

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

■ **Both revenue and profits decreased. Progress achievement of profit for the period attributable to owners of the parent improved to 46%.**

◇ Revenue	<b>357.0 billion yen</b>	<b>0.1% down</b>
◇ Operating profit	<b>14.7 billion yen</b>	<b>4.9% down</b>
◇ Profit before tax	<b>14.2 billion yen</b>	<b>4.1% down</b>
◇ Profit attributable to owners of the parent	<b>7.8 billion yen</b>	<b>3.5% down</b>

Profit & loss statement						
(Unit: billion yen)	Q2 of FY2019		Q2 of FY2020		FY2020	
	Q2 of FY2019	Q2 of FY2020	Change	Change(%)	Forecast	Progress (%)
Revenue	357.5	<b>357.0</b>	(0.5)	(0.1%)	740.0	48.2%
Gross profit	54.1	<b>55.0</b>	0.8	1.5%	-	-
Selling, general and administrative expenses	(39.0)	<b>(39.9)</b>	(1.0)	-	-	-
Other income (expenses)	0.3	<b>(0.3)</b>	(0.6)	-	-	-
Operating profit	15.5	<b>14.7</b>	(0.8)	(4.9%)	31.0	47.4%
Interest income (expenses)	(1.1)	<b>(1.3)</b>	(0.2)	-	-	-
Dividend income	0.5	<b>0.5</b>	(0.0)	-	-	-
Other finance income (costs)	(0.1)	<b>(0.1)</b>	(0.0)	-	-	-
Finance income (costs)	(0.7)	<b>(0.9)</b>	(0.2)	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.1	<b>0.4</b>	0.4	-	-	-
Profit before tax	14.8	<b>14.2</b>	(0.6)	(4.1%)	30.0	47.4%
Income tax expense	(4.8)	<b>(4.4)</b>	0.4	-	-	-
Profit for the period	10.0	<b>9.8</b>	(0.2)	(2.1%)	-	-
Profit attributable to owners of the parent	8.1	<b>7.8</b>	(0.3)	(3.5%)	17.0	45.9%
Earnings per share (yen)	96.32	<b>93.53</b>	(2.79)	(2.9%)	202.93	45.9%

**【Revenue】**  
Decreased 0.5 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 0.8 billion yen, despite an increase in the Electronics & Devices segment.

**【Profit before tax】**  
Decreased 0.6 billion yen due to a decrease in operating profit.

**【Profit attributable to owners of the parent】**  
Decreased 0.3 billion yen due to a decline in profit before tax.

Assets, Liabilities and Net Assets				
(Unit: billion yen)	3/2019		9/2019	
	3/2019	9/2019	Change	Change(%)
Total assets	549.5	<b>543.3</b>	(6.1)	(1.1%)
Gross interest-bearing debt (Note 1)	139.5	<b>145.9</b>	6.4	4.6%
Net interest-bearing debt	50.0	<b>65.7</b>	15.7	31.4%
Shareholders' equity (Note 2)	125.2	<b>128.7</b>	3.5	2.8%
Retained earnings	60.7	<b>65.6</b>	4.9	8.1%
Other components of equity	11.2	<b>9.7</b>	(1.5)	(13.7%)
Equity ratio (Note 3)	22.8%	<b>23.7%</b>	0.9pt up	-
Net debt-equity ratio (Note 4)	0.40times	<b>0.51times</b>	0.11pt up	-

**【Total assets】**  
Declined 6.1 billion yen, mainly due to decreases in trade and other receivables, despite an increase in property, plant and equipment.

**【Interest-bearing debt】**  
Net interest-bearing debt rose 15.7 billion yen. (Including an increase of 16.9 billion yen due to the application of IFRS 16 [leases])

**【Shareholders' equity】**  
Increased 3.5 billion yen chiefly due to the accumulation of retained earnings.

Equity ratio is 23.7%.  
Net debt-equity ratio stood at 0.51 times (0.38 times based on calculation without applying IFRS 16).

(Note 1) 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.

(Note 2) 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)	Q2 of FY2019		Q2 of FY2020	
	Q2 of FY2019	Q2 of FY2020	Change	Change(%)
CF from operating activities	2.2	<b>13.0</b>	10.8	490.9%
CF from investing activities	(1.4)	<b>(5.2)</b>	(3.8)	(271.4%)
Free cash flows	0.8	<b>7.8</b>	7.0	875.0%
CF from financing activities	(4.4)	<b>(16.8)</b>	(12.4)	(281.8%)
Increase (decrease) in cash and cash equivalents	(3.6)	<b>(9.0)</b>	(5.4)	(150.0%)

**【CF from operating activities】**  
Net cash provided by operating activities was 13.0 billion yen, mainly reflecting the accumulation of operating revenue.

**【CF from investing activities】**  
Net cash used in investing activities was 5.2 billion yen, mainly due to the acquisition of property, plant and equipment and payments for leasehold deposits.

**【CF from financing activities】**  
Net cash used in financing activities was 16.8 billion yen, mainly due to repayment of borrowings, lease obligations repaid, and cash dividends paid.

Dividends			
<b>【FY2019】</b>		25.0 yen per share	
Interim		25.0 yen per share	
Year-end		35.0 yen per share	
Annual		60.0 yen per share	
<b>【FY2020】</b>		30.0 yen per share	
Interim		30.0 yen per share	
Year-end (Plan)		30.0 yen per share	
Annual (Plan)		60.0 yen per share	
Annual	FY2018	FY2019	FY2020 (Plan)
Consolidated payout ratio	24.8%	30.3%	29.6%

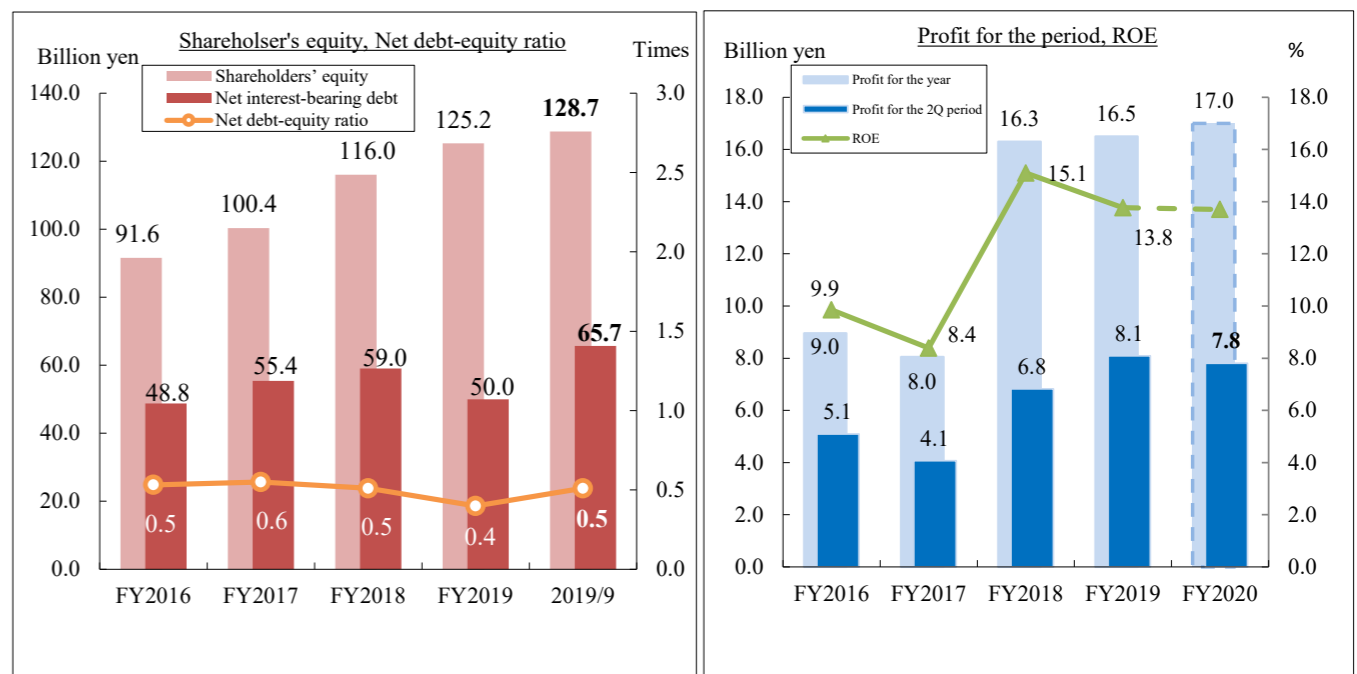
Segment information						
(Unit: billion yen)	Revenue			Operating profit		
	Q2 of FY2019	Q2 of FY2020	Change	Q2 of FY2019	Q2 of FY2020	Change
Electronics & Devices	127.8	<b>126.8</b>	(0.9)	8.1	<b>9.3</b>	1.2
Foods & Grain	121.6	<b>127.5</b>	5.9	2.4	<b>1.7</b>	(0.7)
Steel, Materials & Plant	68.1	<b>62.5</b>	(5.6)	2.8	<b>1.8</b>	(0.9)
Motor Vehicles & Aerospace	33.9	<b>34.0</b>	0.1	1.8	<b>1.3</b>	(0.5)
Total for reportable segments	351.4	<b>350.8</b>	(0.6)	15.0	<b>14.1</b>	(0.8)
Other (including adjustment)	6.1	<b>6.1</b>	0.0	0.4	<b>0.5</b>	0.1
Grand total	357.5	<b>357.0</b>	(0.5)	15.5	<b>14.7</b>	(0.8)

**【Electronics&Devices】 A decline in revenue and increase in profit**  
The ICT solutions business remained strong, chiefly reflecting IT investment demand in the server and storage markets, mainly from the manufacturing and distribution industries, as well as the virtualization and security markets. The mobile business also remained solid, partly due to last-minute demand before the consumption tax hike and the introduction of plans separating handset payments and services charges. The electronic equipment business was firm, aided by the conversion of a card printer company into a consolidated subsidiary in the previous year.

**【Foods&Grain】 An increase in revenue and a decline in profit**  
In the feedstuff business, transactions involving food soybeans and rice were strong. However, aquafeed transactions were weak due to a fall in prices of fish meal produced in South America. In the food business, processed agricultural products transactions were robust, aided by stable demand. The meat products business remained solid in all livestock categories despite livestock disease and market fluctuations.

**【Steel, Materials & Plant】 A decline in revenue and profit**  
The energy business performed strongly, mainly driven by domestic transactions. Meanwhile, the steel business continued to perform poorly, mainly due to trade issues. In the oil field tubing business, demand for drilling experienced a slight slowdown as oil prices remained low. In the plant infrastructure business, profits fell due to the suspension of transactions with the Middle East.

**【Motor Vehicles & Aerospace】 An increase in revenue and a decline in profit**  
The aerospace business remained strong. In the motor vehicles and parts business, profits declined due to the suspension of transactions with the Middle East.



\* 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.