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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 8, 2024

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, Director

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

Scheduled date of filing annual securities report: June 26, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

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

(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, 2024	184,445	(2.2)	12,327	(9.7)	12,244	(8.4)	8,904	(12.9)
March 31, 2023	188,514	13.1	13,644	88.2	13,371	100.9	10,227	112.4

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 9,896 million [(4.5)%]
Fiscal year ended March 31, 2023: ¥ 10,364 million [109.2%]

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	164.43	-	8.8	8.1	6.7
March 31, 2023	188.92	-	11.0	9.1	7.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 227 million
Fiscal year ended March 31, 2023: ¥ 169 million

(2) 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, 2024	152,087	104,553	68.7	1,930.54
March 31, 2023	148,787	96,859	65.1	1,789.18

(Reference) Equity: As of March 31, 2024: ¥ 104,553 million
As of March 31, 2023: ¥ 96,859 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	5,153	(2,300)	(3,141)	16,467
March 31, 2023	13,012	(3,460)	(8,541)	16,755

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, 2023	-	33.00	-	22.00	55.00	2,977	29.1	3.2
March 31, 2024	-	19.00	-	31.00	50.00	2,707	30.4	2.7
Fiscal year ending March 31, 2025 (Forecast)	-	18.00	-	22.00	40.00		30.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	93,000	0.1	4,600	(29.9)	4,400	(32.6)	3,300	(24.9)	60.93
Full year	192,000	4.1	10,700	(13.2)	10,000	(18.3)	7,200	(19.1)	132.95

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(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: Yes

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, 2024:	63,079,256 shares
March 31, 2023:	63,079,256 shares

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

March 31, 2024:	8,921,772 shares
March 31, 2023:	8,942,937 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024:	54,150,530 shares
Fiscal Year ended March 31, 2023:	54,136,505 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	147,099	(1.7)	10,900	(10.1)	10,957	(8.3)	8,120	(68.2)
March 31, 2023	149,677	19.6	12,126	443.0	11,946	351.4	25,507	994.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	149.97	-
March 31, 2023	460.69	-

(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, 2024	132,887	91,879	69.1	1,696.52
March 31, 2023	131,137	85,689	65.3	1,582.85

(Reference) Equity: As of March 31, 2024: ¥ 91,879 million
As of March 31, 2023: ¥ 85,689 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	16,775	16,487
Notes and accounts receivable - trade, and contract assets	35,908	37,960
Electronically recorded monetary claims - operating	9,472	9,142
Merchandise and finished goods	16,705	16,074
Work in process	5,632	5,270
Raw materials and supplies	12,465	10,648
Other	680	929
Allowance for doubtful accounts	(57)	(40)
Total current assets	97,582	96,472
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,894	32,746
Accumulated depreciation	(25,123)	(25,140)
Buildings and structures, net	6,770	7,605
Machinery and equipment	89,083	90,147
Accumulated depreciation	(75,609)	(74,557)
Machinery and equipment, net	13,474	15,590
Vehicles	827	816
Accumulated depreciation	(786)	(791)
Vehicles, net	41	25
Tools, furniture and fixtures	4,131	4,233
Accumulated depreciation	(3,690)	(3,802)
Tools, furniture and fixtures, net	441	430
Land	22,992	22,603
Leased assets	321	355
Accumulated depreciation	(176)	(225)
Leased assets, net	145	130
Construction in progress	1,037	746
Total property, plant and equipment	44,903	47,132
Intangible assets		
Other	544	454
Total intangible assets	544	454
Investments and other assets		
Investment securities	3,150	3,607
Retirement benefit asset	1,072	1,917
Deferred tax assets	10	13
Guarantee deposits	1,364	2,367
Other	200	153
Allowance for doubtful accounts	(41)	(31)
Total investments and other assets	5,756	8,028
Total non-current assets	51,204	55,615
Total assets	148,787	152,087

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,577	18,742
Electronically recorded obligations - operating	1,631	1,654
Short-term borrowings	2,620	9,565
Current portion of bonds payable	27	-
Accounts payable - other	1,726	3,042
Accrued expenses	1,876	1,987
Income taxes payable	3,270	1,629
Provision for bonuses	1,135	1,074
Provision for environmental measures	237	57
Provision for decommissioning and removal	41	109
Other	2,697	909
Total current liabilities	35,842	38,772
Non-current liabilities		
Long-term borrowings	7,629	62
Deferred tax liabilities	2,985	3,412
Deferred tax liabilities for land revaluation	1,001	1,001
Provision for environmental measures	233	19
Provision for decommissioning and removal	362	187
Provision for loss on business of subsidiaries and associates	119	627
Retirement benefit liability	2,437	2,214
Other	1,314	1,237
Total non-current liabilities	16,085	8,762
Total liabilities	51,927	47,534
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,826	7,841
Retained earnings	66,179	72,895
Treasury shares	(775)	(774)
Total shareholders' equity	93,274	100,007
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,213	1,565
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	2,421	2,389
Remeasurements of defined benefit plans	(49)	591
Total accumulated other comprehensive income	3,585	4,545
Total net assets	96,859	104,553
Total liabilities and net assets	148,787	152,087

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	188,514	184,445
Cost of sales	162,454	159,288
Gross profit	26,060	25,157
Selling, general and administrative expenses		
Selling expenses	5,319	5,530
General and administrative expenses	7,097	7,299
Total selling, general and administrative expenses	12,416	12,830
Operating profit	13,644	12,327
Non-operating income		
Interest income	55	54
Dividend income	81	99
Share of profit of entities accounted for using equity method	169	227
Insurance claim income	21	66
Rental income from real estate	68	75
Other	84	40
Total non-operating income	481	564
Non-operating expenses		
Interest expenses	207	140
Loss on securitization of receivables	128	65
Rental expenses	148	138
Other	268	302
Total non-operating expenses	754	647
Ordinary profit	13,371	12,244
Extraordinary income		
Gain on sale of non-current assets	9	561
Gain on sale of investment securities	17	416
Reversal of provision for environmental measures	-	272
Gain on sales of scraps	959	189
Other	184	90
Total extraordinary income	1,171	1,529
Extraordinary losses		
Loss on retirement of non-current assets	580	975
Provision for loss on business of subsidiaries and associates	77	508
Other	232	0
Total extraordinary losses	889	1,484
Profit before income taxes	13,653	12,289
Income taxes - current	3,972	3,422
Income taxes - deferred	(546)	(37)
Total income taxes	3,426	3,385
Profit	10,227	8,904
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	10,227	8,904

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	10,227	8,904
Other comprehensive income		
Valuation difference on available-for-sale securities	169	352
Deferred gains or losses on hedges	0	0
Remeasurements of defined benefit plans, net of tax	(32)	640
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	137	992
Comprehensive income	10,364	9,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,364	9,896
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

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)
Disposal of treasury shares					-
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)
Disposal of treasury shares						-
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

For the fiscal year ended March 31, 2024

(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	66,179	(775)	93,274
Changes during period					
Dividends of surplus			(2,219)		(2,219)
Reversal of revaluation reserve for land			32		32
Profit attributable to owners of parent			8,904		8,904
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		15		1	17
Net changes in items other than shareholders' equity					
Total changes during period	-	15	6,716	1	6,733
Balance at end of period	20,044	7,841	72,895	(774)	100,007

	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	1,213	0	2,421	(49)	3,585	96,859
Changes during period						
Dividends of surplus						(2,219)
Reversal of revaluation reserve for land						32
Profit attributable to owners of parent						8,904
Purchase of treasury shares						(0)
Disposal of treasury shares						17
Net changes in items other than shareholders' equity	352	0	(32)	640	960	960
Total changes during period	352	0	(32)	640	960	7,693
Balance at end of period	1,565	0	2,389	591	4,545	104,553

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	13,653	12,289
Depreciation	2,751	2,622
Increase (decrease) in allowance for doubtful accounts	(37)	(27)
Increase (decrease) in provision for bonuses	282	(61)
Increase (decrease) in retirement benefit liability	20	(48)
Decrease (increase) in retirement benefit asset	(63)	(98)
Increase (decrease) in provision for decommissioning and removal	-	(107)
Increase (decrease) in provision for environmental measures	46	(394)
Increase (decrease) in provision for loss on business of subsidiaries and associates	77	508
Interest and dividend income	(137)	(154)
Interest expenses	207	140
Loss (gain) on sales of scraps	(959)	(189)
Loss on retirement of non-current assets	580	975
Loss (gain) on sale of property, plant and equipment	(9)	(561)
Loss (gain) on sale of investment securities	(17)	(416)
Decrease (increase) in trade receivables	(6,452)	(1,722)
Decrease (increase) in inventories	1,635	2,809
Increase (decrease) in trade payables	(977)	(1,882)
Increase (decrease) in accrued consumption taxes	2,893	(1,589)
Decrease (Increase) In operating guarantee deposit	1,000	(1,000)
Other, net	454	(279)
Subtotal	14,948	10,812
Income taxes refund	-	8
Income taxes paid	(2,349)	(4,988)
Gain on sales of scraps	902	244
Payment of demolition and removal costs	(488)	(924)
Net cash provided by (used in) operating activities	13,012	5,153
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,734)	(3,806)
Proceeds from sale of property, plant and equipment	241	779
Proceeds from sale of investment securities	24	567
Interest and dividends received	177	204
Other, net	(169)	(45)
Net cash provided by (used in) investing activities	(3,460)	(2,300)
Cash flows from financing activities		
Repayments of long-term borrowings	(674)	(621)
Redemption of bonds	(42)	(27)
Dividends paid	(2,431)	(2,217)
Interest paid	(207)	(140)
Other, net	(5,186)	(134)
Net cash provided by (used in) financing activities	(8,541)	(3,141)
Net increase (decrease) in cash and cash equivalents	1,010	(288)
Cash and cash equivalents at beginning of period	15,745	16,755
Cash and cash equivalents at end of period	16,755	16,467