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January 28, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Under Japanese GAAP)

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 Securities code: 6832
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 Scheduled date to file quarterly securities report: February 14, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended								
December 31, 2021	32,506	–	2,692	–	2,970	–	2,043	–
December 31, 2020	29,757	(6.5)	1,160	(56.8)	1,110	(60.7)	751	(61.8)

Note: Comprehensive income For the nine months ended December 31, 2021: ¥2,221 million [–%]
 For the nine months ended December 31, 2020: ¥835 million [(58.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2021	170.30	–
December 31, 2020	62.63	–

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 nine months ended December 31, 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				
December 31, 2021	61,351	50,424	82.2	4,202.32
March 31, 2021	58,492	48,875	83.6	4,073.29

Reference: Equity
 As of December 31, 2021: ¥50,424 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

Note: Revisions to the financial results forecast most recently announced: None

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 December 31, 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 December 31, 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)

Nine months ended December 31, 2021	11,999,101 shares
Nine months ended December 31, 2020	11,999,208 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

With regard to the Japanese economy during the nine months ended December 31, 2021, signs of socioeconomic recovery, such as the loosening of restrictions on behavior, were seen as the number of new cases of novel coronavirus disease (COVID-19) decreased with the progress of vaccinations for COVID-19. However, the economic outlook remains unclear due to factors such as the identification of new COVID-19 variants. Overseas, although a general recovery trend continued, the unpredictable situation continued due to factors such as the exacerbation of the shortage of components and raw materials, disruption of the supply chain and rise of resource prices in addition to the sudden spread of infection due to COVID-19 variants.

Sales in the electronic components industry, to which the Group belongs, were strong as a result of increased demand for components for digital equipment due to lifestyle changes, the recovery of demand for components for industrial equipment due to the expansion of capital investment against the backdrop of the improvement of corporate earnings and other factors. However, the outlook continues to be 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 nine months ended December 31, 2021, consolidated net sales totaled ¥32,506 million, operating profit totaled ¥2,692 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 ¥2,970 million due to foreign exchange gains because of the depreciation of the yen and profit attributable to owners of parent totaled ¥2,043 million.

With regard to net sales by category of the Group, integrated circuits recorded ¥27,798 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, despite factors causing downward pressure such as difficulties procuring raw materials. Sales of functional components totaled ¥4,638 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 nine months ended December 31, 2021, decreased by ¥2,024 million (decrease of ¥2,051 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 December 31, 2021, totaled ¥61,351 million due to increases in current assets such as cash and deposits, and non-current assets such as construction in progress (increase of ¥2,859 million from the end of the previous fiscal year). Liabilities totaled ¥10,927 million due to an increase in current liabilities, such as trade payables (increase of ¥1,311 million from the end of the previous fiscal year). As a result, net assets totaled ¥50,424 million (increase of ¥1,548 million from the end of the previous fiscal year), and the equity-to-asset ratio was 82.2%.

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

Regarding the financial results forecast for the fiscal year ending March 31, 2022, no changes have been made to the consolidated financial results forecast in the “Notice Regarding Revision of Financial Forecast” announced on 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	24,044,101	25,154,800
Notes and accounts receivable - trade	9,078,489	9,301,384
Electronically recorded monetary claims - operating	2,027,312	1,895,369
Securities	3,000,000	3,000,000
Merchandise and finished goods	35,060	70,211
Work in process	984,880	1,134,956
Raw materials and supplies	1,305,976	1,881,335
Prepaid expenses	58,222	114,389
Other	227,860	515,858
Total current assets	40,761,902	43,068,304
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,712,164	21,187,465
Accumulated depreciation and impairment	(14,964,935)	(15,581,560)
Buildings and structures, net	5,747,229	5,605,904
Machinery, equipment and vehicles	45,997,236	46,096,004
Accumulated depreciation and impairment	(43,301,839)	(43,220,272)
Machinery, equipment and vehicles, net	2,695,396	2,875,731
Tools, furniture and fixtures	8,270,675	8,544,812
Accumulated depreciation and impairment	(7,783,542)	(7,919,128)
Tools, furniture and fixtures, net	487,132	625,683
Land	3,441,238	3,463,289
Leased assets	323,268	345,157
Accumulated depreciation and impairment	(168,502)	(189,941)
Leased assets, net	154,766	155,216
Construction in progress	315,160	801,330
Total property, plant and equipment	12,840,924	13,527,155
Intangible assets		
Goodwill	149,034	139,521
Other	160,337	170,661
Total intangible assets	309,371	310,183
Investments and other assets		
Investment securities	2,556,965	2,748,290
Retirement benefit asset	528,665	575,811
Deferred tax assets	1,031,218	717,991
Other	463,031	403,590
Total investments and other assets	4,579,881	4,445,683
Total non-current assets	17,730,177	18,283,022
Total assets	58,492,079	61,351,327

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,276,817	2,623,849
Electronically recorded obligations - operating	2,058,926	2,322,366
Short-term borrowings	190,000	475,000
Current portion of long-term borrowings	305,988	305,988
Lease obligations	64,025	65,370
Accounts payable - other	1,700,532	2,675,950
Income taxes payable	112,042	548,476
Provision for bonuses	788,561	188,086
Other	1,032,696	943,141
Total current liabilities	8,529,589	10,148,229
Non-current liabilities		
Long-term borrowings	608,205	378,714
Lease obligations	129,008	120,440
Deferred tax liabilities	7,931	7,579
Retirement benefit liability	246,774	180,324
Asset retirement obligations	27,449	27,559
Other	67,262	64,415
Total non-current liabilities	1,086,631	779,033
Total liabilities	9,616,221	10,927,262
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	39,647,772
Treasury shares	(1,881)	(1,881)
Total shareholders' equity	48,612,477	49,982,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143,067	296,658
Remeasurements of defined benefit plans	120,313	145,065
Total accumulated other comprehensive income	263,380	441,723
Total net assets	48,875,858	50,424,064
Total liabilities and net assets	58,492,079	61,351,327

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

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	29,757,410	32,506,439
Cost of sales	25,175,548	26,438,650
Gross profit	4,581,861	6,067,788
Selling, general and administrative expenses	3,421,819	3,374,986
Operating profit	1,160,042	2,692,802
Non-operating income		
Interest income	1,000	1,131
Dividend income	11,606	11,802
Technical support fee income	13,314	46,432
Compensation income	3,307	1,850
Rental income	25,851	25,851
Foreign exchange gains	–	197,044
Share of profit of entities accounted for using equity method	46,217	4,065
Other	51,249	53,129
Total non-operating income	152,547	341,308
Non-operating expenses		
Interest expenses	6,034	5,301
Compensation expenses	23,011	28,153
Depreciation of assets for rent	18,530	18,762
Foreign exchange losses	150,702	–
Other	3,631	11,775
Total non-operating expenses	201,910	63,993
Ordinary profit	1,110,679	2,970,117
Extraordinary income		
Gain on sale of non-current assets	–	11,117
Total extraordinary income	–	11,117
Extraordinary losses		
Loss on retirement of non-current assets	8,944	8,184
Loss on valuation of investment securities	7,776	3,412
Total extraordinary losses	16,721	11,596
Profit before income taxes	1,093,958	2,969,638
Income taxes - current	45,303	679,160
Income taxes - deferred	297,132	247,060
Total income taxes	342,435	926,221
Profit	751,522	2,043,416
Profit attributable to owners of parent	751,522	2,043,416

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	751,522	2,043,416
Other comprehensive income		
Valuation difference on available-for-sale securities	72,083	153,591
Remeasurements of defined benefit plans, net of tax	11,907	24,751
Total other comprehensive income	83,990	178,342
Comprehensive income	835,513	2,221,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	835,513	2,221,759
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 nine months ended December 31, 2021 decreased by ¥2,024,174 thousand and ¥2,026,218 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 nine months ended December 31, 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

Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020) and nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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.