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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 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: November 9, 2022
 Scheduled date of commencing dividend payments: December 6, 2022
 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 Six Months Ended September 30, 2022 (April 1, 2022 – September 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	%
Six months ended September 30, 2022	33,134	24.0	2,189	87.5	2,386	81.2	1,600	77.9
Six months ended September 30, 2021	26,726	23.1	1,167	91.6	1,317	82.5	899	84.1

(Note) Comprehensive income: Six months ended September 30, 2022: ¥1,658 million [82.1%]

Six months ended September 30, 2021: ¥910 million [79.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	114.55	—
September 30, 2021	64.45	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	33,135	17,924	54.1	1,282.58
As of March 31, 2022	32,736	17,627	53.8	1,261.67

(Reference) Equity: As of September 30, 2022: ¥17,924 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)			–	56.00	132.00

(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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	62,400	4.5	3,310	8.5	3,610	7.2	2,300	(1.8)	164.63

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Regarding the Group's operating environment during the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022), although the future economy remains uncertain due to continued 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 showing signs of moderate recovery after the end of the first quarter of the current fiscal year, leading to the increase in sales. Especially regarding manufacturers related to semiconductor manufacturing equipment, the steady production and growing capital investment demand have continued, significantly contributing to these favorable results of the Company. In terms of profit, the results in the second quarter of the previous fiscal year were surpassed as profit increased following the increase in sales.

As a result, for the six months ended September 30, 2022, net sales amounted to ¥33,134 million (up 24.0% year-on-year), operating profit was ¥2,189 million (up 87.5% year-on-year), ordinary profit was ¥2,386 million (up 81.2% year-on-year), and profit attributable to owners of parent was ¥1,600 million (up 77.9% 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 ¥33,023 million (up 23.6% year-on-year) and ¥2,240 million (up 91.9% year-on-year).

Net sales by product segment are as follows.

(1) FA equipment

Net sales amounted to ¥19,915 million (up 23.5% year-on-year) with increased sales of RFID equipment, sensors, control equipment, etc.

(2) Information and communication equipment

Net sales amounted to ¥2,574 million (up 16.1% year-on-year) with increased sales of CPUs, routers, office automation equipment accessories, etc.

(3) Electronics and devices

Net sales amounted to ¥4,464 million (up 34.6% year-on-year) with increased sales of connectors, EMI prevention products, switching power supplies, etc.

(4) Materials for electric facilities

Net sales amounted to ¥6,068 million (up 19.6% year-on-year) with increased sales of terminal blocks,

integrating wattmeters, electric cables, etc.

(Manufacturing business)

Net sales and operating loss of the manufacturing business amounted respectively to ¥111 million and ¥51 million.

(2) Explanation of Financial Position

1) Assets, liabilities, and net assets

(Assets)

Total assets as of September 30, 2022 amounted to ¥33,135 million, up ¥399 million from the end of the previous fiscal year.

Current assets increased by ¥271 million from the end of the previous fiscal year to ¥27,174 million.

This was primarily due to a ¥910 million increase in inventories and a ¥515 million decrease in cash and deposits.

Non-current assets increased by ¥127 million from the end of the previous fiscal year to ¥5,961 million.

(Liabilities)

Liabilities as of September 30, 2022 amounted to ¥15,210 million, up ¥101 million from the end of the previous fiscal year.

Current liabilities decreased by ¥273 million from the end of the previous fiscal year to ¥13,651 million.

This was primarily due to a ¥387 million decrease in accounts payable - other.

Non-current liabilities increased by ¥374 million from the end of the previous fiscal year to ¥1,558 million.

This was primarily due to a ¥375 million increase in long-term borrowings.

(Net assets)

Net assets as of September 30, 2022 amounted to ¥17,924 million, up ¥297 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 six months ended September 30, 2022 of ¥1,600 million and dividend payments of ¥1,365 million. The equity ratio was 54.1%.

2) Cash flow

Cash and cash equivalents (hereinafter referred to as “net cash”) as of September 30, 2022 amounted to ¥5,621 million, down ¥515 million from the end of the previous fiscal year. The status of cash flows and its contributing factors during the six months ended September 30, 2022 are as follows.

(Cash flows from operating activities)

Due to operating activities, net cash increased by ¥1,015 million. (Net cash increased by ¥34 million in the same period of the previous year)

This was mainly due to profit before income taxes of ¥2,359 million and income taxes paid of ¥937 million.

(Cash flows from investing activities)

Due to investing activities, net cash decreased by ¥606 million. (Net cash decreased by ¥442 million in the same period of the previous year)

This was mainly due to purchase of property, plant and equipment of ¥533 million.

(Cash flows from financing activities)

Due to financing activities, net cash decreased by ¥949 million. (Net cash decreased by ¥1,008 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 ¥1,366 million.

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

In and after the third quarter of the fiscal year ending March 31, 2023, the production and capital investment demand of manufacturers related to semiconductor manufacturing equipment, the principal markets of the Company, are expected to keep growing steadily for the time being. However, the capital investment demand of end-user semiconductor manufacturers is partly in a correction phase due to fears over deceleration in demand for semiconductors arising from the global business recession, and thus, the outlook is expected to be uncertain.

With the above factors, in relation to the full-year financial results forecasts for the fiscal year ending March 31, 2023, there is no amendment to predicted values announced in the “Notice Regarding Revision to Financial Results Forecast and Dividend Forecast” (available only in Japanese) on September 22, 2022. The 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, 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 September 30, 2022
Assets		
Current assets		
Cash and deposits	6,148,188	5,632,483
Notes and accounts receivable - trade	12,073,314	11,211,833
Electronically recorded monetary claims - operating	4,585,551	5,365,130
Merchandise	3,657,056	–
Inventories	–	4,567,300
Other	441,830	400,839
Allowance for doubtful accounts	(3,326)	(3,326)
Total current assets	26,902,616	27,174,260
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,450,474	2,364,434
Land	1,909,493	1,909,493
Construction in progress	11,000	132,000
Other, net	103,569	120,320
Total property, plant and equipment	4,474,538	4,526,248
Intangible assets	113,767	140,579
Investments and other assets		
Other	1,279,858	1,328,383
Allowance for doubtful accounts	(34,592)	(34,062)
Total investments and other assets	1,245,265	1,294,320
Total non-current assets	5,833,572	5,961,148
Total assets	32,736,188	33,135,409
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,198,414	6,156,937
Electronically recorded obligations - operating	3,077,472	3,285,258
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	837,407
Provision for bonuses	459,936	598,576
Provision for bonuses for directors (and other officers)	211,000	116,000
Other	933,987	557,441
Total current liabilities	13,925,038	13,651,619
Non-current liabilities		
Long-term borrowings	–	375,000
Provision for share-based remuneration for directors (and other officers)	57,010	59,626
Retirement benefit liability	927,843	925,761
Other	199,115	198,444
Total non-current liabilities	1,183,969	1,558,832
Total liabilities	15,109,008	15,210,452

(Thousand yen)

	As of March 31, 2022	As of September 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	14,996,324
Treasury shares	(586,718)	(581,934)
Total shareholders' equity	17,552,116	17,791,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,915	71,912
Foreign currency translation adjustment	31,757	58,182
Remeasurements of defined benefit plans	6,391	3,193
Total accumulated other comprehensive income	75,063	133,288
Total net assets	17,627,179	17,924,957
Total liabilities and net assets	32,736,188	33,135,409

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	26,726,982	33,134,658
Cost of sales	22,655,520	27,885,358
Gross profit	4,071,461	5,249,299
Selling, general and administrative expenses		
Packing and transportation costs	272,870	265,484
Salaries, allowances and bonuses	1,048,236	1,031,773
Share-based payment expenses	17,247	22,669
Legal welfare expenses	203,411	184,751
Retirement benefit expenses	70,137	67,333
Rent expenses	246,701	162,079
Depreciation	114,953	98,786
Provision for bonuses	360,227	592,850
Provision for bonuses for directors (and other officers)	61,650	116,000
Other	508,152	518,283
Total selling, general and administrative expenses	2,903,587	3,060,012
Operating income	1,167,873	2,189,287
Non-operating income		
Interest income	441	587
Dividend income	10,585	15,592
Purchase discounts	123,996	143,818
Foreign exchange gains	11,892	43,471
Other	10,825	10,317
Total non-operating income	157,741	213,787
Non-operating expenses		
Interest expenses	4,427	7,142
Loss on sale of notes receivable - trade	1,110	979
Loss on cancellation of leases	1,968	366
Other	1,074	7,769
Total non-operating expenses	8,580	16,257
Ordinary profit	1,317,035	2,386,818
Extraordinary income		
Gain on sale of investment securities	609	—
Total extraordinary income	609	—
Extraordinary losses		
Loss on retirement of non-current assets	239	26,932
Total extraordinary losses	239	26,932
Profit before income taxes	1,317,404	2,359,885
Income taxes - current	476,058	779,868
Income taxes - deferred	(58,026)	(20,398)
Total income taxes	418,031	759,469
Profit	899,373	1,600,416
Profit attributable to owners of parent	899,373	1,600,416

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	899,373	1,600,416
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,059)	34,997
Foreign currency translation adjustment	14,555	26,424
Remeasurements of defined benefit plans, net of tax	(2,183)	(3,197)
Total other comprehensive income	11,312	58,225
Comprehensive income	910,686	1,658,641
Comprehensive income attributable to		
Owners of parent	910,686	1,658,641
Non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,317,404	2,359,885
Depreciation	114,953	116,085
Increase (decrease) in provision for bonuses	116,094	138,640
Increase (decrease) in provision for bonuses for directors (and other officers)	(9,050)	(95,000)
Increase (decrease) in provision for share awards for directors (and other officers)	7,830	7,399
Increase (decrease) in retirement benefit liability	1,887	(2,081)
Increase (decrease) in allowance for doubtful accounts	(408)	(530)
Interest and dividend income	(11,027)	(16,180)
Interest expenses	4,427	7,142
Loss (gain) on sale of investment securities	(609)	–
Decrease (increase) in trade receivables	(1,101,264)	92,578
Decrease (increase) in inventories	(360,750)	(902,903)
Increase (decrease) in trade payables	340,943	161,484
Other	(88,032)	77,759
Subtotal	332,399	1,944,279
Interest and dividends received	10,910	16,061
Interest paid	(4,389)	(7,133)
Income taxes paid	(304,446)	(937,832)
Net cash provided by (used in) operating activities	34,473	1,015,374
Cash flows from investing activities		
Purchase of property, plant and equipment	(447,827)	(533,800)
Purchase of intangible assets	(12,015)	(36,095)
Payments for retirement of property, plant and equipment	–	(26,855)
Purchase of investment securities	(17,982)	(16,284)
Proceeds from sale of investment securities	32,733	–
Payments of leasehold and guarantee deposits	(938)	(422)
Proceeds from refund of leasehold and guarantee deposits	3,986	6,865
Net cash provided by (used in) investing activities	(442,043)	(606,593)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	500,000
Repayments of long-term borrowings	(229,068)	(66,544)
Repayments of finance lease obligations	(19,341)	(15,946)
Dividends paid	(759,884)	(1,366,947)
Net cash provided by (used in) financing activities	(1,008,293)	(949,438)
Effect of exchange rate change on cash and cash equivalents	11,967	24,951
Net increase (decrease) in cash and cash equivalents	(1,403,895)	(515,705)
Cash and cash equivalents at beginning of period	5,886,920	6,137,188
Cash and cash equivalents at end of period	4,483,025	5,621,483

(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 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	18,207,662	26.7	—	—	18,207,662	26.7
Information and communication equipment	1,928,412	3.5	—	—	1,928,412	3.5
Electronics and devices	3,522,759	31.6	—	—	3,522,759	31.6
Materials for electric facilities	5,008,171	22.1	—	—	5,008,171	22.1
Other	—	—	79,890	—	79,890	—
Total	28,667,005	24.5	79,890	—	28,746,896	24.9

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	19,915,704	23.5	—	—	19,915,704	23.5
Information and communication equipment	2,574,712	16.1	—	—	2,574,712	16.1
Electronics and devices	4,464,700	34.6	—	—	4,464,700	34.6
Materials for electric facilities	6,068,155	19.6	—	—	6,068,155	19.6
Other	—	—	111,384	—	111,384	—
Total	33,023,273	23.6	111,384	—	33,134,658	24.0

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.