



Brief of (Consolidated) Settlement of Accounts (Based on Japanese standards) for the 1st Quarter of Business Year 2023 Ending in March 2024

August 4, 2023

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Planned Submission Date of the quarterly report: August 10, 2023
 Planned Payment startup Date of Dividends -
 Support Documentation to be made available : Yes
 Explanatory Meeting to be held : No

(Any fractional sum of less than a million yen is disregarded.)

1. Consolidated performance for the 1st quarter of business year 2023 (April 1, 2023 - June 30, 2023)

(1) Consolidated operating results (cumulative) (% figures are the change against the same quarter of the previous year)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1st quarter of the business year ending March 2024	209,337	12.9	4,938	13.4	5,044	11.1	3,442	9.4
1st quarter of the business year ended March 2023	185,445	11.1	4,353	-0.9	4,542	0.5	3,146	1.0

(Note) Comprehensive income 1st quarter of the business year ending March 2024 5,077 million yen (38.6%)
 1st quarter of the business year ended March 2023 3,663 million yen (13.3%)

	Quarterly net profit per share	Quarterly fully diluted EPS
	yen sen	yen sen
1st quarter of the business year ending March 2024	36.83	-
1st quarter of the business year ended March 2023	33.15	-

(2) Consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
1st quarter of the business year ending March 2024	386,668	146,036	37.5
BY2022	406,688	143,961	35.2

(Reference) Net worth equity capital 1st quarter of the business year ending March 2024 145,060 million yen
 Business year ended March 2023 142,994 million yen

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
	yen sen	yen sen	yen sen	yen sen	yen sen
BY2022	-	30.00	-	32.00	62.00
BY2023	-	-	-	-	-
BY2023 (forecast)	-	32.00	-	32.00	64.00

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

3. Estimated consolidated performance for business year 2023 (April 1, 2023 - March 31, 2024)

(% 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	million yen	%	yen sen
At the end of 2nd quarter (cumulative)	438,300	7.1	12,450	13.6	12,650	12.8	8,480	10.6	90.22
Full-term	950,000	5.1	30,700	9.9	31,000	8.4	20,420	7.1	217.26

(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 : Nil
- [2] Modification of accounting policy required by any cause other than the foregoing [1] : Nil
- [3] Accounting estimate change : Nil
- [4] Restated modification : Nil

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

[1] Number of outstanding shares (including treasury stock) at the end of BY	BY2023 1Q	96,356,460 shares	BY2022	96,356,460 shares
[2] Number of treasury stock at the end of BY	BY2023 1Q	2,892,615 shares	BY2022	2,892,570 shares
[3] Average number of shares during the period (quarterly cumulative)	BY2023 1Q	93,463,876 shares	BY2022 1Q	94,914,392 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

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

During the cumulative consolidated first quarter of the fiscal year under review, a moderate economic recovery was apparent in the Japanese economy, including the impact of delivery delays due to the shortage of semiconductors being largely eliminated, while COVID-19 infections have been reclassified as a Class 5 disease since May 2023 and socioeconomic activities further normalized.

In such circumstances, we apprehend the period subject to the company group's Medium-Term Management Plan (BY2021 - BY2023) 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 have been working 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 209,337 million yen (up 12.9% compared to the same period of the previous term), operating profit of 4,938 million yen (up 13.4% compared to the same period of the previous term) and ordinary profit of 5,044 million yen (up 11.1% compared to the same period of the previous term). In addition, we recorded 23 million yen as a loss on valuation of shares of subsidiaries and associates and 1 million yen under others as extraordinary losses, while quarterly profit attributable to owners of parent finished at 3,442 million yen (up 9.4% compared to the same period of the previous term).

Segment results were as follows.

(IT Infrastructure Distribution Business)

In the corporate market, the importance of face-to-face business meetings using our sales branches nationwide was re-acknowledged. Many business meetings took place due to smooth communication, which resulted in being able to acquire orders for medium- to large-sized projects stably in the corporate, government and education markets. Mainly PCs, servers, services and support were strong, while the number of subscription product contracts through iKAZUCHI increased, and sales of cloud services centered on software also expanded.

In the consumer market, sales of laptop PCs and monitors were strong in EC sales. Sales were lower than the previous year as mass retailers struggled, but profits increased due to the improvement of profit margins.

As a result of the above, the net sales of this business were 192,592 million yen (up 14.2% compared to the same period of the previous term) and operating profit was 4,538 million yen (up 15.7% compared to the same period of the previous term).

(Fiber Business)

In the Synthetic Fibers and Rayon Divisions, non-woven fabric products such as antiperspirant sheets and cosmetic area products, and flame-retardant rayon materials for overseas markets performed well, but the divisions struggled in terms of profits due to the prolongation of impacts such as soaring raw material and energy prices. In the Industrial Material Division, heavy fabric-related products remained strong, but orders for cartridge filters were sluggish. Clothing Products Division achieved a certain level of improvement in results in Japan through price revisions and other factors, but results were lower than the previous year due partly to a delay in the recovery of demand in the United States.

As a result of the above, the net sales of this business were 14,417 million yen (up 1.2% compared to the same period of the previous term) and operating profit was 224 million yen (down 8.5% compared to the same period of the previous term).

(Industrial Machinery Business)

In the Machine Tools Division, in addition to demand for wind power generation and high-efficiency gas turbines being vigorous in the energy industry, a recovery was also apparent in demand for engines for the aircraft industry, which had been sluggish due to the COVID-19 pandemic. Further, in the Chinese market, orders from the wind power generation industry continued. In the Automatic Machinery Division, both sales and profits decreased due to machinery deliveries being concentrated in the second quarter and beyond.

As a result of the above, the net sales of this business were 2,182 million yen (down 7.5% compared to the same period of the previous term) and operating profit was 137 million yen (down 17.8% compared to the same period of the previous term).

(2) Explanation of financial situation

Total assets at the end of the first consolidated cumulative period decreased by 20,020 million yen compared to the end of the previous consolidated business year to 386,668 million yen due to a decrease in accounts receivable, etc. In addition, liabilities decreased by 22,094 million yen compared to the end of the previous consolidated business year to 240,631 million yen due to decreases in notes and accounts payable. Net assets increased by 2,074 million yen compared to the end of the previous consolidated business year to 146,036 million yen due to an increase in retained earnings, etc.

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

The consolidated results forecast for the fiscal year ending March 2024 is unchanged from the consolidated results forecasts for the second quarter and full year of the fiscal year ending March 2024 announced on May 15, 2023.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheet

(Unit: million yen)

	Previous consolidated business year (March 31, 2023)	1st quarter of the current consolidated business year (June 30, 2023)
Assets		
Current assets		
Cash and deposits	52,123	54,975
Notes	3,718	5,379
Accounts receivable	212,956	175,191
Electronically recorded monetary claims	23,181	24,983
Goods and products	39,273	51,257
Work in progress	3,725	4,336
Raw materials and supplies	2,049	2,349
Others	17,322	13,545
Allowance for doubtful accounts	-163	-142
Total current assets	354,188	331,876
Fixed assets		
Property, plant and equipment		
Land	18,029	18,032
Others (net)	19,098	19,088
Total property, plant and equipment	37,127	37,120
Intangible fixed assets		
Goodwill	-	2,249
Others	2,081	1,982
Total intangible fixed assets	2,081	4,231
Investments and other assets		
Others	13,349	13,495
Allowance for doubtful accounts	-57	-56
Total investments and other assets	13,291	13,439
Total fixed assets	52,500	54,791
Total assets	406,688	386,668

(Unit: million yen)

	Previous consolidated business year (March 31, 2023)	1st quarter of the current consolidated business year (June 30, 2023)
Liabilities		
Current liabilities		
Notes payable and accounts payable	192,594	171,346
Short-term loans payable	12,869	12,249
Accrued corporate tax, etc.	6,077	876
Allowance for bonuses	2,879	1,516
Other allowances	442	196
Others	17,020	21,995
Total current liabilities	231,884	208,180
Non-current liabilities		
Long-term loans payable	13,230	13,430
Allowance for executive stock benefits	75	82
Retirement benefit liabilities	10,764	12,030
Others	6,772	6,908
Total fixed liabilities	30,842	32,451
Total liabilities	262,726	240,631
Net assets		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,951	7,951
Retained earnings	119,449	119,897
Treasury stock	-5,137	-5,137
Total shareholders' equity	143,959	144,407
Accumulated other comprehensive income		
Other valuation difference on securities	1,559	2,069
Deferred hedge gain or loss	-201	702
Exchange translation adjustment account	-208	-205
Accumulated adjustments related to retirement benefits	-2,114	-1,913
Total accumulated other comprehensive income	-965	652
Non-controlling interests	966	975
Total net assets	143,961	146,036
Total liabilities and net assets	406,688	386,668

(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, 2022 to June 30, 2022)	Current 1st quarter consolidated cumulative period (From April 1, 2023 to June 30, 2023)
Net sales	185,445	209,337
Cost of sales	170,998	192,628
Gross profit	14,446	16,709
Selling, general and administrative expenses	10,093	11,771
Operating profit	4,353	4,938
Non-operating income		
Interest income	2	4
Dividend income	94	92
Sales support funding	77	99
Investment gain on equity method	41	-
Others	59	75
Total non-operating income	276	272
Non-operating expenses		
Interest paid	36	33
Loss on revision of retirement benefit plan	-	52
Investment loss on equity method	-	8
Others	51	71
Total non-operating expenses	87	165
Ordinary profit	4,542	5,044
Extraordinary profit		
Gain on sale of fixed assets	19	-
Gain on sale of investment securities	18	-
Others	6	-
Total extraordinary profit	44	-
Extraordinary loss		
Loss on valuation of shares of subsidiaries and associates	-	23
Others	-	1
Total extraordinary loss	-	25
Quarterly net income before income taxes, etc.	4,587	5,019
Corporate tax, inhabitant tax and business tax	1,115	919
Corporate tax adjustment amount	319	644
Total corporate tax, etc.	1,435	1,563
Quarterly net profit	3,151	3,455
Quarterly profit attributable to non-controlling interests	5	13
Quarterly profit attributable to owners of parent	3,146	3,442

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

(Unit: million yen)

	Previous 1st quarter consolidated cumulative period (From April 1, 2022 to June 30, 2022)	Current 1st quarter consolidated cumulative period (From April 1, 2023 to June 30, 2023)
Quarterly net profit	3,151	3,455
Other comprehensive income		
Other valuation difference on securities	-96	509
Deferred hedge gain or loss	268	904
Exchange translation adjustment account	324	-32
Adjustments related to retirement benefits	-21	200
Share of other comprehensive income of entities accounted for using equity method	35	39
Total other comprehensive income	511	1,621
Quarterly comprehensive income	3,663	5,077
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	3,635	5,060
Quarterly comprehensive income attributable to non-controlling interests	27	16

(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)

Not applicable

(Segment information, etc.)

[Segment information]

I Previous 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.

II Current 1st quarter consolidated cumulative period (from April 1, 2023 to June 30, 2023)

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	192,592	14,417	2,182	209,192	144	209,337	-	209,337
Internal sales or transfers between segments	25	3	-	29	53	82	-82	-
Total	192,618	14,421	2,182	209,222	198	209,420	-82	209,337
Segment profit	4,538	224	137	4,900	20	4,920	18	4,938

- (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.