



Consolidated Financial Summary for the FY2021 Ended March 31, 2021 (IFRS)

May 7, 2021

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

URL: <https://www.kanematsu.co.jp>

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Scheduled date for the Ordinary General Meeting of Shareholders: June 23, 2021

Scheduled date for commencement of dividend payments: June 8, 2021

Scheduled date for the submission of financial statements: June 23, 2021

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated business results for the fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated business results

(%: Change from the previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2021	649,142	(10.1)	23,635	(16.6)	23,580	(12.5)	16,251	(10.9)	13,315	(7.5)	21,180	45.8
Fiscal year ended March 2020	721,802	(0.3)	28,352	(6.6)	26,944	(7.7)	18,233	(10.8)	14,399	(13.3)	14,531	(24.0)

	Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of the parent		Profit before tax to total assets	
	Yen		Yen		%		%	
Fiscal year ended March 2021	159.44		159.34		9.7		4.3	
Fiscal year ended March 2020	172.43		172.28		11.2		4.9	

(Reference) Share of profit (loss) of investments accounted for using the equity method: 692 million yen for the fiscal year ended March 2021
389 million yen for the fiscal year ended March 2020

(Note) 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	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
As of March 31, 2021	557,495	180,492	143,926	25.8	1,723.42
As of March 31, 2020	551,671	166,174	130,829	23.7	1,566.60

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2021	36,984	(9,927)	(37,497)	81,045
Fiscal year ended March 2020	24,259	(10,215)	(11,590)	91,105

2. Dividends

(Record date)	Annual dividends					Annual total of dividend	Payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2020	—	30.00	—	30.00	60.00	5,054	34.8	3.9
Fiscal year ended March 2021	—	30.00	—	30.00	60.00	5,054	37.6	3.6
Fiscal year ending March 2022 (Forecasts)	—	30.00	—	30.00	60.00		33.4	

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

3. Forecasts for consolidated results ending March 2022 (April 1, 2021 – March 31, 2022)

(%: 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	7.8	28,000	18.5	28,000	18.7	15,000	12.7	179.62	

* 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 | | | |
| Fiscal year (2021/3): | 84,500,202 shares | Fiscal year (2020/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| Fiscal year (2021/3): | 988,461 shares | Fiscal year (2020/3): | 988,557 shares |
| 3. Average number of shares during the period | | | |
| Fiscal year (2021/3): | 83,511,523 shares | Fiscal year (2020/3): | 83,509,499 shares |

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated business results (%: Change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2021	342,979	(12.0)	(599)	—	8,165	(26.6)	5,586	(37.6)
Fiscal year ended March 2020	389,593	(4.6)	(87)	—	11,118	14.6	8,956	24.6

	Profit for the year per share	Diluted profit for the year per share
	Yen	Yen
Fiscal year ended March 2021	66.87	—
Fiscal year ended March 2020	107.21	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	268,219	98,144	36.6	1,174.87
As of March 31, 2020	281,155	96,451	34.3	1,154.58

(Reference) Shareholders' equity 98,144 million yen for the fiscal year ended March 2021
96,451 million yen for the fiscal year ended March 2020

* Consolidated financial summaries are not subject to audit 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 "1. Overview of Business Results, Etc., (1) Overview of business results, (ii) Future outlook" on page 3 of accompanying materials for further information on results forecasts.
- The Company operates its businesses on a consolidated basis. The Company produces no forecast for non-consolidated business results.
- The Company plans to hold an online results briefing for institutional investors and analysts on Thursday, May 13, 2021. Results briefing materials used at the results briefing will be posted on the Company's website immediately after it is held.

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1. Overview of Business Results, Etc.

(1) Overview of business results

(i) Review of operations

In the fiscal year under review, the global economy faced one of the greatest collapses in history due to the COVID-19 pandemic. It later staged a rapid recovery, driven by the U.S. and China, thanks to the mobilization of government policies and measures to control infections, including vaccine development and rollout.

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 coinciding with the changeover of political power. However, the U.S. economy is recovering rapidly, supported by quantitative easing and historically high government spending. In Europe, which suffered the most severe economic downturn as a consequence of COVID-19, economic activity continued to be restricted in many major economies due to the resurgence of infections or the emergence of variants. In some economies, however, the restrictions have started to pay off. 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 activity improving following production.

The Japanese economy experienced a major downturn, especially during the first half of the fiscal year, reflecting the declaration of a state of emergency twice and the curtailment of economic activity as a result. However, this dramatic slump bottomed out in the summer and, despite the declaration of the second state of emergency, the drop in consumption was small compared with last spring and the economic impact of the resurgence of infections is currently confined to a small number of sectors.

In this environment, the results of the Group in the fiscal year 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. However, 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, the foods business, where sales related to the food service sector decreased, and the energy business, which was hit by falling crude oil prices. Whilst profit increased in the feedstuff business, reflecting demand for home-cooked food and rallying prices, profit fell in other areas such as the meat products business, where sales related to the food service sector fell sharply, and the oilfield tubing business, which continued to be affected by sluggish drilling demand.

Consolidated revenue fell ¥72,660 million (10.1%) year on year, to ¥649,142 million. Consolidated gross profit decreased ¥9,389 million (8.5%) from a year earlier, to ¥101,515 million. Consolidated operating profit sank ¥4,717 million (16.6%) from a year earlier, to ¥23,635 million mainly due to a decrease in gross profit, despite lower selling, general and administrative expenses. Profit before tax decreased ¥3,364 million (12.5%) year on year, to ¥23,580 million, the result of an improvement in the financial balance and an improvement in the share of profit (loss) of investments accounted for using the equity method. Profit attributable to owners of the parent fell ¥1,084 million (7.5%) year on year, to ¥13,315 million. The ratio of profit attributable to owners of the parent to equity attributable to owners of the parent or equity capital (ROE) stood at 9.7%.

Results for each business segment are described below.

(Electronics & Devices)

Revenue decreased ¥28,407 million from a year earlier, to ¥226,109 million. Operating profit fell ¥1,388 million, to ¥17,575 million. Profit attributable to owners of the parent fell ¥844 million, to ¥8,484 million.

Performance in terms of operating profit is outlined below. The ICT solutions business turned in a generally solid performance, despite slow growth in server and storage related sales to the manufacturing industry and services sector. The mobile business remained weak mainly due to decreased store footfall reflecting shorter business hours. The semiconductor parts and manufacturing equipment business performed solidly in areas such as shipments to China in transactions involving LCD manufacturing equipment.

(Foods & Grain)

Revenue decreased ¥244,617 million from a year earlier, to ¥6,786 million. Operating profit fell ¥883 million, to ¥1,498 million. Profit attributable to owners of the parent rose ¥241 million, to ¥1,495 million.

Performance in terms of operating profit is outlined below. The grain business remained strong, partly due to growing demand for home-cooked food and rallying prices. The foods business and the meat products business gave weak performances due largely to struggling sales related to the food service sector.

(Steel, Materials & Plant)

Revenue decreased ¥33,027 million from a year earlier, to ¥96,831 million. Operating profit fell ¥1,979 million, to ¥1,840 million. Profit attributable to owners of the parent sank ¥195 million, to ¥2,060 million.

Performance in terms of operating profit is outlined below. The energy business performed solidly mainly thanks to improvement in the profitability of domestic transactions involving petroleum products. Meanwhile, the iron and steel business was lackluster mainly due to the effect of high raw materials prices and the stagnation of overseas markets, despite improvement in market conditions for transactions involving iron and steel in Japan after manufacturers adopted a policy of raising prices. The machine tools and industrial machinery business was also weak due primarily to postponed capital investment plans, and the oilfield tubing business also performed poorly under the continued impact of weak drilling demand.

(Motor Vehicles & Aerospace)

Revenue decreased ¥3,519 million from a year earlier, to ¥71,086 million. Operating profit fell ¥328 million, to ¥2,055 million. Profit attributable to owners of the parent dropped ¥169 million, to ¥1,497 million.

Performance in terms of operating profit is outlined below. In the aerospace business, domestic aircraft-related transactions with government agencies were solid, offsetting a slump in overseas transactions involving aircraft parts. The motor vehicles and parts business recovered slightly from the decline in global demand but was still affected and remained weak.

(Other)

Revenue decreased ¥921 million from a year earlier, to ¥10,497 million. Operating profit fell ¥123 million, to ¥696 million. Profit attributable to owners of the parent rose ¥90 million, to ¥380 million.

(ii) Future outlook

In the next consolidated fiscal year, the world economy is expected to return to pre-pandemic levels as economic activity in each country returns to normal with the rollout of vaccination programs, despite lingering uncertainty caused by COVID-19.

The Japanese economy will see a more gradual return to normal activity than other major economies, partly due to the slow rollout of vaccines.

In this environment, the Company forecasts consolidated revenue of ¥700,000 million, operating profit of ¥28,000 million, profit before tax of ¥28,000 million and profit attributable to owners of the parent of ¥15,000 million for the fiscal year ending March 31, 2022. As a result, the ratio of profit attributable to owners of the parent to equity attributable to owners of the parent or equity capital (ROE) is expected to be 10.4%.

(Assumptions for the calculation of results forecast)

- Exchange rate: 1 US dollar = 105 yen
- Interest rates: Interest rates are expected to remain unchanged.

* Note on forward-looking statements:

The above statements on future performance, such as the results forecasts, have been made based on information available to the Company at the time of the announcement 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) Overview of financial position

(i) Assets, liabilities and equity

Total assets at the end of the fiscal year under review increased ¥5,824 million from the end of the previous fiscal year, to ¥557,495 million. Interest-bearing debt decreased ¥21,237 million from the end of the previous fiscal year, to ¥122,157 million, mainly due to the repayment of short-term borrowings and the redemption of bonds. Net interest-bearing debt after deducting cash and deposits fell ¥11,287 million from the end of the previous fiscal year, to ¥40,520 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥13,097 million from the end of the previous fiscal year, to ¥143,926 million, chiefly due to an increase in retained earnings and increases in other capital components resulting from yen depreciation and rising share prices.

As a result, the ratio of equity attributable to owners of the parent came to 25.8%. The net debt-equity ratio (“net DER”) was 0.3 times.

(ii) Cash flows

Net cash provided by operating activities stood at ¥36,984 million (versus ¥24,259 million provided in the previous fiscal year), chiefly reflecting the accumulation of operating income. Net cash used in investing activities was ¥9,927 million (versus ¥10,215 million used in the previous fiscal year), mainly due to the purchase of property, plant and equipment, and capital contributions to equity-method affiliates. Net cash used in financing activities amounted to ¥37,497 million (versus ¥11,590 million used in the previous fiscal year), mainly reflecting the repayment of borrowings and lease liabilities, cash dividends paid, and the redemption of bonds.

As a result, cash and cash equivalents at the end of the fiscal year under review stood at ¥81,045 million, down ¥10,060 million from the end of the previous fiscal year.

(3) Basic policy for distribution of profits and dividends

The Company regards the distribution of profits to shareholders as a critical management issue. It adopts a basic policy for dividends of taking into consideration factors such as operating results and the balance with appropriate internal reserves for growth investments in the future.

The Company revised its target payout ratio (total return ratio) under “future 135,” the Company’s medium-term vision, from 25-30% to 30-35%. For the fiscal year under review, the Company paid an interim dividend of ¥30 per share and plans to pay a year-end dividend of ¥30 per share, bringing the annual dividend to ¥60 per share. The payout ratio is estimated to be 37.6%.

As for the dividends in the next fiscal year, we plan for the annual dividend of ¥60 per share (interim dividend ¥30 and year-end dividend ¥30), unchanged from the previous fiscal year, in line with our basic policy of paying stable and sustained shareholder returns, despite the lingering economic uncertainty caused by the coronavirus pandemic. The total return ratio is expected to be 33.4%.

2. Basic Approach to Selection of Accounting Standards

The Company decided to voluntarily adopt International Financial Reporting Standards (IFRS), in place of the Japanese GAAP used previously, beginning with its consolidated financial statements in the annual securities report for the fiscal year ended March 31, 2016 (122nd Term), to improve the global comparability of financial information in capital markets.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated statement of financial position

(Million yen)

	End of Fiscal 2020 (March 31, 2020)	End of Fiscal 2021 (March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	91,105	81,045
Trade and other receivables	204,920	207,285
Inventories	100,766	99,711
Other financial assets	5,383	6,512
Other current assets	24,580	26,339
Total current assets	426,756	420,894
Non-current assets		
Property, plant and equipment	40,756	42,246
Goodwill	10,304	10,296
Intangible assets	23,382	24,926
Investments accounted for using the equity method	7,506	11,869
Trade and other receivables	1,428	1,280
Other investments	28,279	33,536
Other financial assets	7,370	7,079
Deferred tax assets	2,761	2,318
Other non-current assets	3,126	3,046
Total non-current assets	124,915	136,601
Total assets	551,671	557,495

(Million yen)

	End of Fiscal 2020 (March 31, 2020)	End of Fiscal 2021 (March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	172,922	182,980
Bonds and borrowings	68,164	57,723
Lease obligations	6,303	6,999
Other financial liabilities	4,614	5,442
Income taxes payable	3,393	2,942
Provisions	30	607
Other current liabilities	29,073	28,213
Total current liabilities	284,503	284,909
Non-current liabilities		
Bonds and borrowings	75,229	64,434
Lease obligations	11,251	10,328
Other financial liabilities	2,063	1,807
Retirement benefits liabilities	6,779	6,517
Provisions	1,914	1,944
Deferred tax liabilities	2,385	5,527
Other non-current liabilities	1,369	1,533
Total non-current liabilities	100,994	92,093
Total liabilities	385,497	377,003
Equity		
Share capital	27,781	27,781
Capital surplus	26,957	27,034
Retained earnings	69,540	78,070
Treasury stock	(1,309)	(1,311)
Other components of equity		
Exchange differences on translation of foreign operations	930	1,633
Financial assets measured at fair value through other comprehensive income	6,816	10,163
Cash flow hedges	113	554
Total other components of equity	7,860	12,351
Total equity attributable to owners of the parent	130,829	143,926
Non-controlling interests	35,344	36,566
Total equity	166,174	180,492
Total liabilities and equity	551,671	557,495

(2) Consolidated statements of income / consolidated statements of comprehensive income
(Consolidated statements of income)

(Million yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Revenue	721,802	649,142
Cost of sales	(610,897)	(547,626)
Gross profit	110,904	101,515
Selling, general and administrative expenses	(82,716)	(78,893)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(118)	(174)
Impairment loss on property, plant and equipment and intangible assets	(551)	(44)
Other income	1,958	1,688
Other expenses	(1,123)	(457)
Total other income (expenses)	165	1,013
Operating profit	28,352	23,635
Finance income		
Interest income	271	161
Dividend income	1,143	1,100
Other finance income	—	19
Total finance income	1,415	1,281
Finance costs		
Interest expenses	(2,761)	(1,818)
Other finance costs	(452)	(210)
Total finance costs	(3,214)	(2,029)
Share of profit (loss) of investments accounted for using the equity method	389	692
Profit before tax	26,944	23,580
Income tax expense	(8,710)	(7,329)
Profit for the year	18,233	16,251
Profit for the year attributable to:		
Owners of the parent	14,399	13,315
Non-controlling interests	3,834	2,935
Total	18,233	16,251
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	172.43	159.44
Diluted earnings per share (yen)	172.28	159.34

(Consolidated statements of comprehensive income)

(Million yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Profit for the year	18,233	16,251
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,939)	3,395
Remeasurement of defined benefit pension plans	(24)	229
Share of other comprehensive income of investments accounted for using the equity method	(8)	8
Total items that will not be reclassified to profit or loss	(2,972)	3,633
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,105)	931
Cash flow hedges	403	441
Share of other comprehensive income of investments accounted for using the equity method	(27)	(77)
Total items that may be reclassified to profit or loss	(729)	1,295
Other comprehensive income for the year, net of tax	(3,702)	4,929
Total comprehensive income for the year	14,531	21,180
Total comprehensive income for the year attributable to:		
Owners of the parent	10,927	18,031
Non-controlling interests	3,604	3,148
Total	14,531	21,180

(3) 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			14,399			
Other comprehensive income					(935)	(2,926)
Total comprehensive income for the year	–	–	14,399	–	(935)	(2,926)
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		42				
Total transactions with owners	–	74	(5,428)	8	–	–
Transfer from other components of equity to retained earnings			(179)			162
Balance as of March 31, 2020	27,781	26,957	69,540	(1,309)	930	6,816
Profit			13,315			
Other comprehensive income					703	3,308
Total comprehensive income for the year	–	–	13,315	–	703	3,308
Dividends			(5,010)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1)		
Disposition of treasury stock		1		0		
Equity transactions with non-controlling interests		30				
Share-based payment transactions		45				
Total transactions with owners	–	76	(5,010)	(1)	–	–
Transfer from other components of equity to retained earnings			225			38
Balance as of March 31, 2021	27,781	27,034	78,070	(1,311)	1,633	10,163

(Million yen)

	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			—	14,399	3,834	18,233
Other comprehensive income	406	(17)	(3,472)	(3,472)	(229)	(3,702)
Total comprehensive income for the year	406	(17)	(3,472)	10,927	3,604	14,531
Dividends			—	(5,428)		(5,428)
Dividends paid to non-controlling interests			—	—	(1,891)	(1,891)
Acquisition of treasury stock			—	(5)		(5)
Disposition of treasury stock			—	14		14
Equity transactions with non-controlling interests			—	31	179	211
Share-based payment transactions			—	42		42
Total transactions with owners	—	—	—	(5,344)	(1,711)	(7,056)
Transfer from other components of equity to retained earnings		17	179	—		—
Balance as of March 31, 2020	113	—	7,860	130,829	35,344	166,174
Profit			—	13,315	2,935	16,251
Other comprehensive income	441	263	4,716	4,716	212	4,929
Total comprehensive income for the year	441	263	4,716	18,031	3,148	21,180
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			—	1		1
Equity transactions with non-controlling interests			—	30	(177)	(146)
Share-based payment transactions			—	45		45
Total transactions with owners	—	—	—	(4,934)	(1,927)	(6,862)
Transfer from other components of equity to retained earnings		(263)	(225)	—		—
Balance as of March 31, 2021	554	—	12,351	143,926	36,566	180,492

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities:		
Profit for the year	18,233	16,251
Depreciation and amortization	9,176	11,555
Impairment loss on property, plant and equipment and intangible assets	551	44
Finance income and costs	1,798	747
Share of (profit) loss of investments accounted for using the equity method	(389)	(692)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	118	174
Income tax expense	8,710	7,329
(Increase) decrease in trade and other receivables	23,422	(653)
(Increase) decrease in inventories	(1,391)	1,633
Increase (decrease) in trade and other payables	(23,184)	9,389
Increase (decrease) in retirement benefit liabilities	393	(276)
Other	(5,184)	(2,031)
Sub total	32,254	43,471
Interest received	200	209
Dividends received	1,188	1,236
Interest paid	(2,731)	(1,782)
Income taxes paid	(6,651)	(6,149)
Net cash provided by (used in) operating activities	24,259	36,984
Cash flows from investing activities:		
Payments for property, plant and equipment	(6,725)	(4,413)
Proceeds from sales of property, plant and equipment	1,159	421
Payments for intangible assets	(1,044)	(1,058)
Purchases of other investments	(1,452)	(4,611)
Proceeds from sale of other investments	436	139
Proceeds from (payments for) acquisition of subsidiaries	(835)	(210)
Payments for acquisition of businesses	(380)	(45)
Increase in loans receivable	(240)	(308)
Proceeds from collection of loans receivable	292	333
Other	(1,427)	(173)
Net cash provided by (used in) investing activities	(10,215)	(9,927)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less), net	3,972	(15,686)
Proceeds from short-term borrowings (more than three months)	2,009	527
Repayment of short-term borrowings (more than three months)	(3,355)	(734)
Proceeds from long-term borrowings	24,756	9,616
Repayment of long-term borrowings	(26,064)	(11,171)
Redemption of bonds	—	(5,050)
Dividends paid	(5,414)	(5,001)
Purchase of shares of subsidiaries from non-controlling interests	—	(260)
Capital contribution from holders of non-controlling interests	90	11
Dividends paid to non-controlling interests	(1,791)	(1,854)
Repayments of lease obligations	(5,798)	(7,890)
Other	6	(3)
Net cash provided by (used in) financing activities	(11,590)	(37,497)
Increase (decrease) in cash and cash equivalents, net	2,453	(10,440)
Cash and cash equivalents at the beginning of the year	88,941	91,105
Effect of exchange rate changes on cash and cash equivalents	(290)	380
Cash and cash equivalents at the end of the year	91,105	81,045

(5) Notes on the consolidated financial statements
(Notes on the going concern assumption)
Not applicable.

(Changes in presentation method)
(Consolidated statements of cash flows)

“Payments for leasehold deposits,” which was included in “Cash flows from investing activities” in the previous fiscal year, is presented in “Other” in the fiscal year under review because its significance in terms of value has decreased. Associated with this, -¥1,640 million presented in “Payments for leasehold deposits” of “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into “Other.”

Additionally, “Purchase of treasury stock,” which was separately presented and included in “Cash flows from financing activities” in the previous fiscal year, is presented in “Other” in the fiscal year under review because its significance in terms of value has decreased. Associated with this, -¥5 million presented in “Purchase of treasury stock” of “Cash flows from financing activities” in the consolidated statements of cash flows for 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. Profit of reportable segments after the change is profit attributable to owners of the parent.

Associated with this, profit of reportable segments for the previous consolidated fiscal year is also presented as profit attributable to owners of parent to reflect the change.

Fiscal 2020 (From April 1, 2019 to March 31, 2020)

(Million yen)

	Reported segments					Other (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	254,516	251,403	129,858	74,605	710,383	11,418	–	721,802
Inter-segment	414	2	94	8	518	215	(734)	–
Total revenues	254,930	251,406	129,952	74,613	710,902	11,634	(734)	721,802
Operating profit (loss)	18,963	2,381	3,819	2,383	27,547	819	(14)	28,352
Segment profit (loss)	9,328	1,254	2,255	1,666	14,505	290	(396)	14,399
Other profit or loss:								
Depreciation and amortization	5,021	1,392	1,809	697	8,920	275	(18)	9,176
Share of profit (loss) of investments accounted for using the equity method	(35)	62	180	38	246	143	–	389
Segment assets	201,979	127,143	122,767	54,030	505,921	11,215	34,534	551,671
Other assets:								
Investments accounted for using the equity method	399	1,616	2,676	362	5,055	2,453	(2)	7,506
Capital expenditures (Note 3)	2,006	580	1,249	3,701	7,537	304	653	8,495

(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.

- (1) The adjustment of -¥14 million for segment profit (loss) includes an inter-segment elimination of -¥14 million.
- (2) The adjustment of -¥396 million for segment profit (loss) includes an inter-segment elimination of -¥17 million and corporate expenses that are not allocated to any particular segment of -¥379 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.
- (3) Adjustment for segment assets amounting to ¥34,534 million includes inter-segment elimination of -¥13,618 million and Group assets of ¥48,153 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (4) Adjustment for depreciation and amortization amounting to -¥18 million includes inter-segment elimination of -¥18 million.
- (5) Adjustment for investments accounted for using the equity method amounting to -¥2 million includes intersegment elimination of -¥2 million.
- (6) Adjustment for capital expenditure amounting to ¥653 million includes inter-segment elimination of -¥53 million and Group assets of ¥706 million that have not been distributed to reportable segments. These Group assets consist mainly of leased equipment, etc. for systems of subsidiaries.

(Note 3) Capital expenditures do not include amounts pertaining to right-of-use assets.

	Reported segments					Other (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	226,109	244,617	96,831	71,086	638,644	10,497	—	649,142
Inter-segment	287	1	36	5	331	208	(540)	—
Total revenues	226,397	244,618	96,868	71,092	638,976	10,706	(540)	649,142
Operating profit (loss)	17,575	1,498	1,840	2,055	22,969	696	(30)	23,635
Segment profit (loss)	8,484	1,495	2,060	1,497	13,538	380	(603)	13,315
Other profit or loss:								
Depreciation and amortization	6,194	1,513	2,600	923	11,231	336	(12)	11,555
Share of profit (loss) of investments accounted for using the equity method	(25)	20	463	33	492	199	—	692
Segment assets	202,908	129,747	128,550	48,436	509,643	12,508	35,343	557,495
Other assets:								
Investments accounted for using the equity method	337	1,777	6,449	372	8,936	2,935	(2)	11,869
Capital expenditures (Note 3)	2,107	550	1,826	251	4,736	1,222	452	6,411

(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.

- (1) The adjustment of -¥30 million for segment profit (loss) includes an inter-segment elimination of -¥30 million.
- (2) The adjustment of -¥603 million for segment profit (loss) includes an inter-segment elimination of -¥25 million and corporate expenses that are not allocated to any particular segment of -¥578 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.
- (3) Adjustment for segment assets amounting to ¥35,343 million includes inter-segment elimination of -¥10,165 million and Group assets of ¥45,509 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (4) Adjustment for depreciation and amortization amounting to -¥12 million includes inter-segment elimination of -¥12 million.
- (5) Adjustment for investments accounted for using the equity method amounting to -¥2 million includes intersegment elimination of -¥2 million.
- (6) Adjustment for capital expenditure amounting to ¥452 million includes inter-segment elimination of -¥48 million and Group assets of ¥500 million that have not been distributed to reportable segments. These Group assets consist mainly of leased equipment, etc. for systems of subsidiaries.

(Note 3) Capital expenditures do not include amounts pertaining to right-of-use assets.

(Per share information)

(i) Profit for the year per share (yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Basic earnings per share (yen)	172.43	159.44
Diluted earnings per share (yen)	172.28	159.34

(Note) The amount of diluted earnings per share is calculated by deeming the shares authorized to be issued subject to conditions which are expected to be provided under the performance-linked stock compensation plan as potential shares.

(ii) Basis for calculation of profit for the year per share

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Profit attributable to owners of the parent (million yen)	14,399	13,315
Amount not attributable to common shareholders of the parent (million yen)	—	—
Profit used to calculate basic earnings per share (million yen)	14,399	13,315
Profit used to calculate diluted earnings per share (million yen)	14,399	13,315
Weighted average number of common shares (thousand shares)	83,509	83,511
Increase due to performance-linked stock compensation plan (thousand shares)	71	54
Weighted average number of shares adjusted for dilution (thousand shares)	83,580	83,565

(Note) In the calculation of the earnings per share, the shares of the Company owned by the stock issuance trust for officers below are included in the treasury stock which is deducted in the calculation of average number of shares during the fiscal year:

Previous consolidated fiscal year	705,961 shares
Consolidated fiscal year under review	702,500 shares

(Significant subsequent events)

Kanematsu Communications Limited, which is a subsidiary of the Company, was the subject of a lawsuit filed in the Tokyo District Court in April 2021 by a supplier seeking damages for default in connection with transactions involving communication services provided by Kanematsu Communications Limited (amount in controversy: 14,664 million yen)

Highlights of Consolidated Financial Results for the Fiscal Year Ending March 2021(IFRS)**■ Second-half operating profit returns to pre-pandemic levels.**

◇Revenue	649.1 billion yen	10.1% down
◇Operating profit	23.6 billion yen	16.6% down
◇Profit before tax	23.6 billion yen	12.5% down
◇Profit attributable to owners of the parent	13.3 billion yen	7.5% down

■ The Company forecasts a return to pre-pandemic levels on a full-year basis in the fiscal year ending March 2022.

Profit & loss statement						
(Unit: billion yen)	FY2020	FY2021	Year-on-year		FY2022	
			Change	Change(%)	Forecast	YoY Change (%)
Revenue	721.8	649.1	(72.7)	(10.1%)	700.0	7.8%
Gross profit	110.9	101.5	(9.4)	(8.5%)	-	-
Selling, general and administrative expenses	(82.7)	(78.9)	3.8	-	-	-
Other income (expenses)	0.2	1.0	0.8	324.4%	-	-
Operating profit	28.4	23.6	(4.7)	(16.6%)	28.0	18.5%
Interest income (expenses)	(2.5)	(1.7)	0.8	-	-	-
Dividend income	1.1	1.1	(0.0)	-	-	-
Other finance income (costs)	(0.5)	(0.2)	0.3	-	-	-
Finance income (costs)	(1.8)	(0.7)	1.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.4	0.7	0.3	77.9%	-	-
Profit before tax	26.9	23.6	(3.4)	(12.5%)	28.0	18.7%
Income tax expense	(8.7)	(7.3)	1.4	-	-	-
Profit for the year	18.2	16.3	(2.0)	(10.9%)	-	-
Profit attributable to owners of the parent	14.4	13.3	(1.1)	(7.5%)	15.0	12.7%
Earnings per share (yen)	172.43	159.44	(12.99)	(7.5%)	179.62	12.7%

【Revenue】
Decreased 72.7 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments.

【Operating profit】
Decreased 4.7 billion yen, primarily in the Steel, Materials & Plant segment.

【Profit before tax】
Decreased 3.4 billion yen due to a drop in operating profit.

【Profit attributable to owners of the parent】
Decreased 1.1 billion yen as a result of a decline in profit before tax.

Assets, Liabilities and Net Assets				
(Unit: billion yen)	3/2020	3/2021	Comparison with 3/2020	
			Change	Change(%)
Total assets	551.7	557.5	5.8	1.1%
Gross interest-bearing debt (Note 1)	143.4	122.2	(21.2)	(14.8%)
Net interest-bearing debt	51.8	40.5	(11.3)	(21.8%)
Shareholders' equity (Note 2)	130.8	143.9	13.1	10.0%
Retained earnings	69.5	78.1	8.5	12.3%
Other components of equity	7.9	12.4	4.5	57.1%
Equity ratio (Note 3)	23.7%	25.8%	2.1%up	-
Net debt-equity ratio (Note 4)	0.4 times	0.3 times	0.1pt 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

【Total assets】
Total assets rose 5.8 billion yen, principally reflecting an increase in investment assets associated with rising share prices.

【Interest-bearing debt】
Net interest-bearing debt fell 11.3 billion yen mainly due to a decrease in short-term borrowings and the redemption of bonds.

【Shareholders' equity】
Equity increased 13.1 billion yen, primarily due to a buildup of retained earnings and an increase in other equity components as a result of yen depreciation and rising share prices.

Equity ratio is 25.8%.
Net debt-equity ratio stood at 0.3 times.

Cash Flows			Dividends		
(Unit: billion yen)	FY2020	FY2021	【FY2021】		
			Interim	Year-end	Annual
CF from operating activities	24.3	37.0	30.0 yen per share	30.0 yen per share	60.0 yen per share
CF from investing activities	(10.2)	(9.9)	30.0 yen per share	30.0 yen per share	60.0 yen per share
Free cash flows	14.0	27.1	30.0 yen per share	30.0 yen per share	60.0 yen per share
CF from financing activities	(11.6)	(37.5)	30.0 yen per share	30.0 yen per share	60.0 yen per share
Increase (decrease) in cash and cash equivalents	2.5	(10.4)	30.0 yen per share	30.0 yen per share	60.0 yen per share
Ending balance of cash and cash equivalents	91.1	81.0	30.0 yen per share	30.0 yen per share	60.0 yen per share

【CF from operating activities】
Net cash provided by operating activities was 37 billion yen, mainly reflecting the accumulation of operating revenue.

【CF from investing activities】
Net cash used in investing activities was 9.9 billion yen, mainly due to the acquisition of property, plant and equipment and capital contributions to equity-method affiliates.

【CF from financing activities】
Net cash used in financing activities was 37.5 billion yen, mainly due to the repayment of borrowings and lease liabilities, dividends paid, and the redemption of bonds.

Annual	FY2020	FY2021	FY2022 (Plan)
Consolidated payout ratio	34.8%	37.6%	33.4%

Segment information									
(Unit: billion yen)	Revenue			Operating profit			Profit attributable to owners of the parent		
	FY2020	FY2021	Change	FY2020	FY2021	Change	FY2020	FY2021	Change
Electronics & Devices	254.5	226.1	(28.4)	19.0	17.6	(1.4)	9.3	8.5	(0.8)
Foods, Meat & Grain	251.4	244.6	(6.8)	2.4	1.5	(0.9)	1.3	1.5	0.2
Steel, Materials & Plant	129.9	96.8	(33.0)	3.8	1.8	(2.0)	2.3	2.1	(0.2)
Motor Vehicles & Aerospace	74.6	71.1	(3.5)	2.4	2.1	(0.3)	1.7	1.5	(0.2)
Total for reportable segments	710.4	638.6	(71.7)	27.5	23.0	(4.6)	14.5	13.5	(1.0)
Other (including adjustment)	11.4	10.5	(0.9)	0.8	0.7	(0.1)	(0.1)	(0.2)	(0.1)
Grand total	721.8	649.1	(72.7)	28.4	23.6	(4.7)	14.4	13.3	(1.1)

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

The ICT solutions business turned in a generally solid performance, despite slow growth in server and storage related sales to the manufacturing industry and services sector. The mobile business remained weak mainly due to decreased store footfall reflecting shorter business hours. The semiconductor parts and manufacturing equipment business performed solidly in areas such as shipments to China in transactions involving LCD manufacturing equipment.

【Foods, Meat & Grain】 Decline in revenue and profit

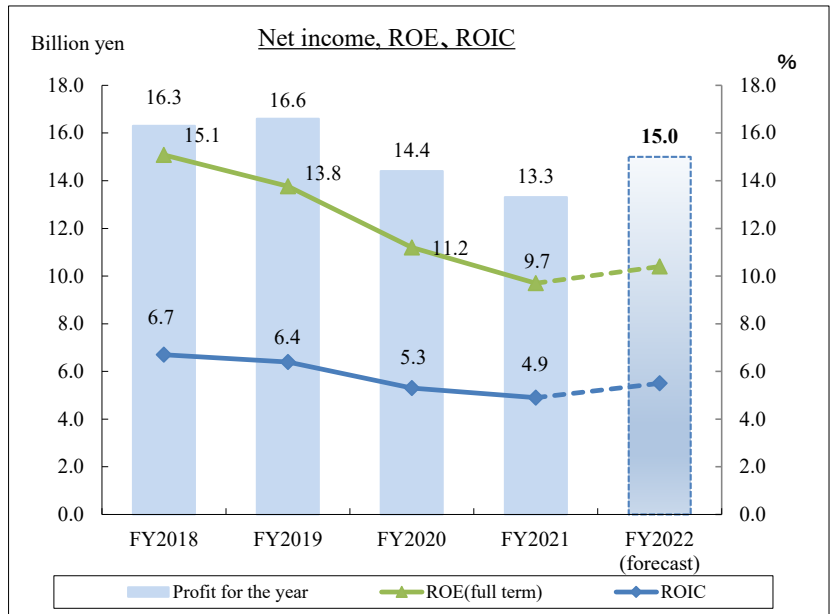
The grain business remained strong, partly due to growing demand for home-cooked food and rallying prices. The foods business and the meat products business gave weak performances due largely to struggling sales related to the food service sector.

【Steel, Materials & Plant】 Decline in revenue and profit

The energy business performed solidly mainly thanks to improvement in the profitability of domestic transactions involving petroleum products. The iron and steel business was lackluster mainly due to the effect of high raw materials prices and the stagnation of overseas markets, despite an improvement in market conditions for transactions involving iron and steel in Japan after manufacturers adopted a policy of raising prices. The machine tools and industrial machinery business was also weak primarily because of postponed capital investment plans, and the oilfield tubing business also performed poorly under the continued impact of weak drilling demand.

【Motor Vehicles & Aerospace】 Decline in revenue and profit

In the aerospace business, domestic aircraft-related transactions with government agencies were solid, offsetting a slump in overseas transactions involving aircraft parts. The motor vehicles and parts business recovered slightly from the decline in global demand but was still affected and remained weak.



* 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.