Summary of Consolidated Financial Statements for the Fiscal Year Ending March 2021 [Japanese Standards]

May 12, 2021

Listed Company Name: KROSAKI HARIMA CORPORATION
Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
Securities Code: 5352 URL: https://www.krosaki.co.jp/
Representative: Kazuhiro Egawa, President
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 29, 2021
Date to start distributing dividends: June 30, 2021
Date to submit the Securities Report: June 29, 2021
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, 2021 (April 1, 2020, to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2021	113,661	(17.3)	4,949	(47.3)	6,361	(34.8)
Fiscal Year Ended March 2020	137,395	(3.5)	9,387	(11.0)	9,764	(13.5)

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2021	4,334	(32.7)	514.63	—
Fiscal Year Ended March 2020	6,444	(18.1)	765.04	—

Note: Comprehensive income was ¥7,579 million (99.7%) for the fiscal year ended March 2021 and ¥3,796 million (-30.4%) for the fiscal year ended March 2020.

	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Fiscal Year Ended March 2021	7.6	4.9	4.4
Fiscal Year Ended March 2020	12.0	7.4	6.8

Reference: Share of profit of entities accounted for using equity method was ¥465 million for the fiscal year ended March 2021, and ¥466 million for the fiscal year ended March 2020.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	130,354	63,288	46.1	7,133.91
March 31, 2020	126,942	57,233	42.7	6,436.93

Reference: Equity capital was ¥60,087 million as of March 31, 2021, and ¥54,222 million as of March 31, 2020.

(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 2021	10,080	(4,946)	(3,608)	5,301
Fiscal Year Ended March 2020	9,068	(7,044)	(3,475)	3,785

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2020	—	100.00	—	120.00	220.00
Fiscal Year Ended March 2021	—	40.00	—	110.00	150.00
Fiscal Year Ending March 2022 (Forecast)	—	—	—	—	—

	Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of yen	%	%
Fiscal Year Ended March 2020	1,853	28.8	3.5
Fiscal Year Ended March 2021	1,263	29.1	2.2
Fiscal Year Ending March 2022 (Forecast)		—	

*The forecast of the interim and year-end dividends for the fiscal year ending March 2022 have not yet been determined because a decision will be made by closely observing the trends of business results. 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, 2022 (April 1, 2021, to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Year	130,000	14.4	8,000	61.6	8,000	25.8

	Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Yen
Full Year	5,500	26.9	625.95

* 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: Yes
3. Changes in accounting estimates: Yes
4. Retrospective restatements: None

(Note)
From the fiscal year ended March 31, 2021, the Company has changed the method for depreciation, which constituted "a case involving changes in accounting policies not readily distinguishable from changes in accounting estimates. For details, see "(5) Notes to the Consolidated Financial Statements" under "3. Consolidated Financial Statements and Major Notes" on page 12 of the attachment.

(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 2021: 9,114,528 Fiscal Year ended March 2020: 9,114,528
2. Number of treasury shares as of the period-end:
Fiscal Year ended March 2021: 691,705 Fiscal Year ended March 2020: 690,843
3. Average number of shares outstanding:
Fiscal Year ended March 2021: 8,423,284 Fiscal Year ended March 2020: 8,424,418

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020, to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2021	80,429	(16.2)	3,332	(38.4)	5,909	(13.8)
Fiscal Year Ended March 2020	96,013	(5.5)	5,409	(6.1)	6,855	(5.1)

	Profit		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2021	4,616	(8.5)	548.11	—
Fiscal Year Ended March 2020	5,048	(17.7)	599.21	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	106,268	54,414	51.2	6,460.40
March 31, 2020	104,656	50,139	47.9	5,952.23

Reference: Equity capital was ¥54,414 million as of March 31, 2021, and ¥50,139 million as of March 31, 2020.

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

During the fiscal year ended March 31, 2021, the economic environment surrounding the Group was greatly affected by the coronavirus pandemic.

The domestic total crude steel output in the steel industry, the Group's main users, decreased by 15.9% year on year, to 82.79 million tons, a year-on-year decrease for the fourth consecutive year, sinking below the 90-million-ton level for the first time since 1971. On the other hand, the global crude steel output during the calendar year 2020 decreased by 0.9% year on year, to 1,863.98 million tons reflecting production increase in China.

The decrease in the domestic crude steel output is attributable not only to the temporary factor namely the coronavirus pandemic, but also to the structural decrease in the demand for steel associated with declining population, forcing the domestic steel industry to undergo a radical restructuring of its production facility configuration.

In the face of increasingly severe business environment, the Group has, with a view to establishing itself as one of the world's leading manufacturers of comprehensive refractories for the iron and steel industry, which is one of the corporate goals under the 2020 Medium-term Management Plan, implemented various initiatives during the fiscal year ended March 31, 2021, the final year covered under the aforementioned management plan, including the drive for management integration with KROSAKI HARIMA CERA CORPORATION, a core domestic manufacturing operation within the Group, with an aim primarily to establish a solid operation base.

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

[Net Sales]

The Group's consolidated net sales declined 17.3% from a year earlier to ¥113,661 million, primarily due to a decrease in demand for refractories and maintenance of steel manufacturing facilities accompanied by the decreased crude steel output, as well as reduced order receipts for large-scale construction projects in the Furnace business.

[Profit/Loss]

Primarily due to the decreased net sales, the Group's consolidated operating profit declined 47.3% from a year earlier to ¥4,949 million, ordinary profit fell 34.8% to ¥6,361 million. The Group's consolidated profit attributable to owners of parent decreased 32.7% to ¥4,334 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 profit or loss.

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

The Refractories segment's net sales decreased 20.3% from a year earlier to ¥91,055 million, mainly due to the decreased demand for refractories resulting from a reduction of the domestic crude steel output. Primarily due to the net sales decrease, segment profit decreased 59.6% to ¥2,815 million.

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

The Furnace segment's net sales decreased 7.0% from a year earlier to ¥13,730 million, mainly reflecting a decrease in demand for maintenance of steel manufacturing facilities accompanied by the decreased crude steel output and reduced order receipts for large-scale construction projects. Primarily due to the net sales decrease, segment profit decreased 16.1% to ¥737 million.

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

The Ceramics segment's net sales increased 10.4% from a year earlier to ¥7,412 million, primarily owing to expanded sales of insulation materials for fuel cells. Primarily due to an increase in depreciation expenses associated with capital investments and changes in fine ceramics product mix, segment profit decreased 9.4% to ¥702 million.

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

The Real Estate segment's net sales slightly decreased from a year earlier to ¥830 million. Segment profit decreased 5.0% to ¥671 million.

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

The Others segment's net sales decreased 21.6% from a year earlier to ¥631 million. Regarding profitability, a segment profit of ¥24 million was recorded compared with a segment loss of ¥64 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 2021 increased ¥3,411 million from the previous year-end to ¥130,354 million. Current assets decreased ¥1,291 million to ¥79,496 million and non-current assets increased ¥4,703 million to ¥50,858 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. Main factors behind the increase in non-current assets consist of an increase in machinery, equipment and vehicles due to acquisition of machinery and equipment, and an increase in investment securities due to a rise in stock market.

2) Liabilities

The Group's consolidated total liabilities at the end of the fiscal year ended March 2021 decreased ¥2,643 million from the previous year-end to ¥67,065 million. Current liabilities decreased ¥926 million to ¥45,172 million and non-current liabilities decreased ¥1,716 million to ¥21,893 million.

Primary factors for the decrease in current liabilities were a decrease in commercial papers. Primary factors for the decrease in non-current liabilities were a decrease in long-term borrowings.

3) Net assets

The Group's consolidated net assets at the end of the fiscal year ended March 2021 increased ¥6,055 million from the previous year-end to ¥63,288 million.

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

As a result, the Group's equity ratio at the end of the fiscal year ended March 2021 was 46.1%.

Net assets per share increased from ¥6,436.93 at the previous year-end to ¥7,133.91.

(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 2021 increased ¥1,516 million from the previous year-end to ¥5,301 million.

The status of consolidated cash flows for the fiscal year ended March 2021 and contributing factors were as follows.

1) Cash flows from operating activities

Net cash provided in operating activities amounted to ¥10,080 million compared with ¥9,068 million provided for the previous year. This consisted primarily of ¥6,539 million in profit before income taxes, a ¥4,519 million decrease in trade receivables, ¥2,814 million in depreciation, and a ¥1,989 million decrease in inventories.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥4,946 million compared with ¥7,044 million used for the previous year. This consisted primarily of a ¥5,779 million payment for the purchase of non-current assets including some facilities.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥3,608 million compared with ¥3,475 million used for the previous year. This consisted primarily of ¥2,687 million in proceeds from long-term borrowings, a ¥2,592 million repayment of long-term borrowings, and a ¥2,000 million decrease in commercial papers.

(4) Outlook for the Future

The Group's consolidated net sales for the fiscal year ending March 31, 2022 are expected to increase from the fiscal year under review, primarily owing to the expected increase in semiconductor manufacturing equipment and ceramic materials for electronic components, in addition to an increase in demand for refractories and maintenance of steel manufacturing facilities accompanied by the increased crude steel output. In line with the increase in net sales, the Group expects to attain increase in profit from the fiscal year under review.

The performance forecasts may vary significantly due to factors such as fluctuations in demand for refractories associated with changes in crude steel output as well as the market trend of refractory materials.

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, 2020 (As of March 31, 2020)	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)
ASSETS		
Current assets:		
Cash and deposits	3,787	5,301
Notes and accounts receivable - trade	47,539	43,293
Merchandise and finished goods	12,750	11,490
Work in process	3,520	3,197
Raw materials and supplies	9,920	9,868
Other	3,579	6,634
Allowance for doubtful accounts	(310)	(291)
Total current assets	80,788	79,496
Non-current assets:		
Property, plant and equipment		
Buildings and structures	41,693	42,499
Accumulated depreciation	(28,956)	(29,564)
Buildings and structures, net	12,737	12,935
Machinery, equipment and vehicles	64,208	67,338
Accumulated depreciation	(54,316)	(55,122)
Machinery, equipment and vehicles, net	9,892	12,215
Tools, furniture and fixtures	4,627	4,944
Accumulated depreciation	(3,754)	(3,881)
Tools, furniture and fixtures, net	872	1,063
Land	6,810	6,732
Construction in progress	2,842	2,422
Total property, plant and equipment	33,155	35,369
Intangible assets		
Goodwill	4,784	4,493
Other	523	485
Total intangible assets	5,308	4,978
Investments and other assets		
Investment securities	5,122	6,563
Retirement benefit asset	770	2,071
Deferred tax assets	437	473
Other	1,531	1,586
Allowance for doubtful accounts	(171)	(184)
Total investments and other assets	7,690	10,510
Total non-current assets	46,154	50,858
Total assets	126,942	130,354

(Millions of yen)

	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	13,579	13,394
Electronically recorded obligations - operating	6,025	5,240
Short-term borrowings	6,805	9,685
Commercial papers	9,000	7,000
Income taxes payable	504	1,214
Provision for bonuses	2,752	2,167
Provision for loss on construction contracts	81	82
Provision for environmental measures	68	58
Asset retirement obligations	—	160
Other	7,280	6,168
Total current liabilities	46,099	45,172
Non-current liabilities:		
Long-term borrowings	18,914	16,098
Deferred tax liabilities	56	1,122
Provision for retirement benefits for directors (and other officers)	560	488
Provision for product warranties	1	—
Retirement benefit liability	589	697
Asset retirement obligations	25	25
Other	3,464	3,460
Total non-current liabilities	23,610	21,893
Total liabilities	69,709	67,065
NET ASSETS		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	2,000	2,000
Retained earnings	50,794	53,781
Treasury shares	(1,641)	(1,644)
Total shareholders' equity	56,691	59,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,041	2,052
Deferred gains or losses on hedges	0	4
Foreign currency translation adjustment	(3,052)	(2,313)
Remeasurements of defined benefit plans	(458)	668
Total accumulated other comprehensive income	(2,469)	412
Non-controlling interests	3,010	3,201
Total net assets	57,233	63,288
Total liabilities and net assets	126,942	130,354

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year from April 1, 2019, to March 31, 2020	Fiscal Year from April 1, 2020, to March 31, 2021
Net sales	137,395	113,661
Cost of sales	110,920	93,105
Gross profit	26,475	20,556
Selling, general and administrative expenses	17,088	15,606
Operating profit	9,387	4,949
Non-operating income		
Interest income	28	31
Dividend income	167	108
Share of profit of entities accounted for using equity method	466	465
Foreign exchange gains	195	287
Subsidy income	—	744
Other	317	373
Total non-operating income	1,174	2,009
Non-operating expenses		
Interest expenses	356	242
Loss on removal of non-current assets	134	96
Repair and maintenance expenses	67	72
Other	239	185
Total non-operating expenses	797	596
Ordinary profit	9,764	6,361
Extraordinary income		
Gain on sale of non-current assets	100	205
Gain on sale of investment securities	123	203
Gain on reversal of foreign currency translation adjustment	25	—
Gain on sale of shares of subsidiaries and associates	—	119
Other	0	—
Total extraordinary income	249	528
Extraordinary losses		
Loss on sale of non-current assets	0	7
Loss on retirement of non-current assets	93	72
Loss on sale of shares of subsidiaries and associates	10	—
Loss on valuation of investments in capital of subsidiaries and associates	118	—
Impairment losses	—	162
Environmental expenses	299	41
Loss on disaster	—	39
Other	4	26
Total extraordinary losses	526	351
Profit before income taxes	9,487	6,539
Income taxes—current	2,221	1,866
Income taxes—deferred	359	56
Total income taxes	2,580	1,923
Profit	6,907	4,616
Profit attributable to non-controlling interests	462	281
Profit attributable to owners of parent	6,444	4,334

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year from April 1, 2019, to March 31, 2020	Fiscal Year from April 1, 2020, to March 31, 2021
Profit	6,907	4,616
Other comprehensive income		
Valuation difference on available-for-sale securities	(557)	1,012
Deferred gains or losses on hedges	(15)	4
Foreign currency translation adjustment	(1,657)	753
Remeasurements of defined benefit plans, net of tax	(736)	1,127
Share of other comprehensive income of entities accounted for using equity method	(143)	66
Total other comprehensive income	(3,110)	2,963
Comprehensive income	3,796	7,579
(Breakdown)		
Comprehensive income attributable to owners of parent	3,592	7,216
Comprehensive income attributable to non-controlling interests	203	363

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2020 (from 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	5,537	2,000	46,771	(1,633)	52,676
Changes during period					
Dividends of surplus			(2,358)		(2,358)
Profit attributable to owners of parent			6,444		6,444
Purchase of treasury shares				(7)	(7)
Other			(63)		(63)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	4,022	(7)	4,015
Balance at end of period	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 or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,598	15	(1,508)	277	383	3,176	56,236
Changes during period							
Dividends of surplus							(2,358)
Profit attributable to owners of parent							6,444
Purchase of treasury shares							(7)
Other							(63)
Net changes in items other than shareholders' equity	(556)	(15)	(1,544)	(736)	(2,852)	(165)	(3,018)
Total changes during period	(556)	(15)	(1,544)	(736)	(2,852)	(165)	997
Balance at end of period	1,041	0	(3,052)	(458)	(2,469)	3,010	57,233

For the fiscal year ended March 31, 2021 (from 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	5,537	2,000	50,794	(1,641)	56,691
Changes during period					
Dividends of surplus			(1,347)		(1,347)
Profit attributable to owners of parent			4,334		4,334
Purchase of treasury shares				(3)	(3)
Other					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,987	(3)	2,983
Balance at end of period	5,537	2,000	53,781	(1,644)	59,675

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,041	0	(3,052)	(458)	(2,469)	3,010	57,233
Changes during period							
Dividends of surplus							(1,347)
Profit attributable to owners of parent							4,334
Purchase of treasury shares							(3)
Other							—
Net changes in items other than shareholders' equity	1,010	4	738	1,127	2,881	190	3,071
Total changes during period	1,010	4	738	1,127	2,881	190	6,055
Balance at end of period	2,052	4	(2,313)	668	412	3,201	63,288

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year from April 1, 2019, to March 31, 2020	Fiscal Year from April 1, 2020, to March 31, 2021
Cash flows from operating activities:		
Profit before income taxes	9,487	6,539
Depreciation	3,158	2,814
Impairment loss	—	162
Amortization of goodwill	488	459
Increase (decrease) in allowance for doubtful accounts	(2)	(18)
Increase (decrease) in provision for bonuses	5	(588)
Increase (decrease) in provision for environmental measures	(945)	(9)
Increase (decrease) in retirement benefit liability	(0)	99
Increase (decrease) in other provisions	(146)	(75)
Interest and dividend income	(196)	(139)
Interest expenses	356	242
Foreign exchange losses (gains)	(53)	32
Share of loss (profit) of entities accounted for using equity method	(466)	(465)
Loss (gain) on sale of non-current assets	(99)	(198)
Loss on retirement of non-current assets	93	72
Loss (gain) on sale of investment securities	(123)	(203)
Loss (gain) on sale of shares of subsidiaries and associates	10	(119)
Loss (gain) on valuation of investments in capital of subsidiaries and associates	118	—
Decrease (increase) in trade receivables	5,188	4,519
Decrease (increase) in inventories	106	1,989
Increase (decrease) in trade payables	(3,771)	(876)
Other, net	193	(3,796)
Subtotal	13,401	10,441
Interest and dividends received	759	566
Interest paid	(348)	(242)
Income taxes paid	(4,744)	(684)
Net cash provided by (used in) operating activities	9,068	10,080
Cash flows from investing activities:		
Purchase of non-current assets	(7,376)	(5,779)
Proceeds from sale of non-current assets	147	364
Payments for retirement of non-current assets	(235)	(137)
Payment into time deposits	(0)	—
Proceeds from withdrawal of time deposits	—	2
Proceeds from sale of investment securities	342	338
Proceeds from sales of investments in capital of subsidiaries and associates	0	76
Proceeds from sale of shares of subsidiaries and associates	71	135
Loan advances	(2)	(0)
Proceeds from collection of loans receivable	17	20
Other, net	(8)	33
Net cash provided by (used in) investing activities	(7,044)	(4,946)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(5,997)	(195)
Increase (decrease) in commercial papers	2,000	(2,000)
Proceeds from long-term borrowings	9,851	2,687
Repayment of long-term borrowings	(6,600)	(2,592)
Purchase of treasury shares	(7)	(3)
Dividends paid	(2,355)	(1,347)
Dividends paid to non-controlling interests	(125)	(172)
Liquidating dividends paid to non-controlling interests	(226)	—
Other, net	(13)	15
Net cash provided by (used in) financing activities	(3,475)	(3,608)
Effect of exchange rate change on cash and cash equivalents	(140)	(9)
Net increase (decrease) in cash and cash equivalents	(1,590)	1,516
Cash and cash equivalents at beginning of period	5,376	3,785
Cash and cash equivalents at end of period	3,785	5,301

(5) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There are no applicable notes.

(Changes in accounting policies which are not readily distinguishable from changes in accounting estimates)

The Company and its domestic consolidated subsidiaries were hitherto adopting the declining-balance method primarily for depreciating property, plant and equipment other than buildings and structures. As from the fiscal year ended March 31, 2021, however, the straight-line method has been adopted.

The Company has been actively committed to reinforcing its management foundations with a view to leaping onto higher stage as one of the world's leading manufacturers of comprehensive refractories for the iron and steel industry, capable to offer refractory production and construction technologies in a consistent manner. In the process of this reinforcement, the Company had, in view of the increasing ratio of overseas production in line with our global business deployment, a review of the feasibility of changing the method for depreciating its property, plant and equipment, with a view to aligning with the accounting policies of NIPPON STEEL CORPORATION, the parent company, and reached the conclusion that allocating costs by applying the straight-line depreciation over the asset's useful life should reasonably better reflect the actual status of business, because the property, plant and equipment held by the Company and its domestic consolidated subsidiaries can maintain relatively stable level of production operations for an extensive period of time, involving limited risk of technological obsolescence lately and at present.

Following the aforementioned change, operating profit, ordinary profit, and profit before income taxes increased by ¥678 million, respectively, compared with the figures under the previously adopted method.

(Changes in accounting estimates)

The Company hitherto estimated the useful life of tunnel kilns at six years, which has been changed to nine years from the fiscal year ended March 31, 2021.

Following the change in method of depreciation, the Company reviewed the useful life of tunnel kilns and reached the conclusion that nine years should better reflect the status of their utilization.

Effects of this change on consolidated operating profit, ordinary profit, and profit before income taxes for the fiscal year ended March 31, 2021 were minimal.

(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 or losses are based on operating profit or loss. The amounts of inter-segment sales or transfers are based on current market prices.

As stated in “Changes in accounting policies which are not readily distinguishable from changes in accounting estimates” above, the Company and its consolidated subsidiaries changed from the fiscal year ended March 31, 2021 the method primarily for depreciating property, plant and equipment other than buildings and structures, from the declining-balance method to the straight-line method, resulting in changes in the method for depreciation in the relevant reportable segments.

As a result of this change, segment profits for the fiscal year ended March 31, 2021 of the Refractories segment, the Furnace segment, the Ceramics segment and the Others segment increased by ¥347 million, ¥189 million, ¥133 million and ¥8 million, respectively compared with the figures under the previously adopted method. This change had no impact on segment profits for the Real Estate segment.

As stated in “Changes in accounting estimates,” the Company has changed the useful life of tunnel kilns from six years to nine years from the fiscal year ended March 31, 2021. This change has minimal effects on segment profit of the Refractories segment, while no effects on the other segments.

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

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 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) An 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 assets are related to corporate assets not allocated to the reportable segments.
3. Segment profits (losses) are presented so that the total reconciles with operating profit on the consolidated statement of income.

For the fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021):

(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	91,055	13,730	7,412	830	113,029	631	113,661	—	113,661
Inter-segment sales or transfers	6	324	—	—	330	—	330	(330)	—
Total	91,062	14,054	7,412	830	113,360	631	113,992	(330)	113,661
Segment profits	2,815	737	702	671	4,927	24	4,951	(2)	4,949
Segment assets	102,593	9,578	8,132	1,117	121,421	410	121,831	8,523	130,354
Other items									
Depreciation	2,038	402	236	39	2,717	13	2,730	83	2,814
Amortization of goodwill	447	—	12	—	459	—	459	—	459
Increase in property, plant and equipment and intangible assets	3,535	371	580	48	4,535	152	4,688	27	4,715

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) An adjustment of negative ¥2 million in segment profits includes ¥330 million eliminated for inter-segment transactions and ¥327 million for the allocation variance of general administrative expenses borne by the reportable segments.
   (2) An adjustment of ¥8,523 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 ¥83 million in depreciation and an adjustment of ¥27 million in an increase in property, plant and equipment and intangible assets are related to corporate assets not allocated to the reportable segments.
3. Segment profits are presented so that the total reconciles with operating profit on the consolidated statement of income.

4. Net sales by 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.

For the fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
71,251	17,940	8,556	9,311	6,601	113,661

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, 2019, to March 31, 2020	Fiscal Year from April 1, 2020, to March 31, 2021
Net assets per share	¥6,436.93	¥7,133.91
Profit per share	¥765.04	¥514.63

Notes:

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

	Fiscal Year from April 1, 2019, to March 31, 2020	Fiscal Year from April 1, 2020, to March 31, 2021
Profit attributable to owners of parent (¥Million)	6,444	4,334
Profit not attributable to shares of common stock (¥Million)	—	—
Profit attributable to owners of parent with shares of common stock (¥Million)	6,444	4,334
Average number of shares of common stock during the period (Thousand)	8,424	8,423

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

	Fiscal Year Ended March 31, 2020 (As of March 31, 2020)	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)
Total net assets (¥Million)	57,233	63,288
Amount of deduction from total net assets (¥Million)	3,010	3,201
[Non-controlling interests]	[3,010]	[3,201]
Net assets attributable to shares of common stock (¥Million)	54,222	60,087
The number of shares of common stock used for the calculation of net assets per share (Thousand)	8,423	8,422

(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	35,342	35,497	34,355	32,200	27,524	28,147	27,692	30,297
Operating profit	2,342	2,547	2,137	2,359	924	535	1,506	1,983
Ordinary profit	2,350	2,572	2,372	2,468	1,323	904	1,894	2,239
Profit attributable to owners of parent	1,498	1,667	1,600	1,677	1,051	637	1,314	1,331