



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

February 5, 2021

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*): February 12, 2021

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 nine months of the fiscal year ending March 2021 (April 1, 2020 – December 31, 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 Nine Months to December 2020	467,770	(11.9)	14,556	(22.3)	14,088	(21.1)	10,179	(14.7)	8,546	(9.2)	10,615	(17.9)
First Nine Months to December 2019	531,133	(1.1)	18,738	(13.6)	17,861	(14.5)	11,937	(16.6)	9,415	(20.1)	12,934	11.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
First Nine Months to December 2020	102.33		102.27	
First Nine Months to December 2019	112.75		112.70	

(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 December 31, 2020	537,562	169,917	135,136	25.1
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	–	30.00	–		
Fiscal year ending March 2021 (Forecasts)				30.00	60.00

(Notes) 1. 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	670,000	(7.2)	24,000	(15.4)	23,000	(14.6)	13,000	(9.7)	155.67

(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 nine months (2020/12): | 84,500,202 shares | Fiscal year (2020/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| First nine months (2020/12): | 989,377 shares | Fiscal year (2020/3): | 988,557 shares |
| 3. Average number of shares during the period (First nine months) | | | |
| First nine months (2020/12): | 83,511,479 shares | First nine months (2019/12): | 83,508,827 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 Nine 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 Nine Months of the Fiscal Year Ending March 2021

(1) Details of consolidated results

In the first nine months under review (from April 1, 2020 to December 31, 2020), the global economy faced one of the greatest collapses in history due to the COVID-19 pandemic. It later began showing signs of recovery thanks to the mobilization of government policies and measures to control infections. However, a resurgence of infections once again led to a growing sense of stagnation.

In the U.S., both the number of infections and the number of fatalities reached the highest in the world amidst the political and social upheaval surrounding the presidential election. However, the U.S. economy is starting to recover, driven by strongly performing companies in certain areas such as the IT sector, in addition to the thorough implementation of fiscal and financial policies. European economies were forced to reimpose lockdowns and entry bans due to a resurgence in infections, and a double-dip recession is likely. Meanwhile, China, which succeeded in quickly containing the virus thanks to extremely severe measures, has been the only major country to maintain positive full-year growth and to return the economy to pre-pandemic levels, with consumer activities improving following production.

The Japanese economy experienced its biggest downturn since World War Two, mainly due to the declaration of a state of emergency which caused people to stop going out for around two months, in addition to a slump in foreign demand. This sharp economic deterioration bottomed out in the summer, and expectation for an economic turnaround driven by foreign demand and the effects of government measures was also seen. However, now, third waves of the coronavirus have given rise to concern over a double-dip recession.

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

Revenue increased in the meat product business, reflecting the capturing of demand for home-cooked food during the COVID-19 pandemic which has been raging since the first quarter. In contrast, revenue decreased in other areas such as the mobile business, where store footfall decreased as people refrained from going out and opening hours were shortened due to the declaration of a state of emergency, and the energy business, which was hit by falling crude oil prices. Profit increased in areas such as the feedstuff business, which remained firm due to demand for home-cooked food and rallying prices, and the energy business, where the profitability of domestic transactions involving petroleum products improved. However, profit decreased in areas such as the mobile business, reflecting decreased revenue, and in the oilfield tubing business, which continued to be affected by sluggish drilling demand.

Consolidated revenue fell ¥63,363 million (11.9%) year on year, to ¥467,770 million. Consolidated gross profit also decreased ¥8,149 million (10.2%) from a year earlier, to ¥71,681 million. Consolidated operating profit fell ¥4,182 million (22.3%) from a year earlier, to ¥14,556 million, due chiefly to a decrease in gross profit. Largely due to the fall in operating profit, profit before tax declined ¥3,773 million (21.1%) year on year, to ¥14,088 million, and profit attributable to owners of the parent fell ¥869 million (9.2%) year on year, to ¥8,546 million.

Results for each business segment are described below.

(i) Electronics & Devices

In the ICT solutions business, transactions remained generally solid, despite decline in server and storage related sales in transactions with the manufacturing industry. The mobile business remained weak due to decreased store footfall reflecting shorter business hours, as well as cautious spending before the rollout of services with new tariff plans, despite the start of sales of new 5G models. The semiconductor parts and manufacturing equipment business saw solid shipments to China in transactions involving LCD manufacturing equipment.

As a result of these conditions, revenue in the Electronics and Devices segment fell ¥28,242 million year on year, to ¥1,57,420 million. Operating profit sank ¥2,596 million, to ¥9,952 million. Profit attributable to owners of the parent shrank ¥1,566 million, to ¥4,749 million.

(ii) Foods, Meat & Grain

The grain business remained strong, partly due to growing demand for home-cooked food and rallying prices. The food business and meat products business remained weak owing to a sluggish recovery of demand from the food service sector, despite brisk transactions with food manufacturers and supermarkets, reflecting efforts to tap into demand for home-cooked food.

As a result, revenue in the Foods, Meat & Grain segment fell ¥5,137 million year on year, to ¥186,088 million.

Operating profit decreased ¥99 million, to ¥1,801 million. Profit attributable to owners of the parent rose ¥1,075 million, to ¥1,772 million.

(iii) Steel, Materials & Plant

The energy business performed well mainly thanks to improvement in the profitability of domestic transactions involving petroleum products. The chemicals business also remained firm, especially transactions involving pharmaceuticals. However, the iron and steel business struggled both in Japan and on the exports front mainly due to the impact of high crude oil prices and the stagnation of overseas markets. The machine tools and industrial machinery business was also weak because of the impact of postponed capital investment plans due to the COVID-19 pandemic. The oilfield tubing business was also lackluster, affected by weak drilling demand.

As a result, revenue in the Steel, Materials & Plant segment declined ¥28,828 million year on year, to ¥66,615 million. Operating profit fell ¥999 million, to ¥765 million. Profit attributable to owners of the parent rose ¥170 million, to ¥1,256 million.

(iv) Motor Vehicles & Aerospace

In the aerospace business, core transactions with public offices held firm, offsetting a slump in transactions involving aircraft parts overseas due to the effects of COVID-19. The motor vehicles and parts business recovered slightly from the decline in global demand but was still affected and remained weak.

As a result, revenue in the Motor Vehicles & Aerospace segment decreased ¥292 million year on year, to ¥49,635 million. Operating profit declined ¥318 million, to ¥1,484 million. Profit attributable to owners of the parent fell ¥185 million, to ¥989 million.

(v) Other

Revenue decreased ¥864 million from a year earlier, to ¥8,010 million. Operating profit fell ¥150 million, to ¥580 million. Profit attributable to owners of the parent fell ¥22 million, to ¥281 million.

(2) Details of financial position

(i) Assets, liabilities and equity

Total assets at the end of the first nine months of the fiscal year under review declined ¥14,109 million from the end of the previous fiscal year, to ¥537,562 million.

Interest-bearing debt decreased ¥16,072 million from the end of the previous fiscal year, to ¥127,322 million, mainly due to the repayment of short-term borrowings. Net interest-bearing debt after deducting cash and deposits fell ¥10,396 million from the end of the previous fiscal year, to ¥41,411 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥4,307 million from the end of the previous fiscal year, to ¥135,136 million, chiefly due to an increase in retained earnings.

As a result, the ratio of equity attributable to owners of the parent came to 25.1%. The net debt-equity ratio ("net DER") was 0.31 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first nine months under review fell ¥5,859 million from the end of the previous fiscal year, to ¥85,246 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities in the first nine months under review stood at ¥28,321 million (versus net cash provided of ¥13,208 million in the first nine 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 nine months under review stood at ¥5,017 million (versus net cash used of ¥8,829 million in the first nine 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 nine months under review came to ¥28,759 million (versus net cash

used of ¥13,265 million in the first nine months of the previous fiscal year), mainly due to repayment of borrowings and lease liabilities 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 October 30, 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 December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	91,105	85,246
Trade and other receivables	204,920	191,952
Inventories	100,766	100,924
Other financial assets	5,383	3,506
Other current assets	24,580	28,192
Total current assets	426,756	409,821
Non-current assets		
Property, plant and equipment	40,756	40,392
Goodwill	10,304	9,998
Intangible assets	23,382	24,013
Investments accounted for using the equity method	7,506	7,896
Trade and other receivables	1,428	1,280
Other investments	28,279	31,920
Other financial assets	7,370	7,360
Deferred tax assets	2,761	1,834
Other non-current assets	3,126	3,043
Total non-current assets	124,915	127,741
Total assets	551,671	537,562

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	172,922	172,501
Bonds and borrowings	68,164	61,045
Lease obligations	6,303	5,784
Other financial liabilities	4,614	6,087
Income taxes payable	3,393	613
Provisions	30	16
Other current liabilities	29,073	29,618
Total current liabilities	284,503	275,667
Non-current liabilities		
Bonds and borrowings	75,229	66,277
Lease obligations	11,251	10,131
Other financial liabilities	2,063	1,659
Retirement benefits liabilities	6,779	6,747
Provisions	1,914	1,906
Deferred tax liabilities	2,385	4,002
Other non-current liabilities	1,369	1,252
Total non-current liabilities	100,994	91,977
Total liabilities	385,497	367,645
Equity		
Share capital	27,781	27,781
Capital surplus	26,957	26,958
Retained earnings	69,540	73,033
Treasury stock	(1,309)	(1,310)
Other components of equity		
Exchange differences on translation of foreign operations	930	(221)
Financial assets measured at fair value through other comprehensive income	6,816	9,123
Cash flow hedges	113	(227)
Total other components of equity	7,860	8,674
Total equity attributable to owners of the parent	130,829	135,136
Non-controlling interests	35,344	34,780
Total equity	166,174	169,917
Total liabilities and equity	551,671	537,562

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

(Million yen)

	FY2020 First nine months (From April 1, 2019 to December 31, 2019)	FY2021 First nine months (From April 1, 2020 to December 31, 2020)
Revenue	531,133	467,770
Cost of sales	(451,303)	(396,088)
Gross profit	79,830	71,681
Selling, general and administrative expenses	(61,142)	(57,795)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(110)	(45)
Impairment loss on property, plant and equipment and intangible assets	(106)	(18)
Other income	1,043	1,236
Other expenses	(775)	(502)
Total other income (expenses)	50	670
Operating profit	18,738	14,556
Finance income		
Interest income	214	118
Dividend income	669	703
Total finance income	883	821
Finance costs		
Interest expenses	(2,094)	(1,431)
Other finance costs	(145)	(238)
Total finance costs	(2,240)	(1,669)
Share of profit (loss) of investments accounted for using the equity method	480	379
Profit before tax	17,861	14,088
Income tax expense	(5,923)	(3,909)
Profit for the period	11,937	10,179
Profit for the period attributable to:		
Owners of the parent	9,415	8,546
Non-controlling interests	2,522	1,632
Total	11,937	10,179
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	112.75	102.33
Diluted earnings per share (yen)	112.70	102.27

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

(Million yen)

	FY2020 First nine months (From April 1, 2019 to December 31, 2019)	FY2021 First nine months (From April 1, 2020 to December 31, 2020)
Profit for the period	11,937	10,179
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,367	2,339
Remeasurement of defined benefit pension plans	2	(2)
Share of other comprehensive income of investments accounted for using the equity method	5	4
Total items that will not be reclassified to profit or loss	1,375	2,341
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(661)	(1,350)
Cash flow hedges	400	(335)
Share of other comprehensive income of investments accounted for using the equity method	(117)	(218)
Total items that may be reclassified to profit or loss	(378)	(1,905)
Other comprehensive income for the period, net of tax	996	436
Total comprehensive income for the period	12,934	10,615
Total comprehensive income for the period attributable to:		
Owners of the parent	10,473	9,317
Non-controlling interests	2,461	1,297
Total	12,934	10,615

(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			9,415			
Other comprehensive income					(657)	1,312
Total comprehensive income for the period	–	–	9,415	–	(657)	1,312
Dividends			(5,428)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(5)		
Disposition of treasury stock		(0)		14		
Equity transactions with non-controlling interests		31				
Share-based payment transactions		38				
Total transactions with owners	–	70	(5,428)	9	–	–
Transfer from other components of equity to retained earnings			128			(125)
Balance as of December 31, 2019	27,781	26,953	64,863	(1,309)	1,207	10,768

	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				9,415	2,522	11,937
Other comprehensive income	400	2	1,057	1,057	(61)	996
Total comprehensive income for the period	400	2	1,057	10,473	2,461	12,934
Dividends				(5,428)		(5,428)
Dividends paid to non-controlling interests				–	(1,784)	(1,784)
Acquisition of treasury stock				(5)		(5)
Disposition of treasury stock				14		14
Equity transactions with non-controlling interests				31	185	216
Share-based payment transactions				38		38
Total transactions with owners	–	–	–	(5,348)	(1,599)	(6,947)
Transfer from other components of equity to retained earnings		(2)	(128)	–		–
Balance as of December 31, 2019	107	–	12,083	130,372	34,314	164,686

(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			8,546			
Other comprehensive income					(1,151)	2,267
Total comprehensive income for the period	—	—	8,546	—	(1,151)	2,267
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock		—		—		
Equity transactions with non-controlling interests		(29)				
Share-based payment transactions		30				
Total transactions with owners	—	1	(5,010)	(1)	—	—
Transfer from other components of equity to retained earnings			(42)			39
Balance as of December 31, 2020	27,781	26,958	73,033	(1,310)	(221)	9,123

	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				8,546	1,632	10,179
Other comprehensive income	(340)	(2)	771	771	(335)	436
Total comprehensive income for the period	(340)	(2)	771	9,317	1,297	10,615
Dividends				(5,010)		(5,010)
Dividends paid to non-controlling interests				—	(1,750)	(1,750)
Acquisition of treasury stock				(1)		(1)
Disposition of treasury stock				—		—
Equity transactions with non-controlling interests				(29)	(111)	(140)
Share-based payment transactions				30		30
Total transactions with owners	—	—	—	(5,010)	(1,861)	(6,872)
Transfer from other components of equity to retained earnings		2	42	—		—
Balance as of December 31, 2020	(227)	—	8,674	135,136	34,780	169,917

(4) Condensed consolidated statements of cash flows

(Million yen)

	FY2020 First nine months (From April 1, 2019 to December 31, 2019)	FY2021 First nine months (From April 1, 2020 to December 31, 2020)
Cash flows from operating activities:		
Profit for the period	11,937	10,179
Depreciation and amortization	6,662	8,576
Impairment loss on property, plant and equipment and intangible assets	106	18
Finance income and costs	1,356	847
Share of (profit) loss of investments accounted for using the equity method	(480)	(379)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	110	45
Income tax expense	5,923	3,909
(Increase) decrease in trade and other receivables	13,191	14,544
(Increase) decrease in inventories	(8,720)	(785)
Increase (decrease) in trade and other payables	(10,382)	(1,891)
Increase (decrease) in retirement benefit liabilities	160	(29)
Other	249	(1,036)
Sub total	20,117	33,997
Interest received	211	181
Dividends received	1,118	1,209
Interest paid	(1,983)	(1,358)
Income taxes paid	(6,256)	(5,708)
Net cash provided by (used in) operating activities	13,208	28,321
Cash flows from investing activities:		
Payments for property, plant and equipment	(5,871)	(3,450)
Proceeds from sales of property, plant and equipment	705	340
Payments for intangible assets	(576)	(650)
Purchases of other investments	(1,351)	(953)
Proceeds from sale of other investments	367	95
Proceeds from (payments for) acquisition of subsidiaries	(169)	(97)
Payments for acquisition of businesses	(380)	–
Increase in loans receivable	(236)	(317)
Proceeds from collection of loans receivable	173	256
Other	(1,491)	(241)
Net cash provided by (used in) investing activities	(8,829)	(5,017)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings (three months or less)	1,138	(12,134)
Proceeds from short-term borrowings (more than three months)	1,177	527
Repayment of short-term borrowings (more than three months)	(1,389)	(833)
Proceeds from long-term borrowings	1,458	3,390
Repayment of long-term borrowings	(4,575)	(6,981)
Dividends paid	(5,289)	(4,861)
Payments for acquisition of subsidiaries' interests from non-controlling interests	–	(179)
Capital contribution from holders of non-controlling interests	90	11
Dividends paid to non-controlling interests	(1,739)	(1,814)
Repayments of lease obligations	(4,143)	(5,881)
Other	8	(2)
Net cash provided by (used in) financing activities	(13,265)	(28,759)
Increase (decrease) in cash and cash equivalents, net	(8,886)	(5,455)
Cash and cash equivalents at the beginning of the period	88,941	91,105
Effect of exchange rate changes on cash and cash equivalents	(190)	(402)
Cash and cash equivalents at end of the period	79,864	85,246

(5) Notes on condensed consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Changes in presentation method)

(Condensed consolidated statements of cash flows)

“Payments for leasehold deposits,” which was included in “Cash flows from investing activities” in the first nine months of the previous fiscal year, is presented in “Other” in the first nine months under review because its significance in terms of value has decreased. Associated with this, ¥1,580 million presented in “Payments for leasehold deposits” of “Cash flows from investing activities” in the condensed consolidated statements of cash flows in the first nine months of the previous fiscal year has been reclassified into “Other.”

“Purchase of treasury stock” of “Cash flows from financing activities,” which was presented separately in the first nine months of the previous fiscal year, is presented in “Other” in the nine months under review because its significance in terms of value has decreased. Associated with this, ¥4 million presented in “Purchase of treasury stock” of “Cash flows from financing activities” in the condensed consolidated statements of cash flows in the first nine months of the previous fiscal year has been reclassified into “Other.”

(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, but the measurement method has changed starting from the current fiscal year, 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 nine months of the previous fiscal year has also been changed to profit attributable to owners of the parent.

I. Previous first nine months (From April 1, 2019 to December 31, 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	185,662	191,225	95,443	49,927	522,259	8,874	—	531,133
Inter-segment	292	1	79	6	380	190	(570)	—
Total revenues	185,954	191,227	95,522	49,934	522,639	9,064	(570)	531,133
Operating profit (loss)	12,548	1,900	1,764	1,802	18,016	730	(8)	18,738
Segment profit (loss)	6,315	697	1,086	1,174	9,273	303	(161)	9,415

(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 ¥8 million for segment profit (loss) includes an inter-segment elimination of ¥8 million.
- The adjustment of ¥161 million for segment profit (loss) includes an inter-segment elimination of ¥16 million and corporate expenses that are not allocated to any particular segment of ¥145 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 nine months under review (From April 1, 2020 to December 31, 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	157,420	186,088	66,615	49,635	459,759	8,010	—	467,770
Inter-segment	209	0	28	3	241	161	(403)	—
Total revenues	157,629	186,088	66,643	49,639	460,001	8,172	(403)	467,770
Operating profit (loss)	9,952	1,801	765	1,484	14,003	580	(27)	14,556
Segment profit (loss)	4,749	1,772	1,256	989	8,767	281	(503)	8,546

(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 -¥27 million for segment profit (loss) includes an inter-segment elimination of -¥27 million.
- The adjustment of -¥503 million for segment profit (loss) includes an inter-segment elimination of -¥35 million and corporate expenses that are not allocated to any particular segment of -¥467 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 Nine Months of the Fiscal Year Ending March 2021 (IFRS)

■ **Revenue and profits both fell year on year.**

◇ Revenue	467.8 billion yen	11.9% down
◇ Operating profit	14.6 billion yen	22.3% down
◇ Profit before tax	14.1 billion yen	22.1% down
◇ Profit attributable to owners of the parent	8.5 billion yen	9.2% down

■ **Progress of profit attributable to owners of the parent is approx. 66%.**

Profit & loss statement							【Revenue】 Decreased 63.4 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments. 【Operating profit】 Decreased 4.2 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments. 【Profit before tax】 Decreased 3.8 billion yen due to a drop in operating profit. 【Profit attributable to owners of the parent】 Decreased 0.9 billion yen as a result of a decline in profit before tax.	
(Unit: billion yen)		Q3 of FY2020	Q3 of FY2021	Year-on-year		FY2021		
				Change	Change(%)	Forecast		Progress (%)
Revenue		531.1	467.8	(63.4)	(11.9%)	670.0		69.8%
Gross profit		79.8	71.7	(8.1)	(10.2%)	-		-
Selling, general and administrative expenses		(61.1)	(57.8)	3.3	-	-		-
Other income (expenses)		0.1	0.7	0.6	1220.9%	-		-
Operating profit		18.7	14.6	(4.2)	(22.3%)	24.0		60.7%
	Interest income (expenses)	(1.9)	(1.3)	0.6	-	-		-
	Dividend income	0.7	0.7	0.0	-	-		-
	Other finance income (costs)	(0.1)	(0.2)	(0.1)	-	-		-
Finance income (costs)		(1.4)	(0.8)	0.5	-	-		-
Share of profit (loss) of investments accounted for using the equity method		0.5	0.4	(0.1)	(20.9%)	-		-
Profit before tax		17.9	14.1	(3.8)	(21.1%)	23.0		61.3%
Income tax expense		(5.9)	(3.9)	2.0	-	-		-
Profit for the period		11.9	10.2	(1.8)	(14.7%)	-		-
Profit attributable to owners of the parent		9.4	8.5	(0.9)	(9.2%)	13.0		65.7%
Earnings per share (yen)		112.70	102.27	(10.43)	(9.3%)	155.67		65.7%

Segment information										Causes of increase/decrease in operating profit	
		Revenue			Operating profit			Profit attributable to owners of the parent			
		Q3 of FY2020	Q3 of FY2021	Change	Q3 of FY2020	Q3 of FY2021	Change	Q3 of FY2020	Q3 of FY2021		Change
(Unit: billion yen)											
	Electronics & Devices	185.7	157.4	(28.2)	12.5	10.0	(2.6)	6.3	4.7	(1.6)	
	Foods, Meet & Grain	191.2	186.1	(5.1)	1.9	1.8	(0.1)	0.7	1.8	1.1	
	Steel, Materials & Plant	95.4	66.6	(28.8)	1.8	0.8	(1.0)	1.1	1.3	0.2	
	Motor Vehicles & Aerospace	49.9	49.6	(0.3)	1.8	1.5	(0.3)	1.2	1.0	(0.2)	
Total for reportable segments		522.3	459.8	(62.5)	18.0	14.0	(4.0)	9.3	8.8	(0.5)	
Other (including adjustment)		8.9	8.0	(0.9)	0.7	0.6	(0.2)	0.1	(0.2)	(0.4)	
Grand total		531.1	467.8	(63.4)	18.7	14.6	(4.2)	9.4	8.5	(0.9)	

【Electronics&Devices】A decline in revenue and profit
In the ICT solutions business, transactions remained generally solid, despite decline in server and storage related sales in transactions with the manufacturing industry. The mobile business remained weak due to shorter business hours and cautious spending before the rollout of services with new tariff plans, despite the start of sales of new 5G models. The semiconductor parts and manufacturing equipment business saw solid shipments to China in transactions involving LCD manufacturing equipment.

【Foods, Meet & Grain】A decline in revenue and profit
The grain business remained strong, partly due to growing demand for home-cooked food and rallying prices. The food business and meat products business remained weak owing to a sluggish recovery of demand from the food service sector, despite brisk transactions with food manufacturers and supermarkets, reflecting efforts to tap into demand for home-cooked food.

【Steel, Materials & Plant】A decline in revenue and profit
The energy business performed well mainly thanks to improvement in the profitability of domestic transactions involving petroleum products. The chemicals business also remained firm, especially transactions involving pharmaceuticals. The iron and steel business struggled mainly due to the impact of high crude oil prices and the stagnation of overseas markets. The machine tools and industrial machinery business was weak because of the impact of postponed capital investment plans. The oilfield tubing business was also lackluster, affected by sluggish drilling demand.

【Motor Vehicles & Aerospace】A decline in revenue and profit
In the aerospace business, core transactions with public offices held firm, offsetting a slump in transactions involving aircraft parts overseas due to the effects of COVID-19. The motor vehicles and parts business recovered slightly from the decline in global demand but was still affected and remained weak.

Assets, Liabilities and Net Assets					【Total assets】 Decreased 14.1 billion yen mainly due to a fall in trade and other receivables.
(Unit: billion yen)	3/2020	12/2020	Comparison with 3/2020		
			Change	Change(%)	
Total assets	551.7	537.6	(14.1)	(2.6%)	【Interest-bearing debt】 Net interest-bearing debt fell 10.4 billion yen mainly due to the repayment of short-term borrowings.
Gross interest-bearing debt (Note 1)	143.4	127.3	(16.1)	(11.2%)	
Net interest-bearing debt	51.8	41.4	(10.4)	(20.1%)	
Shareholders' equity (Note 2)	130.8	135.1	4.3	3.3%	【Shareholders' equity】 Increased 4.3 billion yen chiefly due to a rise in retained earnings.
Retained earnings	69.5	73.0	3.5	5.0%	
Other components of equity	7.9	8.7	0.8	10.4%	
Equity ratio (Note 3)	23.7%	25.1%	1.4pt up	-	The equity ratio came to 25.1%. The net debt-equity ratio was 0.31 times.
Net debt-equity ratio (Note 4)	0.40 times	0.31 times	0.09pt down	-	

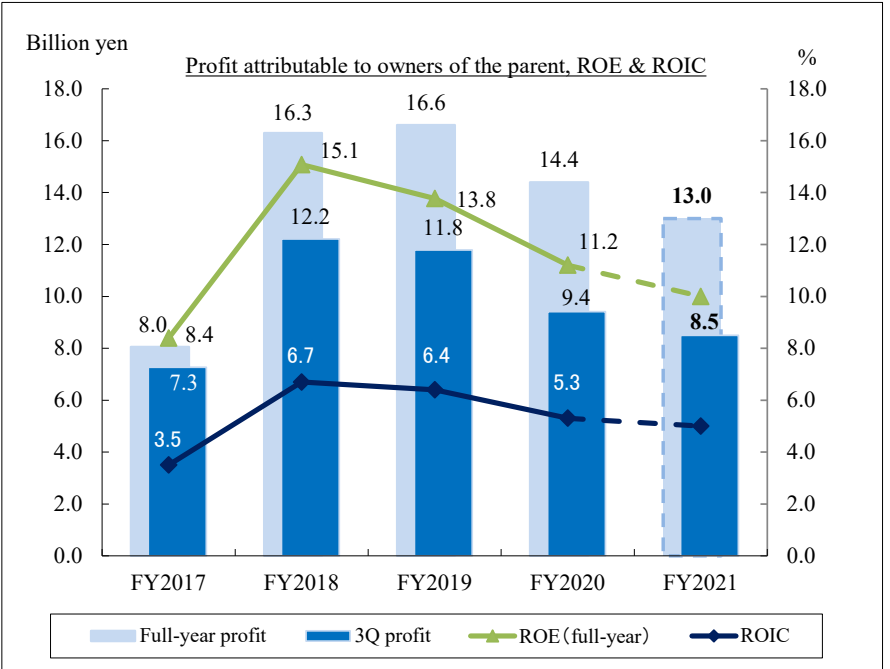
(Note1) Gross interest-bearing debt = Total amount of bonds and loans minus lease liabilities

(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			【CF from operating activities】 Net cash provided by operating activities was 28.3 billion yen, mainly reflecting the accumulation of operating revenue. 【CF from investing activities】 Net cash used in investing activities was 5.0 billion yen, mainly due to the acquisition of property, plant and equipment. 【CF from financing activities】 Net cash used in financing activities was 28.8 billion yen, mainly due to the repayment of borrowings and cash dividends paid.
	Q3 of FY2020	Q3 of FY2021	
(Unit: billion yen)			
CF from operating activities	13.2	28.3	
CF from investing activities	(8.8)	(5.0)	
Free cash flows	4.4	23.3	
CF from financing activities	(13.3)	(28.8)	
Increase (decrease) in cash and cash equivalents	(8.9)	(5.5)	
Ending balance of cash and cash equivalents	79.9	85.2	

Dividends			
【FY2020】			
Interim	30 yen per share		
Year-end	30 yen per share		
Annual	60 yen per share		
【FY2021】			
Interim	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%	38.5%



* 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.