

Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 31, 2024

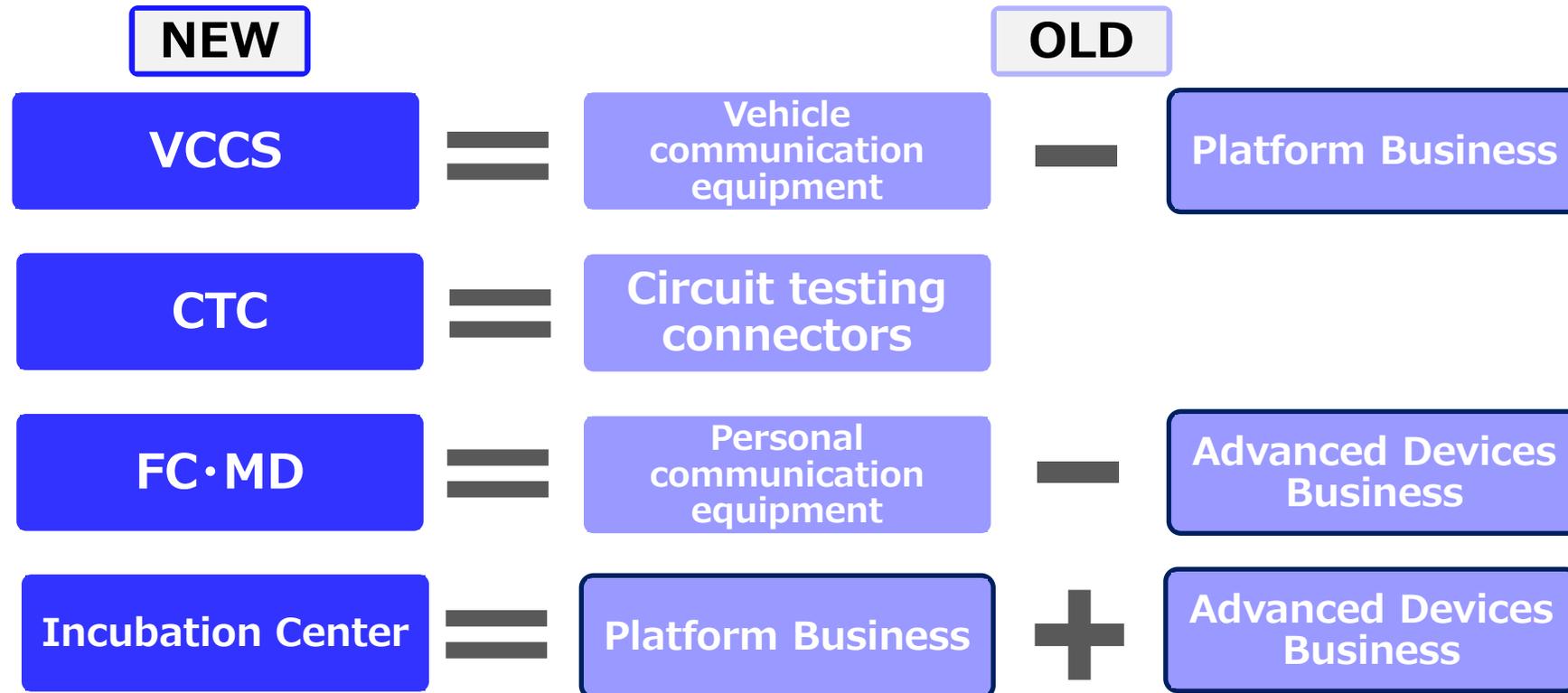
August 7, 2023

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*** Information contained in these materials is based on various assumptions and does not guarantee the achievement of planned values and measures in the future.**

Summary of Consolidated Financial Results

Effective from the first quarter of the consolidated fiscal year under review, the Company has changed the classifications and names of its reporting segments as follows.



The Platform Business, which is part of the Incubation Center segment, works to develop more advanced and high value-added strategic products in new fields including advanced driving assistance systems (ADAS), autonomous driving, and connected cars. In addition, the Advanced Device Business supplies high-speed transmission device products that boast versatility and originality to the optical communications market, with the aim of achieving high-speed, high-capacity communications.

Summary of Consolidated Financial Results

	Average exchange rate for the period USD1: ¥ 129.73	Average exchange rate for the period USD1: ¥ 137.49	(Unit: Million yen)
	Previous first quarter (Apr. – June. 2022) Results	First quarter under review (Apr. – June.2023) Results	YoY
Net sales	18,926	18,181	▲3.9%
Operating profit	1,087	▲258	-
Ordinary profit	3,057	1,156	▲62.2%
Profit	2,031	828	▲59.2%

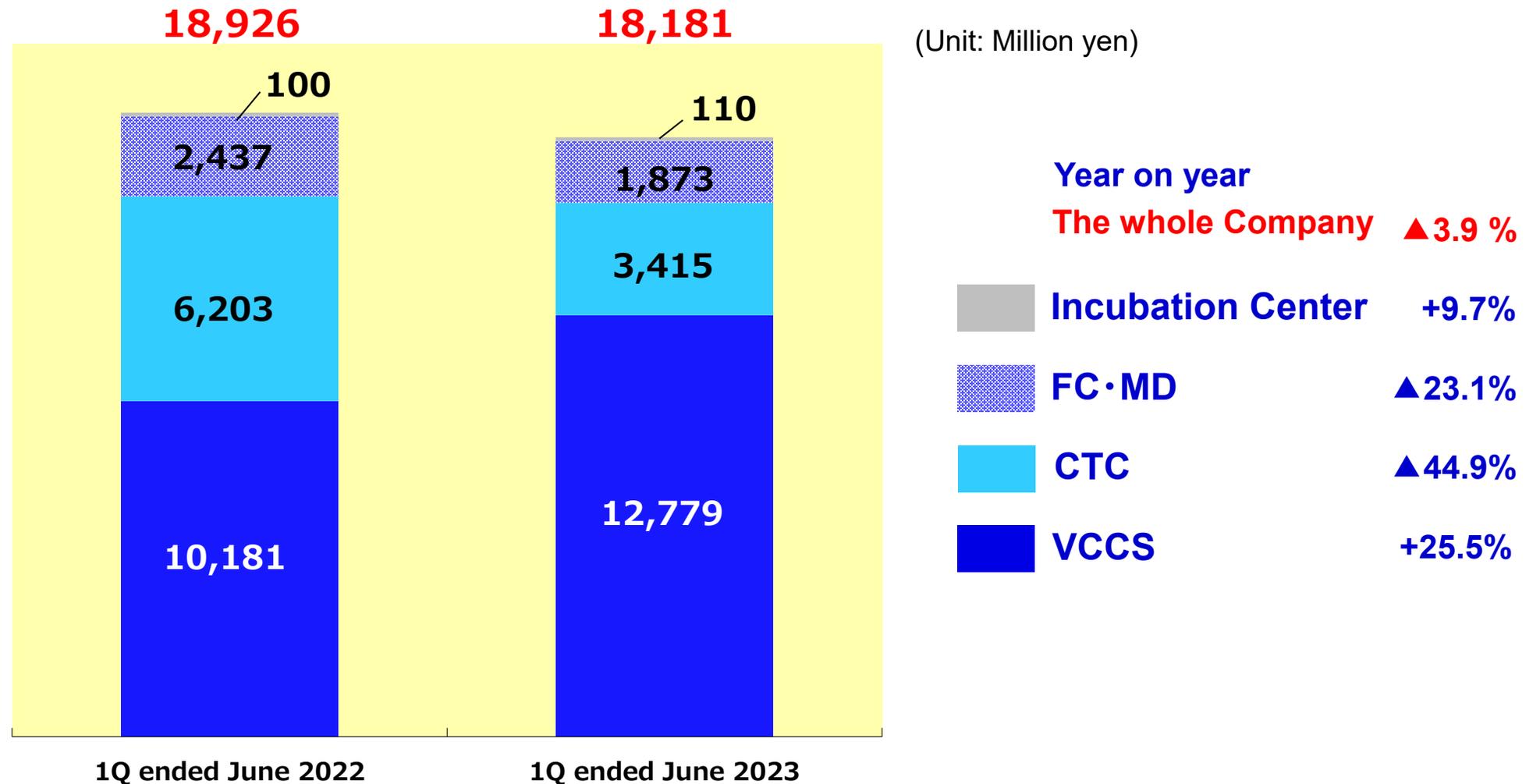
Net sales decreased to ¥18,181 million, due to decreased year-on-year sales in both CTC and FC·MD segment, despite increased year-on-year sales in VCCS segment.

Operating profit posted ¥258 million, due to a loss in CTC and FC·MD segment as a result of decreased sales and a loss in Incubation Center segment, which is focused on new business, although VCCS segment turned profitable.

Ordinary profit decreased to ¥1,156 million reflecting an exchange gain of ¥1,446 million attributable to the weakening of the yen.

Profit decreased to ¥828 million mainly due to a loss in ordinary profit.

Trends in Net Sales by Segment



The First Half of the Fiscal Year Results, 2024 Forecast

	Average exchange rate for the period USD1: ¥134.03	Assumed exchange rate USD1: ¥140 (From August 2023 to March 2024)		(Unit: Million yen)	
	1H 2023/3 Results	1H 2024/3 Previous forecast (Announced in May 2023)	1H 2024/3 Current forecast	YoY	Compared with previous forecast
Net sales	40,207	36,000	35,000	▲13.0%	▲2.8%
Operating profit	3,507	500	▲700	-	-
Ordinary profit	6,538	50	0	-	-
Profit	4,179	35	▲150	-	-

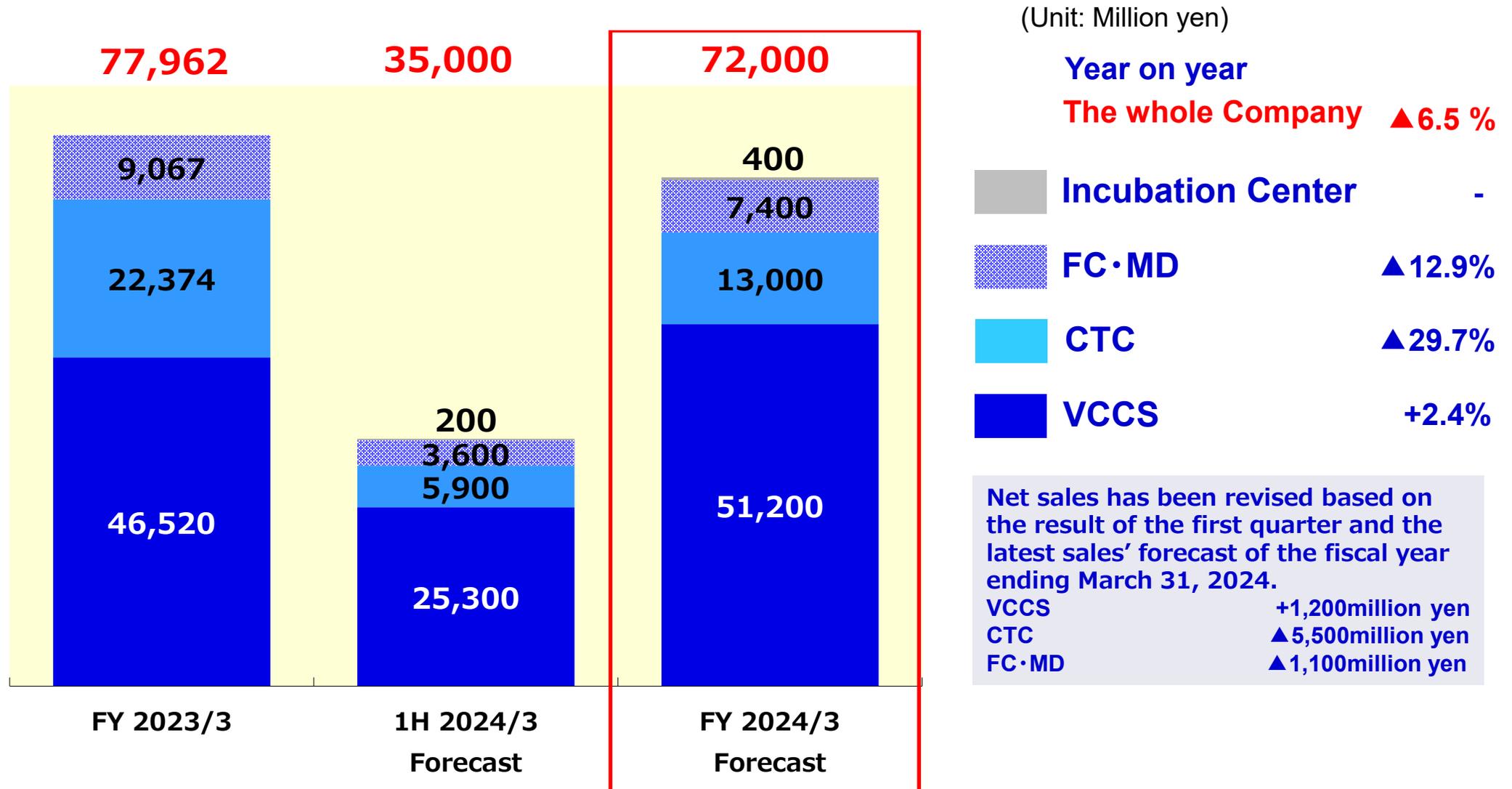
**Since August 2023, the assumed exchange rate is USD1: ¥140
(The assumed exchange rate announced in May 2023 was USD1: ¥130)**

Full-year Results Forecast

	Average exchange rate for the period USD1: ¥135.49	Assumed exchange rate USD1: ¥140 (From August 2023 to March 2024)		(Unit: Million yen)	
	FY 2023/3 Results	FY 2024/3 Previous forecast (Announced in May 2023)	FY 2024/3 Current forecast	YoY	Compared with previous forecast
Net sales	77,962	77,000	72,000	▲7.6%	▲6.5%
Operating profit	4,739	3,200	200	▲95.8%	▲93.8%
Ordinary profit	5,675	2,750	900	▲84.1%	▲67.3%
Profit	3,147	2,000	450	▲85.7%	▲77.5%

Since August 2023, the assumed exchange rate is USD1: ¥140
(The assumed exchange rate announced in May 2023 was USD1: ¥130)

Forecast for Net Sales by Segment



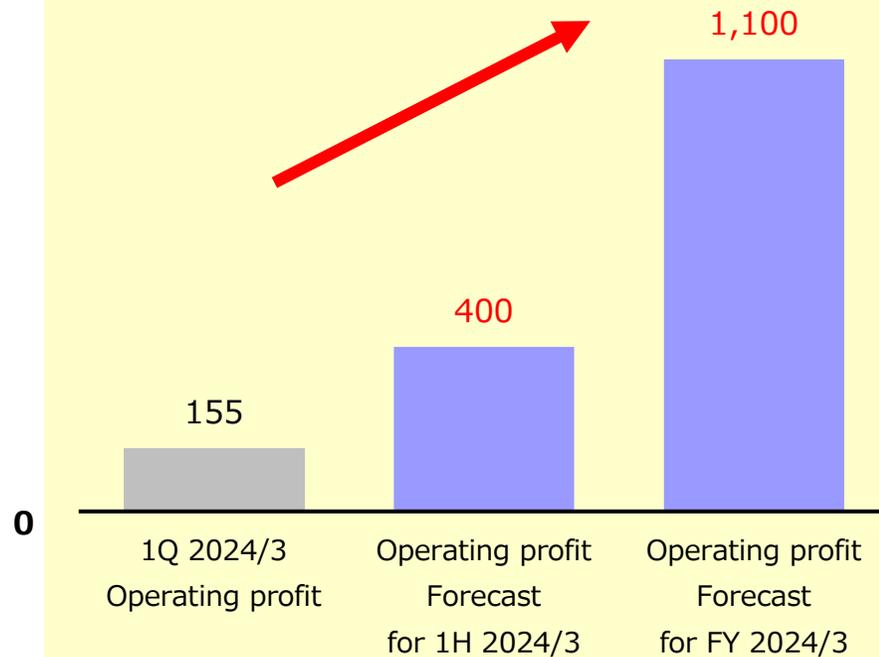
Forecast for Operating profit by segment

(Unit: Million yen)

<VCCS>

<Prerequisite>

- The global shortages of semiconductors eased gradually.
- Mass production and sales in the automotive market is on recover.
- Logistics costs stabilized as ocean freight rates declined.
- Operating profit is expected to increase driven by an increase in sales



<CTC>

<Prerequisite>

- The downturn in the semiconductor market developed from the second half of the fiscal year ended March 31, 2023 is expected to continue until the end of 2023, with a gradual recovery in 2024 and beyond.
- Thorough reduction of fixed costs.
- Operating profit is expected to improve after the third quarter of the consolidated fiscal year ending March 31, 2024.



Forecast for Operating profit by segment

(Unit: Million yen)

<FC・MD>

< Prerequisite >

FC

- The growth of POS terminals and other electronic terminals is expected to stagnate throughout the fiscal year ending March 31, 2024 due to the global economic downturn.
- Thorough reduction of fixed costs.

MD

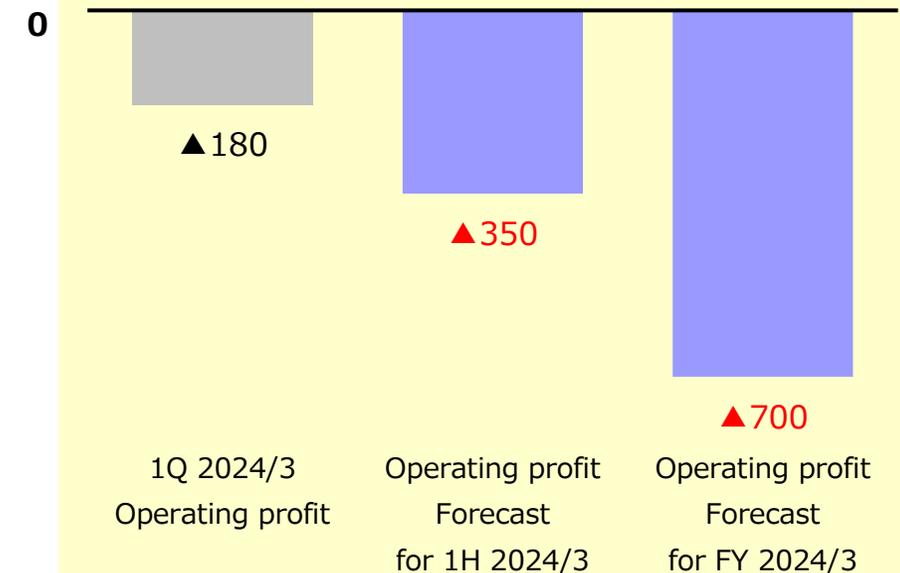
- Demand for minimally invasive medical procedures using catheters and similar products is expected to grow steadily.
- Operating profit is expected to improve after the third quarter of the consolidated fiscal year ending March 31, 2024.



<Incubation Center>

< Prerequisite >

- Steady growth in the MaaS/Iot market is expected, reflecting the advance of mobility solutions and widespread adoption of IoT.
- The segment which is in the early stages of its development, generates sales at a small scale and involves up-front investment.
- Operating profit in the consolidated fiscal year ending March 31, 2024 is expected to post a loss of ¥700 million.



Dividends

(Unit: Yen per share)

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3 * Figures in parentheses are forecast.
Interim	14	16	18	25	(22)
Year-end	16	20	22	25	(22)
Annual	30	36	40	50	(44)
Consolidated payout ratio	17.7%	19.5%	19.8%	37.0%	228.0%

Based on this assumption that the downturn in the semiconductor testing market will be temporary and grow over the medium to long term, the Company has maintained the dividend forecast for the consolidated fiscal year ending March 31, 2024.