

# Restar Holdings (3156)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2021		323,815	6,238	5,689	4,054	134.85	85.00	2,441.16
FY03/2022		399,590	7,588	6,711	5,957	198.12	100.00	2,580.33
FY03/2023CoE		465,000	13,000	12,000	7,000	232.80	100.00	-
FY03/2022	YoY	23.4%	21.6%	18.0%	46.9%	-	-	-
FY03/2023CoE	YoY	16.4%	71.3%	78.8%	17.5%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2022		192,616	3,417	3,240	3,956	-	-	-
Q3 to Q4 FY03/2022		206,974	4,171	3,471	2,001	-	-	-
Q1 to Q2 FY03/2023		239,795	8,450	8,479	4,632	-	-	-
Q3 to Q4 FY03/2023CoE		225,205	4,550	3,521	2,368	-	-	-
Q1 to Q2 FY03/2023	YoY	24.5%	147.3%	161.7%	17.1%	-	-	-
Q3 to Q4 FY03/2023CoE	YoY	8.8%	9.1%	1.4%	18.3%	-	-	-

Source: Company Data, WRJ Calculation

## 1.0 Executive Summary (11 January 2023)


### Accommodating All Needs

Restar Holdings, which is one of the electronics trading conglomerates, sees short-term earnings surging, while planning to achieve long-term growth by making progress in developing its operations as “the Electronics Value Platformer” that accommodates all manner of stakeholder needs. For Q1 to Q2 FY03/2023, the Company benefited from yen’s depreciation, continued semiconductor-related special demand and add-ons from PALTEK CORPORATION consolidated as subsidiary since Q2 FY03/2022, having resulted in a substantial increase in earnings over the same period of the previous year. The Company suggests that assumptions of initial Company forecasts were far exceeded for the actual results, having revised up full-year Company forecasts to a large extent. Still, as far as we could see, assumptions for H2 have remained effectively unchanged as the upward revision has reflected the overshoot for Q1 to Q2 only. Meanwhile, the Company intends not to be wedded to sale of semiconductors and electronic components, which is the mainstay at the moment, while trying to enhance its exposure to electronic equipment and solutions in addition to sale of modules or purchased semiconductors, etc. assembled as units, so that the Company will be able to pursue added value greater than now. At the same time, the Company is promoting solutions to society’s problems, e.g., “carbon neutrality,” “food crisis / food loss” and “disaster resilience.”

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## 2.0 Company Profile

### The Electronics Value Platformer

<b>Company Name</b>	Restar Holdings Corporation <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share price (Japanese)</a>	 <b>Restar Holdings Corporation</b>
<b>Established</b>	1 October 2009	
<b>Listing</b>	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 3156) 1 October 2009: Tokyo Stock Exchange 1st section	
<b>Capital</b>	¥4,383m (as of the end of September 2022)	
<b>No. of Shares</b>	30,072,643 shares, including 4,336 treasury shares (as of the end of Sep. 2022)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Established by merger between UKC Holdings and Vitec Holdings in April 2019</li> <li>● Consolidated PALTEK as wholly owned subsidiary since Q2 FY03/2022</li> <li>● Consistently expanding total power generation of mega-solar power stations</li> </ul>	
<b>Segments</b>	I . Semiconductors & Electronic Components (sale of devices / operations of EMS) II . Procurement (provision of supply chain management as services) III. Electronic Equipment (sale and installation of electronic / system equipment) IV. Environmental Energy (energy / sale of power / vegetable factory)	
<b>Representatives</b>	Representative Director, CEO: Kunihiro Konno Representative Director : Tadahito Takahashi and Tomoharu Asaka	
<b>Shareholders</b>	KMF Corporation 17.79%, S-GRANT, Co. Ltd. 9.63%, The Master Trust Bank of Japan, T. 8.68% (as of the end of September 2022, but for treasury shares)	
<b>Head Office</b>	Shinagawa-ku, Tokyo, JAPAN	
<b>No. of Personnel</b>	Consolidated: 2,788, Unconsolidated:106 (as of the end of September 2022)	

Source: Company Data

## 3.0 Management Principles and Future Perspective

### Helping Society Evolve

The Company's management principles set “we help society evolve by leveraging information and technology to create and deliver new value and services” as Mission, while aiming to become “the Electronics Value Platformer” that accommodates all manner of stakeholder needs at the same time, advocated as Vision. Further, the Company puts “through collaboration, we reflect diverse points of view as we create new cultures and values,” etc. as Value.

#### Management Principles of the Restar Group

##### Mission

We help society evolve by leveraging information and technology to create and deliver new value and services.

##### Vision

We aim to be “the Electronics Value Platformer” that accommodates all manner of stakeholder needs.  
“Global (in view and scale)” “ Social Contribution”  
“Collaboration and Innovation”

##### Value

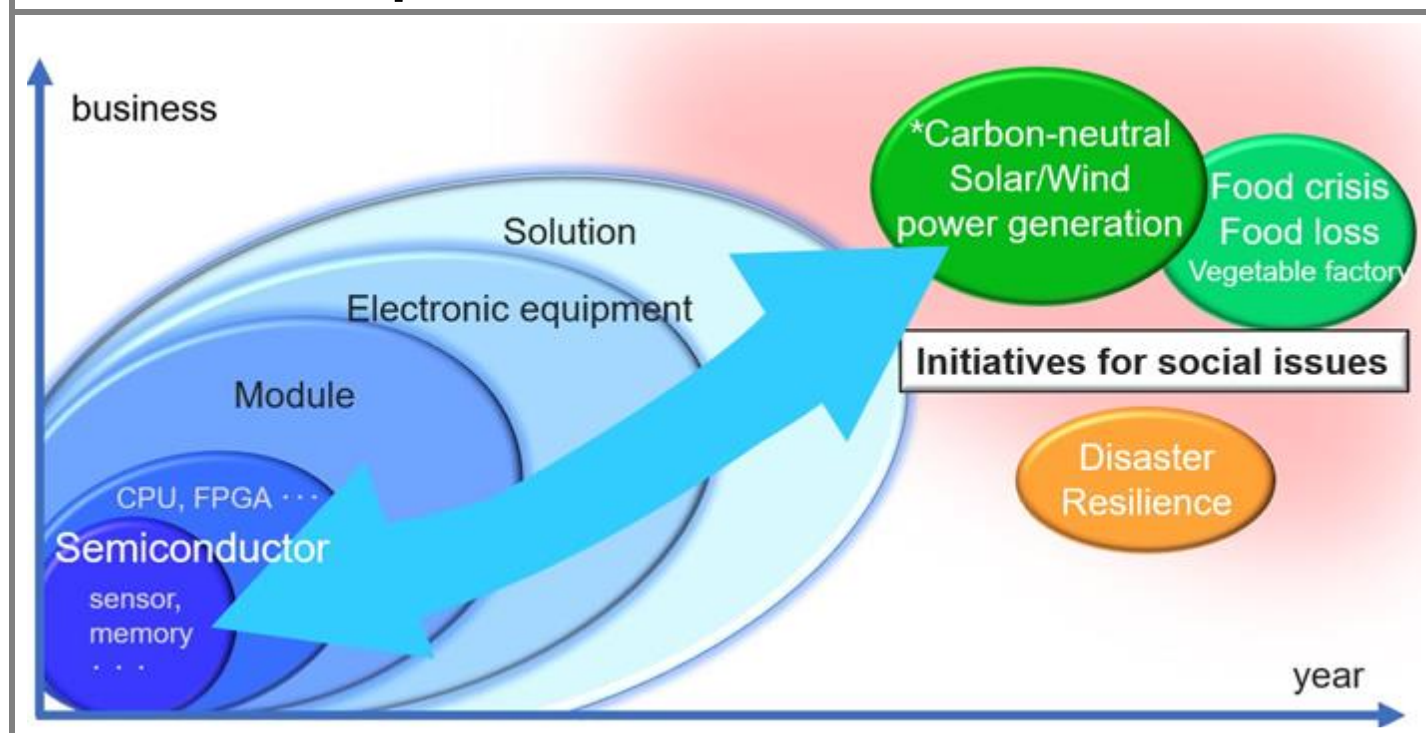
- Through collaboration, we reflect diverse points of view as we create new cultures and values.
- Through innovative ideas and passion, we take on challenges and aim for higher targets.
- By expanding our business arena to encompass the entire world, we contribute to sustainable social evolution.

Source: Company Data

The Company is involved in various operations through subsidiaries under its umbrella, being the holding company for them. At the moment, there is an aspect that the Company runs its operations with those of the Semiconductors & Electronic Components (sale of devices / operations of EMS) side as the mainstay, but it is so keen on the pursuit of synergies amongst all those various operations and it appears that there are some projects to become commercially viable in the near future. In terms of the actual results for Q1 to Q2 FY03/2023, the Company saw 73.0% of sales out of total and 88.4% of segment profit on the Semiconductors & Electronic Components (sale of devices / operations of EMS) side. By the way, they are 92.8% and 107.6%, respectively, when the operations on the Procurement (provision of supply chain management as services), which have similar nature in the business model, are added.

On the Semiconductors & Electronic Components (sale of devices / operations of EMS) side, the Company is mainly involved in sale of devices, having accounted for 94.2% of sales out of total on this side. As the key constituents of devices, the Company mentions semiconductors, electronic components, batteries and chemical materials, while being mostly exposed to semiconductors, comprising sensors, memories, microcontrollers, FPGA, etc.

## Direction of the Restar Group's Initiatives

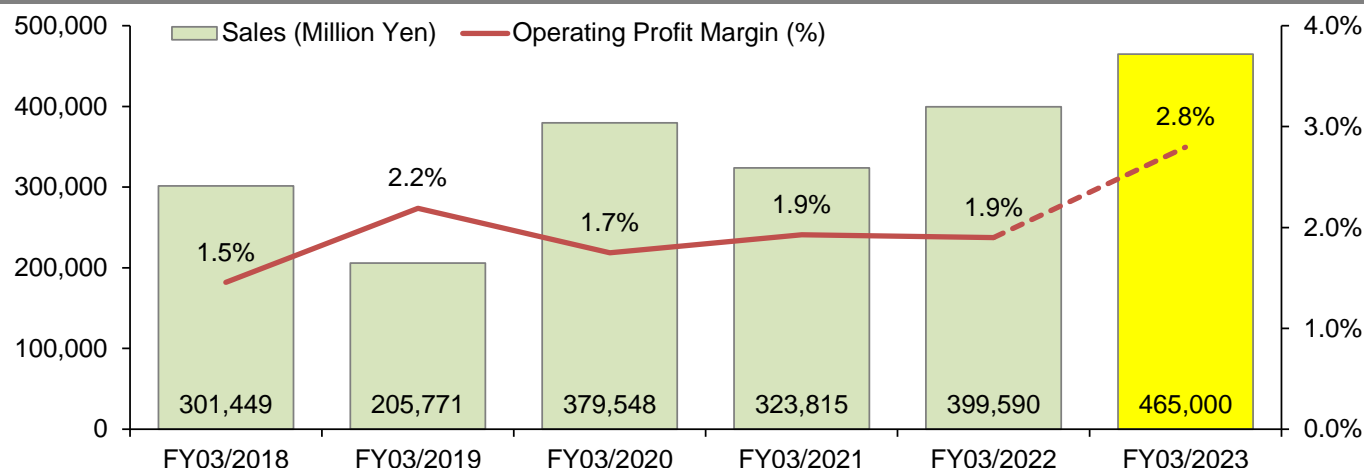


Source: Company Data(\*Carbon-neutral: net zero carbon emission)

Further, the Company sometimes creates added value higher by means of assembling purchased semiconductors, etc. in line with needs of customers for sale to them in the form of modules. The Company intends to focus on the development of such operations that create a high degree of added value, while mentioning that progress will be made for development of new customers and new suppliers as it makes progress in the development of such operations. Meanwhile, modules are to be followed by electronic equipment and then solutions in line with the Company's consistent focus on operations that create a high degree of added value.

More importantly, the Company is promoting solutions to society's problems, e.g., "carbon neutrality," "food crisis / food loss" and "disaster resilience" at the same time. With respect to "carbon neutrality," the Company is looking to the operations of energy (renewal power generation) on the Environmental Energy side being contributing. With respect to "food crisis / food loss," the Company is looking to the operations of vegetable factory (production and sale of vegetables) also on the Environmental Energy side being contributing. Meanwhile, with respect to "disaster resilience", the Company is looking to the operations of sale and installation of electronic equipment on the Electronic Equipment (sale and installation of electronic / system equipment) side being contributing. The Company refers to an example that an electronic equipment of large-sized LED has been installed in the disaster prevention room of the new Shibuya-ku municipal building after solutions by the Company. The Company hopes to provide similar electronic equipment that addresses various aspects of disaster prevention to local governments nationwide.

## Sales and Operating Profit Margin



Source: Company Data, WRJ Calculation

## Basic Sustainability Policy

On 12 September 2022, the Company announced that it had formulated its Basic Sustainability Policy, while having had revealed its measures to strengthen promotion of various sustainability activities going forward. The objective of formulating this policy is to enhance the resolutions of ESG (environment, social and corporate governance) issues from a perspective of sustainability. The Company has a strategy to address them as a unit by means of integrating management as a whole. According to the Company, the identification of materialities based on the basic policy has been completed, while the proactive approach to climate change will be strengthened as a corporate entity. In other words, by linking business activities and social contributions in an interactive manner, the Company aims to realize a sustainable society, while striving to enhance corporate value at the same time.

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## Sustainability Initiatives

~ Promoting the Following Three Initiatives in Line with the Basic Policy ~

### Completed Identification of 5 Materialities

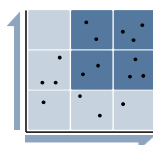
#### Measurement and Reduction of CO2 Emissions



Leveraging Group Synergies



- Protect the Lives of All People
- Create an Environmentally Thoughtful Society
- Utilize Diverse Human Resources
- Create a Better Society through Innovations
- Build a Sustainable Supply Chain



### TCFD Compliant

#### RISK



#### OPPORTUNITY



Developing Measures to Address Climate Change

**Promoting Sustainability Activities Based on Specific KPIs, etc.**

Source: Company Data

The materialities identified are “protect the lives of all people,” “create an environmentally thoughtful society,” “utilize diverse human resources” and “create a better society through innovations.” Meanwhile, the Company is to actively promote sustainability activities based on specific KPIs, etc., with the aim of addressing all those issues.

#### Company History

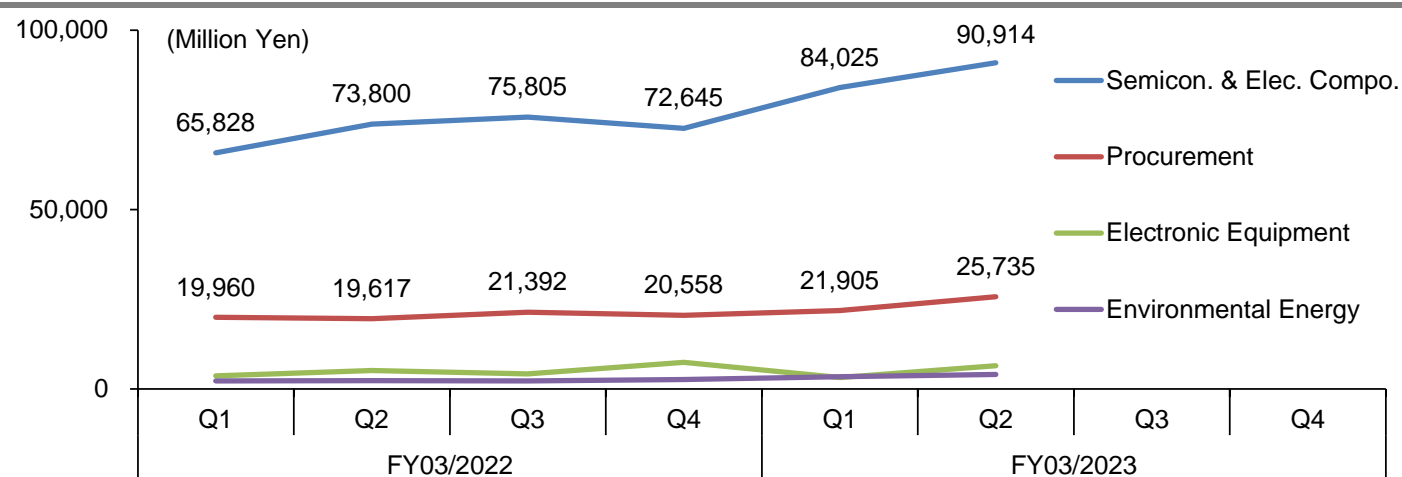
Date	Events
May 2009	USC Corporation (hereafter “USC”) and Kyoshin Technosonic Co., Ltd. ("Kyoshin Technosonic") agreeing to integrate management through the establishment of a joint holding company (share transfer) and entering into a merger agreement
October 2009	USC and Kyoshin Technosonic establishing a joint holding company, UKC Holdings Co., Ltd., through a share transfer (listed on Tokyo Stock Exchange 1st section)
October 2010	CU TECH CORPORATION and its subsidiary Dongguan CU Tech Electronics Corporation becoming subsidiaries through acquisition of the shares
October 2011	Corporate name changing to UKC ELECTRONICS CORPORATION after merger between USC and Kyoshin Technosonic with the latter as a surviving company
April 2015	Acquiring rights and duties related to the business of Semiconductors & Electronic Components of UKC ELECTRONICS CORPORATION through an absorption-type company split and UKC ELECTRONICS CORPORATION changing its corporate name to “UKC Techno-Solution Corporation”
May 2018	Making LSI Techno Inc. a subsidiary by acquisition of the shares and changing its corporate name to “UKC System Engineering Corporation”
June 2018	Transitioning to a company with audit & supervisory committee
April 2019	UKC Holdings Co., Ltd. and Vitec Holdings Co., Ltd. integrating management and beginning operations with a new corporate name of “Restar Holdings Corporation” in the current location after moving of the head office
April 2020	Transitioning to Innovative Management on a group basis
June 2021	Making PALTEK CORPORATION a subsidiary (wholly owned on 2 September 2021)
April 2022	Listing onto Tokyo Stock Exchange Prime Market

## 4.0 Recent Trading and Prospects

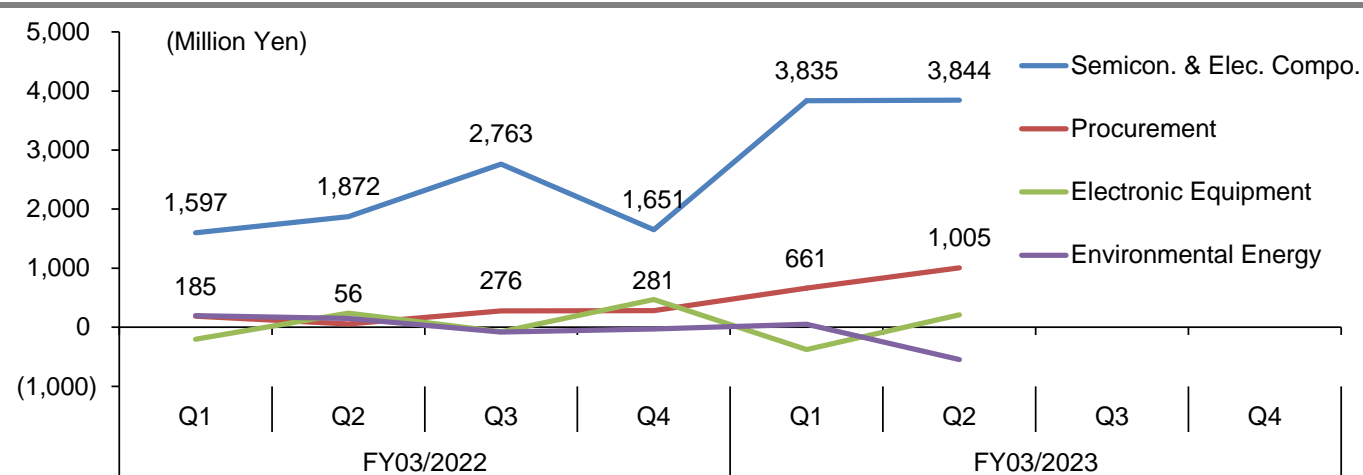
### Q1 to Q2 FY03/2023

For Q1 to Q2 FY03/2023, sales came in at ¥239,795m (up 24.5% YoY), operating profit ¥8,450m (up 147.3%), recurring profit ¥8,479m (up 161.7%) and profit attributable to owners of parent ¥4,632m (up 17.1%), while operating profit margin 3.5% (up 1.7% points). At the non-operating level, the Company saw an improvement by ¥206m, having generated a factor to increase recurring profit to a corresponding extent. Still, on the other hand, the Company suffered from a deterioration by ¥2,391m at the extraordinary level, having resulted in a limited growth for profit attributable to owners of parent. The former is due mainly to a large improvement in exchange gain and loss, while there is a strong aspect that the latter was brought forth by a non-reappearance of gain on negative goodwill generated on the occasion of having had consolidated PALTEK CORPORATION as subsidiary during the same period of the previous year.

#### Sales by Segment



#### Segment Profit

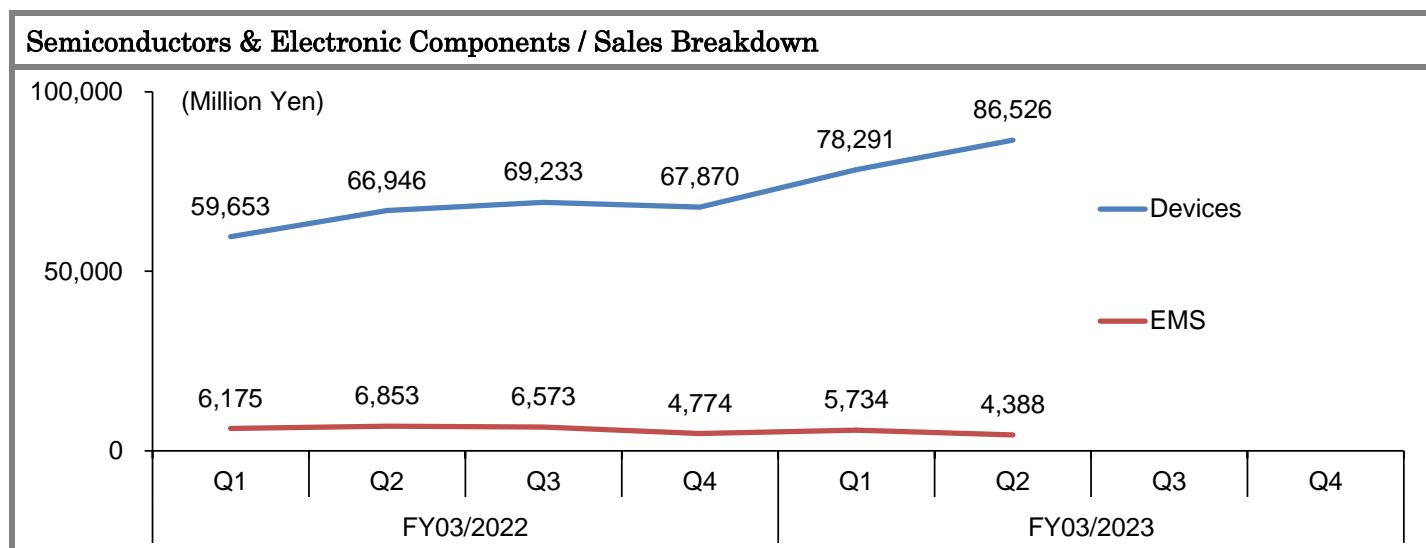


Source: Company Data, WRJ Calculation



### Semiconductors & Electronic Components (73.0% of sales / 88.4% of segment profit)

For Q1 to Q2 FY03/2023, the Semiconductors & Electronic Components (sale of devices / operations of EMS) side saw sales of ¥174,939m (up 25.3%), segment profit of ¥7,679m (up 121.3%) and segment profit margin of 4.4% (up 1.9% points). In light of the fact that the Company is exposed to this segment in terms of sales and earnings to a large extent, it should be the case that the Company's performance as a whole basically hinges on that of this segment.



Source: Company Data, WRJ Calculation

In fact, the Company says that sales as a whole surged due mainly to strengths in demand for commodities associated with industrial equipment and in-car equipment on the Semiconductors & Electronic Components side and on the Procurement (provision of supply chain management as services) side. Meanwhile, the Company also says that it saw a continuation of so-called semiconductor-related special demand in the actual results, although this was not assumed in Company forecasts. Further, it is suggested that the Company's performance favorably benefited from that of PALTEK CORPORATION consolidated as subsidiary since Q2 FY03/2022, whose operations are included as a part of the Semiconductors & Electronic Components side. At the end of the day, the Semiconductors & Electronic Components side has accounted for some 75% of net increase in sales for the Company as a whole. In terms of earnings, the Company has seen the equivalent of some 92% for earnings, which is even more overwhelming.


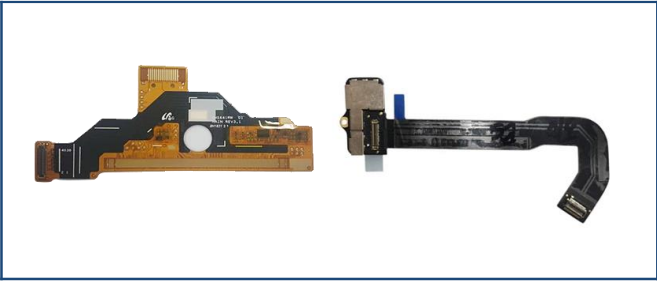

Meanwhile, the Company as a whole saw gross profit of ¥20,822m (up 49.7%) and SG&A expenses of ¥12,371m (up 17.9%), implying gross profit margin of 8.7% (up 1.5 % points) and SG&A ratio of 5.2% (down 0.3 % points). Thus, the Company saw increased gross profit and improved gross profit margin, which is attributable to increased sales and the effect of yen's depreciation on the Semiconductor and Electronic Components side. It appears that the said effect on the Semiconductor and Electronic Components side was so substantial, when based on suggestions by the Company. On top of the fact that the existing operations have benefited a lot, the operations of PALTEK CORPORATION benefited even more. With respect to the latter, the Company suggests that it has a tendency of being exposed to short-term currency exchange fluctuation to a large extent for its earnings in the first place.



By the way, the Company suggests that it benefited a lot from the effect of yen's depreciation for earnings also on the Procurement (provision of supply chain management as services) side. Meanwhile, the Company saw lowered SG&A ratio due to substantial increase in sales, having resulted in significant improvement in operating profit margin and thus significant increase in operating profit as mentioned earlier.

For the actual results of Q1 to Q2, devices (sale of semiconductors, electronic components, batteries and chemical materials, etc.) saw sales of ¥164,817m (up 30.2% / 94.2% of total) and EMS saw sales of ¥10,122m (down 22.3% / 5.8%). The trend of performance for devices, accounting for the bulk of sales here, is basically as has been already mentioned for that of the Semiconductors & Electronic Components side. With respect to EMS, the other constituent here, the Company suggests that the operations saw decreased sales and earnings. Nevertheless, the Company suggests that the impacts stemming from here were fairly limited for the overall performance on the Semiconductors & Electronic Components side.

Semiconductors & Electronic Components / Application Examples for Devices and EMS

Devices	EMS
	<div></div> <div></div>
Automobiles: technical supports for camera monitoring systems, object position detecting sensors, etc.	Smartphones: mounting FPCs for OLEDs

Source: Company Data

The performance of EMS is of operations by a subsidiary based in South Korea (CU TECH CORPORATION), mainly those of build-to-order manufacture of modules for smartphones and tablet computers with its facilities in South Korea, China (Dongguan) and Vietnam for local customers. According to the Company, sales for Q1 to Q2 decreased over the same period of the previous year due mainly to decreased demand associated with smartphones. On the other hand, however, the Company is making progress in responding to increased demand for OLED displays for notebook PCs and new orders on in-car projects are generating an increase in sales. According to the Company, the latter is brought forth by its acquisition of IATF16949 certification, an international standard for quality management systems specialized for the automotive industry. The impacts stemming from here are unlikely to be significant to sales for FY03/2023, but the Company is looking to consistently expanding contribution to sales from a long-term perspective.

On the other hand, it is suggested the fact that assumptions (undisclosed) of initial Company forecasts were far exceeded for the Q1 to Q2 actual results also has a lot to with performance on the Semiconductors & Electronic Components side. Demand associated with in-car equipment and industrial equipment has been rather firmer than expectations, while the Company says its successful development of new customers are also contributing. Further, the Company has unexpectedly benefited from yen's depreciation. The Company says assumptions (undisclosed) of initial Company forecasts were based on exchange rate of ¥115 per US\$ versus ¥133 per US\$ in the actual results for Q1 to Q2, implying that the Company has unexpectedly benefited from the effect of yen's depreciation to an extent of the gap between the two. Meanwhile, the Company suggests that the effect of yen's depreciation on the Semiconductors & Electronic Components side accounted for some 70% of total and some 30% on the Procurement (provision of supply chain management as services) side.

Further, as mentioned earlier, the Company saw sales of semiconductor-related special demand in the actual results, although this was not included in assumptions (undisclosed) of initial Company forecasts, implying to have created an unexpected contribution. In light of a fact suggested that sales here carry gross profit margin quite high, it should be the case that this was another major factor to have brought forth the actual results better than expected.

“Semiconductor-related special demand” refers to “special demand” created on the back of the recent tightening of semiconductor supply and demand situation. According to the Company, there were still some cases persisting that the Company had suffered from exhaustion of inventory at own regular suppliers with no short-term prospects for replenishment, even though there was an absolute need for some specific semiconductors in some specific users or the Company’s customers. Given this, the Company implemented measures of collecting so-called distribution inventory scattered from here to breakfast for the sake of responding to all those customer needs of procurement, i.e., “special demand.” For such operations, there is an aspect that the Company creates added value more than usually, naturally resulting in gross profit margin higher, according to the Company. Meanwhile, what is cited as the characteristics of “semiconductor-related special demand” are that there is a considerably strong tendency that each project is of one-off event and it is too difficult to reasonably estimate whether there will be any project or not for the future, while the same applies to estimate the size of each project beforehand. For FY03/2022, it appears that the Company saw a number of projects for “semiconductor-related special demand”. Meanwhile, in light of the above-mentioned characteristics, it appears to have been the case that FY03/2023 initial Company forecasts assumed no projects for “semiconductor-related special demand.”

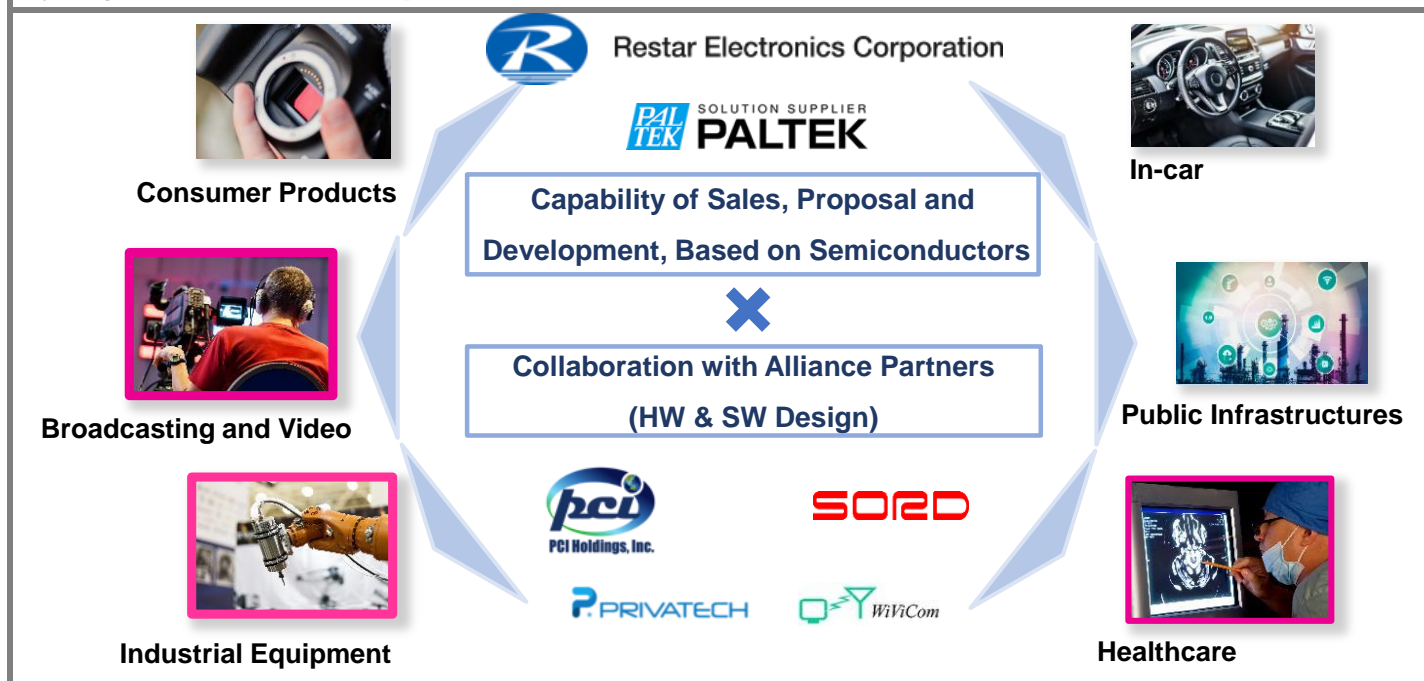


Since its establishment in 1982, PALTEK has been selling semiconductors and related products as well as providing contract design services to Japanese electronics manufacturers. PALTEK has technology resources for FPGA that are highly competitive in the semiconductor industry.

## Synergies from Integration of Management

- ◆ Expansion of Technology Proposal with FPGA
- ◆ Enhancement of New Product Lineup
- ◆ Development of New Sales Channels for Industrial Equipment, etc.
- ◆ Spread into Extensive Ranges of Business
- ◆ Rationalization, Operational Efficiency Improvement & Strengthening of the Business Bases

## Synergies in the Restar Group



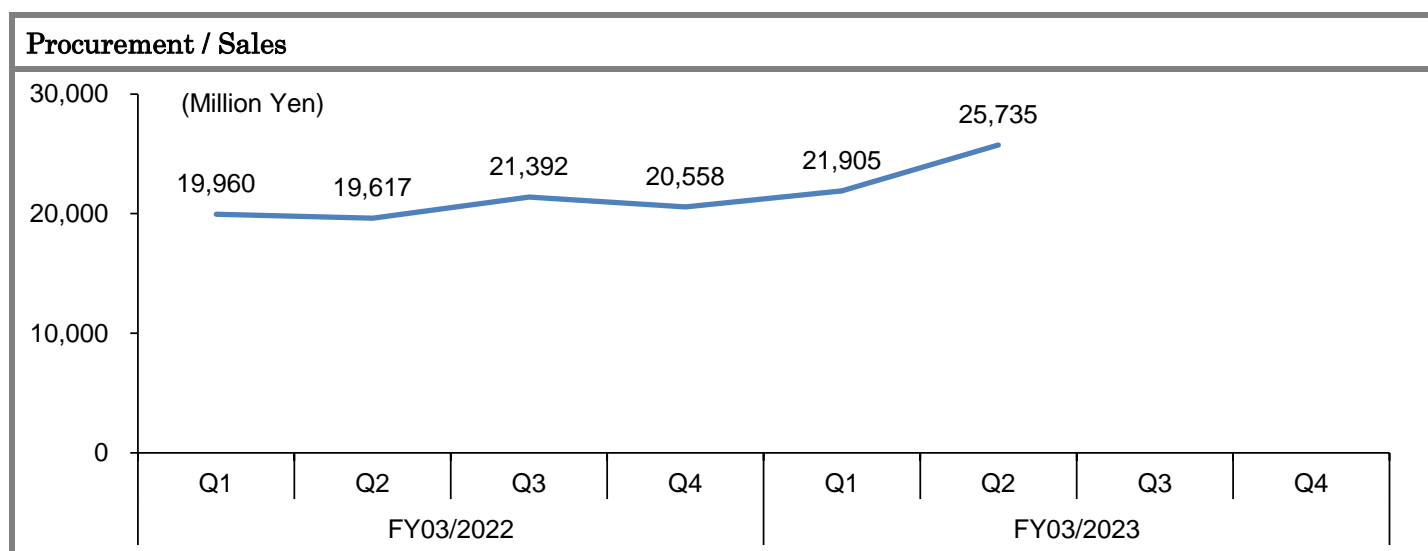
Source: Company Data

PALTEK CORPORATION has become the Company's subsidiary since 3 June 2021, when the tender offer was settled, while having contributed to the Company's consolidated accounts since Q2 FY03/2022. Thus, this subsidiary brought forth some net add-ons in sales and earnings for the actual results of Q1 FY03/2023 in terms of year-on-year changes on the Semiconductors & Electronic Components side. In this respect, the Company saw what was expected, while it is suggested that earnings stemming from here have been far better than initially assumed. The effect of yen's depreciation is raised as the key positive factor. PALTEK CORPORATION is estimated to have enjoyed some 45% of the effect of yen's depreciation for the Company as a whole in terms of net changes in earning over the same period of the previous year, implying that more than half of the benefits is enjoyed here out of total on the Semiconductors & Electronic Components side as a whole. The Company suggests that PALTEK CORPORATION is heavily involved with operations to import semiconductors from suppliers overseas for sale in Japan and thus this subsidiary has a strong tendency to see cost of sales lowered due to its business structure, when yen gets depreciated drastically in a short term.

In the first place, PALTEK CORPORATION is an electronics trading company founded in 1982, being based in Yokohama, currently running operations to sell semiconductors and related products to electronics-related manufacturers based in Japan, while providing contract design services with FPGA imported from overseas, which is the competitive edge. By the way, according to the Company's definition, "FPGA (field-programmable gate array) " refers to "a type of integrated circuits that can be used in a wide range of applications represented by communications, industrial equipment and home appliances" with "a capability for design to be changed by development engineers as many times as necessary after manufacturing." Meanwhile, as synergies to be created from integration of management this time are "expansion of technology proposal with FPGA," "enhancement of new product lineup," "development of new sales channels for industrial equipment, etc.," "spread into extensive ranges of business" and "rationalization, operational efficiency improvement & strengthening of the business bases."

### Procurement (19.9% of sales / 19.2% of segment profit)

For Q1 to Q2 FY03/2023, the Procurement (provision of supply chain management as services) side saw sales of ¥47,640m (up 20.4%), segment profit of ¥1,666m (up 590.3%) and segment profit margin of 3.5% (up 2.9% points). Sales have increased fast due mainly to two factors, i.e., that demand for the services has been firm from the mainstay customer or Panasonic Group and that the Company has made a steady progress in its development of new customers. For earnings, it is suggested that the majority is generated by the effect of yen's depreciation, having accounted for some 30% of total benefits from the effect of yen's depreciation for the Company as a whole, as mentioned earlier.

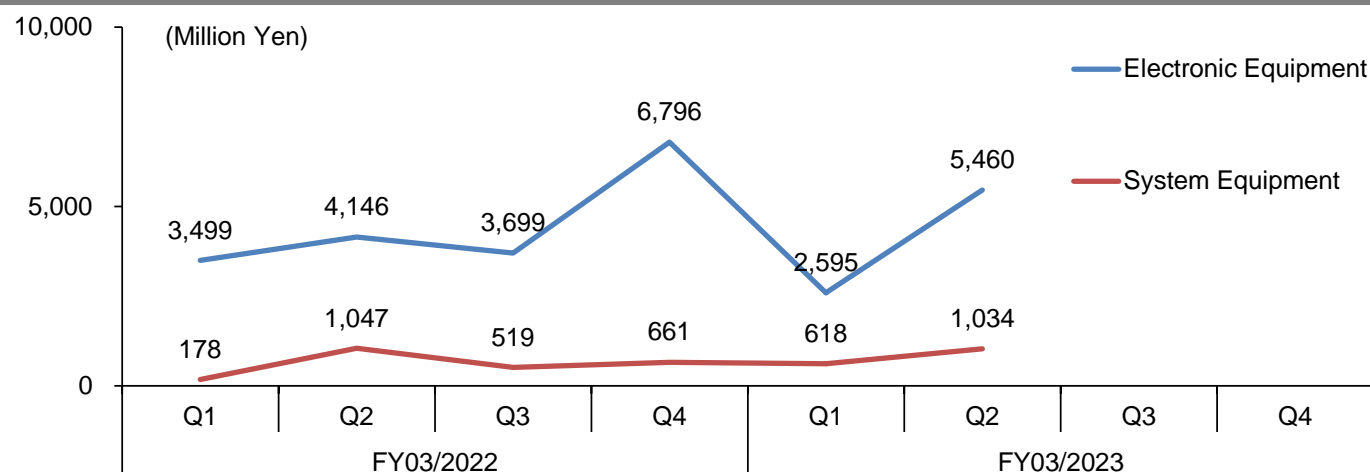


Source: Company Data, WRJ Calculation

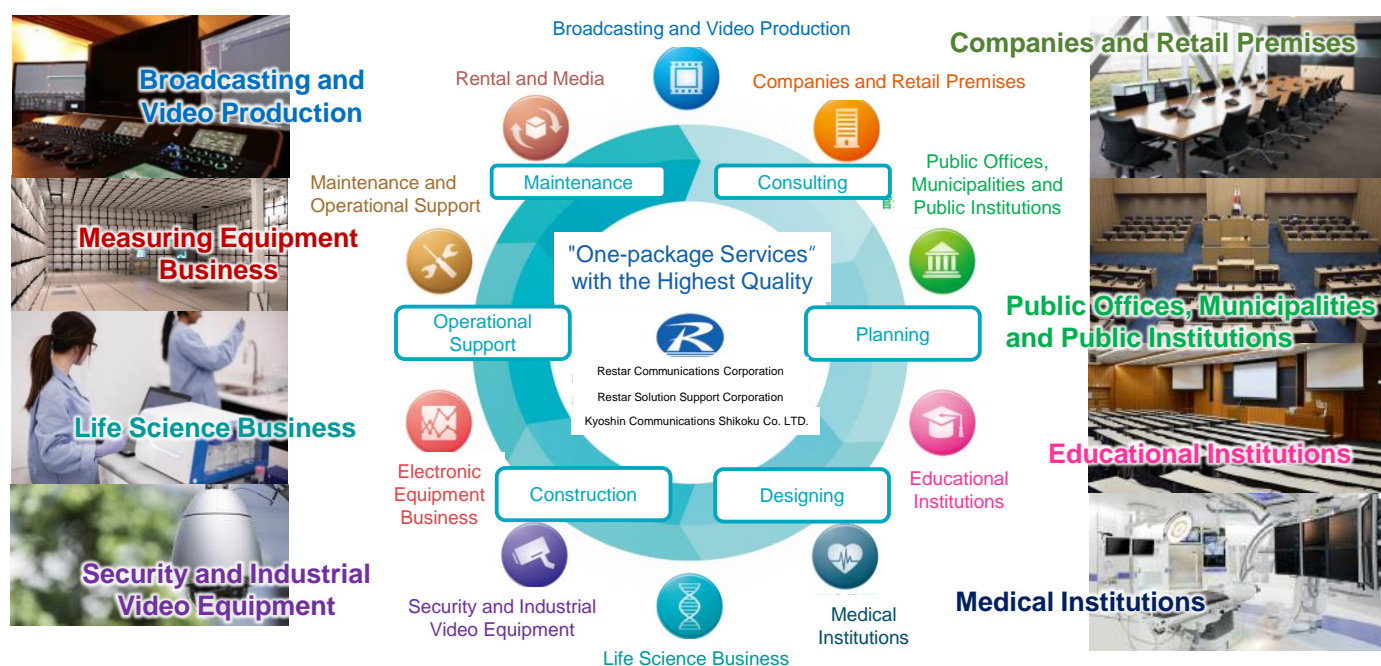
### Electronic Equipment (4.0% of sales / minus 1.9% of segment profit)

For Q1 to Q2 FY03/2023, the Electronic Equipment (sale and installation of electronic / system equipment) side saw sales of ¥9,707m (up 9.4%), segment profit of minus ¥166m (versus ¥33m during the same period of the previous year) and segment profit margin of minus 1.7% (down 2.1% points). Meanwhile, for the actual results of Q1 to Q2, sales of electronic equipment came in at ¥8,055m (up 5.4% / 83.0% of total) and sales of system equipment came in at ¥1,652m (up 34.9% / 17.0%).

#### Electronic Equipment / Sales Breakdown



#### Electronic Equipment / Targeting to Become the Leader of Vision and Sound



Source: Company Data, WRJ Calculation



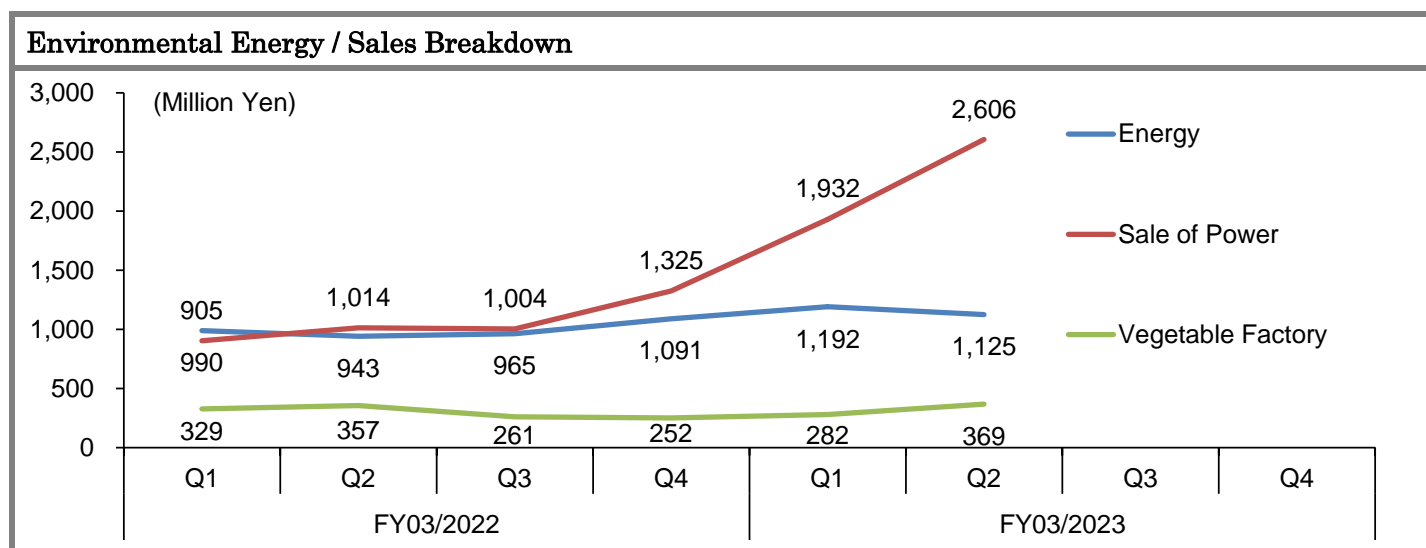
With respect to the mainstay electronic equipment, where the Company advocates “targeting to become the leader of vision and sound,” sales increased as it has successfully captured growing demand associated with medical institutions, while having made progress in acquisition of new projects. On the other hand, the Company also noted that the continuing shortage of semiconductors has forced delays in large-sized projects and the delivery of systems. However, the positive factors mentioned above appear to have more than compensated for this in terms of the scale of sales. Meanwhile, the Company has suffered from increase in costs due to additional person-hours required for installation of electronic equipment for a specific project, while having also suffered from increase in costs as a result of yen’s depreciation and increase in SG&A expenses. Consequently, all those issues have become the key reason why the Company has fallen into the red on the Electronic Equipment side.

With respect to system equipment, sales have increased significantly, but this had a limited impact to performance on the Electronic Equipment side as the scale of sales has remained insignificant. By the way, the main reasons for the large increase in sales were steady increase in demand for access control terminals for office use and the addition of sales of overseas-made payment terminals through Cardservice Inc. newly acquired as consolidated subsidiary at the beginning of FY03/2023.

According to the Company, sales and segment profit on the Electronic Equipment side in the actual results for Q1 to Q2 were below assumptions (undisclosed) of initial Company forecasts and will inevitably suffer from performance below expectations on a full-year basis. With respect to the mainstay electronic equipment, the shortage of semiconductors has caused sales opportunities to be pushed back to a greater extent than initially expected, resulting in shortage of sales, while expectations for sales are to be met for system equipment, according to the Company. For the shortfall in terms of earnings, the Company is to be negatively affected by higher import purchase costs due to yen’s depreciation in addition to lower sales of the mainstay electronic equipment.

### Environmental Energy (3.1% of sales / minus 5.7% of segment profit)

For Q1 to Q2 FY03/2023, the Environmental Energy (energy / sale of power / vegetable factory) side saw sales of ¥7,506m (up 65.4%), segment profit of minus ¥498m (versus ¥346m during the same period in previous year) and segment profit margin of minus 6.6% (down 14.3% points). For the actual results of Q1 to Q2, sales of energy (renewable power generation) came in at ¥2,317m (up 19.9% / 30.9% of total), while sales of sale of power (electricity retailing) came in at ¥4,538m (up 136.5% / 60.5%) and sales of vegetable factory (production and sale of vegetables) came in at ¥651m (down 5.1% / 88.7%).



Source: Company Data, WRJ Calculation

With respect to energy (renewable power generation), sales increased due to steady increase in total power generation of the mainstay mega-solar power stations due to startup of new facilities in Japan and overseas. The Company saw 151 MW (up 3.4%) in Japan and 32 MW (up 77.9%) overseas, for a total of 183 MW (up 11.6%) for the Company as a whole. By the way, when sales to sale of power (electricity retailing) are included, sales of energy (renewable power generation) came in at ¥2,971m (up 14.1%), according to the Company. In other words, the operations of energy (renewable power generation) not only sells electricity to external customers, but also provides electricity to internal Power Producer and Supplier (PPS). By the way, considering the above-mentioned data, it should be the case that external sales have accounted for some 80% of total and some 20% for internal consumption. Meanwhile, the Company is currently going for prospective performance of energy (renewable power generation) for FY03/2023 as favorable as assumed in initial Company forecasts.

With respect to sale of power (electricity retailing), the Company runs the operations as so-called Power Producer and Supplier (PPS). For the Q1 to Q2 actual results, sales surged, but earnings dramatically deteriorated, having become the key reason why the Company has fallen into the red on the Environmental Energy side. According to the Company, sales expanded in line with increased needs for electricity mainly from the public sector, which was far more than offset for earnings by the sharp rise in electricity procurement prices due to the higher prices of natural resources. For H2, the Company will make the best effort to revise selling prices of electricity for customers in light of profitability of each for the sake of cutting back on loss as much as possible. Still, it will be inevitable to suffer from earnings worse than assumptions of initial Company forecasts and thus the same for that of the Environmental Energy side as a whole, according to the Company.

With respect to vegetable factory (production and sale of vegetables), the Company runs five locations of completely closed vegetable factory in Japan as the key operations, where it raises vegetables, represented by green leaf lettuce, for sale. For the actual results of Q1 to Q2, sales stagnated as it suffered from delays in mass-production of new products. According to the Company, demand from supermarkets and the food service industry has been growing, but this is not sufficient enough to compensate for the above-mentioned negative factor. Consequently, sales for the Q1 to Q2 actual results have fallen short of assumptions (undisclosed) of initial Company forecasts and shortfall will be unavoidable on a full-year basis. This will be the case for earnings too, particularly when considering that the Company suffers from unexpected increase in cost due to higher electricity prices.

## Locations of Vegetable Factory



Source: Company Data

## Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
<b>Sales</b>	<b>91,692</b>	<b>192,616</b>	<b>296,260</b>	<b>399,590</b>	<b>112,552</b>	<b>239,795</b>	-	-	<b>+47,179</b>
Cost of Sales	85,452	178,703	274,107	369,407	102,379	218,972	-	-	+40,269
Gross Profit	6,240	13,913	22,153	30,183	10,173	20,822	-	-	+6,909
SG&A Expenses	4,932	10,495	16,090	22,595	6,105	12,371	-	-	+1,876
<b>Operating Profit</b>	<b>1,307</b>	<b>3,417</b>	<b>6,062</b>	<b>7,588</b>	<b>4,067</b>	<b>8,450</b>	-	-	<b>+5,033</b>
Non Operating Balance	(29)	(177)	(542)	(877)	(394)	29	-	-	+206
<b>Recurring Profit</b>	<b>1,278</b>	<b>3,240</b>	<b>5,520</b>	<b>6,711</b>	<b>3,673</b>	<b>8,479</b>	-	-	<b>+5,239</b>
Extraordinary Balance	1,709	1,748	1,973	1,825	(107)	(643)	-	-	(2,391)
Profit before Income Taxes	2,987	4,988	7,493	8,536	3,566	7,836	-	-	+2,848
Total Income Taxes	545	1,091	2,080	2,634	1,301	3,033	-	-	+1,942
NP Belonging to Non-Controlling SHs	(79)	(59)	(4)	(54)	28	170	-	-	+229
<b>Profit Attributable to Owners of Parent</b>	<b>2,520</b>	<b>3,956</b>	<b>5,416</b>	<b>5,957</b>	<b>2,236</b>	<b>4,632</b>	-	-	<b>+676</b>
Sales YoY	+33.5%	+30.7%	+26.2%	+23.4%	+22.8%	+24.5%	-	-	-
Operating Profit YoY	+28.7%	+13.5%	+24.1%	+21.6%	+211.0%	+147.3%	-	-	-
Recurring Profit YoY	+18.1%	+17.5%	+27.0%	+18.0%	+187.4%	+161.7%	-	-	-
Profit Attributable to Owners of Parent YoY	+238.0%	+99.4%	(25.5%)	+46.9%	(11.3%)	+17.1%	-	-	-
Gross Profit Margin	6.8%	7.2%	7.5%	7.6%	9.0%	8.7%	-	-	+1.5%
SG&A Ratio	5.4%	5.4%	5.4%	5.7%	5.4%	5.2%	-	-	(0.3%)
Operating Profit Margin	1.4%	1.8%	2.0%	1.9%	3.6%	3.5%	-	-	+1.7%
Recurring Profit Margin	1.4%	1.7%	1.9%	1.7%	3.3%	3.5%	-	-	+1.9%
Profit Attributable to Owners of Parent Margin	2.7%	2.1%	1.8%	1.5%	2.0%	1.9%	-	-	(0.1%)
Total Income Taxes / Profit before Income Taxes	18.2%	21.9%	27.8%	30.9%	36.5%	38.7%	-	-	+16.8%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
<b>Sales</b>	<b>91,692</b>	<b>100,924</b>	<b>103,644</b>	<b>103,330</b>	<b>112,552</b>	<b>127,243</b>	-	-	<b>+26,319</b>
Cost of Sales	85,452	93,251	95,404	95,300	102,379	116,593	-	-	+23,342
Gross Profit	6,240	7,673	8,240	8,030	10,173	10,649	-	-	+2,976
SG&A Expenses	4,932	5,563	5,595	6,505	6,105	6,266	-	-	+703
<b>Operating Profit</b>	<b>1,307</b>	<b>2,110</b>	<b>2,645</b>	<b>1,526</b>	<b>4,067</b>	<b>4,383</b>	-	-	<b>+2,273</b>
Non Operating Balance	(29)	(148)	(365)	(335)	(394)	423	-	-	+571
<b>Recurring Profit</b>	<b>1,278</b>	<b>1,962</b>	<b>2,280</b>	<b>1,191</b>	<b>3,673</b>	<b>4,806</b>	-	-	<b>+2,844</b>
Extraordinary Balance	1,709	39	225	(148)	(107)	(536)	-	-	(575)
Profit before Income Taxes	2,987	2,001	2,505	1,043	3,566	4,270	-	-	+2,269
Total Income Taxes	545	546	989	554	1,301	1,732	-	-	+1,186
NP Belonging to Non-Controlling SHs	(79)	20	55	(50)	28	142	-	-	+122
<b>Profit Attributable to Owners of Parent</b>	<b>2,520</b>	<b>1,436</b>	<b>1,460</b>	<b>541</b>	<b>2,236</b>	<b>2,396</b>	-	-	<b>+960</b>
Sales YoY	+33.5%	+28.3%	+18.4%	+16.1%	+22.8%	+26.1%	-	-	-
Operating Profit YoY	+28.7%	+5.7%	+41.3%	+12.7%	+211.0%	+107.7%	-	-	-
Recurring Profit YoY	+18.1%	+17.1%	+43.5%	(11.3%)	+187.4%	+145.0%	-	-	-
Profit Attributable to Owners of Parent YoY	+238.0%	+16.0%	(72.4%)	-	(11.3%)	+66.9%	-	-	-
Gross Profit Margin	6.8%	7.6%	8.0%	7.8%	9.0%	8.4%	-	-	+0.8%
SG&A Ratio	5.4%	5.5%	5.4%	6.3%	5.4%	4.9%	-	-	(0.6%)
Operating Profit Margin	1.4%	2.1%	2.6%	1.5%	3.6%	3.4%	-	-	+1.4%
Recurring Profit Margin	1.4%	1.9%	2.2%	1.2%	3.3%	3.8%	-	-	+1.8%
Profit Attributable to Owners of Parent Margin	2.7%	1.4%	1.4%	0.5%	2.0%	1.9%	-	-	+0.5%
Total Income Taxes / Profit before Income Taxes	18.2%	27.3%	39.5%	53.1%	36.5%	40.6%	-	-	+13.3%

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative / Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023		
Semiconductors & Electronic Components	65,828	139,628	215,433	288,078	84,025	174,939	-	-		+35,311
Procurement	19,960	39,577	60,969	81,527	21,905	47,640	-	-		+8,063
Electronic Equipment	3,678	8,870	13,089	20,546	3,214	9,707	-	-		+837
Environmental Energy	2,224	4,539	6,768	9,437	3,407	7,506	-	-		+2,967
Adjustment	-	-	-	-	-	-	-	-		-
<b>Sales</b>	<b>91,692</b>	<b>192,616</b>	<b>296,260</b>	<b>399,590</b>	<b>112,552</b>	<b>239,795</b>	-	-		<b>+47,179</b>
Semiconductors & Electronic Components	1,597	3,469	6,232	7,883	3,835	7,679	-	-		+4,210
Procurement	185	241	517	798	661	1,666	-	-		+1,425
Electronic Equipment	(206)	33	(42)	426	(376)	(166)	-	-		(199)
Environmental Energy	198	346	265	236	51	(498)	-	-		(844)
<b>Segment Profit</b>	<b>1,775</b>	<b>4,091</b>	<b>6,973</b>	<b>9,344</b>	<b>4,172</b>	<b>8,682</b>	-	-		<b>+4,591</b>
Adjustment	(467)	(673)	(910)	(1,756)	(104)	(231)	-	-		+442
<b>Operating Profit</b>	<b>1,307</b>	<b>3,417</b>	<b>6,062</b>	<b>7,588</b>	<b>4,067</b>	<b>8,450</b>	-	-		<b>+5,033</b>
Semiconductors & Electronic Components	2.4%	2.5%	2.9%	2.7%	4.6%	4.4%	-	-		+1.9%
Procurement	0.9%	0.6%	0.8%	1.0%	3.0%	3.5%	-	-		+2.9%
Electronic Equipment	(5.6%)	0.4%	(0.3%)	2.1%	(11.7%)	(1.7%)	-	-		(2.1%)
Environmental Energy	8.9%	7.6%	3.9%	2.5%	1.5%	(6.6%)	-	-		(14.3%)
<b>Segment Profit Margin</b>	<b>1.9%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>3.7%</b>	<b>3.6%</b>	-	-		<b>+1.5%</b>
Adjustment	(0.5%)	(0.3%)	(0.3%)	(0.4%)	(0.1%)	(0.1%)	-	-		+0.3%
<b>Operating Profit Margin</b>	<b>1.4%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>3.6%</b>	<b>3.5%</b>	-	-		<b>+1.7%</b>

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023		
Semiconductors & Electronic Components	65,828	73,800	75,805	72,645	84,025	90,914	-	-		+17,114
Procurement	19,960	19,617	21,392	20,558	21,905	25,735	-	-		+6,118
Electronic Equipment	3,678	5,192	4,219	7,457	3,214	6,493	-	-		+1,301
Environmental Energy	2,224	2,315	2,229	2,669	3,407	4,099	-	-		+1,784
Adjustment	-	-	-	-	-	-	-	-		-
<b>Sales</b>	<b>91,692</b>	<b>100,924</b>	<b>103,644</b>	<b>103,330</b>	<b>112,552</b>	<b>127,243</b>	-	-		<b>+26,319</b>
Semiconductors & Electronic Components	1,597	1,872	2,763	1,651	3,835	3,844	-	-		+1,972
Procurement	185	56	276	281	661	1,005	-	-		+949
Electronic Equipment	(206)	239	(75)	468	(376)	210	-	-		(29)
Environmental Energy	198	148	(81)	(29)	51	(549)	-	-		(697)
<b>Segment Profit</b>	<b>1,775</b>	<b>2,316</b>	<b>2,882</b>	<b>2,371</b>	<b>4,172</b>	<b>4,510</b>	-	-		<b>+2,194</b>
Adjustment	(467)	(206)	(237)	(846)	(104)	(127)	-	-		+79
<b>Operating Profit</b>	<b>1,307</b>	<b>2,110</b>	<b>2,645</b>	<b>1,526</b>	<b>4,067</b>	<b>4,383</b>	-	-		<b>+2,273</b>
Semiconductors & Electronic Components	2.4%	2.5%	3.6%	2.3%	4.6%	4.2%	-	-		+1.7%
Procurement	0.9%	0.3%	1.3%	1.4%	3.0%	3.9%	-	-		+3.6%
Electronic Equipment	(5.6%)	4.6%	(1.8%)	6.3%	(11.7%)	3.2%	-	-		(1.4%)
Environmental Energy	8.9%	6.4%	(3.6%)	(1.1%)	1.5%	(13.4%)	-	-		(19.8%)
<b>Segment Profit Margin</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.8%</b>	<b>2.3%</b>	<b>3.7%</b>	<b>3.5%</b>	-	-		<b>+1.2%</b>
Adjustment	(0.5%)	(0.2%)	(0.2%)	(0.8%)	(0.1%)	(0.1%)	-	-		+0.1%
<b>Operating Profit Margin</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.6%</b>	<b>1.5%</b>	<b>3.6%</b>	<b>3.4%</b>	-	-		<b>+1.4%</b>

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
(Million Yen)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Cash & Deposit	34,222	32,337	33,286	33,438	39,828	28,517	-	-	(3,820)
Accounts Receivables	74,610	77,523	83,901	84,840	93,422	102,967	-	-	+25,444
Inventory	37,173	43,286	51,372	54,402	68,785	73,476	-	-	+30,190
Other	12,493	12,489	12,191	12,845	20,055	16,533	-	-	+4,044
<b>Current Assets</b>	<b>158,498</b>	<b>165,635</b>	<b>180,750</b>	<b>185,525</b>	<b>222,090</b>	<b>221,493</b>	-	-	<b>+55,858</b>
Tangible Assets	20,399	24,966	26,915	26,862	28,624	27,055	-	-	+2,089
Intangible Assets	11,296	11,063	10,806	11,362	11,628	11,320	-	-	+257
Investments & Other Assets	14,521	15,068	14,908	18,207	18,924	19,172	-	-	+4,104
<b>Fixed Assets</b>	<b>46,217</b>	<b>51,098</b>	<b>52,630</b>	<b>56,432</b>	<b>59,177</b>	<b>57,548</b>	-	-	<b>+6,450</b>
<b>Total Assets</b>	<b>204,715</b>	<b>216,734</b>	<b>233,380</b>	<b>241,958</b>	<b>281,268</b>	<b>279,042</b>	-	-	<b>+62,308</b>
Accounts Payables	52,068	57,543	57,159	51,581	58,881	59,333	-	-	+1,790
Short Term Debt	42,207	51,574	65,114	76,489	104,714	95,932	-	-	+44,358
Other	12,948	10,504	11,686	11,276	14,488	16,202	-	-	+5,698
<b>Current Liabilities</b>	<b>107,223</b>	<b>119,621</b>	<b>133,959</b>	<b>139,346</b>	<b>178,083</b>	<b>171,467</b>	-	-	<b>+51,846</b>
Long Term Debt	5,593	5,424	5,223	7,805	8,533	11,488	-	-	+6,064
Lease Debt	8,445	8,203	7,982	7,757	7,644	7,439	-	-	(764)
Other	5,739	5,540	5,354	5,392	5,433	5,370	-	-	(170)
<b>Fixed Liabilities</b>	<b>19,777</b>	<b>19,167</b>	<b>18,559</b>	<b>20,954</b>	<b>21,610</b>	<b>24,297</b>	-	-	<b>+5,130</b>
<b>Total Liabilities</b>	<b>127,001</b>	<b>138,789</b>	<b>152,519</b>	<b>160,301</b>	<b>199,694</b>	<b>195,765</b>	-	-	<b>+56,976</b>
<b>Shareholders' Equity</b>	<b>71,512</b>	<b>72,951</b>	<b>74,170</b>	<b>74,773</b>	<b>75,082</b>	<b>78,519</b>	-	-	<b>+5,568</b>
Other	6,202	4,993	6,691	6,884	6,492	4,758	-	-	(235)
<b>Net Assets</b>	<b>77,714</b>	<b>77,944</b>	<b>80,861</b>	<b>81,657</b>	<b>81,574</b>	<b>83,277</b>	-	-	<b>+5,333</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>204,715</b>	<b>216,734</b>	<b>233,380</b>	<b>241,958</b>	<b>281,268</b>	<b>279,042</b>	-	-	<b>+62,308</b>
Equity Capital	74,097	75,381	76,878	77,586	77,499	79,076	-	-	+3,695
Interest Bearing Debt	47,800	56,998	70,337	84,294	113,247	107,420	-	-	+50,422
Net Debt	13,578	24,661	37,051	50,856	73,419	78,903	-	-	+54,242
Equity Ratio	36.2%	34.8%	32.9%	32.1%	27.6%	28.3%	-	-	-
Net Debt Equity Ratio	18.3%	32.7%	48.2%	65.5%	94.7%	99.8%	-	-	-
ROE (12 months)	8.1%	8.2%	2.9%	7.9%	7.5%	8.6%	-	-	-
ROA (12 months)	3.0%	3.1%	3.3%	3.1%	3.7%	4.8%	-	-	-
Days for Inventory Turnover	40	42	49	52	61	58	-	-	-
Quick Ratio	102%	92%	87%	85%	75%	77%	-	-	-
Current Ratio	148%	138%	135%	133%	125%	129%	-	-	-

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

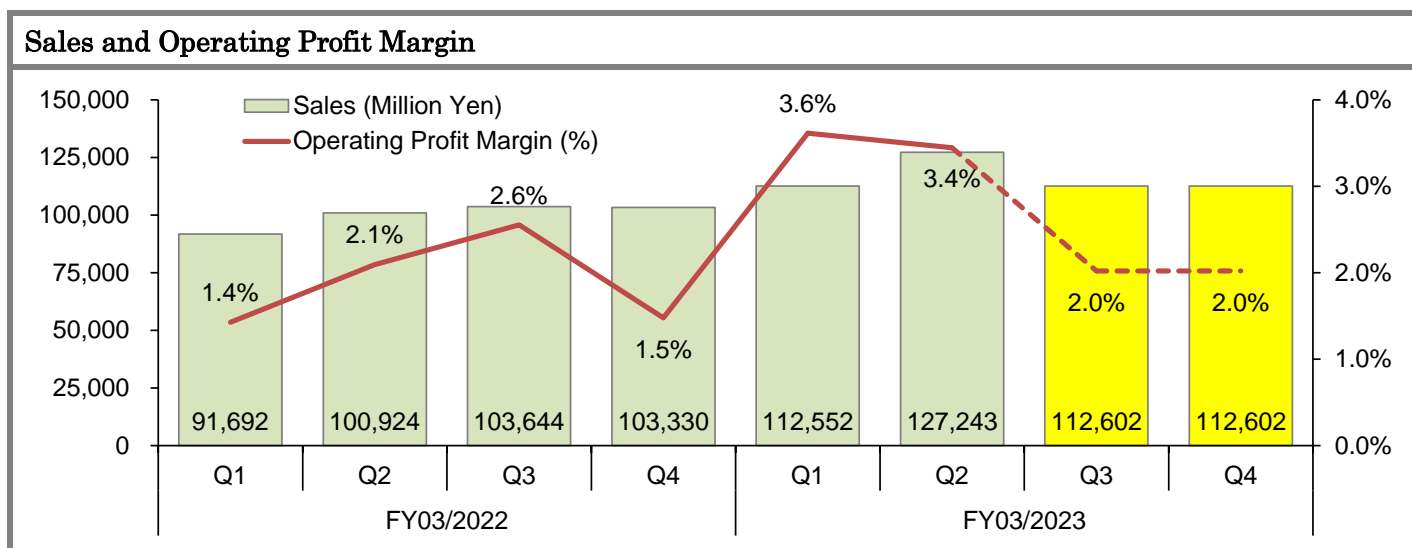
Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	
(Million Yen)	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	Net Chg.
Operating Cash Flow	-	(7,711)	-	(26,625)	-	(16,251)	-	-	(8,540)
Investing Cash Flow	-	(8,853)	-	(16,167)	-	(875)	-	-	+7,978
<b>Operating CF and Investing CF</b>	<b>-</b>	<b>(16,564)</b>	<b>-</b>	<b>(42,792)</b>	<b>-</b>	<b>(17,126)</b>	<b>-</b>	<b>-</b>	<b>(562)</b>
Financing Cash Flow	-	8,583	-	34,488	-	10,658	-	-	+2,075

Source: Company Data, WRJ Calculation



### FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 10 November 2022) are going for prospective sales of ¥465,000m (up 16.4% YoY), operating profit of ¥13,000m (up 71.3%), recurring profit of ¥12,000m (up 78.8%) and profit attributable to owners of parent of ¥7,000m (up 17.5%), while operating profit margin of 2.8% (up 0.9% points). At the same time, Company forecasts are going for planned annual dividend of ¥100.00 per share, implying payout ratio of 43.0%.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2023: H2 Company forecasts, pro rata)

Compared with initial Company forecasts (announced on 11 May 2022), prospective sales have been upgraded by ¥20,000m (4.5%) and by ¥4,500m (52.9%) for operating profit. By the way, planned annual dividend has been upgraded by ¥10.00 from ¥90.00 to ¥100.00 as above-mentioned. Meanwhile, the Company suggests that the reason for the upgrade is that the actual results for Q1 to Q2 were significantly better than assumptions (undisclosed) of initial Company forecasts as well as that there is an aspect of having upgraded full-year Company forecasts to a corresponding extent. Consequently, it appears that assumptions for H2 have effectively unchanged from those of initial Company forecasts.

As mentioned earlier, the Company has seen more than 100% of segment profit as a whole in terms of the actual results for Q1 to Q2, collectively stemming from the Semiconductors & Electronic Components (sale of devices / operations of EMS) side and the Procurement (provision of supply chain management as services) side (the latter has similar nature in the business model as the former). Thus, it should be the case that prospective performance for the Company as a whole will hinge on that of the two segments to a large extent. Meanwhile, with respect to the rest, i.e., the Electronic Equipment (sale and installation of electronic / system equipment) side and the Environmental Energy (energy / sale of power / vegetable factory) side, the Company suggests that it has suffered from performance below expectations in the actual results for Q1 to Q2 and this trend will inevitably continue into H2. However, the Company's performance as whole has been roughly immune to that of all those operations and it should be the case that the overshoots on the Semiconductors & Electronic Components side and the Procurement side are considered to be far more than compensating.

## FY03/2023 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2023CoE	11-May-22	Q4 Results	445,000	8,500	7,500	6,000
FY03/2023CoE	10-Aug-22	Q1 Results	445,000	8,500	7,500	6,000
FY03/2023CoE	10-Nov-22	Q2 Results	465,000	13,000	12,000	7,000
		Amount of Gap	20,000	4,500	4,500	1,000
		Rate of Gap	4.5%	52.9%	60.0%	16.7%
FY03/2023CoE	11-May-22	Q4 Results	445,000	8,500	7,500	6,000
FY03/2023CoE	10-Nov-22	Q2 Results	465,000	13,000	12,000	7,000
		Amount of Gap	20,000	4,500	4,500	1,000
		Rate of Gap	4.5%	52.9%	60.0%	16.7%
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2023CoE	11-May-22	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2023CoE	10-Aug-22	Q1 Results	-	-	-	-
Q1 to Q2 FY03/2023Act	10-Nov-22	Q2 Results	239,795	8,450	8,479	4,632
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q1 to Q2 FY03/2023CoE	11-May-22	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2023Act	10-Nov-22	Q2 Results	239,795	8,450	8,479	4,632
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2023CoE	11-May-22	Q4 Results	-	-	-	-
Q3 to Q4 FY03/2023CoE	10-Aug-22	Q1 Results	-	-	-	-
Q3 to Q4 FY03/2023CoE	10-Nov-22	Q2 Results	225,205	4,550	3,521	2,368
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q3 to Q4 FY03/2023CoE	11-May-22	Q4 Results	-	-	-	-
Q3 to Q4 FY03/2023CoE	10-Nov-22	Q2 Results	225,205	4,550	3,521	2,368
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-

Source: Company Data, WRJ Calculation

## 5.0 Financial Statements

### Income Statement

Income Statement	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
<b>Sales</b>	<b>301,449</b>	<b>205,771</b>	<b>379,548</b>	<b>323,815</b>	<b>399,590</b>	<b>465,000</b>	<b>+65,410</b>
Cost of Sales	285,678	190,257	353,897	298,693	369,407	-	-
Gross Profit	15,771	15,513	25,651	25,122	30,183	-	-
SG&A Expenses	11,386	11,005	19,013	18,883	22,595	-	-
<b>Operating Profit</b>	<b>4,384</b>	<b>4,508</b>	<b>6,637</b>	<b>6,238</b>	<b>7,588</b>	<b>13,000</b>	<b>+5,412</b>
Non Operating Balance	(476)	(310)	2,388	(549)	(877)	(1,000)	(123)
<b>Recurring Profit</b>	<b>3,908</b>	<b>4,198</b>	<b>9,025</b>	<b>5,689</b>	<b>6,711</b>	<b>12,000</b>	<b>+5,289</b>
Extraordinary Balance	(642)	(1,252)	(1,007)	(1,355)	1,825	-	-
Profit before Income Taxes	3,266	2,946	8,018	4,334	8,536	-	-
Total Income Taxes	1,098	701	2,321	752	2,634	-	-
Longing to Non-Controlling SHs	38	52	(25)	(472)	(54)	-	-
<b>Profit Attributable to Owners of Parent</b>	<b>2,129</b>	<b>2,192</b>	<b>5,722</b>	<b>4,054</b>	<b>5,957</b>	<b>7,000</b>	<b>+1,043</b>
Sales YoY	-	(31.7%)	+84.5%	(14.7%)	+23.4%	+16.4%	-
Operating Profit YoY	-	+2.8%	+47.2%	(6.0%)	+21.6%	+71.3%	-
Recurring Profit YoY	-	+7.4%	+115.0%	(37.0%)	+18.0%	+78.8%	-
Profit Attributable to Owners of Parent YoY	-	+3.0%	+161.0%	(29.1%)	+46.9%	+17.5%	-
Profit Margin	5.2%	7.5%	6.8%	7.8%	7.6%	-	-
Ratio	3.8%	5.3%	5.0%	5.8%	5.7%	-	-
Operating Profit Margin	1.5%	2.2%	1.7%	1.9%	1.9%	2.8%	+0.9%
Operating Profit Margin	1.3%	2.0%	2.4%	1.8%	1.7%	2.6%	+0.9%
Profit Attributable to Owners of Parent Margin	0.7%	1.1%	1.5%	1.3%	1.5%	1.5%	+0.01%
Total Income Taxes / Profit before Income Taxes	33.6%	23.8%	28.9%	17.4%	30.9%	-	-

Source: Company Data, WRJ Calculation

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### Segmented Information

Segmented Information	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Semiconductors & Electronic Components	-	185,287	273,530	223,896	288,078	-	-
Procurement	-	-	73,376	71,101	81,527	-	-
Electronic Equipment	-	20,483	21,753	19,444	20,546	-	-
Environmental Energy	-	-	10,883	9,370	9,437	-	-
Adjustment	-	-	4	2	-	-	-
<b>Sales</b>	<b>301,449</b>	<b>205,771</b>	<b>379,548</b>	<b>323,815</b>	<b>399,590</b>	<b>465,000</b>	<b>+65,410</b>
Semiconductors & Electronic Components	-	3,955	4,406	6,719	7,883	-	-
Procurement	-	-	386	(127)	798	-	-
Electronic Equipment	-	739	1,060	818	426	-	-
Environmental Energy	-	-	580	(344)	236	-	-
<b>Segment Profit</b>	<b>-</b>	<b>4,694</b>	<b>6,434</b>	<b>7,065</b>	<b>9,344</b>	<b>-</b>	<b>-</b>
Adjustment	-	(186)	203	(826)	(1,756)	-	-
<b>Operating Profit</b>	<b>4,384</b>	<b>4,508</b>	<b>6,637</b>	<b>6,238</b>	<b>7,588</b>	<b>13,000</b>	<b>+5,412</b>
Semiconductors & Electronic Components	-	2.1%	1.6%	3.0%	2.7%	-	-
Procurement	-	-	0.5%	(0.2%)	1.0%	-	-
Electronic Equipment	-	3.6%	4.9%	4.2%	2.1%	-	-
Environmental Energy	-	-	5.3%	(3.7%)	2.5%	-	-
<b>Segment Profit Margin</b>	<b>-</b>	<b>2.3%</b>	<b>1.7%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-</b>	<b>-</b>
Adjustment	-	(0.1%)	0.1%	(0.3%)	(0.4%)	-	-
<b>Operating Profit Margin</b>	<b>1.5%</b>	<b>2.2%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.8%</b>	<b>+0.9%</b>

Source: Company Data, WRJ Calculation

### Balance Sheet

Balance Sheet	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Cash & Deposit	18,162	13,511	21,195	40,203	33,438	-	-
Accounts Receivables	62,165	50,583	71,777	65,606	84,840	-	-
Inventory	22,459	20,983	35,571	29,942	54,402	-	-
Other	4,640	3,212	5,394	10,382	12,845	-	-
<b>Current Assets</b>	<b>107,426</b>	<b>88,289</b>	<b>133,937</b>	<b>146,133</b>	<b>185,525</b>	-	-
Tangible Assets	3,100	3,219	20,442	19,404	26,862	-	-
Intangible Assets	263	416	13,329	11,560	11,362	-	-
Investments & Other Assets	5,353	5,434	29,343	13,288	18,207	-	-
<b>Fixed Assets</b>	<b>8,717</b>	<b>9,071</b>	<b>63,116</b>	<b>44,252</b>	<b>56,432</b>	-	-
<b>Total Assets</b>	<b>116,144</b>	<b>97,361</b>	<b>197,053</b>	<b>190,385</b>	<b>241,958</b>	-	-
Accounts Payables	32,554	25,130	42,826	44,878	51,581	-	-
Short Term Debt	37,818	28,095	50,494	39,262	76,489	-	-
Other	4,966	4,653	10,112	9,955	11,276	-	-
<b>Current Liabilities</b>	<b>75,338</b>	<b>57,878</b>	<b>103,432</b>	<b>94,095</b>	<b>139,346</b>	-	-
Long Term Debt	-	-	4,765	5,602	7,805	-	-
Lease Debt	199	221	9,603	8,696	7,757	-	-
Other	837	403	5,484	5,733	5,392	-	-
<b>Fixed Liabilities</b>	<b>1,036</b>	<b>624</b>	<b>19,852</b>	<b>20,031</b>	<b>20,954</b>	-	-
<b>Total Liabilities</b>	<b>76,375</b>	<b>58,502</b>	<b>123,285</b>	<b>114,127</b>	<b>160,301</b>	-	-
<b>Shareholders' Equity</b>	<b>34,918</b>	<b>35,657</b>	<b>68,779</b>	<b>70,476</b>	<b>74,773</b>	-	-
Other	4,850	3,201	4,989	5,782	6,884	-	-
<b>Net Assets</b>	<b>39,768</b>	<b>38,858</b>	<b>73,768</b>	<b>76,258</b>	<b>81,657</b>	-	-
<b>Total Liabilities &amp; Net Assets</b>	<b>116,144</b>	<b>97,361</b>	<b>197,053</b>	<b>190,385</b>	<b>241,958</b>	-	-
Equity Capital	39,337	38,397	70,384	73,401	77,586	-	-
Interest Bearing Debt	37,818	28,095	55,259	44,864	84,294	-	-
Net Debt	19,656	14,584	34,064	4,661	50,856	-	-
Equity Ratio	33.9%	39.4%	35.7%	38.6%	32.1%	-	-
Net Debt Equity Ratio	50.0%	38.0%	48.4%	6.4%	65.5%	-	-
ROE (12 months)	5.6%	5.6%	8.3%	5.6%	7.9%	-	-
ROA (12 months)	3.3%	3.9%	4.8%	2.9%	3.1%	-	-
Days for Inventory Turnover	29	40	37	37	54	-	-
Quick Ratio	107%	111%	90%	112%	85%	-	-
Current Ratio	143%	153%	129%	155%	133%	-	-

Source: Company Data, WRJ Calculation

### Cash Flow Statement

Cash Flow Statement	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Operating Cash Flow	(3,793)	10,067	16,591	20,133	(26,625)	-	-
Investing Cash Flow	(176)	(1,199)	(16,386)	13,542	(16,167)	-	-
<b>Operating CF and Investing CF</b>	<b>(3,969)</b>	<b>8,868</b>	<b>205</b>	<b>33,675</b>	<b>(42,792)</b>	-	-
Financing Cash Flow	2,247	(13,133)	2,683	(15,337)	34,488	-	-

Source: Company Data, WRJ Calculation

## Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	Cons.CoE FY 03/2023	YoY Net Chg.
No. of Shares FY End (thousand shares)	15,700	15,700	30,073	30,073	30,073	-	-
Earnings (thousand shares)	15,696	15,692	30,064	30,063	30,068	-	-
Treasury Shares FY End (thousand shares)	3	4	4	4	4	-	-
Earnings per Share	135.64	139.69	190.33	134.85	198.12	232.80	-
Earnings per Share (fully diluted)	-	-	-	-	197.31	-	-
Book Value per Share	2,506.08	2,446.29	2,340.78	2,441.16	2,580.33	-	-
Dividend per Share	60.00	100.00	80.00	85.00	100.00	100.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	Cons.CoE FY 03/2023	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings per Share	135.64	139.69	190.33	134.85	198.12	232.80	-
Book Value per Share	2,506.08	2,446.29	2,340.78	2,441.16	2,580.33	-	-
Dividend per Share	60.00	100.00	80.00	85.00	100.00	100.00	-
Payout Ratio	44.2%	71.6%	42.0%	63.0%	50.5%	43.0%	-

Source: Company Data, WRJ Calculation

## Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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