,253	41,484

(5) Notes to Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

No applicable matters to report.

(Changes in Accounting Policies)

No applicable matters to report.

(Change in Method of Presentation)

(Consolidated balance sheet)

Because “Forward exchange contracts” which was included in “Other” under “Current assets” in the previous fiscal year ended March 31, 2023 exceeded 5% of the total assets, we decided to present it as a separate line item from the fiscal ended March 31, 2024. We have accordingly revised the consolidated balance sheet for the previous fiscal year to reflect this change in the presentation method.

As a result, in the consolidated balance sheet for the previous fiscal year, ¥4,960 million shown as “Other” under “Current assets” were replaced with ¥3,502 million in “Forward exchange contracts” and ¥1,457 million in “Other.”

(Consolidated statement of income)

Because “Commission for purchase of treasury shares” and “Consumption tax differences” which were included in “Other” under “Non-operating expenses” in the previous fiscal year exceeded 10% of total non-operating expenses, we have decided to present them as separate line items from the fiscal year ended March 31, 2024. To reflect the change in the presentation method, we have revised the consolidated statement of income for the previous fiscal year accordingly.

As a result, in the consolidated statement of income for the previous fiscal year, ¥22 million shown as “Other” under “Non-operating expenses” were replaced with ¥19 million in “Commission for purchase of treasury shares,” ¥0 million in “Consumption tax differences,” and ¥3 million in “Other.”

Further, because “Loss on sale of non-current assets” which was included in “Other” under “Extraordinary losses” in the previous fiscal year exceeded 10% of total extraordinary losses, we have decided to present it as a separate line item from the fiscal year ended March 31, 2024. To reflect this change in the presentation method, we have revised the consolidated statement of income for the previous fiscal year accordingly.

As a result, in the consolidated statement of income for the previous fiscal year, ¥4 million shown as “Other” under “Extraordinary losses” were replaced with ¥0 million in “Loss on sale of non-current assets” and ¥3 million in “Other.”

(Segment Information, etc.)

[Segment Information]

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

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

II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

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

[Related Information]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by Product and Service

(Millions of yen)

	PC-related Products	Smartphone/Tablet-related Products	TV/AV-related Products	Peripheral Devices	Other	Total
Sales generated through external customers	29,731	19,633	17,428	29,275	7,656	103,727

2. Information by Region

(1) Sales

Sales information by region has been omitted because sales generated through external customers in Japan accounted for more than 90% of net sales reported on the consolidated statement of income.

(2) Property, plant and equipment

Property, plant, and equipment information by region has been omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment stated on the consolidated balance sheet.

3. Information by Major Customer

No applicable matters to report.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by Product and Service

(Millions of yen)

	PC-related Products	Smartphone/Tablet-related Products	TV/AV-related Products	Peripheral Devices	Other	Total
Sales generated through external customers	30,364	22,060	16,887	27,477	13,380	110,169

2. Information by Region

(1) Sales

Sales information by region has been omitted because sales generated through external customers in Japan accounted for more than 90% of net sales reported on the consolidated statement of income.

(2) Property, plant and equipment

Property, plant, and equipment information by region has been omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment stated on the consolidated balance sheet.

3. Information by Major Customer

No applicable matters to report.

[Information regarding impairment losses on non-current assets by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

This information has been omitted as the Company operates in a single segment.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

This information has been omitted as the Company operates in a single segment.

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

This information has been omitted as the Company operates in a single segment.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

This information has been omitted as the Company operates in a single segment.

[Information regarding gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

This information has been omitted as the Company operates in a single segment.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

This information has been omitted as the Company operates in a single segment.

(Per Share Information)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net assets per share	957.74 yen	1,056.60 yen
Earnings per share	95.32 yen	119.94 yen
Diluted earnings per share	— yen	119.93 yen

Notes: 1. Diluted earnings per share for the fiscal year ended March 31, 2024 is not provided because there were no potential shares with dilutive effects.

2. The basis for calculating earnings per share, and diluted earnings per share is as follows.

		Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Earnings per share			
Profit attributable to owners of parent	(millions of yen)	8,129	9,985
Amount not attributable to common shareholders	(millions of yen)	—	—
Profit attributable to owners of parent with respect to common stock	(millions of yen)	8,129	9,985
Average number of common stock during the period	(thousands of shares)	85,286	83,252
Diluted earnings per share			
Adjustments to profit attributable to owners of parent	(millions of yen)	—	—
(Of which interest expenses [after tax equivalent deduction])	(millions of yen)	(—)	(—)
Increase in common stock	(thousands of shares)	—	11
(Of which stock options)	(thousands of shares)	(—)	(11)
(Of which convertible-bond-type bonds with share acquisition rights)	(thousands of shares)	(—)	(—)
Description of potentially dilutive shares that were not included in the calculation of diluted earnings per share because they do not have dilutive effects		Stock option buybacks (1,252 thousand shares) due to the resolutions of the General Meetings of Shareholders held on June 27, 2018 and June 24, 2022	Stock option buybacks (657 thousand shares) due to the resolution of the General Meetings of Shareholders held on June 24, 2022

(Important Subsequent Events)

(Acquisition of Full Ownership of Nippon Antenna Co., Ltd. through a simplified share exchange)

At a Board of Directors meeting held on April 25, 2024, the Company adopted a resolution that the Company and Nippon Antenna Co., Ltd. (hereinafter, "Nippon Antenna") enter into non-binding Memorandum of Understanding ("MoU") aimed at acquiring full control of Nippon Antenna through a share exchange (the "Share Exchange") and integrating its functions into the Elecom Group and its management into DX Antenna Co., Ltd. ("DX ANTENNA"), a wholly-owned subsidiary of the Company (the "Management Integration").

The MoU is non-binding and conditional on successful acquisition of necessary clearances, permits, approvals, and the like required under the competition law in Japan ("Competition Law"), and other laws and regulations. Going forward, the Company and Nippon Antenna will work to satisfy of the Competition Law and conduct due diligence, followed by discussions and reviews for the conclusion of a legally binding share exchange agreement. If we adopt a resolution to enter into a share exchange agreement, we will disclose its details separately.

1. Objective and significance of the Management Integration

(1) Management Integration Goal

The goal is to make the broadcasting antenna business more solid, and to keep and grow the communication antenna business especially in a public sector that serves government needs with the help of the Group's management resources.

(2) Background

The Company has a strong business foundation mainly for products like digital equipments, which it sells to individual customers. The Company also aims to grow our business by expanding other businesses in our focus areas, and by taking advantage of opportunities to merge with or acquire other companies. In 2017, the Company acquired shares of DX ANTENNA, which offers a total lineup of products such as broadcasting antennas and other receiving devices, turning it into a subsidiary of the Company. After becoming a member of the Group, DX ANTENNA is operating its business efficiently by leveraging the business base of the Group. In addition, DX ANTENNA has expanded its business domains to include non-broadcasting businesses, making inroads into the security business in earnest to achieve further growth.

Nippon Antenna serves a variety of customers in the broadcasting and communications sectors, with reliable antennas and installation technologies that it has developed steadily in those areas since its inception. It also has advanced testing facilities. Moreover, the company has a solid business foundation for meeting the public sector's demand for communication antennas, which we regard as a business with high public value.

On the other hand, the two companies are facing a harsh operating environment. The market size of broadcasting equipment has decreased to 40 billion yen from its peak of 100 billion yen reached at the debut of digital terrestrial broadcasting. We expect its market size to remain on a declining trend on the back of the diversification of content and demand substitution on the internet. In addition, surging material costs, the yen's depreciation, semiconductor shortages, among other factors, are also weighing on their operations.

Under these tough business environment, Nippon Antenna anticipates an operating deficit for three consecutive fiscal years and, it cannot expect a major recovery without implementing radical changes that involve looking into capital strategy alternatives. Therefore, it initiated talks, with the help of the lead managing securities firm, on its Management Integration with the Elecom Group, which has been recording steady earnings at DX ANTENNA.

Subsequently, the Group conducted a comprehensive investigation of the potential integration, such as by performing business due diligence of Nippon Antenna. It has been determined that collaborating with Nippon Antenna will enable the Group to strengthen the broadcasting antennas business foundation, expand the communications antenna business, and preserve the business of high-public relevance serving the public sector's demand. For this reason, we have consented to sign the Basic Agreement following consultations and evaluations between both companies.

(3) Basic policy on the Management Integration

We plan to conduct a share exchange for the integration between Elecom and Nippon Antenna, as part of the Management Integration. We have concluded that this is a desirable method for stakeholders of both companies for the following reasons:

- it will enable Elecom to limit cash-out amounts by effectively using its treasury stocks while allowing it to allocate money as required for the Management Integration.
- By getting Elecom's common stock for the Share Exchange, Nippon Antenna's shareholders can benefit from Elecom's growing business and profits, and its higher share prices after the Share Exchange;
- the shareholders of Nippon Antenna can also sell highly liquid Elecom shares in the market for cash where necessary.

Following the Share Exchange, we will aim to achieve further growth and higher corporate values for both companies. Elecom will lead the efforts toward the Management Integration by actively leveraging the Elecom Group's business base relating to procurement, development, production, sales, and other functions and putting its resources into Nippon Antenna. We will also deepen Nippon Antenna's collaboration with the Elecom Group's existing businesses by leveraging each other's knowledge.

In particular, for the first step, we will advance structural reforms at Nippon Antenna, which are necessary for its functional integration into the Elecom Group, considering the tough business environment that Nippon Antenna faces. Nippon Antenna is likely to incur one-off expenses, which will be proportionate to its scale, in the fiscal year ending March 2025 due to the structural reforms, but at the same time, Nippon Antenna is also expected to implement various measures to enhance its corporate value.

The two companies will continue to discuss and review further details.

2. Outline of the Management Integration

(1) Future schedule

Board resolution for concluding the MoU (at the Company and Nippon Antenna)	April 25, 2024
Conclusion of the MoU (between Elecom and Nippon Antenna)	April 25, 2024
Conclusion and announcement of the share exchange agreement and the management integration agreement	July-August 2024 (tentative)

Holding of an extraordinary shareholders' meeting at Nippon Antenna for approval of the share exchange agreement (Note 1)	September-October 2024 (tentative)
Execution of the Share Exchange (Assumed to be after obtainment of clearances, permits, approvals, and the like required under the Competition Law)	October-November 2024 (tentative)

(Note 1) The Share Exchange will be carried out through a simplified procedure pursuant to Article 796, paragraph 2, of the Companies Act without obtaining the approval of a general meeting of the Company's shareholders for the agreement on the Share Exchange.

(Note 2) The schedule above is a plan as of now and subject to change in light of, among other factors, the status of obtaining clearances, permits, approvals, and the like under the Competition Law.

(2) Method of the Management Integration

For the Management Integration, we intend to first implement the Share Exchange that will turn the Company into the sole parent company and Nippon Antenna into the wholly-owned subsidiary, provided that we successfully obtain all the necessary clearances, permits, approvals, and so on under the Competition Law. The Share Exchange will be done through a simplified procedure based on Article 796, paragraph 2, of the Companies Act without getting the approval of a general meeting of the Company's shareholders. Also, the method of the Management Integration may change depending on various factors, such as ongoing discussions and reviews between both companies and the outcomes of due diligence.

After the Share Exchange takes effect, we will swiftly review operational matters for the management integration of DX ANTENNA and Nippon Antenna.

(3) Details of allotment through the Share Exchange

The Company will give its common stock to Nippon Antenna's shareholders in the Share Exchange. The ratio of the Share Exchange will be determined by the time of concluding the share exchange agreement, after consultation between both companies. The decision will be based on whether the competition authority will request resolution of any issues and the details of any such requests, the result of due diligence, and the valuation result to be submitted by a third-party valuation institution.

3. Overview of Nippon Antenna

(1) Company Name	Nippon Antenna Co., Ltd.
(2) Location of head office	7-49-8 Nishi Ogu, Arakawa-ku, Tokyo, Japan
(3) Title and name of representative	Koichi Takizawa, President & Representative Director
(4) Business lines	Development, production, and sales of antennas, etc. for communications and broadcasting
(5) Capital	¥4,673 million
(6) Date of establishment	November 20, 1953
(7) Number of outstanding shares	14,300,000 shares
(8) Number of employees	585 (as of March 31, 2023)
(9) Consolidated net assets	¥14,758 million (as of March 31, 2023)
(10) Consolidated total assets	¥19,361 million (as of March 31, 2023)
(11) Consolidated net sales	¥12,070 million (fiscal year ended March 31, 2023)

4. Future Outlook

The impact of the conclusion of the MoU on the Company's business performance for the fiscal year ending March 31, 2025 is unknown. If any matter that should be released, we will promptly notify