

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

■ Both revenue and profits decreased.

◇ Revenue	531.1 billion yen	1.1% down
◇ Operating profit	18.7 billion yen	13.6% down
◇ Profit before tax	17.9 billion yen	14.5% down
◇ Profit attributable to owners of the parent	9.4 billion yen	20.1% down

■ The full-year forecast has been revised downward.

(Profit before tax is forecast to fall 4.0% year on year. Profit attributable to owners of the parent is forecast to decrease 9.7% year on year.)

■ The year-end dividend forecast is left unchanged at 30 yen per share (60 yen for the annual dividend forecast).

Profit & loss statement						
(Unit: billion yen)	Q3 of FY2019	Q3 of FY2020	Year-on-year		FY2020	
			Change	Change(%)	Forecast	Progress (%)
Revenue	536.9	531.1	(5.8)	(1.1%)	710.0	74.8%
Gross profit	79.3	79.8	0.5	0.6%	-	-
Selling, general and administrative expenses	(58.5)	(61.1)	(2.6)	-	-	-
Other income (expenses)	0.9	0.1	(0.8)	(94.2%)	-	-
Operating profit	21.7	18.7	(2.9)	(13.6%)	29.0	64.6%
Interest income (expenses)	(1.7)	(1.9)	(0.2)	-	-	-
Dividend income	0.7	0.7	(0.0)	-	-	-
Other finance income (costs)	(0.1)	(0.1)	(0.0)	-	-	-
Finance income (costs)	(1.1)	(1.4)	(0.3)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.3	0.5	0.2	53.4%	-	-
Profit before tax	20.9	17.9	(3.0)	(14.5%)	28.0	63.8%
Income tax expense	(6.6)	(5.9)	0.7	-	-	-
Profit for the period	14.3	11.9	(2.4)	(16.6%)	-	-
Profit attributable to owners of the parent	11.8	9.4	(2.4)	(20.1%)	15.0	62.8%
Earnings per share (yen)	140.60	112.70	(27.90)	-	179.05	-

【Revenue】
Decreased 5.8 billion yen, affected by falls in the Steel, Materials & Plant and the Electronics & Devices segments, despite increases in other segments, including the Foods & Grain segment.

【Operating profit】
Decreased 2.9 billion yen, despite a slight increase in the Electronics & Devices segment.

【Profit before tax】
Decreased 3.0 billion yen due to a decrease in operating profit.

【Profit attributable to owners of the parent】
Decreased 2.4 billion yen due to a decline in profit before tax.

Assets, Liabilities and Net Assets

(Unit: billion yen)	3/2020	12/2020	Comparison with 3/2020	
			Change	Change(%)
Total assets	549.5	571.6	22.1	4.0%
Gross interest-bearing debt (Note 1)	139.5	156.8	17.3	12.4%
Net interest-bearing debt	50.0	76.4	26.4	52.9%
Shareholders' equity (Note 2)	125.2	130.4	5.1	4.1%
Retained earnings	60.7	64.9	4.1	6.8%
Other components of equity	11.2	12.1	0.9	8.3%
Equity ratio (Note 3)	22.8%	22.8%	Almost same	-
Net debt-equity ratio (Note 4)	0.40times	0.59times	0.19pt up	-

【Total assets】

Increased 22.1 billion yen mainly due to increases in inventories and property, plant and equipment.

【Interest-bearing debt】

Net interest-bearing debt rose 26.4 billion yen. (Including an increase of 16.9 billion yen due to the application of IFRS 16 [leases].)

【Shareholders' equity】

Increased 5.1 billion yen chiefly due to the accumulation of retained earnings.

Equity ratio is 22.8%.

Net debt-equity ratio stood at 0.59 times. (0.45 times based on calculation without applying IFRS 16 [leases])

(Note1) Increased, reflecting the recognition of lease obligations amounting to approximately 16.9 billion yen at the beginning of the fiscal year due to the mandatory application of IFRS 16 (leases), starting from the fiscal year ending March 31, 2020.

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

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

Cash Flows

(Unit: billion yen)	Q3 of FY2019	Q3 of FY2020
CF from investing activities	(4.6)	(8.8)
Free cash flows	0.5	4.4
CF from financing activities	1.0	(13.3)
Increase (decrease) in cash and cash equivalents	1.5	(8.9)

【CF from operating activities】

Net cash provided by operating activities was 13.2 billion yen, mainly reflecting the accumulation of operating revenue.

【CF from investing activities】

Net cash used in investing activities was 8.8 billion yen, mainly due to the acquisition of a subsidiary and property, plant and equipment, and payments for leasehold deposits.

【CF from financing activities】

Net cash used in financing activities was 13.3 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 ending March 31, 2020, cash flows from operating activities increased 4.1 billion yen and cash flows from financing activities decreased 4.1 billion yen, respectively, compared to the levels before the application.

Dividends

【FY2019】

Interim	25.0 yen per share
Year-end	35.0 yen per share
Annual	60.0 yen per share

【FY2020】

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

	FY2018	FY2019	FY2020 (Plan)
Annual			
Consolidated payout ratio	24.8%	30.3%	33.5%

Segment information						
(Unit: billion yen)	Revenue			Operating profit		
	Q3 of FY2019	Q3 of FY2020	Change	Q3 of FY2019	Q3 of FY2020	Change
Electronics & Devices	187.8	185.7	(2.1)	12.4	12.5	0.1
Foods & Grain	183.7	191.2	7.5	3.3	1.9	(1.4)
Steel, Materials & Plant	106.5	95.4	(11.0)	3.2	1.8	(1.4)
Motor Vehicles & Aerospace	49.6	49.9	0.3	2.1	1.8	(0.3)
Total for reportable segments	527.6	522.3	(5.3)	21.0	18.0	(3.0)
Other (including adjustment)	9.4	8.9	(0.5)	0.7	0.7	0.0
Grand total	536.9	531.1	(5.8)	21.7	18.7	(2.9)

【Electronics&Devices】 A decline in revenue and increase in profit

The ICT solutions business remained strong due to IT investment demand for servers and storage mainly from the manufacturing and the distribution industries, as well as in the virtualization and security markets. The mobile business slowed in the third quarter as a backlash to last-minute demand before the consumption tax hike. The electronics components business performed strongly but saw profit decline because of the absence of the effect of temporary contribution to results from the consolidation of a subsidiary in the previous fiscal year.

【Foods&Grain】 An increase in revenue and decline in profit

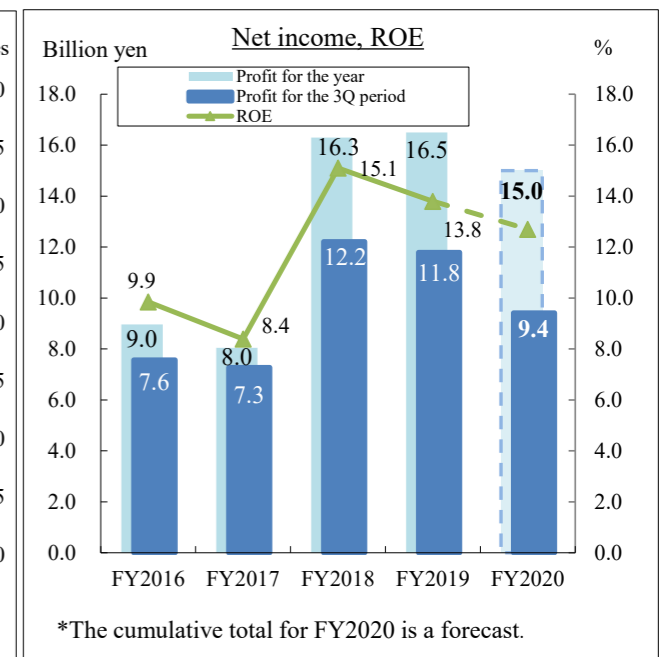
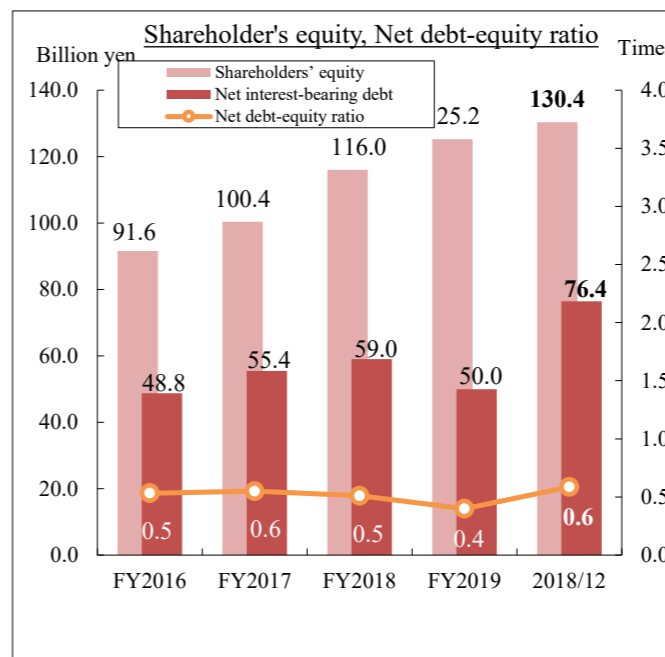
The feedstuff business struggled given the slump in transactions involving aquafeed and pet-related businesses. The food business was robust, supported by demand following the stabilization of transactions involving agricultural processed products. The meat products business remained firm for all livestock although domestic transactions slowed temporarily before the Japan-U.S. trade agreement on goods (TAG) came into effect.

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

The energy business performed strongly, driven by domestic transactions. The chemicals business also remained firm, mainly in general chemicals and pharmaceuticals. However, the iron and steel business faced a difficult time both in Japan and in export markets, affected by the weak market conditions worldwide, and the oilfield tubing business continued to slow partly due to a sense of excess market inventory. The machine tools and industrial machinery business also had difficulty, reflecting lower investments from the manufacturing industry due to the worsening business confidence. The plant infrastructure business also reported lower profit due to the suspension of transactions with the Middle East.

【Motor Vehicles & Aerospace】 An increase in revenue and decline in profit

The aerospace business remained strong. 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.



*The cumulative total for FY2020 is a forecast.

* 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.