

Overview of Results for the Fiscal Year Ended March 31, 2023



KANEMATSU

May 18, 2023

KANEMATSU CORPORATION

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

Forward-looking Statements

The forward-looking statements in this material, including plans, forecasts, and strategies of the Group, reflect judgments that the Company made based on information available at the time the material was prepared and include risks and uncertainties. The Company makes no guarantees with respect to the achievement of these targets or forecasts or with respect to its future results.

This information is subject to change without notice and users are, therefore, advised to use this information and material, together with information obtained by other means, and to exercise their own judgment.

The Company does not assume any liability or responsibility for any loss or damage arising from use of this material.

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 Fiscal Year Ended March 31, 2023

1-1. FY2023 Highlight (P/L)

- ✓ Revenue and profit both increased year on year. Profit for the current fiscal year increased 16.2%. Highest ever figures were achieved for operating profit and profit before tax.

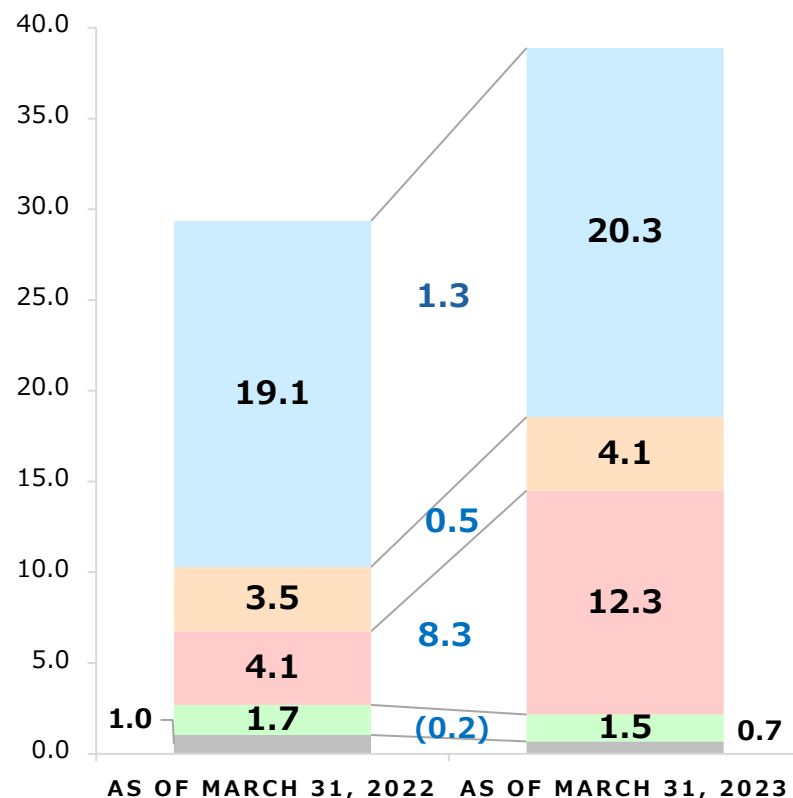
(Unit: billion yen)	FY2022 results	FY2023 results	Change	Change(%)
Revenue	768.0	911.4	143.4	18.7%
Gross profit	111.8	130.9	19.1	17.1%
Operating profit	29.3	38.9	9.5	32.5%
Finance income (costs)	(2.0)	(2.7)	(0.6)	-
Share of profit (loss) of investments accounted for using the equity method	1.5	(0.5)	(2.0)	-
Profit before tax	28.8	35.7	6.9	24.1%
Profit attributable to owner of the parent	16.0	18.6	2.6	16.2%

1-2 FY2023 Highlight (Segment margin)

✓ Grew 9.5 billion yen driven by the Steel, Materials & Plant segment and the Electronics & Devices segment.

Segment margin(Operating profit)

Billion yen



Electronics & Devices <Up> 1.3 billion yen

The ICT solutions business performed strongly, mainly due to an increase in projects related to security and network and improvements to delivery delays. The semiconductor parts and manufacturing equipment business performed well due to growth in shipments of manufacturing equipment and consumables related to semiconductors and LCD panels supported by the robust 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, Meet & Grain <Up> 0.5 billion yen

The feedstuff business performed well partly due to the improved profitability. The foods business saw solid transactions in products for the retail market. The meat products business was weak due to the market setbacks in meat products in general since the summer.

Steel, Materials & Plant <Up> 8.3 billion yen

The steel tubing business also performed well on the back of an increase in energy investments in the U.S. and the rise in steel tubing prices. The energy business was strong mainly on the back of the rallying market conditions and ship fuel sales for ocean-going vessels. The machine tools and industry machinery business had solid results thanks to an increase in capital investment demand in Japan.

Motor Vehicles & Aerospace <Down> 0.2 billion yen

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 recovery trend.

1-3. FY2023 Highlight (Segment margin)

- ✓ Increased 2.6 billion yen mainly due to the Steel, Materials & Plant segment and the Electronics & Devices segment.

<Profit attributable to owner of the parent >

(Unit: billion yen)	FY2022 results	FY2023 results	Change	Change(%)
Electronics & Devices	7.9	8.8	0.8	10.5%
Foods, Meat & Grain	2.5	2.2	(0.3)	(13.0%)
Steel, Materials & Plant	3.3	6.7	3.4	105.4%
Motor Vehicles & Aerospace	1.5	0.8	(0.7)	(44.9%)
Others (inter-segment elimination)	0.8	0.1	(0.7)	(86.6%)
Total	16.0	18.6	2.6	16.2%

1-4. FY2023 Highlight (Cash Flows)

- ✓ Cash flow from operating activities after changes in working capital increased by 9.7 billion yen

(Unit : billion yen)	FY2022 results	FY2023 results	Change
CF from operating activities	15.4	(0.3)	(15.7)
CF from investing activities	(10.5)	(16.7)	(6.1)
Free cash flows	4.8	(17.0)	(21.8)
CF from financing activities	4.2	4.8	0.5
Cash flow from operating activities after changes in working capital	32.6	42.3	9.7

1-5. FY2023 Highlight (B/S)

- ✓ The acquisitions of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation as wholly-owned subsidiaries caused a decline in shareholders' equity by 31 billion yen year on year and an increase in net interest-bearing debt by 96.7 billion yen

(Unit: billion yen)	FY2022	FY2023
Total assets	634.5	677.6
Shareholders' equity (Note 1)	159.5	128.5
BPS (yen)	1,910	1,538
Equity ratio (Note 2)	25.1%	19.0%

(Unit : billion yen)	FY2022	FY2023
Gross interest-bearing debt (Note 3)	143.5	227.9
Net interest-bearing debt	51.2	147.9
Net debt-equity ratio (Note 4)	0.32 times	1.15 times
ROE	10.5%	12.9%

Note 1. Shareholders' equity = Total equity attribute 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 / Equity capital

1-6. FY2023 Highlight (Segment ROIC)

✓ Sought to obtain capital efficiency by controlling ROIC on a segment basis

	FY2022			FY2023			Change of ROIC
	Profit attributable to owner of the parent	Invested capital	ROIC	Profit attributable to owner of the parent	Invested capital	ROIC	
Electronics & Devices	7.9	99.9	8.0%	8.8	116.2	7.6%	(0.4%)
Foods, Meat & Grain	2.5	52.7	4.8%	2.2	66.8	3.3%	(1.5%)
Steel, Materials & Plant	3.3	67.1	4.9%	6.7	76.0	8.8%	4.0%
Motor Vehicles & Aerospace	1.5	34.0	4.3%	0.8	42.2	1.9%	(2.4%)
Others (inter-segment elimination)	0.8	30.8	-	0.1	28.5	-	-
Total	16.0	284.5	5.6%	18.6	329.7	5.6%	0.0%

* Invested capital = total assets – (total liabilities + non-controlling interests – interest-bearing debt)
= shareholders' equity + gross interest-bearing debt (excluding lease liabilities)

※ROIC = Profit attributable to owners of the parent/Invested capital

2. Progress of *future 135* (FY2023)

2-1 . *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

<Quantitative target>

	Revised target	FY2024 forecast	(Ref.) FY2023 results
Profit attributable to owners of the parent	20.0 billion yen	23.5 billion yen	18.6 billion yen
ROE	10%~12%	17.2%	12.9%
Total return ratio	30% ~ 35%	32.0%	33.7%

2-2. *future* 135 New Business Investments (FY2023)

New investments totaled approximately 17.0 billion yen over the period April 2022 to March 2023
(excluding Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation)

Segment	Investment Projects	
Electronics & Devices	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
	Japan	Purchase of a company operating mobile phone sales agents
Foods, Meat & Grain	China	Investment in a Japanese-style barbeque yakiniku chain company
	Japan	Investment in e-commerce retail and meat and processed meat product wholesale businesses
	Japan	Investment in major chain restaurants
Steel, Materials & Plant	Australia	Investment in a startup manufacturing and selling resin materials
Motor Vehicles & Aerospace	Japan	Investment in the Waseda Innovation Fund
	Japan	Additional investment in carbon nanotube manufacturing

3 . Forecast for the Fiscal Year Ending March 31, 2024

3 – 1. FY2024 forecast

- ✓ The acquisitions of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation as wholly-owned subsidiaries led to an increase in profit for the current fiscal year by 23.5 billion yen or 26.5% yea-on-year

(Unit: billion yen)	FY2023	FY2024 forecast	Change	Change(%)
Revenue	911.4	960.0	48.6	5.3%
Operating Profit	38.9	40.5	1.6	4.1%
Profit before tax	35.7	36.0	0.3	0.8%
Profit attributable to owners of the parent	18.6	23.5	4.9	26.5%

3 – 2. FY2024 forecast (Segment margin)

- ✓ Profit is expected to grow, driven by the Electronics & Devices segment and the Foods, Meat & Grain segment
- ✓ Profit for the Steel, Materials & Plant segment is forecast to decline in response to a strong performance in the prior period

< Operating profit >

(Unit: billion yen)	FY2023	FY2024 forecast	Change	Change(%)
Electronics & Devices	20.3	21.5	1.2	5.7%
Foods, Meat & Grain	4.1	6.9	2.8	69.8%
Steel, Materials & Plant	12.3	9.1	(3.2)	(26.3%)
Motor Vehicles & Aerospace	1.5	2.0	(0.5)	34.6%
Others	0.7	1.0	(0.3)	47.8%
Total	38.9	40.5	(1.6)	4.1%

3 – 3. FY2024 forecast (Segment margin)

Forecast for segment operating profit

	(Unit : billion yen)	FY2023	FY2024 forecast	Change
ICT solution		14.0	13.7	(0.3)
Mobile		3.9	4.9	1.0
Others		2.4	2.9	0.5
Electronics & Devices		20.3	21.5	1.2
Foods		(0.0)	0.8	0.8
Meat Products		0.6	2.3	1.7
Feedstuff, Grain		3.5	3.8	0.3
Others		(0.0)	0.0	0.0
Foods, Meat & Grain		4.1	6.9	2.8
Machine tools, Industrial Machinery		1.6	2.2	0.6
Overseas		5.5	3.6	1.9
Energy, Chemicals & Others		5.2	3.3	1.9
Steel, Materials & Plant		12.3	9.1	3.2
Aerospace		0.7	1.2	0.5
Motor Vehicles & Parts		0.7	0.8	0.1
Others		0.1	0.0	(0.1)
Motor Vehicles & Aerospace		1.5	2.0	0.5
Others		0.7	1.0	0.3
Total		38.9	40.5	1.6

Increase in profit is expected due to closures of unprofitable stores in FY2023 and expansion of sales channels with electronics mass retailers

Profit increase is forecast as a result of sales channel expansion and market recovery

The energy and steel tubing businesses which had performed strongly in the prior period, are projected to experience a downturn, resulting in profit declines.

3 – 4. FY2024 forecast (Segment margin)

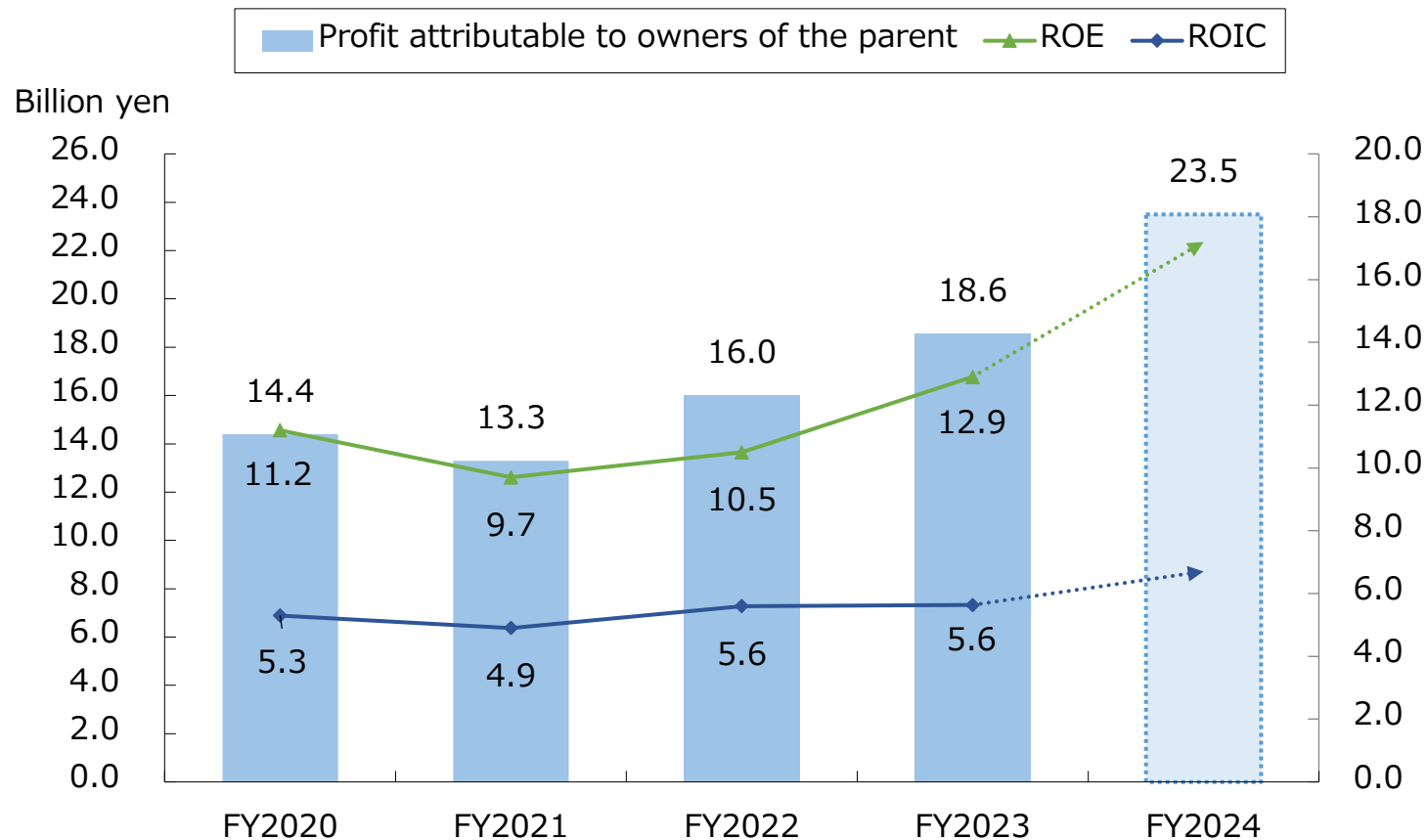
- ✓ Growth in profit is projected, driven primarily by the Electronics & Devices segment impacted by the acquisitions of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation as wholly-owned subsidiaries

< Profit attributable to owner of the parent >

(Unit: billion yen)	FY2023	FY2024 forecast	Change	Change(%)
Electronics & Devices	8.8	14.1	5.3	60.7%
Foods, Meat & Grain	2.2	2.6	0.4	18.6%
Steel, Materials & Plant	6.7	4.9	(1.8)	(26.8%)
Motor Vehicles & Aerospace	0.8	1.2	0.4	49.3%
Others	0.1	0.7	0.6	548.1%
Total	18.6	23.5	4.9	26.5%

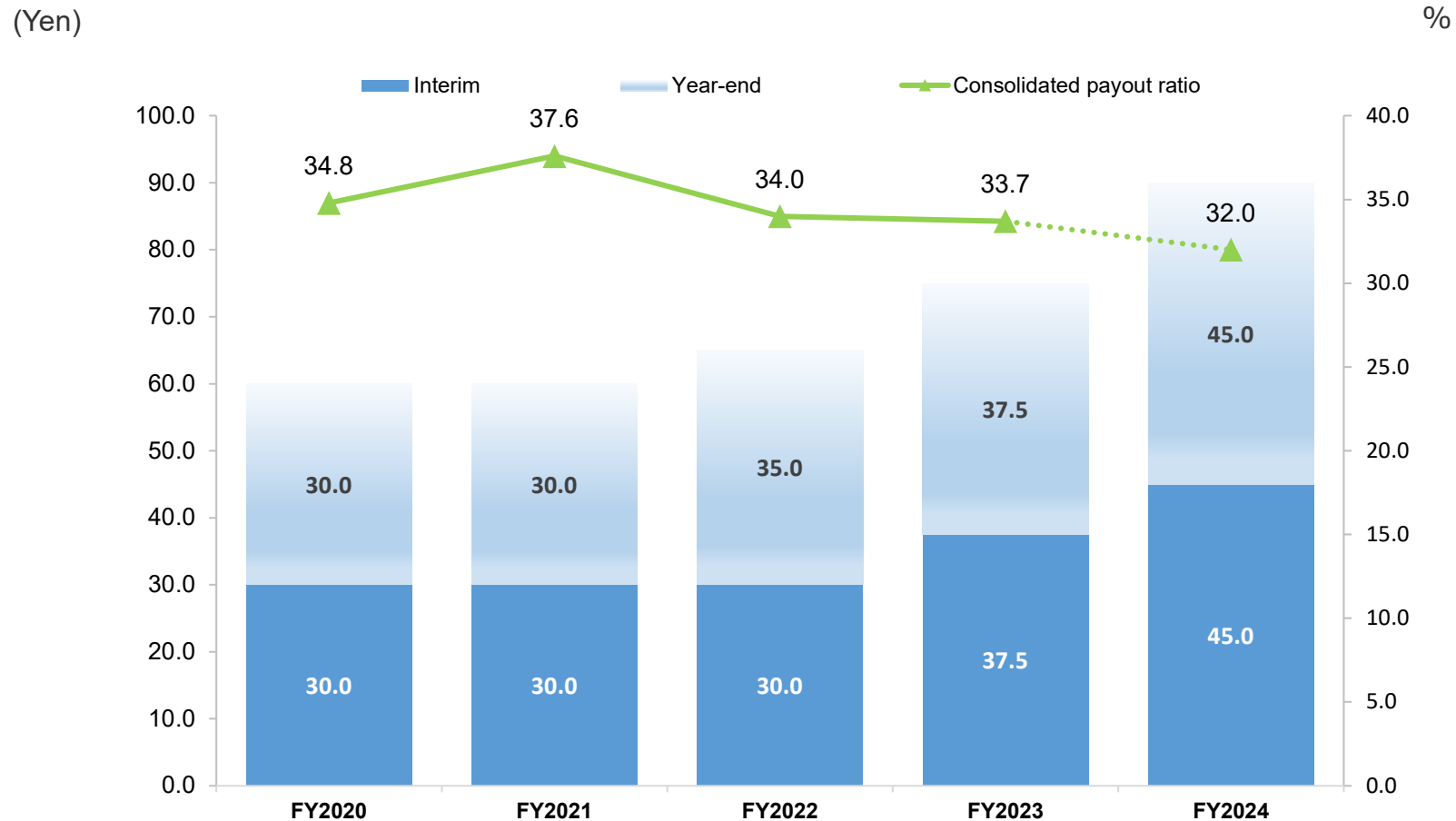
3 – 5. FY2024 forecast (Profit attributable to owner of the parent, ROE, ROIC)

✓ ROE is expected to be 17.2% as a result of a temporary decline in shareholders' equity and an increase in current profit



3 – 6. FY2024 forecast (Dividend Policy)

✓ Annual dividend per share will increase 15 yen from 75 yen to 90 yen



4 . Initiatives to Realize Integrated Management for Our Group Companies

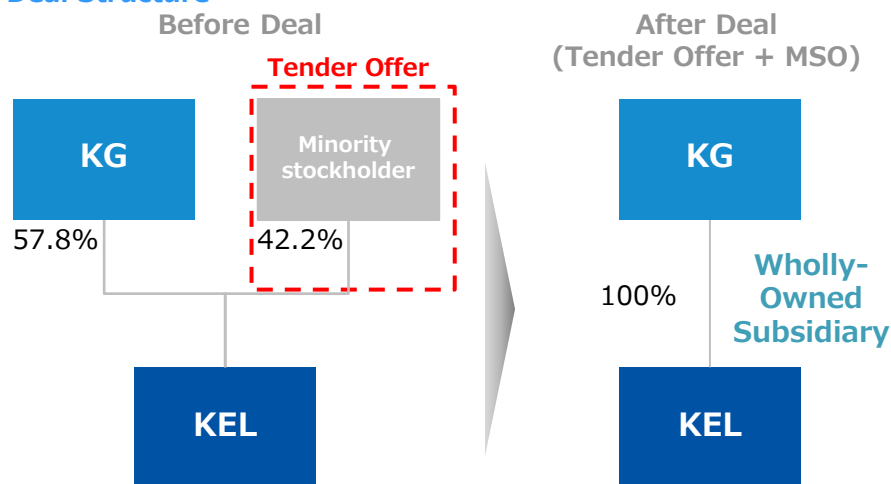
Making Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation wholly-owned subsidiaries through a tender offer

4 - 1. Deal Summary



Tender Offeror	Kanematsu Corporation (KG)
Target Company	Kanematsu Electronics Ltd. (KEL)
Tender Offer Period (Settlement Date)	From January 30, 2023 to March 13, 2023 (March 20, 2023)
MSO¹⁾ Method	Request for sale of shares
MSO Completion Date	May 9, 2023
Tender Offer Price	6,200 yen
Required Amount	74.8 billion yen
Tender Offer Period (Settlement Date)	Bridge loan from MUFG Bank, Ltd.

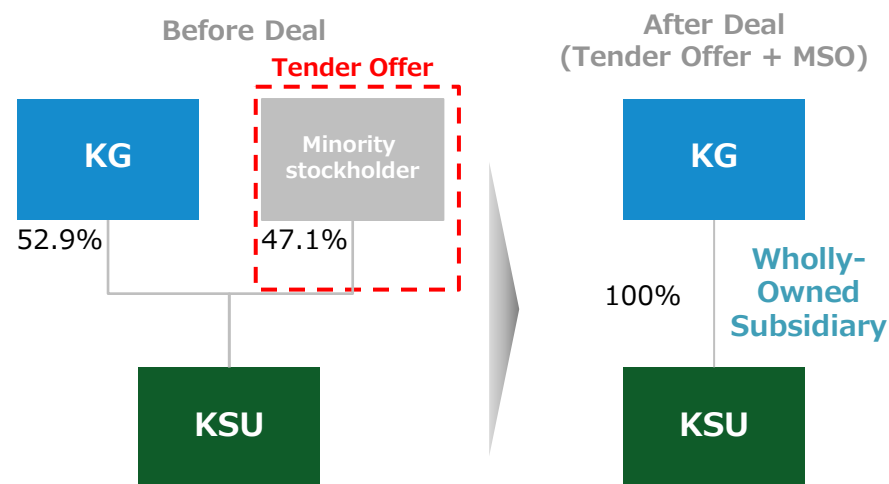
Deal Structure



1) Minority Squeeze Out



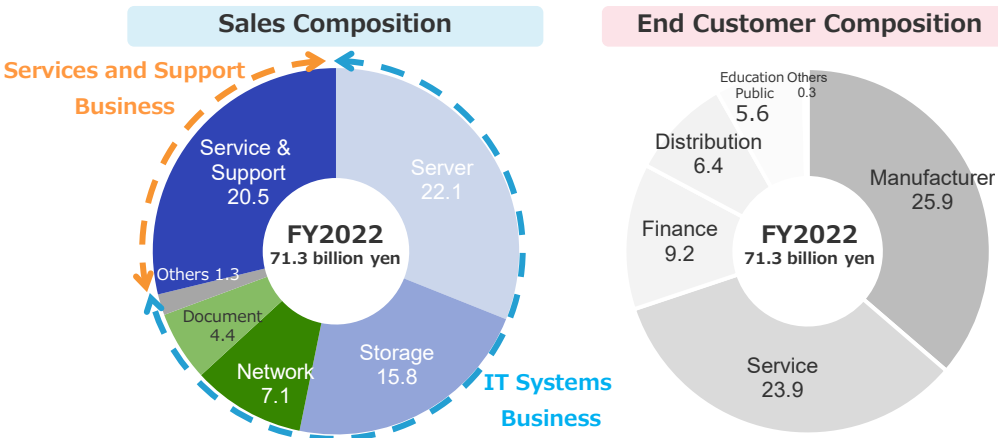
Tender Offeror	Kanematsu Corporation (KG)
Target Company	Kanematsu Sustech Corp. (KSU)
Tender Offer Period (Settlement Date)	From January 30, 2023 to March 13, 2023 (March 20, 2023)
MSO Method	Reverse stock split
MSO Completion Date	June 1, 2023 (plan)
Tender Offer Price	2,250 yen
Required Amount	4.4 billion yen
Tender Offer Period (Settlement Date)	Cash on hand



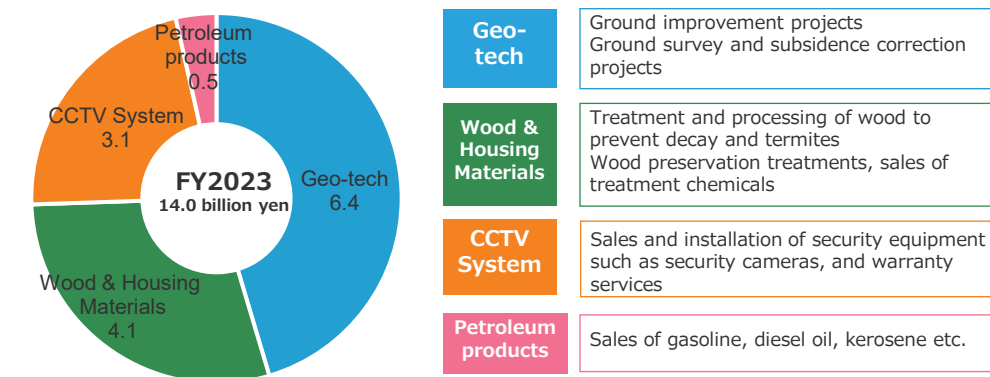
4 - 2. Overview of Companies



Business Composition (Unit : billion yen)

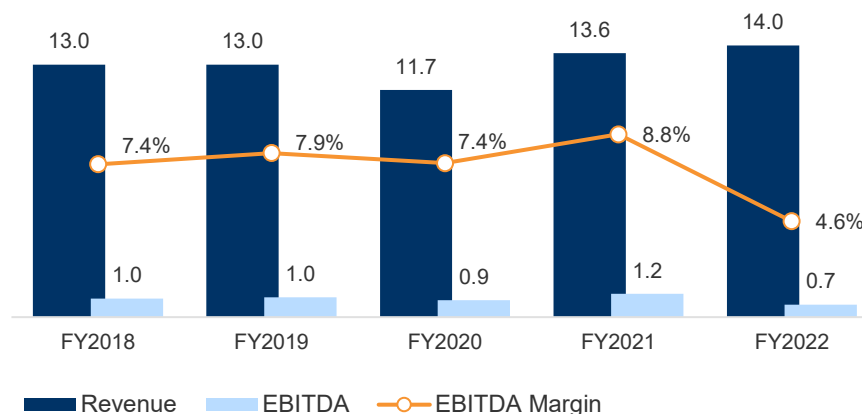
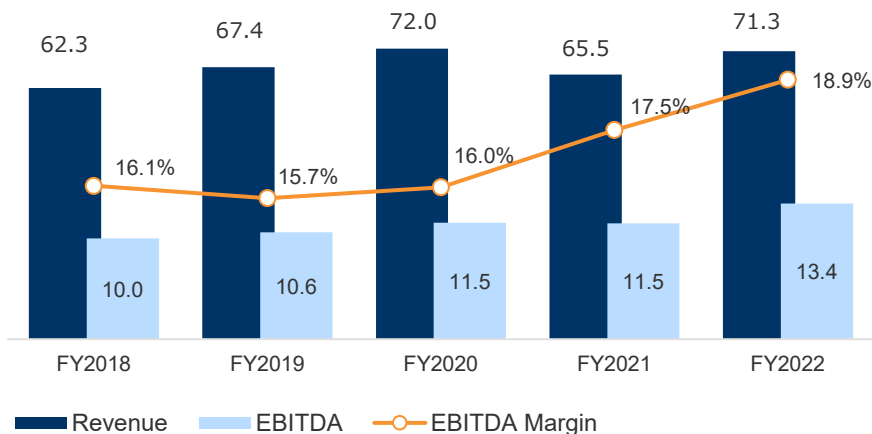


Sales Composition



Historical Financial Figures (Unit : Billion yen)

*Financial results for the full year ending March 2023 are not disclosed as KEL was delisted in May 2023



4 - 3 . Purpose and Objective of Acquisition

Major policies and strategies of each company



- Strengthen competitiveness of services business
- Accumulation of industry and business line knowledge to establish our position as a strategic partner for our customers
- Reinforce our management foundation through human capital investment and digital investment

Kanematsu

- Strategic policy① : DX
- Digitally transform the supply chain to reduce burden for our business partners and group companies at each stage of the supply chain

- Strategic policy② : GX
- Promote GX to build a stable and sustainable supply chain and contribute towards the realization of a decarbonized society



- Position sustainability as a strategic policy
- Realize an environmentally-friendly society through business activities

Post-deal policies and expected synergies

- **Allocate medium to long-term management resources to the expanding IT area and grow businesses that target demand for security measures, business optimization, and latent demand from supply chain DX.**

Optimal Allocation of Management Resources

- Expand areas of business and invest in the research and development of new technologies and construction methods
- Plan medium to long-term investments and business reforms that strengthen the non-residential field

- **Through M&A, strengthen and expand our capabilities in the application domain to complement our strengths in the infrastructure construction business, and secure IT personnel**

Use of M&A

- **Through M&A, reinforce and expand the customer base and research and development capabilities**

- Encourage human resource exchanges between group companies and business cooperation through information sharing, and promote structural reform of businesses through digital technology
- Formulate a new medium-term management plan that places DX as its core. Transform into a digital trading company that builds unique business models

Company Initiatives

- **Promote GX across the group through the promotion of DX and reinforce sustainability initiatives**

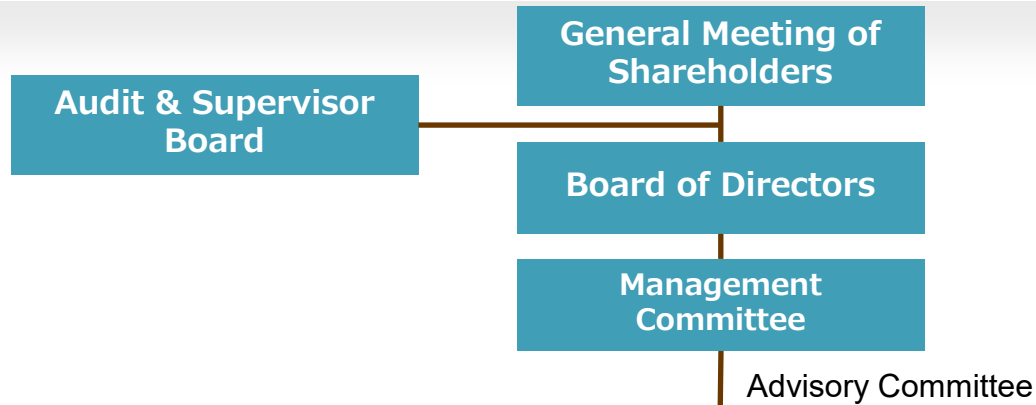
Increase Our Group's Corporate Value through DX/GX Promotion and Integrated Management of the Group

1) DX: Utilizing data and digital technologies to create new business models and transform existing businesses

2) GX: Transforming the entire economic and social system towards the realization of carbon neutrality (an initiative to achieve zero greenhouse gases by reducing the emission volume of greenhouse gases beginning with carbon dioxide (CO2) while taking into account avoided emission)

3) Application: Tools such as web browsers and emails as opposed to hardware infrastructure such as servers

4-4. DX Promotion Structure



Digital Transformation Committee (started in July, 2021)

Chairperson

Masahiro Harada, Managing Executive Officer; Chief Officer, Electronics & Devices Division, Kanematsu Corporation

Members of the Committee

2 Executive Officers, Kanematsu Corporation

Expert Members

Executive Officer, General Manager of System Engineering Division., Kanematsu Electronics Ltd.

Establish DX Promotion Sectional Meetings across the Kanematsu Group

Sectional Meeting

Sectional Meeting

Sectional Meeting

[Secretariat] DX Project Office, IT Planning Department

Cooperation

Kanematsu Electronics Ltd. DX Promotion Department

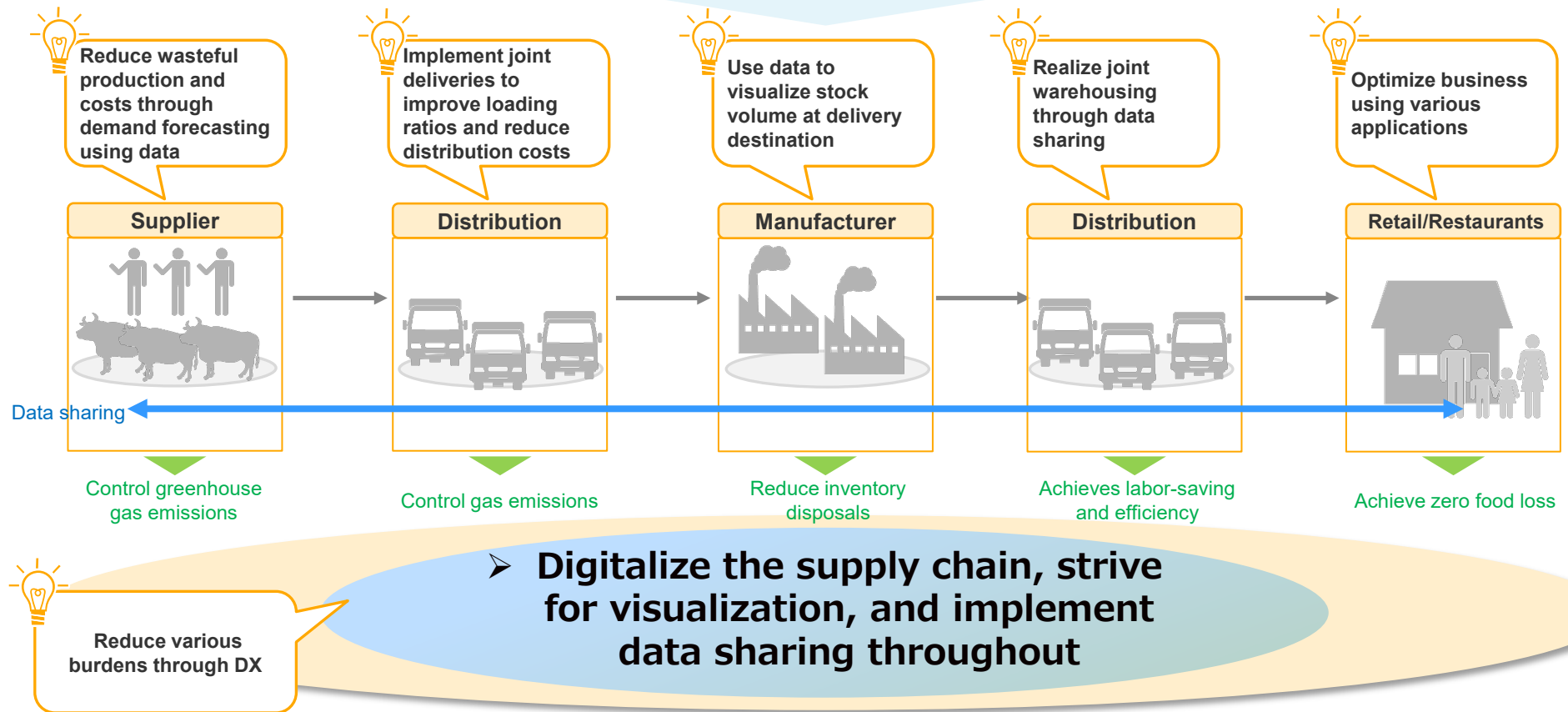
4 - 5. Changes to the Supply Chain Through the Use of DX/GX

Ideal Supply Chain Image



- Promote human resource exchanges between group companies, business cooperation through information sharing, and structural reform of business through digital technology
- Promote GX across the group through the promotion of DX and reinforce sustainability initiatives

Capture business opportunities from potential DX/GX of the supply chain, and monetize



4 - 6 . Current Financial Situation and Future Plans Post-Acquisition

	FY2022 (consolidated)	FY2023 (consolidated)	Change	TOB Impacts (as of the end of March 2023)	Future Plans
Profit attributable to owners of the parent	16.0 billion yen	18.6 billion yen	Profit contribution from March 2024 period		<ul style="list-style-type: none"> ✓ FY2024 forecast at 23.5 billion due to impacts from the acquisition ✓ Further increases in profit through synergy realization by both companies and business investments
ROE	10.5%	12.9%	+ 2.4%		<ul style="list-style-type: none"> ✓ Build profits from synergies of both companies and additional business investments, continue to provide appropriate shareholder returns, and maintain/improve indices
Net interest-bearing debt	51.2 billion yen	147.9 billion yen	+ 96.7 billion yen	+ 58.4 billion yen	<ul style="list-style-type: none"> ✓ Debt incurred from the tender offer is scheduled to be partially returned from surplus cash
Net debt-equity ratio	0.32 times	1.15 times	+ 0.83pt		<ul style="list-style-type: none"> ✓ Improvements expected from increases in profit ✓ Control net DER to approximately 1.0x while, moving forward, continuing to invest in growth and adopting a certain level of leverage
Shareholders' equity	159.5 billion yen	128.5 billion yen	▲ 31.0 billion yen	▲ 47.3 billion yen	<ul style="list-style-type: none"> ✓ Moving forward, stable dividend payout is expected with a target dividend payout ratio of 30 – 35%
(Ref.) PBR	0.79 times	1.23 times*	+ 0.44pt		<ul style="list-style-type: none"> ✓ Pursue capital efficiency to achieve further corporate value improvements <p><small>*Total market value as of May 9, 2023 (158.1 billion yen) ÷ FY2023 shareholder capital (128.5 billion yen)</small></p>

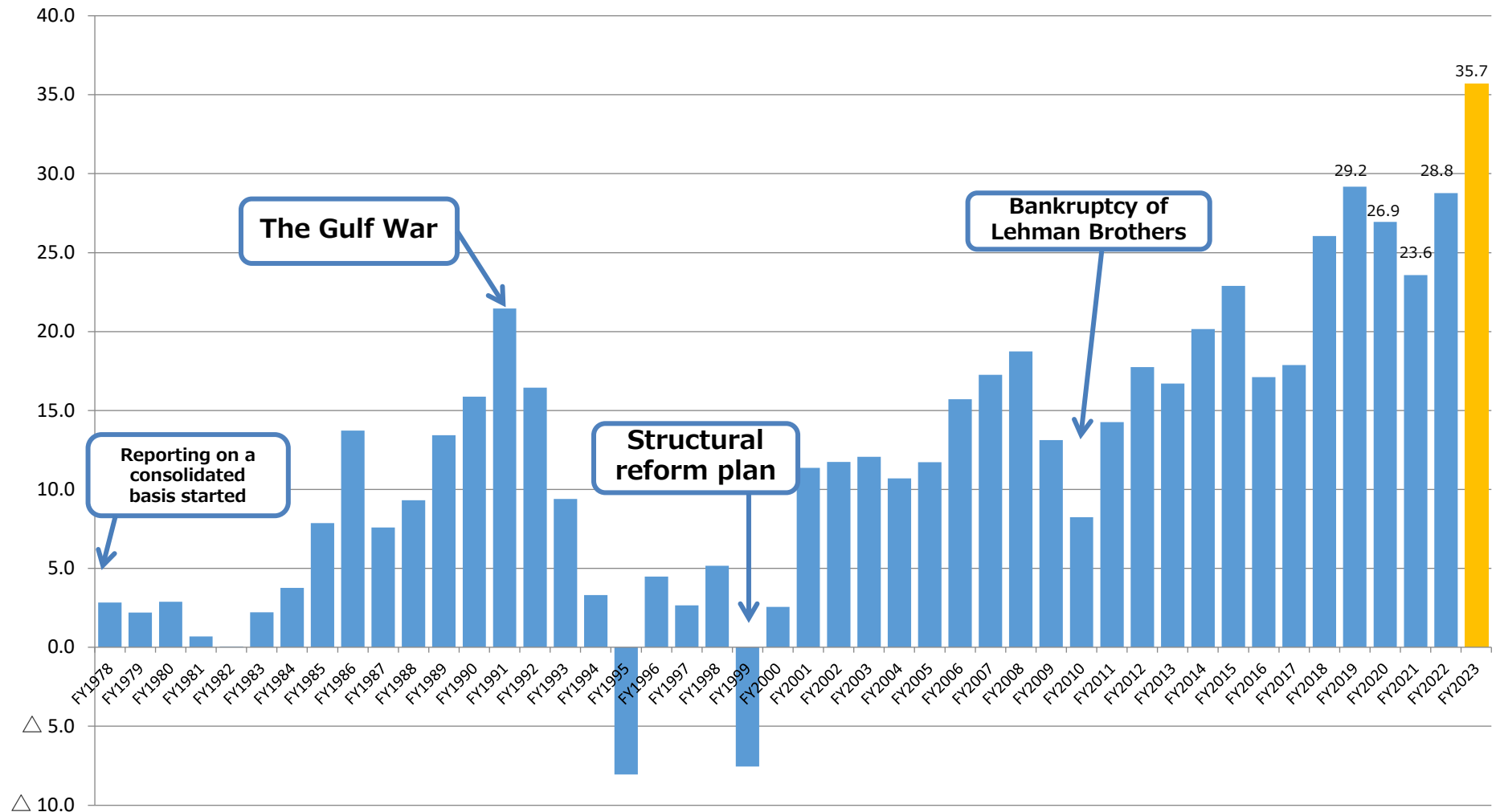
Appendix

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

Billion yen

VISION-
130

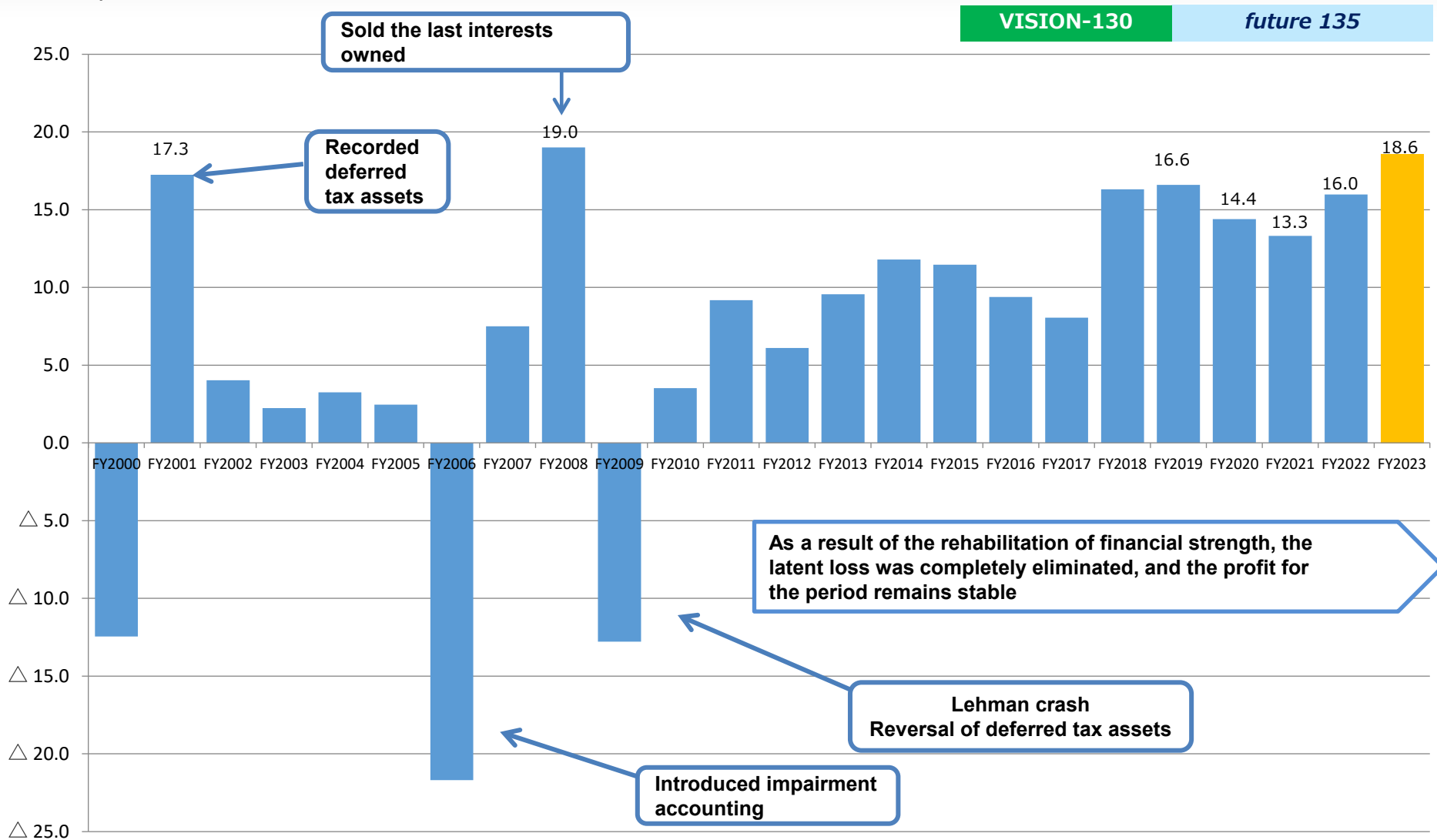
future 135



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

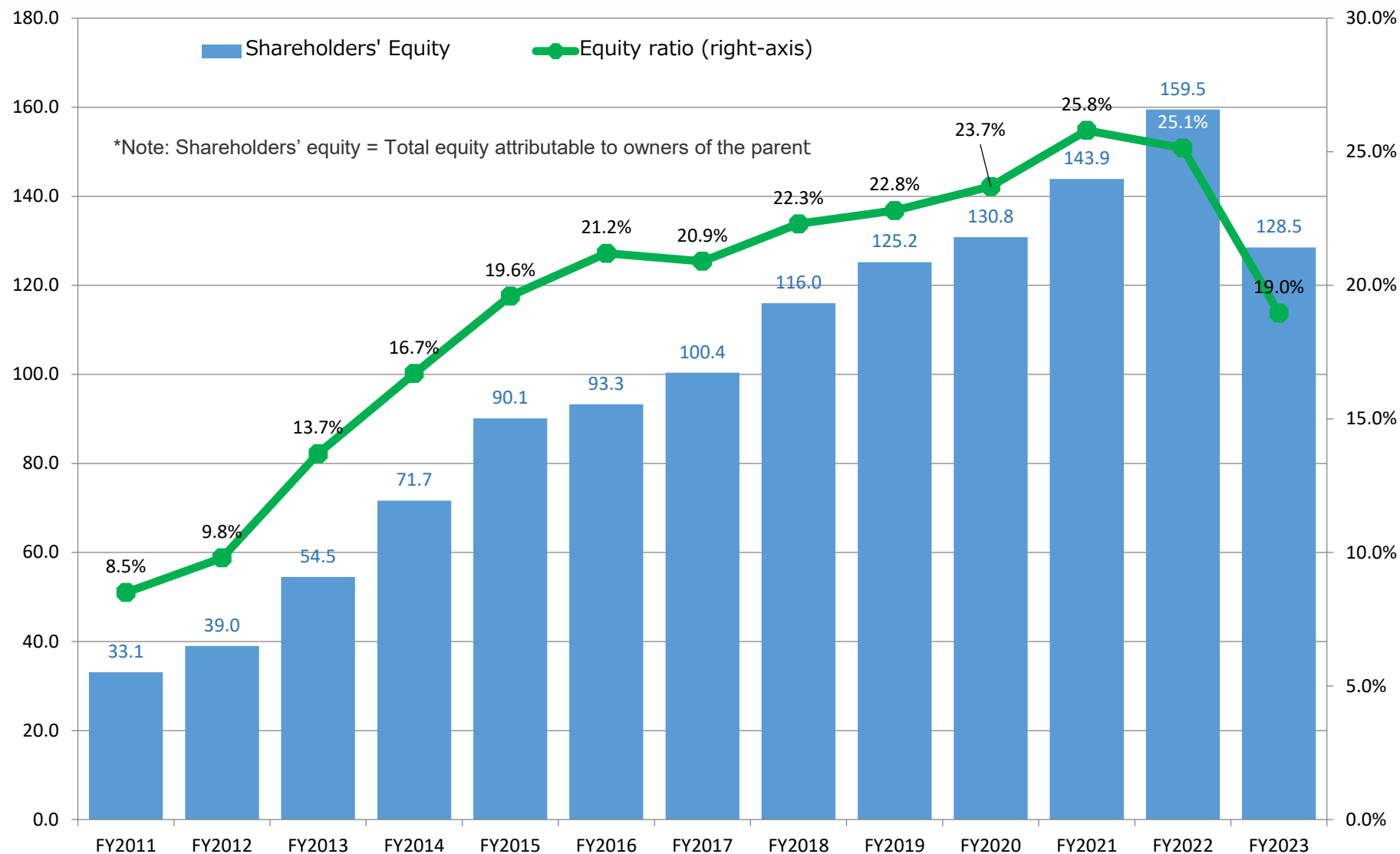
Appendix 1 -2. Consolidated Net income (from FY2000)

Billion yen

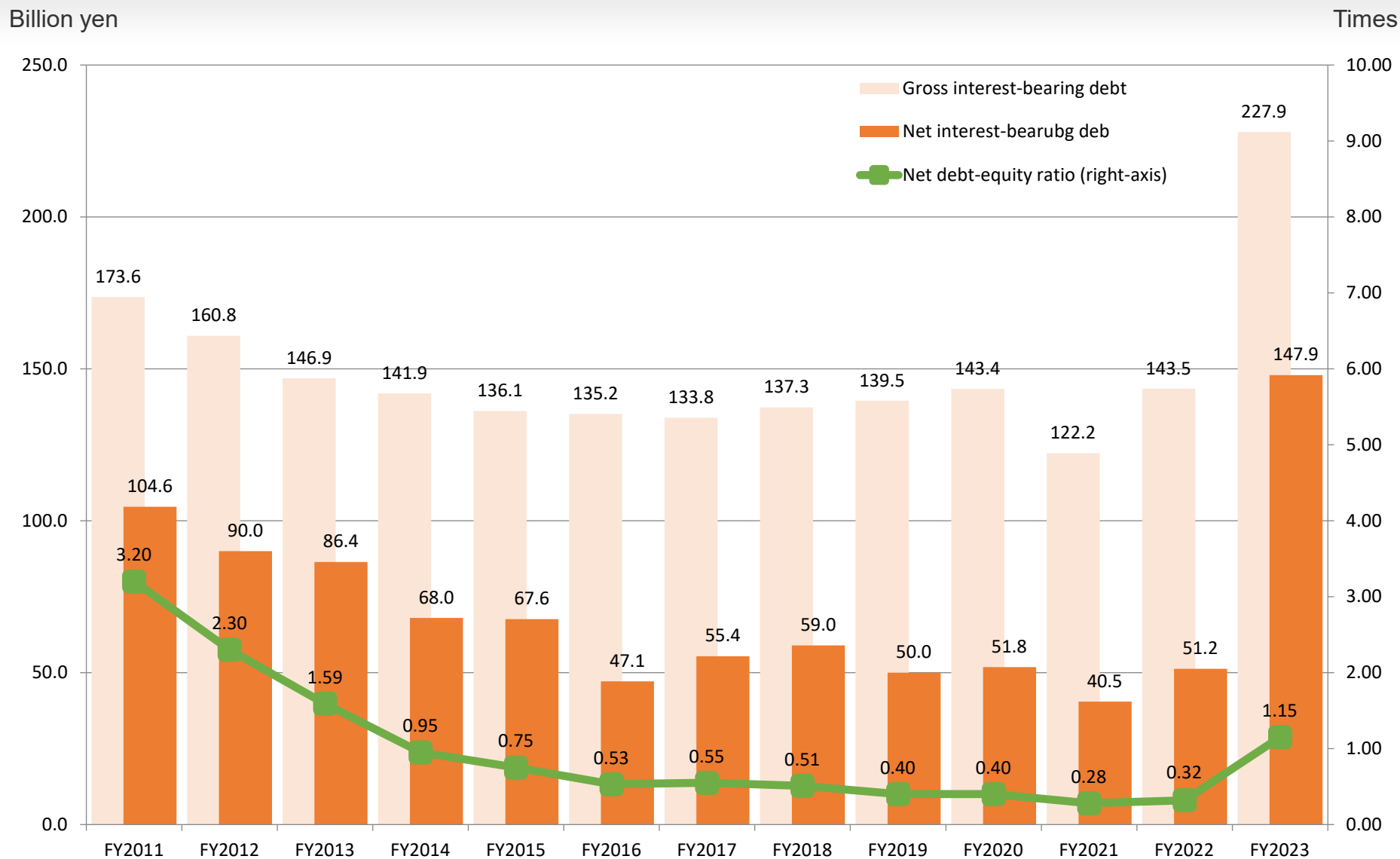


Appendix 1 - 3 . Shareholders' Equity & Equity Ratio

Billion yen

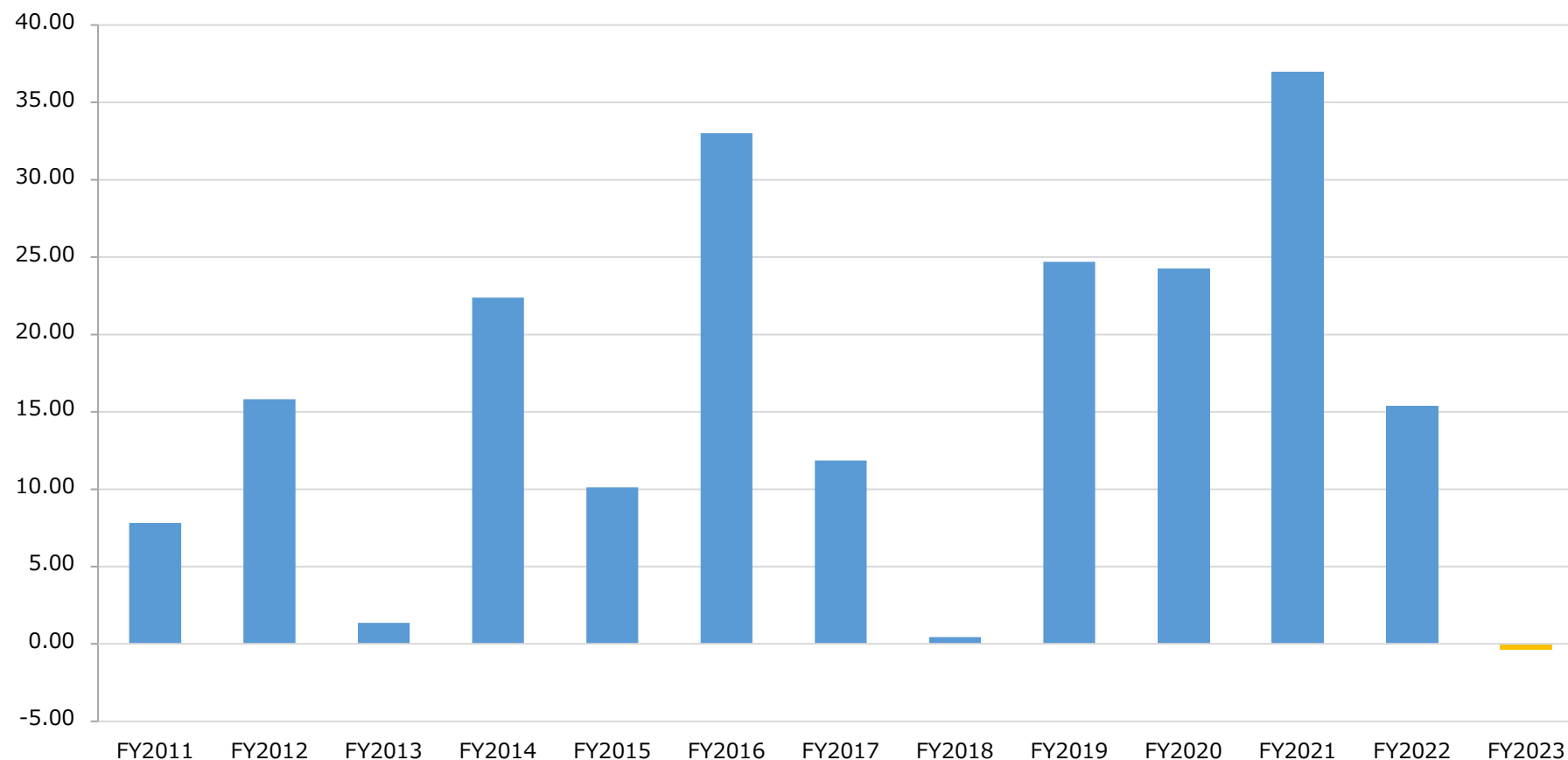


Appendix 1 -4. Interest-bearing debt & Net debt-equity ratio



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 20.3 billion yen

Appendix 2. Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
Electronics & Devices	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	
Foods, Meat & Grain	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		
Steel, Materials & Plant	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.
	Oilfield 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	
Motor Vehicles & Aerospace	Motor Vehicles & parts	Motorcycle/automobile parts, CBU vehicles, Construction & Industrial machinery, power products	Kanematsu Aerospace Corp. Kaneyo Co., Ltd. Datatec Co., Ltd. Kanematsu Ventures Shintoa Corp. 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	FY2022		FY2023	
			Revenue	Operating profit	Revenue	Operating profit
Kanematsu Electronics Ltd	ICT solution	100.00%	71.3	12.9	85.5	14.1
Kanematsu Communications Ltd.	Mobile	100.00%	107.1	4.3	107.9	3.9
Kanematsu Sustech Corp.	Geo-tech, Timber & Housing, CCTV system	89.86% ¹⁾	13.6	1.1	14.0	0.6
Kanematsu Foods Corp.	Foods, Meat & Marine Products	100.00%	31.5	0.5	40.4	0.5
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100.00%	14.4	0.2	18.1	0.0
Kanematsu Trading Corp.	Domestic steel, Steel materials	100.00%	11.4	0.2	13.7	0.5
Kanematsu KGK Corp.	Machine tools, Industrial machinery	100.00%	10.6	1.1	13.6	1.6
Kanematsu Petroleum Corp.	Petroleum products, Gas	100.00%	23.1	1.0	28.5	1.2
Kanematsu Chemicals Corp.	Functional chemicals	100.00%	5.1	0.8	4.9	0.7
Shintoa Corporation	Trading company	100.00%	35.5	1.5	43.0	1.8
Kanematsu USA Inc.	Overseas subsidiary	100.00%	44.0	1.8	68.2	5.8

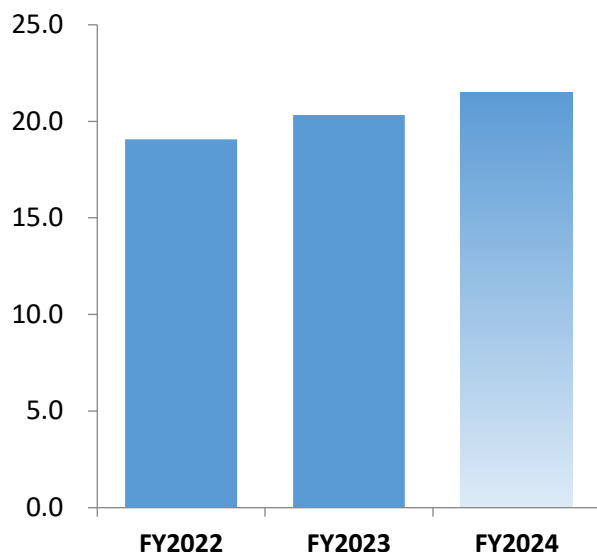
1) The effective date of the reverse stock split is scheduled for June 1, 2023.

Appendix 4-1. Segments (Electronics & Devices)

(Unit: billion yen)	FY2022	FY2023	FY2024 forecast	Change	Change(%)
Revenue	255.5	282.5	290.0	7.5	2.6%
Operating profit	19.1	20.3	21.5	1.2	5.7%
Profit attributable to owner of the parent	7.9	8.8	14.1	5.3	60.7%

Billion yen

Operating profit



FY2023 results

The ICT solutions business performed strongly, mainly due to an increase in projects related to security and network and improvements to delivery delays. The semiconductor parts and manufacturing equipment business performed well due to growth in shipments of manufacturing equipment and consumables related to semiconductors and LCD panels supported by the robust 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

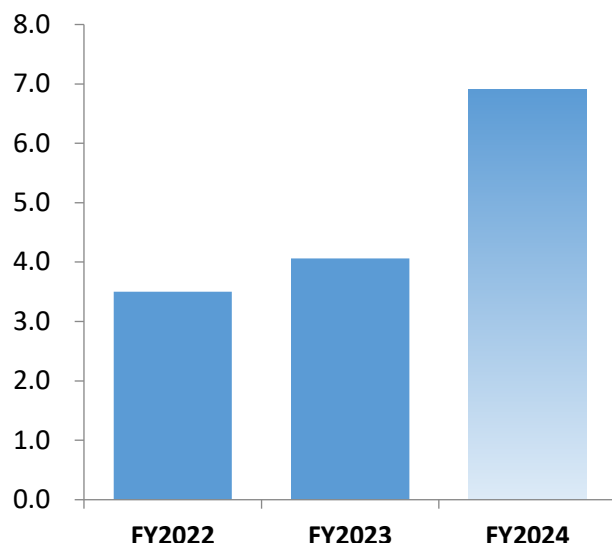
The ICT solution business continued to perform strongly amidst strong digital investment demand. While concerns remain in the mobile business with lagging sales volume and revisions to fee terms and conditions, an increase in profit is forecast due to closures of unprofitable stores and sales channel expansion with electronics mass retailers. Current profits are projected to increase as a result of Kanematsu Electronics Ltd. becoming a wholly owned subsidiary.

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

(Unit: billion yen)	FY2022	FY2023	FY2024 forecast	Change	Change(%)
Revenue	285.3	340.4	365.0	24.6	7.2%
Operating profit	3.5	4.1	6.9	2.8	69.8%
Profit attributable to owner of the parent	2.5	2.2	2.6	0.4	18.6%

Operating profit

Billion yen



FY2023 results

The feedstuff business performed well partly due to the improved profitability. The foods business saw solid transactions in products for the retail market. The meat products business was weak due to the market setbacks in meat products in general since the summer.

FY2023 forecast

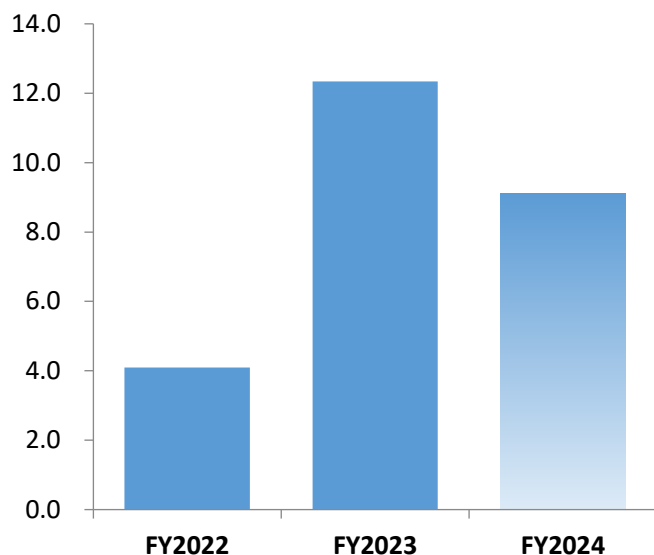
Profits are expected to grow, driven by a weak yen in the foods business, price pass throughs from rising interest rates, and market recovery in the meat business.

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

(Unit: billion yen)	FY2022	FY2023	FY2024 forecast	Change	Change(%)
Revenue	148.0	193.4	200.0	6.6	3.4%
Operating profit	4.1	12.3	9.1	(3.3)	(26.3%)
Profit attributable to owner of the parent	3.3	6.7	4.9	(1.8)	(26.8%)

Operating profit

Billion yen



FY2023 results

The steel tubing business also performed well on the back of an increase in energy investments in the U.S. and the rise in steel tubing prices. The energy business was strong mainly on the back of the rallying market conditions and ship fuel sales for ocean-going vessels. The machine tools and industry machinery business had solid results thanks to an increase in capital investment demand in Japan.

FY2023 forecast

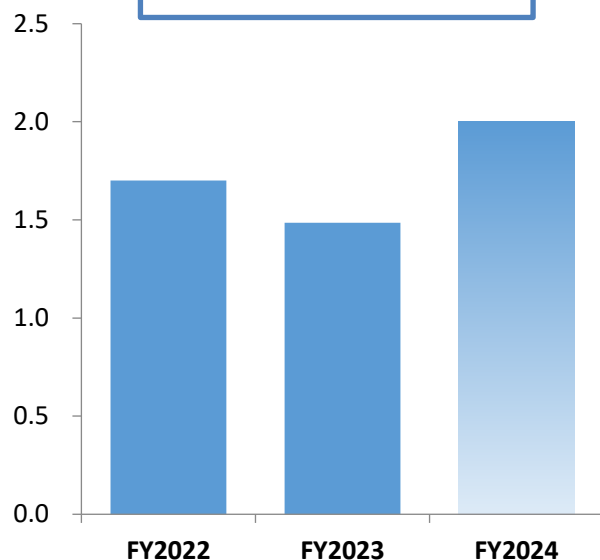
The energy and steel tubing businesses which had performed strongly in the prior period, are projected to experience a downturn, resulting in profit declines. The machine tools and industrial machinery business is expected to grow due to continuing demand in domestic capital investments.

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

(Unit: billion yen)	FY2022	FY2023	FY2024 forecast	Change	Change(%)
Revenue	65.8	81.3	90.0	8.7	10.6%
Operating profit	1.7	1.5	2.0	0.5	34.6%
Profit attributable to owner of the parent	1.5	0.8	1.2	0.4	49.3%

Billion yen

Operating profit



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 an recovery trend.

FY2023 forecast

The aerospace business is forecast to increase profit due to recovering demand in the airline industry and increases in demand from the space defense industry. Demand in the motor vehicles and parts business is trending towards a recovery and profit projections remain flat.