

Consolidated Financial Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (IFRS)

November 4, 2022

Company name: Kanematsu Corporation

Stock Exchange listing: Prime Market, Tokyo Stock Exchange

Stock code: 8020

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

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): November 11, 2022

Scheduled date for commencement of dividend payments: December 6, 2022

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes

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

1. Consolidated business results for the first half of the fiscal year ending March 2023 (April 1, 2022 – September 30, 2022)

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

| | Revenue | | Operating profit | | Profit before tax | | Profit for the period | | Profit attributable to owners of the parent | | Total comprehensive income for the period | |
|------------------------------------|-------------|------|------------------|------|-------------------|------|-----------------------|------|---|------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First Six Months to September 2022 | 449,459 | 23.4 | 22,052 | 54.8 | 21,382 | 57.8 | 14,915 | 58.7 | 12,212 | 67.6 | 24,130 | 145.8 |
| First Six Months to September 2021 | 364,138 | 19.4 | 14,242 | 42.8 | 13,554 | 41.5 | 9,399 | 30.3 | 7,285 | 24.0 | 9,818 | 35.5 |

| | Basic earnings per share | | Diluted earnings per share | |
|------------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| First Six Months to September 2022 | 146.21 | | 145.90 | |
| First Six Months to September 2021 | 87.24 | | 87.12 | |

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

(2) Consolidated financial condition

| | Total assets | Total equity | Equity attributable to owners of the parent | Percentage of equity attributable to owners of the parent |
|--------------------------|--------------|--------------|---|---|
| | Million yen | Million yen | Million yen | % |
| As of September 30, 2022 | 683,878 | 218,479 | 175,197 | 25.6 |
| As of March 31, 2022 | 634,456 | 199,282 | 159,484 | 25.1 |

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 2022 | – | 30.00 | – | 35.00 | 65.00 |
| Fiscal year ending March 2023 | – | 37.50 | – | – | – |
| Fiscal year ending March 2023 (Forecasts) | – | – | – | 37.50 | 75.00 |

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

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 | 870,000 | 13.3 | 37,000 | 26.1 | 35,500 | 23.4 | 19,000 | 18.9 | 227.48 |

(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 half (2022/9): | 84,500,202 shares | Fiscal year (2022/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| First half (2022/9): | 955,523 shares | Fiscal year (2022/3): | 984,933 shares |
| 3. Average number of shares during the period (First three months) | | | |
| First half (2022/9): | 83,524,869 shares | Frist half (2021/9): | 83,513,025 shares |

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

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

The forward-looking statements, including results forecasts, included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not promise to achieve them. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to “(3) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Half of the Fiscal Year Ending March 31, 2023” on page 3 of accompanying materials for further information on results forecasts.

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1. Qualitative Information on Consolidated Results, Etc. for the First Half of the Fiscal Year Ending March 31, 2023

(1) Details of consolidated results

In the first six months under review (from April 1, 2022 to September 30, 2022), the global economy experienced a growing downward pressure from the high resources and commodity prices caused by the Russia-Ukraine situation and the impact of China's zero-COVID policy, in addition to developed countries making clear their intention to make inflation controls their number one priority.

The U.S. economy sent mixed signals. The historic level of inflation showed no sign of slowing and the FRB rapidly tightened its monetary policy placing fighting inflation its first priority. This led to concerns over economic recession. On the other hand, the country's employment remained solid and there was a strong sense of overheating especially for the consumption of services. In addition, energy investments increased due to the impact of the Russia-Ukraine situation.

Europe faced concerns over the risk of stagflation as households were hit by energy supply concerns and the rising inflation due to the material impact of the Russia-Ukraine situation, while central banks tightened their monetary policy to control inflation.

The Chinese economy slowed down due to the diminished economic activities caused by the impact of lockdowns imposed under its zero-COVID policy and the falling consumption resulting from deterioration in the employment situation.

In Japan, personal consumption recovered as restrictions on people's activities were relaxed. In addition, demands for capital investments and IT investments were solid. Due to the rapidly depreciating yen combined with the rising resources and commodity prices, however, the country's economic outlook remains uncertain.

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

Revenue increased in almost all businesses centered on the meat products business and the feedstuff business, which were supported by rallying market conditions, and the energy business, where the trading volume of crude oils and petroleum products increased due to the rising crude oil prices. While profit decreased in the mobile business affected by lower fee income resulting from the smaller-than-expected number of units sold, profit increased mainly in the energy business, the steel tubing business, and the meat products business, thanks to the recovery in demand and the rising market conditions.

As a result, consolidated revenue increased ¥85,321 million (23.4%) year on year, to ¥449,459 million. Consolidated gross profit also increased ¥8,187 million (15.2%) from a year earlier, to ¥62,101 million. Consolidated operating profit rose ¥7,810 million (54.8%) from a year earlier, to ¥22,052 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 ¥7,828 million (57.8%) year on year, to ¥21,382 million, and profit attributable to owners of the parent rose ¥4,927 million (67.6%) year on year, to ¥12,212 million.

Results for each business segment are described below

(i) Electronics & Devices

Revenue increased ¥15,706 million year on year, to ¥134,521 million, thanks to higher revenues in the ICT solutions business and the industrial electronics and electronic materials business. Operating profit rose ¥1,715 million, to ¥10,427 million, due to higher profits in the semiconductor parts and manufacturing equipment business and the industrial electronics and electronic materials business, and profit attributable to owners of the parent increased ¥1,674 million, to ¥4,677 million.

(ii) Foods, Meat & Grain

Revenue increased ¥30,840 million year on year, to ¥172,844 million, reflecting a rise in revenue in the meat products business and the feedstuff business. Operating profit rose ¥1,944 million, to ¥4,723 million, due to higher profit in the meat products business and the food business, and profit attributable to owners of the parent increased ¥1,409 million, to ¥3,340 million.

(iii) Steel, Materials & Plant

Revenue increased ¥26,991 million year on year, to ¥92,169 million, mainly due to a rise in revenue in the energy business and the steel tubing business. Operating profit rose ¥4,459 million, to ¥5,721 million, mainly due to stronger

profit in the energy business and the steel tubing business, and profit attributable to owners of the parent increased ¥1,896 million, to ¥3,313 million.

(iv) Motor Vehicles & Aerospace

Revenue rose ¥10,632 million year on year, to ¥42,654 million, mainly due to a rise in revenue in the aerospace business. Operating profit decreased ¥278 million, to ¥681 million, mainly due to a fall in profit in the motor vehicles and parts business, and profit attributable to owners of the parent declined ¥70 million, to ¥491 million.

(v) Other

Revenue increased ¥1,153 million year on year, to ¥7,269 million. Operating profit fell ¥23 million, to ¥490 million, and profit attributable to owners of the parent increased ¥285 million, to ¥533 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first half of the fiscal year under review increased ¥49,422 million from the end of the previous fiscal year, to ¥683,878 million.

Interest-bearing debt increased ¥6,491 million from the end of the previous fiscal year, to ¥149,943 million, mainly due to a rise in borrowings. Net interest-bearing debt after deducting cash and deposits rose ¥15,126 million from the end of the previous fiscal year, to ¥66,368 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥15,713 million from the end of the previous fiscal year, to ¥175,197 million, mainly due to the accumulation of profit attributable to owners of the parent and an increase in other capital components resulting from the cheaper yen.

As a result, the ratio of equity attributable to owners of the parent came to 25.6%. The net debt-equity ratio (“net DER”) was 0.4 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first half under review fell ¥9,134 million from the end of the previous fiscal year, to ¥82,286 million.

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

(Cash flows from operating activities)

Net cash used by operating activities in the first half under review stood at ¥1,791 million (versus net cash provided of ¥10,144 million provided in the first half of the previous fiscal year), mainly reflecting an increase in operating funds such as inventories, while cash was provided by the accumulation of operating revenue.

(Cash flows from investing activities)

Net cash used in investing activities in the first half under review stood at ¥5,535 million (versus net cash used of ¥6,842 million in the first half of the previous fiscal year), due to business investments, including acquisition of subsidiaries.

(Cash flows from financing activities)

Net cash used in financing activities in the first half under review came to ¥3,292 million (versus net cash used of ¥6,360 million in the first half of the previous fiscal year), mainly due to cash dividends paid and the repayment of lease liabilities, despite a cash inflow due to an increase in short-term borrowings.

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

We have revised our forecasts for consolidated results of the fiscal year ending March 31, 2023 that we announced on May 10, 2022 as below based on the financial results of the first half of the fiscal year ending March 31, 2023 and the future outlook.

Revised consolidated forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

| | 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 |
| Previous forecast (A) | 850,000 | 31,500 | 32,000 | 18,000 | 215.53 |
| Revised forecast (B) | 870,000 | 37,000 | 35,500 | 19,000 | 227.48 |
| Change (B-A) | 20,000 | 5,500 | 3,500 | 1,000 | - |
| Change (%) | 2.4% | 17.5% | 10.9% | 5.6% | - |
| (Reference) Results of FY Mar. 31, 2022 | 767,963 | 29,347 | 28,765 | 15,986 | 191.42 |

* 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, 2022 | As of September 30, 2022 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 91,420 | 82,286 |
| Trade and other receivables | 236,453 | 248,091 |
| Inventories | 121,018 | 148,550 |
| Other financial assets | 12,006 | 16,178 |
| Other current assets | 31,190 | 33,424 |
| Total current assets | 492,090 | 528,531 |
| Non-current assets | | |
| Property, plant and equipment | 42,087 | 48,299 |
| Goodwill | 10,624 | 13,705 |
| Intangible assets | 24,912 | 24,797 |
| Investments accounted for using the equity method | 15,121 | 16,575 |
| Trade and other receivables | 807 | 755 |
| Other investments | 35,997 | 38,337 |
| Other financial assets | 7,101 | 7,188 |
| Deferred tax assets | 2,175 | 2,067 |
| Other non-current assets | 3,537 | 3,619 |
| Total non-current assets | 142,365 | 155,346 |
| Total assets | 634,456 | 683,878 |

(Million yen)

| | As of March 31, 2022 | As of September 30, 2022 |
|--|----------------------|--------------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 214,822 | 233,974 |
| Bonds and borrowings | 73,707 | 85,450 |
| Lease liabilities | 6,674 | 8,059 |
| Other financial liabilities | 7,567 | 6,376 |
| Income taxes payable | 4,893 | 5,334 |
| Provisions | 503 | 455 |
| Other current liabilities | 30,290 | 27,922 |
| Total current liabilities | 338,459 | 367,572 |
| Non-current liabilities | | |
| Bonds and borrowings | 69,745 | 64,493 |
| Lease liabilities | 10,158 | 14,533 |
| Other financial liabilities | 1,608 | 2,723 |
| Retirement benefits liabilities | 6,842 | 6,958 |
| Provisions | 1,712 | 1,747 |
| Deferred tax liabilities | 5,453 | 6,232 |
| Other non-current liabilities | 1,193 | 1,136 |
| Total non-current liabilities | 96,714 | 97,825 |
| Total liabilities | 435,173 | 465,398 |
| Equity | | |
| Share capital | 27,781 | 27,781 |
| Capital surplus | 27,164 | 26,131 |
| Retained earnings | 89,280 | 98,671 |
| Treasury stock | (1,305) | (1,258) |
| Other components of equity | | |
| Exchange differences on translation of foreign operations | 5,296 | 11,495 |
| Financial assets measured at fair value through other comprehensive income | 10,068 | 10,793 |
| Cash flow hedges | 1,198 | 1,581 |
| Total other components of equity | 16,563 | 23,870 |
| Total equity attributable to owners of the parent | 159,484 | 175,197 |
| Non-controlling interests | 39,798 | 43,281 |
| Total equity | 199,282 | 218,479 |
| Total liabilities and equity | 634,456 | 683,878 |

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

(Million yen)

| | FY2022 First half (From April 1, 2021 to September 30, 2021) | FY2023 First half (From April 1, 2022 to September 30, 2022) |
|--|--|--|
| Revenue | 364,138 | 449,459 |
| Cost of sales | (310,224) | (387,357) |
| Gross profit | 53,914 | 62,101 |
| Selling, general and administrative expenses | (41,358) | (45,328) |
| Other income (expenses) | | |
| Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net | (22) | (88) |
| Impairment loss on property, plant and equipment and intangible assets | (12) | - |
| Other income | 2,010 | 5,778 |
| Other expenses | (287) | (410) |
| Total other income (expenses) | 1,686 | 5,278 |
| Operating profit | 14,242 | 22,052 |
| Finance income | | |
| Interest income | 72 | 117 |
| Dividend income | 533 | 577 |
| Other finance income | 45 | 249 |
| Total finance income | 651 | 945 |
| Finance costs | | |
| Interest expenses | (796) | (1,496) |
| Other finance costs | (1,582) | (7) |
| Total finance costs | (2,378) | (1,504) |
| Share of profit (loss) of investments accounted for using the equity method | 1,038 | (110) |
| Profit before tax | 13,554 | 21,382 |
| Income tax expense | (4,155) | (6,467) |
| Profit for the period | 9,399 | 14,915 |
| Profit for the period attributable to: | | |
| Owners of the parent | 7,285 | 12,212 |
| Non-controlling interests | 2,114 | 2,703 |
| Total | 9,399 | 14,915 |
| Earnings per share attributable to owners of the parent | | |
| Basic earnings per share (yen) | 87.24 | 146.21 |
| Diluted earnings per share (yen) | 87.12 | 145.90 |

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

(Million yen)

| | FY2022 First half (From April 1, 2021 to September 30, 2021) | FY2023 First half (From April 1, 2022 to September 30, 2022) |
|--|--|--|
| Profit for the period | 9,399 | 14,915 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | 249 | 875 |
| Remeasurement of defined benefit pension plans | (0) | (0) |
| Share of other comprehensive income of investments accounted for using the equity method | 13 | (13) |
| Total items that will not be reclassified to profit or loss | 263 | 861 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 442 | 6,394 |
| Cash flow hedges | (502) | 371 |
| Share of other comprehensive income of investments accounted for using the equity method | 216 | 1,586 |
| Total items that may be reclassified to profit or loss | 155 | 8,353 |
| Other comprehensive income for the period, net of tax | 419 | 9,214 |
| Total comprehensive income for the period | 9,818 | 24,130 |
| Total comprehensive income for the period attributable to: | | |
| Owners of the parent | 7,620 | 19,621 |
| Non-controlling interests | 2,197 | 4,508 |
| Total | 9,818 | 24,130 |
| | | |

(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, 2021 | 27,781 | 27,034 | 78,070 | (1,311) | 1,633 | 10,163 |
| Profit for the period | | | 7,285 | | | |
| Other comprehensive income | | | | | 560 | 279 |
| Total comprehensive income for the period | – | – | 7,285 | – | 560 | 279 |
| Dividends | | | (2,505) | | | |
| Dividends paid to non-controlling interests | | | | | | |
| Acquisition of treasury stock | | | | (1) | | |
| Disposition of treasury stock | | 0 | | 8 | | |
| Equity transactions with non-controlling interests | | 5 | | | | |
| Share-based payment transactions | | 54 | | | | |
| Total transactions with owners | – | 59 | (2,505) | 6 | – | – |
| Transfer from other components of equity to retained earnings | | | 155 | | | (155) |
| Balance as of September 30, 2021 | 27,781 | 27,093 | 83,005 | (1,304) | 2,193 | 10,287 |

| | Equity attributable to owners of the parent | | | | Non-controlling interests | Total equity |
|---|---|--|----------------------------------|---|---------------------------|--------------|
| | Other components of equity | | | Total equity attributable to owners of the parent | | |
| | Cash flow hedges | Remeasurement of defined benefit pension plans | Total other components of equity | | | |
| Balance as of April 1, 2021 | 554 | – | 12,351 | 143,926 | 36,566 | 180,492 |
| Profit for the period | | | – | 7,285 | 2,114 | 9,399 |
| Other comprehensive income | (504) | (0) | 335 | 335 | 83 | 419 |
| Total comprehensive income for the period | (504) | (0) | 335 | 7,620 | 2,197 | 9,818 |
| Dividends | | | – | (2,505) | | (2,505) |
| Dividends paid to non-controlling interests | | | – | – | (1,046) | (1,046) |
| Acquisition of treasury stock | | | – | (1) | | (1) |
| Disposition of treasury stock | | | – | 8 | | 8 |
| Equity transactions with non-controlling interests | | | – | 5 | (16) | (10) |
| Share-based payment transactions | | | – | 54 | | 54 |
| Total transactions with owners | – | – | – | (2,439) | (1,062) | (3,501) |
| Transfer from other components of equity to retained earnings | | 0 | (155) | – | | – |
| Balance as of September 30, 2021 | 50 | – | 12,531 | 149,107 | 37,701 | 186,809 |

(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, 2022 | 27,781 | 27,164 | 89,280 | (1,305) | 5,296 | 10,068 |
| Profit for the period | | | 12,212 | | | |
| Other comprehensive income | | | | | 6,199 | 827 |
| Total comprehensive income for the period | – | – | 12,212 | – | 6,199 | 827 |
| Dividends | | | (2,923) | | | |
| Dividends paid to non-controlling interests | | | | | | |
| Acquisition of treasury stock | | | | (1) | | |
| Disposition of treasury stock | | (0) | | 47 | | |
| Equity transactions with non-controlling interests | | (0) | | | | |
| Share-based payment transactions | | 22 | | | | |
| Put option granted to non-controlling interests | | (1,054) | | | | |
| Total transactions with owners | – | (1,032) | (2,923) | 46 | – | – |
| Transfer from other components of equity to retained earnings | | | 101 | | | (101) |
| Balance as of September 30, 2022 | 27,781 | 26,131 | 98,671 | (1,258) | 11,495 | 10,793 |

| | 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, 2022 | 1,198 | – | 16,563 | 159,484 | 39,798 | 199,282 |
| Profit for the period | | | – | 12,212 | 2,703 | 14,915 |
| Other comprehensive income | 383 | (0) | 7,409 | 7,409 | 1,805 | 9,214 |
| Total comprehensive income for the period | 383 | (0) | 7,409 | 19,621 | 4,508 | 24,130 |
| Dividends | | | – | (2,923) | | (2,923) |
| Dividends paid to non-controlling interests | | | – | – | (1,088) | (1,088) |
| Acquisition of treasury stock | | | – | (1) | | (1) |
| Disposition of treasury stock | | | – | 47 | | 47 |
| Equity transactions with non-controlling interests | | | – | (0) | 63 | 62 |
| Share-based payment transactions | | | – | 22 | | 22 |
| Put option granted to non-controlling interests | | | – | (1,054) | | (1,054) |
| Total transactions with owners | – | – | – | (3,908) | (1,025) | (4,933) |
| Transfer from other components of equity to retained earnings | | 0 | (101) | – | | – |
| Balance as of September 30, 2022 | 1,581 | – | 23,870 | 175,197 | 43,281 | 218,479 |

(4) Condensed consolidated statements of cash flows

(Million yen)

| | FY2022 First half (From April 1, 2021 to September 30, 2021) | FY2023 First half (From April 1, 2022 to September 30, 2022) |
|--|--|--|
| Cash flows from operating activities: | | |
| Profit for the period | 9,399 | 14,915 |
| Depreciation and amortization | 6,038 | 6,678 |
| Impairment loss on property, plant and equipment and intangible assets | 12 | - |
| Finance income and costs | 1,727 | 558 |
| Share of (profit) loss of investments accounted for using the equity method | (1,038) | 110 |
| (Gain) loss on sale or disposal of property, plant and equipment and intangible assets | 22 | 88 |
| Income tax expense | 4,155 | 6,467 |
| (Increase) decrease in trade and other receivables | 7,107 | (3,438) |
| (Increase) decrease in inventories | (8,693) | (23,575) |
| Increase (decrease) in trade and other payables | (3,310) | 16,203 |
| Increase (decrease) in retirement benefit liabilities | 13 | 82 |
| Other | (2,466) | (13,056) |
| Sub total | 12,967 | 5,034 |
| Interest received | 86 | 107 |
| Dividends received | 980 | 722 |
| Interest paid | (786) | (1,513) |
| Income taxes paid | (3,103) | (6,142) |
| Net cash provided by (used in) operating activities | 10,144 | (1,791) |
| Cash flows from investing activities: | | |
| Payments for property, plant and equipment | (1,918) | (1,346) |
| Proceeds from sales of property, plant and equipment | 168 | 731 |
| Payments for intangible assets | (451) | (564) |
| Purchases of other investments | (2,829) | (876) |
| Proceeds from sale of other investments | 1,236 | 165 |
| Proceeds from (payments for) acquisition of subsidiaries | (2,362) | (4,616) |
| Payments for acquisition of businesses | (591) | (63) |
| Proceeds from transfer of business | - | 750 |
| Increase in loans receivable | (28) | (795) |
| Proceeds from collection of loans receivable | 190 | 180 |
| Other | (256) | 898 |
| Net cash provided by (used in) investing activities | (6,842) | (5,535) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings (three months or less) | 2,776 | 9,218 |
| Proceeds from short-term borrowings (more than three months) | 500 | 470 |
| Repayment of short-term borrowings (more than three months) | (414) | (492) |
| Proceeds from long-term borrowings | 3,485 | 3,400 |
| Repayment of long-term borrowings | (4,949) | (7,660) |
| Redemption of bonds | (107) | (7) |
| Dividends paid | (2,500) | (2,917) |
| Refund of contribution to holders of non-controlling interests | (17) | - |
| Dividends paid to non-controlling interests | (1,046) | (1,088) |
| Repayments of lease liabilities | (4,084) | (4,213) |
| Other | (2) | (1) |
| Net cash provided by (used in) financing activities | (6,360) | (3,292) |
| Increase (decrease) in cash and cash equivalents, net | (3,058) | (10,619) |
| Cash and cash equivalents at the beginning of the period | 81,045 | 91,420 |
| Effect of exchange rate changes on cash and cash equivalents | 143 | 1,484 |
| Cash and cash equivalents at the end of the period | 78,129 | 82,286 |

(5) Notes on condensed consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Segment information)

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

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

I. Previous first six months (From April 1, 2021 to September 30, 2021)

(Million yen)

| | Reported segments | | | | | Other (Note 1) | Adjustment (Note 2) | Consolidated |
|-------------------------|--------------------------|------------------------|--------------------------------|----------------------------------|-----------|-------------------|------------------------|--------------|
| | Electronics & Devices | Foods, Meat & Grain | Steel, Materials & Plant | Motor Vehicles & Aerospace | Sub-total | | | |
| Revenue | | | | | | | | |
| External | 118,815 | 142,004 | 65,178 | 32,022 | 358,021 | 6,116 | – | 364,138 |
| Inter-segment | 193 | 0 | 17 | 3 | 214 | 117 | (332) | – |
| Total revenues | 119,008 | 142,005 | 65,196 | 32,025 | 358,236 | 6,234 | (332) | 364,138 |
| Operating profit (loss) | 8,712 | 2,779 | 1,262 | 959 | 13,714 | 513 | 15 | 14,242 |
| Segment profit (loss) | 3,003 | 1,931 | 1,417 | 561 | 6,912 | 248 | 124 | 7,285 |

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

(Note 2) Adjustments are as follows.

- The adjustment of ¥15 million for operating profit (loss) includes an inter-segment elimination of ¥15 million.
- The adjustment of ¥124 million for segment profit (loss) includes an inter-segment elimination of ¥6 million and corporate expenses that are not allocated to any particular segment of ¥117 million. Corporate expenses include the difference between actual income taxes incurred by the Company and income taxes allocated to each segment by an internal calculation method.

II. First six months under review (From April 1, 2022 to September 30, 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 | 134,521 | 172,844 | 92,169 | 42,654 | 442,189 | 7,269 | – | 449,459 |
| Inter-segment | 220 | 0 | 48 | 0 | 269 | 125 | (395) | – |
| Total revenues | 134,741 | 172,844 | 92,217 | 42,655 | 442,459 | 7,395 | (395) | 449,459 |
| Operating profit (loss) | 10,427 | 4,723 | 5,721 | 681 | 21,553 | 490 | 8 | 22,052 |
| Segment profit (loss) | 4,677 | 3,340 | 3,313 | 491 | 11,822 | 533 | (143) | 12,212 |

(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 operating profit (loss) includes an inter-segment elimination of ¥8 million.
- The adjustment of -¥143 million for segment profit (loss) includes an inter-segment elimination of ¥0 million and corporate expenses that are not allocated to any particular segment of -¥144 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.