

2. Dividend status

	Annual dividend				
	At the end of 1st quarter	At the end of 2nd quarter	At the end of 3rd quarter	At the end of BY	Total
BY2021	yen sen -	yen sen 30.00	yen sen -	yen sen 30.00	yen sen 60.00
BY2022	-				
BY2022 (forecast)		30.00	-	30.00	60.00

(Note) Revision of most-recently announced dividend forecast: No

3. Estimated consolidated performance for business year 2022 (April 1, 2022 - March 31, 2023)

(% indicates the rate of change as compared to the preceding year or the corresponding quarter of the preceding year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net earnings per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen	
At the end of 2nd quarter	377,300	7.6	11,040	12.6	11,100	12.3	7,600	8.3	79.69	
(cumulative)	830,000	8.7	27,360	13.7	27,500	12.0	18,600	9.5	195.04	
Full-term										

(Note) Revision of most-recently announced results forecast: Nil

* Comments

(1) Important subsidiary movement during this quarterly cumulative consolidated accounting term (movement within subsidiaries affecting the overall consolidation size): Nil

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Nil

(3) Modification of accounting policy, accounting estimate change, and restated modification

[1] Modification of accounting policy required by a change or changes made to accounting standards: Yes

[2] Modification of accounting policy required by any cause other than the foregoing [1]: Nil

[3] Accounting estimate change: Nil

[4] Restated modification: Nil

(Note) For details, please see "2. Quarterly consolidated financial statements and significant notes (3) Notes on the quarterly consolidated financial statements (Modification of accounting policy)" on page 7 of the attached materials.

(4) Number of outstanding shares (of common stock)

[1] Number of outstanding shares (including treasury stock) at the end of BY	BY2022 1Q	96,356,460 shares	BY2021	96,356,460 shares
[2] Number of treasury stock at the end of BY	BY2022 1Q	1,868,060 shares	BY2021	1,253,110 shares
[3] Average number of shares during the period (quarterly cumulative)	BY2022 1Q	94,914,392 shares	BY2021 1Q	95,983,530 shares

* This brief of the quarterly settlement of accounts is not subject to a quarterly review by a certified public accountant or audit corporation.

* Explanation of the appropriate use of results forecasts and other special notes

(Notes on statements concerning the future, etc.)

Results forecasts and other statements concerning the future published in this document are based on the information that the company currently possesses and certain conditions that the company judges to be reasonable, and actual results, etc., may differ greatly due to various factors. If you want to know the conditions required by such projected figures and make use of such forecasts, please see "1. (3) Explanation of future forecast information such as consolidated results forecasts" on page 2 of the attached materials.

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1. Qualitative information on the quarterly settlement of accounts

(1) Explanation of operating results

Although the Japanese economy experienced a moderate economic recovery due to the gradual normalization of economic activities during the first quarter consolidated cumulative period, the outlook continues to be uncertain due to the prolongation of the global semiconductor shortage and soaring raw material and energy costs caused by factors such as the situation in Ukraine.

In such circumstances, the group apprehends the period subject to the Medium-Term Management Plan that we started from the 111th term (the fiscal year ended March 2022 to the fiscal year ending March 2024) as “A turning point anticipating development into the future,” and raise “The creation of next generation growth drivers,” “Contributions to the creation of a new society as a leading company” and “Reform of management foundations” as the group’s basic policies. We will work on the improvement of corporate value based on our growth strategy aimed at the next era and the implementation of social contributions through business.

Results for the first consolidated cumulative period saw net sales of 185,445 million yen (up 11.1% compared to the same period of the previous term), operating profit of 4,353 million yen (down 0.9% compared to the same period of the previous term) and ordinary profit of 4,542 million yen (up 0.5% compared to the same period of the previous term). In addition, we recorded 19 million yen as a gain on sale of fixed assets, 18 million yen as a gain on sale of investment securities, and 6 million yen under others as extraordinary profits, while quarterly profit attributable to owners of parent finished at 3,146 million yen (up 1.0% compared to the same period of the previous term).

Segment results were as follows.

(IT Infrastructure Distribution Business)

In the corporate market, we took all possible measures against COVID-19 at our sales offices nationwide and promoted community-based sales combining face-to-face and telework activities flexibly. Delays in deliveries continue due to the shortage of semiconductors, but sales of PCs and network equipment increased compared to the previous term as we promoted proposals to switch to inventory products to corporations and government offices. In addition, contracts for subscription products also increased due to the cloud environment constructing we are focusing on and an increase in the use of services. Further, in education, the rebounding decrease in demand following the “GIGA School Concept” eased, and sales remained virtually unchanged from the same period last year.

In the consumer market, although PC sales decreased compared to the same period last year, peripheral equipment such as monitors and network equipment made steady progress.

As a result of the above, the net sales of this business were 168,611 million yen (up 12.5% compared to the same period of the previous term) and operating profit was 3,923 million yen (up 10.3% compared to the same period of the previous term).

(Fiber Business)

In the Synthetic Fibers and Rayon Divisions, although a rebound in demand for core raw cotton for sanitary materials and non-woven fabric for sterilization was apparent, sales of synthetic cotton for industrial applications and flame-proof / flame-retardant rayon materials for overseas markets performed well. In the Industrial Material Division, sales of cartridge filters trended steadily, but the recovery in orders for civil engineering materials and rubber-related products was slow. In the Clothing Products Division, although there was a gradual recovery trend in clothing consumption, sales were sluggish. In terms of profits, we were forced to struggle in business overall due to the soaring prices of raw materials and fuel, and the rapid depreciation of the yen.

As a result of the above, the net sales of this business were 14,250 million yen (down 1.5% compared to the same period of the previous term) and operating profit was 244 million yen (down 66.4% compared to the same period of the previous term).

Industrial Machinery Business

In the Machinery Tools Division, the recovery of sales to our core aircraft and railway industries was slow, but both sales and profits were higher than the previous term due to shipments to the construction equipment, energy and semiconductor industries, and increased sales for parts replacement and other services. In the Automatic Machinery Division, unit shipments decreased compared to the same period of the previous term, partly due to the cautious stance of customers over capital investment.

As a result of the above, the net sales of this business were 2,359 million yen (up 1.1% compared to the same period of the previous term) and operating profit was 167 million yen (up 34.9% compared to the same period of the previous term).

(2) Explanation of financial situation

Total assets decreased by 6,772 million yen compared to the end of the previous consolidated business year to 349,431 million yen due to decreases in notes and accounts receivable. In addition, liabilities decreased by 6,489 million yen compared to the end of the previous consolidated business year to 213,540 million yen due to decreases in notes and accounts payable. Net assets decreased by 282 million yen compared to the end of the previous consolidated business year to 135,890 million yen due to the acquisition of treasury stock.

(3) Explanation of future forecast information such as consolidated results forecasts

The consolidated results forecasts for the business year ending March 2023 have not changed from the consolidated results forecasts for the second quarter consolidated cumulative period and full-term of the business year ending March 2023 announced on May 12, 2022.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheet

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2022)	1st quarter of the current consolidated business year (Ended June 30, 2022)
Assets		
Current assets		
Cash and deposits	46,963	52,433
Notes and accounts receivable	202,408	176,728
Goods and products	38,478	48,744
Work in progress	3,053	3,587
Raw materials and supplies	2,059	2,133
Others	11,467	14,606
Allowance for doubtful accounts	-297	-284
Total current assets	304,134	297,950
Fixed assets		
Property, plant and equipment		
Land	18,385	18,401
Others (net)	19,886	19,668
Total property, plant and equipment	38,272	38,069
Intangible fixed assets		
Others	2,462	2,389
Total intangible fixed assets	2,462	2,389
Investments and other assets		
Others	11,460	11,148
Allowance for doubtful accounts	-126	-126
Total investments and other assets	11,333	11,021
Total fixed assets	52,068	51,480
Total assets	356,203	349,431

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2022)	1st quarter of the current consolidated business year (Ended June 30, 2022)
Liabilities		
Current liabilities		
Notes payable and accounts payable	161,859	153,528
Short-term loans payable	12,589	13,224
Accrued corporate tax, etc.	727	1,096
Allowance for bonuses	2,476	1,373
Other allowances	324	148
Others	13,587	16,554
Total current liabilities	191,564	185,926
Non-current liabilities		
Long-term loans payable	14,895	14,097
Retirement benefit liabilities	6,677	6,632
Others	6,893	6,884
Total fixed liabilities	28,465	27,614
Total liabilities	220,030	213,540
Net assets		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,937	7,937
Retained earnings	106,053	106,346
Treasury stock	-2,123	-3,177
Total shareholders' equity	133,564	132,804
Accumulated other comprehensive income		
Other valuation difference on securities	1,499	1,403
Deferred hedge gain or loss	325	594
Exchange translation adjustment account	-748	-411
Accumulated adjustments related to retirement benefits	615	594
Total accumulated other comprehensive income	1,691	2,180
Non-controlling interests	917	905
Total net assets	136,173	135,890
Total liabilities and net assets	356,203	349,431

- (2) Quarterly consolidated profit statement and quarterly consolidated statement of comprehensive income
 (Quarterly consolidated profit statement)
 (1st quarter consolidated cumulative period)

(Unit: million yen)

	Previous 1st quarter consolidated cumulative period (From April 1, 2021 to June 30, 2021)	Current 1st quarter consolidated cumulative period (From April 1, 2022 to June 30, 2022)
Net sales	166,862	185,445
Cost of sales	152,397	170,998
Gross profit	14,465	14,446
Selling, general and administrative expenses	10,071	10,093
Operating profit	4,393	4,353
Non-operating income		
Interest income	3	2
Dividend income	86	94
Sales support funding	82	77
Investment gain on equity method	21	41
Others	70	59
Total non-operating income	265	276
Non-operating expenses		
Interest paid	44	36
Others	93	51
Total non-operating expenses	137	87
Ordinary profit	4,521	4,542
Extraordinary profit		
Gain on sale of fixed assets	-	19
Gain on sale of investment securities	82	18
Others	15	6
Total extraordinary profit	97	44
Quarterly net income before income taxes, etc.	4,619	4,587
Corporate tax, inhabitant tax and business tax	105	1,115
Corporate tax adjustment amount	1,396	319
Total corporate tax, etc.	1,501	1,435
Quarterly net profit	3,117	3,151
Quarterly profit attributable to non-controlling interests	2	5
Quarterly profit attributable to owners of parent	3,114	3,146

(Quarterly consolidated statement of comprehensive income)
(1st quarter consolidated cumulative period)

(Unit: million yen)

	Previous 1st quarter consolidated cumulative period (From April 1, 2021 to June 30, 2021)	Current 1st quarter consolidated cumulative period (From April 1, 2022 to June 30, 2022)
Quarterly net profit	3,117	3,151
Other comprehensive income		
Other valuation difference on securities	-123	-96
Deferred hedge gain or loss	-132	268
Exchange translation adjustment account	308	324
Adjustments related to retirement benefits	33	-21
Share of other comprehensive income of entities accounted for using equity method	31	35
Total other comprehensive income	117	511
Quarterly comprehensive income	3,234	3,663
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	3,206	3,635
Quarterly comprehensive income attributable to non- controlling interests	28	27

(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on substantial changes in the amount of shareholders' equity)

The company acquired 614,700 shares of treasury stock based on a resolution of the meeting of the Board of Directors held on May 12, 2022. Due to this acquisition, etc., treasury stock increased by 1,053 million yen during the current 1st quarter consolidated cumulative period to finish at 3,177 million yen at the end of the current 1st quarter consolidated cumulative period.

(Modification of accounting policy)

(Application of the application policy of the Accounting Standard, etc., in regard to the calculation of market prices)

The company is applying the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Implementation Guidance") from the start of the current first quarter consolidated accounting period, and will apply the new accounting policy established in the Implementation Guidance in accordance with the transitional handling established in Article 27-2 of the Implementation Guidance into the future. It should be noted that there will be no impact on the quarterly consolidated financial statements as a result.

(Additional information)

(Estimate in accounting terms of the impact of the expansion of COVID-19 infections)

There are no significant changes to assumptions including the time COVID-19 infections will be brought under control stated in the securities report for the previous business year in the current 1st quarter consolidated cumulative period.

(Segment information, etc.)

[Segment information]

I Previous 1st quarter consolidated cumulative period (from April 1, 2021 to June 30, 2021)

1. Information on net sales, profit or loss for each reporting segment

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded on quarterly consolidated profit statement (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	149,878	14,460	2,333	166,672	190	166,862	-	166,862
Internal sales or transfers between segments	32	49	-	82	316	398	-398	-
Total	149,911	14,509	2,333	166,754	506	167,261	-398	166,862
Segment profit or loss (-)	3,558	729	124	4,412	-19	4,392	0	4,393

- (Note) 1. The "Others" classification is a segment for business not included in the reporting segments and includes insurance agency business, engineering business, etc.
2. The adjustment of segment profit or loss (-) is mainly for the deletion of transactions between segments.
3. Segment profit or loss (-) is adjusted with the operating profit of the quarterly consolidated profit statement.

II Current 1st quarter consolidated cumulative period (from April 1, 2022 to June 30, 2022)

1. Information on net sales, profit or loss for each reporting segment

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded on quarterly consolidated profit statement (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	168,611	14,250	2,359	185,220	224	185,445	-	185,445
Internal sales or transfers between segments	60	18	-	78	72	151	-151	-
Total	168,671	14,268	2,359	185,299	296	185,596	-151	185,445
Segment profit	3,923	244	167	4,336	17	4,353	0	4,353

- (Note) 1. The "Others" classification is a segment for business not included in the reporting segments and includes insurance agency business, engineering business, etc.
2. The adjustment of segment profit is mainly for the deletion of transactions between segments.
3. Segment profit is adjusted with the operating profit of the quarterly consolidated profit statement.