



Consolidated Basis Results of the Fiscal 2019 (April 1, 2019 – March 31, 2020)

May 26, 2020

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Scheduled date for holding of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date for dividend payment: –
 Scheduled date for submission of securities report: June 24, 2020
 Preparation of supplementary explanatory materials: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Figures of less than ¥1 million have been omitted)

1. Consolidated Operating Results and Financial Position of the Fiscal 2019 (April 1, 2019 - March 31, 2020)

(1) Consolidated Operating Results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2019	263,305	(8.0)	2,851	(62.0)	3,597	(61.6)	(4,497)	–
Fiscal 2018	286,227	24.2	7,505	(6.2)	9,357	16.5	7,114	29.3

(Note) Comprehensive income: Fiscal 2019 -¥5,898 million –% Fiscal 2018 ¥4,234 million –41.2%

	Profit per share	Profit per share after full dilution	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2019	(191.42)	–	(4.2)	1.3	1.1
Fiscal 2018	302.85	–	6.5	3.5	2.6

(For reference) Share of profit or loss of entities accounted for using equity method: Fiscal 2019 ¥1,727 million
 Fiscal 2018 ¥583 million

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2019	254,659	103,800	40.3	4,372.66
Fiscal 2018	284,198	112,362	39.2	4,737.26

(For reference) Shareholders' equity: Fiscal 2019 ¥102,732 million Fiscal 2018 ¥111,304 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal 2019	16,206	(16,048)	(6,461)	23,075
Fiscal 2018	11,725	(20,835)	15,936	29,560

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
Fiscal 2018	–	Yen 20.00	–	Yen 70.00	Yen 90.00	Million yen 2,119	% 29.7	% 1.9
Fiscal 2019	–	Yen 40.00	–	Yen 0.00	Yen 40.00	Million yen 942	–	% 0.9
Fiscal 2020 (Forecasts)	–	–	–	–	–	–	–	–

(Note) The Company withholds its dividend forecasts for fiscal 2020.

3. Consolidated Financial Forecasts for Fiscal 2020 (April 1, 2020 - March 31, 2021)

The consolidated financial forecasts for fiscal 2020 has been withheld because it is currently difficult to rationally estimate such forecast. For details, refer to “1. Overview of Operating Results” on page 4.

* NOTE

(1) Changes in the State of Material Subsidiaries during the Period: None

Newly included: – (Name) Excluded: – (Name)

(2) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements

(a) Changes in accounting principles accompanying the amendment of accounting standards: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(3) Number of Shares Issued (Common shares)

(a) Number of shares issued at the end of the period (including treasury shares)

Fiscal 2019 24,077,510 shares Fiscal 2018 24,077,510 shares

(b) Number of treasury shares at the end of the period

Fiscal 2019 583,315 shares Fiscal 2018 582,007 shares

(c) Average number of shares issued during the period

Fiscal 2019 23,494,830 shares Fiscal 2018 23,490,559 shares

(For reference) Non-Consolidated Results

Non-Consolidated Operating Results and Financial Position of the Fiscal 2019 (April 1, 2019 - March 31, 2020)

(1) Non-Consolidated Operating Results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2019	140,646	(6.7)	(1,241)	–	369	(93.4)	(5,580)	–
Fiscal 2018	150,768	8.6	1,048	(62.2)	5,566	32.5	1,245	(44.9)

	Profit per share	Profit per share after full dilution
	Yen	Yen
Fiscal 2019	(237.50)	–
Fiscal 2018	53.00	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2019	196,671	68,464	34.8	2,913.68
Fiscal 2018	215,608	77,198	35.8	3,285.17

(For reference) Shareholders' equity: Fiscal 2019 ¥68,464 million Fiscal 2018 ¥77,198 million

* These Consolidated Basic Results are not included in the scope of audits by certified public accountants or audit corporations.

* Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

(Caution concerning future descriptions etc.)

All future descriptions in this disclosure has been compiled based on information currently available. For assumed conditions underlying the earnings forecast, please refer to "1. Overview of Operating Results" on page 4. These descriptions may differ from actual results and effects on earnings is not limited to this.

(Obtaining supplementary documents of financial results)

Supplementary documents will be posted on the Company's website.

Index of Attached Documents

1. Overview of Operating Results	4
(1) Overview of Operating Results for the Fiscal Year under Review	4
(2) Overview of Financial Position for the Fiscal Year under Review	5
(3) Future Outlook.....	6
(4) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year	6
2. Basic Policy for the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Important Notes	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
Consolidated Statements of Income.....	9
Consolidated Statements of Comprehensive Income	10
(3) Consolidated Statements of Changes in Net Assets	11
(4) Consolidated Cash Flow Statements	13
(5) Notes Regarding the Consolidated Financial Statements.....	15
(Note related to going-concern assumption)	15
(Segment information).....	15
(Information per share)	18
(Important events after the reporting period)	18
(Additional Information)	18

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.
The original disclosure in Japanese was released on May 26th, 2020 at 15:00 (GMT+9).
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

Operating Results for the Consolidated Fiscal Year under Review

During the fiscal year under review, a sense of stagnation in the global economy increased amid continued slowdown in the Chinese economy, chiefly due to the impact of the U.S.-China trade tensions. Additionally, toward the end of the fiscal year, the COVID-19 pandemic led to severe restrictions on economic activity and had a sudden chilling effect on the global economy. The Japanese economy was also hit by the COVID-19 pandemic at a time when business sentiment especially among manufacturers was deteriorating due to slowing exports and production, causing a sharp downturn.

Under these circumstances, the Group launched a medium-term management plan titled Growth & Change 2021 from FY2019. In the Automotive & Industrial Machinery Components Business, the Group diligently worked to increase earning power by implementing structural reforms through optimization of production systems across the Group and other initiatives. In the Steel Business, the Group sought sustainable growth by focusing on the development of new products to meet the needs of customers and society such as deformed steel sections utilizing the Group's proprietary technologies.

The financial results for the fiscal year under review include consolidated net sales of ¥263,305 million (down 8.0% year on year) due to substantially lower sales volume in the Automotive & Industrial Machinery Components Business, operating profit of ¥2,851 million (down 62.0% year on year), and ordinary profit of ¥3,597 million (down 61.6% year on year). Loss attributable to owners of parent was ¥4,497 million (compared to profit attributable to owners of parent of ¥7,114 million the previous fiscal year) mainly as a result of the recording of a loss on the valuation of investment securities and the reversal of deferred tax assets.

Performance by Segment

(Steel Business)

In the electric furnace industry, demand for steel materials of both construction and manufacturing companies remained low and fell further in the final stages of the fiscal year. Meanwhile, the price of steel scrap, a key raw material, declined considerably from the beginning of the fiscal year.

Given these circumstances, the Group's net sales declined to ¥73,404 million (down 8.7% year on year) due to a decrease in selling prices of steel materials. However, operating profit increased to ¥4,142 million (up 84.3% year on year) thanks to an increase in the difference between selling prices and the steel scrap purchase price and efforts to ensure sales volume and continuously improve costs.

(Automotive & Industrial Machinery Components Business)

In the automotive industry, production volumes in Japan, North America and China decreased year on year. In the construction machinery industry, Japanese manufacturers' production of hydraulic shovels dropped significantly mainly due to decreased sales and inventory adjustment in China, Southeast Asia, and other countries, and the impact of damage caused by typhoons in Japan. Demand for mining machinery declined primarily in Southeast Asia, reflecting lower resource prices. In the final stages of the fiscal year, the COVID-19 pandemic which began in China also affected production of automobiles and hydraulic shovels.

Given these challenging conditions, the sales volume of parts for the undercarriages of construction machinery, mining machinery wheels and other components decreased substantially, despite efforts to reduce fixed costs through continuous cost improvements and a review of production systems. As a result, net sales totaled ¥174,015 million (down 7.5% year on year) and operating profit stood at ¥1,657 million (down 78.8% year on year).

(Power Business)

The Group worked on the stable supply of electricity in line with its business plan. Net sales came to ¥9,326 million (down 11.7% year on year) and operating profit amounted to ¥852 million (down 30.6% year on year), given the challenging business environment amid lower demand and intensifying price competition.

(Others)

The Group operated civil engineering and construction business, real estate leasing including Topy-rec Plaza (Minami-suna, Koto-ku, Tokyo) and a sports club, OSSO, and manufactured and sold synthetic mica and crawler robots. Net sales came to ¥6,558 million (down 6.9% year on year), due in part to the sluggish civil engineering and construction business, and operating profit was ¥893 million (down 42.4% year on year), primarily reflecting a rise in upfront expenses to increase production of synthetic mica used in cosmetics in addition to decreased sales.

(2) Overview of Financial Position for the Fiscal Year under Review

Asset, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review decreased by ¥29,539 million from the end of the previous consolidated fiscal year, to ¥254,659 million. Primary factors for the decrease included a ¥15,054 million decrease in notes and accounts receivable-trade, a ¥5,860 million decrease in cash and deposits, and a ¥4,652 million decrease in inventories.

Liabilities were ¥150,858 million, a decrease of ¥20,978 million from the end of the previous consolidated fiscal year. This was caused mainly by a decrease of ¥7,581 million in electronically recorded obligations - operating, a decrease of ¥7,318 million in notes and accounts payable-trade, and a ¥3,975 million decrease in long-term borrowings.

Net assets were ¥103,800 million, a decrease of ¥8,561 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥7,088 million in retained earnings and a decrease of ¥843 million in valuation difference on available-for-sale securities. As a result, net assets per share stood at ¥4,372.66 and the net worth ratio was 40.3%.

Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the consolidated fiscal year under review stood at ¥23,075 million. This was due to the allocation of increased funds from operating activities to the purchase of property, plant and equipment in investment activities and the reduction of interest-bearing debt in financing activities.

(Cash flows from operating activities)

Funds achieved by operating activities were ¥16,206 million, an increase of ¥4,480 million from the previous consolidated fiscal year. This mainly reflected profit before income taxes of ¥1,741 million, depreciation of ¥12,332 million, a decrease in trade receivables of ¥14,938 million and a decrease in trade payables of ¥14,795 million.

(Cash flows from investment activities)

Funds used in investment activities stood at ¥16,048, a decrease of ¥4,786 million from the previous consolidated fiscal year. This mainly reflected the purchase of property, plant and equipment of ¥16,334 million.

(Cash flows from financing activities)

Funds used in financing activities stood at ¥6,461 million (¥15,936 million in the previous consolidated fiscal year). This mainly reflected a net decrease in borrowings of ¥7,872 million, proceeds from issuance of bonds of ¥9,929 million, redemption of bonds of ¥5,000 million and dividend payment of ¥2,587 million.

(Reference) Cash flow-related indicators

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Equity ratio (%)	42.7	46.6	43.9	39.2	40.3
Equity ratio based on market value (%)	22.7	31.1	29.3	18.3	12.7
The ratio of interest-bearing debt to operating cash flow (years)	3.6	5.5	5.7	6.8	4.7
Interest coverage ratio (times)	16.9	12.0	17.3	16.0	25.9

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

(Note 1) All amounts are on a consolidated basis.

(Note 2) Total market value for shares is calculated on the basis of the number of outstanding shares, excluding treasury shares.

(Note 3) Cash flows are cash flows from operating activities.

(Note 4) Interest-bearing debt is all the debt with interest on the consolidated balance sheet.

(3) Future Outlook

The sharp fall in automobile and construction machinery production across the world amid the continuing COVID-19 pandemic is significantly affecting the Group's Automotive & Industrial Machinery Components Business and it is feared that this business will be even more severely hit. Similarly in the Steel Business, the demand environment is extremely uncertain as a result of delays with construction work and the suspension of plants in the manufacturing industry.

The consolidated financial forecasts for fiscal 2020 have yet to be determined due to the difficulty of appropriately and reasonably calculating the forecasts at the present time, given that the impact of the COVID-19 outbreak will differ significantly depending on when the outbreak comes to an end. The Company will promptly announce the financial forecasts when the impact of COVID-19 on its operating results can be reasonably estimated.

In face of the chilling effect of the dramatic global downturn on the demand environment, the Group will implement a range of measures as shown below to minimize the impact on its revenue and to help increase its corporate strength and improve profitability.

- Review production operations and systems in response to dramatic sharp fall in demand
- Reduce fixed costs to rebuild strong revenue base
- Reduce directors' compensation and management salaries
- Apply for government subsidies for employment adjustment

(4) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year

The Company's basic policy for profit distribution is to return profits to its shareholders based on the consolidated business results, while at the same time increasing retained earnings for the development of future business and the strengthening of corporate structure. The Company will allocate retained earnings to investment in new business and the development of new technologies and products that will contribute to long-term, stable business development, thereby enabling it to strengthen its corporate structure and global competitiveness. In terms of the index of profit return based on consolidated business earnings, it will aim for an approximate range of 30% to 35%, a consolidated payout ratio that will be determined after carefully studying the possibility of continuing to pay dividends consistently.

In accordance with the above policy, the Company regrets that, in light of consolidated business results for the fiscal year under review and in response to the dramatic changes in the business environment due to COVID-19, it will be unable to pay the year-end dividend for the fiscal year under review. Given the interim dividend of ¥40 per share paid, the annual dividend for the fiscal year under review will be ¥40 per share.

The dividends for the next fiscal year have yet to be determined due to the difficulty of reasonably calculating forecasts at the present time. The Company will promptly disclose its dividend forecast as soon as possible.

2. Basic Policy for the Selection of Accounting Standards

The Group adopts the Japanese accounting standards, taking into account the possibility of comparing terms of consolidated financial statements and performances between the companies.

It will work to adopt the International Financial Reporting Standards as appropriate, considering the situation in both Japan and other countries.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	29,671	23,811
Notes and accounts receivable - trade	59,818	44,764
Merchandise and finished goods	22,327	20,708
Work in process	7,413	5,529
Raw materials and supplies	15,169	14,018
Other	7,417	6,271
Allowance for doubtful accounts	△66	△28
Total current assets	141,751	115,074
Non-current assets		
Property, plant and equipment		
Buildings and structures	93,166	92,392
Accumulated depreciation	△62,636	△62,551
Buildings and structures, net	30,530	29,841
Machinery, equipment and vehicles	204,197	209,235
Accumulated depreciation	△157,286	△162,259
Machinery, equipment and vehicles, net	46,911	46,976
Land	15,287	15,256
Leased assets	5,089	5,141
Accumulated depreciation	△3,290	△3,625
Leased assets, net	1,799	1,515
Construction in progress	3,696	4,778
Other	42,392	43,460
Accumulated depreciation	△40,630	△41,383
Other, net	1,761	2,076
Total property, plant and equipment	99,986	100,445
Intangible assets		
Other	5,160	4,637
Total intangible assets	5,160	4,637
Investments and other assets		
Investment securities	27,093	24,774
Long-term loans receivable	478	479
Deferred tax assets	2,340	1,360
Retirement benefit asset	345	295
Other	7,100	7,642
Allowance for doubtful accounts	△58	△50
Total investments and other assets	37,300	34,500
Total non-current assets	142,447	139,584
Total assets	284,198	254,659

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,880	24,562
Electronically recorded obligations - operating	20,268	12,687
Short-term borrowings	19,414	15,495
Current portion of bonds payable	5,000	5,500
Lease obligations	878	433
Income taxes payable	2,170	502
Other	18,293	14,872
Total current liabilities	97,907	74,053
Non-current liabilities		
Bonds payable	22,800	27,300
Long-term borrowings	32,461	28,486
Lease obligations	888	572
Deferred tax liabilities	1,093	4,649
Provision for corporate officers' retirement benefits	162	175
Provision for share-based remuneration for directors (and other officers)	21	39
Provision for retirement benefits for directors (and other officers)	41	46
Reserve for repairs	371	290
Retirement benefit liability	12,617	12,285
Asset retirement obligations	373	355
Other	3,096	2,602
Total non-current liabilities	73,929	76,805
Total liabilities	171,836	150,858
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,606
Retained earnings	68,532	61,444
Treasury shares	△1,708	△1,711
Total shareholders' equity	106,413	99,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,284	5,440
Deferred gains or losses on hedges	△5	△5
Foreign currency translation adjustment	△1,023	△1,401
Remeasurements of defined benefit plans	△365	△625
Total accumulated other comprehensive income	4,890	3,409
Non-controlling interests	1,057	1,068
Total net assets	112,362	103,800
Total liabilities and net assets	284,198	254,659

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	286,227	263,305
Cost of sales	244,108	227,245
Gross profit	42,118	36,059
Selling, general and administrative expenses	34,613	33,208
Operating profit	7,505	2,851
Non-operating income		
Interest income	105	93
Dividend income	712	695
Share of profit of entities accounted for using equity method	583	1,727
Insurance claim income	1,661	53
Other	368	395
Total non-operating income	3,431	2,964
Non-operating expenses		
Interest expenses	669	609
Foreign exchange losses	252	422
Other	656	1,186
Total non-operating expenses	1,578	2,218
Ordinary profit	9,357	3,597
Extraordinary income		
Gain on sales of non-current assets	3,222	453
Gain on sales of investment securities	0	17
Total extraordinary income	3,222	471
Extraordinary losses		
Loss on sales of non-current assets	681	50
Loss on retirement of non-current assets	268	256
Loss on valuation of investment securities	—	1,860
Impairment loss	1,188	—
Other	97	159
Total extraordinary losses	2,234	2,327
Profit before income taxes	10,345	1,741
Income taxes - current	3,737	1,475
Income taxes - deferred	△546	4,706
Total income taxes	3,191	6,181
Profit (loss)	7,154	△4,440
Profit attributable to non-controlling interests	40	56
Profit (loss) attributable to owners of parent	7,114	△4,497

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	7,154	△4,440
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,608	△785
Deferred gains or losses on hedges	4	0
Foreign currency translation adjustment	△921	△227
Remeasurements of defined benefit plans, net of tax	△129	△261
Share of other comprehensive income of entities accounted for using equity method	△264	△183
Total other comprehensive income	△2,920	△1,457
Comprehensive income	4,234	△5,898
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,248	△5,978
Comprehensive income attributable to non- controlling interests	△14	80

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2018 - March 31, 2019)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	20,983	18,652	63,302	(1,734)	101,203
Changes of items during period					
Dividends of surplus			(1,884)		(1,884)
Profit attributable to owners of parent			7,114		7,114
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares				31	31
Change in ownership interest of parent due to transactions with non-controlling interests		(45)			(45)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(45)	5,229	25	5,209
Balance at the end of year	20,983	18,606	68,532	(1,708)	106,413

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of year	7,970	(9)	31	(235)	7,756	899	109,859
Changes of items during period							
Dividends of surplus							(1,884)
Profit attributable to owners of parent							7,114
Purchase of treasury shares							(5)
Disposal of treasury shares							31
Change in ownership interest of parent due to transactions with non-controlling interests							(45)
Net changes of items other than shareholders' equity	(1,685)	4	(1,054)	(129)	(2,865)	157	(2,707)
Total changes of items during period	(1,685)	4	(1,054)	(129)	(2,865)	157	2,502
Balance at the end of year	6,284	(5)	(1,023)	(365)	4,890	1,057	112,362

Consolidated fiscal year under review (April 1, 2019 - March 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	20,983	18,606	68,532	(1,708)	106,413
Changes of items during period					
Dividends of surplus			(2,590)		(2,590)
Profit attributable to owners of parent			(4,497)		(4,497)
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		(0)		0	0
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(7,088)	(2)	(7,090)
Balance at the end of year	20,983	18,606	61,444	(1,711)	99,323

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of year	6,284	(5)	(1,023)	(365)	4,890	1,057	112,362
Changes of items during period							
Dividends of surplus							(2,590)
Profit attributable to owners of parent							(4,497)
Purchase of treasury shares							(3)
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	(843)	0	(377)	(260)	(1,481)	10	(1,470)
Total changes of items during period	(843)	0	(377)	(260)	(1,481)	10	(8,561)
Balance at the end of year	5,440	(5)	(1,401)	(625)	3,409	1,068	103,800

(4) Consolidated Cash Flow Statements

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	10,345	1,741
Depreciation	11,110	12,332
Impairment loss	1,188	—
Amortization of goodwill	93	124
Increase (decrease) in allowance for doubtful accounts	△28	△44
Increase (decrease) in provision for corporate officers' retirement benefits	△8	13
Increase (decrease) in provision for scheduled repairs	123	△81
Increase (decrease) in retirement benefit liability	598	△361
Interest and dividend income	△817	△788
Interest expenses	669	609
Insurance claim income	△1,661	△53
Share of loss (profit) of entities accounted for using equity method	△583	△1,727
Loss (gain) on sales of short-term and long-term investment securities	0	△16
Loss (gain) on valuation of short-term and long-term investment securities	—	1,860
Gain(loss)on sales and disposal of property,plant and equipment,net	△2,273	△146
Decrease (increase) in trade receivables	△3,303	14,938
Decrease (increase) in inventories	△4,617	4,499
Increase (decrease) in trade payables	2,557	△14,795
Increase/decrease in other assets/liabilities	75	1,633
Subtotal	13,469	19,737
Interest and dividends received	842	825
Interest paid	△730	△626
Proceeds from insurance income	1,661	53
Income taxes paid	△3,516	△3,784
Net cash provided by (used in) operating activities	11,725	16,206

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Net decrease (increase) in time deposits	110	△627
Purchase of property, plant and equipment	△15,181	△16,334
Proceeds from sales of property, plant and equipment	5,834	1,208
Purchase of investment securities	△35	△33
Proceeds from sales of investment securities	0	82
Loan advances	△29	△29
Collection of loans receivable	19	26
Purchase of intangible assets	△440	△330
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△11,043	—
Other, net	△70	△11
Net cash provided by (used in) investing activities	△20,835	△16,048
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,847	△6,543
Proceeds from long-term borrowings	18,700	2,800
Repayments of long-term borrowings	△4,846	△4,128
Proceeds from issuance of bonds	6,958	9,929
Redemption of bonds	△5,000	△5,000
Increase (decrease) in deposit payable in cash	0	0
Repayments of lease obligations	△765	△858
Purchase of treasury shares	△5	△3
Proceeds from disposal of treasury shares	0	0
Dividends paid	△1,882	△2,587
Dividends paid to non-controlling interests	△69	△69
Net cash provided by (used in) financing activities	15,936	△6,461
Effect of exchange rate change on cash and cash equivalents	△303	△181
Net increase (decrease) in cash and cash equivalents	6,523	△6,485
Cash and cash equivalents at beginning of period	23,036	29,560
Cash and cash equivalents at end of period	29,560	23,075

(5) Notes Regarding the Consolidated Financial Statements

(Note related to going-concern assumption)

None

(Segment information)

1. Summary of the reportable segments

The reportable segments of the Company are units constituting the Company that are to be regularly examined by the Board of Directors to determine the allocation of management resources and evaluate the business results, as their financial information is available separately from that of others.

The Company has business divisions by product and service, and each business division develops a comprehensive domestic and overseas strategy for the products and services it offers in conducting its business activities.

Accordingly, the Company consists of segments by product and service based on the business divisions. There are three reportable segments: the Steel Business, the Automotive & Industrial Machinery Components Business and the Power Business.

The Steel Business produces general section steel, deformed section steel, deformed bar steel and other steel products. The Automotive & Industrial Machinery Component Business produces various wheels for automobiles, industrial vehicles and construction machinery, pressing products, components for construction machinery, industrial fasteners, etc. The Power Business engages in the wholesale of electricity.

2. Method of calculating amounts of net sales, profits or losses, assets and other items by reportable segment

The accounting method for the business segments reported is the same as that stated in “Important basic matters for preparation of the consolidated financial statements.” In addition, the profits of the reportable segments show operating profits.

The internal revenue and transfer between segments are based on the actual market price.

3. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segment				Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Total				
Net sales								
Net sales to outside customers	80,442	188,175	10,567	279,185	7,041	286,227	–	286,227
Internal sales or transfer between segments	23,838	–	–	23,838	–	23,838	(23,838)	–
Total	104,281	188,175	10,567	303,024	7,041	310,065	(23,838)	286,227
Profits of segment	2,248	7,833	1,228	11,309	1,550	12,860	(5,355)	7,505
Assets of segment	97,694	137,244	5,902	240,841	16,122	256,963	27,235	284,198
Other items								
Depreciation	4,497	5,201	555	10,254	312	10,567	543	11,110
Increase in property, plant and equipment and intangible assets	6,505	16,251	745	23,503	1,208	24,711	389	25,100

(Notes) 1. The category “Others” includes the business segments not included in the reportable segments such as synthetic mica, crawler robots, indoor and outdoor sign systems, civil engineering and construction, the leasing of real estate and the operation of the sports club.

2. The details of the adjustment are as explained below.

(1) Profits of segment in an amount of a loss of ¥5,355 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.

(2) Assets of segment in an amount of ¥27,235 million include the corporate assets of ¥33,229 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥5,994 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.

(3) Of the Other items, depreciation of ¥543 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥389 million is mainly capital spending of the administrative divisions of the Company.

3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segment				Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Total				
Net sales								
Net sales to outside customers	73,404	174,015	9,326	256,746	6,558	263,305	–	263,305
Internal sales or transfer between segments	16,773	–	–	16,773	–	16,773	(16,773)	–
Total	90,177	174,015	9,326	273,519	6,558	280,078	(16,773)	263,305
Profits of segment	4,142	1,657	852	6,652	893	7,545	(4,693)	2,851
Assets of segment	87,510	123,854	5,148	216,513	17,304	233,818	20,841	254,659
Other items								
Depreciation	4,933	5,955	450	11,339	385	11,725	607	12,332
Increase in property, plant and equipment and intangible assets	4,987	7,844	47	12,879	81	12,961	436	13,397

(Notes) 1. The category “Others” includes the business segments not included in the reportable segments such as synthetic mica, crawler robots, indoor and outdoor sign systems, civil engineering and construction, the leasing of real estate and the operation of the sports club.

2. The details of the adjustment are as explained below.

(1) Profits of segment in an amount of a loss of ¥4,693 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.

(2) Assets of segment in an amount of ¥20,841 million include the corporate assets of ¥24,492 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥3,651 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.

(3) Of the Other items, depreciation of ¥607 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥436 million is mainly capital spending of the administrative divisions of the Company.

3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

(Information per share)

	Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
Net assets per share	4,737.26 yen	4,372.66 yen
Profit (loss) per share	302.85 yen	(191.42 yen)

(Notes) 1. Profit per share after full dilution is not stated because there are no dilutive shares.

2. In the calculation of net assets per share, the shares of the Company that are held by the trust related to the stock compensation plan for directors, etc. are included in the treasury shares that are deducted from the total number of shares issued and outstanding at the end of the fiscal year (52 thousand shares for the previous consolidated fiscal year and 52 thousand shares for the consolidated fiscal year under review).

In addition, also in the calculation of profit (loss) per share, the said shares above are included in the treasury shares that are deducted in the calculation of the average number of shares during the fiscal year (58 thousand shares for the previous consolidated fiscal year and 52 thousand shares for the consolidated fiscal year under review).

3. The bases for the calculation of profit (loss) per share are as shown below.

	Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
Profit (loss) attributable to owners of parent (million yen)	7,114	(4,497)
Amount not attributable to common shareholders (million yen)	—	—
Profit (loss) attributable to owners of parent in relation to common shares (million yen)	7,114	(4,497)
Average number of shares during the fiscal year (thousand shares)	23,490	23,494

(Important events after the reporting period)

None

(Additional Information)

Regarding Accounting Estimates due to effects of COVID-19

The effect of COVID-19 to the economy and cooperate activities is extensive, and it is challenging to predict the future spread or the time of containment. Based on external information available at the end of his consolidated fiscal year, the Group is performing accounting estimations such as the collectability of deferred tax assets etc. under the assumption that effects of COVID-19 will continue for a period during the next consolidated fiscal year.