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

May 10, 2022

Company name: Nakayama Steel Works, Ltd.

Stock exchange listing: Tokyo

Code number: 5408

URL: <https://www.nakayama-steel.co.jp/>

Representative: Kazuaki Hakomori

,President

Contact: Mitsuaki Sakaguchi

,Managing Executive Officer

Phone: 06-6555-3035

Scheduled date of Annual General Meeting of Shareholders: June 28, 2022

Scheduled date of commencing dividend payments: June 29, 2022

Scheduled date of filing annual securities report: June 28, 2022

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	166,701	50.2	7,250	208.3	6,654	150.0	4,815	104.4
March 31, 2021	110,954	-	2,351	-	2,661	-	2,355	-

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 4,953 million [60.1%]
Fiscal year ended March 31, 2021: ¥ 3,094 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	88.96	-	5.6	5.0	4.3
March 31, 2021	43.52	-	2.8	2.2	2.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 135 million
Fiscal year ended March 31, 2021: ¥ 126 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	143,618	88,931	61.9	1,642.72
March 31, 2021	122,982	84,356	68.6	1,558.22

(Reference) Equity: As of March 31, 2022: ¥ 88,931 million
As of March 31, 2021: ¥ 84,356 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	(8,756)	(2,308)	8,388	15,745
March 31, 2021	4,127	(2,652)	(1,682)	18,308

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	3.00	-	3.00	6.00	376	13.8	0.4
March 31, 2022	-	4.00	-	12.00	16.00	974	18.0	1.0
Fiscal year ending March 31, 2023 (Forecast)	-	6.00	-	14.00	20.00		29.3	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	96,000	30.9	2,200	(5.2)	2,000	(3.4)	1,100	(13.4)	20.32
Full year	200,000	20.0	6,500	(10.3)	6,000	(9.8)	3,700	(23.2)	68.35

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022:	63,079,256 shares
March 31, 2021:	63,079,256 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022:	8,942,656 shares
March 31, 2021:	8,942,447 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022:	54,136,692 shares
Fiscal Year ended March 31, 2021:	54,136,999 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	125,098	66.2	2,233	-	2,646	-	2,329	292.8
March 31, 2021	75,272	-	(1,174)	-	(235)	-	593	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	37.09	-
March 31, 2021	9.44	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	112,857	62,548	55.4	995.94
March 31, 2021	94,919	60,631	63.9	965.42

(Reference) Equity: As of March 31, 2022: ¥ 62,548 million
As of March 31, 2021: ¥ 60,631 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	18,328	15,765
Notes and accounts receivable - trade	28,746	31,538
Electronically recorded monetary claims - operating	4,754	7,386
Merchandise and finished goods	9,962	17,338
Work in process	2,547	3,284
Raw materials and supplies	8,122	15,815
Other	2,730	1,654
Allowance for doubtful accounts	(31)	(94)
Total current assets	75,160	92,688
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,076	31,719
Accumulated depreciation	(24,379)	(24,896)
Buildings and structures, net	6,697	6,823
Machinery and equipment	81,288	88,445
Accumulated depreciation	(70,356)	(75,453)
Machinery and equipment, net	10,931	12,992
Vehicles	883	838
Accumulated depreciation	(767)	(772)
Vehicles, net	116	66
Tools, furniture and fixtures	4,011	4,178
Accumulated depreciation	(3,509)	(3,686)
Tools, furniture and fixtures, net	502	491
Land	23,128	23,033
Leased assets	631	640
Accumulated depreciation	(489)	(470)
Leased assets, net	142	169
Construction in progress	255	520
Total property, plant and equipment	41,773	44,097
Intangible assets		
Other	281	273
Total intangible assets	281	273
Investments and other assets		
Investment securities	2,592	2,785
Retirement benefit asset	1,134	1,215
Deferred tax assets	4	8
Guarantee deposits	1,873	2,352
Other	201	239
Allowance for doubtful accounts	(39)	(41)
Total investments and other assets	5,767	6,559
Total non-current assets	47,822	50,929
Total assets	122,982	143,618

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,391	21,750
Electronically recorded obligations - operating	815	1,356
Short-term borrowings	6,352	7,674
Current portion of bonds payable	42	42
Accounts payable - other	1,650	2,040
Accrued expenses	1,134	1,444
Income taxes payable	325	1,565
Provision for bonuses	797	853
Provision for environmental measures	34	9
Provision for loss on disaster	15	-
Other	861	638
Total current liabilities	29,421	37,375
Non-current liabilities		
Bonds payable	69	27
Long-term borrowings	288	8,249
Deferred tax liabilities	3,224	3,472
Deferred tax liabilities for land revaluation	1,001	1,001
Provision for environmental measures	442	415
Provision for decommissioning and removal	404	404
Provision for loss on business of subsidiaries and associates	81	42
Retirement benefit liability	2,562	2,577
Negative goodwill	3	-
Other	1,127	1,121
Total non-current liabilities	9,204	17,311
Total liabilities	38,626	54,686
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,826	7,826
Retained earnings	53,850	58,364
Treasury shares	(775)	(775)
Total shareholders' equity	80,945	85,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	981	1,043
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	2,522	2,444
Remeasurements of defined benefit plans	(92)	(16)
Total accumulated other comprehensive income	3,411	3,471
Total net assets	84,356	88,931
Total liabilities and net assets	122,982	143,618

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	110,954	166,701
Cost of sales	97,108	146,903
Gross profit	13,846	19,797
Selling, general and administrative expenses		
Selling expenses	5,518	6,204
General and administrative expenses	5,976	6,342
Total selling, general and administrative expenses	11,494	12,547
Operating profit	2,351	7,250
Non-operating income		
Interest income	46	54
Dividend income	49	65
Amortization of negative goodwill	185	3
Share of profit of entities accounted for using equity method	126	135
Insurance claim income	98	65
Rental income from real estate	66	67
Profit of conserving electricity	150	-
Other	101	48
Total non-operating income	826	439
Non-operating expenses		
Interest expenses	87	113
Repair expenses	23	223
Commission for syndicated loans	3	276
Loss on securitization of receivables	3	132
Rental expenses	148	147
Factory accident related loss	99	-
Other	150	142
Total non-operating expenses	516	1,034
Ordinary profit	2,661	6,654
Extraordinary income		
Gain on extinguishment of tie-in shares	-	220
Reversal of provision for loss on business of subsidiaries and associates	68	39
Gain on sale of non-current assets	205	29
Reversal of provision for environmental measures	69	27
Reversal of provision for loss on disaster	95	-
Gain on sales of scraps	85	-
Subsidy income	70	-
Total extraordinary income	594	316
Extraordinary losses		
Loss on retirement of non-current assets	183	181
Impairment losses	-	10
Cancellation penalty	138	-
Loss on tax purpose reduction entry of non-current assets	70	-
Other	33	11
Total extraordinary losses	426	203
Profit before income taxes	2,829	6,767
Income taxes - current	555	1,776
Income taxes - deferred	(81)	176

Total income taxes	473	1,952
Profit	2,355	4,815
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,355	4,815

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit (loss)	2,355	4,815
Other comprehensive income		
Valuation difference on available-for-sale securities	417	62
Deferred gains or losses on hedges	0	(0)
Remeasurements of defined benefit plans, net of tax	320	75
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Other comprehensive income	738	137
Comprehensive income	3,094	4,953
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,094	4,953
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,044	7,826	51,453	(775)	78,548
Changes during period					
Dividends of surplus			(487)		(487)
Reversal of revaluation reserve for land			528		528
Profit attributable to owners of parent			2,355		2,355
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,396	(0)	2,396
Balance at end of period	20,044	7,826	53,850	(775)	80,945

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	563	-	3,050	(412)	3,201	81,750
Changes during period						
Dividends of surplus						(487)
Reversal of revaluation reserve for land						528
Profit attributable to owners of parent						2,355
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	417	0	(528)	320	209	209
Total changes during period	417	0	(528)	320	209	2,606
Balance at end of period	981	0	2,522	(92)	3,411	84,356

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,044	7,826	53,850	(775)	80,945
Changes during period					
Dividends of surplus			(378)		(378)
Reversal of revaluation reserve for land			77		77
Profit attributable to owners of parent			4,815		4,815
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,514	(0)	4,514
Balance at end of period	20,044	7,826	58,364	(775)	85,459

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	981	0	2,522	(92)	3,411	84,356
Changes during period						
Dividends of surplus						(378)
Reversal of revaluation reserve for land						77
Profit attributable to owners of parent						4,815
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	61	(0)	(77)	75	60	60
Total changes during period	61	(0)	(77)	75	60	4,574
Balance at end of period	1,043	(0)	2,444	(16)	3,471	88,931

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	2,829	6,767
Depreciation	2,175	2,308
Impairment losses	-	10
Increase (decrease) in allowance for doubtful accounts	(5)	65
Increase (decrease) in provision for bonuses	(10)	55
Increase (decrease) in retirement benefit liability	86	119
Decrease (increase) in retirement benefit asset	(85)	(75)
Increase (decrease) in provision for decommissioning and removal	(65)	-
Increase (decrease) in provision for environmental measures	(114)	(51)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(68)	(39)
Interest and dividend income	(96)	(119)
Interest expenses	87	113
Commission for syndicate loan	3	276
Gain on reversal of provision for loss on disaster	(95)	-
Loss (gain) on sales of scraps	(85)	-
Subsidy income	(70)	-
Loss (gain) on extinguishment of tie-in shares	-	(220)
Loss on retirement of non-current assets	183	181
Loss on tax purpose reduction entry of non-current assets	70	-
Cancellation penalty	138	-
Loss (gain) on sale of property, plant and equipment	(203)	(28)
Decrease (increase) in trade receivables	(3,071)	(5,424)
Decrease (increase) in inventories	1,394	(15,806)
Increase (decrease) in trade payables	3,579	4,989
Increase (decrease) in accrued consumption taxes	(795)	(954)
Other, net	(867)	(427)
Subtotal	4,912	(8,260)
Income taxes refund	19	123
Income taxes paid	(655)	(605)
Payments associated with disaster loss	(96)	(13)
Gain on sales of scraps	85	-
Cancellation penalty paid	(138)	-
Net cash provided by (used in) operating activities	4,127	(8,756)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,345)	(2,534)
Proceeds from sale of property, plant and equipment	855	117
Subsidies received	70	-
Interest and dividends received	128	157
Loan advances to subsidiaries and associates	(200)	(3)
Other, net	(160)	(45)
Net cash provided by (used in) investing activities	(2,652)	(2,308)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	5,000
Proceeds from long-term borrowings	100	8,650
Repayments of long-term borrowings	(1,069)	(4,366)
Redemption of bonds	(42)	(42)

Dividends paid	(486)	(379)
Interest paid	(87)	(113)
Commission for syndicate loan paid	(3)	(274)
Other, net	(92)	(85)
Net cash provided by (used in) financing activities	(1,682)	8,388
Net increase (decrease) in cash and cash equivalents	(206)	(2,676)
Cash and cash equivalents at beginning of period	18,514	18,308
Increase in cash and cash equivalents resulting from merger	-	113
Cash and cash equivalents at end of period	18,308	15,745