

# Macnica Holdings

(TSE Code: 3132)

**Network business strong, semiconductor business market share increase, dividend increase, stock split**

## GIR View

### ■ Summary: Financial Results for the fiscal year ending March 31, 2024

The company announced its financial results for the fiscal year ended March 31, 2024 after the market close on May 7, 2024. The company's full-year results fell slightly short of its previous forecast for both revenue and profit (revenue fell short of the initial forecast, but profit exceeded the initial forecast). At the same time, the company announced an increase in the year-end dividend and a three-for-one stock split. The purchase of GLOSEL shares was completed as planned, making GLOSEL a consolidated subsidiary. The company expects to increase sales and operating profit in FY03/2025, the final year of its medium-term management plan. The company is the only one of the world's top six semiconductor trading companies to achieve positive growth in CY2023, and it will make a strategic move toward growth in FY03/2025 by aggressively investing in development and capital expenditures and increasing the number of employees. Plans in place to increase dividend by 10 yen to 210 yen after the stock split.

### Full Year Results

Sales	: 1,028,718 million yen (- 0.1% YoY)
Operating profit	: 63,733 million yen (+3.4% YoY)
Recurring profit	: 61,966 million yen (+9.0% YoY)
Net profit	: 48,069 million yen (+17.2% YoY)

Actual forex rate: Average 143.3 yen/US\$ (135.0yen/US\$ in the previous year)

Q4: 146.8 yen/US\$, 3Q: 149.1 yen/US\$ (previous year Q4: 132.8 yen/US\$, Q3: 144.0 yen/US\$)

## KEY STATISTICS



### Key Stock Statistics

Recent Price (05/10/2024)	¥6,564
52 week high/low	¥8,891/¥4,140
Shares Outstanding	60,857,382 shares
Market Cap (yen)	399,468 million
PER(CE)	9.37 times
PBR(Actual)	1.61 times
Dividend (DividendYield, CE)	¥210 (3.20%)

### Sector Overview

Sector	Semiconductor Trading Company
--------	-------------------------------

### Financials (FY03/2025 CE)

Sales	¥1,100,000 million
OPM (%)	5.8%
EBITDA margin (%)	6.1%

### Management

Chairman of the Board	Kiyoshi Nakashima
President, CEO	Kazumasa Hara
Co-CEO, COO	Akinobu Miyoshi
URL	<a href="https://holdings.macnica.co.jp/">https://holdings.macnica.co.jp/</a>

**Achievements rate: vs. previous full-year forecast**

Sales 93.5%, Operating profit 96.6%, Recurring profit 98.7%, Net profit 113.9%

(Segment operating profit: 105.0% for semiconductor business, 67.4% for network business)

**■ Key Points of Financial Result for the fiscal year ending March 31, 2024**

Semiconductor business increased in sales to Japanese companies thanks to its share increase, but this could not compensate for the decline in local sales in overseas. The operating profit margin was 6.2% (up 0.2 percentage points from the previous year), benefiting from the weak yen, etc. On the other hand, the network business continued to grow both domestically and overseas in all focus areas. The operating profit margin was 5.9% (down 0.4 percentage points YoY), due in part to higher procurement costs from the weaker yen.

**Semiconductor business: Sales 907,803 million yen (-2.3% YoY), Operating profit 56,655 million yen (+2.4% YoY)**

Industrial equipment (+2% YoY) and automotive (+23% YoY), which account for 70% of the company's semiconductor sales, remained strong, mainly for Japanese companies in Japan. Local Chinese and Japanese-affiliated companies' sales to China remained sluggish. By application, sales for telecommunication infrastructure (-39%), OA/peripheral equipment (-20%), computers (-8%), communication terminals (-11%), and consumer electronics (-3%) decreased YoY. By product category, sales of other standard ICs (up 30%) and others (up 87%) increased YoY. On the other hand, sales for ASICs (-14%), memory (-51%), analog (-11%), ASSP (-6%), electronic devices (-12%), and PLDs (-1%) decreased YoY, showing the number of product category with decreased sales have risen (Q3 comparison). In other standard ICs, sales of microcontrollers for industrial equipment and automotive were strong. In analog ICs, industrial equipment was in an adjustment phase. Market share continues to increase due to expansion of business areas. The Renesas Electronics [6273 TSE Prime] Group accounts for 59.0% (FY03/2023) of GLOSEL suppliers (72.5%, FY03/2022). In particular, GLOSEL has a leading position in automotive applications.

**Network Business: Sales 120,914 million yen (+20.6% YoY), Operating profit 7,077 million yen (+12.0% YoY)**

Software sales up 33% YoY, hardware down 10% YoY, services up 4% YoY. By application, security sales were up 12%, big data sales were up 29%, and application sales were up 18% YoY. Both domestic (+15%) and overseas (+33%) sales remained strong. Growth in Singapore and other Southeast Asian countries, as well as throughout Australia and India. Domestic US dollar-denominated procurement and yen sales business absorbed the impact of



yen depreciation by negotiating prices with customers at the time of contract renewal.

## ■ Forecast for the fiscal year ending March 31, 2025

### Full Year Forecast

Sales : 1.1 trillion yen (+6.9% YoY)

Operating profit : 64.0 billion yen (+0.4% YoY)

Recurring profit : 60.5 billion yen (-2.4% YoY)

Net profit : 42.0 billion yen (-12.6% YoY)

Forex rate assumption 145 yen/US\$.

**Semiconductor business: Sales 960.0 billion yen (+5.7% YoY), Operating profit 51.0 billion yen (-10.0% YoY)**

Market recovery is expected to continue to be slow in the first half, but recovery is expected to begin in the second half. Operating profit margin is expected to be 5.8% (down 0.4% percentage points YoY).

**Network Business: Sales: 140.0 billion yen (+15.8% YoY), Operating profit: 13.0 billion yen (+83.7% YoY)**

Growth is expected both domestically and overseas, driven by endpoint security. Operating profit margin is expected to be 9.3% (up 3.4 % percentage points YoY).

## ■ Medium- to Long-term Management Plan Outlook

Medium-term management targets for the fiscal year ending March 31, 2025 revised downward : sales of 1.2 trillion yen to 1.1 trillion yen, operating profit of 67 billion yen to 64 billion yen, and net profit of 50 billion yen to 42 billion yen (operating margin of 5.6% was revised upward to 5.8%). However, the initial targets of 970 billion yen in sales, 48 billion yen in operating profit, and 30 billion yen in net profit were already exceeded in FY03/2023, which is still a significant progress from the initial plan. The company believes that it is making steady progress with the contents of its medium-term management plan. ROE of at least 15% and working capital turnover ratio of at least 3.8 are unchanged. Turnaround of the CPS Solutions business will be carried over. No revision is made to the long-term numerical management targets for the fiscal year ending March 31, 2031: net 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 strategy:** Expand market share in growth areas, expand value-added solutions, develop commercial products, and promote global strategies.

**Network Business Strategy:** Expand security/Big Data/application business and promote global strategy.

**CPS Solutions Business Strategy:** Develop businesses that solve social issues, expand the CPS platform, and strengthen capacity for long-term growth.

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

## ■ Shareholder Returns 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%.

### Year-end dividend increase for March 2024:

The year-end dividend was revised upward from 110 yen to 120 yen. The company plans to pay a full-year dividend of 200 yen (up 60 yen from the previous year), an upward revision of 10 yen from the previous forecast of 190 yen (payout ratio of 25.2%), and expects DOE of 5.4%. It also expects to raise dividend by 10 yen to 210 yen for the fiscal year ending March, 2025 (before taking into account the stock split).

### Other:

Announced a 3-for-1 stock split of common stock, effective October 1, 2024.

Disclosure materials, including timely disclosure, are being disclosed in English on TSE TDnet and via Bloomberg.

Quarterly financial results presentation materials are prepared from Q3.

Abolition of the shareholder special benefit plan upon presentation in June 2024.

Transition to a company with an audit committee system upon approval at the general meeting of shareholders in June.

Delegation of important business execution decisions to directors to speed up the process and strengthen the supervisory function of the board of directors.

MSCI ESG rating upgraded from BB to BBB. This is in line with the highest rating in the same industry in Japan.

## Figure 1 Consolidated Results

Share Price ¥6,564 (May 10, 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	46.2
FY03/2020	521,193	-0.6%	14,447	-5.7%	11,072	-15.5%	5,633	-36.6%	90.1	72.8
FY03/2021	553,962	6.3%	18,769	29.9%	16,399	48.1%	10,875	93.1%	175.4	37.4
FY03/2022	761,823	37.5%	36,707	95.6%	35,487	116.4%	25,798	137.2%	414.9	15.8
FY03/2023	1,029,263	35.1%	61,646	67.9%	56,832	60.1%	41,030	59.0%	664.9	9.9
FY03/2024	1,028,718	-0.1%	63,733	3.4%	61,966	9.0%	48,069	17.2%	794.6	8.3
FY03/2025 CE	1,100,000	6.9%	64,000	0.4%	60,500	-2.4%	42,000	-12.6%	700.2	9.4

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 at Financial Results Briefing and Company Interviews

**Q1: Background of the segment operating profit margin (OPM) forecast for FY03/2025 (Reasons of semiconductor business OPM decline and network business OPM increase).**

In the network business, measures to absorb the impact of the yen's depreciation are progressing in the domestic US dollar-denominated purchase and sales in yen business, especially with regard to contract renewals, by increasing the linkage between the forex rate level and sales prices. An allowance related to cost-fixed sales contracts with certain suppliers will be made in 4Q, which will lighten the burden in FY03/2025. The semiconductor business is expected OPM of 5.3% in the first half of the current fiscal year, the same level as in the second half of the previous fiscal year. Although the semiconductor business continues to expand its market share, the fact that gross margins are not high at the beginning of the transfer will be a factor in the decline in OPM.

**Q2: Why is your SG&A forecast for FY03/2025 up 19.9% from the previous year (wouldn't a reduction in SG&A expenses increase the rate of profit growth)?**

The breakdown of projected SG&A expenses is: personnel expenses up 20.5%, depreciation up 0.3%, development expenses up 720.2%, selling expenses up 34.6%, and others up 9.8% YoY. GLOSEL's SG&A expenses will be consolidated at about 6 billion yen. IT investments will increase due to DX of internal operations. The company has been continuously investing in IT, and the effects of these investments accumulate year by year. Personnel expenses will increase due to an increase in the number of employees by hiring and the addition of personnel expenses for GLOSEL. The company intends to improve the management efficiency of GLOSEL and raise its operating profit margin from 1-2% to 5%-6%, similar to that of the company.

**Q3: Negative goodwill accrual**

Negative goodwill of 3.7 billion yen was generated for the difference between the acquisition price and net asset value of GLOSEL, and was recorded as an extraordinary gain. Negative goodwill usually arises from the recognition of various risks depending on the seller company's circumstances. Regarding GLOSEL, all shareholders, including the Murakami Fund Group, have agreed to the sale, and no special risk is assumed at this time.

**Q4: In CY2023, the global semiconductor market went down 11.7% YoY, while the global semiconductor distributor market was down 13.2% YoY. Is this due to the shift by manufacturers to direct sales? Also, what was the reason why Macnica was the only one of the top six global semiconductor trading companies to achieve positive growth?**



Although manufacturers' shift to direct sales has had some impact on overall sales in the distributor market, it cannot be determined as the main factor, as there has also been a decline in sales for manufacturers such as TI that are promoting direct sales. Macnica has increased its domestic market share by close to 10 percentage points from 12.8% in 2021 to 22.0% in 2023, so it has rather taken the consolidation of distributors due to manufacturer strategies as an opportunity to expand its trading area. The integration of GLOSEL is also aimed at acquiring Renesas Electronics Group's trading area and human resources. Expansion of overseas trading areas is also a matter for consideration.

**Q5: What is the status of sales of NVIDIA products?**

High price NVIDIA products for major customers are growing rapidly and are among the top 10 in terms of transaction value (accounting for about 3% of semiconductor business sales), but because GPUs are sold not as chips alone but embedded in boards and servers and require advanced system support capabilities. Therefore, it is not a simple case of “high price = high profit margin” products.

**Q6: Network Business Outlook**

The 33% YoY growth in software sales in FY03/2024 was due to the company's increased share (+12% YoY) of the existing SAM market (264.5 billion yen), which has a high market growth rate, as well as new SAM acquisitions (1.7 billion yen), compared to a 10.3% increase in the security products market (435.9 billion yen for TAM). This was due to the increased market share (+12% YoY) in existing SAMs (264.5 billion yen), which have a high market growth rate, as well as the acquisition of new SAMs (1.7 billion yen). In addition to growth in the security products market, the security services market (TAM 286.6 billion yen) expanded by 10.2% YoY (TAM +14% YoY). Companies are increasingly aware that countermeasures against cyber-attacks are challenges for the management, and 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.

**Q7: Is there any change in your long-term vision (long-term numerical management targets for the fiscal year ending March 31, 2031: net sales of at least 2.0 trillion yen and operating income of at least 150 billion yen), and when will the CPS solutions business turn profitable?**

At this time, there are no changes to the long-term numerical management targets. The next medium-term management plan (FY03/2026-FY03/2028) is currently being formulated, and the numerical targets for FY03/2031 represent the final year of the following medium-term management plan (FY03/2029-FY03/2031). In the short term, the semiconductor market and forex rate fluctuations may affect the company's performance, but in the medium to long term, the company is steadily increasing its market share in the global growth industries of both semiconductors



and security businesses, and it is also promoting its own globalization. In terms of the consolidation of semiconductor trading companies, the company's strategy remains unchanged and its main focus will be to expand its market share overseas. Although the CPS solutions business has been slow to return to profitability due to upfront investments, the company has been able to build up projects in each of the six themes, including Smart City Mobility (+62% YoY in FY03/2024) and Smart Manufacturing (+41% YoY), which are leading businesses in the industry. Global IR believes that the CPS solutions business must become profitable in order to be upgraded to the third pillar (segment), and that a redefinition of the growth image of the business must be presented to investors in the next mid-term management plan.



Figure 2 1H &amp; Full year results and forecasts

Unit: JPY mn, %

1H & Full Year CE	FY03/2023			FY03/2024			FY03/2025			YoY		
	1H	2H	Full year	1H	2H	Full year	1H CE	2H CE	Full year CE	1H	2H CE	Full year CE
Sales	492,562	536,701	1,029,263	546,961	481,757	1,028,718	495,000	605,000	1,100,000	-9.5%	25.6%	6.9%
Cost of sales	435,006	468,353	903,359	475,995	423,106	899,101	430,650	526,350	957,000	-9.5%	24.4%	6.4%
Gross profit	57,556	68,347	125,903	70,966	58,651	129,617	64,350	78,650	143,000	-9.3%	34.1%	10.3%
Gross profit margin	11.7%	12.7%	12.2%	13.0%	12.2%	12.6%	13.0%	13.0%	13.0%			
SG&A	30,754	33,502	64,256	32,966	32,918	65,884	38,350	40,650	79,000	16.3%	23.5%	19.9%
SG&A ratio to sales	6.2%	6.2%	6.2%	6.0%	6.8%	6.4%	7.7%	6.7%	7.2%			
Operating profit	26,801	34,845	61,646	38,000	25,733	63,733	26,000	38,000	64,000	-31.6%	47.7%	0.4%
OP margin	5.4%	6.5%	6.0%	6.9%	5.3%	6.2%	5.3%	6.3%	5.8%			
Recurring profit	23,707	33,125	56,832	36,667	25,299	61,966	24,200	36,300	60,500	-34.0%	43.5%	-2.4%
RP margin	4.8%	6.2%	5.5%	6.7%	5.3%	6.0%	4.9%	6.0%	5.5%			
Net profit	16,821	24,209	41,030	25,864	22,205	48,069	16,800	25,200	42,000	-35.0%	13.5%	-12.6%
NP margin	3.4%	4.5%	4.0%	4.7%	4.6%	4.7%	3.4%	4.2%	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.

Figure 3 Quarterly Results

Unit: JPY mn, %

Quarterly Financial Results		FY03/2022				FY03/2023				FY03/2024				FY03/2024 (% Achievement) Full year CE	
(Cumulative)		Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4		
Sales		178,064	362,343	557,145	761,823	241,320	492,562	768,004	1,029,263	278,562	546,961	800,303	1,028,718	93.5%	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%	-0.1%		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	129,617	96.7%	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%	2.9%		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%	12.6%		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	65,884	96.9%	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%	2.5%		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%	6.4%		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	63,733	96.6%	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%	3.4%		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%	6.2%		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	61,966	98.7%	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%	9.0%		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%	6.0%		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	48,069	113.9%	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%	17.2%		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%	4.7%		3.8%
Average exchange rate (¥/USD)						126.5	131.6	135.7	135.0	135.0	138.7	142.2	143.3		
Quarterly Financial Results		FY03/2022				FY03/2023				FY03/2024					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales		178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,259	278,562	268,399	253,342	228,415		
YoY		42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	-12.6%		
Gross profit		20,258	21,016	23,821	25,623	27,359	30,197	34,462	33,885	36,602	34,364	30,386	28,265		
YoY		38.0%	42.1%	44.0%	36.1%	35.1%	43.7%	44.7%	32.2%	33.8%	13.8%	-11.8%	-16.6%		
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%	12.4%		
SG&A		12,951	12,886	13,882	14,291	15,093	15,661	15,969	17,533	15,949	17,017	17,075	15,843		
YoY		19.6%	16.7%	15.6%	17.3%	16.5%	21.5%	15.0%	22.7%	5.7%	8.7%	6.9%	-9.6%		
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%	6.9%		
Operating profit		7,306	8,131	9,938	11,332	12,265	14,536	18,494	16,351	20,653	17,347	13,310	12,423		
YoY		89.9%	116.8%	119.3%	70.7%	67.9%	78.8%	86.1%	44.3%	68.4%	19.3%	-28.0%	-24.0%		
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%	5.4%		
Recurring profit		7,514	7,829	9,218	10,926	11,280	12,427	17,122	16,003	19,611	17,056	12,126	13,173		
YoY		105.0%	103.2%	111.9%	141.1%	50.1%	58.7%	85.7%	46.5%	73.9%	37.2%	-29.2%	-17.7%		
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%	5.8%		
Net profit		6,255	5,733	5,834	7,976	7,857	8,964	12,468	11,741	13,580	12,284	9,294	12,911		
YoY		151.0%	116.7%	94.4%	191.4%	25.6%	56.4%	113.7%	47.2%	72.8%	37.0%	-25.5%	10.0%		
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%	5.7%		
Average exchange rate (¥/USD)						126.5	136.7	144.0	132.8	135.0	142.5	149.1	146.8		

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

Note: Rounded under JPY mn. Rounded to one decimal place.



Figure 4 Quarterly Business Segment Trends

Unit: JPY mn, %

Business Segments (Cumulative quarterly period)	FY03/2022				FY03/2023				FY03/2024				FY03/2024 (% Achievement)	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Full year CE	
Sales	178,064	362,343	557,145	761,823	241,320	492,562	768,004	1,029,263	278,562	546,961	800,303	1,028,718	93.5%	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%	-0.1%		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	907,803	92.2%	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%	-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	120,914	105.0%	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%	20.6%		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	63,733	96.6%	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%	3.4%		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%	6.2%		
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	56,655	102.1%	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%	2.4%		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%	6.2%		
Network Business	1,915	3,930	6,605	9,082	1,498	2,982	4,514	6,316	2,335	3,443	5,187	7,077	67.4%	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%	12.0%		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%	5.9%		
Corporate and elimination	63	126	126	126	1	1	2	-	-	1	-	-		

  

Business Segments (Quarterly)	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,259	278,562	268,399	253,342	228,414
YoY	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	-12.6%
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	194,173
YoY	46.9%	44.1%	41.7%	33.2%	37.5%	37.3%	44.8%	28.4%	14.1%	6.8%	-11.9%	-16.2%
Network Business	18,599	18,976	21,450	24,195	22,017	24,239	24,425	29,561	28,434	25,982	32,257	34,241
YoY	12.0%	9.8%	24.3%	11.5%	18.4%	27.7%	13.9%	22.2%	29.1%	7.2%	32.1%	15.8%
Operating profit	7,306	8,131	9,938	11,332	12,265	14,536	18,494	16,351	20,653	17,347	13,310	12,423
YoY	89.9%	116.8%	119.3%	70.7%	67.9%	78.8%	86.1%	44.3%	68.4%	19.3%	-28.0%	-24.0%
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%	5.4%
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	10,532
YoY	206.6%	320.1%	163.7%	137.7%	102.1%	115.6%	133.5%	64.3%	70.1%	24.4%	-31.8%	-27.6%
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%	5.4%
Network Business	1,915	2,015	2,675	2,477	1,498	1,484	1,532	1,802	2,335	1,108	1,744	1,890
YoY	-7.0%	-10.1%	55.4%	-13.3%	-21.8%	-26.4%	-42.7%	-27.3%	55.9%	-25.3%	13.8%	4.9%
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%	5.5%
Corporate and elimination	63	63	-	-	1	-	1	-	-	1	-1	-

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

Note: Rounded under JPY mn. Rounded to one decimal place.

\*1: Company forecast for segment sales for the fiscal year ending March 31, 2024 is as of July 31, 2023.

\*2: Operating profit breakdown is estimated by Global IR, Inc. based on the data disclosed on page 35 of the Integrated Report.

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	Q4
Sales	178,064	184,279	194,802	204,678	241,320	251,242	275,442	261,258	278,562	268,399	253,342	228,414
ICs	145,693	154,033	160,002	166,394	201,720	206,122	229,230	213,627	228,323	213,607	203,360	173,718
PLD	17,318	17,244	19,280	18,677	22,738	22,264	30,035	31,313	31,310	32,912	23,951	17,621
ASIC	2,808	4,908	4,142	3,755	6,130	5,743	5,361	5,672	7,648	3,546	4,074	4,349
ASSP	22,642	22,605	20,714	23,113	30,703	32,943	35,787	32,768	33,234	31,980	33,680	24,947
Analog	43,710	43,478	46,355	46,896	60,248	68,191	74,152	73,859	71,784	63,566	58,708	51,135
Memory	25,106	30,214	30,323	31,562	35,015	25,000	26,776	14,845	13,923	11,271	11,465	13,645
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	62,020
Electronic device	10,382	8,414	9,430	10,686	13,559	16,327	15,708	12,870	15,092	13,092	11,547	11,959
Other	3,389	2,857	3,918	3,401	4,023	4,554	6,077	5,199	6,710	15,719	6,174	8,494
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	34,241
Hardware	4,285	4,438	4,560	4,585	4,847	4,025	3,949	3,940	3,741	3,496	4,280	3,506
Software	8,299	8,944	10,649	13,052	12,955	15,745	16,059	20,944	20,330	18,118	23,249	25,729
Service	6,013	5,595	6,239	6,558	4,214	4,469	4,415	4,676	4,363	4,368	4,727	5,006
Gross profit	20,258	21,016	23,821	25,623	27,359	30,197	34,462	33,884	36,602	34,364	30,386	28,264
ICs	13,676	14,544	16,307	17,861	19,924	22,506	26,226	25,537	27,068	25,401	21,321	19,337
Electronic device	1,417	1,057	1,133	1,222	1,692	1,994	1,863	1,595	2,037	1,600	1,556	1,526
Other	451	493	661	673	695	624	917	1,029	1,305	2,033	1,459	1,655
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	5,745



Sales by application (million yen)												
	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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	194,170
Communication	28,890	32,950	32,260	31,350	45,770	32,010	39,420	28,940	30,740	22,450	23,660	19,790
Communication terminal	5,240	5,390	6,020	5,240	6,700	6,800	6,980	6,490	7,510	5,860	5,460	5,130
Communication infrastructure	23,650	27,560	26,240	26,110	39,070	25,210	32,440	22,450	23,230	16,590	18,200	14,660
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	7,110
Computer	18,840	18,090	20,860	22,860	19,860	22,490	20,160	15,160	17,490	24,060	14,280	15,620
Consumer Products	15,060	14,720	13,500	13,320	15,900	18,730	19,030	17,550	18,850	19,140	15,900	15,220
In-vehicle	23,580	23,870	25,280	27,710	35,040	41,680	47,500	42,620	45,720	51,600	56,550	50,770
Industrial Equipment	65,910	68,230	73,370	77,160	93,270	102,090	114,080	117,810	127,810	117,060	103,330	85,660
Network Business	18,600	18,980	21,450	24,190	22,020	24,240	24,420	29,560	28,430	25,990	32,250	34,250
Total amount	178,060	184,280	194,810	204,670	241,320	251,240	275,440	261,260	278,560	268,400	253,340	228,420
Composition by item (%)												
	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	100.0%	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%	76.1%
PLD	9.7%	9.4%	9.9%	9.1%	9.4%	8.9%	10.9%	12.0%	11.2%	12.3%	9.5%	7.7%
ASIC	1.6%	2.7%	2.1%	1.8%	2.5%	2.3%	1.9%	2.2%	2.7%	1.3%	1.6%	1.9%
ASSP	12.7%	12.3%	10.6%	11.3%	12.7%	13.1%	13.0%	12.5%	11.9%	11.9%	13.3%	10.9%
Analog	24.5%	23.6%	23.8%	22.9%	25.0%	27.1%	26.9%	28.3%	25.8%	23.7%	23.2%	22.4%
Memory	14.1%	16.4%	15.6%	15.4%	14.5%	10.0%	9.7%	5.7%	5.0%	4.2%	4.5%	6.0%
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%	27.2%
Electronic device	5.8%	4.6%	4.8%	5.2%	5.6%	6.5%	5.7%	4.9%	5.4%	4.9%	4.6%	5.2%
Other	1.9%	1.6%	2.0%	1.7%	1.7%	1.8%	2.2%	2.0%	2.4%	5.9%	2.4%	3.7%
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%	15.0%
Hardware	2.4%	2.4%	2.3%	2.2%	2.0%	1.6%	1.4%	1.5%	1.3%	1.3%	1.7%	1.5%
Software	4.7%	4.9%	5.5%	6.4%	5.4%	6.3%	5.8%	8.0%	7.3%	6.8%	9.2%	11.3%
Service	3.4%	3.0%	3.2%	3.2%	1.7%	1.8%	1.6%	1.8%	1.6%	1.6%	1.9%	2.2%
Gross profit	100.0%	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%	68.4%
Electronic device	7.0%	5.0%	4.8%	4.8%	6.2%	6.6%	5.4%	4.7%	5.6%	4.7%	5.1%	5.4%
Other	2.2%	2.3%	2.8%	2.6%	2.5%	2.1%	2.7%	3.0%	3.6%	5.9%	4.8%	5.9%
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%	20.3%
Sales composition by application (%)												
	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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%	85.0%
Communication	16.2%	17.9%	16.6%	15.3%	19.0%	12.7%	14.3%	11.1%	11.0%	8.4%	9.3%	8.7%
Communication terminal	2.9%	2.9%	3.1%	2.6%	2.8%	2.7%	2.5%	2.5%	2.7%	2.2%	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%	6.4%
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%	3.1%
Computer	10.6%	9.8%	10.7%	11.2%	8.2%	9.0%	7.3%	5.8%	6.3%	9.0%	5.6%	6.8%
Consumer Products	8.5%	8.0%	6.9%	6.5%	6.6%	7.5%	6.9%	6.7%	6.8%	7.1%	6.3%	6.7%
In-vehicle	13.2%	13.0%	13.0%	13.5%	14.5%	16.6%	17.2%	16.3%	16.4%	19.2%	22.3%	22.2%
Industrial Equipment	37.0%	37.0%	37.7%	37.7%	38.6%	40.6%	41.4%	45.1%	45.9%	43.6%	40.8%	37.5%
Network Business	10.4%	10.3%	11.0%	11.8%	9.1%	9.6%	8.9%	11.3%	10.2%	9.7%	12.7%	15.0%
Total amount	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
By item YoY (YoY%)												
	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	-12.6%
ICs	47.3%	44.1%	45.4%	35.8%	38.5%	33.8%	43.3%	28.4%	13.2%	3.6%	-11.3%	-18.7%
PLD	26.8%	50.1%	46.6%	26.1%	31.3%	29.1%	55.8%	67.7%	37.7%	47.8%	-20.3%	-43.7%
ASIC	-19.3%	-3.1%	84.7%	32.8%	118.3%	17.0%	29.4%	51.1%	24.8%	-38.3%	-24.0%	-23.3%
ASSP	41.0%	25.0%	18.1%	18.6%	35.6%	45.7%	72.8%	41.8%	8.2%	-2.9%	-5.9%	-23.9%
Analog	75.4%	45.5%	44.7%	35.6%	37.8%	56.8%	60.0%	57.5%	19.1%	-6.8%	-20.8%	-30.8%
Memory	21.2%	53.9%	48.8%	28.8%	39.5%	-17.3%	-11.7%	-53.0%	-60.2%	-54.9%	-57.2%	-8.1%
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%	12.4%
Electronic device	43.0%	37.8%	0.2%	10.4%	30.6%	94.0%	66.6%	20.4%	11.3%	-19.8%	-26.5%	-7.1%
Other	44.0%	63.3%	35.7%	2.3%	18.7%	59.4%	55.1%	52.9%	66.8%	245.2%	1.6%	63.4%
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%	15.8%
Hardware	0.8%	-7.5%	-13.0%	-21.2%	13.1%	-9.3%	-13.4%	-14.1%	-22.8%	-13.1%	8.4%	-11.0%
Software	30.1%	28.0%	64.8%	38.5%	56.1%	76.0%	50.8%	60.5%	56.9%	15.1%	44.8%	22.8%
Service	0.7%	1.9%	12.4%	1.5%	-29.9%	-20.1%	-29.2%	-28.7%	3.5%	-2.3%	7.1%	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%	-16.6%
ICs	54.8%	66.3%	59.1%	58.5%	45.7%	54.7%	60.8%	43.0%	35.9%	12.9%	-18.7%	-24.3%
Electronic device	43.7%	22.6%	-5.0%	9.0%	19.4%	88.6%	64.4%	30.5%	20.4%	-19.8%	-16.5%	-4.3%
Other	10.3%	48.0%	41.5%	-2.7%	54.1%	26.6%	38.7%	52.9%	87.8%	225.8%	59.1%	60.8%
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%	0.4%

Sales by application YoY (YoY%)	FY03/2022				FY03/2023				FY03/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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%	-16.2%
Communication	15.7%	26.9%	37.0%	32.3%	58.4%	-2.9%	22.2%	-7.7%	-32.8%	-29.9%	-40.0%	-31.6%
Communication terminal	3.8%	10.2%	30.9%	4.8%	27.9%	26.2%	15.9%	23.9%	12.1%	-13.8%	-21.8%	-21.0%
Communication infrastructure	18.8%	30.7%	38.5%	39.6%	65.2%	-8.5%	23.6%	-14.0%	-40.5%	-34.2%	-43.9%	-34.7%
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%	-26.1%
Computer	24.4%	36.4%	54.4%	22.6%	5.4%	24.3%	-3.4%	-33.7%	-11.9%	7.0%	-29.2%	3.0%
Consumer Products	73.1%	19.0%	8.1%	4.4%	5.6%	27.2%	41.0%	31.8%	18.6%	2.2%	-16.4%	-13.3%
In-vehicle	56.9%	27.7%	11.4%	15.9%	48.6%	74.6%	87.9%	53.8%	30.5%	23.8%	19.1%	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%	-27.3%
Network Business	12.0%	9.8%	24.3%	11.5%	18.4%	27.7%	13.8%	22.2%	29.1%	7.2%	32.1%	15.9%
Total amount	42.3%	39.6%	39.6%	30.2%	35.5%	36.3%	41.4%	27.6%	15.4%	6.8%	-8.0%	-12.6%

Source: Prepared by Global IR, Inc. based on company data. Note: Rounded under JPY mn. Rounded to one decimal place.

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	CAGR	FY03/2031
	Actual	Actual	Actual	CE(New)	Mid-term target(Old)	FY03/2022-FY03/2025		Long-term targets
Sales	761,823	1,029,263	1,028,718	1,100,000	1,200,000	338,177	13.0%	2,000,000
Semiconductor Business	678,601	929,020	907,800	960,000	1,062,000	281,399	12.3%	
Sales Composition	89.1%	90.3%	88.2%	87.3%	88.5%			
Network Business	83,220	100,242	120,920	140,000	122,000	56,780	18.9%	
Sales Composition	10.9%	9.7%	11.8%	12.7%	10.2%			
CPS Solution Business	4,000	5,000	7,400	12,000	16,000	8,000	44.2%	
Sales Composition	0.5%	0.5%	0.7%	1.1%	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	63,733	64,000	67,000	27,293	20.4%	150,000
Operating profit margin	4.8%	6.0%	6.2%	5.8%	5.6%			7.5%
Semiconductor Business	27,499	55,329	56,655	51,000	54,000	23,501	22.9%	
Operating profit margin	4.1%	6.0%	6.2%	5.3%	5.1%			
Network Business	9,082	6,316	7,077	13,000	12,000	3,918	12.7%	
Operating profit margin	10.9%	6.3%	5.9%	9.3%	9.8%			
CPS Solution Business	-2,000	-2,000	-1,600	-1,000	1,000	1,000	-	
Operating profit margin	-	-	-	-	-			
Corporate and elimination	126	1	1	0				
Net profit attributable to owners of the parent	25,798	41,030	48,069	42,000	50,000	16,202	17.6%	
Net profit margin	3.4%	4.0%	4.7%	3.8%	4.2%			
ROE	16.5%	22.2%	21.6%	15.0%	15.0%			15.0%
Working capital turnover	3.2	4.4	3.5	3.8	3.8			
DOE	4.0%	4.6%	5.4%	4.0% or more	4.0% or more			
Total return ratio (actual is dividend payout ratio)	24.1%	21.1%	25.2%	30~50%	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.

Note 2 : Actual figures for the CPS solutions business are included in the semiconductor and network businesses, but the FY03/2025 forecast and target are independent and separate figures. The former "Services and Solutions Business" has been renamed to "CPS Solutions Business."

Note 3 : Reference data (charts below): GLOSEL's consolidated financial results (JPY mn, %, persons). Macnica's tender offer for GLOSEL's common stock is completed and the company is scheduled to be delisted following the prescribed procedures.

The effect of the GLOSEL merger will be incorporated in the fiscal year ending March 31, 2025.

(Reference)

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	73,361	862	1,067	994	26,593	49,059	5420.0%	390.0%	-

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 7 Breakdown of income statement and SG&amp;A expenses

Unit: JPY mn, %

Profit and loss statement	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
	Consolidated					CE				
<b>Sales</b>	<b>405,315</b>	<b>398,503</b>	<b>504,085</b>	<b>524,235</b>	<b>521,193</b>	<b>553,962</b>	<b>761,823</b>	<b>1,029,263</b>	<b>1,028,718</b>	<b>1,100,000</b>
YoY	-	-1.7%	26.5%	4.0%	-0.6%	6.3%	37.5%	35.1%	-0.1%	6.9%
COGs	361,027	352,234	447,991	463,173	461,302	489,126	671,104	903,359	899,101	957,000
<b>Gross profit</b>	<b>44,287</b>	<b>46,269</b>	<b>56,094</b>	<b>61,061</b>	<b>59,891</b>	<b>64,835</b>	<b>90,718</b>	<b>125,903</b>	<b>129,617</b>	<b>143,000</b>
Gross profit margin ratio	10.9%	11.6%	11.1%	11.6%	11.5%	11.7%	11.9%	12.2%	12.6%	13.0%
SG&A	34,558	35,796	40,931	45,737	45,444	46,066	54,010	64,256	65,884	79,000
SG&A ratio to sales	8.5%	9.0%	8.1%	8.7%	8.7%	8.3%	7.1%	6.2%	6.4%	7.2%
<b>Operating profit</b>	<b>9,729</b>	<b>10,473</b>	<b>15,163</b>	<b>15,324</b>	<b>14,447</b>	<b>18,769</b>	<b>36,707</b>	<b>61,646</b>	<b>63,733</b>	<b>64,000</b>
YoY	-	7.6%	44.8%	1.1%	-5.7%	29.9%	95.6%	67.9%	3.4%	0.4%
Operating profit margin	2.4%	2.6%	3.0%	2.9%	2.8%	3.4%	4.8%	6.0%	6.2%	5.8%
Non-operating income	1,150	526	990	711	605	1,257	844	1,119	1,573	1,000
Interest income	95	61	76	116	82	63	65	141	344	
Dividends received	251	218	401	191	151	339	155	273	222	
Purchase discount				100	68					
Profit on currency exchange	483		189			295			9	
Reversal of allowance for doubtful accounts						3	102			
Other	321	247	324	304	304	557	522	704	646	
Non-operating expenses	703	1,363	1,216	2,934	3,980	3,627	2,064	5,933	3,340	4,500
Interest expense	171	277	383	1,137	1,131	304	333	1,900	1,890	
Loss on transfer of a claim	283	340	619	704	699	337	432	1,525	520	
Equity in losses of affiliated companies					815	2,693	808	249		
Foreign exchange loss		605		1,011	670		347	1,771		
Initial expenses	73									
Product indemnity expenses	87			34	563			339	754	
Other	89	141	214	46	98	293	144	149	175	
<b>Recurring profit</b>	<b>10,176</b>	<b>9,635</b>	<b>14,937</b>	<b>13,101</b>	<b>11,072</b>	<b>16,399</b>	<b>35,487</b>	<b>56,832</b>	<b>61,966</b>	<b>60,500</b>
YoY	-	-5.3%	55.0%	-12.3%	-15.5%	48.1%	116.4%	60.1%	9.0%	-2.4%
Recurring profit margin	2.5%	2.4%	3.0%	2.5%	2.1%	3.0%	4.7%	5.5%	6.0%	5.5%
Extraordinary income	2,024	197	125	40	128	206	1,928	2,170	5,621	
Gain on sales of fixed assets										
Marginal gain on step acquisitions							1,918			
Gain on termination of ESOP trust						198				
Gain on sales of investment securities	337	95	121	38	118	3	8	1,574	1,006	
Gain on exchange of investment securities								503		
Reversal of allowance for doubtful		101								
Negative goodwill accrual	1,686								3,703	
Other	1	1	4	2	10	5	2	92	8	
Extraordinary loss	1,566	55	53	360	1,492	328	334	853	1,324	
Loss on sales of fixed assets			8	4						
Loss on disposal of fixed assets		22	7	12	22	33	26			
Loss on sales of investment securities		28	22	1	11					
Loss on valuation of investment securities		4	12	112	1,447	123	295	800	1,270	
Loss on valuation of stocks of subsidiaries and affiliates	240					166				
Provision for doubtful accounts of subsidiaries and affiliates	214									
Loss on dissolution of employees' pension fund	993									
Other	119	1	4	231	12	6	13	53	54	
Income taxes	2,805	3,144	3,394	3,414	3,435	4,586	9,557	15,339	17,534	18,000
Tax rate	26.4%	32.2%	22.6%	26.7%	35.4%	28.2%	25.8%	26.4%	37.6%	38.6%
Net profit attributable to noncontrolling interests	243	97	201	483	639	815	1,725	1,779	658	500
<b>Net profit attributable to owners of the parent</b>	<b>7,285</b>	<b>6,534</b>	<b>11,412</b>	<b>8,883</b>	<b>5,633</b>	<b>10,875</b>	<b>25,798</b>	<b>41,030</b>	<b>48,069</b>	<b>42,000</b>
YoY	-	-10.3%	74.7%	-22.2%	-36.6%	93.1%	137.2%	59.0%	17.2%	-12.6%
Net profit margin	1.8%	1.6%	2.3%	1.7%	1.1%	2.0%	3.4%	4.0%	4.7%	3.8%

  

SG&A expenses	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
	Consolidated					CE				
<b>SG&amp;A</b>	<b>34,558</b>	<b>35,796</b>	<b>40,931</b>	<b>45,737</b>	<b>45,444</b>	<b>46,066</b>	<b>54,010</b>	<b>64,256</b>	<b>65,884</b>	<b>79,000</b>
Selling expenses	551	585	860	1,362	1,343	1,187	1,451	1,552	1,858	2,500
Personnel expenses	21,494	22,523	25,855	28,438	27,665	30,856	35,596	41,958	39,846	48,000
Depreciation and amortization	822	918	1,109	1,301	1,542	1,567	2,397	3,012	3,190	3,200
Development cost	34	157	279	407	403	281	333	326	317	2,600
Other	11,657	11,613	12,828	14,229	14,491	12,175	14,233	17,407	20,670	22,700

Source: Prepared by Global IR, Inc. based on company data. Note: Rounded under JPY mn. Rounded to one decimal place.

Figure 8 Balance Sheet

Unit: JPY mn, %

Balance Sheet	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
	Consolidated								
<b>Assets</b>									
Cash on hand and in banks	20,847	15,552	28,789	14,217	14,715	25,443	25,174	37,571	38,710
Notes and accounts receivable-trade	78,860	83,800	99,653	102,340	106,614	117,779	155,130	203,274	207,188
Goods	73,474	85,881	107,440	122,771	93,296	84,882	138,764	218,905	234,001
Inventories	73,474	85,881	107,440	122,771	93,296	84,882	138,764	218,905	234,001
Deferred tax asset	1,269	1,456	1,973						
Other	12,859	13,986	13,676	37,712	22,090	15,818	16,486	31,908	39,005
Allowance for doubtful accounts	-414	-132	-132	-155	-331	-522	-522	-578	-459
<b>Total current assets</b>	<b>186,895</b>	<b>200,543</b>	<b>251,399</b>	<b>276,885</b>	<b>236,384</b>	<b>243,400</b>	<b>335,032</b>	<b>491,080</b>	<b>518,749</b>
Buildings and structures	1,826	1,767	1,751	2,130	2,072	2,210	2,128	2,040	2,290
Tools, furniture and fixtures	1,267	1,339	1,477	1,680	1,558	1,402	1,432	1,526	1,795
Machinery, equipment and vehicles	20	19	53	101	95	124	138	141	141
Lot	3,061	3,061	3,061	3,061	3,061	3,062	3,062	3,062	3,558
Leased assets	354	438	462	555	712	647	1,187	1,251	1,241
Construction in progress						1	2	4	
<b>Total property, plant and equipment</b>	<b>6,530</b>	<b>6,626</b>	<b>6,807</b>	<b>7,530</b>	<b>7,501</b>	<b>7,449</b>	<b>7,951</b>	<b>8,027</b>	<b>9,027</b>
Goodwill	627	399	1,024	762	617	484	2,107	1,576	1,049
Other	821	1,198	1,797	1,753	1,715	2,942	7,038	6,407	5,995
<b>Total intangible fixed assets</b>	<b>1,448</b>	<b>1,597</b>	<b>2,821</b>	<b>2,515</b>	<b>2,332</b>	<b>3,426</b>	<b>9,145</b>	<b>7,983</b>	<b>7,044</b>
Investments in securities	3,578	3,583	3,492	7,557	12,264	10,169	4,872	3,909	8,223
Long-term loans	157	183	140						1,085
Deferred tax asset	1,851	1,924	1,859	3,851	3,794	4,186	4,483	5,450	5,133
Assets related to retirement benefits	80	93	103						915
Other	935	827	669	931	1,020	965	1,101	1,169	2,085
Allowance for doubtful accounts	-305	-219	-150	-11	-49	-6	-2		-21
<b>Total investments and other assets</b>	<b>6,296</b>	<b>6,391</b>	<b>6,113</b>	<b>12,328</b>	<b>17,029</b>	<b>15,314</b>	<b>10,454</b>	<b>10,529</b>	<b>17,421</b>
<b>Total fixed assets</b>	<b>14,275</b>	<b>14,615</b>	<b>15,742</b>	<b>22,374</b>	<b>26,863</b>	<b>26,190</b>	<b>27,551</b>	<b>26,540</b>	<b>33,494</b>
<b>Total assets</b>	<b>201,171</b>	<b>215,158</b>	<b>267,142</b>	<b>299,259</b>	<b>263,247</b>	<b>269,590</b>	<b>362,584</b>	<b>517,620</b>	<b>552,244</b>
<b>Liabilities</b>									
Notes and accounts payable-trade	37,461	39,584	37,070	31,898	24,916	39,437	57,692	186,838	151,126
Short-term interest-bearing debt	16,155	23,654	51,744	77,237	49,468	23,032	44,695	46,563	61,197
Short-term debt	16,095	23,579	51,658	77,097	49,223	22,715	44,119	46,039	60,587
Lease obligations	60	75	86	140	245	317	576	524	610
Account payable				13,595	13,776	12,826	19,573		
Income taxes payable	1,258	2,541	1,667	1,972	1,724	2,939	7,245	13,524	9,641
Advance received	10,697	14,643	14,948	14,921	15,183				
Allowance for bonuses	2,285	2,343	3,714	3,948	3,035	5,516	7,202	7,481	5,946
Allowance for bonuses to directors and corporate auditors			22	32	60	106	108	108	83
Other	11,558	16,770	16,032	5,937	8,825	24,495	24,734	44,250	63,065
<b>Total current liabilities</b>	<b>79,414</b>	<b>99,535</b>	<b>125,197</b>	<b>149,540</b>	<b>116,987</b>	<b>108,351</b>	<b>161,249</b>	<b>298,764</b>	<b>291,058</b>
Long-term interest-bearing debt	7,068	3,892	6,518	7,448	4,493	9,015	14,463	8,755	3,658
Long-term debt	6,756	3,503	6,112	7,000	4,000	8,660	13,835	8,000	3,000
Lease obligations	312	389	406	448	493	355	628	755	658
Deferred tax liabilities	420	490	762	335	213	238	1,010	351	117
Allowance for retirement benefits to directors and corporate auditors	493	513	534						
Liabilities for retirement benefits	5,311	5,165	5,111	5,598	5,418	5,498	5,521	1,410	386
Other	844	794	806	938	583	478	576	578	602
<b>Total long-term liabilities</b>	<b>14,136</b>	<b>10,854</b>	<b>13,731</b>	<b>14,319</b>	<b>10,707</b>	<b>15,229</b>	<b>21,570</b>	<b>11,094</b>	<b>4,765</b>
<b>Total liabilities</b>	<b>93,551</b>	<b>110,389</b>	<b>138,928</b>	<b>163,860</b>	<b>127,695</b>	<b>123,580</b>	<b>182,819</b>	<b>309,858</b>	<b>295,824</b>
<b>Net assets</b>									
Capital stock	10,066	10,066	13,888	13,888	14,040	14,040	14,040	14,040	14,040
Capital surplus	42,673	42,641	47,468	47,398	47,550	46,762	45,996	37,066	36,764
Retained earnings	49,186	51,841	61,322	67,591	70,079	77,854	99,611	132,857	171,537
Treasury stock	-328	-5,643	-349	-274	-2,152	-1,586	-1,389	-872	-5,714
Total shareholders' equity	101,597	98,905	122,329	128,603	129,517	137,070	158,258	183,091	216,627
Accumulated other comprehensive income	4,293	4,062	3,278	3,781	2,581	5,113	11,872	16,701	27,686
Subscription rights	59	49							
Noncontrolling interest	1,669	1,749	2,603	3,013	3,452	3,826	9,632	7,969	12,106
<b>Total net assets</b>	<b>107,620</b>	<b>104,769</b>	<b>128,210</b>	<b>135,399</b>	<b>135,551</b>	<b>146,010</b>	<b>179,764</b>	<b>207,762</b>	<b>256,420</b>
Working capital	114,873	130,097	170,023	193,213	174,994	163,224	236,202	235,341	290,063
Total interest-bearing debt	23,223	27,546	58,262	84,685	53,961	32,047	59,158	55,318	64,855
Net debt	2,376	11,994	29,473	70,468	39,246	6,604	33,984	17,747	26,145

Source: Prepared by Global IR, Inc. based on company data. Note: Rounded under JPY mn. Rounded to one decimal place.

## 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	FY03/2025 CE
Sales	398,503	504,085	524,235	521,193	553,962	761,823	1,029,263	1,028,718	1,100,000
YoY	-1.7%	26.5%	4.0%	-0.6%	6.3%	37.5%	35.1%	-0.1%	6.9%
Gross profit	46,269	56,094	61,061	59,891	64,835	90,718	125,903	129,617	143,000
YoY	4.5%	21.2%	8.9%	-1.9%	8.3%	39.9%	38.8%	2.9%	10.3%
Gross profit margin	11.6%	11.1%	11.6%	11.5%	11.7%	11.9%	12.2%	12.6%	13.0%
Operating profit	10,473	15,163	15,324	14,447	18,769	36,707	61,646	63,733	64,000
YoY	7.6%	44.8%	1.1%	-5.7%	29.9%	95.6%	67.9%	3.4%	0.4%
Operating profit margin	2.6%	3.0%	2.9%	2.8%	3.4%	4.8%	6.0%	6.2%	5.8%
Recurring profit	9,635	14,937	13,101	11,072	16,399	35,487	56,832	61,966	60,500
YoY	-5.3%	55.0%	-12.3%	-15.5%	48.1%	116.4%	60.1%	9.0%	-2.4%
Net profit	6,534	11,412	8,883	5,633	10,875	25,798	41,030	48,069	42,000
YoY	-10.3%	74.7%	-22.2%	-36.6%	93.1%	137.2%	59.0%	17.2%	-12.6%
Net profit margin	1.6%	2.3%	1.7%	1.1%	2.0%	3.4%	4.0%	4.7%	3.8%

### Per Share Data

(Yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025 CE
Total number of shares issued and outstanding (thousand shares)	58,793	62,813	62,813	63,031	63,031	63,031	60,857	60,857	-
EPS	114.31	206.08	142.03	90.14	175.39	414.89	664.89	794.64	700.17
EPS Adjusted	114.03	-	-	-	-	-	-	-	-
BPS	1,879	2,010	2,116	2,142	2,290	2,735	3,299	4,073	4,518
DPS	35.0	50.0	50.0	50.0	50.0	100.0	140.0	200.0	210.0

### Balance Sheet

(Millions of yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Current assets	200,543	251,399	276,885	236,384	243,400	335,032	491,080	518,749
Cash, deposits, and investment securities	15,552	28,789	14,217	14,715	25,443	25,174	37,571	38,710
Tangible fixed assets	6,626	6,807	7,530	7,501	7,449	7,951	8,027	9,027
Intangible fixed assets	1,597	2,821	2,515	2,332	3,426	9,145	7,983	7,044
Investments and other assets	6,391	6,113	12,328	17,029	15,314	10,454	10,529	17,421
Total fixed assets	14,615	15,742	22,374	26,863	26,190	27,551	26,540	33,494
Total assets	215,158	267,142	299,259	263,247	269,590	362,584	517,620	552,244
Total current liabilities	99,535	125,197	149,540	116,987	108,351	161,249	298,764	291,058
Total noncurrent liabilities	10,854	13,731	14,319	10,707	15,229	21,570	11,094	4,765
Total liabilities	110,389	138,928	163,860	127,695	123,580	182,819	309,858	295,824
Total net assets	104,769	128,210	135,399	135,551	146,010	179,764	207,762	256,420
Interest-bearing debt	27,546	58,262	84,685	53,961	32,047	59,158	55,318	64,855



## Cash flows

(Millions of yen)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Depreciation and amortization	1,274	1,500	1,660	1,976	1,986	2,804	3,468	3,620
Cash flows from operating activities	3,169	-28,595	-30,173	45,770	38,076	-15,534	38,896	39,949
Cash flows from investing activities	-1,083	-1,804	-7,251	-8,919	-2,181	-1,653	-869	-18,457
Cash flows from financing activities	-8,322	43,699	21,916	-35,797	-26,189	14,368	-27,100	-23,014

## Financial Data

(%)

Fiscal Year	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024
Return on Assets (ROA)	4.6%	6.2%	4.6%	3.9%	6.2%	11.2%	12.9%	11.6%
Return on Equity (ROE)	6.3%	10.0%	6.9%	4.3%	7.9%	16.5%	22.2%	21.6%
Equity ratio	47.9%	47.0%	44.2%	50.2%	52.7%	46.9%	38.6%	44.2%

## Research and development expenses, etc.

(Millions of yen)

R&D, Capex, Depreciation and Amortization	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
				Consolidated					CE
R&D expenses	157	279	407	403	281	333	326	317	2,600
Ratio of R&D expenses to sales	0.04%	0.06%	0.08%	0.08%	0.05%	0.04%	0.03%	0.03%	0.24%
Capex	1,436	1,536	2,380	1,734	3,106	3,757	2,832	3,079	5,000
Depreciation and amortization	1,274	1,500	1,660	1,976	1,986	2,804	3,468	3,190	3,200

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

Note: CE=Company Estimate. Rounded under JPY mn. Rounded to one decimal place.





## 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.