

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2022 (IFRS)

May 10, 2022

Company name: Kanematsu Corporation

Stock Exchange listing: Prime Market, Tokyo Stock Exchange

Stock code: 8020

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Scheduled date for the Ordinary General Meeting of Shareholders: June 24, 2022

Scheduled date for commencement of dividend payments: June 8, 2022

Scheduled date for the submission of financial statements: June 24, 2022

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated business results for the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated business results

(%: Change from the previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2022	767,963	18.3	29,347	24.2	28,765	22.0	20,559	26.5	15,986	20.1	26,246	23.9
Fiscal year ended March 2021	649,142	(10.1)	23,635	(16.6)	23,580	(12.5)	16,251	(10.9)	13,315	(7.5)	21,180	45.8

	Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of the parent		Profit before tax to total assets	
	Yen		Yen		%		%	
Fiscal year ended March 2022	191.42		191.15		10.5		4.8	
Fiscal year ended March 2021	159.44		159.34		9.7		4.3	

(Reference) Share of profit (loss) of investments accounted for using the equity method:

1,451 million yen for the fiscal year ended March 2022
692 million yen for the fiscal year ended March 2021

(Note) 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		Equity attributable to owners of the parent per share	
	Million yen		Million yen		Million yen		%		Yen	
As of March 31, 2022	634,456		199,282		159,484		25.1		1,909.64	
As of March 31, 2021	557,495		180,492		143,926		25.8		1,723.42	

(3) Consolidated cash flows

	Operating activities		Investing activities		Financing activities		Cash and cash equivalents at end of year	
	Million yen		Million yen		Million yen		Million yen	
Fiscal year ended March 2022	15,382		(10,547)		4,245		91,420	
Fiscal year ended March 2021	36,984		(9,927)		(37,497)		81,045	

2. Dividends

(Record date)	Annual dividends					Annual total of dividend	Payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
Fiscal year ended March 2021	Yen –	Yen 30.00	Yen –	Yen 30.00	Yen 60.00	Million yen 5,054	% 37.6	% 3.6
Fiscal year ended March 2022	–	30.00	–	35.00	65.00	5,475	34.0	3.6
Fiscal year ending March 2023 (Forecasts)	–	35.00	–	35.00	70.00		32.5	

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

3. Forecasts for consolidated results ending March 2023 (April 1, 2022 – March 31, 2023)

(%: 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	850,000	10.7	31,500	7.3	32,000	11.2	18,000	12.6	215.53	

* 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 | | | | |
| Fiscal year (2022/3): | 84,500,202 shares | Fiscal year (2021/3): | 84,500,202 shares | |
| 2. Number of treasury stock | | | | |
| Fiscal year (2022/3): | 984,933 shares | Fiscal year (2021/3): | 988,461 shares | |
| 3. Average number of shares during the period | | | | |
| Fiscal year (2022/3): | 83,514,196 shares | Fiscal year (2021/3): | 83,511,523 shares | |

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated business results (%: Change from the previous year)

	Revenue		Operating profit		Ordinary profit		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2022	336,492	–	(848)	–	10,166	24.5	8,582	53.6
Fiscal year ended March 2021	342,979	(12.0)	(599)	–	8,165	(26.6)	5,586	(37.6)

(Note) An accounting item was changed from “Net sales” to “Revenue” as a result of the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the fiscal year under review.

	Profit for the year per share	Diluted profit for the year per share
	Yen	Yen
Fiscal year ended March 2022	102.73	–
Fiscal year ended March 2021	66.87	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	311,255	102,646	33.0	1,228.71
As of March 31, 2021	268,219	98,144	36.6	1,174.87

(Reference) Shareholders' equity 102,646 million yen for the fiscal year ended March 2022
98,144 million yen for the fiscal year ended March 2021

* Consolidated financial summaries are not subject to audit by a certified public accountant or an audit corporation.

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

- The results forecasts and forward-looking statements included in this document are based on information that the Consolidated Group has obtained on the date of the announcement and certain assumptions that the Consolidated Group considers reasonable. The Consolidated Group makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to “1. Overview of Business Results, Etc., (1) Overview of business results, (ii) Future outlook” on page 3 of accompanying materials for further information on results forecasts.
- The Company operates its businesses on a consolidated basis. The Company produces no forecast for non-consolidated business results.
- The Company plans to hold an online results briefing for institutional investors and analysts on Thursday, May 19, 2022. Results briefing materials used at the results briefing will be posted on the Company’s website immediately after it is held.

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1. Overview of Business Results, Etc.

(1) Overview of business results

(i) Review of operations

During the fiscal year under review, the global economy recovered rapidly in the first six months thanks to the normalization of the economy following the progress in vaccine rollouts. Thereafter, however, concerns emerged over factors placing a downward pressure on the global economy, namely the appearance of new virus variants, global supply chain disruptions, rising inflations worldwide, and the impact of Russia's invasion of Ukraine that began in February and the sanctions imposed by national governments in response.

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 as the country has entered the rapid monetary tightening phase that prioritizes the control of inflation in response to the 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 introduced following the successive spread of new virus variants dragged on the economy. In addition, the Ukrainian crisis and the resulting uncertainty about energy supplies caused the recovery to lose momentum.

In China, the economic recovery was stalled due to power supply restrictions, property market regulations, and activity restrictions and lockdowns under the zero COVID policy. In addition, the suspension of China's supply chains began affecting the global economy including Japan.

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, rising commodity prices and even higher resources and grain prices after the Ukrainian crisis.

In this environment, the results of the Group in the fiscal year 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 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, the ICT solutions business, and steel tubing business all of which had higher revenues.

Consolidated revenue increased ¥118,821 million (18.3%) year on year, to ¥767,963 million. Consolidated gross profit also increased ¥10,286 million (10.1%) from a year earlier, to ¥111,801 million. Consolidated operating profit rose ¥5,712 million (24.2%) from a year earlier, to ¥29,347 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 ¥5,185 million (22.0%) year on year, to ¥28,765 million, and profit attributable to owners of the parent rose ¥2,671 million (20.1%) year on year, to ¥15,986 million. The ratio of profit attributable to owners of the parent to equity attributable to owners of the parent or equity capital (ROE) stood at 10.5%.

Results for each business segment are described below.

(Electronics & Devices)

Revenue increased ¥29,354 million year on year, to ¥255,463 million, attributable to higher revenues in the electronic device and materials business and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥1,489 million to ¥19,064 million due to higher profit in the ICT solution business and the semiconductor parts and manufacturing equipment business, while profit attributable to owners of the parent decreased ¥540million to ¥7,944 million.

(Foods, Meat & Grain)

Revenue increased ¥40,667 million year on year, to ¥285,284 million reflecting a rise in revenue in the meat products business and grain and feedstuff business. Operating profit rose ¥2,043 million, to ¥3,541 million due to higher profit in the meat products business and foods business, and profit attributable to owners of the parent increased ¥1,024 million, to ¥2,519 million.

(Steel, Materials & Plant)

Revenue increased ¥51,162 million year on year, to ¥147,993 million, due to the higher revenue in the energy business and steel tubing business. Operating profit rose ¥2,212 million, to ¥4,052 million due to stronger profit in the steel tubing business and machine tools and industrial machinery business, and profit attributable to owners of the parent increased ¥1,199 million, to ¥3,259 million.

(Motor Vehicles & Aerospace)

Revenue decreased ¥5,259 million year on year, to ¥65,827 million due to the smaller revenue of the aerospace business. Operating profit decreased ¥392 million to, ¥1,663 million due to smaller profit in the aerospace business, while profit attributable to owners of the parent dropped ¥40 million to ¥1,457 million.

(Other)

Revenue increased ¥2,898 million from an earlier, to ¥13,395 million. Operating profit rose ¥313 million, to ¥1,009 million. Profit attributable to owners of the parent grew ¥85 million to ¥465 million.

(ii) Future outlook

In the next consolidated fiscal year, there is a concern that the escalation and lengthening of the war in Ukraine, the resulting divisions of global markets and acceleration of inflation, and the adverse influence on the economy of the switch to the monetary tightening policy worldwide may slow down the global economy, in addition to the lingering impact of COVID-19 mainly through China's zero COVID policy.

The Japanese economy will see a more gradual return to normal activity than other major economies, partly due to the higher resources and grain prices and the cheaper yen negatively affecting the terms of trade.

In this environment, the Company will promote the priority initiatives of its medium-term vision, "future 135", namely "sustainable growth in fundamental businesses and the expansion of the revenue base through business investments," "response to technical innovation," and "establishment of management infrastructure for achieving sustainable growth," enhance initiatives to address the SDG and DX that have been included in the priority initiatives to be implemented in the last three years of the medium-term vision, and focus on creating further values.

For the fiscal year ending March 31, 2023, the Company forecasts consolidated revenue of ¥850,000 million, operating profit of ¥31,500 million, profit before tax of ¥32,000 million, and profit attributable to owners of the parent of ¥18,000 million.

(Assumptions for the calculation of performance forecast)

- Exchange rate: 1 US dollar = 115 yen

- Interest rates: Interest rates in Japan are expected to remain unchanged, while interest rates overseas are expected to rise.

* Note on forward-looking statements:

The above statements on performance forecast, such as the results forecasts, have been made based on information available to the Company at the time of the announcement and certain assumptions that the Company considers reasonable. The Company does not guarantee that the forecasts will be achieved. Actual results may differ materially from forecasts due to a number of factors.

(2) Overview of financial position

(i) Assets, liabilities and equity

Total assets at the end of the fiscal year under review increased ¥76,961 million from the end of the previous fiscal year, to ¥634,456 million. Interest-bearing debt increased ¥21,295 million the end of the previous fiscal year, to ¥143,452 million, mainly due to a rise in short-term borrowings. Net interest-bearing debt after deducting cash and deposits rose ¥10,722 million from the end of the previous fiscal year to ¥51,242 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥15,558 million from the end of the previous fiscal year, to ¥159,484 million, chiefly due to the accumulation of profit attributable to owners of the parent and increases in other capital components resulting from yen depreciation.

As a result, the ratio of equity attributable to owners of the parent came to 25.1%. The net debt-equity ratio (“net DER”) was 0.3 times.

(ii) Cash flows

Cash and cash equivalents at the end of the fiscal year under review rose ¥10,375 million from the end of the previous fiscal year, to ¥91,420 million.

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

(Cash flow from operating activities)

Net cash provided by operating activities in the fiscal year under review stood at ¥15,382 million (versus ¥36,984 million provided in the previous fiscal year), chiefly reflecting the accumulation of operating income.

(Cash flow from investing activities)

Net cash used in investing activities in the fiscal year under review was ¥10,547 million (versus ¥9,927 million used in the previous fiscal year), mainly due to business investments including the acquisitions of subsidiaries and additional investment in companies accounted for by the equity method.

(Cash flow from financing activities)

Net cash provided by financing activities in the fiscal year under review amounted to ¥4,245 million (versus ¥37,497 million used in the previous fiscal year), mainly due to an increase in short-term borrowings and the issuance of bonds.

(3) Basic policy for distribution of profits and dividends

The Company regards the distribution of profits to shareholders as a critical management issue. It adopts a basic policy for dividends of taking into consideration factors such as operating results and the balance with appropriate internal reserves for growth investments in the future.

The Company’s target payout ratio (total return ratio) under “*future 135*”, the Company’s medium-term vision, is set at 30-35%. For the fiscal year under review, the Company paid an interim dividend of ¥30 per share and plans to pay a year-end dividend of ¥35 per share, bringing the annual dividend to ¥65 per share. As a result, the payout ratio is estimated to be 34.0%.

As for the dividends in the next fiscal year, we plan to increase the annual dividend by ¥5 and to pay ¥70 per share (interim dividend ¥35 and year-end dividend ¥35) in line with our target payout ratio of 30-35% set out in the medium-term vision and based on the performance forecast for the next fiscal year. The payout ratio is expected to be 32.5%.

2. Basic Approach to Selection of Accounting Standards

The Company decided to voluntarily adopt International Financial Reporting Standards (IFRS), in place of the Japanese GAAP used previously, beginning with its consolidated financial statements in the annual securities report for the fiscal year ended March 31, 2016 (122nd Term), to improve the global comparability of financial information in capital markets.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated statement of financial position

(Million yen)

	End of March 31, 2021	End of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	81,045	91,420
Trade and other receivables	207,285	236,453
Inventories	99,711	121,018
Other financial assets	6,512	12,006
Other current assets	26,339	31,190
Total current assets	420,894	492,090
Non-current assets		
Property, plant and equipment	42,246	42,087
Goodwill	10,296	10,624
Intangible assets	24,926	24,912
Investments accounted for using the equity method	11,869	15,121
Trade and other receivables	1,280	807
Other investments	33,536	35,997
Other financial assets	7,079	7,101
Deferred tax assets	2,318	2,175
Other non-current assets	3,046	3,537
Total non-current assets	136,601	142,365
Total assets	557,495	634,456

(Million yen)

	End of March 31, 2021	End of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	182,980	214,822
Bonds and borrowings	57,723	73,707
Lease liabilities	6,999	6,674
Other financial liabilities	5,442	7,567
Income taxes payable	2,942	4,893
Provisions	607	503
Other current liabilities	28,213	30,290
Total current liabilities	284,909	338,459
Non-current liabilities		
Bonds and borrowings	64,434	69,745
Lease liabilities	10,328	10,158
Other financial liabilities	1,807	1,608
Retirement benefits liabilities	6,517	6,842
Provisions	1,944	1,712
Deferred tax liabilities	5,527	5,453
Other non-current liabilities	1,533	1,193
Total non-current liabilities	92,093	96,714
Total liabilities	377,003	435,173
Equity		
Share capital	27,781	27,781
Capital surplus	27,034	27,164
Retained earnings	78,070	89,280
Treasury stock	(1,311)	(1,305)
Other components of equity		
Exchange differences on translation of foreign operations	1,633	5,296
Financial assets measured at fair value through other comprehensive income	10,163	10,068
Cash flow hedges	554	1,198
Total other components of equity	12,351	16,563
Total equity attributable to owners of the parent	143,926	159,484
Non-controlling interests	36,566	39,798
Total equity	180,492	199,282
Total liabilities and equity	557,495	634,456

(2) Consolidated statements of income / consolidated statements of comprehensive income
(Consolidated statements of income)

(Million yen)

	Fiscal year from April 1, 2020 to March 31, 2021	Fiscal year from April 1, 2021 to March 31, 2022
Revenue	649,142	767,963
Cost of sales	(547,626)	(656,161)
Gross profit	101,515	111,801
Selling, general and administrative expenses	(78,893)	(85,103)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(174)	(103)
Impairment loss on property, plant and equipment and intangible assets	(44)	(18)
Other income	1,688	3,597
Other expenses	(457)	(826)
Total other income (expenses)	1,013	2,649
Operating profit	23,635	29,347
Finance income		
Interest income	161	166
Dividend income	1,100	1,114
Other finance income	19	66
Total finance income	1,281	1,348
Finance costs		
Interest expenses	(1,818)	(1,690)
Other finance costs	(210)	(1,691)
Total finance costs	(2,029)	(3,381)
Share of profit (loss) of investments accounted for using the equity method	692	1,451
Profit before tax	23,580	28,765
Income tax expense	(7,329)	(8,206)
Profit for the year	16,251	20,559
Profit for the year attributable to:		
Owners of the parent	13,315	15,986
Non-controlling interests	2,935	4,573
Total	16,251	20,559
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	159.44	191.42
Diluted earnings per share (yen)	159.34	191.15

(Consolidated statements of comprehensive income)

(Million yen)

	Fiscal year from April 1, 2020 to March 31, 2021	Fiscal year from April 1, 2021 to March 31, 2022
Profit for the year	16,251	20,559
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3,395	462
Remeasurement of defined benefit pension plans	229	(7)
Share of other comprehensive income of investments accounted for using the equity method	8	0
Total items that will not be reclassified to profit or loss	3,633	455
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	931	4,071
Cash flow hedges	441	642
Share of other comprehensive income of investments accounted for using the equity method	(77)	517
Total items that may be reclassified to profit or loss	1,295	5,231
Other comprehensive income for the year, net of tax	4,929	5,686
Total comprehensive income for the year	21,180	26,246
Total comprehensive income for the year attributable to:		
Owners of the parent	18,031	20,433
Non-controlling interests	3,148	5,812
Total	21,180	26,246

(3) 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			13,315			
Other comprehensive income					703	3,308
Total comprehensive income for the year	–	–	13,315	–	703	3,308
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock		1		0		
Equity transactions with non-controlling interests		30				
Share-based payment transactions		45				
Total transactions with owners	–	76	(5,010)	(1)	–	–
Transfer from other components of equity to retained earnings			225			38
Balance as of March 31, 2021	27,781	27,034	78,070	(1,311)	1,633	10,163
Profit			15,986			
Other comprehensive income					3,663	115
Total comprehensive income for the year	–	–	15,986	–	3,663	115
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(2)		
Disposition of treasury stock		0		8		
Equity transactions with non-controlling interests		19				
Share-based payment transactions		110				
Total transactions with owners	–	129	(5,010)	5	–	–
Transfer from other components of equity to retained earnings			235			(210)
Balance as of March 31, 2022	27,781	27,164	89,280	(1,305)	5,296	10,068

(Million yen)

	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			–	13,315	2,935	16,251
Other comprehensive income	441	263	4,716	4,716	212	4,929
Total comprehensive income for the year	441	263	4,716	18,031	3,148	21,180
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			–	1		1
Equity transactions with non-controlling interests			–	30	(177)	(146)
Share-based payment transactions			–	45		45
Total transactions with owners	–	–	–	(4,934)	(1,927)	(6,862)
Transfer from other components of equity to retained earnings		(263)	(225)	–		–
Balance as of March 31, 2021	554	–	12,351	143,926	36,566	180,492
Profit			–	15,986	4,573	20,559
Other comprehensive income	643	24	4,446	4,446	1,239	5,686
Total comprehensive income for the year	643	24	4,446	20,433	5,812	26,246
Dividends			–	(5,010)		(5,010)
Dividends paid to non-controlling interests			–	–	(2,564)	(2,564)
Acquisition of treasury stock			–	(2)		(2)
Disposition of treasury stock			–	8		8
Equity transactions with non-controlling interests			–	19	(16)	3
Share-based payment transactions			–	110		110
Total transactions with owners	–	–	–	(4,875)	(2,580)	(7,455)
Transfer from other components of equity to retained earnings		(24)	(235)	–		–
Balance as of March 31, 2022	1,198	–	16,563	159,484	39,798	199,282

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal year from April 1, 2020 to March 31, 2021	Fiscal year from April 1, 2021 to March 31, 2022
Cash flows from operating activities:		
Profit for the year	16,251	20,559
Depreciation and amortization	11,555	12,242
Impairment loss on property, plant and equipment and intangible assets	44	18
Finance income and costs	747	2,033
Share of (profit) loss of investments accounted for using the equity method	(692)	(1,451)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	174	103
Income tax expense	7,329	8,206
(Increase) decrease in trade and other receivables	(653)	(21,869)
(Increase) decrease in inventories	1,633	(18,051)
Increase (decrease) in trade and other payables	9,389	22,732
Increase (decrease) in retirement benefit liabilities	(276)	184
Other	(2,031)	(3,283)
Sub total	43,471	21,425
Interest received	209	171
Dividends received	1,236	1,656
Interest paid	(1,782)	(1,673)
Income taxes paid	(6,149)	(6,196)
Net cash provided by (used in) operating activities	36,984	15,382
Cash flows from investing activities:		
Payments for property, plant and equipment	(4,413)	(3,613)
Proceeds from sales of property, plant and equipment	421	1,776
Payments for intangible assets	(1,058)	(694)
Purchases of other investments	(4,611)	(6,534)
Proceeds from sale of other investments	139	1,801
Proceeds from (payments for) acquisition of subsidiaries	(210)	(2,362)
Proceeds from (payments for) sale of subsidiaries	—	12
Payments for acquisition of businesses	(45)	(688)
Increase in loans receivable	(308)	(269)
Proceeds from collection of loans receivable	333	421
Other	(173)	(396)
Net cash provided by (used in) investing activities	(9,927)	(10,547)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less), net	(15,686)	14,264
Proceeds from short-term borrowings (more than three months)	527	582
Repayment of short-term borrowings (more than three months)	(734)	(500)
Proceeds from long-term borrowings	9,616	16,326
Repayment of long-term borrowings	(11,171)	(20,430)
Proceeds from issuance of bonds	—	9,929
Redemption of bonds	(5,050)	(114)
Dividends paid	(5,001)	(5,004)
Purchase of shares of subsidiaries from non-controlling interests	(260)	—
Capital contribution from holders of non-controlling interests	11	6
Refunds of contribution to holders of non-controlling interests	—	(17)
Dividends paid to non-controlling interests	(1,854)	(2,564)
Repayments of lease liabilities	(7,890)	(8,229)
Other	(3)	(3)
Net cash provided by (used in) financing activities	(37,497)	4,245
Increase (decrease) in cash and cash equivalents, net	(10,440)	9,080
Cash and cash equivalents at the beginning of the year	91,105	81,045
Effect of exchange rate changes on cash and cash equivalents	380	1,295
Cash and cash equivalents at the end of the year	81,045	91,420

(5) Notes on the 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 . Fiscal year from April 1, 2020 to March 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	226,109	244,617	96,831	71,086	638,644	10,497	–	649,142
Inter-segment	287	1	36	5	331	208	(540)	–
Total revenues	226,397	244,618	96,868	71,092	638,976	10,706	(540)	649,142
Operating profit (loss)	17,575	1,498	1,840	2,055	22,969	696	(30)	23,635
Segment profit (loss)	8,484	1,495	2,060	1,497	13,538	380	(603)	13,315
Other profit or loss:								
Depreciation and amortization	6,194	1,513	2,600	923	11,231	336	(12)	11,555
Share of profit (loss) of investments accounted for using the equity method	(25)	20	463	33	492	199	–	692
Segment assets	202,908	129,747	128,550	48,436	509,643	12,508	35,343	557,495
Other assets:								
Investments accounted for using the equity method	337	1,777	6,449	372	8,936	2,935	(2)	11,869
Capital expenditures (Note 3)	2,107	550	1,826	251	4,736	1,222	452	6,411

(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.

- (1) The adjustment of -¥30 million for segment profit (loss) includes an inter-segment elimination of -¥30 million.
- (2) The adjustment of -¥603 million for segment profit (loss) includes an inter-segment elimination of -¥25 million and corporate expenses that are not allocated to any particular segment of -¥578 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.
- (3) Adjustment for segment assets amounting to ¥35,343 million includes inter-segment elimination of -¥10,165 million and Group assets of ¥45,509 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (4) Adjustment for depreciation and amortization amounting to -¥12 million includes inter-segment elimination of -¥12 million.
- (5) Adjustment for investments accounted for using the equity method amounting to -¥2 million includes intersegment elimination of -¥2 million.
- (6) Adjustment for capital expenditure amounting to ¥452 million includes inter-segment elimination of -¥48 million and Group assets of ¥500 million that have not been distributed to reportable segments. These Group assets consist mainly of leased equipment, etc. for systems of subsidiaries.

(Note 3) Capital expenditures do not include amounts pertaining to right-of-use assets.

II. Fiscal year from April 1, 2021 to March 31, 2022

(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	255,463	285,284	147,993	65,827	754,567	13,395	–	767,963
Inter-segment	501	1	35	6	544	229	(773)	–
Total revenues	255,964	285,285	148,028	65,833	755,112	13,624	(773)	767,963
Operating profit (loss)	19,064	3,541	4,052	1,663	28,321	1,009	16	29,347
Segment profit (loss)	7,944	2,519	3,259	1,457	15,180	465	340	15,986
Other profit or loss:								
Depreciation and amortization	6,700	1,578	2,558	1,040	11,879	384	(20)	12,242
Share of profit (loss) of investments accounted for using the equity method	(28)	75	1,154	44	1,246	204	–	1,451
Segment assets	214,649	151,945	156,952	54,186	577,734	13,394	43,327	634,456
Other assets:								
Investments accounted for using the equity method	369	1,872	9,625	–	11,868	3,256	(2)	15,121
Capital expenditures (Note 3)	1,739	887	1,120	347	4,096	99	641	4,837

(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.

- (1) The adjustment of ¥16 million for segment profit (loss) includes an inter-segment elimination of ¥16 million.
- (2) The adjustment of ¥340 million for segment profit (loss) includes an inter-segment elimination of ¥4 million and corporate expenses that are not allocated to any particular segment of ¥336 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.
- (3) Adjustment for segment assets amounting to ¥43,327 million includes inter-segment elimination of -¥9,413 million and Group assets of ¥52,740 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (4) Adjustment for depreciation and amortization amounting to -¥20 million includes inter-segment elimination of -¥20 million.
- (5) Adjustment for investments accounted for using the equity method amounting to -¥2 million includes intersegment elimination of -¥2 million.
- (6) Adjustment for capital expenditure amounting to ¥641 million includes inter-segment elimination of -¥94 million and Group assets of ¥735 million that have not been distributed to reportable segments. These Group assets consist mainly of leased equipment, etc. for systems of subsidiaries.

(Note 3) Capital expenditures do not include amounts pertaining to right-of-use assets.

(Per share information)

(i) Profit for the year per share (yen)

	Fiscal year from April 1, 2020 to March 31, 2021	Fiscal year from April 1, 2021 to March 31, 2022
Basic earnings per share (yen)	159.44	191.42
Diluted earnings per share (yen)	159.34	191.15

(Note) The amount of diluted earnings per share is calculated by deeming the shares authorized to be issued subject to conditions which are expected to be provided under the performance-linked stock compensation plan as potential shares.

(ii) Basis for calculation of profit for the year per share

	Fiscal year from April 1, 2020 to March 31, 2021	Fiscal year from April 1, 2021 to March 31, 2022
Profit attributable to owners of the parent (million yen)	13,315	15,986
Amount not attributable to common shareholders of the parent (million yen)	–	–
Profit used to calculate basic earnings per share (million yen)	13,315	15,986
Profit used to calculate diluted earnings per share (million yen)	13,315	15,986
Weighted average number of common shares (thousand shares)	83,511	83,514
Increase due to performance-linked stock compensation plan (thousand shares)	54	117
Weighted average number of shares adjusted for dilution (thousand shares)	83,565	83,631

(Note) In the calculation of the earnings per share, the shares of the Company owned by the stock issuance trust for officers below are included in the treasury stock which is deducted in the calculation of average number of shares during the fiscal year:

Previous consolidated fiscal year 702,500 shares

Consolidated fiscal year under review 699,176 shares

(Significant subsequent events)

Not applicable.

Supplementary Material of Consolidated Financial Results for the Fiscal Year Ended March 31, 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. Profit attributable to owners of the parent rose 20% year on year.

◇Revenue	768.0 billion yen	18.3% up
◇Operating profit	29.3 billion yen	24.2% up
◇Profit before tax	28.8 billion yen	22.0% up
◇Profit attributable to owners of the parent	16.0 billion yen	20.1% up

For the fiscal year ending March 31, 2023, profit attributable to owners of the parent is forecast to grow by 12.6% year on year to 18.0 billion yen with the anticipated contribution to profits from business investments.

1. Profit & loss statement

(Unit : billion yen)	End of March 31, 2021	End of March 31, 2022	Year-on-year		End of March 31, 2023	
			Change	Change(%)	Forecast	YoY Change(%)
Revenue	649.1	768.0	118.8	18.3%	850.0	10.7%
Gross profit	101.5	111.8	10.3	10.1%	-	-
Selling, general and administrative expenses	(78.9)	(85.1)	(6.2)	-	-	-
Other income (expenses)	1.0	2.6	1.6	161.5%	-	-
Operating profit	23.6	29.3	5.7	24.2%	31.5	7.3%
Interest income (expenses)	(1.7)	(1.5)	0.1	-	-	-
Dividend income	1.1	1.1	0.0	-	-	-
Other finance income (costs)	(0.2)	(1.6)	(1.4)	-	-	-
Finance income (costs)	(0.7)	(2.0)	(1.3)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.7	1.5	0.8	109.7%	-	-
Profit before tax	23.6	28.8	5.2	22.0%	32.0	11.2%
Income tax expense	(7.3)	(8.2)	(0.9)	-	-	-
Profit for the period	16.3	20.6	4.3	26.5%	-	-
Profit attributable to owners of the parent	13.3	16.0	2.7	20.1%	18.0	12.6%
Earnings per share (yen)	159.44	191.42	31.98	20.1%	215.53	12.6%

【Revenue】

Increased 118.8 billion yen, driven by the Steel, Materials & Plant segment and Foods, Meat & Grain segment.

【Operating profit】

Grew 5.7 billion yen, driven by the Steel, Materials & Plant segment and the Foods, Meat & Grain segment.

【Profit before tax】

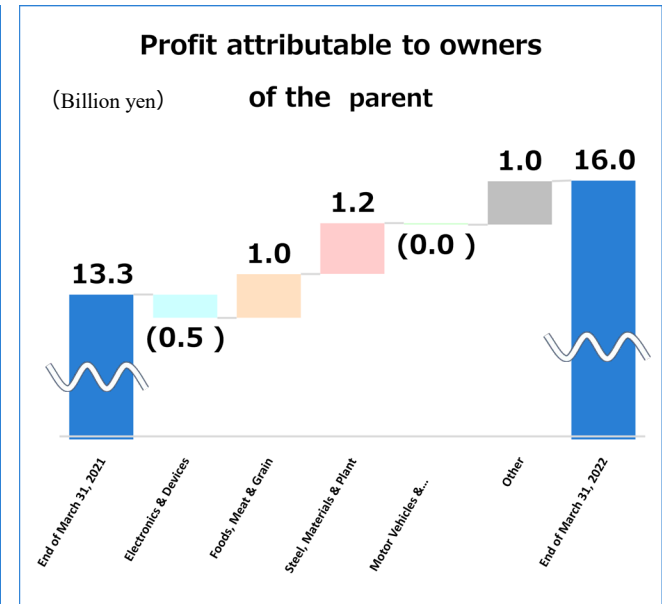
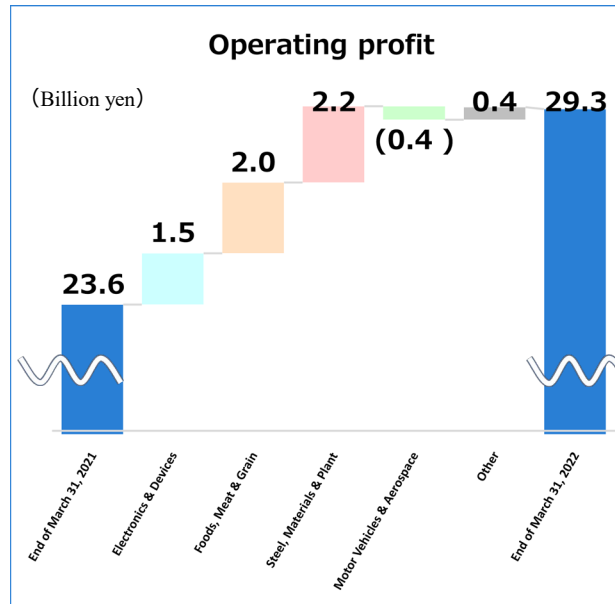
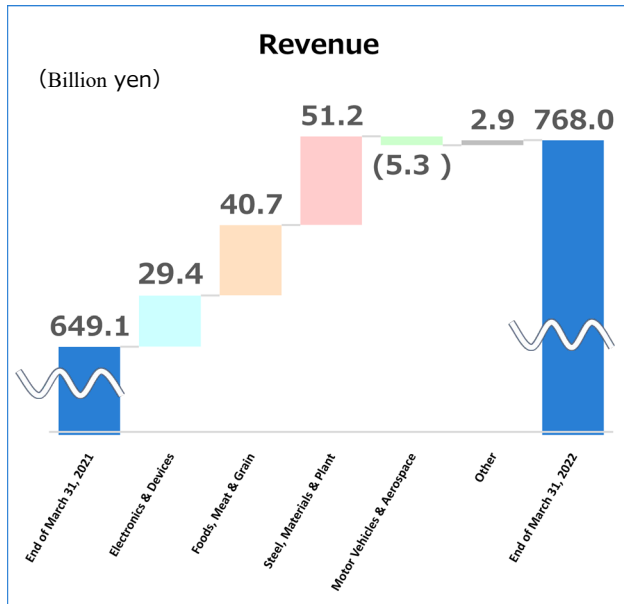
Increased 5.2 billion yen mainly due to a rise in operating profit.

【Profit attributable to owners of the parent】

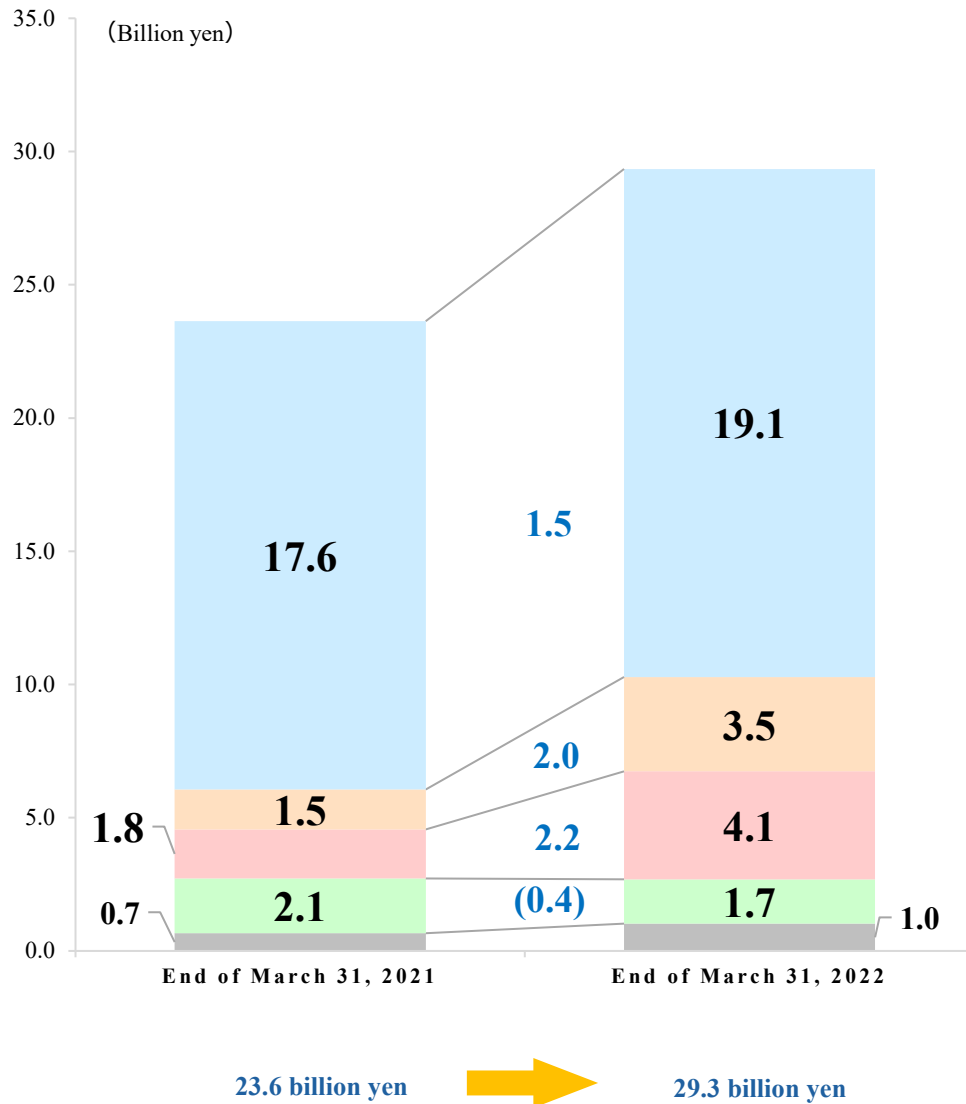
Increased 2.7 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)	Revenue					Operating profit					Profit attributable to owners of the parent				
	End of March 31, 2021	End of March 31, 2022	Change	FYE2023		End of March 31, 2021	End of March 31, 2022	Change	FYE2023		End of March 31, 2021	End of March 31, 2022	Change	FYE2023	
				Forecast	YoY Change				Forecast	YoY Change				Forecast	YoY Change
Electronics & Devices	226.1	255.5	29.4	280.0	10%	17.6	19.1	1.5	20.0	5%	8.5	7.9	(0.5)	9.5	20%
Foods, Meat & Grain	244.6	285.3	40.7	305.0	7%	1.5	3.5	2.0	3.6	2%	1.5	2.5	1.0	2.8	11%
Steel, Materials & Plant	96.8	148.0	51.2	170.0	15%	1.8	4.1	2.2	5.3	31%	2.1	3.3	1.2	3.9	20%
Motor Vehicles & Aerospace	71.1	65.8	(5.3)	80.0	22%	2.1	1.7	(0.4)	1.7	2%	1.5	1.5	(0.0)	1.5	3%
Total for reportable segments	638.6	754.6	115.9	835.0	11%	23.0	28.3	5.4	30.6	8%	13.5	15.2	1.6	17.7	17%
Other (including adjustment)	10.5	13.4	2.9	15.0	12%	0.7	1.0	0.4	0.9	(12%)	(0.2)	0.8	1.0	0.3	(63%)
Grand total	649.1	768.0	118.8	850.0	11%	23.6	29.3	5.7	31.5	7%	13.3	16.0	2.7	18.0	13%



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 the growth in projects related to network security and storage-related projects. The mobile business was weak due to the smaller fee income including monetary assistance provided to shops during the COVID-19 pandemic, although foot traffic recovered. The semiconductor parts and manufacturing equipment business remained strong with the growth in shipments of in-vehicle semiconductor parts and semiconductor equipment, among others, on the back of robust demand.

【Foods, Meat & Grain】 **2.0** 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 the rising prices of livestock products in general. The grain and feedstuff business was weak mainly due to valuation losses resulting from the skyrocketing prices in 4Q. The foods business was strong on the back of the growth in the transactions of products for the retail market.

【Steel, Materials & Plant】 **2.2** billion yen up

The steel tubing business performed solidly following the recovery of energy demand. The machine tools and industrial machinery business remained strong, recovering from the business environment in the previous year when the business had been strongly affected by COVID-19. Meanwhile, the energy business was weak due to the valuation losses of futures contracts.

【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 market recovery from the COVID-19 pandemic and the cheaper yen.

4. Cash Flows and Financial Status

(Unit: billion yen)	End of March 31, 2021	End of March 31, 2022	Change
CF from operating activities	37.0	15.4	(21.6)
CF from investing activities	(9.9)	(10.5)	(0.6)
Free cash flows	27.1	4.8	(22.2)
CF from financing activities	(37.5)	4.2	41.7

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

CF from operating activities	7.9	8.2	0.3
CF from financing activities	(7.9)	(8.2)	(0.3)

(Unit: billion yen)	End of March 31, 2021	End of March 31, 2022	Change
Total assets	557.5	634.5	77.0
Gross interest-bearing debt (Note 1)	122.2	143.5	21.3
Net interest-bearing debt	40.5	51.2	10.7
Shareholders' equity (Note 2)	143.9	159.5	15.6
Retained earnings	78.1	89.3	11.2
Other components of equity	12.4	16.6	4.2

(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%	25.1%	0.7% down
Net debt-equity ratio (Note 4)	0.3 times	0.3 times	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 15.4 billion yen, mainly reflecting the accumulation of operating revenue. Working capital increased with the recovery and expansion of sales activities and rises in product prices.

【CF from investing activities】

Net cash used in investing activities was 10.5 billion yen mainly due to 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 4.2 billion yen, mainly due to an increase in short-term borrowings and the issuance of bonds.

【Total assets】

Increased 77.0 billion yen mainly due to a rise in trade and other receivables and inventories following the recovery and expansion of sales activities and rise in product prices.

【Interest-bearing debt】

Increased 10.7 billion yen mainly due to a rise in short-term borrowings.

【Shareholders' equity】

Increased 15.6 billion yen chiefly due to the accumulation of profit attributable to owners of the parent and increases in other capital components resulting from yen depreciation.

Equity ratio is 25.1%. Net debt-equity ratio stood at 0.3 times.

5. Dividends and Capital Efficiency

【Dividends】

	End of March 31, 2019	End of March 31, 2020	End of March 31, 2021	End of March 31, 2022	End of March 31, 2023 (forecast)
Annual dividend (yen per share)	60	60	60	65	70
Consolidated payout ratio	30.3%	34.8%	37.6%	34.0%	32.5%

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

