



# KANEMATSU CORPORATION

## Supplementary Material 3Q 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.

# 3Q Earnings Summary for FY2024

- Both revenue and profit increased from the same period in the previous fiscal year.
- Operating profit reached a record high.
- Progress rate of profit attributable to owners of the parent against the full-year projection was 70%, progressing well.

## 3Q Earnings Result

(Unit: Bn JPY)	FY2023 3Q	FY2024 3Q	YoY	Growth Rate
Revenue	677.7	726.0	+48.3	+7%
Operating Profit	29.6	33.1	+3.5	+12%
Net Profit <sup>1)</sup>	15.5	16.6	+1.0	+7%
CF from Operating Activities	(12.5)	12.0	+24.5	
CF from Investing Activities	(14.2)	(7.6)	+6.5	
	End of Mar 2023	End of Dec 2023	Increase/ Decrease	
Net Debt-Equity Ratio <sup>2)</sup>	1.15x	1.22x	+0.07x	
Equity Ratio <sup>3)</sup>	19.0%	20.5%	+1.5%	

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

## Forecast

(Unit: Bn JPY)	FY2024 Forecast (Revised)	3Q Progress
Revenue	960.0	76%
Operating Profit	42.5	78%
Net Profit <sup>1)</sup>	23.5	70%
ROE	17.2%	
Annual Dividend Per Share	90 yen	
Dividend Payout Ratio	32.0%	

• Operating profit has been revised upward from 40.5 billion yen to 42.5 billion yen based on progress.

• Net Profit remains unchanged mainly due to impairment losses related to equity method investments.

## FY2024 3Q Earnings Result

(Unit: Bn JPY)	FY2023 3Q	FY2024 3Q	YoY	Growth Rate
<b>Revenue</b>	<b>677.7</b>	<b>726.0</b>	<b>48.3</b>	+7%
Gross Profit	92.9	103.6	10.8	+12%
Selling, General and Administrative Expenses	(69.4)	(77.6)	(8.2)	-
Other Income (Expenses)	6.2	7.1	0.9	-
<b>Operating Profit</b>	<b>29.6</b>	<b>33.1</b>	<b>3.5</b>	+12%
Interest Income (Expenses)	(2.4)	(3.8)	(1.4)	-
Dividend Income	0.9	1.2	0.3	-
Other Finance Income (Costs)	0.3	(0.1)	(0.5)	-
Finance Income (Costs)	(1.2)	(2.7)	(1.6)	-
Share of Profit (Loss) of Investments Accounted for Using the Equity Method, and Impairment loss on equity method investments	(0.1)	(2.5)	(2.4)	-
<b>Profit Before Tax</b>	<b>28.4</b>	<b>27.9</b>	<b>(0.5)</b>	(2%)
Income Tax Expense	(8.9)	(9.9)	(1.0)	-
Profit for the Period	19.5	18.0	(1.6)	(8%)
<b>Profit Attributable to Owners of the Parent</b>	<b>15.5</b>	<b>16.6</b>	<b>1.0</b>	+7%

### ■ Revenue

- Increased 48.3 billion yen year on year centered on the Electronics & Devices segment and Steel, Materials & Plant segment.

### ■ Operating Profit

- Posted 33.1 billion yen, achieving a record high of the first nine months of a fiscal year.

### ■ Profit Before Tax

- Decreased 0.5 billion yen mainly due to an increase in interest expenses and impairment loss on equity method investments.

### ■ Profit Attributable to Owners of the Parent

- See page 4 on net profit by segment.

## FY2024 Forecast

(Unit: Bn JPY)	FY2024 Forecast (Revised)	Progress
Revenue	<b>960.0</b>	76%
Operating Profit	<b>42.5</b>	78%
Profit Before Tax	<b>36.0</b>	78%
Profit Attributable to Owners of the Parent	<b>23.5</b>	70%

Dividend Payout Ratio **32.0%**

### Net Profit Forecast

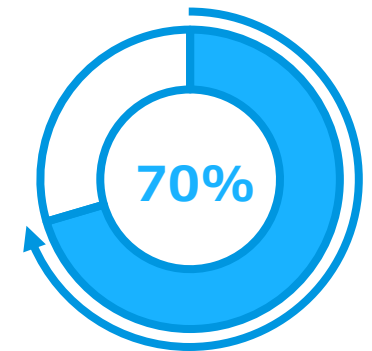
Annual Forecast

23.5

4Q  
6.9

1-3Q  
16.6

3Q Progress

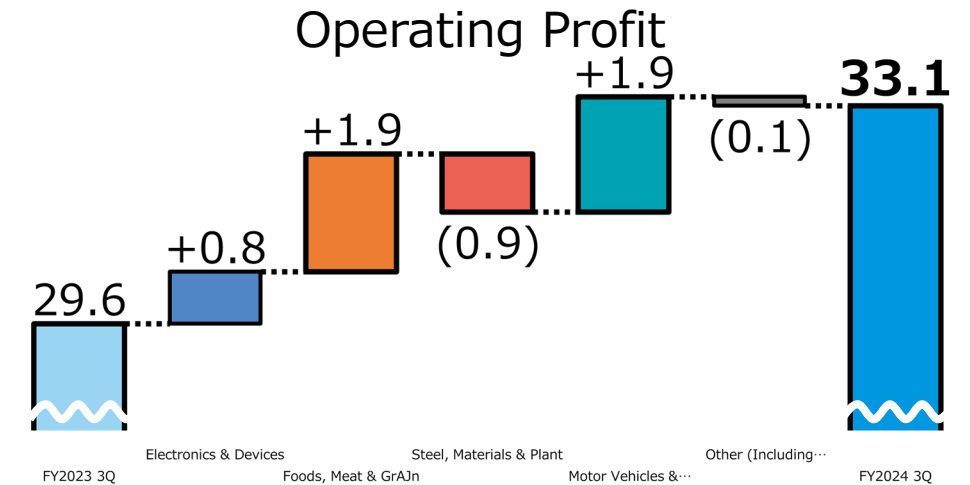
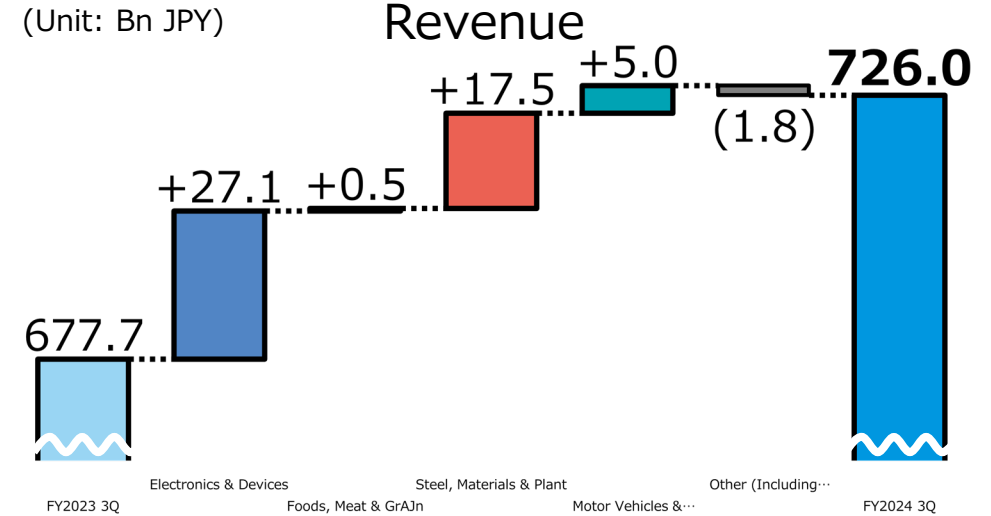


1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.

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

# Segment Information

(Unit: Bn JPY)	FY2023 3Q	FY2024 3Q	YoY	Growth Rate	FY2024 Forecast (Revised)	Progress
<b>Electronics &amp; Devices</b>						
Revenue	203.4	230.5	+27.1	+13%	290.0	79%
Operating Profit	13.4	14.2	+0.8	+6%	21.5	66%
Net Profit <sup>2)</sup>	5.6	9.0	+3.3	+59%	14.1	64%
<b>Foods, Meat &amp; Grain</b>						
Revenue	257.8	258.3	+0.5	+0%	365.0	71%
Operating Profit	5.5	7.4	+1.9	+35%	7.3	101%
Net Profit <sup>2)</sup>	3.6	3.6	(0.0)	(0%)	3.6	100%
<b>Steel, Materials &amp; Plant</b>						
Revenue	142.5	160.0	+17.5	+12%	200.0	80%
Operating Profit	9.2	8.3	(0.9)	(10%)	10.3	81%
Net Profit <sup>2)</sup>	5.3	1.8	(3.5)	(66%)	3.4	53%
<b>Motor Vehicles &amp; Aerospace</b>						
Revenue	63.2	68.2	+5.0	+8%	90.0	76%
Operating Profit	0.8	2.7	+1.9	+230%	2.6	102%
Net Profit <sup>2)</sup>	0.6	1.5	+0.9	+136%	1.7	89%
<b>Other(Including Adjustment)</b>						
Revenue	10.9	9.1	(1.8)	(16%)	15.0	61%
Operating Profit	0.7	0.6	(0.1)	(19%)	0.8	75%
Net Profit <sup>2)</sup>	0.3	0.6	+0.3	+114%	0.7	92%
<b>Total</b>						
Revenue	677.7	726.0	+48.3	+7%	960.0	76%
Operating Profit	29.6	33.1	+3.5	+12%	42.5	78%
Net Profit <sup>2)</sup>	15.5	16.6	+1.0	+7%	23.5	70%



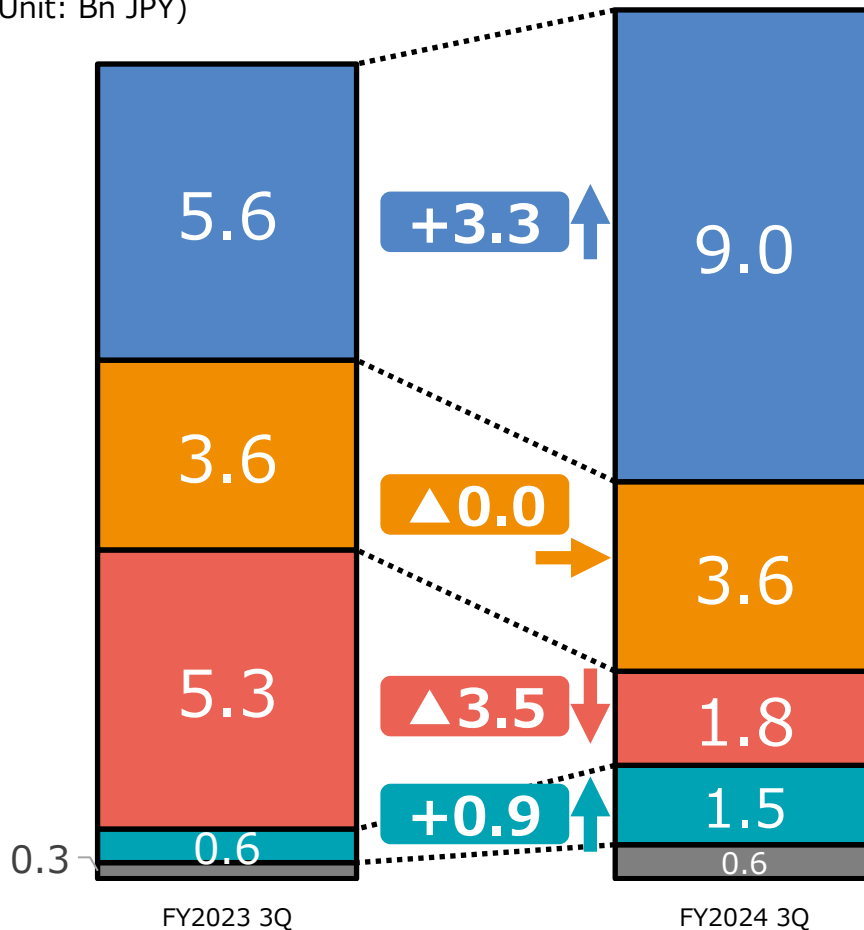
1) Assumptions for the forecast: Exchange rate 1USD=135JPY, interest rates in Japan are expected to remain unchanged, interest rates overseas are expected to rise.

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)



## Electronics & Devices

**+3.3 Bn**

- **ICT Solution** : 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 due to continued effects from branch restructuring.

## Foods, Meat & Grain

**Flat**

- **Foods** : Increased year on year mainly due to robust sales of frozen fruits and beverage ingredients and the overseas processed food business.
- **Meat Products** : Despite the impact of higher market prices in overseas and weaker yen, net profit remained flat compared to the same period last year.
- **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

**(3.5) Bn**

- **Steel** : Decreased year on year mainly due to impairment loss on equity method investments.
- **Energy** : Decreased from the same period of the previous year when a strong performance was recorded, due to the falling domestic demand.

## Motor Vehicles & Aerospace

**+0.9 Bn**

- **Aerospace** : Increased year on year due to robust transactions of aircraft/vessel related parts.
- **Motor Vehicles & Part** : Increased year-on-year due to the improved market conditions.

## ■ Cash Flows from Operating Activities

- Net cash provided by operating activities was **12.0 billion yen** mainly due to the accumulation of operating revenue while working capital such as inventories increased.

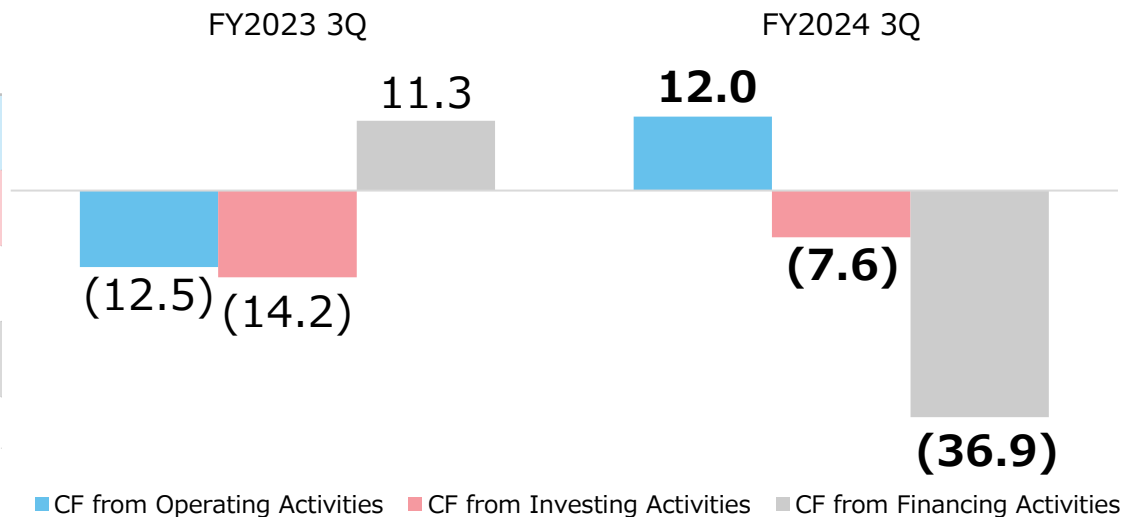
## ■ Cash Flows from Investing Activities

- Net cash used in investing activities was **7.6 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 **36.9 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 3Q	FY2024 3Q	YoY
CF from Operating Activities	(12.5)	12.0	+24.5
CF from Investing Activities	(14.2)	(7.6)	+6.5
Free Cash Flows	(26.6)	4.4	+31.0
CF from Financing Activities	11.3	(36.9)	(48.2)
CF from Operating Activities - Changes in Working Capital	27.1	27.0	(0.2)



## ■ Total Assets

- **Increased 21.4 billion yen** mainly due to increases in trade receivables and inventory assets reflecting the rallying commodity prices and the depreciation of the yen.

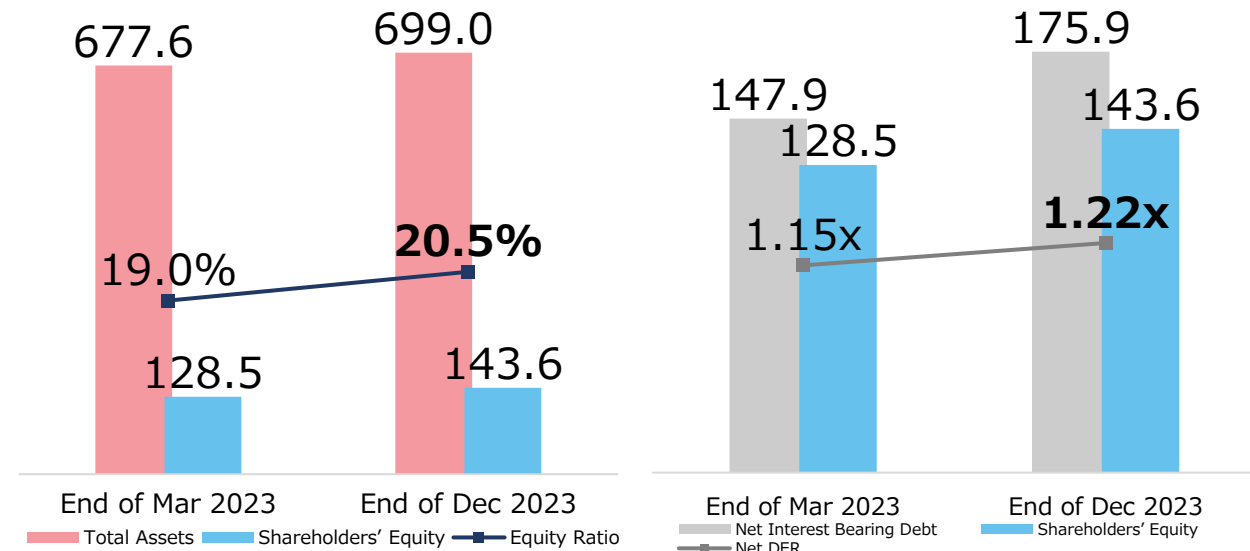
## ■ Net Interest-bearing Debt

- Net interest-bearing debt **increased 28.0 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 15.1 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 **20.5%**. The net debt-equity ratio (net DER) was **1.22x**.

(Unit: Bn JPY)	End of Mar 2023	End of Dec 2023	Increase/Decrease
Total Assets	677.6	699.0	+21.4
Net Interest-bearing Debt	147.9	175.9	+28.0
Shareholders' Equity <sup>1)</sup>	128.5	143.6	+15.1
Equity Ratio <sup>2)</sup>	19.0%	20.5%	+1.5%
Net DER <sup>3)</sup>	1.15x	1.22x	+0.07x
PBR <sup>4)</sup>	1.08x	1.22x	+0.14x



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

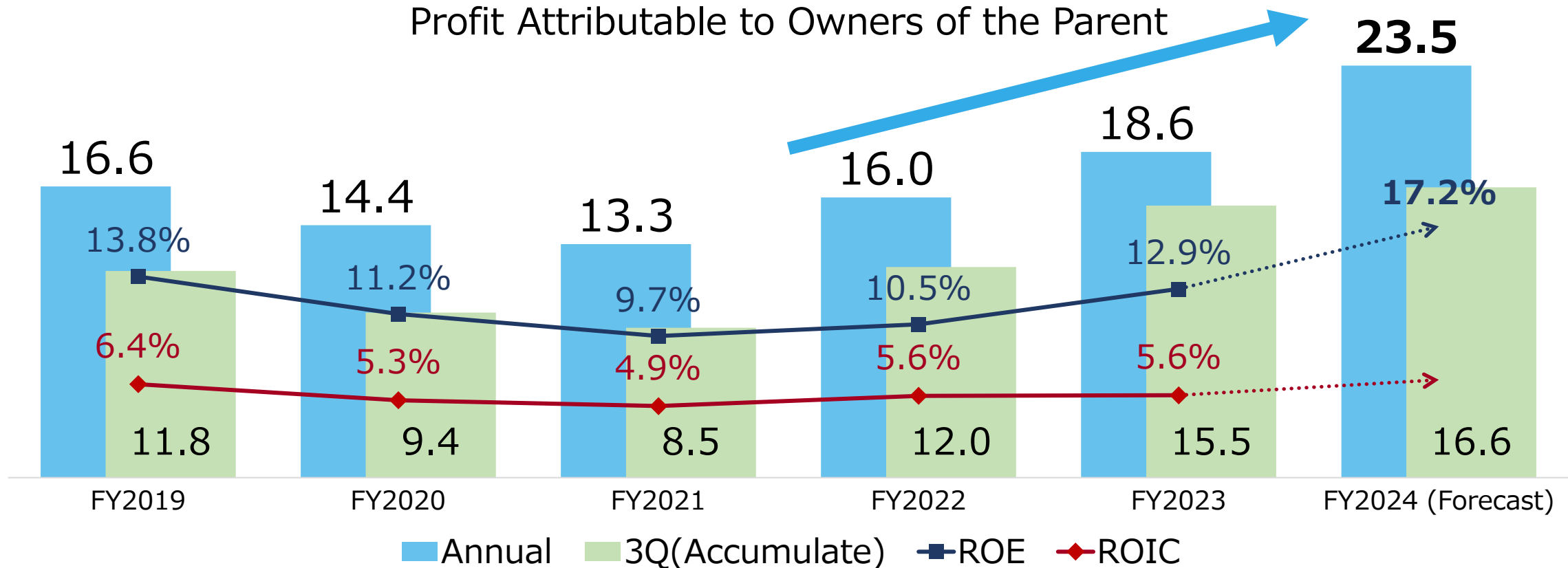
2) Net Debt-Equity Ratio = Net interest-bearing debt ÷ total equity attributable to owners of the parent

3) Equity Ratio = Shareholders' equity ÷ total assets

4) PBR = Market cap at the end of the period (end stock price x number of issued shares) ÷ Equity capital

- 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*.

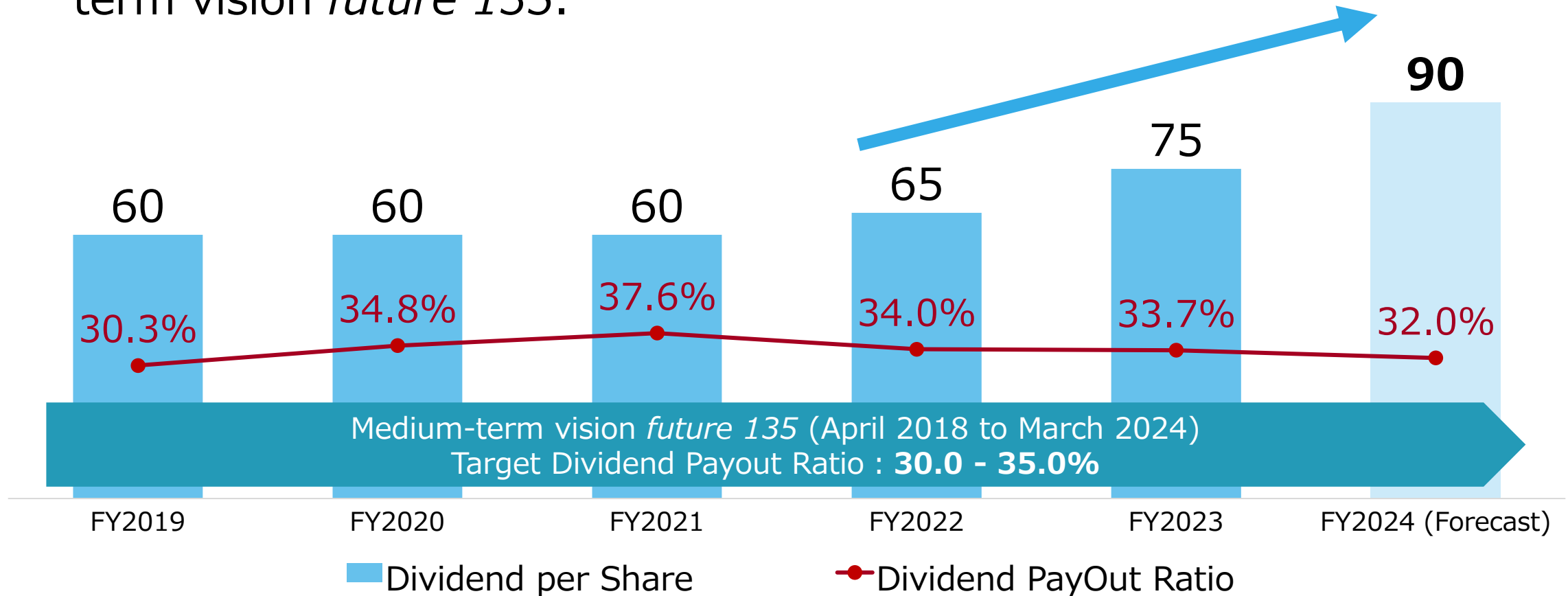
Profit Attributable to Owners of the Parent



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.



- **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*.





**KANEMATSU CORPORATION**