[Supplementary material]

July 31, 2020
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2021 (IFRS)

■Revenue and profits both fell.

■Profit attributable to owners of the parent was around 70% of the year-ago level due to the impact of the declaration of a state of emergency.

◇Revenue	**142.4 billion yen**	**15.5% down**
◇Operating profit	**3.4 billion yen**	**42.0% down**
◇Profit before tax	**3.4 billion yen**	**40.9% down**
◇Profit attributable to owners of the parent	**2.4 billion yen**	**33.0% down**

Profit & loss statement

(Unit: billion yen)	Q1 of FY2020	Q1 of FY2021	Year-on-year Change	Year-on-year Change(%)	FY2021 Forecast	FY2021 Progress (%)
Revenue	168.4	**142.4**	(26.0)	(15.5%)	700.0	20.3%
Gross profit	25.2	**21.4**	(3.8)	(15.0%)	-	-
Selling, general and administrative expenses	(19.5)	**(18.6)**	0.9	-	-	-
Other income (expenses)	0.1	**0.6**	0.4	324.4%	-	-
Operating profit	5.8	**3.4**	(2.5)	(42.0%)	27.0	12.5%
Interest income (expenses)	(0.6)	**(0.5)**	0.2	-	-	-
Dividend income	0.4	**0.4**	(0.0)	-	-	-
Other finance income (costs)	(0.0)	**(0.1)**	(0.0)	-	-	-
Finance income (costs)	(0.3)	**(0.2)**	0.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.2	**0.2**	0.0	2.2%	-	-
Profit before tax	5.8	**3.4**	(2.4)	(40.9%)	26.0	13.1%
Income tax expense	(1.8)	**(0.9)**	0.9	-	-	-
Profit for the period	4.0	**2.5**	(1.5)	(36.9%)	-	-
Profit attributable to owners of the parent	3.5	**2.4**	(1.2)	(33.0%)	14.5	16.3%
Earnings per share (yen)	42.19	**28.25**	(13.94)	(33.0%)	173.63	16.3%

【Revenue】
Decreased 26.0 billion yen, primarily in the Electronics & Devices and the Steel, Materials & Plant segments.

【Operating profit】
Decreased 2.5 billion yen, primarily in the Foods, Meet & Grain segment, despite a slight increase in the Motor Vehicles & Aerospace segment.

【Profit before tax】
Decreased 2.4 billion yen due to drop in operating profit.

【Profit attributable to owners of the parent】
Decreased 1.2 billion yen as a result of decline in profit before tax.

Segment information

(Unit: billion yen)	Revenue Q1 of FY2020	Revenue Q1 of FY2021	Revenue Change	Operating profit Q1 of FY2020	Operating profit Q1 of FY2021	Operating profit Change	Profit attributable to owners of the parent Q1 of FY2020	Profit attributable to owners of the parent Q1 of FY2021	Profit attributable to owners of the parent Change
Electronics & Devices	55.6	**43.7**	(11.9)	2.8	**1.9**	(0.9)	1.8	**1.0**	(0.8)
Foods, Meet & Grain	62.9	**61.9**	(1.0)	1.5	**0.4**	(1.1)	0.9	**0.4**	(0.5)
Steel, Materials & Plant	31.6	**20.5**	(11.1)	0.4	**0.0**	(0.4)	0.2	**0.3**	0.0
Motor Vehicles & Aerospace	15.3	**13.6**	(1.7)	0.9	**0.9**	0.0	0.6	**0.6**	(0.0)
Total for reportable segments	165.4	**139.8**	(25.7)	5.6	**3.2**	(2.4)	3.6	**2.2**	(1.3)
Other (including adjustment)	3.0	**2.6**	(0.4)	0.3	**0.2**	(0.1)	(0.0)	**0.1**	0.2
Grand total	168.4	**142.4**	(26.0)	5.8	**3.4**	(2.5)	3.5	**2.4**	(1.2)

Causes of increase/decrease in operating profit

【Electronics&Devices】 A decline in revenue and profit
The ICT solutions business performed solidly, despite the impact of extension of customer delivery dates. In the mobile business, profit declined due to decreased store footfall. The semiconductor and LCD manufacturing equipment business continued to be affected by the coronavirus outbreak in China.

【Foods, Meet & Grain】 A decline in revenue and profit
The feedstuff business had a hard time due to the slump of feed transactions, despite strong performances by certain commodities on the back of growing at-home consumption and demand for home-cooked food in transactions involving agricultural products, oils and fats. The food and meat products businesses struggled as transactions with the food service sector plummeted, reflecting fewer opportunities to go out because of the declaration of a state of emergency, despite brisk transactions with supermarkets, reflecting efforts to tap into at-home consumption.

【Steel, Materials & Plant】 A decline in revenue and profit
The energy business posted higher profits despite lower revenue, reflecting improvement of the profitability of domestic oil sales transactions amid slow growth in demand. The chemicals business also remained firm, especially transactions involving pharmaceuticals. The oilfield tubing business struggled under the impact of decline in drilling demand caused by falling crude oil prices. Similarly, the machine tools and industrial machinery business was affected by downturn in the automotive industry, whilst the iron and steel business was affected by a slump in transactions involving automotive steel materials and the suspension of negotiations due to lockdowns overseas.

【Motor Vehicles & Aerospace】 Revenue decreased and profit stayed flat
In the aerospace business, core transactions involving aircraft parts held firm. The motor vehicles and parts business was affected by decline in global demand.

Assets, Liabilities and Net Assets

(Unit: billion yen)	3/2020	6/2020	Comparison with 3/2020 Change	Comparison with 3/2020 Change(%)
Total assets	551.7	**529.6**	(22.1)	(4.0%)
Gross interest-bearing debt (Note 1)	143.4	**138.5**	(4.9)	(3.4%)
Net interest-bearing debt	51.8	**50.9**	(0.9)	(1.7%)
Shareholders' equity (Note 2)	130.8	**131.0**	0.1	0.1%
Retained earnings	69.5	**69.4**	(0.1)	(0.2%)
Other components of equity	7.9	**8.2**	0.3	3.7%
Equity ratio (Note 3)	23.7%	**24.7%**	1.0% up	-
Net debt-equity ratio (Note 4)	0.40 times	**0.39 times**	0.01pt down	-

(Note1) Gross interest-bearing debt = Total amount of bonds and loans minus lease liabilities

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

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

【Total assets】
Decreased 22.1 billion yen mainly due to fall in trade and other receivables.

【Interest-bearing debt】
Net interest-bearing debt decreased 0.9 billion yen.

【Shareholders' equity】
Increased 0.1 billion yen chiefly due to rise in total other components of equity.

Equity ratio is 24.7%.
Net debt-equity ratio stood at 0.39 times.

Cash Flows

(Unit: billion yen)	Q1 of FY2020	Q1 of FY2021
CF from operating activities	1.8	**7.8**
CF from investing activities	(1.1)	**(1.8)**
Free cash flows	0.7	**6.0**
CF from financing activities	(4.1)	**(10.0)**
Increase (decrease) in cash and cash equivalents	(3.4)	**(4.0)**
Ending balance of cash and cash equivalents	85.3	**87.0**

【CF from operating activities】
Net cash provided by operating activities was 7.8 billion yen, mainly reflecting the accumulation of operating revenue.

【CF from investing activities】
Net cash used in investing activities was 1.8 billion yen, mainly due to the acquisition of property, plant and equipment.

【CF from financing activities】
Net cash used in financing activities was 10.0 billion yen, mainly due to the repayment of borrowings and cash dividends paid.

Dividends

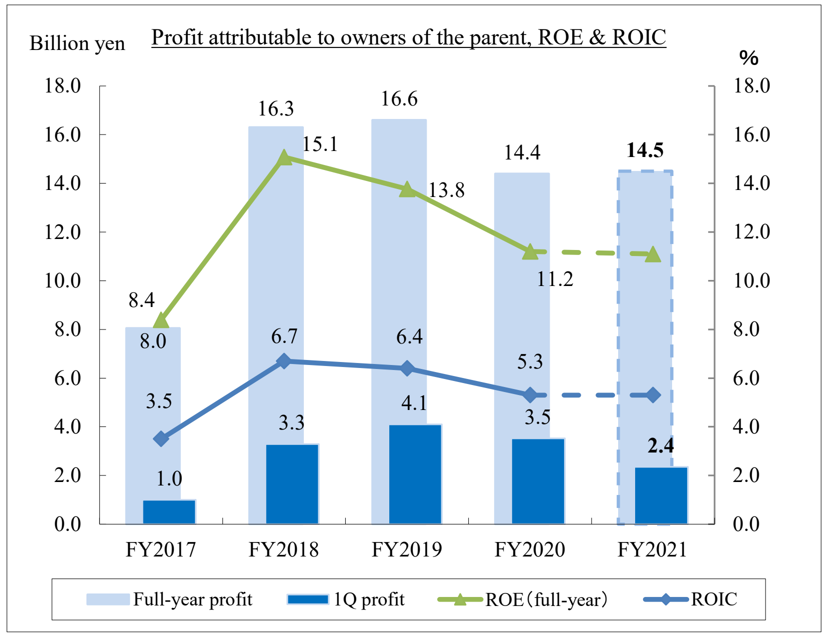
【FY2020】

Interim	30 yen per share
Year-end	30 yen per share
Annual	60 yen per share

【FY2021】

Interim (Plan)	**30 yen** per share
Year-end (Plan)	**30 yen** per share
Annual (Plan)	**60 yen** per share

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



* 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.