



# Overview of Results for the First Half of FY2023



**KANEMATSU**

**November 11, 2022**  
**KANEMATSU CORPORATION**

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

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Since the figures shown are rounded off to the nearest 1 billion yen, the sum of each item and the total may differ.

# 1 . Results for the First Half of FY2023

# 1-1. 1H of FY2023 Highlight (P/L)

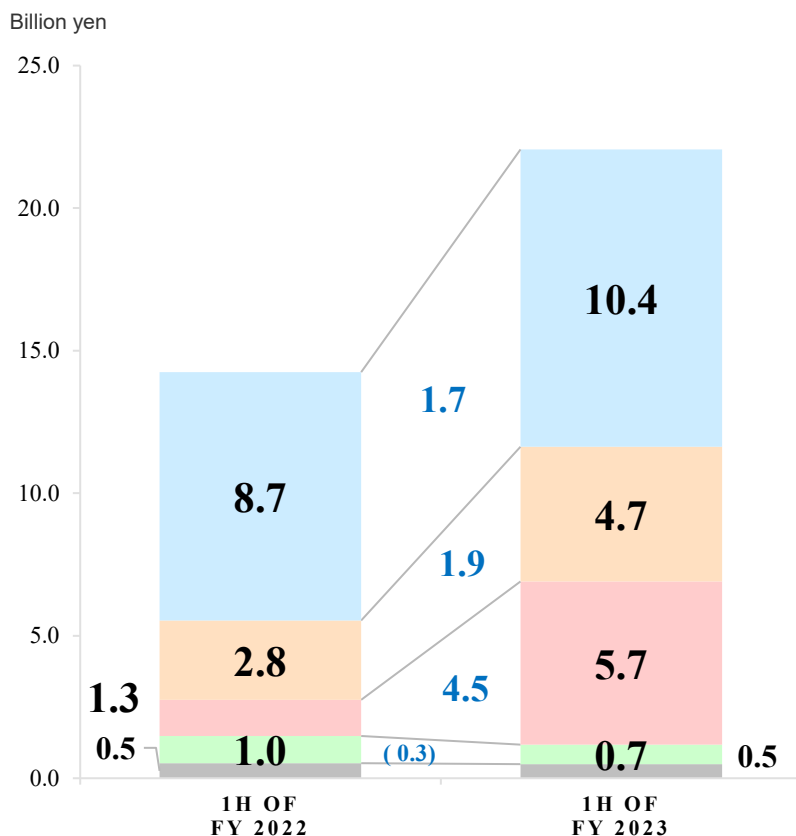
✓ Record second-quarter figures achieved for respective profit levels

(Unit: billion yen)	1H of FY2022 results	1H of FY2023 results	Change
Revenue	364.1	449.5	85.3
Gross profit	53.9	62.1	8.2
Operating profit	14.2	22.1	7.8
Finance income (costs)	(1.7)	(0.6)	1.2
Share of profit (loss) of investments accounted for using the equity method	1.0	(0.1)	(1.1)
Profit before tax	13.6	21.4	7.8
Profit attributable to owner of the parent	7.3	12.2	4.9

# 1-2. 1H of FY2023 Highlight (Segment margin)

✓ Profit increases totaled 7.8 billion yen, led by Steel, Materials & Plant and Foods, Meat & Grain segments

## Segment margin(Operating profit)



### Electronics & Devices 1.7 billion yen up

The semiconductor parts and manufacturing equipment business performed well on the back of robust demand for semiconductors and the acquisition of a manufacturing equipment business. The ICT solutions business also had a strong result thanks to growing investments in networks and security driven by digital investment demand. The mobile business was weak due to a stagnant sales volume and smaller fee income resulting from revisions to fee terms and conditions.

### Foods, Meat & Grain 1.9 billion yen up

The meat products business performed well thanks to the higher prices of meat products in general and chicken in particular, and a recovery in demand for sales related to food service businesses. The food business was also strong due to the growth in transactions of products for the retail market. The grain and feedstuff business was solid on the back of the rising grain and feedstuff prices.

### Steel, Materials & Plant 4.5 billion yen up

The energy business was strong mainly on the back of heavy oil sales for power generation and transactions of fuel for ships. The steel tubing business performed well thanks to the growth in energy investments in the U.S. and the rising steel tube prices. The machine tools and industrial machinery business was solid supported by the growing demand for capital investments in Japan.

### Motor Vehicles & Aerospace 0.3 billion yen down

The aerospace business was solid with the delivery of products for the contracts already signed and a recovery in demand. The motor vehicles and parts business, however, was weak as the rising transportation costs placed a pressure on profits, while demand was in a recovery trend.

## 1-3. 1H of FY2023 Highlight (Segment margin)

- ✓ Profit increases totaled 4.9 billion yen, led by Steel, Materials & Plant and Electronics & Devices segments

＜Profit attributable to owner of the parent＞

(Unit: billion yen)	1H of FY2022 results	1H of FY2023 results	Change	Change (%)
Electronics & Devices	3.0	4.7	1.7	55.7%
Foods, Meat & Grain	1.9	3.3	1.4	73.0%
Steel, Materials & Plant	1.4	3.3	1.9	133.8%
Motor Vehicles & Aerospace	0.6	0.5	(0.1)	(12.5%)
Others	0.4	0.4	0.0	4.6%
Total	7.3	12.2	4.9	67.6%

# 1-4. 1H of FY2023 Highlight (B/S)

- ✓ Total assets increased 49.4 billion yen from the end of the previous fiscal year
- ✓ Shareholder's equity increased 15.7 billion yen from the end of the previous fiscal year

(Unit: Billion yen)	FY2022 results	1H of FY2023 results
<b>Total assets</b>	<b>634.5</b>	<b>683.9</b>
<b>Shareholders' Equity (Note 1)</b>	<b>159.5</b>	<b>175.2</b>
<b>BPS(yen)</b>	<b>1,910</b>	<b>2,097</b>
<b>Equity ratio (Note 2)</b>	<b>25.1%</b>	<b>25.6%</b>

(Unit: Billion yen)	FY2022 results	1H of FY2023 results
<b>Gross interest-bearing debt (Note 3)</b>	<b>143.5</b>	<b>149.9</b>
<b>Net interest-bearing debt</b>	<b>51.2</b>	<b>66.4</b>
<b>Net D/E ratio (Note 4)</b>	<b>0.3 times</b>	<b>0.4 times</b>

(Note 1) Shareholders' equity = Total equity attributable to owners of the parent

(Note 2) Equity ratio = Shareholders' equity / Total assets

(Note 3) Gross interest-bearing debt = Total amount of bonds and loans minus lease liabilities

(Note 4) Net debt-equity ratio = Net interest-bearing debt / Shareholders' equity

## 2. FY2023 forecast



## 2-1. FY2023 forecast

- ✓ Forecasts upgraded to reflect brisk earnings driven by increased demand and rising in market levels

(Unit: billion yen)	1H of FY2023 results	FY2023 forecast	Progress
Revenue	449.5	870.0	51.7%
Operating Profit	22.1	37.0	59.6%
Profit before tax	21.4	35.5	60.2%
Profit attributable to owners of the parent	12.2	19.0	64.3%

## 2-2. FY2023 forecast (Segment margin)

- ✓ Forecasts upgraded after energy, steel tubing and meat products businesses exceeded initial forecasts

<Operating profit>

(Unit: billion yen)	1H of FY2023 results	FY2032 forecast	Progress
Electronics & Devices	10.4	20.6	50.6%
Foods, Meat & Grain	4.7	5.5	85.9%
Steel, Materials & Plant	5.7	9.0	63.6%
Motor Vehicles & Aerospace	0.7	1.0	68.1%
Others	0.5	0.9	55.4%
<b>Total</b>	<b>22.1</b>	<b>37.0</b>	<b>59.6%</b>

## 2-3. FY2023 forecast (Segment margin)

### Forecast for segment operating profit

	(Unit : billion yen)	1H of FY2023 results	FY2023 forecast (Original)	Revised	Progress
ICT Solution	ICT Solution	6.7	12.8	13.5	49%
	Mobile	1.7	4.0	4.0	42%
	Others	2.1	2.2	3.1	67%
Electronics & Devices		10.4	19.0	20.6	51%
Foods	Foods	0.6	0.3	0.7	92%
	Meat products	2.2	1.5	2.1	103%
	Grain, Oliseeds & Feedstuff	1.9	2.3	2.7	70%
	Others	0.0	0.0	0.0	-
Foods, Meat & Grain		4.7	4.1	5.5	86%
Machine Tools & Industrial Machinery	Machine Tools & Industrial Machinery	0.7	1.7	1.5	49%
	Overseas	1.9	1.6	3.0	65%
	Energy, Chemical & Others	3.0	2.5	4.5	68%
Steel, Materials & Plant		5.7	5.8	9.0	64%
Aerospace	Aerospace	0.5	0.5	0.5	92%
	Motor Vehicles & Parts	0.1	1.2	0.5	28%
	Others	0.1	0.0	0.0	-
Motor Vehicles & Aerospace		0.7	1.7	1.0	68%
Others		0.5	0.9	0.9	55%
Grand total		22.1	31.5	37.0	60%

Steady outcome expected in 2H as improvement is seen in delivery delays arising from supply constraints amid solid digital investment demand, which was a concern.

Slowdown expected in 2H accounting for signs of market falls and reversal of valuation gains associated with market spikes and weaker yen.

Slight slowdown expected for energy business in 2H as one-off profit due to reversal of advanced valuation losses in previous fiscal year was booked in 1H.

Demand trending back up but performance not quite expected to reach the initially forecast level.

## 2-4. FY2023 forecast (Segment margin)

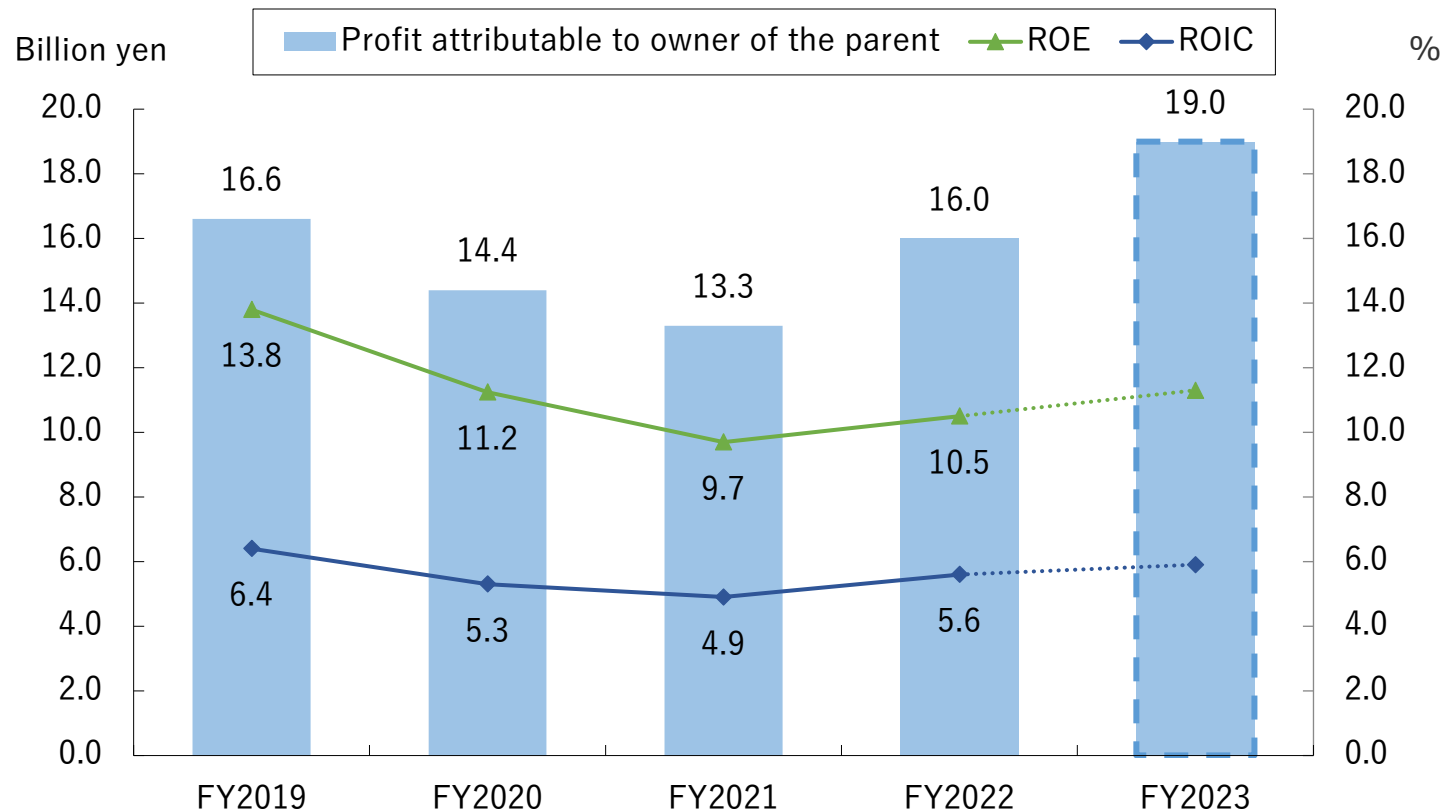
- ✓ Forecasts upgraded mainly for Steel, Materials & Plant and Foods, Meat & Grain segments

<Profit attributable to owner of the parent>

(Unit: billion yen)	1H of FY2023 results	FY2023 forecast	Progress
Electronics & Devices	4.7	9.6	48.7%
Foods, Meat & Grain	3.3	3.3	101.2%
Steel, Materials & Plant	3.3	4.8	69.0%
Motor Vehicles & Aerospace	0.5	1.0	49.1%
Others	0.4	0.3	129.9%
<b>Total</b>	<b>12.2</b>	<b>19.0</b>	<b>64.3%</b>

## 2-5. FY2023 forecast (Profit attributable to owner of the parent, ROE, ROIC)

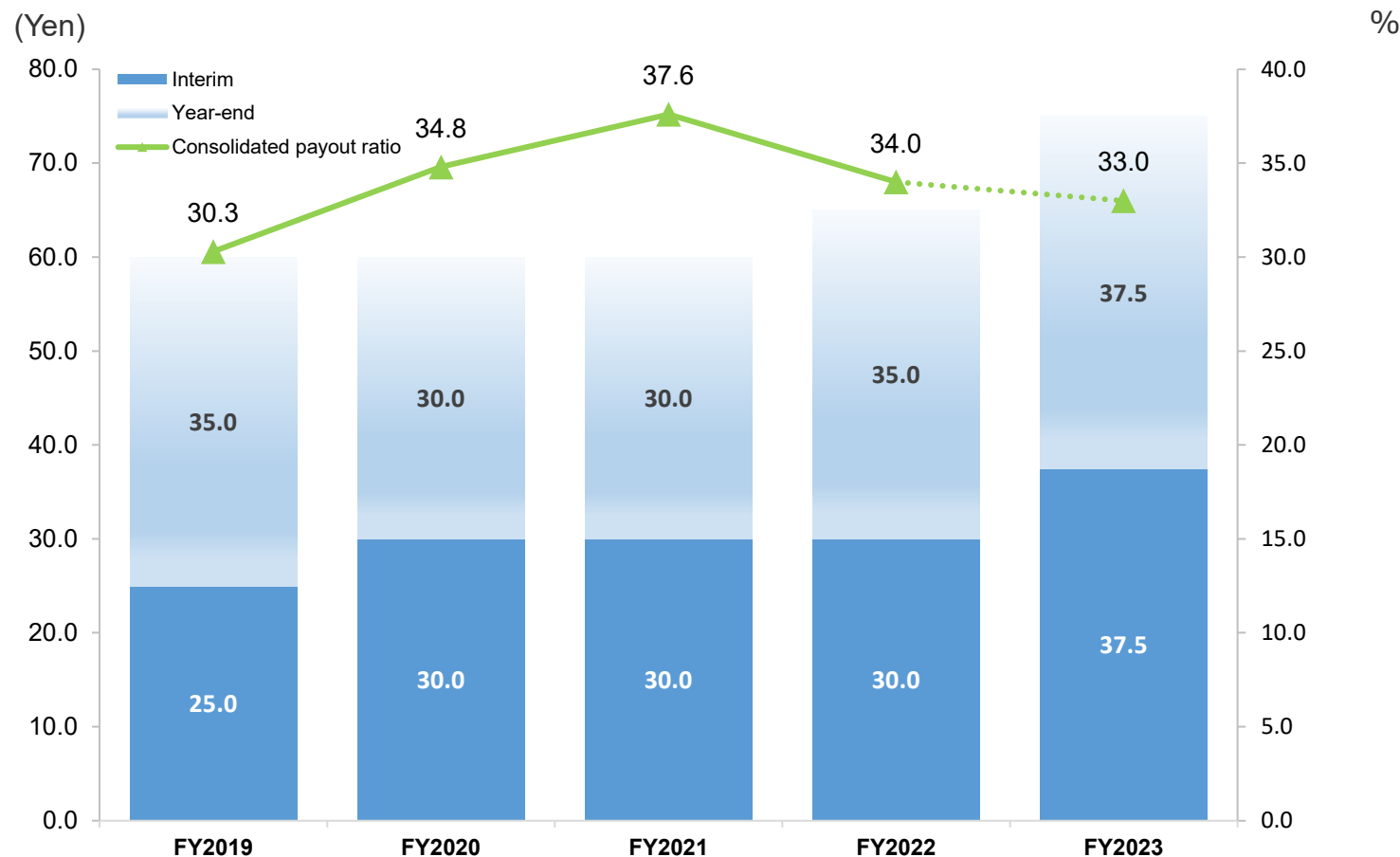
- ✓ ROE in excess of 11% expected, reflecting anticipated profit growth for current fiscal year
- ✓ We will continue to pursue capital efficiency



\*ROIC=Profit attributable to owner of the parent/Invested capital (Invested capital=Shareholders' equity+Interest-bearing debt)

## 2-6. FY2023 forecast (Dividend Policy)

- ✓ Annual dividend per share increased 5 yen to 75 yen from 70 yen
- ✓ Payout ratio expected to come to 33%



\*Amount for FY2019 have been adjusted to reflect stock consolidation.

### 3. Progress of *future 135* (April to September 2022)

## 3-1. *future* 135 outline

- ◆ Six-year plan covering period from year ended March 2019 to year ending March 2024
- ◆ Profit attributable to owners of the parent of 20.0 billion yen targeted in final fiscal year
- ◆ DX, SDGs and innovation set as priority areas

### <Quantitative target>

	Revised target	Original target	(Ref.) FY2023 forecast
Profit attributable to owners of the parent	20.0 billion yen	25.0 billion yen	19.0 billion yen
ROE	10%~12%	13%~15%	Around 11%
Total return ratio	30% ~ 35%	25% ~ 30%	33.0%



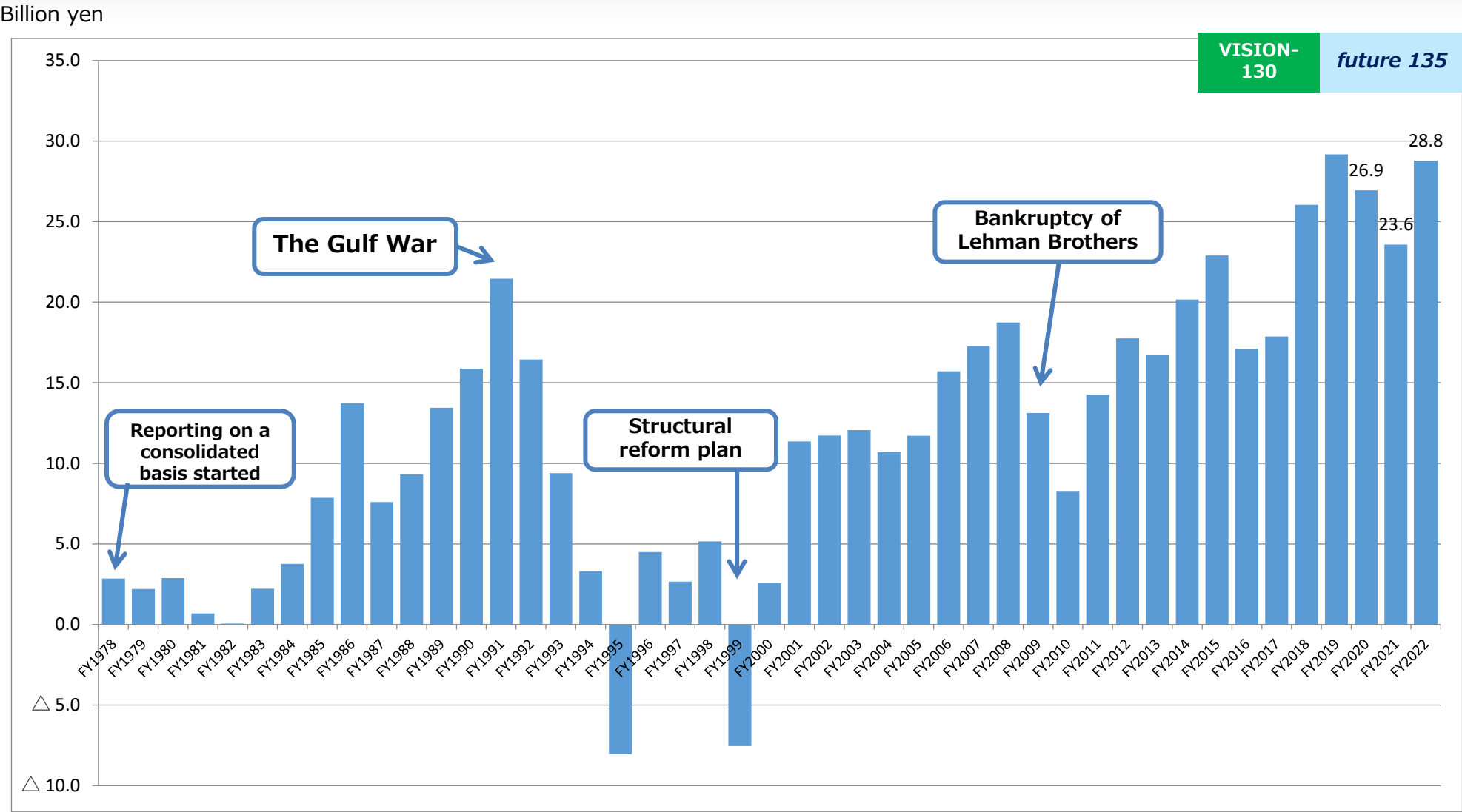
### 3-3. *future* 135 New Business Investments (Apr.-Sep. of 2022)

**Fresh investments totaled 14.0 billion yen over period from April to September (October) 2022**

Segment	Investment projects	
<b>Electronics &amp; Devices</b>	Japan	Purchase of a company operating mobile phone sales agents
	Japan	Purchase of additional shares in GLOBAL SECURITY EXPERTS Inc.
	Canada	Investment in system integrator company of photo printing systems
	Japan	Capital and business tie-up with a network security operating company
<b>Foods, Meat &amp; Grain</b>	China	Investment in a Japanese-style barbeque yakiniku chain company
	Japan	Investment in e-commerce retail and meat and processed meat product wholesale businesses
<b>Steel, Materials &amp; Plant</b>	Australia	Investment in a startup manufacturing and selling resin materials
<b>Others</b>	Japan	Investment in the Waseda Innovation Fund

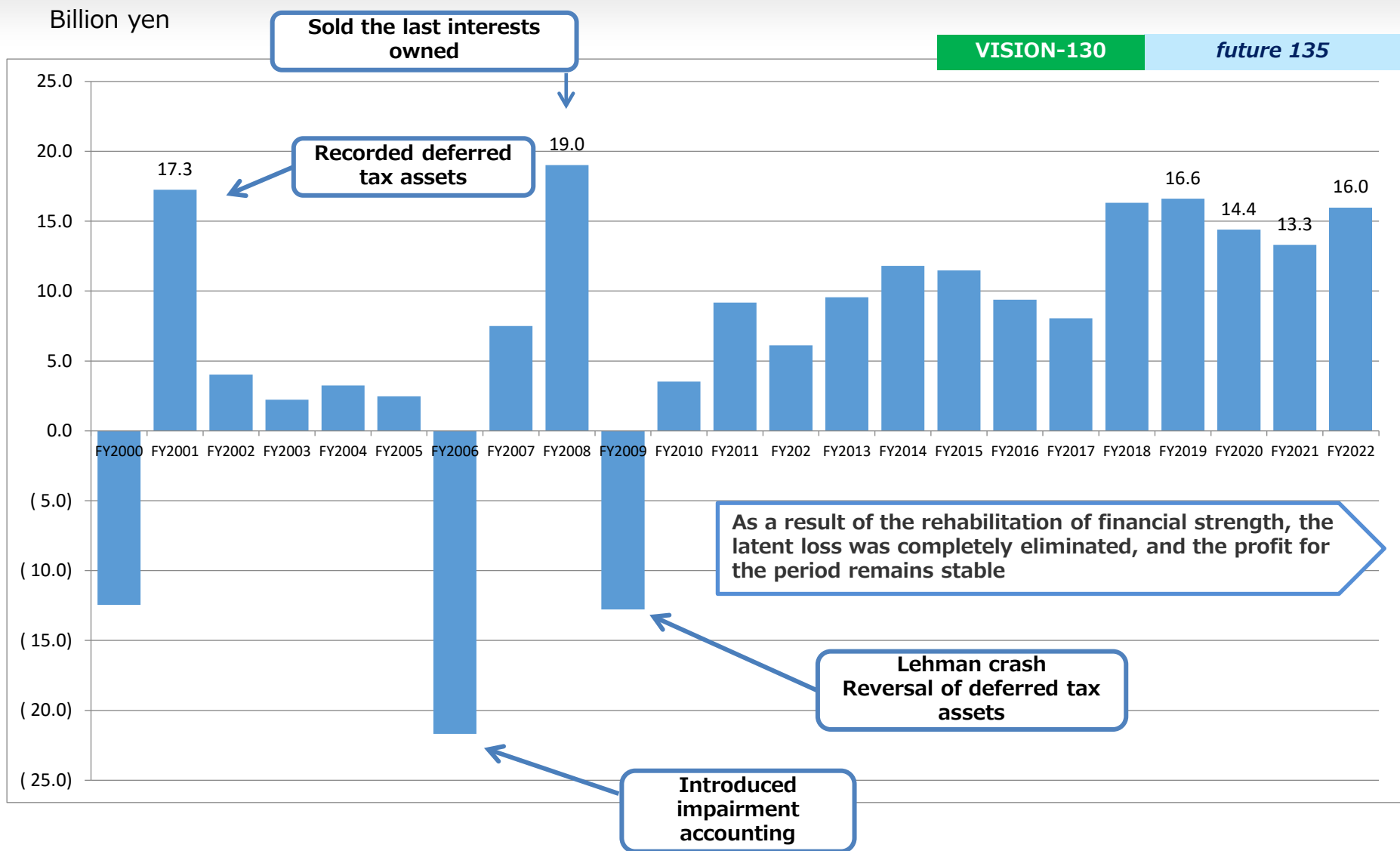
# Appendix

# Appendix 1-1. Consolidated Ordinary income (from FY1978)

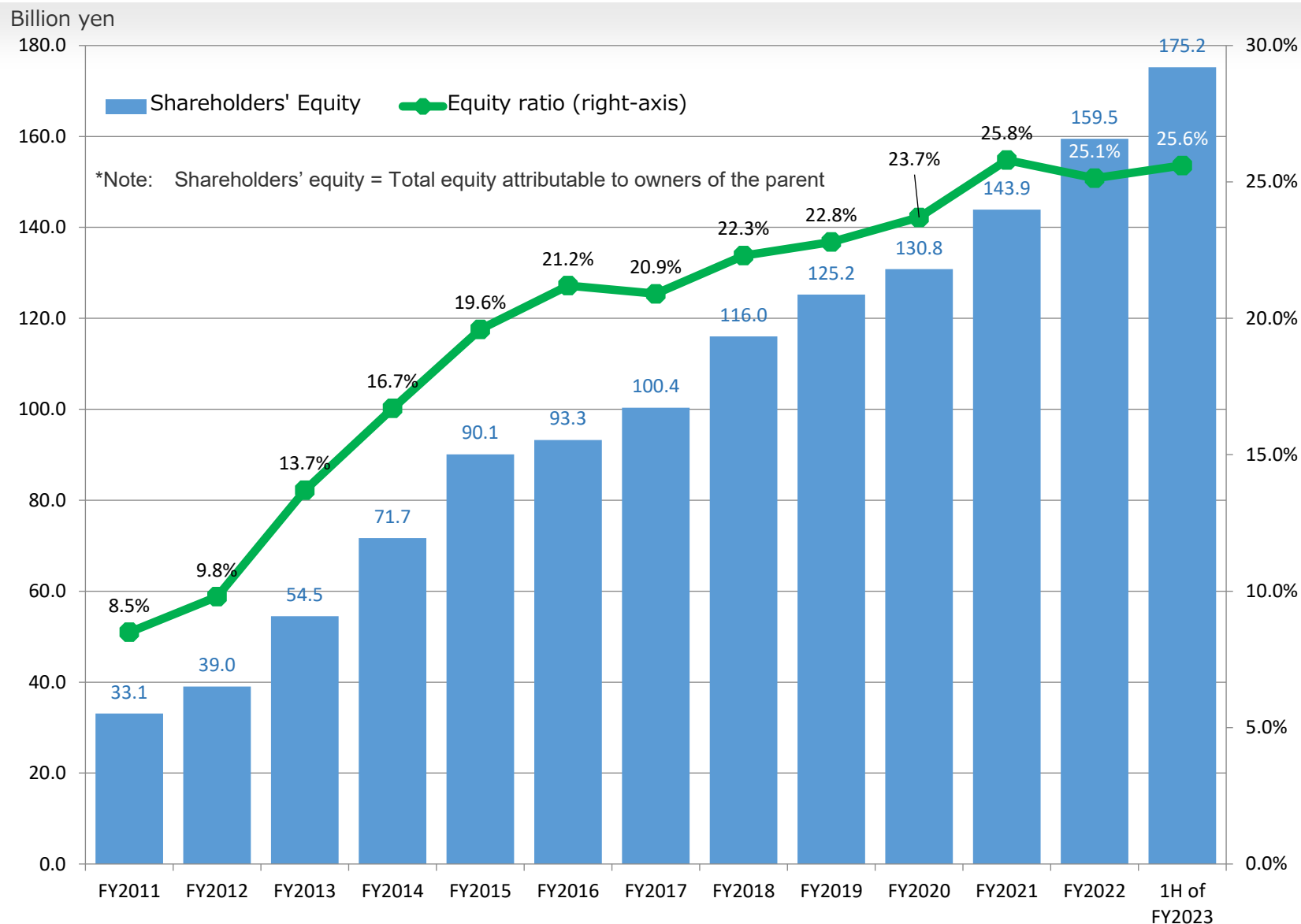


\*Mentioned value is Profit before tax instead of Ordinary income from FY2017

# Appendix 1 -2. Consolidated Net income (from FY2000)



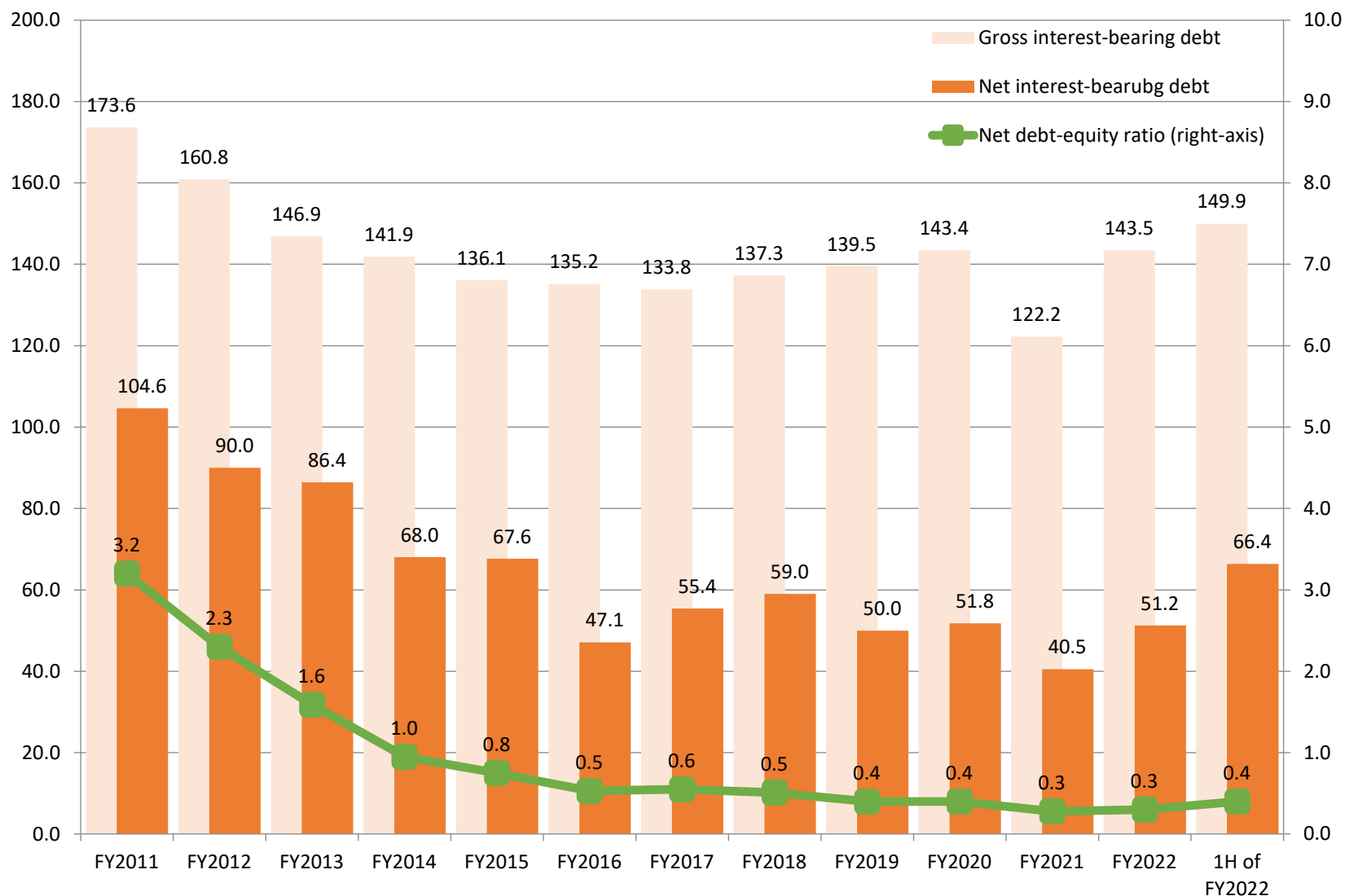
# Appendix 1 - 3 . Shareholders' Equity & Equity Ratio



# Appendix 1 -4. Interest-bearing debt & Net debt-equity ratio

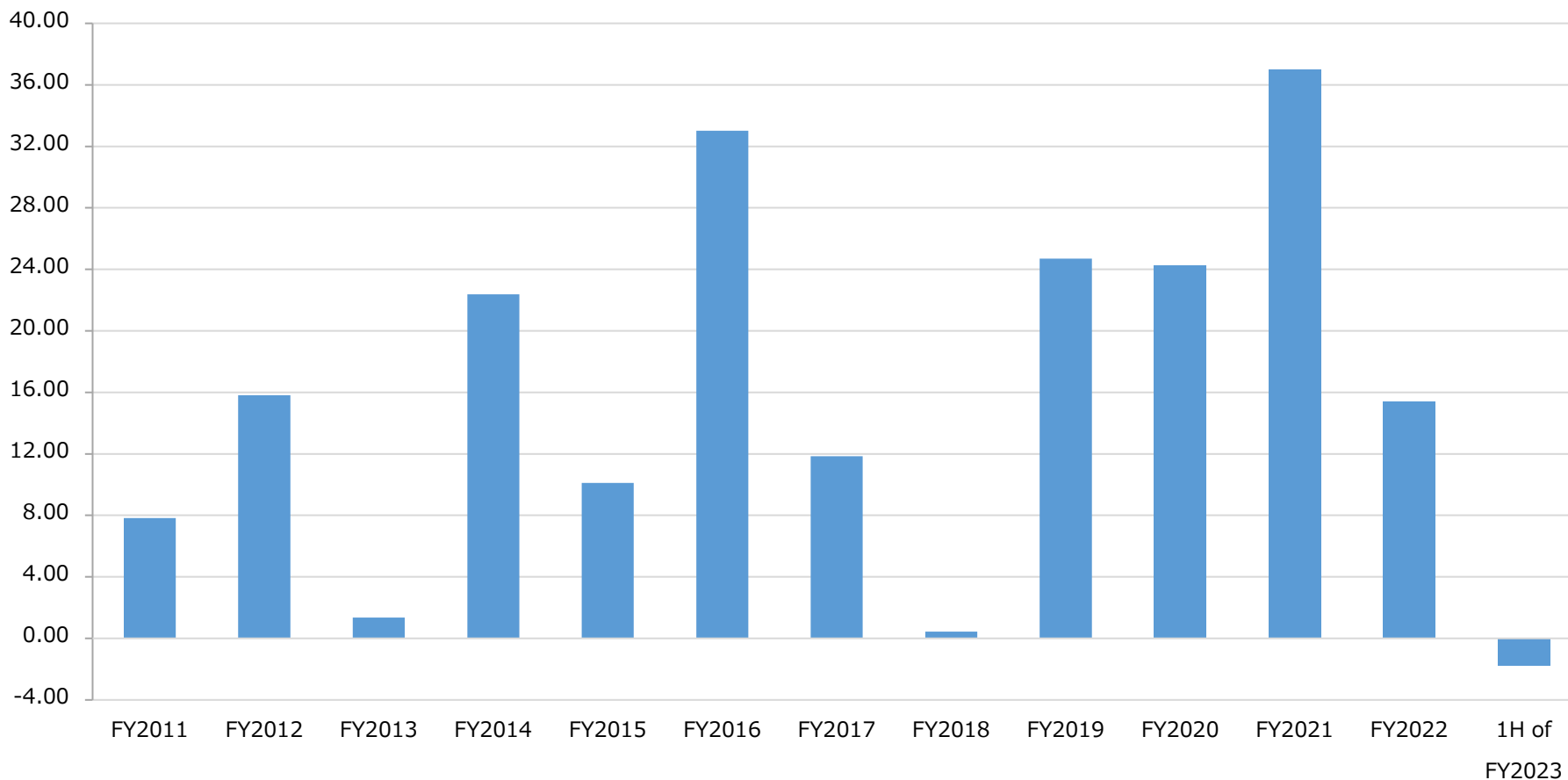
Billion yen

Times



# Appendix 1 -5. CF from operating activities

Billion yen



Creation of cash flows from operating activities came to 18.0 billion yen on average for 10 years.

Five-year average is 20.4 billion yen.

# Appendix 2. Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
<b>Electronics &amp; Devices</b>	Semiconductor manufacturing equipment, LCD panel manufacturing equipment	Semiconductor manufacturing / test equipment, LCD panel manufacturing / test equipment, OLED manufacturing equipment	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. Kanematsu Susteck Corporation Kanematsu Futuretech Solutions Corp. Kanematsu Advanced Materials Japan Data Exchange Inc.
	Electronic Components and Industrial Electronics	Electronic components, Optical device materials, Industrial printers, Livingwares	
	ICT Solutions	ICT and communications equipment/devices/services, System Integration services	
	Mobile	Mobile communications terminals, Mobile internet system and services	
	CCTV system	Sale and installation of CCTV systems (security devices)	
	Data	Data utilization consulting, Data exchange supporting business, Data marketplace operation	
<b>Foods, Meat &amp; Grain</b>	Foods (Agricultural products, marine products, beverages, etc.)	Processed fruits, confectionery ingredients, concentrated fruit, coffee, alcoholic beverages, sesame, sugar, peanuts, various beans, marine products, cooked and processed foods for commercial use, consumer frozen foods	Kanematsu Foods Corp. Kanemory Food Service Kanematsu Agri-Tech Corp. Kanematsu Soytech Corp. KAI Enterprises KG Agri Products
	Cooked and Processed Foods	Beef, pork, chicken, lamb, horsemeat, turkey, duck, processed meat products, live cattle	
	Meat Products	Wheat, barley, rice, corn, soybeans, feed grain, plant protein meal, animal protein meal, roughage, fertilizer, prebiotics, pet foods, processed wheat, cereal ingredients, plant-based meat	
	Grains, Food Soybeans, Oilseeds, Feedstuff, Processed Agricultural Products		
<b>Steel, Materials &amp; Plant</b>	Steel	Surface-treated steel plates, stainless, special steel wire rods/bar products, welding materials, ferrous/steel raw materials, sub-materials	Steel Service Oilfield Tubular Benoit Premium Threading Kanematsu Trading Corp. Kanematsu Petroleum Corp. Kanematsu Chemical Corp. Kanematsu Wellness Corp Kanematsu KGK Corp.
	Steel tube	Oil drilling-related product processing, manufacture, and sales	
	Energy	Petroleum products, LPG, Renewable energy products	
	Chemicals	Functional chemicals, Healthcare, Life Science	
	Plant & Vessels	Various plants, ODA, telecommunications projects, Cargo vessels, Ship equipment	
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	
<b>Motor Vehicles &amp; Aerospace</b>	Motor Vehicles & parts	Motorcycle/automobile parts, CBU vehicles, Construction & Industrial machinery, power products	Kanematsu Aerospace Corp. Kaneyo Co., Ltd. Datatec Co., Ltd. Kanematsu Ventures KG Aircraft Rotables Co., Ltd.
	Aerospace	Aircraft, Helicopters, equipment/parts, aircraft rotatable parts, satellites, space-related products, space monitoring systems, defense equipment, night vision goggles	



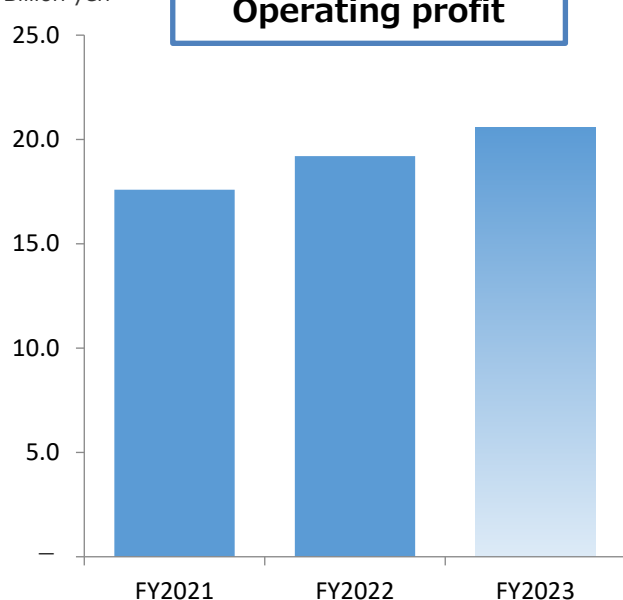
## Appendix 3. Subsidiaries and Affiliates (Revenue and Operating profit)

(Unit: billion yen)	Business	Ownership ratio	1H of FY2022		1H of FY2023	
			Revenue	Operating profit	Revenue	Operating profit
Kanematsu Electronics Ltd	ICT solution	58.21%	34.1	6.1	39.8	6.7
Kanematsu Communications Ltd.	Mobile	100.00%	49.9	2.3	50.7	1.7
Kanematsu Sustech Corp.	Security system etc.	52.83%	6.3	0.4	7.1	0.4
Kanematsu Foods Corp.	Foods, Meat & Marine Products	100.00%	14.6	0.3	20.3	0.5
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100.00%	6.7	0.2	8.4	(0.1)
Kanematsu Trading Corp.	Domestic steel, Steel materials	100.00%	5.0	0.1	6.0	0.2
Kanematsu KGK Corp.	Machine tools, Industrial machinery	100.00%	4.6	0.3	6.2	0.7
Kanematsu Petroleum Corp.	Petroleum products, Gas	100.00%	10.0	0.3	14.0	0.9
Kanematsu Chemicals Corp.	Functional chemicals	100.00%	2.5	0.4	2.6	0.5
Shintoa Corporation	Trading company	100.00%	17.5	1.1	22.1	1.1
Kanematsu USA Inc.	Overseas subsidiary	100.00%	20.2	0.8	31.5	1.9

# Appendix 4-1. Segments (Electronics & Devices)

(Unit: billion yen)	FY2022		FY2023		Change	
	1H results	Full-term results	1H results	Full-term forecast	1H results	Full-term
<b>Revenue</b>	<b>118.8</b>	<b>255.5</b>	<b>134.5</b>	<b>285.0</b>	<b>15.7</b>	<b>29.5</b>
<b>Operating profit</b>	<b>8.7</b>	<b>19.1</b>	<b>10.4</b>	<b>20.6</b>	<b>1.7</b>	<b>1.5</b>
<b>Profit attributable to owner of the parent</b>	<b>3.0</b>	<b>7.9</b>	<b>4.7</b>	<b>9.6</b>	<b>1.7</b>	<b>1.7</b>

Billion yen



## 1H of FY2023 results

The semiconductor parts and manufacturing equipment business performed well on the back of robust demand for semiconductors and the acquisition of a manufacturing equipment business. The ICT solutions business also had a strong result thanks to growing investments in networks and security driven by digital investment demand. The mobile business was weak due to a stagnant sales volume and smaller fee income resulting from revisions to fee terms and conditions.

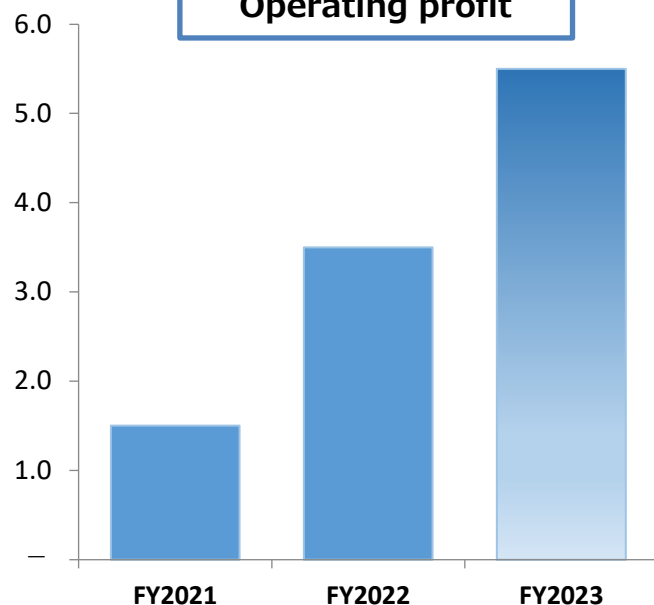
## FY2023 forecast

We anticipate solid performance driven by strong digital investment demand in 2H for ICT solutions business but continue to see risk of unit sales not growing as expected and fee terms being revised in mobile business.

# Appendix 4-2. Segments (Foods, Meat & Grain)

(Unit: billion yen)	FY2022		FY2023		Change	
	1H results	Full-term results	1H results	Full-term forecast	1H results	Full-term
Revenue	142.0	285.3	172.8	310.0	30.8	24.7
Operating profit	2.8	3.5	4.7	5.5	1.9	2.0
Profit attributable to owner of the parent	1.9	2.5	3.3	3.3	1.4	0.8

Billion yen



## 1H of FY2023 results

The meat products business performed well thanks to the higher prices of meat products in general and chicken in particular, and a recovery in demand for sales related to food service businesses. The food business was also strong due to the growth in transactions of products for the retail market. The grain and feedstuff business was solid on the back of the rising grain and feedstuff prices.

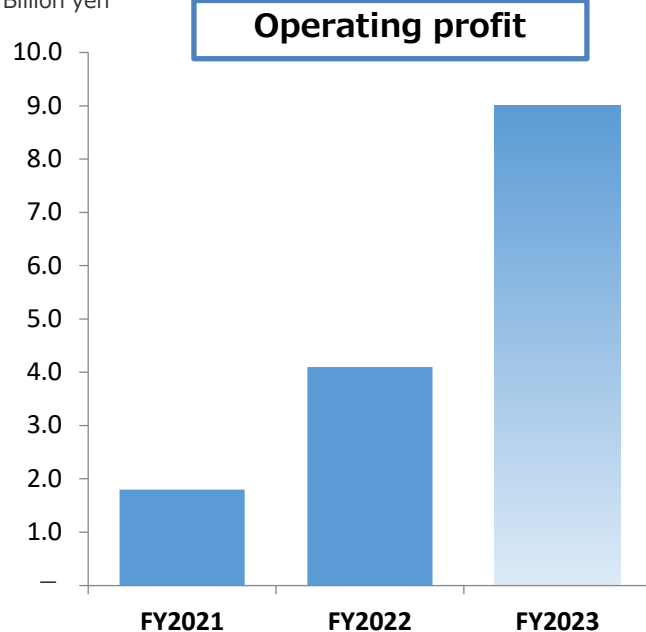
## FY2023 forecast

Foods, Meat & Grain segment overall performed strongly in 1H but we expect it to slow down in 2H, accounting for signs of market drops and reversal of advance market rises and valuation gains from a weaker yen in 1H.

## Appendix 4-3. Segments (Steel, Materials & Plant)

(Unit: billion yen)	FY2022		FY2023		Change	
	1H results	Full-term results	1H results	Full-term forecast	1H results	Full-term
Revenue	65.2	148.0	92.2	180.0	27.0	32.0
Operating profit	1.3	4.1	5.7	9.0	4.5	4.9
Profit attributable to owner of the parent	1.4	3.3	3.3	4.8	1.9	1.5

Billion yen



### 1H of FY2023 results

The energy business was strong mainly on the back of heavy oil sales for power generation and transactions of fuel for ships. The steel tubing business performed well thanks to the growth in energy investments in the U.S. and the rising steel tube prices. The machine tools and industrial machinery business was solid supported by the growing demand for capital investments in Japan.

### FY2023 forecast

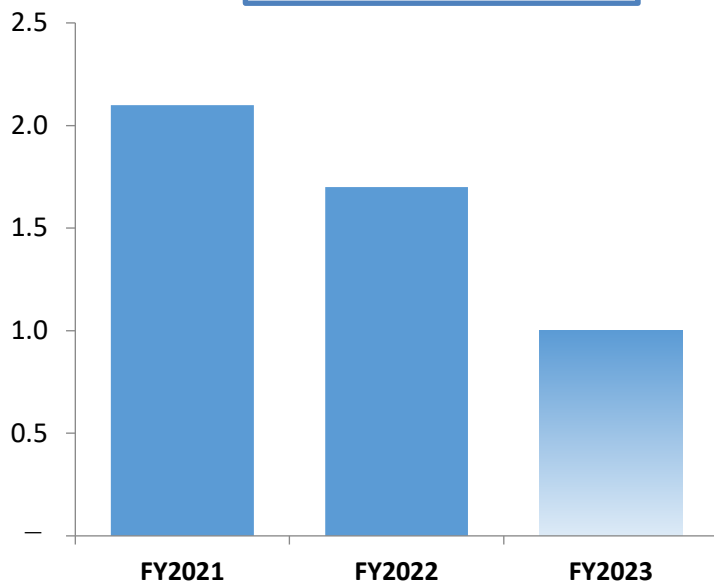
The segment is not expected to maintain the level of performance seen in 1H as there was one-off profit booked in 1H on reversal of valuation losses for the energy business, there are uncertain factors including the risk of U.S. economic slowdown for the steel tubing business and the machine tools and industrial machinery business is not expected to recover to the levels initially forecast.

## Appendix 4-4. Segments (Motor Vehicles & Aerospace)

(Unit: billion yen)	FY2022		FY2023		Change	
	1H results	Full-term results	1H results	Full-term forecast	1H results	Full-term
<b>Revenue</b>	<b>32.0</b>	<b>65.8</b>	<b>42.7</b>	<b>80.0</b>	<b>10.6</b>	<b>14.2</b>
<b>Operating profit</b>	<b>1.0</b>	<b>1.7</b>	<b>0.7</b>	<b>1.0</b>	<b>(0.3)</b>	<b>(0.7)</b>
<b>Profit attributable to owner of the parent</b>	<b>0.6</b>	<b>1.5</b>	<b>0.5</b>	<b>1.0</b>	<b>(0.1)</b>	<b>(0.5)</b>

Billion yen

### Operating profit



### 1H of FY2023 results

The aerospace business was solid with the delivery of products for the contracts already signed and a recovery in demand. The motor vehicles and parts business, however, was weak as the rising transportation costs placed a pressure on profits, while demand was in a recovery trend

### FY2023 forecast

Profit is expected to drop for the segment as the motor vehicles and parts business, despite a recovering trend in demand, is seen unlikely to recover to the level initially expected, although we anticipate the aerospace business to perform largely as initially forecast.