

Supplementary Material of Consolidated Financial Results for the First Six Months of Fiscal Year Ending March 31, 2023 (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.

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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. Posted the highest profit for the first half period.

◇ Revenue	449.5 billion yen	23.4% up
◇ Operating profit	22.1 billion yen	54.8% up
◇ Profit before tax	21.4 billion yen	57.8% up
◇ Profit attributable to owners of the parent	12.2 billion yen	67.6% up

■ Revised the earnings forecast upward for the full year (from 31.5 billion yen to 37.0 billion yen for operating profit and from 18.0 billion yen to 19.0 billion yen for profit attributable to owners of the parent). The annual dividend is projected to increase to 75 yen per share.

1. Profit & loss statement

(Unit : billion yen)	2Q of FY 2022	2Q of FY 2023	Year-on-year		FY 2023	
			Change	Change(%)	Forecast	Progress(%)
Revenue	364.1	449.5	85.3	23.4%	870.0	51.7%
Gross profit	53.9	62.1	8.2	15.2%	-	-
Selling, general and administrative expenses	(41.4)	(45.3)	(4.0)	-	-	-
Other income (expenses)	1.7	5.3	3.6	212.9%	-	-
Operating profit	14.2	22.1	7.8	54.8%	37.0	59.6%
Interest income (expenses)	(0.7)	(1.4)	(0.7)	-	-	-
Dividend income	0.5	0.6	0.0	-	-	-
Other finance income (costs)	(1.5)	0.2	1.8	-	-	-
Finance income (costs)	(1.7)	(0.6)	1.2	-	-	-
Share of profit (loss) of investments accounted for using the equity method	1.0	(0.1)	(1.1)	-	-	-
Profit before tax	13.6	21.4	7.8	57.8%	35.5	60.2%
Income tax expense	(4.2)	(6.5)	(2.3)	-	-	-
Profit for the period	9.4	14.9	5.5	58.7%	-	-
Profit attributable to owners of the parent	7.3	12.2	4.9	67.6%	19.0	64.3%
Earnings per share (yen)	87.24	146.21	58.97	67.6%	227.48	64.3%

【Revenue】

Increased year on year in all segments with a total revenue increase of 85.3 billion yen.

【Operating profit】

Grew 7.8 billion yen driven by the Steel, Materials & Plant segment and the Foods, Meat & Grain segment.

【Profit before tax】

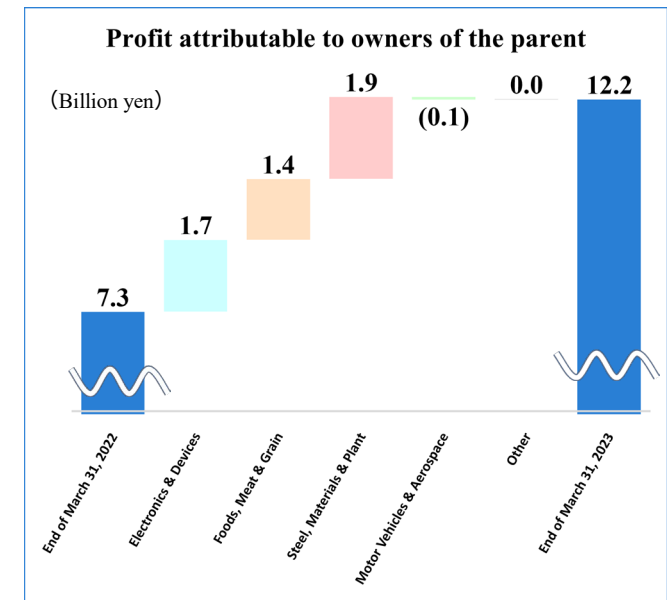
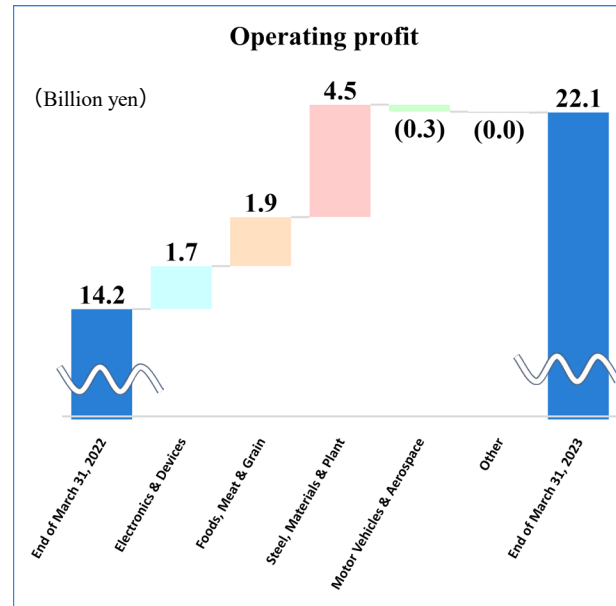
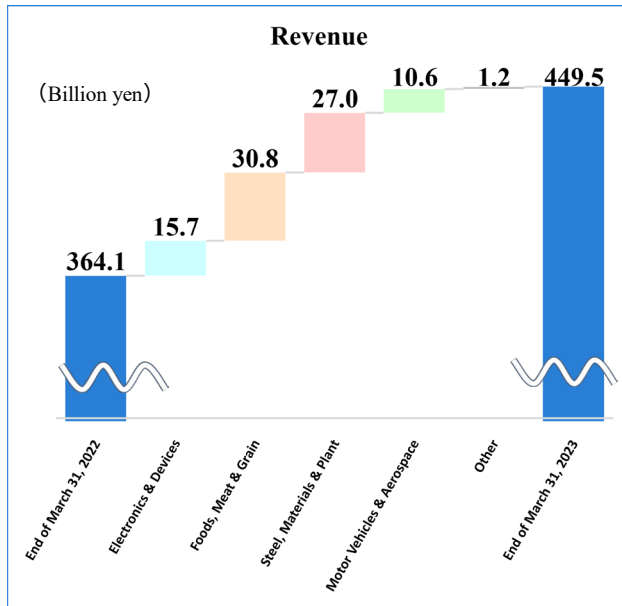
Increased 7.8 billion yen mainly due to a rise in operating profit.

【Profit attributable to owners of the parent】

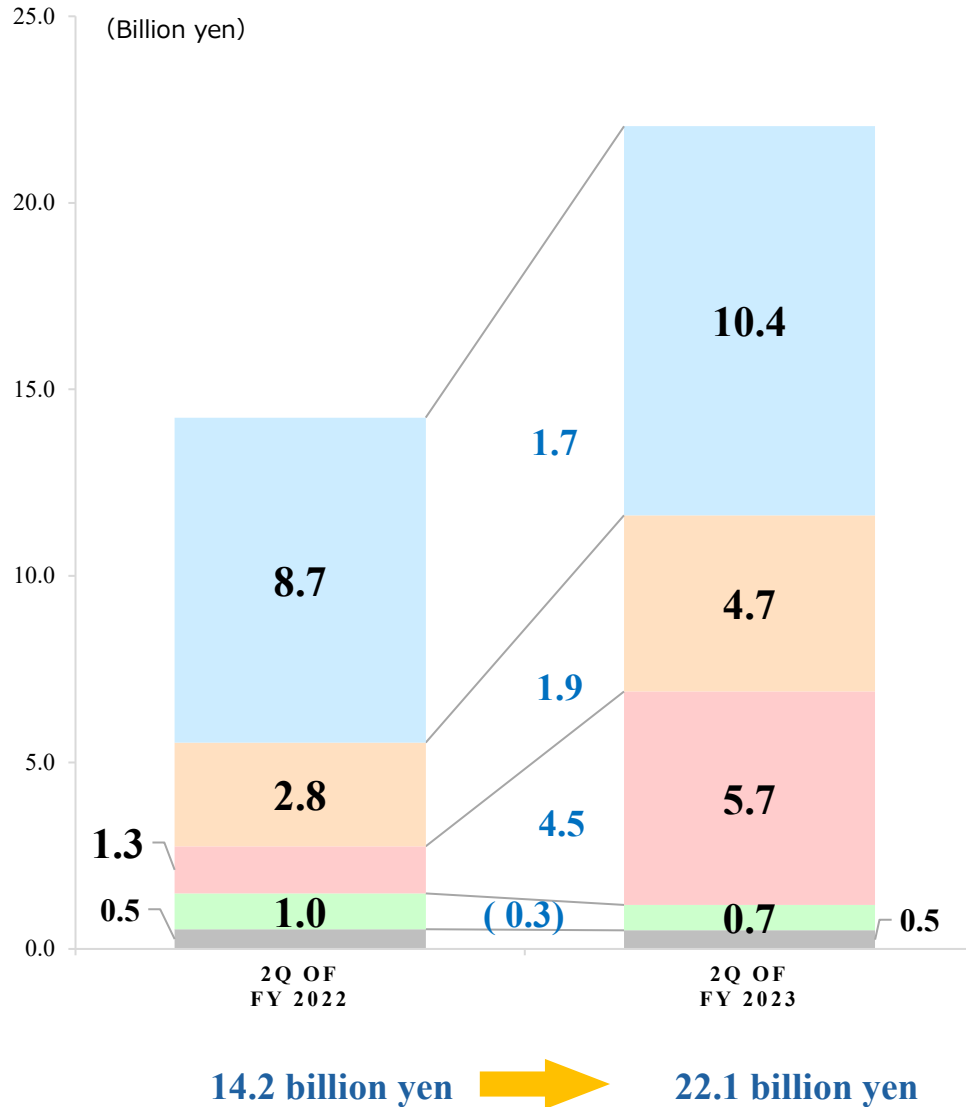
Increased 4.9 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)	Revenue					Operating profit					Profit attributable to owners of the parent				
	2Q of FY 2022	2Q of FY 2023	Change	FY2023		2Q of FY 2022	2Q of FY 2023	Change	FY2023		2Q of FY 2022	2Q of FY 2023	Change	FY2023	
				Forecast	Progress				Forecast*	Progress				Forecast*	Progress
Electronics & Devices	118.8	134.5	15.7	285.0	47%	8.7	10.4	1.7	20.6	51%	3.0	4.7	1.7	9.6	49%
Foods, Meat & Grain	142.0	172.8	30.8	310.0	56%	2.8	4.7	1.9	5.5	86%	1.9	3.3	1.4	3.3	101%
Steel, Materials & Plant	65.2	92.2	27.0	180.0	51%	1.3	5.7	4.5	9.0	64%	1.4	3.3	1.9	4.8	69%
Motor Vehicles & Aerospace	32.0	42.7	10.6	80.0	53%	1.0	0.7	(0.3)	1.0	68%	0.6	0.5	(0.1)	1.0	49%
Total for reportable segments	358.0	442.2	84.2	855.0	52%	13.7	21.6	7.8	36.1	60%	6.9	11.8	4.9	18.7	63%
Other (including adjustment)	6.1	7.3	1.2	15.0	49%	0.5	0.5	(0.0)	0.9	55%	0.4	0.4	0.0	0.3	130%
Grand total	364.1	449.5	85.3	870.0	52%	14.2	22.1	7.8	37.0	60%	7.3	12.2	4.9	19.0	64%



3. Operating profit <Segment>



Causes of year-on-year increase/decrease

- 【Electronics & Devices】 1.7 billion yen up**
 The semiconductor parts and manufacturing equipment business performed well on the back of robust demand for semiconductors and the acquisition of a manufacturing equipment business. The ICT solutions business also had a strong result thanks to growing investments in networks and security driven by digital investment demand. The mobile business was weak due to a stagnant sales volume and smaller fee income resulting from revisions to fee terms and conditions.
- 【Foods, Meat & Grain】 1.9 billion yen up**
 The meat products business performed well thanks to the higher prices of meat products in general and chicken in particular, and a recovery in demand for sales related to food service businesses. The food business was also strong due to the growth in transactions of products for the retail market. The grain and feedstuff business was solid on the back of the rising grain and feedstuff prices.
- 【Steel, Materials & Plant】 4.5 billion yen up**
 The energy business was strong mainly on the back of heavy oil sales for power generation and transactions of fuel for ships. The steel tubing business performed well thanks to the growth in energy investments in the U.S. and the rising steel tube prices. The machine tools and industrial machinery business was solid supported by the growing demand for capital investments in Japan.
- 【Motor Vehicles & Aerospace】 0.3 billion yen down**
 The aerospace business was solid with the delivery of products for the contracts already signed and a recovery in demand. The motor vehicles and parts business, however, was weak as the rising transportation costs placed a pressure on profits, while demand was in a recovery trend.

4. Cash Flows and Financial Status

(Unit: billion yen)	2Q of FY 2022	2Q of FY 2023	Change
CF from operating activities	10.1	(1.8)	(11.9)
CF from investing activities	(6.8)	(5.5)	1.3
Free cash flows	3.3	(7.3)	(10.6)
CF from financing activities	(6.4)	(3.3)	3.1

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

CF from operating activities	4.1	4.2	0.1
CF from financing activities	(4.1)	(4.2)	(0.1)

【CF from operating activities】

Net cash used by operating activities was 1.8 billion yen, mainly reflecting an increase in operating funds such as inventories, while cash was provided by the accumulation of operating revenue.

【CF from investing activities】

Net cash used in investing activities was 5.5 billion yen, due to business investments including the acquisition of subsidiaries.

【CF from financing activities】

Net cash used in financing activities was 3.3 billion yen, mainly due to cash dividends paid and the repayment of lease obligations, while cash was provided by an increase in short-term borrowings.

(Unit: billion yen)	End of March 31, 2022	End of September 30, 2022	Change
Total assets	634.5	683.9	49.4
Gross interest-bearing debt (Note 1)	143.5	149.9	6.5
Net interest-bearing debt	51.2	66.4	15.1
Shareholders' equity (Note 2)	159.5	175.2	15.7
Retained earnings	89.3	98.7	9.4
Other components of equity	16.6	23.9	7.3

(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 49.4 billion yen, mainly due to the rising commodity prices and an increase in inventories following the depreciation of the yen.

【Interest-bearing debt】

Net interest-bearing debt increased 15.1 billion yen, mainly due to an increase in borrowings in response to higher operating capital.

【Shareholders' equity】

Increased 15.7 billion yen, mainly due to the accumulation of profit attributable to owners of the parent and increases in other capital components resulting from the cheaper yen.

Equity ratio (Note 3)	25.1%	25.6%	0.5% up
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 was 25.6%. Net debt-equity ratio stood at 0.4 times.

5. Dividends and Capital Efficiency

【Dividends】

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023 (forecast)
Annual dividend (yen per share)	60	60	60	65	75
Consolidated payout ratio	30.3%	34.8%	37.6%	34.0%	33.0%

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

