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Semi-annual Securities Report

First Half of the 12th Business Term

From April 1, 2026, to September 30, 2026

MACNICA HOLDINGS, INC.

Cover

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Part I. Corporate Information

I. Corporate Overview

1. Financial Highlights

(Yen million unless otherwise stated)

Fiscal term	11th term interim	12th term interim	11th term
Accounting period	From April 1, 2025 to September 30, 2025	From April 1, 2026 to September 30, 2026	From April 1, 2025 to March 31, 2026
Net sales	575,435	831,293	1,214,196
Ordinary income	14,728	32,751	37,392
Net income attributable to parent shareholders for the interim period (fiscal year)	11,021	22,278	27,765
Interim comprehensive income or comprehensive income	14,440	21,930	40,623
Net assets	269,960	305,865	289,115
Total assets	596,216	840,288	700,887
- Net income per share for the interim period (fiscal year) (yen)	61.75	124.74	155.54
- Adjusted net income per share for the interim period (fiscal year) (yen)	—	—	—
Equity ratio (%)	43.7	34.9	39.8
Cash flow from operating activities	23,614	△32,569	18,774
Cash flow from investing activities	△1,180	△2,346	△1,306
Cash flow from financing activities	△24,907	34,468	△15,158
Cash and cash equivalents at end of interim period (end of year)	46,221	53,206	54,370

1. As the Company prepares consolidated interim financial statements, changes in key management indicators of the reporting company are not presented.
2. Adjusted net income per share for the interim period (fiscal year) is not given as there are no potential shares.

2. Business Overview

During the current interim consolidated period, there were no significant changes in the businesses conducted by the Group (the Company and its affiliated companies).

There were also no changes in major affiliated companies.

Effective from the current interim consolidated period, the Company has changed the classification of its reportable segments. For details, please refer to "4. Matters related to changes in reportable segments" under "Segment Information" in " IV. Financial Information, 1. Consolidated Interim Financial Statements, Notes (Segment Information)."

II. Business Summary

1. Business Risks

During the current interim consolidated period, among the matters regarding business conditions, financial conditions and other matters stated in this Semi-annual Report, there were no occurrences of principal risks that management recognizes as having the potential to materially affect the financial position, operating results, and cash flows of the consolidated group, nor were there any significant changes to the “Business Risks” described in the Annual Securities Report for the previous fiscal year.

2. Management’s Analysis of Financial Positions, Operating Results and Cash Flows

Forward-looking statements herein are based on the judgment of the Group as of the end of the current interim consolidated period.

(1) Operating Results

During the consolidated interim period under review, the Japanese economy continued in a moderate recovery, with capital expenditure remaining robust against a backdrop of solid corporate earnings, despite the impact of rising prices and interest rates. In the global economy, against a backdrop of rapid proliferation and advancement of AI, including generative AI, concerns regarding AI safety and its social impact have grown markedly, leading to calls for stricter regulations on AI development and use. Meanwhile, demand for AI-related products remains robust, with capital expenditure, centered on data centers and semiconductors, expanding and the AI-related market continuing to perform well. However, due to ongoing geopolitical risks and other factors, the global outlook remains uncertain.

In the electronics industry, to which our company belongs, demand for generative AI servers remained robust, underpinning overall demand for semiconductors. In the industrial equipment market, demand is recovering across a wide range of products, including capital expenditure on equipment for manufacturing and testing semiconductors, as well as factory automation (FA) machine tools. Furthermore, in the automotive market, demand for advanced control systems aimed at improving safety and automation continues.

In the IT sector, the environment for corporate IT investment remains favorable. In the field of security, the impact of cyber-attacks on businesses is becoming increasingly severe, with a succession of large-scale data breaches and cyber incidents in Japan that have disrupted business operations. Furthermore, in addition to ransomware and supply chain attacks, attacks targeting cloud services and externally accessible systems are becoming increasingly prevalent, making corporate cybersecurity measures more critical than ever. Moreover, with the proliferation of generative AI, the expanding use of AI agents and the growing adoption of cloud services, the IT assets and access pathways that companies must manage are becoming increasingly complex; consequently, corporate demand for cybersecurity investment has remained at a high level.

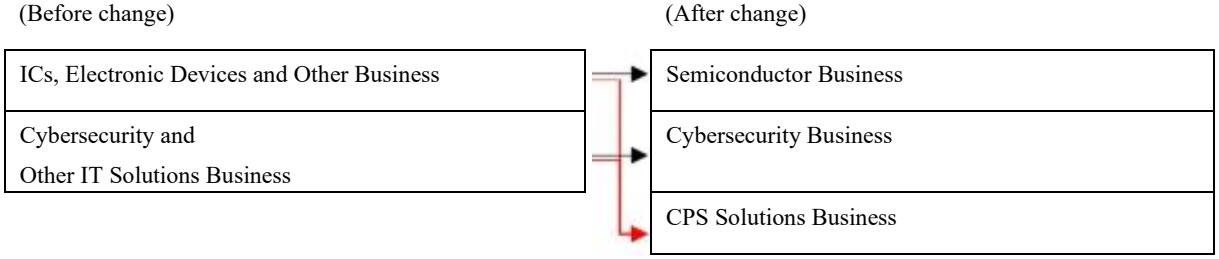
In the CPS (Cyber-Physical System) market in which the company operates, there is a growing need for solutions that integrate the physical and cyber domains, driven by social challenges such as labor shortages resulting from a declining birth rate and ageing population, a shortage of staff for regional public transport, the transition to a decarbonized society, and the extension of healthy life expectancy, as well as the rapid advancement of digital technologies, including generative AI. Specifically, demand highly aligned with our key business themes (Smart Cities / Mobility, Smart Manufacturing, Healthcare, Circular Economy, and Food & Agri-Tech) is expanding. Furthermore, there are ongoing policy initiatives to support the expansion of this market. For instance, the public-private investment roadmap for "key products and technologies" in 17 strategic sectors, decided by the Japan Growth Strategy Headquarters on July 21, 2026, identifies areas highly compatible with CPS, such as autonomous driving technology and physical AI, as priority sectors.

As a result, for the current consolidated interim, net sales stood at 831,293 million yen, up 44.5% year-on-year, operating income came to 33,518 million yen, up 91.5% year-on-year, ordinary income was 32,751 million yen, up 122.4% year-on-year, and net income attributable to owners of the parent came to 22,278 million yen, up 102.1% year-on-year.

Please note the Group had previously reported two segments, "ICs, Electronic Devices and Other Business" and "Cybersecurity and Other IT Solutions", until the current consolidated fiscal year. However, following a review of our performance management structure in line with the expansion of the CPS (Cyber-Physical System) Solutions business, we decided to classify the "CPS (Cyber-Physical System) Solutions Business"

as an independent reporting segment, effective this fiscal year. In conjunction with this change in segment classification, we are renaming the "ICs, Electronic Devices, and Other Business" segment to "Semiconductor Business" and the "Cybersecurity and Other IT Solutions Business" segment to "Cybersecurity Business."

Segment information for the previous interim consolidated fiscal period is stated based on figures prepared under the classification method after the change.



The financial results by segment are as follows.

(i) Semiconductor Business

In the Semiconductor Business, in the industrial equipment market, both domestically and overseas, capital expenditure geared toward AI demand drove steady performance in semiconductor manufacturing equipment applications. Further, an improvement in demand has been observed across a wide range of applications, including factory automation (FA) and machine tools. In terms of product categories, a recovery has been seen across many product types, centered on analog products and also including PLDs, memory, ASSPs, power ICs and others. In the automotive market, demand for semiconductors is recovering as inventory adjustments have come to an end. In the computer market, demand for AI servers remains robust.

As a result, interim net sales for this business came to 721,339 million yen, up 46.7% year-on-year, while operating income stood at 29,258 million yen, up 117.1% year-on-year.

(ii) Cybersecurity Business

In the Cybersecurity Business, against a backdrop of a further rise in corporate risk awareness following a series of large-scale incidents in Japan, endpoint security products, which provide comprehensive protection and management of client devices, continued to perform strongly, whilst security products that help visualize and manage cyber risks and take preventive action saw growth. Against the backdrop of expanding cloud service usage and the widespread adoption of zero-trust security, solutions supporting secure content management in the cloud, as well as SASE (Secure Access Service Edge) products that integrate networking and security, recorded steady growth. Furthermore, the overseas cybersecurity business in the Asia-Pacific region, centered on Singapore, is also growing steadily.

As a result, interim net sales for this business amounted to 105,887 million yen, up 31.2% year-on-year, while operating income stood at 8,907 million yen, up 14.8% year-on-year.

(iii) CPS Solutions Business

In the CPS Solutions Business, against a backdrop of growing demand for advanced solutions following the renewal of core systems, growth was seen in systems integration (SI) within the Smart Manufacturing sector centered on digital transformation (DX)-related services, as well as in production simulation and PLM. In the manufacturing support sector, contract manufacturing-related projects expanded in response to customer needs for in-house production and manufacturing DX. In the Smart City/Mobility sector, we are continuing to strengthen development of our vehicles and the remote operation management system 'everfleet' with a view to expanding the real-world deployment of autonomous driving services. In March 2026, our autonomous electric bus, the EVO, obtained authorization under the Road Transport Vehicle Act to operate as a driverless autonomous vehicle (Level 4) on public roads in Hitachi-Ota City, Ibaraki Prefecture. Against this backdrop, our consolidated subsidiary Navya Mobility SAS continued to expand its production and delivery capabilities for autonomous electric buses, however the lead time for deployment to local authorities and other customers has lengthened. Consequently, the number of completed vehicles sold externally during the current interim period fell short of initial projections, resulting in expenses being recognized before sales. In addition, net sales and profit in this sector fell short of the initial plan, owing to the termination of a project following the cancellation of a customer's vehicle development program.

Consequently, interim net sales for this business totaled 4,066 million yen, up 25.9% year-on-year, while interim operating loss stood at 4,647 million yen, compared with an operating loss of 3,728 million yen in the same period of the previous fiscal year.

(2) Financial Position

Total assets at the end of the interim period stood at 840,288 million yen, an increase of 139,401 million yen compared with the end of the previous fiscal year.

Current assets increased by 139,982 million yen compared with the end of the previous fiscal year. This was primarily due to notes receivable, trade receivables and contract assets of 92,256 million yen, and 41,317 million yen in inventories, respectively.

Fixed assets decreased by 581 million yen compared with the end of the previous fiscal year. This was primarily due to a decrease of 1,095 million yen in other intangible fixed assets and a decrease of 377 million yen in other investments and assets, despite an increase of 956 million yen in investment securities.

Current liabilities increased by 122,611 million yen compared with the end of the previous fiscal year. This was primarily due to increases of 36,424 million yen in notes and accounts payable, 40,119 million yen in short-term borrowings, 4,964 million yen in income tax payable and similar liabilities, and 39,879 million yen in other current liabilities, respectively.

Long-term liabilities increased by 40 million yen compared with the end of the previous fiscal year. This was due to an increase of 50 million yen in other non-current liabilities, despite a decrease of 9 million yen in liabilities relating to retirement benefits.

Net assets increased by 16,749 million yen compared with the end of the previous fiscal year. This was mainly due to increases of 16,028 million yen in retained earnings and 2,106 million yen in non-controlling interests, despite a 2,884 million yen decrease in foreign currency translation adjustment.

(3) Cash Flows

The balance of cash and cash equivalents at the end of the interim period stood at 53,206 million yen, a decrease of 1,163 million yen compared with the 54,370 million yen recorded at the end of the previous consolidated financial year.

Cash flow from operating activities decreased by 32,569 million yen, compared with an increase of 23,614 million yen in the same period of the previous year. This was mainly due to an increase in trade receivables and inventories, despite the recognition of interim net income before income tax and other adjustments of 32,737 million yen, as well as increases in trade payables.

Cash flows from investing activities decreased by 2,346 million yen, compared with a decrease of 1,180 million yen in the same period of the previous year. This was primarily due to the disbursement of loans granted and purchases of intangible fixed assets and shares in affiliated companies.

Cash flows from financing activities increased by 34,468 million yen, compared with a decrease of 24,907 million yen in the same period of the previous fiscal year. This was primarily due to a net increase in short-term loans, despite cash dividends paid and dividends paid to non-controlling shareholders.

(4) Research and Development Activities

Total research and development expenses for the current interim consolidated period were 1,192 million yen.

There were no significant changes in the status of the Group’s research and development activities during the current interim consolidated period.

(5) Purchases, Orders Received and Sales

During the current interim consolidated period, orders received and order backlog in the Semiconductor Business increased. As described in “II. Business Summary, 2. Management's Analysis of Financial Positions, Operating Results and Cash Flows, (1) Operating Results,” firm demand for generative AI servers has helped lift overall semiconductor demand. In particular, in the industrial equipment market, demand recovered across a wide range of products, including capital investment in equipment for manufacturing and testing semiconductors as well as FA machine tools, resulting in an increase in orders received. In

addition, as semiconductor lead times have lengthened, orders with long delivery lead times have also increased, resulting in an increase in order backlog.

Segment	Orders received (Yen million)	Year-on-year (%)	Order backlog (Yen million)	Year-on-year (%)
Semiconductor Business	1,268,611	120.0	1,370,961	142.8

3. Material Contracts

During the current interim consolidated period, there were no decisions on or conclusions of material contracts, etc.

III. Status of the Reporting Company

1. Stock Information

(1) Total Number of Shares, etc.

(i) Total Number of Shares

Class	Total number of authorized shares (Shares)
Common shares	600,000,000
Total	600,000,000

(ii) Shares Issued

Class	Shares issued at end of interim period (September 30, 2026)	Shares issued at filing date (November 13, 2026)	Listed exchange or certified financial instruments business association	Description
Common shares	179,072,146	179,072,146	Tokyo Stock Exchange (Prime Market)	One trading unit is 100 shares
Total	179,072,146	179,072,146	—	—

(2) Status of Share Acquisition Rights, etc.

(i) Details of Share Option Plan
Not applicable.

(ii) Status of Other Share Acquisition Rights
Not applicable.

(3) Status of Exercise of Bonds with Share Acquisition Rights with Exercise Price Adjustment Clause
Not applicable.

(4) Changes in the Total Number of Shares Issued, Capital, etc.

Date	Change in shares issued (Thousand shares)	Shares issued balance (Thousand shares)	Change in capital (Yen million)	Capital balance (Yen million)	Change in capital surplus (Yen million)	Capital surplus balance (Yen million)
September 30, 2026	—	179,072	—	14,040	—	6,540

(5) Major Shareholders

As of September 30, 2026

Name	Address	Shares held (thousands)	Ratio to total shares issued (excl. treasury) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	24,317	13.61
Kamiyama Foundation (General Incorporated Foundation)	2-6-1 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa	18,000	10.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	14,654	8.20
Seeds Technology Inc.	2-6-1 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa	10,500	5.88
Haruki Kamiyama	Aoba-ku, Yokohama, Kanagawa	9,600	5.37

Name	Address	Shares held (thousands)	Ratio to total shares issued (excl. treasury) (%)
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (2-15-1 Konan, Minato-ku, Tokyo)	5,695	3.19
JP MORGAN CHASE BANK 380055 (Standing Proxy: Mizuho Bank, Ltd.)	270 Park Ave, New York, NY 10017, USA (2-15-1 Konan, Minato-ku, Tokyo)	4,516	2.53
Yuko Kamiyama	Aoba-ku, Yokohama, Kanagawa	2,940	1.65
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston Massachusetts 02101 USA (2-15-1 Konan, Minato-ku, Tokyo)	2,731	1.53
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	2,489	1.39
Total	—	95,445	53.42

1. In addition to the above, the Company holds 416 thousand treasury shares.
2. Of the shares shown above, the number of shares related to trust business activities is as follows:
   The Master Trust Bank of Japan, Ltd. (Trust Account): 24,122 thousand shares
   Custody Bank of Japan, Ltd. (Trust Account): 13,562 thousand shares
   The Nomura Trust and Banking Co., Ltd. (Investment Trust Account): 2,489 thousand shares
3. Columbia Management Investment Advisers, LLC and its joint holder filed a large shareholder report dated May 21, 2026 (reporting obligation date: May 15, 2026), reporting the shareholdings shown below. However, as the actual shareholdings as of September 30, 2026 could not be confirmed, these holders are not included in the list of major shareholders above.

Name	Address	Shares held (thousand)	Ratio (%)
Columbia Management Investment Advisers, LLC	290 Congress Street, 7th Floor, Boston, Massachusetts 02210, USA	8,467	4.73
Threadneedle Asset Management Ltd.	Cannon Place, 78 Cannon Street, London, EC4N 6AG, United Kingdom	1,155	0.65

4. Dalton Investments, Inc. filed an amendment report dated July 15, 2026 (reporting obligation date: July 8, 2026), reporting the shareholdings shown below. However, as the actual shareholdings as of September 30, 2026, could not be confirmed, this holder is not included in the list of major shareholders above.

Name	Address	Shares held (thousand)	Ratio (%)
Dalton Investments, Inc	9440 West Sahara Avenue, Suite 215, Las Vegas, Nevada 89117, USA	16,444	9.18

5. Asset Management One Co., Ltd. filed an amendment report dated September 7, 2026 (reporting obligation date: August 31, 2026), reporting the shareholdings shown below. However, as the actual shareholdings as of September 30, 2026, could not be confirmed, this holder is not included in the list of major shareholders above.

Name	Address	Shares held (thousand)	Ratio (%)
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	11,382	6.36

6. Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder filed an amendment report dated October 6, 2026 (reporting obligation date: September 30, 2026), reporting the shareholdings shown below. However, as the actual shareholdings as of September 30, 2026, could not be confirmed, these holders are not included in the list of major shareholders above.

Name	Address	Shares held (thousand)	Ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	4,577	2.56

Name	Address	Shares held (thousand)	Ratio (%)
Amova Asset Management Co., Ltd.	1-3-1 Azabudai, Minato-ku, Tokyo	5,795	3.24

(6) Status of Voting Rights

(i) Shares Issued

As of September 30, 2026

Category	Number of shares	Number of voting rights	Description
Non-voting shares	—	—	—
Restricted voting shares (treasury shares, etc.)	—	—	—
Restricted voting shares (other)	—	—	—
Full voting shares (treasury shares, etc.)	(Treasury shares held)	—	Standard shares with no restrictions on shareholders' rights
	Common shares: 416,900		
Full voting shares (other)	Common shares: 178,436,000	1,784,360	Same as above
Shares less than one trading unit	Common shares: 219,246	—	Shares of less than one trading unit (100 shares)
Total shares issued	179,072,146	—	—
Total voting rights of all shareholders	—	1,784,360	—

1. The "Full voting shares (other)" column includes 11,000 shares registered in the name of the Japan Securities Depository Center, Inc.; the "Number of voting rights" column includes 110 voting rights associated with those shares.
2. The "Shares less than one trading unit" column includes 61 shares registered in the name of the Japan Securities Depository Center, Inc. and 33 treasury shares held by the Company.

(ii) Treasury Shares, etc.

As of September 30, 2026

Name of holder	Address	Shares held in own name	Shares held in other names	Total shares held	Ratio to total shares issued (%)
(Treasury shares held) Macnica Holdings, Inc.	1-6-3 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa	416,900	—	416,900	0.23
Total	—	416,900	—	416,900	0.23

2. Officers Status

Not applicable.

IV. Financial Information

1. Method of Preparation of the Consolidated Interim Financial Statements

The Company's consolidated interim financial statements are prepared in accordance with the "Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976; hereinafter, the "Regulations on Consolidated Financial Statements").

In addition, the Company falls under the category of companies listed in the upper column of Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act, and prepares Type 1 consolidated interim financial statements in accordance with the provisions of Part 1 and Part 3 of the Regulations on Consolidated Financial Statements.

2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated interim financial statements for the interim consolidated period (from April 1, 2026 to September 30, 2026) have been subject to an interim review by Ernst & Young ShinNihon LLC.

1. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
ASSETS		
Current assets		
Cash and deposits	54,388	53,206
Notes, accounts receivable and contract assets	*1 268,665	*1 360,922
Electronically recorded receivables	*1 25,157	*1 16,809
Product	263,912	305,230
Other	56,708	72,790
Allowance for doubtful accounts	△959	△1,104
Total current assets	667,872	807,854
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	2,284	2,211
Tools, furniture and fixtures, net	1,770	1,783
Machinery, equipment and vehicles, net	638	633
Land	3,067	3,067
Other, net	1,712	1,729
Total tangible fixed assets	9,474	9,424
Intangible fixed assets		
Goodwill	105	89
Other	5,931	4,835
Total intangible fixed assets	6,037	4,925
Investments and other assets		
Investment securities	8,121	9,077
Other	9,434	9,056
Allowance for doubtful accounts	△52	△51
Investments and other assets	17,503	18,083
Total fixed assets	33,015	32,433
Total Assets	700,887	840,288

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
LIABILITIES		
Current liabilities		
Notes & accounts payable	225,254	261,679
Short-term loans payable	75,786	115,905
Accrued income taxes	5,186	10,151
Accrued bonuses	7,479	8,710
Provision for directors' bonuses	36	29
Other current liabilities	95,825	135,705
Total current liabilities	409,570	532,182
Long-term liabilities		
Liability for retirement benefits	417	408
Other long-term liabilities	1,782	1,833
Total long-term liabilities	2,200	2,241
Total liabilities	411,771	534,423
NET ASSETS		
Shareholders’ Equity		
Paid-in capital	14,040	14,040
Additional paid-in capital	30,654	30,774
Retained earnings	197,678	213,707
Treasury shares	△1,030	△843
Total shareholders' equity	241,342	257,678
Other Comprehensive Income		
Unrealized holding gains on securities	788	1,087
Gain (loss) on deferred hedge	△627	265
Translation adjustments	37,428	34,544
Total comprehensive income	37,589	35,896
Non-controlling interests	10,183	12,290
Total net assets	289,115	305,865
Total Liabilities & Net Assets	700,887	840,288

(ii) Consolidated Interim Statements of Income and Comprehensive Income

Consolidated Interim Statement of Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	575,435	831,293
Cost of sales	515,561	747,001
Gross profit	59,873	84,292
Selling, general & administrative expenses	*1 42,367	*1 50,773
Operating income	17,506	33,518
Non-operating income		
Interest income	212	178
Dividend income	221	160
Equity in net gain of affiliates	11	—
Foreign exchange gains	—	253
Insurance proceeds	488	28
Gain on reversal of product compensation expenses	—	500
Other	582	544
Total non-operating income	1,517	1,666
Non-operating expenses		
Interest expense	1,030	2,119
Equity in net loss of affiliates	—	16
Foreign exchange losses	2,542	—
Loss on transfer of receivables	215	225
Other	506	72
Total non-operating expenses	4,294	2,433
Ordinary income	14,728	32,751
Extraordinary income		
Proceeds from sale of investment securities	170	25
Other	6	7
Total extraordinary income	177	33
Extraordinary losses		
Loss on retirement of fixed assets	102	11
Loss on valuation of investment securities	36	15
Loss on valuation of shares of subsidiaries and associates	—	15
Other	4	2
Total extraordinary losses	143	46
Interim income before income taxes	14,762	32,737
Corporate, inhabitant and enterprise taxes	4,062	8,938
Total corporate tax	4,062	8,938
Net interim income	10,700	23,799
Net interim income (loss) attributable to non-controlling interests	△321	1,520
Net interim income attributable to owners of parent	11,021	22,278

Consolidated Interim Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net interim income	10,700	23,799
Other comprehensive income		
Unrealized holding gains on securities	862	273
Gain (loss) on deferred hedge	△322	892
Translation adjustments	3,208	△3,021
Other comprehensive income of entities under equity method	△10	△13
Total comprehensive income	3,739	△1,868
Comprehensive interim income	14,440	21,930
(Breakdown of comprehensive income)		
Comprehensive interim income attributable to owners of parent	14,049	20,585
Comprehensive interim income attributable to non-controlling interests	390	1,344

(iii) Consolidated Interim Cash Flow Statements

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Operating Activities		
Interim income before income taxes	14,762	32,737
Depreciation and amortization	2,116	2,151
Interest and dividend income	△434	△339
Interest expense	1,030	2,119
Insurance proceeds	△488	△28
Equity in net loss (gain) of affiliates	△11	16
Loss (gain) on translation	504	△47
Loss on retirement of non-current assets	102	11
Proceeds from sale of investment securities	△170	△25
Loss on valuation of investment securities	36	15
Loss on valuation of shares of subsidiaries and associates	—	15
Change in notes and accounts receivable	△38,757	△88,309
Change in inventories	11,854	△43,624
Changes in trade payable	30,770	39,031
Other	3,591	29,455
Sub-total	24,907	△26,819
Interest and dividends received	451	333
Interest paid	△985	△2,001
Proceeds from insurance income	488	28
Corporate tax payment	△1,247	△4,110
Net cash provided by (used in) operating activities	23,614	△32,569
Investing Activities		
Proceeds from withdrawal of time deposits	67	17
Disbursement of loans	△729	△865
Proceeds from collection of loans	623	631
Purchases of property and equipment	△697	△647
Proceeds from sales of property and equipment	0	13
Purchases of intangible assets	△652	△802
Purchases of investment securities	△37	—
Proceeds from sales of investment securities	247	65
Purchase of shares of subsidiaries and associates	—	△827
Proceeds from sales of shares of subsidiaries and associates	—	0
Other	△1	69
Net cash provided by (used in) investing activities	△1,180	△2,346

	Six months ended September 30, 2025	Six months ended September 30, 2026
Financing Activities		
Change in short-term loans	△17,346	41,132
Proceeds from share issuance to non-controlling shareholders	—	762
Purchase of treasury shares	△0	△0
Cash dividends paid	△6,241	△6,252
Dividends paid to non-controlling interests	△936	△769
Other	△382	△404
Net cash provided by (used in) financing activities	△24,907	34,468
Translation adjustments on cash and cash equivalents	241	△715
Net increase (decrease) in cash and cash equivalents	△2,231	△1,163
Cash and cash equivalents at the beginning of the year	48,452	54,370
Cash and cash equivalents at end of the interim period	*1 46,221	*1 53,206

Notes

Accounting Procedures Specific to the Consolidated Interim Financial Statement

Calculation of tax expenses
The Company adopted a procedure for reasonably estimating the effective tax rate after applying tax effect accounting to income before taxes for the consolidated fiscal year, including the current consolidated interim period, and multiplying interim income before income taxes by the estimated effective tax rate.

Consolidated Interim Balance Sheet

*1. Other

Repurchase obligations arising from receivable liquidation are as follows:

	Previous consolidated fiscal year (As of March 31, 2026)	Current consolidated interim period (As of September 30, 2026)
Repurchase obligations from receivable liquidation	4,018 mil yen	4,903 mil yen
Total	4,018 mil yen	4,903 mil yen

Consolidated Interim Statement of Income

*1. Major items and amounts included in selling, general & administrative expenses are as follows:

	Previous consolidated interim period (From April 1, 2025 to September 30, 2025)	Current consolidated interim period (From April 1, 2026 to September 30, 2026)
Salaries and bonuses	14,637 mil yen	15,534 mil yen
Provision for bonuses	5,497 mil yen	8,710 mil yen
Retirement benefit expenses	713 mil yen	621 mil yen

2. The Group has applied paragraph 7 of the "Practical Solution on the Accounting for and Disclosure of Income Taxes Related to the Global Minimum Tax Rules" (Practical Issues Task Force No. 46, March 22, 2024), and has not recorded income taxes on the global minimum top-up tax for the target fiscal year that includes the current interim consolidated period.

3. The Group has applied the non-reversal method (kirihanashi-ho) as the method of impairment accounting for securities for the current interim consolidated period.

Consolidated Interim Cash Flow Statements

*1. The relationship between the balance of cash and cash equivalents at the end of the interim period and the amounts of the items presented in the consolidated interim balance sheet is as follows:

	Previous interim consolidated period (From April 1, 2025 to September 30, 2025)	Current interim consolidated period (From April 1, 2026 to September 30, 2026)
Cash and deposits	46,237 mil yen	53,206 mil yen
Time deposits with a deposit period of over three months	△16 mil yen	— mil yen
Cash and cash equivalents	46,221 mil yen	53,206 mil yen

Shareholders' Equity

Previous interim consolidated period (From April 1, 2025, to September 30, 2025)

1. Dividend payments

Resolution	Class of shares	Total dividends (Yen mil)	Per share dividend (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 25, 2025	Common shares	6,244	35.00	March 31, 2025	June 26, 2025	Retained earnings

2. Dividends whose record date falls within the current interim consolidated period but whose effective date falls after the end of the current interim consolidated period

Resolution	Class of shares	Total dividends (Yen mil)	Per share dividend (Yen)	Record date	Effective date	Source of dividends
Board of Directors on October 27, 2025	Common shares	6,249	35.00	September 30, 2025	December 2, 2025	Retained earnings

Current interim consolidated period (From April 1, 2026, to September 30, 2026)

1. Dividend payments

Resolution	Class of shares	Total dividends (Yen mil)	Per share dividend (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders on June 24, 2026	Common shares	6,249	35.00	March 31, 2026	June 25, 2026	Retained earnings

2. Dividends whose record date falls within the current interim consolidated period but whose effective date falls after the end of the current interim consolidated period

Resolution	Class of shares	Total dividends (Yen mil)	Per share dividend (Yen)	Record date	Effective date	Source of dividends
Board of Directors on November 2, 2026	Common shares	8,039	45.00	September 30, 2026	December 2, 2026	Retained earnings

Segment Information

I. Previous Consolidated Interim Period (April 1 - September 30, 2025)

1. Sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment					
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total	Other	Total
Sales						
Sales to external customers	491,552	80,651	3,230	575,435	—	575,435
Internal sales, segment transfers	—	54	—	54	—	54
Total	491,552	80,705	3,230	575,489	—	575,489
Operating income (loss) by segment	13,474	7,759	△3,728	17,505	—	17,505

2. Income (loss) by reportable segment & consolidated interim statements of income (Reconciliation)

(Millions of yen)

Income	Amount
Total segment income	17,505
Elimination of intersegment income	0
Operating income in the consolidated interim statement of income	17,506

3. Impairment losses on fixed assets, information concerning goodwill by reportable segment
Not applicable.

II. Current Consolidated Interim Period (April 1 - September 30, 2026)

1. Sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment					
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total	Other	Total
Sales						
Sales to external customers	721,339	105,887	4,066	831,293	—	831,293
Internal sales, segment transfers	—	—	—	—	—	—
Total	721,339	105,887	4,066	831,293	—	831,293
Operating income (loss) by segment	29,258	8,907	△4,647	33,517	—	33,517

2. Income (loss) by reportable segment & consolidated interim statements of income (reconciliation)

(Millions of yen)

Income	Amount
Total segment income	33,517
Elimination of intersegment income	0
Operating income in the consolidated interim statement of income	33,518

3. Impairment losses on fixed assets, information concerning goodwill by reportable segment
Not applicable.

4. Matters related to changes in reportable segments
The Group had previously reported two segments, namely the "ICs, Electronic Devices and Other Business" segment and the "Cybersecurity and Other IT Solutions Business" segment. However, effective this fiscal year, following a review of the business performance and management structure accompanying the expansion of the CPS (Cyber-Physical System) Solutions business, it became possible to capture independent financial information for that business, and the Company has therefore decided to classify "CPS Solutions Business" as an independent reportable segment.

In conjunction with this change, the "ICs, Electronic Devices and Other Business" segment will be renamed as the "Semiconductor Business," and the "Cybersecurity and Other IT Solutions Business" segment will be renamed as the "Cybersecurity Business."

Segment information for the previous interim consolidated fiscal period is stated based on figures prepared under the classification method after the change.

Revenue Recognition

Information on disaggregation of revenues arising from contracts with customers

Effective from the current interim consolidated period, the Company has changed the classification of its reportable segments. For details, please refer to “IV. Financial Information, 1. Consolidated Interim Financial Statements, Notes (Segment Information).”

The disaggregated information of revenues arising from contracts with customers for the previous interim consolidated period is presented based on the revised classification method.

Previous Consolidated Interim Period (April 1 - September 30, 2025)

1. Breakdown by type of goods or services

(Millions of yen)

	Reportable segment					
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total	Other	Total
ICs	418,406	—	—	418,406	—	418,406
Electronic devices	40,444	—	—	40,444	—	40,444
Hardware	—	7,501	—	7,501	—	7,501
Software	—	60,291	—	60,291	—	60,291
Services	—	12,857	—	12,857	—	12,857
CPS solutions	—	—	3,230	3,230	—	3,230
Other	32,701	—	—	32,701	—	32,701
Revenues from contracts with customers	491,552	80,651	3,230	575,435	—	575,435
Sales to external customers	491,552	80,651	3,230	575,435	—	575,435

2. Information by region

(Millions of yen)

	Reportable segment					
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total	Other	Total
Japan	204,985	50,466	2,917	258,369	—	258,369
China	112,238	49	—	112,288	—	112,288
Other	174,328	30,135	313	204,777	—	204,777
Revenues from contracts with customers	491,552	80,651	3,230	575,435	—	575,435
Sales to external customers	491,552	80,651	3,230	575,435	—	575,435

Current Consolidated Interim Period (April 1 - September 30, 2026)

1. Breakdown by type of goods or services

(Millions of yen)

	Reportable segment				Other	Total
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total		
ICs	629,608	—	—	629,608	—	629,608
Electronic devices	61,941	—	—	61,941	—	61,941
Hardware	—	7,340	—	7,340	—	7,340
Software	—	84,439	—	84,439	—	84,439
Services	—	14,106	—	14,106	—	14,106
CPS solutions	—	—	4,066	4,066	—	4,066
Other	29,789	—	—	29,789	—	29,789
Revenues from contracts with customers	721,339	105,887	4,066	831,293	—	831,293
Sales to external customers	721,339	105,887	4,066	831,293	—	831,293

2. Information by region

(Millions of yen)

	Reportable segment				Other	Total
	Semiconductor Business	Cybersecurity Business	CPS Solutions Business	Sub-total		
Japan	279,144	69,998	3,719	352,861	—	352,861
China	186,958	—	—	186,958	—	186,958
Other	255,237	35,889	347	291,474	—	291,474
Revenues from contracts with customers	721,339	105,887	4,066	831,293	—	831,293
Sales to external customers	721,339	105,887	4,066	831,293	—	831,293

Per Share Information

Interim net income per share and the basis for its calculation, and diluted interim net income per share and the basis for its calculation, are as follows:

Item	Previous consolidated interim period (From April 1, 2025 to September 30, 2025)	Current consolidated interim period (From April 1, 2026 to September 30, 2026)
(1) Interim net income per share	61.75 yen	124.74 yen
(Basis for calculation)		
Interim net income attributable to owners of parent (Yen million)	11,021	22,278
Amount not attributable to common shareholders (Yen million)	—	—
Interim net income attributable to owners of parent relating to common shares (Yen million)	11,021	22,278
Average number of common shares outstanding during the period (Thousand shares)	178,478	178,602
(2) Diluted interim net income per share	—	—
(Basis for calculation)		
Adjustment to interim net income attributable to owners of parent (Yen million)	—	—
Increase in number of common shares (Thousand shares)	—	—
Outline of potential shares not included in the calculation of diluted interim net income per share because they have no dilutive effect, and that changed significantly from the end of the previous consolidated fiscal year	—	

Note: Diluted interim net income per share is not stated as there are no potential shares.

Subsequent Events

Acquisition of treasury shares

The Company hereby announces that, at the Board of Directors meeting held today, we resolved the following matters related to the acquisition of treasury shares, pursuant to Article 156 of the Companies Act, which is applied pursuant to Article 165, Paragraph 3 of the same Act.

1. Reason for purchase of treasury shares

Our basic policy is to secure the internal reserve necessary for future business development and the further enhancement and strengthening of our corporate structure while returning maximal profit to our shareholders, and to strive for continued stable dividends while taking account of various circumstances. Under our Medium-Term Management Plan (FY2025~2027), we aim to achieve a total payout ratio of 40–50%. This will be achieved by paying stable and continuous dividends based on a target consolidated dividend on equity ratio (DOE: 5%), while implementing flexible share buy-backs that account for capital efficiency and market conditions.

Taking current performance trends and financial conditions into account and based on the shareholder returns policy set forth in the Medium-Term Management Plan, we have decided to implement an acquisition of treasury shares.

2. Details of purchase

(1) Class of shares to be purchased:	Common shares of the Company
(2) Total number of shares to be purchased:	1,600,000 shares (maximum) (Ratio to the total number of issued shares excluding treasury shares: 0.89%)
(3) Total purchase price of shares:	¥5,000,000,000 (maximum)
(4) Purchase period:	November 4, 2026, through December 21, 2026
(5) Purchase method:	Market purchase on the Tokyo Stock Exchange

2. Others

With respect to the interim dividend for the 12th term (from April 1, 2026 to March 31, 2027), the Board of Directors resolved at its meeting held on November 2, 2026 to pay an interim dividend, as follows, to shareholders recorded in the final shareholder register as of September 30, 2026.

(i) Total dividends	8,039 million yen
(ii) Dividend per share	45.00 yen
(iii) Effective date of the right to claim payment and payment start date	December 2, 2026

Part II: Information on the Reporting Company's Guarantors

Not applicable.