



KANEMATSU CORPORATION

Supplementary Material 1Q Earnings for FY2024

Disclaimer:
The forward-looking statements, including results forecasts, included in this material are based on information that Kanematsu Corporation (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. The Company does not assume any liability or responsibility for any loss or damage arising from use of this material. Since the figures shown are rounded off to the nearest 1 billion yen, the sum of each item and the total may differ.

1Q Earnings Summary for FY2024

- Posted a record operating profit.
- Recorded the second highest profit attributable to owners of the parent in history, although it was smaller than that of the same period of the previous year when a record first-quarter profit was posted mainly thanks to the rallying market conditions.
- Progress rate of profit attributable to owners of the parent against the full-year projection was 23%, making a solid start to the fiscal year.

1Q Earnings Result

(Unit: Bn JPY)	FY2023 1Q	FY2024 1Q	YoY	Growth Rate
Revenue	214.5	224.5	+10.0	+5%
Operating Profit	9.5	9.6	+0.1	+1%
Net Profit ¹⁾	6.3	5.4	(0.9)	△14%
CF from Operating Activities	5.1	1.1	(4.1)	
CF from Investing Activities	(2.7)	2.1	+4.9	
	End of Mar 2023	End of Jun 2023	QoQ	
Net Debt-Equity Ratio ²⁾	1.15x	1.11x	△0.04x	
Equity Ratio ³⁾	19.0%	19.7%	+0.7%	

Forecast

(Unit: Bn JPY)	FY2024 Forecast	1Q Progress
Revenue	960.0	23%
Operating Profit	40.5	24%
Net Profit ¹⁾	23.5	23%
ROE	17.2%	
Annual Dividend Per Share (in Yen)	90	
Dividend Payout Ratio	32.0%	

1) Net Profit = Profit attributable to owners of the parent

2) Net Debt-Equity Ratio = Net interest-bearing debt ÷ total equity attributable to owners of the parent

3) Equity Ratio = Shareholders' equity ÷ total assets

FY2024 1Q Earnings Result

(Unit: Bn JPY)	FY2023 1Q	FY2024 1Q	YoY	Growth Rate
Revenue	214.5	224.5	10.0	+5%
Gross Profit	29.6	31.2	1.6	+6%
Selling, General and Administrative Expenses	(22.2)	(24.8)	(2.6)	-
Other Income (Expenses)	2.1	3.2	1.1	-
Operating Profit	9.5	9.6	0.1	+1%
Interest Income (Expenses)	(0.6)	(1.3)	(0.7)	-
Dividend Income	0.6	0.8	0.3	-
Other Finance Income (Costs)	0.1	0.1	(0.0)	-
Finance Income (Costs)	0.1	(0.4)	(0.5)	-
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	(0.2)	(0.3)	(0.1)	-
Profit Before Tax	9.4	8.9	(0.5)	(5%)
Income Tax Expense	(2.3)	(2.8)	(0.6)	-
Profit for the Period	7.1	6.0	(1.0)	(15%)
Profit Attributable to Owners of the Parent	6.3	5.4	(0.9)	(14%)

■ Revenue

- Increased 10.0 billion yen year-on-year centered on the Steel, Materials & Plant segment and the Electronics & Devices segment.

■ Operating Profit

- Posted a record 9.6 billion yen profit.

■ Profit Before Tax

- Decreased 0.5 billion yen mainly due to an increase in interest expenses caused by the impact of a rise in borrowings and the higher interest rates.

■ Profit Attributable to Owners of the Parent

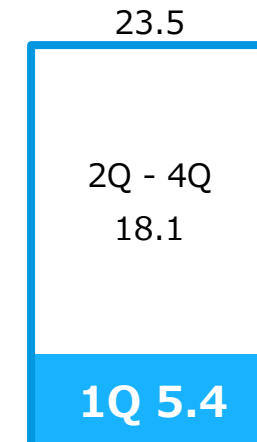
- See page 4 on net profit by segment.

FY2024 Forecast

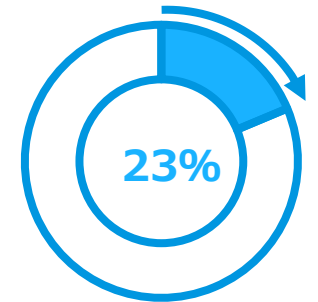
(Unit: Bn JPY)	FY2024 Forecast	Progress
Revenue	960.0	23%
Operating Profit	40.5	24%
Profit Before Tax	36.0	25%
Profit Attributable to Owners of the Parent	23.5	23%
Dividend Payout Ratio	32.0%	

Net Profit Forecast

(Unit: Bn JPY)



1Q Progress



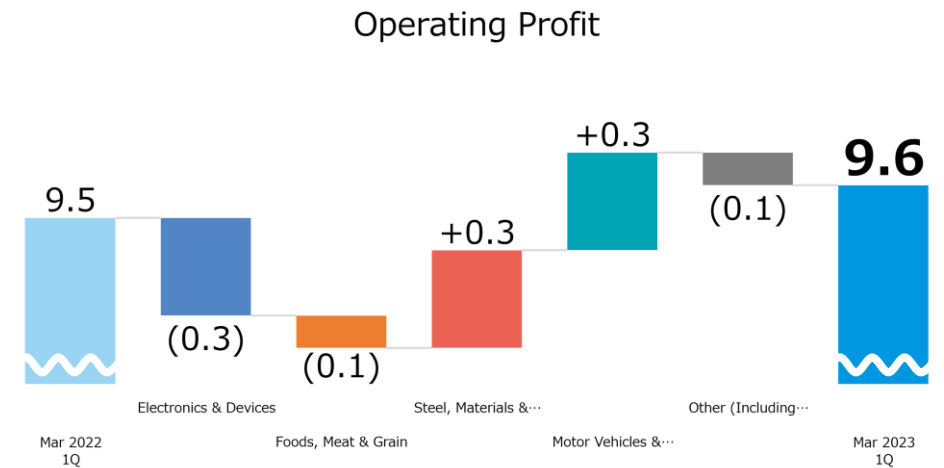
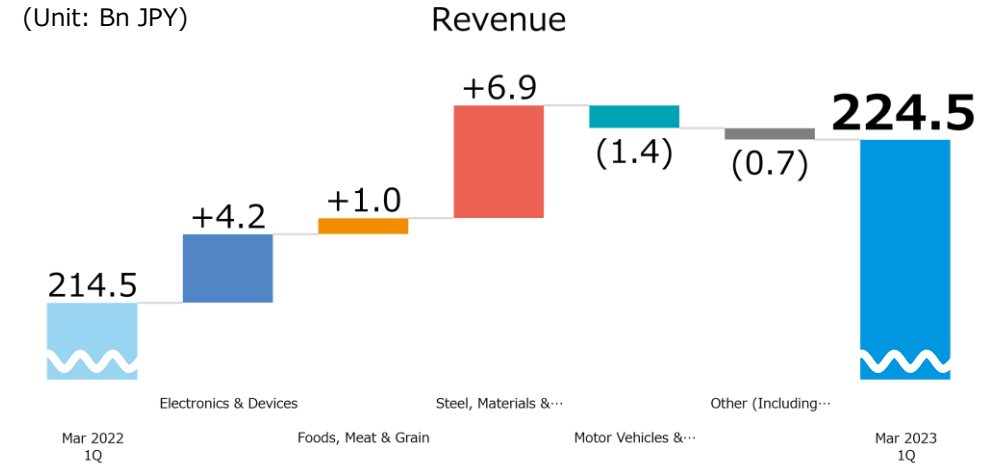
1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.
2) Net Profit = Profit attributable to owners of the parent

Segment Information

(Unit: Bn JPY)	FY2023 1Q	FY2024 1Q	YoY	Growth Rate	FY2024 Forecast	Progress
Electronics & Devices						
Revenue	59.5	63.8	+4.2	+7%	290.0	22%
Operating Profit	3.1	2.8	(0.3)	(11%)	21.5	13%
Net Profit ²⁾	1.7	1.6	(0.1)	(4%)	14.1	12%
Foods, Meat & Grain						
Revenue	82.8	83.8	+1.0	+1%	365.0	23%
Operating Profit	3.2	3.1	(0.1)	(2%)	6.9	45%
Net Profit ²⁾	2.6	1.7	(0.9)	(33%)	2.6	66%
Steel, Materials & Plant						
Revenue	44.8	51.7	+6.9	+15%	200.0	26%
Operating Profit	2.3	2.6	+0.4	+17%	9.1	29%
Net Profit ²⁾	1.3	1.2	(0.2)	(14%)	4.9	24%
Motor Vehicles & Aerospace						
Revenue	23.6	22.2	(1.4)	(6%)	90.0	25%
Operating Profit	0.6	0.8	+0.2	+32%	2.0	42%
Net Profit ²⁾	0.5	0.7	+0.2	+45%	1.2	58%
Other (Including Adjustment)						
Revenue	3.7	3.0	(0.7)	(19%)	15.0	20%
Operating Profit	0.3	0.2	(0.1)	(26%)	1.0	20%
Net Profit ²⁾	0.3	0.2	(0.0)	(6%)	0.7	34%
Total						
Revenue	214.5	224.5	+10.0	+5%	960.0	23%
Operating Profit	9.5	9.6	+0.1	+1%	40.5	24%
Net Profit ²⁾	6.3	5.4	(0.9)	(14%)	23.5	23%

1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.

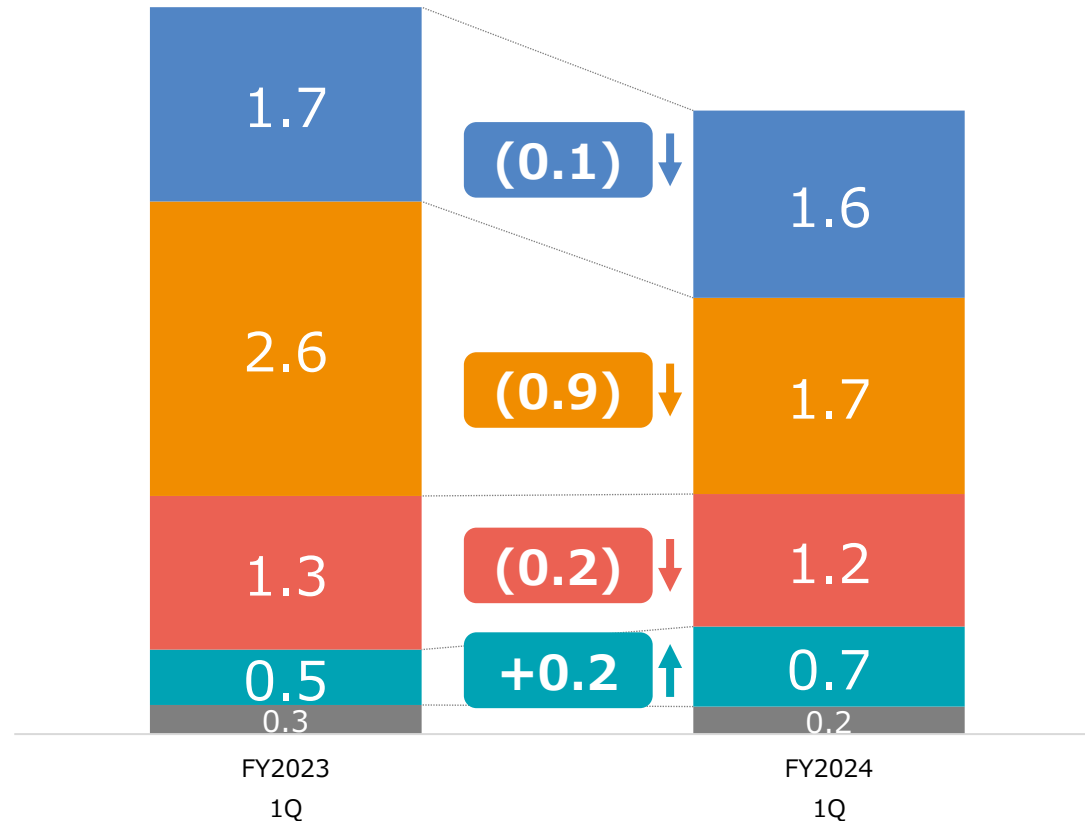
2) Net Profit = Profit attributable to owners of the parent



Profit Attributable to Owners of the Parent

(Unit: Bn JPY)

- Electronics & Devices
- Foods, Meat & Grain
- Steel, Materials & Plant
- Motor Vehicles & Aerospace
- Other (Including Adjustment)



1) Net Profit = Profit attributable to owners of the parent

Electronics & Devices (0.1) Bn

- **ICT Solutions:** Network and security related transactions were solid against the background of the growing demands for security measures and DX.
- **Mobile:** Decreased year-on-year mainly due to a drop in mobile phone sales and the upfront cost of branch restructuring.
- **Electronic Components & Materials:** Fell year on year due to stagnant demand for electronic components and materials for smartphones, panels, and displays.

Foods, Meat & Grain (0.9) Bn

- **Meat Products:** Decreased compared to the same period last year when a strong performance was recorded, mainly due to the impact of higher market prices in overseas and weaker yen.
- **Grain, Oilseeds & Feedstuff:** Major grain prices remained weak, and profits decreased compared to the same period of the previous year, which performed well.

Steel, Materials & Plant (0.2) Bn

- **Steel Tubing:** Sales in North America was strong due to solid demand for energy.
- **Steel:** Overseas trade of specialty steels remained solid.
- **Machine Tools & Industrial Machinery:** Decreased year-on-year due to the delays in delivery of machine tools caused by semiconductor shortages.
- **Chemicals:** While export trades were strong, import trades were affected by the weaker yen, resulting a decrease in profit compared to the same period of the previous year, which performed strong.

Motor Vehicles & Aerospace +0.2 Bn

- **Aerospace:** Increased year-on-year due to a growth in sales of aircraft-related parts.
- **Motor Vehicles & Parts:** Increased year-on-year due to the improved market conditions.

■ Cash Flows from Operating Activities

- Net cash provided by operating activities was **1.1 billion yen** mainly due to the accumulation of operating revenue.

■ Cash Flows from Investing Activities

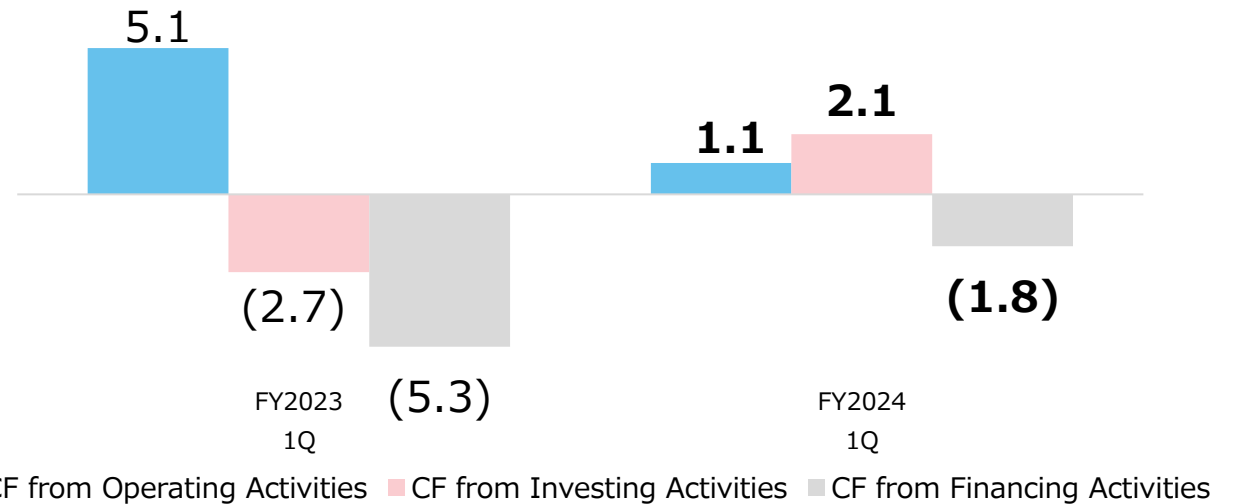
- Net cash provided by investing activities was **2.1 billion yen** mainly due to the sale of property, plant and equipment.

■ Cash Flows from Financing Activities

- Net cash used in financing activities was **1.8 billion yen** mainly due to dividends paid and the repayment of lease liabilities, although cash was provided through an increase in long-term debt.

(Unit: Bn JPY)

	FY2023 1Q	FY2024 1Q	YoY
CF from Operating Activities	5.1	1.1	(4.1)
CF from Investing Activities	(2.7)	2.1	+4.9
Free Cash Flows	2.4	3.2	+0.8
CF from Financing Activities	(5.3)	(1.8)	+3.5



■ Total Assets

- **Increased 17.9 billion yen** mainly due to the rallying commodity prices and an increase in inventory assets following the depreciation of the yen.

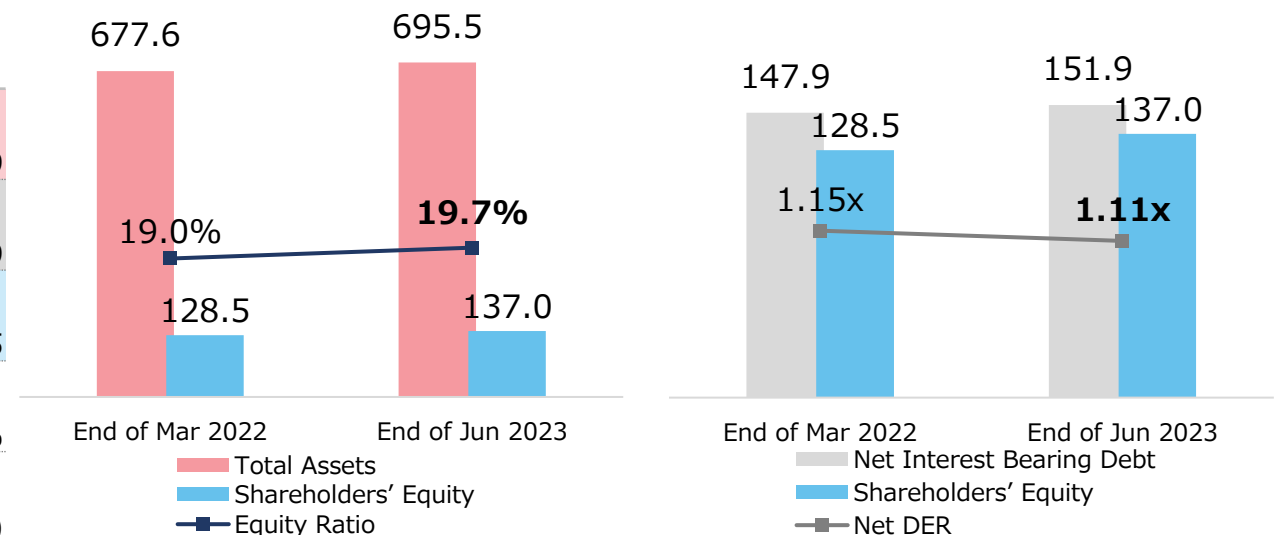
■ Interest-bearing Debt

- Net interest-bearing debt **increased 3.9 billion yen** mainly due to an increase in long-term borrowings.

■ Shareholders' Equity

- **Increased 8.5 billion yen** mainly due to the accumulation of profit attributable to owners of the parent and an increase in other components of equity following the depreciation of the yen.
- The equity ratio was **19.7%**. The net debt-equity ratio (net DER) was **1.11x**.

(Unit: Bn JPY)	End of Mar 2022	End of Jun 2023	QoQ
Total Assets	677.6	695.5	+17.9
Net Interest-bearing Debt	147.9	151.9	+3.9
Shareholders' Equity ¹⁾	128.5	137.0	+8.5
Equity Ratio ²⁾	19.0%	19.7%	+0.7%
Net DER ³⁾	1.15x	1.11x	(0.04x)



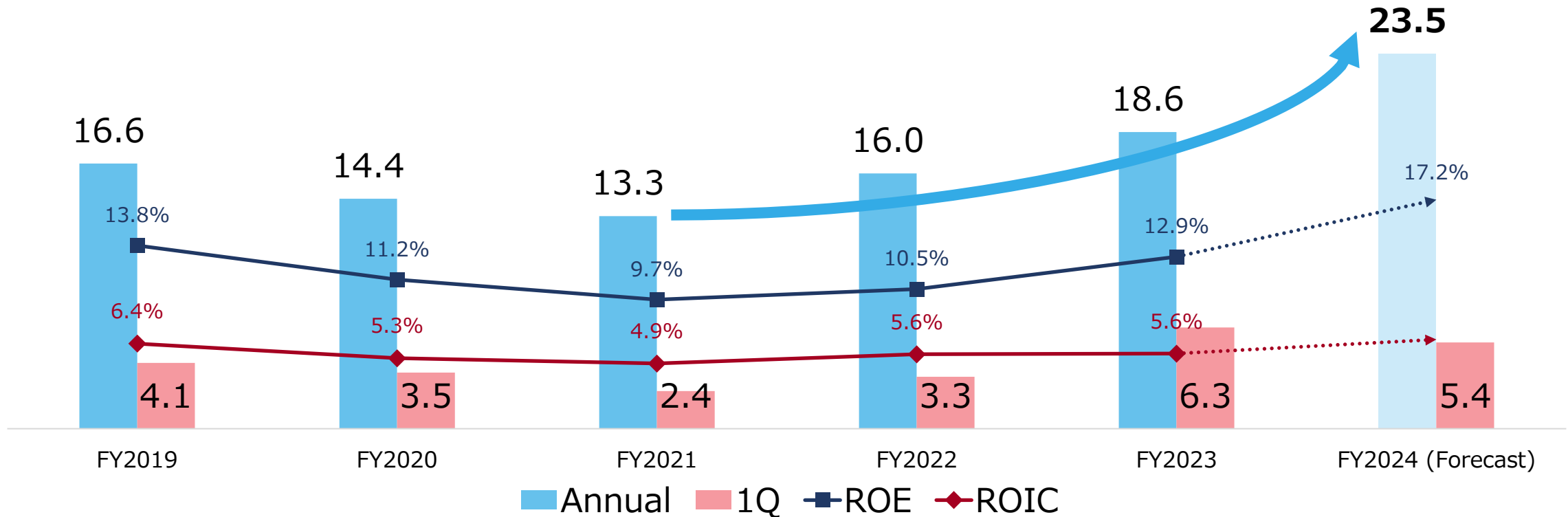
1) Shareholders' Equity = Total equity attribute to owners of the parent

2) Net Debt-Equity Ratio = Net interest-bearing debt ÷ total equity attributable to owners of the parent

3) Equity Ratio = Shareholders' equity ÷ total assets

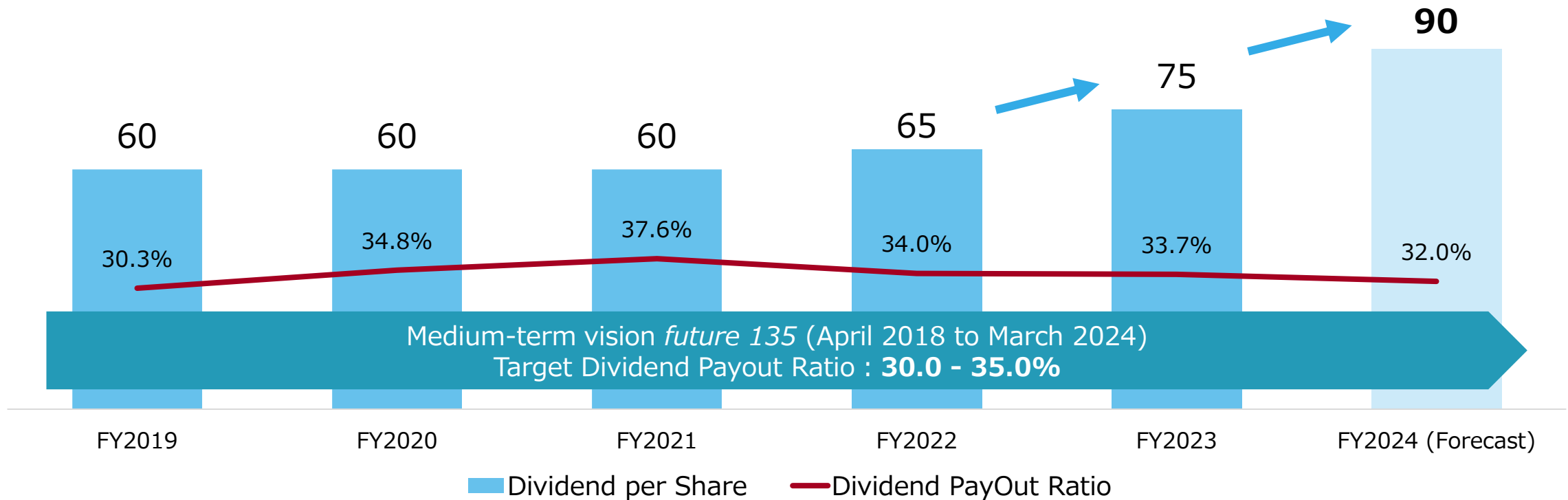
- Profit attributable to owners of the parent is projected to exceed the target 20 billion yen in the current fiscal year, which is the final year of the medium-term vision *future 135*.

Profit Attributable to Owners of the Parent



1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.
 2) Net Profit = Profit attributable to owners of the parent

- **The basic policy is to provide continuous and stable dividends.**
- The target dividend payout ratio is set at **30-35%** under the medium-term vision *future 135*.





KANEMATSU CORPORATION