



# KANEMATSU CORPORATION

## Supplementary Material 2Q Earnings for FY2024

Disclaimer:

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# 2Q Earnings Summary for FY2024

- Both revenue and profit increased year on year, breaking the past April-September profit record.
- Progress rate of profit attributable to owners of the parent against the full-year projection was 53%, progressing well.

## 2Q Earnings Result

(Unit: Bn JPY)	FY2023 2Q	FY2024 2Q	YoY	Growth Rate
Revenue	449.5	474.1	+24.7	+6%
Operating Profit	22.1	22.4	+0.4	+2%
Net Profit <sup>1)</sup>	12.2	12.3	+0.1	+1%
CF from Operating Activities	(1.8)	1.8	+3.6	
CF from Investing Activities	(5.5)	(1.8)	+3.7	
	End of Mar 2023	End of Sep 2023	Increase/ Decrease	
Net Debt-Equity Ratio <sup>2)</sup>	1.15x	1.19x	+0.04x	
Equity Ratio <sup>3)</sup>	19.0%	20.9%	+1.9%	

## Forecast

(Unit: Bn JPY)	FY2024 Forecast	2Q Progress
Revenue	960.0	49%
Operating Profit	40.5	55%
Net Profit <sup>1)</sup>	23.5	53%
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 2Q Earnings Result

(Unit: Bn JPY)	FY2023 2Q	FY2024 2Q	YoY	Growth Rate
<b>Revenue</b>	<b>449.5</b>	<b>474.1</b>	<b>24.7</b>	<b>+6%</b>
Gross Profit	62.1	68.4	6.3	+10%
Selling, General and Administrative Expenses	(45.3)	(50.9)	(5.6)	-
Other Income (Expenses)	5.3	5.0	(0.3)	-
<b>Operating Profit</b>	<b>22.1</b>	<b>22.4</b>	<b>0.4</b>	<b>+2%</b>
Interest Income (Expenses)	(1.4)	(2.6)	(1.2)	-
Dividend Income	0.6	0.9	0.3	-
Other Finance Income (Costs)	0.2	0.1	(0.2)	-
Finance Income (Costs)	(0.6)	(1.6)	(1.1)	-
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	(0.1)	(0.4)	(0.3)	-
<b>Profit Before Tax</b>	<b>21.4</b>	<b>20.4</b>	<b>(1.0)</b>	<b>(5%)</b>
Income Tax Expense	(6.5)	(6.9)	(0.4)	-
Profit for the Period	14.9	13.5	(1.5)	(10%)
<b>Profit Attributable to Owners of the Parent</b>	<b>12.2</b>	<b>12.3</b>	<b>0.1</b>	<b>+1%</b>

### ■ Revenue

- Increased 24.7 billion yen year on year centered on the Steel, Materials & Plant segment and the Electronics & Devices segment.

### ■ Operating Profit

- Posted a record high 22.4-billion-yen profit.

### ■ Profit Before Tax

- Decreased 1.0 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	<b>960.0</b>	49%
Operating Profit	<b>40.5</b>	55%
Profit Before Tax	<b>36.0</b>	57%
Profit Attributable to Owners of the Parent	<b>23.5</b>	53%
Dividend Payout Ratio	<b>32.0%</b>	

## Net Profit Forecast

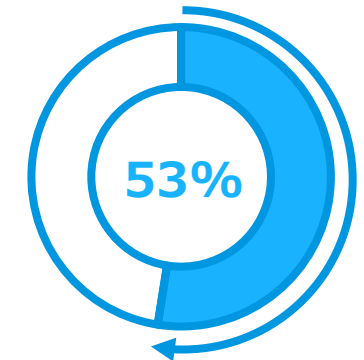
### Annual Forecast

23.5

3Q~4Q  
11.2

2Q  
12.3

### 2Q Progress



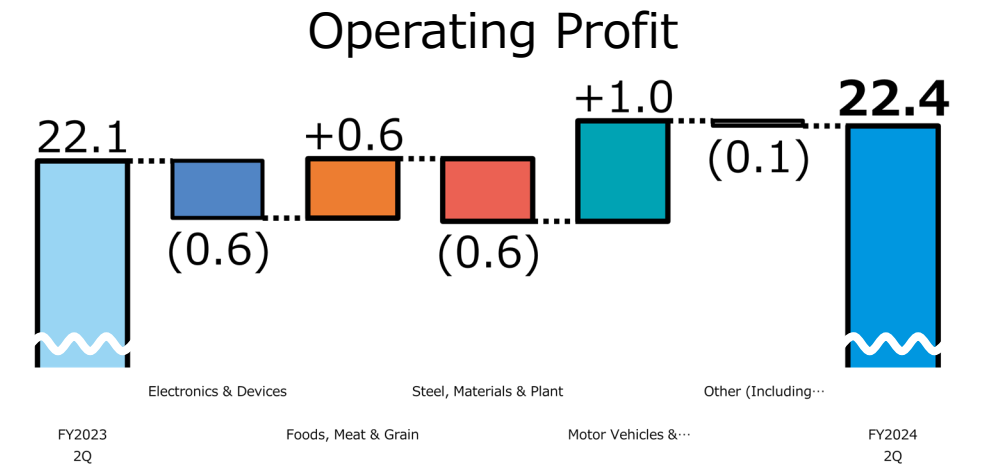
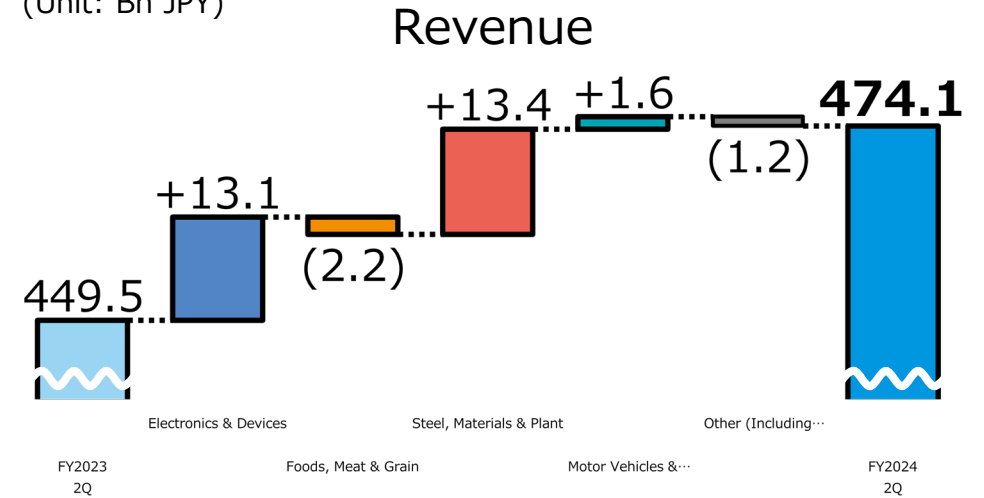
1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.

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

# Segment Information

(Unit: Bn JPY)	FY2023 2Q	FY2024 2Q	YoY	Growth Rate	FY2024 Forecast	Progress
<b>Electronics &amp; Devices</b>						
Revenue	134.5	147.6	+13.1	+10%	290.0	51%
Operating Profit	10.4	9.8	(0.6)	(6%)	21.5	46%
Net Profit <sup>2)</sup>	4.7	6.2	+1.5	+33%	14.1	44%
<b>Foods, Meat &amp; Grain</b>						
Revenue	172.8	170.6	(2.2)	(1%)	365.0	47%
Operating Profit	4.7	5.3	+0.6	+13%	6.9	77%
Net Profit <sup>2)</sup>	3.3	2.5	(0.8)	(25%)	2.6	97%
<b>Steel, Materials &amp; Plant</b>						
Revenue	92.2	105.6	+13.4	+15%	200.0	53%
Operating Profit	5.7	5.1	(0.6)	(11%)	9.1	56%
Net Profit <sup>2)</sup>	3.3	2.1	(1.2)	(36%)	4.9	43%
<b>Motor Vehicles &amp; Aerospace</b>						
Revenue	42.7	44.2	+1.6	+4%	90.0	49%
Operating Profit	0.7	1.7	+1.0	+150%	2.0	85%
Net Profit <sup>2)</sup>	0.5	1.1	+0.6	+128%	1.2	93%
<b>Other(Including Adjustment)</b>						
Revenue	7.3	6.1	(1.2)	(16%)	15.0	41%
Operating Profit	0.5	0.4	(0.1)	(10%)	1.0	45%
Net Profit <sup>2)</sup>	0.4	0.4	+0.0	+1%	0.7	56%
<b>Total</b>						
Revenue	449.5	474.1	+24.7	+6%	960.0	49%
Operating Profit	22.1	22.4	+0.4	+2%	40.5	55%
Net Profit <sup>2)</sup>	12.2	12.3	+0.1	+1%	23.5	53%

(Unit: Bn JPY)



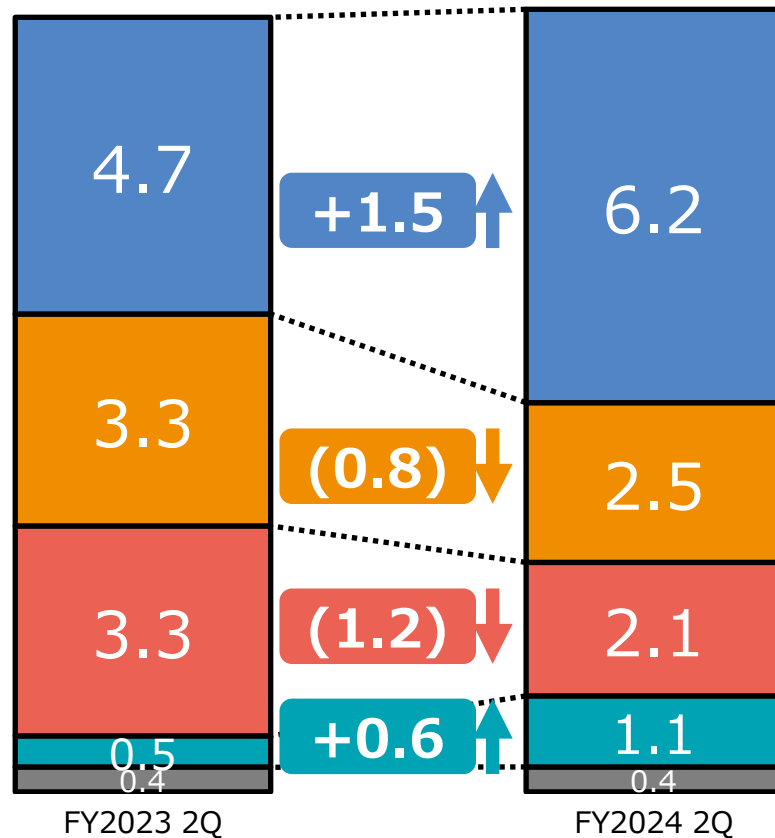
1) Assumptions for the forecast: Exchange rate 1USD = 135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.

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

## Profit Attributable to Owners of the Parent

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

(Unit: Bn JPY)



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

## Electronics & Devices

**+1.5 Bn**

- **ICT Solutions:** Increased mainly due to the impact of the acquisition of all the shares of Kanematsu Electronics and solid network and security related transactions against the background of the growing demands for security measures and DX.
- **Mobile:** Increased year on year mainly thanks to branch restructuring.

## Foods, Meat & Grain

**(0.8) 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

**(1.2) Bn**

- **Steel Tubing:** Increased on the back of strong transactions in North America due to solid demand for energy.
- **Energy:** Decreased from the same period of the previous year when a strong performance was recorded, due to the falling domestic demand.
- **Machine Tools & Industrial Machinery:** Decreased from the same period of the previous year due to the rising purchase cost and selling, general and administrative expenses.

## Motor Vehicles & Aerospace

**+0.6 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 **1.8 billion yen** mainly due to the accumulation of operating revenue.

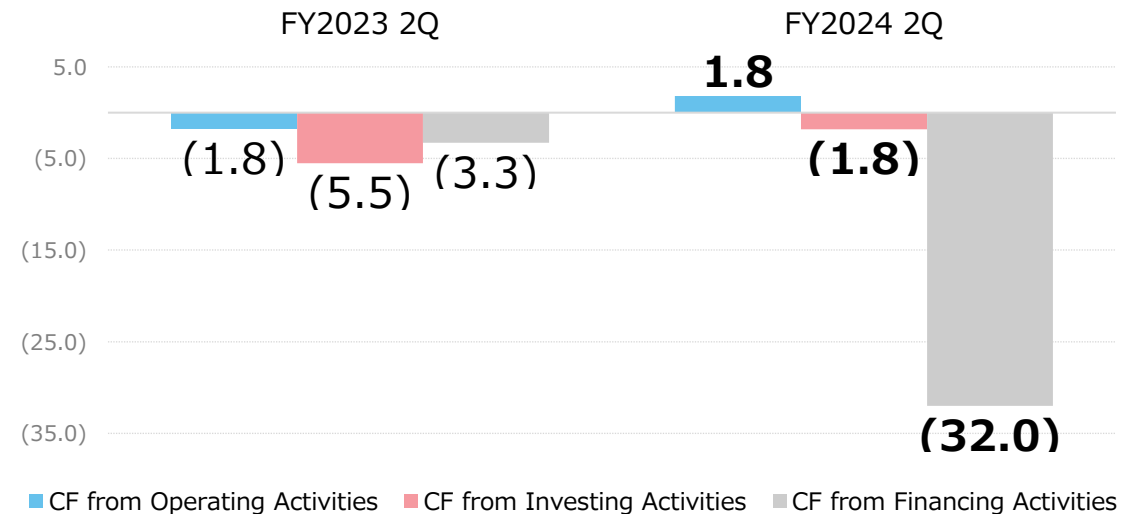
## ■ Cash Flows from Investing Activities

- Net cash used in investing activities was **1.8 billion yen** mainly due to investments in new businesses, although cash was provided mainly through the sale of plant, property and equipment.

## ■ Cash Flows from Financing Activities

- Net cash used in financing activities was **32.0 billion yen** mainly due to the repayment of short-term borrowings obtained for the TOB of Kanematsu Electronics Ltd. and payments to acquire its shares to make the company a wholly owned subsidiary.

(Unit: Bn JPY)	FY2023 2Q	FY2024 2Q	YoY
CF from Operating Activities	(1.8)	1.8	+3.6
CF from Investing Activities	(5.5)	(1.8)	+3.7
Free Cash Flows	(7.3)	(0.0)	+7.3
CF from Financing Activities	(3.3)	(32.0)	(28.7)



## ■ Total Assets

- **Increased 25.8 billion yen** mainly due to increases in trade receivables and inventory assets reflecting the rallying commodity prices and the depreciation of the yen.

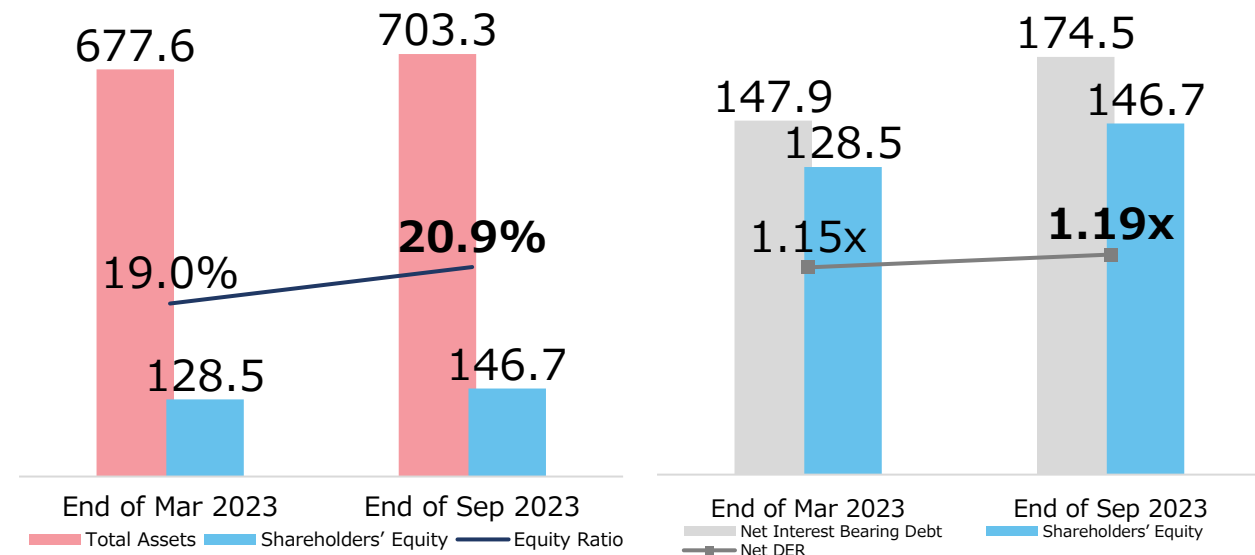
## ■ Net Interest-bearing Debt

- Net interest-bearing debt **increased 26.6 billion yen** mainly due to payments to purchase shares of a company acquired through a TOB to make it a wholly owned subsidiary and an increase in operating capital.

## ■ Shareholders' Equity

- **Increased 18.2 billion yen** mainly due to the accumulation of profit attributable to owners of the parent and increases 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 2023	End of Sep 2023	Increase/Decrease
Total Assets	677.6	703.3	+25.8
Net Interest-bearing Debt	147.9	174.5	+26.6
Shareholders' Equity <sup>1)</sup>	128.5	146.7	+18.2
Equity Ratio <sup>2)</sup>	19.0%	20.9%	+1.9%
Net DER <sup>3)</sup>	1.15x	1.19x	+0.04x
PBR	1.08x	1.19x	+0.11x



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

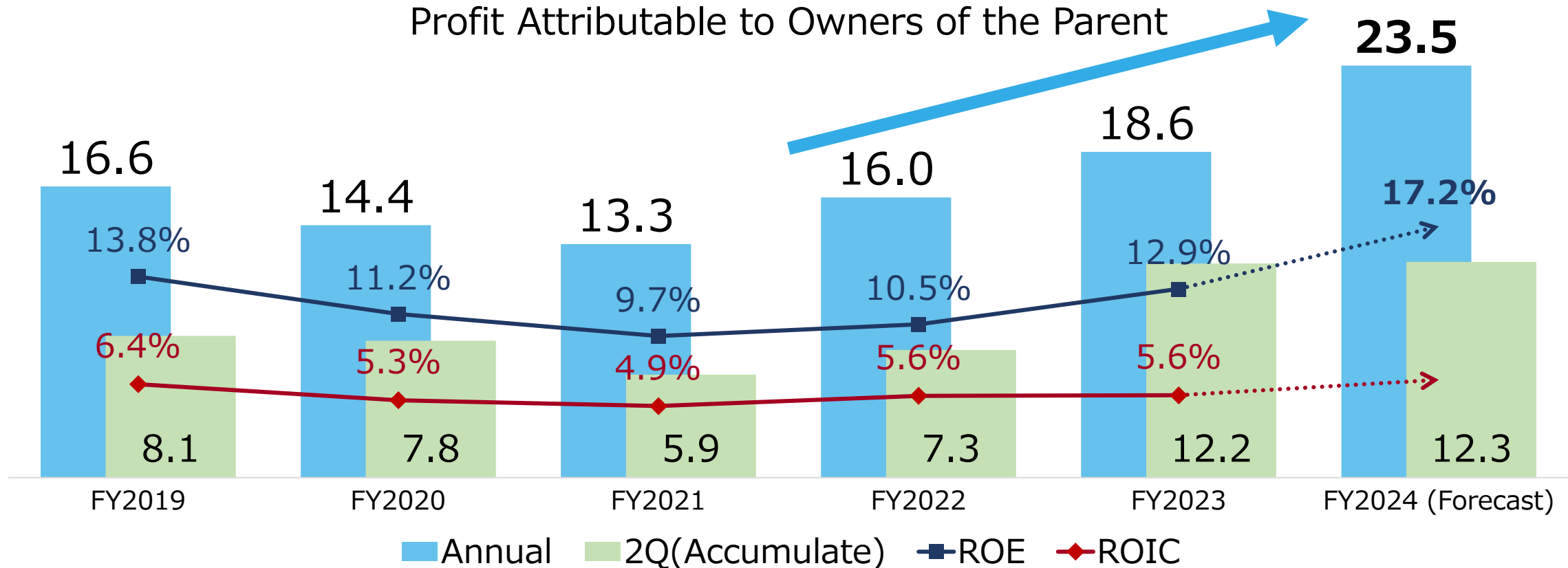
2) Net Debt-Equity Ratio = Net interest-bearing debt ÷ total equity attributable to owners of the parent

3) Equity Ratio = Shareholders' equity ÷ total assets

4) PBR = 期末時点の時価総額 (期末株価 × 発行済み株式数) ÷ 自己資本

- 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*.

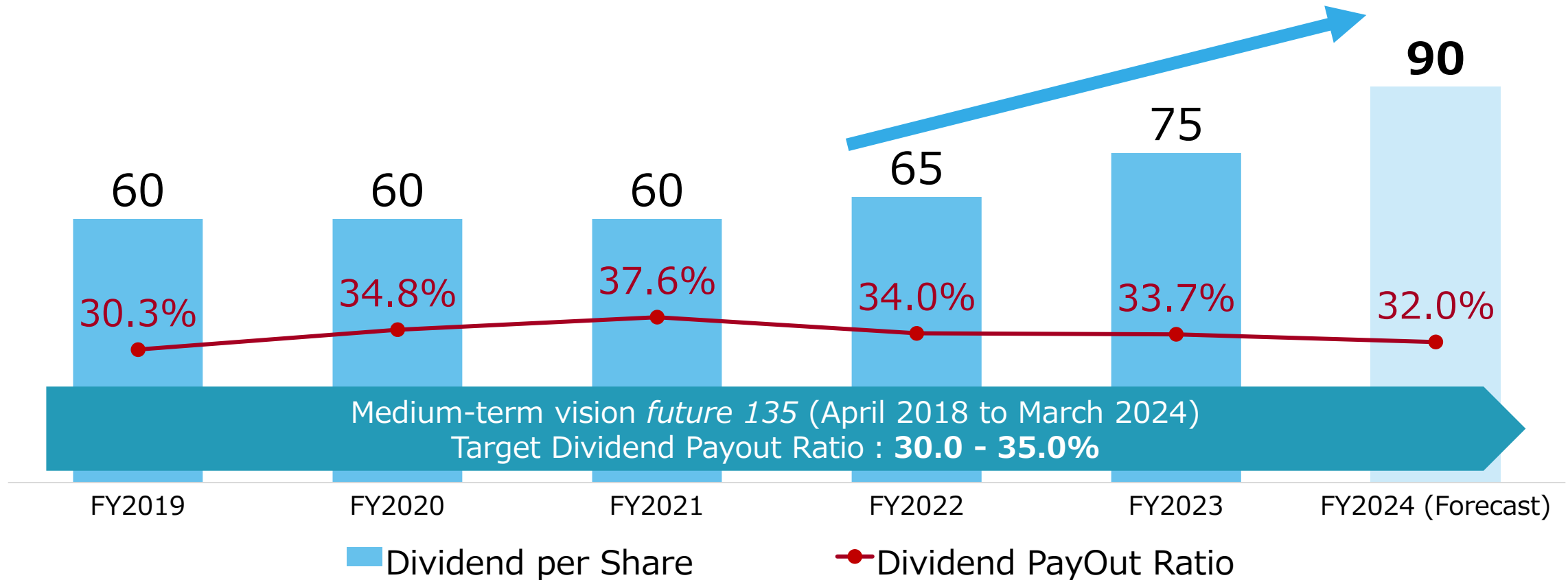
Profit Attributable to Owners of the Parent



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 of total return ratio is set at **30-35%** under the medium-term vision *future 135*.





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