

Consolidated Financial Summary for the FY2020 Ended March 31, 2020 (IFRS)



May 8, 2020

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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Scheduled date for the Ordinary General Meeting of Shareholders: June 24, 2020

Scheduled date for commencement of dividend payments: June 10, 2020

Scheduled date for the submission of financial statements: June 24, 2020

Supplementary documents for financial results: Yes

Financial results briefing: None

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

1. Consolidated business results for the fiscal year ended March 2020 (April 1, 2019 – March 31, 2020)

(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 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)
Fiscal year ended March 2019	723,849	1.3	30,349	16.0	29,177	12.0	20,449	4.0	16,605	1.8	19,108	(10.7)

	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 2020	172.43		172.28		11.2		4.9	
Fiscal year ended March 2019	198.22		198.15		13.8		5.5	

(Reference) Share of profit (loss) of investments accounted for using the equity method: 389 million yen for the fiscal year ended March 2020
363 million yen for the fiscal year ended March 2019

(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, 2020	551,671	166,174	130,829	23.7	1,566.60
As of March 31, 2019	549,459	158,698	125,246	22.8	1,499.86

(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 2020	24,259	(10,215)	(11,590)	91,105
Fiscal year ended March 2019	24,698	(6,575)	(7,158)	88,941

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			
Fiscal year ended March 2019	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2019	–	25.00	–	35.00	60.00	5,054	30.3	4.2
Fiscal year ended March 2020	–	30.00	–	30.00	60.00	5,054	34.8	3.9
Fiscal year ending March 2021 (Forecasts)	–	30.00	–	30.00	60.00		34.6	

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

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

(%: Changes from the previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	%
Full year	700,000	(3.0)	27,000	(4.8)	26,000	(3.5)	14,500	0.7	173.63	

(Note) The impact of the COVID-19 coronavirus pandemic has been calculated based on information currently available to the Company, assuming that the current situation will last until June. Actual results may be different from the forecasts depending on a variety of factors, including when the pandemic actually ends, as well as economic conditions in key global markets and exchange rate fluctuations.

* 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: | Yes |
| 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 (2020/3): | 84,500,202 shares | Fiscal year (2019/3): | 84,500,202 shares |
| 2. Number of treasury stock | | | |
| Fiscal year (2020/3): | 988,557 shares | Fiscal year (2019/3): | 994,666 shares |
| 3. Average number of shares during the period | | | |
| Fiscal year (2020/3): | 83,509,499 shares | Fiscal year (2019/3): | 83,773,300 shares |

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2020 (April 1, 2019 – March 31, 2020)

(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 2020	389,593	(4.6)	(87)	–	11,118	14.6	8,956	24.6
Fiscal year ended March 2019	408,393	(7.9)	697	(77.8)	9,703	(8.1)	7,189	(28.9)

	Profit for the year per share	Diluted profit for the year per share
	Yen	Yen
Fiscal year ended March 2020	107.21	–
Fiscal year ended March 2019	85.79	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	281,155	96,451	34.3	1,154.58
As of March 31, 2019	279,751	93,925	33.6	1,124.43

(Reference) Shareholders' equity 96,451 million yen for the fiscal year ended March 2020
93,925 million yen for the fiscal year ended March 2019

* 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 in the fiscal year ended March 2020, (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 post a results briefing video on its website instead of holding a results briefing for institutional investors and analysts on Friday, May 8, 2020. Materials used in this briefing video will be disclosed in a timely manner together with the consolidated financial summary as supplementary materials of financial results, and also posted on the Company's website.

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1. Overview of Business Results, Etc.

(1) Overview of business results in the fiscal year ended March 2020

(i) Review of operations in the fiscal year ended March 2020

In the fiscal year under review, the global economy was already showing a clear tendency toward decelerated growth due to factors such as U.S.-China trade friction, Brexit and upheaval in the Middle East when, in the fourth quarter, the coronavirus triggered a sharp economic downturn in economies around the world.

In the U.S. economy, consumer spending had been holding firm thanks to a favorable employment environment and an about-turn in monetary policy. However, during the fourth quarter, which was disrupted by the coronavirus outbreak, financial markets and the employment environment were also severely shaken, and the economy entered a downward phase. In Europe, Brexit and a slowdown in exports caused by economic slowdown in China were compounded by the coronavirus pandemic and the European economy began to rapidly deteriorate. Meanwhile, in China, where the effects of the coronavirus outbreak first appeared, sharp decline on the supply side of the economy, with the suspension of production, was compounded by sharp decline on the demand side, with restrictions on people's movements, and China's economy marked its first quarterly contraction on record in the fourth quarter.

The Japanese economy showed clear signs of recession, impacted by natural disasters and the consumption tax hike in Japan as well as global economic downturn in the second half.

In this environment, the results of the Group in the fiscal year under review are as shown below.

Revenue increased in the meat products business, where domestic sales increased in connection with the effectuation of the TPP and the EPA, and in the aerospace business, which performed strongly mainly due to growth in sales of aircraft and aircraft parts. In contrast, revenue decreased in other areas such as the mobile business, where the number of units sold declined due to the introduction of plans separating mobile phone and data costs and store footfall decreased due to the coronavirus outbreak, and the energy business where unit selling prices fell due to falling crude oil prices. Profit increased in the ICT solutions business, where IT investment demand was firm primarily in the virtualization and security markets. However, profit declined in the feedstuff business, where pet-related transactions and transactions involving aquafeed had difficulty and the machine tools and industrial machinery business, which was affected by lower investments from the manufacturing industry.

Consolidated revenue fell ¥2,047 million (0.3%) year on year, to ¥721,802 million. Consolidated gross profit increased ¥890 million (0.8%) from a year earlier, to ¥110,904 million. Consolidated operating profit sank ¥1,997 million (6.6%) from a year earlier, to ¥28,352 million mainly due to an increase in selling, general and administrative expenses. Profit before tax declined ¥2,233 million (7.7%) year on year, to ¥26,944 million. Profit attributable to owners of the parent fell ¥2,206 million (13.3%) year on year, to ¥14,399 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 11.2%.

Results for each business segment are described below.

(Electronics & Devices)

The ICT solutions business remained strong due to IT investment demand for servers and storages mainly from the manufacturing and the distribution industries, as well as in the virtualization and security markets. The mobile business performed well mainly due to improvement in the efficiency of store operations and an increase in corporate business. The semiconductor and LCD manufacturing equipment business was affected by the coronavirus outbreak in China.

As a result of these conditions, revenue in the Electronics and Devices segment fell ¥11,014 million year on year, to ¥254,516 million. Operating profit climbed ¥430 million, to ¥18,963 million.

(Foods & Grain)

The feedstuff business had a hard time due to the slump of pet-related transactions and transactions involving aquafeed, despite continued strong transactions in food soybeans and rice. In the food business, transactions involving agricultural processed products held firm thanks to the procurement of raw materials that matched consumer needs and product development. The meat products business remained robust despite price volatility caused by global demand and supply imbalances.

As a result, revenue in the Foods & Grain segment rose ¥6,544 million year on year, to ¥251,403 million. Operating profit decreased ¥1,570 million, to ¥2,381 million.

(Steel, Materials & Plant)

The energy business, which had experienced difficulty in the previous fiscal year due to a sharp fall in crude oil prices, recovered in the fiscal year under review and performed strongly, driven by domestic transactions. The chemicals business also remained firm, especially transactions involving pharmaceuticals. However, the oilfield tubing business slowed down under the impact of falling crude oil prices. The machine tools and industrial machinery business also experienced a slump in overseas transactions mainly in China and the U.S., and the plant infrastructure business also reported lower profit due to the suspension of transactions with the Middle East.

As a result, revenue in the Steel, Materials & Plant segment declined ¥9,578 million year on year, to ¥129,858 million. Operating profit fell ¥618 million, to ¥3,819 million.

(Motor Vehicles & Aerospace)

In the aerospace business, core transactions involving aircraft parts held firm. The motor vehicles and parts business had a strong showing overall but reported lower profit due to the suspension of transactions with the Middle East.

As a result, revenue in the Motor Vehicles & Aerospace segment increased ¥12,542 million year on year, to ¥74,605 million. Operating profit fell ¥166 million, to ¥2,383 million.

(Other)

Revenue decreased ¥542 million from a year earlier, to ¥11,418 million. Operating profit fell ¥31 million, to ¥819 million.

(ii) Future outlook

In the next consolidated fiscal year, the global economy is expected to continue facing challenging conditions, with both supply and demand expected to fall sharply due to the effects of the coronavirus pandemic.

In this environment, the Company forecasts consolidated revenue of ¥700,000 million, operating profit of ¥27,000 million, profit before tax of ¥26,000 million and profit attributable to owners of the parent of ¥14,500 million for the fiscal year ending March 31, 2021. 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 11.1%.

(Assumptions for the calculation of results forecast)

- Exchange rate: 1 US dollar = 110 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.

The impact of the coronavirus pandemic in the next consolidated fiscal year has been calculated based on information currently available to the Company, assuming that the current situation will last until June. Actual results may be different from the forecasts depending on a variety of factors, including when the pandemic actually ends, as well as economic conditions in key global markets and exchange rate fluctuations. The Company will make timely disclosure in the event of any material change in the situation.

(2) Overview of financial position in the fiscal year ended March 2020

(i) Assets, liabilities and equity

Total assets at the end of the fiscal year under review increased ¥2,212 million from the end of the previous fiscal year, to ¥551,671 million. Interest-bearing debt increased ¥3,890 million from the end of the previous fiscal year, to ¥143,394 million. Net interest-bearing debt after deducting cash and deposits rose ¥1,838 million from the end of the previous fiscal year, to ¥51,807 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, equity attributable to owners of the parent rose ¥5,583 million from the end of the previous fiscal year, to ¥130,829 million, mainly reflecting an increase in retained earnings, which offset decreases in other capital components as a result of yen appreciation and falling share prices.

As a result, the ratio of equity attributable to owners of the parent came to 23.7%. The net debt-equity ratio (“net DER”) was 0.4 times.

The Company is focusing on financing activities based on the basic policy of low-cost and stable financing which is essential to achieve “sustainable growth” targeted in the medium-term vision for six years “future 135.” The

Company mainly procured funds using indirect financing thanks to good relations with main banks, regional banks, insurance companies and other financial institutions. It also raised funds from capital markets by issuing straight corporate bonds as a means of raising long-term capital.

In addition, to ensure on-hand liquidity, the Company also holds a sufficient level of cash and cash equivalents and has established committed lines of credit with key financial institutions.

(ii) Cash flows

Net cash provided by operating activities stood at ¥24,259 million (versus ¥24,698 million provided in the previous fiscal year), chiefly reflecting the accumulation of operating income. Net cash used in investing activities was ¥10,215 million (versus ¥6,575 million used in the previous fiscal year), mainly due to the purchase of property, plant and equipment, and payments for leasehold deposits. Net cash used in financing activities amounted to ¥11,590 million (versus ¥7,158 million used in the previous fiscal year), mainly reflecting the repayment of lease liabilities and cash dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year under review stood at ¥91,105 million, up ¥2,164 million from the end of the previous fiscal year.

(3) Basic policy for distribution of profits and dividends in the fiscal year ended March 2020 and the fiscal year ending March 2021

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.

Under “future 135,” the Company’s medium-term vision, the Company aims for a payout ratio (total return ratio) of 25% to 30%. Accordingly, in the fiscal year under review, it paid an interim dividend of ¥30 per share. Given that we plan to pay a year-end dividend of ¥30 per share, the annual dividend will be ¥60 per share. The payout ratio is estimated to be 34.8%.

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 coronavirus pandemic and the economic uncertainty. The total return ratio is expected to be 34.6%.

(4) Initiatives to prevent the spread of the coronavirus and risk information

With the stagnation of consumer spending and corporate activity caused by the coronavirus pandemic, financial markets and the employment environment were severely shaken, and the global economy started to deteriorate sharply. The Company believes that the Group’s operating results and financial situation may be impacted if the pandemic drags on or the situation worsens in the future or depending on the resulting global economic developments.

In face of the coronavirus pandemic, the Group has implemented initiatives to ensure business continuity and prevent the spread of the virus. More specifically, we have taken measures according to the situation, including introducing staggered working hours and asking employees to work from home, tightening regulations on business trips and travel in Japan and overseas, raising awareness about measures to prevent infection, and monitoring developments in each region via our global network. In particular, with governments around the world ordering people to stay at home or declaring a state of emergency, the Company and some of its subsidiaries in Japan and overseas have told their employees to work from home, in principle.

Accurately forecasting the fallout from the coronavirus pandemic is extremely difficult. However, with the safety of Group employees and stakeholders as its number one priority, the Group will continue striving to fulfil its social responsibility by preventing infection and the spread of the virus based on government policies, action plans and requests.

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 2019 (March 31, 2019)	End of Fiscal 2020 (March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	88,941	91,105
Trade and other receivables	227,300	204,920
Inventories	96,232	100,766
Other financial assets	3,546	5,383
Other current assets	28,420	24,580
Total current assets	444,443	426,756
Non-current assets		
Property, plant and equipment	22,090	40,756
Goodwill	8,810	10,304
Intangible assets	23,051	23,382
Investments accounted for using the equity method	6,867	7,506
Trade and other receivables	1,449	1,428
Other investments	32,416	28,279
Other financial assets	4,216	7,370
Deferred tax assets	2,609	2,761
Other non-current assets	3,504	3,126
Total non-current assets	105,016	124,915
Total assets	549,459	551,671

(Million yen)

	End of Fiscal 2019 (March 31, 2019)	End of Fiscal 2020 (March 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	196,054	172,922
Bonds and borrowings	74,316	68,164
Lease obligations	370	6,303
Other financial liabilities	5,722	4,614
Income taxes payable	3,469	3,393
Provisions	189	30
Other current liabilities	32,321	29,073
Total current liabilities	312,443	284,503
Non-current liabilities		
Bonds and borrowings	65,188	75,229
Lease obligations	670	11,251
Other financial liabilities	1,966	2,063
Retirement benefits liabilities	6,555	6,779
Provisions	1,368	1,914
Deferred tax liabilities	1,362	2,385
Other non-current liabilities	1,205	1,369
Total non-current liabilities	78,317	100,994
Total liabilities	390,760	385,497
Equity		
Share capital	27,781	27,781
Capital surplus	26,882	26,957
Retained earnings	60,748	69,540
Treasury stock	(1,318)	(1,309)
Other components of equity		
Exchange differences on translation of foreign operations	1,865	930
Financial assets measured at fair value through other comprehensive income	9,580	6,816
Cash flow hedges	(293)	113
Total other components of equity	11,153	7,860
Total equity attributable to owners of the parent	125,246	130,829
Non-controlling interests	33,451	35,344
Total equity	158,698	166,174
Total liabilities and equity	549,459	551,671

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

(Million yen)

	Fiscal 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Revenue	723,849	721,802
Cost of sales	(613,834)	(610,897)
Gross profit	110,014	110,904
Selling, general and administrative expenses	(80,393)	(82,716)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(238)	(118)
Impairment loss on property, plant and equipment and intangible assets	(111)	(551)
Other income	2,669	1,958
Other expenses	(1,592)	(1,123)
Total other income (expenses)	727	165
Operating profit	30,349	28,352
Finance income		
Interest income	371	271
Dividend income	1,189	1,143
Total finance income	1,561	1,415
Finance costs		
Interest expenses	(2,662)	(2,761)
Other finance costs	(434)	(452)
Total finance costs	(3,096)	(3,214)
Share of profit (loss) of investments accounted for using the equity method	363	389
Profit before tax	29,177	26,944
Income tax expense	(8,728)	(8,710)
Profit for the year	20,449	18,233
Profit for the year attributable to:		
Owners of the parent	16,605	14,399
Non-controlling interests	3,844	3,834
Total	20,449	18,233
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	198.22	172.43
Diluted earnings per share (yen)	198.15	172.28

(Consolidated statements of comprehensive income)

(Million yen)

	Fiscal 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Profit for the year	20,449	18,233
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(3,031)	(2,939)
Remeasurement of defined benefit pension plans	199	(24)
Share of other comprehensive income of investments accounted for using the equity method	(23)	(8)
Total items that will not be reclassified to profit or loss	(2,855)	(2,972)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	948	(1,105)
Cash flow hedges	584	403
Share of other comprehensive income of investments accounted for using the equity method	(19)	(27)
Total items that may be reclassified to profit or loss	1,514	(729)
Other comprehensive income for the year, net of tax	(1,341)	(3,702)
Total comprehensive income for the year	19,108	14,531
Total comprehensive income for the year attributable to:		
Owners of the parent	15,003	10,927
Non-controlling interests	4,104	3,604
Total	19,108	14,531

(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, 2018	27,781	26,810	48,559	(193)	1,275	12,684
Cumulative effects of changes in accounting policies			(61)			
Restated balance	27,781	26,810	48,498	(193)	1,275	12,684
Profit			16,605			
Other comprehensive income					589	(2,940)
Total comprehensive income for the year	–	–	16,605	–	589	(2,940)
Dividends			(4,655)			
Dividends paid to non-controlling interests						
Acquisition of treasury stock				(1,128)		
Disposition of treasury stock		8		4		
Equity transactions with non-controlling interests		(0)				
Share-based payment transactions		64				
Total transactions with owners	–	72	(4,655)	(1,124)	–	–
Transfer from other components of equity to retained earnings			300			(163)
Balance as of March 31, 2019	27,781	26,882	60,748	(1,318)	1,865	9,580
Cumulative effects of changes in accounting policies						
Restated balance	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

(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, 2018	(905)	–	13,055	116,012	31,037	147,050
Cumulative effects of changes in accounting policies			–	(61)		(61)
Restated balance	(905)		13,055	115,951	31,037	146,989
Profit			–	16,605	3,844	20,449
Other comprehensive income	612	137	(1,601)	(1,601)	260	(1,341)
Total comprehensive income for the year	612	137	(1,601)	15,003	4,104	19,108
Dividends			–	(4,655)		(4,655)
Dividends paid to non-controlling interests			–	–	(1,689)	(1,689)
Acquisition of treasury stock			–	(1,128)		(1,128)
Disposition of treasury stock			–	12		12
Equity transactions with non-controlling interests			–	(0)	(0)	(1)
Share-based payment transactions			–	64		64
Total transactions with owners	–	–	–	(5,708)	(1,690)	(7,398)
Transfer from other components of equity to retained earnings		(137)	(300)	–		–
Balance as of March 31, 2019	(293)	–	11,153	125,246	33,451	158,698
Cumulative effects of changes in accounting policies			–	–		–
Restated balance	(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

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities:		
Profit for the year	20,449	18,233
Depreciation and amortization	3,274	9,176
Impairment loss on property, plant and equipment and intangible assets	111	551
Finance income and costs	1,535	1,798
Share of (profit) loss of investments accounted for using the equity method	(363)	(389)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets	238	118
Income tax expense	8,728	8,710
(Increase) decrease in trade and other receivables	(6,295)	23,422
(Increase) decrease in inventories	(1,132)	(1,391)
Increase (decrease) in trade and other payables	(2,067)	(23,184)
Increase (decrease) in retirement benefit liabilities	(285)	393
Other	7,632	(5,184)
Sub total	31,826	32,254
Interest received	375	200
Dividends received	1,579	1,188
Interest paid	(2,639)	(2,731)
Income taxes paid	(6,442)	(6,651)
Net cash provided by (used in) operating activities	24,698	24,259
Cash flows from investing activities:		
Payments for property, plant and equipment	(3,128)	(6,725)
Proceeds from sales of property, plant and equipment	443	1,159
Payments for intangible assets	(419)	(1,044)
Purchases of other investments	(3,109)	(1,452)
Proceeds from sale of other investments	1,490	436
Payments for other financial assets	(0)	–
Proceeds from sale of other financial assets	15	–
Proceeds from (payments for) acquisition of subsidiaries	(1,729)	(835)
Payments for acquisition of businesses	–	(380)
Increase in loans receivable	(62)	(240)
Proceeds from collection of loans receivable	296	292
Payments for leasehold deposits	(130)	(1,640)
Other	(239)	213
Net cash provided by (used in) investing activities	(6,575)	(10,215)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings (three months or less), net	5,708	3,972
Proceeds from short-term borrowings (more than three months)	–	2,009
Repayment of short-term borrowings (more than three months)	–	(3,355)
Proceeds from long-term borrowings	13,871	24,756
Repayment of long-term borrowings	(14,035)	(26,064)
Redemption of bonds	(5,000)	–
Dividends paid	(4,643)	(5,414)
Purchase of treasury stock	(1,130)	(5)
Capital contribution from holders of non-controlling interests	–	90
Dividends paid to non-controlling interests	(1,709)	(1,791)
Repayments of lease obligations	(214)	(5,798)
Other	(6)	11
Net cash provided by (used in) financing activities	(7,158)	(11,590)
Increase (decrease) in cash and cash equivalents, net	10,964	2,453
Cash and cash equivalents at the beginning of the year	77,731	88,941
Effect of exchange rate changes on cash and cash equivalents	245	(290)
Cash and cash equivalents at the end of the year	88,941	91,105

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

(Changes in accounting policies)

Important accounting policies applied to the consolidated financial statements of the Consolidated Group are the same as the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following.

IFRS 16 Leases

The Consolidated Group has applied IFRS 16 Leases (hereinafter “IFRS 16”) from the current consolidated fiscal year. On the occasion of adopting IFRS 16, the Consolidated Group has adopted a method of recognizing the cumulative effects of adopting this standard on the commencement date of adoption, which is accepted as a transitional measure.

For the lease contracts of the lessee that were classified as operating leases and expensed upon their occurrence in the past by applying IAS 17 Leases (hereinafter “IAS 17”), the Consolidated Group recognizes lease liabilities and right-of-use assets associated with the application of IFRS 16.

Lease liability is measured by the present value that is obtained by discounting unpaid lease payments, using the interest rate implicit in the lease or the Consolidated Group’s incremental borrowing rate, at the commencement date of the lease contract. After the commencement date, the book value will be increased or decreased so that interest rate on the lease liability and lease payments made will be reflected in the book value. In addition, if there is a revision to the lease term or a change in the assessment of an option, lease liability will be remeasured to be reflected in the book value. The lease term is determined by taking into consideration an option to terminate the lease and an option to extend the lease term during the non-cancellable period of the lease.

A right-of-use asset is measured by the acquisition cost that adjusts the initial measurement amount of lease liability on the commencement date of the lease contract mainly for initial direct costs and expenses for restoration to original state, and it is amortized on a straight-line basis over the economic life of the right-of-use asset from the commencement date or when the lease term ends, whichever is shorter.

For short-term leases with a lease term of 12 months or less, the Consolidated Group does not recognize lease liability and a right-of-use asset by applying recognition exemption, and recognizes them as expenses on a straight-line basis over the lease term.

In the consolidated statement of cash flows, cash flows from operating activities increased, while cash flows from financing activities decreased associated with changes in the presentation of cash flows relating to operating leases that were expensed in the past.

Reconciliation of the amount of non-cancellable operating lease commitments disclosed by applying IAS 17 at the end of the previous consolidated fiscal year and lease liabilities recognized in the consolidated statement of financial position on the date of initial application is as follows.

	(Million yen)
Non-cancellable operating lease commitments at the end of the previous consolidated fiscal year	5,481
Short-term lease commitments for which lease liability is not recognized	(23)
Finance lease commitments at the end of the previous consolidated fiscal year	1,041
Non-cancellable operating lease contracts	11,396
Lease liabilities at the beginning of the current consolidated fiscal year	17,895

The Consolidated Group has decided that the impact of the discount is not material in the measurement of lease liabilities to be newly recognized on the date of initial application, given the size of the leases and the current financial environment. With respect to right-of-use assets, the Consolidated Group recognizes ¥16,667 million, included in property, plant and equipment, at the beginning of the current consolidated fiscal year, taking into consideration the amount of lease liabilities to be newly recognized and the amount of prepaid or accrued lease payments relating to the leases. There is no impact on retained earnings at the beginning of the period.

The Consolidated Group uses the following practical expedients when applying IFRS 16 to leases previously classified as operating leases applying IAS 17.

- Evaluate whether leases are disadvantageous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets directly before the date of initial application and revise right-of-use assets as of the date of initial application in an amount equal to the provision for disadvantageous leases recognized in this evaluation.
- Account for leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases.
- Exclude initial direct costs from the measurement of right-of-use assets on the date of initial application.
- Use hindsight, such as when determining the lease term for contracts that contain options to extend or terminate the lease.

(Changes in presentation method)

(Consolidated statement of financial position)

“Lease obligations” that were included in “Other financial liabilities” of “Current liabilities” and “Lease obligations” that were included in “Other financial liabilities” of “Non-current liabilities” at the end of the previous consolidated fiscal year are presented separately at the end of the current consolidated fiscal year, because their amount has increased in significance. Associated with this, ¥6,093 million presented in “Other financial liabilities” of “Current liabilities” in the consolidated statement of financial position at the end of the previous consolidated fiscal year are reclassified as “Lease obligations” of ¥370 million and “Other financial liabilities” of ¥5,722 million. The ¥2,636 million presented in “Other financial liabilities” of “Non-current liabilities” are reclassified as “Lease obligations” of ¥670 million and “Other financial liabilities” of ¥1,966 million.

(Consolidated statements of cash flows)

“Payments for leasehold deposits,” which was included in “Other” of “Cash flows from investing activities” in the previous fiscal year, and “Repayments of lease obligations,” which was included in “Other” of “Cash flows from financing activities” in the previous fiscal year, are presented separately in the fiscal year under review because their monetary significance in terms of value has increased. Associated with this, -¥369 million presented in “Other” of “Cash flows from investing activities” in the consolidated statements of cash flows in the previous fiscal year has been reclassified into “Payments for leasehold deposits” of -¥130 million and “Other” of -¥239 million, and -¥220 million presented in “Other” of “Cash flows from financing activities” in the consolidated statements of cash flows in the previous fiscal year has been reclassified into “Repayments of lease obligations” of -¥214 million and “Other” of -¥6 million.

(Segment information)

Income figures for reportable segments are based on operating profit for the segments.

Inter-segment revenue and transfers are determined according to transaction prices with outside customers.

Fiscal 2019 (From April 1, 2018 to March 31, 2019)

(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	265,530	244,859	139,436	62,063	711,888	11,960	–	723,849
Inter-segment	282	1	66	24	374	103	(478)	–
Total revenues	265,812	244,860	139,502	62,087	712,262	12,064	(478)	723,849
Segment profit (loss)	18,533	3,951	4,437	2,549	29,472	850	26	30,349
Other profit or loss:								
Depreciation and amortization	1,345	579	864	390	3,179	116	(21)	3,274
Share of profit (loss) of investments accounted for using the equity method	(78)	53	28	32	35	327	–	363
Segment assets	197,389	124,172	133,762	48,296	503,621	9,520	36,318	549,459
Other assets:								
Investments accounted for using the equity method	–	1,407	2,521	350	4,279	2,591	(3)	6,867
Capital expenditure	1,377	335	1,101	701	3,516	251	415	4,183

(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 ¥26 million for segment profit (loss) includes an inter-segment elimination of ¥26 million.
- (2) Adjustment for segment assets amounting to ¥36,318 million includes inter-segment elimination of negative ¥10,141 million and Group assets of ¥46,459 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.
- (3) Adjustment for depreciation and amortization amounting to negative ¥21 million includes inter-segment elimination of negative ¥21 million.
- (4) Adjustment for investments accounted for using the equity method amounting to negative ¥3 million includes intersegment elimination of negative ¥3 million.

- (5) Adjustment for capital expenditure amounting to ¥415 million includes Group assets of ¥415 million that have not been distributed to reportable segments. These Group assets consist mainly of leased equipment, etc. for systems of subsidiaries.

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
Segment profit (loss)	18,963	2,381	3,819	2,383	27,547	819	(14)	28,352
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 expenditure	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 negative ¥14 million for segment profit (loss) includes an inter-segment elimination of negative ¥14 million.
- (2) Adjustment for segment assets amounting to ¥34,534 million includes inter-segment elimination of negative ¥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.
- (3) Adjustment for depreciation and amortization amounting to negative ¥18 million includes inter-segment elimination of negative ¥18 million.
- (4) Adjustment for investments accounted for using the equity method amounting to negative ¥2 million includes intersegment elimination of negative ¥2 million.
- (5) Adjustment for capital expenditure amounting to ¥653 million includes inter-segment elimination of negative ¥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.

Adjustments from segment income (operating profit) to income before tax on the consolidated statements of income are as follows.

(Million yen)

	Fiscal 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Segment profit	30,349	28,352
Finance income and finance costs	(1,535)	(1,798)
Share of profit (loss) of investments accounted for using the equity method	363	389
Profit before tax	29,177	26,944

(Matters related to business combinations, etc.)

Business combinations that took place in the previous fiscal year (from April 1, 2018 to March 31, 2019) are as follows.

(1) Details of the business combination

Name of the acquired company:	G-Printec, Inc.
Business of the acquired company:	Development, manufacture and sale of card printers and related devices
Acquisition date:	December 3, 2018
Legal form of the business combination:	Acquisition of shares with cash as consideration
Name of the controlling entity after the business combination:	G-Printec, Inc.
Percentage share of voting rights acquired:	Percentage share of voting rights owned immediately before the acquisition date 40.0%
	Percentage share of voting rights additionally acquired on the acquisition date 60.0%
	Percentage share of voting rights after acquisition 100.0%

(2) Main reasons for carrying out the business combination

The card printer business, one of the key businesses in the Electronics & Devices segment, has been focusing on the distribution of card printers for many years. We position G-Printec, Inc. as an important strategic function to further enhance the added value of the card printer business, and we have decided that the acquisition of the printer design and development functions of G-Printer, Inc. will contribute to the enhancement of the corporate value of the Consolidated Group, because it will enable us to mutually generate synergistic effects by meeting even more diversified customer needs.

(3) Acquisition cost of the acquired company and its breakdown

(Million yen)

Consideration for acquisition	
Fair value on the acquisition date of shares of the acquired company held immediately before the acquisition date	1,440
Fair value of shares of the acquired company additionally acquired on the acquisition date	2,160
Acquisition cost	3,600

(4) Gain from remeasurement relating to business combinations

Gain from remeasurement relating to business combinations of ¥610 million is recorded in "Other income" in the consolidated statements of income as a result of re-measuring the fair value on the acquisition date of equity interest in the acquired company held immediately before the acquisition date.

(5) Estimated fair values of assets acquired and liabilities assumed at the date of acquisition and amount of goodwill recognized
(Million yen)

Items	Amounts
Fair values of assets acquired and liabilities assumed	
Cash and cash equivalents	439
Trade receivables	845
Inventories	301
Other current assets	91
Property, plant and equipment	124
Intangible assets	2,856
Other non-current assets	25
Current liabilities	(1,740)
Non-current liabilities	(1,831)
<u>Amount of goodwill recognized</u>	<u>2,485</u>
Total	3,600

(Note) The details of goodwill are mainly excess earning power and synergy effects with the existing businesses. The amount of goodwill recognized does not include the amount that is expected to be deductible for tax purposes.

(6) Impacts of the business combination on cash flows

Payment of acquisition cost:	-¥2,160 million
Cash and cash equivalents of the acquired company:	¥439 million
Net payment for acquisition of subsidiaries:	-¥1,720 million

(7) Impact on the operating results of the Consolidated Group

Operating results at the acquired company from the date of acquisition to March 31, 2019 are as follows:

Revenue	¥1,628 million
Profit	¥287 million

Pro-forma information (unaudited information) concerning consolidated operating results in the previous fiscal year in the case that the business combination is assumed to be conducted at the beginning of the period is revenue of ¥726,220 million and profit attributable to owners of the parent of ¥16,760 million yen.

No major business combinations took place in the fiscal year under review (from April 1, 2019 to March 31, 2020).

(Per share information)

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

	Fiscal 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Basic earnings per share (yen)	198.22	172.43
Diluted earnings per share (yen)	198.15	172.28

(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 2019 (From April 1, 2018 to March 31, 2019)	Fiscal 2020 (From April 1, 2019 to March 31, 2020)
Profit attributable to owners of the parent (million yen)	16,605	14,399
Amount not attributable to common shareholders of the parent (million yen)	-	-
Profit used to calculate basic earnings per share (million yen)	16,605	14,399
Profit used to calculate diluted earnings per share (million yen)	16,605	14,399
Weighted average number of common shares (thousand shares)	83,773	83,509
Increase due to performance-linked stock compensation plan (thousand shares)	31	71
Weighted average number of shares adjusted for dilution (thousand shares)	83,804	83,580

(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	437,846 shares
Consolidated fiscal year under review	705,961 shares

(Significant subsequent events)

Not applicable.

Highlights of Consolidated Financial Results for the Fiscal Year Ending March 2020 (IFRS)

Both revenue and profits decreased.

◇ Revenue	721.8 billion yen	0.3% down
◇ Operating profit	28.4 billion yen	6.6% down
◇ Profit before tax	26.9 billion yen	7.7% down
◇ Profit attributable to owners of the	14.4 billion yen	13.3% down

Forecasts for the fiscal year ending March 31, 2021 are on a par with the results for the fiscal year ended March 31, 2020. The dividend forecast for the current fiscal year is left unchanged.

Assets, Liabilities and Net Assets

(Unit: billion yen)	3/2019	3/2020	Comparison with 3/2019	
			Change	Change(%)
Total assets	549.5	551.7	2.2	0.4%
Gross interest-bearing debt (Note 1)	139.5	143.4	3.9	2.8%
Net interest-bearing debt	50.0	51.8	1.8	3.7%
Shareholders' equity (Note 2)	125.2	130.8	5.6	4.5%
Retained earnings	60.7	69.5	8.8	14.5%
Other components of equity	11.2	7.9	(3.4)	(29.9%)
Equity ratio (Note 3)	22.8%	23.7%	0.9pt up	-
Net debt-equity ratio (Note 4)	0.40times	0.40times	Almost same	-

【Total assets】

Increased 2.2 billion yen mainly due to increases in property, plant and equipment.

【Interest-bearing debt】

Net interest-bearing debt rose 1.8 billion yen.

【Shareholders' equity】

Increased 5.6 billion yen chiefly due to the accumulation of retained earnings.

Equity ratio is 23.7%.

Net debt-equity ratio stood at 0.4 times

Profit & loss statement

(Unit: billion yen)	FY2019	FY2020	Year-on-year		FY2021	
			Change	Change(%)	Forecast	YoY Change (%)
Revenue	723.8	721.8	(2.0)	(0.3%)	700.0	(3.0%)
Gross profit	110.0	110.9	0.9	0.8%	-	-
Selling, general and administrative expenses	(80.4)	(82.7)	(2.3)	-	-	-
Other income (expenses)	0.7	0.2	(0.6)	(77.3%)	-	-
Operating profit	30.3	28.4	(2.0)	(6.6%)	27.0	(4.8%)
Interest income (expenses)	(2.3)	(2.5)	(0.2)	-	-	-
Dividend income	1.2	1.1	(0.0)	-	-	-
Other finance income (costs)	(0.4)	(0.5)	(0.0)	-	-	-
Finance income (costs)	(1.5)	(1.8)	(0.3)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.4	0.4	0.0	-	-	-
Profit before tax	29.2	26.9	(2.2)	(7.7%)	26.0	(3.5%)
Income tax expense	(8.7)	(8.7)	0.0	-	-	-
Profit for the year	20.4	18.2	(2.2)	(10.8%)	-	-
Profit attributable to owners of the parent	16.6	14.4	(2.2)	(13.3%)	14.5	0.7%

【Revenue】

Decreased 2.0 billion yen overall, affected by falls in the Electronics & Devices and the Steel, Materials & Plant segments, despite increases in the Foods & Grain and the Motor Vehicles & Aerospace segments.

【Operating profit】

Decreased 2.0 billion yen overall, despite an increase in the Electronics & Devices segment.

【Profit before tax】

Decreased 2.2 billion yen due to a decrease in operating profit.

【Profit attributable to owners of the parent】

Decreased 2.2 billion yen due to a decline in profit before tax.

Earnings per share (yen)	198.22	172.43	(25.79)	(13.0%)	173.63	0.7%
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Cash Flows

(Unit: billion yen)	FY2019	FY2020
CF from operating activities	24.7	24.3
CF from investing activities	(6.6)	(10.2)
Free cash flows	18.1	14.0
CF from financing activities	(7.2)	(11.6)
Increase (decrease) in cash and cash equivalents	11.0	2.5

【CF from operating activities】

Net cash provided by operating activities was 24.3 billion yen, mainly reflecting the accumulation of operating revenue.

【CF from investing activities】

Net cash used in investing activities was 10.2 billion yen, mainly due to the acquisition of subsidiaries and property, plant and equipment, and payments for leasehold deposits.

【CF from financing activities】

Net cash used in financing activities was 11.6 billion yen, mainly due to repayment of borrowings, lease obligations repaid, and cash dividends paid.

(Note) Due to the mandatory application of IFRS 16 (leases), starting from the fiscal year ended March 31, 2020, cash flows from operating activities increased 5.7 billion yen and cash flows from financing activities decreased 5.7 billion yen, respectively, compared to the levels before the application.

Dividends

【FY2020】

Interim	30.0 yen per share
Year-end (Plan)	30.0 yen per share
Annual (Plan)	60.0 yen per share

【FY2021】

Interim (Plan)	30.0 yen per share
Year-end (Plan)	30.0 yen per share
Annual (Plan)	60.0 yen per share

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

Segment information

(Unit: billion yen)	Revenue			Operating profit		
	FY2019	FY2020	Change	FY2019	FY2020	Change
Electronics & Devices	265.5	254.5	(11.0)	18.5	19.0	0.4
Foods & Grain	244.9	251.4	6.5	4.0	2.4	(1.6)
Steel, Materials & Plant	139.4	129.9	(9.6)	4.4	3.8	(0.6)
Motor Vehicles & Aerospace	62.1	74.6	12.5	2.5	2.4	(0.2)
Total for reportable segments	711.9	710.4	(1.5)	29.5	27.5	(1.9)
Other (including adjustment)	12.0	11.4	(0.5)	0.9	0.8	(0.1)
Grand total	723.8	721.8	(2.0)	30.3	28.4	(2.0)

【Electronics&Devices】Decline in revenue and increase in profit

The ICT solutions business remained strong due to IT investment demand for servers and storage, as well as in the virtualization and security markets. The mobile business performed well mainly due to improvement in the efficiency of store operations and growth in corporate business. The semiconductor and LCD manufacturing equipment business was affected by the COVID-19 coronavirus outbreak in China.

【Foods&Grain】 Increase in revenue and decline in profit

In the food business, transactions involving agricultural processed products held firm thanks to the procurement of raw materials that matched consumer needs and product development. The meat products business remained robust despite price volatility caused by global demand and supply imbalances. However, the feedstuff business struggled due to a slump mainly in pet-related transactions and transactions involving aquafeed.

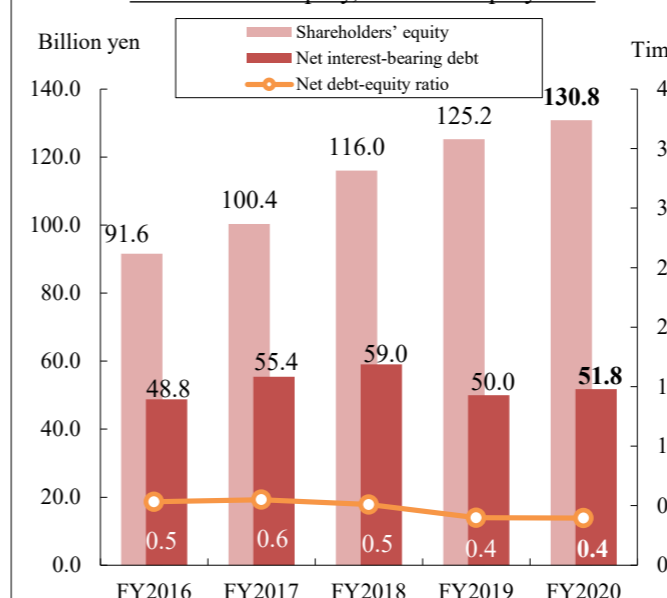
【Steel, Materials & Plant】 Decline in revenue and profit

The energy business performed strongly, driven by domestic transactions. The oilfield tubing business slowed down under the impact of falling oil prices. The machine tools and industrial machinery business also experienced a slump in overseas transactions mainly in the China and the U.S., and the plant infrastructure business also reported lower profit due to the suspension of transactions with the Middle East.

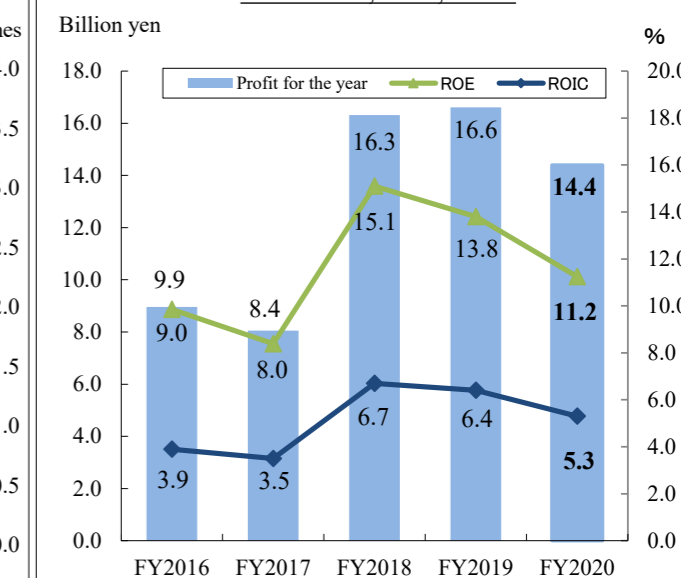
【Motor Vehicles & Aerospace】 Increase in revenue and decline in profit

In the aerospace business, core transactions involving aircraft parts held firm. The motor vehicles and parts business had a strong showing overall but reported lower profit due to the suspension of transactions with the Middle East.

Shareholder's equity, Net debt-equity ratio



Net income, ROE, ROIC



* 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.