

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Fiscal Year 2020)

<Under Japanese GAAP>

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(Millions of yen with fractional amounts rounded off, unless otherwise noted)

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

(1) Consolidated operating results (Percentages represent year-on-year changes)

	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 2020	239,343	(1.2)	19,404	110.9	18,954	119.2	11,489	76.6
Fiscal Year 2019	242,257	26.7	9,200	116.0	8,646	111.7	6,505	86.7

Note: Comprehensive income Fiscal Year 2020: 9,587 million yen (up 110.8%)
 Fiscal Year 2019: 4,548 million yen (up 51.1%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal Year 2020	264.38	-	7.8	7.1	8.1
Fiscal Year 2019	149.78	-	4.6	3.5	3.8

Reference: Equity in earnings (losses) of affiliates Fiscal Year 2020: 788 million yen Fiscal Year 2019: 118 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2020	273,850	161,581	55.2	3,479.31
Fiscal Year 2019	261,590	153,781	54.8	3,299.82

Reference: Shareholders' equity Fiscal Year 2020: 151,207 million yen Fiscal Year 2019: 143,407 million yen

(3) Consolidated cash flow position

	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 2020	33,246	(19,323)	1,697	42,085
Fiscal Year 2019	4,367	(19,430)	11,081	26,407

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year 2019	-	10.00	-	30.00	40.00	1,738	26.7	1.2
Fiscal Year 2020	-	10.00	-	65.00	75.00	3,259	28.4	2.2
Fiscal Year 2021 (Forecast)	-	15.00	-	-	-	-	-	-

Note: The year-end dividend forecast for the Fiscal Year 2021 has not been determined.

3. Forecasts of Consolidated Earnings for Fiscal Year 2021 (from April 1, 2020 to March 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	100,000	(19.4)	5,700	(44.1)	5,500	(43.8)	3,500	(41.8)	80.54

Note: There is no full-year forecast because it is not possible to establish a reliable forecast at this time.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1 (AltaSteel Inc.) Excluded: None

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

Fiscal Year 2020: 44,898,730 shares Fiscal Year 2019: 44,898,730 shares

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

Fiscal Year 2020: 1,439,755 shares Fiscal Year 2019: 1,439,682 shares

3) Average number of shares outstanding during the period

Fiscal Year 2020: 43,458,997 shares Fiscal Year 2019: 43,428,543 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for Fiscal Year 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2020	103,002	(6.3)	13,388	88.7	14,730	89.5	10,465	100.1
Fiscal Year 2019	109,959	21.8	7,093	375.3	7,774	259.2	5,230	97.0

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal Year 2020	240.81	-
Fiscal Year 2019	120.43	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2020	173,859	130,669	75.2	3,006.71
Fiscal Year 2019	163,743	121,927	74.5	2,805.57

Reference: Shareholders' equity Fiscal Year 2020: 130,669 million yen Fiscal Year 2019: 121,927 million yen

Reason for differences between non-consolidated financial results for Fiscal Years 2019 and 2020

The differences between sales and earnings in the past two fiscal years are mainly because raw material prices were below our previous assumption while product prices were unchanged in the Kyoei Steel's core domestic steel business.

* The current financial report is not subject to audits by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to "1. Overview of Results of Operations, etc., (3) Outlook" on page 4 of the attachments.

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1. Overview of Results of Operations, etc.

(1) Operating Results

In the fiscal year ended March 31, 2020, the Japanese economy showed a gradual recovery due to improvements in the employment and income environment and various policy effects. However, the domestic and overseas economies slowed significantly, and the outlook remains uncertain due to the spread of novel coronavirus infections (COVID-19 pandemic).

In the market for steel construction materials in Japan, the primary source of demand for the Kyoei Steel Group's products, demand was sluggish both for construction and civil engineering uses. Furthermore, affected by the COVID-19 pandemic the products market softened in the midst of a sense of increasing stagnation from the beginning of 2020 through the end of March. In response, Kyoei Steel took actions aimed at holding product prices in this challenging environment. Prices of steel scrap had been on a downward trend from the beginning of the fiscal year until November, when there was a brief upturn. However, prices started falling again from early 2020 and remained at a level lower than expected. As a result, the metal spread (the difference between the prices of steel products and steel scrap), which is a major source of the Group's earnings, has increased.

In the overseas steel business, the products market weakened and competition became more severe in both Vietnam and the United States from the second half. However, the overall business performance exceeded the previous fiscal year, supported by strong demand.

On March 17, 2020, Kyoei Steel acquired all shares of AltaSteel Inc., a British Columbia (Canada) based company engaged in the steel minimill business. As a result of this acquisition, AltaSteel and its subsidiary became Kyoei Steel's subsidiaries.

Consolidated net sales decreased 2,914 million yen (1.2%) to 239,343 million yen. Operating profit increased 10,203 million yen (110.9%) to 19,404 million yen and ordinary profit increased 10,308 million yen (119.2%) to 18,954 million yen. Profit attributable to owners of parent increased 4,985 million yen (76.6%) to 11,489 million yen. A gain on bargain purchase of 3,512 million yen was recorded under extraordinary income (in the fourth quarter) on acquisition of AltaSteel and an impairment loss of 4,630 million yen (in the third quarter) was recorded under extraordinary losses on non-current assets including goodwill at Vietnam Italy Steel Joint Stock Company, which is located in northern Vietnam.

Results by business segment are as follows.

1) Domestic Steel Business

Shipments decreased 102,000 tons from one year earlier to 1,650,000 tons. While the price of steel scrap fell by 8,100 yen (23.0%) per ton, product prices were the same level as in the previous fiscal year. Therefore, the difference between the prices of steel products and steel scrap widened by 8,100 yen (24.2%) per ton compared with one year earlier.

Segment sales decreased 7,953 million yen (6.1%) to 123,299 million yen and operating profit increased 8,371 million yen (86.8%) to 18,015 million yen.

2) Overseas Steel Business

Kyoei Steel operates steel business in Vietnam and the United States.

In Vietnam, business performance was generally firm from the beginning of the fiscal year, supported by strong demand for steel products, and lower prices for steel scrap and semi-finished products, the main raw materials for products. From the third quarter of this fiscal year, the business environment was severe in both South and North Vietnam as competition intensified further.

In the United States, although demand for steel products was firm, prices declined from their high levels in the previous fiscal year. As a result, the financial results were unfavorable from the third quarter.

However, overall performance of this business exceeded the previous fiscal year. Segment sales increased 5,183 million

yen (5.0%) to 109,063 million yen and operating profit increased 2,575 million yen (compared with operating loss of 291 million yen one year earlier) to 2,284 million yen.

3) Material Recycling Business

Although the processing volume of difficult-to-process waste, including carbon fibers, increased, a decline in the number of large one-time orders affected segment performance. Segment sales decreased 217 million yen (3.2%) to 6,466 million yen and operating profit decreased 101 million yen (8.5%) to 1,089 million yen.

4) Others

This category includes sales of civil engineering materials, an insurance agent business and other activities by a subsidiary. In addition, Kyoei Steel has harbor operations in Vietnam. Sales increased 72 million yen (16.3%) to 516 million yen, and operating profit increased 187 million yen (compared with operating loss of 40 million yen one year earlier) to 147 million yen.

(2) Financial Position

1) Assets, liabilities and net assets

(i) Assets

Current assets decreased by 2,723 million yen, or 1.7%, from the end of the previous fiscal year to 159,192 million yen. This was attributable mainly to increases of 13,476 million yen in cash and deposits and 2,949 million yen in raw materials and supplies, and decreases of 9,242 million yen in notes and accounts receivable-trade, 3,353 million yen in electronically recorded monetary claims-operating, 2,100 million yen in securities, 1,255 million yen in merchandise and finished goods, and 3,031 million yen in other current assets.

Non-current assets increased by 14,983 million yen, or 15.0%, from the end of the previous fiscal year to 114,657 million yen. This was mainly attributable to increases of 5,841 million yen in machinery, equipment and vehicles, 6,937 million yen in land, 2,374 million yen in construction in progress, and 1,070 million yen in investment securities, and a decrease of 3,677 million yen in goodwill.

Total assets increased by 12,260 million yen, or 4.7%, from the end of the previous fiscal year to 273,850 million yen.

(ii) Liabilities

Current liabilities increased by 2,338 million yen, or 2.9%, from the end of the previous fiscal year to 82,238 million yen. This was attributable mainly to increases of 5,880 million yen in short-term borrowings and 3,113 million yen in other current liabilities, and a decrease of 7,334 million yen in notes and accounts payable-trade.

Non-current liabilities increased by 2,122 million yen, or 7.6%, from the end of the previous fiscal year to 30,032 million yen. This was attributable mainly to increases of 3,957 million yen in retirement benefit liability and 1,093 million yen in deferred tax liabilities, and a 3,429 million yen decrease in long-term borrowings.

Total liabilities increased by 4,460 million yen, or 4.1%, from the end of the previous fiscal year to 112,269 million yen.

(iii) Net assets

Net assets increased by 7,800 million yen, or 5.1%, from the end of the previous fiscal year to 161,581 million yen. This was attributable mainly to a profit attributable to owners of parent of 11,489 million yen, dividends of surplus of 1,738 million yen, a 539 million yen decrease in valuation difference on available-for-sale securities, and a 965 million yen decrease in foreign currency translation adjustment.

As a result, compared to the end of the previous fiscal year, net assets per share increased by 179.50 yen to 3,479.31 yen, and equity to total assets increased from 54.8% to 55.2%.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year increased by 15,678 million yen from the end of the previous fiscal year to 42,085 million yen. The cash flow components during the fiscal year and the main reasons for changes are as described below.

(i) Cash flows from operating activities

Net cash provided by operating activities was 33,246 million yen. Major components were profit before income taxes of 17,032 million yen, depreciation of 7,719 million yen, impairment loss of 4,630 million yen, gain on bargain purchase of 3,512 million yen, a 14,777 million yen decrease in trade receivables, a 2,543 million yen decrease in inventories, a 10,272 million yen decrease in trade payables, and income taxes paid of 3,642 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 19,323 million yen. Major components were payments into time deposits of 22,269 million yen, proceeds from withdrawal of time deposits of 24,867 million yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 15,177 million yen, and purchase of property, plant and equipment of 7,783 million yen.

(iii) Cash flows from financing activities

Net cash provided by financing activities was 1,697 million yen. Major components include a net increase of 6,415 million yen in short-term borrowings, proceeds from long-term borrowings of 1,000 million yen, repayments of long-term borrowings of 3,855 million yen, and dividends paid of 1,739 million yen.

Trends in cash flow indicators

Fiscal years ended	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Equity to total assets	67.3%	64.6%	59.8%	54.8%	55.25%
Equity to total assets based on market prices	36.5%	40.2%	34.0%	26.2%	19.8%
Interest-bearing debt to cash flow ratio	192.4%	601.1%	-	1,585.8%	217.8%
Interest coverage ratio	29.0x	9.8x	-	2.5x	17.3x

Notes: 1. The above figures are calculated as follows.

Equity to total assets: Shareholders' equity / Total assets

Equity to total assets based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

2. All indices are calculated based on consolidated figures.

3. Market capitalization is calculated based on the number of shares outstanding, excluding treasury shares (including stock held by the Employee Stock Ownership Association Support Trust)

4. The interest-bearing debt to cash flow ratio and interest coverage ratio are not shown for the fiscal year ended March 31, 2018 because operating cash flows were negative in this fiscal year.

(3) Outlook

The COVID-19 pandemic is having an enormous impact on economic activity worldwide. In the market for steel construction materials, the primary source of demand for the Group's products, the business climate is becoming increasingly difficult. Demand for these materials is expected to decrease in Japan and other countries due to the suspension of work at construction and civil engineering projects, postponements of capital expenditures, and other reasons. To fulfill its responsibility to supply products to customers, the Group is making efforts to continue business operations while doing everything possible to ensure the health and safety of employees.

To establish a forecast for the fiscal year ending in March 2021, Kyoei Steel had made an effort to estimate the impact of the COVID-19 crisis on business operations based on assumptions concerning the length of this crisis and other items. However, Japan extended the state of emergency on May 4 and there is considerable uncertainty about the economic outlook of countries worldwide due to this crisis. As a result, demand for steel is expected to continue to

decline and it is particularly difficult to predict the effects of this crisis on results of operations in the second half of the next fiscal year.

Due to this uncertain outlook, Kyoei Steel is announcing only a consolidated forecast for the first half of the fiscal year ending on March 31, 2021. The forecast incorporates the outlook for a decrease in the volume of shipments and other items based on current market conditions. In the fiscal year's first half, Kyoei Steel forecasts consolidated net sales of 100,000 million yen, operating profit of 5,700 million yen, ordinary profit of 5,500 million yen, and profit attributable to owners of parent of 3,500 million yen. There is no full-year forecast because it is not possible to establish a reliable forecast at this time. Once this becomes possible, a full-year forecast will be announced promptly. Forecasts may be revised to reflect changes in the outlook for the timing of the end of the crisis or other factors.

In this challenging and uncertain environment, the Group remains dedicated to fulfilling its social obligations as a manufacturer. In addition, all group companies are focusing their resources on activities for enhancing quality, which is the central theme of "Quality Up 2020," the current medium-term business plan that will end in March 2021.

(4) Basic Policy for Earnings Distributions and Dividends in the Current and Next Fiscal Years

We believe that increasing corporate value is the most effective means of distributing earnings to shareholders. As a result, our policy for dividends is to pay a reasonable dividend while retaining the earnings needed to achieve growth and make the entire group stronger from a long-term perspective. Our policy for determining the dividend is to maintain a consolidated payout ratio of 25% to 30% while paying an annual dividend of at least 30 yen per share.

We plan to pay a year-end dividend of 65 yen per share as planned. Including the interim dividend of 10 yen, this will result in a dividend of 75 yen per share for this fiscal year.

For the fiscal year ending on March 31, 2021, we plan to pay an interim dividend of 15 yen and a year-end dividend has not been determined at this time as the full-year forecast is not determined.

2. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(Unit: millions of yen)	
	FY2019 (as of Mar. 31, 2019)	FY2020 (as of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	42,133	55,609
Notes and accounts receivable-trade	48,845	39,603
Electronically recorded monetary claims-operating	14,854	11,501
Securities	4,400	2,300
Merchandise and finished goods	26,360	25,105
Raw materials and supplies	18,535	21,484
Other	7,289	4,258
Allowance for doubtful accounts	(500)	(667)
Total current assets	161,916	159,192
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,430	52,420
Accumulated depreciation	(28,402)	(30,960)
Buildings and structures, net	21,028	21,459
Machinery, equipment and vehicles	119,117	134,579
Accumulated depreciation	(84,137)	(93,758)
Machinery, equipment and vehicles, net	34,980	40,821
Land	24,249	31,186
Construction in progress	628	3,002
Other	2,812	3,441
Accumulated depreciation	(2,080)	(2,258)
Other, net	732	1,183
Total property, plant and equipment	81,617	97,652
Intangible assets		
Goodwill	3,944	267
Other	2,565	2,399
Total intangible assets	6,508	2,666
Investments and other assets		
Investment securities	8,120	9,191
Long-term loans receivable	475	1,301
Retirement benefit asset	275	974
Deferred tax assets	731	821
Other	2,012	2,117
Allowance for doubtful accounts	(64)	(64)
Total investments and other assets	11,549	14,340
Total non-current assets	99,674	114,657
Total assets	261,590	273,850

(Unit: millions of yen)

	FY2019 (as of Mar. 31, 2019)	FY2020 (as of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,816	10,482
Electronically recorded obligations-operating	4,673	2,975
Short-term borrowings	40,857	46,737
Current portion of long-term borrowings	3,861	4,260
Income taxes payable	2,053	3,976
Provision for bonuses	718	756
Provision for bonuses for directors (and other officers)	2	18
Other	9,920	13,033
Total current liabilities	79,900	82,238
Non-current liabilities		
Long-term borrowings	24,069	20,640
Deferred tax liabilities	730	1,824
Deferred tax liabilities for land revaluation	2,433	2,433
Provision for retirement benefits for directors (and other officers)	12	-
Retirement benefit liability	74	4,031
Other	591	1,104
Total non-current liabilities	27,909	30,032
Total liabilities	107,809	112,269
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	21,141	21,141
Retained earnings	98,550	108,335
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	136,507	146,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	785	246
Deferred gains or losses on hedges	32	(158)
Revaluation reserve for land	4,625	4,625
Foreign currency translation adjustment	1,251	286
Remeasurements of defined benefit plans	206	(83)
Total accumulated other comprehensive income	6,900	4,916
Non-controlling interests	10,374	10,373
Total net assets	153,781	161,581
Total liabilities and net assets	261,590	273,850

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

(Unit: millions of yen)

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Net sales	242,257	239,343
Cost of sales	218,783	204,601
Gross profit	23,474	34,743
Selling, general and administrative expenses	14,274	15,339
Operating profit	9,200	19,404
Non-operating income		
Interest income	613	704
Dividend income	157	143
Share of profit of entities accounted for using equity method	118	788
Other	376	279
Total non-operating income	1,265	1,914
Non-operating expenses		
Interest expenses	1,707	1,936
Sales discounts	29	24
Foreign exchange losses	33	347
Other	50	58
Total non-operating expenses	1,819	2,364
Ordinary profit	8,646	18,954
Extraordinary income		
Gain on sales and retirement of non-current assets	38	17
Gain on sales of investment securities	0	-
Gain on step acquisitions	549	-
Gain on bargain purchase	-	3,512
Insurance claim income	312	36
Other	-	5
Total extraordinary income	899	3,570
Extraordinary losses		
Loss on sales and retirement of non-current assets	368	656
Loss on sales of investment securities	136	1
Impairment loss	342	4,630
Loss on disaster	184	21
Provision for disposal costs of PCBs	-	46
Other	72	138
Total extraordinary losses	1,101	5,492
Profit before income taxes	8,444	17,032
Income taxes-current	2,932	5,308
Income taxes-deferred	(165)	(0)
Total income taxes	2,768	5,308
Profit	5,677	11,724
Profit (loss) attributable to non-controlling interests	(828)	234
Profit attributable to owners of parent	6,505	11,489

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Profit	5,677	11,724
Other comprehensive income		
Valuation difference on available-for-sale securities	(640)	(539)
Deferred gains or losses on hedges	57	(225)
Foreign currency translation adjustment	(552)	(1,084)
Remeasurements of defined benefit plans, net of tax	6	(290)
Total other comprehensive income	(1,129)	(2,137)
Comprehensive income	4,548	9,587
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,639	9,505
Comprehensive income attributable to non-controlling interests	(1,091)	82

(3) Consolidated Statements of Changes in Equity

FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,516	21,493	93,909	(1,809)	132,109
Changes during period					
Dividends of surplus			(1,738)		(1,738)
Profit attributable to owners of parent			6,505		6,505
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				109	109
Change in scope of consolidation		14	(118)		(104)
Change in ownership interest of parent due to transactions with non-controlling interests		(367)			(367)
Reversal of revaluation reserve for land			(7)		(7)
Net changes in items other than shareholders' equity					
Total changes during period	-	(352)	4,641	109	4,398
Balance at end of period	18,516	21,141	98,550	(1,700)	136,507

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,425	(48)	4,618	1,706	201	7,901	8,450	148,460
Changes during period								
Dividends of surplus								(1,738)
Profit attributable to owners of parent								6,505
Purchase of treasury shares								(0)
Disposal of treasury shares								109
Change in scope of consolidation								(104)
Change in ownership interest of parent due to transactions with non-controlling interests								(367)
Reversal of revaluation reserve for land								(7)
Net changes in items other than shareholders' equity	(640)	80	7	(455)	6	(1,001)	1,924	923
Total changes during period	(640)	80	7	(455)	6	(1,001)	1,924	5,321
Balance at end of period	785	32	4,625	1,251	206	6,900	10,374	153,781

FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,516	21,141	98,550	(1,700)	136,507
Cumulative effects of changes in accounting policies			34		34
Restated balance	18,516	21,141	98,584	(1,700)	136,541
Changes during period					
Dividends of surplus			(1,738)		(1,738)
Profit attributable to owners of parent			11,489		11,489
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	9,751	(0)	9,751
Balance at end of period	18,516	21,141	108,335	(1,700)	146,292

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	785	32	4,625	1,251	206	6,900	10,374	153,781
Cumulative effects of changes in accounting policies								34
Restated balance	785	32	4,625	1,251	206	6,900	10,374	153,814
Changes during period								
Dividends of surplus								(1,738)
Profit attributable to owners of parent								11,489
Purchase of treasury shares								(0)
Net changes in items other than shareholders' equity	(539)	(191)	-	(965)	(290)	(1,985)	(0)	(1,985)
Total changes during period	(539)	(191)	-	(965)	(290)	(1,985)	(0)	7,766
Balance at end of period	246	(158)	4,625	286	(83)	4,916	10,373	161,581

(4) Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	8,444	17,032
Depreciation	7,476	7,719
Impairment loss	342	4,630
Amortization of goodwill	257	312
Increase (decrease) in provisions	(117)	214
Increase (decrease) in retirement benefit liability	47	21
Share of loss (profit) of entities accounted for using equity method	(118)	(788)
Loss (gain) on sales of investment securities	136	1
Loss (gain) on sales and retirement of non-current assets	329	638
Insurance claim income	(312)	(36)
Loss on disaster	184	21
Loss (gain) on step acquisitions	(549)	-
Gain on bargain purchase	-	(3,512)
Interest and dividend income	(771)	(847)
Interest expenses	1,707	1,936
Decrease (increase) in trade receivables	(5,405)	14,777
Decrease (increase) in inventories	(3,511)	2,543
Increase (decrease) in trade payables	(1,228)	(10,272)
Increase (decrease) in accrued consumption taxes	945	222
Decrease (increase) in retirement benefit asset	(5)	61
Other, net	(1,172)	3,249
Subtotal	6,676	37,921
Interest and dividends received	774	871
Interest paid	(1,745)	(1,919)
Payments associated with disaster loss	(6)	(21)
Proceeds from insurance income	393	36
Income taxes paid	(1,726)	(3,642)
Net cash provided by (used in) operating activities	4,367	33,246
Cash flows from investing activities		
Payments into time deposits	(17,887)	(22,269)
Proceeds from withdrawal of time deposits	9,809	24,867
Purchase of securities	(4,000)	(2,000)
Proceeds from sales of securities	5,000	3,000
Purchase of investment securities	(2)	(3)
Proceeds from sales and redemption of investment securities	220	2
Payments of deposit	(2,751)	(1)
Proceeds from withdrawal deposit	2,714	1,220
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,458)	(15,177)
Purchase of investments in capital of subsidiaries	(146)	(62)
Loan advances	(851)	(882)
Collection of loans receivable	58	61
Purchase of property, plant and equipment	(5,626)	(7,783)
Proceeds from sales of property, plant and equipment	50	19
Purchase of intangible assets	(230)	(114)
Other, net	(330)	(201)
Net cash provided by (used in) investing activities	(19,430)	(19,323)

(Unit: millions of yen)

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,011	6,415
Proceeds from long-term borrowings	10,000	1,000
Repayments of long-term borrowings	(3,270)	(3,855)
Repayments of installment payables	(41)	(42)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	109	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(893)	-
Dividends paid	(1,739)	(1,739)
Dividends paid to non-controlling interests	(11)	(82)
Other, net	(85)	-
Net cash provided by (used in) financing activities	11,081	1,697
Effect of exchange rate change on cash and cash equivalents	(198)	57
Net increase (decrease) in cash and cash equivalents	(4,180)	15,678
Cash and cash equivalents at beginning of period	29,299	26,407
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,288	-
Cash and cash equivalents at end of period	26,407	42,085

(5) Notes to Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Changes in Accounting Policies

Application of IFRS 16 “Leases”

Some foreign subsidiaries have started to apply IFRS 16 “Leases” from the beginning of the current fiscal year. Accordingly, as a lessee, in principle, Kyoei Steel booked all leased assets and liabilities as assets and liabilities in the consolidated balance sheets.

To begin applying this standard, Kyoei Steel is using the approved transitional treatment of recognizing the cumulative effect of applying this standard on the first day that this standard was applied.

The effect of this change on the consolidated financial statements for the current fiscal year is insignificant.

Segment Information

1. Overview of reportable segments

Segments used for financial reporting are the Group’s constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group consists of three business units: the Domestic Steel Business, Overseas Steel Business and Material Recycling Business. Each business unit determines its own comprehensive strategies and has devised for products and services in both domestic and overseas markets.

Consequently, the Group has three reportable business segments: the Domestic Steel Business, Overseas Steel Business and Material Recycling Business.

In the Domestic Steel Business, the Group manufactures and sells steel products, mainly for domestic building construction and civil engineering, and has a cargo transportation business. In the Overseas Steel Business, the Group manufactures and sells steel products, mainly for building construction and civil engineering overseas. In the Material Recycling Business, the Group performs intermediate and final processing of medical waste and industrial waste and has a recycled crushed stone business and other activities.

2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The accounting treatment methods for reportable segments comply with accounting policies used for the preparation of the consolidated financial statements.

Earnings for reportable segments are operating profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, and other items for each reportable segment

FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Unit: millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Notes 2, 3, 4, 5, 6)	Amounts shown on the consolidated financial statements (Note 7)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
External sales	131,252	103,879	6,683	241,814	443	-	242,257
Inter-segment sales and transfers	53	-	1,116	1,169	348	(1,517)	-
Total	131,305	103,879	7,799	242,983	791	(1,517)	242,257
Segment profit (loss)	9,644	(291)	1,190	10,543	(40)	(1,303)	9,200
Segment assets	127,639	85,771	6,518	219,928	6,813	34,849	261,590
Other items							
Depreciation	3,577	3,225	288	7,090	193	193	7,476
Amortization of goodwill	-	257	-	257	-	-	257
Impairment loss	-	333	-	333	-	9	342
Increase in property, plant and equipment and intangible assets	3,311	1,573	239	5,123	188	196	5,507

- Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, civil engineering materials sales and insurance agent businesses.
2. The adjustment of (1,303) million yen to segment profit (loss) includes 19 million yen in eliminations for inter-segment transactions and (1,322) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administrative expenses of the Company's head office that cannot be attributed to reportable segments.
3. The adjustment of 34,849 million yen to segment assets includes the Company's excess funds (cash and deposits, and marketable securities), long-term investments (investment securities), and assets which belong to the administration department.
4. The adjustment of 193 million yen to depreciation is related to the general and administrative operations of the Company's head office that cannot be attributed to reportable segments.
5. The adjustment of 9 million yen to impairment loss is related to the general and administrative operations of the Company's head office that cannot be attributed to reportable segments.
6. The adjustment of 196 million yen to an increase in property, plant and equipment and intangible assets is related to the general and administrative operations of the Company's head office that cannot be attributed to reportable segments.
7. Segment profit (loss) is adjusted with operating profit shown on the consolidated financial statements.

FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(Unit: millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Notes 2, 3, 4, 5,)	Amounts shown on the consolidated financial statements (Note 6)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
External sales	123,299	109,063	6,466	238,828	516	-	239,343
Inter-segment sales and transfers	70	-	1,171	1,240	542	(1,783)	-
Total	123,369	109,063	7,637	240,068	1,058	(1,783)	239,343
Segment profit	18,015	2,284	1,089	21,387	147	(2,131)	19,404
Segment assets	115,506	103,595	6,675	225,776	5,996	42,077	273,850
Other items							
Depreciation	3,622	3,371	290	7,283	197	240	7,719
Amortization of goodwill	-	312	-	312	-	-	312
Impairment loss	-	4,630	-	4,630	-	-	4,630
Increase in property, plant and equipment and intangible assets	5,799	2,450	239	8,488	282	124	8,895

- Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, civil engineering materials sales and insurance agent businesses.
2. The adjustment of (2,131) million yen to segment profit includes (143) million yen in eliminations for inter-segment transactions and (1,988) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administrative expenses of the Company's head office that cannot be attributed to reportable segments.
3. The adjustment of 42,077 million yen to segment assets includes the Company's excess funds (cash and deposits, and marketable securities), long-term investments (investment securities), and assets which belong to the administration department.
4. The adjustment of 240 million yen to depreciation is related to the general and administrative operations of the Company's head office that cannot be attributed to reportable segments.
5. The adjustment of 124 million yen to an increase in property, plant and equipment and intangible assets is related to the general and administrative operations of the Company's head office that cannot be attributed to reportable segments.
6. Segment profit is adjusted with operating profit shown on the consolidated financial statements.

Per Share Information

(Unit: yen)

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Net assets per share	3,299.82	3,479.31
Net income per share	149.78	264.38
	Diluted net income per share is not presented since the Company has no outstanding dilutive securities.	Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

Notes: Basis for calculation is as follows.

1. Net assets per share

	FY2019 (as of Mar. 31, 2019)	FY2020 (as of Mar. 31, 2020)
Total net assets (Millions of yen)	153,781	161,581
Deduction on total net assets (Millions of yen)	(10,374)	(10,373)
[of which non-controlling interests (Millions of yen)]	[(10,374)]	[(10,373)]
Net assets applicable to common shares (Millions of yen)	143,407	151,207
Number of common shares outstanding (Thousand shares)	44,899	44,899
Number of treasury shares (Thousand shares)	1,440	1,440
Number of common shares at end of period used in calculation of net assets per share (Thousand shares)	43,459	43,459

2. Net income per share

	FY2019 (from Apr. 1, 2018 to Mar. 31, 2019)	FY2020 (from Apr. 1, 2019 to Mar. 31, 2020)
Profit attributable to owners of parent (Millions of yen)	6,505	11,489
Amounts not available to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Millions of yen)	6,505	11,489
Average number of common shares outstanding during the period (Thousand shares)	43,429	43,459

3. The Company's stock held by the Employee Stock Ownership Association Support Trust is included in treasury shares and is thus deducted from the average number of shares outstanding during each fiscal year that was used to calculate net income per share. The average number of shares outstanding of the Company's stock held by the trust were 31,000 shares for FY2019.

Material Subsequent Events

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.