

* 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: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(3) Number of Shares Issued (Common shares)

(a) Number of shares issued at the end of the period (including treasury shares)

Fiscal 2022 24,077,510 shares Fiscal 2021 24,077,510 shares

(b) Number of treasury shares at the end of the period

Fiscal 2022 1,252,026 shares Fiscal 2021 1,096,640 shares

(c) Average number of shares issued during the period

Fiscal 2022 22,860,777 shares Fiscal 2021 23,274,460 shares

(For reference) Non-Consolidated Results

1. Non-Consolidated Operating Results and Financial Position of the Fiscal 2022 (April 1, 2022 - March 31, 2023)

(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 2022	204,103	21.9	3,896	—	6,453	—	6,089	80.7
Fiscal 2021	167,502	34.7	(2,973)	—	142	—	3,370	—

	Profit per share		Profit per share after full dilution	
	Yen		Yen	
Fiscal 2022	266.35		—	
Fiscal 2021	144.77		—	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Fiscal 2022	221,596		79,420		35.8		3,478.92	
Fiscal 2021	212,562		74,790		35.2		3,253.98	

(For reference) Shareholders' equity: Fiscal 2022 ¥79,420 million Fiscal 2021 ¥74,790 million

2. Non-Consolidated Financial Forecasts for Fiscal 2023 (April 1, 2023 - March 31, 2024)

(Percentage figures are changes from 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	226,000	10.7	4,300	10.4	5,900	(8.6)	4,100	(32.7)	179.31

* 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	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Future Outlook	4
(4) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year	4
2. Basic Policy for the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Important Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Cash Flow Statements	12
(5) Notes Regarding the Consolidated Financial Statements	14
(Note related to going-concern assumption)	14
(Segment information)	14
(Information per share)	15
(Important events after the reporting period)	15

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.
The original disclosure in Japanese was released on May 10, 2023 at 13:30 (GMT+9).
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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 experienced a moderate recovery overall, despite geopolitical risks from the protraction of the situation in Ukraine and unstable market conditions caused by monetary tightening around the world. There were signs of a gradual recovery in the Japanese economy as well, as the employment situation improved and capital investment was on an increasing trend amid the normalization of economic activities. On the other hand, the business environment surrounding TOPY INDUSTRIES, LIMITED (the “Group”) remained uncertain due to the impacts from reduced production of automakers caused by semiconductor and other parts shortages and weaker economic activities in China, in addition to cost increases continued for coal, electricity, other raw materials, and logistics, etc.

Under these circumstances, the Group launched its new Medium-term Management Plan, TOPY Active & Challenge 2025, which will cover the period from FY2022 to 2025. We have set the four areas of promote segment management, strengthen overseas profitability, strengthen domestic business base, and contribute to decarbonization as the Group Basic Strategy, and we are steadily implementing measures to strengthen profitability utilizing the business foundation established in the previous Medium-term Management Plan. Moreover, we are working to promote sustainability management that leverages the Group’s strengths to create new value and solve social issues, through TOPY Sustainable Green Vision 2050, which seeks to achieve an enriching and sustainable society in 2050. As part of these efforts, we have promoted health and productivity management initiatives to improve the vitality of our employees, and we were recognized as a Certified Health & Productivity Management Outstanding Organization in 2023.

In the consolidated fiscal year under review, net sales reached a record high of ¥334,496 million (up 23.3% from the previous fiscal year) thanks to the optimization of sales prices in response to rising costs of raw materials, energy such as electric power, etc., and other raw materials, along with our efforts to win strong demand for ultra-large wheels for mining equipment. Profit also recovered significantly from the previous fiscal year amid efforts to optimize the product mix of steel products and improve costs through structural reforms, etc. Operating income totaled ¥7,175 million (compared to an operating loss of ¥1,706 million in the previous fiscal year), ordinary income reached ¥8,043 million (ordinary loss of ¥1,401 million in the previous fiscal year), and profit attributable to owners of parent came to ¥6,321 million (up 1,535.1% compared to the previous fiscal year). As a result, we achieved a positive free cash flow, and our return on equity (ROE) was 5.4% (0.4% in the previous fiscal year), rising above 5.0% for the first time in four years.

Performance by Segment

(Steel Business)

In the steel industry, domestic crude steel production volume decreased year on year due to a decline in demand for steel materials for construction and manufacturing, which are the main markets. The price of steel scrap, the main raw material, trended at elevated levels, while the prices of other raw materials also remained high.

Given these circumstances, the Group worked to optimize steel sales prices in response to the costs of steel scrap, energy, including electricity, etc., and other raw materials and also optimized the product mix based on market needs. As a result, net sales increased to ¥107,971 million (up 21.4% year on year), and operating profit increased to ¥8,038 million (compared to an operating loss of ¥625 million in the same period of the previous year).

(Automotive & Industrial Machinery Components Business)

In the automotive industry, the production volume in Japan moderately recovered from the level in the previous year due to shortages of semiconductors and other parts resulting in a slower than anticipated recovery in automobile production. In the construction machinery industry, demand was strong in the United States and Southeast Asia, but sales volume of hydraulic excavators declined in Japan. Demand for mining machinery remained strong amid robust demand for resources.

Given these conditions, the Group worked to optimize sales prices in response to the rises in the costs of raw materials in addition to steadily winning demand for ultra-large wheels for mining equipment. At the same time, the Group strived to reduced fixed costs by revamping its production system, etc., through structural reforms. However, net sales came to 198,147 million (up 19.0% year on year) and operating profit totaled ¥4,016 million (down 16.5% year on year), impacted significantly by the decrease in sales volume of models using our wheels for passenger vehicles and substantially higher costs for marine transport and energy, etc.

(Power Business)

The business environment remained more challenging than expected in the power business due to coal prices, a fuel for power generation, remaining at unprecedented historical highs and delayed improvement in electricity selling prices, owing to higher costs caused by yen weakness. Given these circumstances, the Group worked to optimize electricity selling prices. As a result, net sales stood at ¥21,957 million (up 125.9% year on year) and the operating loss improved to ¥566 million (compared to an operating loss of ¥1,957 million in the previous year).

(Business Development Business)

The Group manufactures and sells synthetic mica used in cosmetics and other products. In the synthetic mica business, the Group steadily captured the recovery in demand for cosmetics domestically and internationally. Reflecting this situation, net sales rose 9.1% year on year, to ¥1,043 million with an operating profit amounting to ¥155 million (compared to an operating loss of ¥161 million in the previous fiscal year).

(Leasing Business)

In the leasing business, operating profit was ¥712 million (up 1.9% year on year).

(Others)

The Group operates a civil engineering and construction business, sports club OSSO, and other businesses. Net sales came to ¥5,375 million (up 6.5% year on year) and operating profit was ¥492 million (up 1.2% 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 fiscal year under review stood at ¥292,322 million, an increase of ¥10,126 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥11,125 million in notes and accounts receivable trade and contract assets and ¥2,703 million in cash and deposits, compared to a decrease of ¥2,675 million in property, plant and equipment.

Total liabilities were ¥170,897 million, an increase of ¥2,404 million compared with the end of the previous consolidated fiscal year. This was caused mainly by increases of ¥3,053 million in long-term borrowings and ¥2,819 million in electronically recorded obligations - operating, compared to a decrease of ¥5,501 million in short-term borrowings.

Total net assets came to ¥121,425 million, an increase of ¥7,721 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥5,403 million in retained earnings and ¥3,371 million in foreign currency translation adjustments. As a result, net assets per share stood at ¥5,268.92, resulting in an equity ratio of 41.1%.

Cash flows

Cash and cash equivalents (hereinafter “funds”) in the fiscal year under review increased by ¥2,737 million from the end of the previous consolidated fiscal year to ¥22,588 million at the end of the consolidated fiscal year under review.

(Cash flows from operating activities)

Funds gained from operating activities stood at ¥15,058 million (compared to funds used of ¥5,528 million in the previous consolidated fiscal year). This was mainly attributable to profit before income taxes of ¥7,421 million, depreciation of ¥13,295 million, and an increase in trade accounts receivable of ¥10,351 million.

(Cash flows from investment activities)

Funds used in investment activities stood at ¥5,751 million, an increased of ¥8,360 million from the previous consolidated fiscal year. This mainly reflected the purchase of property, plant and equipment of ¥8,130 million.

(Cash flows from financing activities)

Funds used in financing activities stood at ¥4,677 million (compared to funds gained of ¥3,527 million in the previous consolidated fiscal year). This was caused mainly by a decrease of ¥9,900 million in proceeds from long-term borrowings, ¥7,067 million in repayments of long-term debt, and a decrease of ¥6,079 million in short-term borrowings.

(Reference) Cash flow-related indicators

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Equity ratio (%)	39.2	40.3	40.6	39.9	41.1
Equity ratio based on market value (%)	18.3	12.7	12.3	8.6	15.4
The ratio of interest-bearing debt to operating cash flow (years)	6.8	4.7	14.1	(15.6)	5.6
Interest coverage ratio (times)	16.0	25.9	11.1	(11.0)	19.6

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

Despite expectations for the moderate recovery to continue, the outlook for the global economy is forecast to remain uncertain, a rise in geopolitical risks, including the prolonged situation in Ukraine, inflation, and fluctuations in financial and capital markets amid monetary tightening among other factors. In addition, the business environment surrounding the Group is expected to remain uncertain. This includes elevated prices of raw materials, energy such as electricity, etc., and other raw materials, the impact of shortages of semiconductors and other parts on automobile and construction machinery production, and the "2024 problem" in Japan's logistics industry.

In this environment, the Group will closely monitor demand trends in each business segment and continue to establish sales prices in response to costs such as raw materials, energy including electricity, etc., other raw materials, and transportation. In addition, in order to increase profitability in line with the new Medium-term Management Plan "TOPY Active & Challenge 2025," we will steadily promote further cost improvements, expansion of high value-added products, strengthening alliances through the newly established Overseas Business Strategy Department, expanding sales to local companies and steadily promoting the planning and implementation of overseas business strategies aimed at tapping into new markets.

The consolidated forecasts for fiscal 2023 include consolidated net sales of ¥342,000 million, operating profit of ¥9,500 million, ordinary profit of ¥9,600 million, and profit attributable to owners of parent of ¥6,500 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. Regarding the number of dividends, the Company's basic policy is to pay dividends of surplus twice a year, comprising an interim dividend and a year-end dividend. From the next fiscal year's dividends, the target dividend payout ratio will be changed to 30 to 35% of profit attributable to owners of parent, excluding one-off gains and losses that do not involve an increase or decrease in cash and deposits.

The Company plans to pay ¥68 per share as the year-end dividend for the fiscal year under review. The interim dividend was ¥20 per share, resulting in an annual dividend of ¥88 per share.

Regarding the dividends for the next fiscal year, we plan to pay an annual dividend of ¥88 yen share, but the forecast amount of the interim dividend has not been decided.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	21,037	23,740
Notes and accounts receivable - trade, and contract assets	60,545	71,671
Merchandise and finished goods	27,734	27,229
Work in process	6,336	7,849
Raw materials and supplies	21,368	22,156
Other	7,483	5,966
Allowance for doubtful accounts	(86)	(41)
Total current assets	144,420	158,573
Non-current assets		
Property, plant and equipment		
Buildings and structures	95,234	96,988
Accumulated depreciation	(66,774)	(69,639)
Buildings and structures, net	28,460	27,349
Machinery, equipment and vehicles	220,159	226,532
Accumulated depreciation	(174,205)	(182,494)
Machinery, equipment and vehicles, net	45,953	44,037
Land	15,339	15,538
Leased assets	2,175	1,314
Accumulated depreciation	(1,315)	(767)
Leased assets, net	859	547
Construction in progress	2,729	3,114
Other	41,682	43,084
Accumulated depreciation	(39,686)	(41,008)
Other, net	1,995	2,076
Total property, plant and equipment	95,338	92,662
Intangible assets		
Other	3,440	3,014
Total intangible assets	3,440	3,014
Investments and other assets		
Investment securities	27,506	27,263
Long-term loans receivable	204	201
Deferred tax assets	1,834	643
Retirement benefit asset	397	382
Other	9,143	9,661
Allowance for doubtful accounts	(89)	(81)
Total investments and other assets	38,996	38,071
Total non-current assets	137,775	133,748
Total assets	282,195	292,322

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,731	36,097
Electronically recorded obligations - operating	15,552	18,372
Short-term borrowings	22,807	17,305
Current portion of bonds payable	—	7,000
Lease liabilities	158	122
Income taxes payable	891	871
Other	14,055	15,525
Total current liabilities	87,196	95,295
Non-current liabilities		
Bonds payable	37,000	30,000
Long-term borrowings	26,228	29,282
Lease liabilities	235	213
Deferred tax liabilities	6,190	3,890
Provision for corporate officers' retirement benefits	163	150
Provision for share awards for directors (and other officers)	23	11
Provision for retirement benefits for directors (and other officers)	25	11
Reserve for repairs	324	441
Retirement benefit liability	9,155	9,894
Asset retirement obligations	346	267
Other	1,603	1,438
Total non-current liabilities	81,296	75,602
Total liabilities	168,492	170,897
Net assets		
Shareholders' equity		
Share capital	20,983	20,983
Capital surplus	18,606	18,606
Retained earnings	62,114	67,518
Treasury shares	(2,287)	(2,503)
Total shareholders' equity	99,417	104,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,990	9,693
Deferred gains or losses on hedges	19	(4)
Foreign currency translation adjustment	1,692	5,064
Remeasurements of defined benefit plans	1,537	908
Total accumulated other comprehensive income	13,240	15,661
Non-controlling interests	1,045	1,159
Total net assets	113,703	121,425
Total liabilities and net assets	282,195	292,322

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	271,178	334,496
Cost of sales	240,122	289,880
Gross profit	31,055	44,616
Selling, general and administrative expenses	32,762	37,440
Operating profit (loss)	(1,706)	7,175
Non-operating income		
Interest income	135	134
Dividend income	721	701
Foreign exchange gains	753	215
Share of profit of entities accounted for using equity method	—	452
Insurance claim income	328	79
Other	468	573
Total non-operating income	2,407	2,155
Non-operating expenses		
Interest expenses	500	768
Share of loss of entities accounted for using equity method	1,071	—
Other	530	519
Total non-operating expenses	2,101	1,288
Ordinary profit (loss)	(1,401)	8,043
Extraordinary income		
Gain on sale of non-current assets	37	13
Gain on sale of investment securities	3,413	72
Gain on reversal of provision incurred from business combination	791	—
Total extraordinary income	4,242	85
Extraordinary losses		
Loss on sale of non-current assets	7	4
Loss on retirement of non-current assets	279	330
Impairment losses	108	280
Business structural reform expenses	648	75
Other	6	15
Total extraordinary losses	1,050	707
Profit before income taxes	1,790	7,421
Income taxes - current	1,763	1,759
Income taxes - deferred	(425)	(775)
Total income taxes	1,337	983
Profit	453	6,437
Profit attributable to non-controlling interests	66	116
Profit attributable to owners of parent	386	6,321

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	453	6,437
Other comprehensive income		
Valuation difference on available-for-sale securities	481	(343)
Deferred gains or losses on hedges	7	(24)
Foreign currency translation adjustment	3,169	3,101
Remeasurements of defined benefit plans, net of tax	968	(636)
Share of other comprehensive income of entities accounted for using equity method	944	396
Total other comprehensive income	5,571	2,494
Comprehensive income	6,024	8,932
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,868	8,741
Comprehensive income attributable to non-controlling interests	156	190

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (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

Consolidated fiscal year under review (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,983	18,606	62,114	(2,287)	99,417
Cumulative effects of changes in accounting policies					
Restated balance	20,983	18,606	62,114	(2,287)	99,417
Changes during period					
Dividends of surplus			(917)		(917)
Profit attributable to owners of parent			6,321		6,321
Purchase of treasury shares				(228)	(228)
Disposal of treasury shares				11	11
Net changes in items other than shareholders' equity					
Total changes during period	—	—	5,403	(216)	5,187
Balance at end of period	20,983	18,606	67,518	(2,503)	104,604

	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	9,990	19	1,692	1,537	13,240	1,045	113,703
Cumulative effects of changes in accounting policies							—
Restated balance	9,990	19	1,692	1,537	13,240	1,045	113,703
Changes during period							
Dividends of surplus							(917)
Profit attributable to owners of parent							6,321
Purchase of treasury shares							(228)
Disposal of treasury shares							11
Net changes in items other than shareholders' equity	(296)	(24)	3,371	(629)	2,420	113	2,534
Total changes during period	(296)	(24)	3,371	(629)	2,420	113	7,721
Balance at end of period	9,693	(4)	5,064	908	15,661	1,159	121,425

(4) Consolidated Cash Flow Statements

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,790	7,421
Depreciation	12,775	13,295
Impairment losses	108	280
Amortization of goodwill	124	124
Insurance claim income	(328)	(79)
Gain on reversal of provision incurred from business combination	(791)	—
Business structural reform expenses	648	75
Increase (decrease) in allowance for doubtful accounts	67	(60)
Increase (decrease) in provision for corporate officers' retirement benefits	(48)	(12)
Increase (decrease) in provision for scheduled repairs	(73)	116
Increase (decrease) in retirement benefit liability	(263)	(152)
Interest and dividend income	(857)	(835)
Interest expenses	500	768
Share of loss (profit) of entities accounted for using equity method	1,071	(452)
Loss (gain) on sale of short-term and long-term investment securities	(3,408)	(72)
Gain(loss) on sales and disposal of property, plant and equipment, net	249	321
Decrease (increase) in trade receivables	(8,504)	(10,351)
Decrease (increase) in inventories	(13,809)	(240)
Increase (decrease) in trade payables	8,752	4,679
other	(2,524)	2,253
Subtotal	(4,520)	17,082
Interest and dividends received	868	875
Interest paid	(504)	(767)
Proceeds from insurance income	121	286
Payments business structural reform expenses	—	(489)
Income taxes paid	(1,492)	(1,928)
Net cash provided by (used in) operating activities	(5,528)	15,058
Cash flows from investing activities		
Net decrease (increase) in time deposits	126	95
Purchase of property, plant and equipment	(8,122)	(8,130)
Proceeds from sale of property, plant and equipment	213	9
Purchase of investment securities	(30)	(13)
Proceeds from sale of investment securities	5,549	208
Loan advances	(11)	(12)
Proceeds from collection of loans receivable	18	13
Purchase of intangible assets	(364)	(456)
Other, net	11	(75)
Net cash provided by (used in) investing activities	(2,609)	(8,360)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(99)	(6,079)
Proceeds from long-term borrowings	8,243	9,900
Repayments of long-term borrowings	(8,154)	(7,067)
Proceeds from issuance of bonds	9,929	—
Redemption of bonds	(5,300)	—
Increase (decrease) in deposit payable in cash	60	30
Repayments of lease liabilities	(256)	(235)
Purchase of treasury shares	(356)	(228)
Dividends paid	(469)	(920)
Dividends paid to non-controlling interests	(68)	(76)
Net cash provided by (used in) financing activities	3,527	(4,677)
Effect of exchange rate change on cash and cash equivalents	1,141	717
Net increase (decrease) in cash and cash equivalents	(3,468)	2,737
Cash and cash equivalents at beginning of period	23,319	19,850
Cash and cash equivalents at end of period	19,850	22,588

(5) Notes Regarding the Consolidated Financial Statements

(Note related to going-concern assumption)

Not applicable.

(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 business divisions. These five reportable segments are: Steel, Automotive & Industrial Machinery Components, Power, Business Development, and Leasing.

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 Business Development 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.)

From the fiscal year under review, the Group has changed the name of the reportable segment previously referred to as Science to Business Development.

This is a change to the segment name, and there is no impact regarding segment information. Furthermore, segment information for the previous fiscal year is presented using the new segment name.

3. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

Previous consolidated fiscal year (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Reportable segment						Other (Note) 1	Full fiscal year	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Business Developme nt	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)

(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. 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.
3. Profit of segment is adjusted with operating loss recorded under the consolidated financial statements.

Consolidated fiscal year under review (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Reportable segment						Other (Note) 1	Full fiscal year	Amount of adjustment (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Steel	Automotive & Industrial Machinery Components	Power	Business Developme nt	Leasing	Total				
Net sales										
Net sales to outside customers	107,971	198,147	21,957	1,043	—	329,120	5,375	334,496	—	334,496
Internal sales or transfer between segments	24,820	—	—	—	1,138	25,959	—	25,959	(25,959)	—
Total	132,792	198,147	21,957	1,043	1,138	355,080	5,375	360,455	(25,959)	334,496
Profits of segment	8,038	4,016	(566)	155	712	12,357	492	12,849	(5,673)	7,175

(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. Profits of segment in an amount of a loss of ¥5,673 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.
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, 2021 to March 31, 2022)	Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)
Net assets per share	4,902.25 yen	5,268.92 yen
Profit per share	16.61 yen	276.51 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 (42 thousand shares for the previous consolidated fiscal year and 36 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 (44 thousand shares for the previous consolidated fiscal year and 38 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, 2021 to March 31, 2022)	Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (million yen)	386	6,321
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent in relation to common shares (million yen)	386	6,321
Average number of shares during the fiscal year (thousand shares)	23,274	22,860

(Important events after the reporting period)

Not applicable.