

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

February 4, 2022

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

URL: <https://www.kanematsu.co.jp>

Representative: President, Yoshiya Miyabe

Contact: General Manager of Accounting Dept., Reiki Fujii

TEL (03) 5440-8111

Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): February 10, 2022

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 nine months of the fiscal year ending March 2022 (April 1, 2021 – December 31, 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 Nine Months to December 31, 2021	560,941	19.9	21,094	44.9	20,535	45.8	14,860	46.0	12,012	40.6	16,189	52.5
First Nine Months to December 31, 2020	467,770	(11.9)	14,556	(22.3)	14,088	(21.1)	10,179	(14.7)	8,546	(9.2)	10,615	(17.9)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First Nine Months to December 31, 2021	143.84		143.65	
First Nine Months to December 31, 2020	102.33		102.27	

(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 December 31, 2021	609,505		189,409		151,816		24.9	
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	–	30.00	–	–	–
Fiscal year ending March 2022 (Forecasts)	–	–	–	35.00	65.00

(Notes) Revisions to dividend forecasts published most recently: Yes

For the revised dividend forecast, please refer to the “Notice of Revision of Dividend Forecast (Dividend Increase)” released today (February 4, 2022).

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	750,000	15.5	30,000	26.9	30,000	27.2	16,000	20.2	191.58	

(Note) Revisions to results forecasts published most recently: Yes

*** 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 nine months (2021/12): | 84,500,202 shares | Fiscal year (2021/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| First nine months (2021/12): | 984,630 shares | Fiscal year (2021/3): | 988,461 shares |
| 3. Average number of shares during the period (First nine months) | | | |
| First nine months (2021/12): | 83,513,854 shares | First nine months (2020/12): | 83,511,479 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 Nine Months 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 Nine Months 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	5
(1) Condensed consolidated statement of financial position	5
(2) Condensed consolidated statements of income / Condensed consolidated statements of comprehensive income.....	7
Condensed consolidated statements of income	7
First nine months	7
Condensed consolidated statements of comprehensive income	7
First nine months	7
(3) Condensed consolidated statement of changes in equity	9
(4) Condensed consolidated statements of cash flows.....	11
(5) Notes on condensed consolidated financial statements.....	12
Notes on the going concern assumption.....	12
Segment information.....	12
Significant subsequent events.....	12

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

(1) Details of consolidated results

In the first nine months under review (from April 1, 2021 to December 31, 2021), the global economy recovered rapidly thanks to the normalization of the economy following the progress in vaccine rollouts. However, the appearance of new virus variants and other issues such as supply chain disruptions and rising inflation caused uncertainty about the future outlook.

The U.S. economy led the recovery of the global economy on the strength of large-scale economic measures and the rapidly rising demand following the normalization of economic activities. Its outlook, however, requires close monitoring in view of the spread of new virus strains and the anticipated shift in the monetary policy necessitated by out-of-control inflation caused by factors such as the labor shortage and supply chain disruptions. In Europe, although the economies had also started to return to normal, the activity restrictions imposed on the unvaccinated people due to the successive spread of new virus variants and rising energy prices resulting from geopolitical tensions caused the recovery to lose momentum. In China, the economic recovery was stalled as power supply restrictions, property market regulations, and activity restrictions and lockdowns under the *zero COVID policy* became a drag on economic activities. Japan saw the slowest economic recovery among the major economies due to the repeated declaration of a state of emergency and the resulting reduction in activity, as well as the impact of parts shortage and rising commodity prices.

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

Revenue increased in almost all businesses centered on the meat products business and the grain and 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 and in the mobile business where fee income shrank, profit increased in the meat products business and the ICT solutions business, thanks to higher revenue. The steel tubing business also enjoyed higher revenue due to recovery in energy demand.

Consolidated revenue increased ¥93,171 million (19.9%) year on year, to ¥560,941 million. Consolidated gross profit also increased ¥9,810 million (13.7%) from a year earlier, to ¥81,491 million. Consolidated operating profit rose ¥6,538 million (44.9%) from a year earlier, to ¥21,094 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 ¥6,447 million (45.8%) year on year, to ¥20,535 million, and profit attributable to owners of the parent rose ¥3,466 million (40.6%) year on year, to ¥12,012 million.

Results for each business segment are as described below.

(i) Electronics & Devices

Revenue increased ¥22,418 million year on year, to ¥179,838 million, attributable to higher revenue in the electronic device and materials business and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥1,473 million to ¥11,425 million due to higher profit in the ICT solutions business and the semiconductor parts and manufacturing equipment business, while profit attributable to owners of the parent decreased ¥459 million to ¥4,290 million.

(ii) Foods, Meat & Grain

Revenue increased ¥29,141 million year on year, to ¥215,229 million reflecting a rise in revenue in the meat products business and the grain and feedstuff business. Operating profit rose ¥2,541 million, to ¥4,342 million due to higher profit in the meat products business and the food business, and profit attributable to owners of the parent increased ¥1,328 million, to ¥3,100 million.

(iii) Steel, Materials & Plant

Revenue increased ¥38,160 million year on year, to ¥104,775 million, due to higher revenue in the energy business and the steel tubing business. Operating profit rose ¥2,329 million, to ¥3,094 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 ¥1,731 million to ¥2,987 million.

(iv) Motor Vehicles & Aerospace

Revenue increased ¥1,513 million year on year, to ¥51,148 million, due to greater revenue in the motor vehicles and parts business. Operating profit decreased ¥192 million, to ¥1,292 million, due to smaller profit in the aerospace business, while profit attributable to owners of the parent rose ¥16 million, to ¥1,005 million.

(v) Other

Revenue increased ¥1,938 million from a year earlier, to ¥9,948 million. Operating profit rose ¥351 million, to ¥931 million. Profit attributable to owners of the parent rose ¥191 million, to ¥472 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first nine months of the fiscal year under review climbed ¥52,010 million from the end of the previous fiscal year to ¥609,505 million.

Interest-bearing debt increased ¥21,749 million from the end of the previous fiscal year, to ¥143,906 million mainly due to a rise in short-term borrowings. Net interest-bearing debt after deducting cash and deposits rose ¥14,449 million from the end of the previous fiscal year to ¥54,969 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥7,890 million from the end of the previous fiscal year, to ¥151,816 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 24.9%. The net debt-equity ratio (“net DER”) was 0.4 times.

(ii) Cash flows

Cash and cash equivalents at the end of the nine months under review rose ¥7,103 million from the end of the previous fiscal year, to ¥88,148 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities in the nine months under review stood at ¥9,058 million (versus net cash provided of ¥28,321 million in the first nine 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 nine months under review stood at ¥10,341 million (versus net cash used of ¥5,017 million in the first nine months 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 provided by financing activities in the nine months under review came to ¥7,943 million (versus net cash used of ¥28,759 million in the first nine months of the previous fiscal year), mainly due to an increase in short-term borrowings, despite expenditures such as the repayment of long-term debts and lease liabilities and the payment of cash dividends.

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

We have changed the forecasts for consolidated results that we announced on May 7, 2021 as described below in light of the results for the first nine months under review and the future outlook.

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of the parent	Basic earnings pers share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	700,000	28,000	28,000	15,000	179.62
Revised forecast (B)	750,000	30,000	30,000	16,000	191.58
Difference (B-A)	50,000	2,000	2,000	1,000	-
Increase/decrease (%)	7.1%	7.1%	7.1%	6.7%	-
(for reference) Actual results of the previous fiscal year	649,142	23,635	23,580	13,315	159.44

* 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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	81,045	88,148
Trade and other receivables	207,285	233,576
Inventories	99,711	110,379
Other financial assets	6,512	6,639
Other current assets	26,339	29,185
Total current assets	420,894	467,929
Non-current assets		
Property, plant and equipment	42,246	42,739
Goodwill	10,296	10,479
Intangible assets	24,926	24,937
Investments accounted for using the equity method	11,869	14,860
Trade and other receivables	1,280	1,242
Other investments	33,536	34,748
Other financial assets	7,079	7,222
Deferred tax assets	2,318	1,815
Other non-current assets	3,046	3,529
Total non-current assets	136,601	141,545
Total assets	557,495	609,505

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	182,980	207,545
Bonds and borrowings	57,723	86,254
Lease obligations	6,999	6,267
Other financial liabilities	5,442	6,637
Income taxes payable	2,942	1,398
Provisions	607	242
Other current liabilities	28,213	27,138
Total current liabilities	284,909	335,485
Non-current liabilities		
Bonds and borrowings	64,434	57,652
Lease obligations	10,328	10,281
Other financial liabilities	1,807	1,617
Retirement benefits liabilities	6,517	6,698
Provisions	1,944	1,934
Deferred tax liabilities	5,527	5,186
Other non-current liabilities	1,533	1,238
Total non-current liabilities	92,093	84,609
Total liabilities	377,003	420,095
Equity		
Share capital	27,781	27,781
Capital surplus	27,034	27,120
Retained earnings	78,070	85,275
Treasury stock	(1,311)	(1,304)
Other components of equity		
Exchange differences on translation of foreign operations	1,633	3,024
Financial assets measured at fair value through other comprehensive income	10,163	9,826
Cash flow hedges	554	91
Total other components of equity	12,351	12,943
Total equity attributable to owners of the parent	143,926	151,816
Non-controlling interests	36,566	37,593
Total equity	180,492	189,409
Total liabilities and equity	557,495	609,505

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

(Million yen)

	FY2021 First nine months (From April 1, 2020 to December 31, 2020)	FY2022 First nine months (From April 1, 2021 to December 31, 2021)
Revenue	467,770	560,941
Cost of sales	(396,088)	(479,450)
Gross profit	71,681	81,491
Selling, general and administrative expenses	(57,795)	(62,692)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(45)	(66)
Impairment loss on property, plant and equipment and intangible assets	(18)	(13)
Other income	1,236	2,804
Other expenses	(502)	(428)
Total other income (expenses)	670	2,296
Operating profit	14,556	21,094
Finance income		
Interest income	118	117
Dividend income	703	733
Other finance income	–	45
Total finance income	821	896
Finance costs		
Interest expenses	(1,431)	(1,240)
Other finance costs	(238)	(1,589)
Total finance costs	(1,669)	(2,829)
Share of profit (loss) of investments accounted for using the equity method	379	1,373
Profit before tax	14,088	20,535
Income tax expense	(3,909)	(5,674)
Profit for the period	10,179	14,860
Profit for the period attributable to:		
Owners of the parent	8,546	12,012
Non-controlling interests	1,632	2,847
Total	10,179	14,860
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	102.33	143.84
Diluted earnings per share (yen)	102.27	143.65

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

(Million yen)

	FY2021 First nine months (From April 1, 2020 to December 31, 2020)	FY2022 First nine months (From April 1, 2021 to December 31, 2021)
Profit for the period	10,179	14,860
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,339	55
Remeasurement of defined benefit pension plans	(2)	(0)
Share of other comprehensive income of investments accounted for using the equity method	4	7
Total items that will not be reclassified to profit or loss	2,341	62
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,350)	1,481
Cash flow hedges	(335)	(461)
Share of other comprehensive income of investments accounted for using the equity method	(218)	246
Total items that may be reclassified to profit or loss	(1,905)	1,266
Other comprehensive income for the period, net of tax	436	1,328
Total comprehensive income for the period	10,615	16,189
Total comprehensive income for the period attributable to:		
Owners of the parent	9,317	12,808
Non-controlling interests	1,297	3,380
Total	10,615	16,189

(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			8,546			
Other comprehensive income					(1,151)	2,267
Total comprehensive income for the period	–	–	8,546	–	(1,151)	2,267
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		(29)				
Share-based payment transactions		30				
Total transactions with owners	–	1	(5,010)	(1)	–	–
Transfer from other components of equity to retained earnings			(42)			39
Balance as of December 31, 2020	27,781	26,958	73,033	(1,310)	(221)	9,123

	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			–	8,546	1,632	10,179
Other comprehensive income	(340)	(2)	771	771	(335)	436
Total comprehensive income for the period	(340)	(2)	771	9,317	1,297	10,615
Dividends			–	(5,010)		(5,010)
Dividends paid to non-controlling interests			–	–	(1,750)	(1,750)
Acquisition of treasury stock			–	(1)		(1)
Disposition of treasury stock			–	–		–
Equity transactions with non-controlling interests			–	(29)	(111)	(140)
Share-based payment transactions			–	30		30
Total transactions with owners	–	–	–	(5,010)	(1,861)	(6,872)
Transfer from other components of equity to retained earnings		2	42	–		–
Balance as of December 31, 2020	(227)	–	8,674	135,136	34,780	169,917

(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			12,012			
Other comprehensive income					1,391	(132)
Total comprehensive income for the period	–	–	12,012	–	1,391	(132)
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock		0		8		
Equity transactions with non-controlling interests		12				
Share-based payment transactions		74				
Total transactions with owners	–	86	(5,010)	6	–	–
Transfer from other components of equity to retained earnings			203			(204)
Balance as of December 31, 2021	27,781	27,120	85,275	(1,304)	3,024	9,826

	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			–	12,012	2,847	14,860
Other comprehensive income	(462)	(0)	795	795	532	1,328
Total comprehensive income for the period	(462)	(0)	795	12,808	3,380	16,189
Dividends			–	(5,010)		(5,010)
Dividends paid to non-controlling interests			–	–	(2,337)	(2,337)
Acquisition of treasury stock			–	(1)		(1)
Disposition of treasury stock			–	8		8
Equity transactions with non-controlling interests			–	12	(16)	(3)
Share-based payment transactions			–	74		74
Total transactions with owners	–	–	–	(4,917)	(2,353)	(7,271)
Transfer from other components of equity to retained earnings		0	(203)	–		–
Balance as of December 31, 2021	91	–	12,943	151,816	37,593	189,409

(4) Condensed consolidated statements of cash flows

(Million yen)

	FY2021 First nine months (From April 1, 2020 to December 31, 2020)	FY2022 First nine months (From April 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit for the period	10,179	14,860
Depreciation and amortization	8,576	9,156
Impairment loss on property, plant and equipment and intangible assets	18	13
Finance income and costs	847	1,933
Share of (profit) loss of investments accounted for using the equity method	(379)	(1,373)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	45	66
Income tax expense	3,909	5,674
(Increase) decrease in trade and other receivables	14,544	(22,314)
(Increase) decrease in inventories	(785)	(8,777)
Increase (decrease) in trade and other payables	(1,891)	19,181
Increase (decrease) in retirement benefit liabilities	(29)	56
Other	(1,036)	(3,815)
Sub total	33,997	14,662
Interest received	181	126
Dividends received	1,209	1,280
Interest paid	(1,358)	(1,210)
Income taxes paid	(5,708)	(5,800)
Net cash provided by (used in) operating activities	28,321	9,058
Cash flows from investing activities		
Payments for property, plant and equipment	(3,450)	(2,598)
Proceeds from sales of property, plant and equipment	340	190
Payments for intangible assets	(650)	(547)
Purchases of other investments	(953)	(5,763)
Proceeds from sale of other investments	95	1,728
Proceeds from (payment for) acquisition of subsidiaries	(97)	(2,362)
Proceeds from (payment for) sale of subsidiaries	-	12
Payments for acquisition of businesses	-	(688)
Increase in loans receivable	(317)	(262)
Proceeds from collection of loans receivable	256	245
Other	(241)	(294)
Net cash provided by (used in) investing activities	(5,017)	(10,341)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less)	(12,134)	27,809
Proceeds from short-term borrowings (more than three months)	527	500
Repayment of short-term borrowings (more than three months)	(833)	(456)
Proceeds from long-term borrowings	3,390	5,685
Repayment of long-term borrowings	(6,981)	(12,154)
Redemption of bonds	-	(114)
Dividends paid	(4,861)	(4,880)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(179)	-
Capital contribution from holders of non-controlling interests	11	6
Refund of contribution to holders of non-controlling interests	-	(17)
Dividends paid to non-controlling interests	(1,814)	(2,276)
Repayments of lease obligations	(5,881)	(6,151)
Other	(2)	(5)
Net cash provided by (used in) financing activities	(28,759)	7,943
Increase (decrease) in cash and cash equivalents, net	(5,455)	6,660
Cash and cash equivalents at the beginning of the period	91,105	81,045
Effect of exchange rate changes on cash and cash equivalents	(402)	442
Cash and cash equivalents at end of the period	85,246	88,148

(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 nine months (From April 1, 2020 to December 31, 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	157,420	186,088	66,615	49,635	459,759	8,010	–	467,770
Inter-segment	209	0	28	3	241	161	(403)	–
Total revenues	157,629	186,088	66,643	49,639	460,001	8,172	(403)	467,770
Operating profit (loss)	9,952	1,801	765	1,484	14,003	580	(27)	14,556
Segment profit (loss)	4,749	1,772	1,256	989	8,767	281	(503)	8,546

(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 -¥27 million for segment profit (loss) includes an inter-segment elimination of -¥27 million.
- The adjustment of -¥503 million for segment profit (loss) includes an inter-segment elimination of -¥35 million and corporate expenses that are not allocated to any particular segment of -¥467 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 nine months under review (From April 1, 2021 to December 31, 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	179,838	215,229	104,775	51,148	550,992	9,948	–	560,941
Inter-segment	326	1	29	4	362	177	(540)	–
Total revenues	180,165	215,231	104,805	51,153	551,355	10,126	(540)	560,941
Operating profit (loss)	11,425	4,342	3,094	1,292	20,154	931	8	21,094
Segment profit (loss)	4,290	3,100	2,987	1,005	11,385	472	154	12,012

(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 ¥8 million for segment profit (loss) includes an inter-segment elimination of ¥8 million.
- The adjustment of ¥154 million for segment profit (loss) includes an inter-segment elimination of -¥3 million and corporate expenses that are not allocated to any particular segment of ¥158 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 Nine 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.

◇ Revenue	560.9 billion yen	19.9% up
◇ Operating profit	21.1 billion yen	44.9% up
◇ Profit before tax	20.5 billion yen	45.8% up
◇ Profit attributable to owners of the parent	12.0 billion yen	40.6% up

■ Full-year forecasts have been revised upward (Operating profit: 28.0 billion yen → 30.0 billion yen, Profit attributable to owners of the parent: 15.0 billion yen → 16.0 billion yen).
Annual dividend forecast was increased to 65 yen.

1. Profit & loss statement

(Unit : billion yen)	Q3 of FY2021	Q3 of FY2022	Year-on-year		FY2022	
			Change	Change(%)	Forecast	Progress(%)
Revenue	467.8	560.9	93.2	19.9%	750.0	74.8%
Gross profit	71.7	81.5	9.8	13.7%	-	-
Selling, general and administrative expenses	(57.8)	(62.7)	(4.9)	-	-	-
Other income (expenses)	0.7	2.3	1.6	242.7%	-	-
Operating profit	14.6	21.1	6.5	44.9%	30.0	70.3%
Interest income (expenses)	(1.3)	(1.1)	0.2	-	-	-
Dividend income	0.7	0.7	0.0	-	-	-
Other finance income (costs)	(0.2)	(1.5)	(1.3)	-	-	-
Finance income (costs)	(0.8)	(1.9)	(1.1)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.4	1.4	1.0	262.3%	-	-
Profit before tax	14.1	20.5	6.4	45.8%	30.0	68.5%
Income tax expense	(3.9)	(5.7)	(1.8)	-	-	-
Profit for the period	10.2	14.9	4.7	46.0%	-	-
Profit attributable to owners of the parent	8.5	12.0	3.5	40.6%	16.0	75.1%
Earnings per share (yen)	102.33	143.84	41.51	40.6%	191.58	75.1%

【Revenue】

Increased year on year in all segments with a total increase of 93.2 billion yen.

【Operating profit】

Grew 6.5 billion yen, driven by the Foods, Meat & Grain segment and Steel, Materials & Plant segment.

【Profit before tax】

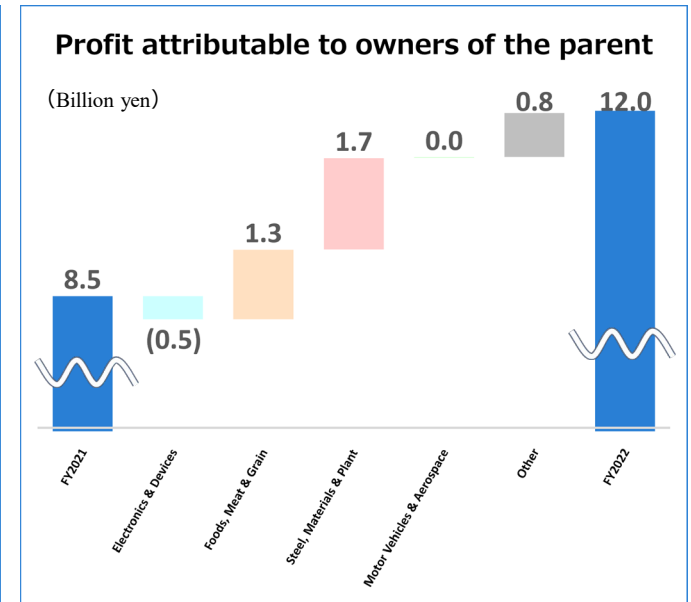
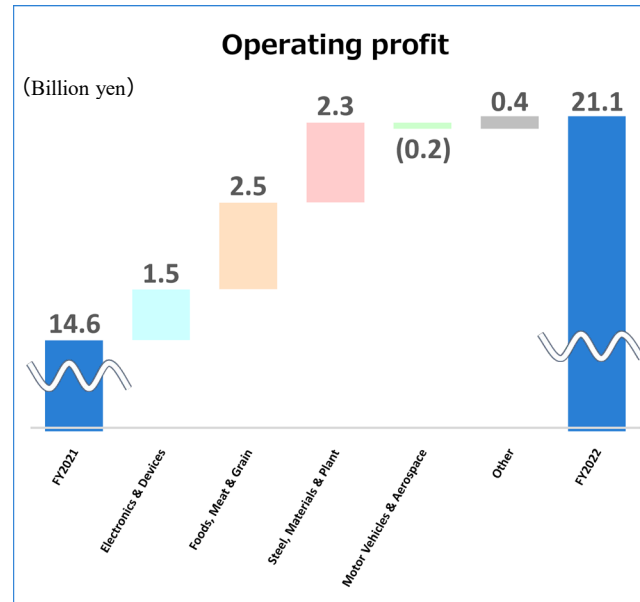
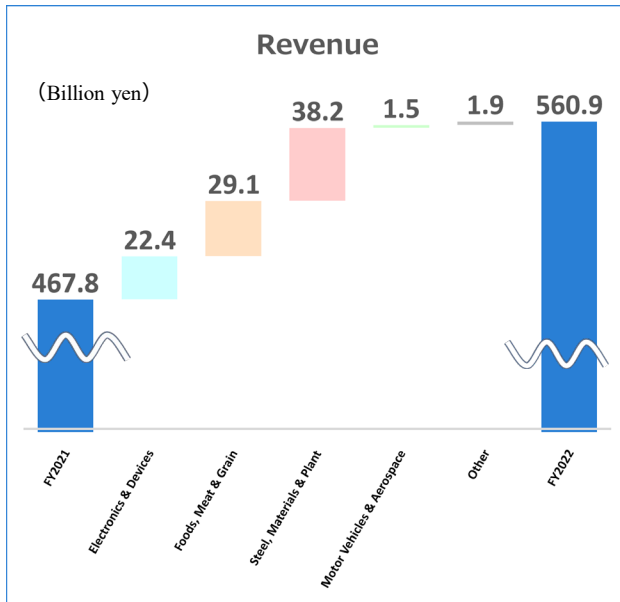
Increased 6.4 billion yen mainly due to a rise in the operating profit.

【Profit attributable to owners of the parent】

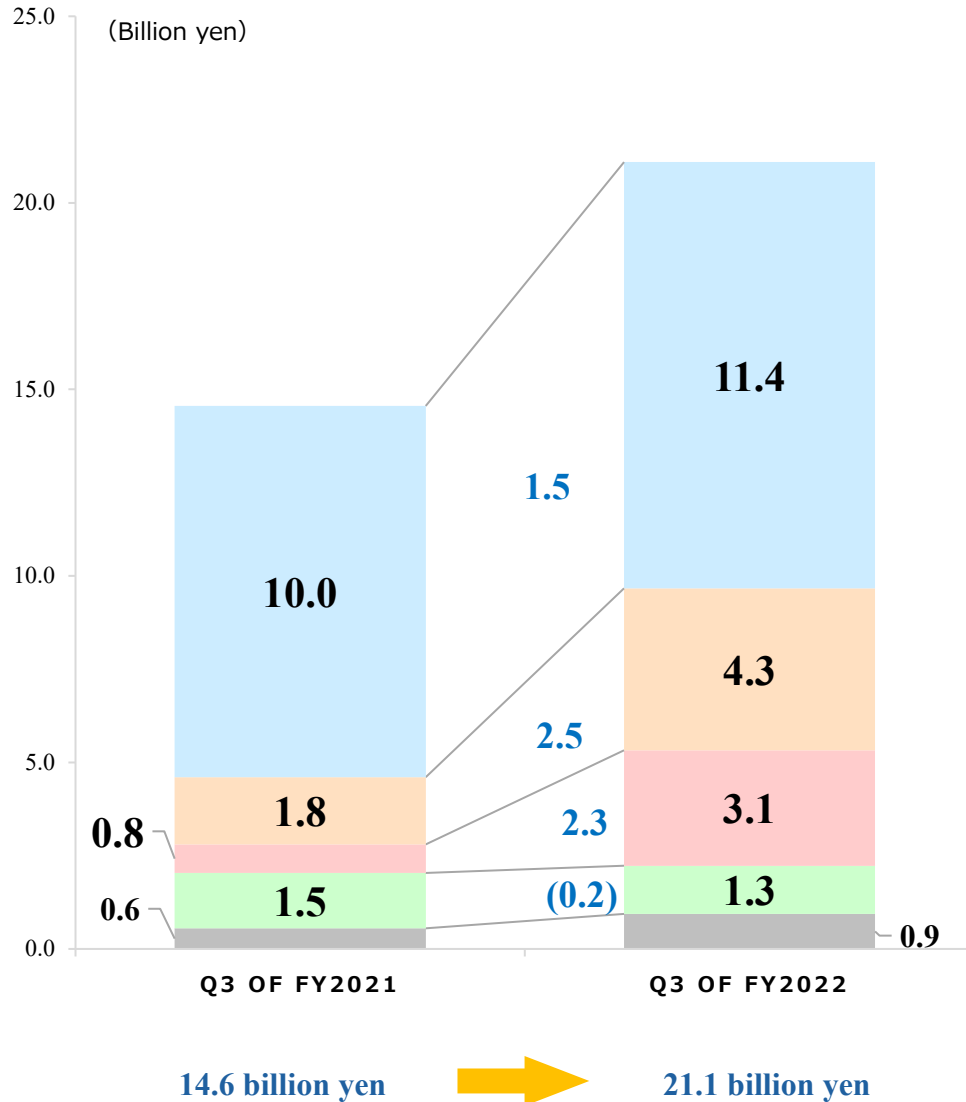
Increased 3.5 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)		Revenue					Operating profit					Profit attributable to owners of the parent				
		Q3 of FY2021	Q3 of FY2022	Change	FY2022		Q3 of FY2021	Q3 of FY2022	Change	FY2022		Q3 of FY2021	Q3 of FY2022	Change	FY2022	
					Forecast	Progress				Forecast	Progress				Forecast	Progress
Electronics & Devices	157.4	179.8	22.4	250.0	72%	10.0	11.4	1.5	18.4	62%	4.7	4.3	(0.5)	7.3	59%	
Foods, Meat & Grain	186.1	215.2	29.1	290.0	74%	1.8	4.3	2.5	4.8	91%	1.8	3.1	1.3	3.4	91%	
Steel, Materials & Plant	66.6	104.8	38.2	130.0	81%	0.8	3.1	2.3	4.1	76%	1.3	3.0	1.7	3.7	81%	
Motor Vehicles & Aerospace	49.6	51.1	1.5	70.0	73%	1.5	1.3	(0.2)	1.7	76%	1.0	1.0	0.0	1.3	77%	
Total for reportable segments	459.8	551.0	91.2	740.0	75%	14.0	20.2	6.2	29.0	70%	8.8	11.4	2.6	15.7	73%	
Other (including adjustment)	8.0	9.9	1.9	10.0	100%	0.6	0.9	0.4	1.0	94%	(0.2)	0.6	0.8	0.3	209%	
Grand total	467.8	560.9	93.2	750.0	75%	14.6	21.1	6.5	30.0	70%	8.5	12.0	3.5	16.0	75%	



3. Operating profit <Segment>



Causes of year-on-year increase/decrease

【Electronics & Devices】 **1.5** billion yen up

The ICT solution business performed strongly, mainly due to growth in projects related to network security and storage-related projects. The mobile business was weak due to smaller fee income including monetary assistance provided to shops during the COVID-19 pandemic despite the recovery in the number of visitors to shops. The semiconductor parts and manufacturing equipment business remained strong with growth in shipments of in-vehicle semiconductor parts and semiconductor equipment, among others, on the back of robust 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 grain and feedstuff business remained firm under rising prices of grain and feedstuff. The food business was strong on the back of growth in transactions of products for the retail market.

【Steel, Materials & Plant】 **2.3** 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. The energy business was on the recovery trend thanks to the progress in deliveries.

【Motor Vehicles & Aerospace】 **0.2** 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)	3Q of FY2021	3Q of FY2022	Change
CF from operating activities	28.3	9.1	(19.3)
CF from investing activities	(5.0)	(10.3)	(5.3)
Free cash flows	23.3	(1.3)	(24.6)
CF from financing activities	(28.8)	7.9	36.7

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

CF from operating activities	5.9	6.2	0.3
CF from financing activities	(5.9)	(6.2)	(0.3)

【CF from operating activities】

Net cash provided by operating activities was 9.1 billion yen, mainly reflecting the accumulation of operating revenue.
Working capital increased with the recovery and expansion of sales activities and rise in product prices.

【CF from investing activities】

Net cash used in investing activities was 10.3 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 provided by financing activities was 7.9 billion yen, mainly due to an increase in short-term borrowings, despite expenditures such as the repayment of long-term borrowings and lease liabilities and the payment of dividends.

(Unit: billion yen)	3/2021	12/2021	Change
Total assets	557.5	609.5	52.0
Gross interest-bearing debt (Note 1)	122.2	143.9	21.7
Net interest-bearing debt	40.5	55.0	14.4
Shareholders' equity (Note 2)	143.9	151.8	7.9
Retained earnings	78.1	85.3	7.2
Other components of equity	12.4	12.9	0.6

(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

【Total assets】

Increased 52.0 billion yen mainly due to a rise in trade and other receivables following the recovery and expansion of sales activities and rise in product prices.

【Interest-bearing debt】

Increased 14.4 billion yen mainly due to a rise in short-term borrowings.

【Shareholders' equity】

Increased 7.9 billion yen chiefly due to a rise in profit attributable to owners of the parent.

Equity ratio (Note 3)	25.8%	24.9%	0.9% down
Net debt-equity ratio (Note 4)	0.3 times	0.4 times	0.1pt up

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

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

Equity Ratio is 24.9%. Net debt-equity ratio stood at 0.4 times.

5. Dividends and Capital Efficiency

【Dividends】

	FY2018	FY2019	FY2020	FY2021	FY2022(plan)
Annual dividend (yen per share)	48	60	60	60	65
Consolidated payout ratio	24.8%	30.3%	34.8%	37.6%	33.9%

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

