Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

May 7, 2024

Company name:	Macnica Holdings, Inc.
Listing:	TSE Prime, 3132
Securities code:	https://holdings.macnica.co.jp/
Representative:	Kazumasa Hara Representative Director and President
Inquiries:	Makoto Okawara Managing Executive Officer
Telephone:	+81- 45 470 8980
Scheduled date of the Ordinary General Meeting of Shareholders:	June 26, 2024
Scheduled date to commence dividend payments:	June 27, 2024
Scheduled date of securities report submission:	June 26, 2024
Preparation of supplementary material on financial results:	Yes
Holding of quarterly financial results briefing:	Yes (For institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(1) Consolidated operating results

Yen rounded down to millions, % indicate year-on-year change

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	1,028,718	(0.1)	63,733	3.4	61,966	9.0	48,069	17.2
March 31, 2023	1,029,263	35.1	61,646	67.9	56,832	60.1	41,030	59.0

Note: Comprehensive income For the fiscal year ended March 31, 2024: 60,335 million yen [26.6%]
For the fiscal year ended March 31, 2023: 47,655 million yen [33.9%]

	Net income per share	Potential post-adjustment net income value per share	Return on equity	Return on assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	794.64	—	21.6	11.6	6.2
March 31, 2023	664.89	—	22.2	12.9	6.0

Reference: Equity method investment profit / loss For the fiscal year ended March 31, 2024: 351 million
For the fiscal year ended March 31, 2023: (249) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2024	552,244	256,420	44.2	4,072.90
March 31, 2023	517,620	207,762	38.6	3,299.25

Reference: Equity as of March 31, 2024: 244,314 million yen; as of March 31, 2023: 199,792 million yen

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, end of year
As of	Millions of yen	Millions of yen	%	Millions of yen
March 31, 2024	39,949	(18,457)	(23,014)	38,623
March 31, 2023	38,896	(869)	(27,100)	37,492

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Net asset dividend yield (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	Mill yen	%	%
Fiscal year ended March 31, 2023	—	65.00	—	75.00	140.00	8,593	21.1	4.6
March 31, 2024	—	80.00	—	120.00	200.00	12,046	25.2	5.4
Fiscal year ending March 31, 2025 (Forecast)	—	105.00	—	35.00	—		—	

Note: The Company will conduct a 1-for-3 share split of the Company's common shares, effective on October 1, 2024. The annual dividend for the year ending March 31, 2025 (forecast) takes the share split into account and the annual dividend per share is shown as "-". If the share split weren't accounted for, the year-end dividend for the year ending March 31, 2025 (forecast) would be 105 yen and the annual dividend would be 210 yen.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(April 1, 2024, to March 31, 2025) % indicate changes from the same period of the previous fiscal year

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Mill yen	%	Mill yen	%	Mill yen	%	Mill yen	%	yen
First half ending Sept 30, 2024	495,000	(9.5)	26,000	(31.6)	24,200	(34.0)	16,800	(35.0)	280.07
Fiscal year ending March 31, 2025	1,100,000	6.9	64,000	0.4	60,500	(2.4)	42,000	(12.6)	233.39

Note: Net income per share for the fiscal year ended March 31, 2024 (forecast) takes account of the share split noted in section 2: Cash dividends. If the share split were not taken into account, net income per share for the year ending March 31, 2025 (forecast) would be 700.17 yen.

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 Company (Company name: GLOSEL Co.,Ltd)
Excluded: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	60,857,382 shares
As of March 31, 2023	60,857,382 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	872,110 shares
As of March 31, 2023	300,365 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	60,492,656 shares
Fiscal year ended March 31, 2023	61,709,482 shares

Reference: Non-Consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year change

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	21,017	95.0	19,555	108.1	19,614	106.7	19,502	107.3
March 31, 2023	10,778	24.5	9,397	25.7	9,491	24.7	9,409	24.7

	Net income per share	Potential post-adjustment net income value per share
Fiscal year ended	Yen	Yen
March 31, 2024	322.40	―
March 31, 2023	152.48	―

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2024	93,416	90,104	96.5	1,502.11
March 31, 2023	87,552	84,681	96.7	1,398.38

Reference: Equity as of March 31, 2024: 90,104 million. - as of March 31, 2023: 84,681 million yen.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding forward-looking statements and other special notes

Forward-looking statements in this document such as financial forecasts are based on assumptions available to management and considered reasonable at the time of publication. The Group does not guarantee the achievement of projections. Actual performance may differ materially from these projections due to various factors. Please see "I. Quarterly Financial Results, (4) Outlook" on page 4 for more information regarding the assumptions used and matters to be noted when relying on profit projections.

Attached Contents

1. Quarterly Financial Results

(1) Operating Results 2
(2) Financial Position 3
(3) Cash Flow 4
(4) Outlook 4

2. Selection of Accounting Standard 4

3. FY2023 Financial Results 5

(1) Consolidated Balance Sheet 5
(2) Consolidated Statements of Income and Consolidated statement of comprehensive income 7
(3) Consolidated Statement of Changes to Shareholders' Equity 9
(4) Consolidated Statements of Cash Flow 11
(5) Notes to Consolidated Financial Statements 13
(Notes on going concern assumption) 12
(Segment information) 12
(Per Share Information) 15
(Subsequent Events) 16

1. Quarterly Financial Results

(1) Operating Results

During the current fiscal year under review, the Japanese economy saw a trend toward normalization of economic activities as restrictions due to the new coronavirus were lifted. In the global economy, the outlook remained uncertain amid further instability in the international situation, with a stagnant Chinese economy, exchange rate fluctuations, and trade friction between the US and China.

The electronics industry, to which we belong, entered an adjustment phase during the second half of the year, affected by falling demand for smartphones, PCs and other products, as well as the stagnant Chinese economy. In the industrial equipment market, capital investment in FA and machine tools for DX (Digital Transformation) to save labor and improve efficiency in the manufacturing industry was softening in the fourth quarter, while governments in various countries took measures to support capital investment in semiconductor manufacturing factories to secure strategic supply, and long-term demand is expected for semiconductor production equipment. In the automotive market, the supply shortage of semiconductors and other electronic components has been resolved, as semiconductor volume per vehicle is increasing while advanced control systems for safety and automation and the shift to EVs (electric vehicles) for decarbonization are accelerating.

In the IT industry, corporate investment remains favorable, as IT investments based in DX and other themes are expanding with the business scale due to the normalization of economic activities in Japan and overseas. In terms of security, an increasing number of companies are considering security as a business challenge in the short- to medium-term. Attacks that exploit weak points in the supply chains of subsidiaries or business partners, which have relatively low levels of security, have caused enormous damage, such as the leakage of personal information or the suspension of business operations. This led to an increased focus on Attack Surface Management (ASM) to detect and manage risk in information assets.

To further expand our business and increase corporate value, it is essential to acquire human resources such as engineers and other personnel with technical knowledge and expertise in Semiconductors and Electronic devices, as well as sales skills in ICs, Electronic Devices and other themes. In January 2024, Macnica, Inc. tendered for the shares of GLOSEL Co., Ltd., which became a specified subsidiary in March 2024. By combining human capital with the Company, we aim to expand our semiconductor business with new businesses and create business synergies.

As a result of the above, net sales for the fiscal year were 1,028,718 million yen, down 0.1% from the previous year, operating income was 63,733 million yen, up 3.4% on the previous year, ordinary income was 61,966 million yen, up 9.0% on the previous year, and net income attributable to owners of the parent amounted to 48,069 million yen, up 17.2% on the year, due to recording a 'gain on negative goodwill' as extraordinary income in connection with a corporate acquisition.

Results by segment are as follows.

ICs, Electronic Devices and Other Business

The automotive market was a driver in this segment. The supply of semiconductors and other electronic devices improved, semiconductor volume per vehicle increased with advanced control systems for safety and automation such as ADAS (Advanced Driver Assistance Systems), the trend toward EV (Electric Vehicles) for decarbonization continued, so sales of other standard ICs grew. But in the industrial equipment market, despite corporate willingness to invest in plant and equipment, demand declined due to the improved component supply and stagnation in the Chinese market, resulting in an adjustment across a wide range of markets, including semiconductor production equipment, factory automation equipment, industrial robots, and medical equipment. In addition, memory for the telecommunications infrastructure and computer markets declined due to the drop in demand for servers in China, however there was special demand for generative AI in the computer market. Our ongoing expansion of market share in semiconductor trading also contributed to the Company's performance.

As a result, net sales in this business segment for the current fiscal year were 907,803 million yen, down 2.3% compared to last year, and operating income was 56,655 million yen, up 2.4% year on year.

Network business

In this segment, sales of endpoint security-related products grew substantially as the awareness of security measures for client terminals became more widespread. Cloud applications and data analysis infrastructure products grew against the spread of cloud technology and data utilization. In addition, network business grew substantially, particularly in Southeast Asia. Moreover, a sales agreement with a specific supplier required additional cost accounting for software licenses, resulting in a temporary increase in the cost of sales ratio. The impact of this increase is expected to be limited. In domestic business, the cost of sales ratio increased, especially for new projects, due to the sharp depreciation of the yen during the period.

As a result, net sales in this business segment for the current fiscal year were 120,933 million yen, up 20.6% year on year, and operating income was 7,077 million yen, up 12.0% year on year.

Reference: Consolidated Net Sales by Product

			FY2022	**FY2023**	**Y/Y change** (%)
			Millions of yen	Millions of yen	
IC, Electronic Devices and Other Businesses			929,020	907,803	(2.3)
	IC		850,700	819,013	(3.7)
		PLD	106,351	105,794	(0.5)
		ASIC	22,907	19,617	(14.4)
		ASSP	132,201	123,841	(6.3)
		Analog	276,451	245,194	(11.3)
		Memory	101,638	50,305	(50.5)
		Other Standard IC	211,149	274,259	29.9
	Electronic Devices		58,465	51,692	(11.6)
	Other		19,854	37,098	86.9
Network Business			100,242	120,914	20.6
	Hardware		16,763	15,023	(10.4)
	Software		65,704	87,427	33.1
	Service		17,775	18,464	3.9
Total			**1,029,263**	**1,028,718**	**(0.1)**

Note: Amounts are sales to external customers, excluding internal sales or transfers.

(2) Financial Position

Total assets were 552,244 million yen at the end of the current fiscal year, an increase of 34,623 million yen from the end of the previous fiscal year.

Current assets increased by 27,669 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,598 million yen in electronically recorded receivables, 15,096 million yen in products, and 7,463 million yen in other current assets.

Fixed assets increased 6,954 million yen from the end of the previous fiscal year. This was mainly due to a 4,314 million yen increase in investment securities, a 1,085 million yen increase in long-term loans receivable, and a 916 million yen increase under investments and other assets.

Current liabilities decreased 7,705 million yen from the end of the previous fiscal year. This was mainly due to decreases of 35,711 million yen in notes and accounts payable, 3,882 million yen in accrued income taxes, and 1,534 million yen in accrued bonuses, despite increases of 14,547 million yen in short-term loans payable and 18,813 million yen in other current liabilities.

Long-term liabilities decreased 6,329 million yen compared to the end of the previous fiscal year. This was mainly due to decreases of 5,000 million yen in long-term debt and 1,023 million yen in liabilities for retirement benefits.

Net assets increased 48,658 million yen from the end of the previous fiscal year. This was mainly due to increases of 38,679 million yen in retained earnings and 10,949 million yen in translation adjustments.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year amounted to 38,623 million yen, up 1,131 million yen from 37,492 million yen at the end of the previous fiscal year.

[Cash flows from operating activities]

Net cash provided by operating activities increased by 39,949 million yen (compared to 38,896 million yen increase in the previous consolidated fiscal year). This was mainly due to the recording of 66,263 million yen in income before income taxes and minority interests, a decrease in notes and accounts receivable, and a decrease in inventories, despite a decrease in notes and accounts payable and income taxes paid.

[Cash flows from investing activities]

Net cash used in investing activities decreased by 18,457 million yen (869 million yen in the previous fiscal year). This was mainly due to the purchase of investments in subsidiaries resulting in changes in scope of consolidation, disbursement of loans, purchases of plant, property and equipment, and purchases of shares of subsidiaries and affiliates.

[Cash flows from financing activities]

Net cash used in financing activities decreased by 23,014 million yen (27,100 million yen decrease in the previous fiscal year). This was mainly due to the repayment of long-term debt, purchase of treasury shares and cash dividends paid.

(4) Outlook

The outlook for the next fiscal year remains uncertain due to the continuing international situation, the sluggish Chinese economy, and trade friction between the US and China. In this environment, ICs, electronic devices and others are expected to expand market share despite the continuing adjustments. Demand in the Network business is expected to continue amid progress in cloud usage and expansion in endpoint security, from the focus on larger enterprises to a broader base. In addition, we expect to make GLOSEL Co.,Ltd. a wholly owned subsidiary.

As a result, we expect net sales for the next fiscal year of 1,100,000 million yen, operating income of 64,000 million yen, ordinary income of 60,500 million yen, and net income attributable to owners of the parent of 42,000 million yen. The dividend has been revised due to the Company's earnings situation. For details, please refer to " Notice Regarding Share Split, Amendments to the Articles of Incorporation, Abolition of Shareholder Benefit Plan, Dividends from Surplus and Dividend Forecast (Increase)" released today.

2. Selection of Accounting Standard

The Company's policy is to prepare for the IFRS application in the future, and to consider the development of accounting procedures, etc. within the Group; and to consider the timing of its application, taking into consideration various conditions in Japan and overseas.

3. FY2023 Financial Results

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
ASSETS		
Current assets		
Cash and deposits	37,571	38,710
Notes receivable	764	379
Electronically recorded receivables	9,531	13,129
Accounts receivable	192,979	193,680
Contract assets	364	302
Product	218,905	234,001
Other	31,541	39,005
Allowance for doubtful accounts	(578)	(459)
Total current assets	491,080	518,749
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,756	5,189
Accumulated depreciation	(2,715)	(2,899)
Buildings and structures, net	2,040	2,290
Tools, furniture and fixtures	8,010	8,836
Accumulated depreciation	(6,484)	(7,040)
Tools, furniture and fixtures, net	1,526	1,795
Machinery, equipment and vehicles	487	530
Accumulated depreciation	(345)	(388)
Machinery, equipment and vehicles, net	141	141
Land	3,062	3,558
Leased assets	3,682	4,814
Accumulated depreciation	(2,431)	(3,573)
Leased assets, net	1,251	1,241
Construction in progress	4	―
Total tangible fixed assets	8,027	9,027
Intangible fixed assets		
Goodwill	1,576	1,049
Other	6,407	5,995
Total intangible fixed assets	7,983	7,044
Investments and other assets		
Investment securities	3,909	8,223
Long-term loans receivable	―	1,085
Deferred tax assets	5,450	5,133
Net defined benefit asset	―	915
Other	1,169	2,085
Allowance for doubtful accounts	―	(21)
Total investments and other assets	10,529	17,421
Total fixed assets	26,540	33,494
Total Assets	517,620	552,244

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
LIABILITIES		
Current liabilities		
Notes & accounts payable	186,838	151,126
Short-term loans payable	46,039	60,587
Lease obligations	524	610
Accrued income taxes	13,524	9,641
Contract liabilities	13,160	13,161
Accrued bonuses	7,481	5,946
Provision for directors' bonuses	108	83
Other current liabilities	31,088	49,901
Total current liabilities	298,764	291,058
Long-term liabilities		
Long-term debt	8,000	3,000
Lease obligations	755	658
Deferred tax liabilities	351	117
Liability for retirement benefits	1,410	386
Other long-term liabilities	576	602
Total long-term liabilities	11,094	4,765
Total liabilities	309,858	295,824
NET ASSETS		
Shareholders Equity		
Paid-in capital	14,040	14,040
Additional paid-in capital	37,066	36,764
Retained earnings	132,857	171,537
Treasury share	(872)	(5,714)
Total shareholders' equity	183,091	216,627
Other Comprehensive Income		
Unrealized holding gains on securities	333	501
Gain (loss) on deferred hedge	38	(93)
Translation adjustments	16,329	27,279
Total comprehensive income	16,701	27,686
Non-controlling interests	7,969	12,106
Total net assets	207,762	256,420
Total Liabilities & Net Assets	517,620	552,244

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	1,029,263	1,028,718
Cost of sales	903,359	899,101
Gross profit	125,903	129,617
Selling, general & administrative expenses	64,256	65,884
Operating income	61,646	63,733
Non-operating income		
Interest income	141	344
Dividend income	273	222
Equity in net gain of affiliates	―	351
Foreign exchange gains	―	9
Other	704	646
Total non-operating income	1,119	1,573
Non-operating expenses		
Interest expense	1,900	1,890
Loss on transfer of receivables	1,525	520
Share of loss of entities accounted for using equity method	249	―
Foreign exchange losses	1,771	―
Product compensation expenses	339	754
Other	149	175
Total non-operating expenses	5,933	3,340
Ordinary income	56,832	61,966
Extraordinary income		
Proceeds from sale of investment securities	1,574	1,006
Gain on exchange of investment securities investment securities	503	―
Gain on sales of shares of subsidiaries and associates	―	902
Gain on negative goodwill	―	3,703
Other	92	8
Total extraordinary income	2,170	5,621
Extraordinary losses		
Loss on valuation of investment securities	800	1,270
Other	53	54
Total extraordinary losses	853	1,324
Income before income taxes	58,149	66,263
Corporate, inhabitant and enterprise taxes	17,149	17,426
Income taxes-deferred	(1,809)	108
Total corporate tax	15,339	17,534
Net income	42,809	48,728
Net income attributable to non-controlling interests	1,779	658
Net income attributable to owners of parent	41,030	48,069

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income	42,809	48,728
Other comprehensive income		
Unrealized holding gains on securities	(941)	139
Gain (loss) on deferred hedge	541	(132)
Translation adjustments	5,007	11,541
Other comprehensive income of entities under equity method	237	58
Total comprehensive income	4,845	11,607
Comprehensive income	47,655	60,335
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	45,858	59,054
Comprehensive income attributable to non-controlling interests	1,796	1,280

(3) Consolidated Statement of Changes to Shareholders' Equity

Previous Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' Equity				
	Paid-in capital	Additional paid-in capital	Consolidated retained earnings	Treasury share	Total shareholders' equity
Balance at start of period	14,040	45,996	99,611	(1,389)	158,258
Changes in the fiscal year:					
Dividend of surplus			(7,784)		(7,784)
Net Income attributable to owners of parent			41,030		41,030
Purchase of treasury share				(6,001)	(6,001)
Disposal of treasury share		107		204	311
Cancellation of treasury shares		(6,314)		6,314	–
Equity transactions with non-controlling interests		(2,723)			(2,723)
Net change in other than shareholders' equity					–
Changes in the fiscal year (Total)	–	(8,930)	33,245	517	24,832
Balance at end of period	14,040	37,066	132,857	(872)	183,091

	Other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Gain (loss) on deferred hedge	Translation adjustments	Total comprehensive income		
Balance at start of period	987	(503)	11,388	11,873	9,632	179,764
Changes in the fiscal year:						
Dividend of surplus						(7,784)
Net Income attributable to owners of parent						41,030
Purchase of treasury share						(6,001)
Disposal of treasury share						311
Cancellation of treasury shares						–
Equity transactions with non-controlling interests						(2,723)
Net change in other than shareholders' equity	(654)	541	4,941	4,828	(1,663)	3,165
Changes in the fiscal year (Total)	(654)	541	4,941	4,828	(1,663)	27,997
Balance at end of period	333	38	16,329	16,701	7,969	207,762

(Current Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Shareholders' Equity				
	Paid-in capital	Additional paid-in capital	Consolidated retained earnings	Treasury share	Total shareholders' equity
Balance at start of period	14,040	37,066	132,857	(872)	183,091
Changes in the fiscal year:					
Dividend of surplus			(9,389)		(9,389)
Net Income attributable to owners of parent			48,069		48,069
Purchase of treasury share				(5,003)	(5,003)
Disposal of treasury share		151		161	313
Equity transactions with non-controlling interests		(453)			(453)
Net change in other than shareholders' equity					—
Changes in the fiscal year (Total)	—	(301)	38,679	(4,842)	33,536
Balance at end of period	14,040	36,764	171,537	(5,714)	216,627

	Other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Gain (loss) on deferred hedge	Translation adjustments	Total comprehensive income		
Balance at start of period	333	38	16,329	16,701	7,969	207,762
Changes in the fiscal year:						
Dividend of surplus						(9,389)
Net Income attributable to owners of parent						48,069
Purchase of treasury share						(5,003)
Disposal of treasury share						313
Equity transactions with non-controlling interests						(453)
Net change in other than shareholders' equity	168	(132)	10,949	10,985	4,136	15,121
Changes in the fiscal year (Total)	168	(132)	10,949	10,985	4,136	48,658
Balance at end of period	501	(93)	27,279	27,686	12,106	256,420

(4) Consolidated Statements of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating Activities		
Income before income taxes	58,149	66,263
Depreciation and amortization	3,468	3,620
Gain on negative goodwill	—	(3,703)
Interest and dividend income	(415)	(567)
Interest expense	1,900	1,890
Equity in net loss of affiliates	249	(351)
Loss (gain) on translation	(589)	(1,020)
Proceeds from sale of investment securities	(1,574)	(1,006)
Gain on exchange of investment securities	(503)	—
Loss on valuation of investment securities	800	1,270
Gain on sales of shares of subsidiaries and associates	—	(902)
Change in notes and accounts receivable	(41,051)	23,193
Change in inventories	(75,876)	16,032
Changes in trade payable	126,753	(48,900)
Other	(18,391)	7,735
Sub-total	52,916	63,553
Interest and dividends received	405	526
Interest paid	(1,886)	(1,907)
Corporate tax payment (refund)	(12,539)	(22,223)
Net cash provided by (used in) operating activities	38,896	39,949
Investing Activities		
Disbursement of loans	(715)	(1,724)
Proceeds from collection of loans	664	626
Purchases of property and equipment	(996)	(1,368)
Proceeds from sales of property and equipment	1	8
Purchases of intangible assets	(1,152)	(902)
Proceeds from sales of intangible assets	0	—
Purchases of investment securities	(1,242)	(743)
Proceeds from sales of investment securities	2,480	306
Purchases of shares of affiliate	—	(1,123)
Gain on sale of shares of affiliate	—	485
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(13,987)
Other	90	(36)
Net cash provided by (used in) investing activities	(869)	(18,457)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Financing Activities		
Change in short-term loans	(4,736)	(1,784)
Repayment of long-term debt	(2,171)	(4,000)
Proceeds from issuance of common shares	29	29
Purchase of treasury shares	(6,001)	(5,003)
Cash dividends paid	(7,782)	(9,385)
Dividends paid to non-controlling interests	(952)	(1,118)
Proceeds from purchases of shares of the affiliate not resulting in change in scope of consolidation	(4,798)	(961)
Other	(687)	(791)
Net cash provided by (used in) financing activities	(27,100)	(23,014)
Translation adjustments on cash and cash equivalents	1,467	2,654
Net increase (decrease) in cash and cash equivalents	12,393	1,131
Cash and cash equivalents at beginning of the year	25,099	37,492
Cash and cash equivalents at year end	37,492	38,623

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are constituent units of the Group for which separate financial statements are available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group is engaged in integrated circuits, electronic devices, networks, and other related businesses. The Company and its consolidated subsidiaries are established according to the products and services they handle, and each of them, as an independent management unit, formulates comprehensive domestic and overseas strategies and conducts business activities.

(2) Type of products and services belonging to each reportable segment

Accordingly, the Group is composed of business segments based on products and services, and has two reportable segments; the 'ICs, Electronic Devices and other business' segment, which handles integrated circuits, electronic devices, and other products, and the 'Network business' segment, which handles network-related hardware, software, and services.

2. Calculating sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting methods for reportable segments are mostly the same as the accounting methods described in "Basis of presenting consolidated financial statements." Income by reportable segment is operating income.

Intersegment sales and transfers are based on market values.

3. Sales, profit or loss, assets, liabilities and other items by reportable segment

Previous Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)

Sales and profit (loss) by segment (Millions of yen)

	Reportable segment			Other	Total
	ICs, electronoic devices and other business	Network business	Sub-total		
Sales					
1) Sales to external customers	929,020	100,242	1,029,263	—	1,029,263
2) Internal sales, segment transfers	—	11	11	—	11
Total	929,020	100,254	1,029,274	—	1,029,274
Operating income by segment	55,329	6,316	61,646	—	61,646
Assets by segment	468,852	46,683	515,536	—	515,536
Others					
Depreciation	2,874	593	3,468	—	3,468
Amortization of goodwill	447	173	621	—	621
Equity in net loss of affiliates	—	(249)	(249)	—	(249)
Investments accounted for using equity method	—	142	142	—	142
Increase of tangible and intangible assets	1,916	916	2,832	—	2,832

Current Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)

Sales and profit (loss) by segment (Millions of yen)

	Reportable segment			Other	Total
	ICs, electronoic devices and other business	Network business	Sub-total		
Sales					
1) Sales to external customers	907,803	120,914	1,028,718	—	1,028,718
2) Internal sales, segment transfers	—	18	18	—	18
Total	907,803	120,933	1,028,737	—	1,028,737
Operating income by segment	56,655	7,077	63,732	—	63,732
Assets by segment	500,285	46,629	546,915	—	546,915
Others					
Depreciation	3,006	614	3,620	—	3,620
Amortization of goodwill	462	185	648	—	648
Equity in net loss of affiliates	—	351	351	—	351

Investments accounted for using equity method	—	552	552	—	552
Increase of tangible and intangible assets	3,028	965	3,994	—	3,994

4. Income (loss) by segment & financial statements (reconciliation)

(Millions of yen)

Income	FY2022	FY2023
Total segment income	1,029,274	1,028,737
Elimination of intersegment income	(11)	(18)
Sales in the consolidated statement of income	1,029,263	1,028,718

(Millions of yen)

Income	FY2022	FY2023
Total segment income	61,646	63,732
Elimination of intersegment income	0	0
Operating income in the consolidated statement of income	61,646	63,733

(Millions of yen)

Income	FY2022	FY2023
Total segment income	515,536	546,915
Elimination of intersegment income	(2,546)	(3,012)
Corporate-wide expenses*	4,631	7,142
Assets in the consolidated statement of income	517,620	551,044

Note: ‘Corporate-wide expenses’ refers mainly to ‘land’ and ‘investment securities’ not included in reportable segment.

(Millions of yen)

	Segment Total		Other		Amount of adjustment		Amount on statement of income	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Depreciation	3,468	3,620	—	—	—	—	3,468	3,620
Amortization of goodwill	621	648	—	—	—	—	621	648
Equity in net loss of affiliates	(249)	351	—	—	—	—	(249)	351
Investments accounted for using equity method	142	552	—	—	—	—	142	552
Increase of tangible & intangible assets	2,832	3,994	—	—	—	—	2,832	3,994

Per Share Information

	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Net assets per share	3,299.25 yen	4,072.90 yen
Net income per share	664.89 yen	794.64 yen

Note: 1. Diluted net income per share is not stated as there was no potential dilution.

2. Basis for calculation of net income per share is stated below:

	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Net income per share		
Net Income attributable to owners of parent for the fiscal year	41,030 million yen	48,069 million yen
Amount not returned to common share shareholders	—	—
Net Income attributable to owners of parent relating to common shares	41,030 million yen	48,069 million yen
Average number of common shares outstanding during period	61,709,482 shares	60,492,656 shares

3. Basis for calculation of net asset per share is stated below:

	As of March 31, 2023	As of March 31, 2024
Total net assets	207,762 million yen	256,420 million yen
Amount deducting from total net assets	7,969 million yen	12,106 million yen
Non-controlling interests	(7,969 million yen)	(12,106 million yen)
Net assets applicable to common share at the end of current period	199,792 million yen	244,314 million yen
Number of common shares at end of period used for calculation of net assets per share	60,557,017 shares	59,985,272 shares

(Subsequent Events)

Share Split, Amendments to the Articles of Incorporation Due to Share Split

Macnica Holdings, Inc. (the "Company") hereby announces that on May 7, 2024, its Board of Directors resolved to conduct a share split, and partially amend the Articles of Incorporation due to the share split.

1. Share split

(1) Purpose of the share split

By reducing the price per investment unit, the Company aims to create a more investor-friendly environment for individual investors, against the backdrop of the introduction of the new NISA system and other factors, and improve market liquidity.

(2) Overview of the share split

1) Method of the share split

With September 30, 2024 (Monday) as the record date, the Company will conduct a 1-for-3 share split of the Company's common shares held by shareholders listed or recorded in the final shareholder list on that date.

2) Increase in the number of shares due to the share split

Total number of issued shares before the share split	60,857,382 shares
Increase in the number of shares due to the share split	121,714,764 shares
Total number of issued shares after the share split	182,572,146 shares
Total number of authorized shares after the share split	600,000,000 shares

3) Schedule of the share split

Date of public notice of the record date (scheduled)	September 13, 2024 (Friday)
Record date	September 30, 2024 (Monday)
Effective date	October 1, 2024 (Tuesday)

4) Effect on Per Share Information

Per share information is calculated assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.

	Previous Fiscal Year (Apr 1, 2022 - Mar 31, 2023)	Current Fiscal Year (Apr 1, 2023 – Mar 31, 2024)
Average number of issued shares during the period (excluding treasury shares) (shares)	185,128,446	181,477,968
Net income per share (yen)	221.63	269.10
Annual dividend per share (yen)	46.67	66.67

	As of March 31, 2023	**As of March 31, 2024**
Total number of issued shares at the end of the period (excluding treasury shares)	181,671,051	179,955,816
Net Assets per share (yen)	1,099.75	1,361.90

2. Partial amendment to the Articles of Incorporation due to the share split

(1) Reason for the amendment

In accordance with the share split, the Company will amend the total number of authorized shares in Article 6 of the Company's Articles of Incorporation effective October 1, 2024, pursuant to the provision of Article 184, paragraph 2 of the Companies Act.

(2) Details of the amendment

(Underlined portions indicate amended sections.)

Before amendment	After amendment

(Total Number of Authorized Shares) Article 6. The total number of shares authorized to be issued by the Company shall be 200,000,000 shares.	(Total Number of Authorized Shares) Article 6. The total number of shares authorized to be issued by the Company shall be 600,000,000 shares.