



HOSIDEN REPORT 2023

Fiscal year ended March 31, 2023

Right Beside You, No Matter Where You Are

Electro-Mechanical Components
P.15



Acoustic Components
P.16



Display Components
P.17



Applied Equipment and Other
P.18



Corporate Philosophy

Using our exceptional technical strengths to support the evolution of the world's technologies and contribute to the development of a sustainable society



CONTENTS

	Corporate Philosophy/CONTENTS	2		Environment	19
	Message from the President	3		Social	23
	Value Creation Process	7	Source of Value Creation	Governance	27
Value Creation Story	Growth Strategy	9		Officers	30
	Medium-Term Management Plan (FY2023 to FY2025)	11		Financial Summary	31
	Financial/Non-Financial Highlights	13		Consolidated Balance Sheets	32
	Electro-Mechanical Components	15	Financial Report	Consolidated Statements of Income/Consolidated Statements of Comprehensive Income	33
Business Overview	Acoustic Components	16		Consolidated Statements of Changes in Equity	34
	Display Components	17		Consolidated Statements of Cash Flows	35
	Applied Equipment and Other	18	Company/Stock Information	Company/Stock Information	36

Reporting period

From April 1, 2022 to March 31, 2023

Organizational scope of this report

Hosiden Group (Hosiden Corporation and 21 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 provide highly-competitive electronic components in growth fields and steadily commercialize promising new technologies to ensure our future growth as an enterprise.

President and CEO

Kenji Furuhashi

Constantly seeking out growth fields and steadily developing markets with considerable growth potential

Since its establishment in 1950, the Group has contributed to the development of society and industry as a comprehensive electronic component manufacturer. The Group has maintained continuous growth by always responding appropriately to the needs of each era, starting with acoustic components at the time of its establishment to LCDs (liquid crystal displays) for PC manufacturers, then to components for mobile communications in Japan and overseas, gaming console-related components, and in recent years, automotive equipment components. In every one of

these fields, we got where we are today as a result of honing our unique strengths.

For the automotive equipment components, which has increased sales in recent years, we were quick to embark on developing the European automotive market. Since then, we globally expanded our sales territory from Europe, and have now reached the stage where we are operating this business on a worldwide scale. The Group's greatest strength in terms of automotive equipment components is that it functions as a Tier 1 manufacturer positioned directly under finished vehicle manufacturers in the automotive industry supply chain. As we are close to our customers, we have the advantage of being able to pick up on information regarding new developments early.

That is what enables us to offer components that anticipate future demand in a timely manner.

And we do more than simply supply components: We also seek to provide convenience for customers by assembling a wide variety of devices such as microphones into modules, which we propose to them. Going forward, we will continue to invest effort in proposals that benefits customers as a means of enhancing our own competitive advantage.

The automotive industry is currently transitioning into the new CASE (Connected, Autonomous, Sharing, and Electricity) era, and as the electrification and automation of cars progresses, all kinds of new components will be required. 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 on the development of next-generation technologies, while predicting successive new needs.

Growth in the amusement-related business and foreign exchange gains yield strong results

Our performance during FY2022 was strong compared to the previous fiscal year, with both sales and profits higher than originally planned. This outcome reflected three main contributory factors. The first was recovery in our amusement-related business. There were no more lockdowns that had caused economic damage during the previous fiscal year and semiconductor shortages eased, enabling us to shift to increase production during the third quarter. The second was that the demand turned into increase in the automotive-related business due to the easing of semiconductor shortages. The third was the effect of exchange rates, which swung dramatically toward yen depreciation. Business operations unaffected by exchange rates would be ideal, but the reality is that 90% of our sales are in foreign currencies, and foreign exchange rates therefore have a major impact on our results, largely due to the revaluation of assets and liabilities denominated in foreign currencies at the end of each fiscal year. The yen depreciation during the fiscal year resulted in foreign exchange gains. In addition, the mobile communication-related business also had an issue of component procurement, but the sales grew by around 5% the full year.

As a result, net sales increased by 33.5% year on year to 277,200 million yen. Operating profit was up 34.3% to 15,700 million yen, and ordinary profit increased 20.3% to 18,900 million yen.

Anticipating prospective growth fields to develop new technologies and promote proposals of new products

Automotive production is now finally showing signs of recovery, although it had been delayed due to the semiconductor shortages. The automotive industry in which electrification and automation are set to advance going forward, is a promising new market for us. Provided we can continue proposing modules that finished vehicle manufacturers find easy to use, we expect considerable growth potential in the future. We are therefore steadily developing the automotive device market for the next-generation automobiles, leveraging the technological depth we have accumulated from our development works for products such as displays starting with our original acoustic-related business.

Going forward, we will be focusing on medical and healthcare-related devices, and IoT/IoE-enabled devices that facilitate smart factories, as the prospective growth fields. All of these devices are essential for realizing medical settings and production sites that are one step ahead of what we have now, and we can expect to see growing demand in the global market.

Furthermore, in energy-related business, we made an investment in 2021, with a view to entering into the business of perovskite solar cells, which show promise for the next-generation solar cells. We are currently working to launch a commercial operation. People tend to associate solar power generation with large panels, but we are focusing on products for personal use leveraging the characteristics of perovskite solar cells, which can be made in compact sizes and are capable of generating electricity even with indoor lighting. If we were able to commercialize perovskite solar cells for use in charging mobile phones, the approximately 8 billion mobile phones in use worldwide could potentially provide a new market. And if we could successfully utilize the cells' capacity to generate electricity even with indoor lighting, we could extend their applications beyond charging of consumer devices to include charging sensors in smart factories and other devices. Of course, it will take time to launch a commercial operation, but we believe this is an extremely promising field for the future.

Turning to the amusement-related business for FY2023, we are predicting a decline in sales, reflecting customers' plans to reduce production volumes compared to FY2022, although orders remain strong currently. We have been in this market for more than 30 years already; sales may fluctuate at times, but they are growing steadily overall. Given that amusement is indispensable

Value Creation Story

for enriching people's lives, we believe that its exceptional stability and growth potential will continue unchanged. By establishing the system to always meet customers' demands instantly, we will maintain steady growth in this business in the future.

In the mobile communication-related business, both the manufacturers who are our customers and the end users are showing a great deal of interest in high-end devices. We will steadily increase sales by responding appropriately to such needs.

Cultivating “growth markets, growth customers” is the key to our growth strategy

Throughout our history, we have always looked to the wider world and continuously searched for growth markets and customers. And then, we have constantly proposed products with high added value based on new technologies to prospective growth markets and their customers.

While we continue demonstrating and promoting to the world our constant quest to create new value, the next new market will appear. In addition to developing new products from scratch, sometimes we add new value to existing devices or develop a new product by combining existing devices. In either case, if we can provide value that did not exist previously, the product's profitability increases. In this sense, the electronics industry's potential could be described as unlimited, so the Group will meet the expectations of our stakeholders by steadily cultivating this vast market.

Considering new investment in plants to ensure production in optimal locations

Until now, the Group has developed production in optimal locations on a global scale. Our adherence to the “made in market” concept has enabled us to continuously maintain a high level of competitiveness in terms of cost and speed, as well as through provision of high-quality products. However, in light of recent changes to the global situation, we are now looking at reconsidering the “made in market” concept. In addition to cost advantages and the system for immediate response, we now need to consider risk factors as well. And after taking other factors into account, such as business continuity plans (BCP) for a stable supply, and market potential against population increases, new investment in plants has also become a key topic for consideration. Investment in plants requires multifaceted and detailed planning of not only a market as the essential prerequisite, but also everything from securing the necessary land through construction of buildings and

installation of equipment to the hiring of workers. However, it is an undeniable fact that the Group's main market is not in Japan, but overseas. In light of this, we will continue to pursue production in optimal locations according to the situation. From now on, automation and labor saving will be important issues in production systems. As labor costs soar around the world and labor shortages continue, we will respond to these issues quickly at each of our production bases. As we do so, we need to be aware that the amount of electricity consumed during operation will increase. We recognize that it is important for us to take action to address global environmental issues.

Accelerating Group-wide efforts toward decarbonization

As a company involved in the manufacturing industry, it is important to address environmental issues, particularly with a focus on decarbonization. For this reason, we have been already working on continuous improvement of our environmental management system to reduce environmental burdens. These improvements 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. We are also taking action to contribute to carbon neutrality, having installed solar power generation equipment in two plants operated by our affiliated companies in Japan during FY2022. We are under consideration for installing such equipment at multiple bases going forward. Other measures include switching to LED lighting in our offices and production facilities, and purchasing electricity generated from renewable energy sources. Of course, 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. We will work to raise the CDP climate change score, which is now C, to B-minus or higher in FY2023. Also as to CO₂ emissions reduction,



we aim for 20% reduction in intensity by the end of FY2025 compared to FY2013 as a medium-term target, and 46% reduction by the end of FY2030 compared to FY2013 levels.

Promoting corporate governance and engaging in active dialogue with investors

With respect to strengthening the management foundations that contribute to sustainable growth over the medium- to long-term, we are pursuing activities with an emphasis on promoting corporate governance. 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. Going forward, we will continue to focus on strengthening our management foundations based on compliance with Japan's Corporate Governance Code. Meanwhile, we are addressing the need for dialogue with investors by informing them of our Medium-Term Management Plan for this first time. Given that it is extremely difficult for us to formulate medium-term management plans for sales in the amusement-related business, we have refrained from publicly disclosing such plans, although we have prepared them internally. Accordingly, we are now disclosing a three-year plan for our focus markets in fields excluding amusement. The plan covers the automotive-related market, the medical

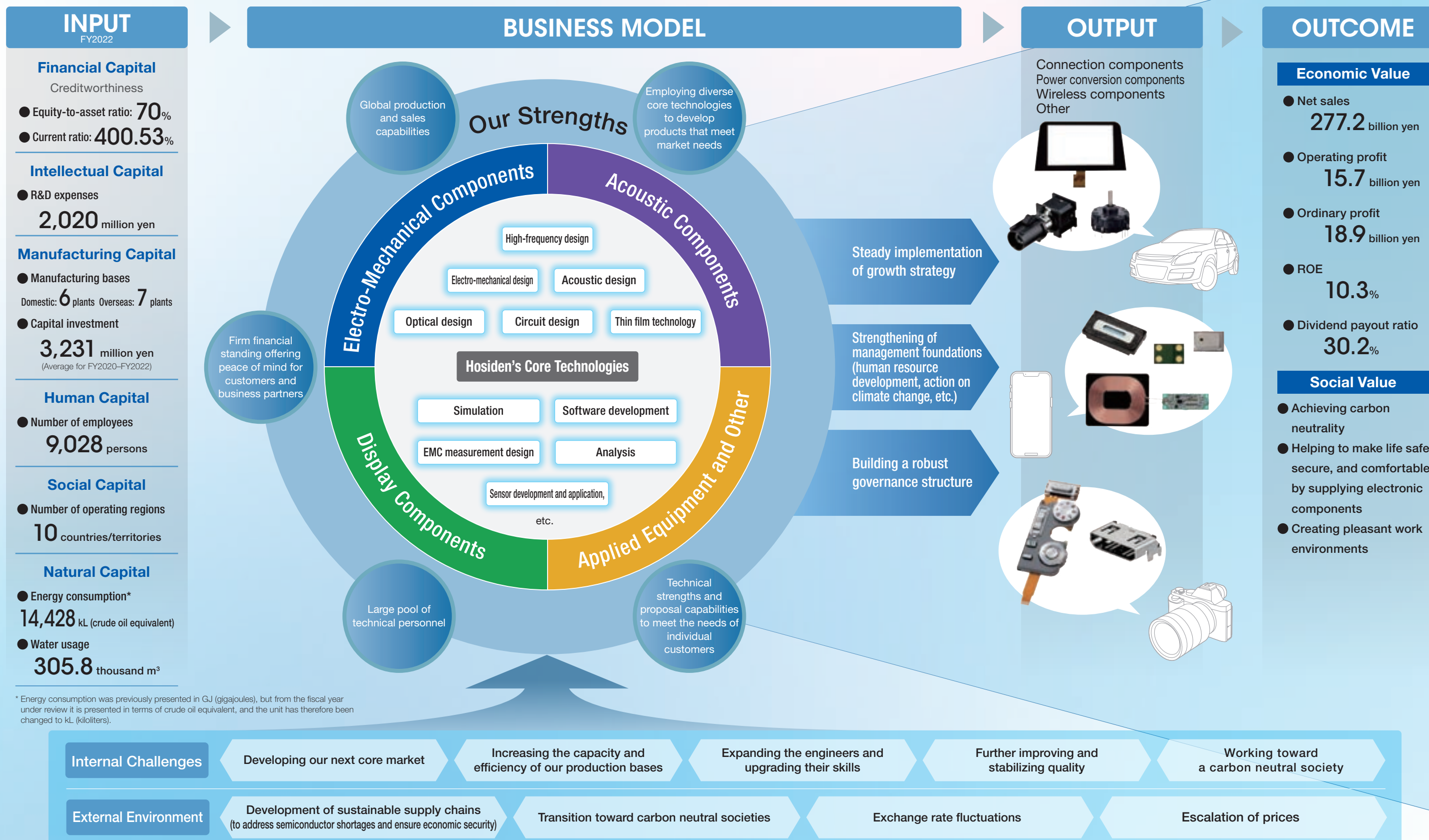
and health device market, and the IoT/IoE-enabled device market, and includes the main components we are developing for these markets. Please refer to page 11 for more information.

Moving forward to enhance our corporate value

Looking ahead at the business environment during FY2023, we predict increased sales primarily in the mobile communication-related and automotive-related businesses, while we predict lower sales in the amusement-related business. Although we forecast a challenging year overall as a result, we plan to address the task of achieving a price book value ratio (PBR) of 1 by repurchasing the Company's own shares worth 10,000 million yen over the next three years. Repurchasing our own shares is something we have done before, but this is the first time we are disclosing forecasts for the future. From now on, we intend to continue investing effort in a dialogue with investors. 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 these various measures and dialogue with investors. Therefore, we would like to ask for the continued support of all of our stakeholders.

Value Creation Process

Corporate Philosophy Using our exceptional technical strengths to support the evolution of the world's technologies and contribute to the development of a sustainable society



Growth Strategy

We will pursue further growth as a Group by responding appropriately 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 the technical strengths we have accumulated over the years. 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, we will promote reduction and total elimination of environmentally controlled substances in our products, power savings, and weight reductions by pursuing earth-friendly activities such as acquisition of ISO 14001 certification at all production bases, and take measures to reduce environmental burdens including decarbonization.

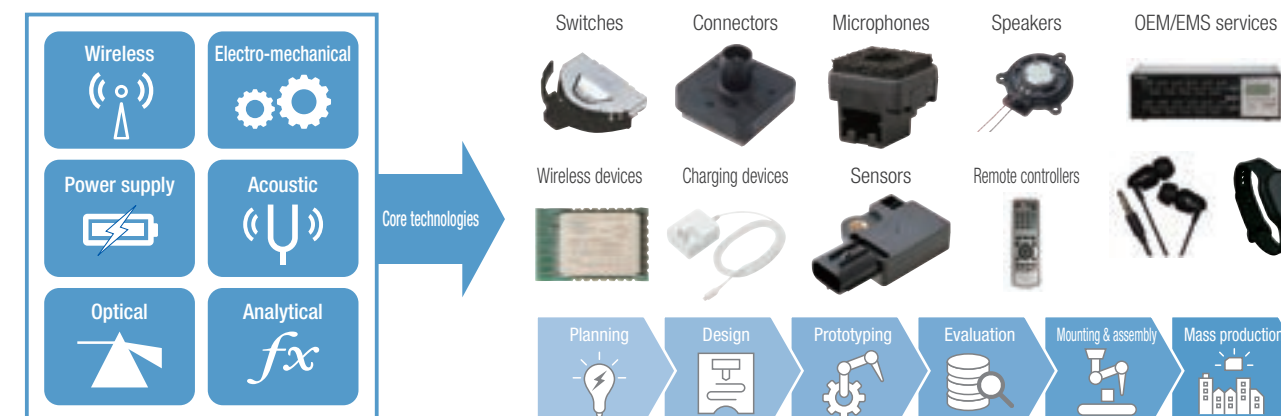
Re-examining and evolving our core technologies to accelerate the development of new technologies and improve and strengthen our product capabilities

- Expand our existing core technologies, promote further advancement, innovation, and expansion, enhance technologies of all kinds, 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 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, and sensor development and application technology. Our strength lies in this wide accumulation of technologies and know-how. Going forward, together with advancing these technologies, we will promote Group-wide sharing to develop unique technological products that meet market needs.

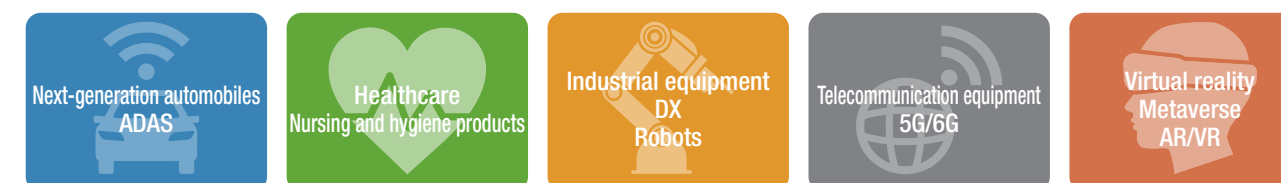
Meanwhile, in production, we intend to promote automation and labor saving by rapidly reducing costs and stabilizing quality through the use of industrial robots and other measures.



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 have a global perspective to strengthen cooperation in technology development, production, and sales within the Group.

In addition, we will strengthen the technology and R&D systems of the Company and its Group companies. We will also actively work to speed up and improve the efficiency of development of 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. As such, we will 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.

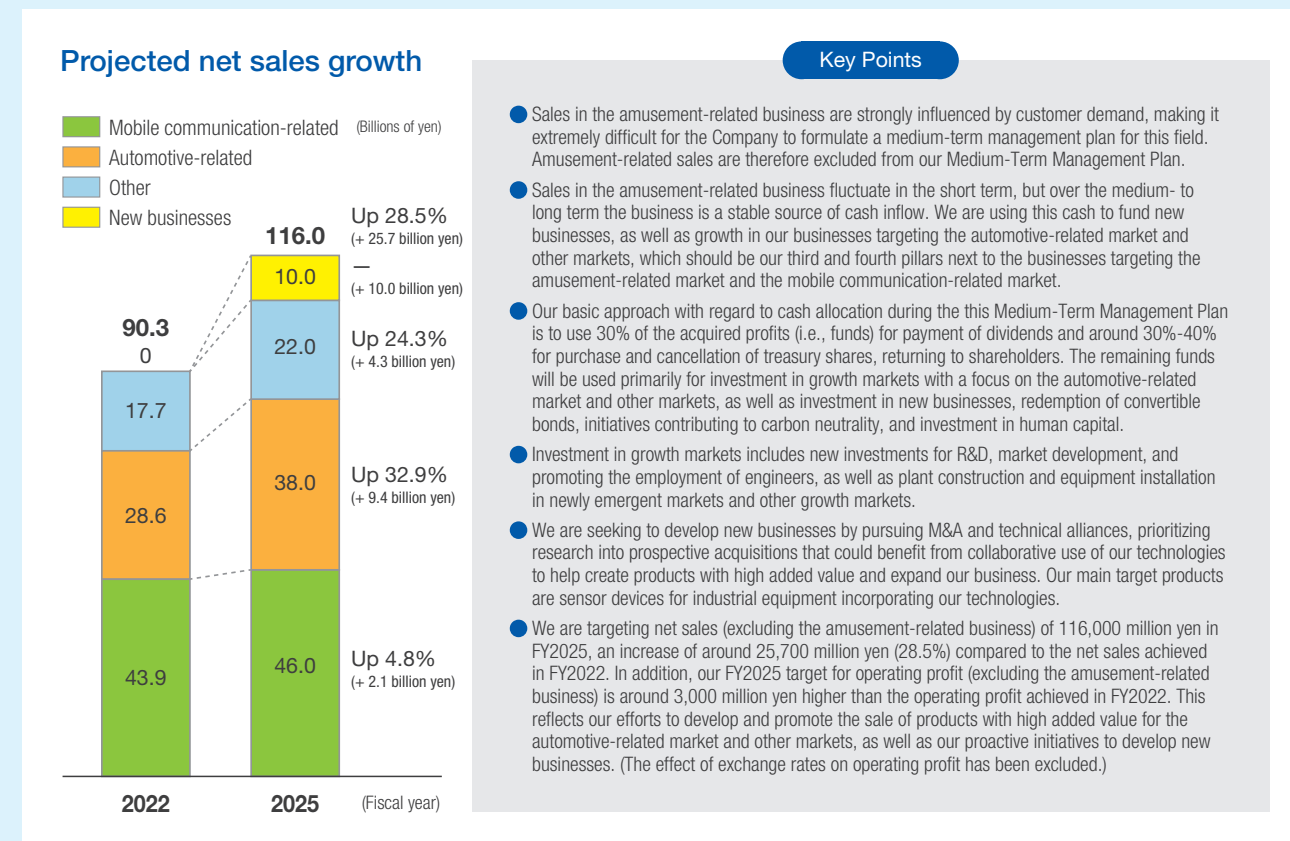
By utilizing perovskite solar cells produced in-house, we can support energy saving in equipment. Examples include battery chargers, IoT terminals, sensor devices, remote controllers, and others, aiming to extend the battery life of existing products and eventually make them battery-less.

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 time by promoting DX to reduce environmental impact

Medium-Term Management Plan (FY2023 to FY2025)

The Hosiden Group has developed technological foundations that span multiple fields. The key principle of our growth strategy is to leverage a succession of technologies and apply them to additional fields. We will also determine promising markets in light of changes in our operating environment and work to develop new fields.



Business Expansion into Growth Markets

Automotive-Related Market

High-speed transmission connectors to transmit information

For cars, the advent of the CASE (Connected, Autonomous, Sharing, and Electricity) era has led to advances in the electrification and multifunctionality of in-vehicle components. As a result, automotive equipment now increasingly incorporates high-speed digital interfaces. These interfaces are used mainly for video transmission, requiring all video-related automotive equipment to handle digital video signals and transmission at high speeds. Such video-related equipment focuses mainly on integrated ECUs and zone ECUs, and includes displays such as CIDs (Center Information Displays), HUDs (Head Up Displays), and meters; ADAS cameras; and other sensors. With sharper video images, more sophisticated image processing technology, and lower fuel consumption and costs resulting from fewer and lighter cables, the increasingly widespread use of high-speed digital interfaces offers substantial advantages for general consumers, automakers, and Tier 1 suppliers, as well as helping to reduce CO₂ emissions.

Hosiden will undertake all the process from development to commercialization of a connector and harness assembly for high-speed digital interfaces.

Acoustic products to transmit audio

As the autonomous driving capability of cars advances, people will seek comfort and convenience inside their cars while traveling, in addition to safety and security. Hosiden will contribute to the development of autonomous driving technology through various applications enabled by acoustic products compatible with next-generation Automotive Audio Bus (A2B) technology. Such applications include not only hands-free phone communications, but also active noise control (ANC), in-car communication, voice guidance, and reproduction of warning tones.

A2B digital microphones with beamforming capability that enables accurate detection of a speaker's voice facilitate comfortable hands-free phone communications, while also possessing acoustic characteristics suitable for ANC use. When combined with A2B speakers, they enable smooth in-car communication between the front and back seats. Meanwhile, A2B acceleration sensors can be used for ANC that cancels out road noise by instantaneously emitting a counteracting noise in the opposite audio wave phase. We are also developing and commercializing products for use on vehicle exteriors, such as A2B array microphones that detect approaching emergency vehicles, and speakers that warn pedestrians when an electric vehicle, which emits no engine noise, is approaching.

Charger-related products to transmit electricity

Now that everybody uses smartphones, demand for in-vehicle charging capacity is increasing. As a result, USB ports that can charge devices quickly are required not only for the driver's seat, as was the case previously, but for each individual seat. Hosiden is leveraging its accumulated know-how regarding AC adapters to enhance its provision of USB ports capable of delivering a stable power supply. We are also commercializing wireless chargers compatible with the Qi wireless charging standard.

Other Markets

Connecting machines through IoT/IoE

We are bringing together the technologies we have cultivated in the wireless, electro-mechanical, power supply, and sensing domains to develop a large number of IoT/IoE-enabled units. With these units, we aim to use DX to save labor when undertaking inspections of equipment subject to regular inspections, such as plant equipment, utility installations, and infrastructure. One example is our vibration sensor, which will contribute to the rapid development of plant-related DX (i.e., labor saving and improvement of production efficiency, which have now become social issues). The sensor's configuration enables it to be supplied more cheaply than existing vibration measurement devices, whilst retaining the level of performance necessary to successfully detect abnormalities or predict mechanical failures.

Saving lives through medicine

Hosiden has cultivated high-speed image transmission technology in its AV equipment-related business. With televisions offering 4K and 8K resolution already on the market, we commercialized a high-speed transmission connector for high-volume digital signals, which we are now supplying to customers. In the medical field too, endoscopes leveraging 4K and 8K technology are already in practical use. Use of an endoscope capable of obtaining high-resolution images inside the body enables more precise surgery, as even minuscule structures can be visually ascertained. Hosiden developed a connector for endoscopes that rapidly transmits high-volume image data, and is now supplying this connector to customers. We are also developing a product to meet the demand for lag-free transmission of high-resolution data to enable progress during surgery to be observed from another room.

Column

The potential of perovskite solar cells

For more than 30 years, Hosiden has supplied LCD elements, primarily for use in cars. Our technology related to photoelectric conversion elements that apply electricity to a material to emit light, can also be used for solar cells, which convert light into electricity. We are currently working to develop perovskite solar cells, which represent a promising innovative technology offering an alternative to conventional silicon-based solar cells.

Perovskite solar cells offer advantages of an easier and cheaper availability of its materials and a lower firing temperature for manufacturing, in comparison to silicon-based products. Moreover, they efficiently generate electricity, retaining their high conversion efficiency even with indoor lighting. We also co-invested in a start-up established by Kyoto University that possesses cutting-edge technology in development of the materials for perovskite solar cells, and are providing our know-how cultivated in the LCD business to support the production process.

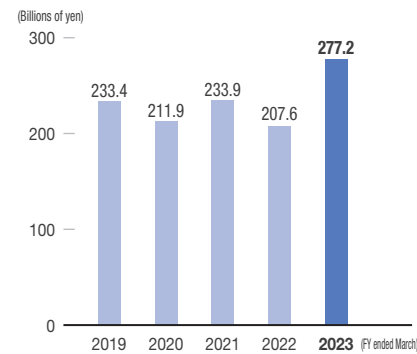
In commercializing these solar cells, we have adopted a strategy to differentiate them from others in terms of size and location, based on our own unique perspective. That is, instead of developing solar cells for their usual application—large-scale, large-volume electricity generation outdoors, we are developing ultra-compact solar cells that use indoor lighting as their light source to be mounted on IoT/IoE-enabled devices inside manufacturing plants. Specifically, perovskite solar cells are used in combination with a secondary power cell to supply power for sensors that measure temperature, humidity, CO₂ concentration and other input. We will add our Bluetooth module to commercialize this combination as a kit that sends data wirelessly. This sensor system for indoor use requires no wiring or charging, so it can be used continuously. During 2023, we plan to start supplying commercial samples of this sensor system, which is extremely convenient for use inside manufacturing plants and other buildings.

Financial/Non-Financial Highlights

Financial Data

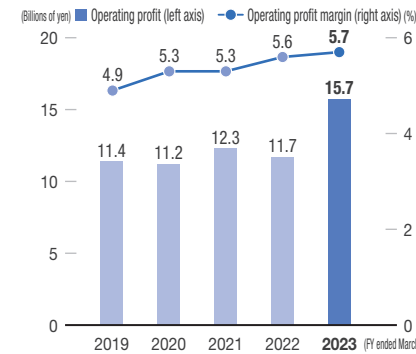
Net sales

277.2 billion yen



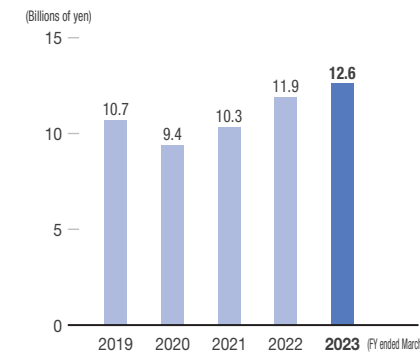
Operating Profit/Operating Profit Margin

Operating profit **15.7** billion yen
Operating profit margin **5.7** %



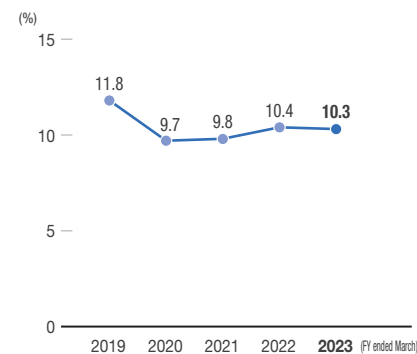
Profit Attributable to Owners of Parent

12.6 billion yen



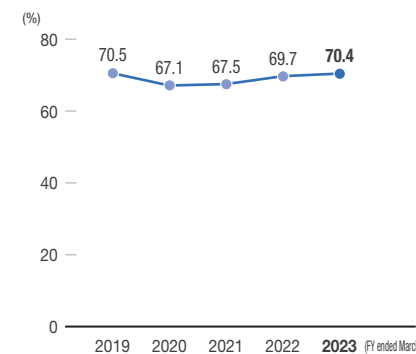
Return on Equity (ROE)

10.3 %



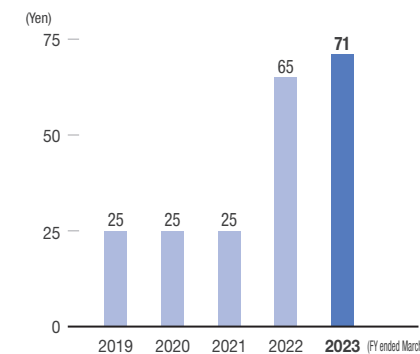
Equity-to-Asset Ratio

70.4 %



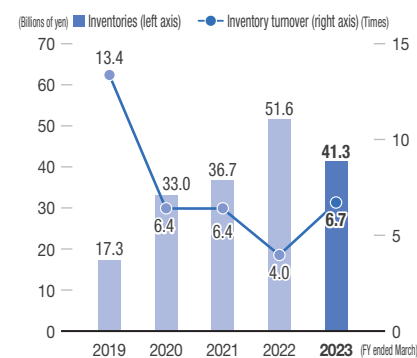
Dividend per Share

71 yen



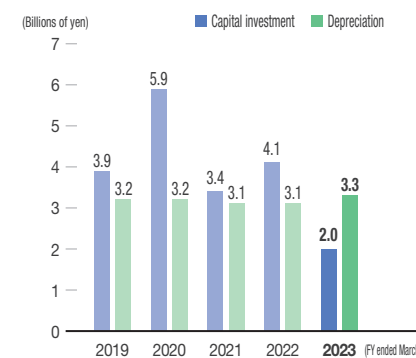
Inventories/Inventory Turnover

Inventories **41.3** billion yen
Inventory turnover **6.7** times



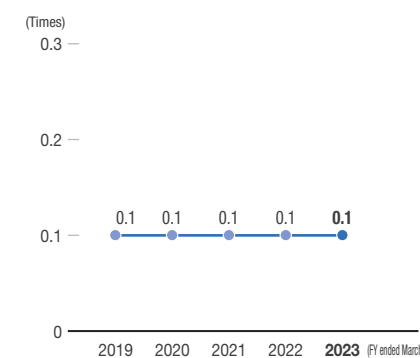
Capital Investment/Depreciation

Capital investment **2.0** billion yen
Depreciation **3.3** billion yen



D/E Ratio

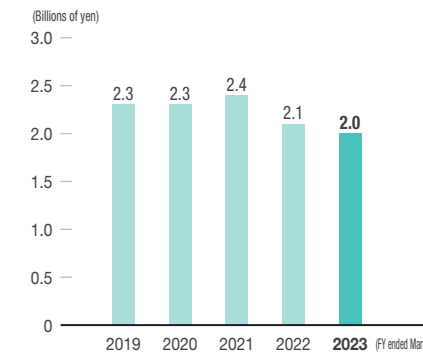
0.1 times



Non-Financial Data

R&D Expenses

2.0 billion yen



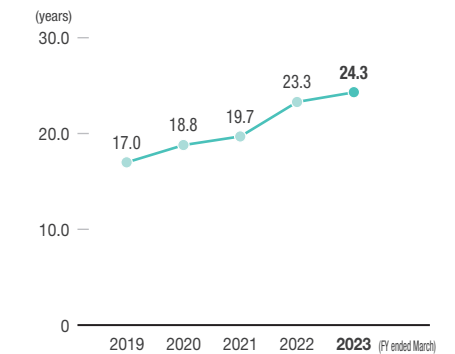
Overseas Employee Ratio

88.1 %



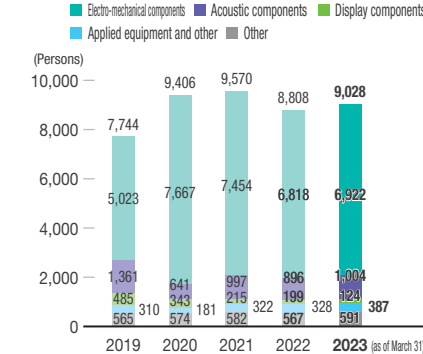
Average Service Years

24.3 years



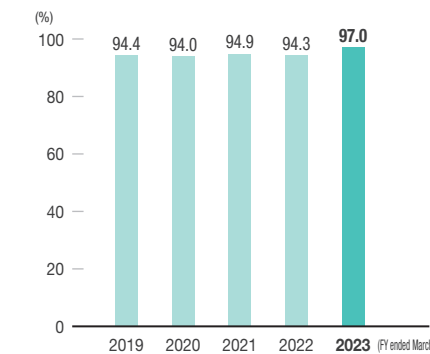
Number of Employees by Segment

9,028 persons



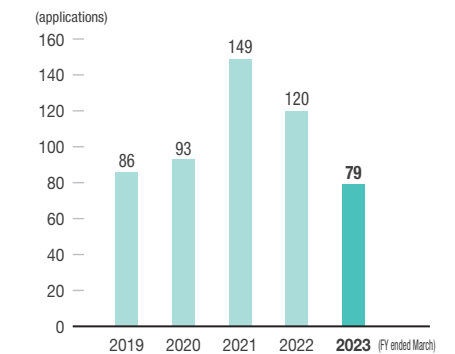
Overseas Production Ratio (Estimated)

97.0 %



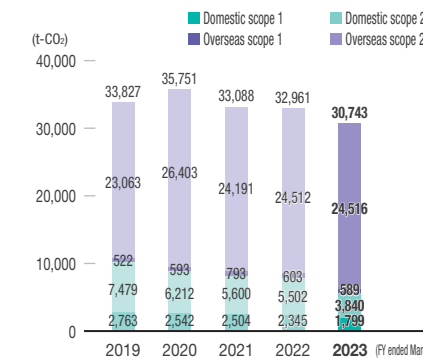
Number of Patent Applications

79 applications



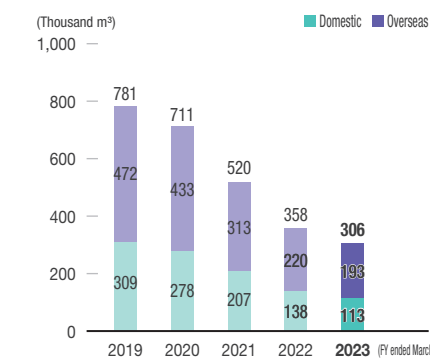
CO₂ Emissions [Scope 1, Scope 2]*

Domestic scope 1 **1,799** t-CO₂
Domestic scope 2 **3,840** t-CO₂
Overseas scope 1 **589** t-CO₂
Overseas scope 2 **24,516** t-CO₂



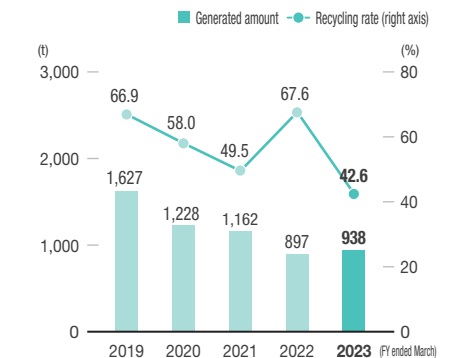
Water Usage

Domestic **113** thousand m³
Overseas **193** thousand m³



Waste Generated and Recycling Rate

Waste generated **938** t
Recycling rate **42.6** %



* With evidence of CO₂ emission coefficients reviewed in FY2022, some numerical values are different from ones in HOSIDEN REPORT for the previous year.

Electro-Mechanical Components

Our main products

Connectors
Switches
Chargers, etc.



Aiming to achieve long-term, stable growth by expanding and enhancing automotive-related electro-mechanical components

Medium- to long-term vision

The shift to electric vehicles and autonomous driving requires electrification and multifunctionality of in-vehicle components. Hosiden considers high-speed transmission, downsizing, and ease of installation when developing connectors.

To improve the usability of small mobile devices in vehicles, there is a growing need for chargers compatible with USB Type C and high-capacity USB Type C PD (Power Delivery) standards. We are working on the commercialization of not only high-capacity in-vehicle USB chargers but also wireless chargers.

Overview of the fiscal year ended March 31, 2023

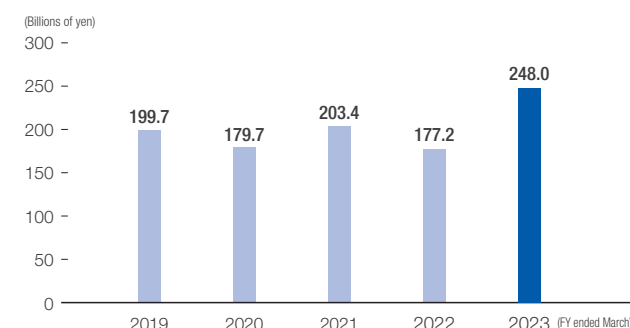
The amusement-related business grew with the easing of semiconductor shortages. The mobile communication-related business also saw strong sales to major customers. As a result, the Group posted net sales of 248,000 million yen and operating profit of 13,500 million yen.

Initiatives

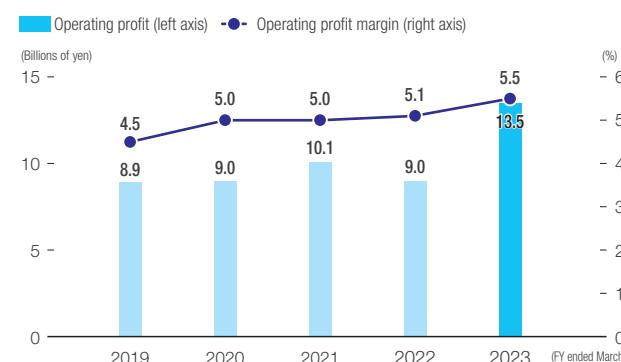
With regard to automotive-related products, we are commercializing and expanding sales of high speed connectors, high current connectors for EVs, multi-connectors, USB chargers, wireless chargers, and other products to meet demands not only for ADAS, but also for components necessary for the electrification 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

Net sales



Operating profit



TOPICS

In-Vehicle Chargers (Wired and Wireless)

Driven by the growing need for charging small mobile devices in vehicles, the number of in-vehicle chargers installed in a vehicle is increasing from one per vehicle to one per seat. In recent years, with the increase in charging capacity, USB Type C has become the mainstream charging port (electrical connector), but the demand for wireless charging is also rising.

Hosiden has expanded its lineup of chargers compatible with USB Type C and high-capacity USB Type C PD (Power Delivery) standards.

We have also commercialized wireless products, offering a wide range of products to cater to various demands for in-vehicle chargers.



Acoustic Components

Our main products

Microphones
Headphones
Headsets
Speakers
Receivers, etc.



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

Medium- to long-term vision

The development of autonomous driving technology has turned a car into a “moving room,” and people are seeking comfort and convenience in their cars in addition to safety and security. To improve the quality of phone communication and quietness in vehicles, cars will be increasingly outfitted with A2B (Automotive Audio Bus) compatible acoustic products such as A2B digital microphones, A2B speakers, and A2B acceleration sensors. A2B array microphones are now in demand not only for in-vehicle use but also for the exterior (surface) of vehicles to detect approaching emergency vehicles. Hosiden is developing in-vehicle A2B products to meet these market needs.

Overview of the fiscal year ended March 31, 2023

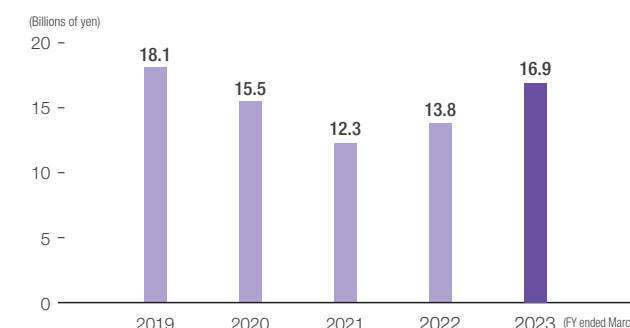
The automotive-related business grew with the gradual recovery of production at automakers. Sales of AV equipment-related products also increased. As a result, the Group posted net sales of 16,900 million yen and operating profit of 1,200 million yen.

Initiatives

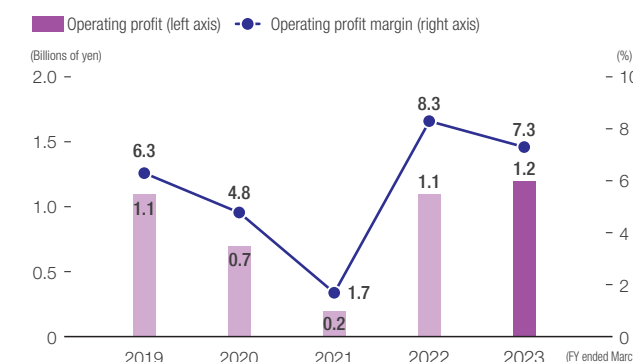
Vehicles are expected to be increasingly outfitted with ultra-wideband directional microphones and A2B microphones for active noise control (ANC), both of which are for in-vehicle use in hands-free phone communications and voice recognition, and A2B array microphones on the exterior (surface) of vehicles for detecting approaching emergency vehicles. We are developing, commercializing, and expanding sales of these automotive-related acoustic products with higher potential demand. 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

Net sales



Operating profit

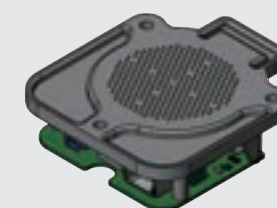


TOPICS

A2B Speaker for Automotive Use

Hosiden has commercialized the industry's first A2B speaker for automotive use. Conventional analog speakers require two wires for each speaker, causing routing issues when multiple speakers are installed in a car (e.g., as the number of cables increases, so does the complexity of routing and the weight of cables). Hi-power A2B (Automotive Audio Bus) speakers can be daisy chained, reducing the number of cables needed when installing speakers in the headrest of individual seats, etc.

Since this product can be set on the same wiring line with an A2B microphone, A2B acceleration sensor, etc., it helps improve the safety of automobiles through various applications including in-car communication, voice guidance, and reproduction of warning tones.



Display Components

Our main products
Capacitive touch panels



Aiming to achieve long-term, stable growth by newly developing display lamination business, transparent heaters, etc. for the automotive market and cultivating new business fields such as perovskite solar cells.

Medium- to long-term vision

Hosiden will make a full-scale operation of the display lamination business for large-sized displays in the automotive market. We will introduce large lamination equipment by the end of FY2023, and start mass production in FY2024. Leveraging our base material handling and wiring technologies, we will also start mass production of transparent heaters for external sensors and LED lights.

We have already entered into the perovskite solar cell business and invested in a start-up established by Kyoto University. Module sample development will start in FY2023, with a target of beginning full mass production in FY2024.

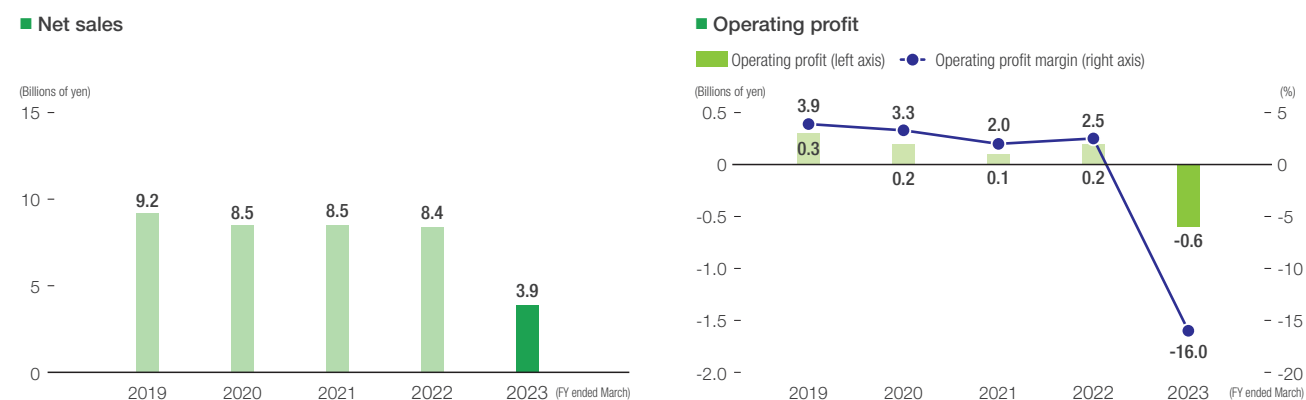
Overview of the fiscal year ended March 31, 2023

Sales of touch panels significantly decreased as a product for one of our automotive-related customers reached the end of its life cycle. As a result, the Group posted net sales of 3,900 million yen and operating loss of 600 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

Sample Development of Perovskite Solar Cells

With the aim of leveraging the potential of perovskite solar cells and setting up a business base as soon as possible, Hosiden has been pursuing applications of these solar cells as a power source for IoT devices and smartphones. Now, we provide our strategic partners who aim to incorporate the solar cells into equipment for indoor use, with our principle prototype for series production, while we move on to development for mass production.

For the customers to commence a smoother development process, we are also developing parasitic power modules including secondary cells into which sensors or Bluetooth communication modules can be incorporated. We are aiming for these modules to be released in approximately summer 2023, with sample development for mass production from the latter half of FY2023, and then full mass production in the latter half of FY2024.



Applied Equipment and Other

Our main products
Wireless devices
IoT devices
(sensor modules, sensor units)



Differentiating our products from the competitors' by utilizing wireless technology, thereby making them competitive

Medium- to long-term vision

We have developed and commercialized several IoT devices, including the vibration sensor for which we recently issued a press release, making steady progress in developing new markets. Our IoT products are developed under the concepts of "B to B," "labor-saving," "environmental burden-reducing," and "realization of DX." We aim to bring to the market as many products as possible that help solve social issues such as recent labor shortages, rising labor costs, and CO₂ reduction.

Overview of the fiscal year ended March 31, 2023

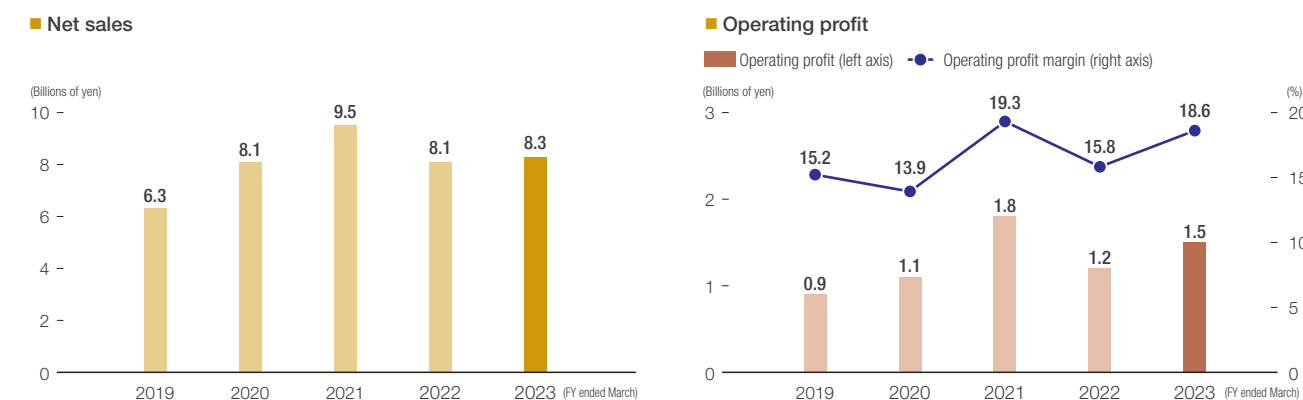
The Group posted net sales of 8,300 million yen and operating profit of 1,500 million yen due to growth in the home appliance-related business.

Initiatives

We are currently mass-producing wireless charging devices for medical device-related business as well as for automotive use, aiming at expanding our product lineup of wireless charging devices. In response to the recent growing demand for larger battery capacity and high-speed charging of mobile and wearable devices, we will further develop and commercialize high-capacity chargers.

Leveraging its electro-mechanical, wireless, acoustic, and other sensor technologies, Hosiden is also committed to developing IoT-related products such as vibration sensor units and IoT ranging sensor units.

Net sales and operating profit



TOPICS

IoT Ranging Sensor Unit

We have developed an IoT ranging sensor unit that measures the distance to an object and outputs and communicates the distance information wirelessly. Its main features include environmental resistance that enables measuring a distance even in the presence of condensation, dirt, or other foreign substances; low power consumption that enables continuous battery operation for several years; and adaptability to variations in electro-mechanical (enclosure) design that supports various use cases. This product is capable of detecting and measuring almost all liquids, powders, individuals, and animals with millimeter-level accuracy, and thus contributes to customers' digital transformation by automating inspection tasks for these materials used in plants and infrastructures.



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 base, 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 the creation of a more affluent society in the future.

ISO 14001 Environmental Policy

Hosiden Group is committed to upholding biodiversity and minimizing the impact on the global environment in every aspect of its business activities.

[Code of Conduct]

1. Working as a group to address global warming
2. Addressing the reducing burdens on the environment by measures preventing pollution and in compliance with environmental laws, regulation, and social requirements
3. Promoting to develop and design environmentally friendly products
4. Promoting all-hands environmental preservation activities and continually improving them

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.

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.

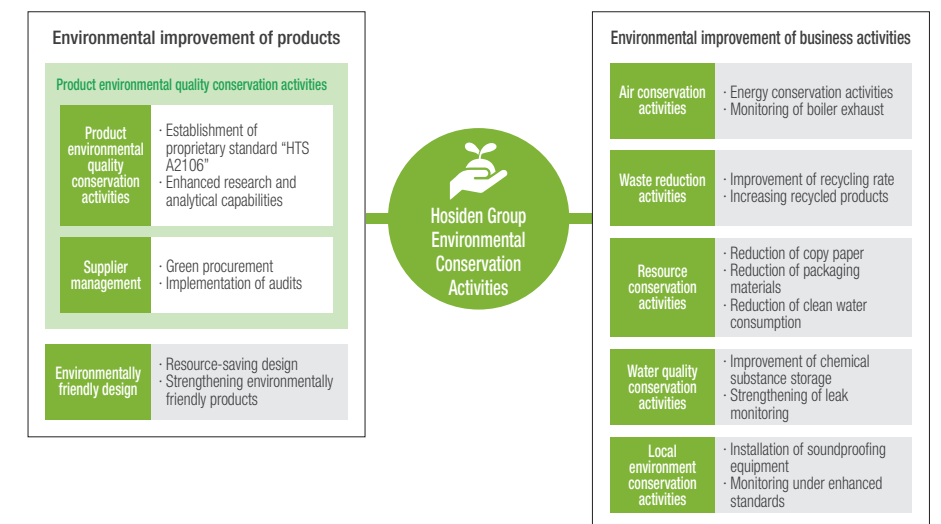
Regulatory Compliance

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.

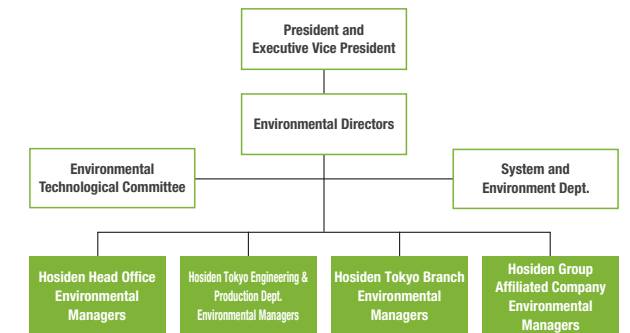
Group Initiatives

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



Organization Chart of the Environmental Management



Hosiden Group’s ISO 14001 certification/registration status

Company name	Certification body	Certification date
Hosiden Electronics (Malaysia) Sdn. Bhd.	SIRIM	December 8, 2000
Korea Hosiden Hosiden Vietnam	DNV	July 14, 2001 *These factories acquired integrated certification in 2013
Hosiden Corp. Tokyo Engineering & Production Dept.	BV	October 28, 2001
Qingdao Hosiden Electronics Co., Ltd.	DNV	December 26, 2001
Hosiden Corporation Head Office, Tokyo Branch, Takayasu Bunshitsu of Hosiden Corp.	DNV	August 18, 2003 *These factories and offices acquired integrated certification in 2019
Hosiden Service Corp.		
Hosiden Kyushu Corp.		
Hosiden Seiko Corp.		
Hosiden Wakayama Corp.		
Hosiden Plastics Corp.	DNV	March 20, 2007
Hosiden F. D. Corp.		
China Hosiden Co., Ltd.		
Hosiden Technology (Qingdao) Co., Ltd.	DNV	June 24, 2008
Hosiden Besson Ltd.	BSI	August 23, 2010

Source of Value Creation

Environment

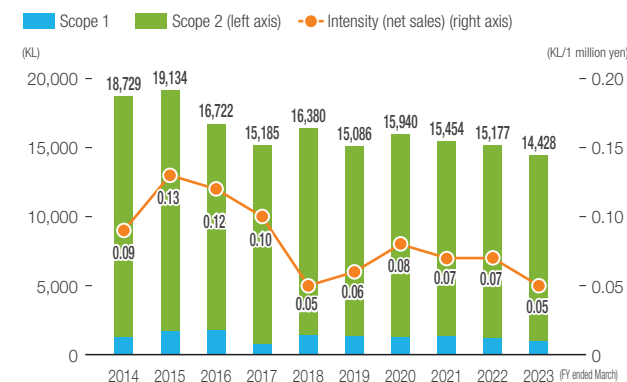
Climate Change Initiatives

The Hosiden Group has been participating in the Commitment to a Low Carbon Society in the electrical and electronics industry sector since FY2016 (the plan was renamed the Carbon Neutrality Action Plan in FY2021), and has been working to improve energy efficiency in its business activities in compliance with industry targets.

To be specific, the Group is promoting 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, reducing the number of company-owned vehicles, and promoting “stop idling” measures for vehicles.

Energy consumption (KL) and intensity (net sales)

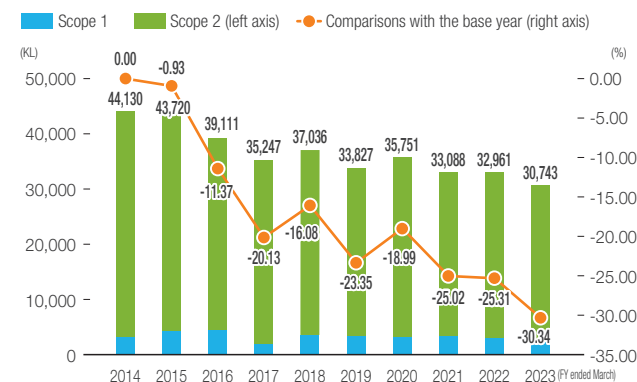


* The graph above shows the transition of the total energy consumption in crude oil equivalent converted from the amount of electricity and fuel used in the Hosiden Group.

Introduction of solar power generation equipment



Hosiden Wakayama (Started operation in November 2022)

Transition of total CO₂ emissions and comparisons with the base year

* Local standards were previously used for calculation of CO₂ emission coefficients of each bases, but we started using CO₂ emissions factors published by the International Energy Agency (IEA) in FY2022.



Hosiden Kyushu (Started operation in February 2023)

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 intensity by the end of FY2025, compared to FY2013
- Long-term target: 46% reduction in total CO₂ emissions 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) promotes 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:** Through the establishment of various systems, such as an extra childbirth allowance (given by a welfare association), 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 and a training system targeting senior employees.

A company in which employees are able to work with vigor regardless of their gender

I joined Hosiden as a new graduate and have been working here since then, except for a year I took off as childcare leave. When I returned to work after the leave, I had a hard time balancing work and raising a child for the first time. In particular, it was difficult to call the office when my child suddenly had a fever, and I could not come to work. However, the fact that I was not in a sales department, but in an administrative department at the time, and my boss and co-workers at work were understanding helped me greatly. I felt that Hosiden was a mother-friendly company.

I feel that the strengths of Hosiden include its liberal culture that allows its employees to try various things in the course of their work and its pleasant atmosphere with a lot of affable employees. Hosiden has people with different personalities. I would like to provide support so that everyone, regardless of their gender, can find their work rewarding and their workplace comfortable.



Manager, Section 3,
Overseas Sales and Marketing Division
Naoko Yoshitani

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) Introducing a flextime system, (2) turning off all lights and leaving the office at 8:00 p.m.; and (3) 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.
- The Company strives to maintain and promote mental and physical health by having training rooms and shower rooms available in the Company.
- The Company has employee cafeterias to provide nutritionally balanced lunches and partially subsidize lunch costs.
- As a welfare association’s project, the Company has purchased a GLTD insurance (group long-term disability income protection insurance) and offers an extra injury and sickness allowance to prepare for incidents that may result in long-term difficulty in working, to prepare for incidents that may result in long-term difficulty in working.
- The Company offers health consultation, mental health counseling services, and sports gym facilities in collaboration with the health insurance association, insurance companies, and external welfare services providers.

Source of Value Creation

Interaction with 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.



Clean Yao! Collective Cleaning Campaign



Yamato River and Ishikawa River Cleanup Campaign

Weeping Cherry Blossoms Viewing Party

The Company opened to public part of the grounds of its Head Office (Yao City, Osaka Prefecture) to host a weeping cherry blossoms viewing party on Saturday, March 25 and Sunday, March 26, 2023 to express its appreciation for the cooperation of residents in its neighborhood in the construction of the new Building II, which was completed in July 2022, and to show its gratitude for their daily support. Many guests from the neighboring communities enjoyed viewing the weeping cherry blossoms, which were in full bloom right in time, and taking pictures to commemorate entrance to kindergartens and schools. The occasion provided an opportunity to make them feel the Company close and accessible.



Interview



We will develop human resources who combine willingness to cooperate with competitive drive for further improvement of our corporate value.

General Manager, Personnel Division **Makiko Wada**

Q What positive attributes do human resources at Hosiden demonstrate?

A They are amenable and very willing to cooperate.

Hosiden's personnel are typically impressive in terms of their fundamental academic skills, as well as their ability to think logically, identify problems, understand situations, and make plans. And another strength is that they are very pleasant people due to their amenability and willingness to cooperate. I feel that these attributes are the reason Hosiden has been able to earn such a high level of trust from its customers and other stakeholders.

Q Are there any issues you are currently aware of in terms of Hosiden's human resources?

A I feel that insufficient assertiveness and competitive drive are issues we should address.

The willingness to cooperate that I just mentioned leads to a high retention rate for employees we hire and effective teamwork when working, but it can also lead to insufficient assertiveness and competitive drive, which I see as issues. When we think about how to ensure growth for Hosiden going forward, we need to develop human resources who can also express disagreement with the opinions of others and take on unprecedented challenges.

Q What measures can be taken to address these issues?

A We plan to offer training for managers.

On occasions such as his new year's address, the President uses the words "a time of change" as a key phrase in conveying his message, and urges employees to alter their mindsets.

When hiring personnel, we now clearly stipulate what we are looking for in candidates by indicating the attributes of the ideal Hosiden employee in specific terms, and we use these attributes as criteria during the selection process. For example, we seek to hire people who are willing to try innovation; who follow their dreams and ideals; and who can use not only knowledge, but also wisdom.

When hiring people mid-career, our primary purpose is to hire somebody who can hit the ground running, but we also think of ways to allow a breath of fresh air into the Company, such as by opting for somebody who differs slightly from the Hosiden norm.

In addition to these approaches, we plan to offer training for managers, aiming to help them create communication-filled, dynamic workplaces where employees can express their ideas and opinions without inhibition and feel comfortable expressing disagreement with others.

Q What initiatives are being implemented to bolster the Company's human capital?

A We are creating workplaces in which tasks no longer need to be performed by specific people.

Currently, childcare leave is taken by 100% of the female employees eligible for it, but we still face the challenge of improving childcare leave uptake among male employees.

We are addressing this issue through measures to establish an environment in which it is easy for both men and women to take leave. To achieve this, we are preparing manuals and the like so that tasks are appropriately shared and visualized, thereby eliminating the need for the tasks to be performed by specific people. The COVID-19 pandemic did have a part to play, but we have made progress in establishing systems that enable other employees to take over promptly when somebody takes leave, and use of paid leave has increased considerably as a result.

In terms of promoting active participation in the workplace by women, our plans call for aggressive hiring of new female graduates to increase the pool of women who can become candidates for management positions. We are also pursuing initiatives at job fairs, such as having female employees participate and approach female students directly.

On a personal note, I feel my work in recruitment is genuinely rewarding when I see that employees have become part of the Company and are working enthusiastically. I intend to continue creating an environment that is both dynamic and pleasant to work in by implementing measures closely aligned with employees' needs.

Governance

Governance

Related
SDGs

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.

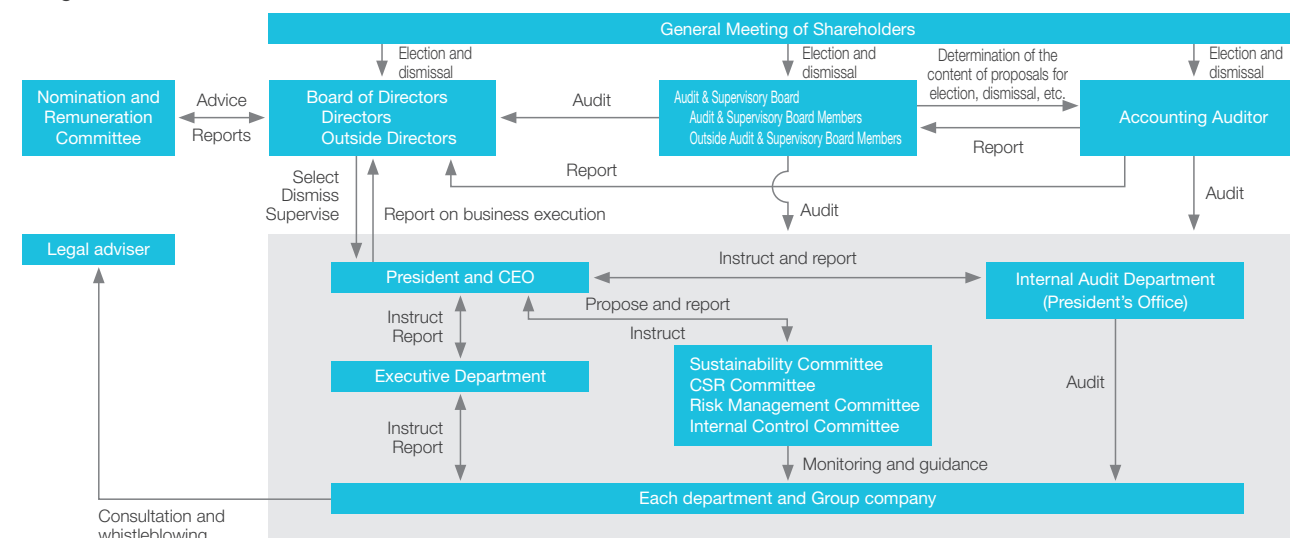
In addition, as the basis of the system for ensuring the efficient execution of duties by Directors, the Board of Directors meets once a month (regular meeting) and also holds extraordinary meetings as necessary.

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 Election of Candidates for Audit & Supervisory Board Members

With regard to the policy for the election and dismissal of management executives and candidates for Directors, 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.

With regard to the policy for the election of candidates for Audit & Supervisory Board Members, the Company comprehensively considers the amount of experience, expertise in finance and accounting, knowledge of the business of the Company and corporate management in general, etc., which are necessary for auditing the execution of duties by Directors, and makes decisions.

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
Director (of which, Outside Directors)	342 (12)	—	29 (—)	262 (12)	50 (—)	6 (2)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	20 (8)	—	—	20 (8)	—	3 (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 for bonuses for directors in the proposal "Payment of Bonuses to Directors" to be submitted to the 73rd Ordinary General Meeting of Shareholders to be held on June 29, 2023.
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. As for the restricted stock remuneration, which is non-monetary remuneration, monetary remuneration claims of not more than 30 million yen per year shall be granted to eligible Directors separately from the conventional monetary remuneration for Directors as in-kind contributions for granting restricted stock; the total number of shares of the Company's common stock to be issued or disposed of under the plan shall be not more than 50,000 shares per year; and the transfer restriction period for the restricted stock shall be a period from the delivery of the restricted stock to the date on which the eligible Directors lose their position as the Company's Director.
5. 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.

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. 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

A good governance system has been established in the management structure of Hosiden. We need to continue to reshape the system in response to changes in the surrounding environment, but I believe that we have brought it to an excellent level. The Board of Directors is well-balanced with members with expertise, and the Outside Directors are provided with adequate explanation. We have also built a system that allows us to give advice from a medium- to long-term perspective from a standpoint slightly distant from the executive team. As a result, the Board of Directors works as an effective system as a whole. As an electronic components manufacturer, we have expanded our business overseas from an early stage to provide our products and constantly taken on challenges to develop new businesses and markets. The environment surrounding companies is getting more complicated and confusing, as exemplified by the conflict between the US and China and the Russia's invasion of Ukraine. In order to realize sustainable growth and medium- to long-term improvement in corporate value of Hosiden, I would like to support the executive team in business operations and encourage them to take bold actions at times.



Susumu Maruno

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. Looking at our sales by field, the largest is the amusement-related field, which is followed by the mobile communication-related field, the automotive-related field, and the other field. The amusement-related field, in particular, accounts for approximately 60% of the total sales. To grow sustainably in the future, we will further expand the amusement-related field for sure, but we are also earnestly discussing the creation of new products in the mobile communication-related field, the automotive-related field, etc. As an Outside Director with a technological background, I discuss the technologies required for products in new fields, their directions, what their development and commercialization should be like, and so on. No matter how wonderful it might be, a technology is meaningless if it is not useful in society as a product. I believe that the important viewpoint is how to create value for customers. 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, 2023)

Directors

President and CEO
Kenji FuruhashiExecutive Vice President and
Representative Director
Haremi KitataniDirector
Shigemi DochiDirector
Kanemasa MizutaOutside Director
Hiroshi HorieOutside Director
Susumu Maruno

Audit & Supervisory Board Members

Full-time Audit &
Supervisory Board Member
Shinji HomboOutside Audit &
Supervisory Board
Member
Takayuki TanemuraOutside Audit & Supervisory
Board Member
Masakatsu Maruyama

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.

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

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 Summery

(Millions of yen)

Fiscal Year	69th	70th	71st	72nd	73rd
Year End	March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(Millions of yen) 233,435	211,912	233,934	207,608	277,244
Ordinary profit	(Millions of yen) 13,357	11,353	13,401	15,786	18,984
Profit attributable to owners of parent	(Millions of yen) 10,709	9,433	10,338	11,901	12,637
Comprehensive income	(Millions of yen) 9,516	8,178	11,932	13,469	14,477
Net assets	(Millions of yen) 94,113	100,767	109,250	119,533	126,753
Total assets	(Millions of yen) 133,470	150,161	161,894	171,525	179,993
Net assets per share	(Yen) 1,609.93	1,723.79	1,935.14	2,175.11	2,379.08
Basic earnings per share	(Yen) 180.62	161.37	178.70	211.57	232.88
Diluted earnings per share	(Yen) 168.70	150.38	166.28	196.32	214.93
Equity-to-Asset Ratio	(%) 70.5	67.1	67.5	69.7	70.4
Return on equity	(%) 11.8	9.7	9.8	10.4	10.3
Price earnings ratio	(Times) 5.1	4.7	6.5	5.5	6.9
Cash flows from operating activities	(Millions of yen) 25,593	2,122	12,590	(1,230)	20,765
Cash flows from investing activities	(Millions of yen) (5,168)	(4,775)	(2,360)	(3,059)	(9,852)
Cash flows from financing activities	(Millions of yen) (4,544)	(2,147)	(3,860)	(3,748)	(7,437)
Cash and cash equivalents at end of period	(Millions of yen) 68,061	62,649	69,522	62,479	66,017
Number of employees	(Persons) 7,744	9,406	9,570	8,808	9,028

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	49,794	57,418
Notes receivable - trade	1,253	1,302
Accounts receivable - trade	24,611	33,667
Securities	13,699	13,335
Merchandise and finished goods	9,923	9,691
Work in process	3,117	5,107
Raw materials and supplies	38,526	26,469
Trade accounts receivable	2,208	1,567
Other	2,482	3,346
Allowance for doubtful accounts	(45)	(27)
Total current assets	145,572	151,878
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,577	21,462
Accumulated depreciation and impairment	(13,736)	(14,499)
Buildings and structures, net	5,840	6,962
Machinery, equipment and vehicles	25,754	26,475
Accumulated depreciation and impairment	(19,532)	(21,215)
Machinery, equipment and vehicles, net	6,221	5,259
Land	3,290	3,035
Construction in progress	777	62
Other	31,975	31,318
Accumulated depreciation and impairment	(29,546)	(29,144)
Other, net	2,429	2,174
Total property, plant and equipment	18,559	17,495
Intangible assets	451	423
Investments and other assets		
Investment securities	4,809	5,643
Retirement benefit asset	267	60
Deferred tax assets	1,025	739
Other	1,130	4,039
Allowance for doubtful accounts	(290)	(287)
Total investments and other assets	6,942	10,195
Total non-current assets	25,952	28,114
Total assets	171,525	179,993

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,614	25,772
Short-term borrowings	2,040	2,189
Income taxes payable	3,179	3,910
Provision for bonuses for directors (and other officers)	155	154
Other	7,315	5,893
Total current liabilities	36,305	37,919
Non-current liabilities		
Bonds with share acquisition rights	10,051	10,030
Deferred tax liabilities	1,253	1,268
Retirement benefit liability	3,577	3,170
Other	803	850
Total non-current liabilities	15,686	15,319
Total liabilities	51,991	53,239
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	94,320	100,808
Treasury shares	(9,586)	(10,695)
Total shareholder's equity	117,990	123,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,495	2,381
Foreign currency translation adjustment	(1,334)	666
Remeasurements of defined benefit plans	381	334
Total accumulated other comprehensive income	1,542	3,382
Total net assets	119,533	126,753
Total liabilities and net assets	171,525	179,993

Financial Report

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net sales	207,608	277,244
Cost of sales	185,884	251,487
Gross profit	21,724	25,757
Selling, general and administrative expenses	9,999	10,007
Operating profit	11,725	15,750
Non-operating income		
Interest income	103	368
Dividend income	118	136
Foreign exchange gains	3,558	2,490
Subsidies for employment adjustment	192	131
Other	150	163
Total non-operating income	4,122	3,290
Non-operating expenses		
Interest expenses	35	34
Commission for syndicated loans	17	10
Other	8	10
Total non-operating expenses	61	56
Ordinary profit	15,786	18,984
Extraordinary income		
Gain on sale of non-current assets	370	142
Gain on sale of investment securities	225	—
Other	1	—
Total extraordinary income	598	142
Extraordinary losses		
Loss on sale and retirement of non-current assets	34	31
Impairment losses	43	347
Loss on liquidation of subsidiaries	—	220
Other	—	1
Total extraordinary losses	78	600
Profit before income taxes	16,306	18,527
Income taxes - current	4,391	5,493
Income taxes - deferred	12	396
Total income taxes	4,404	5,889
Profit	11,901	12,637
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	11,901	12,637

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Profit	11,901	12,637
Other comprehensive income		
Valuation difference on available-for- sale securities	(75)	(114)
Foreign currency translation adjustment	1,616	2,000
Remeasurements of defined benefit plans, net of tax	26	(46)
Total other comprehensive income	1,567	1,840
Comprehensive income	13,469	14,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,469	14,477
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Changes in Equity

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 shareholder's 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)	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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Shareholders' equity						Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's 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	94,320	(9,586)	117,990	2,495	(1,334)	381	1,542	119,533
Changes during period										
Dividends of surplus			(4,287)		(4,287)					(4,287)
Profit attributable to owners of parent			12,637		12,637					12,637
Purchase of treasury shares				(3,000)	(3,000)					(3,000)
Disposal of treasury shares		6		23	29					29
Cancellation of treasury shares		(6)	(1,861)	1,868	—					—
Net changes in items other than shareholders' equity						(114)	2,000	(46)	1,840	1,840
Total changes during period	—	—	6,488	(1,108)	5,379	(114)	2,000	(46)	1,840	7,219
Balance at end of period	13,660	19,596	100,808	(10,695)	123,370	2,381	666	334	3,382	126,753

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	16,306	18,527
Depreciation	3,185	3,385
Impairment losses	43	347
Increase (decrease) in allowance for doubtful accounts	(30)	(57)
Increase (decrease) in retirement benefit liability	(364)	(442)
Interest and dividend income	(221)	(504)
Interest expenses	35	34
Loss (gain) on sale and retirement of non-current assets	(336)	(111)
Loss (gain) on valuation of investment securities	—	1
Decrease (increase) in trade receivables	2,183	(8,286)
Decrease (increase) in inventories	(13,115)	12,017
Decrease (increase) in operating accounts receivable	(135)	640
Decrease (increase) in other assets	612	(629)
Increase (decrease) in trade payables	(7,274)	663
Increase (decrease) in other liabilities	1,687	(685)
Other, net	(230)	569
Subtotal	2,346	25,468
Interest and dividends received	199	421
Interest paid	(26)	(24)
Subsidies for employment adjustment received	192	131
Income taxes paid	(3,942)	(5,232)
Net cash provided by (used in) operating activities	(1,230)	20,765
Cash flows from investing activities		
Decrease (increase) in time deposits	275	(3,733)
Payments into long-term deposits	—	(3,000)
Purchase of property, plant and equipment	(3,823)	(2,818)
Proceeds from sale of property, plant and equipment	404	427
Purchase of investment securities	(100)	(1,002)
Proceeds from sale of investment securities	342	—
Purchase of intangible assets	(134)	(134)
Other, net	(24)	408
Net cash provided by (used in) investing activities	(3,059)	(9,852)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(456)	—
Purchase of treasury shares	(1,775)	(3,000)
Dividends paid	(1,411)	(4,287)
Other, net	(104)	(150)
Net cash provided by (used in) financing activities	(3,748)	(7,437)
Effect of exchange rate change on cash and cash equivalents	995	62
Net increase (decrease) in cash and cash equivalents	(7,042)	3,538
Cash and cash equivalents at beginning of period	69,522	62,479
Cash and cash equivalents at end of period	62,479	66,017

Company/Stock Information (as of March 31, 2023)

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	9,028 (Consolidated), 582 (Non-consolidated)
Head office	4-33, Kitakyuhoji 1-Chome, Yao City, Osaka, 581-0071

Stock Information

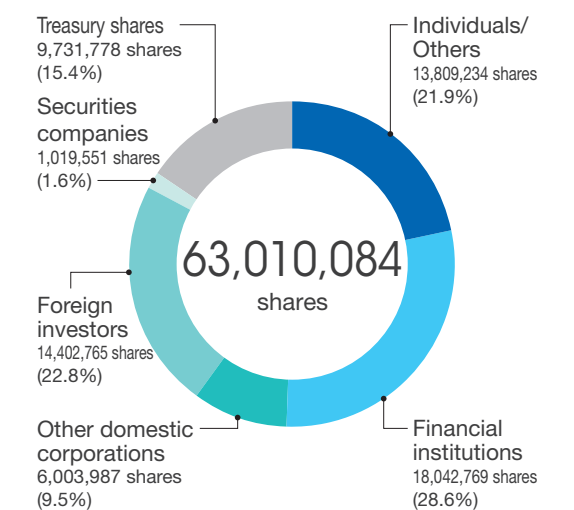
General meeting of shareholders	June every year
Number of shares per unit	100 shares
Total number of authorized shares	150,000,000 shares
Total number of issued shares	63,010,084 shares (Including 9,731,778 treasury shares)
Number of shareholders	12,868

Major Shareholders

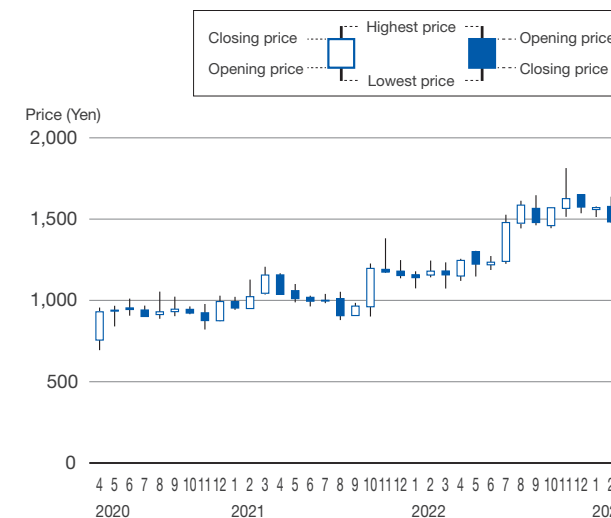
Order	Shareholder name	Number of shares held	Shareholding ratio
		shares	%
1	The Master Trust Bank of Japan, Ltd. (Trust account)	5,996,700	11.3
2	CITY INDEX ELEVENTH CO., Ltd.	2,978,600	5.6
3	Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. Account Re-trustee: Custody Bank of Japan, Ltd.	2,661,200	5.0
4	Nippon Life Insurance Company	2,358,555	4.4
5	State Street Bank and Trust Company 505103	1,845,147	3.5
6	Custody Bank of Japan, Ltd. (Trust account)	1,775,400	3.3
7	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500,690	2.8
8	MUFG Bank, Ltd.	1,300,030	2.4
9	Yumi Furuhashi	1,203,941	2.3
10	DFA INTL SMALL CAP VALUE PORTFOLIO	1,179,400	2.2

Notes: 1. The top 10 major shareholders are listed.
2. The Company holds 9,731,778 treasury shares, which are not shown in the table above.
3. Shareholding ratio is calculated excluding 9,731,778 treasury shares.

Shareholder composition (shares)



Stock Quotes



Volume

