

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 25, 2020

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 24, 2020  
 Scheduled date to file Securities Report: June 30, 2020  
 Scheduled date to commence dividend payments: June 25, 2020  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

#### (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, 2020	217,527	(1.2)	18,709	(23.0)	19,907	(28.7)	9,310	(53.4)
Year ended March 31, 2019	220,153	4.0	24,290	18.0	27,925	26.3	19,966	86.4

	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, 2020	126.66	–	7.2	6.6	8.6
Year ended March 31, 2019	271.69	–	16.3	9.3	11.0

#### (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, 2020	297,173	132,492	44.0	1,778.94
As of March 31, 2019	305,471	129,827	42.0	1,746.91

#### (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, 2020	18,959	(13,172)	(6,164)	74,477
Year ended March 31, 2019	1,092	(1,334)	(3,758)	73,820

### 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, 2019	–	25.00	–	30.00	55.00	4,042	20.2	3.3
Year ended March 31, 2020	–	27.50	–	17.50	45.00	3,308	35.5	2.6
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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, 2020	74,332,356 shares	As of March 31, 2019	74,309,108 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	803,339 shares	As of March 31, 2019	803,082 shares
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Average number of shares during the period

Year ended March 31, 2020	73,505,949 shares	Year ended March 31, 2019	73,489,812 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	74,304	75,525
Notes and accounts receivable - trade	64,921	51,297
Merchandise and finished goods	2,767	3,792
Work in process	61,004	62,927
Raw materials and supplies	5,675	5,643
Other	6,544	11,485
Allowance for doubtful accounts	(137)	(156)
Total current assets	215,080	210,515
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,212	18,909
Machinery, equipment and vehicles, net	7,273	7,556
Tools, furniture and fixtures, net	1,302	1,531
Land	8,250	7,984
Leased assets, net	710	766
Construction in progress	1,764	2,397
Total property, plant and equipment	34,514	39,146
Intangible assets		
Goodwill	268	782
Leased assets	245	180
Other	1,712	2,005
Total intangible assets	2,226	2,968
Investments and other assets		
Investment securities	29,078	21,295
Long-term loans receivable	333	323
Distressed receivables	254	304
Retirement benefit asset	2,374	1,588
Deferred tax assets	18,566	18,290
Other	3,439	3,178
Allowance for doubtful accounts	(397)	(438)
Total investments and other assets	53,650	44,542
Total non-current assets	90,391	86,657
Total assets	305,471	297,173

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	55,579	48,409
Short-term borrowings	12,088	10,048
Current portion of long-term borrowings	199	5,155
Lease obligations	496	434
Income taxes payable	3,326	1,143
Advances received	16,619	19,012
Provision for bonuses for directors (and other officers)	93	77
Provision for warranties for completed construction	441	193
Provision for loss on construction contracts	301	557
Provision for loss on wind power generator business	1,887	1,421
Provision for business restructuring	5,295	5,596
Other	16,140	13,425
<b>Total current liabilities</b>	<b>112,469</b>	<b>105,475</b>
<b>Non-current liabilities</b>		
Long-term borrowings	39,208	35,691
Lease obligations	796	734
Deferred tax liabilities	90	371
Provision for retirement benefits for directors (and other officers)	73	57
Retirement benefit liability	10,494	11,172
Long-term guarantee deposits	10,721	9,255
Asset retirement obligations	1,308	1,329
Other	481	593
<b>Total non-current liabilities</b>	<b>63,174</b>	<b>59,205</b>
<b>Total liabilities</b>	<b>175,643</b>	<b>164,680</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	19,716	19,737
Capital surplus	5,362	5,383
Retained earnings	102,915	108,454
Treasury shares	(2,312)	(2,312)
<b>Total shareholders' equity</b>	<b>125,682</b>	<b>131,262</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,290	1,017
Deferred gains or losses on hedges	(226)	(69)
Foreign currency translation adjustment	(222)	(356)
Remeasurements of defined benefit plans	(115)	(1,049)
<b>Total accumulated other comprehensive income</b>	<b>2,725</b>	<b>(458)</b>
<b>Non-controlling interests</b>	<b>1,419</b>	<b>1,688</b>
<b>Total net assets</b>	<b>129,827</b>	<b>132,492</b>
<b>Total liabilities and net assets</b>	<b>305,471</b>	<b>297,173</b>

**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	220,153	217,527
Cost of sales	166,622	167,251
Gross profit	53,531	50,275
Selling, general and administrative expenses		
Direct selling expenses	8,453	9,332
Indirect selling, general and administrative expenses	20,787	22,234
Total selling, general and administrative expenses	29,240	31,566
Operating profit	24,290	18,709
Non-operating income		
Interest income	52	71
Dividend income	851	775
Gain on adjustment of insurance	109	409
Gain on non-current assets rent	786	757
Share of profit of entities accounted for using equity method	89	–
Miscellaneous income	2,310	552
Total non-operating income	4,201	2,565
Non-operating expenses		
Interest expenses	246	249
Foreign exchange losses	–	173
Expenses for delayed delivery	172	178
Non-deductible consumption tax	28	230
Share of loss of entities accounted for using equity method	–	3
Miscellaneous loss	118	532
Total non-operating expenses	565	1,367
Ordinary profit	27,925	19,907
Extraordinary income		
Gain on sales of non-current assets	3,933	1,296
Gain on sales of investment securities	263	379
Gain on bargain purchase	–	361
Other	113	–
Total extraordinary income	4,309	2,036
Extraordinary losses		
Loss on sales of non-current assets	32	0
Loss on retirement of non-current assets	228	483
Impairment loss	1,623	–
Provision for business restructuring provision	711	2,244
Loss on step acquisitions	–	95
Loss on sales of investment securities	–	1,369
Loss on valuation of investment securities	51	3,589
Other	271	5
Total extraordinary losses	2,918	7,789
Profit before income taxes	29,317	14,154
Income taxes - current	5,335	2,646
Income taxes - deferred	3,791	1,974
Total income taxes	9,127	4,620
Profit	20,190	9,534
Profit attributable to non-controlling interests	223	223
Profit attributable to owners of parent	19,966	9,310

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	20,190	9,534
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,978)	(2,273)
Deferred gains or losses on hedges	(532)	157
Foreign currency translation adjustment	(232)	(122)
Remeasurements of defined benefit plans, net of tax	(478)	(927)
Total other comprehensive income	(5,221)	(3,166)
Comprehensive income	14,968	6,368
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,768	6,126
Comprehensive income attributable to non-controlling interests	200	241

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,694	5,467	86,256	(2,310)	109,107
Changes during period					
Issuance of new shares	22	22			44
Dividends of surplus			(3,307)		(3,307)
Profit attributable to owners of parent			19,966		19,966
Purchase of shares of consolidated subsidiaries		(127)			(127)
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	22	(104)	16,659	(1)	16,575
Balance at end of period	19,716	5,362	102,915	(2,312)	125,682

	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	7,269	305	(21)	370	7,923	1,569	118,600
Changes during period							
Issuance of new shares							44
Dividends of surplus							(3,307)
Profit attributable to owners of parent							19,966
Purchase of shares of consolidated subsidiaries							(127)
Purchase of treasury shares							(1)
Net changes in items other than shareholders' equity	(3,978)	(532)	(200)	(486)	(5,197)	(150)	(5,348)
Total changes during period	(3,978)	(532)	(200)	(486)	(5,197)	(150)	11,227
Balance at end of period	3,290	(226)	(222)	(115)	2,725	1,419	129,827

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

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	29,317	14,154
Depreciation	4,424	5,733
Amortization of goodwill	215	283
Impairment loss	1,623	–
Interest and dividend income	(903)	(846)
Interest expenses	246	249
Share of loss (profit) of entities accounted for using equity method	(89)	3
Loss (gain) on valuation of short-term and long-term investment securities	51	3,589
Loss (gain) on sales of investment securities	(263)	990
Loss on retirement of property, plant and equipment and intangible assets	228	483
Loss (gain) on sales of property, plant and equipment	(3,900)	(1,295)
Decrease (increase) in trade receivables	(13,217)	15,059
Increase (decrease) in trade payables	(1,155)	(10,436)
Decrease (increase) in inventories	(7,618)	(1,865)
Decrease/increase in consumption taxes receivable/payable	(443)	(484)
Gain on bargain purchase	–	(361)
Loss (gain) on step acquisitions	–	95
Increase (decrease) in provision for loss on wind power generator business	(1,478)	(465)
Increase (decrease) in business restructuring reserve	(1,093)	300
Other, net	(1,143)	(695)
Subtotal	4,797	24,493
Interest and dividends received	893	843
Interest paid	(265)	(275)
Income taxes (paid) refund	(4,334)	(6,102)
Net cash provided by (used in) operating activities	1,092	18,959
Cash flows from investing activities		
Payments into time deposits	(56)	(533)
Proceeds from withdrawal of time deposits	544	193
Purchase of property, plant and equipment and intangible assets	(7,347)	(12,824)
Proceeds from sales of property, plant and equipment and intangible assets	6,057	1,650
Purchase of investment securities	(43)	(2,016)
Proceeds from sales of investment securities	272	1,763
Refund of long-term guarantee deposits	(177)	(628)
Collection of long-term loans receivable	10	10
Payments for investments in capital of subsidiaries and associates	–	(384)
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)
Purchase of shares of subsidiaries and associates	(497)	–
Other, net	(97)	253
Net cash provided by (used in) investing activities	(1,334)	(13,172)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	83	(2,140)
Proceeds from long-term borrowings	250	1,200
Repayments of long-term borrowings	(242)	(315)
Dividends paid	(3,307)	(4,227)
Purchase of treasury shares	(1)	(0)
Repayments of finance lease obligations	(550)	(737)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	–	49
Other, net	9	7
Net cash provided by (used in) financing activities	(3,758)	(6,164)
Effect of exchange rate change on cash and cash equivalents	(58)	(65)
Net increase (decrease) in cash and cash equivalents	(4,059)	(443)
Cash and cash equivalents at beginning of period	77,879	73,820
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	1,100
Cash and cash equivalents at end of period	73,820	74,477