Summary of Consolidated Financial Statements for the Fiscal Year Ending March 2020 [Japanese Standards]

May 11, 2020

Listed Company Name: KROSAKI HARIMA CORPORATION
Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
Securities Code: 5352 URL: http://www.krosaki.co.jp/
Representative: Kazuhiro Egawa, President
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 26, 2020
Date to start distributing dividends: June 29, 2020
Date to submit the Securities Report: June 26, 2020
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for institutional investors and analysts on this summary of financial statements: Yes

(Figures shown are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019, to March 31, 2020)

(1) Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2020	137,395	(3.5)	9,387	(11.0)	9,764	(13.5)
Fiscal Year Ended March 2019	142,347	14.8	10,543	24.1	11,289	25.6

	Net income attributable to owners of the parent		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2020	6,444	(18.1)	765.04	—
Fiscal Year Ended March 2019	7,868	39.1	933.76	—

Note: Comprehensive income was ¥3,796 million (-30.4%) for the fiscal year ended March 2020 and ¥5,456 million (-28.1%) for the fiscal year ended March 2019.

	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Fiscal Year Ended March 2020	12.0	7.4	6.8
Fiscal Year Ended March 2019	14.8	8.5	7.4

Reference: Equity in earnings of affiliates was ¥466 million for the fiscal year ended March 2020, and ¥402 million for the fiscal year ended March 2019.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	126,942	57,233	42.7	6,436.93
March 31, 2019	135,422	56,236	39.2	6,297.94

Reference: Equity capital was ¥54,222 million as of March 31, 2020, and ¥53,059 million as of March 31, 2019.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 2020	9,068	(7,044)	(3,475)	3,785
Fiscal Year Ended March 2019	10,270	(2,265)	(6,721)	5,376

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2019	—	100.00	—	180.00	280.00
Fiscal Year Ended March 2020	—	100.00	—	120.00	220.00
Fiscal Year Ending March 2021 (Forecast)	—	—	—	—	—

	Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of yen	%	%
Fiscal Year Ended March 2019	2,359	30.0	4.4
Fiscal Year Ended March 2020	1,853	28.8	3.5
Fiscal Year Ending March 2021 (Forecast)		—	

*The forecast of the interim and year-end dividends for the fiscal year ending March 2021 have not yet been determined because the estimated amount of net income attributable to owners of the parent has not yet been determined. These dividend forecasts will be disclosed when it becomes possible to do so.

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2021 (April 1, 2020, to March 31, 2021)

The interim and full-year forecasts of consolidated business results for the fiscal year ending March 2021 are yet to be determined because they cannot be reasonably estimated at this time. Disclosure thereof will be made as soon as it becomes possible. For details, see "(4) Outlook for the Future" under "1. Overview of Business Results" on page 4 of the attachment.

Notes:

(1) Changes in important subsidiaries involving a change in the scope of consolidation during the period: None

(2) Changes in accounting policies or estimates and retrospective restatements
1. Changes in accounting policies in accordance with revision of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(3) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding as of the period-end (including treasury shares):
Fiscal Year ended March 2020: 9,114,528 Fiscal Year ended March 2019: 9,114,528
2. Number of treasury shares as of the period-end:
Fiscal Year ended March 2020: 690,843 Fiscal Year ended March 2019: 689,573
3. Average number of shares outstanding:
Fiscal Year ended March 2020: 8,424,418 Fiscal Year ended March 2019: 8,426,452

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2020	96,013	(5.5)	5,409	(6.1)	6,855	(5.1)
Fiscal Year Ended March 2019	101,556	9.7	5,762	6.0	7,222	(1.0)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2020	5,048	(17.7)	599.21	—
Fiscal Year Ended March 2019	6,130	14.1	727.51	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	104,656	50,139	47.9	5,952.23
March 31, 2019	110,192	48,016	43.6	5,699.28

Reference: Equity capital was ¥50,139 million as of March 31, 2020, and 48,016 million as of March 31, 2019.

The Summary of Consolidated Financial Statements is exempt from auditing by Certified Public Accountants or an Audit Corporation.

Statement regarding the proper use of financial forecasts and other special remarks:
Forward-looking statements, including the forecast of business results, in this Summary are based on information that has been obtained by the Company to date and certain assumptions that are deemed as reasonable, and the Company does not guarantee the realization of these statements. Please understand that actual results may differ significantly from those statements due to various factors. For details of the forecast of business results, see "(4) Outlook for the Future" under "1. Overview of Business Results" on page 4 of the attachment.

Contents of the Attachment

1. Overview of Business Results, etc.

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

Regarding the economic climate surrounding the Group during the fiscal year ended March 31, 2020, a mild recovery continued at home and abroad earlier in the year, but major natural disasters from the second quarter caused adverse effects and the coronavirus pandemic created a harsh business environment at the end of the fiscal year.

The domestic crude steel output of Japan's steel industry, a major customer of the Group, has not yet been released for the year but is expected to undergo a year-on-year decrease for the third consecutive year, sinking below the 100-million-ton level to some 90 million tons for the first time since immediately after the financial crisis following the collapse of Lehman in 2009.

Under these circumstances, seeking to establish the Group's position as one of the world's leading manufacturers of comprehensive refractories for the iron and steel industry, which is one of the basic policies of the 2020 Medium-Term Management Plan, the Group carried out various initiatives to expand its revenue, including more aggressive capital investments.

The business performance of the Group in the fiscal year under review was as follows.

[Net Sales]

The Group's consolidated net sales dropped 3.5% from a year earlier to ¥137,395 million, mainly due to a decreased demand for refractories accompanied by the decreased crude steel output and decreased order receipts as the Furnace business underwent a period in between large construction project orders.

[Profit/Loss]

Primarily due to the decreased net sales, the Group's consolidated operating income declined 11.0% from a year earlier to ¥9,387 million, ordinary income fell 13.5% to ¥9,764 million. The Group's consolidated net income attributable to owners of the parent decreased 18.1% to ¥6,444 million.

Consolidated business performance by business segment was as follows.

The net sales of each segment represent sales to external customers and do not include inter-segment sales or transfers. The amounts of segment profits are based on operating income.

[Refractories] (Manufacturing and sale of overall refractories used for various industrial furnaces)

The Refractories segment's net sales decreased 2.0% from a year earlier to ¥114,278 million, mainly due to the decreased demand for refractories accompanied by the decreased crude steel output. Due to foreign exchange factors and successful cost-reduction efforts, segment profit increased 2.9% to ¥6,976 million.

[Furnace] (Design, construction and repairs of various furnaces)

The Furnace segment's net sales decreased 12.6% from a year earlier to ¥14,765 million, as it suffered from a period in between the receipts of large construction project orders. Due to the net sales decrease, segment profit decreased 52.9% to ¥879 million.

[Ceramics] (Manufacturing and sale of fine ceramics for various industries and sale of landscape materials)

The Ceramics segment's net sales decreased 7.7% from a year earlier to ¥6,714 million, owing to the decreased demand from the electronic parts industry, which is the Group's major customer. Due to the net sales decrease, segment profit decreased 33.8% to ¥775 million.

[Real Estate] (Renting out stores and warehouses, etc.)

The Real Estate segment's net sales decreased 7.7% from a year earlier to ¥831million. Segment profit decreased 3.3% to ¥706 million.

[Others] (Manufacturing and sale of lime for iron mills)

The Others segment's net sales increased 17.5% from a year earlier to ¥805 million. Regarding profitability, a segment loss of ¥64 million was recorded compared with a segment profit of ¥5 million for the previous fiscal year.

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

1) Assets

The Group's consolidated total assets at the end of the fiscal year ended March 2020 decreased ¥8,479 million from the previous year-end to ¥126,942 million. Current assets decreased ¥8,305 million to ¥80,788 million and noncurrent assets decreased ¥173 million to ¥46,154 million.

A primary factor for the decrease in current assets was a decrease in notes and accounts receivable—trade due to a decline in net sales. While property, plant and equipment increased due to the completed construction of equipment investments, noncurrent assets decreased due to a fall in investment and other assets, mainly reflecting a decrease in investment securities due to the sale of shares and declining share prices.

2) Liabilities

The Group's consolidated total liabilities at the end of the fiscal year ended March 2020 decreased ¥9,476 million from the previous year-end to ¥69,709 million. Current liabilities dropped ¥16,603 million to ¥46,099 million and noncurrent liabilities increased ¥7,126 million to ¥23,610 million.

Primary factors for the decrease in current liabilities and the increase in noncurrent liabilities were a decrease in short-term loans payable and the timing of refinancing long-term loans payable.

3) Net assets

The Group's consolidated net assets at the end of the fiscal year ended March 2020 increased ¥997 million from the previous year-end to ¥57,233 million.

A primary factor for the increase in net assets was an increase in retained earnings due to net income attributable to owners of the parent.

As a result, the Group's equity ratio at the end of the fiscal year ended March 2020 was 42.7%.

Net assets per share increased from ¥6,297.94 at the previous year-end to ¥6,436.93.

(3) Overview of Cash Flows for the Year under Review

The Group's cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended March 2020 decreased ¥1,590 million from the previous year-end to ¥3,785 million.

The status of consolidated cash flows for the fiscal year ended March 2020 and contributing factors were as follows.

1) Cash flows from operating activities

Net cash provided in operating activities amounted to ¥9,068 million compared with ¥10,270 million provided for the previous year. This consisted primarily of ¥9,487 million in income before income taxes and non-controlling interests, a ¥5,188 million decrease in notes and accounts receivable—trade, ¥4,744 million in income taxes paid, a ¥3,771 million decrease in notes and accounts payable—trade and ¥3,158 million in depreciation and amortization.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥7,044 million compared with ¥2,265 million used for the previous year. This consisted primarily of a ¥7,376 million payment for the purchase of equipment and other noncurrent assets.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥3,475 million compared with ¥6,721 million used for the previous year. This consisted primarily of ¥9,851 million in proceeds from long-term loans payable, a ¥6,600 million repayment of long-term loans payable, and a ¥5,997 million decrease in short-term loans payable.

(4) Outlook for the Future

With no signs in sight of an end to the global economic and social confusion due to the spread of the coronavirus infection, the steel industry at home and abroad, a major customer of the Group, has continued to decrease its production, while selling volume and prices of refractories for steelmakers remain unforeseeable and changes in raw material and procurement prices, primarily reflecting exchange fluctuations, are uncertain. Accordingly, the interim and full-year forecasts of consolidated business results for the year ending March 31, 2021, are yet to be determined because they cannot be reasonably estimated at this time. Disclosure thereof will be made as soon as it becomes possible.

2. Basic Policy on the Selection of Accounting Standards

Although the Group is promoting the global development of its businesses, we intend to apply the Japanese accounting standards for preparing consolidated financial statements for the time being. For the application of the International Financial Reporting Standards, we will take the best possible responses upon consideration of the domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2019 (As of March 31, 2019)	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)
ASSETS		
Current assets:		
Cash and deposits	5,378	3,787
Notes and accounts receivable—trade	53,112	47,539
Merchandise and finished goods	12,348	12,750
Work in process	3,870	3,520
Raw materials and supplies	10,815	9,920
Other	3,913	3,579
Allowance for doubtful accounts	(344)	(310)
Total current assets	89,094	80,788
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	39,057	41,693
Accumulated depreciation	(28,443)	(28,956)
Buildings and structures, net	10,614	12,737
Machinery, equipment and vehicles	62,232	64,208
Accumulated depreciation	(53,788)	(54,316)
Machinery, equipment and vehicles, net	8,444	9,892
Tools, furniture and fixtures	4,557	4,627
Accumulated depreciation	(3,807)	(3,754)
Tools, furniture and fixtures, net	750	872
Land	6,856	6,810
Construction in progress	3,017	2,842
Total property, plant and equipment	29,684	33,155
Intangible assets		
Goodwill	5,742	4,784
Other	496	523
Total intangible assets	6,238	5,308
Investments and other assets		
Investment securities	6,475	5,122
Long-term loans receivable	0	—
Net defined benefit asset	1,963	770
Deferred tax assets	471	437
Other	1,666	1,531
Allowance for doubtful accounts	(174)	(171)
Total investments and other assets	10,404	7,690
Total noncurrent assets	46,328	46,154
Total assets	135,422	126,942

(Millions of yen)

	Fiscal Year Ended March 31, 2019 (As of March 31, 2019)	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	16,407	13,579
Electronically recorded payables	7,944	6,025
Short-term loans payable	17,164	6,805
Commercial paper	7,000	9,000
Income taxes payable	2,698	504
Provision for bonuses	2,757	2,752
Provision for loss on construction contracts	243	81
Provision for environmental measures	1,013	68
Other	7,473	7,280
Total current liabilities	62,702	46,099
Noncurrent liabilities:		
Long-term loans payable	11,785	18,914
Deferred tax liabilities	280	56
Provision for directors' retirement benefits	550	560
Provision for product warranties	2	1
Net defined benefit liability	605	589
Asset retirement obligations	25	25
Other	3,234	3,464
Total noncurrent liabilities	16,483	23,610
Total liabilities	79,186	69,709
NET ASSETS		
Shareholders' equity		
Capital stock	5,537	5,537
Capital surplus	2,000	2,000
Retained earnings	46,771	50,794
Treasury stock	(1,633)	(1,641)
Total shareholders' equity	52,676	56,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,598	1,041
Deferred gains or losses on hedges	15	0
Foreign currency translation adjustment	(1,508)	(3,052)
Remeasurements of defined benefit plans	277	(458)
Total accumulated other comprehensive income	383	(2,469)
Non-controlling interests	3,176	3,010
Total net assets	56,236	57,233
Total liabilities and net assets	135,422	126,942

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year from April 1, 2018, to March 31, 2019	Fiscal Year from April 1, 2019, to March 31, 2020
Net sales	142,347	137,395
Cost of sales	115,383	110,920
Gross profit	26,964	26,475
Selling, general and administrative expenses	16,420	17,088
Operating income	10,543	9,387
Non-operating income		
Interest income	23	28
Dividends income	149	167
Equity in earnings of affiliates	402	466
Foreign exchange gain	307	195
Gain on sales of investment securities	282	—
Other	420	317
Total non-operating income	1,586	1,174
Non-operating expenses		
Interest expenses	363	356
Expenses for removing noncurrent assets	69	134
Compensation expenses	111	—
Other	296	306
Total non-operating expenses	840	797
Ordinary income	11,289	9,764
Extraordinary income		
Gain on sales of noncurrent assets	794	100
Gain on sales of investment securities	1,695	123
Reversal of foreign currency translation adjustment	—	25
Other	—	0
Total extraordinary income	2,490	249
Extraordinary loss		
Loss on sales of noncurrent assets	5	0
Loss on retirement of noncurrent assets	131	93
Loss on sales of shares of subsidiaries & associates	—	10
Loss on valuation of investments in capital of subsidiaries & associates	—	118
Impairment loss	22	—
Settlement package	117	—
Environmental expenses	1,170	299
Other	12	4
Total extraordinary losses	1,460	526
Income before income taxes and non-controlling interests	12,319	9,487
Income taxes—current	4,207	2,221
Income taxes—deferred	(554)	359
Total income taxes	3,652	2,580
Net income	8,666	6,907
Net income attributable to non-controlling interests	798	462
Net income attributable to owners of the parent	7,868	6,444

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year from April 1, 2018, to March 31, 2019	Fiscal Year from April 1, 2019, to March 31, 2020
Net income	8,666	6,907
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,005)	(557)
Deferred gains or losses on hedges	(7)	(15)
Foreign currency translation adjustment	(919)	(1,657)
Remeasurements of defined benefit plans	(216)	(736)
Share of other comprehensive income of associates accounted for using equity method	(62)	(143)
Total other comprehensive income	(3,210)	(3,110)
Comprehensive income	5,456	3,796
[Breakdown]		
Comprehensive income attributable to owners of the parent	4,816	3,592
Comprehensive income attributable to non-controlling interests	640	203

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019 (from April 1, 2018, to March 31, 2019):

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at previous year-end	5,537	5,108	40,809	(1,610)	49,845
Changes of items during the period					
Dividends from surplus			(1,854)		(1,854)
Net income attributable to owners of the parent			7,868		7,868
Purchase of treasury stock				(23)	(23)
Change in ownership interest of parent due to transactions with non-controlling shareholders		(3,107)			(3,107)
Other			(52)		(52)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(3,107)	5,961	(23)	2,830
Balance at year-end	5,537	2,000	46,771	(1,633)	52,676

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at previous year-end	3,604	23	(685)	493	3,435	4,474	57,755
Changes of items during the period							
Dividends from surplus							(1,854)
Net income attributable to owners of the parent							7,868
Purchase of treasury stock							(23)
Change in ownership interest of parent due to transactions with non-controlling shareholders							(3,107)
Other							(52)
Net changes of items other than shareholders' equity	(2,006)	(7)	(822)	(216)	(3,052)	(1,298)	(4,350)
Total changes of items during the period	(2,006)	(7)	(822)	(216)	(3,052)	(1,298)	(1,519)
Balance at year-end	1,598	15	(1,508)	277	383	3,176	56,236

For the fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020):

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at previous year-end	5,537	2,000	46,771	(1,633)	52,676
Changes of items during the period					
Dividends from surplus			(2,358)		(2,358)
Net income attributable to owners of the parent			6,444		6,444
Purchase of treasury stock				(7)	(7)
Change in ownership interest of parent due to transactions with non-controlling shareholders					—
Other			(63)		(63)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	4,022	(7)	4,015
Balance at year-end	5,537	2,000	50,794	(1,641)	56,691

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at previous year-end	1,598	15	(1,508)	277	383	3,176	56,236
Changes of items during the period							
Dividends from surplus							(2,358)
Net income attributable to owners of the parent							6,444
Purchase of treasury stock							(7)
Change in ownership interest of parent due to transactions with non-controlling shareholders							—
Other							(63)
Net changes of items other than shareholders' equity	(556)	(15)	(1,544)	(736)	(2,852)	(165)	(3,018)
Total changes of items during the period	(556)	(15)	(1,544)	(736)	(2,852)	(165)	997
Balance at year-end	1,041	0	(3,052)	(458)	(2,469)	3,010	57,233

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year from April 1, 2018, to March 31, 2019	Fiscal Year from April 1, 2019, to March 31, 2020
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	12,319	9,487
Depreciation and amortization	2,731	3,158
Impairment loss	22	—
Amortization of goodwill	415	488
Increase (decrease) in allowance for doubtful accounts	153	(2)
Increase (decrease) in provision for bonuses	280	5
Increase (decrease) in provision for environmental expenses	1,013	(945)
Increase (decrease) in net defined benefit liability	43	(0)
Increase (decrease) in other provision	161	(146)
Interest and dividends income	(172)	(196)
Interest expenses	363	356
Foreign exchange losses (gains)	(5)	(53)
Equity in (earnings) losses of affiliates	(402)	(466)
Loss (gain) on sales of noncurrent assets	(789)	(99)
Loss on retirement of noncurrent assets	131	93
Loss (gain) on sales of investment securities	(1,972)	(123)
Loss (gain) on sales of shares of subsidiaries & associates	—	10
Loss (gain) on valuation of investments in capital of subsidiaries & associates	—	118
Decrease (increase) in notes and accounts receivable—trade	586	5,188
Decrease (increase) in inventories	(3,121)	106
Increase (decrease) in notes and accounts payable—trade	1,115	(3,771)
Other	124	193
Subtotal	12,999	13,401
Interest and dividends income received	321	759
Interest expenses paid	(366)	(348)
Income taxes paid	(2,684)	(4,744)
Net cash provided by operating activities	10,270	9,068
Cash flows from investing activities:		
Purchase of noncurrent assets	(4,332)	(7,376)
Proceeds from sales of noncurrent assets	1,613	147
Payments for retirement of noncurrent assets	(255)	(235)
Payment into time deposits	—	(0)
Proceeds from withdrawal of term deposits	58	—
Proceeds from sales of investment securities	2,622	342
Proceeds from sales of shares of subsidiaries & associates	—	71
Payments of loans receivable	(23)	(2)
Collection of loans receivable	16	17
Payments from changes in ownership interests in subsidiaries that result in change in the scope of consolidation	(1,861)	—
Other	(103)	(8)
Net cash used in investing activities	(2,265)	(7,044)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	4,499	(5,997)
Increase (decrease) in commercial paper	(6,000)	2,000
Proceeds from long-term loans payable	4,698	9,851
Repayment of long-term loans payable	(3,020)	(6,600)
Purchase of treasury stock	(23)	(7)
Cash dividends paid	(1,849)	(2,355)
Cash dividends paid to non-controlling interests	(169)	(125)
Liquidating dividends paid to non-controlling shareholders	—	(226)
Payments from changes in ownership interests in subsidiaries that do not result in change in the scope of consolidation	(4,854)	—
Other	(2)	(13)
Net cash provided by (used in) financing activities	(6,721)	(3,475)
Effect of exchange rate change on cash and cash equivalents	(178)	(140)
Net increase (decrease) in cash and cash equivalents	1,104	(1,590)
Cash and cash equivalents at beginning of period	4,271	5,376
Cash and cash equivalents at end of period	5,376	3,785

(5) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There are no applicable notes.

(Segments of an Enterprise and Related Information)

(Segment Information)

1. Description of reportable segments

The Company's reportable segments are components of the Company, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess the performance of the segments.

The Company has business divisions classified by the type of products and services they offer. Each business division plans and determines strategies for the division's products and services in Japan and overseas, based on which the division conducts its operations.

The Company is composed of business segments based on the business divisions classified by products and services and designates Refractories, Furnace, Ceramics and Real Estate as its four reportable segments.

The Refractories segment engages in the manufacture and sale of general refractories used for various industrial furnaces. The Furnace segment engages in the design, construction and repair of various furnaces. The Ceramics segment engages in the manufacture and sale of fine ceramics for various industries and sale of landscape materials. The Real Estate segment constructs and rents out stores and warehouses, etc., on Company-owned land.

2. Method of calculation for the amounts of net sales, profits or losses, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is the same as the method for preparing the consolidated financial statements.

The amounts of segment profits are based on operating income. The amounts of inter-segment sales or transfers are based on current market prices.

3. Net sales, profits or losses, assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2019 (from April 1, 2018, to March 31, 2019):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	116,583	16,901	7,275	900	141,661	685	142,347	—	142,347
Inter-segment sales or transfers	6	380	—	—	387	—	387	(387)	—
Total	116,590	17,281	7,275	900	142,048	685	142,734	(387)	142,347
Segment profits	6,779	1,866	1,172	730	10,549	5	10,554	(11)	10,543
Segment assets	109,913	10,495	7,047	1,128	128,585	220	128,805	6,616	135,422
Other items									
Depreciation	2,125	369	125	31	2,651	11	2,662	68	2,731
Amortization of goodwill	403	—	12	—	415	—	415	—	415
Increase in property, plant and equipment and intangible fixed assets	4,793	1,276	249	17	6,337	8	6,345	37	6,383

Notes:

1. The "Others" segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of "Adjustments" are as follows.
   (1) A negative adjustment of ¥11 million in segment profits includes ¥387 million eliminated for inter-segment transactions and ¥375 million for the allocation variance of general administrative expenses borne by the reportable segments.
   (2) An adjustment of ¥6,616 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the "Other items" section, an adjustment of ¥68 million in depreciation and an adjustment of ¥37 million in an increase in property, plant and equipment and intangible fixed assets are related to corporate assets not allocated to the reportable segments.
3. Segment profits or losses are presented so that the total reconciles with operating income on the consolidated statement of income.

For the fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	114,278	14,765	6,714	831	136,589	805	137,395	—	137,395
Inter-segment sales or transfers	15	447	—	—	462	—	462	(462)	—
Total	114,293	15,212	6,714	831	137,052	805	137,858	(462)	137,395
Segment profits (losses)	6,976	879	775	706	9,338	(64)	9,274	113	9,387
Segment assets	102,693	9,123	7,914	1,124	120,856	289	121,145	5,797	126,942
Other items									
Depreciation	2,386	479	196	10	3,072	8	3,081	76	3,158
Amortization of goodwill	476	—	12	—	488	—	488	—	488
Increase in property, plant and equipment and intangible fixed assets	4,386	1,126	1,075	96	6,685	12	6,697	437	7,135

Notes:

1. The "Others" segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of "Adjustments" are as follows.
   (1) A adjustment of ¥113 million in segment profits (losses) includes ¥462 million eliminated for inter-segment transactions and ¥575 million for the allocation variance of general administrative expenses borne by the reportable segments.
   (2) An adjustment of ¥5,797 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the "Other items" section, an adjustment of ¥76 million in depreciation and an adjustment of ¥437 million in an increase in property, plant and equipment and intangible fixed assets are related to corporate assets not allocated to the reportable segments.
3. Segment profits or losses are presented so that the total reconciles with operating income on the consolidated statement of income.

4. Net sales by region

For the fiscal year ended March 31, 2019 (from April 1, 2018, to March 31, 2019):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
90,768	23,025	8,495	10,222	9,835	142,347

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

For the fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
86,380	22,874	7,145	11,967	9,028	137,395

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

(Per Share Information)

	Fiscal Year from April 1, 2018, to March 31, 2019	Fiscal Year from April 1, 2019, to March 31, 2020
Net assets per share	¥6,297.94	¥6,436.93
Net income per share	¥933.76	¥765.04

Notes:

1. Diluted net income per share is not stated because there are no potential stocks.
2. The basis of calculation for net income per share is as follows.

	Fiscal Year from April 1, 2018, to March 31, 2019	Fiscal Year from April 1, 2019, to March 31, 2020
Net income attributable to owners of the parent (¥Million)	7,868	6,444
Net income (loss) not attributable to shares of common stock (¥Million)	—	—
Net income (loss) attributable to owners of the parent with shares of common stock (¥Million)	7,868	6,444
Average number of shares of common stock during the period (Thousand)	8,426	8,424

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

	Fiscal Year Ended March 31, 2019 (As of March 31, 2019)	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)
Total net assets (¥Million)	56,236	57,233
Amount of deduction from total net assets (¥Million)	3,176	3,010
[Non-controlling interests]	[3,176]	[3,010]
Net assets attributable to shares of common stock (¥Million)	53,059	54,222
The number of shares of common stock used for the calculation of net assets per share (Thousand)	8,424	8,423

(Significant Subsequent Events)

There are no applicable events.

4. Others

Trend of Quarterly Business Results

(Millions of yen)

	Previous Fiscal Year				Fiscal Year Under Review			
	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)
Net Sales	35,445	36,051	37,189	33,660	35,342	35,497	34,355	32,200
Operating income	2,957	2,479	3,011	2,094	2,342	2,547	2,137	2,359
Ordinary income	3,092	2,676	3,035	2,484	2,350	2,572	2,372	2,468
Net income attributable to owners of the parent	1,957	1,696	2,291	1,922	1,498	1,667	1,600	1,677