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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]



August 1, 2022

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 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 7480
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 Scheduled date of filing quarterly securities report: August 8, 2022
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing materials on quarterly financial results: Not available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2022	15,847	21.0	948	111.8	1,064	99.8	711	92.8
June 30, 2021	13,093	16.7	448	37.1	532	34.2	369	33.1

(Note) Comprehensive income: Three months ended June 30, 2022: ¥752 million [103.1%]
 Three months ended June 30, 2021: ¥370 million [30.9%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2022	50.93		—	
June 30, 2021	26.45		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of June 30, 2022	31,129		17,013		54.7	
As of March 31, 2022	32,736		17,627		53.8	

(Reference) Equity: As of June 30, 2022: ¥17,013 million
 As of March 31, 2022: ¥17,627 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen –	Yen 25.00	Yen –	Yen 97.00	Yen 122.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		55.00	–	56.00	111.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	29,600	10.8	1,370	17.3	1,520	15.4	980	9.0	70.22
	59,400	(0.5)	2,700	(11.5)	2,990	(11.2)	1,930	(17.6)	138.29

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

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Principal Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
(3) Quarterly Consolidated Statements of Cash Flows	10
(4) Notes to Quarterly Consolidated Financial Statements.....	11
(Notes on going concern assumption).....	11
(Notes in case of significant changes in shareholders' equity)	11
(Changes in accounting policies)	11
(Additional information).....	11
3. Others	12
Purchases and Sales	12

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Regarding the Group's operating environment during the three months ended June 30, 2022 (April 1, 2022 - June 30, 2022), although the future economy has remained uncertain due to the impacts of supply chain disruption caused by the lockdown measures in Shanghai under the zero-COVID policy in China and surging oil prices arising from the situation in Ukraine, corporate production and capital investment demand has steadily grown recently.

Within this environment, from the perspective of business continuity planning, while taking measures that prioritize the health and safety of its employees, the Company has made efforts for supplying products in a stable manner by expanding inventory, enhancing the system to receive and place orders, and maintaining its distribution system in order to assist manufacturing processes as a "Manufacturing Support Company."

With regard to the business results of the Group, in the electrical equipment, electronic component, and industrial machinery industries, the principal markets of the Group, with increased orders from some customers ahead of schedule due to fears over supply caused by the impact of shortages in semiconductors and other members, as well as increased sales due to increased amount of merchandises received toward the end of the first quarter of the current fiscal year, performance has been favorable. Especially regarding customers related to semiconductor manufacturing equipment, the growing capital investment demand of semiconductor manufacturers has continued, contributing to these favorable results of the Company. In terms of profit, the results in the first quarter of the previous fiscal year were surpassed as profit increased following the increase in sales.

As a result, for the three months ended June 30, 2022, net sales amounted to ¥15,847 million (up 21.0% year-on-year), operating profit was ¥948 million (up 111.8% year-on-year), ordinary profit was ¥1,064 million (up 99.8% year-on-year), and profit attributable to owners of parent was ¥711 million (up 92.8% year-on-year). As such, both sales and profit increased year-on-year.

Results by segment are as follows.

In order to enhance manufacturing functions and respond to customer request items, the Company added facilities to Taiwa Plant (Kurokawa County, Miyagi Prefecture), and started assembly of aluminum frames for customers related to semiconductor manufacturing equipment from the first quarter of the current fiscal year, which was segmented as "manufacturing business."

Accordingly, from the first quarter of the current fiscal year, the Company, which previously had only a single segment of "electrical and electronic components sales business", has two segments, "electrical and electronic components sales business" and "manufacturing business."

(Electrical and electronic components sales business)

Net sales and operating profit of the electrical and electronic components sales business amounted respectively to ¥15,779 million (up 20.5% year-on-year) and ¥969 million (up 116.4% year-on-year).

Net sales by product segment are as follows.

(1) FA equipment

Net sales amounted to ¥9,387 million (up 18.2% year-on-year) with increased sales of RFID equipment, PLC equipment, relay equipment, and control equipment, etc.

(2) Information and communication equipment

Net sales amounted to ¥1,205 million (up 11.0% year-on-year) with increased sales of CPUs, personal computers for industrial use, office automation equipment accessories, etc.

(3) Electronics and devices

Net sales amounted to ¥2,215 million (up 36.4% year-on-year) with increased sales of connectors, switching power supplies, EMI prevention products, etc.

(4) Materials for electric facilities

Net sales amounted to ¥2,970 million (up 21.7% year-on-year) with increased sales of integrating wattmeters, terminal blocks, electric cables, etc.

(Manufacturing business)

Net sales and operating profit of the manufacturing business amounted respectively to ¥68 million and ¥(20) million.

(2) Explanation of Financial Position

1) Assets, liabilities, and net assets

(Assets)

Total assets as of June 30, 2022 amounted to ¥31,129 million, down ¥1,607 million from the end of the previous fiscal year.

Current assets decreased by ¥1,455 million from the end of the previous fiscal year to ¥25,447 million.

This was primarily due to a ¥544 million decrease in cash and deposits and a ¥1,225 million decrease in notes and accounts receivable - trade.

Non-current assets decreased by ¥152 million from the end of the previous fiscal year to ¥5,681 million.

(Liabilities)

Liabilities as of June 30, 2022 amounted to ¥14,115 million, down ¥993 million from the end of the previous fiscal year.

Current liabilities decreased by ¥1,388 million from the end of the previous fiscal year to ¥12,536 million.

This was primarily due to a ¥469 million decrease in notes and accounts payable - trade and a ¥770 million decrease in income taxes payable.

Non-current liabilities increased by ¥394 million from the end of the previous fiscal year to ¥1,578 million.

This was primarily due to a ¥400 million increase in long-term borrowings.

(Net assets)

Net assets as of June 30, 2022 amounted to ¥17,013 million, down ¥613 million from the end of the previous fiscal year.

This was mainly due to the recording of profit attributable to owners of parent for the three months ended June 30, 2022 of ¥711 million and dividend payments of ¥1,365 million. The equity ratio was 54.7%.

2) Cash flow

Cash and cash equivalents (hereinafter referred to as “net cash”) as of June 30, 2022 amounted to ¥5,592 million, down ¥544 million from the end of the previous fiscal year. The status of cash flows and its contributing factors during the three months ended June 30, 2022 are as follows.

(Cash flows from operating activities)

Due to operating activities, net cash increased by ¥710 million. (Net cash decreased by ¥131 million in the same period of the previous year)

This was mainly due to a ¥1,050 million increase in profit before income taxes, a ¥985 million decrease in trade receivables, a ¥364 million decrease in trade payables, and a ¥938 million decrease in income taxes paid.

(Cash flows from investing activities)

Due to investing activities, net cash decreased by ¥365 million. (Net cash decreased by ¥404 million in the same period of the previous year)

This was mainly due to purchase of property, plant and equipment of ¥346 million.

(Cash flows from financing activities)

Due to financing activities, net cash decreased by ¥901 million. (Net cash decreased by ¥887 million in the same period of the previous year)

This was mainly due to proceeds from long-term borrowings of ¥500 million and dividends paid of ¥1,352 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In and after the second quarter of the fiscal year ending March 31, 2023, in the electrical equipment, electronic component, and industrial machinery industries, the principal markets of the Company, production and capital investment demand mainly in customers related to semiconductor manufacturing equipment are expected to keep growing steadily thanks to the increasing semiconductor demand. However, due to impacts of higher prices, etc., associated with geopolitical risks in Europe and other factors, there is concern about business recession arising from a slowdown in the global economic growth, and thus, the future demand environment is expected to be in

an unpredictable situation.

With the above factors, in relation to the financial results forecasts for the six months ending September 30, 2022 and the fiscal year ending March 31, 2023, there is no amendment to predicted values announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP] on May 9, 2022. The above forecasts and other forward-looking information are based on information currently available to the Company, and actual performance, etc. may vary due to a variety of factors.

With regard to the situation of the Company's businesses, please refer to "preliminary report on changes in net sales" which discloses monthly net sales (on a non-consolidated basis). If there are any changes in the future, they will be disclosed appropriately.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	6,148,188	5,603,921
Notes and accounts receivable - trade	12,073,314	10,847,359
Electronically recorded monetary claims - operating	4,585,551	4,830,934
Merchandise	3,657,056	–
Inventories	–	3,941,546
Other	441,830	226,971
Allowance for doubtful accounts	(3,326)	(3,149)
Total current assets	26,902,616	25,447,583
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,450,474	2,400,171
Land	1,909,493	1,909,493
Construction in progress	11,000	11,000
Other, net	103,569	98,123
Total property, plant and equipment	4,474,538	4,418,789
Intangible assets	113,767	127,784
Investments and other assets		
Other	1,279,858	1,169,243
Allowance for doubtful accounts	(34,592)	(34,392)
Total investments and other assets	1,245,265	1,134,850
Total non-current assets	5,833,572	5,681,424
Total assets	32,736,188	31,129,007
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,198,414	5,728,430
Electronically recorded obligations - operating	3,077,472	3,185,009
Short-term borrowings	2,000,000	2,000,000
Current portion of long-term borrowings	41,544	100,000
Income taxes payable	1,002,683	232,466
Provision for bonuses	459,936	274,629
Provision for bonuses for directors (and other officers)	211,000	50,250
Other	933,987	965,882
Total current liabilities	13,925,038	12,536,668
Non-current liabilities		
Long-term borrowings	–	400,000
Provision for share-based remuneration for directors (and other officers)	57,010	60,851
Retirement benefit liability	927,843	919,931
Other	199,115	197,955
Total non-current liabilities	1,183,969	1,578,738
Total liabilities	15,109,008	14,115,406

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,819,230	1,819,230
Capital surplus	1,558,048	1,558,048
Retained earnings	14,761,556	14,107,508
Treasury shares	(586,718)	(586,718)
Total shareholders' equity	17,552,116	16,898,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,915	65,463
Foreign currency translation adjustment	31,757	45,278
Remeasurements of defined benefit plans	6,391	4,790
Total accumulated other comprehensive income	75,063	115,532
Total net assets	17,627,179	17,013,601
Total liabilities and net assets	32,736,188	31,129,007

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	13,093,506	15,847,696
Cost of sales	11,243,317	13,429,003
Gross profit	1,850,188	2,418,692
Selling, general and administrative expenses		
Packing and transportation costs	134,217	136,242
Salaries, allowances and bonuses	529,087	505,551
Share-based payment expenses	7,380	10,046
Legal welfare expenses	90,428	72,606
Retirement benefit expenses	35,251	33,712
Rent expenses	117,385	82,159
Depreciation	65,562	55,269
Provision for bonuses	164,400	271,767
Provision for bonuses for directors (and other officers)	28,645	50,250
Other	229,761	252,109
Total selling, general and administrative expenses	1,402,120	1,469,715
Operating income	448,068	948,977
Non-operating income		
Interest income	247	268
Dividend income	9,880	14,365
Purchase discounts	61,087	70,325
Foreign exchange gains	13,531	30,752
Other	6,082	7,499
Total non-operating income	90,829	123,211
Non-operating expenses		
Interest expenses	2,279	3,176
Loss on sale of notes receivable - trade	550	623
Loss on cancellation of leases	1,968	109
Other	1,309	3,972
Total non-operating expenses	6,107	7,881
Ordinary profit	532,790	1,064,307
Extraordinary income		
Gain on sale of investment securities	304	–
Total extraordinary income	304	–
Extraordinary losses		
Loss on retirement of non-current assets	–	13,455
Total extraordinary losses	–	13,455
Profit before income taxes	533,094	1,050,852
Income taxes - current	107,786	208,231
Income taxes - deferred	56,262	131,021
Total income taxes	164,049	339,253
Profit	369,045	711,599
Profit attributable to owners of parent	369,045	711,599

Quarterly Consolidated Statements of Comprehensive Income
 Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	369,045	711,599
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,576)	28,548
Foreign currency translation adjustment	11,984	13,521
Remeasurements of defined benefit plans, net of tax	(1,090)	(1,600)
Total other comprehensive income	1,316	40,469
Comprehensive income	370,361	752,068
Comprehensive income attributable to		
Owners of parent	370,361	752,068
Non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	533,094	1,050,852
Depreciation	65,562	63,918
Increase (decrease) in provision for bonuses	(79,733)	(185,307)
Increase (decrease) in provision for bonuses for directors (and other officers)	(42,055)	(160,750)
Increase (decrease) in provision for share awards for directors (and other officers)	1,839	3,841
Increase (decrease) in retirement benefit liability	998	(7,912)
Increase (decrease) in allowance for doubtful accounts	(259)	(376)
Interest and dividend income	(10,127)	(14,634)
Interest expenses	2,279	3,176
Loss (gain) on sale of investment securities	(304)	–
Decrease (increase) in trade receivables	(218,926)	985,557
Decrease (increase) in inventories	(519,954)	(277,988)
Increase (decrease) in trade payables	207,078	(364,659)
Other	225,319	541,015
Subtotal	164,811	1,636,733
Interest and dividends received	9,969	14,475
Interest paid	(2,260)	(3,172)
Income taxes paid	(304,356)	(938,014)
Net cash provided by (used in) operating activities	(131,835)	710,022
Cash flows from investing activities		
Purchase of property, plant and equipment	(420,930)	(346,799)
Purchase of intangible assets	(11,779)	(18,658)
Purchase of investment securities	(3,972)	(5,715)
Proceeds from sale of investment securities	31,366	–
Payments of leasehold and guarantee deposits	(440)	(246)
Proceeds from refund of leasehold and guarantee deposits	1,310	5,644
Net cash provided by (used in) investing activities	(404,445)	(365,775)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	500,000
Repayments of long-term borrowings	(125,016)	(41,544)
Repayments of finance lease obligations	(9,652)	(7,731)
Dividends paid	(752,670)	(1,352,040)
Net cash provided by (used in) financing activities	(887,339)	(901,316)
Effect of exchange rate change on cash and cash equivalents	9,521	12,800
Net increase (decrease) in cash and cash equivalents	(1,414,099)	(544,267)
Cash and cash equivalents at beginning of period	5,886,920	6,137,188
Cash and cash equivalents at end of period	4,472,821	5,592,921

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 17, 2021, hereinafter "Implementation Guidance on Fair Value Measurement Standard"), etc. from the beginning of the first quarter of the current fiscal year, and plans to prospectively apply the new accounting policy determined by the Implementation Guidance on Fair Value Measurement Standard in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. The change has no impact on the quarterly consolidated financial statements for the first quarter of the fiscal year ending March 31, 2023 and for the three months ended June 30, 2022.

(Additional information)

(Commencement of new business)

In order to enhance manufacturing functions and respond to customer request items, the Company started business related to assembly of aluminum frames for semiconductor manufacturing equipment at Taiwa Plant (Kurokawa County, Miyagi Prefecture) from the first quarter of the current fiscal year. Accordingly, merchandise in Consolidated Balance Sheets became included in and presented as inventory from the first quarter of the current fiscal year.

(Accounting estimate related to the impact of the spread of COVID-19)

There have been no material changes in the assumptions described in "(Additional Information)" under "(Accounting estimate related to the impact of the spread of COVID-19)" in the securities report of the previous fiscal year.

3. Others

Purchases and Sales

(1) Purchases

Item name	Electrical and electronic components sales business		Manufacturing business		Total	
	Amount (Thousand yen)	Year-on-year change (%)	Amount (Thousand yen)	Year-on-year change (%)	Amount (Thousand yen)	Year-on-year change (%)
FA equipment	8,591,008	14.3	—	—	8,591,008	14.3
Information and communication equipment	838,319	(11.1)	—	—	838,319	(11.1)
Electronics and devices	1,726,996	30.0	—	—	1,726,996	30.0
Materials for electric facilities	2,480,883	25.3	—	—	2,480,883	25.3
Other	—	—	50,588	—	50,588	—
Total	13,637,207	15.9	50,588	—	13,687,796	16.3

Notes: 1. Amounts of less than one thousand yen are rounded down.

2. As the manufacturing business started from the first quarter of the current fiscal year, its year-on-year change is not provided.

(2) Sales

Item name	Electrical and electronic components sales business		Manufacturing business		Total	
	Amount (Thousand yen)	Year-on-year change (%)	Amount (Thousand yen)	Year-on-year change (%)	Amount (Thousand yen)	Year-on-year change (%)
FA equipment	9,387,239	18.2	—	—	9,387,239	18.2
Information and communication equipment	1,205,928	11.0	—	—	1,205,928	11.0
Electronics and devices	2,215,101	36.4	—	—	2,215,101	36.4
Materials for electric facilities	2,970,880	21.7	—	—	2,970,880	21.7
Other	—	—	68,546	—	68,546	—
Total	15,779,149	20.5	68,546	—	15,847,696	21.0

Notes: 1. Amounts of less than one thousand yen are rounded down.

2. As the manufacturing business started from the first quarter of the current fiscal year, its year-on-year change is not provided.