



HOSIDEN REPORT 2022

Fiscal year ended March 31, 2022

Right Beside You, No Matter Where You Are

Corporate Philosophy

Supporting the evolution of world's technology with our exceptional technical strengths and contributing to the development of sustainable society.

Electro-Mechanical Components

P.11



Acoustic Components

P.12



Display Components

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Applied Equipment and Other

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Reporting period

From April 1, 2021 to March 31, 2022

Organizational scope of this report

Hosiden Group (Hosiden Corporation and 22 related companies in Japan and overseas)

Future forecasts and predictions

This report does not merely cover the past and present of the Hosiden Group, but also contains future forecasts and predictions. These forecasts and predictions are hypotheses or judgments based on the information available at the time of their writing (May), and contain elements of uncertainty. Therefore, the results of future business activities and other future situations may differ from the forecasts and predictions indicated in this report.

Message from the President

We will focus on developing the global market through the supply of highly-competitive electronic components in the electronics industry, which is continuing to grow toward the future.

President and CEO
Kenji Furuhashi

Developing markets in a wide variety of fields on the strength of our competitive electro-mechanical components (devices)

Since its establishment in 1950, the Group has contributed to the development of society and industry as a comprehensive electronic component manufacturer for more than 70 years. Starting with acoustic components at the time of its establishment, the Group's markets and customers have changed dramatically with the changing needs of each era, including LCDs (liquid crystal displays) for PC manufacturers, components for mobile communications in Japan and overseas, gaming console-related, and, in recent years, automotive equipment components. We believe that we have

been able to achieve growth in the fast-changing electronics industry by developing new markets while honing our strengths in our businesses.

During this period, we were faced with a crisis when our plant was damaged by the Great Hanshin-Awaji Earthquake in 1995, and we were saddled with a large amount of debt. Immediately after the earthquake, financial institutions pointed out that it would take several decades to repay the debt. However, the entire Company shared the sense of crisis and focused on developing the rapidly growing mobile phone and amusement markets. As a result, we were able to eliminate the accumulated losses in just one year and return to a new growth trajectory. Looking back as a business manager, I believe that "good fortune is also a skill,"

and that the important mission of top management is to identify business opportunities in the current trends, attract good fortune, and nurture them as a business.

In recent years, the market for automotive equipment components has been expanding rapidly, and our early development of the European automotive market has led to the expansion of our business on a global scale. In particular, one of the characteristics of the Group is that we are not only a Tier 2 component manufacturer, as is often the case for many component manufacturers, but we also function as a Tier 1 manufacturer positioned directly under finished vehicle manufacturers in the supply chain. Consequently, we have the advantage of being able to quickly grasp information from our customers and swiftly propose products that meet their needs in anticipation of the times. In addition, the Group excels at assembling a wide variety of devices, such as microphones, into modules and proposing them to the customers, and we intend to enhance our competitive advantage by further strengthening this aspect of our business.

Currently, we are accelerating the development of next-generation technologies while demonstrating these strengths. Looking at our history to date, I believe that the market will follow us in our pursuit of tomorrow's devices. For example, there have been many cases where microphones developed for smartphones have been adopted as automotive equipment components. Based on the belief that "devices that are one step ahead of the times will bring the market with them," we will further focus on the development of next-generation technologies.

COVID-19 pandemic and semiconductor shortages impact FY2021 results

The COVID-19 pandemic is still the main factor affecting the immediate business environment. The Group has been impacted by the spread of infections at our production bases around the world, and we have been doing our utmost to respond to the situation. However, at plants where workers were found infected, local employees worked hard to contain the virus, and, as a result, outbreaks were quickly contained and did not lead to serious consequences. Meanwhile, with the global supply chain disrupted by the pandemic, we are facing a major problem in the shortage of semiconductors. We believe that we need to carefully monitor the impact of this on our operations.

As for the performance during FY2021, net sales and operating profit decreased by 11.3% and 5.3%, respectively, year on year. Although ordinary profit and profit were offset by foreign exchange

gains due to the depreciation of yen and other factors, these were not figures that we can be proud of to our stakeholders. However, since the pandemic and the shortage of semiconductors are two clear negative factors, we expect to see a recovery from FY2022 onward, depending on how the situation is resolved and how the Group responds to it.

Further promotion of new technologies and product proposals to cultivate "growth markets, growth customers"

As for future growth strategy, we intend to focus on cultivating new business fields in addition to further strengthening our three pillars of amusement-, mobile communication-, and automotive-related businesses. Of these, although the automotive-related business is expanding, we believe that it is still just at the beginning of its growth, and in this sense, we expect considerable growth potential in the future.

And in capturing the huge automotive market, the key to success or failure is whether or not we can be the first to bring new automotive devices. The development of new devices will not only expand our automotive-related business, but will also make a significant contribution to the cultivation of new fields. We are already pioneering the medical and healthcare fields, and will develop them into new business pillars.

My feeling after being involved in the electronics industry for many years is that this industry will only expand, and will not shrink. Of course, in the short term, growth may temporarily halt due to various factors. However, in the medium to long term, electronics products will increasingly permeate our daily lives and industries.

In this context, the Group should pursue the development of "growth markets, growth customers." As we have done in the past growth, we have searched for growth markets and customers on a global scale. At the same time, we have constantly proposed new technologies and products to these growing markets and customers. Going forward, I see the further expansion of these activities as an important aspect of our growth strategy. For example, in 2021, we have entered into the perovskite solar cell business, which is considered to be the next generation of solar cells, and we are working on its development. Although it will take some time to develop this business, it is a promising field for the future.

Value Creation Story

In the future, promoting Hosiden to the world as a company that takes on new challenges will provide an opportunity to develop new markets. It will also be possible to create profitable products by bringing added value to existing devices in order to meet new needs. The electronics industry has such unlimited potential, and we will meet the expectations of our stakeholders by steadily cultivating this vast market as a Group.

Focus on developing new devices and markets in anticipation of the changing times

While major obstacles to corporate management arose in about two years following the pandemic, technologies that focus on the next five to ten years have appeared one after another. In addition, breakthroughs have occurred in areas where technological barriers had previously existed, creating a flow of technologies that are different from those of the past. The Group must also focus on developing new devices and markets in anticipation of the changing times. For my part, I am convinced that there are countless things we can do, and there is a mountain of things I want to do going forward.

My basic understanding of the future of the electronics industry is that tomorrow is an extension of today. In other words, the industry will not suddenly transform one day by an innovative technology, as is the case in the chemical industry. The Group will continue to find new avenues of activity by meeting the needs of the customers while leveraging its current strengths. At the same time, however, the electronics industry is advancing at a rapid pace, and each step of the stairway to the top, while being an extension of today, will only get higher. As a Group, we will strive to create devices that meet the ever-increasing demands of the market.

Pursuit of production in optimal locations with consideration for cost, risk, and stable supply

The Group is developing production in optimal locations on a global scale, and we are continuously strengthening our competitiveness in terms of cost and speed, not to mention high quality. However, we need to reconsider the “made-in-market” concept in light of the drastically changing global situation. Traditionally, it has been correct to produce and sell where there is a market, but in the future it will be necessary to take into account costs, risks, and business continuity plans (BCP) for a stable supply. However, it is an undeniable fact that the center of the Group’s

market is not in Japan, but overseas. Given these conditions, we intend to pursue optimal production locations in line with the times.

In addition, automation and labor saving are important issues in production. As labor costs soar around the world and labor shortages continue, we will respond to these issues quickly at each of our production bases. However, it should be noted that as more automation and labor-saving equipment is introduced, the amount of electricity consumed during operation will increase. It is essential to manage the company in a way that strikes a balance with environmental concerns.

Accelerating Group-wide efforts toward decarbonization

Needless to say, as a company involved in the manufacturing industry, it is important to address environmental issues, particularly with a focus on decarbonization. We have been working on continuous improvement of our environmental management system to reduce environmental burdens. These include the acquisition of ISO 14001 certification at all production bases; earth-friendly product design and production activities; green procurement; measures for environmental controlled substances according to the RoHS Directive, REACH regulation, and others; resource and energy saving activities; waste reduction, and recycling. It is no exaggeration to say that we have responded sincerely to everything we should be doing as a manufacturer.

The entire Group will work earnestly toward decarbonization. However, it will take time and money to realize the ideal, and the entire organization must change its manufacturing mindset. Energy conservation, which has traditionally been the focus of the Group’s manufacturing efforts, is, so to speak, a response to the needs of our customers. In contrast, decarbonization and carbon neutrality are the needs of society that must be addressed. These are major themes and issues that must be addressed on a continuous basis from a medium- to long-term perspective.

In order to address this issue, we intend to clarify the path toward carbon neutrality as a Group, led by our Sustainability Committee. In addition, we believe that it is important to make a concerted effort, including suppliers and subcontractors involved in the Group’s supply chain, to address these issues.



Steady progress in utilizing local human resources at overseas locations

With respect to strengthening the management foundations that contribute to sustainable growth over the medium- to long-term, we are promoting activities with an emphasis on promoting corporate governance and strengthening our human resource base. In promoting governance, we have worked to increase corporate value by enhancing our compliance system, CSR system, internal control system, information security management system, and risk management system, with a view to listing on the Prime Market. Going forward, we will continue to focus on strengthening our management foundations based on compliance with Japan’s Corporate Governance Code.

With regard to strengthening our human resource base, our efforts to globalize our business in the past have led to the utilization of local human resources at our overseas bases. While our R&D activities compels us to focus on Japan due to the nature of our business, in terms of production and customer relations, there are many local subsidiaries where operations are completed by local personnel alone, with no Japanese personnel stationed at the site. Some of these companies have achieved significant growth in sales, and we are proud to say that we have been successful in strengthening our human resource base and promoting diversity.

Moving forward to enhance our corporate value

Regarding the outlook for 2022, in the electronic components industry to which the Group belongs, we faced a strong headwind in the first half of 2022, with production halted in China due to COVID-19 and a shortage of semiconductors. However, the pandemic is moving toward its conclusion, and although its future remains unclear, the semiconductor market is improving. In this business environment, we expect the Group’s performance in the first half to exceed initial expectations, and hope to achieve further growth in the second half.

The Company considers the return of profits to shareholders to be one of its most important policies, and aims to maintain a dividend payout ratio of around 30%, while continuing to conduct stable business operations.

Going forward, we will continue to pursue the improvement of our corporate value through the various measures I have mentioned. Therefore, we would like to ask for the continued support of all of our stakeholders.

Growth Strategy

We will pursue further growth as a Group by accurately responding to the rapid development of the electronics market.

Executive Vice President and Representative Director
Haremi Kitatani



As a manufacturer of electronic components, the Hosiden Group contributes to the development of the electronics market by constantly supplying high-quality products backed by advanced technology and a complete quality management system that are demanded by the market in a timely manner. We intend to continue to develop our growth strategy by leveraging our accumulated strengths. In addition, we will continue to pursue further growth as a Group by supporting our customers' corporate strategies through highly original technologies and high-value-added products in an increasingly sophisticated and diverse market driven by the rapid development of cloud-based AI and ADAS (Advanced Driver Assistance Systems) technologies.

Going forward, we intend to further accelerate the development of products with the three pillars of automotive-, mobile communication-, and amusement-related businesses as our core. In addition, we will actively develop new fields such as medical/health-related and IoT-related (Internet of Everything; everything is connected to the Internet) businesses by leveraging the technological foundations we have developed in our three pillars.

Meanwhile, with regard to environmental activities, based on earth-friendly activities such as acquisition of ISO 14001 certification at all production bases, we will promote reduction and total elimination of environmentally controlled substances in our products, power savings and weight reductions, and take measures to reduce environmental burdens including decarbonization.

Re-examining & evolving our core technologies to accelerate the development of new technologies and improve and strengthen our product capabilities

- Expand our existing core technologies, promote further advancement, innovation, and expansion of our technologies, and make every effort to develop new products that the future market will demand
- Increase the Company's technical capabilities and competitiveness by expanding the employment of excellent engineers and upgrading the skills of current engineers
- Improve technological capabilities to expand the range of in-house products using cutting-edge technologies demanded by the market and increase market share, sales, and profits
- Start mass production of as many one-of-a-kind products as possible and aim to obtain patents first by increasing the speed of advanced development and product commercialization

Promoting the advancement, transformation, and expansion of core technologies, developing appealing new products, and strengthening contracted and production services

The core technologies in the Hosiden Group include electro-mechanical design technology, high-frequency design technology, acoustic design technology, optical design technology, circuit design technology, metal mold design technology, simulation technology, analytical technology, software development, EMC measurement design technology, sensor development and application technology. Our strength lies in this wide accumulation of technologies. Going forward, together with advancing these technologies, we will promote Group-wide sharing to develop unique technological products that meet market needs.

Meanwhile, in production, we intend to reduce costs and stabilize quality by quickly promoting automation and labor saving through the use of industrial robots and other measures.



Expanding market share by developing new products while keeping an eye on the ever-changing social environment

Focus markets that we are cultivating through our growth strategy include the automotive industry, which is becoming more sophisticated in pursuit of safety, security, and comfort; mobile communications; amusement; medical/health/cosmetics devices; equipment related to with/after COVID-19; 5G-related equipment; disaster prevention-related equipment; and IoT-related equipment. Going forward, we will develop a global perspective while strengthening cooperation in technology development, production, and sales within the Group.

In addition, by strengthening the technology and R&D systems of the Company and its Group companies, we will pursue new products with high added value that respond to technological trends such as higher performance, multifunctionality, high-speed transmission, wireless, high-frequency, digital, mobile, and power-saving features of electronic devices, and actively work to speed up and improve the efficiency of development to cultivate new markets and new customers.



Contributing to solving environmental and social issues in the development of new products

The Hosiden Group and all divisions will work together to address environmental issues.

By utilizing perovskite solar cells produced in-house, we can support energy saving in equipment. Examples include battery chargers, IoT terminals, sensor devices, remote controllers, and others, aiming to extend the battery life of existing products and eventually make them battery-less.

We will also collaborate with material manufacturers to promote the development of new eco-friendly materials that do not impair functions and actively adopt them in our products, thereby increasing the number of environmentally friendly products and contributing to decarbonization at the component level.

- **Responding to the SDGs**
Development of eco-friendly materials that can be used for high-speed transmission connectors
- **Carbon neutral**
Expansion of energy-saving products such as chargers utilizing solar sheets
- **Contributing to energy conservation**
Promoting operational efficiency through the use of web conferencing, VR, and simulations
- **Promotion of recycling**
Expansion of environmentally friendly products using mainly recycled materials, bioplastics, etc.
- **Measures against global environmental destruction**
Shortening development times by promoting DX to reduce environmental impact

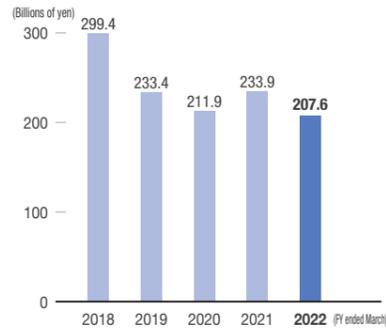
Value Creation Story

Financial/Non-Financial Highlights

Financial Data

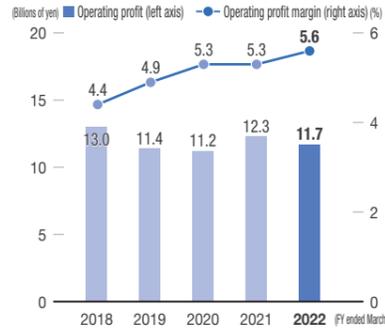
Net Sales

207.6 billion yen



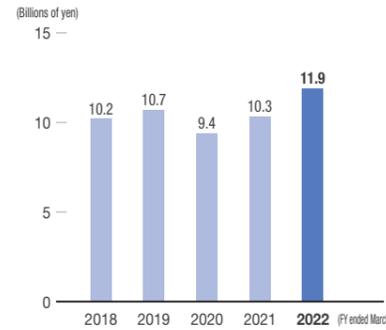
Operating Profit/Operating Profit Margin

Operating profit **11.7** billion yen
Operating profit margin **5.6** %



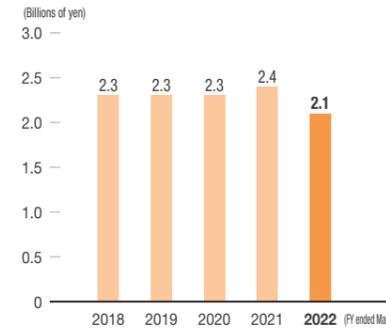
Profit Attributable to Owners of Parent

11.9 billion yen



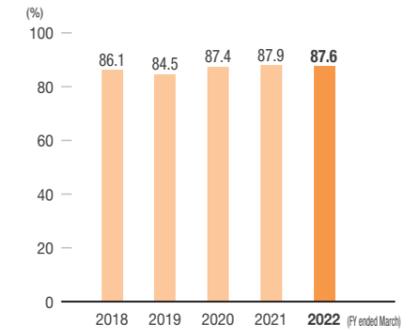
R&D Expenses

2.1 billion yen



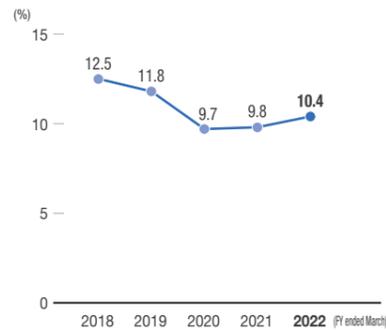
Overseas Employee Ratio

87.6 %



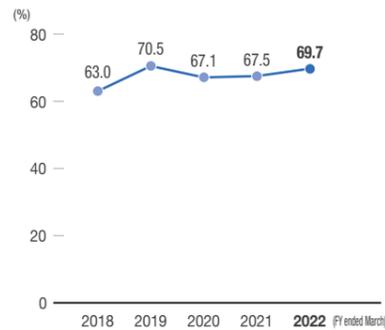
Return on Equity (ROE)

10.4 %



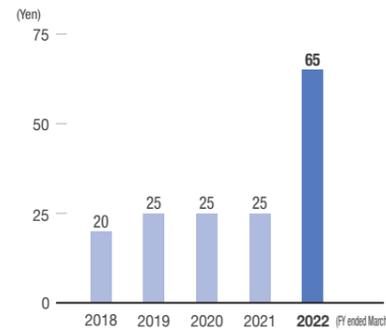
Equity-to-Asset Ratio

69.7 %



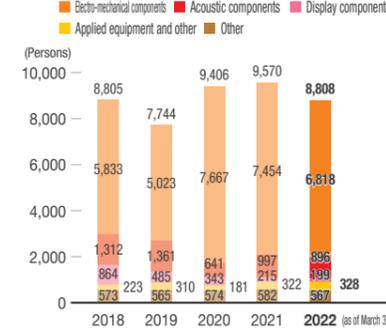
Dividend per Share

65 yen



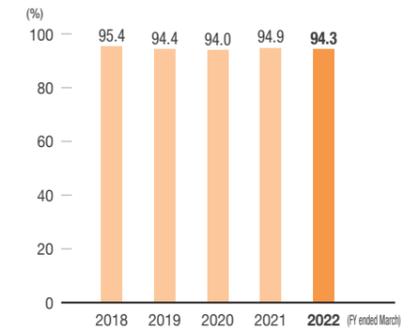
Number of Employees by Segment

8,808 Persons



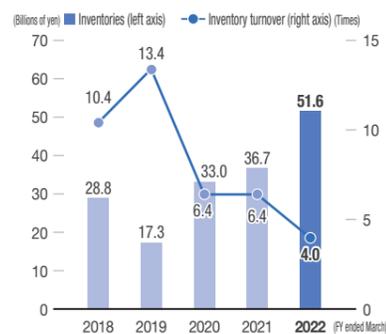
Overseas Production Ratio (Estimated)

94.3 %



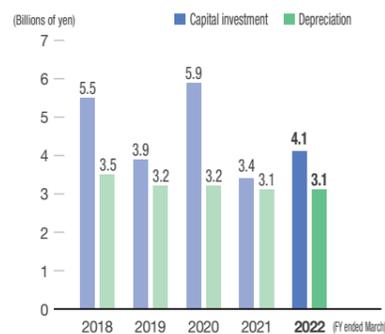
Inventories/Inventory Turnover

Inventories **51.6** billion yen
Inventory turnover **4.0** times



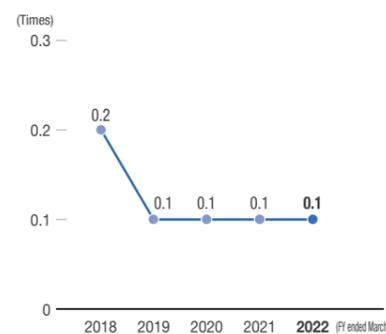
Capital Investment/Depreciation

Capital investment **4.1** billion yen
Depreciation **3.1** billion yen



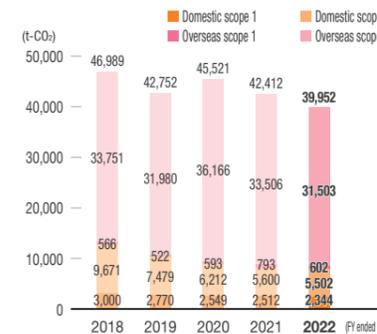
D/E Ratio

0.1 times



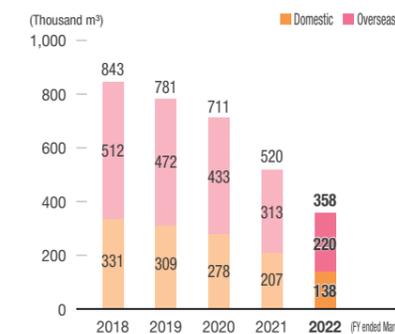
CO₂ Emissions [Scope 1, Scope 2]

Domestic scope 1 **2,344** t-CO₂
Domestic scope 2 **5,502** t-CO₂
Overseas scope 1 **602** t-CO₂
Overseas scope 2 **31,503** t-CO₂



Water Usage

Domestic **138** thousand m³
Overseas **220** thousand m³



Waste Generated and Recycling Rate

Waste generated **897** t
Recycling rate **67.6** %



Electro-Mechanical Components

Our main products

- Connectors
- Jacks
- Switches, etc.



Aiming to achieve long-term, stable growth by expanding and enhancing automotive-related products

Overview of the fiscal year ended March 31, 2022

Although revenue increased in the mobile communication-related business due to a recovery in orders, revenue fell year on year in the amusement- and automotive-related businesses due to factors such as the semiconductor shortage.

As a result, the Group posted net sales of 177,200 million yen and operating profit of 9,000 million yen.

Initiatives

With regard to automotive-related products, we are commercializing and expanding sales of high speed connectors, high current connectors for EVs, multi-connectors, and other products to meet growing demands not only for ADAS, but also for components necessary for the electrification of vehicles. In addition to automotive-related business, we are also developing, commercializing, and expanding sales of electro-mechanical components, primarily connectors, needed as a result of the increasing sophistication of medical, health, hygiene, and industrial devices.

Net sales and operating profit



TOPICS

High-speed (6 Gbps) Compatible Coaxial Connector Rear Case Assembly Equipped with Floating Mechanism for use with Automotive Cameras

Hosiden has developed a coaxial connector rear case assembly equipped with a floating mechanism for automotive cameras, for use in high-speed digital signal transmission. Camera modules configured with a single board tend to suffer from misalignment issues between the rear case assembly (output connector side) and the receptacle (board side), thus requiring a floating structure to compensate for alignment variation when mating the connector. By applying a unique floating structure, this product absorbs a positioning shift of up to 0.4 mm in the radial direction from the connector center in the horizontal directions (XY), and absorbs a positioning shift of ±0.5 mm in the vertical (Z) direction for the mating alignment shift with the receptacle. Moreover, when used in combination with the Hosiden compact receptacle (CMS2200), it contributes to space saving of the board occupied area, realizing a more flexible connection arrangement. Further, the connector part uses the seamless GND shell structure for its entire periphery to support EMC requirements and a specifically structured shield case that protects the rear case internals. Thus, the product possesses excellent reflection characteristics because of its impedance matching, enabling support of high-speed signal transmission (6 Gbps) for next-generation SER/DES (SERializer/DESerializer) interfaces. The product has a one-piece waterproof shell that includes packing and the connection on the signal output side. This meets the ISO20860 standard, and is compatible with FAKRA type connectors. The shape of the fixing with a bracket or electrical connector design with the board can be flexibly customized upon customer request.



Acoustic Components

Our main products

- Microphones
- Headphones
- Headsets
- Speakers
- Receivers, etc.



Aiming to improve profit margins by expanding and enhancing acoustic products.

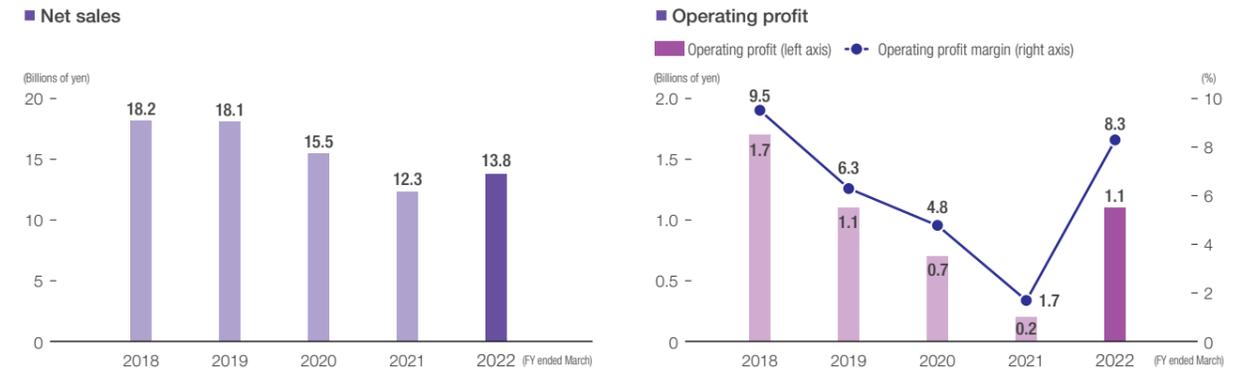
Overview of fiscal year ended March 31, 2022

Although revenue fell in the mobile communication-related business, revenue increased significantly due to a recovery in orders in the automotive-related business. As a result, the Group posted net sales of 13,800 million yen and operating profit of 1,100 million yen.

Initiatives

Vehicles are increasingly being outfitted with integrated audio input/output units which include ultra-wideband directional microphones and speakers for use in hands-free phone communications and voice recognition. For this reason, we are developing, commercializing, and expanding sales of these automotive-related acoustic products. With regard to products other than automotive-related products, we are also commercializing high performance headsets and vibration devices that impart a strong sense of presence for use in the VR market.

Net sales and operating profit



TOPICS

World's First IPX9K Supported Waterproof, Microphone Unit with No Sound Holes

Traditional microphone units suffer from the drawback of water-ingress due to holes in the microphone body for collecting sound. Hosiden has developed a IPX9K supported, completely waterproof microphone unit with no open holes, and which realizes acoustic characteristics comparable to the best conventional microphone units. Being totally waterproof, the microphone unit can be placed outdoors. When it is mounted outside the passenger compartment, its full waterproof performance is assured even if the vehicle is washed using a high pressure washer. Incorporation of this microphone unit in not only outdoor equipment but also in sound recognition duties allows a wide range of applications.



Display Components

Our main products
Capacitive touch panels



Aiming to achieve long-term, stable growth by cultivating new business fields such as Perovskite solar cells.

Overview of fiscal year ended March 31, 2022

Although revenue rose in the automotive-related business, the semiconductor shortage resulted in a decline in orders in the home appliance-related business. As a result, the Group posted net sales of 8,400 million yen and operating profit of 200 million yen.

Initiatives

We are developing and planning to soon mass produce environmentally-friendly Perovskite solar cells. These solar cells strongly absorb the wavelength of visible light, enabling efficient power generation even in low light environments (such as with indoor lighting). In addition, they can be made using a low-temperature process, and their manufacture produces almost no CO₂. We are also rapidly developing and commercializing automobile seat heaters made using wire drawing technology and non-contact haptic touch interfaces, and will expand sales of these products.

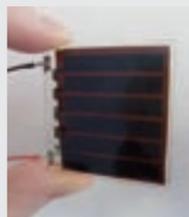
Net sales and operating profit



TOPICS

Joining the Perovskite solar cell business

Hosiden is now joining the Perovskite solar cell business, the next-generation of solar cell technologies. Silicon-based solar cells, which are the current mainstream of the solar cell industry, depend on a high-temperature process for silicon wafer component manufacture, which results in high power consumption during the production process. Also the use of minerals cause a relatively high production cost. Perovskite solar cells, produced under a low-temperature process with less power consumption, use organic materials which are also expected to reduce production costs. For production, touch panel production lines owned by the affiliated company, Hosiden FD (Shiga Prefecture) can be effectively utilized as an existing facility, because of its high affinity with the production of Perovskite solar cells. In the future, Hosiden is expecting to start mass production of flexible solar cells by utilizing the production lines of the film-based touch panels that Hosiden owns in Korea and Vietnam. The Perovskite solar cells have a higher conversion efficiency than conventional organic solar cells, and according to reports from many research institutes, the efficiency is even better than that of silicon-base cells. Light-weight and flexible features are most suitable for mobile and IoT devices, and further expansion of applications is anticipated. Sample introduction begins in FY2021, with mass production machinery being introduced in 2022, and mass production starting from 2023.



Applied Equipment and Other

Our main products
Wireless devices
Charging devices



Aiming to increase competitiveness primarily through wireless technologies

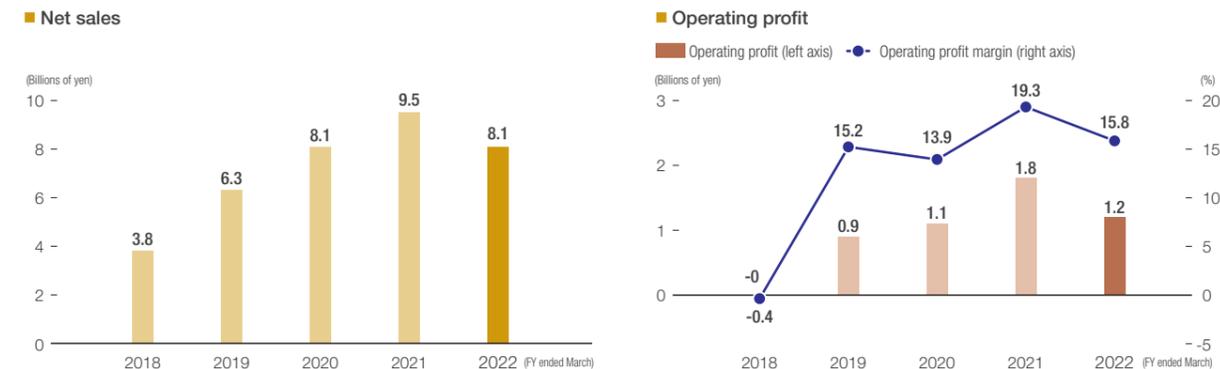
Overview of fiscal year ended March 31, 2022

The semiconductor shortage has prevented us from increasing production to meet order loads for health device-related, which has resulted in a decrease in revenue. As a result, the Group posted net sales of 8,100 million yen and operating profit of 1,200 million yen.

Initiatives

We are currently producing wireless charging devices for medical device-related business, but going forward, we will also actively roll out automotive-related and industrial device-related products. In order to support the increasing battery performance, we will quickly develop and commercialize high-power, high-capacity, rapid charging devices and expand their sales. We will also actively develop applied devices with wireless, acoustic, and charging functions, which use Hosiden's device technologies and products. We will especially focus on applied devices that can be used as sensors.

Net sales and operating profit



TOPICS

Touch Sensor Module for Automotive Door Handles with Low Power Consumption

Hosiden has developed a capacitive touch sensor module with low power consumption, in which the door lock-release mechanism is enabled via a signal generated by touching the door handle. This is a slim type of sensor of just 5.6 mm in thickness with a water-resistant enclosure, ideal for automotive door lock releasing systems in light vehicles or electric cars where minimal battery loading is required.



Environment

Environment

Related SDGs



Basic Approach

In the 21st century—the “Environment century,” we are preparing not only for the establishment of a recycling-based society system that recycles wastes to effectively use the earth’s limited resources, but also for the management of substances contained in products to prevent environmental pollution. In addition, companies are required to work toward a carbon neutral society, as global warming has come to be viewed as a social issue.

As a global enterprise that has 10 production bases/sales bases in the world (in addition to Japan, the United States, the United Kingdom, Germany, Malaysia, Singapore, South Korea, China, Thailand, and Vietnam), and that has viewed the environmental reservation from a global standpoint, Hosiden has operated an environmental management system based on the international standard ISO 14001 in all production bases. Furthermore we have set one goal for the whole group, and are making company-wide efforts.

In each local production bases, Hosiden is promoting environmental preservation by considering conditions of the region or country, and is working on continual activities by taking the requirements from local society and customers to account.

In addition, we are making efforts from our own point of view to decrease environmental impact starting from the design stage through the total lifecycles of products, which include the management of the substances contained in materials.

Hosiden, as a whole team, will continue to watch environment in all business activities, to aim at continuous improvement of the environment and to contribute to create a more affluent society in the future.

ISO 14001 Environmental policy

Based on the Group’s business philosophy that “Global environmental conservation is the most important issue for humanity,” we will be conducting to respect biodiversity and give consideration to effects on the global environment in every aspect of our business activities.

1. Each of us will promote our environmental preservation activities, with continuous improvement.
2. We will act in a manner that reduces pollution and our environmental impact in compliance with environmental laws and regulations and societal requirements.
3. We will promote product development and designs that are environmentally friendly.
4. We recognize that global warming countermeasures should be addressed by companies, and we will work on them as a group.

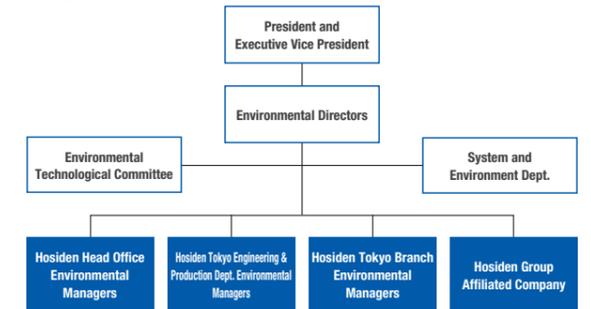
April 1, 2022
 Hosiden Corporation
 President and CEO Kenji Furuhashi
 Executive Vice -President and Representative Director Haremi Kitatani

Environmental Management Framework

The Hosiden Group’s Environmental Management Committee, an organization under the direct control of top management, deliberates and determines policies, targets, and measures related to environmental conservation activities. The details thereof are disseminated to each business site, and the Group as a whole engages in activities to reduce environmental burden based on our common environmental policy.

In addition, each business site in Japan and overseas appoints an environmental management officer and implements environmental conservation activities, incorporating issues specific to each business site based on environmental impact assessments.

Organization Chart



Environmental Management System

The Hosiden Group has established an environmental management system based on the international standard ISO 14001 at all domestic and overseas production bases. In addition, in 2019, the Hosiden Group in Japan with the exception of the Tokyo Office has obtained an integrated certification, and we are continuously working to strengthen governance.

Within the system, we create and implement an environmental management plan, which is checked by internal environmental audits to remedy any problems. Furthermore, the system is reviewed by management, and the contents of the improvement instructions are reflected in the next environmental management plan to ensure the PDCA (Plan-Do-Check-Action) cycle for continuous improvement.

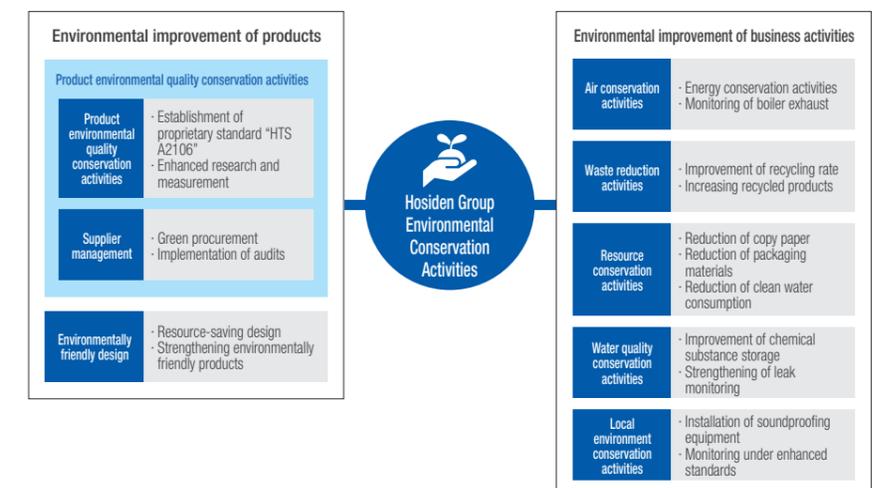
Regulatory Compliance

Compliance with laws and regulations is fundamental to the establishment of an environmental management system. For this reason, each Group company strives to comply with laws, regulations, and ordinances of the countries and regions where it is located, by keeping abreast of those laws and regulations that apply and any revisions made, and by taking necessary actions to comply with them. In addition, in order to prevent environmental pollution in advance, each Group company sets its own standards, which are stricter than those set by laws and regulations, and monitors them.

Group Initiatives

In the Hosiden Group, each Group company sets its own targets and takes action for the following environmental improvement activities. Moreover, the Hosiden Head Office takes the initiative in setting and managing target substances for the reduction and elimination of environmentally controlled substances contained in products.

Environmental improvement of products and business activities



Source of Value Creation

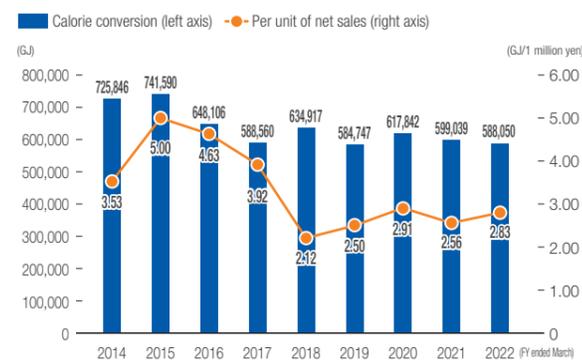
Environment

Climate Change Initiatives

The Hosiden Group has been participating in the Commitment to a Low Carbon Society in the electrical and electronics industry sector since FY2016, and has been working to improve energy efficiency in its business activities in compliance with industry targets. From FY2021, the plan has been renamed the Carbon Neutrality Action Plan to promote continuous efforts to improve energy intensity by an average of 1% or more per year, as well as to achieve the challenging goal of reducing CO₂ emissions (about 46% reduction from FY2013 levels by the end of FY2030).

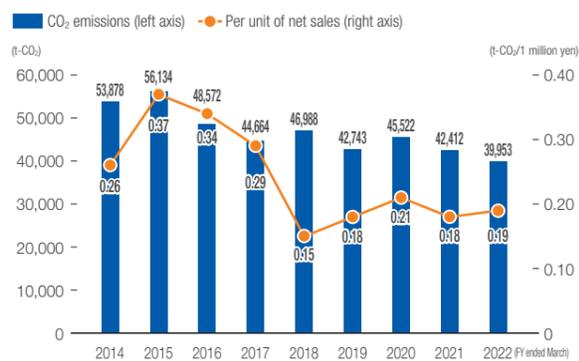
We regard the reduction of CO₂ emissions as an activity in which all employees participate, and we are promoting energy conservation by substituting equipment to those with lower emissions. Furthermore, in more familiar areas, we are implementing appropriate air conditioning temperature control, switching to LED lighting, stopping unnecessary lighting and equipment, and promoting “stop idling” measures for vehicles.

Energy consumption (GJ) and energy consumption per unit of net sales



* The graph above shows the transition of the total energy consumption converted from the amount of electricity and fuel used in the Hosiden Group by calorific value.

CO₂ emissions and CO₂ emissions per unit of net sales

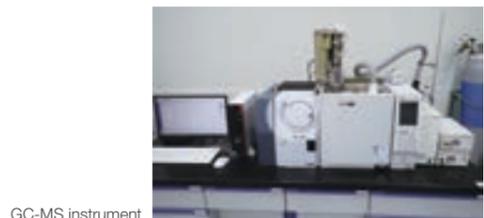
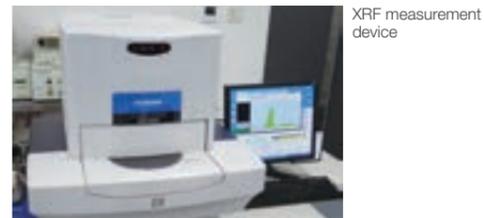


* The graph above shows the transition of the total amount of CO₂ emissions converted from the amount of electricity and fuel used in the Hosiden Group.

Measures for Environmentally Controlled Substances

We have positioned the reduction or total elimination of the use of environmentally controlled substances in our products and processes as an important issue for environmental conservation, and have been complying with laws and regulations such as the revised RoHS Directive and REACH Regulation. We will continue to produce environmentally friendly products from the product design stage in the future, based on the management policy for environmentally controlled substances that we have established.

In addition, we have introduced XRF measurement device (wavelength dispersive X-ray fluorescence measurement) at our main production bases to investigate the presence of environmentally controlled substances in our products. We have also introduced GC-MS (gas chromatograph mass spectrometer) to analyze the content rate of phthalate esters and specific brominated flame retardants, thereby establishing a system that enables in-house component analysis of contained substances.



Green Procurement Initiatives

The Hosiden Group has established a management policy based on HTS A2106, a management standard for environmentally controlled substances, to reduce or completely abolish the use of environmentally controlled substances in our products, and is engaged in a Group-wide effort based on this policy. However, it is necessary to work together with suppliers because our products are not produced by only Hosiden Group companies. For this reason, we hold explanatory meetings for suppliers who supply parts and materials for Hosiden, and ask for their understanding and cooperation.

In addition, our major suppliers are subject to internal audits by the suppliers themselves and audits by Hosiden to ensure smooth management of environmentally controlled substances.



Initiatives for TCFD Recommendations

Based on the recognition that the risks and opportunities posed by climate change to our business are important management issues, the Hosiden Group will develop initiatives in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and promote proactive information disclosure.

Governance

With regard to the response to the risks and opportunities related to climate change, the Sustainability Committee, headed by the President and CEO, promotes the formulation of basic policies, medium- to long-term plans, and information disclosure based on the TCFD, as well as reporting regularly to the Board of Directors. The Sustainability Committee is chaired by the Executive Officer in charge of issues related to climate change and consists of the heads of the Production Management Division, Management Planning Division, Environmental Management Division, Technology Management Division, and General Affairs Division. The Committee oversees Hosiden's overall strategy on climate change and considers the setting of greenhouse gas emission reduction targets and the introduction of renewable energy.

Climate change-related governance structure



Risk Management

In our risk management rules, we define risk as factors that may hinder Hosiden and its affiliates from achieving their business objectives. Our basic policy for risk management is to minimize the damage that could be caused to our Group if risks materialize and to prevent any significant adverse impact on our customers, business partners, employees, surrounding areas, and other stakeholders related to the Group.

Identified risks are appropriately classified and evaluated based on their impact on the business and frequency of occurrence, and countermeasures are considered and implemented according to the magnitude of materiality. The Risk Management Committee continuously monitors the effectiveness of the risk management system and reports to the Board of Directors.

As countries accelerate their efforts to curb the increase in natural disasters caused by climate change, companies will be required to take action, and meeting the demands of stakeholders will also be key to the survival of companies.

Indicators and Targets

Hosiden regards global warming as a major problem that affects the survival of the Company and believes it is necessary to engage in a Group-wide effort to prevent global warming. Therefore, we are committed to reducing greenhouse gas emissions by identifying Group-wide CO₂ emission volumes and setting reduction targets. To achieve our medium- and long-term goals, we will promote energy decarbonization and energy-saving conservation activities to contribute to the realization of a sustainable society.

CO₂ emission reduction targets (Scope 1, 2)

- Medium-term target: 20% reduction in CO₂ emission per unit of net sales by the end of FY2025, compared to FY2013.
- Long-term target: 46% reduction from FY2013 levels by the end of FY2030.

Social

Social

Related
SDGs



Basic Approach

In 2007, Hosiden Corporation formulated the Hosiden Group Code of Conduct for CSR (Corporate Social Responsibility) with regard to “fair trade and business ethics,” “human rights and labor conditions,” “operational health and safety,” “environmental protection,” etc., in an effort to realize sustainable social development, ongoing value creation, and enhance the competitiveness of the Hosiden Group (Hosiden Corporation and its affiliated companies). The Hosiden Group will fulfill its primary social responsibility of functioning as an enterprise dedicated to producing and supplying products required by customers and society, and will promote sound business operations in compliance with relevant laws and regulations, and with the Code of Conduct, in order to consistently earn trust.

Fair Trade and Business Ethics

Basic Policy on Responsible Mineral Procurement

As a part of matters related to fair trade and business ethics, the Hosiden Group considers that if the important mineral resources of raw materials are minerals from conflict areas and high risk areas (CAHRAs) including the Democratic Republic of the Congo (DRC) and its neighboring countries, the Organization for Economic Co-operation and Development (OECD) Promote activities in line with the Due Diligence Guidance Annex II for Responsible Supply Chains of Minerals from Conflict and High Risk Areas. The basic policy is not to use these minerals, which are sources of funds for organizations that cause human rights violations such as forced labor and child labor in mining, environmental destruction, money laundering and other conflicts and illegal acts in mining. The Hosiden Group will work with suppliers to improve transparency in the supply chain.

Human Rights and Labor Conditions

Basic Approach

The Hosiden Group respects the human and labor rights of its employees by complying with the following statements:

- We employ all employees at their own free will and do not force them to work. In addition, we do not employ any child laborers under the minimum working age.
- We respect the dignity and rights of all people and do not discriminate on the basis of race, ethnicity, nationality, gender, religion, etc. or engage in inhumane acts such as abuse or harassment.
- We guarantee the legal minimum wage in the country where the company is located, and properly manage the number of working days, hours, and holidays of employees in order to comply with working hours stipulated by laws and regulations.
- We respect the rights of workers to join labor unions and bargain collectively in accordance with laws and regulations.

Operational Health and Safety

Basic Approach

In addition to complying with laws and regulations related to health and safety, we take various initiatives to create a work environment where employees can work safely and in good mental and physical health.

- Implementing health and safety patrols to identify and improve hazardous and unsanitary areas within the Company
- Making recommendations for use of health guidance in cooperation with health insurance associations
- Working hour management using PC log records, setting up simultaneous leaving times and no-overtime days to curb long working hours
- Making internal announcements in accordance with the time of year, such as winter driving precautions, influenza prevention, and heat stroke precautions

We are also involved in various other unique initiatives.

We also have a system in place to help employees and their families stay healthy, such as subsidizing the cost of complete physical checkups taken by dependent spouses.

Human Resources

Diversity

We respect the individuality of our diverse workforce and strive to create a work environment in which all employees can thrive.

- (1) Female active participation:** We have maintained a 100% return-to-work ratio after maternity or childcare leave, and 10% of all female employees have changed their career path from general to career/business positions, thus creating a playing field in which female employees can be active over the long term. Currently, we are aiming to increase the number of female new graduates (over 10% of all hires).
- (2) Recruitment of foreign nationals:** We have established a quota for hiring foreign students and actively advertise job openings to universities.
- (3) Senior employees active participation:** We are promoting the development of a post-retirement re-employment system suited to the abilities, preferences, and lifestyles of each employee.



Human Resource Development

In order to realize our management philosophy, we aim to develop “strong employees” who are independent, self-reliant, and self-responsible, and can contribute to the Company’s management and business performance. To this end, we have divided our education system into the following categories according to purpose in our efforts to develop human resources.

- (1) Rank-based education:** We are working to foster the knowledge, skills, and mindset required by each intake year and position.
- (2) Function-specific training:** We encourage employees to improve their level of logical thinking, presentation, and other skills essential to becoming “strong employees.”
- (3) Global human resources education:** We foster a global mindset and provide language education with a view to future success overseas.
- (4) Support for participation in external education:** To help employees acquire the specialized knowledge and skills required for their work and to promote their self-development, we partially cover the course fees and support participation in external seminars and correspondence courses.

Efforts to Maintain and Promote Health

We are committed to creating a workplace where employees can work with peace of mind by keeping health of them and their families for many years to come.

- Partial coverage of basic course fees and optional fees for complete physical checkups (for the employee and spouse)
- As a measure to raise health awareness among employees and their spouses, we recommend individual employees to undergo reexamination and treatment at medical institutions and receive specific health guidance based on the results of complete physical checkups.
- Partial coverage of the cost of influenza vaccinations (for the employee, spouse, and children)
- Adoption of “Planned Annual Leave System (setting scheduled dates for taking annual paid leaves)” and “Flexible Holiday System (setting any working day as a holiday)” to realize a more balanced work style. The Human Resources Division checks the status of the planned annual leave on a monthly basis.
- In order to realize a work-life balance, we have implemented a number of initiatives to reduce overtime hours, including: (1) turning off all lights and leaving the office at 8:00 p.m.; and (2) holding meetings between the Company and the labor union to reduce overtime hours.
- Three-minute exercises before the start of the workday (“Exercises for Everyone” are broadcast throughout the building).
- The Company strives to promote physical and mental health by subsidizing the costs of in-house club activities.
- Provision of consecutive leave and incentives for employees who have worked for a certain period of time to give them the opportunity for a mental and physical rest.

Contribution to Local Communities

The Hosiden Group believes that it is essential to build a good relationship and develop together with local communities, which are one of our important stakeholders. Hosiden clearly defines its contribution to local communities in the Hosiden Group Code of Conduct regarding Corporate Social Responsibility (CSR), and promotes activities at each group company.

Specifically, we cooperate to support communities by participating in environmental beautification and cleanup activities and resource collection activities in the community, and sponsoring events related to community revitalization.



Yamato River and Ishikawa River Cleanup

Governance

Governance



Basic Approach

We regard corporate governance as an important issue, and our basic approach is to focus on the interests of all stakeholders who support our corporate activities, under the recognition that it is extremely important to maximize shareholder value.

- [Basic Policy]
- (1) We will strive to ensure the rights and equality of shareholders.
 - (2) We will strive to appropriately collaborate with stakeholders other than shareholders (customers, business partners, creditors, local communities, employees, etc.).
 - (3) We will strive to ensure appropriate information disclosure and transparency.
 - (4) We will strive to appropriately carry out the roles and responsibilities of the Board of Directors to ensure transparent, fair, prompt and decisive decision-making by the Board of Directors.
 - (5) We will strive to engage in constructive dialogue with shareholders in order to contribute to sustainable growth and medium- to long-term enhancement of corporate value.

Corporate Governance Structure

In order to build a management system that soundly pushes the Company forward in the face of rising risks associated with globalization and to realize monitoring by Outside Directors, the Board of Directors includes Independent Outside Directors, and an executive officer system has been introduced to separate business decision-making and supervisory functions from business execution functions, thereby reinforcing the functions of both.

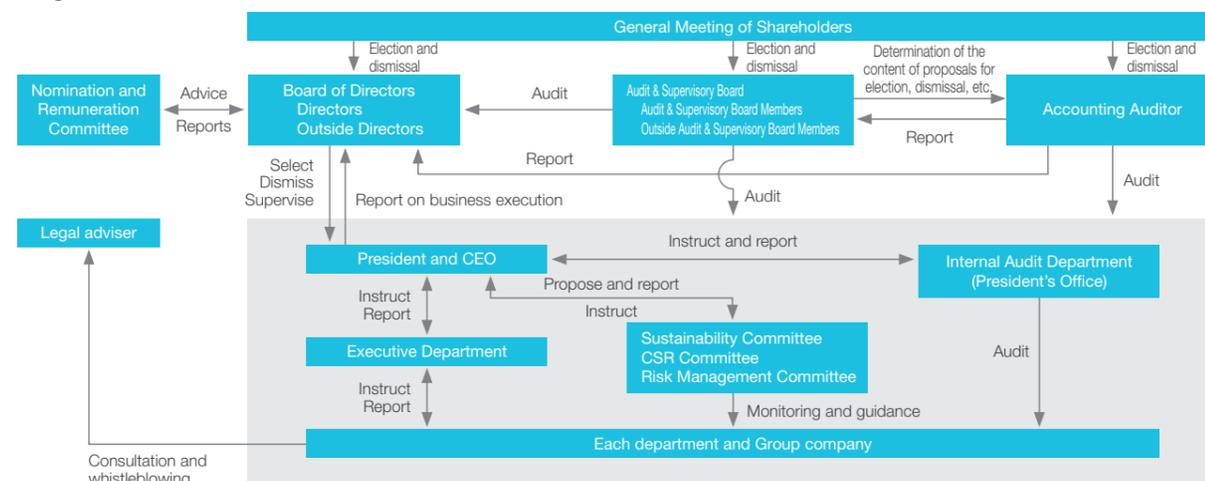
In addition, as the basis of the system for ensuring the efficient execution of duties by Directors, the Board of Directors meets once a month (regular meeting) and also holds extraordinary meetings as necessary.

With regard to the execution of duties by Directors, the Articles of Incorporation, Rules of the Board of Directors, Organization Rules, Rules on Segregation of Duties, and Rules on Administrative Authority stipulate the respective responsible persons and their responsibilities, as well as details of execution procedures, to ensure efficient execution of duties.

In addition, the Company has introduced an Audit & Supervisory Board system. Two of the three Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. In terms of the management monitoring function, the Company has adopted the current system because it provides a system to monitor the execution of duties by the Directors from an objective standpoint.

With regard to the current election of Outside Audit & Supervisory Board Members, we believe that the Outside Audit & Supervisory Board Members are fully fulfilling their objective of strengthening the auditing function by providing advice and suggestions to the Company's management from an independent standpoint through their attendance at important meetings, including Board of Directors meetings, based on their broad insight and wealth of experience cultivated through their careers.

Organization Chart



Election and Dismissal of Management Executives and Candidates for Directors and Audit & Supervisory Board Members

With regard to the policy for the election and dismissal of management executives and candidates for Directors and Audit & Supervisory Board Members, the Company comprehensively considers the suitable individual for the position, taking into account appropriate and prompt decision-making, sense of responsibility and leadership, necessary knowledge and experience, appropriate risk management, monitoring of business execution, and the ability to cover each function and each business unit in a balanced manner, while also considering reports from the Nomination and Remuneration Committee.

Reasons for Election of Outside Directors and Outside Audit & Supervisory Board Members

Name	Reasons for Election
Outside Director Hiroshi Horie	Mr. Horie has considerable knowledge concerning finance and accounting due to his expertise as a certified tax accountant, as well as experience in serving in various positions including the head of a taxation bureau. He also has been performing activities and expressing views appropriately as an Outside Director since his election as an Outside Director in June 2017. Based on such extensive knowledge and experience, the Company expects Mr. Horie to continuously reinforce the Company's corporate governance by appropriately supervising the execution of business operations as an Outside Director. Furthermore, we have judged that Mr. Horie will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Director Susumu Maruno	Mr. Maruno has expertise cultivated through years of corporate employment and has track records of social and educational activities based on his expertise. He has also been performing activities and expressing views appropriately as an Outside Audit & Supervisory Board Member during his tenure as an Outside Audit & Supervisory Board Member since June 2015 until resignation, and since his election as Outside Director in June 2020. Based on such extensive knowledge and experience, the Company expects Mr. Maruno to reinforce the Company's corporate governance by appropriately supervising the execution of business operations as an Outside Director. Mr. Maruno was an executing person (employee) of Panasonic Corporation, which is one of the Company's business partners. However, as the amount of transactions with said company represents less than 1% of the Company's consolidated net sales, we think the Company's decision-making will not be influenced by said company. Therefore, we have judged that Mr. Maruno will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Audit & Supervisory Board Member Takayuki Tanemura	Mr. Tanemura has years of experience at a financial institution, and we believe that he will monitor the Directors' performance of their duties from an objective standpoint based on his extensive experience. He was an executing person (employee) of Mizuho Bank, Ltd., which is a major business partner of the Company, and is currently a counselor of Seiwa Building Co., Ltd. However, he is currently not in a position to be influenced by the Bank's intentions. Furthermore, no conflict of interest exists between the Company and Seiwa Building Co., Ltd. In addition, the Company has transactions with several financial institutions in addition to Mizuho Bank, Ltd., and does not have a special business relationship only with Mizuho Bank, Ltd. Moreover, the ratio of loans from the bank to our total assets represent less than 1%, and we think the Company's decision-making will not be influenced by said bank. Therefore, we have judged that Mr. Tanemura will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Audit & Supervisory Board Member Masakatsu Maruyama	Due to his many years of corporate employment, the Company believes that Mr. Maruyama has extensive experience not only as an engineer, but also in the areas of strategy and management. Based on such extensive knowledge and experience, the Company expects him to monitor the Directors' performance of their duties from an objective standpoint as an Audit & Supervisory Board Member. Mr. Maruyama was an executing person (employee) of Panasonic Corporation, which is one of the Company's business partners. However, as the amount of transactions with said company represents less than 1% of the Company's consolidated net sales, we think the Company's decision-making will not be influenced by said company. Therefore, we have judged that Mr. Maruyama will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.

Remuneration of Senior Management and Directors

The remuneration for Directors consists of "monthly remuneration," "Bonuses for Directors," and "non-monetary remuneration." The maximum total amount of "monthly remuneration" is resolved at the General Meeting of Shareholders, and the monthly remuneration for each individual Director is determined through discussions among the President and CEO and the Vice President and Representative Director, as authorized by the Board of Directors, after consultation with the Nomination and Remuneration Committee, based on a comprehensive assessment of individual responsibilities, business performance, and the degree of risk involved. "Bonuses for Directors" are not performance-linked remuneration that are calculated based on the performance indicators. However, the Company resolves the total amount at the General Meeting of Shareholders by comprehensively considering the business performance for the fiscal year and the actual past payment amount, as well as situation of peer companies in the same industry. The amount of individual bonuses is determined by discussions between the President and CEO and the Vice President and Representative Director, as authorized by the Board of Directors, after consultation with the Nomination and Remuneration Committee, taking into consideration the individual's sales performance and contribution. As for "non-monetary remuneration," the Company introduced a restricted stock remuneration plan for Directors (excluding Outside Directors) in FY2022. Within the limit of the amount of remuneration resolved at the General Meeting of Shareholders, restricted stock will be granted by way of in-kind contribution of monetary remuneration claims from Directors. The timing and allocation of payment to each individual will be determined through discussions between the President and CEO and the Vice President and Representative Director, as authorized by the Board of Directors, after consultation with the Nomination and Remuneration Committee.

Source of Value Creation

Governance

Executive Remuneration

Classification of Officers	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)				Number of eligible officers (persons)
		Performance-linked remuneration	Non-monetary remuneration	Other remuneration		
				Monthly remuneration	Bonuses	
Directors (of which, Outside Directors)	319 (12)	—	—	269 (12)	50 (—)	8 (2)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	19 (8)	—	—	19 (8)	—	4 (2)

- Notes: 1. The amount of remuneration for Directors does not include the amount of employee salaries of Directors who concurrently serve as employees.
 2. The amount of remuneration for Directors includes 50 million yen for the provision of bonuses for directors in the proposal "Payment of Bonuses to Directors" to be submitted to the 72nd Ordinary General Meeting of Shareholders to be held on June 29, 2022.
 3. The maximum amount of remuneration for Directors as per the resolution of the General Meeting of Shareholders is 25 million yen per month. (However, bonuses for Directors and salaries and bonuses for employees of Directors who concurrently serve as employees shall not be included.)
 4. The maximum amount of remuneration for Audit & Supervisory Board Members as per the resolution of the General Meeting of Shareholders is 3 million yen per month.
 5. The aggregate amount of remuneration and monthly remuneration for Directors include those for two Directors who retired due to expiration of their terms of office at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2021.
 6. The total amount of remuneration and monthly remuneration for Audit & Supervisory Board Members include those for one Audit & Supervisory Board Member who resigned at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2021.

Board of Directors

In order to realize sustainable enhancement of corporate value while emphasizing the diversity of the Board of Directors, the Company nominates candidates for Directors who possess the necessary knowledge, experience, ability, and internationality. We have elected two Independent Outside Directors out of six Directors to enhance transparency and objectivity in management, to supervise business execution, and to speed up decision-making by a small number of talented individuals. In addition, we have introduced an Executive Officer System and implemented a significant delegation of authority from Directors to Executive Officers to clarify the roles of management supervision and business execution functions, as well as to speed up the execution of business operations.

Assessment of Board Effectiveness

In order to improve the function of the Board of Directors, the Company has conducted a self-evaluation by each Director since FY2021. Based on their results, the Board of Directors verified and evaluated the effectiveness of the Board of Directors as a whole, and confirmed that the Company's Board of Directors is functioning properly and its effectiveness is ensured.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two Independent Outside Directors and a Representative Director. Upon consultation from the Board of Directors, the Committee decides on matters to be submitted to the General Meeting of Shareholders concerning the election and dismissal of Directors, the selection and dismissal of Representative Directors, and the remuneration and remuneration limits for the Company's Directors, etc., and reports back to the Board of Directors.

[Members] Kenji Furuhashi (Chairperson), Hiroshi Horie, Susumu Maruno

Message from Outside Directors



Hiroshi Horie

I believe that a good governance structure has been established in the Company. The Board of Directors effectively functions as a mechanism for sharing information on management strategies and the current status of the Company, with the participation of Executive Officers. Outside of Board meetings, detailed explanations are provided and opinions are exchanged in response to open-ended questions from outside officers. In addition to these efforts, we believe that the effectiveness of governance can be improved by strengthening the system to detect and immediately respond to internal and external risks. With no end in sight to the COVID-19 pandemic and the invasion of Ukraine, the competitive environment for companies is changing dramatically and business models are undergoing a transformation. Given this, how should we tackle the challenge of creating new businesses with an eye to the future? How should we maintain and strengthen our competitive advantage? With these ideas in mind, I believe that one of my important roles as an Outside Director is to support our medium- to long-term vision to realize enhancement of our corporate value, without getting caught up in achieving short-term profit targets, and I will make every effort to support those initiatives.



Susumu Maruno

My first impression of Hosiden's management is that it is a company with good governance. The Board of Directors' meetings are held in a flexible manner in response to the situation brought by the pandemic, and the Company manages its operations with a sense of speed, including risk management, in order to promote its business. Above all, I feel that one of Hosiden's strengths is the close proximity between "management" and the "business frontlines" of R&D, manufacturing, sales, and marketing, and the steady and consistent management based on technical capabilities and the hands-on, real-world approach. Hosiden has been contributing to the development of society and industry by making full use of its diverse technologies as a comprehensive electronic components manufacturer. In today's rapidly changing business environment, I believe that the creation of new businesses through the development of new technologies and new products will become increasingly important when considering our conduciveness in society in this new era. Focusing on the viewpoint of technology and development, I would like to contribute however I can to the development of new products and businesses that will pioneer the new digital era, and to the realization of an innovative proposal-oriented company that meets the needs of its customers.

Officers (As of June 29, 2022)

Directors

	President and CEO Kenji Furuhashi		Executive Vice President and Representative Director Haremi Kitatani		Director Shigemi Dochi
	Director Kanemasa Mizuta		Outside Director Hiroshi Horie		Outside Director Susumu Maruno

Audit & Supervisory Board Members

	Full-time Audit & Supervisory Board Member Shinji Hombo		Outside Audit & Supervisory Board Member Takayuki Tanemura		Outside Audit & Supervisory Board Member Masakatsu Maruyama
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Skills Matrix

In order to achieve medium- to long- term management strategy, expected areas of expertise are defined as 1) Corporate management/Management strategy, 2) Technology/R&D, 3) Sales/Marketing, 4) Manufacturing, 5) Internationalism, 6) Finance/Accounting, and 7) Legal affairs/Risk management. Each Director is appropriately placed for each area as shown below.

	Name	Areas of expertise						
		Corporate management/Management strategy	Technology/R&D	Sales/Marketing	Manufacturing	Internationalism	Finance/Accounting	Legal affairs/Risk management
Director	Kenji Furuhashi	●	●	●	●	●		
	Haremi Kitatani	●	●	●	●	●		
	Shigemi Dochi			●		●		
	Kanemasa Mizuta			●		●		
	Hiroshi Horie (Outside/Independent)	●				●	●	●
	Susumu Maruno (Outside/Independent)		●			●		●
Audit & Supervisory Board Member	Shinji Hombo					●	●	●
	Takayuki Tanemura (Outside/Independent)					●	●	●
	Masakatsu Maruyama (Outside/Independent)		●			●		●

Note: The above table does not reflect all of the experience and expertise possessed by each Director/Audit & Supervisory Board Member, but only presents those experience and expertise to be particularly expected to provide and considered to be important to achieve medium- to long- term management strategy.

Financial Report

Financial Summary

(Millions of yen)

Fiscal Year		68th	69th	70th	71st	72nd
Year End		March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	(Millions of yen)	299,440	233,435	211,912	233,934	207,608
Ordinary profit	(Millions of yen)	10,548	13,357	11,353	13,401	15,786
Profit attributable to owners of parent	(Millions of yen)	10,233	10,709	9,433	10,338	11,901
Comprehensive income	(Millions of yen)	10,928	9,516	8,178	11,932	13,469
Net assets	(Millions of yen)	86,992	94,113	100,767	109,250	119,533
Total assets	(Millions of yen)	138,192	133,470	150,161	161,894	171,525
Net assets per share	(Yen)	1,463.09	1,609.93	1,723.79	1,935.14	2,175.11
Basic earnings per share	(Yen)	172.11	180.62	161.37	178.70	211.57
Diluted earnings per share	(Yen)	165.35	168.70	150.38	166.28	196.32
Equity-to-asset ratio	(%)	63.0	70.5	67.1	67.5	69.7
Return on equity	(%)	12.5	11.8	9.7	9.8	10.4
Price earnings ratio	(Times)	7.9	5.1	4.7	6.5	5.5
Cash flows from operating activities	(Millions of yen)	3,757	25,593	2,122	12,590	(1,230)
Cash flows from investing activities	(Millions of yen)	(5,673)	(5,168)	(4,775)	(2,360)	(3,059)
Cash flows from financing activities	(Millions of yen)	8,832	(4,544)	(2,147)	(3,860)	(3,748)
Cash and cash equivalents at end of period	(Millions of yen)	52,405	68,061	62,649	69,522	62,479
Number of employees	(Persons)	8,805	7,744	9,406	9,570	8,808

Notes: 1. Net sales do not include consumption taxes.

2. The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and others from the beginning of the 69th fiscal year. The key management indicators for the 68th fiscal year are the indicators after retroactive application of such accounting standards.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	52,371	49,794
Notes and accounts receivable - trade	25,738	—
Notes receivable - trade	—	1,253
Accounts receivable - trade	—	24,611
Securities	18,400	13,699
Merchandise and finished goods	5,494	9,923
Work in process	1,846	3,117
Raw materials and supplies	29,373	38,526
Trade accounts receivable	2,072	2,208
Other	2,875	2,482
Allowance for doubtful accounts	(35)	(45)
Total current assets	138,138	145,572
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,749	19,577
Accumulated depreciation and impairment	(13,273)	(13,736)
Buildings and structures, net	5,476	5,840
Machinery, equipment and vehicles	23,448	25,754
Accumulated depreciation and impairment	(17,888)	(19,532)
Machinery, equipment and vehicles, net	5,560	6,221
Land	3,299	3,290
Construction in progress	71	777
Other	32,290	31,975
Accumulated depreciation and impairment	(30,198)	(29,546)
Other, net	2,091	2,429
Total property, plant and equipment	16,499	18,559
Intangible assets	416	451
Investments and other assets		
Investment securities	4,945	4,809
Retirement benefit asset	116	267
Deferred tax assets	942	1,025
Other	1,126	1,130
Allowance for doubtful accounts	(290)	(290)
Total investments and other assets	6,840	6,942
Total non-current assets	23,756	25,952
Total assets	161,894	171,525

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,137	23,614
Short-term borrowings	1,941	2,040
Income taxes payable	2,214	3,179
Provision for bonuses for directors (and other officers)	152	155
Other	5,163	7,315
Total current liabilities	36,609	36,305
Non-current liabilities		
Bonds with share acquisition rights	10,073	10,051
Deferred tax liabilities	1,209	1,253
Retirement benefit liability	3,973	3,577
Other	778	803
Total non-current liabilities	16,034	15,686
Total liabilities	52,644	51,991
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	86,668	94,320
Treasury shares	(10,649)	(9,586)
Total shareholders' equity	109,276	117,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,570	2,495
Foreign currency translation adjustment	(2,951)	(1,334)
Remeasurements of defined benefit plans	355	381
Total accumulated other comprehensive income	(25)	1,542
Total net assets	109,250	119,533
Total liabilities and net assets	161,894	171,525

Financial Report

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (自 2020年4月 1日 至 2021年3月31日)	Fiscal year ended March 31, 2022 (自 2021年4月 1日 至 2022年3月31日)
Net sales	233,934	207,608
Cost of sales	211,578	185,884
Gross profit	22,355	21,724
Selling, general and administrative expenses	9,977	9,999
Operating profit	12,377	11,725
Non-operating income		
Interest income	101	103
Dividend income	109	118
Foreign exchange gains	689	3,558
Subsidies for employment adjustment	112	192
Other	112	150
Total non-operating income	1,126	4,122
Non-operating expenses		
Interest expenses	70	35
Commission for syndicated loans	17	17
Other	14	8
Total non-operating expenses	102	61
Ordinary profit	13,401	15,786
Extraordinary income		
Gain on sale of non-current assets	210	370
Gain on sale of investment securities	0	225
Other	4	1
Total extraordinary income	215	598
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	34
Impairment losses	233	43
Other	28	—
Total extraordinary losses	286	78
Profit before income taxes	13,330	16,306
Income taxes - current	3,131	4,391
Income taxes - deferred	(140)	12
Total income taxes	2,991	4,404
Profit	10,338	11,901
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	10,338	11,901

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021 (自 2020年4月 1日 至 2021年3月31日)	Fiscal year ended March 31, 2022 (自 2021年4月 1日 至 2022年3月31日)
Profit	10,338	11,901
Other comprehensive income		
Valuation difference on available-for-sale securities	894	(75)
Foreign currency translation adjustment	382	1,616
Remeasurements of defined benefit plans, net of tax	316	26
Total other comprehensive income	1,593	1,567
Comprehensive income	11,932	13,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,932	13,469
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	13,660	19,596	77,791	(8,661)	102,386	1,676	(3,334)	38	(1,619)	100,767
Changes during period										
Dividends of surplus			(1,461)		(1,461)					(1,461)
Profit attributable to owners of parent			10,338		10,338					10,338
Purchase of treasury shares				(1,987)	(1,987)					(1,987)
Cancellation of treasury shares										—
Net changes in items other than shareholders' equity						894	382	316	1,593	1,593
Total changes during period	—	—	8,877	(1,987)	6,889	894	382	316	1,593	8,483
Balance at end of period	13,660	19,596	86,668	(10,649)	109,276	2,570	(2,951)	355	(25)	109,250

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	13,660	19,596	86,668	(10,649)	109,276	2,570	(2,951)	355	(25)	109,250
Changes during period										
Dividends of surplus			(1,411)		(1,411)					(1,411)
Profit attributable to owners of parent			11,901		11,901					11,901
Purchase of treasury shares				(1,775)	(1,775)					(1,775)
Cancellation of treasury shares				2,838						—
Net changes in items other than shareholders' equity						(75)	1,616	26	1,567	1,567
Total changes during period	—	—	7,651	1,063	8,714	(75)	1,616	26	1,567	10,282
Balance at end of period	13,660	19,596	94,320	(9,586)	117,990	2,495	(1,334)	381	1,542	119,533

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021 (自 2020年4月 1日 至 2021年3月31日)	Fiscal year ended March 31, 2022 (自 2021年4月 1日 至 2022年3月31日)
Cash flows from operating activities		
Profit before income taxes	13,330	16,306
Depreciation	3,136	3,185
Impairment losses	233	43
Increase (decrease) in allowance for doubtful accounts	1	(30)
Increase (decrease) in retirement benefit liability	(77)	(364)
Interest and dividend income	(211)	(221)
Interest expenses	70	35
Loss (gain) on sale and retirement of non-current assets	(186)	(336)
Loss (gain) on valuation of investment securities	12	—
Decrease (increase) in trade receivables	932	2,183
Decrease (increase) in inventories	(3,809)	(13,115)
Decrease (increase) in operating accounts receivable	(501)	(135)
Decrease (increase) in other assets	41	612
Increase (decrease) in trade payables	2,022	(7,274)
Increase (decrease) in other liabilities	250	1,687
Other, net	174	(230)
Subtotal	15,420	2,346
Interest and dividends received	189	199
Interest paid	(75)	(26)
Subsidies for employment adjustment received	112	192
Income taxes paid	(3,063)	(3,942)
Income taxes refund	7	—
Net cash provided by (used in) operating activities	12,590	(1,230)
Cash flows from investing activities		
Decrease (increase) in time deposits	22	275
Purchase of property, plant and equipment	(2,663)	(3,823)
Proceeds from sale of property, plant and equipment	465	404
Purchase of investment securities	—	(100)
Proceeds from sale of investment securities	0	342
Purchase of intangible assets	(135)	(134)
Other, net	(50)	(24)
Net cash provided by (used in) investing activities	(2,360)	(3,059)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(306)	(456)
Purchase of treasury shares	(1,987)	(1,775)
Dividends paid	(1,461)	(1,411)
Other, net	(105)	(104)
Net cash provided by (used in) financing activities	(3,860)	(3,748)
Effect of exchange rate change on cash and cash equivalents	504	995
Net increase (decrease) in cash and cash equivalents	6,873	(7,042)
Cash and cash equivalents at beginning of period	62,649	69,522
Cash and cash equivalents at end of period	69,522	62,479

Company/Stock Information (As of March 31, 2022)

Company Overview

Company name	Hosiden Corporation
Established	September 14, 1950
Capital	13,660 million yen
Fiscal year	April 1 through March 31 of the following year
Number of employees	8,808 (Consolidated), 590 (Non-consolidated)
Head office	4-33, Kitakyuhoji 1-Chome, Yao City, Osaka, 581-0071

Stock Information

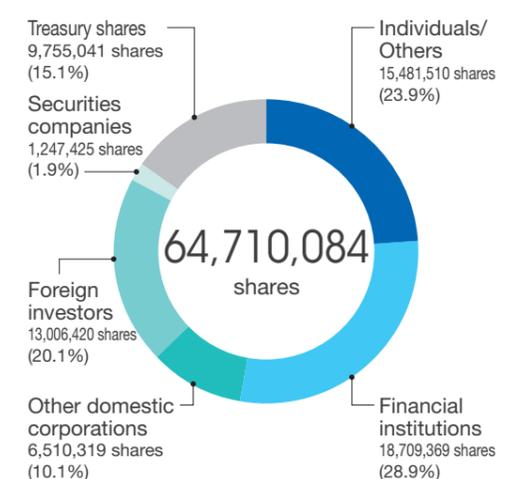
General meeting of shareholders	June every year
Number of shares per unit	100 shares
Total number of authorized shares	150,000,000 shares
Total number of issued shares	64,710,084 shares (Including 9,755,041 treasury shares)
Number of shareholders	11,574

Major Shareholders

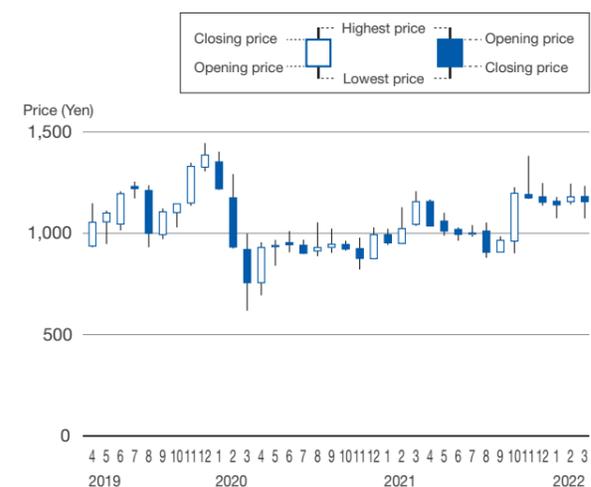
Order	Shareholder name	Number of shares held	Shareholding ratio
1	The Master Trust Bank of Japan, Ltd. (Trust account)	6,582,000 shares	12.0%
2	Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. account Re-trustee: Custody Bank of Japan, Ltd.	2,820,100	5.1
3	CITY INDEX ELEVENTH CO., Ltd.	2,771,800	5.0
4	Nippon Life Insurance Company	2,358,555	4.3
5	State Street Bank and Trust Company 505103	2,033,600	3.7
6	Custody Bank of Japan, Ltd. (Trust account)	1,613,900	2.9
7	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500,690	2.7
8	MUFG Bank, Ltd.	1,300,030	2.4
9	Yumi Furuhashi	1,203,241	2.2
10	DFA INTL SMALL CAP VALUE PORTFOLIO	1,145,245	2.1

Notes: 1. The top 10 major shareholders are listed.
2. The Company holds 9,755,041 treasury shares, which are not shown in the table above.
3. Shareholding ratio is calculated excluding 9,755,041 treasury shares.

Shareholder composition (shares)



Stock Quotes



Volume

