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May 12, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Hosiden Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 6804  
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Scheduled date of ordinary general meeting of shareholders: June 29, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 Scheduled date to file annual securities report: June 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	277,244	33.5	15,750	34.3	18,984	20.3	12,637	6.2
March 31, 2022	207,608	(11.3)	11,725	(5.3)	15,786	17.8	11,901	15.1

(Note) Comprehensive income For the fiscal year ended March 31, 2023 14,477 million yen [7.5%]  
 For the fiscal year ended March 31, 2022 13,469 million yen [12.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	232.88	214.93	10.3	10.8	5.7
March 31, 2022	211.57	196.32	10.4	9.5	5.6

(Reference) Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023— million yen  
 For the fiscal year ended March 31, 2022— million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	179,993	126,753	70.4	2,379.08
March 31, 2022	171,525	119,533	69.7	2,175.11

(Reference) Equity

As of March 31, 2023 126,753 million yen  
As of March 31, 2022 119,533 million yen

## (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, 2023	20,765	(9,852)	(7,437)	66,017
March 31, 2022	(1,230)	(3,059)	(3,748)	62,479

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of 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, 2022	–	10.00	–	55.00	65.00	3,587	30.1	3.1
Fiscal year ended March 31, 2023	–	23.00	–	48.00	71.00	3,821	30.2	3.1
Fiscal year ending March 31, 2024 (Forecast)	–	24.00	–	24.00	48.00		30.1	

(Note) Revision of cash dividend forecast most recently announced: Yes

For the year-end dividend for the fiscal year ended March 31, 2023, please refer to the “Notice Regarding Dividends of Surplus” published today, on May 12, 2023.

## 3. Consolidated financial results forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	130,000	7.7	5,000	(50.7)	5,500	(65.8)	4,300	(60.7)	80.71
Full year	255,000	(8.0)	10,000	(36.5)	11,000	(42.1)	8,500	(32.7)	159.54

Financial results forecasts are based on the assumption of a foreign exchange rate of 134 yen per U.S. dollar.

## Notes

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

Newly included: – companies (Company name)

Excluded: – companies (Company name)

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

- (ii) Changes in accounting policies due to other reasons: None

- (iii) Changes in accounting estimates: None

- (iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	63,010,084 shares
As of March 31, 2022	64,710,084 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	9,731,778 shares
As of March 31, 2022	9,755,041 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	54,264,292 shares
Fiscal year ended March 31, 2022	56,255,530 shares

## (Reference) Overview of non-consolidated financial results

### 1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	224,764	39.6	11,059	63.2	15,380	34.6	9,442	(32.9)
March 31, 2022	161,003	(18.3)	6,775	0.9	11,424	36.3	14,064	52.8

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	174.01	160.53
March 31, 2022	250.01	232.03

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	138,156	91,010	65.9	1,708.21
March 31, 2022	133,435	88,939	66.7	1,618.40

(Reference) Equity

As of March 31, 2023 91,010 million yen  
As of March 31, 2022 88,939 million yen

Notes: 1. Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

2. Explanation on proper use of earnings forecasts, and other special matters

The forward-looking statements about the future financial results of this document are future forecasts based on the judgment of Hosiden Corporation (the “Company”) taking into account the information currently available, and the Company does not intend to make a warranty of their achievement. These forward-looking statements contain various potential risks and uncertainties, and actual results may be materially different from the forward-looking statements due to various material factors. Therefore, the Company asks not to depend highly on these forward-looking statements. For preconditions for earnings forecasts and other related matters, please refer to 1. Overview of operating results, etc., (4) Future outlook on page 4 of the attached document.

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## 1. Overview of operating results, etc.

### (1) Overview of operating results during the fiscal year ended March 31, 2023

During the fiscal year ended March 31, 2023 (from April 2022 to March 2023), in the world economy, countries saw an acceleration in the inflation rate due to factors such as soaring prices of raw materials and energy triggered by Russia's invasion of Ukraine. In response to this, other countries have continued to tighten monetary policy, and because of their policy difference with our country, a rapid depreciation of the yen continued through the first half. However, in the second half of the year, the yen returned to appreciation due to a slowed pace of U.S. interest rate hikes as well as a partial shift in policy of the Bank of Japan.

With regard to the impact of the novel coronavirus disease ("COVID-19"), economic activity has resumed in many countries, including the lifting of the zero COVID policy in China, and the economy is showing signs of gradual recovery.

On the other hand, geopolitical risks continue, such as issues between Russia and Ukraine and China and Taiwan, and financial instability triggered by the collapse of some U.S. financial institutions at the end of the fiscal year.

In the electronic component industry to which the Company (the "Group") belongs, semiconductor shortages in the automotive-related market have still not been completely resolved. As for the mobile communications-related market, sales have been in a downward trend due to a decline in consumer demand and the impact of inflation.

Under such circumstances, the Group increased net sales as a whole, due partly to the impact of a depreciation of the yen. Specifically, net sales of the automotive-related business decreased due to the termination of life cycles for some products, but the amusement-related business grew significantly, and there was growth in the mobile communications-related business and the AV equipment-related business.

With regard to profits, increased sales and a weaker yen compared to the previous fiscal year boosted operating profit. Ordinary profit and profit attributable to owners of parent also increased as foreign exchange gains were recorded.

During the fiscal year under review, as a result, consolidated net sales was 277,244 million yen (up 33.5% year on year). With regard to profits, the Group posted operating profit of ¥15,750 million (up 34.3% year on year), ordinary profit of 18,984 million yen (up 20.3% year on year) with foreign exchange gains of 2,490 million yen in line with foreign exchange fluctuations, and profit attributable to owners of parent of 12,637 million yen (up 6.2% year on year).

The net sales and segment profit or loss for the reportable segments are as follows:

Net sales for the electro-mechanical components segment was 248,063 million yen (up 40.0% year on year) due to increases in the amusement-related and mobile communications-related businesses, and segment profit was 13,575 million yen (up 49.5% year on year).

Net sales for the acoustic components segment was 16,907 million yen (up 22.4% year on year) due to an increase in the AV equipment-related business and the automotive-related business while the segment profit was 1,241 million yen (up 8.1% year on year).

Net sales for the display components segment was 3,901 million yen (down 53.7% year on year) due to a decrease in the automotive-related business, and the segment loss was 623 million yen (segment profit of 213 million yen for the previous year).

Net sales for the applied equipment and other segment was 8,371 million yen (up 2.8% year on year) due to an increase in the AV equipment-related business, and the segment profit was 1,556 million yen (up 21.2% year on year).

**(2) Overview of financial position for the fiscal year ended March 31, 2023**

At the end of the fiscal year under review, total assets increased 8,467 million yen from the end of the previous fiscal year to 179,993 million yen mainly due to increases in cash and deposits and trade receivables despite a decrease in inventories. Total liabilities increased 1,247 million yen from the end of the previous fiscal year to 53,239 million yen mainly due to increases in trade payables and income taxes payable despite a decrease in other current liabilities.

Net assets increased 7,219 million yen from the end of the previous fiscal year to 126,753 million yen mainly due to an increase in retained earnings, resulting in an equity-to-asset ratio of 70.4%.

**(3) Overview of cash flows for the fiscal year ended March 31, 2023**

At the end of the fiscal year under review, cash and cash equivalents (the “net cash”) increased 3,538 million yen from the end of the previous fiscal year to 66,017 million yen (a decrease of 7,042 million yen in the previous fiscal year).

The status of respective cash flows during the fiscal year under review and their factors are as follows:

Cash flows from operating activities

Net cash provided by operating activities was 20,765 million yen (a decrease of 1,230 million yen in the previous fiscal year). This was mainly due to profit before income taxes of 18,527 million yen (profit before income taxes of 16,306 million yen in the previous fiscal year), depreciation of 3,385 million yen (3,185 million yen in the previous fiscal year), an increase in trade receivables of 8,286 million yen (a decrease of 2,183 million yen in the previous year), a decrease in inventories of 12,017 million yen (an increase of 13,115 million yen in the previous fiscal year), and income taxes paid of 5,232 million yen (3,942 million yen in the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities was 9,852 million yen (a decrease of 3,059 million yen in the previous fiscal year). This was mainly due to an increase in time deposits of 3,733 million yen (a decrease of 275 million yen in the previous fiscal year), payments into long-term deposits of 3,000 million yen (no payments in the previous fiscal year), and purchase of property, plant and equipment of 2,818 million yen (3,823 million yen in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 7,437 million yen (a decrease of 3,748 million yen in the previous fiscal year). This was mainly due to purchase of treasury shares of 3,000 million yen (1,775 million yen in the previous fiscal year) and dividends paid of 4,287 million yen (1,411 million yen in the previous fiscal year).

## Cash flow indicators

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Equity-to-asset ratio (%)	70.5	67.1	67.5	69.7	70.4
Equity-to-asset ratio based on market capitalization (%)	40.6	29.4	40.3	37.1	47.7
Cash flows/interest-bearing debt ratio (years)	0.5	5.6	0.9	–	0.6
Interest coverage ratio (times)	219.8	20.4	166.1	–	859.4

(Formula) Equity-to-asset ratio = Equity / Total assets  
 Equity-to-asset ratio based on market capitalization = Market capitalization / Total assets  
 Cash flows/interest-bearing debt ratio = Interest-bearing debt / Cash flows from operating activities  
 Interest coverage ratio = Cash flows from operating activities / Interest payment

## Notes:

1. Each indicator is calculated based on consolidated financial values.
2. Market capitalization is calculated by multiplying closing stock price at the end of the period by total number of issued shares at the end of the period (deducting treasury shares).
3. Interest-bearing debt represents all of the debt that bears interest of the entire debt recorded in the consolidated balance sheet.
4. Interest payment represents the interest paid in the consolidated statement of cash flows.

**(4) Future outlook**

The future world economy remains uncertain, with turmoil in the financial sector and high inflation in developed countries, as well as caution about geopolitical risks, although the Chinese economy is expected to recover with the lifting of its zero COVID policy. Furthermore, according to the International Monetary Fund (IMF), global economic growth is expected to slow down. The situation in Russia and Ukraine does not directly affect the Group at this time, but disruptions in the supply chain could result in shutdowns at customer plants or a decline in demand.

In the electronic components industry, a recovery is expected in the automotive-related business as the supply-demand balance for semiconductors and other electronic components improves. However, recovery in the mobile communication-related business is expected to begin in the second half of the year, as concerns about an economic slowdown have dampened purchasing appetites.

With regard to its financial results, the Company forecasts growth in the automotive-related business due to the easing of the semiconductor supply-demand balance and the acceleration of advanced driver-assistance systems (ADAS) and electrification. Although the Company expects a difficult environment for the mobile communication-related business, it expects growth in the second half of the year as the market recovers. For the amusement-related business, the Company will implement all possible measures to increase market share, mechanize, automate, and reduce costs.

Soaring prices of materials such as semiconductors, other electronic components, and raw materials, shortages of components, and disruptions in logistics are expected to give downward pressure on profits. Under such circumstances, the Company forecasts the following consolidated financial results for the fiscal year ending March 31, 2024.

## Outlook for consolidated financial results

Net sales	255,000 million yen (down 8.0% year on year)
Operating profit	10,000 million yen (down 36.5% year on year)
Ordinary profit	11,000 million yen (down 42.1% year on year)
Profit attributable to owners of parent	8,500 million yen (down 32.7% year on year)



The above outlook for consolidated financial results is based on the assumption of a foreign exchange rate of 134 yen per U.S. dollar.

Notes on forecasts of financial results, etc.

The forward-looking statements about the future financial results of this document are future forecasts based on the judgment of the Company taking into account the information currently available, and the Company does not intend to make a warranty of their achievement. These forward-looking statements contain various potential risks and uncertainties, and actual results may be materially different from the forward-looking statements due to various factors. Therefore, the Company asks readers not to depend highly on these forward-looking statements.

#### **(5) Basic policy on profit distribution and dividends for the current and next fiscal years**

The Company considers the return of profits to shareholders as one of its key policies. Meanwhile, in order to enhance corporate value, the Company needs to implement research and development, investments in production facilities and other activities that keep pace with rapid technological innovations. Therefore, the Company will strive to bolster its financial position through increasing business income and ensuring internal reserves, etc., from the long-term perspective, and aim to maintain a payout ratio of approximately 30% based on consolidated financial results on the premise of a stable business environment.

Based on the basic policy on profit distribution, the Company plans to pay a fiscal year-end dividend of 48 yen per share for the fiscal year under review. As a result, the annual dividends for the fiscal year under review will be 71 yen per share, including the interim dividend (23 yen per share).

For the next year, based on the basic policy on profit distribution, the Company also plans to pay a dividend of 48 yen per share (an interim dividend of 24 yen and a year-end dividend of 24 yen).

#### **(6) Business and other risks**

The Group operates global businesses with production, sales and development bases around the world. The electronic component industry, to which the Group belongs, is significantly affected by the world's economic trends, witnesses drastic technological innovations and market price fluctuations, and has fierce competition relating to product development and customer acquisition among competitors.

Business risks surrounding the Group include economic situations of Japan and the rest of the world, development and offering of the Company's new products and demand trend in the market, concentration on major customer groups, increased sales ratio of amusement-related field and order trend thereof, decreasing sales prices, price competitions with other companies, rapid change of the electronic device-related technology, price fluctuations of semiconductors and other electronic components and short supply thereof, logistics disruption, inventory risks, litigation risks, transfer pricing taxation system and other tax issues, intellectual property rights, litigation risks such as product quality issues (PL, recalls and others), regulations on environmentally controlled substances, fund shortage caused by financial contraction, falling price of investment securities held, falling valuations of non-current assets caused by decreasing profitability, foreign exchange rate fluctuations, regulations and revisions of laws and regulations, etc., destruction or falsification of critical data or information leak due to cyberattacks, overseas business-related risks, labor shortage and soaring labor costs relating to the production, war, riot, terrorism, climate change, outbreak of a pandemic such as COVID-19, damages caused by large-scale disasters such as fire, earthquake, tidal wave, wind and flood damages and nuclear accident, events adversely affecting the markets where the Company operates business and its supply chains, increasing cost burden relating to tighter environmental regulations, and the risk of acquiring personnel not going to plan due to an aging population. In addition, the factors affecting financial results, etc. are not limited to these above factors.

## **2. Management policy**

The Company and each group company share the following management policy of the Company and aim to enhance corporate value through increasing the Group's management efficiency as a whole.

### **(1) Basic policy on corporate management**

The Company has contributed to the development of the electronics market by timely supplying high-quality and sought-after products, which are backed by advanced technology and a complete quality management system, to the market at all times as an electronic component manufacturer.

Moving forward, while the electronics market demands technologies and products that are more sophisticated and have greater functionality with the rapid evolution of AI technology and advanced driver-assistance system (ADAS) technology and the spread of the Internet of Everything (IoE: everything is connected to the Internet), the Company will support customers' corporate strategies with its unique advanced technology.

The Company will support the businesses of customers and contribute to the development of the global electronics markets by analyzing the latest global information and introducing its unique technology.

In terms of its environmental activities, the Company promotes earth-friendly activities, and will take measures to reduce the environmental burden, including acquiring ISO 14001 certification, reducing product energy consumption and size, and promoting the reduction and total abolition of environmentally controlled substances for its products. Furthermore, the Company recognizes addressing carbon neutrality as a corporate responsibility, and will proactively make efforts in this area and promote appropriate information disclosure.

### **(2) Medium- to long-term corporate management strategy**

The electronics industry, to which the Company belongs, is rapidly changing due to a dizzying pace of technological innovations such as digitalization and networking, and even more promising products and technologies are created one after another there. The smartphone, tablet device and Internet-related devices are expected to witness the progress of high-speed communications and advanced features, not only 5G but with an eye to 6G as well, and grow further while combined with traditional consumer electronics/AV and gaming markets, and are expected to come into wider use rapidly. In the automotive-related business, CASE\* and ADAS are entering a period of diffusion and expansion, and thus the circle (type and quantity) of electronic components and devices used is expanding as onboard electronic devices become more sophisticated. In addition, the expansion of medical/health/cosmetics-related markets due to the increase in the number of elderly people and the expansion of markets related to IoE for improving productivity, mainly in industrial devices, are also fully expected, and thus significant growth is anticipated for the electronic component industry as a whole.

Amid such trends, the Company will make efforts to ensure and expand net sales and profits on a consolidated basis and enhance corporate value by offering extensive product lineups, technological capabilities that cater to diverse customer needs, fine-tuned services centered on customer satisfaction, etc. as an electronic component manufacturer.

In addition, the Company has started a medium-term (three-year) technology plan to strengthen the technology and research and development systems of the Company and group companies, and is actively working to speed up and streamline development by taking stock of past technologies and reconstructing the strengths of its own products (devices). The Company will seek to strongly develop its unique technological products that cater to market needs, including new module products, sensor-related products for IoE, and high-voltage and high-current-related products. Specifically, the Company will achieve this by focusing particularly on honing core technologies and thus accumulating, enhancing and sharing the following technologies and measures: electro-mechanical design technology, high-frequency design technology, acoustic design technology, optical design technology, circuit design technology, metal mold design technology, simulation technology, analytical technology, software development, EMC measure design technology, sensor development, and application technology, etc.

In terms of production, the Company will proceed with automation and labor-saving, including the utilization of industrial robots, with a sense of speed and will work to reduce costs and stabilize quality.

ESG management and contributions to the SDGs are global trends that companies and society are striving to achieve, and we will also continue to proactively work toward these goals.

\* CASE: A coined word connecting the four first initials of the English words that represent a next-generation technology and new wave for cars: Connected (getting connected), Autonomous (autonomous driving), Sharing (sharing with others) and Electricity (electrification)

### **(3) Issues to be addressed by the Company**

The business environment surrounding the electronic component industry, to which the Group belongs, shows a steady growth of the automotive-related demand backed by further advancing electrification, due to environmental measures and wide use of ADAS, etc. Wearable devices and AI devices are expected to drive electronic component demand significantly. Moreover, infrastructure demand that aims to achieve higher speed and larger capacity in line with the development of the cloud environment, as well as the environment, power-saving and new energy-related markets, are also expected to create new component demand.

As for the Group, it will consider bolstering and newly establishing production bases in the ASEAN countries in terms of production. The Company will also further increase efficiency and speed of overall management, promote mechanization, automation, and labor-saving to further enhance quality and cost competitiveness, enhance financial results, bolster its profitability structure and also enhance and bolster compliance system, corporate social responsibility (CSR) system, internal control system, information security management system, risk management system, etc. toward the enhancement of corporate value.

In terms of quality, the Group has acquired ISO 9001 certification in all its production bases. Especially in its production bases for the automotive-related business, the Group acquired IATF 16949 certification and will make efforts to enhance and stabilize its quality.

As for environmental initiatives, the Group will, as a whole, promote the following: acquiring ISO 14001 certification at all its production bases; earth-friendly product design and production activities; environmentally controlled substance measures through green procurement, the RoHS Directive, the REACH regulations, etc.; and the initiatives to reduce the environmental burden including resource conservation/power-saving activities, reduction in wastes and recycling. Accordingly, the Group will pay attention to the environment across all of its business activities and continue to improve its environmental management system proactively.

Furthermore, toward the achievement of carbon neutrality, the Company has established the Sustainability Committee, and will promote concrete initiatives and make efforts for appropriate information disclosure.

As for achieving management mindful of cost of capital and stock prices, the Company will fully analyze and study the current situation and disclose the results as soon as a concrete plan is formulated.

### **3. Basic approach to the selection of accounting standards**

The Group has its policy to apply Japanese accounting standards for the time being taking into account the comparability of consolidated financial statements among companies.

With respect to the application of IFRS, the Group has its policy to take appropriate actions taking into account the circumstances both in Japan and overseas.

**4. Consolidated financial statements and significant notes thereto****(1) Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	49,794	57,418
Notes receivable - trade	1,253	1,302
Accounts receivable - trade	24,611	33,667
Securities	13,699	13,335
Merchandise and finished goods	9,923	9,691
Work in process	3,117	5,107
Raw materials and supplies	38,526	26,469
Trade accounts receivable	2,208	1,567
Other	2,482	3,346
Allowance for doubtful accounts	(45)	(27)
Total current assets	145,572	151,878
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,577	21,462
Accumulated depreciation and impairment	(13,736)	(14,499)
Buildings and structures, net	5,840	6,962
Machinery, equipment and vehicles	25,754	26,475
Accumulated depreciation and impairment	(19,532)	(21,215)
Machinery, equipment and vehicles, net	6,221	5,259
Land	3,290	3,035
Construction in progress	777	62
Other	31,975	31,318
Accumulated depreciation and impairment	(29,546)	(29,144)
Other, net	2,429	2,174
Total property, plant and equipment	18,559	17,495
Intangible assets	451	423
Investments and other assets		
Investment securities	4,809	5,643
Retirement benefit asset	267	60
Deferred tax assets	1,025	739
Other	1,130	4,039
Allowance for doubtful accounts	(290)	(287)
Total investments and other assets	6,942	10,195
Total non-current assets	25,952	28,114
Total assets	171,525	179,993

## Hosiden Corporation (6804) Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	23,614	25,772
Short-term borrowings	2,040	2,189
Income taxes payable	3,179	3,910
Provision for bonuses for directors (and other officers)	155	154
Other	7,315	5,893
Total current liabilities	36,305	37,919
Non-current liabilities		
Bonds with share acquisition rights	10,051	10,030
Deferred tax liabilities	1,253	1,268
Retirement benefit liability	3,577	3,170
Other	803	850
Total non-current liabilities	15,686	15,319
Total liabilities	51,991	53,239
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	94,320	100,808
Treasury shares	(9,586)	(10,695)
Total shareholders' equity	117,990	123,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,495	2,381
Foreign currency translation adjustment	(1,334)	666
Remeasurements of defined benefit plans	381	334
Total accumulated other comprehensive income	1,542	3,382
Total net assets	119,533	126,753
Total liabilities and net assets	171,525	179,993

**(2) Consolidated statements of income and consolidated statements of comprehensive income****Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	207,608	277,244
Cost of sales	185,884	251,487
Gross profit	21,724	25,757
Selling, general and administrative expenses	9,999	10,007
Operating profit	11,725	15,750
Non-operating income		
Interest income	103	368
Dividend income	118	136
Foreign exchange gains	3,558	2,490
Subsidies for employment adjustment	192	131
Other	150	163
Total non-operating income	4,122	3,290
Non-operating expenses		
Interest expenses	35	34
Commission for syndicated loans	17	10
Other	8	10
Total non-operating expenses	61	56
Ordinary profit	15,786	18,984
Extraordinary income		
Gain on sale of non-current assets	370	142
Gain on sale of investment securities	225	–
Other	1	–
Total extraordinary income	598	142
Extraordinary losses		
Loss on sale and retirement of non-current assets	34	31
Impairment losses	43	347
Loss on liquidation of subsidiaries	–	220
Other	–	1
Total extraordinary losses	78	600
Profit before income taxes	16,306	18,527
Income taxes - current	4,391	5,493
Income taxes - deferred	12	396
Total income taxes	4,404	5,889
Profit	11,901	12,637
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	11,901	12,637

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	11,901	12,637
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	(114)
Foreign currency translation adjustment	1,616	2,000
Remeasurements of defined benefit plans, net of tax	26	(46)
Total other comprehensive income	1,567	1,840
Comprehensive income	13,469	14,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,469	14,477
Comprehensive income attributable to non-controlling interests	—	—



**(3) Consolidated statements of changes in equity**

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,660	19,596	86,668	(10,649)	109,276
Changes during period					
Dividends of surplus			(1,411)		(1,411)
Profit attributable to owners of parent			11,901		11,901
Purchase of treasury shares				(1,775)	(1,775)
Disposal of treasury shares					—
Cancellation of treasury shares			(2,838)	2,838	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	7,651	1,063	8,714
Balance at end of period	13,660	19,596	94,320	(9,586)	117,990

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,570	(2,951)	355	(25)	109,250
Changes during period					
Dividends of surplus					(1,411)
Profit attributable to owners of parent					11,901
Purchase of treasury shares					(1,775)
Disposal of treasury shares					—
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	(75)	1,616	26	1,567	1,567
Total changes during period	(75)	1,616	26	1,567	10,282
Balance at end of period	2,495	(1,334)	381	1,542	119,533

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	13,660	19,596	94,320	(9,586)	117,990
Changes during period					
Dividends of surplus			(4,287)		(4,287)
Profit attributable to owners of parent			12,637		12,637
Purchase of treasury shares				(3,000)	(3,000)
Disposal of treasury shares		6		23	29
Cancellation of treasury shares		(6)	(1,861)	1,868	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	6,488	(1,108)	5,379
Balance at end of period	13,660	19,596	100,808	(10,695)	123,370

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,495	(1,334)	381	1,542	119,533
Changes during period					
Dividends of surplus					(4,287)
Profit attributable to owners of parent					12,637
Purchase of treasury shares					(3,000)
Disposal of treasury shares					29
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	(114)	2,000	(46)	1,840	1,840
Total changes during period	(114)	2,000	(46)	1,840	7,219
Balance at end of period	2,381	666	334	3,382	126,753

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,306	18,527
Depreciation	3,185	3,385
Impairment losses	43	347
Increase (decrease) in allowance for doubtful accounts	(30)	(57)
Increase (decrease) in retirement benefit liability	(364)	(442)
Interest and dividend income	(221)	(504)
Interest expenses	35	34
Loss (gain) on sale and retirement of non-current assets	(336)	(111)
Loss (gain) on valuation of investment securities	-	1
Decrease (increase) in trade receivables	2,183	(8,286)
Decrease (increase) in inventories	(13,115)	12,017
Decrease (increase) in operating accounts receivable	(135)	640
Decrease (increase) in other assets	612	(629)
Increase (decrease) in trade payables	(7,274)	663
Increase (decrease) in other liabilities	1,687	(685)
Other, net	(230)	569
Subtotal	2,346	25,468
Interest and dividends received	199	421
Interest paid	(26)	(24)
Proceeds from subsidies for employment adjustment	192	131
Income taxes paid	(3,942)	(5,232)
Net cash provided by (used in) operating activities	(1,230)	20,765
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	275	(3,733)
Payments into long-term deposits	-	(3,000)
Purchase of property, plant and equipment	(3,823)	(2,818)
Proceeds from sale of property, plant and equipment	404	427
Purchase of investment securities	(100)	(1,002)
Proceeds from sale of investment securities	342	-
Purchase of intangible assets	(134)	(134)
Other, net	(24)	408
Net cash provided by (used in) investing activities	(3,059)	(9,852)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(456)	-
Purchase of treasury shares	(1,775)	(3,000)
Dividends paid	(1,411)	(4,287)
Other, net	(104)	(150)
Net cash provided by (used in) financing activities	(3,748)	(7,437)
Effect of exchange rate change on cash and cash equivalents	995	62
Net increase (decrease) in cash and cash equivalents	(7,042)	3,538
Cash and cash equivalents at beginning of period	69,522	62,479
Cash and cash equivalents at end of period	62,479	66,017

**(5) Notes to consolidated financial statements**

**Notes on going concern assumption**

None applicable.

**Significant matters serving as the basis for preparation of consolidated financial statements**

a. Matters regarding scope of consolidation

The Company has all of its subsidiaries consolidated, and the number of consolidated subsidiaries is 21.

Domestic consolidated subsidiaries

Hosiden Seiko Corporation, Hosiden Kyushu Corporation, Hosiden F.D. Corporation, Hosiden Wakayama Corporation, Hosiden Plastics Corporation, and Hosiden Service Corporation

Overseas consolidated subsidiaries

Korea Hosiden Electronics Co., Ltd., Hong Kong Hosiden Ltd., Hosiden America Corp., Hosiden Singapore Pte. Ltd., Hosiden Electronics (Malaysia) Sdn. Bhd, Hosiden Besson Ltd., Hosiden Europe GmbH, Qingdao Hosiden Electronics Co., Ltd., Hosiden Electronics (Shanghai) Co., Ltd., Hosiden (Shenzhen) Co., Ltd., Hosiden Technology (Qingdao) Co., Ltd., Hosiden (Thailand) Co., Ltd., Hosiden Vietnam (Bac Giang) Co., Ltd., China Hosiden Co., Ltd., and Hosiden Cambodia Co., Ltd.

b. Matters regarding fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, the closing date of the following six overseas consolidated subsidiaries is December 31: Qingdao Hosiden Electronics Co., Ltd., Hosiden Electronics (Shanghai) Co., Ltd., Hosiden (Shenzhen) Co., Ltd., Hosiden Technology (Qingdao) Co., Ltd., Hosiden Vietnam (Bac Giang) Co., Ltd., and China Hosiden Co., Ltd. In preparing consolidated financial statements for the fiscal year under review, the Company uses the financial statements as of December 31, but made necessary consolidation adjustments for significant transactions that occurred thereafter until the consolidated closing date.

c. Matters regarding accounting policies

1. Valuation standards and methods for significant assets

Securities

Available-for-sale securities

Non-marketable securities other than stocks, etc.

.....Market value method (Valuation difference is recognized directly into net assets in full, and the cost of securities sold is calculated based on the moving average method.)

Non-marketable securities, stocks, etc.

.....Moving average cost method

Derivatives

.....Market value method

Inventories

.....The Company and domestic consolidated subsidiaries mainly use the periodic average method (values on the balance sheet are subject to the carrying amount reduction method based on decreased profitability). Meanwhile, overseas consolidated subsidiaries use the lower of cost or market method (using the first-in, first-out

method) for merchandise, and mainly the periodic average or weighted average method for finished goods, work in process, raw materials and supplies.

2. Depreciation and amortization method for significant depreciable assets

Property, plant and equipment

.....The Company and domestic consolidated subsidiaries use the diminishing balance method. However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and also structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries mainly use the straight-line method.

The useful lives of principal assets are as follows.

Buildings and structures: 31-50 years

Machinery, equipment and vehicles: 5-9 years

Intangible assets

.....Straight-line method. Software for internal use is amortized by the straight-line method based on the internal usable period (five years).

3. Standards for recognizing significant provisions

Allowance for doubtful accounts

.....To prepare for bad debt expenses, the estimated uncollectable amounts regarding normal receivables are recognized using the loan loss ratio, and the estimated uncollectable amounts regarding certain receivables, such as doubtful receivables, are recognized by separately examining their collectability.

Provision for bonuses for directors

.....To prepare for bonus payments to directors, the relevant provision is recognized based on the estimated payment amount.

4. Accounting method for retirement benefits

Period attribution method for the expected retirement benefits

.....For calculating retirement benefit obligations, the benefit formula standards are used regarding the method of attributing the expected retirement benefits to the periods until the fiscal year under review.

Expensing method for actuarial gains and losses

.....Actuarial gains and losses are amortized by the straight-line method over a period within the average remaining service years for employees (mainly five years) at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

Accounting method for unrecognized actuarial gains and losses

.....Unrecognized actuarial gains and losses are recognized at the remeasurements of defined benefit plans item of accumulated other comprehensive income in net assets after adjusting tax effects.

5. Standards for recognition of significant revenues and expenses

The Group's principal business is developing, manufacturing, and selling electronic components. Sales transactions to customers are based on the terms and conditions determined

by agreement with the customer, and revenue is recognized when the performance obligation is satisfied by the transfer of control of the product to the customer. For product sales, the Company determines that the performance obligation is satisfied when the customer obtains control over the product at the time of delivery. However, for domestic product sales, the Company recognizes revenue at the time of shipment to the domestic delivery location designated by the customer.

6. Scope of net cash in the consolidated statement of cash flows

The scope of net cash (cash and cash equivalents) in the consolidated statement of cash flows includes cash on hand, deposits drawable at any time, and short-term investments that are readily convertible to cash, are exposed to insignificant risks of changes in value and are redeemable within three months.

7. Accounting treatment for non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes on assets are treated as expenses for the fiscal year under review.

**Segment information, etc.**

**Segment information**

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and which the Board of Directors regularly reviews to make decisions regarding the allocation of management resources and evaluate operating performance.

The Company develops, manufactures and sells electronic components as its main business, and sets four reportable segments taking into account the product types and similarities of their businesses: electro-mechanical components, acoustic components, display components, and applied equipment and other.

The electro-mechanical components segment primarily includes connectors, jacks and switches. The acoustic components segment primarily includes microphones, headphones, headsets, speakers and receivers. The display components segment primarily includes touch panels components. The applied equipment and other segment represents the applied devices that do not belong to the above segments.

2. Calculation of net sales, profit or loss, assets and other items by reportable segment

Accounting methods for the reportable business segments are generally consistent with those described in the section "Significant matters serving as the basis for preparation of consolidated financial statements."

Reportable segment profit is based on operating profit. Inter-segment sales and transfers are based on the actual transaction volume.

## 3. Net sales, profit or loss, assets and other items by reportable segment

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Adjustments or company- wide (Note 1)	Amounts in consolidated financial statements (Note 2)
	Electro- mechanical components	Acoustic components	Display components	Applied equipment and other	Total		
Net sales							
Sales to unaffiliated customers	177,211	13,817	8,431	8,147	207,608	–	207,608
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	177,211	13,817	8,431	8,147	207,608	–	207,608
Segment profit	9,078	1,148	213	1,284	11,725	–	11,725
Segment assets	83,314	11,310	3,520	3,478	101,623	69,901	171,525
Other items							
Depreciation	2,350	473	135	226	3,185	–	3,185
Increase in property, plant and equipment and intangible assets	2,877	658	67	270	3,873	305	4,178

Notes: 1. The adjustments are as follows:

- (1) The company-wide assets of 69,901 million yen for segment assets include cash and deposits, securities, investment securities and deferred tax assets, etc.
  - (2) Of the increase in property, plant and equipment and intangible assets, 305 million yen is company-wide assets that are not allocated to each reportable segment.
2. The total amount of segment profit is equal to the operating profit in the consolidated statements of income.

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments					Adjustments or company- wide (Note 1)	Amounts in consolidated financial statements (Note 2)
	Electro- mechanical components	Acoustic components	Display components	Applied equipment and other	Total		
Net sales							
Sales to unaffiliated customers	248,063	16,907	3,901	8,371	277,244	–	277,244
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	248,063	16,907	3,901	8,371	277,244	–	277,244
Segment profit (loss)	13,575	1,241	(623)	1,556	15,750	–	15,750
Segment assets	83,912	12,397	1,983	3,919	102,213	77,779	179,993
Other items							
Depreciation	2,530	530	132	192	3,385	–	3,385
Increase in property, plant and equipment and intangible assets	1,457	335	33	96	1,922	114	2,037

Notes: 1. The adjustments are as follows:

- (1) The company-wide assets of 77,779 million yen for segment assets include cash and deposits, securities, investment securities and deferred tax assets, etc.
  - (2) Of the increase in property, plant and equipment and intangible assets, 114 million yen is company-wide assets that are not allocated to each reportable segment.
2. The total amount of segment profit (loss) is equal to the operating profit in the consolidated statements of income.



**Per share information**

(Yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	2,175.11	2,379.08
Basic earnings per share	211.57	232.88
Diluted earnings per share	196.32	214.93

Note: The basis for calculation is as follows.

## 1. Basic earnings per share and diluted earnings per share

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	11,901	12,637
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	11,901	12,637
Average number of common shares outstanding during the period (Thousands of shares)	56,255	54,264
(2) Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	(14)	(14)
(Of which, amortization amount of bonds discount and expenses (after deducting the tax-equivalent amount))* (Millions of yen)	[(14)]	[(14)]
Increase in common shares (Thousands of shares)	4,294	4,463
Overview of potential shares that were not included in the calculation of diluted earnings due to lack of a dilutive effect	—	—

Note: This represents the amortization amount (after deducting the tax-equivalent amount) relating to the difference occurred due to the issuance of bonds at the value higher than the face value.

## 2. Net assets per share

	Previous fiscal year-end (March 31, 2022)	Current fiscal year-end (March 31, 2023)
Total net assets (Millions of yen)	119,533	126,753
Amount to be deducted from total net assets (Millions of yen)	—	—
Year-end net assets relating to common shares (Millions of yen)	119,533	126,753
Number of year-end common shares used for the calculation of net assets per share (Thousands of shares)	54,955	53,278

**Significant subsequent events**

## Purchase and cancellation of treasury shares

The Company resolved the matters concerning the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the Act and the matters concerning the cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act at the meeting of the Board of Directors held on May 12, 2023.

## 1. Reasons for the purchase and cancellation of treasury shares

In order to implement a flexible capital policy in response to changes in the business environment and to enhance shareholder returns and capital efficiency

## 2. Details of the matters concerning the purchase of treasury shares

- (1) Class of the shares for purchase: Common shares of the Company
- (2) Total number of shares that may be purchased: Up to 1,600,000 shares  
(3.00% of the total number of issued shares [excluding treasury shares])
- (3) Total share purchase price: Up to 3,000 million yen
- (4) Purchase period: From May 15, 2023 to July 14, 2023
- (5) Purchase method: Market purchase on the Tokyo Stock Exchange

## 3. Details of the matters concerning the cancellation of treasury shares

- (1) Class of the cancelled shares: Common shares of the Company
- (2) Total number of the cancelled shares: The total number of treasury shares purchased in (2), above
- (3) Planned date of the cancellation: August 31, 2023

**5. Others**

**(1) Changes in the representative**

None applicable.

**(2) Changes in other directors and officers**

None applicable.