

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 10, 2021

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5631 URL <https://www.jsw.co.jp/>
 Representative: Representative Director & President Naotaka Miyuchi
 General Manager, General Affairs
 Inquiries: Department Atsuya Hodota TEL 03-5745-2001
 Scheduled date of ordinary general meeting of shareholders: June 21, 2021
 Scheduled date to file Securities Report: June 21, 2021
 Scheduled date to commence dividend payments: June 22, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	198,041	(9.0)	10,226	(45.3)	10,724	(46.1)	6,893	(26.0)
Year ended March 31, 2020	217,527	(1.2)	18,709	(23.0)	19,907	(28.7)	9,310	(53.4)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	93.76	–	5.1	3.5	5.2
Year ended March 31, 2020	126.66	–	7.2	6.6	8.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	316,249	141,985	44.4	1,908.76
As of March 31, 2020	297,173	132,492	44.0	1,778.94

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	14,712	(3,243)	2,767	88,759
Year ended March 31, 2020	18,959	(13,172)	(6,164)	74,477

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	27.50	–	17.50	45.00	3,308	35.5	2.6
Year ended March 31, 2021	–	17.50	–	17.50	35.00	2,574	37.3	1.9
Year ending March 31, 2022 (Forecast)	–	22.50	–	22.50	45.00		30.1	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	226,000	14.1	16,000	56.5	16,000	49.2	11,000	59.6	149.60

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	74,359,182 shares	As of March 31, 2020	74,332,356 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	803,655 shares	As of March 31, 2020	803,339 shares
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Average number of shares during the period

Year ended March 31, 2021	73,528,887 shares	Year ended March 31, 2020	73,505,949 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	75,525	89,441
Notes and accounts receivable - trade	51,297	56,806
Merchandise and finished goods	3,792	2,550
Work in process	62,927	57,019
Raw materials and supplies	5,643	6,126
Other	11,485	10,889
Allowance for doubtful accounts	(156)	(190)
Total current assets	210,515	222,643
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,909	23,045
Machinery, equipment and vehicles, net	7,556	9,167
Tools, furniture and fixtures, net	1,531	1,463
Land	7,984	7,987
Leased assets, net	766	886
Construction in progress	2,397	3,652
Total property, plant and equipment	39,146	46,201
Intangible assets		
Goodwill	782	573
Leased assets	180	119
Other	2,005	1,683
Total intangible assets	2,968	2,376
Investments and other assets		
Investment securities	21,295	24,950
Long-term loans receivable	323	313
Distressed receivables	304	209
Retirement benefit asset	1,588	2,807
Deferred tax assets	18,290	13,685
Other	3,178	3,395
Allowance for doubtful accounts	(438)	(333)
Total investments and other assets	44,542	45,027
Total non-current assets	86,657	93,606
Total assets	297,173	316,249

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,409	50,524
Short-term borrowings	10,048	10,147
Current portion of long-term borrowings	5,155	1,950
Lease obligations	434	386
Income taxes payable	1,143	2,484
Advances received	19,012	17,928
Provision for bonuses for directors (and other officers)	77	67
Provision for warranties for completed construction	193	153
Provision for loss on construction contracts	557	479
Provision for loss on wind power generator business	1,421	1,421
Provision for business restructuring	5,596	2,482
Other	13,425	17,522
Total current liabilities	105,475	105,548
Non-current liabilities		
Long-term borrowings	35,691	44,781
Lease obligations	734	775
Deferred tax liabilities	371	362
Provision for retirement benefits for directors (and other officers)	57	46
Retirement benefit liability	11,172	12,404
Long-term guarantee deposits	9,255	8,442
Asset retirement obligations	1,329	1,352
Other	593	549
Total non-current liabilities	59,205	68,715
Total liabilities	164,680	174,263
Net assets		
Shareholders' equity		
Share capital	19,737	19,758
Capital surplus	5,383	5,490
Retained earnings	108,454	112,784
Treasury shares	(2,312)	(2,313)
Total shareholders' equity	131,262	135,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,017	4,962
Deferred gains or losses on hedges	(69)	(286)
Foreign currency translation adjustment	(356)	(458)
Remeasurements of defined benefit plans	(1,049)	461
Total accumulated other comprehensive income	(458)	4,679
Non-controlling interests	1,688	1,586
Total net assets	132,492	141,985
Total liabilities and net assets	297,173	316,249

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	217,527	198,041
Cost of sales	167,251	155,758
Gross profit	50,275	42,283
Selling, general and administrative expenses		
Direct selling expenses	9,332	9,345
Indirect selling, general and administrative expenses	22,234	22,710
Total selling, general and administrative expenses	31,566	32,056
Operating profit	18,709	10,226
Non-operating income		
Interest income	71	28
Dividend income	775	511
Gain on adjustment of insurance	409	178
Gain on non-current assets rent	757	501
Miscellaneous income	552	437
Total non-operating income	2,565	1,657
Non-operating expenses		
Interest expenses	249	275
Expenses for delayed delivery	178	471
Share of loss of entities accounted for using equity method	3	27
Miscellaneous losses	935	386
Total non-operating expenses	1,367	1,160
Ordinary profit	19,907	10,724
Extraordinary income		
Gain on sale of non-current assets	1,296	7
Gain on sale of investment securities	379	233
Gain on bargain purchase	361	–
Gain on transfer from business divestitures	–	2,540
Total extraordinary income	2,036	2,780
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	483	474
Provision for business restructuring provision	2,244	–
Loss on step acquisitions	95	–
Loss on sale of investment securities	1,369	69
Loss on valuation of investment securities	3,589	–
Other	5	–
Total extraordinary losses	7,789	545
Profit before income taxes	14,154	12,960
Income taxes - current	2,646	3,620
Income taxes - deferred	1,974	2,297
Total income taxes	4,620	5,917
Profit	9,534	7,042
Profit attributable to non-controlling interests	223	148
Profit attributable to owners of parent	9,310	6,893

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	9,534	7,042
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,273)	3,945
Deferred gains or losses on hedges	157	(216)
Foreign currency translation adjustment	(122)	(115)
Remeasurements of defined benefit plans, net of tax	(927)	1,511
Total other comprehensive income	(3,166)	5,124
Comprehensive income	6,368	12,166
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,126	12,032
Comprehensive income attributable to non-controlling interests	241	134

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,716	5,362	102,915	(2,312)	125,682
Changes during period					
Issuance of new shares	20	20			41
Dividends of surplus			(4,227)		(4,227)
Profit attributable to owners of parent			9,310		9,310
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation		0	454		455
Net changes in items other than shareholders' equity					
Total changes during period	20	21	5,538	(0)	5,579
Balance at end of period	19,737	5,383	108,454	(2,312)	131,262

	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 beginning of period	3,290	(226)	(222)	(115)	2,725	1,419	129,827
Changes during period							
Issuance of new shares							41
Dividends of surplus							(4,227)
Profit attributable to owners of parent							9,310
Purchase of treasury shares							(0)
Change in scope of consolidation							455
Net changes in items other than shareholders' equity	(2,273)	157	(133)	(933)	(3,184)	269	(2,914)
Total changes during period	(2,273)	157	(133)	(933)	(3,184)	269	2,665
Balance at end of period	1,017	(69)	(356)	(1,049)	(458)	1,688	132,492

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,737	5,383	108,454	(2,312)	131,262
Changes during period					
Issuance of new shares	21	21			42
Dividends of surplus			(2,573)		(2,573)
Profit attributable to owners of parent			6,893		6,893
Purchase of shares of consolidated subsidiaries		85			85
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			10		10
Net changes in items other than shareholders' equity					
Total changes during period	21	106	4,330	(0)	4,457
Balance at end of period	19,758	5,490	112,784	(2,313)	135,719

	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 beginning of period	1,017	(69)	(356)	(1,049)	(458)	1,688	132,492
Changes during period							
Issuance of new shares							42
Dividends of surplus							(2,573)
Profit attributable to owners of parent							6,893
Purchase of shares of consolidated subsidiaries							85
Purchase of treasury shares							(0)
Change in scope of consolidation							10
Net changes in items other than shareholders' equity	3,945	(216)	(101)	1,511	5,138	(102)	5,035
Total changes during period	3,945	(216)	(101)	1,511	5,138	(102)	9,493
Balance at end of period	4,962	(286)	(458)	461	4,679	1,586	141,985

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	14,154	12,960
Depreciation	5,733	6,040
Amortization of goodwill	283	207
Interest and dividend income	(846)	(540)
Interest expenses	249	275
Share of loss (profit) of entities accounted for using equity method	3	27
Loss (gain) on sale of investment securities	990	(163)
Loss (gain) on valuation of short-term and long-term investment securities	3,589	–
Loss on retirement of non-current assets	483	474
Loss (gain) on sale of non-current assets	(1,295)	(6)
Gain on bargain purchase	(361)	–
Loss (gain) on step acquisitions	95	–
Loss (gain) on sale of businesses	–	(2,540)
Decrease (increase) in trade receivables	15,059	(7,132)
Increase (decrease) in trade payables	(10,436)	2,014
Decrease (increase) in inventories	(1,865)	6,570
Decrease/increase in consumption taxes receivable/payable	(484)	(612)
Decrease (increase) in other non-current assets	110	(149)
Increase (decrease) in provision for loss on construction contracts	(255)	(77)
Increase (decrease) in provision for loss on wind power generator business	(465)	–
Increase (decrease) in business restructuring reserve	300	(3,114)
Increase (decrease) in retirement benefit liability	131	2,239
Other, net	(681)	(852)
Subtotal	24,493	15,618
Interest and dividends received	843	556
Interest paid	(275)	(313)
Income taxes refund (paid)	(6,102)	(1,149)
Net cash provided by (used in) operating activities	18,959	14,712
Cash flows from investing activities		
Decrease (increase) in time deposits	(339)	420
Purchase of non-current assets	(12,824)	(8,276)
Proceeds from sale of non-current assets	1,650	11
Purchase of investment securities	(2,016)	(14)
Proceeds from sale of investment securities	1,763	2,144
Proceeds from collection of long-term loans receivable	10	9
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	240	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(896)	–
Payments for investments in capital of subsidiaries and associates	(384)	–
Proceeds from sale of businesses	–	2,652
Other, net	(375)	(190)
Net cash provided by (used in) investing activities	(13,172)	(3,243)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,140)	99
Proceeds from long-term borrowings	1,200	11,040
Repayments of long-term borrowings	(315)	(5,155)
Dividends paid	(4,227)	(2,573)
Repayments of finance lease obligations	(737)	(490)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	49	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(28)
Other, net	6	(123)
Net cash provided by (used in) financing activities	(6,164)	2,767
Effect of exchange rate change on cash and cash equivalents	(65)	(46)
Net increase (decrease) in cash and cash equivalents	(443)	14,189
Cash and cash equivalents at beginning of period	73,820	74,477
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,100	92
Cash and cash equivalents at end of period	74,477	88,759