

Significant Increase in Profits Recorded in Q1

Let Us Shift to Business Expansion Phase

President CEO
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Today, we announced our FY2025 Q1 financial results. In today's message I will explain the key points of our announcement, so please review the details through the disclosed materials.

1. FY2025 Q1 Financial Results

In the first quarter, net sales decreased year on year as we faced harsh business conditions such as impact from U.S. tariff issues and severe market competition, along with our asset-light strategy in effect, but operating income increased by more than 20 billion yen, ordinary income also increased significantly, and net income ended as the highest in our history for Q1. I appreciate all the efforts made by everyone over this time.

Looking at our operating income by each segment, for Smart Life Business Group, contribution of high added value products and progress in structural reform of TV business were seen, and for Smart Workplace Business Group, our PC business transitioned strongly above expectations, leading to our significant increase in profits this time.

In addition, in our Display Device business, applications for automotives, PCs and tablets enjoyed last minute demands in relation with U.S. tariff issues, while our structural reforms so far has also benefited in largely diminishing losses.

With such financial results, we have also recorded non-operating income that was not included in our initial forecast, leading to an upward revision in our annual business forecast. Also, we announced our forecasts per segment from this time, so the attention on realizing our own words has increased against each BG/BU.

This time, we have also disclosed the impact from U.S. tariff issues. Our business for the U.S. market is about 10% of our overall net sales, and products that are impacted by the tariff are mainly MFPs, B2B displays, and cooking appliances, which are mainly manufactured in Thailand and China. Our plan is to reflect the impact to our sales price while working on cost reduction to minimize its influence.

As you can see, we have secured improvement in profit for Q1, but meanwhile, net sales in Brand business has decreased year on year for the first time in 7 fiscal quarters due to severe market condition and market deterioration. It is a must to strengthen the growth in each business.

Currently, small but gradual signs of our next growth are appearing, such as our CookTalk generative AI application service released in Japan in June, and our satellite communication business receiving strong interest from various fields. We are also planning to fully develop our branding measures from September to accelerate our business expansion speed.

Difficult market conditions are expected to continue with the uncertainty of the U.S. tariff situation and slow-down in demands in each country. Even so, let us take on new challenges with high spirits by shifting from a structural reform phase to a business expansion phase by creating new products and businesses and improving our profit. I also expect all of us to continue to be conscious of VE (value engineering) to meet customer demands in functions, quality and price.

2. End Note

In our May 12 Medium-Term Management Plan, I mentioned about the transfer of our headquarters from Sakai, where we plan to rent the whole current JTB Building located adjacent to Sakaisuji Honmachi station in Chuo-ku, Osaka City by next March. We are now working on detailed schedules and will explain the plan to the corresponding departments around September.

Lastly, in Japan we will enter summer holidays from next week. The climate is extremely hot these days, so I hope you will all take good care, enjoy your vacation, and return with high spirits to work together for our regrowth.