

Supplementary Material of Consolidated Financial Results for the Fiscal Year Ended 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. This information is subject to change without notice and users are, therefore, advised to use this information and material, together with information obtained by other means, and to exercise their own judgment.

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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 a record profit before tax.

◇ Revenue	911.4 billion yen	18.7% up
◇ Operating profit	38.9 billion yen	32.5% up
◇ Profit before tax	35.7 billion yen	24.1% up
◇ Profit attributable to owners of the parent	18.6 billion yen	16.2% up

■ In the fiscal year ending March 31, 2024, profit attributable to owners of the parent is forecast to increase 26.5% year on year, to 23.5 billion yen, mainly thanks to the impact of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation becoming wholly owned subsidiaries of the Company.

1. Profit & loss statement

(Unit : billion yen)	As of March 31,	As of March 31,	Year-on-year		As of March 31, 2024	
	2022	2023	Change	Change(%)	Forecast	YoY Change(%)
Revenue	768.0	911.4	143.4	18.7%	960.0	5.3%
Gross profit	111.8	130.9	19.1	17.1%	-	-
Selling, general and administrative expenses	(85.1)	(96.3)	(11.2)	-	-	-
Other income (expenses)	2.6	4.3	1.7	62.6%	-	-
Operating profit	29.3	38.9	9.5	32.5%	40.5	4.0%
Interest income (expenses)	(1.5)	(3.4)	(1.9)	-	-	-
Dividend income	1.1	1.1	(0.1)	-	-	-
Other finance income (costs)	(1.6)	(0.3)	1.3	-	-	-
Finance income (costs)	(2.0)	(2.7)	(0.6)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	1.5	(0.5)	(2.0)	-	-	-
Profit before tax	28.8	35.7	6.9	24.1%	36.0	0.8%
Income tax expense	(8.2)	(11.0)	(2.8)	-	-	-
Profit for the period	20.6	24.7	4.1	20.2%	-	-
Profit attributable to owners of the parent	16.0	18.6	2.6	16.2%	23.5	26.5%
Earnings per share (yen)	191.42	222.38	30.96	16.2%	281.32	26.5%

【Revenue】

Increased year on year in all segments with a total revenue increase of 143.4billion yen.

【Operating profit】

Grew 9.5 billion yen driven by the Steel, Materials & Plant segment and the Electronics & Devices segment.

【Profit before tax】

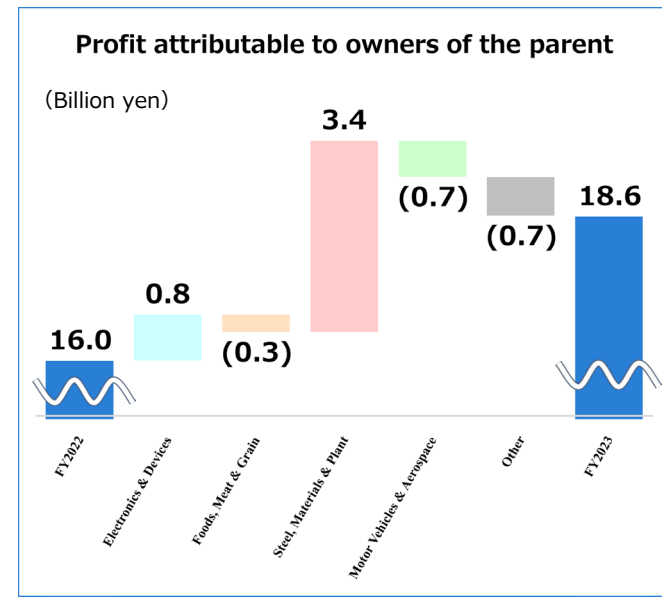
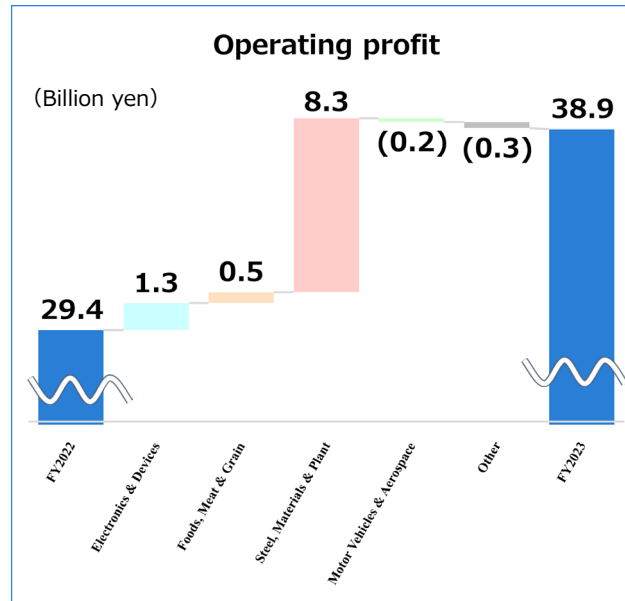
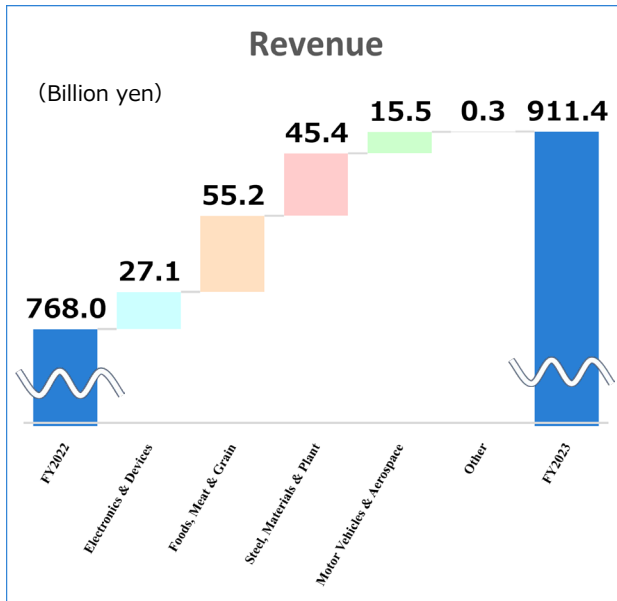
Increased 6.9 billion yen mainly due to a rise in operating profit.

【Profit attributable to owners of the parent】

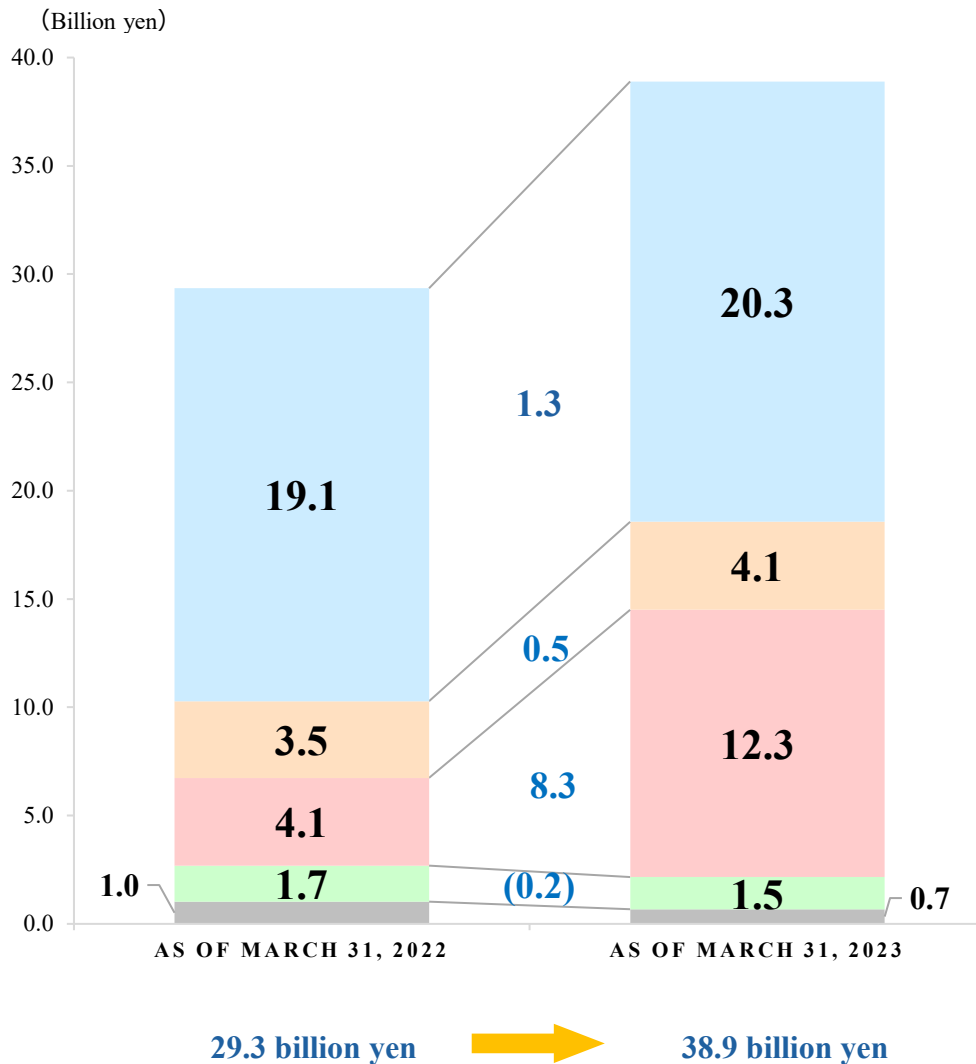
Increased 2.6 billion yen associated with a rise in profit before tax.

2. Segment information

(Unit: billion yen)	Revenue					Operating profit					Profit attributable to owners of the parent				
	As of March 31, 2022	As of March 31, 2023	Change	FY2024		As of March 31, 2022	As of March 31, 2023	Change	FY2024		As of March 31, 2022	As of March 31, 2023	Change	FY2024	
				Forecast	YoY Change				Forecast	YoY Change				Forecast	YoY Change
Electronics & Devices	255.5	282.5	27.1	290.0	3%	19.1	20.3	1.3	21.5	6%	7.9	8.8	0.8	14.1	61%
Foods, Meat & Grain	285.3	340.4	55.2	365.0	7%	3.5	4.1	0.5	6.9	70%	2.5	2.2	(0.3)	2.6	19%
Steel, Materials & Plant	148.0	193.4	45.4	200.0	3%	4.1	12.3	8.3	9.1	(26%)	3.3	6.7	3.4	4.9	(27%)
Motor Vehicles & Aerospace	65.8	81.3	15.5	90.0	11%	1.7	1.5	(0.2)	2.0	35%	1.5	0.8	(0.7)	1.2	49%
Total for reportable segments	754.6	897.7	143.1	945.0	5%	28.3	38.2	9.9	39.5	3%	15.2	18.5	3.3	22.8	23%
Other (including adjustment)	13.4	13.7	0.3	15.0	9%	1.0	0.7	(0.3)	1.0	48%	0.8	0.1	(0.7)	0.7	548%
Grand total	768.0	911.4	143.4	960.0	5%	29.3	38.9	9.5	40.5	4%	16.0	18.6	2.6	23.5	27%



3. Operating profit <Segment>



Causes of year-on-year increase/decrease

- 【Electronics & Devices】 1.3 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】 0.5 billion yen up**
 The feedstuff business performed well partly due to the improved profitability. The foods business saw solid transactions in products for the retail market. The meat products business was weak due to the market setbacks in meat products in general since the summer.
- 【Steel, Materials & Plant】 8.3 billion yen up**
 The steel tubing business also performed well on the back of an increase in energy investments in the U.S. and the rise in steel tubing prices. The energy business was strong mainly on the back of the rallying market conditions and ship fuel sales for ocean-going vessels. The machine tools and industry machinery business had solid results thanks to an increase in capital investment demand in Japan.
- 【Motor Vehicles & Aerospace】 0.2 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 are recovery trend.

4. Cash Flows and Financial Status

(Unit: billion yen)	As of March 31, 2022	As of March 31, 2023	Change
CF from operating activities	15.4	(0.3)	(15.7)
CF from investing activities	(10.5)	(16.7)	(6.1)
Free cash flows	4.8	(17.0)	(21.8)
CF from financing activities	4.2	4.8	0.5

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

CF from operating activities	8.2	8.7	0.5
CF from financing activities	(8.2)	(8.7)	(0.5)

【CF from operating activities】

Net cash used in operating activities was 0.3 billion yen, mainly reflecting an increase in operating funds such as inventory assets, while cash provided by the accumulation of operating revenue.

【CF from investing activities】

Net cash used in investing activities was 16.7 billion yen, due to business investments including the acquisition of subsidiaries.

【CF from financing activities】

Net cash provided by financing activities was 4.8 billion yen, mainly due to an increase in short-term borrowings including borrowings of the funds to purchase shares of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation through tender offers, while there were expenditures such as payments for the acquisition of additional shares of these subsidiaries.

(Unit: billion yen)	As of March 31, 2022	As of March 31, 2023	Change
Total assets	634.5	677.6	43.1
Gross interest-bearing debt (Note 1)	143.5	227.9	84.4
Net interest-bearing debt	51.2	147.9	96.7
Shareholders' equity (Note 2)	159.5	128.5	(31.0)
Retained earnings	89.3	80.5	(8.7)
Other components of equity	16.6	21.5	4.9

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

【Interest-bearing debt】

Net interest-bearing debt increased 96.7 billion yen mainly due to an increase in short-term borrowings for the tender offers the Company had made.

【Shareholders' equity】

Decreased 31.0 billion yen mainly due to a fall in capital surplus following the acquisition of additional shares of Kanematsu Electronics Ltd.

Equity ratio was 19.0%. Net debt-equity ratio stood at 1.15 times.

Equity ratio (Note 3)	25.1%	19.0%	6.1% down
Net debt-equity ratio (Note 4)	0.32 times	1.15 times	0.83 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】

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024 (forecast)
Annual dividend (yen per share)	60	60	65	75	90
Consolidated payout ratio	34.8%	37.6%	34.0%	33.7%	32.0%

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

