

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

July 29, 2022

Company name: HONDA TSUSHIN KOGYO CO.,LTD.
Listing: Tokyo Stock Exchange
Securities code: 6826
URL: <https://www.htk-jp.com/>
Representative: Kinji Kashio, Representative Director and President
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Scheduled date to commence dividend payments: None
Scheduled date to submit the Quarterly Securities Report: August 9, 2022
Preparation of supplementary material on financial results: Yes
Holding of 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, 2021 (from April 1, 2022 to June 30, 2022)

(1) Consolidated Results of Operations (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	5,419	28.9	349	299.4	501	337.2	330	242.3
June 30, 2021	4,204	35.3	87	-	114	-	96	-

(Note) Comprehensive income: Three months ended June 30, 2022: ¥494 million [398.2%]
Three months ended June 30, 2021: ¥99 million [-%]

	Profit per share	Fully diluted profit per share
Three months ended June 30, 2022	Yen 14.31	Yen -
June 30, 2021	4.19	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of June 30, 2021	Millions of yen 16,811	Millions of yen 11,914	% 70.9	Yen 516.14
March 31, 2022	16,261	11,697	71.9	506.74

(Reference) Equity: As of June 30, 2022: ¥11,914 million
As of March 31, 2022: ¥11,697 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 12.00	Yen 12.00
Fiscal year ending March 31, 2023	-	-	-	-	-
Fiscal year ending March 31, 2023 (Forecast)	-	0.00	-	0.00	0.00

(Note) Revisions of dividend forecast from recently announced figures: Yes

3. Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,000	8.4	1,400	59.9	1,400	34.2	1,000	44.1	43.32

(Note) Revisions of forecast of financial results from recently announced figures: 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 specific accounting treatments to the preparation of quarterly consolidated financial statements:
Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of June 30, 2022	25,006,200 shares	As of March 31, 2022	25,006,200 shares
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2) Number of treasury shares at the end of the period:

As of June 30, 2022	1,922,244 shares	As of March 31, 2022	1,922,244 shares
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3) Average number of shares outstanding during the period:

Three months ended June 30, 2022	23,083,956 shares	Three months ended June 30, 2021	23,049,756 shares
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* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of operating results

Overview of the fiscal year under review

In the first quarter under review, net sales remained on an upward trend, having increased 28.9% from the same period of the previous year (April to June 2021) and 6.4% from the previous quarter (January to March, 2022), to 5,419 million yen. This reflects the growth of the connector business in all sectors on the back of brisk demand. Operating profit improved significantly to 349 million yen (up 299.4% from the year-ago level and up 21.1% from the previous quarter), with increases in fixed cost and procurement and distribution costs and a decrease in profit from the information system business absorbed by gain from increase in sales of the connector business, streamlining of operations, and the effect of exchange rate. Further, due to the generation of foreign exchange gains of 146 million yen, ordinary profit increased to 501 million yen (up 337.2% from the year-ago level). As a result, profit attributable to owners of parent was 330 million yen (up 242.3% from the year-ago level).

See the Supplementary Material to Financial Results for details.

(2) Explanation of financial position

(Assets)

Total assets were 16,811 million yen, an increase of 549 million yen from the end of the previous fiscal year. This mainly reflects an increase in trade receivables.

(Liabilities)

Liabilities increased 332 million yen from the end of the previous fiscal year, to 4,896 million yen. This is attributable mainly to an increase in trade payables.

(Net assets)

Net assets increased 217 million yen from the end of the previous fiscal year, to 11,914 million yen. This mainly reflects an increase in foreign currency translation adjustment.

(3) Explanation of forward-looking statements, including forecasts of consolidated business performance

Regarding the full-year consolidated earnings forecast, there has been no change to the forecast consolidated financial results for the fiscal year ending March 31, 2023, which was announced on May 11, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,007	4,987
Notes and accounts receivable - trade	3,804	4,129
Electronically recorded monetary claims-operating	905	888
Merchandise and finished goods	1,010	1,140
Work in process	536	563
Raw materials and supplies	1,103	1,202
Other	386	274
Allowance for doubtful accounts	(2)	(2)
Total current assets	12,752	13,184
Non-current assets		
Property, plant and equipment	2,627	2,769
Intangible assets	289	265
Investments and other assets		
Deferred tax assets	339	342
Other	254	252
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	591	592
Total non-current assets	3,508	3,626
Total assets	16,261	16,811

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,112	1,446
Electronically recorded obligations - operating	947	996
Short-term borrowings	61	96
Current portion of long-term borrowings	116	107
Lease obligations	65	61
Accounts payable-other	648	803
Income taxes payable	274	186
Provision for bonuses	368	197
Provision for directors' bonuses	51	10
Allowance for cancellation losses	14	3
Electronically recorded obligations - non-operating	89	37
Other	280	421
Total current liabilities	4,031	4,368
Non-current liabilities		
Long-term borrowings	111	120
Lease obligations	36	25
Retirement benefit liability	366	363
Other	17	17
Total non-current liabilities	532	528
Total liabilities	4,563	4,896
Net assets		
Shareholders' equity		
Share capital	1,501	1,501
Capital surplus	1,544	1,544
Retained earnings	9,228	9,282
Treasury shares	(724)	(724)
Total shareholders' equity	11,551	11,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(6)
Foreign currency translation adjustment	150	316
Total accumulated other comprehensive income	146	309
Total net assets	11,697	11,914
Total liabilities and net assets	16,261	16,811

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	4,204	5,419
Cost of sales	3,469	4,341
Gross profit	734	1,077
Selling, general and administrative expenses	647	728
Operating profit	87	349
Non-operating income		
Interest income	0	0
Dividend income	2	0
Foreign exchange gains	-	146
Subsidy income	50	0
Other	9	9
Total non-operating income	63	156
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	26	-
Other	7	3
Total non-operating expenses	36	5
Ordinary profit	114	501
Extraordinary income		
Gain on sale of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	115	501
Income taxes	18	170
Profit	96	330
Profit attributable to		
Profit attributable to owners of parent	96	330
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(2)
Foreign currency translation adjustment	3	166
Total other comprehensive income	2	163
Comprehensive income	99	494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	99	494

(3) Notes to quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on accounting methods specific to preparation of quarterly financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on profit before income taxes in the consolidated fiscal year including the first nine months under review, and multiplying profit before income taxes by said estimated effective tax rate.

(Changes in accounting policies)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) began to be applied from the beginning of the first quarter under review. It was decided that the new accounting policies prescribed in the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied into the future in accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The application has no effect on quarterly consolidated financial statements.