

May 11, 2023

Summary of Consolidated Financial Results for the Year Ended March 2023 [Japan GAAP]

Name of Company: KAGA ELECTRONICS CO., LTD.
 Stock Code: 8154 URL: <https://www.taxan.co.jp/>
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
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 Date of regular general meeting of shareholders: June 27, 2023 (tentative)
 Date of commencement of dividend payment: June 28, 2023 (tentative)
 Date of filing of securities report: June 27, 2023 (tentative)
 Supplementary explanatory documents: Yes
 Earnings presentation: Yes (For institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the current fiscal year (April 1, 2022 - March 31, 2023)

(1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2023	608,064	22.6	32,249	54.2	32,739	52.6	23,070	49.8
Fiscal year ended March 2022	495,827	17.4	20,915	82.4	21,456	90.9	15,401	35.1

Note: Comprehensive income: FY ended March 31, 2023: 28,472 million yen [37.2%] FY ended March 31, 2022: 20,745 million yen [47.0%]

	Earnings per share	Earnings per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2023	878.65	—	19.6	11.7	5.3
Fiscal year ended March 2022	576.46	—	15.7	8.4	4.2

Ref.: Share of profit/loss of entities accounted for using equity method: FY ended March 2023: 97 million yen FY ended March 2022: (472) million yen

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	286,217	129,737	45.3	4,935.36
As of March 31, 2022	272,139	105,800	38.8	4,026.22

Ref.: Shareholders' equity : FY ended March 2023: 129,608 million yen FY ended March 2022: 105,680 million yen

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2023	30,569	(4,805)	(15,549)	50,307
Fiscal year ended March 2022	(1,554)	(6,772)	1,155	39,240

2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2022	—	45.00	—	75.00	120.00	3,149	20.8	3.3
Fiscal year ended March 2023	—	100.00	—	120.00	220.00	5,777	25.0	4.9
Fiscal year ending March 2024 (Forecast)	—	110.00	—	110.00	220.00		32.1	

Notes: Breakdown of interim dividend for FY3/2022: Ordinary dividend: 40.00 yen; Extraordinary dividend: 5.00 yen
 Breakdown of year-end dividend for FY3/2022: Ordinary dividend: 40.00 yen; Extraordinary dividend: 35.00 yen
 Breakdown of interim dividend for FY3/2023: Ordinary dividend: 70.00 yen; Extraordinary dividend: 30.00 yen
 Breakdown of year-end dividend for FY3/2023: Ordinary dividend: 70.00 yen; 55th anniversary commemorative dividend: 10.00 yen; Extraordinary dividend: 40.00 yen

3. Forecast for the fiscal year ending March 2024 (Consolidated, April 1, 2023 - March 31, 2024)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	550,000	(9.5)	25,000	(22.5)	25,000	(23.6)	18,000	(22.0)	685.42

*** Notes**

(1) Changes in significant subsidiaries (Changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies, estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: For more information, please refer "4. Consolidated Financial Statements and Major Notes (5) Notes to consolidated financial statements (Changes to accounting policies)" on page 17.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)	As of March 31, 2023:	28,702,118	As of March 31, 2022:	28,702,118
(b) Treasury shares	As of March 31, 2023:	2,440,983	As of March 31, 2022:	2,454,162
(c) Average number of shares outstanding during the year	As of March 31, 2023:	26,257,182	As of March 31, 2022:	26,717,972

(Reference) Non-consolidated Financial Results

Financial results for the fiscal year ended March 2023 (April 1, 2022 - March 31, 2023)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2023	137,522	33.4	6,007	62.7	11,466	21.3	12,604	74.9
Fiscal year ended March 2022	103,074	27.8	3,692	109.0	9,454	48.8	7,208	—

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 2023	479.99	—
Fiscal year ended March 2022	269.77	—

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	127,208	50,431	39.6	1,920.21
As of March 31, 2022	117,109	41,110	35.1	1,566.11

Ref.: Shareholders' equity Fiscal year ended March 2023: 50,431 million yen Fiscal year ended March 2022: 41,110 million yen

*The audit procedures by certified public accountant or auditing firm are not applicable to this Financial Results report.

*Cautionary statement regarding forecasts of operating results and special notes
(Caution regarding forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Future outlook" on page 6 of Supplementary Information.

(Supplementary materials for financial results and how to obtain details of the financial results meeting)

We plan to hold an earnings briefing for institutional investors and analysts on Thursday, May 25, 2023. Supplementary materials for the earnings briefing will be posted on TDnet and our website today (Thursday, May 11th). We plan to post a video of the earnings briefing, together with the briefing materials used on that day, on our website on May 25th.

(Japanese) https://www.taxan.co.jp/jp/ir/event/event_01.html

(English) https://www.taxan.co.jp/en/ir/event/event_01.html

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1. Results of Operations

(1) Overview of consolidated business performance

During the consolidated fiscal period under review, the Japanese and overseas economic conditions surrounding the Group showed a gradual recovery. The relaxation of COVID-19 restrictions on movement normalized economic activity, and semiconductor shortages and supply chain disruptions eased. Meanwhile, amid rising food and energy prices due to the prolonged Russia-Ukraine conflict, conditions remain uncertain partly owing to sharp changes in exchange rates and financial system instability resulting from higher policy rates as anti-inflation measures.

In the U.S. and Europe, personal spending generally remained strong, but high inflation and monetary tightening have led to financial institution failures and other growing concerns about the future. In China, although the country has been affected by its zero-COVID policy, there were signs of a pickup in personal spending following the lifting of the policy. In Japan, despite concerns about the impact of rising commodity prices due to the weak yen and price hikes in energy resources and grains, the economy recovered gradually as economic activities began to return to normal.

In the electronics industry to which the Group belongs, supply shortages and extended lead times, which had continued to affect some semiconductors and electronic components, were generally resolved, and demand remains robust in a wide range of industries.

Under the management environment, in the electronic components business, which is the Group's core business, primarily in automotive and medical equipment applications, sales in both the component sales business and the EMS business grew significantly.

In the information equipment business, the Company saw growth in sales of high-end PC products and security software, as well as in the LED installation business.

In the software business, orders for smartphone game development and computer graphics production recovered.

In other businesses, the recycling business for PC products and other products remained solid.

As a result, sales increased in all business segments, and the Group's net sales in the fiscal year under review totaled 608,064 million yen, up 22.6% year on year.

Operating income increased by 54.2% year on year to 32,249 million yen due to a significant increase in gross profit resulting from higher net sales and improved gross profit margin. Ordinary income increased by 52.6% year on year to 32,739 million yen and profit attributable to owners of parent increased by 49.8% to 23,070 million yen. The Company achieved record highs in net sales for the second consecutive year, operating income and ordinary income for the fourth consecutive year, and profit attributable to owners of parent for the third consecutive year.

(*) Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis

	FY 2022/3	FY 2023/3	YoY	
	(April 1, 2021 – March 31, 2022)	(April 1, 2022 – March 31, 2023)	(Million yen)	
Net sales	(Million yen) 495,827	(Million yen) 608,064	112,237	22.6%
Gross profit (Margin)	60,547 12.2%	78,514 12.9%	17,967 0.7pt	29.7% –
SG&A	39,632	46,265	6,633	16.7%
Operating income	20,915	32,249	11,334	54.2%
Ordinary income	21,456	32,739	11,283	52.6%
Profit before income taxes	21,348	32,460	11,111	52.1%
Profit attributable to owners of parent	15,401	23,070	7,669	49.8%
EPS (yen)	576.46	878.65	302.19	–
ROE	15.7%	19.6%	3.9pt	–
Exchange Rate (Average rate during the year) USD (yen)	112.38	135.47	23.9	–

Business segment performance was as follows.

- (a) Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS*), and other activities)

In this business, the component sales business attracted a high level of sales in a broad range of industries, in part due to the improved supply/demand conditions for semiconductors and electronic components from the second half of the fiscal year, which remained tight. Some products for automotive-related applications are facing supply shortages, but the Company mobilized its abilities and secured sales volume by using its strength in procurement capabilities as an independent trading company as well as proposing alternative products.

In the EMS business, sales in the automotive sector grew significantly and sales to key customers in applications related to medical and office equipment remained strong. The yen has been weak since the start of the fiscal year, and this pushed up revenue on a yen basis.

As a result, net sales increased 24.3% year on year to 539,342 million yen and segment income increased 56.4% year on year to 28,314 million yen.

- (b) Information equipment (Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products)

In this business, sales of PCs for corporations and educational institutions were sluggish on a unit basis due to the prolonged replacement cycle but performed well on a value basis thanks to sales of high-end products. Sales of PC peripheral products such as security software also remained solid. In the LED installation business, the installation of large-scale nationwide projects, which had been delayed due to material shortages, made steady progress and contributed significantly to operating revenue.

As a result, net sales increased 10.3% year on year to 43,680 million yen and segment income increased 17.4% year on year to 2,449 million yen.

- (c) Software (Production of computer graphics, planning and development of amusement products, and other activities)

In this business, orders for large-scale and new projects in smartphone games development and computer graphics production recovered, and the profitability of the business improved as a result of progress in cost reductions.

As a result, net sales increased 8.3% year on year to 2,998 million yen and segment income was 286 million yen (segment loss was 26 million yen in the same period of the previous year).

- (d) Others (Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities)

In this business, the PC and PC peripheral recycling business was strong. In addition, sales of game equipment for the amusement industry in Japan and overseas as well as golf products were robust, in part due to the relaxation of restrictions on movement during the pandemic.

As a result, net sales increased 12.5% year on year to 22,044 million yen and segment income increased 76.0% year on year to 111 million yen.

< Financial Results by Business Segment >

		FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)	YoY	
		(Million yen)	(Million yen)	(Million yen)	
Electronic components	Net sales	433,852	539,342	105,489	24.3%
	Segment income	18,107	28,314	10,206	56.4%
Information equipment	Net sales	39,616	43,680	4,063	10.3%
	Segment income	2,085	2,449	363	17.4%
Software	Net sales	2,767	2,998	230	8.3%
	Segment income	(26)	286	313	–
Others	Net sales	19,590	22,044	2,453	12.5%
	Segment income	626	1,101	475	76.0%
Total	Net sales	495,827	608,064	112,237	22.6%
	Segment income	20,915	32,249	11,334	54.2%

Note: "Segment income" shows unadjusted figures for each business segment and adjusted figures for the total.

<Reference>Financial results

① Financial highlights(3months)

	FY 2022/3 4Q (3months) (January 1, 2022 – March 31, 2022)	FY 2023/3 4Q (3months) (January 1, 2023 – March 31, 2023)	YoY	
Net sales	(Million yen) 143,143	(Million yen) 155,843	(Million yen) 12,699	8.9%
Gross profit (Margin)	17,786 12.4%	18,630 12.0%	844 (0.4pt)	4.7% –
SG&A	11,529	12,387	858	7.4%
Operating income	6,257	6,242	(14)	(0.2%)
Ordinary income	6,569	6,121	(448)	(6.8%)
Profit before income taxes	6,641	5,325	(1,316)	(19.8%)
Profit attributable to owners of parent	4,986	4,017	(969)	(19.4%)

② By segment

		FY 2022/3 4Q (3months) (January 1, 2022 – March 31, 2022)	FY 2023/3 4Q (3months) (January 1, 2023 – March 31, 2023)	YoY	
Electronic Components	Net sales Segment income	(Million yen) 122,440 5,105	(Million yen) 133,733 4,972	(Million yen) 11,292 (133)	9.2% (2.6%)
Information Equipment	Net sales Segment income	13,315 869	14,540 949	1,224 80	9.2% 9.2%
Software	Net sales Segment income	926 83	922 151	(4) 68	(0.5%) 82.1%
Others	Net sales Segment income	6,460 152	6,647 129	186 (22)	2.9% (15.0%)
Total	Net sales Segment income	143,143 6,257	155,843 6,242	12,699 (14)	8.9% (0.2%)

Note: "Segment income" shows unadjusted figures for each business segment and adjusted figures for the total.

(2) Overview of financial condition

Assets, liabilities and net assets

Total assets as of March 31, 2023 increased by 14,077 million yen from the previous fiscal year-end to 286,217 million yen.

Current assets increased by 11,587 million yen compared to the end of the previous fiscal year, to 245,572 million yen. This was primarily due to a 11,549 million yen increase in cash and deposits.

Non-current assets increased by 2,490 million yen compared to the end of the previous fiscal year, to 40,645 million yen. This was primarily due to a 1,830 million yen increase in investment securities.

Liabilities decreased by 9,859 million yen compared to the end of the previous fiscal year, to 156,479 million yen. This was primarily due to a 7,260 million yen decrease in Notes and accounts payable - trade and a 4,273 million yen decrease in Short-term loans payable.

Net assets increased by 23,937 million yen from March 31, 2023, to 129,737 million yen. This was primarily due to a 18,522 million yen increase in retained earnings and a 4,128 million yen increase in foreign currency translation adjustment due to 23,070 million yen in profit attributable to owners of parent.

(3) Cash flows

Cash and cash equivalents as of March 31, 2023 increase 11,066 million yen from March 31, 2022 to 50,307 million yen.

(Operating activities)

Net cash provided by operating activities was 30,569 million yen (1,554 million yen used in the previous fiscal year) mainly due to the posting of profit before income taxes.

(Investing activities)

Net cash used in investing activities was 4,805 million yen (6,772 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment.

(Financing activities)

Net cash used in financing activities was 15,549 million yen (1,155 million yen provided by the previous fiscal year) mainly due to Repayments of long-term loans payable and Cash dividends paid.

(4) Future outlook

In the fiscal year ending in March 2024, the Japanese and overseas economic conditions surrounding the Group will remain unpredictable, partly due to rising prices of resources and other commodities stemming from the prolonged conflict in Ukraine and financial system instability accompanying monetary policy action to hike interest rates, despite socioeconomic activities moving closer to normal following the easing of COVID-19 restrictions and the progress of infection control measures.

In the electronics industry to which the Group belongs, in the medium to long term, the Company continues to maintain that demand is expected to grow with advancements in automotive technologies represented by electronic vehicles and CASE (Connected, Autonomous, Shared & Services, Electric), as well as technical functionality of ICT in areas such as 5G (fifth-generation wireless network technology), IoT, and AI. However, it will still take time for the tight supply/demand conditions for some semiconductors and electronic components in automotive applications to ease. In addition, a temporary decline in demand for semiconductors and electronic components is projected, partly due to a backlash from the substantial increase in demand during the COVID-19 pandemic and inventory adjustments by customers due to the risk of economic recession.

Based on these assumptions and in line with the basic policies of Medium-Term Management Plan 2024, the Group will reinforce profitability by focusing on markets in which high growth and profitability are expected. While pursuing further efficiency and soundness, we strive to strengthen the Group's management foundation. We will also continue to pursue SDGs management, aiming for a balance between solutions to social issues and sustainable growth as a company.

As a result of these factors, we expect net sales to total 550 billion yen, operating and ordinary income to amount to 25 billion yen, and profit attributable to owners of parent to be 18 billion yen in the fiscal year ending in March 2024.

(5) Basic policy for earnings allocations and dividends in the current and next fiscal years

The Company views the return of profits to shareholders as one of its most important management policies, and in addition to endeavoring to strengthen its financial position and management foundation from a long-term perspective, it has the basic policy of maintaining stable and ongoing dividends to all shareholders with due consideration to consolidated earnings.

For its year-end dividend for the fiscal year ended on March 31, 2023, the Company plans to pay 120 yen per share (70 yen ordinary dividend + 10 yen 55th anniversary commemorative dividend + 40 yen extraordinary dividend), which we previously forecasted (February 7, 2023). The annual dividend, including the interim dividend of 100 yen per share (70 yen ordinary dividend + 30 yen extraordinary dividend) already paid in November of last year, will be 220 yen per share, which is an increase of 100 yen from the 120 yen per share in the previous fiscal year.

For the fiscal year ending March 31, 2024, a dividend of 220 yen per share (110 yen for both interim and year-end dividend) is planned.

2. Management policies, operating environment, and challenges to address

(1) Philosophy

- ① Corporate Philosophy: Everything we do is for our customers
- ② Vision: Aim to be "Japan's No. 1 corporate group in the industry"
Aim to become a competitive "world-class company"
- ③ Action Guidelines: "F.Y.T. (Fight)" (Flexibility, Young at heart, Try)
"3G" (General, Global, Group)
"KAGA-ism" (Management mindset, sales mindset, and readiness as a member of society)

Since its founding, the Company has been expanding its business fields by responding to customers' diverse needs under the corporate philosophy that "Everything we do is for our customers." Starting with the sale of electronic parts and semiconductors leveraging its strengths as an independent trading company, the Company now provides a wide array of services both domestically and overseas as an electronics trading conglomerate, including its electronics manufacturing service (EMS) business specializing in high-mix, small-lot production, as well as planning, development, and engineering support for customers' products; software and video production; network solutions; and system support.

At the same time, the Company's business environment is changing at an accelerating pace, with reorganization and consolidation of semiconductor and device manufacturers as well as reviews to agency policies on the supplier side, along with the shifting of finished-product assembly overseas, demand changes and price fluctuations in both the domestic and overseas markets, and responses to global environment problems as exemplified by decarbonization on the customer side. The Company recognizes that competition in the electronics trading industry, where there are still numerous competing companies, will become even more intense in the future.

(2) Medium-Term Management Plan 2024

The Company formulated Medium-Term Management Plan 2024 in November 2021 to present the Group's path toward growth over the next three years. Under this plan, the Company will continue to thoroughly implement "profit-focused management" while carrying out measures in line with the following basic policies to achieve its vision of becoming "Japan's No. 1 corporate group in the industry" and "a competitive world-class company."

① Basic Policy

- 1) Further Reinforcement of Profitability
Predicting the era to focus on markets with potential for high growth and profitability
- 2) Reinforcement of Management Base
Pursuit of further efficiency and soundness, and transformation to a Group management foundation worthy of "Japan's No. 1 corporate group in the industry"
- 3) Creation of New Businesses
Active use of venture investments and M&As to create new businesses and strengthen resistance to change in the external environment
- 4) Promotion of SDGs Management
Promotion of management that seeks to achieve solutions to social issues and sustainable growth as a company

② Management targets

After the start of the plan, in the fiscal year ended March 2023, the first year of the plan, the Company achieved all KPI targets for net sales, operating income, and ROE two years ahead of schedule for the final year of the plan, excluding new M&A targets, as a result of demonstrating the Group's procurement advantages to the fullest extent amid the continuing global shortage of semiconductors and electronic components. Looking at the future prospects, the Company is expecting a scenario in which the economy will be on a recovery track and return to a sound growth phase from the fiscal year ending March 2025, while factoring in the impact of recession risk and temporary inventory adjustments by customers, and other effects in the fiscal year ending March 2024. Given the circumstances in which rapid changes in the electronics industry to which the Group belongs, and current fluctuations in business performance affected by these changes, which were not anticipated when the plan was formulated, the Company has updated the management targets for the final year of the plan.

The management targets to be achieved by the fiscal year ending on March 31, 2025, which will be the final year of the medium-term management plan, are as follows.

- 1) Net sales:
750 billion yen In addition to 600 billion yen in organic growth, the Company will aim to generate 150 billion yen through measures such as new mergers and acquisitions.
- 2) Operating income:
30 billion yen or higher The Company expects the economy to be on a recovery track and return to a sound growth phase from the fiscal year ending March 2025, while factoring in the impact of recession risk and temporary inventory adjustments by customers, and other effects in the fiscal year ending March 2024.
- 3) ROE:
10% or higher Keeping shareholders' equity costs (approximately 7-8%) in mind, the Company will aim to maintain a stable level of 10% or higher.

3. Basic Approach to the Selection of Accounting Standards

The KAGA ELECTRONICS Group prepares consolidated financial statements based on Japanese accounting standards. Going forward, we will consider adopting IFRS standards with due consideration to financial market trends, share of foreign investors, and the organizational costs resulting from the adoption of IFRS standards.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	FY 2022/3 (As of March 31, 2022)	FY 2023/3 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and deposits	41,051	52,600
Notes receivable – trade	1,449	1,534
Electronically recorded monetary claims - operating	9,258	9,683
Accounts receivable – trade	110,240	117,881
Securities	264	195
Merchandise and finished goods	46,230	41,375
Work in process	2,363	2,277
Raw materials and supplies	14,013	12,552
Other	9,388	7,624
Allowance for doubtful accounts	(275)	(153)
Total current assets	233,984	245,572
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,033	15,680
Accumulated depreciation	(8,108)	(8,990)
Buildings and structures, net	6,925	6,690
Machinery, equipment and vehicles	14,181	16,187
Accumulated depreciation	(8,132)	(9,721)
Machinery, equipment and vehicles, net	6,048	6,466
Tools, furniture and fixtures	5,697	5,880
Accumulated depreciation	(4,667)	(4,777)
Tools, furniture and fixtures, net	1,030	1,103
Land	5,074	5,859
Construction in progress	313	39
Total property, plant and equipment	19,393	20,158
Intangible assets		
Goodwill	98	48
Software	3,021	2,617
Other	42	36
Total intangible assets	3,163	2,702
Investments and other assets		
Investment securities	10,313	12,144
Deferred tax assets	2,189	2,162
Guarantee deposits	1,068	1,280
Insurance funds	915	920
Distressed receivables	2,295	4,842
Other	1,171	1,298
Allowance for doubtful accounts	(2,355)	(4,864)
Total investments and other assets	15,598	17,784
Total non-current assets	38,155	40,645
Total assets	272,139	286,217

(Million yen)

	FY 2022/3 (As of March 31, 2022)	FY 2023/3 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	86,493	79,232
Short-term loans payable	23,858	19,585
Accrued expenses	7,138	8,400
Income taxes payable	2,834	6,011
Provision for directors' bonuses	301	465
Other	12,291	13,852
Total current liabilities	132,918	127,547
Non-current liabilities		
Bonds payable	–	10,000
Long-term loans payable	25,136	10,600
Deferred tax liabilities	2,046	2,634
Provision for directors' retirement benefits	123	143
Net defined benefit liability	2,095	2,148
Asset retirement obligations	572	627
Other	3,446	2,778
Total non-current liabilities	33,421	28,932
Total liabilities	166,339	156,479
NET ASSETS		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus	14,818	14,820
Retained earnings	77,423	95,945
Treasury shares	(5,643)	(5,614)
Total shareholders' equity	98,732	117,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,299	2,534
Deferred gains or losses on hedges	(2)	(18)
Foreign currency translation adjustment	5,439	9,568
Remeasurements of defined benefit plans	210	239
Total accumulated other comprehensive income	6,948	12,322
Non-controlling interests	120	129
Total net assets	105,800	129,737
Total liabilities and net assets	272,139	286,217

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Net sales	495,827	608,064
Cost of sales	435,280	529,550
Gross profit	60,547	78,514
Selling, general, and administrative expenses	39,632	46,265
Operating income	20,915	32,249
Non-operating income		
Interest income	135	211
Dividends income	195	279
Share of profit of entities accounted for using equity method	–	97
Commission fee	183	227
Foreign exchange gain	252	107
House rent income	104	126
Other	572	412
Total non-operating income	1,443	1,461
Non-operating expenses		
Interest expenses	315	748
Loss from equity method investments	472	–
Other	114	223
Total non-operating expenses	902	971
Ordinary income	21,456	32,739
Extraordinary income		
Gain on sales of non-current assets	15	20
Gain on sales of investment securities	363	626
Gain on transfer of business	7	–
Gain on revision of retirement benefit plan	–	126
Reversal of estimated losses associated with fund leakage incident that involved our American subsidiary	176	–
Other	34	1
Total extraordinary income	596	774
Extraordinary loss		
Impairment loss	93	644
Loss on retirement of non-current assets	13	37
Loss on sales of investment securities	2	12
Loss on valuation of investment securities	260	348
Loss on liquidation of subsidiaries and associates	175	–
Provision of allowance for doubtful accounts	129	–
Other	29	11
Total extraordinary loss	705	1,054
Profit before income taxes	21,348	32,460
Income taxes - current	5,071	9,197
Income taxes - deferred	606	167
Total income taxes	5,678	9,365
Profit	15,669	23,094
Profit attributable to owners of parent	15,401	23,070
Profit attributable to non-controlling interests	268	23

(Million yen)

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	1,235
Deferred gains or losses on hedges	(52)	(16)
Foreign currency translation adjustment	4,922	4,033
Remeasurements of defined benefit plans, net of tax	188	28
Share of other comprehensive income of entities accounted for using equity method	95	97
Total other comprehensive income	5,075	5,378
Comprehensive income	20,745	28,472
Comprehensive income attributable to owners of parent	20,428	28,445
Comprehensive income attributable to non-controlling interests	316	26

(3) Consolidated statement of changes in equity

For the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	14,327	64,568	(1,984)	89,045
Cumulative effects of changes in accounting policies			7		7
Restated balance	12,133	14,327	64,576	(1,984)	89,053
Changes of items during period					
Dividends of surplus			(2,554)		(2,554)
Profit attributable to owners of parent			15,401		15,401
Purchase of treasury shares				(3,681)	(3,681)
Disposal of treasury shares		8		22	30
Change in ownership interest of parent due to transactions with non-controlling interests		481			481
Net changes of items other than shareholders' equity					
Total changes of items during period	-	490	12,847	(3,658)	9,678
Balance at the end of current period	12,133	14,818	77,423	(5,643)	98,732

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,378	50	470	21	1,921	4,095	95,062
Cumulative effects of changes in accounting policies						1	8
Restated balance	1,378	50	470	21	1,921	4,096	95,071
Changes of items during period							
Dividends of surplus							(2,554)
Profit attributable to owners of parent							15,401
Purchase of treasury shares							(3,681)
Disposal of treasury shares							30
Change in ownership interest of parent due to transactions with non-controlling interests							481
Net changes of items other than shareholders' equity	(79)	(53)	4,969	189	5,026	(3,976)	1,050
Total changes of items during period	(79)	(53)	4,969	189	5,026	(3,976)	10,728
Balance at the end of current period	1,299	(2)	5,439	210	6,948	120	105,800

For the fiscal year ended March 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	14,818	77,423	(5,643)	98,732
Adjustment of hyperinflation			45		45
Balance at the beginning of current period reflecting the adjustment of hyperinflation	12,133	14,818	77,469	(5,643)	98,778
Changes of items during period					
Dividends of surplus			(4,594)		(4,594)
Profit attributable to owners of parent			23,070		23,070
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		10		32	43
Change in ownership interest of parent due to transactions with non-controlling interests		△8			(8)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	2	18,476	29	18,507
Balance at the end of current period	12,133	14,820	95,945	(5,614)	117,285

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,299	(2)	5,439	210	6,948	120	105,800
Adjustment of hyperinflation							45
Balance at the beginning of current period reflecting the adjustment of hyperinflation	1,299	(2)	5,439	210	6,948	120	105,846
Changes of items during period							
Dividends of surplus							(4,594)
Profit attributable to owners of parent							23,070
Purchase of treasury shares							(3)
Disposal of treasury shares							43
Change in ownership interest of parent due to transactions with non-controlling interests							(8)
Net changes of items other than shareholders' equity	1,234	(16)	4,128	28	5,374	9	5,383
Total changes of items during period	1,234	(16)	4,128	28	5,374	9	23,891
Balance at the end of current period	2,534	(18)	9,568	239	12,322	129	129,737

(4) Consolidated statement of cash flows

(Million yen)

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	21,348	32,460
Depreciation	3,738	4,000
Impairment loss	93	644
Amortization of goodwill	110	54
Increase (decrease) in net defined benefit liability	16	(33)
Increase (decrease) in provision for directors' retirement benefits	16	20
Increase (decrease) in provision for directors' bonuses	175	163
Increase (decrease) in allowance for doubtful accounts	92	2,358
Interest and dividend income	(403)	(490)
Interest expenses	315	748
Share of (profit) loss of entities accounted for using equity method	472	(97)
Loss(gain) on sales of non-current assets	(14)	(8)
Loss on retirement of non-current assets	13	37
Loss (gain) on sales of investment securities	(360)	(614)
Loss (gain) on valuation of investment securities	260	348
Reversal of estimated losses associated with fund leakage incident that involved our American subsidiary	(187)	–
Decrease (increase) in notes and accounts receivable - trade	(7,889)	(5,952)
Decrease (increase) in inventories	(22,088)	9,316
Increase (decrease) in notes and accounts payable - trade	2,451	(11,503)
Decrease (increase) in accounts receivable - other	583	2,239
Increase (decrease) in accrued expenses	887	994
Decrease (increase) in advance payments	1,349	(417)
Decrease (increase) in consumption taxes refund receivable	(822)	2,340
Decrease (increase) in other current assets	(264)	(741)
Increase (decrease) in other current liabilities	2,030	393
Other, net	797	922
Subtotal	2,723	37,183
Interest and dividend income received	124	491
Interest expenses paid	(315)	(732)
Income taxes paid	(4,263)	(6,372)
Other, net	175	–
Net cash provided by (used in) operating activities	(1,554)	30,569

(Million yen)

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(856)	(397)
Proceeds from withdrawal of time deposits	474	–
Purchase of property, plant and equipment	(3,276)	(3,691)
Proceeds from sales of property, plant and equipment	32	34
Purchase of intangible assets	(1,377)	(467)
Purchase of investment securities	(1,085)	(750)
Proceeds from sales of investment securities	834	1,102
Payments of short-term loans receivable	(388)	(421)
Long-term loan advances	(1,180)	(7)
Purchase of insurance funds	(4)	(4)
Payments for guarantee deposits	(28)	(103)
Proceeds from collection of guarantee deposits	65	37
Other payments	(174)	(170)
Other proceeds	194	33
Net cash provided by (used in) investing activities	(6,772)	(4,805)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	7,636	(5,555)
Proceeds from long-term borrowings	5,000	500
Repayments of long-term loans payable	(668)	(15,040)
Proceeds from issuance of bonds	–	9,945
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,811)	(21)
Purchase of treasury shares	(3,681)	(2)
Cash dividends paid	(2,551)	(4,590)
Other, net	(767)	(784)
Net cash provided by (used in) financing activities	1,155	(15,549)
Effect of exchange rate change on cash and cash equivalents	2,079	852
Net increase (decrease) in cash and cash equivalents	(5,092)	11,066
Cash and cash equivalents at beginning of period	44,333	39,240
Cash and cash equivalents at end of period	39,240	50,307

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Changes to accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Implementation Guidance No. 31, June 17, 2021, hereinafter referred to as ASBJ Guidance No. 31) is applied from the start of the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment set forth in Article 27-2 of the ASBJ Guidance No. 31, the Company will continue to apply the new accounting policies prescribed by ASBJ Guidance No. 31 into the future. The effect of this application on the consolidated financial statements is immaterial.

(Additional information)

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system with effect from the consolidated fiscal year under review. Accordingly, accounting treatment and disclosure of corporation tax, local corporation tax and tax effect accounting are conducted pursuant to "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021; hereinafter referred to as "Practical Solution No. 42"). Based on the provisions of Paragraph 32 (1) of Practical Solution No. 42, we see no impact from the change in accounting policy associated with application of Practical Solution No. 42.

(Segment information, etc.)

a. Segment information

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Company classifies subsidiaries and associates according to their products and services, and implements comprehensive strategies in Japan and overseas. Consequently, the Group has four reportable segments that are made of different categories of products and services: electronic components, information equipment, software and others. The electronic components segment includes the development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities. The others segment includes the repair and supports for electronics equipment, and sales of amusement equipment and sports goods, and others.

2. Information about net sales, profit (loss), assets, and other items is as follows:

For the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Reporting segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	433,852	39,616	2,767	19,590	495,827	–	495,827
Inter-segment sales or transfers	2,733	5,402	855	6,265	15,257	(15,257)	–
Total	436,586	45,019	3,623	25,855	511,085	(15,257)	495,827
Segment income	18,107	2,085	(26)	626	20,792	122	20,915
Segment assets	250,460	20,435	1,612	11,707	284,214	(12,074)	272,139
Others							
Depreciation	2,237	54	53	136	2,481	(10)	2,471
Increase in property, plant and equipment and intangible assets	4,362	121	24	146	4,654	–	4,654

For the fiscal year ended March 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Reporting segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	539,342	43,680	2,998	22,044	608,064	–	608,064
Inter-segment sales or transfers	3,508	7,255	968	7,957	19,689	(19,689)	–
Total	542,850	50,935	3,966	30,001	627,754	(19,689)	608,064
Segment income	28,314	2,449	286	1,101	32,152	97	32,249
Segment assets	265,302	22,765	2,033	13,876	303,978	(17,761)	286,217
Others							
Depreciation	3,529	105	41	337	4,014	(14)	4,000
Increase in property, plant and equipment and intangible assets	3,728	60	62	310	4,162	(2)	4,159

Note: 1. The adjustment is as follows:

(1) Segment income

(Million yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023
Elimination of inter-segment	122	97
Total	122	97

(2) Segment assets

(Million yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023
Elimination of inter-segment Corporate *	(14,176)	(19,823)
Total	(12,074)	(17,761)

* Total corporate assets principally consist of surplus funds of the Company under management (cash and securities, etc.).

(3) Depreciation

(Million yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023
Elimination of inter-segment	(10)	(14)
Total	(10)	(14)

(4) Increase in property, plant and equipment and intangible assets

(Million yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023
Elimination of inter-segment	–	(2)
Total	–	(2)

2. Segment income is adjusted with operating income on the consolidated statements of income and comprehensive income.

b. Associated information

For the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

Geographic information

Net sales

(Million yen)

Japan	North America	Europe	Asia	Total
263,415	34,101	16,874	181,436	495,827

- Notes: 1. Net sales are classified according to the customers' geographic locations.
2. Countries and regions are classified according to geographical proximity.
3. Countries and regions outside Japan are broken down into the following geographical areas:
(1) North America: United States, and Mexico
(2) Europe: United Kingdom, Germany, Czech Republic, Turkey and Russia
(3) Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, Indonesia, and Vietnam

For the fiscal year ended March 2023 (April 1, 2022 – March 31, 2023)

Geographic information

Net sales

(Million yen)

Japan	North America	Europe	Asia	Total
335,201	43,679	23,785	205,398	608,064

- Notes: 1. Net sales are classified according to the customers' geographic locations.
2. Countries and regions are classified according to geographical proximity.
3. Countries and regions outside Japan are broken down into the following geographical areas:
(1) North America: United States, and Mexico
(2) Europe: United Kingdom, Germany, Czech Republic and Turkey
(3) Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, Indonesia, and Vietnam

(Per-share information)

(Yen)

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Net assets per share	4,026.22	4,935.36
Earnings per share	576.46	878.65

Notes: 1. Earnings per share (diluted) have not been disclosed because there were no potentially dilutive shares.

2. The basis of calculation of earnings per share is as follows.

	FY 2022/3 (April 1, 2021 – March 31, 2022)	FY 2023/3 (April 1, 2022 – March 31, 2023)
Earnings per share		
Profit attributable to owners of parent (million yen)	15,401	23,070
Profit not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent allocated to common stock (million yen)	15,401	23,070
Average number of common stock outstanding during the fiscal year	26,717,972	26,257,182

(Subsequent events)

Not applicable