

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2023 (IFRS)

May 9, 2023

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 27, 2023

Scheduled date for commencement of dividend payments: June 12, 2023

Scheduled date for the submission of financial statements: June 27, 2023

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 2023 (April 1, 2022 – March 31, 2023)

(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 2023	911,408	18.7	38,896	32.5	35,696	24.1	24,709	20.2	18,575	16.2	31,292	19.2
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

	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 2023	222.38		221.89		12.9		5.4	
Fiscal year ended March 2022	191.42		191.15		10.5		4.8	

(Reference) Share of profit (loss) of investments accounted for using the equity method: 1,451 million yen for the fiscal year ended March 2022
(521) million yen for the fiscal year ended March 2023

(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, 2023	677,588		143,423		128,525		19.0		1,538.42	
As of March 31, 2022	634,456		199,282		159,484		25.1		1,909.64	

(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 2023	(296)		(16,684)		4,751		79,462	
Fiscal year ended March 2022	15,382		(10,547)		4,245		91,420	

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 2022	Yen –	Yen 30.00	Yen –	Yen 35.00	Yen 65.00	Million yen 5,475	% 34.0	% 3.6
Fiscal year ended March 2023	–	37.50	–	37.50	75.00	6,317	33.7	4.4
Fiscal year ending March 2024 (Forecasts)	–	45.00	–	45.00	90.00		32.0	

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

3. Forecasts for consolidated results ending March 2024 (April 1, 2023 – March 31, 2024)

(%: 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	960,000	5.3	40,500	4.1	36,000	0.9	23,500	26.5	281.32	

* 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 (2023/3): | 84,500,202 shares | Fiscal year (2022/3): | 84,500,202 shares | |
| 2. Number of treasury stock | | | | |
| Fiscal year (2023/3): | 956,231 shares | Fiscal year (2022/3): | 984,933 shares | |
| 3. Average number of shares during the period | | | | |
| Fiscal year (2023/3): | 83,533,827 shares | Fiscal year (2022/3): | 83,514,196 shares | |

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2023 (April 1, 2022 – March 31, 2023)

(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 2023	393,934	17.1	(45)	–	12,211	20.1	8,747	1.9
Fiscal year ended March 2022	336,492	–	(848)	–	10,166	24.5	8,582	53.6

	Profit for the year per share	Diluted profit for the year per share
	Yen	Yen
Fiscal year ended March 2023	104.68	–
Fiscal year ended March 2022	102.73	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	380,717	106,172	27.9	1,270.48
As of March 31, 2022	311,255	102,646	33.0	1,228.71

(Reference) Shareholders' equity 106,172 million yen for the fiscal year ended March 2023
102,646 million yen for the fiscal year ended March 2022

* 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 results briefing for institutional investors and analysts on Thursday, May 18, 2023. 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 saw signs of soft-landing with the worldwide inflations and monetary tightening policies reaching a turning point, although uncertainties such as the lengthening of the Russia-Ukraine war and disruptions in some of the supply chains dragged on. The downward pressure on the economy resulting from concerns about the financial systems originating in the U.S., however, has reignited uncertainty about the global economy. The U.S. economy sent mixed signals. Concerns emerged for economic recession because of the impact of the failure of a medium-sized bank in March against the background of the rapidly progressing monetary tightening due to the priority placed on the control of inflation. Meanwhile, the employment situation and personal consumption remained solid and investments in energy increased due to the impact of the Russia-Ukraine situation.

In Europe, although the supply-demand tightening of energy caused by the Russia-Ukraine situation was avoided, the persistent inflationary pressure and concerns over financial systems kept uncertainties about the future.

In China, the abandonment of the zero-COVID policy had led to an increase in infections and cooled consumption, but consumption was recovering, and the economy moved to the recovery trend as the spread of infections abated.

In Japan, personal consumption and inbound demand recovered following the relaxation of restrictions placed on activities. Demands for capital investments and IT investments were also strong. However, the rising resources and commodities prices and cheaper yen, as well as the slowdown in overseas economies, placed a downward pressure.

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 feedstuff business and the steel tubing 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 and in the meat products business impacted by market setbacks in meat products in general since summer, profit increased mainly in the energy business and the steel tubing business, thanks to the recovery in demand and the rising market conditions, and the ICT solutions business supported by robust digital investment demands of customers.

As a result, consolidated revenue increased ¥143,445 million (18.7%) year on year, to ¥911,408 million. Consolidated gross profit also increased ¥19,093 million (17.1%) from a year earlier, to ¥130,894 million. Consolidated operating profit rose ¥9,549 million (32.5%) from a year earlier, to ¥38,896 million, reflecting an increase in gross profit, despite a rise in selling, general and administrative expenses. Largely due to the rise in operating profit, profit before tax increased ¥6,931 million (24.1%) year on year, to ¥35,696 million, and profit attributable to owners of the parent rose ¥2,589 million (16.2%) year on year, to ¥18,575 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 12.9% and return on invested capital (ROIC)* at 5.6%.

*ROIC = net profit / invested capital (interest-bearing liabilities + shareholders' equity)

Results for each business segment are described below.

(Electronics & Devices)

Revenue increased ¥27,050 million year on year, to ¥282,513 million, attributable to higher revenues in the ICT solutions business, the electronic device and materials business, and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥1,267 million, to ¥20,331 million due to higher profit in the ICT solutions business and the semiconductor parts and manufacturing equipment business, and profit attributable to owners of the parent also increased ¥832 million, to ¥8,776 million.

(Foods, Meat & Grain)

Revenue increased ¥55,164 million year on year, to ¥340,448 million, reflecting a rise in revenues in the feedstuff business and the meat products business. Operating profit rose ¥522 million, to ¥4,063 million, due to a higher profit in the feedstuff business, while profit attributable to owners of the parent shrank ¥326 million, to ¥2,192 million.

(Steel, Materials & Plant)

Revenue increased ¥45,400 million year on year, to ¥193,393 million, due to a rise in revenue in the energy business and

steel tubing business. Operating profit rose ¥8,287 million, to ¥12,339 million, due to stronger profits in the steel tubing business and the energy business, and profit attributable to owners of the parent increased ¥3,435 million, to ¥6,694 million.

(Motor Vehicles & Aerospace)

Revenue increased ¥15,517 million year on year, to ¥81,344 million, due to a rise in revenue in the aerospace business. Operating profit decreased ¥178 million, to ¥1,485 million, due to a fall profit in the motor vehicles and parts business, while profit attributable to owners of the parent declined ¥653 million, to ¥803 million.

(Other)

Revenue increased ¥312 million from a year earlier, to ¥13,707 million. Operating profit fell ¥347 million, to ¥662 million, and profit attributable to owners of the parent shrank ¥246 million, to ¥219 million.

(Tender offer to make Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation wholly owned subsidiaries)
Kanematsu Corporation (the “Company”) made a tender offer for the shares of our listed consolidated subsidiaries, Kanematsu Electronics Ltd. (“KEL”) and Kanematsu Sustech Corporation (“KSU”), for a purchase period starting in January 2023 and ending in March 2023 for the purpose of making KEL and KSU its wholly owned subsidiaries.

The Company identifies the Promotion of groupwide digital transformation (DX) as a priority measure in its six-year, medium-term vision, *future 135* (April 2018 to March 2024). The Company is working on building a stable and sustainable supply chain and promoting proactive initiatives for green transformation (GX). In promoting DX and GX initiatives, the Company recognizes that accelerating collaboration with KEL and KSU in the areas of DX and GX is essential, given that KEL possesses extensive knowledge and insights in ICT and digital technologies and abundant digital talents and KSU possesses technologies and construction methods that can contribute to decarbonization, to flexibly implement its management strategies under the new medium-term management plan.

To this end, the Company recognizes that it needs to organize a structure that will enable it to generate more synergy as the Group by strengthening capital relationships with KEL and KSU and flexibly and mutually using necessary management resources of the Group such as information, know-how, human resources, business bases, and funds, while solving the conflict of interest issue between the Company and minority shareholders of KEL and KSU which was created by the listing of both the parent company and the subsidiaries.

With this recognition, the Company made this tender offer to achieve the integrated management of the Group at the optimal timing ahead of the commencement of the new medium-term management plan and to further accelerate the promotion of DX and GX through the unrestricted mutual use of management resources and the acceleration of the speed of decision-making to further raise the corporate value of the Kanematsu Group.

(ii) Future outlook

In the next consolidated fiscal year, there is a concern that the lengthening of the Russia-Ukraine situation, the resulting divisions of global markets and continuation of inflation, and the impact on financial systems from the side-effect of the rapid monetary tightening worldwide may slow down the global economy, although economic recovery is expected in China where consumption is recovering fast following the cancellation of the zero-COVID policy.

The Japanese economy will see a gradual recovery on the back of inbound demand and personal consumption growth, while the slowing overseas economies will place a downward pressure.

For the fiscal year ending March 31, 2024, the Company forecasts a consolidated revenue of ¥960,000 million, an operating profit of ¥40,500 million, a profit before tax of ¥36,000 million, and a profit attributable to owners of the parent of ¥23,500 million. As a result, the Company’s ROE is projected to be 17.2%.

(Assumptions for the calculation of performance forecast)

- Exchange rate: 1 US dollar = 135 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 ¥43,132 million from the end of the previous fiscal year, to ¥677,588 million. Interest-bearing debt increased ¥84,442 million from the end of the previous fiscal year, to ¥227,894 million, mainly due to a rise in short-term borrowings for the tender offers the Company had made. Net interest-bearing debt after deducting cash and deposits rose ¥96,706 million from the end of the previous fiscal year, to ¥147,948 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent fell ¥30,959 million from the end of the previous fiscal year, to ¥128,525 million, mainly due to a fall in capital surplus following the acquisition of additional shares of KEL.

As a result, the ratio of equity attributable to owners of the parent came to 19.0%. The net debt-equity ratio (“net DER”) was 1.2 times.

(ii) Cash flows

Cash and cash equivalents at the end of the fiscal year under review shrank ¥11,958 million from the end of the previous fiscal year, to ¥79,462 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 used in operating activities in the fiscal year under review stood at ¥296 million (versus net cash provided of ¥15,382 million in the previous fiscal year), mainly reflecting an increase in operating funds such as inventory assets, while cash provided by the accumulation of operating revenue.

(Cash flow from investing activities)

Net cash used in investing activities in the fiscal year under review was ¥16,684 million (versus net cash used of ¥10,547 million in the previous fiscal year), mainly due to business investments including the acquisitions of subsidiaries.

(Cash flow from financing activities)

Net cash provided by financing activities in the fiscal year under review amounted to ¥4,751 million (versus net cash provided of ¥4,245 million in the previous fiscal year), mainly due to an increase in short-term borrowings, including borrowings of the funds to purchase KEL and KSU shares following the tender offers the Company had made, despite expenditures including payments for the acquisition of additional KEL and KSU shares in connection with the tender offers.

(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 of distributing profits supported by business results, while taking into consideration the balance with appropriate internal reserves for future growth investments.

The Company’s target payout ratio (total return ratio) under “*future 135*,” its medium-term vision, is set at 30-35%. For the fiscal year under review, the Company paid an interim dividend of ¥37.5 per share and plans to pay a year-end dividend of ¥37.5 per share, bringing the annual dividend to ¥75 per share. As a result, the payout ratio is estimated to be 33.7%.

As for the dividends in the next fiscal year, the Company plans to increase the annual dividend by ¥15 to ¥90 per share (interim dividend of ¥45 and year-end dividend of ¥45) based on the target payout of 30-35% under the medium-term vision and the performance forecast for the next fiscal year. As a result, the payout ratio is expected to be 32.0%.

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)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	91,420	79,462
Trade and other receivables	236,453	245,890
Inventories	121,018	156,071
Other financial assets	12,006	5,633
Other current assets	31,190	28,896
Total current assets	492,090	515,954
Non-current assets		
Property, plant and equipment	42,087	47,188
Goodwill	10,624	14,481
Intangible assets	24,912	28,055
Investments accounted for using the equity method	15,121	19,947
Trade and other receivables	807	1,606
Other investments	35,997	37,888
Other financial assets	7,101	6,656
Deferred tax assets	2,175	2,221
Other non-current assets	3,537	3,589
Total non-current assets	142,365	161,634
Total assets	634,456	677,588

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	214,822	206,609
Bonds and borrowings	73,707	162,189
Lease liabilities	6,674	7,685
Other financial liabilities	7,567	23,939
Income taxes payable	4,893	6,488
Provisions	503	358
Other current liabilities	30,290	29,199
Total current liabilities	338,459	436,469
Non-current liabilities		
Bonds and borrowings	69,745	65,704
Lease liabilities	10,158	12,992
Other financial liabilities	1,608	3,512
Retirement benefits liabilities	6,842	6,198
Provisions	1,712	2,155
Deferred tax liabilities	5,453	5,975
Other non-current liabilities	1,193	1,156
Total non-current liabilities	96,714	97,695
Total liabilities	435,173	534,164
Equity		
Share capital	27,781	27,781
Capital surplus	27,164	-
Retained earnings	89,280	80,543
Treasury stock	(1,305)	(1,259)
Other components of equity		
Exchange differences on translation of foreign operations	5,296	8,878
Financial assets measured at fair value through other comprehensive income	10,068	11,829
Cash flow hedges	1,198	752
Total other components of equity	16,563	21,460
Total equity attributable to owners of the parent	159,484	128,525
Non-controlling interests	39,798	14,898
Total equity	199,282	143,423
Total liabilities and equity	634,456	677,588

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

(Million yen)

	Fiscal year from April 1, 2021 to March 31, 2022	Fiscal year from April 1, 2022 to March 31, 2023
Revenue	767,963	911,408
Cost of sales	(656,161)	(780,513)
Gross profit	111,801	130,894
Selling, general and administrative expenses	(85,103)	(96,305)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(103)	(263)
Impairment loss on property, plant and equipment and intangible assets	(18)	(419)
Other income	3,597	6,006
Other expenses	(826)	(1,016)
Total other income (expenses)	2,649	4,307
Operating profit	29,347	38,896
Finance income		
Interest income	166	441
Dividend income	1,114	1,062
Other finance income	66	315
Total finance income	1,348	1,819
Finance costs		
Interest expenses	(1,690)	(3,885)
Other finance costs	(1,691)	(611)
Total finance costs	(3,381)	(4,497)
Share of profit (loss) of investments accounted for using the equity method	1,451	(521)
Profit before tax	28,765	35,696
Income tax expense	(8,206)	(10,987)
Profit for the year	20,559	24,709
Profit for the year attributable to:		
Owners of the parent	15,986	18,575
Non-controlling interests	4,573	6,133
Total	20,559	24,709
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	191.42	222.38
Diluted earnings per share (yen)	191.15	221.89

(Consolidated statements of comprehensive income)

(Million yen)

	Fiscal year from April 1, 2021 to March 31, 2022	Fiscal year from April 1, 2022 to March 31, 2023
Profit for the year	20,559	24,709
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	462	2,176
Remeasurement of defined benefit pension plans	(7)	392
Share of other comprehensive income of investments accounted for using the equity method	0	29
Total items that will not be reclassified to profit or loss	455	2,598
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,071	3,205
Cash flow hedges	642	(445)
Share of other comprehensive income of investments accounted for using the equity method	517	1,224
Total items that may be reclassified to profit or loss	5,231	3,984
Other comprehensive income for the year, net of tax	5,686	6,583
Total comprehensive income for the year	26,246	31,292
Total comprehensive income for the year attributable to:		
Owners of the parent	20,433	24,209
Non-controlling interests	5,812	7,082
Total	26,246	31,292

(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, 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
Profit			18,575			
Other comprehensive income					3,581	2,126
Total comprehensive income for the year	–	–	18,575	–	3,581	2,126
Dividends			(6,055)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(2)		
Disposition of treasury stock		(0)		47		
Change due to business combination						
Equity transactions with non-controlling interests		(47,290)				
Share-based payment transactions		106				
Put options granted to non-controlling interests		(1,972)				
Total transactions with owners	–	(49,157)	(6,055)	45	–	–
Transfer from retained earnings to capital surplus		21,993	(21,993)			
Transfer from other components of equity to retained earnings			736			(365)
Balance as of March 31, 2023	27,781	–	80,543	(1,259)	8,878	11,829

(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, 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
Profit			–	18,575	6,133	24,709
Other comprehensive income	(445)	371	5,633	5,633	949	6,583
Total comprehensive income for the year	(445)	371	5,633	24,209	7,082	31,292
Dividends			–	(6,055)		(6,055)
Dividends paid to non-controlling interests			–	–	(2,376)	(2,376)
Acquisition of treasury stock			–	(2)		(2)
Disposition of treasury stock			–	47		47
Change due to business combination			–	–	1,188	1,188
Equity transactions with non-controlling interests			–	(47,290)	(30,795)	(78,086)
Share-based payment transactions			–	106		106
Put options granted to non-controlling interests			–	(1,972)		(1,972)
Total transactions with owners	–	–	–	(55,168)	(31,982)	(87,150)
Transfer from retained earnings to capital surplus			–	–		–
Transfer from other components of equity to retained earnings		(371)	(736)	–		–
Balance as of March 31, 2023	752	–	21,460	128,525	14,898	143,423

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal year from April 1, 2021 to March 31, 2022	Fiscal year from April 1, 2022 to March 31, 2023
Cash flows from operating activities:		
Profit for the year	20,559	24,709
Depreciation and amortization	12,242	13,778
Impairment loss on property, plant and equipment and intangible assets	18	419
Finance income and costs	2,033	2,677
Share of (profit) loss of investments accounted for using the equity method	(1,451)	521
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	103	263
Income tax expense	8,206	10,987
(Increase) decrease in trade and other receivables	(21,869)	(3,820)
(Increase) decrease in inventories	(18,051)	(31,998)
Increase (decrease) in trade and other payables	22,732	(6,814)
Increase (decrease) in retirement benefit liabilities	184	(662)
Other	(3,283)	4,139
Sub total	21,425	14,202
Interest received	171	306
Dividends received	1,656	1,233
Interest paid	(1,673)	(3,977)
Income taxes paid	(6,196)	(12,061)
Net cash provided by (used in) operating activities	15,382	(296)
Cash flows from investing activities:		
Payments for property, plant and equipment	(3,613)	(4,655)
Proceeds from sales of property, plant and equipment	1,776	1,287
Payments for intangible assets	(694)	(882)
Purchases of other investments	(6,534)	(5,198)
Proceeds from sale of other investments	1,801	2,033
Proceeds from (payments for) acquisition of subsidiaries	(2,362)	(9,205)
Proceeds from (payments for) sale of subsidiaries	12	—
Payments for acquisition of businesses	(688)	(195)
Proceeds from business transfer	—	750
Increase in loans receivable	(269)	(2,633)
Proceeds from collection of loans receivable	421	559
Other	(396)	1,455
Net cash provided by (used in) investing activities	(10,547)	(16,684)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less), net	14,264	28,898
Proceeds from short-term borrowings (more than three months)	582	58,707
Repayment of short-term borrowings (more than three months)	(500)	(511)
Proceeds from long-term borrowings	16,326	17,324
Repayment of long-term borrowings	(20,430)	(16,118)
Proceeds from issuance of bonds	9,929	—
Redemption of bonds	(114)	(5,014)
Dividends paid	(5,004)	(6,045)
Purchase of shares of subsidiaries from non-controlling interests	—	(61,571)
Capital contribution from holders of non-controlling interests	6	7
Refunds of contribution to holders of non-controlling interests	(17)	—
Dividends paid to non-controlling interests	(2,564)	(2,213)
Repayments of lease liabilities	(8,229)	(8,707)
Other	(3)	(3)
Net cash provided by (used in) financing activities	4,245	4,751
Increase (decrease) in cash and cash equivalents, net	9,080	(12,228)
Cash and cash equivalents at the beginning of the year	81,045	91,420
Effect of exchange rate changes on cash and cash equivalents	1,295	270
Cash and cash equivalents at the end of the year	91,420	79,462

(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, 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 operating 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.

II. Fiscal year from April 1, 2022 to March 31, 2023

(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	282,513	340,448	193,393	81,344	897,700	13,707	–	911,408
Inter-segment	559	2	97	14	673	236	(910)	–
Total revenues	283,072	340,450	193,491	81,359	898,374	13,944	(910)	911,408
Operating profit (loss)	20,331	4,063	12,339	1,485	38,219	662	13	38,896
Segment profit (loss)	8,776	2,192	6,694	803	18,467	219	(111)	18,575
Other profit or loss:								
Depreciation and amortization	7,221	2,060	2,939	1,235	13,456	340	(17)	13,778
Share of profit (loss) of investments accounted for using the equity method	(506)	(9)	(296)	–	(812)	290	–	(521)
Segment assets	232,145	171,901	161,977	62,138	628,163	12,577	36,847	677,588
Other assets:								
Investments accounted for using the equity method	4,070	2,063	10,358	–	16,491	3,459	(3)	19,947
Capital expenditures (Note 3)	1,872	508	907	1,023	4,311	52	1,970	6,335

(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 ¥13 million for operating profit (loss) includes an inter-segment elimination of ¥13 million.
- (2) The adjustment of -¥111 million for segment profit (loss) includes an inter-segment elimination of -¥1 million and corporate expenses that are not allocated to any particular segment of -¥110 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 ¥36,847 million includes inter-segment elimination of -¥8,982 million and Group assets of ¥45,829 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 -¥17 million includes inter-segment elimination of -¥17 million.
- (5) Adjustment for investments accounted for using the equity method amounting to -¥3 million includes intersegment elimination of -¥3 million.
- (6) Adjustment for capital expenditure amounting to ¥1,970 million includes inter-segment elimination of -¥12 million and Group assets of ¥1,983 million that have not been distributed to reportable segments. These Group assets consist mainly of buildings and structures in relation to the relocation works of the Company’s head office.

(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, 2021 to March 31, 2022	Fiscal year from April 1, 2022 to March 31, 2023
Basic earnings per share (yen)	191.42	222.38
Diluted earnings per share (yen)	191.15	221.89

(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, 2021 to March 31, 2022	Fiscal year from April 1, 2022 to March 31, 2023
Profit attributable to owners of the parent (million yen)	15,986	18,575
Amount not attributable to common shareholders of the parent (million yen)	–	–
Profit used to calculate basic earnings per share (million yen)	15,986	18,575
Profit used to calculate diluted earnings per share (million yen)	15,986	18,575
Weighted average number of common shares (thousand shares)	83,514	83,533
Increase due to performance-linked stock compensation plan (thousand shares)	117	183
Weighted average number of shares adjusted for dilution (thousand shares)	83,631	83,717

(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 699,176 shares
Consolidated fiscal year under review 678,007 shares

(Capital transactions with non-controlling interests)

(1) Acquisition of additional shares of Kanematsu Electronics Ltd. (KEL)

During the consolidated fiscal year under review, the Company made a tender offer under the Financial Instruments and Exchange Act of Japan for the common stock of Kanematsu Electronics Ltd. (KEL), which was a consolidated subsidiary of the Company. As a result of the tender offer, the Company came to own 90.71% of KEL's shares as of March 20, 2023.

Subsequently, on March 31, 2023, the Company made a request to KEL's non-controlling interest to sell all of the shares they owned in KEL (9.29%) pursuant to Article 179, Paragraph 1 of the Companies Act of Japan. KEL's Board of Directors accepted this request as of the same date. Accordingly, the Company reported in its accounting records that it owned a 100% equity in KEL as of the end of the consolidated fiscal year under review.

An outline of the transaction with the non-controlling interest described above is as follows.

	Fiscal year from April 1, 2022 to March 31, 2023
Payment made (million yen)	74,088
Decrease in non-controlling interests (million yen)	(27,519)
Decrease in capital surplus (million yen)	(46,568)

(Note) 1. The payment made does not include transaction costs. In addition, of the figure stated as the payment made, ¥16,482 million was unpaid as of the end of the consolidated fiscal year under review and therefore posted in "Other financial liabilities" on the consolidated statement of financial position.

2. A transfer from retained earnings was made to eliminate the negative amount of capital surplus arising from this transaction.

(2) Acquisition of additional shares of Kanematsu Sustech Corporation (KSU)

During the consolidated fiscal year under review, the Company made a tender offer under the Financial Instruments and Exchange Act of Japan for the common stock of Kanematsu Sustech Corporation (KSU), which was a consolidated subsidiary of the Company. As a result of the tender offer, the Company came to own 89.86% of KSU's shares as of March 20, 2023.

Due to the subsequent capital transaction with the non-controlling interest, non-controlling interests and capital surplus decreased. However, their amounts have no significance.

Based on the result of the above tender offer, the Company requested KSU to consolidate its shares pursuant to Article 180 of the Companies Act. The Company is currently in the process of taking procedures to acquire all shares of KSU and intends to execute its accounting treatment with KSU as its wholly owned subsidiary once the said procedures are completed.

(Significant subsequent events)

Not applicable.