

# Consolidated Financial Summary for the First Half of the Fiscal Year Ending March 2022 (IFRS)

November 2, 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*): November 9, 2021

Scheduled date for commencement of dividend payments: December 3, 2021

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes

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

## 1. Consolidated business results for the first half of the fiscal year ending March 2022 (April 1, 2021 – September 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 Six Months to September 2021	364,138	19.4	14,242	42.8	13,554	41.5	9,399	30.3	7,285	24.0	9,818	35.5
First Six Months to September 2020	304,879	(14.6)	9,970	(32.2)	9,582	(32.6)	7,215	(26.3)	5,874	(24.8)	7,245	(10.5)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First Six Months to September 2021	87.24		87.12	
First Six Months to September 2020	70.34		70.28	

(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 September 30, 2021	564,336	186,809	149,107	26.4
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	– Yen	30.00 Yen	– Yen	30.00 Yen	60.00 Yen
Fiscal year ending March 2022	–	30.00	–	30.00	60.00
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 half (2021/9):   | 84,500,202 shares | Fiscal year (2021/3): | 84,500,202 shares |
| 2. Number of treasury stock                                      |                   |                       |                   |
| First half (2021/9):   | 984,240 shares    | Fiscal year (2021/3): | 988,461 shares    |
| 3. Average number of shares during the period (First six months) |                   |                       |                   |
| First half (2021/9):   | 83,513,025 shares | First half (2020/9):  | 83,511,606 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 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. Refer to “(3) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Half of the Fiscal Year Ending March 2022” on page 3 of accompanying materials for further information on results forecasts.

## Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results, Etc. for the First Half of the Fiscal Year Ending March 2022 .....	2
(1) Details of consolidated results .....	2
(2) Details of financial position .....	3
(3) Information on the future outlook, including consolidated business performance forecasts .....	3
2. Condensed Consolidated Financial Statements and Major Notes .....	4
(1) Condensed consolidated statement of financial position .....	4
(2) Condensed consolidated statements of income / Condensed consolidated statements of comprehensive income.....	6
Condensed consolidated statements of income .....	6
First half.....	6
Condensed consolidated statements of comprehensive income .....	7
First half .....	7
(3) Condensed consolidated statement of changes in equity .....	8
(4) Condensed consolidated statements of cash flows.....	10
(5) Notes on condensed consolidated financial statements.....	11
Notes on the going concern assumption.....	11
Segment information.....	11
Significant subsequent events.....	11

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

### (1) Details of consolidated results

In the first six months under review (from April 1, 2021 to September 30, 2021), the global economy staged a dramatic recovery driven by the U.S. However, optimism is now fading due to the spread of new virus variants and other issues such as supply chain disruptions and rising international commodity prices.

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, the outlook remains uncertain amid the spread of new virus strains, supply chain disruptions, and inflation concerns. Similarly, European economies, particularly the U.K., had started to return to normal. However, a resurgence in infections is causing the recovery to lose momentum. In China, the spread of new virus variants and other issues such as power restrictions, real estate market regulation, and a policy shift away from growth towards distribution are putting downward pressure on the economy and a tendency towards deceleration is becoming apparent.

Japan, which was behind other developed countries in terms of vaccinations, has seen the slowest economic recovery among the major economies, due to repeated declarations of a state of emergency during its fourth and fifth waves and the resulting reduction in activity.

In this environment, the results of the Group for the first half 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 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 reflecting the changeover period for contracts with government agencies, profit increased in the meat products business and the ICT solutions business, thanks to higher revenue, and in the steel tubing business, thanks to recovery in energy demand. Consolidated revenue increased ¥59,259 million (19.4%) year on year, to ¥364,138 million. Consolidated gross profit also increased ¥6,453 million (13.6%) from a year earlier, to ¥53,914 million. Consolidated operating profit rose ¥4,272 million (42.8%) from a year earlier, to ¥14,242 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 ¥3,972 million (41.5%) year on year, to ¥13,554 million, and profit attributable to owners of the parent rose ¥1,411 million (24.0%) year on year, to ¥7,285 million.

Results for each business segment are described below

#### (i) Electronics & Devices

Revenue increased ¥15,875 million year on year, to ¥118,815 million, attributable to higher revenue in the mobile business and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥1,247 million, to ¥8,712 million, due to higher profit in the ICT solutions business and the semiconductor parts and manufacturing equipment business, and profit attributable to owners of the parent decreased ¥525 million, to ¥3,003 million.

#### (ii) Foods, Meat & Grain

Revenue increased ¥19,065 million year on year, to ¥142,004 million, reflecting a rise in revenue in the meat products business and the feedstuff business. Operating profit rose ¥2,451 million, to ¥2,779 million, due to higher profit in the meat products business and the food business, and profit attributable to owners of the parent increased ¥1,135 million, to ¥1,931 million.

#### (iii) Steel, Materials & Plant

Revenue increased ¥24,012 million year on year, to ¥65,178 million, due to higher revenue in the energy business and the steel tubing business. Operating profit rose ¥791 million, to ¥1,262 million, on stronger profit in the steel tubing business and machine tools and industrial machinery business, and profit attributable to owners of the parent increased ¥551 million to ¥1,417 million.

#### (iv) Motor Vehicles & Aerospace

Revenue decreased ¥522 million year on year, to ¥32,022 million, due to lower revenue in the aerospace business. Operating profit decreased ¥359 million, to ¥959 million, due to a fall in profit in the aerospace business, and profit attributable to owners of the parent declined ¥368 million, to ¥561 million.

(v) Other

Revenue increased ¥829 million from a year earlier, to ¥6,116 million. Operating profit rose ¥113 million, to ¥513 million. Profit attributable to owners of the parent rose ¥11 million, to ¥248 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first half of the fiscal year under review climbed ¥6,841 million from the end of the previous fiscal year, to ¥564,336 million.

Interest-bearing debt increased ¥1,717 million from the end of the previous fiscal year, to ¥123,874 million, mainly due to a rise in short-term borrowings. Net interest-bearing debt after deducting cash and deposits rose ¥4,426 million from the end of the previous fiscal year, to ¥44,946 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥5,181 million from the end of the previous fiscal year, to ¥149,107 million, chiefly due to the accumulation of profit attributable to owners of the parent.

As a result, the ratio of equity attributable to owners of the parent came to 26.4%. The net debt-equity ratio (“net DER”) was 0.3 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first half under review fell ¥2,916 million from the end of the previous fiscal year, to ¥78,129 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities in the first half under review stood at ¥10,144 million (versus net cash provided of ¥20,366 million in the first half 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 half under review stood at ¥6,842 million (versus net cash used of ¥3,645 million in the first half of the previous fiscal year), due to business investments, including acquisitions of subsidiaries and additional investment in companies accounted for by the equity method.

(Cash flows from financing activities)

Net cash used in financing activities in the first half under review came to ¥6,360 million (versus net cash used of ¥22,539 million in the first half of the previous fiscal year), mainly due to the repayment of lease liabilities and cash dividends paid, despite a cash inflow due to 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 September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	81,045	78,129
Trade and other receivables	207,285	203,587
Inventories	99,711	109,744
Other financial assets	6,512	6,040
Other current assets	26,339	27,053
Total current assets	420,894	424,556
Non-current assets		
Property, plant and equipment	42,246	42,741
Goodwill	10,296	10,409
Intangible assets	24,926	25,089
Investments accounted for using the equity method	11,869	14,568
Trade and other receivables	1,280	1,228
Other investments	33,536	32,609
Other financial assets	7,079	7,219
Deferred tax assets	2,318	2,385
Other non-current assets	3,046	3,529
Total non-current assets	136,601	139,780
Total assets	557,495	564,336

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	182,980	183,464
Bonds and borrowings	57,723	62,938
Lease obligations	6,999	6,567
Other financial liabilities	5,442	5,494
Income taxes payable	2,942	3,219
Provisions	607	485
Other current liabilities	28,213	27,266
Total current liabilities	284,909	289,435
Non-current liabilities		
Bonds and borrowings	64,434	60,936
Lease obligations	10,328	10,137
Other financial liabilities	1,807	1,662
Retirement benefits liabilities	6,517	6,647
Provisions	1,944	1,896
Deferred tax liabilities	5,527	5,123
Other non-current liabilities	1,533	1,687
Total non-current liabilities	92,093	88,091
Total liabilities	377,003	377,527
Equity		
Share capital	27,781	27,781
Capital surplus	27,034	27,093
Retained earnings	78,070	83,005
Treasury stock	(1,311)	(1,304)
Other components of equity		
Exchange differences on translation of foreign operations	1,633	2,193
Financial assets measured at fair value through other comprehensive income	10,163	10,287
Cash flow hedges	554	50
Total other components of equity	12,351	12,531
Total equity attributable to owners of the parent	143,926	149,107
Non-controlling interests	36,566	37,701
Total equity	180,492	186,809
Total liabilities and equity	557,495	564,336

(2) Condensed consolidated statements of income / Condensed consolidated statements of comprehensive income  
 (Condensed consolidated statements of income)  
 (First half)

(Million yen)

	FY2021 First half (From April 1, 2020 to September 30, 2020)	FY2022 First half (From April 1, 2021 to September 30, 2021)
Revenue	304,879	364,138
Cost of sales	(257,418)	(310,224)
Gross profit	47,461	53,914
Selling, general and administrative expenses	(38,094)	(41,358)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(23)	(22)
Impairment loss on property, plant and equipment and intangible assets	(14)	(12)
Other income	1,004	2,010
Other expenses	(362)	(287)
Total other income (expenses)	604	1,686
Operating profit	9,970	14,242
Finance income		
Interest income	95	72
Dividend income	423	533
Other finance income	–	45
Total finance income	519	651
Finance costs		
Interest expenses	(1,030)	(796)
Other finance costs	(150)	(1,582)
Total finance costs	(1,181)	(2,378)
Share of profit (loss) of investments accounted for using the equity method	273	1,038
Profit before tax	9,582	13,554
Income tax expense	(2,366)	(4,155)
Profit for the period	7,215	9,399
Profit for the period attributable to:		
Owners of the parent	5,874	7,285
Non-controlling interests	1,341	2,114
Total	7,215	9,399
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	70.34	87.24
Diluted earnings per share (yen)	70.28	87.12



(Condensed consolidated statements of comprehensive income)  
(First half)

(Million yen)

	FY2021 First half (From April 1, 2020 to September 30, 2020)	FY2022 First half (From April 1, 2021 to September 30, 2021)
Profit for the period	7,215	9,399
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,334	249
Remeasurement of defined benefit pension plans	(2)	(0)
Share of other comprehensive income of investments accounted for using the equity method	8	13
Total items that will not be reclassified to profit or loss	1,340	263
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(963)	442
Cash flow hedges	(149)	(502)
Share of other comprehensive income of investments accounted for using the equity method	(197)	216
Total items that may be reclassified to profit or loss	(1,310)	155
Other comprehensive income for the period, net of tax	30	419
Total comprehensive income for the period	7,245	9,818
Total comprehensive income for the period attributable to:		
Owners of the parent	6,108	7,620
Non-controlling interests	1,136	2,197
Total	7,245	9,818

## (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			5,874			
Other comprehensive income					(901)	1,292
Total comprehensive income for the period	–	–	5,874	–	(901)	1,292
Dividends			(2,505)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(0)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		(42)				
Share-based payment transactions		29				
Total transactions with owners	–	(13)	(2,505)	(0)	–	–
Transfer from other components of equity to retained earnings			(35)			33
Balance as of September 30, 2020	27,781	26,943	72,873	(1,310)	28	8,142

	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			–	5,874	1,341	7,215
Other comprehensive income	(154)	(2)	234	234	(204)	30
Total comprehensive income for the period	(154)	(2)	234	6,108	1,136	7,245
Dividends			–	(2,505)		(2,505)
Dividends paid to non-controlling interests			–	–	(924)	(924)
Acquisition of treasury stock			–	(0)		(0)
Disposition of treasury stock			–	–		–
Equity transactions with non-controlling interests			–	(42)	(93)	(136)
Share-based payment transactions			–	29		29
Total transactions with owners	–	–	–	(2,518)	(1,018)	(3,536)
Transfer from other components of equity to retained earnings		2	35	–		–
Balance as of September 30, 2020	(40)	–	8,130	134,419	35,463	169,882

(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			7,285			
Other comprehensive income					560	279
Total comprehensive income for the period	–	–	7,285	–	560	279
Dividends			(2,505)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock		0		8		
Equity transactions with non-controlling interests		5				
Share-based payment transactions		54				
Total transactions with owners	–	59	(2,505)	6	–	–
Transfer from other components of equity to retained earnings			155			(155)
Balance as of September 30, 2021	27,781	27,093	83,005	(1,304)	2,193	10,287

	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			–	7,285	2,114	9,399
Other comprehensive income	(504)	(0)	335	335	83	419
Total comprehensive income for the period	(504)	(0)	335	7,620	2,197	9,818
Dividends			–	(2,505)		(2,505)
Dividends paid to non-controlling interests			–	–	(1,046)	(1,046)
Acquisition of treasury stock			–	(1)		(1)
Disposition of treasury stock			–	8		8
Equity transactions with non-controlling interests			–	5	(16)	(10)
Share-based payment transactions			–	54		54
Total transactions with owners	–	–	–	(2,439)	(1,062)	(3,501)
Transfer from other components of equity to retained earnings		0	(155)	–		–
Balance as of September 30, 2021	50	–	12,531	149,107	37,701	186,809

## (4) Condensed consolidated statements of cash flows

(Million yen)

	FY2021 First half (From April 1, 2020 to September 30, 2020)	FY2022 First half (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit for the period	7,215	9,399
Depreciation and amortization	5,635	6,038
Impairment loss on property, plant and equipment and intangible assets	14	12
Finance income and costs	661	1,727
Share of (profit) loss of investments accounted for using the equity method	(273)	(1,038)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	23	22
Income tax expense	2,366	4,155
(Increase) decrease in trade and other receivables	30,301	7,107
(Increase) decrease in inventories	(4,928)	(8,693)
Increase (decrease) in trade and other payables	(16,129)	(3,310)
Increase (decrease) in retirement benefit liabilities	(20)	13
Other	(1,613)	(2,466)
Sub total	23,253	12,967
Interest received	160	86
Dividends received	822	980
Interest paid	(1,003)	(786)
Income taxes paid	(2,867)	(3,103)
Net cash provided by (used in) operating activities	20,366	10,144
Cash flows from investing activities		
Payments for property, plant and equipment	(2,544)	(1,918)
Proceeds from sales of property, plant and equipment	251	168
Payments for intangible assets	(492)	(451)
Purchases of other investments	(630)	(2,829)
Proceeds from sale of other investments	95	1,236
Proceeds from (payments for) acquisition of subsidiaries	–	(2,362)
Payments for acquisition of businesses	–	(591)
Increase in loans receivable	(281)	(28)
Proceeds from collection of loans receivable	185	190
Other	(228)	(256)
Net cash provided by (used in) investing activities	(3,645)	(6,842)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less)	(10,391)	2,776
Proceeds from short-term borrowings (more than three months)	127	500
Repayment of short-term borrowings (more than three months)	(289)	(414)
Proceeds from long-term borrowings	2,200	3,485
Repayment of long-term borrowings	(6,625)	(4,949)
Redemption of bonds	–	(107)
Dividends paid	(2,499)	(2,500)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(167)	–
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	(1,006)	(1,046)
Repayments of lease obligations	(3,897)	(4,084)
Other	(1)	(2)
Net cash provided by (used in) financing activities	(22,539)	(6,360)
Increase (decrease) in cash and cash equivalents, net	(5,818)	(3,058)
Cash and cash equivalents at the beginning of the period	91,105	81,045
Effect of exchange rate changes on cash and cash equivalents	(277)	143
Cash and cash equivalents at end of the period	85,009	78,129

(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 six months (From April 1, 2020 to September 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	102,940	122,939	41,166	32,544	299,592	5,287	–	304,879
Inter-segment	126	0	19	2	148	103	(251)	–
Total revenues	103,067	122,940	41,186	32,547	299,740	5,390	(251)	304,879
Operating profit (loss)	7,465	328	471	1,318	9,583	400	(12)	9,970
Segment profit (loss)	3,528	796	866	929	6,121	237	(484)	5,874

(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 -¥12 million for segment profit (loss) includes an inter-segment elimination of -¥12 million.
- The adjustment of -¥484 million for segment profit (loss) includes an inter-segment elimination of -¥16 million and corporate expenses that are not allocated to any particular segment of -¥468 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 six months under review (From April 1, 2021 to September 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	118,815	142,004	65,178	32,022	358,021	6,116	–	364,138
Inter-segment	193	0	17	3	214	117	(332)	–
Total revenues	119,008	142,005	65,196	32,025	358,236	6,234	(332)	364,138
Operating profit (loss)	8,712	2,779	1,262	959	13,714	513	15	14,242
Segment profit (loss)	3,003	1,931	1,417	561	6,912	248	124	7,285

(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 ¥15 million for segment profit (loss) includes an inter-segment elimination of ¥15 million.
- The adjustment of ¥124 million for segment profit (loss) includes an inter-segment elimination of ¥6 million and corporate expenses that are not allocated to any particular segment of ¥117 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 Six 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.

## <Summary>

■ Revenue and profits both increased year on year. Results mostly recovered to pre-COVID levels.

◇Revenue	364.1 billion yen	19.4% up
◇Operating profit	14.2 billion yen	42.8% up
◇Profit before tax	13.6 billion yen	41.5% up
◇Profit attributable to owners of the parent	7.3 billion yen	24.0% up

■ Steady progress was made, with operating profit progress of approx. 51% and profit attributable to owners of the parent progress of approx. 49%.

## 1. Profit & loss statement

(Unit : billion yen)	Q2 of FY2021	Q2 of FY2022	Year-on-year		FY2022	
			Change	Change(%)	Forecast	Progress(%)
Revenue	304.9	<b>364.1</b>	59.3	19.4%	700.0	52.0%
Gross profit	47.5	<b>53.9</b>	6.5	13.6%	-	-
Selling, general and administrative expenses	( 38.1)	<b>( 41.4)</b>	( 3.3)	-	-	-
Other income (expenses)	0.6	<b>1.7</b>	1.1	179.3%	-	-
Operating profit	10.0	<b>14.2</b>	4.3	42.8%	28.0	50.9%
Interest income (expenses)	( 0.9)	<b>( 0.7)</b>	0.2	-	-	-
Dividend income	0.4	<b>0.5</b>	0.1	-	-	-
Other finance income (costs)	( 0.2)	<b>( 1.5)</b>	( 1.4)	-	-	-
Finance income (costs)	( 0.7)	<b>( 1.7)</b>	( 1.1)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.3	<b>1.0</b>	0.8	280.3%	-	-
Profit before tax	9.6	<b>13.6</b>	4.0	41.5%	28.0	48.4%
Income tax expense	( 2.4)	<b>( 4.2)</b>	( 1.8)	-	-	-
Profit for the period	7.2	<b>9.4</b>	2.2	30.3%	-	-
Profit attributable to owners of the parent	5.9	<b>7.3</b>	1.4	24.0%	15.0	48.6%
Earnings per share (yen)	70.34	<b>87.24</b>	16.90	24.0%	179.62	48.6%

### 【Revenue】

Increased 59.3 billion yen, primarily in the Steel, Materials & Plant segment.

### 【Operating profit】

Grew 4.3 billion yen, driven by the Foods, Meat & Grain segment.

### 【Profit before tax】

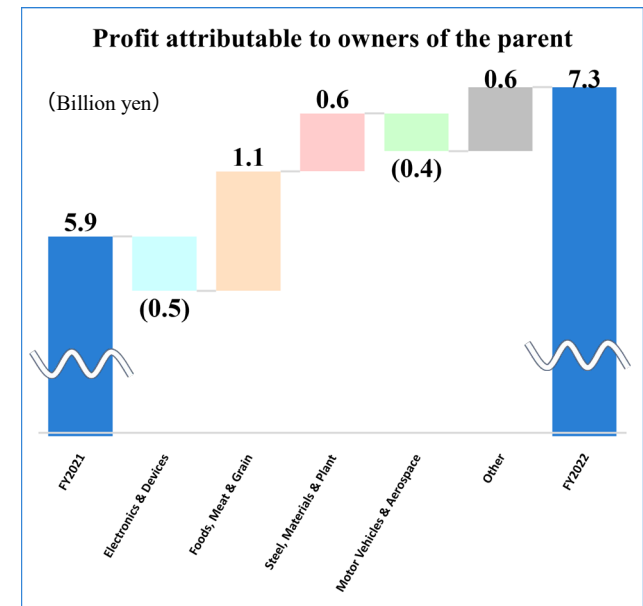
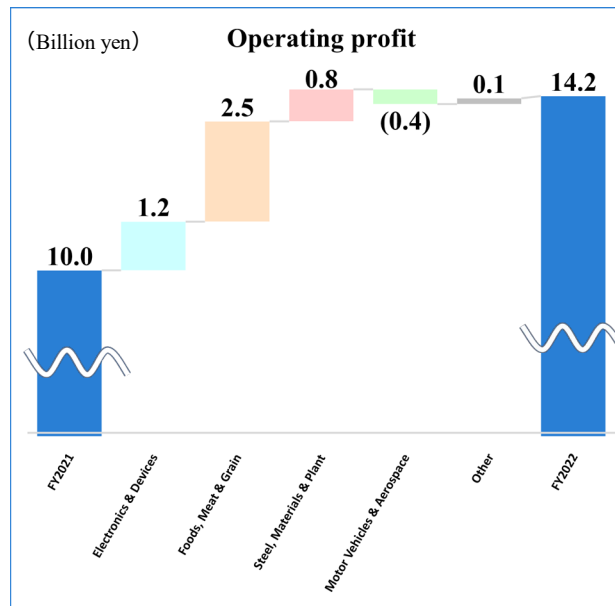
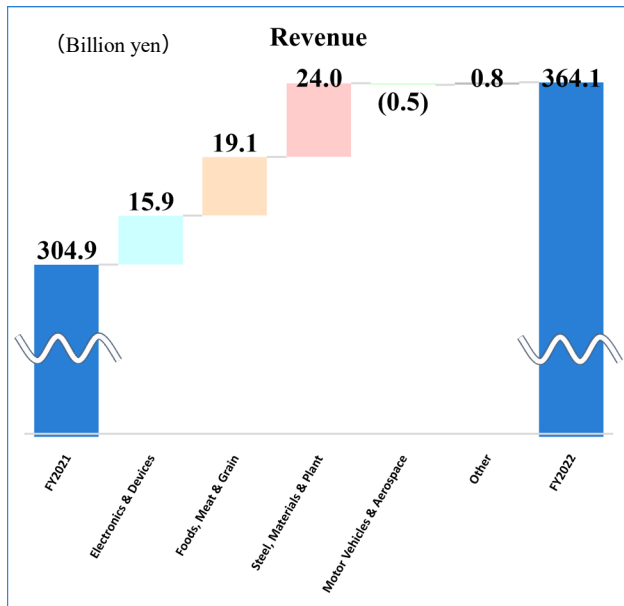
Increased 4.0 billion yen mainly due to a rise in the operating profit.

### 【Profit attributable to owners of the parent】

Increased 1.4 billion yen associated with a rise in profit before tax.

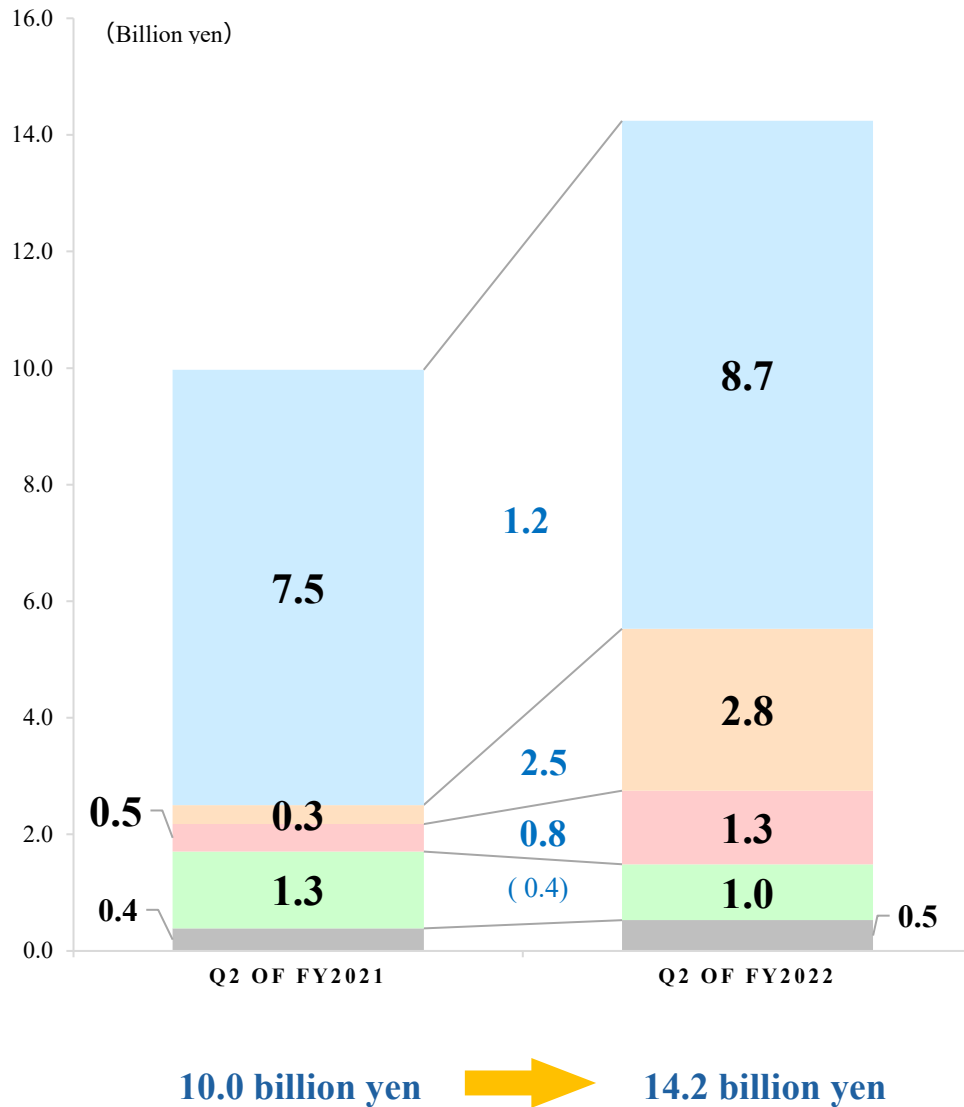
## 2. Segment information

(Unit: billion yen)		Revenue					Operating profit					Profit attributable to owners of the parent				
		Q2 of FY2021	Q2 of FY2022	Change	FY2022		Q2 of FY2021	Q2 of FY2022	Change	FY2022		Q2 of FY2021	Q2 of FY2022	Change	FY2022	
					Forecast	Progress				Forecast	Progress				Forecast	Progress
Electronics & Devices	102.9	<b>118.8</b>	15.9	250.0	48%	7.5	<b>8.7</b>	1.2	19.2	45%	3.5	<b>3.0</b>	(0.5)	9.0	33%	
Foods, Meat & Grain	122.9	<b>142.0</b>	19.1	260.0	55%	0.3	<b>2.8</b>	2.5	3.5	79%	0.8	<b>1.9</b>	1.1	2.3	84%	
Steel, Materials & Plant	41.2	<b>65.2</b>	24.0	110.0	59%	0.5	<b>1.3</b>	0.8	3.1	41%	0.9	<b>1.4</b>	0.6	2.5	57%	
Motor Vehicles & Aerospace	32.5	<b>32.0</b>	(0.5)	70.0	46%	1.3	<b>1.0</b>	(0.4)	1.4	69%	0.9	<b>0.6</b>	(0.4)	0.9	62%	
Total for reportable segments	299.6	<b>358.0</b>	58.4	690.0	52%	9.6	<b>13.7</b>	4.1	27.2	50%	6.1	<b>6.9</b>	0.8	14.7	47%	
Other (including adjustment)	5.3	<b>6.1</b>	0.8	10.0	61%	0.4	<b>0.5</b>	0.1	0.8	66%	(0.2)	<b>0.4</b>	0.6	0.3	124%	
Grand total	304.9	<b>364.1</b>	59.3	700.0	52%	10.0	<b>14.2</b>	4.3	28.0	51%	5.9	<b>7.3</b>	1.4	15.0	49%	





### 3. Operating profit <Segment>



**Causes of year-on-year increase/decrease**

- 【Electronics & Devices】 1.2 billion yen up**  
 The ICT solutions business performed strongly, mainly due to growth in projects related to network security and storage-related projects. In the mobile business, operating profit increased slightly, impacted by the declaration of a state of emergency and decreased supporting payments from telecommunication carriers, although store footfall was returning. The semiconductor parts and manufacturing equipment business remained strong with growth in shipments of manufacturing equipment and consumables related to semiconductors and LCD panels in response to strong demand.
- 【Foods, Meat & Grain】 2.5 billion yen up**  
 In the meat products business, operating profit increased sharply 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】 0.8 billion yen up**  
 The steel tubing business performed strongly, following the recovery of energy demand. The machine tools and industrial machinery business remained firm, recovering from the business environment in the same period of the previous fiscal year when the business had been strongly affected by COVID-19. However, in the energy business, operating profit temporarily declined, although a recovery was expected due to winter deliveries.
- 【Motor Vehicles & Aerospace】 0.4 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 worldwide, including in Europe and the U.S.

## 4. Cash Flows and Financial Status

(Unit: billion yen)	2Q of FY2021	2Q of FY2022	Change
CF from operating activities	20.4	<b>10.1</b>	<b>( 10.2)</b>
CF from investing activities	( 3.6)	<b>( 6.8)</b>	<b>( 3.2)</b>
Free cash flows	16.7	<b>3.3</b>	<b>( 13.4)</b>
CF from financing activities	( 22.5)	<b>( 6.4)</b>	<b>16.2</b>

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

CF from operating activities	3.9	<b>4.1</b>	<b>0.2</b>
CF from financing activities	( 3.9)	<b>( 4.1)</b>	<b>( 0.2)</b>

(Unit: billion yen)	3/2021	9/2021	Change
Total assets	557.5	<b>564.3</b>	6.8
Gross interest-bearing debt (Note 1)	122.2	<b>123.9</b>	1.7
Net interest-bearing debt	40.5	<b>44.9</b>	4.4
Shareholders' equity (Note 2)	143.9	<b>149.1</b>	5.2
Retained earnings	78.1	<b>83.0</b>	4.9
Other components of equity	12.4	<b>12.5</b>	0.2

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

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

Equity ratio (Note 3)	25.8%	<b>26.4%</b>	0.6% up
Net debt-equity ratio (Note 4)	0.3 times	<b>0.3 times</b>	Almost same

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

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

### 【CF from operating activities】

Net cash provided by operating activities was 10.1 billion yen, mainly reflecting the accumulation of operating revenue.

### 【CF from investing activities】

Net cash used in investing activities was 6.8 billion yen, mainly due to the implementation of business investments, including the acquisition of subsidiaries and additional investment in companies accounted for by the equity method.

### 【CF from financing activities】

Net cash used in financing activities was 6.4 billion yen, mainly due to the repayment of borrowings and lease liabilities and dividends paid.

### 【Total assets】

Net assets rose 6.8 billion yen mainly due to increases in inventories and equity method investment.

### 【Interest-bearing debt】

Net interest-bearing debt rose 4.4 billion yen mainly due to an increase in short-term borrowings.

### 【Shareholders' equity】

Shareholders' equity rose 5.2 billion yen, chiefly due to an increase in profit attributable to owners of the parent.

**The equity ratio came to 26.4%. The net debt-equity ratio ("net DER") was 0.3 times.**

## 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%

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

