

Supplementary Material of Consolidated Financial Results for the First Nine 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.

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■Revenue and profits both increased year on year.

◇Revenue	677.7 billion yen	20.8% up
◇Operating profit	29.6 billion yen	40.5% up
◇Profit before tax	28.4 billion yen	38.4% up
◇Profit attributable to owners of the parent	15.5 billion yen	29.2% up

■Full-year forecasts have been revised upward (Operating profit: 37.0 billion yen → 38.0 billion yen, Profit before tax: 35.5 billion yen → 36.0 billion yen), while maintaining the forecast for profit attributable to owners of the parent given factors such as gains/losses on non-controlling equities.

1. Profit & loss statement

(Unit : billion yen)	3Q of FY 2022	3Q of FY 2023	Year-on-year		FY 2023	
			Change	Change(%)	Forecast	Progress(%)
Revenue	560.9	677.7	116.8	20.8%	870.0	77.9%
Gross profit	81.5	92.9	11.4	13.9%	-	-
Selling, general and administrative expenses	(62.7)	(69.4)	(6.7)	-	-	-
Other income (expenses)	2.3	6.2	3.9	170.0%	-	-
Operating profit	21.1	29.6	8.5	40.5%	38.0	78.0%
Interest income (expenses)	(1.1)	(2.4)	(1.3)	-	-	-
Dividend income	0.7	0.9	0.2	-	-	-
Other finance income (costs)	(1.5)	0.3	1.9	-	-	-
Finance income (costs)	(1.9)	(1.2)	0.8	-	-	-
Share of profit (loss) of investments accounted for using the equity method	1.4	(0.1)	(1.4)	-	-	-
Profit before tax	20.5	28.4	7.9	38.4%	36.0	78.9%
Income tax expense	(5.7)	(8.9)	(3.2)	-	-	-
Profit for the period	14.9	19.5	4.7	31.5%	-	-
Profit attributable to owners of the parent	12.0	15.5	3.5	29.2%	19.0	81.7%
Earnings per share (yen)	143.84	185.84	42.00	29.2%	227.48	81.7%

【Revenue】

Increased year on year in all segments with a total revenue increase of 116.8 billion yen.

【Operating profit】

Grew 8.5 billion yen driven by the Steel, Materials & Plant segment and the Electronics & Devices segment.

【Profit before tax】

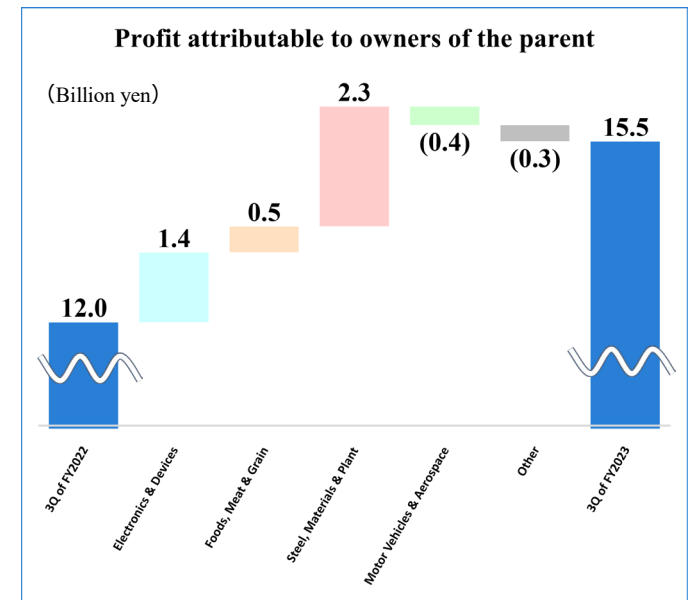
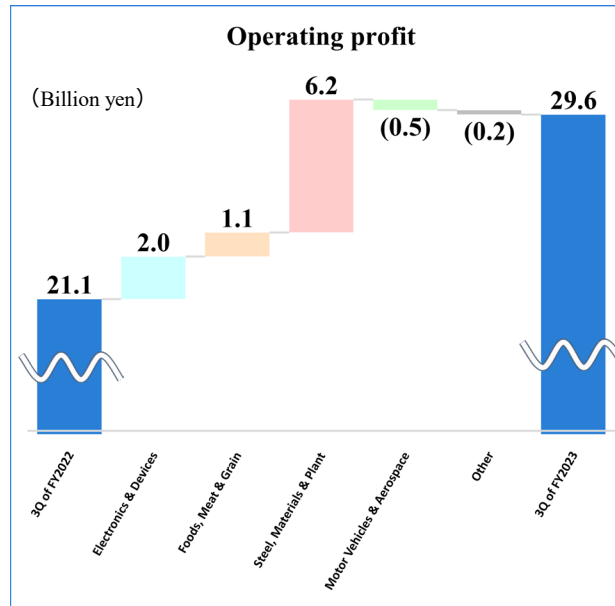
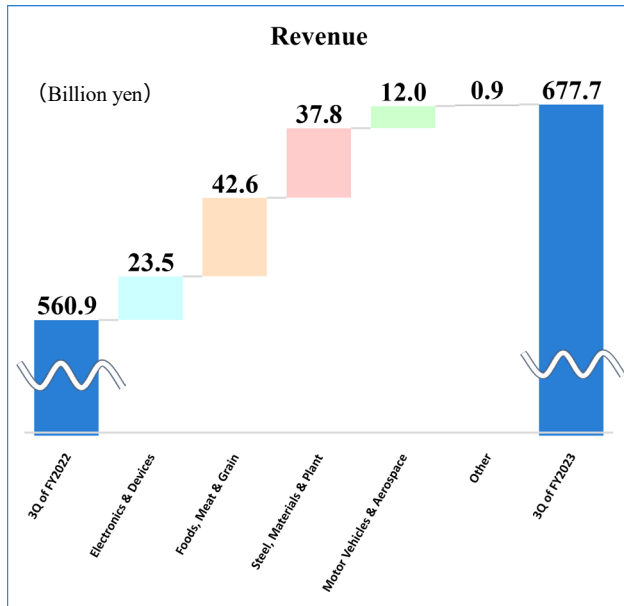
Increased 7.9 billion yen mainly due to a rise in operating profit.

【Profit attributable to owners of the parent】

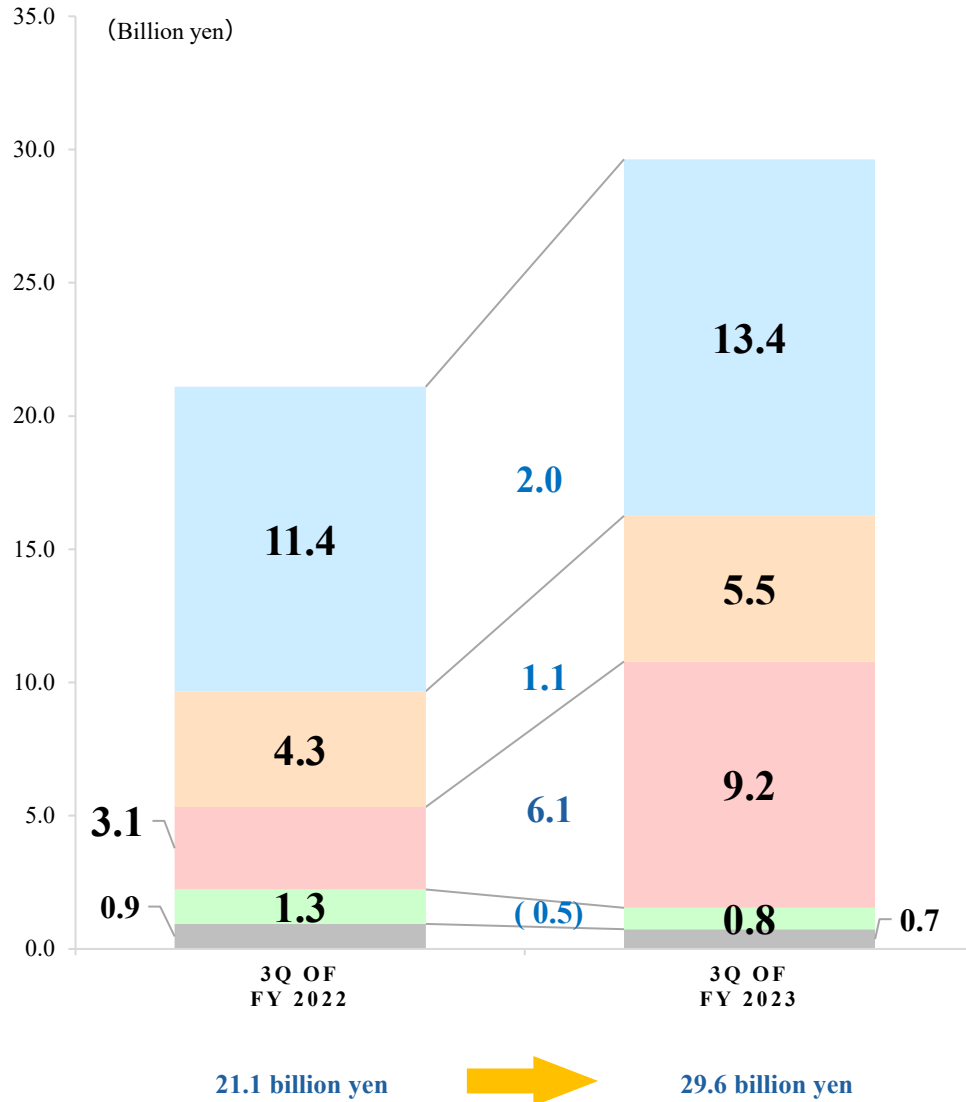
Increased 3.5 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)		Revenue					Operating profit					Profit attributable to owners of the parent				
		3Q of FY 2022	3Q of FY 2023	Change	FY2023		3Q of FY 2022	3Q of FY 2023	Change	FY2023		3Q of FY 2022	3Q of FY 2023	Change	FY2023	
					Forecast	Progress				Forecast	Progress				Forecast	Progress
Electronics & Devices	179.8	203.4	23.5	285.0	71%	11.4	13.4	2.0	20.0	67%	4.3	5.6	1.4	9.0	63%	
Foods, Meat & Grain	215.2	257.8	42.6	310.0	83%	4.3	5.5	1.1	5.5	99%	3.1	3.6	0.5	3.3	110%	
Steel, Materials & Plant	104.8	142.5	37.8	180.0	79%	3.1	9.2	6.1	10.8	86%	3.0	5.3	2.3	5.7	93%	
Motor Vehicles & Aerospace	51.1	63.2	12.0	80.0	79%	1.3	0.8	(0.5)	1.0	80%	1.0	0.6	(0.4)	1.0	64%	
Total for reportable segments	551.0	666.9	115.9	855.0	78%	20.2	28.9	8.7	37.3	78%	11.4	15.2	3.8	19.0	80%	
Other (including adjustment)	9.9	10.9	0.9	15.0	72%	0.9	0.7	(0.2)	0.7	106%	0.6	0.3	(0.3)	-	-	
Grand total	560.9	677.7	116.8	870.0	78%	21.1	29.6	8.5	38.0	78%	12.0	15.5	3.5	19.0	82%	



3. Operating profit <Segment>



Causes of year-on-year increase/decrease

【Electronics & Devices】 **2.0** billion yen up

The ICT solutions business performed strongly, mainly due to an increase in projects related to security and network and improvements to delivery delays. The semiconductor parts and manufacturing equipment business performed well due to growth in shipments of manufacturing equipment and consumables related to semiconductors and LCD panels supported by the robust 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】 **1.1** billion yen up

The grain and feedstuff business was strong partly due to the improved profitability. The foods business performed well thanks to the growth in transactions of products for the retail market. The meat products business was weak due to the market setbacks for meat products in general since summer.

【Steel, Materials & Plant】 **6.1** billion yen up

The energy business was strong mainly on the back of heavy oil sales for power generation and fuel sales for ocean-going vessels. 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】 **0.5** 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)	3Q of FY 2022	3Q of FY 2023	Change
CF from operating activities	9.1	(12.5)	(21.5)
CF from investing activities	(10.3)	(14.2)	(3.8)
Free cash flows	(1.3)	(26.6)	(25.3)
CF from financing activities	7.9	11.3	3.4

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

CF from operating activities	6.2	6.5	0.4
CF from financing activities	(6.2)	(6.5)	(0.4)

【CF from operating activities】

Net cash used by operating activities was 12.5 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 14.2 billion yen, due to business investments including the acquisition of subsidiaries.

【CF from financing activities】

Net cash provided by financing activities was 11.3 billion yen mainly due to an increase in short-term borrowings, while there were expenditures such as the payment of cash dividends and redemption of corporate bonds.

(Unit: billion yen)	End of March 31, 2022	End of December 31, 2022	Change
Total assets	634.5	680.5	46.0
Gross interest-bearing debt (Note 1)	143.5	170.6	27.2
Net interest-bearing debt	51.2	92.8	41.5
Shareholders' equity (Note 2)	159.5	170.2	10.8
Retained earnings	89.3	99.1	9.8
Other components of equity	16.6	19.3	2.8

(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 46.0 billion yen, mainly due to increases in trade and other accounts receivable and inventories.

【Interest-bearing debt】

Net interest-bearing debt increased 41.5 billion yen, mainly due to an increase in borrowings in response to higher operating capital.

【Shareholders' equity】

Increased 10.8 billion yen, mainly due to the accumulation of profit attributable to owners of the parent.

Equity ratio was 25.0%. Net debt-equity ratio stood at 0.5 times.

Equity ratio (Note 3)	25.1%	25.0%	0.1% down
Net debt-equity ratio (Note 4)	0.3 times	0.5 times	0.2 pt up

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

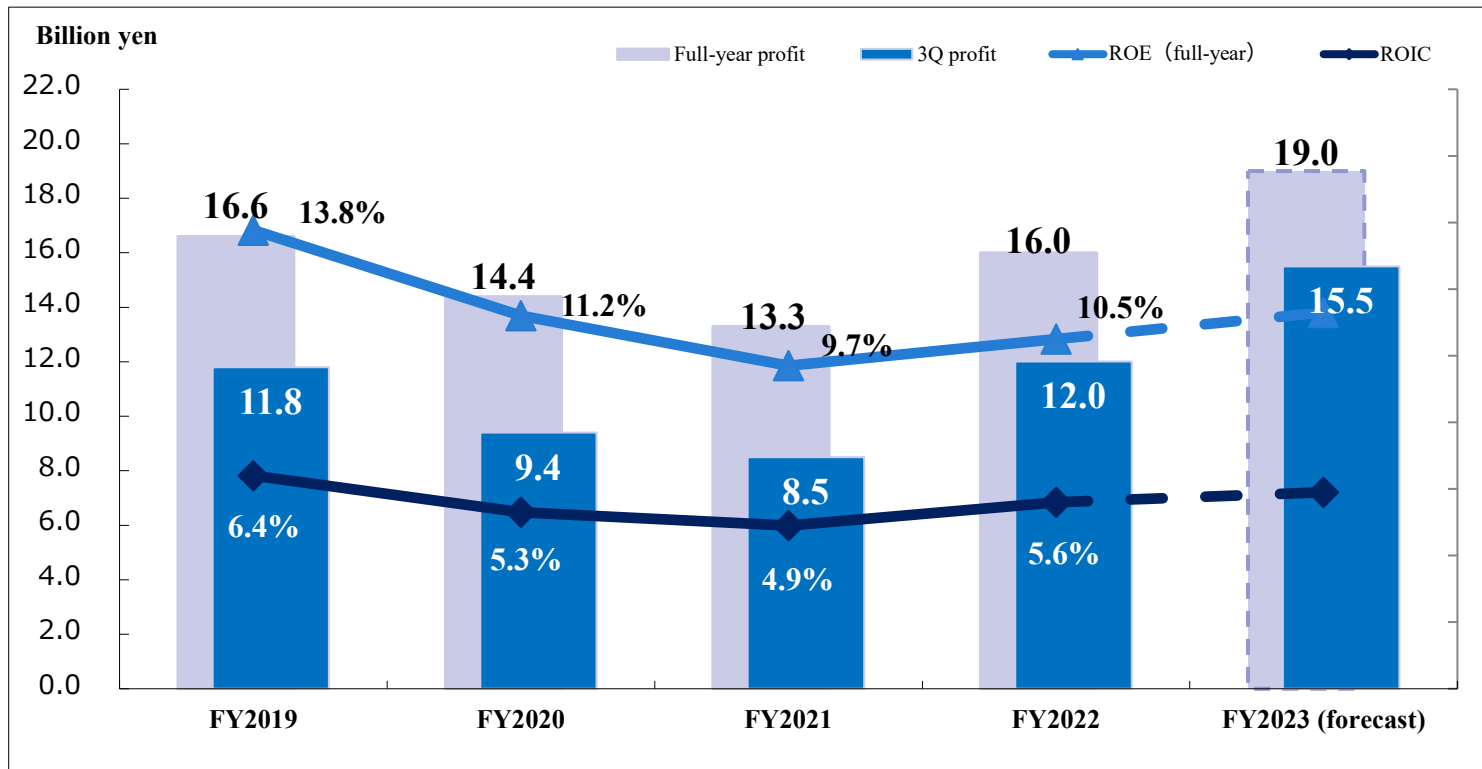
(Note 4) Net debt-equity ratio = Net interest-bearing debt / Equity capital

5. Dividends and Capital Efficiency

【Dividends】

	FY2019	FY2020	FY2021	FY2022	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】



(Note 5) We announced tender offers for two of our subsidiaries on January 27, 2023. These tender offers have not been factored in because the tender processes are still in progress.