

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5631 URL <https://www.jsw.co.jp/>
 Representative: Representative Director & President toshio matsuo
 General Manager, General Affairs
 Inquiries: Department hideo nakanishi TEL 03-5745-2001
 Scheduled date of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	238,721	11.7	13,846	(10.4)	14,958	(10.8)	11,974	(14.1)
Year ended March 31, 2022	213,790	8.0	15,460	51.2	16,772	56.4	13,948	102.3

	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, 2023	162.75	–	7.8	4.3	5.8
Year ended March 31, 2022	189.63	–	9.6	5.1	7.2

(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, 2023	348,358	160,636	45.7	2,162.18
As of March 31, 2022	339,729	151,083	44.0	2,031.29

(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, 2023	(986)	947	(20,112)	86,400
Year ended March 31, 2022	22,325	(2,976)	(2,860)	105,799

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, 2022	–	22.50	–	34.50	57.00	4,193	30.1	2.9
Year ended March 31, 2023	–	29.00	–	29.00	58.00	4,267	35.6	2.8
Year ending March 31, 2024 (Forecast)	–	29.00	–	29.00	58.00		30.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	280,000	17.3	18,500	33.6	19,000	27.0	14,000	16.9	190.26

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2023
(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, 2023	74,387,779 shares	As of March 31, 2022	74,373,265 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	804,399 shares	As of March 31, 2022	804,074 shares
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Average number of shares during the period

Year ended March 31, 2023	73,579,295 shares	Year ended March 31, 2022	73,555,306 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	106,239	87,286
Notes receivable - trade	2,080	1,826
Electronically recorded monetary claims - operating	3,723	3,672
Accounts receivable - trade	53,760	66,697
Merchandise and finished goods	4,735	5,668
Work in process	62,863	76,245
Raw materials and supplies	6,985	8,839
Other	12,036	13,988
Allowance for doubtful accounts	(333)	(369)
Total current assets	252,091	263,856
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,004	21,197
Machinery, equipment and vehicles, net	10,635	11,084
Tools, furniture and fixtures, net	1,436	1,915
Land	7,989	7,502
Leased assets, net	764	761
Construction in progress	1,679	2,121
Total property, plant and equipment	44,509	44,583
Intangible assets		
Goodwill	407	242
Leased assets	82	30
Other	1,460	1,264
Total intangible assets	1,951	1,537
Investments and other assets		
Investment securities	19,602	19,388
Long-term loans receivable	303	300
Distressed receivables	209	151
Retirement benefit asset	3,302	3,394
Deferred tax assets	14,543	11,873
Other	3,536	3,525
Allowance for doubtful accounts	(319)	(251)
Total investments and other assets	41,177	38,381
Total non-current assets	87,638	84,501
Total assets	339,729	348,358

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,500	34,715
Electronically recorded obligations - operating	24,407	34,481
Short-term borrowings	10,412	10,905
Current portion of long-term borrowings	15,939	2,523
Lease liabilities	340	292
Income taxes payable	3,136	1,605
Contract liabilities	31,083	33,358
Provision for bonuses for directors (and other officers)	59	46
Provision for warranties for completed construction	528	310
Provision for loss on construction contracts	702	388
Provision for loss on wind power generator business	734	512
Provision for business restructure	1,617	1,541
Other	13,950	16,731
Total current liabilities	134,413	137,412
Non-current liabilities		
Long-term borrowings	31,142	29,118
Lease liabilities	608	581
Deferred tax liabilities	351	352
Provision for retirement benefits for directors (and other officers)	41	44
Retirement benefit liability	12,341	11,174
Long-term guarantee deposits	7,551	7,056
Asset retirement obligations	1,377	1,401
Other	819	578
Total non-current liabilities	54,232	50,308
Total liabilities	188,646	187,721
Net assets		
Shareholders' equity		
Share capital	19,778	19,799
Capital surplus	5,510	5,531
Retained earnings	123,790	131,093
Treasury shares	(2,314)	(2,315)
Total shareholders' equity	146,765	154,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,217	2,956
Deferred gains or losses on hedges	(453)	(359)
Foreign currency translation adjustment	250	1,168
Remeasurements of defined benefit plans	661	1,225
Total accumulated other comprehensive income	2,674	4,991
Non-controlling interests	1,643	1,536
Total net assets	151,083	160,636
Total liabilities and net assets	339,729	348,358

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	213,790	238,721
Cost of sales	165,974	189,340
Gross profit	47,816	49,380
Selling, general and administrative expenses		
Direct selling costs	10,666	12,432
Indirect selling, general and administrative expenses	21,689	23,101
Total selling, general and administrative expenses	32,355	35,533
Operating profit	15,460	13,846
Non-operating income		
Interest income	43	50
Dividend income	704	628
Gain on non-current assets rent	461	555
Share of profit of entities accounted for using equity method	29	–
Miscellaneous income	626	804
Total non-operating income	1,864	2,039
Non-operating expenses		
Interest expenses	281	210
Expenses for delayed delivery	18	427
Share of loss of entities accounted for using equity method	–	2
Miscellaneous losses	253	285
Total non-operating expenses	553	927
Ordinary profit	16,772	14,958
Extraordinary income		
Gain on sale of non-current assets	1,268	5,273
Gain on sale of investment securities	2,235	415
Gain on liquidation of subsidiaries and associates	–	151
Total extraordinary income	3,503	5,840
Extraordinary losses		
Loss on sale of non-current assets	1	227
Loss on retirement of non-current assets	369	325
Loss on sale of investment securities	94	–
Loss on valuation of investment securities	73	344
Loss on inappropriate conduct in quality inspections	–	1,383
Total extraordinary losses	539	2,280
Profit before income taxes	19,736	18,518
Income taxes - current	5,342	4,388
Income taxes - deferred	270	2,190
Total income taxes	5,613	6,578
Profit	14,123	11,940
Profit (loss) attributable to non-controlling interests	174	(34)
Profit attributable to owners of parent	13,948	11,974

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	14,123	11,940
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,745)	739
Deferred gains or losses on hedges	(167)	94
Foreign currency translation adjustment	709	965
Remeasurements of defined benefit plans, net of tax	200	564
Total other comprehensive income	(2,003)	2,363
Comprehensive income	12,119	14,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,943	14,291
Comprehensive income attributable to non-controlling interests	176	12

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,758	5,490	112,784	(2,313)	135,719
Changes during period					
Issuance of new shares	20	20			40
Dividends of surplus			(2,942)		(2,942)
Profit attributable to owners of parent			13,948		13,948
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during period	20	20	11,005	(1)	11,045
Balance at end of period	19,778	5,510	123,790	(2,314)	146,765

	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	4,962	(286)	(458)	461	4,679	1,586	141,985
Changes during period							
Issuance of new shares					-		40
Dividends of surplus					-		(2,942)
Profit attributable to owners of parent					-		13,948
Purchase of treasury shares					-		(1)
Net changes in items other than shareholders' equity	(2,745)	(167)	708	200	(2,005)	57	(1,947)
Total changes during period	(2,745)	(167)	708	200	(2,005)	57	9,097
Balance at end of period	2,217	(453)	250	661	2,674	1,643	151,083

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,778	5,510	123,790	(2,314)	146,765
Changes during period					
Issuance of new shares	20	20			41
Dividends of surplus			(4,672)		(4,672)
Profit attributable to owners of parent			11,974		11,974
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during period	20	20	7,302	(1)	7,343
Balance at end of period	19,799	5,531	131,093	(2,315)	154,108

	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	2,217	(453)	250	661	2,674	1,643	151,083
Changes during period							
Issuance of new shares					-		41
Dividends of surplus					-		(4,672)
Profit attributable to owners of parent					-		11,974
Purchase of treasury shares					-		(1)
Net changes in items other than shareholders' equity	739	94	918	564	2,316	(107)	2,209
Total changes during period	739	94	918	564	2,316	(107)	9,553
Balance at end of period	2,956	(359)	1,168	1,225	4,991	1,536	160,636

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	19,736	18,518
Depreciation	6,183	6,572
Amortization of goodwill	165	164
Interest and dividend income	(747)	(679)
Interest expenses	281	210
Share of loss (profit) of entities accounted for using equity method	(29)	2
Loss (gain) on sale of investment securities	(2,140)	(415)
Loss (gain) on valuation of investment securities	73	344
Loss (gain) on sale of property, plant and equipment and intangible assets	(1,266)	(5,045)
Loss on retirement of property, plant and equipment and intangible assets	369	325
Loss (gain) on liquidation of subsidiaries and associates	–	(151)
Decrease (increase) in trade receivables	9,899	(10,390)
Increase (decrease) in trade payables	3,629	11,814
Decrease (increase) in inventories	(8,458)	(15,496)
Increase (decrease) in provision for warranties for completed construction	374	(218)
Increase (decrease) in provision for loss on construction contracts	222	(314)
Increase (decrease) in provision for loss on wind power generator business	(686)	(222)
Increase(decrease)in provision for loss on business restructure	(864)	(75)
Other, net	(217)	(328)
Subtotal	26,524	4,614
Interest and dividends received	747	672
Interest paid	(280)	(229)
Income taxes refund (paid)	(4,664)	(6,044)
Net cash provided by (used in) operating activities	22,325	(986)
Cash flows from investing activities		
Net decrease (increase) in time deposits	357	(428)
Purchase of property, plant and equipment and intangible assets	(8,805)	(6,107)
Proceeds from sale of property, plant and equipment and intangible assets	1,968	6,134
Purchase of investment securities	(14)	(17)
Proceeds from sale of investment securities	3,501	1,173
Proceeds from liquidation of subsidiaries and associates	–	150
Proceeds from collection of long-term loans receivable	9	3
Other, net	6	38
Net cash provided by (used in) investing activities	(2,976)	947

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	265	493
Proceeds from long-term borrowings	2,300	500
Repayments of long-term borrowings	(1,950)	(15,939)
Dividends paid	(2,942)	(4,672)
Dividends paid to non-controlling interests	(118)	(119)
Repayments of finance lease liabilities	(413)	(375)
Net cash provided by (used in) financing activities	(2,860)	(20,112)
Effect of exchange rate change on cash and cash equivalents	551	752
Net increase (decrease) in cash and cash equivalents	17,040	(19,399)
Cash and cash equivalents at beginning of period	88,759	105,799
Cash and cash equivalents at end of period	105,799	86,400