Consolidated Basis Results of the Fiscal 2021
(April 1, 2021 – March 31, 2022)

May 11, 2022

Registered Company name: TOPY INDUSTRIES, LIMITED
Stock listing: Tokyo, Nagoya stock exchanges
Code number: 7231
URL: http://www.topy.co.jp/english/index.html
Representative: Nobuhiko Takamatsu, Representative Director, President and CEO
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Scheduled date for holding of ordinary general meeting of shareholders: June 23, 2022
Scheduled date for dividend payment: June 2, 2022
Scheduled date for submission of securities report: June 23, 2022
Preparation of supplementary explanatory materials: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

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

1. Consolidated Operating Results and Financial Position of the Fiscal 2021 (April 1, 2021 - March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2021	271,178	20.5	(1,706)	–	(1,401)	–	386	(33.2)
Fiscal 2020	225,121	(14.5)	(2,943)	–	(575)	–	578	–

(Note) Comprehensive income: Fiscal 2021 ¥6,024 million 23.3% Fiscal 2020 ¥4,885 million –%

	Profit per share	Profit per share after full dilution	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2021	16.61	–	0.4	(0.5)	(0.6)
Fiscal 2020	24.70	–	0.6	(0.2)	(1.3)

(For reference) Share of profit or loss of entities accounted for using equity method: Fiscal 2021 -¥1,071 million
Fiscal 2020 ¥1,315 million

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2021	282,195	113,703	39.9	4,902.25
Fiscal 2020	264,672	108,385	40.6	4,611.46

(For reference) Shareholders' equity: Fiscal 2021 ¥112,657 million Fiscal 2020 ¥107,428 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal 2021	(5,528)	(2,609)	3,527	19,850
Fiscal 2020	5,730	(8,931)	3,668	23,319

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2020	–	0.00	–	20.00	20.00	466	81.0	0.4
Fiscal 2021	–	0.00	–	20.00	20.00	460	120.4	0.4
Fiscal 2022 (Forecasts)	–	0.00	–	70.00	70.00		32.2	

3. Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2022- March 31, 2023)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	352,000	29.8	6,600	—	7,500	—	5,000	—	217.57

* NOTE
(1) Changes in the State of Material Subsidiaries during the Period: None
Newly included: – (Name) Excluded: – (Name)

(2) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements
(a) Changes in accounting principles accompanying the amendment of accounting standards: Yes
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
(Note) For details, please refer to 3. Consolidated Financial Statements and Important Notes, (5) Notes Regarding the Consolidated Financial Statements (Changes in Accounting Principles) on page 13 of the supplementary explanatory materials.

(3) Number of Shares Issued (Common shares)
(a) Number of shares issued at the end of the period (including treasury shares)
Fiscal 2021 24,077,510 shares Fiscal 2020 24,077,510 shares
(b) Number of treasury shares at the end of the period
Fiscal 2021 1,096,640 shares Fiscal 2020 781,625 shares
(c) Average number of shares issued during the period
Fiscal 2021 23,274,460 shares Fiscal 2020 23,434,264 shares

(For reference) Non-Consolidated Results
Non-Consolidated Operating Results and Financial Position of the Fiscal 2021 (April 1, 2021 - March 31, 2022)
(1) Non-Consolidated Operating Results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2021	167,502	34.7	(2,973)	–	142	–	3,370	–
Fiscal 2020	124,313	(11.6)	(4,270)	–	(1,672)	–	(402)	–

	Profit per share	Profit per share after full dilution
	Yen	Yen
Fiscal 2021	144.77	–
Fiscal 2020	(17.16)	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2021	212,562	74,790	35.2	3,253.98
Fiscal 2020	202,575	71,613	35.4	3,073.60

(For reference) Shareholders' equity: Fiscal 2021 ¥74,790 million Fiscal 2020 ¥71,613 million

2. Non-Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2022 - March 31, 2023)
(Percentage figures are changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	217,000	29.6	1,800	—	3,700	—	3,000	(11.0)	130.52

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

* Explanation of the Appropriate Use of Performance Forecasts and Other Related Items
(Caution concerning future descriptions etc.)
All future descriptions in this disclosure has been compiled based on information currently available. For assumed conditions underlying the earnings forecast, please refer to "1. Overview of Operating Results" on page 2. These descriptions may differ from actual results and effects on earnings is not limited to this.
(Obtaining supplementary documents of financial results)
Supplementary documents will be posted on the Company's website.

Index of Attached Documents

1. Overview of Operating Results

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

Operating Results for the Consolidated Fiscal Year under Review

During the consolidated fiscal year under review, the global economy continued to face a challenging situation chiefly due to the impact of COVID-19 variants. Even so, there were signs of a recovery overall with progress of vaccinations, particularly in developed countries. The Japanese economy also saw signs of improvement in business overall, although they did not result in a full recovery from the downturn caused by the COVID-19 pandemic. The business environment surrounding the Group, meanwhile, remained severe and difficult to forecast mainly because of rises in the price of steel scrap and other raw materials, coal, a fuel for power generation, energy, secondary materials, logistics, etc., a decrease in auto production due to supply shortages of semiconductors, among other factors.

Under these circumstances, the Group has steadily implemented various measures in line with our medium-term business plan, "Growth & Change 2021." As part of the plan, the Group decided to consolidate its domestic production facilities of steel wheels for passenger cars, with a view toward the establishment of an optimal production system. Structural reforms were implemented in our Wheel Division including the establishment of a new Aluminum Business Integration Center to consolidate development and operational functions for passenger aluminum wheels and promoting further integrated operations. Also, the Sales Headquarters were newly established directly under management to strengthen sales capabilities, and the Business Development Strategy Center has been established to centrally and consistently manage basic research into new strategic products and new technologies and to create new businesses. In addition, the company strengthened its sustainable management base by introducing an advanced metal sorting facility to reinforce its steel recycling business.

The financial results for the fiscal year under review include consolidated net sales of ¥271,178 million (up 20.5% year on year), mainly due to the transfer of raw material and energy price increases to product prices and increased sales volumes of undercarriage components for construction machinery and ultra-large wheels for mining trucks. Meanwhile, the impact of increased costs due to higher prices for steel scrap and coal, a fuel for power generation, resulted in an operating loss of ¥1,706 million (compared to an operating loss of ¥2,943 million in the previous fiscal year) and an ordinary loss of ¥1,401 million (compared to an ordinary loss of ¥575 million in the previous fiscal year). Net income attributable to owners of parent amounted to ¥386 million (down 33.2% year on year).

The Group has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) and other standards since the beginning of the first quarter of the consolidated fiscal year under review. For details, please refer to 3. Consolidated Financial Statements and Important Notes, (5) Notes Regarding the Consolidated Financial Statements (Changes in Accounting Principles).

Performance by Segment

(Steel Business)

In the steel industry, demand for steel for the construction and manufacturing sectors remained firm and crude steel production showed signs of improvement over the previous year. However, conditions remained challenging because prices for steel scrap, a principal raw material, and energy prices continued to rise.

Given these circumstances, the Group worked to improve steel sales, among other initiatives, resulting in net sales increase to ¥88,915 million (up 17.5% year on year), mainly as a result of the Group's efforts to improve the selling price of steel products. However, the Group was unable to pass on increased costs attributable to rises in prices for steel scrap, energy and secondary materials to steel sales prices, resulting in operating loss of ¥625 million (compared to operating profit of ¥1,293 million in the previous fiscal year).

(Automotive & Industrial Machinery Components Business)

In the construction machinery industry, demand for hydraulic shovels expanded in the United States, Europe and Southeast Asia. Demand for mining machinery remained strong worldwide due to rising resource prices. In the automobile industry, production volume decreased from the level in the previous fiscal year in Japan due to the impact of the supply shortage of semiconductors, etc.

Given these conditions, the sales volume increased mainly for undercarriages of construction machinery and ultra-large wheels for mining trucks. As a result, net sales totaled ¥166,542 million (up 22.4% year on year) and operating profit of ¥4,813 million (compared to operating loss of ¥221 million in the previous fiscal year).

(Power Business)

A challenging business environment continued due to the rising price of coal, a fuel used for power generation. Given these circumstances, the Group worked on the stable supply of electricity in line with its business plan. However, the impact of increased costs resulted in net sales of ¥9,718 million (up 28.2% year on year) and operating loss of ¥1,957 million (compared to operating income of ¥165 million in the previous fiscal year).

(Science Business)

The Group manufactures and sells synthetic mica and crawler robots. Synthetic mica was affected chiefly by sluggish demand for cosmetics in Japan, offsetting a recovery in demand overseas. Reflecting this situation, net sales rose 11.8% year on year, to ¥956 million with operating loss amounting to ¥161 million (compared to an operating loss of ¥1,162 million in the previous fiscal year).

(Leasing Business)

In the leasing business, operating profit was ¥699 million (up 0.0% year on year).

(Others)

The Group operates a civil engineering and construction business, sports club, OSSO, and other businesses. Net sales were ¥5,045 million (up 2.7% year on year) and operating income was ¥486 million (up 74.9% year on year).

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

Asset, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review stood at ¥282,195 million, an increase of ¥17,523 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥9,436 million in notes and accounts receivable - trade and contract assets (notes and accounts receivable - trade at the end of the previous consolidated fiscal year), and of ¥6,807 million in merchandise and finished goods.

Liabilities were ¥168,492 million, an increase of ¥12,205 million compared with the end of the previous consolidated fiscal year. This was caused mainly by increases of ¥6,722 million in notes and accounts payable - trade, ¥4,700 million in straight bonds payable including the current portion of bonds payable, and of ¥2,337 million in electronically recorded monetary obligations - operating.

Net assets were ¥113,703 million, an increase of ¥5,317 million from the end of the previous consolidated fiscal year. Major factors included an increase of ¥3,958 million in foreign currency translation adjustments and ¥969 million in accumulated retirement benefit adjustments. As a result, net assets per share stood at ¥4,902.25 and the net worth ratio was 39.9%.

Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year under review stood at ¥19,850 million, a decrease of ¥3,468 million year on year.

(Cash flows from operating activities)

Funds used in operating activities were ¥5,528 million (¥5,730 million achieved in the previous consolidated fiscal year). This mainly reflected increases of ¥13,809 million in inventories and of ¥8,504 million in trade receivables, and depreciation of ¥12,775 million.

(Cash flows from investment activities)

Funds used in investment activities stood at ¥2,609 million, a decreased of ¥6,322 million from the previous consolidated fiscal year. This mainly reflected the purchase of property, plant and equipment of ¥8,122 million and gain on sales of investment securities of ¥5,549 million.

(Cash flows from financing activities)

Funds achieved by financing activities were ¥3,527 million (down ¥140 million from the previous consolidated fiscal year). This mainly reflected proceeds from issuance of bonds of ¥9,929 million and payments for redemption of bonds of ¥5,300 million.

(Reference) Cash flow-related indicators

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Equity ratio (%)	43.9	39.2	40.3	40.6	39.9
Equity ratio based on market value (%)	29.3	18.3	12.7	12.3	8.6
The ratio of interest-bearing debt to operating cash flow (years)	5.7	6.8	4.7	14.1	(15.6)
Interest coverage ratio (times)	17.3	16.0	25.9	11.1	(11.0)

Equity ratio: Shareholders’ equity / Total assets

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

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

Interest coverage ratio: Cash flows / Interest payments

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

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

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

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

(3) Future Outlook

While the global economy is expected to begin to improve from the downturn in economic activities, the outlook for the world economy is likely to remain uncertain due to concerns including the resurgence of COVID-19 infections, a rise in geopolitical risks such as tensions in Ukraine, and sharp fluctuations in exchange rates. In addition, the business environment surrounding the Group is likely to remain difficult going forward, including the increases in prices of energy and raw materials, the impact of supply shortage of semiconductors and other parts on automobile production among others, and the globally tight supply of marine container transportation services.

In this environment, the Group will continue to closely monitor demand trends in each business segment and engage in ongoing cost reduction efforts, as well as form selling prices that are appropriate for soaring costs, including raw material and transportation costs. In addition, the Group will improve profitability by leveraging the business platform strengthened through structural reforms in our medium-term management plan "Growth & Change 2021," and further enhance corporate value by promoting initiatives that contribute to the sustainability of the Group and society.

The consolidated forecasts for fiscal 2022 include consolidated net sales of ¥352,000 million, operating profit of ¥6,600 million, ordinary profit of ¥7,500 million, and profit attributable to owners of parent of ¥5,000 million.

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

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

The Company plans to pay ¥20 per share as the year-end dividend for the fiscal year under review. Because the Company was unable to pay the interim dividend, the annual dividend for the fiscal year under review will be ¥20 per share.

The Company plans to pay the annual dividend of ¥70 for the next fiscal year.

2. Basic Policy for the Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	24,477	21,037
Notes and accounts receivable - trade	51,109	－
Notes and accounts receivable - trade, and contract assets	－	60,545
Merchandise and finished goods	20,926	27,734
Work in process	4,902	6,336
Raw materials and supplies	14,574	21,368
Other	6,427	7,483
Allowance for doubtful accounts	(58)	(86)
Total current assets	122,360	144,420
Non-current assets		
Property, plant and equipment		
Buildings and structures	93,281	95,234
Accumulated depreciation	(64,517)	(66,774)
Buildings and structures, net	28,763	28,460
Machinery, equipment and vehicles	213,046	220,159
Accumulated depreciation	(168,097)	(174,205)
Machinery, equipment and vehicles, net	44,949	45,953
Land	15,279	15,339
Leased assets	2,584	2,175
Accumulated depreciation	(1,461)	(1,315)
Leased assets, net	1,122	859
Construction in progress	6,051	2,729
Other	44,073	41,682
Accumulated depreciation	(42,148)	(39,686)
Other, net	1,924	1,995
Total property, plant and equipment	98,091	95,338
Intangible assets		
Other	3,890	3,440
Total intangible assets	3,890	3,440
Investments and other assets		
Investment securities	29,257	27,506
Long-term loans receivable	206	204
Deferred tax assets	1,634	1,834
Retirement benefit asset	386	397
Other	8,892	9,143
Allowance for doubtful accounts	(47)	(89)
Total investments and other assets	40,329	38,996
Total non-current assets	142,311	137,775
Total assets	264,672	282,195

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,009	33,731
Electronically recorded obligations - operating	13,215	15,552
Short-term borrowings	23,982	22,807
Current portion of bonds payable	5,300	—
Lease liabilities	232	158
Income taxes payable	923	891
Other	13,539	14,055
Total current liabilities	84,201	87,196
Non-current liabilities		
Bonds payable	27,000	37,000
Long-term borrowings	24,793	26,228
Lease liabilities	367	235
Deferred tax liabilities	5,736	6,190
Provision for corporate officers' retirement benefits	211	163
Provision for share awards for directors (and other officers)	36	23
Provision for retirement benefits for directors (and other officers)	60	25
Reserve for repairs	398	324
Retirement benefit liability	10,782	9,155
Asset retirement obligations	358	346
Other	2,339	1,603
Total non-current liabilities	72,084	81,296
Total liabilities	156,286	168,492
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,606
Retained earnings	62,023	62,114
Treasury shares	(1,943)	(2,287)
Total shareholders' equity	99,669	99,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,443	9,990
Deferred gains or losses on hedges	12	19
Foreign currency translation adjustment	(2,266)	1,692
Remeasurements of defined benefit plans	568	1,537
Total accumulated other comprehensive income	7,758	13,240
Non-controlling interests	957	1,045
Total net assets	108,385	113,703
Total liabilities and net assets	264,672	282,195

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	225,121	271,178
Cost of sales	198,318	240,122
Gross profit	26,803	31,055
Selling, general and administrative expenses	29,746	32,762
Operating loss	(2,943)	(1,706)
Non-operating income		
Interest income	135	135
Dividend income	659	721
Foreign exchange gains	201	753
Share of profit of entities accounted for using equity method	1,315	―
Subsidies for employment adjustment	562	102
Insurance claim income	142	328
Other	395	366
Total non-operating income	3,413	2,407
Non-operating expenses		
Interest expenses	520	500
Share of loss of entities accounted for using equity method	―	1,071
Insurance expenses	117	118
Other	408	411
Total non-operating expenses	1,045	2,101
Ordinary loss	(575)	(1,401)
Extraordinary income		
Gain on sale of non-current assets	57	37
Gain on sale of investment securities	1,594	3,413
Gain on reversal of provision incurred from business combination	―	791
Total extraordinary income	1,651	4,242
Extraordinary losses		
Loss on sale of non-current assets	4	7
Loss on retirement of non-current assets	215	279
Impairment losses	―	108
Business structural reform expenses	―	648
Other	―	6
Total extraordinary losses	220	1,050
Profit before income taxes	856	1,790
Income taxes - current	1,396	1,763
Income taxes - deferred	(1,127)	(425)
Total income taxes	268	1,337
Profit	587	453
Profit attributable to non-controlling interests	8	66
Profit attributable to owners of parent	578	386

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	587	453
Other comprehensive income		
Valuation difference on available-for-sale securities	3,972	481
Deferred gains or losses on hedges	17	7
Foreign currency translation adjustment	(986)	3,169
Remeasurements of defined benefit plans, net of tax	1,196	968
Share of other comprehensive income of entities accounted for using equity method	97	944
Total other comprehensive income	4,297	5,571
Comprehensive income	4,885	6,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,928	5,868
Comprehensive income attributable to non-controlling interests	(42)	156

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,983	18,606	61,444	(1,711)	99,323
Changes during period					
Dividends of surplus					―
Profit attributable to owners of parent			578		578
Purchase of treasury shares				(240)	(240)
Disposal of treasury shares				8	8
Net changes in items other than shareholders' equity					
Total changes during period	―	―	578	(232)	346
Balance at end of period	20,983	18,606	62,023	(1,943)	99,669

	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	5,440	(5)	(1,401)	(625)	3,409	1,068	103,800
Changes during period							
Dividends of surplus							―
Profit attributable to owners of parent							578
Purchase of treasury shares							(240)
Disposal of treasury shares							8
Net changes in items other than shareholders' equity	4,002	17	(865)	1,194	4,349	(111)	4,238
Total changes during period	4,002	17	(865)	1,194	4,349	(111)	4,584
Balance at end of period	9,443	12	(2,266)	568	7,758	957	108,385

Consolidated fiscal year under review (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,983	18,606	62,023	(1,943)	99,669
Cumulative effects of changes in accounting policies			171		171
Restated balance	20,983	18,606	62,195	(1,943)	99,841
Changes during period					
Dividends of surplus			(466)		(466)
Profit attributable to owners of parent			386		386
Purchase of treasury shares				(356)	(356)
Disposal of treasury shares				13	13
Net changes in items other than shareholders' equity					
Total changes during period	−	−	(80)	(343)	(423)
Balance at end of period	20,983	18,606	62,114	△2,287	99,417

	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	9,443	12	(2,266)	568	7,758	957	108,385
Cumulative effects of changes in accounting policies							171
Restated balance	9,443	12	(2,266)	568	7,758	957	108,557
Changes during period							
Dividends of surplus							(466)
Profit attributable to owners of parent							386
Purchase of treasury shares							(356)
Disposal of treasury shares							13
Net changes in items other than shareholders' equity	546	7	3,958	969	5,482	87	5,570
Total changes during period	546	7	3,958	969	5,482	87	5,146
Balance at end of period	9,990	19	1,692	1,537	13,240	1,045	113,703

(4) Consolidated Cash Flow Statements

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	856	1,790
Depreciation	12,515	12,775
Impairment losses	—	108
Amortization of goodwill	124	124
Insurance claim income	(142)	(328)
Gain on reversal of provision incurred from business combination	—	(791)
Business structural reform expenses	—	648
Increase (decrease) in allowance for doubtful accounts	26	67
Increase (decrease) in provision for corporate officers' retirement benefits	36	(48)
Increase (decrease) in provision for scheduled repairs	107	(73)
Increase (decrease) in retirement benefit liability	(53)	(263)
Interest and dividend income	(795)	(857)
Interest expenses	520	500
Share of loss (profit) of entities accounted for using equity method	(1,315)	1,071
Loss (gain) on sale of short-term and long-term investment securities	(1,594)	(3,408)
Gain(loss)on sales and disposal of property,plant and equipment,net	162	249
Decrease (increase) in trade receivables	(6,498)	(8,504)
Decrease (increase) in inventories	(482)	(13,809)
Increase (decrease) in trade payables	3,051	8,752
other	(695)	(2,524)
Subtotal	5,823	(4,520)
Interest and dividends received	904	868
Interest paid	(514)	(504)
Proceeds from insurance income	142	121
Income taxes paid	(625)	(1,492)
Net cash provided by (used in) operating activities	5,730	△5,528
Cash flows from investing activities		
Net decrease (increase) in time deposits	(413)	126
Purchase of property, plant and equipment	(11,495)	(8,122)
Proceeds from sale of property, plant and equipment	117	213
Purchase of investment securities	(15)	(30)
Proceeds from sale of investment securities	2,725	5,549
Loan advances	(14)	(11)
Proceeds from collection of loans receivable	297	18
Purchase of intangible assets	(137)	(364)
Other, net	4	11
Net cash provided by (used in) investing activities	(8,931)	(2,609)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,173	(99)
Proceeds from long-term borrowings	4,585	8,243
Repayments of long-term borrowings	(6,925)	(8,154)
Proceeds from issuance of bonds	4,964	9,929
Redemption of bonds	(5,500)	(5,300)
Increase (decrease) in deposit payable in cash	180	60
Repayments of lease liabilities	(493)	(256)
Purchase of treasury shares	(240)	(356)
Dividends paid	(7)	(469)
Dividends paid to non-controlling interests	(68)	(68)
Net cash provided by (used in) financing activities	3,668	3,527
Effect of exchange rate change on cash and cash equivalents	(223)	1,141
Net increase (decrease) in cash and cash equivalents	243	(3,468)
Cash and cash equivalents at beginning of period	23,075	23,319
Cash and cash equivalents at end of period	23,319	19,850

(5) Notes Regarding the Consolidated Financial Statements

(Note related to going-concern assumption)

Not applicable.

(Changes in accounting principles)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the fiscal year under review and recognizes revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer.

Major changes as a result of the foregoing are as follows.

For transactions in which the Group's role in the sale of a product to a customer constitutes that of an agent, the Group previously recognized as revenue the gross proceeds received from customers. However, this has been changed to the method that recognizes revenue at the net amount after deducting the amount paid to the third party from the gross amount received from customers.

Regarding for-fee supply transactions that constitute repurchase agreements, the Group continues to recognize as financial transactions the inventory of supplies remaining at the for-fee recipient. Also, the Group recognizes the amount equivalent to the inventory of supplies remaining at the end of the fiscal year under review at the for-fee recipient (liability relating to for-fee transactions) and includes it in "Other" under “Current liabilities.”

Moreover, regarding certain product sales from which revenue was recognized over the sales price (consideration) collection period, the Group changed to recognizing revenue at the point when control of the product is transferred to the customer.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the fiscal year under review is added to or deducted from retained earnings at the beginning of the fiscal year under review, and the new accounting principles were applied from such beginning balance. However, the new accounting principles were not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the fiscal year under review by applying the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition.

In addition, the Group has applied the method prescribed in paragraph 86 and note (1) of the Accounting Standard for Revenue Recognition to account for contract modifications made prior to the beginning of the fiscal year under review based on the contract terms after reflecting all contract modifications, and the cumulative effect of such modifications has been added to or deducted from retained earnings at the beginning of the fiscal year under review. In the consolidated balance sheets for the previous consolidated fiscal year, "Notes and accounts receivable - trade," which were presented in "Current assets" in the previous fiscal year, are included in "Notes and accounts receivable - trade and contract assets" in the fiscal year under review. However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation.

As a result, accounts receivable increased by ¥489 million, raw materials and supplies increased by ¥258 million, and tools, furniture and fixtures (property, plant and equipment “Other, net”) decreased by ¥151 million in the consolidated balance sheets for the fiscal year under review, compared with those before the adoption of the revenue recognition accounting standard. In the consolidated statements of income for the fiscal year under review, net sales and cost of sales decreased by ¥22,744 million and ¥22,828 million, respectively, operating loss and ordinary loss decreased by ¥83 million, respectively, and profit before income taxes increased by ¥83 million.

In consolidated cash flows for the fiscal year under review, profit before income taxes increased by ¥83 million, while increase/decrease in notes and accounts receivable - trade and inventories increased by ¥489 million and ¥258 million, respectively.

The beginning balance of retained earnings in the consolidated statements of changes in net assets increased by ¥171 million due to the cumulative effect reflected in net assets at the beginning of the fiscal year under review.

Net assets per share and net income per share increased by ¥14.42 and ¥6.87, respectively, during the fiscal year under review.

(Application of accounting standard for fair value measurement, etc.)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the consolidated fiscal year under review. In accordance with the transitional treatment set forth in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Group has applied prospectively a new accounting policy prescribed by Accounting Standard for Fair Value Measurement, etc. This has no effect on the quarterly consolidated financial statements.

(Segment information)

1. Summary of reportable segments

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

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

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

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

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

The accounting method for the business segments reported is the same as that stated in "Important basic matters for preparation of the consolidated financial statements." In addition, the profits of the reportable segments show operating profits. The internal revenue and transfer between segments are based on the actual market price.

(Application of accounting standard for revenue recognition, etc.)

As described in Changes in Accounting Principles, the Accounting Standard for Revenue Recognition and other standards were applied from the beginning of the fiscal year under review, and the accounting method for revenue recognition was changed, therefore, the measurement method for business segments was changed in the same manner.

As a result of this change, compared with the previous method, net sales for the fiscal year under review decreased by ¥16,370 million in the Steel Business, ¥6,253 million in the Automotive and Industrial Machinery Components Business, and ¥121 million in "Others." Segment profit increased by ¥83 million in the Automobile & Industrial Machinery Components Business.

3. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment
Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment						Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Science	Leasing	Total				
Net sales										
Net sales to outside customers	75,657	136,113	7,583	855	–	220,209	4,911	225,121	–	225,121
Internal sales or transfer between segments	14,384	–	–	–	1,137	15,521	–	15,521	(15,521)	–
Total	90,041	136,113	7,583	855	1,137	235,731	4,911	240,643	(15,521)	225,121
Profits of segment	1,293	(221)	165	(1,162)	698	773	278	1,051	(3,994)	(2,943)
Assets of segment	92,843	127,905	5,155	2,286	4,962	233,153	8,685	241,838	22,833	264,672
Other items										
Depreciation	4,883	5,999	516	217	163	11,780	36	11,817	698	12,515
Depreciation Increase in property, plant and equipment and intangible assets	3,334	5,685	568	224	1	9,813	164	9,978	393	10,371

(Notes)

1. The category "Others" includes the business segment not included in the reportable segments and includes indoor and outdoor sign systems, civil engineering and construction, and operation of sports club.
2. The details of the adjustment are as explained below.
   (1) Profits of segment in an amount of a loss of ¥3,994 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.
   (2) Assets of segment in an amount of ¥22,833 million include the corporate assets of ¥27,624 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥4,791 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.
   (3) Of the Other items, depreciation of ¥698 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥393 million is mainly capital spending of the administrative divisions of the Company.
3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

Consolidated fiscal year under review(from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Others (Note) 1	Total	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Science	Leasing	Total				
Net sales										
Net sales to outside customers	88,915	166,542	9,718	956	—	266,133	5,045	271,178	—	271,178
Internal sales or transfer between segments	23,604	—	—	—	1,138	24,743	—	24,743	(24,743)	—
Total	112,519	166,542	9,718	956	1,138	290,876	5,045	295,921	(24,743)	271,178
Profits of segment	(625)	4,813	(1,957)	(161)	699	2,768	486	3,255	(4,962)	(1,706)
Assets of segment	101,544	142,245	5,296	2,157	4,952	256,196	8,356	264,553	17,642	282,195
Other items										
Depreciation	4,879	6,266	490	217	165	12,019	123	12,142	633	12,775
Depreciation Increase in property, plant and equipment and intangible assets	2,605	5,254	9	33	45	7,949	219	8,169	260	8,429

(Notes)

1. The category "Others" includes the business segment not included in the reportable segments and includes indoor and outdoor sign systems, civil engineering and construction, and operation of sports club.
2. The details of the adjustment are as explained below.
   (1) Profits of segment in an amount of a loss of ¥4,962 million are common corporate expenses, etc. not allocated to the respective reportable segments. The common corporate expenses are mainly the expenses related to the administrative divisions of the Company that are not attributable to the reportable segments.
   (2) Assets of segment in an amount of ¥17,642 million include the corporate assets of ¥25,120 million not allocated to the respective reportable segments and the elimination of intra-company transactions between segments in an amount of -¥7,477 million. The corporate assets are mainly the assets related to the administrative divisions of the Company that are not attributable to the reportable segments.
   (3) Of the Other items, depreciation of ¥633 million mainly relates to the equipment of the administrative divisions of the Company. In addition, an increase in property, plant and equipment and intangible assets in an amount of ¥260 million is mainly capital spending of the administrative divisions of the Company.
3. Profit of segment is adjusted with operating profit recorded under the consolidated financial statements.

(Information per share)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)
Net assets per share	4,611.46 yen	4,902.25 yen
Profit per share	24.70 yen	16.61 yen

(Notes)

1. Profit per share after full dilution is not stated because there are no dilutive shares.
2. In the calculation of net assets per share, the shares of the Company that are held by the trust related to the stock compensation plan for directors, etc. are included in the treasury shares that are deducted from the total number of shares issued and outstanding at the end of the fiscal year (48 thousand shares for the previous consolidated fiscal year and 42 thousand shares for the consolidated fiscal year under review). In addition, also in the calculation of profit (loss) per share, the said shares above are included in the treasury shares that are deducted in the calculation of the average number of shares during the fiscal year (50 thousand shares for the previous consolidated fiscal year and 44 thousand shares for the consolidated fiscal year under review).
3. The bases for the calculation of profit (loss) per share are as shown below.

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (million yen)	578	386
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent in relation to common shares (million yen)	578	386
Average number of shares during the fiscal year (thousand shares)	23,434	23,274

(Important events after the reporting period)

Not applicable.

(Additional Information)

(Effects of COVID-19)

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