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Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2021 (Japanese GAAP)



May 10, 2021
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL TRADING CORPORATION**
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Scheduled ordinary general meeting of shareholders: June 29, 2021
Start of cash dividend payments: June 30, 2021
Securities report to be submitted: June 29, 2021
Supplementary materials: Yes (Japanese only)
IR conference: Yes (for institutional investors and analysts; Japanese only)

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(%: change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2021	2,073,240	(16.4)	22,277	(30.6)	25,687	(22.7)	15,934	(23.1)
FYE March 31, 2020	2,480,256	(2.8)	32,088	(11.3)	33,244	(8.7)	20,708	(10.9)

Note: Comprehensive income
FYE March 31, 2021 ¥21,262 million (47.0%)
FYE March 31, 2020 ¥14,462 million (-26.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
FYE March 31, 2021	493.98	–	6.5	3.0	1.1
FYE March 31, 2020	641.97	–	8.9	3.7	1.3

Reference: Shares of profit/loss of entities accounted for using equity method
FYE March 31, 2021 ¥2,559 million
FYE March 31, 2020 ¥2,786 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	883,442	278,247	28.9	7,922.37
As of March 31, 2020	857,744	254,877	27.6	7,329.73

Reference: Equity capital

As of March 31, 2021 ¥255,545 million

As of March 31, 2020 ¥236,440 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
FYE March 31, 2021	47,255	(6,451)	(9,993)	55,881
FYE March 31, 2020	39,732	(5,736)	(32,679)	25,314

2. Dividends

	Annual dividends per share					Dividends paid (total)	Payout ratio (consolidated)	Dividends on equity ratio (consolidated)
	1Q	2Q	3Q	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 31, 2020	–	115.00	–	85.00	200.00	6,452	31.2	2.8
FYE March 31, 2021	–	50.00	–	110.00	160.00	5,161	32.4	2.1
FYE March 31, 2022 (Est.)	–	110.00	–	110.00	220.00		32.3	

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	15,000	82.9	15,500	62.3	11,000	111.3	341.02
Full fiscal year	32,000	43.6	33,000	28.5	22,000	38.1	682.04

* As Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) will apply from the beginning of the fiscal year ending March 2022, the amounts in the above-stated projected consolidated results are after application of the relevant Standard.

* Notes

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

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

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

As of March 31, 2021	32,307,800 shares
As of March 31, 2020	32,307,800 shares

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

As of March 31, 2021	51,577 shares
As of March 31, 2020	50,132 shares

 - iii. Average number of shares during the period

FYE March 31, 2021	32,257,181 shares
FYE March 31, 2020	32,258,362 shares

(Reference) Overview of Non-consolidated Financial Results

**Non-consolidated Results for Fiscal Year Ended March 31, 2021
(April 1, 2020 to March 31, 2021)**

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

	Net sales		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2021	1,688,795	(17.1)	20,049	(11.3)	15,706	7.1
FYE March 31, 2020	2,037,389	(7.6)	22,604	(18.5)	14,671	(32.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FYE March 31, 2021	486.87		-	
FYE March 31, 2020	454.77		-	

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	686,679	186,432	27.1	5,779.19
As of March 31, 2020	664,262	170,219	25.6	5,276.38

Reference: Equity capital

As of March 31, 2021 ¥186,432 million

As of March 31, 2020 ¥170,219 million

<Reason for the difference of non-consolidated financial results from actual results of the previous period>
In the Steel business, due to the decline of sales volume, etc. there has been a difference between the actual results for the previous fiscal year and the actual results for the fiscal year under review.

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

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

(Caution on description of future events, etc.)

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

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of May 10, 2021, and they were published on the Group's website on the same date.

(How to acquire materials for briefing session)

The Company has scheduled a briefing session for institutional investors and analysts on May 10, 2021. Soon after the session is over, the presentation materials distributed during the event will be posted on the Company's website (Japanese only).

Index of attached documents

1. Overview of Operating Results and Others.....	2
(1) Outline of Operating Results for the Fiscal Year	2
(2) Overview of Financial Position for the Fiscal Year	3
(3) Basic Policy on Distribution of Profits, and Dividends in Period under Review and Subsequent Period.....	4
2. Basic Philosophy for Selecting Accounting Standards	4
3. Consolidated Financial Statements and Significant Notes Thereto	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Consolidated Financial Statements and Significant Notes Thereto	13
(Notes on Going Concern Assumption).....	13
(Additional Information).....	13
(Segment Information, etc.).....	14
(Per Share Information)	19
(Subsequent Events)	19

1. Overview of Operating Results and Others

(1) Outline of Operating Results for the Fiscal Year

A. Overview of Operating Results for the Fiscal Year

The global economy in the fiscal year under review retreated significantly due to the impact of COVID-19. The Chinese economy continued to grow due to bringing infections under control quickly and subsequent economic measures, but the growth rate slowed significantly. In other regions, in general there was large negative growth. In the Japanese economy as well, the economy has suffered a major decline on a scale not seen since the financial crisis mainly due to the effects of store closures and people refraining from going out.

The Group has been taking measures to respond to the contraction in global economic activities in accordance with the following priority policies: “preventing the spread of infections and ensuring the business continuation,” “implementing measures to strengthen the business foundation in response to changes in the business environment,” and “promptly formulating and executing business strategies for profit growth.”

In this business environment, the Company’s consolidated earnings, as compared with the previous fiscal year, were as follows: Net sales were ¥2,073.2 billion, down ¥407.0 billion (16.4%). Operating profit was ¥22.2 billion, down ¥9.8 billion (30.6%) and ordinary profit was ¥25.6 billion, down ¥7.5 billion (22.7%). Profit attributable to owners of parent was ¥15.9 billion, down ¥4.7 billion (23.1%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, the business environment turned out to be unprecedentedly difficult, with nationwide crude steel production falling to 82.79 million tons, the lowest since 1969.

Domestic and foreign steel demand fell sharply primarily in the first half due to the impact of lockdowns, etc., but in the second half it trended upward due to economic measures in various countries and recovery of production primarily in the manufacturing industry, and as for the market conditions of steel products as well, there was an upward trend in the second half due to factors such as a gap between supply and demand.

Net sales for the Steel business declined 16.6%, or ¥351.0 billion year on year, to ¥1,767.6 billion mainly due to the decline in sales volumes, and ordinary profit posted a decline of 14.3%, or ¥3.1 billion, to ¥19.0 billion, partly due to a decrease in earnings of domestic and foreign Group companies despite reductions of costs, fixed expenses, etc.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, the business environment had become difficult mainly due to the worldwide decrease in automobile production and capital investment.

Net sales for the Industrial Supply and Infrastructure business declined 12.3%, or ¥10.7 billion year on year, to ¥76.9 billion, and ordinary profit posted a decline of 32.0%, or ¥1.2 billion year on year, to ¥2.5 billion, due partly to a one-off profit in the previous year despite efforts to expand sales of aluminum, etc.

(Textiles)

As for the business environment surrounding the Textiles business, in addition to structural issues in the domestic apparel industry as a whole, clothing sales fell drastically due to the effects of people refraining from going out to prevent the spread of COVID-19, shortening of business hours or closures of stores, and the increased use of telecommuting. As a result, the conditions have become even more severe.

Net sales for the Textiles business declined 24.3%, or ¥31.5 billion year on year, to ¥98.4 billion against the backdrop of the severe business environment, and ordinary profit posted a decline of 64.3%, or ¥3.0 billion year on year, to ¥1.6 billion, despite cost reductions.

(Foodstuffs)

The business environment surrounding the Foodstuffs business has become more severe due primarily to the effects of closures and shortened business hours of restaurants, as well as decreased demand for meat for hot pot dishes.

Net sales in the Foodstuffs business declined 9.1%, or ¥12.9 billion year on year, to ¥129.8 billion, while ordinary profit was almost flat year on year at ¥2.3 billion, as a result of efforts to capture demand for ready-made takeout meals, etc.

B. Future Outlook

Although the global economy in FY2021 is expected to grow overall, there is significant uncertainty with respect to the timing and speed of economic recovery in each country and region, as well as with the future impact of the COVID-19 pandemic.

As for the Japanese economy, it is expected that it will take a considerable period of time for social and economic activities to normalize, and accordingly there is concern that the recovery pace will be slow, even though the economy remains on a track for recovery.

Regarding the projected consolidated results for the fiscal year ending March 31, 2022, operating profit is projected to be ¥15.0 billion, ordinary profit is projected to be ¥15.5 billion, and profit attributable to owners of parent is projected to be ¥11.0 billion in the first six months of the fiscal year through the steady implementation of the medium- to long-term management plan that has just been formulated. For the full year, operating profit is projected to be ¥32.0 billion, ordinary profit is projected to be ¥33.0 billion, and profit attributable to owners of parent is projected to be ¥22.0 billion.

(2) Overview of Financial Position for the Fiscal Year

A. Assets, Liabilities, and Net Assets

Total assets as of the end of the consolidated fiscal year under review increased by ¥25.6 billion from the end of the previous fiscal year to ¥883.4 billion.

Total liabilities increased by ¥2.3 billion from the end of the previous fiscal year to ¥605.1 billion.

As a result of posting ¥15.9 billion in profit attributable to owners of parent, net assets increased by ¥23.3 billion year on year to ¥278.2 billion.

Shareholders' equity at the end of the fiscal year under review was ¥255.5 billion, yielding an equity ratio of 28.9%, and a net interest-bearing debt to equity ratio (net debt-to-equity ratio) of 0.9, which means all of these have improved from the end of the previous fiscal year.

B. Cash Flows

Cash and cash equivalents at the end of the fiscal year under review increased by ¥30.5 billion from the end of the previous fiscal year to ¥55.8 billion.

Net cash provided by operating activities in the fiscal year under review was ¥47.2 billion. The main factors in this increase in funds were a decrease in trade receivables of ¥25.3 billion, and posting profit before income taxes of ¥24.8 billion, while the main factor leading to a decrease in funds was a decrease in trade payables of ¥16.2 billion.

Net cash used in investment activities was ¥6.4 billion. The main use of cash was purchase of property, plant and equipment of ¥5.9 billion. The main cash inflows were proceeds from sales of investment securities of ¥2.2 billion.

Net cash used in financing activities was ¥9.9 billion. The main cash outflows were dividends paid of ¥4.3 billion, and a decrease in commercial papers of ¥4.0 billion.

C. Cash Flow Indicators

	FYE March 31, 2018	FYE March 31, 2019	FYE March 31, 2020	FYE March 31, 2021
Equity ratio (%)	27.1	24.0	27.6	28.9
Equity ratio, market value basis (%)	23.4	15.1	13.7	14.8
Interest-bearing debt/cash flow ratio (year)	-	35.1	7.6	6.3
Interest coverage ratio (times)	-	2.2	9.6	19.3

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

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

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

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

As for the year-end dividend for the fiscal year under review, based on this Basic Policy, the Company will submit a proposal for the Ordinary General Meeting of Shareholders to pay ¥110 per share (together with the interim dividend of ¥50 per share, the yearly dividend will come to ¥160 per share with a payout ratio of 32.4%).

2. Basic Philosophy for Selecting Accounting Standards

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

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

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)		
	Previous Fiscal Year (As of March 31, 2020)	Current Fiscal Year (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	26,017	56,857
Notes and accounts receivable - trade	555,871	545,237
Inventories	123,261	110,708
Other	15,573	20,337
Allowance for doubtful accounts	(1,088)	(1,413)
Total current assets	719,634	731,727
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,886	20,131
Machinery, equipment and vehicles, net	12,606	12,664
Tools, furniture and fixtures, net	1,648	1,648
Land	21,425	23,864
Leased assets, net	2,153	2,244
Construction in progress	2,059	1,193
Total property, plant and equipment	56,780	61,747
Intangible assets		
Goodwill	408	326
Other	721	584
Total intangible assets	1,129	910
Investments and other assets		
Investment securities	65,503	73,963
Long-term loans receivable	76	33
Retirement benefit asset	483	2,089
Deferred tax assets	3,105	2,409
Other	14,049	13,435
Allowance for doubtful accounts	(3,019)	(2,875)
Total investments and other assets	80,199	89,056
Total non-current assets	138,109	151,714
Total assets	857,744	883,442

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2020)	Current Fiscal Year (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	257,395	255,025
Short-term borrowings	103,942	87,482
Commercial papers	50,000	46,000
Lease obligations	922	979
Income taxes payable	3,627	4,705
Provision for bonuses	4,534	4,151
Provision for loss on liquidation of subsidiaries and associates	30	22
Other	25,423	28,792
Total current liabilities	445,876	427,159
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	66,235	84,915
Lease obligations	1,267	1,341
Deferred tax liabilities	745	2,470
Provision for retirement benefits for directors (and other officers)	601	721
Provision for loss on guarantees	-	617
Retirement benefit liability	3,674	3,297
Other	4,466	4,671
Total non-current liabilities	156,990	178,035
Total liabilities	602,867	605,195
Net assets		
Shareholders' equity		
Share capital	16,389	16,389
Capital surplus	54,689	54,492
Retained earnings	160,669	175,427
Treasury shares	(153)	(158)
Total shareholders' equity	231,594	246,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,168	7,184
Deferred gains or losses on hedges	(371)	(71)
Foreign currency translation adjustment	3,989	1,784
Remeasurements of defined benefit plans	(940)	498
Total accumulated other comprehensive income	4,845	9,395
Non-controlling interests	18,437	22,701
Total net assets	254,877	278,247
Total liabilities and net assets	857,744	883,442

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

(Consolidated Statements of Income)

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
	(Millions of yen)	
Net sales	2,480,256	2,073,240
Cost of sales	2,338,742	1,952,543
Gross profit	141,514	120,697
Selling, general and administrative expenses	109,425	98,420
Operating profit	32,088	22,277
Non-operating income		
Interest income	537	400
Dividend income	1,415	1,116
Share of profit of entities accounted for using equity method	2,786	2,559
Purchase discounts	499	426
Other	1,525	2,527
Total non-operating income	6,764	7,030
Non-operating expenses		
Interest expenses	4,166	2,439
Other	1,442	1,180
Total non-operating expenses	5,609	3,620
Ordinary profit	33,244	25,687
Extraordinary income		
Gain on sale of non-current assets	1,171	478
Gain on sale of investment securities	99	784
Gain on sales of investments in capital	8	-
Total extraordinary income	1,279	1,263
Extraordinary losses		
Impairment losses	795	-
Loss on sale of investment securities	130	23
Loss on valuation of investment securities	1,870	651
Loss on sales of investments in capital	-	3
Loss on valuation of investments in capital	-	714
Provision for loss on guarantees	-	617
Loss on termination of retirement benefit plan	-	51
Total extraordinary losses	2,796	2,061
Profit before income taxes	31,727	24,890
Income taxes - current	9,017	8,307
Income taxes - deferred	573	(563)
Total income taxes	9,590	7,744
Profit	22,136	17,146
Profit attributable to non-controlling interests	1,427	1,211
Profit attributable to owners of parent	20,708	15,934

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
Profit	22,136	17,146
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,301)	5,056
Deferred gains or losses on hedges	109	299
Foreign currency translation adjustment	(187)	(2,040)
Remeasurements of defined benefit plans, net of tax	(827)	1,444
Share of other comprehensive income of entities accounted for using equity method	533	(642)
Total other comprehensive income	(7,674)	4,116
Comprehensive income	14,462	21,262
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,229	20,461
Comprehensive income attributable to non- controlling interests	1,232	801

(3) Consolidated Statements of Changes in Equity

Previous Fiscal Year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,389	54,814	147,181	(147)	218,237
Cumulative effects of changes in accounting policies			34		34
Restated balance	16,389	54,814	147,216	(147)	218,272
Changes during period					
Dividends of surplus			(7,258)		(7,258)
Profit attributable to owners of parent			20,708		20,708
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Change in scope of equity method			3		3
Difference on change in equity		(125)			(125)
Net changes in items other than shareholders' equity					
Total changes during period	–	(125)	13,453	(5)	13,322
Balance at end of period	16,389	54,689	160,669	(153)	231,594

	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	9,517	(483)	3,549	(167)	12,416	18,701	249,356
Cumulative effects of changes in accounting policies	(87)				(87)	(30)	(83)
Restated balance	9,430	(483)	3,549	(167)	12,329	18,671	249,272
Changes during period							
Dividends of surplus							(7,258)
Profit attributable to owners of parent							20,708
Purchase of treasury shares							(5)
Disposal of treasury shares							0
Change in scope of equity method							3
Difference on change in equity							(125)
Net changes in items other than shareholders' equity	(7,261)	111	439	(773)	(7,484)	(233)	(7,717)
Total changes during period	(7,261)	111	439	(773)	(7,484)	(233)	5,604
Balance at end of period	2,168	(371)	3,989	(940)	4,845	18,437	254,877

NIPPON STEEL TRADING CORPORATION (9810)
Consolidated Financial Statements for the Fiscal Year Ended March 31, 2021

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,389	54,689	160,669	(153)	231,594
Changes during period					
Dividends of surplus			(4,355)		(4,355)
Profit attributable to owners of parent			15,934		15,934
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Change in scope of consolidation		(235)	89		(145)
Change in scope of equity method			3,089		3,089
Difference on change in equity		37			37
Net changes in items other than shareholders' equity					
Total changes during period	-	(197)	14,757	(5)	14,555
Balance at end of period	16,389	54,492	175,427	(158)	246,150

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,168	(371)	3,989	(940)	4,845	18,437	254,877
Changes during period							
Dividends of surplus							(4,355)
Profit attributable to owners of parent							15,934
Purchase of treasury shares							(5)
Disposal of treasury shares							0
Change in scope of consolidation							(145)
Change in scope of equity method							3,089
Difference on change in equity							37
Net changes in items other than shareholders' equity	5,015	300	(2,204)	1,439	4,550	4,263	8,814
Total changes during period	5,015	300	(2,204)	1,439	4,550	4,263	23,369
Balance at end of period	7,184	(71)	1,784	498	9,395	22,701	278,247

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	31,727	24,890
Depreciation	5,784	5,782
Impairment losses	795	-
Amortization of goodwill	45	135
Increase (decrease) in allowance for doubtful accounts	(367)	(260)
Increase (decrease) in provision for bonuses	37	(520)
Increase (decrease) in retirement benefit liability	760	(1,846)
Interest and dividend income	(1,953)	(1,517)
Interest expenses	4,166	2,439
Share of loss (profit) of entities accounted for using equity method	(2,786)	(2,559)
Loss (gain) on sale of non-current assets	(1,171)	(478)
Loss (gain) on sale of investment securities	30	(761)
Loss (gain) on valuation of investment securities	1,870	651
Loss (gain) on sales of investments in capital	(8)	3
Loss on valuation of investments in capital	-	714
Decrease (increase) in trade receivables	72,568	25,348
Decrease (increase) in inventories	8,249	14,594
Increase (decrease) in trade payables	(64,907)	(16,259)
Other, net	(4,201)	4,572
Subtotal	50,641	54,929
Interest and dividends received	3,360	2,301
Interest paid	(4,142)	(2,452)
Income taxes paid	(10,126)	(7,522)
Net cash provided by (used in) operating activities	39,732	47,255
Cash flows from investing activities		
Decrease (increase) in time deposits	328	(271)
Purchase of property, plant and equipment	(7,823)	(5,971)
Proceeds from sale of property, plant and equipment	2,231	1,594
Purchase of intangible assets	(245)	(86)
Purchase of investment securities	(974)	(339)
Proceeds from sale of investment securities	433	2,259
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(126)	(2,680)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	937	-
Decrease (increase) in short-term loans receivable	(745)	(78)
Long-term loan advances	(24)	(23)
Proceeds from collection of long-term loans receivable	32	28
Other, net	239	(881)
Net cash provided by (used in) investing activities	(5,736)	(6,451)

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(43,632)	749
Net increase (decrease) in commercial papers	-	(4,000)
Proceeds from long-term borrowings	15,882	25,200
Repayments of long-term borrowings	(15,320)	(25,779)
Proceeds from issuance of bonds	19,902	-
Proceeds from share issuance to non-controlling shareholders	105	-
Dividends paid	(7,256)	(4,356)
Dividends paid to non-controlling interests	(555)	(741)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,004)	(15)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	57	-
Other, net	(857)	(1,049)
Net cash provided by (used in) financing activities	<u>(32,679)</u>	<u>(9,993)</u>
Effect of exchange rate change on cash and cash equivalents	(65)	(363)
Net increase (decrease) in cash and cash equivalents	<u>1,251</u>	<u>30,447</u>
Cash and cash equivalents at beginning of period	24,063	25,314
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	119
Cash and cash equivalents at end of period	<u>25,314</u>	<u>55,881</u>

(5) Consolidated Financial Statements and Significant Notes Thereto

(Notes on Going Concern Assumption)

Not applicable.

(Additional Information)

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

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

Commencement of Consideration for Alliance in the Textiles Business with Mitsui & Co., Ltd.

Based on a resolution at the Board of Directors meeting held on February 3, 2021, the Company signed a basic agreement with Mitsui & Co., Ltd. ("Mitsui & Co.") to commence consideration (the "Considerations") toward an alliance (the "Alliance") in the textiles business of both companies, centered on integration of the Textiles business of the Company and the core subsidiary of Mitsui & Co.'s textiles business, Mitsui Bussan I-Fashion Ltd. ("MIF") (the "Integration").

I. Background of the Considerations

In the textiles business field, changes in the domestic and overseas business environment are accelerating. Especially, the OEM (abbreviation for Original Equipment Manufacturer Contract; meaning contracted manufacturing of partner brand products) market for domestic apparel is on a shrinking trend, and it is expected that the situation will become even more severe in the future due to the impact of the spread of COVID-19.

In such circumstances, the intentions of both companies, which had been considering strengthening the business foundation of the textiles business and its sustainable growth and development, coincided, and the two companies agreed to start the Considerations. The two companies will continue the Considerations aiming at realization of sustainable growth and enhanced corporate value through the Alliance, by utilizing the management resources of both companies in a mutually complementary manner, building a stronger business foundation, as well as creating new business opportunities.

II. Objective of the Alliance

The Alliance aims at the realization of the following matters by promoting collaboration between the Company and Mitsui & Co., centered on integration of the Company's Textiles business and MIF.

1. Strengthening of the Foundation of the OEM Business, as the Company's Core Business

The two companies aim to improve their business competitiveness and build a solid business foundation. By combining the sales capabilities and the customer networks of both companies, as well as the products and services that each company excels at, the companies will maximize the synergies of mutually complementary collaboration. Also, by making use of scale as a result of the Integration, the companies are pursuing improved efficiency and enhanced functions centered on procurement.

2. Creating Business Opportunities in a New Growth Field

By maximizing the use of the business resources of both companies in the entire supply chain from upstream to downstream, the Company will expand business for overseas markets where growth is expected. In addition, the Company aims to provide new services that make full use of digital technology and achieve sustainable growth by creating new business opportunities from the perspective of sustainability, such as the utilization of reusable materials and the construction of product recycling systems.

3. Deepening Value Provided to Customers

Based on the textiles business knowledge, comprehensive strengths, and procurement networks that both companies have cultivated over many years, we will support customer transformation through new initiatives that utilize digital technology in each of the functional processes such as planning, production, and logistics.

III. Outline of the Integration, etc.

1. Outline of the Integration

The two companies plan to integrate the Company's Textiles business and MIF and operate them as a single business in the new integrated company, but we will consider and discuss the conditions, etc. including the specific scope of the target business and the integration method in the future. Since the Integration is based on a spirit of equality, the investment ratio of the two companies in the new integrated company is planned to be 50:50.

2. Schedule

The Company will immediately start the Considerations with Mitsui & Co., and as soon as we reach agreement in discussions, we will conclude a final agreement between the two companies targeting June of this year, and after approval by domestic and overseas competition authorities and other necessary procedures, we plan to implement the Integration targeting January 2022.

- | | |
|-------------------------------|---|
| (1) February 3, 2021: | Conclusion of Basic Agreement on the Considerations |
| (2) June 2021 (scheduled): | Conclusion of Final Agreement on the Alliance |
| (3) January 2022 (scheduled): | Effective date of the Integration |

IV. Future Projection

Undecided matters will be discussed between the two companies going forward, and will be announced separately as soon as discussions are completed.

The impact on our business performance from the next fiscal year onward has not been determined.

(Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

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

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

Thus, the Company consists of four business divisions based on the products it handles and has four reportable segments: Steel, Industrial Supply and Infrastructure, Textiles, and Foodstuffs.

The major products handled in the Steel segment are steel plates and sheets, steel pipes and tubes, bars and special steel, structural products, raw materials and fuels, and machinery. The major products handled in the Industrial Supply and Infrastructure segment are industrial machinery, non-ferrous metals, cast and forged products, and railroad machinery. Also in this segment, industrial estates are developed and sold, and power generation facilities developed through equity method affiliates. The major products handled in the Textiles segment are textiles products and materials. The major products handled in the Foodstuffs segment are imported meats and sea food.

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

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

3. Information on Amounts of Each Reporting Segment's Net Sales, Profit/Loss, Assets and Other Items
Previous Fiscal Year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	2,118,646	87,738	130,048	142,851	2,479,286	970	2,480,256	-	2,480,256
Intersegment sales or transfers	628	608	5	-	1,243	132	1,375	(1,375)	-
Total	2,119,275	88,346	130,054	142,851	2,480,529	1,102	2,481,631	(1,375)	2,480,256
Segment profit (Ordinary profit)	22,230	3,773	4,695	2,438	33,137	106	33,244	(0)	33,244
Segment assets	686,188	60,308	57,071	44,540	848,108	2,266	850,375	7,369	857,744
Others									
Depreciation	3,509	843	1,376	39	5,768	16	5,784	-	5,784
Amortization of goodwill	-	-	-	45	45	-	45	-	45
Interest income	501	4	8	23	537	0	537	-	537
Interest expenses	3,476	195	293	170	4,135	31	4,166	-	4,166
Equity in earnings (losses) of affiliates	252	2,622	(87)	-	2,786	-	2,786	-	2,786
Investment in equity method affiliates	11,832	23,333	368	-	35,534	-	35,534	-	35,534
Increase in property, plant and equipment and intangible assets	6,267	1,192	467	106	8,033	34	8,068	-	8,068

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.
2. The adjustment in "segment profit" represents the elimination of inter-segment trade.
3. The adjustment of ¥7,369 million in "segment assets" represents ¥7,679 million in the Group-wide assets not allocated to any reportable segment and an elimination of ¥310 million in inter-segment trade. The Group-wide assets consist primarily of the parent company's cash and deposits.
4. The total profit of the "reportable segments" and "others" aligns with the ordinary profit in the consolidated statements of income excepting the adjustment.

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

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,767,620	76,941	98,471	129,874	2,072,908	332	2,073,240	–	2,073,240
Intersegment sales or transfers	371	495	3	–	869	59	929	(929)	–
Total	1,767,992	77,436	98,474	129,874	2,073,778	392	2,074,170	(929)	2,073,240
Segment profit (Ordinary profit)	19,048	2,563	1,675	2,388	25,676	11	25,687	0	25,687
Segment assets	691,253	62,278	51,384	39,398	844,314	1,680	845,994	37,447	883,442
Others									
Depreciation	3,801	842	1,054	59	5,757	24	5,782	–	5,782
Amortization of goodwill	–	41	–	94	135	–	135	–	135
Interest income	367	2	5	24	400	–	400	–	400
Interest expenses	2,153	101	96	64	2,416	22	2,439	–	2,439
Equity in earnings (losses) of affiliates	394	2,109	55	–	2,559	–	2,559	–	2,559
Investment in equity method affiliates	12,378	23,040	425	–	35,843	–	35,843	–	35,843
Increase in property, plant and equipment and intangible assets	4,678	1,253	78	31	6,042	15	6,057	–	6,057

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

[Related information]

Previous Fiscal Year (April 1, 2019 to March 31, 2020)

1. Product- and service-specific information

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

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
1,784,706	533,002	162,547	2,480,256

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
35,433	9,834	11,512	56,780

3. Major customer-specific information

There are no customers this item applies to.

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

1. Product- and service-specific information

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

2. Region-specific information

(1) Net sales

(Millions of yen)

Japan	Asia	Others	Total
1,512,796	432,347	128,096	2,073,240

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

(2) Property, plant and equipment

(Millions of yen)

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

3. Major customer-specific information

There are no customers this item applies to.

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

Previous Fiscal Year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Impairment loss	730	-	65	-	795	-	795	-	795

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

Not applicable.

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

Previous Fiscal Year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Total	Group-wide/elimination	Consolidated financial statements amount
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Amortization in current period	-	-	-	45	45	-	45	-	45
Balance at end of current period	-	-	-	408	408	-	408	-	408

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

(Millions of yen)

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

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

Previous Fiscal Year (April 1, 2019 to March 31, 2020)

No such events occurred.

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

No such events occurred.

(Per Share Information)

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
Net assets per share	¥7,329.73	¥7,922.37
Earnings per share	¥641.97	¥493.98

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

2. The basis for calculating earnings per share during the period is as follows.

The average number of shares during the period was calculated by deducting the treasury shares from the number of shares outstanding during the period.

	Previous Fiscal Year (April 1, 2019 to March 31, 2020)	Current Fiscal Year (April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (millions of yen)	20,708	15,934
Amount not belonging to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent on common stock (millions of yen)	20,708	15,934
Average common shares during the period (1,000 shares)	32,258	32,257

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

	End of Previous Fiscal Year (March 31, 2020)	End of Current Fiscal Year (March 31, 2021)
Total net assets (millions of yen)	254,877	278,247
Amount deducted from total net assets (millions of yen)	18,437	22,701
(of which, non-controlling interests) (millions of yen)	(18,437)	(22,701)
Net assets on common stock at end of period (millions of yen)	236,440	255,545
Number of common shares at end of period used to calculate net assets per share (1,000 shares)	32,257	32,256

(Subsequent Events)

Not applicable.