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October 29, 2021

Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6832
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 Scheduled date to file quarterly securities report: November 12, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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	%
Six months ended								
September 30, 2021	21,961	—	1,989	—	2,115	—	1,447	—
September 30, 2020	19,807	(6.1)	659	(63.0)	659	(63.6)	441	(64.2)

Note: Comprehensive income For the six months ended September 30, 2021: ¥1,565 million [—%]
 For the six months ended September 30, 2020: ¥484 million [(61.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2021	120.65	—
September 30, 2020	36.82	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and each figure for the six months ended September 30, 2021, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2021	60,385	50,091	83.0	4,174.63
March 31, 2021	58,492	48,875	83.6	4,073.29

Reference: Equity
 As of September 30, 2021: ¥50,091 million
 As of March 31, 2021: ¥48,875 million

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, 2021	–	27.00	–	29.00	56.00
Fiscal year ending March 31, 2022	–	27.00			
Fiscal year ending March 31, 2022 (Forecast)			–	29.00	56.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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
Full year	43,000	–	3,200	–	3,200	–	2,150	–	179.18

Notes: Revisions to the financial results forecast most recently announced: Yes

- Regarding revision of consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” announced today (October 29, 2021) in Japanese.
- The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and the consolidated financial results forecast for the fiscal year ending March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of 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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “Changes in accounting policies” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

(4) Number of issued shares (common shares)

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

As of September 30, 2021	12,000,000 shares
As of March 31, 2021	12,000,000 shares

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

As of September 30, 2021	899 shares
As of March 31, 2021	899 shares

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

Six months ended September 30, 2021	11,999,101 shares
Six months ended September 30, 2020	11,999,214 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Although the financial results forecast was calculated based on information currently available as of the announcement date of these materials, a considerable number of uncertain factors are also included. Please understand that actual financial results may differ significantly from the forecasts presented in these materials due to changes to business conditions, etc.

Attached Materials

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1. Qualitative information on the quarterly financial results

(1) Operating results

Although the Japanese economy remains in a difficult situation due to the impact of the spread of the novel coronavirus disease (COVID-19) that has continued intermittently, during the six months ended September 30, 2021, corporate production and capital investment remained on a path of recovery against the backdrop of an increase in exports due to the recovery of overseas demand. Overseas, the Chinese economy was in state of slowing down due to the resurgence of COVID-19 in certain areas and a severe electricity shortage, whereas the economy was strong in the U.S. supported by improvements in situation of employment and income, and Europe was also on a path of recovery as restrictions on economic activities were gradually eased.

Sales in the electronic components industry, to which the Group belongs, were strong as a result of the increase in production of components for industrial equipment and 5G-enabled devices in addition to the increase in demand for components for digital equipment against the backdrop of an increase in appliance sales due to demand from people staying at home, the expansion of remote work and other factors. However, the outlook is uncertain due to rising prices and procurement difficulties for raw materials with the tight global supply and demand for semiconductors.

Amid these circumstances, for the six months ended September 30, 2021, consolidated net sales totaled ¥21,961 million, operating profit totaled ¥1,989 million due to economies of scale, etc. because of the improvement of efficiency and increase of production volume as a result of automation despite rising raw material prices, ordinary profit totaled ¥2,115 million due to foreign exchange gains because of the depreciation of the yen and profit attributable to owners of parent totaled ¥1,447 million.

With regard to net sales by product category of the Group, integrated circuits recorded ¥18,908 million due to an increase in demand for 5G-related mobile information devices and components for digital equipment and industrial equipment, and market recovery for components for appliances. Sales of functional components totaled ¥2,991 million due to the recovery of orders for thermal print heads overseas.

In addition, due to the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, net sales in the six months ended September 30, 2021, decreased by ¥1,362 million (decrease of ¥1,389 million in integrated circuits, increase of ¥27 million in functional components). For details, please refer to “Changes in accounting policies” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

(2) Financial position

Assets as of September 30, 2021, totaled ¥60,385 million due to increases in cash and deposits and trade receivables (increase of ¥1,893 million from the end of the previous fiscal year). Liabilities totaled ¥10,293 million due to an increase in current liabilities (increase of ¥677 million from the end of the previous fiscal year), such as trade payables. As a result, net assets totaled ¥50,091 million (increase of ¥1,215 million from the end of the previous fiscal year), and the equity-to-asset ratio was 83.0%.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

Regarding the consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” announced today (October 29, 2021) in Japanese.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	24,044,101	24,659,719
Notes and accounts receivable - trade	9,078,489	9,947,895
Electronically recorded monetary claims - operating	2,027,312	1,885,493
Securities	3,000,000	3,000,000
Merchandise and finished goods	35,060	115,752
Work in process	984,880	895,865
Raw materials and supplies	1,305,976	1,691,222
Prepaid expenses	58,222	115,010
Other	227,860	280,575
Total current assets	40,761,902	42,591,536
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,712,164	21,078,066
Accumulated depreciation and impairment	(14,964,935)	(15,366,153)
Buildings and structures, net	5,747,229	5,711,913
Machinery, equipment and vehicles	45,997,236	45,536,139
Accumulated depreciation and impairment	(43,301,839)	(43,027,131)
Machinery, equipment and vehicles, net	2,695,396	2,509,007
Tools, furniture and fixtures	8,270,675	8,375,232
Accumulated depreciation and impairment	(7,783,542)	(7,803,702)
Tools, furniture and fixtures, net	487,132	571,529
Land	3,441,238	3,441,238
Leased assets	323,268	342,346
Accumulated depreciation and impairment	(168,502)	(178,502)
Leased assets, net	154,766	163,843
Construction in progress	315,160	478,697
Total property, plant and equipment	12,840,924	12,876,230
Intangible assets		
Goodwill	149,034	142,692
Other	160,337	172,445
Total intangible assets	309,371	315,138
Investments and other assets		
Investment securities	2,556,965	2,674,199
Retirement benefit asset	528,665	559,696
Deferred tax assets	1,031,218	963,269
Other	463,031	405,254
Total investments and other assets	4,579,881	4,602,419
Total non-current assets	17,730,177	17,793,788
Total assets	58,492,079	60,385,325

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,276,817	2,539,287
Electronically recorded obligations - operating	2,058,926	2,404,247
Short-term borrowings	190,000	190,000
Current portion of long-term borrowings	305,988	305,988
Lease obligations	64,025	66,727
Accounts payable - other	1,700,532	1,738,066
Income taxes payable	112,042	721,801
Provision for bonuses	788,561	739,507
Other	1,032,696	698,524
Total current liabilities	8,529,589	9,404,149
Non-current liabilities		
Long-term borrowings	608,205	455,211
Lease obligations	129,008	130,961
Deferred tax liabilities	7,931	7,697
Retirement benefit liability	246,774	203,581
Asset retirement obligations	27,449	27,522
Other	67,262	64,415
Total non-current liabilities	1,086,631	889,389
Total liabilities	9,616,221	10,293,538
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	38,277,909	39,375,985
Treasury shares	(1,881)	(1,881)
Total shareholders' equity	48,612,477	49,710,554
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143,067	244,417
Remeasurements of defined benefit plans	120,313	136,814
Total accumulated other comprehensive income	263,380	381,231
Total net assets	48,875,858	50,091,786
Total liabilities and net assets	58,492,079	60,385,325

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	19,807,138	21,961,180
Cost of sales	16,827,909	17,736,187
Gross profit	2,979,229	4,224,993
Selling, general and administrative expenses	2,319,553	2,235,888
Operating profit	659,676	1,989,104
Non-operating income		
Interest income	729	834
Dividend income	6,149	6,021
Foreign exchange gains	–	75,761
Technical support fee income	2,371	20,354
Compensation income	3,307	1,836
Rental income	17,234	17,234
Share of profit of entities accounted for using equity method	29,996	5,252
Other	36,615	38,879
Total non-operating income	96,403	166,175
Non-operating expenses		
Interest expenses	4,415	2,902
Compensation expenses	22,100	15,216
Depreciation of assets for rent	12,689	13,017
Foreign exchange losses	54,241	–
Other	2,822	8,632
Total non-operating expenses	96,268	39,769
Ordinary profit	659,810	2,115,510
Extraordinary income		
Gain on sale of non-current assets	–	11,084
Total extraordinary income	–	11,084
Extraordinary losses		
Loss on retirement of non-current assets	7,520	6,896
Loss on valuation of investment securities	–	3,292
Total extraordinary losses	7,520	10,189
Profit before income taxes	652,290	2,116,405
Income taxes - current	177,937	639,749
Income taxes - deferred	32,518	29,001
Total income taxes	210,456	668,751
Profit	441,834	1,447,654
Profit attributable to owners of parent	441,834	1,447,654

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	441,834	1,447,654
Other comprehensive income		
Valuation difference on available-for-sale securities	38,281	101,350
Remeasurements of defined benefit plans, net of tax	4,136	16,501
Total other comprehensive income	42,418	117,851
Comprehensive income	484,252	1,565,505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	484,252	1,565,505
Comprehensive income attributable to non-controlling interests	–	–

(3)Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Application of special accounting for preparing quarterly consolidated financial statements

Not applicable

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

By applying the alternative accounting treatment stipulated in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment when the period from the time of shipment to the transfer of control of the goods or products to the customer is normal period in case of domestic sale of the goods or products. In addition, for certain transactions in which the Company acts as an agent, the full amount of the consideration received from customers was previously recognized as revenue, but the Company has changed this method so that revenue is recognized at the net amount. Furthermore, accounting of raw materials supplied from customers through subcontract processing with supply of materials for value presents only the net amount equivalent to the processing fee as revenue.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2022, and thus the new accounting policy was applied from such opening balance.

As a result, net sales and cost of sales in the six months ended September 30, 2021 decreased by ¥1,362,048 thousand and ¥1,364,092 thousand, respectively, and operating profit, ordinary profit and profit before income taxes increased by ¥2,044 thousand each. In addition, the opening balance of retained earnings decreased by ¥1,604 thousand.

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

This has no effect on the quarterly consolidated financial statements for the six months ended September 30, 2021.

Changes in accounting estimates

Not applicable

Additional information*Accounting estimates related to the impact of the spread of COVID-19*

A severe impact on the economy and corporate activities is expected due to the global spread of COVID-19. Although it is difficult to foresee the end of COVID-19 and the impact on financial results, the Group has determined the accounting estimates for impairment accounting of non-current assets, recoverability of deferred tax assets, etc. to the extent that can currently be estimated.

Segment information

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020) and six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

The business activities of the Group consist of a single operating segment, manufacture and sales of electric and electronic components. The entire Group formulates comprehensive business strategies and conducts business activities accordingly. Accordingly, segment information has been omitted.