

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



January 31, 2023

Company name: SUZUDEN CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 7480
 URL: <https://www.suzuden.co.jp/>
 Representative: Toshio Suzuki, Representative Director, Chairman and President
 Contact: Satoshi Nakano, Executive Officer
 Phone: +81-3-6910-6801
 Scheduled date of filing quarterly securities report: February 9, 2023
 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 Nine Months Ended December 31, 2022 (April 1, 2022 – December 31, 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	%
Nine months ended December 31, 2022	50,917	20.8	3,302	71.3	3,594	66.2	2,394	53.3
December 31, 2021	42,167	28.3	1,927	119.7	2,163	106.0	1,561	171.0

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥2,453 million [57.5%]

Nine months ended December 31, 2021: ¥1,557 million [149.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	171.33	—
December 31, 2021	111.90	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	32,886	17,689	53.8
As of March 31, 2022	32,736	17,627	53.8

(Reference) Equity: As of December 31, 2022: ¥17,689 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	25.00	–	97.00	122.00
Fiscal year ending March 31, 2023	–	76.00	–		
Fiscal year ending March 31, 2023 (Forecast)				73.00	149.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	64,800	8.6	3,800	24.5	4,100	21.8	2,600	11.0	186.06

(Note) Revision to the financial results forecast announced most recently: Yes

Table of Contents – Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Principal Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption)	10
(Notes in case of significant changes in shareholders' equity)	10
(Changes in accounting policies)	10
(Additional information)	10
3. Others	11
Purchases and Sales	11

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Regarding the Group's operating environment during the nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022), although the future economy remains uncertain due to price hikes, etc. caused by surging natural resource prices arising from the prolonged situation in Ukraine and sudden depreciation of the yen, 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, while the impacts of supply concerns caused by shortages in members and supply chain disruptions, etc., remain, the product supply system has been following a recovery trend after the end of the first quarter of the current fiscal year, leading to the increase in sales. Especially regarding semiconductor manufacturing equipment manufacturers, the major customers of the Group, although the capital investment demand of semiconductor manufacturers, customers of semiconductor manufacturing equipment manufacturers, is in a correction phase and thus there is concern about impacts, corporate production has steadily grown, also contributing to these favorable results of the Company. In terms of profit, the results in the third quarter of the previous fiscal year were surpassed as profit increased following the increase in sales.

As a result, for the nine months ended December 31, 2022, net sales amounted to ¥50,917 million (up 20.8% year-on-year), operating profit was ¥3,302 million (up 71.3% year-on-year), ordinary profit was ¥3,594 million (up 66.2% year-on-year), and profit attributable to owners of parent was ¥2,394 million (up 53.3% 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 ¥50,770 million (up 20.4% year-on-year) and ¥3,388 million (up 75.8% year-on-year).

Net sales by product segment are as follows.

(1) FA equipment

Net sales amounted to ¥30,762 million (up 22.8% year-on-year) with increased sales of RFID equipment, sensors, control equipment, etc.

(2) Information and communication equipment

Net sales amounted to ¥3,937 million (up 12.2% year-on-year) with increased sales of CPUs, office automation equipment accessories, routers, etc.

(3) Electronics and devices

Net sales amounted to ¥6,761 million (up 24.4% year-on-year) with increased sales of connectors, switching power supplies, noise filters, etc.

(4) Materials for electric facilities

Net sales amounted to ¥9,309 million (up 14.0% year-on-year) with increased sales of integrating wattmeters, terminal blocks, electric cables, etc.

(Manufacturing business)

Net sales and operating loss of the manufacturing business amounted respectively to ¥146 million and ¥85 million.

(2) Explanation of Financial Position

1) Assets, liabilities, and net assets

(Assets)

Total assets as of December 31, 2022 amounted to ¥32,886 million, up ¥150 million from the end of the previous fiscal year.

Current assets decreased by ¥15 million from the end of the previous fiscal year to ¥26,886 million.

This was primarily due to a ¥909 million increase in inventories and a ¥1,455 million decrease in cash and deposits.

Non-current assets increased by ¥166 million from the end of the previous fiscal year to ¥5,999 million.

This was primarily due to a ¥242 million increase in construction in progress.

(Liabilities)

Liabilities as of December 31, 2022 amounted to ¥15,197 million, up ¥88 million from the end of the previous fiscal year.

Current liabilities decreased by ¥275 million from the end of the previous fiscal year to ¥13,649 million.

This was primarily due to a ¥433 million decrease in income taxes payable.

Non-current liabilities increased by ¥363 million from the end of the previous fiscal year to ¥1,547 million.

This was primarily due to a ¥350 million increase in long-term borrowings.

(Net assets)

Net assets as of December 31, 2022 amounted to ¥17,689 million, up ¥62 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 nine months ended December 31, 2022 of ¥2,394 million and dividend payments of ¥2,435 million. The equity ratio was 53.8%.

2) Cash flow

Cash and cash equivalents (hereinafter referred to as “net cash”) as of December 31, 2022 amounted to ¥4,681 million, down ¥1,455 million from the end of the previous fiscal year. The status of cash flows and its contributing factors during the nine months ended December 31, 2022 are as follows.

(Cash flows from operating activities)

Due to operating activities, net cash increased by ¥1,312 million. (Net cash decreased by ¥183 million in the same period of the previous year)

This was mainly due to profit before income taxes of ¥3,561 million and income taxes paid of ¥1,536 million.

(Cash flows from investing activities)

Due to investing activities, net cash decreased by ¥744 million. (Net cash decreased by ¥632 million in the same period of the previous year)

This was mainly due to purchase of property, plant and equipment of ¥660 million.

(Cash flows from financing activities)

Due to financing activities, net cash decreased by ¥2,047 million. (Net cash decreased by ¥429 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 ¥2,431 million.

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

In and after the fourth quarter of the fiscal year ending March 31, 2023, the capital investment demand of semiconductor manufacturers is in a correction phase due to a deceleration in demand for semiconductors arising from the global business recession, and the postponement or extension of investment plans is already observed. Under such circumstances, with regard to semiconductor manufacturing equipment manufacturers, the principal markets of the Company, the outlook is expected to remain uncertain.

Regarding major customers of the Company, the inventory of production members has been plentifully accumulated, and the significance of its impact is difficult to determine.

Meanwhile, both the sales and profit during the nine months ended December 31, 2022 are expected to exceed the previously announced forecast due to steady growth of corporate production of the Company's major customers, including semiconductor manufacturing equipment manufacturers. Accordingly, the Company has decided to revise the full-year financial results forecast for the fiscal year ending March 31, 2023.

For details, please refer to the "Notice Regarding Revision to Financial Results Forecast and Dividend Forecast" (available only in Japanese) announced today (January 31, 2023).

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. 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	6,148,188	4,692,812
Notes and accounts receivable - trade	12,073,314	10,857,327
Electronically recorded monetary claims - operating	4,585,551	6,547,086
Merchandise	3,657,056	–
Inventories	–	4,567,040
Other	441,830	226,081
Allowance for doubtful accounts	(3,326)	(3,494)
Total current assets	26,902,616	26,886,853
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,450,474	2,328,775
Land	1,909,493	1,909,493
Construction in progress	11,000	253,000
Other, net	103,569	114,217
Total property, plant and equipment	4,474,538	4,605,487
Intangible assets	113,767	149,603
Investments and other assets		
Other	1,279,858	1,278,283
Allowance for doubtful accounts	(34,592)	(33,662)
Total investments and other assets	1,245,265	1,244,620
Total non-current assets	5,833,572	5,999,710
Total assets	32,736,188	32,886,564
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,198,414	5,392,737
Electronically recorded obligations - operating	3,077,472	3,941,262
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	568,831
Provision for bonuses	459,936	481,344
Provision for bonuses for directors (and other officers)	211,000	218,250
Other	933,987	946,817
Total current liabilities	13,925,038	13,649,242
Non-current liabilities		
Long-term borrowings	–	350,000
Provision for share-based remuneration for directors (and other officers)	57,010	67,017
Retirement benefit liability	927,843	933,324
Other	199,115	197,477
Total non-current liabilities	1,183,969	1,547,819
Total liabilities	15,109,008	15,197,061

(Thousand yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,819,230	1,819,230
Capital surplus	1,558,048	1,580,845
Retained earnings	14,761,556	14,720,197
Treasury shares	(586,718)	(565,150)
Total shareholders' equity	17,552,116	17,555,122
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,915	78,126
Foreign currency translation adjustment	31,757	54,657
Remeasurements of defined benefit plans	6,391	1,596
Total accumulated other comprehensive income	75,063	134,381
Total net assets	17,627,179	17,689,503
Total liabilities and net assets	32,736,188	32,886,564

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net sales	42,167,192	50,917,875
Cost of sales	35,762,383	42,877,153
Gross profit	6,404,808	8,040,722
Selling, general and administrative expenses		
Packing and transportation costs	418,886	393,856
Salaries, allowances and bonuses	1,907,129	2,046,249
Share-based payment expenses	26,158	36,973
Legal welfare expenses	317,117	286,449
Retirement benefit expenses	104,770	100,855
Rent expenses	345,586	241,097
Depreciation	152,282	142,155
Provision for bonuses	265,840	472,756
Provision for bonuses for directors (and other officers)	138,750	218,250
Other	800,530	799,317
Total selling, general and administrative expenses	4,477,052	4,737,959
Operating income	1,927,755	3,302,763
Non-operating income		
Interest income	645	892
Dividend income	16,425	31,424
Purchase discounts	195,131	222,414
Foreign exchange gains	17,463	41,544
Other	18,682	18,353
Total non-operating income	248,348	314,628
Non-operating expenses		
Interest expenses	6,799	10,903
Loss on sale of notes receivable - trade	1,758	1,296
Loss on cancellation of leases	2,803	366
Other	1,729	10,726
Total non-operating expenses	13,090	23,293
Ordinary profit	2,163,013	3,594,099
Extraordinary income		
Gain on sale of investment securities	1,418	-
Gain on reversal of lease obligations	108,746	-
Total extraordinary income	110,164	-
Extraordinary losses		
Impairment losses	5,456	5,394
Loss on retirement of non-current assets	239	26,932
Total extraordinary losses	5,695	32,327
Profit before income taxes	2,267,481	3,561,772
Income taxes - current	701,897	1,125,648
Income taxes - deferred	3,927	41,862
Total income taxes	705,825	1,167,511
Profit	1,561,656	2,394,261
Profit attributable to owners of parent	1,561,656	2,394,261

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	1,561,656	2,394,261
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,252)	41,211
Foreign currency translation adjustment	16,233	22,900
Remeasurements of defined benefit plans, net of tax	(3,276)	(4,794)
Total other comprehensive income	(4,295)	59,317
Comprehensive income	1,557,361	2,453,578
Comprehensive income attributable to		
Owners of parent	1,557,361	2,453,578
Non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,267,481	3,561,772
Depreciation	152,282	168,102
Impairment losses	5,456	5,394
Increase (decrease) in provision for bonuses	21,707	21,408
Increase (decrease) in provision for bonuses for directors (and other officers)	68,050	7,250
Increase (decrease) in provision for share awards for directors (and other officers)	12,700	31,574
Increase (decrease) in retirement benefit liability	(3,830)	5,481
Increase (decrease) in allowance for doubtful accounts	(272)	(762)
Interest and dividend income	(17,071)	(32,317)
Interest expenses	6,799	10,903
Loss (gain) on sale of investment securities	(1,418)	–
Gain on reversal of lease obligations	(108,746)	–
Decrease (increase) in trade receivables	(3,245,585)	(734,441)
Decrease (increase) in inventories	(1,308,236)	(902,605)
Increase (decrease) in trade payables	2,287,428	52,579
Other	244,939	632,824
Subtotal	381,684	2,827,164
Interest and dividends received	16,794	32,255
Interest paid	(6,748)	(10,894)
Income taxes paid	(575,035)	(1,536,352)
Net cash provided by (used in) operating activities	(183,304)	1,312,173
Cash flows from investing activities		
Purchase of property, plant and equipment	(816,671)	(660,325)
Purchase of intangible assets	(14,433)	(49,173)
Payments for retirement of property, plant and equipment	–	(26,855)
Purchase of investment securities	(22,059)	(20,623)
Proceeds from sale of investment securities	36,329	–
Payments of leasehold and guarantee deposits	(3,477)	(791)
Proceeds from refund of leasehold and guarantee deposits	187,397	13,050
Payments into time deposits	(3,000)	(3,000)
Proceeds from withdrawal of time deposits	3,000	3,000
Net cash provided by (used in) investing activities	(632,914)	(744,718)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	–
Proceeds from long-term borrowings	–	500,000
Repayments of long-term borrowings	(291,576)	(91,544)
Repayments of finance lease obligations	(28,957)	(23,956)
Dividends paid	(1,109,143)	(2,431,502)
Net cash provided by (used in) financing activities	(429,677)	(2,047,003)
Effect of exchange rate change on cash and cash equivalents	14,285	24,171
Net increase (decrease) in cash and cash equivalents	(1,231,611)	(1,455,376)
Cash and cash equivalents at beginning of period	5,886,920	6,137,188
Cash and cash equivalents at end of period	4,655,309	4,681,812

(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, June 17, 2021, hereinafter "Implementation Guidance on Fair Value Measurement Standard") 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.

(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 inventories 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	27,734,512	22.6	—	—	27,734,512	22.6
Information and communication equipment	3,014,216	(12.0)	—	—	3,014,216	(12.0)
Electronics and devices	5,328,321	21.7	—	—	5,328,321	21.7
Materials for electric facilities	7,527,574	13.4	—	—	7,527,574	13.4
Other	—	—	108,696	—	108,696	—
Total	43,604,625	17.6	108,696	—	43,713,321	17.9

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	30,762,485	22.8	—	—	30,762,485	22.8
Information and communication equipment	3,937,720	12.2	—	—	3,937,720	12.2
Electronics and devices	6,761,126	24.4	—	—	6,761,126	24.4
Materials for electric facilities	9,309,562	14.0	—	—	9,309,562	14.0
Other	—	—	146,980	—	146,980	—
Total	50,770,894	20.4	146,980	—	50,917,875	20.8

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.