

Consolidated Financial Summary for the First Three Months of the Fiscal Year Ending March 2022 (IFRS)

August 3, 2021

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): August 10, 2021

Scheduled date for commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

(Figures of less than one million are rounded down.)

1. Consolidated business results for the first three months of the fiscal year ending March 2022 (April 1, 2021 – June 30, 2021)

(1) Consolidated business results (sum total) (%: Change from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Three Months to June 2021	175,567	23.3	5,047	49.0	5,284	54.6	3,765	49.2	3,253	37.9	2,849	2.9
First Three Months to June 2020	142,371	(15.5)	3,386	(42.0)	3,418	(40.9)	2,522	(36.9)	2,359	(33.0)	2,768	40.0

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First Three Months to June 2021	38.96		38.91	
First Three Months to June 2020	28.25		28.23	

(Notes) The basic earnings per share and the diluted earnings per share are calculated based on the profit attributable to owners of the parent.

(2) Consolidated financial condition

	Total assets		Total equity		Equity attributable to owners of the parent		Percentage of equity attributable to owners of the parent	
	Million yen		Million yen		Million yen		%	
As of June 30, 2021	550,186		179,822		143,841		26.1	
As of March 31, 2021	557,495		180,492		143,926		25.8	

2. Dividends

(Record date)	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
Fiscal year ended March 2021	–	30.00	–	30.00	60.00
Fiscal year ending March 2022	–	–	–	–	–
Fiscal year ending March 2022 (Forecasts)	–	30.00	–	30.00	60.00

(Notes) Revisions to dividend forecasts published most recently: None

3. Forecasts for consolidated results ending March 2022 (April 1, 2021 – March 31, 2022)

(%: Changes from the previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	700,000	7.8	28,000	18.5	28,000	18.7	15,000	12.7	179.62

(Note) Revisions to results forecasts published most recently: None

*** Notes**

(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

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

- | | |
|---|------|
| 1. Changes in accounting policies required by IFRS: | None |
| 2. Changes in accounting policies other than 1.: | None |
| 3. Changes in accounting estimates: | None |

(3) Number of outstanding shares (common shares)

- | | | | |
|--|-------------------|------------------------------|-------------------|
| 1. Number of outstanding shares including treasury stock | | | |
| First three months (2021/6): | 84,500,202 shares | Fiscal year (2021/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| First three months (2021/6): | 988,729 shares | Fiscal year (2021/3): | 988,461 shares |
| 3. Average number of shares during the period (First three months) | | | |
| First three months (2021/6): | 83,511,633 shares | First three months (2020/6): | 83,511,632 shares |

* Quarterly consolidated financial summaries are not subject to quarterly review by a certified public accountant or an audit corporation.

* Explanation about the proper use of results forecasts, and additional information

The forward-looking statements, including results forecasts, included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not promise to achieve them. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to “(3) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2022” on page 3 of accompanying materials for further information on results forecasts.

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1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2022

(1) Details of consolidated results

In the first three months under review (from April 1, 2021 to June 30, 2021), the global economy was improving significantly from the situation in the previous year, which was affected by COVID-19, particularly in developed countries thanks to large-scale economic measures and progress in vaccination.

In the U.S., economic activity is recovering rapidly, supported by progress in vaccinations in addition to large-scale economic measures, and driving the global economy. However, there are concerns about the reemergence of infection by new virus strains, rising inflation, and the scaling back of quantitative easing policies, which could hinder stable growth. In Europe, despite two consecutive quarters of negative growth in the previous year due to the rapid spread of new strains, economic activity is in a recovery phase due to progress in vaccinations, particularly in the U.K. In China, exports related to the novel coronavirus are declining with the restoration of supply chains in major countries, and the special demand factor for early infection control is shrinking and returning to normal levels.

In emerging countries, in contrast to major developed countries that are exhibiting a strong economic performance, inflationary pressures due to rising global commodity prices and damage to supply chains due to the spread of COVID-19 are spreading as the economic environment remains severe due to delays in vaccinations. As a result, the global economy is increasingly showing a trend towards a K-shaped recovery, depending on progress in vaccinations.

Japan lags behind other developed countries in terms of vaccinations, and its economic recovery has been slower than that of other major economies, with repeated declarations of a state of emergency and the resulting reduction in consumer activity.

In this environment, the results of the Group for the first three months under review are as shown below.

Revenue increased in almost all businesses centered on the meat products business and the feedstuff business, which were supported by rallying market conditions, and the mobile business, where store footfall was recovering, and the energy business, where the trading volume of crude oils and petroleum products increased due to rising crude oil prices. While profit decreased in the aerospace business where contracts with government agencies were between seasons, profit increased in the meat products business, where revenue increased, the semiconductor parts and manufacturing equipment business, which enjoyed strong semiconductor demand, and the steel tubing business, which was backed by recovering energy demand.

Consolidated revenue increased ¥33,196 million (23.3%) year on year, to ¥175,567 million. Consolidated gross profit also increased ¥3,337 million (15.6%) from a year earlier, to ¥24,782 million. Consolidated operating profit rose ¥1,661 million (49.0%) from a year earlier, to ¥5,047 million, reflecting an increase in gross profit, despite a rise in selling, general and administrative expenses. Largely due to the rise in operating profit, profit before tax increased ¥1,866 million (54.6%) year on year, to ¥5,284 million, and profit attributable to owners of the parent rose ¥894 million (37.9%) year on year, to ¥3,253 million.

Results for each business segment are described below

(i) Electronics & Devices

Revenue increased ¥10,019 million year on year, to ¥53,757 million, attributable to higher revenue in the mobile business and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥298 million, to ¥2,192 million, due to higher profit in the semiconductor parts and manufacturing equipment business, and profit attributable to owners of the parent increased ¥191 million, to ¥1,144 million.

(ii) Foods, Meat & Grain

Revenue increased ¥8,141 million year on year, to ¥70,074 million, reflecting a rise in revenue in the meat products business and the feedstuff business. Operating profit rose ¥1,175 million, to ¥1,536 million, due to higher profit in the meat products business and the food business, and profit attributable to owners of the parent increased ¥616 million, to ¥1,057 million.

(iii) Steel, Materials & Plant

Revenue increased ¥11,479 million year on year, to ¥31,937 million, due to higher revenue in the energy business and the steel tubing business. Operating profit rose ¥517 million, to ¥556 million, on stronger profit in the steel tubing business, and profit attributable to owners of the parent increased ¥165 million to ¥434 million.

(iv) Motor Vehicles & Aerospace

Revenue increased ¥3,201 million year on year, to ¥16,835 million, thanks to higher revenue in the motor vehicles and parts business. Operating profit decreased ¥315 million, to ¥586 million, due to a fall in profit in the aerospace business, and profit attributable to owners of the parent declined ¥219 million, to ¥349 million.

(v) Other

Revenue increased ¥357 million year on year, to ¥2,962 million. Operating profit fell ¥30 million, to ¥168 million, and profit attributable to owners of the parent decreased ¥124 million, to ¥96 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first quarter of the fiscal year under review declined ¥7,309 million from the end of the previous fiscal year, to ¥550,186 million.

Interest-bearing debt increased ¥5,261 million from the end of the previous fiscal year, to ¥127,418 million, mainly due to a rise in short-term borrowings. Net interest-bearing debt after deducting cash and deposits rose ¥7,301 million from the end of the previous fiscal year, to ¥47,821 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent decreased ¥85 million from the end of the previous fiscal year, to ¥143,841 million, mainly reflecting cash dividends paid and a fall in other components of equity associated with falling share prices at the end of the period, despite an increase in profit attributable to owners of the parent.

As a result, the ratio of equity attributable to owners of the parent came to 26.1%. The net debt-equity ratio (“net DER”) was 0.3 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first quarter under review fell ¥2,065 million from the end of the previous fiscal year, to ¥78,980 million.

The state of cash flows and factors for each category for the first three months of the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the first three months under review stood at ¥2,556 million (versus net cash provided of ¥7,808 million in the first three months of the previous fiscal year), primarily reflecting the accumulation of operating revenue.

(Cash flows from investing activities)

Net cash used in investing activities in the first three months under review stood at ¥4,230 million (versus net cash used of ¥1,815 million in the first three months of the previous fiscal year), due to business investments, including acquisitions of subsidiaries and businesses.

(Cash flows from financing activities)

Net cash used in financing activities in the first three months under review came to ¥498 million (versus net cash used of ¥9,979 million in the first three months of the previous fiscal year), mainly due to cash dividends paid and the repayment of lease liabilities, despite cash inflows resulting from an increase in short-term borrowings.

(3) Information on the future outlook, including consolidated business performance forecasts

We have not changed the forecasts for consolidated results that we announced on May 7, 2021.

* Note on forward-looking statements:

The forward-looking statements, including results forecasts, included in this material are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not promise to achieve them. Actual results may differ materially from forecasts due to a number of factors.

2. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed consolidated statement of financial position

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	81,045	78,980
Trade and other receivables	207,285	194,328
Inventories	99,711	104,210
Other financial assets	6,512	5,734
Other current assets	26,339	28,824
Total current assets	420,894	412,078
Non-current assets		
Property, plant and equipment	42,246	43,758
Goodwill	10,296	10,577
Intangible assets	24,926	24,967
Investments accounted for using the equity method	11,869	12,455
Trade and other receivables	1,280	1,254
Other investments	33,536	32,387
Other financial assets	7,079	7,137
Deferred tax assets	2,318	2,031
Other non-current assets	3,046	3,538
Total non-current assets	136,601	138,107
Total assets	557,495	550,186

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	182,980	171,135
Bonds and borrowings	57,723	64,723
Lease obligations	6,999	7,152
Other financial liabilities	5,442	7,646
Income taxes payable	2,942	982
Provisions	607	535
Other current liabilities	28,213	27,472
Total current liabilities	284,909	279,647
Non-current liabilities		
Bonds and borrowings	64,434	62,695
Lease obligations	10,328	10,675
Other financial liabilities	1,807	1,765
Retirement benefits liabilities	6,517	6,518
Provisions	1,944	1,910
Deferred tax liabilities	5,527	5,554
Other non-current liabilities	1,533	1,596
Total non-current liabilities	92,093	90,716
Total liabilities	377,003	370,364
Equity		
Share capital	27,781	27,781
Capital surplus	27,034	27,083
Retained earnings	78,070	78,969
Treasury stock	(1,311)	(1,311)
Other components of equity		
Exchange differences on translation of foreign operations	1,633	1,956
Financial assets measured at fair value through other comprehensive income	10,163	9,147
Cash flow hedges	554	214
Total other components of equity	12,351	11,318
Total equity attributable to owners of the parent	143,926	143,841
Non-controlling interests	36,566	35,980
Total equity	180,492	179,822
Total liabilities and equity	557,495	550,186

(2) Condensed consolidated statements of income / Condensed consolidated statements of comprehensive income
 (Condensed consolidated statements of income)
 (First three months)

(Million yen)

	FY2021 First three months (From April 1, 2020 to June 30, 2020)	FY2022 First three months (From April 1, 2021 to June 30, 2021)
Revenue	142,371	175,567
Cost of sales	(120,925)	(150,785)
Gross profit	21,445	24,782
Selling, general and administrative expenses	(18,617)	(20,565)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(13)	(1)
Impairment loss on property, plant and equipment and intangible assets	(14)	(12)
Other income	757	990
Other expenses	(170)	(145)
Total other income (expenses)	558	830
Operating profit	3,386	5,047
Finance income		
Interest income	49	34
Dividend income	388	388
Other finance income	–	6
Total finance income	437	428
Finance costs		
Interest expenses	(531)	(400)
Other finance costs	(69)	(52)
Total finance costs	(601)	(452)
Share of profit (loss) of investments accounted for using the equity method	195	260
Profit before tax	3,418	5,284
Income tax expense	(895)	(1,519)
Profit for the period	2,522	3,765
Profit for the period attributable to:		
Owners of the parent	2,359	3,253
Non-controlling interests	163	511
Total	2,522	3,765
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	28.25	38.96
Diluted earnings per share (yen)	28.23	38.91

(Condensed consolidated statements of comprehensive income)
(First three months)

(Million yen)

	FY2021 First three months (From April 1, 2020 to June 30, 2020)	FY2022 First three months (From April 1, 2021 to June 30, 2021)
Profit for the period	2,522	3,765
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	920	(896)
Remeasurement of defined benefit pension plans	(2)	(0)
Share of other comprehensive income of investments accounted for using the equity method	9	(1)
Total items that will not be reclassified to profit or loss	926	(898)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(420)	118
Cash flow hedges	35	(338)
Share of other comprehensive income of investments accounted for using the equity method	(296)	202
Total items that may be reclassified to profit or loss	(680)	(16)
Other comprehensive income for the period, net of tax	246	(915)
Total comprehensive income for the period	2,768	2,849
Total comprehensive income for the period attributable to:		
Owners of the parent	2,677	2,371
Non-controlling interests	91	478
Total	2,768	2,849

(3) Condensed consolidated statement of changes in equity

(Million yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2020	27,781	26,957	69,540	(1,309)	930	6,816
Profit for the period			2,359			
Other comprehensive income					(605)	892
Total comprehensive income for the period	–	–	2,359	–	(605)	892
Dividends			(2,505)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(0)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		(39)				
Share-based payment transactions		12				
Total transactions with owners	–	(27)	(2,505)	(0)	–	–
Transfer from other components of equity to retained earnings			27			(29)
Balance as of June 30, 2020	27,781	26,930	69,421	(1,310)	324	7,679

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Cash flow hedges	Remeasurement of defined benefit pension plans	Total other components of equity			
Balance as of April 1, 2020	113	–	7,860	130,829	35,344	166,174
Profit for the period			–	2,359	163	2,522
Other comprehensive income	33	(2)	317	317	(71)	246
Total comprehensive income for the period	33	(2)	317	2,677	91	2,768
Dividends			–	(2,505)		(2,505)
Dividends paid to non-controlling interests			–	–	(890)	(890)
Acquisition of treasury stock			–	(0)		(0)
Disposition of treasury stock			–	–		–
Equity transactions with non-controlling interests			–	(39)	(100)	(140)
Share-based payment transactions			–	12		12
Total transactions with owners	–	–	–	(2,532)	(990)	(3,523)
Transfer from other components of equity to retained earnings		2	(27)	–		–
Balance as of June 30, 2020	146	–	8,151	130,974	34,445	165,419

(Million yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2021	27,781	27,034	78,070	(1,311)	1,633	10,163
Profit for the period			3,253			
Other comprehensive income					323	(864)
Total comprehensive income for the period	–	–	3,253	–	323	(864)
Dividends			(2,505)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(0)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		7				
Share-based payment transactions		42				
Total transactions with owners	–	49	(2,505)	(0)	–	–
Transfer from other components of equity to retained earnings			151			(151)
Balance as of June 30, 2021	27,781	27,083	78,969	(1,311)	1,956	9,147

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Cash flow hedges	Remeasurement of defined benefit pension plans	Total other components of equity			
Balance as of April 1, 2021	554	–	12,351	143,926	36,566	180,492
Profit for the period			–	3,253	511	3,765
Other comprehensive income	(340)	(0)	(881)	(881)	(33)	(915)
Total comprehensive income for the period	(340)	(0)	(881)	2,371	478	2,849
Dividends			–	(2,505)		(2,505)
Dividends paid to non-controlling interests			–	–	(1,039)	(1,039)
Acquisition of treasury stock			–	(0)		(0)
Disposition of treasury stock			–	–		–
Equity transactions with non-controlling interests			–	7	(24)	(17)
Share-based payment transactions			–	42		42
Total transactions with owners	–	–	–	(2,456)	(1,063)	(3,520)
Transfer from other components of equity to retained earnings		0	(151)	–		–
Balance as of June 30, 2021	214	–	11,318	143,841	35,980	179,822

(4) Condensed consolidated statements of cash flows

(Million yen)

	FY2021 First three months (From April 1, 2020 to June 30, 2020)	FY2022 First three months (From April 1, 2021 to June 30, 2021)
Cash flows from operating activities:		
Profit for the period	2,522	3,765
Depreciation and amortization	2,811	2,975
Impairment loss on property, plant and equipment and intangible assets	–	12
Finance income and costs	163	23
Share of (profit) loss of investments accounted for using the equity method	(195)	(260)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	28	1
Income tax expense	895	1,519
(Increase) decrease in trade and other receivables	34,678	13,819
(Increase) decrease in inventories	(12,720)	(3,720)
Increase (decrease) in trade and other payables	(15,867)	(13,654)
Increase (decrease) in retirement benefit liabilities	(28)	0
Other	(1,117)	864
Sub total	11,170	5,346
Interest received	108	50
Dividends received	686	841
Interest paid	(491)	(379)
Income taxes paid	(3,665)	(3,302)
Net cash provided by (used in) operating activities	7,808	2,556
Cash flows from investing activities:		
Payments for property, plant and equipment	(1,357)	(1,399)
Proceeds from sales of property, plant and equipment	189	63
Payments for intangible assets	(178)	(288)
Purchases of other investments	(420)	(969)
Proceeds from sale of other investments	94	659
Proceeds from (payments for) acquisition of subsidiaries	–	(1,806)
Payments for acquisition of businesses	–	(566)
Increase in loans receivable	(78)	(12)
Proceeds from collection of loans receivable	140	94
Other	(205)	(4)
Net cash provided by (used in) investing activities	(1,815)	(4,230)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less)	(4,210)	5,276
Proceeds from short-term borrowings (more than three months)	127	100
Repayment of short-term borrowings (more than three months)	(223)	(400)
Proceeds from long-term borrowings	–	150
Repayment of long-term borrowings	(466)	(244)
Redemption of bonds	–	(7)
Dividends paid	(2,313)	(2,325)
Capital contribution from holders of non-controlling interests	11	–
Refund of contribution to holders of non-controlling interests	–	(17)
Dividends paid to non-controlling interests	(953)	(963)
Repayments of lease obligations	(1,944)	(2,065)
Other	(5)	(0)
Net cash provided by (used in) financing activities	(9,979)	(498)
Increase (decrease) in cash and cash equivalents, net	(3,986)	(2,172)
Cash and cash equivalents at the beginning of the period	91,105	81,045
Effect of exchange rate changes on cash and cash equivalents	(72)	108
Cash and cash equivalents at end of the period	87,046	78,980

(5) Notes on condensed consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Segment information)

Profit figures for reportable segments are based on profit attributable to owners of the parent.

Inter-segment revenue and transfers are determined according to transaction prices with outside customers.

I. Previous first three months (From April 1, 2020 to June 30, 2020)

(Million yen)

	Reported segments					Other (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	43,738	61,933	20,458	13,634	139,765	2,605	–	142,371
Inter-segment	74	0	9	0	84	29	(113)	–
Total revenues	43,813	61,934	20,468	13,634	139,850	2,634	(113)	142,371
Operating profit (loss)	1,894	361	39	901	3,195	198	(7)	3,386
Segment profit (loss)	953	441	269	568	2,233	220	(94)	2,359

(Note 1) “Other” is a business segment that is not included in the reportable segments and includes the logistics and insurance service business and geotech business, etc.

(Note 2) Adjustments are as follows.

- The adjustment of -¥7 million for segment profit (loss) includes an inter-segment elimination of -¥7 million.
- The adjustment of -¥94 million for segment profit (loss) includes an inter-segment elimination of -¥10 million and corporate expenses that are not allocated to any particular segment of -¥83 million. Corporate expenses include the difference between actual income taxes incurred by the Company and income taxes allocated to each segment by an internal calculation method.

II. First three months under review (From April 1, 2021 to June 30, 2021)

(Million yen)

	Reported segments					Other (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	53,757	70,074	31,937	16,835	172,604	2,962	–	175,567
Inter-segment	48	0	7	2	59	60	(120)	–
Total revenues	53,805	70,075	31,945	16,838	172,663	3,023	(120)	175,567
Operating profit (loss)	2,192	1,536	556	586	4,872	168	6	5,047
Segment profit (loss)	1,144	1,057	434	349	2,985	96	171	3,253

(Note 1) “Other” is a business segment that is not included in the reportable segments and includes the logistics and insurance service business and geotech business, etc.

(Note 2) Adjustments are as follows.

- The adjustment of ¥6 million for segment profit (loss) includes an inter-segment elimination of ¥6 million.
- The adjustment of ¥171 million for segment profit (loss) includes an inter-segment elimination of -¥1 million and corporate expenses that are not allocated to any particular segment of ¥172 million. Corporate expenses include the difference between actual income taxes incurred by the Company and income taxes allocated to each segment by an internal calculation method.

(Significant subsequent events)

Not applicable.

Supplementary Material of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2022 (IFRS)

Note on forward-looking statements:

The forward-looking statements, including results forecasts, included in this material are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not promise to achieve them. Actual results may differ materially from forecasts due to a number of factors.

This information is subject to change without notice and users are, therefore, advised to use this information and material, together with information obtained by other means, and to exercise their own judgment.

The Company does not assume any liability or responsibility for any loss or damage arising from use of this material.

Since the figures shown are rounded off to the nearest 1 billion yen, the sum of each item and the total may differ.

■ Revenue and profits both increased year on year. Good start in the first quarter.

◇ Revenue	175.6 billion yen	23.3% up
◇ Operating profit	5.0 billion yen	49.0% up
◇ Profit before tax	5.3 billion yen	54.6% up
◇ Profit attributable to owners of the parent	3.3 billion yen	37.9% up

■ The rate of progress of profit attributable to owners of the parent was 22%.

1. Profit & loss statement

(Unit : billion yen)	Q1 of FY2021	Q1 of FY2022	Year-on-year		FY2022	
			Change	Change(%)	Forecast	Progress(%)
Revenue	142.4	175.6	33.2	23.3%	700.0	25.1%
Gross profit	21.4	24.8	3.3	15.6%	-	-
Selling, general and administrative expenses	(18.6)	(20.6)	(1.9)	-	-	-
Other income (expenses)	0.6	0.8	0.3	48.9%	-	-
Operating profit	3.4	5.0	1.7	49.0%	28.0	18.0%
Interest income (expenses)	(0.5)	(0.4)	0.1	-	-	-
Dividend income	0.4	0.4	0.0	-	-	-
Other finance income (costs)	(0.1)	(0.0)	0.0	-	-	-
Finance income (costs)	(0.2)	(0.0)	0.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.2	0.3	0.1	33.5%	-	-
Profit before tax	3.4	5.3	1.9	54.6%	28.0	18.9%
Income tax expense	(0.9)	(1.5)	(0.6)	-	-	-
Profit for the period	2.5	3.8	1.2	49.2%	-	-
Profit attributable to owners of the parent	2.4	3.3	0.9	37.9%	15.0	21.7%
Earnings per share (yen)	28.25	38.96	10.71	37.9%	179.62	21.7%

【Revenue】

Increased 33.2 billion yen year on year, rising in all segments.

【Operating profit】

Increased 1.7 billion yen, centering on the Foods, Meat & Grain segment and the Steel, Materials & Plant segment.

【Profit before tax】

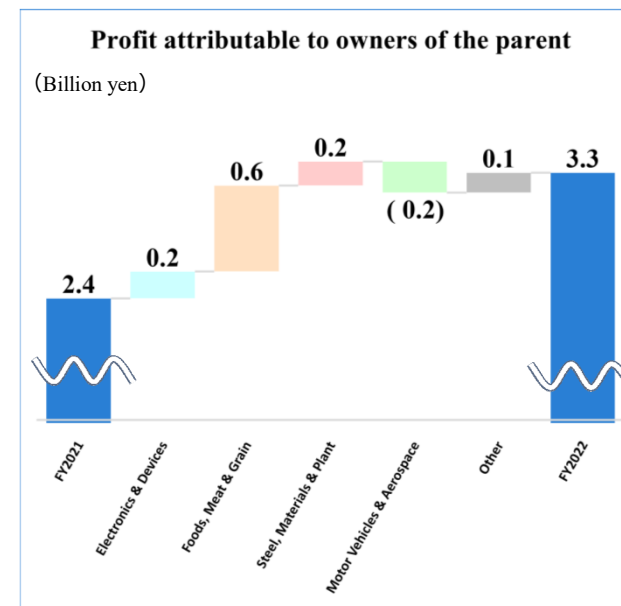
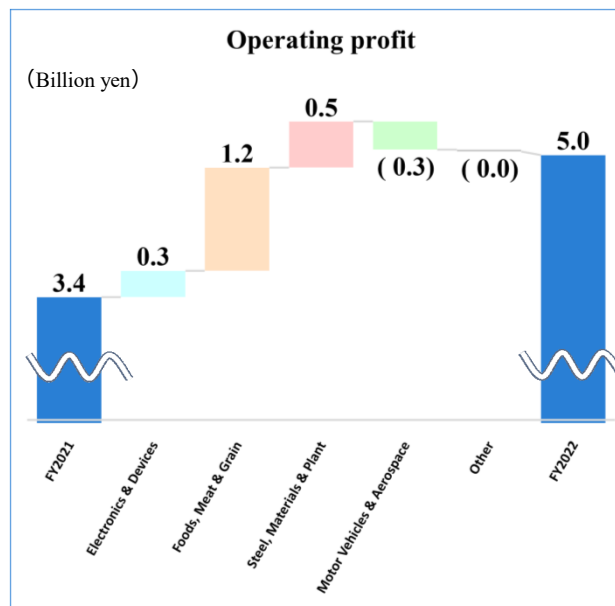
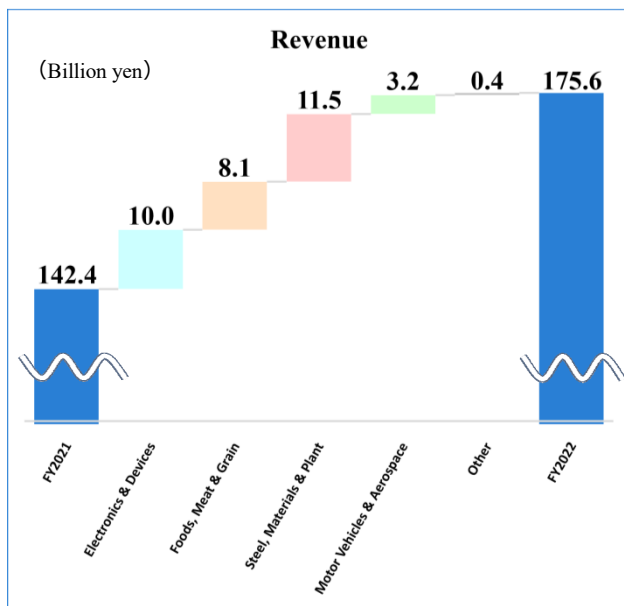
Increased 1.9 billion yen mainly due to a rise in the operating profit

【Profit attributable to owners of the parent】

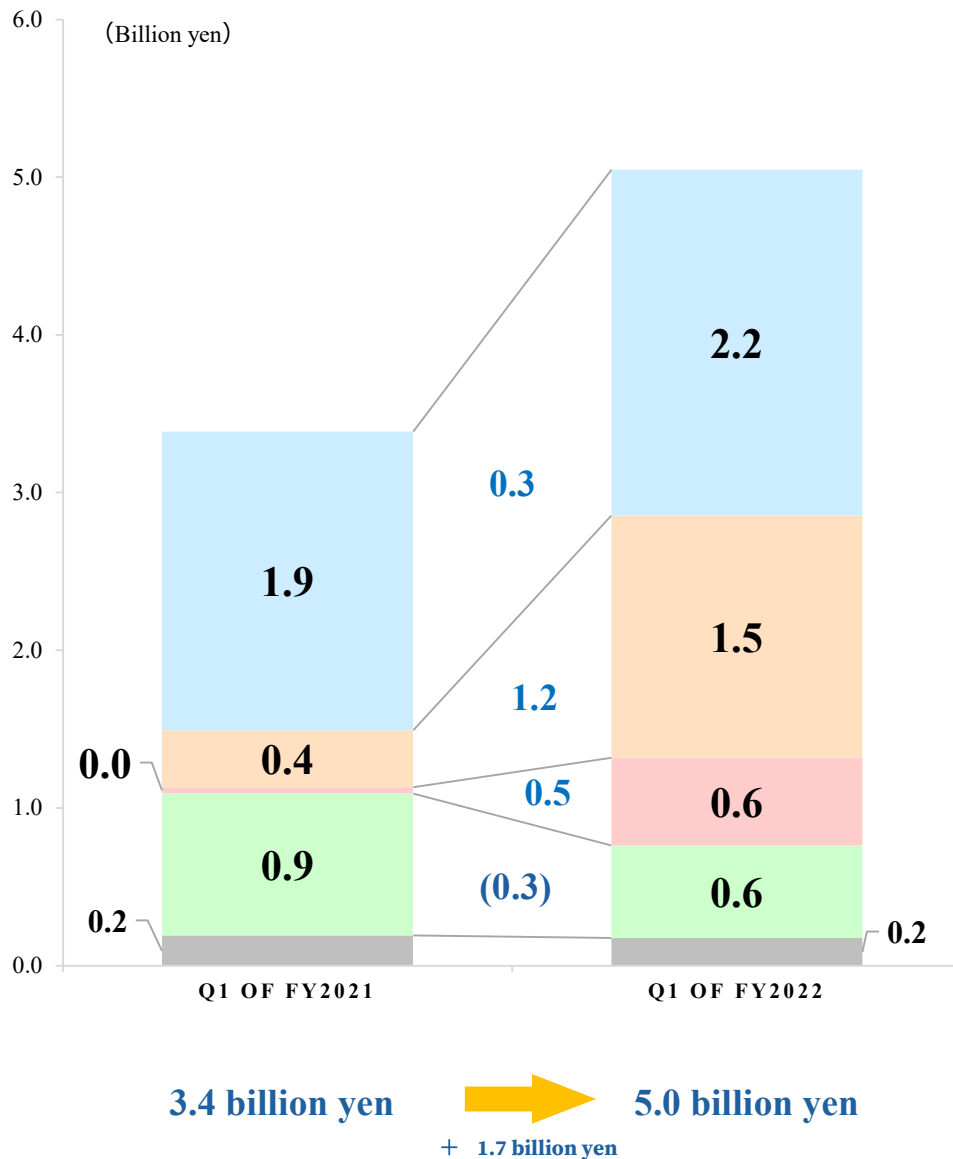
Increased 0.9 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)	Revenue					Operating profit					Profit attributable to owners of the parent				
	Q1 of FY2021	Q1 of FY2022	Change	FY2022		Q1 of FY2021	Q1 of FY2022	Change	FY2022		Q1 of FY2021	Q1 of FY2022	Change	FY2022	
				Forecast	Progress				Forecast	Progress				Forecast	Progress
Electronics & Devices	43.7	53.8	10.0	250.0	22%	1.9	2.2	0.3	19.2	11%	1.0	1.1	0.2	9.0	13%
Foods, Meat & Grain	61.9	70.1	8.1	260.0	27%	0.4	1.5	1.2	3.5	44%	0.4	1.1	0.6	2.3	46%
Steel, Materials & Plant	20.5	31.9	11.5	110.0	29%	0.0	0.6	0.5	3.1	18%	0.3	0.4	0.2	2.5	17%
Motor Vehicles & Aerospace	13.6	16.8	3.2	70.0	24%	0.9	0.6	(0.3)	1.4	42%	0.6	0.3	(0.2)	0.9	39%
Total for reportable segments	139.8	172.6	32.8	690.0	25%	3.2	4.9	1.7	27.2	18%	2.2	3.0	0.8	14.7	20%
Other (including adjustment)	2.6	3.0	0.4	10.0	30%	0.2	0.2	(0.0)	0.8	22%	0.1	0.3	0.1	0.3	89%
Grand total	142.4	175.6	33.2	700.0	25%	3.4	5.0	1.7	28.0	18%	2.4	3.3	0.9	15.0	22%



3. Operating profit <Segment>



Causes of year-on-year increase/decrease

【Electronics & Devices】 0.3 billion yen up

The semiconductor parts and manufacturing equipment business remained strong on growth in shipments of manufacturing equipment and consumables related to semiconductors and LCD panels following strong demand. The ICT solutions business remained firm, mainly due to an increase in projects related to security and network. In the mobile business, operating profit increased slightly, mainly due to the impact of the declaration of a state of emergency, although store footfall was returning.

【Foods, Meat & Grain】 1.2 billion yen up

In the meat products business, operating profit increased after the struggle in food service-related sales in the previous year, aided by rising prices of livestock products in general, in addition to a recovery in demand. The food business remained strong on growth in transactions of products for the retail market. The grain and feedstuff business remained firm under rising prices of grain and feedstuff.

【Steel, Materials & Plant】 0.5 billion yen up

The machine tools and industrial machinery business remained firm, recovering from the business environment in the same period of the previous fiscal year where the business had been strongly affected by COVID-19. The steel tubing business was on track to recovery following the bottoming of energy demand. However, in the energy business, operating profit temporarily declined, although a recovery is expected in the future deliveries.

【Motor Vehicles & Aerospace】 0.3 billion yen down

The aerospace business remained sluggish as contracts with government agencies were between seasons. In the motor vehicles and parts business, however, transactions of motor parts remained strong given the recovery of production at clients.

4. Cash Flows and Financial Status

(Unit: billion yen)	1Q of FY2021	1Q of FY2022	Change
CF from operating activities	7.8	2.6	(5.3)
CF from investing activities	(1.8)	(4.2)	(2.4)
Free cash flows	6.0	(1.7)	(7.7)
CF from financing activities	(10.0)	(0.5)	9.5

(Note: The amount of impact associated with the application of IFRS 16 Leases)

CF from operating activities	1.9	2.1	0.2
CF from financing activities	(1.9)	(2.1)	(0.2)

【CF from operating activities】

Net cash provided by operating activities was 2.6 billion yen, mainly reflecting the accumulation of operating revenue.

【CF from investing activities】

Net cash used in investing activities was 4.2 billion yen, mainly due to the implementation of business investments, including the acquisition of subsidiaries and the acquisition of business.

【CF from financing activities】

Net cash used in financing activities was 0.5 billion yen, mainly reflecting dividends paid and the repayment of lease liabilities, despite an increase in short-term borrowings.

(Unit: billion yen)	3/2021	6/2021	Change
Total assets	557.5	550.2	(7.3)
Gross interest-bearing debt (Note 1)	122.2	127.4	5.3
Net interest-bearing debt	40.5	47.8	7.3
Shareholder's equity (Note 2)	143.9	143.8	(0.1)
Retained earnings	78.1	79.0	0.9
Other components of equity	12.4	11.3	(1.0)

(Note1) Gross interest-bearing debt = Total amount of bonds and loans minus lease liabilities

(Note2) Shareholder's equity = Total equity attribute to owners of the parent

【Total assets】

Total assets decreased 7.3 billion yen, principally reflecting a decrease in trade and other receivables.

【Interest-bearing debt】

Net interest-bearing debt rose 7.3 billion yen mainly due to an increase in short-term borrowings.

【Shareholder's equity】

Equity remained almost flat, primarily due to a build-up of profit attributable to owners of the parent, as well as dividends paid and a fall in valuation amount due to falling share prices.

The equity ratio came to 26.1%. The net debt-equity ratio (“net DER”) was 0.3 times.

Equity ratio (Note 3)	25.8%	26.1%	0.3% up
Net debt-equity ratio (Note 4)	0.3 times	0.3 times	Almost same

(Note 3) Equity ratio = Shareholder's equity / Total assets

(Note 4) Net debt-equity ratio = Net interest-bearing debt / Equity capital

5. Dividends and Capital Efficiency

【Dividends】

	FY2018	FY2019	FY2020	FY2021	FY2022(plan)
Annual dividend (yen per share)	48	60	60	60	60
Consolidated payout ratio	24.8%	30.3%	34.8%	37.6%	33.4%

【Prodit attributable to owners of the parent, ROE & ROIC】

