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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 9, 2023

Company name: Nakayama Steel Works, Ltd.

Stock exchange listing: Tokyo

Code number: 5408

URL: <https://www.nakayama-steel.co.jp/>

Representative: Kazuaki Hakomori

,President

Contact: Mitsuaki Sakaguchi

,Managing Executive Officer

Phone: +81-6-6555-3035

Scheduled date of Annual General Meeting of Shareholders: June 28, 2023

Scheduled date of commencing dividend payments: June 29, 2023

Scheduled date of filing annual securities report: June 28, 2023

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	188,514	13.1	13,644	88.2	13,371	100.9	10,227	112.4
March 31, 2022	166,701	50.2	7,250	208.3	6,654	150.0	4,815	104.4

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 10,364 million [109.2%]
Fiscal year ended March 31, 2022: ¥ 4,953 million [60.1%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	188.92	-	11.0	9.1	7.2
March 31, 2022	88.96	-	5.6	5.0	4.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 169 million
Fiscal year ended March 31, 2022: ¥ 135 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	148,787	96,859	65.1	1,789.18
March 31, 2022	143,618	88,931	61.9	1,642.72

(Reference) Equity: As of March 31, 2023: ¥ 96,859 million
As of March 31, 2022: ¥ 88,931 million

(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
Fiscal year ended March 31, 2023	13,012	(3,460)	(8,541)	16,755
March 31, 2022	(8,756)	(2,308)	8,388	15,745

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	4.00	-	12.00	16.00	974	18.0	1.0
March 31, 2023	-	33.00	-	22.00	55.00	2,977	29.1	3.2
Fiscal year ending March 31, 2024 (Forecast)	-	19.00	-	19.00	38.00		30.3	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	94,000	0.8	6,100	(21.6)	5,900	(23.5)	3,400	(43.1)	62.80
Full year	191,000	1.3	11,400	(16.4)	11,000	(17.7)	6,800	(33.5)	125.61

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New	-	(Company name:)
Exclusion:	1	(Company name: Nakayama Mitsuboshi Steel Products, Ltd)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2023:	63,079,256 shares
March 31, 2022:	63,079,256 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	8,942,937 shares
March 31, 2022:	8,942,656 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	54,136,505 shares
Fiscal Year ended March 31, 2022:	54,136,692 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	149,677	19.6	12,126	443.0	11,946	351.4	25,507	994.9
March 31, 2022	125,098	66.2	2,233	-	2,646	-	2,329	292.8

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	460.69	-
March 31, 2022	37.09	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	131,137	85,689	65.3	1,582.85
March 31, 2022	112,857	62,548	55.4	995.94

(Reference) Equity: As of March 31, 2023: ¥ 85,689 million
As of March 31, 2022: ¥ 62,548 million

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	15,765	16,775
Notes and accounts receivable - trade, and contract assets	31,538	35,908
Electronically recorded monetary claims - operating	7,386	9,472
Merchandise and finished goods	17,338	16,705
Work in process	3,284	5,632
Raw materials and supplies	15,815	12,465
Other	1,654	680
Allowance for doubtful accounts	(94)	(57)
Total current assets	92,688	97,582
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,719	31,894
Accumulated depreciation	(24,896)	(25,123)
Buildings and structures, net	6,823	6,770
Machinery and equipment	88,445	89,083
Accumulated depreciation	(75,453)	(75,609)
Machinery and equipment, net	12,992	13,474
Vehicles	838	827
Accumulated depreciation	(772)	(786)
Vehicles, net	66	41
Tools, furniture and fixtures	4,178	4,131
Accumulated depreciation	(3,686)	(3,690)
Tools, furniture and fixtures, net	491	441
Land	23,033	22,992
Leased assets	640	321
Accumulated depreciation	(470)	(176)
Leased assets, net	169	145
Construction in progress	520	1,037
Total property, plant and equipment	44,097	44,903
Intangible assets		
Other	273	544
Total intangible assets	273	544
Investments and other assets		
Investment securities	2,785	3,150
Retirement benefit asset	1,215	1,072
Deferred tax assets	8	10
Guarantee deposits	2,352	1,364
Other	239	200
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	6,559	5,756
Total non-current assets	50,929	51,204
Total assets	143,618	148,787

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,750	20,577
Electronically recorded obligations - operating	1,356	1,631
Short-term borrowings	7,674	2,620
Current portion of bonds payable	42	27
Accounts payable - other	2,040	1,726
Accrued expenses	1,444	1,876
Income taxes payable	1,565	3,270
Accrued consumption taxes	54	1,975
Provision for bonuses	853	1,135
Provision for environmental measures	9	237
Provision for decommissioning and removal	-	41
Other	584	722
Total current liabilities	37,375	35,842
Non-current liabilities		
Bonds payable	27	-
Long-term borrowings	8,249	7,629
Deferred tax liabilities	3,472	2,985
Deferred tax liabilities for land revaluation	1,001	1,001
Provision for environmental measures	415	233
Provision for decommissioning and removal	404	362
Provision for loss on business of subsidiaries and associates	42	119
Retirement benefit liability	2,577	2,437
Other	1,121	1,314
Total non-current liabilities	17,311	16,085
Total liabilities	54,686	51,927
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,826	7,826
Retained earnings	58,364	66,179
Treasury shares	(775)	(775)
Total shareholders' equity	85,459	93,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,043	1,213
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	2,444	2,421
Remeasurements of defined benefit plans	(16)	(49)
Total accumulated other comprehensive income	3,471	3,585
Total net assets	88,931	96,859
Total liabilities and net assets	143,618	148,787

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	166,701	188,514
Cost of sales	146,903	162,454
Gross profit	19,797	26,060
Selling, general and administrative expenses		
Selling expenses	6,204	5,319
General and administrative expenses	6,342	7,097
Total selling, general and administrative expenses	12,547	12,416
Operating profit	7,250	13,644
Non-operating income		
Interest income	54	55
Dividend income	65	81
Amortization of negative goodwill	3	-
Share of profit of entities accounted for using equity method	135	169
Rental income from real estate	67	68
Other	113	106
Total non-operating income	439	481
Non-operating expenses		
Interest expenses	113	207
Loss on securitization of receivables	132	128
Rental expenses	147	148
Other	641	268
Total non-operating expenses	1,034	754
Ordinary profit	6,654	13,371
Extraordinary income		
Gain on sales of scraps	-	959
Insurance claim income	-	152
Gain on sale of non-current assets	29	9
Gain on extinguishment of tie-in shares	220	-
Reversal of provision for loss on business of subsidiaries and associates	39	-
Reversal of provision for environmental measures	27	-
Other	-	50
Total extraordinary income	316	1,171
Extraordinary losses		
Loss on retirement of non-current assets	181	580
Compensation for damage	-	152
Impairment losses	10	21
Other	11	135
Total extraordinary losses	203	889
Profit before income taxes	6,767	13,653
Income taxes - current	1,776	3,972
Income taxes - deferred	176	(546)
Total income taxes	1,952	3,426
Profit	4,815	10,227
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,815	10,227

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	4,815	10,227
Other comprehensive income		
Valuation difference on available-for-sale securities	62	169
Deferred gains or losses on hedges	(0)	0
Remeasurements of defined benefit plans, net of tax	75	(32)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	137	137
Comprehensive income	4,953	10,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,953	10,364
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the 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	20,044	7,826	53,850	(775)	80,945
Changes during period					
Dividends of surplus			(378)		(378)
Reversal of revaluation reserve for land			77		77
Profit attributable to owners of parent			4,815		4,815
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,514	(0)	4,514
Balance at end of period	20,044	7,826	58,364	(775)	85,459

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	981	0	2,522	(92)	3,411	84,356
Changes during period						
Dividends of surplus						(378)
Reversal of revaluation reserve for land						77
Profit attributable to owners of parent						4,815
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	61	(0)	(77)	75	60	60
Total changes during period	61	(0)	(77)	75	60	4,574
Balance at end of period	1,043	(0)	2,444	(16)	3,471	88,931

For the 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	20,044	7,826	58,364	(775)	85,459
Changes during period					
Dividends of surplus			(2,436)		(2,436)
Reversal of revaluation reserve for land			23		23
Profit attributable to owners of parent			10,227		10,227
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	7,814	(0)	7,814
Balance at end of period	20,044	7,826	66,179	(775)	93,274

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,043	(0)	2,444	(16)	3,471	88,931
Changes during period						
Dividends of surplus						(2,436)
Reversal of revaluation reserve for land						23
Profit attributable to owners of parent						10,227
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	169	0	(23)	(32)	113	113
Total changes during period	169	0	(23)	(32)	113	7,928
Balance at end of period	1,213	0	2,421	(49)	3,585	96,859

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,767	13,653
Depreciation	2,308	2,751
Impairment losses	10	21
Increase (decrease) in allowance for doubtful accounts	65	(37)
Increase (decrease) in provision for bonuses	55	282
Increase (decrease) in retirement benefit liability	119	20
Decrease (increase) in retirement benefit asset	(75)	(63)
Increase (decrease) in provision for environmental measures	(51)	46
Increase (decrease) in provision for loss on business of subsidiaries and associates	(39)	77
Interest and dividend income	(119)	(137)
Interest expenses	113	207
Loss (gain) on sales of scraps	-	(959)
Insurance claim income	-	(152)
Compensation for damage	-	152
Loss (gain) on extinguishment of tie-in shares	(220)	-
Loss on retirement of non-current assets	181	580
Loss (gain) on sale of property, plant and equipment	(28)	(9)
Decrease (increase) in trade receivables	(5,424)	(6,452)
Decrease (increase) in inventories	(15,806)	1,635
Increase (decrease) in trade payables	4,989	(977)
Increase (decrease) in accrued consumption taxes	(954)	2,893
Decrease (Increase) In operating guarantee deposit	-	1,000
Other, net	(151)	415
Subtotal	(8,260)	14,948
Income taxes refund	123	-
Income taxes paid	(605)	(2,349)
Proceeds from insurance	-	152
Compensation paid for damage	-	(152)
Payments associated with disaster loss	(13)	-
Gain on sales of scraps	-	902
Payment of demolition and removal costs	-	(488)
Net cash provided by (used in) operating activities	(8,756)	13,012
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,534)	(3,734)
Proceeds from sale of property, plant and equipment	117	241
Interest and dividends received	157	177
Loan advances to subsidiaries and associates	(3)	-
Other, net	(45)	(145)
Net cash provided by (used in) investing activities	(2,308)	(3,460)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	(5,000)
Proceeds from long-term borrowings	8,650	-
Repayments of long-term borrowings	(4,366)	(674)
Redemption of bonds	(42)	(42)
Dividends paid	(379)	(2,431)
Interest paid	(113)	(207)
Other, net	(359)	(186)

Net cash provided by (used in) financing activities	8,388	(8,541)
Net increase (decrease) in cash and cash equivalents	(2,676)	1,010
Cash and cash equivalents at beginning of period	18,308	15,745
Increase in cash and cash equivalents resulting from merger	113	-
Cash and cash equivalents at end of period	15,745	16,755