



# Macnica Holdings



(TSE Code: 3132 / Sector: Semiconductor Trading Company)

## Commencement of GLOSEL tender offer, Dividend forecast revised upward again, Share buyback

### GIR View

#### ■ Summary: Financial Results Q3 Fiscal Year Ending March 31, 2024

The company announced Q3 FY03/2024 results on January 29, 2024 and maintained its full-year forecasts. The company also announced an upward revision to its year-end dividend forecast, a share buyback, and the launch of a tender offer for GLOSEL (TSE Prime 9995).

#### Q3 Results (Cumulative):

Sales: 800,303 million yen (+4.2% YoY)

Operating profit: 51,310 million yen (+13.3% YoY)

Recurring profit: 48,793 million yen (+19.5% YoY)

Net profit: 35,158 million yen (+20.0% YoY)

Actual average exchange rate 142.2 yen/\$

(Q3 149.1 yen, Q2 142.5 yen)

(Previous year Q3 144.0 yen/\$, Q4 assumption 140 yen/\$)

#### Progress rate: vs. full-year forecast

Sales 72.8%, Operating profit 77.7%,

Recurring profit 77.7%, Net profit 83.3%.

#### ■ Key Points of Financial Results for the Q3 (Cumulative) FY03/2024

The semiconductor business is in an adjustment phase due to slowing demand. On the other hand, the network business remained strong both in Japan and overseas.

#### Semiconductor Business:

(Sales: +2.3% YoY; Operating profit: +13.1% YoY)

Industrial equipment (12.5% YoY) and automotive business (+23.9% YoY), which account for 70.4% of the company's semiconductor sales, remained strong, mainly Japanese companies in Japan and North America. Local Chinese and Japanese-affiliated companies' sales to China remained sluggish. By application, sales for telecommunications infrastructure (-40.0%), OA and peripheral equipment (-17.5%), computers (-10.7%), and communication terminals (-8.1%) were weak. By product category, PLD (+17.5%), other standard ICs (+36.1%), and others (+95.2%) posted sales growth. On the other hand, compared to Q2, the number of products in sales decline went up as in sales of ASIC (-11.4%), memory (-57.8%), analog (-4.2%), ASSP (-0.5%), and electronic devices (-12.9%).

Market share continues to increase due to the expansion of the trade area. The Renesas Electronics Group accounts for 59.0% (FY03/2023) of GLOSEL suppliers (72.5%, FY03/2022). In particular, the company has a leading position in automotive applications.



**Network Business:**

(Sales: +22.6% YoY; Operating profit: +14.9% YoY)

Software: +37.8% YoY, Hardware: -10.2% YoY,

Services: +2.7% YoY.

Both domestic and overseas sales remained strong, especially in the security sector. Growth was notable in Singapore and other Southeast Asian countries, Australia and India.

The domestic U.S. dollar-denominated purchase and yen sales business absorbed the impact of the yen's depreciation by passing on increased purchase costs at the time of contract renewal.

**Forecast for the year ending March 31, 2024 unchanged**

**Full year forecast:**

Sales 1,100,000 million yen (+6.9% YoY),

Operating profit 66,000 million yen (+7.1% YoY)

Recurring profit 62,800 million yen (+10.5% YoY)

Net profit 42,200 million yen (+2.9% YoY)

Exchange rate assumption: 141.7 yen/\$.

**Q4 company forecast:** (calculated by subtracting cumulative Q3 results from the full-year company forecast)

Sales 299,697 million yen (+14.7% YoY),

Operating profit 14,690 million yen (-10.2% YoY)

Recurring profit 14,007 million yen (-12.5% YoY)

Net profit 7,042 million yen (-40.0% YoY)

Exchange rate assumption: 140 yen/\$.

**Semiconductor business (full-year company forecast for sales(\*1): +6.0% YoY; full-year forecast for**

**operating profit(\*2): +0.3% YoY)**

(\*1: Forecast as of July 31, 2023)

(\*2: GIR estimate from company forecast)

Industrial equipment and automotive markets: Driven by manufacturing DX, semiconductor capex, EVs, etc. In China, memory demand is expected to decline, mainly for data centers.

**Network business (full-year company forecast for sales(\*1): +14.9% YoY; full-year forecast for operating profit(\*2): +66.2% YoY)**

(\*1: Forecast as of July 31, 2023)

(\*2: GIR estimate from company forecast)

Endpoint security is driving growth. Cloud service related applications and Big Data for data analysis are also expected to grow further.

**Medium-to Long Term Management Plan Outlook**

Medium-term management numerical targets for the fiscal year ending March 31, 2025: Sales of at least 1,200 billion yen, operating profit of at least 67 billion yen, operating margin of at least 5.6%, net profit of at least 50 billion yen, ROE of at least 15%, and working capital turnover ratio of at least 3.8. Aim to return the Services and Solutions business to profitability.

Long-term management targets for fiscal year ending March 31, 2031: Sales of at least 2.0 trillion yen, operating profit of at least 150 billion yen, operating margin of at least 7.5%, and ROE of at least 15.0%.

Semiconductor Business: Sustained performance expansion by focusing on industrial equipment and automotive markets.



Security business: In addition to growth in existing markets, seeding of new markets is blossoming and taking effect.

Service and Solution Model: Expand suppliers and partners.

Steady and early recovery of prior investments and building a track record.

Others: Started working on generative AI, DX of internal operations, and planning and conceptualizing services for customers.

**■ Shareholder Return policy and Others**

**Medium-Term Management Plan Shareholder Return**

**Policy:** ROE of at least 15% and consolidated dividend on equity ratio (DOE) of at least 4%. Stable and continuous dividend payments with a total return ratio of 30-50%.

**Dividend increase forecast for FY03/2024:** The company upwardly-revised its year-end dividend forecast from ¥80 to ¥110. The company plans to pay a full-year dividend of 190 yen (an increase of 50 yen YoY), an upward revision of 30 yen from the previous forecast of 160 yen (dividend payout ratio of 27.3%). Assumes DOE at 4% or more and a total return ratio of 39.0%.

**Other:** Announced a share buyback of up to 5 billion yen. Will start to disclose information in English on TSE TDnet, and to disclose information on Bloomberg on the same day. Complete quarterly financial results presentation materials from Q3.

**Figure 1 Consolidated Results**

**Share Price ¥8,109 (Feb. 2, 2024)**

Fiscal Year	Sales (mn)	YoY (%)	Operating profit (mn)	YoY (%)	Recurring profit (mn)	YoY (%)	Net Profit (mn)	YoY (%)	EPS (Yen)	PER (X)
FY03/2019	524,235	4.0%	15,324	1.1%	13,101	-12.3%	8,883	-22.2%	142.0	57.1
FY03/2020	521,193	-0.6%	14,447	-5.7%	11,072	-15.5%	5,633	-36.6%	90.1	90.0
FY03/2021	553,962	6.3%	18,769	29.9%	16,399	48.1%	10,875	93.1%	175.4	46.2
FY03/2022	761,823	37.5%	36,707	95.6%	35,487	116.4%	25,798	137.2%	414.9	19.5
FY03/2023	1,029,263	35.1%	61,646	67.9%	56,832	60.1%	41,030	59.0%	664.9	12.2
Q1 of FY03/2024 Actual	278,562	15.4%	20,653	68.4%	19,611	73.9%	13,580	72.8%	224.3	-
Q2 of FY03/2024 Actual	268,399	6.8%	17,347	19.3%	17,056	37.2%	12,284	37.0%	202.7	-
Q3 of FY03/2024 Actual	253,342	-8.0%	13,310	-28.0%	12,126	-29.2%	9,294	-25.5%	153.4	-
Q4 of FY03/2024 CE	299,697	14.7%	14,690	-10.2%	14,007	-12.5%	7,042	-40.0%	116.5	-
FY03/2024 CE (unchanged)	1,100,000	6.9%	66,000	7.1%	62,800	10.5%	42,200	2.9%	696.9	11.6

Source: Prepared by Global IR, Inc. based on company data

Note: CE=Company Estimate. Rounded under JPY million. Rounded to one decimal place. Calculated by Global IR, Inc.



## Main Q&A in Company Interviews

### Regarding business performance

#### 1: Exchange rate assumptions

Q1-Q3 results averaged 142.2 yen/USD, down 6.5 yen YoY from 135.7 yen/USD. Q3 results averaged 149.1 yen/USD, down 5.1 yen YoY from 144.0 yen/USD, down 9.1 yen YoY from company assumption of 140 yen/USD, and down 6.6 yen QoQ from 142.5 yen/USD in Q2. The company's assumption for Q4 is 140.0 yen/USD. The exchange rate, which swung to 141 yen/USD at the beginning of the year, is currently hovering around 148 yen/USD. The weak yen has a positive impact on the semiconductor business and a negative impact on the network business.

#### 2: Semiconductor Business Outlook

Sales by application were low in telecommunications (infrastructure and terminals) due to a significant decrease in memory, while OA/peripherals/consumer electronics/computers slowed down as both the order backlog and demand itself ran its course. The automotive market remained firm, thanks in part to the transfer of product distribution. Industrial equipment was affected by delayed orders and discontinued products, but domestic demand for factory automation remained at a high level. On the other hand, SPE, FA/machine tools, and measuring instruments for China were affected by production adjustment. Recovery of memory, mainly for the Chinese market, is expected to be carried over to the next fiscal year. Although there is no firm response at this point, a full recovery is feasible toward the latter part of the first half of

the next fiscal year.

#### 3: What is your company's response to customer needs for local semiconductor manufacturers' products in the Chinese market?

As a semiconductor trading company, the company places the highest priority on handling leading semiconductor suppliers, mainly in Europe and the United States. In the event of decoupling due to trade friction between the U.S. and China, the company intends to consider handling Chinese-made semiconductors, depending mainly on needs in the Chinese market.

#### 4: Network Business Outlook

The subscription ratio (70-80%) has increased, mainly for software, and the profitability of this business has stabilized. In the domestic market, demand will continue to increase, especially for endpoints, as major companies become more aware of cyber-attacks and other crisis management measures. The company expects earnings to increase in the next fiscal year and beyond as security investment expands not only among major companies but also throughout the supply chain.



## GLOSEL Integration Effects

### 5: Overview of GLOSEL and purpose of TOB

GLOSEL is a principal distributor for Renesas Electronics. Ranks 22nd in semiconductor trading company market share (sales) with 1.3% (as of March 2022). Sales composition by field: Automotive 60.6%, Industrial 26.5%, Consumer 6.5%, OA 5.3%, Telecommunications 0.6%, Amusement 0.2% (FY03/2023). Major customers: Hitachi Astemo (Nissan/Honda), Shindengen, Faurecia Clarion Electronics, Canon, Sawafuji Electric, and others. In-house developed products include the highly profitable "STREAL" semiconductor strain sensor (3.6% of sales). The main goal of the TOB is to secure human resources, starting with those in the automotive industry, where the company has a competitive edge, and to expand the business by deploying human resources in other businesses without restructuring the company after the TOB.

### 6: Differences and similarities with Fuji Electronics

Fuji Electronics had an extremely strong customer base and a complementary relationship. Main objective of the TOB is to acquire GLOSEL's human resources.

### 7: Impact on mid-term management plan

The addition to earnings will be only a few percent. The client base is mostly common customers.

### 8: TOB Price

Former Murakami Fund-affiliated Minami Aoyama Real Estate and joint holders acquire 11.63% of GLOSEL shares (effective December 18, 2023); TOB price increases to 750 yen (previously 645 yen). Macnica Holdings' target to acquire 100% of GLOSEL remains unchanged.



Figure 2 1H & Full year results and forecasts

Unit: JPY mn, %

1H & Full Year CE	FY03/2023			FY03/2024			YoY		
	1H	2H	Full year	1H	2H CE	Full year CE	1H	2H CE	Full year CE
<b>Sales</b>	<b>492,562</b>	<b>536,701</b>	<b>1,029,263</b>	<b>546,961</b>	<b>553,039</b>	<b>1,100,000</b>	11.0%	3.0%	6.9%
Cost of sales	435,006	468,353	903,359	475,995	490,005	966,000	9.4%	4.6%	6.9%
<b>Gross profit</b>	<b>57,556</b>	<b>68,347</b>	<b>125,903</b>	<b>70,966</b>	<b>63,034</b>	<b>134,000</b>	23.3%	-7.8%	6.4%
Gross profit margin	11.7%	12.7%	12.2%	13.0%	11.4%	12.2%			
SG&A	30,754	33,502	64,256	32,966	35,034	68,000	7.2%	4.6%	5.8%
SG&A ratio to sales	6.2%	6.2%	6.2%	6.0%	6.3%	6.2%			
<b>Operating profit</b>	<b>26,801</b>	<b>34,845</b>	<b>61,646</b>	<b>38,000</b>	<b>28,000</b>	<b>66,000</b>	41.8%	-19.6%	7.1%
OP margin	5.4%	6.5%	6.0%	6.9%	5.1%	6.0%			
<b>Recurring profit</b>	<b>23,707</b>	<b>33,125</b>	<b>56,832</b>	<b>36,667</b>	<b>26,133</b>	<b>62,800</b>	54.7%	-21.1%	10.5%
RP margin	4.8%	6.2%	5.5%	6.7%	4.7%	5.7%			
<b>Net profit</b>	<b>16,821</b>	<b>24,209</b>	<b>41,030</b>	<b>25,864</b>	<b>16,336</b>	<b>42,200</b>	53.8%	-32.5%	2.9%
NP margin	3.4%	4.5%	4.0%	4.7%	3.0%	3.8%			

Source: Prepared by Global IR, Inc. based on company data

Note: CE=Company Estimate. Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.

Figure 3 Quarterly Results

Unit: JPY mn, %

Quarterly Financial Results (Cumulative)	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4CE
Sales	178,064	362,343	557,145	761,823	241,320	492,562	768,004	1,029,263	278,562	546,961	800,303	1,100,000
YoY	42.3%	40.9%	40.4%	37.5%	35.5%	35.9%	37.8%	35.1%	15.4%	11.0%	4.2%	6.9%
Gross profit	20,258	41,274	65,095	90,718	27,359	57,556	92,018	125,903	36,602	70,966	101,352	134,000
YoY	38.0%	40.0%	41.5%	39.9%	35.1%	39.4%	41.4%	38.8%	33.8%	23.3%	10.1%	6.4%
Gross profit margin	11.4%	11.4%	11.7%	11.9%	11.3%	11.7%	12.0%	12.2%	13.1%	13.0%	12.7%	12.2%
SG&A	12,951	25,837	39,719	54,010	15,093	30,754	46,723	64,256	15,949	32,966	50,041	68,000
YoY	19.6%	18.1%	17.2%	17.2%	16.5%	19.0%	17.6%	19.0%	5.7%	7.2%	7.1%	5.8%
SG&A ratio to sales	7.3%	7.1%	7.1%	7.1%	6.3%	6.2%	6.1%	6.2%	5.7%	6.0%	6.3%	6.2%
Operating profit	7,306	15,437	25,375	36,707	12,265	26,801	45,295	61,646	20,653	38,000	51,310	66,000
YoY	89.9%	103.2%	109.2%	95.6%	67.9%	73.6%	78.5%	67.9%	68.4%	41.8%	13.3%	7.1%
Operating profit margin	4.1%	4.3%	4.6%	4.8%	5.1%	5.4%	5.9%	6.0%	7.4%	6.9%	6.4%	6.0%
Recurring profit	7,514	15,343	24,561	35,487	11,280	23,707	40,829	56,832	19,611	36,667	48,793	62,800
YoY	105.0%	104.1%	107.0%	116.4%	50.1%	54.5%	66.2%	60.1%	73.9%	54.7%	19.5%	10.5%
Recurring profit margin	4.2%	4.2%	4.4%	4.7%	4.7%	4.8%	5.3%	5.5%	7.0%	6.7%	6.1%	5.7%
Net profit	6,255	11,988	17,822	25,798	7,857	16,821	29,289	41,030	13,580	25,864	35,158	42,200
YoY	151.0%	133.4%	119.0%	137.2%	25.6%	40.3%	64.3%	59.0%	72.8%	53.8%	20.0%	2.9%
Net profit margin	3.5%	3.3%	3.2%	3.4%	3.3%	3.4%	3.8%	4.0%	4.9%	4.7%	4.4%	3.8%
Average exchange rate (¥/USD)					126.5	131.6	135.7	135.0	135.0	138.7	142.2	141.7

  

Quarterly Financial Results	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4CE
Sales	178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,259	278,562	268,399	253,342	299,697
YoY	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	14.7%
Gross profit	20,258	21,016	23,821	25,623	27,359	30,197	34,462	33,885	36,602	34,364	30,386	32,648
YoY	38.0%	42.1%	44.0%	36.1%	35.1%	43.7%	44.7%	32.2%	33.8%	13.8%	-11.8%	-3.7%
Gross profit margin	11.4%	11.4%	12.2%	12.5%	11.3%	12.0%	12.5%	13.0%	13.1%	12.8%	12.0%	10.9%
SG&A	12,951	12,886	13,882	14,291	15,093	15,661	15,969	17,533	15,949	17,017	17,075	17,959
YoY	19.6%	16.7%	15.6%	17.3%	16.5%	21.5%	15.0%	22.7%	5.7%	8.7%	6.9%	2.4%
SG&A ratio to sales	7.3%	7.0%	7.1%	7.0%	6.3%	6.2%	5.8%	6.7%	5.7%	6.3%	6.7%	6.0%
Operating profit	7,306	8,131	9,938	11,332	12,265	14,536	18,494	16,351	20,653	17,347	13,310	14,690
YoY	89.9%	116.8%	119.3%	70.7%	67.9%	78.8%	86.1%	44.3%	68.4%	19.3%	-28.0%	-10.2%
Operating profit margin	4.1%	4.4%	5.1%	5.5%	5.1%	5.8%	6.7%	6.3%	7.4%	6.5%	5.3%	4.9%
Recurring profit	7,514	7,829	9,218	10,926	11,280	12,427	17,122	16,003	19,611	17,056	12,126	14,007
YoY	105.0%	103.2%	111.9%	141.1%	50.1%	58.7%	85.7%	46.5%	73.9%	37.2%	-29.2%	-12.5%
Recurring profit margin	4.2%	4.2%	4.7%	5.3%	4.7%	4.9%	6.2%	6.1%	7.0%	6.4%	4.8%	4.7%
Net profit	6,255	5,733	5,834	7,976	7,857	8,964	12,468	11,741	13,580	12,284	9,294	7,042
YoY	151.0%	116.7%	94.4%	191.4%	25.6%	56.4%	113.7%	47.2%	72.8%	37.0%	-25.5%	-40.0%
Net profit margin	3.5%	3.1%	3.0%	3.9%	3.3%	3.6%	4.5%	4.5%	4.9%	4.6%	3.7%	2.3%
Average exchange rate (¥/USD)					126.5	136.7	144.0	132.8	135.0	142.5	149.1	140.0

Source: Prepared by Global IR, Inc. based on company data

Note: Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.



Figure 4 Quarterly Business Segment Trends

Unit: JPY mn, %

Business Segments (Cumulative quarterly period)	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4CE
Sales	178,064	362,343	557,145	761,823	241,320	492,562	768,004	1,029,263	278,562	546,961	800,303	1,100,000
YoY	42.3%	40.9%	40.4%	37.5%	35.5%	35.9%	37.8%	35.1%	15.4%	11.0%	4.2%	6.9%
ICs, electronic devices and others	159,465	324,768	498,120	678,602	219,303	446,305	697,323	929,020	250,127	492,544	713,630	984,815
YoY	46.9%	45.4%	44.1%	41.0%	37.5%	37.4%	40.0%	36.9%	14.1%	10.4%	2.3%	6.0%
Network Business	18,599	37,575	59,025	83,220	22,017	46,256	70,681	100,242	28,434	54,416	86,673	115,185
YoY	12.0%	10.9%	15.4%	14.3%	18.4%	23.1%	19.7%	20.5%	29.1%	17.6%	22.6%	14.9%
Operating profit	7,306	15,437	25,375	36,707	12,265	26,801	45,295	61,646	20,653	38,000	51,310	66,000
YoY	89.9%	103.2%	109.2%	95.6%	67.9%	73.6%	78.5%	67.9%	68.4%	41.8%	13.3%	7.1%
Operating profit margin	4.1%	4.3%	4.6%	4.8%	5.1%	5.4%	5.9%	6.0%	7.4%	6.9%	6.4%	6.0%
ICs, electronic devices and others	5,328	11,381	18,644	27,499	10,766	23,818	40,779	55,329	18,318	34,556	46,123	55,500
YoY	206.6%	258.0%	214.2%	184.7%	102.1%	109.3%	118.7%	101.2%	70.1%	45.1%	13.1%	0.3%
Operating profit margin	3.3%	3.5%	3.7%	4.1%	4.9%	5.3%	5.8%	6.0%	7.3%	7.0%	6.5%	5.6%
Network Business	1,915	3,930	6,605	9,082	1,498	2,982	4,514	6,316	2,335	3,443	5,187	10,500
YoY	-7.0%	-8.6%	9.7%	2.3%	-21.8%	-24.1%	-31.7%	-30.5%	55.9%	15.5%	14.9%	66.2%
Operating profit margin	10.3%	10.5%	11.2%	10.9%	6.8%	6.4%	6.4%	6.3%	8.2%	6.3%	6.0%	9.1%
Corporate and elimination	63	126	126	126	1	1	2	1	-	1	-	-

  

Business Segments (Quarterly)	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4CE
Sales	178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,259	278,562	268,399	253,342	299,697
YoY	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	14.7%
ICs, electronic devices and others	159,465	165,303	173,352	180,482	219,303	227,002	251,018	231,697	250,127	242,417	221,086	271,185
YoY	46.9%	44.1%	41.7%	33.2%	37.5%	37.3%	44.8%	28.4%	14.1%	6.8%	-11.9%	17.0%
Network Business	18,599	18,976	21,450	24,195	22,017	24,239	24,425	29,561	28,434	25,982	32,257	28,512
YoY	12.0%	9.8%	24.3%	11.5%	18.4%	27.7%	13.9%	22.2%	29.1%	7.2%	32.1%	-3.5%
Operating profit	7,306	8,131	9,938	11,332	12,265	14,536	18,494	16,351	20,653	17,347	13,310	14,690
YoY	89.9%	116.8%	119.3%	70.7%	67.9%	78.8%	86.1%	44.3%	68.4%	19.3%	-28.0%	-10.2%
Operating profit margin	4.1%	4.4%	5.1%	5.5%	5.1%	5.8%	6.7%	6.3%	7.4%	6.5%	5.3%	4.9%
ICs, electronic devices and others	5,328	6,053	7,263	8,855	10,766	13,052	16,961	14,550	18,318	16,238	11,567	9,377
YoY	206.6%	320.1%	163.7%	137.7%	102.1%	115.6%	133.5%	64.3%	70.1%	24.4%	-31.8%	-35.6%
Operating profit margin	3.3%	3.7%	4.2%	4.9%	4.9%	5.7%	6.8%	6.3%	7.3%	6.7%	5.2%	3.5%
Network Business	1,915	2,015	2,675	2,477	1,498	1,484	1,532	1,802	2,335	1,108	1,744	5,313
YoY	-7.0%	-10.1%	55.4%	-13.3%	-21.8%	-26.4%	-42.7%	-27.3%	55.9%	-25.3%	13.8%	194.8%
Operating profit margin	10.3%	10.6%	12.5%	10.2%	6.8%	6.1%	6.3%	6.1%	8.2%	4.3%	5.4%	18.6%
Corporate and elimination	63	63	-	-	1	-	1	-1	-	1	-1	-

Source: Prepared by Global IR, Inc. based on company data

Note: Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.

Note: Operating income breakdown is estimated by Global IR, Inc. based on the data disclosed on page 35 of the Integrated Report (operating income of 66 billion yen for FY03/2024 is the latest company forecast).

Figure 5 Quarterly Trends by Product and Application

Unit: JPY mn, %

By item	FY03/2022				FY03/2023				FY03/2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,258	278,562	268,399	253,342
ICs	145,693	154,033	160,002	166,394	201,720	206,122	229,230	213,627	228,323	213,607	203,360
PLD	17,318	17,244	19,280	18,677	22,738	22,264	30,035	31,313	31,310	32,912	23,951
ASIC	2,808	4,908	4,142	3,755	6,130	5,743	5,361	5,672	7,648	3,546	4,074
ASSP	22,642	22,605	20,714	23,113	30,703	32,943	35,787	32,768	33,234	31,980	33,680
Analog	43,710	43,478	46,355	46,896	60,248	68,191	74,152	73,859	71,784	63,566	58,708
Memory	25,106	30,214	30,323	31,562	35,015	25,000	26,776	14,845	13,923	11,271	11,465
Other standard IC	34,106	35,584	39,186	42,387	46,883	51,982	57,117	55,167	70,423	70,332	71,483
Electronic device	10,382	8,414	9,430	10,686	13,559	16,327	15,708	12,870	15,092	13,092	11,547
Other	3,389	2,857	3,918	3,401	4,023	4,554	6,077	5,199	6,710	15,719	6,174
Network Related Products	18,598	18,977	21,449	24,195	22,017	24,239	24,424	29,561	28,434	25,982	32,256
Hardware	4,285	4,438	4,560	4,585	4,847	4,025	3,949	3,940	3,741	3,496	4,280
Software	8,299	8,944	10,649	13,052	12,955	15,745	16,059	20,944	20,330	18,118	23,249
Service	6,013	5,595	6,239	6,558	4,214	4,469	4,415	4,676	4,363	4,368	4,727
Gross profit	20,258	21,016	23,821	25,623	27,359	30,197	34,462	33,884	36,602	34,364	30,386
ICs	13,676	14,544	16,307	17,861	19,924	22,506	26,226	25,537	27,068	25,401	21,321
Electronic device	1,417	1,057	1,133	1,222	1,692	1,994	1,863	1,595	2,037	1,600	1,556
Other	451	493	661	673	695	624	917	1,029	1,305	2,033	1,459
Network Related Products	4,712	4,922	5,718	5,867	5,046	5,073	5,454	5,723	6,191	5,329	6,047



Sales by application (million yen)	FY03/2022				FY03/2023				FY03/2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ICs, electronic devices and others	159,460	165,300	173,360	180,480	219,300	227,000	251,020	231,700	250,130	242,410	221,090
Communication	28,890	32,950	32,260	31,350	45,770	32,010	39,420	28,940	30,740	22,450	23,660
Communication terminal	5,240	5,390	6,020	5,240	6,700	6,800	6,980	6,490	7,510	5,860	5,460
Communication infrastructure	23,650	27,560	26,240	26,110	39,070	25,210	32,440	22,450	23,230	16,590	18,200
OA and Peripheral Equipment	7,180	7,440	8,090	8,080	9,460	10,000	10,830	9,620	9,520	8,100	7,370
Computer	18,840	18,090	20,860	22,860	19,860	22,490	20,160	15,160	17,490	24,060	14,280
Consumer Products	15,060	14,720	13,500	13,320	15,900	18,730	19,030	17,550	18,850	19,140	15,900
In-vehicle	23,580	23,870	25,280	27,710	35,040	41,680	47,500	42,620	45,720	51,600	56,550
Industrial Equipment	65,910	68,230	73,370	77,160	93,270	102,090	114,080	117,810	127,810	117,060	103,330
Network Business	18,600	18,980	21,450	24,190	22,020	24,240	24,420	29,560	28,430	25,990	32,250
<b>Total amount</b>	<b>178,060</b>	<b>184,280</b>	<b>194,810</b>	<b>204,670</b>	<b>241,320</b>	<b>251,240</b>	<b>275,440</b>	<b>261,260</b>	<b>278,562</b>	<b>268,400</b>	<b>253,340</b>
Composition by item (%)	FY03/2022				FY03/2023				FY03/2024		
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ICs	81.8%	83.6%	82.1%	81.3%	83.6%	82.0%	83.2%	81.8%	82.0%	79.6%	80.3%
PLD	9.7%	9.4%	9.9%	9.1%	9.4%	8.9%	10.9%	12.0%	11.2%	12.3%	9.5%
ASIC	1.6%	2.7%	2.1%	1.8%	2.5%	2.3%	1.9%	2.2%	2.7%	1.3%	1.6%
ASSP	12.7%	12.3%	10.6%	11.3%	12.7%	13.1%	13.0%	12.5%	11.9%	11.9%	13.3%
Analog	24.5%	23.6%	23.8%	22.9%	25.0%	27.1%	26.9%	28.3%	25.8%	23.7%	23.2%
Memory	14.1%	16.4%	15.6%	15.4%	14.5%	10.0%	9.7%	5.7%	5.0%	4.2%	4.5%
Other standard IC	19.2%	19.3%	20.1%	20.7%	19.4%	20.7%	20.7%	21.1%	25.3%	26.2%	28.2%
Electronic device	5.8%	4.6%	4.8%	5.2%	5.6%	6.5%	5.7%	4.9%	5.4%	4.9%	4.6%
Other	1.9%	1.6%	2.0%	1.7%	1.7%	1.8%	2.2%	2.0%	2.4%	5.9%	2.4%
Network Related Products	10.4%	10.3%	11.0%	11.8%	9.1%	9.6%	8.9%	11.3%	10.2%	9.7%	12.7%
Hardware	2.4%	2.4%	2.3%	2.2%	2.0%	1.6%	1.4%	1.5%	1.3%	1.3%	1.7%
Software	4.7%	4.9%	5.5%	6.4%	5.4%	6.3%	5.8%	8.0%	7.3%	6.8%	9.2%
Service	3.4%	3.0%	3.2%	3.2%	1.7%	1.8%	1.6%	1.8%	1.6%	1.6%	1.9%
Gross profit	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ICs	67.5%	69.2%	68.5%	69.7%	72.8%	74.5%	76.1%	75.4%	74.0%	73.9%	70.2%
Electronic device	7.0%	5.0%	4.8%	4.8%	6.2%	6.6%	5.4%	4.7%	5.6%	4.7%	5.1%
Other	2.2%	2.3%	2.8%	2.6%	2.5%	2.1%	2.7%	3.0%	3.6%	5.9%	4.8%
Network Related Products	23.3%	23.4%	24.0%	22.9%	18.4%	16.8%	15.8%	16.9%	16.9%	15.5%	19.9%
Sales composition by application (%)	FY03/2022				FY03/2023				FY03/2024		
ICs, electronic devices and others	89.6%	89.7%	89.0%	88.2%	90.9%	90.4%	91.1%	88.7%	89.8%	90.3%	87.3%
Communication	16.2%	17.9%	16.6%	15.3%	19.0%	12.7%	14.3%	11.1%	11.0%	8.4%	9.3%
Communication terminal	2.9%	2.9%	3.1%	2.6%	2.8%	2.7%	2.5%	2.5%	2.7%	2.2%	2.2%
Communication infrastructure	13.3%	15.0%	13.5%	12.8%	16.2%	10.0%	11.8%	8.6%	8.3%	6.2%	7.2%
OA and Peripheral Equipment	4.0%	4.0%	4.2%	3.9%	3.9%	4.0%	3.9%	3.7%	3.4%	3.0%	2.9%
Computer	10.6%	9.8%	10.7%	11.2%	8.2%	9.0%	7.3%	5.8%	6.3%	9.0%	5.6%
Consumer Products	8.5%	8.0%	6.9%	6.5%	6.6%	7.5%	6.9%	6.7%	6.8%	7.1%	6.3%
In-vehicle	13.2%	13.0%	13.0%	13.5%	14.5%	16.6%	17.2%	16.3%	16.4%	19.2%	22.3%
Industrial Equipment	37.0%	37.0%	37.7%	37.7%	38.6%	40.6%	41.4%	45.1%	45.9%	43.6%	40.8%
Network Business	10.4%	10.3%	11.0%	11.8%	9.1%	9.6%	8.9%	11.3%	10.2%	9.7%	12.7%
<b>Total amount</b>	<b>100.0%</b>										
By item YoY (YoY%)	FY03/2022				FY03/2023				FY03/2024		
Sales	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%
ICs	47.3%	44.1%	45.4%	35.8%	38.5%	33.8%	43.3%	28.4%	13.2%	3.6%	-11.3%
PLD	26.8%	50.1%	46.6%	26.1%	31.3%	29.1%	55.8%	67.7%	37.7%	47.8%	-20.3%
ASIC	-19.3%	-3.1%	84.7%	32.8%	118.3%	17.0%	29.4%	51.1%	24.8%	-38.3%	-24.0%
ASSP	41.0%	25.0%	18.1%	18.6%	35.6%	45.7%	72.8%	41.8%	8.2%	-2.9%	-5.9%
Analog	75.4%	45.5%	44.7%	35.6%	37.8%	56.8%	60.0%	57.5%	19.1%	-6.8%	-20.8%
Memory	21.2%	53.9%	48.8%	28.8%	39.5%	-17.3%	-11.7%	-53.0%	-60.2%	-54.9%	-57.2%
Other standard IC	69.7%	56.5%	58.9%	61.2%	37.5%	46.1%	45.8%	30.2%	50.2%	35.3%	25.2%
Electronic device	43.0%	37.8%	0.2%	10.4%	30.6%	94.0%	66.6%	20.4%	11.3%	-19.8%	-26.5%
Other	44.0%	63.3%	35.7%	2.3%	18.7%	59.4%	55.1%	52.9%	66.8%	245.2%	1.6%
Network Related Products	12.0%	9.8%	24.3%	11.5%	18.4%	27.7%	13.9%	22.2%	29.1%	7.2%	32.1%
Hardware	0.8%	-7.5%	-13.0%	-21.2%	13.1%	-9.3%	-13.4%	-14.1%	-22.8%	-13.1%	8.4%
Software	30.1%	28.0%	64.8%	38.5%	56.1%	76.0%	50.8%	60.5%	56.9%	15.1%	44.8%
Service	0.7%	1.9%	12.4%	1.5%	-29.9%	-20.1%	-29.2%	-28.7%	3.5%	-2.3%	7.1%
Gross profit	38.0%	42.1%	44.0%	36.1%	35.1%	43.7%	44.7%	32.2%	33.8%	13.8%	-11.8%
ICs	54.8%	66.3%	59.1%	58.5%	45.7%	54.7%	60.8%	43.0%	35.9%	12.9%	-18.7%
Electronic device	43.7%	22.6%	-5.0%	9.0%	19.4%	88.6%	64.4%	30.5%	20.4%	-19.8%	-16.5%
Other	10.3%	48.0%	41.5%	-2.7%	54.1%	26.6%	38.7%	52.9%	87.8%	225.8%	59.1%
Network Related Products	5.9%	1.4%	23.5%	2.2%	7.1%	3.1%	-4.6%	-2.5%	22.7%	5.0%	10.9%



Sales by application YoY (YoY%)	FY03/2022				FY03/2023				FY03/2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ICs, electronic devices and others	46.9%	44.1%	41.7%	33.2%	37.5%	37.3%	44.8%	28.4%	14.1%	6.8%	-11.9%
Communication	15.7%	26.9%	37.0%	32.3%	58.4%	-2.9%	22.2%	-7.7%	-32.8%	-29.9%	-40.0%
Communication terminal	3.8%	10.2%	30.9%	4.8%	27.9%	26.2%	15.9%	23.9%	12.1%	-13.8%	-21.8%
Communication infrastructure	18.8%	30.7%	38.5%	39.6%	65.2%	-8.5%	23.6%	-14.0%	-40.5%	-34.2%	-43.9%
OA and Peripheral Equipment	29.4%	48.8%	41.7%	28.9%	31.8%	34.4%	33.9%	19.1%	0.6%	-19.0%	-31.9%
Computer	24.4%	36.4%	54.4%	22.6%	5.4%	24.3%	-3.4%	-33.7%	-11.9%	7.0%	-29.2%
Consumer Products	73.1%	19.0%	8.1%	4.4%	5.6%	27.2%	41.0%	31.8%	18.6%	2.2%	-16.4%
In-vehicle	56.9%	27.7%	11.4%	15.9%	48.6%	74.6%	87.9%	53.8%	30.5%	23.8%	19.1%
Industrial Equipment	68.3%	73.0%	65.4%	53.6%	41.5%	49.6%	55.5%	52.7%	37.0%	14.7%	-9.4%
Network Business	12.0%	9.8%	24.3%	11.5%	18.4%	27.7%	13.8%	22.2%	29.1%	7.2%	32.1%
Total amount	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%

Source: Prepared by Global IR, Inc. based on company data

Note: Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.

Figure 6 Mid-term and Long-term business plan

Unit: JPY mn, %

Medium-term management plan	FY03/2022	FY03/2023	FY03/2024	FY03/2025	Changes FY03/2022-FY03/2025	CAGR	FY03/2031	
	Actual	Actual	CE	Mid-term target			Long-term targets(New)	Long-term targets(Old)
Sales	761,823	1,029,263	1,100,000	1,200,000	438,177	16.4%	2,000,000	1,300,000
Semiconductor Business	678,601	929,020	978,000	1,062,000	383,399	16.1%		
Sales Composition	89.1%	90.3%	88.9%	88.5%				
Network Business	83,220	100,242	113,000	122,000	38,780	13.6%		
Sales Composition	10.9%	9.7%	10.3%	10.2%				
Sales Composition	4,000	5,000	9,000	16,000	12,000	58.7%		
Sales Composition	0.5%	0.5%	0.8%	1.3%				
Domestic Sales	361,450	529,135						
Domestic Sales ratio	47.4%	51.4%						
Overseas sales	400,373	500,128						
Overseas sales ratio	52.6%	48.6%						
Operating profit	36,707	61,646	66,000	67,000	30,293	22.2%	150,000	100,000
Operating profit margin	4.8%	6.0%	6.0%	5.6%			7.5%	7.7%
Semiconductor Business	27,499	55,329	55,500	54,000	26,501	25.2%		
Operating profit margin	4.1%	6.0%	5.7%	5.1%				
Network Business	9,082	6,316	11,000	12,000	2,918	9.7%		
Operating profit margin	10.9%	6.3%	9.7%	9.8%				
CPS Solution Business	-2,000	-2,000	-500	1,000	3,000	-		
Operating profit margin	-	-	-	-				
Corporate and elimination	126	1	0	0				
Net profit attributable to owners of the parent	25,798	41,030	42,200	50,000	24,202	24.7%		
Net profit margin	3.4%	4.0%	3.8%	4.2%				
ROE	16.5%	22.2%		15.0%			15.0%	15.0%
Working capital turnover	3.2	4.4		3.8				
DOE	4.0%	4.6%	4.0% or more	4.0% or more				
Total return ratio (actual is dividend payout ratio)	24.1%	21.1%	39.0%	30~50%				

Note 1: Operating profit breakdown is estimated by Global IR, Inc. based on the data disclosed on page 35 of the Integrated Report (operating income of 66 billion yen for FY03/2024 is the latest company forecast). Note 2: Actual figures for the CPS solutions business are included in the semiconductor and network businesses, but the FY03/2024 forecast and target are independent and separate figures. The former "Services and Solutions Business" has been renamed "CPS Solutions Business". Note 3: The impact of the absorption-type merger of GLOSEL is not reflected. Reference data (charts below): GLOSEL's consolidated financial results (JPY mn, %, persons)

GLOSEL (TSE PRM 9995)	Sales	Operating profit	Recurring profit	Net Profit	Net assets	Total assets	Equity ratio	ROE	Number of employees (persons)
FY03/2019	78,332	820	908	697	23,400	34,004	68.8%	2.9%	470
FY03/2020	68,664	-61	5	65	22,550	32,061	70.3%	0.3%	468
FY03/2021	59,861	-493	-261	-367	22,501	33,653	66.9%	-1.6%	468
FY03/2022	67,259	953	1,199	-362	22,280	38,682	57.6%	-1.6%	363
FY03/2023	68,259	1,260	1,080	872	24,677	37,784	65.3%	3.7%	362
FY03/2024 CE	70,000	790	1,060	910	-	-	-	-	-

Source: Prepared by Global IR, Inc. based on company data

Note: Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.



## Management Indicators

### PL Statements

(Millions of yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 CE
Sales	398,503	504,085	524,235	521,193	553,962	761,823	1,029,263	1,100,000
YoY	-1.7%	26.5%	4.0%	-0.6%	6.3%	37.5%	35.1%	6.9%
Gross profit	46,269	56,094	61,061	59,891	64,835	90,718	125,903	134,000
YoY	4.5%	21.2%	8.9%	-1.9%	8.3%	39.9%	38.8%	6.4%
Gross profit margin	11.6%	11.1%	11.6%	11.5%	11.7%	11.9%	12.2%	12.2%
Operating profit	10,473	15,163	15,324	14,447	18,769	36,707	61,646	66,000
YoY	7.6%	44.8%	1.1%	-5.7%	29.9%	95.6%	67.9%	7.1%
Operating profit margin	2.6%	3.0%	2.9%	2.8%	3.4%	4.8%	6.0%	6.0%
Recurring profit	9,635	14,937	13,101	11,072	16,399	35,487	56,832	62,800
YoY	-5.3%	55.0%	-12.3%	-15.5%	48.1%	116.4%	60.1%	10.5%
Net profit	6,534	11,412	8,883	5,633	10,875	25,798	41,030	42,200
YoY	-10.3%	74.7%	-22.2%	-36.6%	93.1%	137.2%	59.0%	2.9%
Net profit margin	1.6%	2.3%	1.7%	1.1%	2.0%	3.4%	4.0%	3.8%

### Per Share Data

(Yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 CE
Total number of shares issued and outstanding (thousand shares)	58,793	62,813	62,813	63,031	63,031	63,031	60,857	-
EPS	114.31	206.08	142.03	90.14	175.39	414.89	664.89	696.87
EPS Adjusted	114.03	-	-	-	-	-	-	-
BPS	1,879	2,010	2,116	2,142	2,290	2,735	3,299	-
DPS	35.0	50.0	50.0	50.0	50.0	100.0	140.0	190.0

### Balance Sheet

(Millions of yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 CE
Current assets	200,543	251,399	276,885	236,384	243,400	335,032	491,080	-
Cash, deposits, and investment securities	15,552	28,789	14,217	14,715	25,443	25,174	37,571	-
Tangible fixed assets	6,626	6,807	7,530	7,501	7,449	7,951	8,027	-
Intangible fixed assets	1,597	2,821	2,515	2,332	3,426	9,145	7,983	-
Investments and other assets	6,391	6,113	12,328	17,029	15,314	10,454	10,529	-
Total fixed assets	14,615	15,742	22,374	26,863	26,190	27,551	26,540	-
Total assets	215,158	267,142	299,259	263,247	269,590	362,584	517,620	-
Total current liabilities	99,535	125,197	149,540	116,987	108,351	161,249	298,764	-
Total noncurrent liabilities	10,854	13,731	14,319	10,707	15,229	21,570	11,094	-
Total liabilities	110,389	138,928	163,860	127,695	123,580	182,819	309,858	-
Total net assets	104,769	128,210	135,399	135,551	146,010	179,764	207,762	-
Interest-bearing debt	27,546	58,262	84,685	53,961	32,047	59,158	55,318	-

### Cash flows

(Millions of yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 CE
Depreciation and amortization	1,274	1,500	1,660	1,976	1,986	2,804	3,468	-
Cash flows from operating activities	3,169	-28,595	-30,173	45,770	38,076	-15,534	38,896	-
Cash flows from investing activities	-1,083	-1,804	-7,251	-8,919	-2,181	-1,653	-869	-
Cash flows from financing activities	-8,322	43,699	21,916	-35,797	-26,189	14,368	-27,100	-



**Financial Data**

(%)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 CE
Return on Assets (ROA)	4.6%	6.2%	4.6%	3.9%	6.2%	11.2%	12.9%	-
Return on Equity (ROE)	6.3%	10.0%	6.9%	4.3%	7.9%	16.5%	22.2%	-
Equity ratio	47.9%	47.0%	44.2%	50.2%	52.7%	46.9%	38.6%	-

Source: Prepared by Global IR, Inc. based on company securities reports.

Note: CE=Company Estimate. Rounded under JPY mn. Rounded to one decimal place. Calculated by Global IR, Inc.

## Disclaimer

This report has been prepared by Global IR, Inc. (GIR) under a contractual arrangement with the company described in this report (“the company”). The report is provided for informational purposes only. It is not intended to solicit or recommend investment in the company’s securities. While the information and views contained in this report have been obtained from sources that GIR believes to be reliable, or created on the basis of publicly available information, no guarantee is offered with regard to their accuracy or completeness. Our analysis is in any case provided with an emphasis on accuracy and objectivity and pays the utmost attention to neutrality and independence. In addition, based on discussions with the relevant business owners, and others, and original on research, perspectives that we consider important to investors have been provided, on the basis that they are GIR's own opinions. GIR is not responsible for any loss or damage resulting from the use of this report. Investment decisions in the relevant corporate stock are at the reader's own judgment and responsibility.