

Consolidated Financial Summary for the First Three Months of the Fiscal Year Ending March 2021 (IFRS)

July 31, 2020

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): August 14, 2020

Scheduled date for commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

(Figures of less than one million are rounded down.)

1. Consolidated business results for the first three months of the fiscal year ending March 2021 (April 1, 2020 – June 30, 2020)

(1) Consolidated business results (sum total)

(%: Change from the same period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Three Months to June 2020	142,371	(15.5)	3,386	(42.0)	3,418	(40.9)	2,522	(36.9)	2,359	(33.0)	2,768	40.0
First Three Months to June 2019	168,416	(1.9)	5,840	(14.7)	5,779	(15.4)	3,995	(14.4)	3,523	(14.6)	1,977	(64.7)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First Three Months to June 2020	28.25		28.23	
First Three Months to June 2019	42.19		42.17	

(Notes) 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
	Million yen	Million yen	Million yen	%
As of June 30, 2020	529,575	165,419	130,974	24.7
As of March 31, 2020	551,671	166,174	130,829	23.7

2. Dividends

	Annual dividends				
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2020	–	30.00	–	30.00	60.00
Fiscal year ending March 2021	–				
Fiscal year ending March 2021 (Forecasts)		30.00	–	30.00	60.00

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

3. Forecasts for consolidated results ending March 2021 (April 1, 2020 – March 31, 2021)

(%: 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	700,000	(3.0)	27,000	(4.8)	26,000	(3.5)	14,500	0.7	173.63

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

* 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 | | | |
| First three months (2020/6): | 84,500,202 shares | Fiscal year (2020/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| First three months (2020/6): | 988,602 shares | Fiscal year (2020/3): | 988,557 shares |
| 3. Average number of shares during the period (First three months) | | | |
| First three months (2020/6): | 83,511,632 shares | First three months (2019/6): | 83,544,458 shares |

* Quarterly consolidated financial summaries are not subject to quarterly review 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 “(3) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2021” on page 4 of accompanying materials for further information on results forecasts.

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1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2021

(1) Details of consolidated results

In the first three months under review (from April 1, 2020 to June 30, 2020), the global economy faced one of the greatest collapses in history due to the COVID-19 pandemic and the resulting lockdowns, demand slump and job losses. In the U.S., coronavirus spread to all 50 states, the U.S. economy posted its biggest contraction since World War Two and the longest economic expansion that started in 2009 came to an end. The employment situation deteriorated sharply, especially in the service sector. However, financial markets showed signs of recovery mainly thanks to the largest fiscal stimulus in U.S. history and a return to a zero interest rate policy. European economies were also badly hit by lockdowns, as the virus spread across the region, notably in Italy, Spain, and France. Meanwhile, China, which was the first to be impacted by COVID-19, suffered a severe blow to its economy at the end of the previous fiscal year but succeeded in quickly containing the virus and economic activity, primarily production activity, gradually returned to normal.

The Japanese economy also experienced its biggest downturn since the collapse of Lehman Brothers, though some sectors performed better than others, reflecting a sharp reduction in economic activity due to the declaration of a state of emergency which caused people to stop going out, a situation which lasted for around two months.

In this environment, the results of the Group for the first three months under review are as shown below.

Revenue increased in areas such as transactions involving agricultural products, oils and fats and the meat products business due to increased at-home consumption amid the coronavirus outbreak. In contrast, revenue decreased in feed transactions due to falling prices and areas such as the energy business which were hit by falling demand as people refrained from going out due to the declaration of a state of emergency.

Profit increased in the aerospace business, where aircraft parts transactions were brisk, and in the ICT solutions business, where IT investment demand was firm in areas such as virtualization and security. However, profit decreased in the mobile business, where store footfall decreased as people refrained from going out and opening hours were shortened, and in the oilfield tubing business, where inquiries decreased due to falling oil prices.

Consolidated revenue fell ¥26,045 million (15.5%) year on year, to ¥142,371 million. Consolidated gross profit also decreased ¥3,775 million (15.0%) from a year earlier, to ¥21,445 million. Consolidated operating profit fell ¥2,454 million (42.0%) from a year earlier, to ¥3,386 million. Largely due to the fall in operating profit, profit before tax declined ¥2,361 million (40.9%) year on year, to ¥3,418 million, and profit attributable to owners of the parent fell ¥1,164 million (33.0%) year on year, to ¥2,359 million.

Results for each business segment are described below.

(i) Electronics & Devices

The ICT solutions business performed solidly, despite the impact of extension of customer delivery dates. In the mobile business, profit declined due to decreased store footfall. The semiconductor and LCD manufacturing equipment business continued to be affected by the coronavirus outbreak in China.

As a result of these conditions, revenue in the Electronics and Devices segment fell ¥11,869 million year on year, to ¥43,738 million. Operating profit sank ¥909 million, to ¥1,894 million. Profit attributable to owners of the parent shrank ¥812 million, to ¥953 million.

(ii) Foods, Meet & Grain

The feedstuff business had a hard time due to the slump of feed transactions, despite strong performances by certain commodities on the back of growing at-home consumption and demand for home-cooked food in transactions involving agricultural products, oils and fats such as soybeans and rice. The food and meat products businesses struggled as transactions with the food service sector plummeted, reflecting fewer opportunities to go out because of the declaration of a state of emergency, despite brisk transactions with supermarkets, reflecting efforts to tap into at-home consumption.

As a result, revenue in the Foods & Grain segment fell ¥998 million year on year, to ¥61,933 million. Operating profit decreased ¥1,131 million, to ¥361 million. profit attributable to owners of the parent sank ¥486 million, to ¥441 million.

(iii) Steel, Materials & Plant

The energy business posted higher profits despite lower revenue, reflecting improvement of the profitability of domestic oil sales transactions amid slow growth in demand. The chemicals business also remained firm, especially transactions involving pharmaceuticals. However, the oilfield tubing business continued to struggle under the impact of decline in drilling demand caused by falling crude oil prices. Similarly, the machine tools and industrial machinery business was affected by downturn in the automotive industry, while the iron and steel business was affected by a slump in transactions involving automotive steel materials and the suspension of negotiations due to lockdowns overseas.

As a result, revenue in the Steel, Materials & Plant segment declined ¥11,102 million year on year, to ¥20,458 million. Operating profit fell ¥371 million, to ¥39 million. Profit attributable to owners of the parent rose ¥24 million, to ¥269 million.

(iv) Motor Vehicles & Aerospace

In the aerospace business, core transactions involving aircraft parts held firm. The motor vehicles and parts business was affected by decline in global demand.

As a result, revenue in the Motor Vehicles & Aerospace segment decreased ¥1,708 million year on year, to ¥13,634 million. Operating profit climbed ¥40 million, to ¥901 million. Profit attributable to owners of the parent fell ¥43 million, to ¥568 million.

(v) Other

Revenue decreased ¥370 million from a year earlier, to ¥2,605 million. Operating profit fell ¥69 million, to ¥198 million. Profit attributable to owners of the parent rose ¥88 million, to ¥220 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first quarter of the fiscal year under review declined ¥22,096 million from the end of the previous fiscal year, to ¥529,575 million.

Interest-bearing debt decreased ¥4,919 million from the end of the previous fiscal year, to ¥138,475 million. Net interest-bearing debt after deducting cash and deposits fell ¥880 million from the end of the previous fiscal year, to ¥50,927 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥145 million from the end of the previous fiscal year, to ¥130,974 million, mainly reflecting an increase in financial assets measured at fair value through other comprehensive income. As a result, the ratio of equity attributable to owners of the parent came to 24.7%. The net debt-equity ratio ("net DER") was 0.4 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first quarter under review fell ¥4,059 million from the end of the previous fiscal year, to ¥87,046 million.

The state of cash flows and factors for each category for the first three months of the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the first three months under review stood at ¥7,808 million (versus net cash provided of ¥1,808 million in the first three months of the previous fiscal year), primarily reflecting the accumulation of operating revenue.

(Cash flows from investing activities)

Net cash used in investing activities in the first three months under review stood at ¥1,815 million (versus net cash used of ¥1,138 million in the first three months of the previous fiscal year), mainly due to the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities in the first three months under review came to ¥9,979 million (versus net cash used of ¥4,099 million in the first three months of the previous fiscal year), mainly due to repayment of short-term borrowings and cash dividends paid.

(3) Information on the future outlook, including consolidated business performance forecasts

We have not changed the forecasts for consolidated results that we announced on May 8, 2020.

The forecasts above are based on information that the Company has obtained 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. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed consolidated statement of financial position

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	91,105	87,046
Trade and other receivables	204,920	171,628
Inventories	100,766	113,084
Other financial assets	5,383	4,091
Other current assets	24,580	27,336
Total current assets	426,756	403,187
Non-current assets		
Property, plant and equipment	40,756	41,276
Goodwill	10,304	10,282
Intangible assets	23,382	23,396
Investments accounted for using the equity method	7,506	7,781
Trade and other receivables	1,428	1,345
Other investments	28,279	29,459
Other financial assets	7,370	7,414
Deferred tax assets	2,761	2,305
Other non-current assets	3,126	3,125
Total non-current assets	124,915	126,387
Total assets	551,671	529,575

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	172,922	156,709
Bonds and borrowings	68,164	63,675
Lease obligations	6,303	6,572
Other financial liabilities	4,614	6,687
Income taxes payable	3,393	568
Provisions	30	20
Other current liabilities	29,073	29,222
Total current liabilities	284,503	263,457
Non-current liabilities		
Bonds and borrowings	75,229	74,799
Lease obligations	11,251	10,905
Other financial liabilities	2,063	2,040
Retirement benefits liabilities	6,779	6,749
Provisions	1,914	1,927
Deferred tax liabilities	2,385	3,014
Other non-current liabilities	1,369	1,261
Total non-current liabilities	100,994	100,698
Total liabilities	385,497	364,155
Equity		
Share capital	27,781	27,781
Capital surplus	26,957	26,930
Retained earnings	69,540	69,421
Treasury stock	(1,309)	(1,310)
Other components of equity		
Exchange differences on translation of foreign operations	930	324
Financial assets measured at fair value through other comprehensive income	6,816	7,679
Cash flow hedges	113	146
Total other components of equity	7,860	8,151
Total equity attributable to owners of the parent	130,829	130,974
Non-controlling interests	35,344	34,445
Total equity	166,174	165,419
Total liabilities and equity	551,671	529,575

(2) Condensed consolidated statements of income / Condensed consolidated statements of comprehensive income
(Condensed consolidated statements of income)
(First three months)

(Million yen)

	FY2020 First three months (From April 1, 2019 to June 30, 2019)	FY2021 First three months (From April 1, 2020 to June 30, 2020)
Revenue	168,416	142,371
Cost of sales	(143,196)	(120,925)
Gross profit	25,220	21,445
Selling, general and administrative expenses	(19,510)	(18,617)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(97)	(13)
Impairment loss on property, plant and equipment and intangible assets	—	(14)
Other income	378	757
Other expenses	(150)	(170)
Total other income (expenses)	131	558
Operating profit	5,840	3,386
Finance income		
Interest income	68	49
Dividend income	428	388
Total finance income	497	437
Finance costs		
Interest expenses	(708)	(531)
Other finance costs	(41)	(69)
Total finance costs	(750)	(601)
Share of profit (loss) of investments accounted for using the equity method	191	195
Profit before tax	5,779	3,418
Income tax expense	(1,783)	(895)
Profit for the period	3,995	2,522
Profit for the period attributable to:		
Owners of the parent	3,523	2,359
Non-controlling interests	472	163
Total	3,995	2,522
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	42.19	28.25
Diluted earnings per share (yen)	42.17	28.23

(Condensed consolidated statements of comprehensive income)
(First three months)

(Million yen)

	FY2020 First three months (From April 1, 2019 to June 30, 2019)	FY2021 First three months (From April 1, 2020 to June 30, 2020)
Profit for the period	3,995	2,522
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(694)	920
Remeasurement of defined benefit pension plans	2	(2)
Share of other comprehensive income of investments accounted for using the equity method	2	9
Total items that will not be reclassified to profit or loss	(689)	926
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,018)	(420)
Cash flow hedges	(188)	35
Share of other comprehensive income of investments accounted for using the equity method	(123)	(296)
Total items that may be reclassified to profit or loss	(1,329)	(680)
Other comprehensive income for the period, net of tax	(2,018)	246
Total comprehensive income for the period	1,977	2,768
Total comprehensive income for the period attributable to:		
Owners of the parent	1,774	2,677
Non-controlling interests	202	91
Total	1,977	2,768

(3) Condensed 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, 2019	27,781	26,882	60,748	(1,318)	1,865	9,580
Profit for the period			3,523			
Other comprehensive income					(893)	(666)
Total comprehensive income for the period	—	—	3,523	—	(893)	(666)
Dividends			(2,922)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(0)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		31				
Share-based payment transactions		16				
Total transactions with owners	—	48	(2,922)	(0)	—	—
Transfer from other components of equity to retained earnings			2			
Balance as of June 30, 2019	27,781	26,931	61,351	(1,319)	971	8,914

	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, 2019	(293)	—	11,153	125,246	33,451	158,698
Profit for the period			—	3,523	472	3,995
Other comprehensive income	(191)	2	(1,748)	(1,748)	(270)	(2,018)
Total comprehensive income for the period	(191)	2	(1,748)	1,774	202	1,977
Dividends			—	(2,922)		(2,922)
Dividends paid to non-controlling interests			—	—	(937)	(937)
Acquisition of treasury stock			—	(0)		(0)
Disposition of treasury stock			—	—		—
Equity transactions with non-controlling interests			—	31	(31)	(0)
Share-based payment transactions			—	16		16
Total transactions with owners	—	—	—	(2,874)	(969)	(3,844)
Transfer from other components of equity to retained earnings		(2)	(2)	—		—
Balance as of June 30, 2019	(484)	—	9,402	124,147	32,684	156,831

(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, 2020	27,781	26,957	69,540	(1,309)	930	6,816
Profit for the period			2,359			
Other comprehensive income					(605)	892
Total comprehensive income for the period	—	—	2,359	—	(605)	892
Dividends			(2,505)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(0)		
Disposition of treasury stock						
Equity transactions with non-controlling interests		(39)				
Share-based payment transactions		12				
Total transactions with owners	—	(27)	(2,505)	(0)	—	—
Transfer from other components of equity to retained earnings			27			(29)
Balance as of June 30, 2020	27,781	26,930	69,421	(1,310)	324	7,679

	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, 2020	113	—	7,860	130,829	35,344	166,174
Profit for the period			—	2,359	163	2,522
Other comprehensive income	33	(2)	317	317	(71)	246
Total comprehensive income for the period	33	(2)	317	2,677	91	2,768
Dividends			—	(2,505)		(2,505)
Dividends paid to non-controlling interests			—	—	(890)	(890)
Acquisition of treasury stock			—	(0)		(0)
Disposition of treasury stock			—	—		—
Equity transactions with non-controlling interests			—	(39)	(100)	(140)
Share-based payment transactions			—	12		12
Total transactions with owners	—	—	—	(2,532)	(990)	(3,523)
Transfer from other components of equity to retained earnings		2	(27)	—		—
Balance as of June 30, 2020	146	—	8,151	130,974	34,445	165,419

(4) Condensed consolidated statements of cash flows

(Million yen)

	FY2020 First three months (From April 1, 2019 to June 30, 2019)	FY2021 First three months (From April 1, 2020 to June 30, 2020)
Cash flows from operating activities:		
Profit for the period	3,995	2,522
Depreciation and amortization	2,109	2,811
Finance income and costs	252	163
Share of (profit) loss of investments accounted for using the equity method	(191)	(195)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	97	28
Income tax expense	1,783	895
(Increase) decrease in trade and other receivables	29,276	34,678
(Increase) decrease in inventories	(8,149)	(12,720)
Increase (decrease) in trade and other payables	(20,875)	(15,867)
Increase (decrease) in retirement benefit liabilities	32	(28)
Other	(2,667)	(1,117)
Sub total	5,664	11,170
Interest received	66	108
Dividends received	726	686
Interest paid	(622)	(491)
Income taxes paid	(4,026)	(3,665)
Net cash provided by (used in) operating activities	1,808	7,808
Cash flows from investing activities:		
Payments for property, plant and equipment	(713)	(1,357)
Proceeds from sales of property, plant and equipment	236	189
Payments for intangible assets	(114)	(178)
Purchases of other investments	(91)	(420)
Proceeds from sale of other investments	—	94
Increase in loans receivable	(204)	(78)
Proceeds from collection of loans receivable	34	140
Other	(285)	(205)
Net cash provided by (used in) investing activities	(1,138)	(1,815)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings (three months or less)	406	(4,210)
Proceeds from short-term borrowings (more than three months)	1,089	127
Repayment of short-term borrowings (more than three months)	(906)	(223)
Proceeds from long-term borrowings	345	—
Repayment of long-term borrowings	(185)	(466)
Dividends paid	(2,704)	(2,313)
Capital contribution from holders of non-controlling interests	—	11
Dividends paid to non-controlling interests	(860)	(953)
Repayments of lease obligations	(1,282)	(1,944)
Other	(1)	(5)
Net cash provided by (used in) financing activities	(4,099)	(9,979)
Increase (decrease) in cash and cash equivalents, net	(3,429)	(3,986)
Cash and cash equivalents at the beginning of the period	88,941	91,105
Effect of exchange rate changes on cash and cash equivalents	(216)	(72)
Cash and cash equivalents at end of the period	85,295	87,046

(5) Notes on condensed 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.

Profit figures for reportable segments used to be based on operating profit, however, the measurement method was changed starting from the first three months under review, taking into consideration comparability with other management indicators. The profit of reportable segments after the change is profit attributable to owners of the parent.

As a result, the profit of reportable segments for the first three months of the previous fiscal year has also been changed to profit attributable to owners of the parent.

I. Previous first three months (From April 1, 2019 to June 30, 2019)

(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	55,607	62,931	31,560	15,342	165,441	2,975	–	168,416
Inter-segment	48	0	15	0	64	24	(88)	–
Total revenues	55,655	62,931	31,575	15,343	165,505	2,999	(88)	168,416
Operating profit	2,803	1,492	410	861	5,568	267	5	5,840
Segment profit (loss)	1,765	927	245	611	3,550	132	(159)	3,523

(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.

- The adjustment of ¥5 million for segment profit (loss) includes an inter-segment elimination of ¥5 million.
- The adjustment of -¥159 million for segment profit (loss) includes an inter-segment elimination of -¥2 million and corporate expenses that are not allocated to any particular segment of -¥157 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.

II. First three months under review (From April 1, 2020 to June 30, 2020)

(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	43,738	61,933	20,458	13,634	139,765	2,605	–	142,371
Inter-segment	74	0	9	0	84	29	(113)	–
Total revenues	43,813	61,934	20,468	13,634	139,850	2,634	(113)	142,371
Operating profit	1,894	361	39	901	3,195	198	(7)	3,386
Segment profit (loss)	953	441	269	568	2,233	220	(94)	2,359

(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.

- The adjustment of -¥7 million for segment profit (loss) includes an inter-segment elimination of -¥7 million.
- The adjustment of -¥94 million for segment profit (loss) includes an inter-segment elimination of -¥10 million and corporate expenses that are not allocated to any particular segment of -¥83 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.

(Significant subsequent events)

Not applicable.

Highlights of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2021 (IFRS)**Revenue and profits both fell.**

Profit attributable to owners of the parent was around 70% of the year-ago level due to the impact of the declaration of a state of emergency.

◇Revenue	142.4 billion yen	15.5% down
◇Operating profit	3.4 billion yen	42.0% down
◇Profit before tax	3.4 billion yen	40.9% down
◇Profit attributable to owners of the parent	2.4 billion yen	33.0% down

Profit & loss statement						
(Unit: billion yen)	Q1 of FY2020	Q1 of FY2021	Year-on-year		FY2021	
			Change	Change(%)	Forecast	Progress (%)
Revenue	168.4	142.4	(26.0)	(15.5%)	700.0	20.3%
Gross profit	25.2	21.4	(3.8)	(15.0%)	-	-
Selling, general and administrative expenses	(19.5)	(18.6)	0.9	-	-	-
Other income (expenses)	0.1	0.6	0.4	324.4%	-	-
Operating profit	5.8	3.4	(2.5)	(42.0%)	27.0	12.5%
Interest income (expenses)	(0.6)	(0.5)	0.2	-	-	-
	0.4	0.4	(0.0)	-	-	-
	(0.0)	(0.1)	(0.0)	-	-	-
Finance income (costs)	(0.3)	(0.2)	0.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.2	0.2	0.0	2.2%	-	-
Profit before tax	5.8	3.4	(2.4)	(40.9%)	26.0	13.1%
Income tax expense	(1.8)	(0.9)	0.9	-	-	-
Profit for the period	4.0	2.5	(1.5)	(36.9%)	-	-
Profit attributable to owners of the parent	3.5	2.4	(1.2)	(33.0%)	14.5	16.3%
Earnings per share (yen)	42.19	28.25	(13.94)	(33.0%)	173.63	16.3%

【Revenue】
Decreased 26.0 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments.

【Profit before tax】
Decreased 2.5 billion yen, primarily in the Foods, Meet & Grain segment, despite a slight increase in the Motor Vehicles & Aerospace segment.

【Profit before tax】
Decreased 2.4 billion yen due to drop in operating profit.

【Profit attributable to owners of the parent】
Decreased 1.2 billion yen as a result of decline in profit before tax.

【Revenue】

Decreased 26.0 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments.

【Profit before tax】

Decreased 2.5 billion yen, primarily in the Foods, Meet & Grain segment, despite a slight increase in the Motor Vehicles & Aerospace segment.

【Profit before tax】

Decreased 2.4 billion yen due to drop in operating profit.

【Profit attributable to owners of the parent】

Decreased 1.2 billion yen as a result of decline in profit before tax.

Assets, Liabilities and Net Assets

(Unit: billion yen)	3/2020	6/2020	Comparison with 3/2020	
			Change	Change(%)
Total assets	551.7	529.6	(22.1)	(4.0%)
Gross interest-bearing debt (Note 1)	143.4	138.5	(4.9)	(3.4%)
Net interest-bearing debt	51.8	50.9	(0.9)	(1.7%)
Shareholders' equity (Note 2)	130.8	131.0	0.1	0.1%
Retained earnings	69.5	69.4	(0.1)	(0.2%)
Other components of equity	7.9	8.2	0.3	3.7%
Equity ratio (Note 3)	23.7%	24.7%	1.0% up	-
Net debt-equity ratio (Note 4)	0.40 times	0.39 times	0.01pt down	-

【Total assets】

Decreased 22.1 billion yen mainly due to fall in trade and other receivables.

【Interest-bearing debt】

Net interest-bearing debt decreased 0.9 billion yen.

【Shareholders' equity】

Increased 0.1 billion yen chiefly due to rise in total other components of equity.

Equity ratio is 24.7%.

Net debt-equity ratio stood at 0.39 times.

(Note1) Gross interest-bearing debt = Total amount of bonds and loans minus lease liabilities

(Note2) Shareholder's equity = Total equity attribute to owners of the parent (Note 3)Equity ratio = Shareholder's equity / Total assets

(Note 4) Net debt-equity ratio = Net interest-bearing debt / Equity capital

Cash Flows

(Unit: billion yen)	Q1 of FY2020	Q1 of FY2021	【CF from operating activities】 Net cash provided by operating activities was 7.8 billion yen, mainly reflecting the accumulation of operating revenue.
CF from operating activities	1.8	7.8	
CF from investing activities	(1.1)	(1.8)	【CF from investing activities】 Net cash used in investing activities was 1.8 billion yen, mainly due to the acquisition of property, plant and equipment.
Free cash flows	0.7	6.0	
CF from financing activities	(4.1)	(10.0)	【CF from financing activities】 Net cash used in financing activities was 10.0 billion yen, mainly due to the repayment of borrowings and cash dividends paid.
Increase (decrease) in cash and cash equivalents	(3.4)	(4.0)	
Ending balance of cash and cash equivalents	85.3	87.0	

Dividends**【FY2020】**

Interim	30 yen per share
Year-end	30 yen per share
Annual	60 yen per share

【FY2021】

Interim (Plan)	30 yen per share
Year-end (Plan)	30 yen per share
Annual (Plan)	60 yen per share

Annual	FY2019	FY2020	FY2021 (plan)
Consolidated payout ratio	30.3%	34.8%	34.6%

Segment information									
(Unit: billion yen)	Revenue			Operating profit			Profit attributable to owners of the parent		
	Q1 of FY2020	Q1 of FY2021	Change	Q1 of FY2020	Q1 of FY2021	Change	Q1 of FY2020	Q1 of FY2021	Change
Electronics & Devices	55.6	43.7	(11.9)	2.8	1.9	(0.9)	1.8	1.0	(0.8)
Foods, Meet & Grain	62.9	61.9	(1.0)	1.5	0.4	(1.1)	0.9	0.4	(0.5)
Steel, Materials & Plant	31.6	20.5	(11.1)	0.4	0.0	(0.4)	0.2	0.3	0.0
Motor Vehicles & Aerospace	15.3	13.6	(1.7)	0.9	0.9	0.0	0.6	0.6	(0.0)
Total for reportable segments	165.4	139.8	(25.7)	5.6	3.2	(2.4)	3.6	2.2	(1.3)
Other (including adjustment)	3.0	2.6	(0.4)	0.3	0.2	(0.1)	(0.0)	0.1	0.2
Grand total	168.4	142.4	(26.0)	5.8	3.4	(2.5)	3.5	2.4	(1.2)

Causes of increase/decrease in operating profit**【Electronics&Devices】 A decline in revenue and profit**

The ICT solutions business performed solidly, despite the impact of extension of customer delivery dates. In the mobile business, profit declined due to decreased store footfall. The semiconductor and LCD manufacturing equipment business continued to be affected by the coronavirus outbreak in China.

【Foods, Meet & Grain】 A decline in revenue and profit

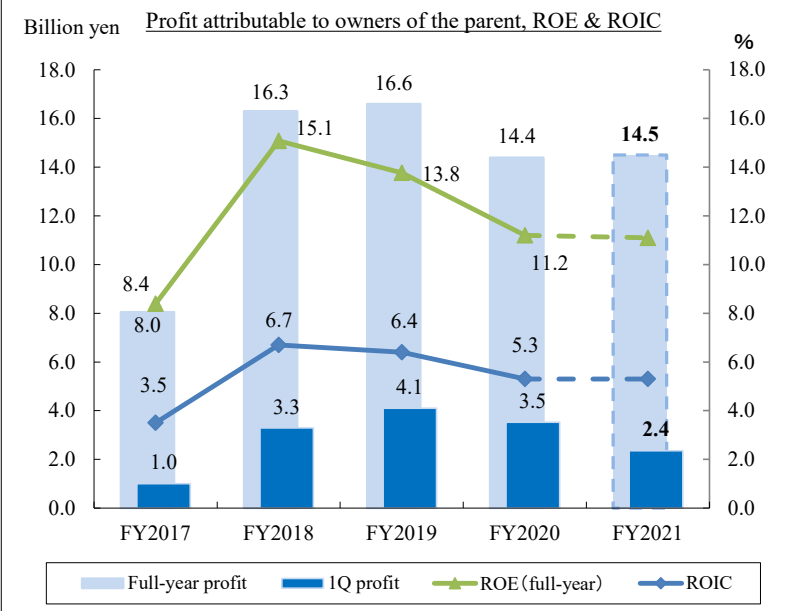
The feedstuff business had a hard time due to the slump of feed transactions, despite strong performances by certain commodities on the back of growing at-home consumption and demand for home-cooked food in transactions involving agricultural products, oils and fats. The food and meat products businesses struggled as transactions with the food service sector plummeted, reflecting fewer opportunities to go out because of the declaration of a state of emergency, despite brisk transactions with supermarkets, reflecting efforts to tap into at-home consumption.

【Steel, Materials & Plant】 A decline in revenue and profit

The energy business posted higher profits despite lower revenue, reflecting improvement of the profitability of domestic oil sales transactions amid slow growth in demand. The chemicals business also remained firm, especially transactions involving pharmaceuticals. The oilfield tubing business struggled under the impact of decline in drilling demand caused by falling crude oil prices. Similarly, the machine tools and industrial machinery business was affected by downturn in the automotive industry, whilst the iron and steel business was affected by a slump in transactions involving automotive steel materials and the suspension of negotiations due to lockdowns overseas.

【Motor Vehicles & Aerospace】 Revenue decreased and profit stayed flat

In the aerospace business, core transactions involving aircraft parts held firm. The motor vehicles and parts business was affected by decline in global demand.



* 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 might differ materially from the forecasts due to a number of factors.

* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.