

KANEMATSU ELECTRONICS LTD.

Highlights of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

Net sales, operating profit, ordinary profit, and profit attributable to owners of parent all increased.

◇Net sales	71,331 million yen	8.8 %
◇Ordinary profit	12,784 million yen	15.8 %
◇Profit attributable to owners of parent	8,785 million yen	19.0 %
◇ROE (Return on equity)	14.9 %	1.4 pt

(% indicates change from the previous corresponding period)

Status of Income						
(Million yen)	FY Mar 2022 Full-year	FY Mar 2021 Full-year	Year-on-year change	Percentage change (%)	FY Mar 2023 full-year forecast	Percentage change from previous year (%)
Net sales	71,331	65,542	5,788	8.8	72,000	0.9
Gross profit	22,089	19,946	2,143	10.7	-	-
Selling, general and administrative expenses	(9,401)	(9,075)	(326)	3.6	-	-
Operating profit	12,687	10,870	1,817	16.7	12,750	0.5
Non-operating income	97	172	(74)	(43.2)	-	-
Non-operating expenses	(1)	(1)	0	22.7	-	-
Ordinary profit	12,784	11,041	1,742	15.8	12,800	0.1
Extraordinary income	185	2	183	8467.3	-	-
Extraordinary loss	(19)	(107)	88	(82.3)	-	-
Profit before income taxes	12,951	10,936	2,014	18.4	-	-
Income taxes	(4,177)	(3,553)	(624)	17.6	-	-
Profit	8,773	7,383	1,390	18.8	-	-
Profit attributable to owners of parent	8,785	7,382	1,402	19.0	8,600	(2.1)

Net sales
 Net sales increased ¥5,788 million to ¥71,331 million (up 8.8% year-on-year) as a result of efforts to further expand the robust sales of service-oriented business centered on "3Ks*1, in addition to the construction of environments for virtual desktop infrastructure (VDI), as part of measures taken to reform work styles and preventing COVID-19, and security solutions in line with the era of Zero Trust Network.

Profit
 Operating profit increased ¥1,817 million to ¥12,687 million (up 16.7% year-on-year). Ordinary profit increased ¥1,742 million to ¥12,784 million (up 15.8% year-on-year). Profit attributable to owners of parent increased ¥1,402 million to ¥8,785 million (up 19.0% year-on-year).

*1 "3Ks" means the service business comprising "KEL Briefing Center (KBC)," "KEL Customer Cloud (KCC)," and "KEL Managed Service (KMS)."

Basic earnings per share (yen)	307.07	258.11	48.96	19.0
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Segment Information						
(Million yen)	Net sales			Segment profit		
	FY Mar 2022 Full-year	FY Mar 2021 Full-year	Year-on-year change	FY Mar 2022 Full-year	FY Mar 2021 Full-year	Year-on-year change
IT Systems Business	50,914	46,697	4,217	8,530	7,103	1,426
Services and Support Business	20,899	19,616	1,283	4,032	3,739	292
Total	71,814	66,313	5,500	12,562	10,842	1,719
Other (including adjustments)	(482)	(770)	288	125	27	97
Total	71,331	65,542	5,788	12,687	10,870	1,817

IT Systems Business
 Net sales increased ¥4,217 million year-on-year (up 9.0% year-on-year), mainly due to strong performance in the storage-related business and the network security-related business.

Services and Support Business
 Net sales increased ¥1,283 million year-on-year (up 6.5% year-on-year), mainly due to increases in sales related to the system operation business and cloud services.

Status of assets, liabilities and net assets				
(Million yen)	As of March 31, 2022	As of March 31, 2021	Year-on-year change	Percentage change (%)
Total Assets	82,446	75,164	7,281	9.7
Current assets	75,031	68,981	6,050	8.8
Non-current assets	7,415	6,183	1,231	19.9
Liabilities	20,518	18,749	1,768	9.4
Current liabilities	17,966	16,303	1,663	10.2
Non-current liabilities	2,551	2,446	105	4.3
Net assets	61,928	56,415	5,513	9.8
Equity (Note 1)	61,885	56,361	5,524	9.8
Equity ratio (Note 2)	75.1%	75.0%	0.1pt	-

Assets
 Current assets increased ¥6,050 million (8.8%) from the end of the previous fiscal year, mainly due to increases of ¥2,790 million in cash and deposits and ¥1,590 million in notes and accounts receivable-trade. Non-current assets increased ¥1,231 million (19.9%) from the end of the previous fiscal year, mainly due to an increase of ¥1,857 million in investment securities.

Liabilities
 Current liabilities increased ¥1,663 million (10.2%) from the end of the previous fiscal year, mainly due to increases of ¥746 million in income taxes payable and ¥465 million in notes and accounts payable-trade. Non-current liabilities increased ¥105 million (4.3%) from the end of the previous fiscal year, mainly due to an increase of ¥109 million in retirement benefit liability.

Net assets
 Net assets increased ¥5,513 million (9.8%) from the end of the previous fiscal year, mainly due to an increase from recording ¥8,785 million in profit attributable to owners of parent and a decrease from the payment of ¥4,148 million in dividends. As a result, the equity ratio stood at 75.1%.

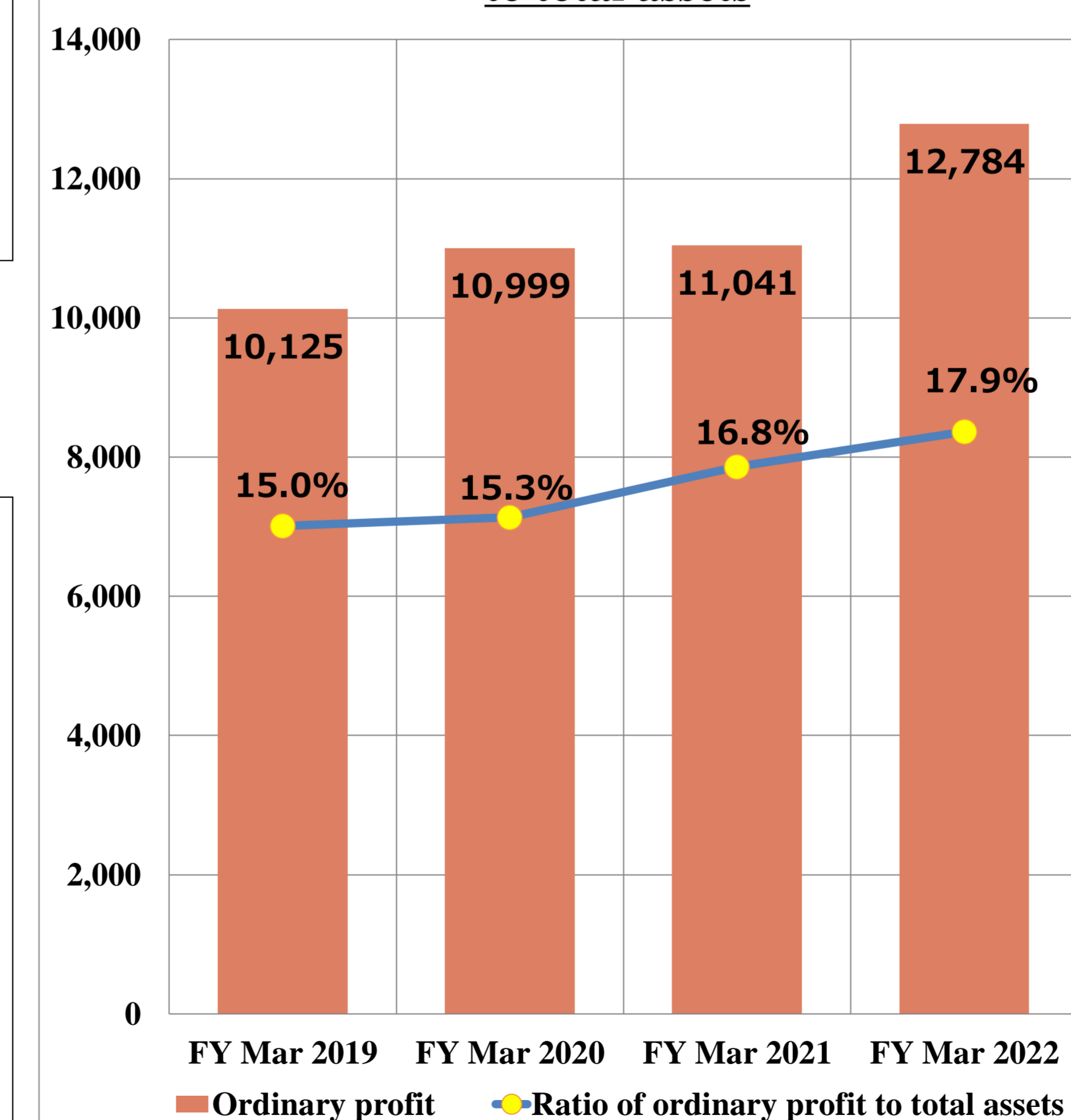
(Note 1) Equity = "Total shareholders' equity" + "Total accumulated other comprehensive income" of net assets
(Note 2) Equity ratio = Equity capital / Total assets

Cash flows			Dividends	
(Million yen)	FY Mar 2022 Full year	FY Mar 2021 Full year	FY March 2022	FY March 2021
CF from operating activities	7,999	8,610	75.00	65.00
CF from investing activities	-1,074	-884	80.00	70.00
Free cash flows	6,924	7,725	155.00	135.00
CF from financing activities	-4,149	-3,863	61,885	56,361
Net increase (decrease) in cash and cash equivalents	2,790	3,867	50.5	52.3
Cash and cash equivalents at end of period	49,668	46,877		

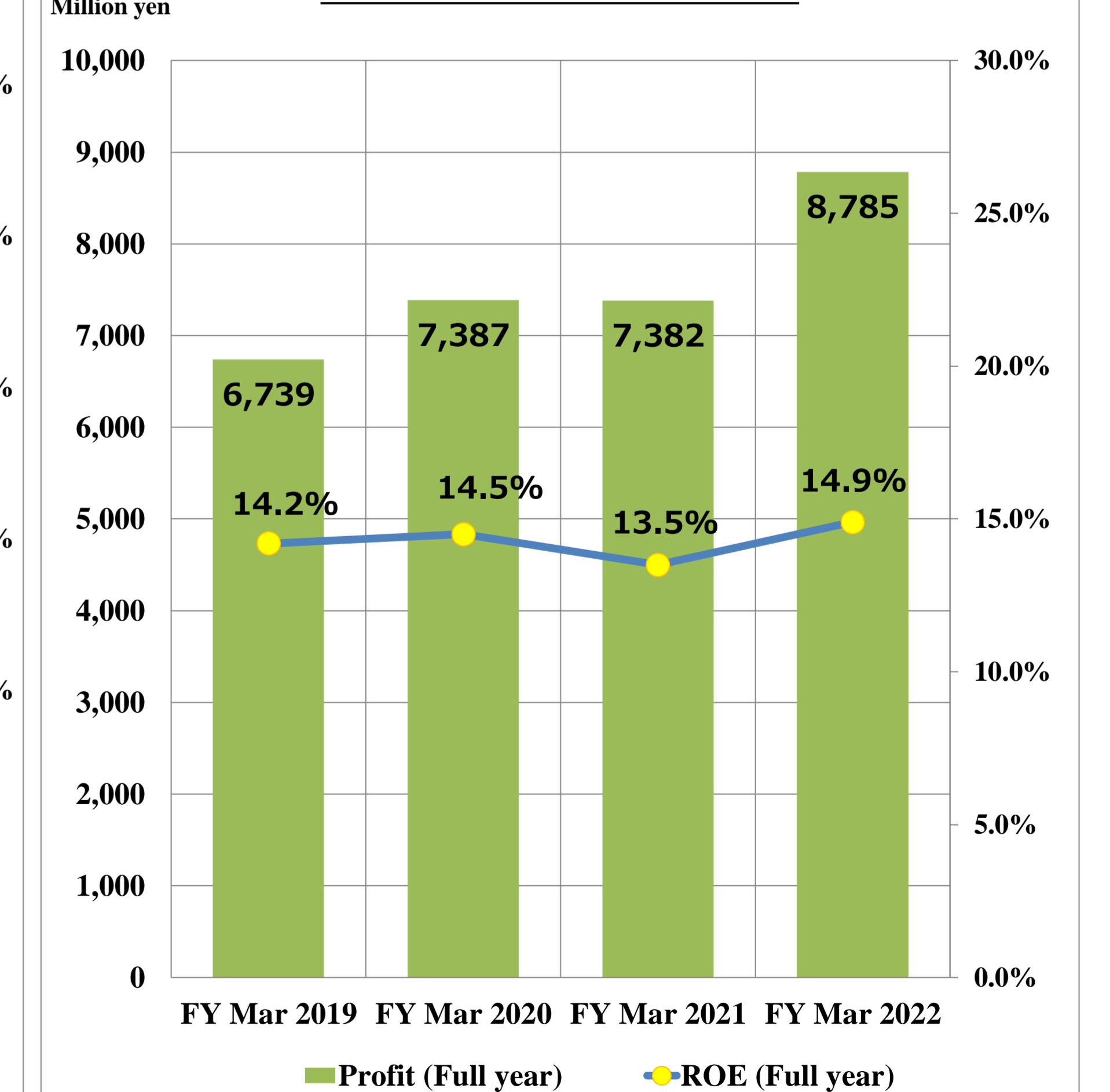
Cash flows
 CF from operating activities: Cash inflow of ¥7,999 million, mainly due to an increase in operating revenue and the collection of trade receivables.
 CF from investing activities: Cash outflow of ¥1,074 million, mainly due to the purchase of investment securities, property, plant and equipment, and intangible assets.
 CF from financing activities: Cash outflow of ¥4,149 million, mainly due to payment of dividends.

Dividends
 Interim dividend (¥): 75.00 (2022) vs 65.00 (2021)
 Year-end dividend (¥): 80.00 (2022) vs 70.00 (2021)
 Annual dividend (¥): 155.00 (2022) vs 135.00 (2021)
 Equity (Million yen): 61,885 (2022) vs 56,361 (2021)
 Payout ratio (%): 50.5 (2022) vs 52.3 (2021)

Trends in ordinary profit and ordinary profit to total assets



Trends in Profit and ROE



*The financial results outlook and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed reasonable, and do not represent a promise by the Company to achieve them. Actual results may differ significantly from these forecasts due to a wide range of factors.