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August 5, 2022

Consolidated Financial Results for the First Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: Hosiden Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 6804
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 Scheduled date to file quarterly securities report: August 8, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the first three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(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	%
Three months ended								
June 30, 2022	71,230	39.4	6,744	129.5	11,040	260.1	7,423	234.4
June 30, 2021	51,101	0.8	2,938	84.9	3,066	113.4	2,219	99.3

(Note) Comprehensive income For the first three months ended June 30, 2022 8,171 million yen[165.9%]
 For the first three months ended June 30, 2021 3,072 million yen[160.0%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	135.09	124.88
June 30, 2021	39.32	36.48

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	173,428	124,682	71.9
March 31, 2022	171,525	119,533	69.7

(Reference) Equity

As of June 30, 2022 124,682 million yen
 As of March 31, 2022 119,533 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	10.00	–	55.00	65.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		23.00	–	23.00	46.00

(Note) Revision of cash dividend forecast most recently announced: None

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	120,000	24.0	9,500	44.2	14,000	88.9	10,000	66.8	181.97
Full year	–	–	–	–	–	–	–	–	–

(Note) Revision of financial results forecast most recently announced: None

Financial results forecasts are based on the assumption of a foreign exchange rate of 136 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) Application of specific accounting for preparing quarterly consolidated financial statements: None

- (3) 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

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

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

As of June 30, 2022	64,710,084 shares
As of March 31, 2022	64,710,084 shares

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

As of June 30, 2022	9,755,084 shares
As of March 31, 2022	9,755,041 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	54,955,029 shares
Three months ended June 30, 2021	56,456,099 shares

Notes: 1. Quarterly financial results reports are exempt from quarterly review 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 page 3 of the attached document.

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1. Qualitative information regarding financial results for the first three months ended June 30, 2022

(1) Explanation of operating results

During the first three months of the fiscal year ending March 31, 2023 (from April 2022 to June 2022), the world economy continued to recover as a result of a temporary decrease in novel coronavirus disease (“COVID-19”) infections, but a tendency toward a declining growth rate remained. There is no resolution in sight regarding Russia’s invasion of Ukraine, resulting in continued soaring prices of resources and food, and lockdowns due to China’s zero COVID policy have restrained the economy. In Japan, differences in interest rate policies between Japan and overseas have caused a sharp depreciation of the yen, resulting in an acceleration of import prices. Combined with a sudden rise in COVID-19 cases recently, this has made the future outlook of the Japanese economy uncertain.

In the electronic component industry to which the Company group (the “Group”) belongs, in the automotive-related business, semiconductor shortages and continuing supply chain disruptions due to lockdowns in China show that full-scale recovery is still a way off. The mobile communications-related business faces a similar predicament, and combined with inflation, sales remain sluggish.

Under such circumstances, the Group increased net sales as a whole. Specifically, automotive-related and mobile communications-related businesses decreased, but amusement-related business net sales grew significantly.

During the period under review, as a result, the Group posted consolidated net sales of 71,230 million yen (up 39.4% year on year), operating profit of 6,744 million yen (up 129.5% year on year) in line with a depreciation of the yen in addition to a significant increase in net sales, ordinary profit of 11,040 million yen (up 260.1% year on year) with foreign exchange gains of 4,129 million yen in line with foreign exchange fluctuations, and profit attributable to owners of parent of 7,423 million yen (up 234.4% year on year).

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

Net sales for the electro-mechanical components segment was 64,200 million yen (up 48.8% year on year) due to an increase in the amusement-related business, and segment profit was 6,370 million yen (up 222.9% year on year).

Net sales for the acoustic components segment was 3,948 million yen (up 21.4% year on year) due to an increase in the AV equipment-related business, while the segment profit was 279 million yen (down 10.4% year on year).

Net sales for the display components segment was 1,317 million yen (down 41.8% year on year) due to a decrease in the automotive-related business, and the segment loss was 201 million yen (segment profit of 52 million yen for the previous year).

Net sales for the applied equipment and other segment was 1,763 million yen (down 27.8% year on year) due to a decrease in the health device-related business, and the segment profit was 296 million yen (down 50.6% year on year).

(2) Explanation of financial position

Assets, liabilities, and net assets

At the end of the first quarter of the fiscal year ending March 31, 2023, total assets increased 1,902 million yen from the end of the previous fiscal year to 173,428 million yen mainly due to increases in cash and deposits and trade receivables despite decreases in securities and inventories. Total liabilities decreased 3,246 million yen from the end of the previous fiscal year to 48,745 million yen mainly due to decreases in trade payables and other current liabilities despite an increase in income taxes payable.

Net assets increased 5,149 million yen from the end of the previous fiscal year to 124,682 million yen mainly due to an increase in retained earnings, resulting in an equity-to-asset ratio of 71.9%.

Cash flows

At the end of the quarter under review, cash and cash equivalents decreased 4,012 million yen from the end of the previous fiscal year to 58,466 million yen.

Net cash provided by operating activities in the period under review was 829 million yen. This was mainly due to profit before income taxes of 11,049 million yen, an increase in trade receivables of 13,846 million yen, a decrease in inventories of 12,900 million yen, a decrease in trade payable of 7,086 million yen, and income taxes paid of 2,808 million yen.

Net cash used in investing activities was 2,648 million yen. This was mainly due to purchase of property, plant and equipment of 1,234 million yen and purchase of securities of 999 million yen.

Net cash used in financing activities was 3,057 million yen. This was mainly due to dividends paid of 3,022 million yen.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

There are no changes to the financial results forecasts for the first six months of the fiscal year ending March 31, 2023 from the “Notice on Recognition of Non-operating Income (Foreign Exchange Gains) and Financial Results Forecast Revision” released July 28, 2022. Additionally, the full year financial results forecasts for the fiscal year ending March 31, 2023 have been withdrawn for the moment and remain undetermined as per the “Notice on Recognition of Non-operating Income (Foreign Exchange Gains) and Financial Results Forecast Revision” released July 28, 2022. These figures will be released immediately as soon as they are available. Forecasts for the second quarter are based on the assumption of a foreign exchange rate of 136 yen per U.S. dollar.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	49,794	50,447
Notes and accounts receivable - trade, and contract assets	25,864	41,576
Securities	13,699	10,599
Merchandise and finished goods	9,923	9,490
Work in process	3,117	3,696
Raw materials and supplies	38,526	26,997
Other	4,690	4,639
Allowance for doubtful accounts	(45)	(50)
Total current assets	145,572	147,396
Non-current assets		
Property, plant and equipment	18,559	18,970
Intangible assets	451	456
Investments and other assets		
Investment securities	4,809	4,536
Other	2,423	2,358
Allowance for doubtful accounts	(290)	(290)
Total investments and other assets	6,942	6,604
Total non-current assets	25,952	26,031
Total assets	171,525	173,428

Hosiden Corporation (6804) Consolidated Financial Results for the First Three Months Ended June 30, 2022

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,614	19,916
Short-term borrowings	2,040	2,101
Income taxes payable	3,179	4,006
Other	7,470	7,041
Total current liabilities	36,305	33,066
Non-current liabilities		
Bonds with share acquisition rights	10,051	10,046
Retirement benefit liability	3,577	3,567
Other	2,057	2,065
Total non-current liabilities	15,686	15,679
Total liabilities	51,991	48,745
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	94,320	98,721
Treasury shares	(9,586)	(9,586)
Total shareholders' equity	117,990	122,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,495	2,304
Foreign currency translation adjustment	(1,334)	(361)
Remeasurements of defined benefit plans	381	346
Total accumulated other comprehensive income	1,542	2,290
Total net assets	119,533	124,682
Total liabilities and net assets	171,525	173,428

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**Quarterly consolidated statements of income**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	51,101	71,230
Cost of sales	45,626	62,018
Gross profit	5,474	9,212
Selling, general and administrative expenses	2,536	2,467
Operating profit	2,938	6,744
Non-operating income		
Interest income	17	39
Dividend income	56	63
Foreign exchange gains	20	4,129
Subsidies for employment adjustment	32	56
Other	13	19
Total non-operating income	140	4,308
Non-operating expenses		
Interest expenses	7	5
Commission for syndicated loans	4	4
Other	1	2
Total non-operating expenses	12	12
Ordinary profit	3,066	11,040
Extraordinary income		
Gain on sale of non-current assets	0	10
Gain on sale of investment securities	106	-
Total extraordinary income	107	10
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	1
Total extraordinary losses	7	1
Profit before income taxes	3,166	11,049
Income taxes - current	735	3,413
Income taxes - deferred	211	211
Total income taxes	946	3,625
Profit	2,219	7,423
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,219	7,423

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	2,219	7,423
Other comprehensive income		
Valuation difference on available-for-sale securities	(46)	(190)
Foreign currency translation adjustment	933	973
Remeasurements of defined benefit plans, net of tax	(34)	(34)
Total other comprehensive income	852	747
Comprehensive income	3,072	8,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,072	8,171
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,166	11,049
Depreciation	679	780
Decrease (increase) in trade receivables	517	(13,846)
Decrease (increase) in inventories	(10,005)	12,900
Decrease (increase) in operating accounts receivable	(253)	154
Increase (decrease) in trade payables	(1,375)	(7,086)
Other, net	2,206	(447)
Subtotal	(5,063)	3,503
Interest and dividends received	69	87
Interest paid	(5)	(9)
Subsidies for employment adjustment received	32	56
Income taxes paid	(2,030)	(2,808)
Net cash provided by (used in) operating activities	(6,996)	829
Cash flows from investing activities		
Decrease (increase) in time deposits	-	(514)
Purchase of securities	-	(999)
Purchase of property, plant and equipment	(736)	(1,234)
Proceeds from sale of investment securities	131	-
Other, net	68	101
Net cash provided by (used in) investing activities	(535)	(2,648)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2	-
Purchase of treasury shares	(0)	(0)
Dividends paid	(846)	(3,022)
Other, net	(23)	(34)
Net cash provided by (used in) financing activities	(868)	(3,057)
Effect of exchange rate change on cash and cash equivalents	308	863
Net increase (decrease) in cash and cash equivalents	(8,092)	(4,012)
Cash and cash equivalents at beginning of period	69,522	62,479
Cash and cash equivalents at end of period	61,430	58,466

(4) Notes to quarterly consolidated financial statements**Notes on going concern assumption**

None applicable.

Notes on significant changes in the amount of shareholders' equity

None applicable.

Segment information, etc.

Segment information

I The first three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments					Adjustments	Amounts in quarterly consolidated statements of income
	Electro-mechanical components	Acoustic components	Display components	Applied equipment and other	Total		
Net sales							
Sales to unaffiliated customers	43,143	3,251	2,264	2,442	51,101	–	51,101
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	43,143	3,251	2,264	2,442	51,101	–	51,101
Segment profit	1,973	311	52	601	2,938	–	2,938

Note: The total amount of segment profit is equal to the operating profit in the quarterly consolidated statements of income.

II The first three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments					Adjustments	Amounts in quarterly consolidated statements of income
	Electro-mechanical components	Acoustic components	Display components	Applied equipment and other	Total		
Net sales							
Sales to unaffiliated customers	64,200	3,948	1,317	1,763	71,230	–	71,230
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	64,200	3,948	1,317	1,763	71,230	–	71,230
Segment profit (loss)	6,370	279	(201)	296	6,744	–	6,744

Note: The total amount of segment profit (loss) is equal to the operating profit in the quarterly consolidated statements of income.