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July 28, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (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, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 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	8,326	(21.8)	(431)	–	(323)	–	(369)	–
June 30, 2022	10,645	(0.7)	796	(15.1)	990	(0.2)	699	3.5

Note: Comprehensive income For the three months ended June 30, 2023: ¥(307) million [–%]
 For the three months ended June 30, 2022: ¥688 million [(14.5)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	(30.79)	–
June 30, 2022	58.26	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	56,757	49,882	87.9	4,157.24
March 31, 2023	57,368	50,537	88.1	4,211.84

Reference: Equity
 As of June 30, 2023: ¥49,882 million
 As of March 31, 2023: ¥50,537 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, 2023	–	27.00	–	29.00	56.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		25.00	–	29.00	54.00

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, 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
First half	17,600	(14.8)	(1,200)	–	(1,200)	–	(1,250)	–	(104.18)
Full year	39,000	4.8	500	216.2	500	(0.3)	350	–	29.17

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: 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	12,000,000 shares
As of March 31, 2023	12,000,000 shares

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

As of June 30, 2023	975 shares
As of March 31, 2023	975 shares

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

Three months ended June 30, 2023	11,999,025 shares
Three months ended June 30, 2022	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.

Means of access to supplementary material on quarterly financial results

The supplementary material on quarterly financial results will be available on the Company's website.

Attached Materials

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1. Qualitative information on the quarterly financial results

(1) Operating results

During the three months ended June 30, 2023, the Japanese economy maintained its track of recovery with increased services consumption and higher demand from inbound tourism resulting from social and economic activities transitioning back to normal following the lifting of COVID-19 related activity restrictions. On the other hand, the economic outlook remains uncertain mainly due to the impact on business results and personal consumption from not only rising price of goods accompanying soaring resource prices but also fluctuations in the financial and capital markets. Overseas, the U.S. economy has underlying strength from the support of expanding personal consumption amid a firm employment environment. The pace of economic recovery in China appears to be slow, mainly due to slowdowns in internal demand and external demand, despite signs of recovery for brief period following the lifting of the zero-COVID policy. In addition, considering the constraints placed on business by consistently high global raw material prices and monetary tightening, the prolonged geopolitical risk in Eastern Europe, and other factors, the level of uncertainty for the global economy remains high.

In the electronic components industry, to which the Group belongs, extremely difficult conditions have persisted due to not only demand falling sharply, mainly on account of the absence of the special COVID-19 related demand and the slowdown in the Chinese economy, but also the drastic adjustments to balance of supply and demand ongoing since the middle of last year, particularly with respect to components for mobile information devices.

Amid these circumstances, for the three months ended June 30, 2023, consolidated net sales totaled ¥8,326 million (decrease of ¥2,319 million (-21.8%) year on year), operating loss totaled ¥431 million (compared with operating profit of ¥796 million in the same period of the previous fiscal year) due to soaring electricity and raw material prices as well as decrease in net sales, ordinary loss totaled ¥323 million (compared with ordinary profit of ¥990 million in the same period of the previous fiscal year) due to foreign exchange gains, and loss attributable to owners of parent totaled ¥369 million (compared with profit attributable to owners of parent of ¥699 million in the same period of the previous fiscal year).

With regard to net sales by category of the Group's products, integrated circuits recorded ¥7,377 million (decrease of ¥1,649 million (-18.3%) year on year) due to a decline in orders of components for mobile information devices caused by a prolonged period of adjustments to the balance of supply and demand. Sales of functional components totaled ¥946 million (decrease of ¥648 million (-40.7%) year on year) due to the production termination of certain products and struggling orders for thermal print heads for overseas markets.

(2) Financial position

Assets as of June 30, 2023 totaled ¥56,757 million (decrease of ¥611 million from the end of the previous fiscal year) due to a decrease in current assets such as cash and deposits. Liabilities totaled ¥6,874 million (increase of ¥43 million from the end of the previous fiscal year) due to increases in short-term borrowings and long-term borrowings and a decrease in provision for bonuses. As a result, net assets totaled ¥49,882 million (decrease of ¥655 million from the end of the previous fiscal year), and the equity-to-asset ratio was 87.9%.

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

Regarding the financial results forecast for the fiscal year ending March 31, 2024, no changes have been made to the consolidated financial results forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2023" on May 10, 2023.

2. Quarterly consolidated financial statements and significant notes thereto
(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	22,561,943	21,938,957
Notes and accounts receivable - trade	6,247,175	6,368,492
Electronically recorded monetary claims - operating	2,113,781	2,081,982
Securities	3,000,000	3,000,000
Merchandise and finished goods	83,755	97,833
Work in process	1,118,635	1,035,628
Raw materials and supplies	2,225,637	2,241,168
Prepaid expenses	78,967	118,905
Other	785,646	667,857
Total current assets	38,215,541	37,550,826
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,166,342	21,195,747
Accumulated depreciation and impairment	(15,690,299)	(15,872,270)
Buildings and structures, net	5,476,042	5,323,476
Machinery, equipment and vehicles	46,225,613	45,982,382
Accumulated depreciation and impairment	(43,367,398)	(43,134,303)
Machinery, equipment and vehicles, net	2,858,214	2,848,079
Tools, furniture and fixtures	8,865,107	8,916,631
Accumulated depreciation and impairment	(8,349,649)	(8,410,877)
Tools, furniture and fixtures, net	515,457	505,753
Land	3,464,288	3,463,040
Leased assets	348,453	344,114
Accumulated depreciation and impairment	(196,798)	(206,066)
Leased assets, net	151,654	138,048
Construction in progress	1,577,451	1,863,235
Total property, plant and equipment	14,043,109	14,141,634
Intangible assets		
Goodwill	123,667	120,496
Other	154,630	146,520
Total intangible assets	278,297	267,017
Investments and other assets		
Investment securities	2,755,349	2,811,518
Retirement benefit asset	778,130	789,580
Deferred tax assets	937,957	857,997
Other	360,432	338,768
Total investments and other assets	4,831,870	4,797,863
Total non-current assets	19,153,278	19,206,515
Total assets	57,368,820	56,757,341

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,630,025	1,822,870
Electronically recorded obligations - operating	851,717	656,385
Short-term borrowings	190,000	475,000
Current portion of long-term borrowings	160,496	188,996
Lease liabilities	63,870	60,554
Accounts payable - other	2,074,116	2,041,071
Income taxes payable	51,533	81,933
Provision for bonuses	712,970	175,675
Other	594,581	694,661
Total current liabilities	6,329,312	6,197,147
Non-current liabilities		
Long-term borrowings	141,681	356,682
Lease liabilities	95,408	83,166
Deferred tax liabilities	2,121	2,083
Retirement benefit liability	175,496	148,855
Asset retirement obligations	27,742	27,779
Other	59,121	58,749
Total non-current liabilities	501,571	677,316
Total liabilities	6,830,884	6,874,464
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	39,745,691	39,028,245
Treasury shares	(2,028)	(2,028)
Total shareholders' equity	50,080,112	49,362,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	232,553	282,244
Remeasurements of defined benefit plans	225,270	237,966
Total accumulated other comprehensive income	457,823	520,210
Total net assets	50,537,936	49,882,877
Total liabilities and net assets	57,368,820	56,757,341

(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, 2022	Three months ended June 30, 2023
Net sales	10,645,857	8,326,016
Cost of sales	8,732,316	7,735,633
Gross profit	1,913,541	590,382
Selling, general and administrative expenses	1,117,229	1,021,425
Operating profit (loss)	796,311	(431,042)
Non-operating income		
Interest income	293	293
Dividend income	6,717	7,459
Foreign exchange gains	169,659	76,906
Technical support fee income	7,968	10,698
Rental income	8,617	7,736
Share of profit of entities accounted for using equity method	1,305	-
Other	26,181	44,865
Total non-operating income	220,742	147,960
Non-operating expenses		
Interest expenses	1,791	610
Compensation expenses	11,577	14,448
Depreciation of assets for rent	6,991	8,492
Share of loss of entities accounted for using equity method	-	10,101
Other	5,865	6,707
Total non-operating expenses	26,225	40,360
Ordinary profit (loss)	990,827	(323,442)
Extraordinary income		
Gain on sale of non-current assets	23,754	8,850
Total extraordinary income	23,754	8,850
Extraordinary losses		
Loss on retirement of non-current assets	14,086	734
Environmental expenses	1,350	-
Total extraordinary losses	15,436	734
Profit (loss) before income taxes	999,146	(315,326)
Income taxes - current	33,394	2,501
Income taxes - deferred	266,702	51,645
Total income taxes	300,097	54,147
Profit (loss)	699,048	(369,473)
Profit (loss) attributable to owners of parent	699,048	(369,473)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	699,048	(369,473)
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,913)	49,691
Remeasurements of defined benefit plans, net of tax	11,473	12,695
Total other comprehensive income	(10,440)	62,387
Comprehensive income	688,608	(307,086)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	688,608	(307,086)
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

Not applicable

Changes in accounting estimates

Not applicable

Additional information

Not applicable

Segment information

Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022) and the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

The Group consists of a single operating segment, of which business activities are manufacturing and selling electric and electronic components, and the entire Group formulates comprehensive business strategies and conducts business activities. Accordingly, segment information has been omitted.