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July 29, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (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: August 10, 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 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	10,645	(0.7)	796	(15.1)	990	(0.2)	699	3.5
June 30, 2021	10,723	–	938	–	992	–	675	–

Note: Comprehensive income For the three months ended June 30, 2022: ¥688 million [(14.5)%]
 For the three months ended June 30, 2021: ¥805 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2022	58.26	–
June 30, 2021	56.28	–

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 fiscal year ended March 31, 2022, and each figure for the three months ended June 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				
June 30, 2022	59,742	51,286	85.8	4,274.22
March 31, 2022	61,152	50,946	83.3	4,245.83

Reference: Equity
 As of June 30, 2022: ¥51,286 million
 As of March 31, 2022: ¥50,946 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, 2022	–	27.00	–	29.00	56.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		27.00	–	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, 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
First half	22,100	0.6	1,220	(38.7)	1,220	(42.3)	850	(41.3)	70.84
Full year	44,000	1.5	2,500	(24.5)	2,500	(39.5)	1,750	(37.5)	145.84

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

*** 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 June 30, 2022	12,000,000 shares
As of March 31, 2022	12,000,000 shares

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

As of June 30, 2022	899 shares
As of March 31, 2022	899 shares

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

Three months ended June 30, 2022	11,999,101 shares
Three months ended June 30, 2021	11,999,101 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

During the three months ended June 30, 2022, the Japanese economy gradually began to show signs of normalization due to the easing of restrictions on social and economic activities, despite the lingering effects of the novel coronavirus (COVID-19) pandemic. On the other hand, the outlook remains uncertain due to fluctuations in the foreign exchange market caused by the sharp depreciation of the yen and rising prices due to soaring resource prices. Overseas, in the U.S. and Europe, the trend was generally firm due to the normalization of economic activities. In China, a sense of stagnation persisted due to a drop in production activities and personal consumption caused by strict restrictions in some regions. In addition, the global economy remains highly uncertain due to downside risks from soaring resource prices and supply chain disruptions, as well as prolonged geopolitical risks in Eastern Europe.

Sales in the electronic components industry, to which the Group belongs, were strong as a result of increased demand for components for digital equipment, 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 remains uncertain due to soaring raw material prices and procurement difficulties as well as concerns about a slowdown in semiconductor demand amid global inflation and the stagnant Chinese economy.

Amid these circumstances, for the three months ended June 30, 2022, consolidated net sales totaled ¥10,645 million (decrease of ¥78 million (-0.7%) year on year), operating profit totaled ¥796 million (decrease of ¥141 million (-15.1%) year on year) due to soaring electricity and raw material prices as well as increased depreciation associated with upfront investments, ordinary profit totaled ¥990 million (decrease of ¥1 million (-0.2%) year on year) due to the impact of foreign exchange gains, and profit attributable to owners of parent totaled ¥699 million (increase of ¥23 million (+3.5%) year on year).

With regard to net sales by category of the Group's products, integrated circuits recorded ¥9,026 million (decrease of ¥104 million (-1.1%) year on year) due to a decline in demand for components for mobile information devices from the latter half of the period, despite an increase in orders for components for industrial equipment and digital equipment. Sales of functional components totaled ¥1,595 million (increase of ¥54 million (+3.5%) year on year) due to a recovery in orders for thermal print heads overseas.

(2) Financial position

Assets as of June 30, 2022 totaled ¥59,742 million (decrease of ¥1,410 million from the end of the previous fiscal year) due to a decrease in current assets such as notes and accounts receivable-trade. Liabilities totaled ¥8,455 million (decrease of ¥1,751 million from the end of the previous fiscal year) due to a decrease in current liabilities such as income taxes payable. As a result, net assets totaled ¥51,286 million (increase of ¥340 million from the end of the previous fiscal year), and the equity-to-asset ratio was 85.8%.

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

Regarding the financial results forecast for the fiscal year ending March 31, 2023, no changes have been made to the consolidated financial results forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2022" on May 11, 2022.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	24,114,441	23,717,012
Notes and accounts receivable - trade	9,438,508	8,892,378
Electronically recorded monetary claims - operating	2,221,023	2,580,027
Securities	3,000,000	3,000,000
Merchandise and finished goods	154,269	160,768
Work in process	950,571	969,503
Raw materials and supplies	1,887,534	2,163,620
Prepaid expenses	77,291	106,906
Other	874,083	215,416
Total current assets	42,717,723	41,805,635
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,301,681	20,806,417
Accumulated depreciation and impairment	(15,508,630)	(15,096,505)
Buildings and structures, net	5,793,051	5,709,911
Machinery, equipment and vehicles	46,354,918	45,745,737
Accumulated depreciation and impairment	(43,519,030)	(42,571,660)
Machinery, equipment and vehicles, net	2,835,887	3,174,077
Tools, furniture and fixtures	8,684,170	8,661,218
Accumulated depreciation and impairment	(8,056,393)	(8,049,356)
Tools, furniture and fixtures, net	627,776	611,862
Land	3,463,289	3,463,788
Leased assets	337,161	323,142
Accumulated depreciation and impairment	(187,874)	(186,416)
Leased assets, net	149,287	136,726
Construction in progress	700,910	315,077
Total property, plant and equipment	13,570,201	13,411,442
Intangible assets		
Goodwill	136,350	133,180
Other	165,254	157,552
Total intangible assets	301,605	290,732
Investments and other assets		
Investment securities	2,694,487	2,658,161
Retirement benefit asset	377,488	392,660
Deferred tax assets	1,084,140	821,694
Other	407,117	362,024
Total investments and other assets	4,563,233	4,234,540
Total non-current assets	18,435,041	17,936,716
Total assets	61,152,764	59,742,351

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,471,090	2,193,741
Electronically recorded obligations - operating	1,504,218	1,563,625
Short-term borrowings	190,000	475,000
Current portion of long-term borrowings	306,028	286,030
Lease liabilities	63,542	61,530
Accounts payable - other	2,441,021	2,036,790
Income taxes payable	1,128,147	67,503
Provision for bonuses	721,662	186,713
Other	660,977	959,198
Total current liabilities	9,486,688	7,830,133
Non-current liabilities		
Long-term borrowings	302,177	245,678
Lease liabilities	109,399	95,788
Deferred tax liabilities	1,377	1,382
Retirement benefit liability	216,791	194,457
Asset retirement obligations	27,595	27,632
Other	62,592	60,502
Total non-current liabilities	719,934	625,440
Total liabilities	10,206,623	8,455,574
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	40,402,686	40,753,761
Treasury shares	(1,881)	(1,881)
Total shareholders' equity	50,737,255	51,088,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	243,992	222,079
Remeasurements of defined benefit plans	(35,106)	(23,633)
Total accumulated other comprehensive income	208,886	198,445
Total net assets	50,946,141	51,286,776
Total liabilities and net assets	61,152,764	59,742,351

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

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	10,723,905	10,645,857
Cost of sales	8,677,638	8,732,316
Gross profit	2,046,266	1,913,541
Selling, general and administrative expenses	1,108,120	1,117,229
Operating profit	938,146	796,311
Non-operating income		
Interest income	293	293
Dividend income	5,667	6,717
Foreign exchange gains	25,721	169,659
Technical support fee income	9,111	7,968
Rental income	8,572	8,617
Share of profit of entities accounted for using equity method	17	1,305
Other	22,834	26,181
Total non-operating income	72,217	220,742
Non-operating expenses		
Interest expenses	1,340	1,791
Compensation expenses	3,140	11,577
Depreciation of assets for rent	6,164	6,991
Other	7,073	5,865
Total non-operating expenses	17,719	26,225
Ordinary profit	992,643	990,827
Extraordinary income		
Gain on sale of non-current assets	10,821	23,754
Total extraordinary income	10,821	23,754
Extraordinary losses		
Loss on retirement of non-current assets	3,458	14,086
Loss on valuation of investment securities	3,511	-
Environmental expenses	-	1,350
Total extraordinary losses	6,970	15,436
Profit before income taxes	996,494	999,146
Income taxes - current	90,294	33,394
Income taxes - deferred	230,945	266,702
Total income taxes	321,240	300,097
Profit	675,254	699,048
Profit attributable to owners of parent	675,254	699,048

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	675,254	699,048
Other comprehensive income		
Valuation difference on available-for-sale securities	121,673	(21,913)
Remeasurements of defined benefit plans, net of tax	8,250	11,473
Total other comprehensive income	129,924	(10,440)
Comprehensive income	805,178	688,608
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	805,178	688,608
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 the "Implementation Guidance on Accounting Standard for Measurement of Fair Value"

The Company has applied "Implementation Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance on Accounting Standard for Measurement of Fair Value") effective from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Measurement of Fair Value, the new accounting policy will be applied prospectively.

There is no effect on the quarterly consolidated financial statements for the three months ended June 30, 2022.

Changes in accounting estimates

Not applicable

Additional information

Accounting estimates related to the impact of the spread of COVID-19

An impact on the economy and corporate activities is expected due to the global spread of COVID-19. Although it is difficult to estimate the impact on our financial results for the three months ended June 30, 2022, 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

Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) and the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

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