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Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2022 (Japanese GAAP)



May 11, 2022
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL TRADING CORPORATION**
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Scheduled ordinary general meeting of shareholders: June 24, 2022
Start of cash dividend payments: June 27, 2022
Securities report to be submitted: June 24, 2022
Supplementary materials: Yes (Japanese only)
IR conference: Yes (for institutional investors and analysts; Japanese only)

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(%: change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2022	1,865,907	46.8	44,627	99.6	47,810	85.5	35,417	121.5
FYE March 31, 2021	1,271,050	–	22,361	–	25,772	–	15,992	–

Note: Comprehensive income
FYE March 31, 2022 ¥39,806 million (86.7%)
FYE March 31, 2021 ¥21,321 million (–%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
FYE March 31, 2022	1,098.03	–	13.2	4.8	2.4
FYE March 31, 2021	495.79	–	6.5	3.0	1.8

Reference: Shares of profit/loss of entities accounted for using equity method

FYE March 31, 2022 ¥2,439 million
FYE March 31, 2021 ¥2,559 million

* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application. The percentage change from the previous year is not shown.

(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, 2022	1,100,441	308,198	25.7	8,759.36
As of March 31, 2021	883,285	278,090	28.9	7,917.51

Reference: Equity capital

As of March 31, 2022 ¥282,534 million

As of March 31, 2021 ¥255,389 million

* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2022	(113,001)	(5,327)	100,633	28,818
As of March 31, 2021	47,255	(6,451)	(9,993)	55,881

* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application.

2. Dividends

	Annual dividends per share					Dividends paid (total)	Payout ratio (consolidated)	Dividends on equity ratio (consolidated)
	1Q	2Q	3Q	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 31, 2021	–	50.00	–	110.00	160.00	5,161	32.4	2.1
FYE March 31, 2022	–	160.00	–	190.00	350.00	11,290	31.9	4.2
FYE March 31, 2023 (Est.)	–	–	–	–	300.00		32.3	

* Regarding the second quarter and year-end dividends for the fiscal year ending March 2023 (forecast), since the consolidated earnings forecast for the fiscal year ending March 2023 is prepared only for the full year, and it is not possible to forecast the interim and year-end dividends separately, only the total amount of the annual dividend is indicated.

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(%: change from the same period of the previous year)

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	43,000	(10.1)	30,000	(15.3)	930.09

* Notes

- (1) Changes in significant subsidiaries during period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

- (2) Changes of accounting policies, changes of accounting estimates and retrospective restatements
 - i. Changes in accounting policies resulting from changes in accounting standards, etc.: Yes
 - ii. Other accounting policy changes: None
 - iii. Changes in accounting estimates: None
 - iv. Restatements: None

- (3) Number of shares outstanding (common shares)
 - i. Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2022	32,307,800 shares
As of March 31, 2021	32,307,800 shares

 - ii. Number of treasury shares at the end of the period

As of March 31, 2022	52,712 shares
As of March 31, 2021	51,577 shares

 - iii. Average number of shares during the period

FYE March 31, 2022	32,255,655 shares
FYE March 31, 2021	32,257,181 shares

(Reference) Overview of Non-consolidated Financial Results

**Non-consolidated Results for Fiscal Year Ended March 31, 2022
(April 1, 2021 to March 31, 2022)**

(1) Non-consolidated Operating Results (%: change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2022	1,245,531	51.6	24,284	65.0	30,430	51.3	23,663	50.2
FYE March 31, 2021	821,843	—	14,714	—	20,113	—	15,750	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FYE March 31, 2022	733.54		—	
FYE March 31, 2021	488.24		—	

* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application. The percentage change from the previous year is not shown.

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	835,470	197,023	23.6	6,107.72
As of March 31, 2021	686,470	186,222	27.1	5,772.70

Reference: Equity capital

As of March 31, 2022 ¥197,023 million

As of March 31, 2021 ¥186,222 million

* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application.

<The difference of non-consolidated financial results from actual results of the previous period>

As the business environment for the Steel Business has recovered accompanying the recovery of demand for steel domestically and abroad, there has been a difference between the actual results for the previous fiscal year and the actual results for the fiscal year under audit.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation for the proper use of earnings projections, and other special matters

(Caution on description of future events, etc.)

The preceding projections are based on information available at the time of the publication of these materials, and are not intended as pledges on the part of the Company that the said projections will be achieved. Actual results may differ materially from projections due to various factors that may occur in the future. For the assumptions on which these earnings projections were based, see “1. Overview of Operating Results and Others, (1) Outline of Operating Results for the Fiscal Year” on page 2 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of May 11, 2022, and they were published on the Group’s website on the same date.

(How to acquire materials for briefing session)

The Company has scheduled a briefing session for institutional investors and analysts on May 24, 2022. Soon after the session is over, the presentation materials distributed during the event will be posted on the Company’s website (Japanese only).

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1. Overview of Operating Results and Others

(1) Outline of Operating Results for the Fiscal Year

Forward-looking statements in this document are based on the Group's views as of the end of the fiscal year under audit. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the fiscal year. The Company has compared with the previous fiscal year, and analyzed the data using the figures after retrospectively applying the accounting standard and relevant ASBJ regulations.

A. Operating Results for the Fiscal Year

The world economy in the fiscal year under audit generally recovered due to the progress of measures against COVID-19 in the first half, but in the second half, the economy slowed down remarkably due to the invasion of Ukraine by Russia in addition to the labor shortage resulting from the renewed spread of COVID-19 with variants. Regarding the Japanese economy, although there was a recovery from the previous fiscal year, the recovery was slow due to a decrease in automobile production caused by restrictions on the supply of semiconductors, and consumer sentiment cooled due to the rapid increase in the number of people infected with COVID-19 in the winter, resulting in a continued slump in personal consumption.

In this business environment, aiming at overcoming structural changes in the business environment for the future and becoming a "strong growth company that contributes to society" through the supply of socially valuable products and services, the Group has been working on measures based on the medium- to long-term management plan formulated in May 2021.

The Group's consolidated earnings, as compared with the previous fiscal year, were as follows: Net sales were ¥1,865.9 billion, up ¥594.8 billion (46.8%). Operating profit was ¥44.6 billion, up ¥22.2 billion (99.6%) and ordinary profit was ¥47.8 billion, up ¥22.0 billion (85.5%). Profit attributable to owners of parent was ¥35.4 billion, up ¥19.4 billion (121.5%). The Group recorded all-time-highs both in ordinary profit and profit attributable to owners of parent. Earnings for reportable segments are as below.

(Steel)

The business environment for the Steel business improved as demand for steel products recovered in Japan and overseas, and steel prices rose significantly compared to the previous fiscal year due to improvements in the supply-demand balance and steep rise in raw material prices.

Ordinary profit for the Steel business, increased by 2.3 times or ¥24.0 billion, to ¥43.2 billion, due to the effects of promoting growth strategies and strengthening the business foundation, as well as the increase in sales volume and the gain on inventory sales when steel prices went up.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, although sales of high-performance materials such as aluminum increased, the business environment in the automobile parts business, which was affected by the decrease in production of manufacturers, continued to be severe.

Ordinary profit in the Industrial Supply and Infrastructure business decreased by 17%, or ¥400 million year on year, to ¥2.1 billion, partially caused by the deterioration of earnings of Group companies.

(Textiles)

In the business environment surrounding the Textiles business, in addition to the structural contraction of the domestic apparel market, clothing sales declined due to the impact of more people refraining from going out and the increase in telecommuting accompanying measures to prevent the spread of COVID-19. Also, with the impact of cost increases resulting from transferring production to other regions to shorten delivery times and a steep rise in distribution costs, the difficult business conditions continued. The Textiles business posted an ordinary loss of ¥500 million, down ¥2.2 billion year on year.

The Group has been working toward reinforcement of our business foundation and promotion of growth strategies including establishment of MN Inter-Fashion Ltd. through the integration of our textiles business with the textiles business of Mitsui & Co., Ltd in January 2022.

(Foodstuffs)

Although the business environment surrounding the Foodstuffs business continued to be severe due to the effects of restaurant closures and shortened business hours, in terms of business performance, as a result of implementing growth strategies that include capturing demand for ready-made takeout meals, ordinary profit of our Foodstuffs business increased 24%, or ¥500 million year on year, to ¥2.9 billion.

B. Future Projection

Regarding the global economy in FY2022, the situation is uncertain with concerns about the progress of inflation and the slowdown of economic growth due to the steep rise in prices of resources and materials and the deterioration of trade conditions due to the crisis in Ukraine, as well as the prolonged supply chain constraints caused by the COVID-19 pandemic.

The Group aims to contribute to society and improve corporate value by promoting various measures of the medium- to long-term management plan and implementing necessary reinforcement measures, overcoming changes in the business environment, and supplying socially valuable products and services.

For the fiscal year ending March 31, 2023, ordinary profit is projected to be ¥43.0 billion, and profit attributable to owners of parent is projected to be ¥30.0 billion.

(2) Overview of Financial Position for the Fiscal Year

A. Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under audit increased by ¥217.1 billion from the end of the previous fiscal year to ¥1,100.4 billion, due mainly to an increase in accounts receivable - trade resulting from an increase in net sales.

Interest-bearing debts increased by ¥117.2 billion from the end of the previous fiscal year to ¥415.6 billion, due to increases in working capital. As a result of posting profit attributable to owners of parent, total net assets increased by ¥30.1 billion from the end of the previous fiscal year to ¥308.1 billion.

Shareholders' equity at the end of the fiscal year was ¥282.5 billion, yielding an equity ratio of 25.7%, and a net interest-bearing debts to equity ratio (net debt-to-equity ratio) of 1.36.

B. Cash Flows

Cash and cash equivalents at the end of the fiscal year under audit decreased by ¥27.0 billion from the end of the previous fiscal year to ¥28.8 billion.

Net cash used in operating activities in the fiscal year was ¥113.0 billion. The main factors in this decrease in funds were increases in trade receivables of ¥134.5 billion and inventories of ¥93.7 billion, while the main factors leading to an increase in funds were an increase in trade payables of ¥65.8 billion and posting profit before income taxes of ¥52.1 billion.

Net cash used in investment activities was ¥5.3 billion. The main factor in cash outflows was ¥5.2 billion in purchase of property, plant and equipment. The main factor in cash inflows was proceeds from sale of investment securities of ¥4.2 billion.

Net cash provided by financing activities was ¥100.6 billion. The main factors in cash inflows were an increase in short-term borrowings of ¥72.5 billion and an increase in commercial papers of ¥39.0 billion. The main factor in cash outflows was dividends paid of ¥8.7 billion.

C. Cash Flow Indicators

	FYE March 31, 2019	FYE March 31, 2020	FYE March 31, 2021	FYE March 31, 2022
Equity ratio (%)	24.0	27.6	28.9	25.7
Equity ratio, market value basis (%)	15.1	13.7	14.8	15.6
Interest-bearing debts/Cash flow ratio (year)	35.1	7.6	6.3	–
Interest coverage ratio (times)	2.2	9.6	19.3	–

(Note) Equity ratio (%):	Equity capital/Total assets
Equity ratio, market value basis (%):	Market capitalization/Total assets
Interest-bearing debts/Cash flow ratio (year):	Interest-bearing debts/Cash flows from operating activities
Interest coverage ratio (times):	Cash flows from operating activities/Interest payments

- * All calculations are based on consolidated financial figures.
- * Market capitalization is calculated by multiplying the closing stock price at fiscal year end by the number of shares outstanding at fiscal year end (minus treasury shares).
- * Cash flows from operating activities are taken from the Consolidated Statements of Cash Flows.
- * Interest-bearing debts include all those on the Consolidated Balance Sheet on which interest is being paid.
- * Interest payments are taken from the Consolidated Statements of Cash Flows.

(3) Basic Policy on Distribution of Profits, and Dividends in Period under Audit and Subsequent Period

The Company regards the return of profits to shareholders as one of the top priorities of corporate management, and aims at a consolidated payout ratio of at least 30%, while improving its financial condition.

As for the year-end dividend for the fiscal year under audit, based on this Basic Policy, the Company will submit a proposal for the Ordinary General Meeting of Shareholders to pay ¥190 per share (together with the interim dividend of ¥160 per share, the yearly dividend will come to ¥350 per share with a payout ratio of 31.9%).

As for the dividend of surplus in the next fiscal year, the Company is planning to distribute ¥300 per share for the whole year.

2. Basic Philosophy for Selecting Accounting Standards

The Group plans to continue adopting the Japanese Accounting Standards, while giving consideration to inter-period and inter-company comparability.

With respect to the application of IFRS (International Financial Reporting Standards), the Group will decide whether to apply IFRS at the appropriate time based on the situation in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2021)	Current Fiscal Year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	56,857	30,559
Notes and accounts receivable - trade	542,576	-
Notes receivable - trade	-	51,144
Electronically recorded monetary claims - operating	-	116,085
Accounts receivable - trade	-	511,374
Inventories	113,143	200,104
Other	20,337	28,155
Allowance for doubtful accounts	(1,413)	(1,428)
Total current assets	731,502	935,995
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,131	21,351
Machinery, equipment and vehicles, net	12,664	12,785
Tools, furniture and fixtures, net	1,648	1,500
Land	23,864	23,962
Leased assets, net	2,244	1,179
Construction in progress	1,193	970
Total property, plant and equipment	61,747	61,750
Intangible assets		
Goodwill	326	233
Other	584	680
Total intangible assets	910	913
Investments and other assets		
Investment securities	73,963	85,545
Long-term loans receivable	33	367
Retirement benefit asset	2,089	1,629
Deferred tax assets	2,478	2,829
Other	13,435	14,408
Allowance for doubtful accounts	(2,875)	(2,998)
Total investments and other assets	89,125	101,781
Total non-current assets	151,783	164,445
Total assets	883,285	1,100,441

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2021)	Current Fiscal Year (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	255,025	312,316
Short-term borrowings	87,482	169,581
Commercial papers	46,000	85,000
Current portion of bonds payable	–	15,000
Lease liabilities	979	327
Income taxes payable	4,705	9,703
Provision for bonuses	4,151	4,659
Provision for loss on liquidation of subsidiaries and associates	22	62
Other	28,792	39,180
Total current liabilities	427,159	635,831
Non-current liabilities		
Bonds payable	80,000	65,000
Long-term borrowings	84,915	81,019
Lease liabilities	1,341	859
Deferred tax liabilities	2,470	832
Provision for retirement benefits for directors (and other officers)	721	512
Provision for loss on guarantees	617	–
Retirement benefit liability	3,297	3,398
Other	4,671	4,787
Total non-current liabilities	178,035	156,410
Total liabilities	605,195	792,242
Net assets		
Shareholders' equity		
Share capital	16,389	16,389
Capital surplus	54,492	54,358
Retained earnings	175,270	201,960
Treasury shares	(158)	(164)
Total shareholders' equity	245,993	272,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,184	3,770
Deferred gains or losses on hedges	(71)	16
Foreign currency translation adjustment	1,784	5,765
Remeasurements of defined benefit plans	498	437
Total accumulated other comprehensive income	9,395	9,990
Non-controlling interests	22,701	25,664
Total net assets	278,090	308,198
Total liabilities and net assets	883,285	1,100,441

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

(Consolidated Statements of Income)

(Millions of yen)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Net sales	1,271,050	1,865,907
Cost of sales	1,150,267	1,705,635
Gross profit	120,782	160,272
Selling, general and administrative expenses	98,420	115,644
Operating profit	22,361	44,627
Non-operating income		
Interest income	400	368
Dividend income	1,116	1,345
Share of profit of entities accounted for using equity method	2,559	2,439
Purchase discounts	426	629
Other	2,527	2,471
Total non-operating income	7,030	7,254
Non-operating expenses		
Interest expenses	2,439	2,684
Other	1,180	1,387
Total non-operating expenses	3,620	4,071
Ordinary profit	25,772	47,810
Extraordinary income		
Gain on sale of non-current assets	478	-
Gain on sale of investment securities	784	1,032
Gain on sales of investments in capital	-	15
Gain on change in equity	-	3,749
Reversal of provision for loss on guarantees	-	86
Total extraordinary income	1,263	4,884
Extraordinary losses		
Impairment losses	-	31
Loss on sale of investment securities	23	179
Loss on valuation of investment securities	651	225
Loss on sales of investments in capital	3	41
Loss on valuation of investments in capital	714	76
Loss on liquidation of subsidiaries and associates	-	38
Provision for loss on guarantees	617	-
Loss on termination of retirement benefit plan	51	-
Total extraordinary losses	2,061	592
Profit before income taxes	24,974	52,102
Income taxes - current	8,307	14,489
Income taxes - deferred	(537)	(765)
Total income taxes	7,770	13,723
Profit	17,204	38,378
Profit attributable to non-controlling interests	1,211	2,961
Profit attributable to owners of parent	15,992	35,417

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Profit	17,204	38,378
Other comprehensive income		
Valuation difference on available-for-sale securities	5,056	(3,525)
Deferred gains or losses on hedges	299	86
Foreign currency translation adjustment	(2,040)	4,515
Remeasurements of defined benefit plans, net of tax	1,444	(37)
Share of other comprehensive income of entities accounted for using equity method	(642)	388
Total other comprehensive income	4,116	1,427
Comprehensive income	21,321	39,806
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,520	36,012
Comprehensive income attributable to non-controlling interests	801	3,794

(3) Consolidated Statements of Changes in Equity

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,389	54,689	160,669	(153)	231,594
Cumulative effects of changes in accounting policies			(215)		(215)
Restated balance	16,389	54,689	160,454	(153)	231,379
Changes during period					
Dividends of surplus			(4,355)		(4,355)
Profit attributable to owners of parent			15,992		15,992
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Change in scope of consolidation		(235)	89		(145)
Change in scope of equity method			3,089		3,089
Difference on change in equity		37			37
Net changes in items other than shareholders' equity					
Total changes during period	-	(197)	14,816	(5)	14,613
Balance at end of period	16,389	54,492	175,270	(158)	245,993

	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	2,168	(371)	3,989	(940)	4,845	18,437	254,877
Cumulative effects of changes in accounting policies							(215)
Restated balance	2,168	(371)	3,989	(940)	4,845	18,437	254,662
Changes during period							
Dividends of surplus							(4,355)
Profit attributable to owners of parent							15,992
Purchase of treasury shares							(5)
Disposal of treasury shares							0
Change in scope of consolidation							(145)
Change in scope of equity method							3,089
Difference on change in equity							37
Net changes in items other than shareholders' equity	5,015	300	(2,204)	1,439	4,550	4,263	8,814
Total changes during period	5,015	300	(2,204)	1,439	4,550	4,263	23,428
Balance at end of period	7,184	(71)	1,784	498	9,395	22,701	278,090

NIPPON STEEL TRADING CORPORATION (9810)
Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,389	54,492	175,270	(158)	245,993
Cumulative effects of changes in accounting policies					-
Restated balance	16,389	54,492	175,270	(158)	245,993
Changes during period					
Dividends of surplus			(8,709)		(8,709)
Profit attributable to owners of parent			35,417		35,417
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		0		0	1
Change in scope of consolidation			(17)		(17)
Difference on change in equity		(134)			(134)
Net changes in items other than shareholders' equity					
Total changes during period	-	(134)	26,690	(5)	26,550
Balance at end of period	16,389	54,358	201,960	(164)	272,543

	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	7,184	(71)	1,784	498	9,395	22,701	278,090
Cumulative effects of changes in accounting policies							-
Restated balance	7,184	(71)	1,784	498	9,395	22,701	278,090
Changes during period							
Dividends of surplus							(8,709)
Profit attributable to owners of parent							35,417
Purchase of treasury shares							(6)
Disposal of treasury shares							1
Change in scope of consolidation							(17)
Difference on change in equity							(134)
Net changes in items other than shareholders' equity	(3,413)	88	3,980	(60)	594	2,963	3,558
Total changes during period	(3,413)	88	3,980	(60)	594	2,963	30,108
Balance at end of period	3,770	16	5,765	437	9,990	25,664	308,198

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Previous Fiscal Year (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	24,974	52,102
Depreciation	5,782	5,918
Impairment losses	–	31
Amortization of goodwill	135	103
Increase (decrease) in allowance for doubtful accounts	(260)	75
Increase (decrease) in provision for bonuses	(520)	849
Increase (decrease) in retirement benefit liability	(1,846)	471
Interest and dividend income	(1,517)	(1,714)
Interest expenses	2,439	2,684
Share of loss (profit) of entities accounted for using equity method	(2,559)	(2,439)
Loss (gain) on sale of non-current assets	(478)	–
Loss (gain) on sale of investment securities	(761)	(853)
Loss (gain) on valuation of investment securities	651	225
Loss (gain) on sales of investments in capital	3	25
Loss on valuation of investments in capital	714	76
Loss (gain) on change in equity	–	(3,749)
Decrease (increase) in trade receivables	23,353	(134,554)
Decrease (increase) in inventories	16,505	(93,743)
Increase (decrease) in trade payables	(16,259)	65,874
Other, net	4,572	5,551
Subtotal	54,929	(103,062)
Interest and dividends received	2,301	2,344
Interest paid	(2,452)	(2,694)
Income taxes paid	(7,522)	(9,588)
Net cash provided by (used in) operating activities	47,255	(113,001)
Cash flows from investing activities		
Decrease (increase) in time deposits	(271)	(692)
Purchase of property, plant and equipment	(5,971)	(5,230)
Proceeds from sale of property, plant and equipment	1,594	167
Purchase of intangible assets	(86)	(104)
Purchase of investment securities	(339)	(2,941)
Proceeds from sale of investment securities	2,259	4,278
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,680)	–
Decrease (increase) in short-term loans receivable	(78)	149
Long-term loan advances	(23)	(350)
Proceeds from collection of long-term loans receivable	28	19
Other, net	(881)	(623)
Net cash provided by (used in) investing activities	(6,451)	(5,327)

(Millions of yen)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Previous Fiscal Year (April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	749	72,538
Net increase (decrease) in commercial papers	(4,000)	39,000
Proceeds from long-term borrowings	25,200	7,000
Repayments of long-term borrowings	(25,779)	(7,487)
Dividends paid	(4,356)	(8,708)
Dividends paid to non-controlling interests	(741)	(699)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(15)	(17)
Other, net	(1,049)	(993)
Net cash provided by (used in) financing activities	(9,993)	100,633
Effect of exchange rate change on cash and cash equivalents	(363)	1,283
Net increase (decrease) in cash and cash equivalents	30,447	(16,411)
Cash and cash equivalents at beginning of period	25,314	55,881
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	119	-
Decrease in cash and cash equivalents resulting from corporate division	-	(10,652)
Cash and cash equivalents at end of period	55,881	28,818

(5) Consolidated Financial Statements and Significant Notes Thereto

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under audit, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The major changes are as follows:

- Revenue recognition relating to agent transactions

The full amount of consideration received from customers was previously recognized as revenue for some transactions, but for transactions in which the role of the Group in providing goods or services to customers was as an agent, the revenue is recognized at the net amount calculated by deducting the amount paid to suppliers from the amount received from the customer.

The change in the accounting policy has been applied retrospectively, in principle. Therefore, the new accounting policy was reflected in the consolidated financial statements for the previous fiscal year; provided, however, that in the retrospective application, the methods set forth in paragraph 85 of the Accounting Standard for Revenue Recognition were applied.

- (1) Comparative information is not retrospectively restated for contracts where nearly all the revenue amounts have been recognized prior to the beginning of the previous fiscal year subject to the previous treatment
- (2) Comparative information is retrospectively restated for the amount of variable consideration included in contracts where nearly all the revenue amounts have been recognized prior to the beginning of the current fiscal year subject to the previous treatment, using the amount when the uncertainty associated with the variable consideration is subsequently resolved
- (3) Consolidated financial statements for the previous fiscal year are not retrospectively restated for the contracts that began and ended within the previous fiscal year

In addition, “Notes and accounts receivable - trade” indicated in “Current assets” in the consolidated balance sheet of the previous fiscal year is included in “Notes receivable - trade,” “Electronically recorded monetary claims - operating” and “Accounts receivable - trade” from the fiscal year under audit.

For the previous fiscal year, as a result of this change, and compared with the figures before the retrospective application, net sales decreased by ¥802,190 million, cost of sales decreased by ¥802,275 million, while operating profit, ordinary profit and profit before income taxes each increased by ¥84 million. In addition, because the cumulative effect was reflected in net assets as of the beginning of the previous fiscal year, retained earnings as of the beginning of the previous fiscal year decreased by ¥215 million.

Application of Accounting Standard for Fair Value Measurement, Etc.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations have been applied from the beginning of the fiscal year under audit, and the new accounting policies provided in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations will be applied going forward in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect on the consolidated financial statements.

(Additional Information)

Accounting Estimates in Relation to the Impact of the Spread of COVID-19

The Group bases accounting estimates for impairment loss accounting for non-current assets, and recoverability of deferred tax assets on information available at the time the consolidated financial statements are created, and we assume that the impact of COVID-19 will remain to a certain extent in this consolidated fiscal year and thereafter. However, these assumptions involve uncertainty, and going forward this could have an impact on the Group’s financial position, operating results, and cash flow status.

(Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

Reportable segments of the Group are those constituent units of the Company for which separate financial information can be derived. These segments are subject to periodic examination in order for the Board of Directors to make decisions on the allocation of management resources and to evaluate earnings.

The Group is primarily engaged in the sale of steel, industrial supply and infrastructure, textiles, foodstuffs, and other products in Japan and abroad. For each category of product handled, it establishes sales divisions to draft comprehensive strategies for Japan and abroad, and conduct business activities accordingly.

Thus, the Company consists of four business divisions based on the products it handles and has four reportable segments: Steel, Industrial Supply and Infrastructure, Textiles, and Foodstuffs. The major products handled in the Steel segment are steel plates and sheets, steel pipes and tubes, bars and special steel, structural products, raw materials and fuels, and machinery. The major products handled in the Industrial Supply and Infrastructure segment are industrial machinery, non-ferrous metals, cast and forged products, and railroad machinery. Also in this segment, industrial estates are developed and sold, and power generation facilities developed through equity method affiliates. The major products handled in the Textiles segment are textiles products and materials.

The major products handled in the Foodstuffs segment are imported meats and sea food.

2. Methods of Calculating Amounts of Each Reporting Segment's Net Sales, Profit/Loss, Assets and Other Items

Profits of reportable segments are based on ordinary profit. Inter-segment trade is treated as inter-company trade, and as such is based on market prices, etc.

3. Information on Amounts of Each Reporting Segment's Net Sales, Profit/Loss, Assets and Other Items
Previous Fiscal Year (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,021,872	62,442	96,840	89,561	1,270,717	332	1,271,050	–	1,271,050
Intersegment sales or transfers	371	495	3	–	869	59	929	(929)	–
Total	1,022,243	62,937	96,844	89,561	1,271,587	392	1,271,979	(929)	1,271,050
Segment profit (Ordinary profit)	19,132	2,563	1,675	2,388	25,760	11	25,772	0	25,772
Segment assets	691,096	62,278	51,384	39,398	844,157	1,680	845,837	37,447	883,285
Others									
Depreciation	3,801	842	1,054	59	5,757	24	5,782	–	5,782
Amortization of goodwill	–	41	–	94	135	–	135	–	135
Interest income	367	2	5	24	400	–	400	–	400
Interest expenses	2,153	101	96	64	2,416	22	2,439	–	2,439
Equity in earnings (losses) of affiliates	394	2,109	55	–	2,559	–	2,559	–	2,559
Investment in equity method affiliates	12,378	23,040	425	–	35,843	–	35,843	–	35,843
Increase in property, plant and equipment and intangible assets	4,678	1,253	78	31	6,042	15	6,057	–	6,057

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.
2. The adjustment in "segment profit" represents the elimination of inter-segment trade.
3. The adjustment of ¥37,447 million in "segment assets" represents ¥37,593 million in the Group-wide assets not allocated to any reportable segment and an elimination of ¥146 million in inter-segment trade. The Group-wide assets consist primarily of the parent company's cash and deposits.
4. The total profit of the "reportable segments" and "others" aligns with the ordinary profit in the consolidated statements of income excepting the adjustment.

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,593,758	89,910	75,619	106,400	1,865,689	217	1,865,907	–	1,865,907
Intersegment sales or transfers	630	651	3	–	1,284	60	1,345	(1,345)	–
Total	1,594,388	90,561	75,622	106,400	1,866,974	278	1,867,252	(1,345)	1,865,907
Segment profit (loss) (Ordinary profit (loss))	43,205	2,118	(536)	2,950	47,738	71	47,810	0	47,810
Segment assets	938,050	72,728	31,646	49,604	1,092,030	1,707	1,093,737	6,703	1,100,441
Others									
Depreciation	4,215	957	689	39	5,903	15	5,918	–	5,918
Amortization of goodwill	10	–	–	93	103	–	103	–	103
Interest income	335	6	7	19	368	–	368	–	368
Interest expenses	2,374	191	53	50	2,669	14	2,684	–	2,684
Equity in earnings (losses) of affiliates	1,364	1,163	(88)	–	2,439	–	2,439	–	2,439
Investment in equity method affiliates	14,152	25,009	19,445	–	58,606	–	58,606	–	58,606
Increase in property, plant and equipment and intangible assets	4,261	856	28	155	5,302	32	5,334	–	5,334

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.
2. The adjustment in “segment profit” represents the elimination of inter-segment trade.
3. The adjustment of ¥6,703 million in “segment assets” represents ¥7,104 million in the Group-wide assets not allocated to any reportable segment and an elimination of ¥400 million in inter-segment trade. The Group-wide assets consist primarily of the parent company’s cash and deposits.
4. The total profit of the “reportable segments” and “others” aligns with the ordinary profit in the consolidated statements of income excepting the adjustment.

4. Information regarding change to reportable segments, etc.

Application of Accounting Standard for Revenue Recognition, Etc.

As described in “Changes in Accounting Policies,” the revenue recognition accounting standards, etc. have been applied from the beginning of the fiscal year under audit. For the fiscal year under audit, as a result, compared with the figures obtained by the previous method, net sales decreased by ¥1,085,858 million in the Steel business, by ¥18,718 million in the Industrial Supply and Infrastructure business, by ¥1,149 million in the Textiles business, and by ¥42,638 million in the Foodstuffs business respectively. The effect on ordinary profit is immaterial. Please note that the segment information for the previous fiscal year were prepared based on the new method of measuring segment profit or loss.

[Related information]

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

1. Product- and service-specific information

Omitted, since it is the same as the reportable segments.

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
917,279	240,230	113,539	1,271,050

(Note) Net sales are based on customers' locations, and are categorized according to country/region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
39,728	9,001	13,016	61,747

3. Major customer-specific information

There are no customers this item applies to.

Current Fiscal Year (April 1, 2021 to March 31, 2022)

1. Product- and service-specific information

Omitted, since it is the same as the reportable segments.

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
1,271,413	393,733	200,760	1,865,907

(Note) Net sales are based on customers' locations, and are categorized according to country/region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
39,290	8,902	13,557	61,750

3. Major customer-specific information

There are no customers this item applies to.

[Information on Impairment Loss on Non-current Assets for Each Reporting Segment]

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

Not applicable.

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/elimination	Amount recorded in consolidated financial statements
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Impairment loss	31	-	-	-	31	-	31	-	31

[Information on Amortized and Unamortized Amounts of Goodwill for Each Reportable Segment]

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/elimination	Amount recorded in consolidated financial statements
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Amortization in current period	-	41	-	94	135	-	135	-	135
Balance at end of current period	-	-	-	326	326	-	326	-	326

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/elimination	Amount recorded in consolidated financial statements
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Amortization in current period	10	-	-	93	103	-	103	-	103
Balance at end of current period	-	-	-	326	326	-	233	-	233

[Information on Gain on Bargain Purchase for Each Reportable Segment]

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

Not applicable.

Current Fiscal Year (April 1, 2021 to March 31, 2022)

Not applicable.

(Per Share Information)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Net assets per share	¥7,917.51	¥8,759.36
Earnings per share	¥495.79	¥1,098.03

(Notes) 1. Earnings per share after adjustment for the effects of dilutive potential shares is not reported due to the absence of dilutive potential shares.

2. The basis for calculating earnings per share during the period is as follows.
The average number of shares during the period was calculated by deducting the treasury shares from the number of shares outstanding during the period.

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (millions of yen)	15,992	35,417
Amount not belonging to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent on common stock (millions of yen)	15,992	35,417
Average common shares during the period (1,000 shares)	32,257	32,255

3. The basis for calculating net assets per share is as follows.

	End of Previous Fiscal Year (March 31, 2021)	End of Current Fiscal Year (March 31, 2022)
Total net assets (millions of yen)	278,090	308,198
Amount deducted from total net assets (millions of yen)	22,701	25,664
(of which, non-controlling interests) (millions of yen)	(22,701)	(25,664)
Net assets on common stock at end of period (millions of yen)	255,389	282,534
Number of common shares at end of period used to calculate net assets per share (1,000 shares)	32,256	32,255

(Subsequent Events)

Not applicable.