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August 9, 2023

Consolidated Financial Results for the First Three Months Ended June 30, 2023 (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 10, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	56,273	(21.0)	2,596	(61.5)	5,460	(50.5)	3,658	(50.7)
June 30, 2022	71,230	39.4	6,744	129.5	11,040	260.1	7,423	234.4

(Note) Comprehensive income For the first three months ended June 30, 2023 5,185 million yen [(36.5)%]
 For the first three months ended June 30, 2022 8,171 million yen [165.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	69.79	64.07
June 30, 2022	135.09	124.88

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	180,512	126,564	70.1
March 31, 2023	179,993	126,753	70.4

(Reference) Equity
 As of June 30, 2023 126,564 million yen
 As of March 31, 2023 126,753 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, 2023	–	23.00	–	48.00	71.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		24.00	–	24.00	48.00

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

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

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

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

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

(iv) Restatement: 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, 2023	63,010,084 shares
As of March 31, 2023	63,010,084 shares

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

As of June 30, 2023	11,331,898 shares
As of March 31, 2023	9,731,778 shares

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

Three months ended June 30, 2023	52,419,900 shares
Three months ended June 30, 2022	54,955,029 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.

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1. Qualitative information regarding financial results for the first three months ended June 30, 2023

(1) Explanation of operating results

During the first three months of the fiscal year ending March 31, 2024 (from April 2023 to June 2023), despite continued growth in the world economy, the pace of that growth slowed. Rising inflation in other countries has led to the adoption of monetary tightening policies, but the Japanese yen has weakened due to differences in monetary policy. Even though the financial instability seen in the U.S. at the end of the previous fiscal year is showing signs of stabilizing, geopolitical risks, such as issues between Russia and Ukraine, continue and uncertainty over the world economic outlook, including sky-high prices for grain and other food, may intensify even further.

In the electronic component industry to which the Company group (the “Group”) belongs, semiconductor shortages in the automotive-related market have eased and sales are recovering. In contrast, consumer demand in the mobile communications-related market remains stagnant and sales are sluggish.

Under such circumstances, the Group’s net sales increased for the AV equipment-related business and the home appliances-related business, but decreased for the amusement-related business. Net sales of the display components segment in the automotive-related business also fell sharply. As a result, net sales was down overall.

With regard to profits, operating profit in the same period last year was significantly boosted by the yen’s sudden depreciation. In the period under review, however, profit declined mainly because of the persistently high prices of raw materials and semiconductors, coupled with lower sales. And despite the yen’s weakness, it did little to boost the bottom line.

As a result, during the period under review, the Group posted consolidated net sales of 56,273 million yen (down 21.0% year on year), operating profit of 2,596 million yen (down 61.5% year on year), ordinary profit of 5,460 million yen (down 50.5% year on year) with foreign exchange gains of 2,626 million yen in line with foreign exchange fluctuations, and profit attributable to owners of parent of 3,658 million yen (down 50.7% 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 48,559 million yen (down 24.4% year on year) due to a decrease in the amusement-related business, and the segment profit was 1,875 million yen (down 70.6% year on year).

Net sales for the acoustic components segment was 4,470 million yen (up 13.2% year on year) due to increases in the automotive-related business and the AV equipment-related business while the segment profit was 292 million yen (up 4.9% year on year).

Net sales for the display components segment was 591 million yen (down 55.2% year on year) due to a decrease in the automotive-related business, and the segment loss was 89 million yen (segment loss of 201 million yen for the previous year).

Net sales for the applied equipment and other segment was 2,652 million yen (up 50.4% year on year) due to increases in the amusement-related and home appliances-related businesses, and the segment profit was 518 million yen (up 74.5% 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, 2024, total assets increased 519 million yen from the end of the previous fiscal year to 180,512 million yen mainly due to an increase in inventories despite decreases in trade receivables and securities. Total liabilities increased 707 million yen from the end of the previous fiscal year to 53,947 million yen mainly due to an increase in trade payables despite decreases in repayments of short-term borrowings and income taxes payable.

Net assets decreased 188 million yen from the end of the previous fiscal year to 126,564 million yen mainly due to the purchase of treasury shares despite an increase in retained earnings, resulting in an equity-to-asset ratio of 70.1%.

Cash flows

At the end of the quarter under review, cash and cash equivalents decreased 3,537 million yen from the end of the previous fiscal year to 62,480 million yen.

Net cash provided by operating activities in the period under review was 3,554 million yen. This was mainly due to profit before income taxes of 5,460 million yen, a decrease in trade receivables of 6,163 million yen, an increase in inventories of 7,586 million yen, an increase in trade payables of 2,608 million yen, and income taxes paid of 3,553 million yen.

Net cash used in investing activities was 686 million yen. This was mainly due to the purchase of property, plant and equipment of 396 million yen and an increase in time deposits of 337 million yen.

Net cash used in financing activities was 6,571 million yen. This was mainly due to dividends paid of 2,557 million yen, the purchase of treasury shares of 2,816 million yen, and a decrease in short-term borrowings of 1,158 million yen.

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

There are no changes to the consolidated financial results forecasts for the first six months ending September 30, 2023 and the fiscal year ending March 31, 2024 provided in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” released on May 12, 2023. Forecasts for the second quarter and beyond are based on the assumption of a foreign exchange rate of 134 yen per U.S. dollar as before. The Company recorded foreign exchange gains for the first three months (April to June), but the yen is expected to strengthen in the second quarter (July to September). Therefore, based on the assumption that the Company records foreign exchange losses, ordinary profit is forecast to decrease from the second quarter onward.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	57,418	57,249
Notes and accounts receivable - trade, and contract assets	34,970	29,208
Securities	13,335	10,618
Merchandise and finished goods	9,691	10,548
Work in process	5,107	3,598
Raw materials and supplies	26,469	35,529
Other	4,913	5,361
Allowance for doubtful accounts	(27)	(27)
Total current assets	151,878	152,088
Non-current assets		
Property, plant and equipment	17,495	17,299
Intangible assets	423	438
Investments and other assets		
Investment securities	5,643	6,156
Other	4,839	4,816
Allowance for doubtful accounts	(287)	(287)
Total investments and other assets	10,195	10,685
Total non-current assets	28,114	28,423
Total assets	179,993	180,512

Hosiden Corporation (6804) Consolidated Financial Results for the First Three Months Ended June 30, 2023

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,772	28,824
Short-term borrowings	2,189	1,050
Income taxes payable	3,910	2,046
Other	6,048	6,227
Total current liabilities	37,919	38,149
Non-current liabilities		
Bonds with share acquisition rights	10,030	10,024
Retirement benefit liability	3,170	3,151
Other	2,118	2,621
Total non-current liabilities	15,319	15,797
Total liabilities	53,239	53,947
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	100,808	101,909
Treasury shares	(10,695)	(13,511)
Total shareholders' equity	123,370	121,655
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,381	2,893
Foreign currency translation adjustment	666	1,712
Remeasurements of defined benefit plans	334	303
Total accumulated other comprehensive income	3,382	4,909
Total net assets	126,753	126,564
Total liabilities and net assets	179,993	180,512

(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, 2022	Three months ended June 30, 2023
Net sales	71,230	56,273
Cost of sales	62,018	51,263
Gross profit	9,212	5,010
Selling, general and administrative expenses	2,467	2,413
Operating profit	6,744	2,596
Non-operating income		
Interest income	39	157
Dividend income	63	59
Foreign exchange gains	4,129	2,626
Other	75	44
Total non-operating income	4,308	2,887
Non-operating expenses		
Interest expenses	5	17
Other	6	5
Total non-operating expenses	12	23
Ordinary profit	11,040	5,460
Extraordinary income		
Gain on sale of non-current assets	10	0
Total extraordinary income	10	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	11,049	5,460
Income taxes - current	3,413	1,501
Income taxes - deferred	211	301
Total income taxes	3,625	1,802
Profit	7,423	3,658
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	7,423	3,658

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	7,423	3,658
Other comprehensive income		
Valuation difference on available-for-sale securities	(190)	511
Foreign currency translation adjustment	973	1,046
Remeasurements of defined benefit plans, net of tax	(34)	(31)
Total other comprehensive income	747	1,526
Comprehensive income	8,171	5,185
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,171	5,185
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	11,049	5,460
Depreciation	780	729
Decrease (increase) in trade receivables	(13,846)	6,163
Decrease (increase) in inventories	12,900	(7,586)
Decrease (increase) in operating accounts receivable	154	(256)
Increase (decrease) in trade payables	(7,086)	2,608
Other, net	(391)	(224)
Subtotal	3,560	6,894
Interest and dividends received	87	231
Interest paid	(9)	(17)
Income taxes paid	(2,808)	(3,553)
Net cash provided by (used in) operating activities	829	3,554
Cash flows from investing activities		
Decrease (increase) in time deposits	(514)	(337)
Purchase of securities	(999)	-
Purchase of property, plant and equipment	(1,234)	(396)
Other, net	101	47
Net cash provided by (used in) investing activities	(2,648)	(686)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(1,158)
Purchase of treasury shares	(0)	(2,816)
Dividends paid	(3,022)	(2,557)
Other, net	(34)	(39)
Net cash provided by (used in) financing activities	(3,057)	(6,571)
Effect of exchange rate change on cash and cash equivalents	863	165
Net increase (decrease) in cash and cash equivalents	(4,012)	(3,537)
Cash and cash equivalents at beginning of period	62,479	66,017
Cash and cash equivalents at end of period	58,466	62,480

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

None applicable.

Notes on significant changes in the amount of shareholders' equity

The Company acquired 1,600,000 treasury shares in accordance with a resolution at the meeting of the Board of Directors held on May 12, 2023. As a result, treasury shares increased 2,816 million yen during the period under review to 13,511 million yen at the end of the first quarter of the fiscal year ending March 31, 2024.

Segment information, etc.

Segment information

I 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.

II The first three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	48,559	4,470	591	2,652	56,273	–	56,273
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	48,559	4,470	591	2,652	56,273	–	56,273
Segment profit (loss)	1,875	292	(89)	518	2,596	–	2,596

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