

FY 2020 / JGP2020

Business Results for the First Half of the
Fiscal Year 2020 (Ending March 31, 2021)

November 18, 2020

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JSW

The performance forecasts and other forward-looking statements included in this report are based on the information that was available to The Japan Steel Works, Ltd. (the “Company”) and certain assumptions deemed to be reasonable at the time this report was prepared, and the actual results may differ significantly from these forecasts due to a variety of reasons.

Unless otherwise noted, values of “previous forecast” means those released on September 18, 2020.

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MEDIUM-TERM MANAGEMENT PLAN
“JGP2020”AND BUSINESS OVERVIEW





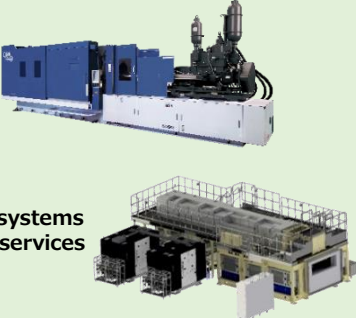

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Reference (32-36):

Change in Business Segment / Change in Sub-segment / Trends of Net Sales, Operating Income and Profit / Trends of Situation in Assets and Cash Flow / Corporate Code of Behavior of JSW (revised on April 1, 2018)

Composition of Business Segments and Major Products

Business Segments	Industrial Machinery Products Business	Material and Engineering Business	Other Businesses
Organizations	Plastic Machinery B.D. / Injection Molding Machinery B.D. / Industrial Machinery B.D. / Ordnance Business H.Q.	Japan Steel Works M&E, Inc.	New Business Promotion H.Q.
Production Bases	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Hiroshima</p>  </div> <div style="text-align: center;"> <p>Yokohama</p>  </div> <div style="text-align: center;"> <p>Nagoya</p>  </div> </div>	<div style="text-align: center;"> <p>Muroran</p>  </div>	
Products	<div style="display: flex;"> <div style="flex: 1;"> <p>Plastic production and processing machinery</p> <ul style="list-style-type: none"> • Pelletizers • Film and sheet manufacturing equipment • Twin-screw extruders • After-sales services  </div> <div style="flex: 1;"> <p>Molding machines</p> <ul style="list-style-type: none"> • Plastic injection molding machines • Magnesium alloy injection molding machines • Blow molding machines • After-sales services  </div> </div> <div style="display: flex; margin-top: 20px;"> <div style="flex: 1;"> <p>Other machinery</p> <ul style="list-style-type: none"> • Excimer laser annealing (ELA) systems • Defense equipment • Railway products • Hot press devices  </div> <div style="flex: 1;"> <ul style="list-style-type: none"> • Laminators • Deposition systems • After-sales services  </div> </div>	<p>Steel castings and forgings</p> <ul style="list-style-type: none"> • Parts for reactors (shell, head etc.) • Parts for steam generators • Rotor shafts • Turbine Casings • Die steel • Steel rolls for steel manufacturing <div style="display: flex; justify-content: space-around;">   </div> <p>Clad Steel Products</p> <ul style="list-style-type: none"> • Clad steel plates • Clad steel pipes <p>Engineering Services</p> <ul style="list-style-type: none"> • Steel structure for plant and infrastructure • Non-destructive inspection and analytical inspection services, etc. <div style="display: flex; justify-content: space-around;">   </div>	<p>New Business</p> <ul style="list-style-type: none"> • Aircraft • Hydrogen • Crystal • Thin film • Advanced materials • Metallic materials
Markets	<div style="display: flex; justify-content: space-between;"> <div style="background-color: #008000; color: white; padding: 5px;">Petro-chemicals</div> <div style="background-color: #008080; color: white; padding: 5px;">Industrial Machinery</div> <div style="background-color: #008000; color: white; padding: 5px;">Automobiles</div> <div style="background-color: #000080; color: white; padding: 5px;">Information Technology</div> <div style="background-color: #008080; color: white; padding: 5px;">Defense</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="background-color: #800000; color: white; padding: 5px;">Electric Power and Steel</div> <div style="background-color: #804000; color: white; padding: 5px;">Oil and Natural Gas</div> <div style="background-color: #008080; color: white; padding: 5px;">Natural Energy</div> </div>	<div style="background-color: #FFD700; color: black; padding: 5px; text-align: center;"> New Business </div>



RESULTS FOR THE FIRST HALF OF THE FISCAL YEAR 2020 (ENDING MARCH 31, 2021)

PART I



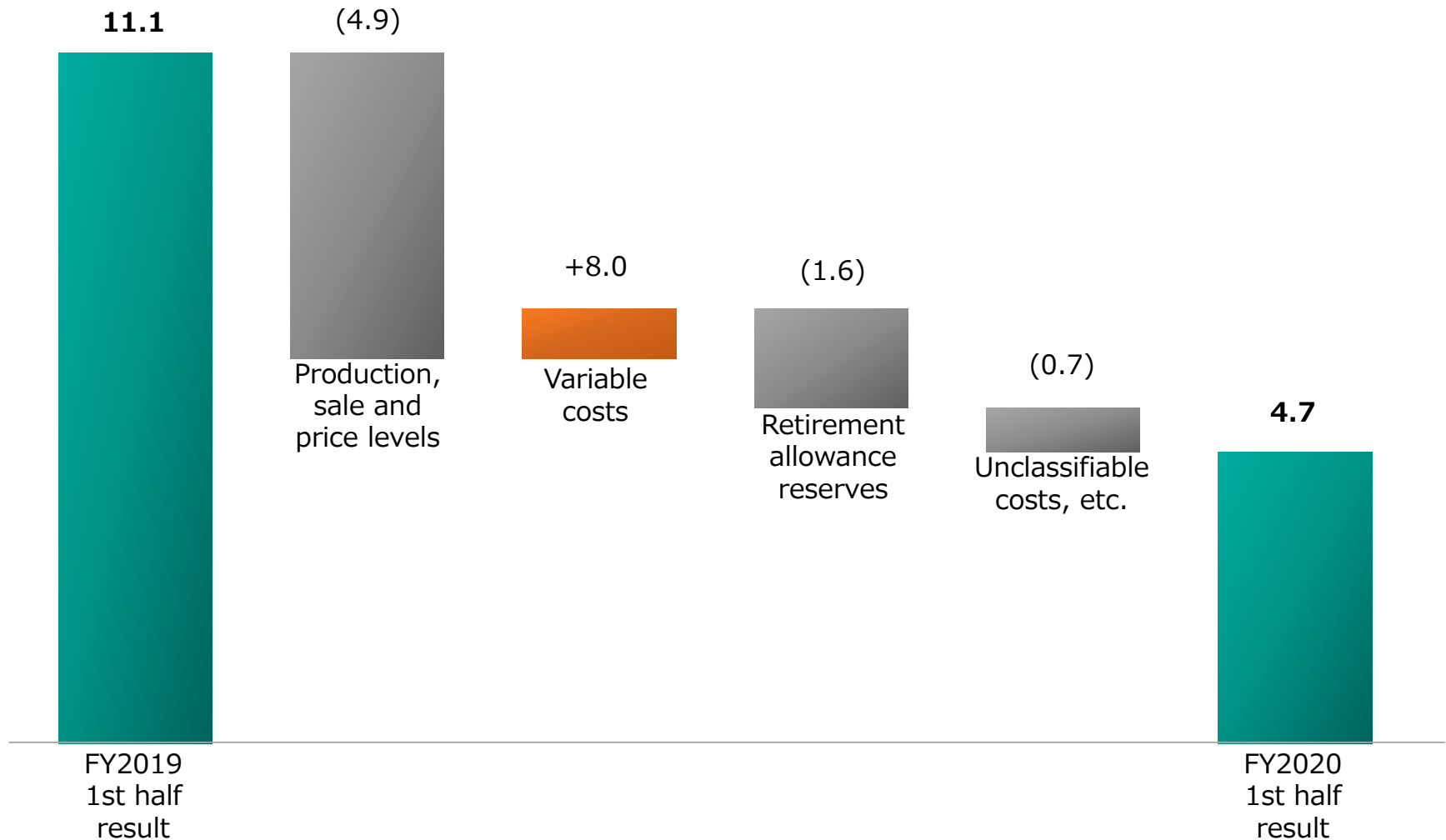
Orders received, net sales and profit decreased year on year.

(in billions of yen)

	FY2019 First half result (A)	FY2020 First half result (B)	Change from year-ago period (B)-(A)	FY2020 Full year revised forecast (C)	Ratio to revised forecast (B)/(C)
Orders received	112.8	78.5	(34.3)	205.0	38.3%
Net sales	106.2	90.1	(16.1)	195.0	46.2%
Operating income (ratio)	11.1 10.5%	4.7 5.2%	(6.4) (5.2%)	10.0 5.1%	47.0% -
Ordinary income	12.1	5.0	(7.1)	10.0	50.0%
Profit/Loss	5.2	3.5	(1.7)	6.5	53.8%
Profit/Loss per share (yen)	70.82	48.69	△22.13	88.40	55.1%
Dividends per share (yen)	27.5	17.5	△10.0	35.0	50.0%

Decreased by 6.4 billions of yen due to production, sale and price levels and retirement allowance reserves.

(in billions of yen)



In both segments, net sales and operating income decreased year on year.

Industrial Machinery Products Business

(in billions of yen)

	FY2019 First half result (A)	FY2020 First half result (B)	Change from year-ago period (B)-(A)	FY2020 Full year revised forecast (C)	Ratio to revised forecast (B)/(C)
Orders received	86.5	60.3	(26.2)	153.0	39.4%
Net sales	87.2	73.1	(14.1)	152.0	48.1%
Operating income (ratio)	10.7 12.3%	8.2 11.2%	(2.5) (1.1%)	15.0 9.9%	54.7% -

Material and Engineering Business

(in billions of yen)

	FY2019 First half result (D)	FY2020 First half result (E)	Change from year-ago period (E)-(D)	FY2020 Full year revised forecast (F)	Ratio to revised forecast (E)/(F)
Orders received	24.9	16.7	(8.2)	48.5	34.4%
Net sales	17.4	15.9	(1.5)	40.0	39.8%
Operating income (ratio)	1.6 9.2%	0.2 1.3%	(1.4) (7.9%)	1.5 3.8%	13.3% -

Net sales decreased mainly in molding machines.
Orders received decreased in all products.

Net Sales and Operating Income

(in billions of yen)

	FY2019 First half result (A)	FY2020 First half result (B)	Change from year- ago period (B)-(A)	FY2020 Full year revised forecast (C)	Ratio to revised forecast (B)/(C)
Plastic production and processing machinery	31.3	29.2	(2.1)	61.0	47.9%
Molding machines	34.5	23.5	(11.0)	50.0	47.0%
Other products	21.4	20.4	(1.0)	41.0	49.8%
Total	87.2	73.1	(14.1)	152.0	48.1%
Operating income	10.7	8.2	(2.5)	15.0	54.7%

Orders Received

(in billions of yen)

	FY2019 First half result (D)	FY2020 First half result (E)	Change from year- ago period (E)-(D)	FY2020 Full year revised forecast (F)	Ratio to revised forecast (E)/(F)
Plastic production and processing machinery	34.3	20.8	(13.5)	60.0	34.7%
Molding machines	29.1	21.8	(7.3)	50.0	43.6%
Other products	23.1	17.7	(5.4)	43.0	41.2%
Total	86.5	60.3	(26.2)	153.0	39.4%

Orders received decreased mainly in clad steel plates and pipes.

	Net Sales and Operating Income					Orders Received				
	(in billions of yen)					(in billions of yen)				
	FY2019 First half result (A)	FY2020 First half result (B)	Change from year- ago period (B)-(A)	FY2020 Full year revised forecast (C)	Ratio to revised forecast (B)/(C)	FY2019 First half result (D)	FY2020 First half result (E)	Change from year- ago period (E)-(D)	FY2020 Full year revised forecast (F)	Ratio to revised forecast (E)/(F)
Steel castings and forgings	9.5	9.5	0.0	20.5	46.3%	11.5	10.1	(1.4)	21.0	48.1%
Clad steel plates and pipes	2.9	2.7	(0.2)	11.0	24.5%	9.3	0.9	(8.4)	18.0	5.0%
Engineering, etc.	5.0	3.7	(1.3)	8.5	43.5%	4.1	5.7	1.6	9.5	60.0%
Total	17.4	15.9	(1.5)	40.0	39.8%	24.9	16.7	(8.2)	48.5	34.4%
Operating income	1.6	0.2	(1.4)	1.5	13.3%					



FORECAST FOR THE FISCAL YEAR 2020 (ENDING MARCH 31, 2021)

PART II

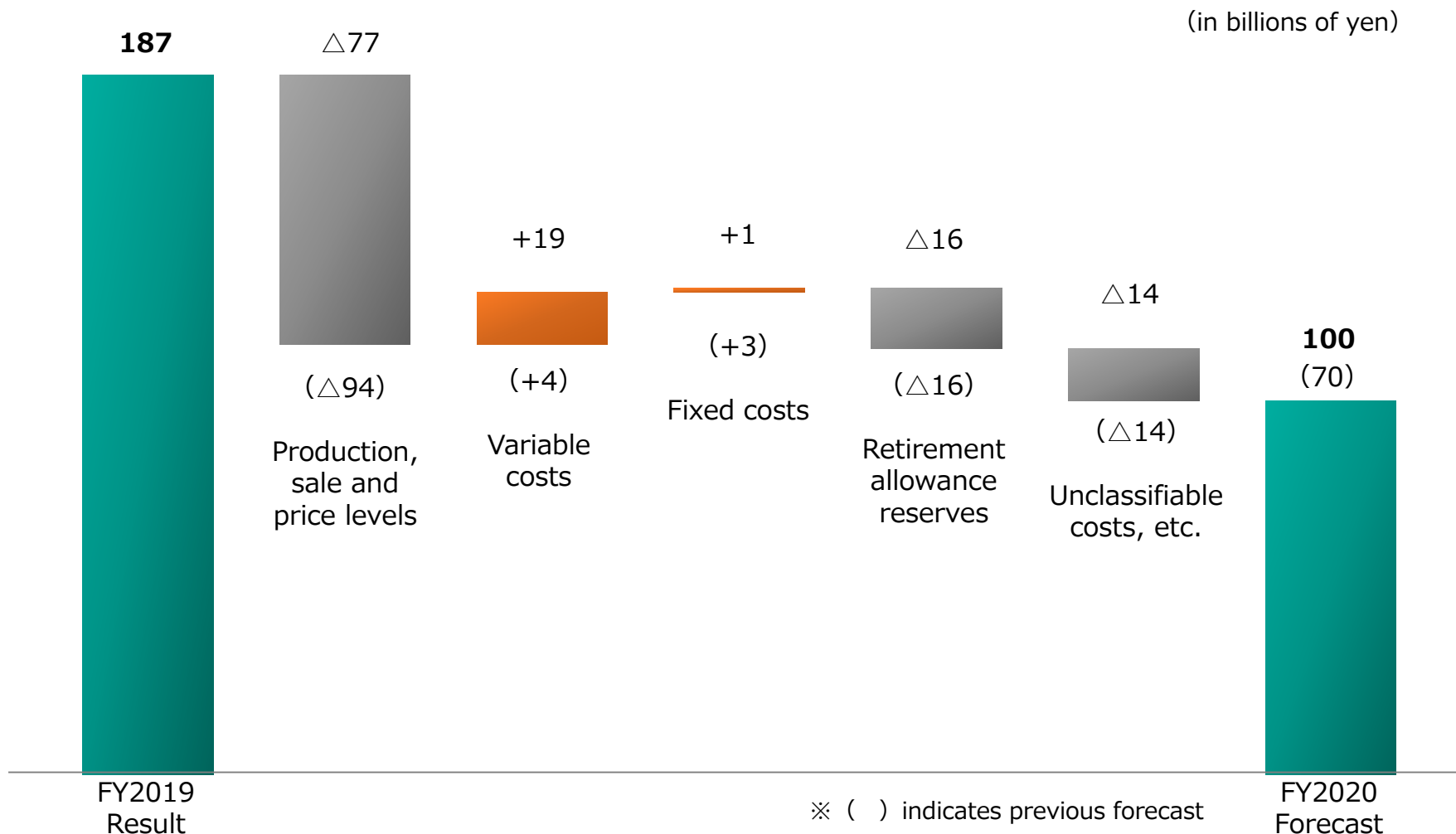


We revised up our financial forecast. Still, Orders received, net sales and operating income decrease year on year.

(in billions of yen)

	FY2019 Result (A)	FY2020 Previous forecast (B)	FY2020 Revised forecast			Change from last year (C)-(A)	Change from previous forecast (C)-(B)
			1st Half	2nd Half	Full Year (C)		
Orders received	211.5	198.0	78.5	126.5	205.0	(6.5)	7.0
Net sales	217.5	190.0	90.1	104.9	195.0	(22.5)	5.0
Operating income (ratio)	18.7 8.6%	7.0 3.7%	4.7 5.2%	5.3 5.1%	10.0 5.1%	(8.7) (3.5%)	3.0 1.4%
Ordinary income	19.9	7.0	5.0	5.0	10.0	(9.9)	3.0
Profit/Loss	9.3	4.0	3.5	3.0	6.5	(2.8)	2.5
Profit/Loss per share (yen)	126.66	5.40	48.69	39.71	88.40	(38.26)	83.00
Dividends per share (yen)	45.0	3.5	17.5	17.5	35.0	(10.0)	31.5

Decrease by 8.7 billions of yen due to production, sale and price levels and retirement allowance reserves. 3.0 billions increase from previous forecast.



Orders received, net sales and operating income increase from previous forecast in industrial machinery products business.

Industrial Machinery Products Business

(in billions of yen)

	FY2019 Result (A)	FY2019 Previous forecast (B)	FY2020 Revised forecast (C)	Change from last year (C)-(A)	Change from previous forecast (C)-(B)
Orders received	162.6	147.0	153.0	(9.6)	6.0
Net sales	171.4	147.0	152.0	(19.4)	5.0
Operating income (ratio)	19.2 11.2%	11.5 7.8%	15.0 9.9%	(4.2) (1.3%)	3.5 2.0%

Material and Engineering Business

(in billions of yen)

	FY2019 Result (D)	FY2019 Previous forecast (E)	FY2020 Revised forecast (F)	Change from last year (F)-(D)	Change from previous forecast (F)-(E)
Orders received	46.2	48.5	48.5	2.3	0.0
Net sales	42.8	40.0	40.0	(2.8)	0.0
Operating income (ratio)	2.7 6.3%	1.5 3.8%	1.5 3.8%	(1.2) (2.6%)	0.0 0.0%

We revised up from previous forecast. Still, decrease is forecasted due to molding machines year on year.

Net Sales and Operating Income					
(in billions of yen)					
	FY2019 Result (A)	FY2020 Previous forecast (B)	FY2020 Revised forecast (C)	Change from last year (C)-(A)	Change from previous forecast (C)-(B)
Plastic production and processing machinery	61.3	61.0	61.0	(0.3)	0.0
Molding machines	65.3	45.0	50.0	(15.3)	5.0
Other products	44.8	41.0	41.0	(3.8)	0.0
Total	171.4	147.0	152.0	(19.4)	5.0
Operating income	19.2	11.5	15.0	(4.2)	3.5

Orders Received					
(in billions of yen)					
	FY2019 Result (D)	FY2020 Previous forecast (E)	FY2020 Revised forecast (F)	Change from last year (F)-(D)	Change from previous forecast (F)-(E)
Plastic production and processing machinery	60.8	59.0	60.0	(0.8)	1.0
Molding machines	53.3	45.0	50.0	(3.3)	5.0
Other products	48.5	43.0	43.0	(5.5)	0.0
Total	162.6	147.0	153.0	(9.6)	6.0

Net sales decrease while orders received increase year on year.

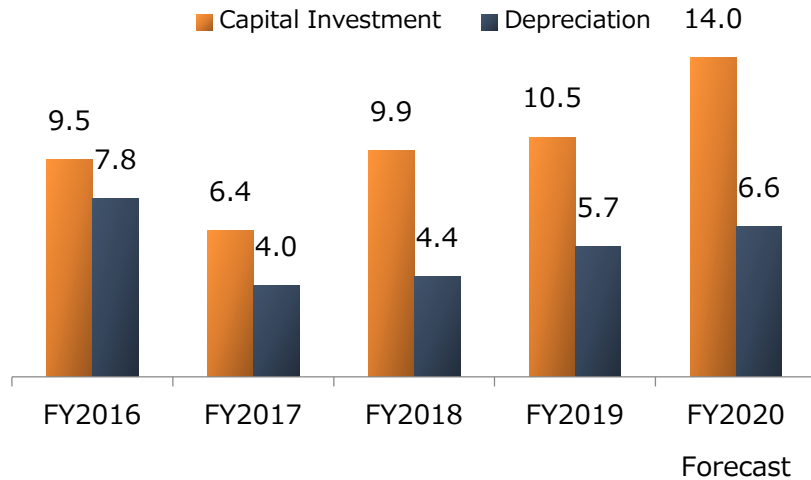
Net Sales and Operating Income					
(in billions of yen)					
	FY2019 Result (A)	FY2020 Previous forecast (B)	FY2020 Revised forecast (C)	Change from last year (C)-(A)	Change from previous forecast (C)-(B)
Steel castings and forgings	19.6	20.5	20.5	0.9	0.0
Clad steel plates and pipes	12.8	11.0	11.0	(1.8)	0.0
Engineering, etc.	10.4	8.5	8.5	(1.9)	0.0
Total	42.8	40.0	40.0	(2.8)	0.0
Operating income	2.7	1.5	1.5	(1.2)	0.0

Orders Received					
(in billions of yen)					
	FY2019 Result (D)	FY2020 Previous forecast (E)	FY2020 Revised forecast (F)	Change from last year (F)-(D)	Change from previous forecast (F)-(E)
Steel castings and forgings	22.9	21.0	21.0	(1.9)	0.0
Clad steel plates and pipes	14.9	18.0	18.0	3.1	0.0
Engineering, etc.	8.4	9.5	9.5	1.1	0.0
Total	46.2	48.5	48.5	2.3	0.0

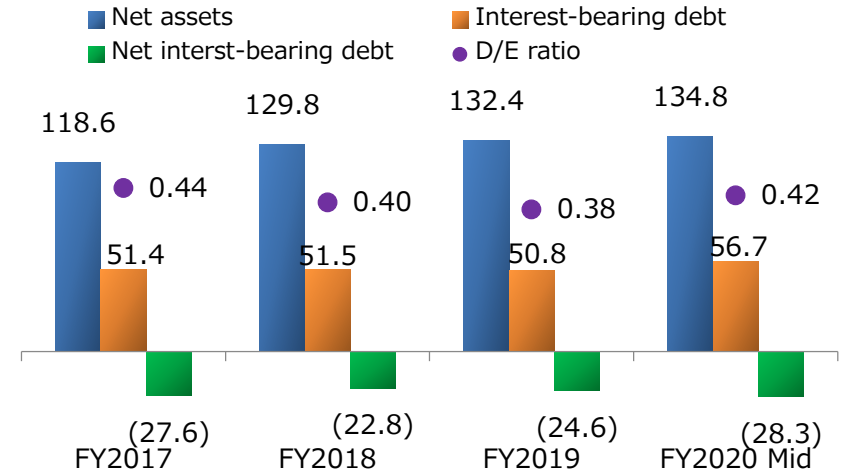
Capital Investment, Depreciation, Cash Flows, Financial Position and R&D costs

(in billions of yen)

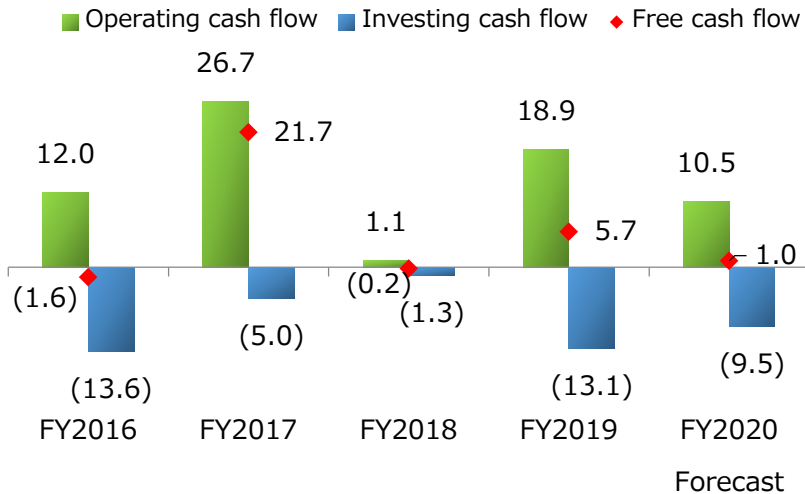
Capital investment and depreciation



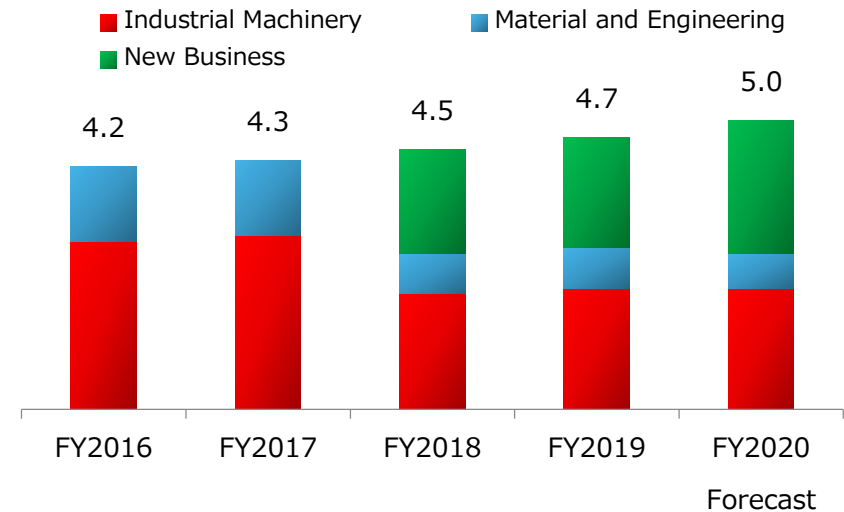
Financial position



Cash flows



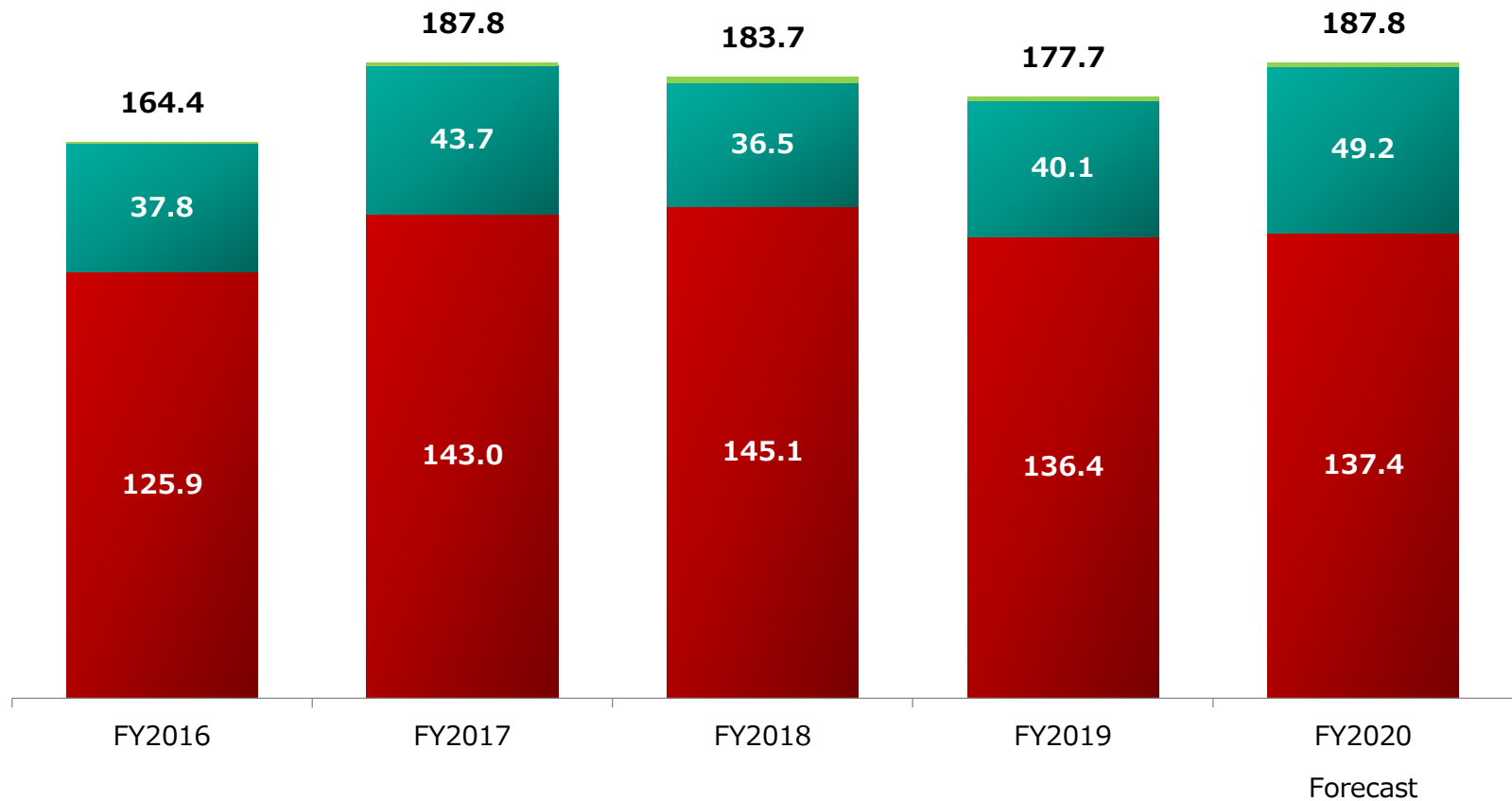
R&D costs



(in billions of yen)

Trend for Order Backlog by Business Segments

■ Industrial Machinery ■ Material and Engineering ■ Other Business





MEDIUM-TERM MANAGEMENT PLAN “JGP2020” AND BUSINESS OVERVIEW

PART III



JGP2020

Developing Foundations for Growth

To establish the ground to realize our growth in the “Next 10 Years”

FY2030

- Industrial Machinery Products Business
- Material and Engineering Products Business

JGP2017

JGP2020



New business, M&A

Expansion of the existing business

Restructuring of the production system

“Aggressive Management”
Sowing and nurturing of seeds for expansion of our business fields

Expansion of the business scales

Fostering new business

Securing profitability in the current scale
Exploration of the new opportunities

Continuous profit making from the existing business

Apr. 2019 Cooperation with Tsukishima Kikai Co.

Jul. 2019 Establishment of Muroran Copper Alloy, Co.

Apr. 2020 Establishment of Japan Steel Works M&E, Inc.

2018~2020 Investment for clad steel business




JGP2020 ~Developing foundation for 2030~

◆”Growth” in Industrial Machinery Products Business, “Rebirth in Material and Engineering Business Achievement up to the Second Quarter of FY2020

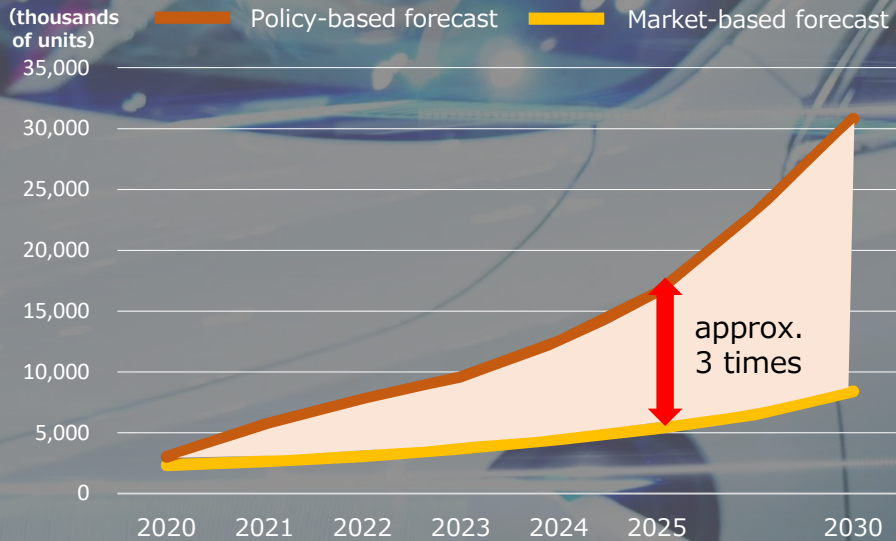
<p>I. Optimization of Management Resources and Strengthening of Alliances</p>	<ul style="list-style-type: none"> ✓ Expansion of plastic processing machine complex Acquisition of GM Engineering Co. and Nichiyu Machinery Co. , Ltd. Absorption merger of with Meiki, Co. ✓ Split out of Material and Engineering Business (Establishment of Japan Steel Works M&E, Inc.) ✓ Cooperation with Tsukishima Kikai Co. ✓ Establishment of Muroran Copper Alloy, Co.
<p>II. Strengthening after-sales services (stock-based business)</p>	<ul style="list-style-type: none"> ✓ Building factory specialized for after-sales services in Hiroshima Plant ✓ Built new parts center in Europe
<p>III. Increase exploration and fostering of new businesses</p>	<ul style="list-style-type: none"> ✓ Established promotion offices and facilitating the commercialization in 5 fields

Business

Industrial Machinery Products Business	Climate (Sep. 18 th ⇒ Nov. 18 th)	Market Condition
Film and sheet manufacturing equipment		There are signs of recovery from downturn by COVID-19. For separator-film-use, market is in trend of recovery.
Pelletizers		Active market continues mainly in China.
Twin-screw extruders		While the market is unclear for the recession from last year and COVID-19, the number of quotation is increasing.
Molding machine		While market was severe due to the recession from last year and COVID-19, recovery is expected.
FPD Equipment		While demand for smartphone is recovering mainly in China, market for FPD Equipment is not active yet. Recovery is expected in the next fiscal year or later.
After-sales services		While the demand decreased in the first quarter due to COVID-19, the market is expected to recover gradually.

Material and Engineering Business	Climate (Sep. 18th ⇒ Nov. 18th)	Market Condition
Steel forgings and castings		Severe condition continues due to COVID-19.
Clad steel plates and pipes		There is a concern that a large amount of order shifts to the next year because of delay in LNG project due to the downfall of crude oil prices.
Engineering service		While market is unclear due to COVID-19, plant renovation is steady.

Forecast for numbers of units produced for electric vehicle (PHEV + EV)



Reference: Made by The Japan Steel works, Ltd. based on "2020 CURRENT STATUS AND FUTURE PROSPECTS OF XEV LIB MARKET ~1ST HALF REPORT~" (※) by Yano Research Institute Ltd.

While the difference is large between policy-based forecast and market-based forecast, numbers will increase within this range.

※ Values for 2020 are estimate and values for 2021 and beyond are forecast (as of July 2020). Values indicate manufacturer production volume. Both PHEV and EV include commercial vehicles (buses, trucks, logistics vehicles, special-purpose minivans, etc.). Policy-based forecast is based on a scenario where the EV market will continue to grow in 2020, especially in Europe, against the backdrop of global moves to tighten environmental regulations, promotion policies in each country, and a shift to electrification by automakers. The market-based forecast is based on a scenario in which the EV market in 2020 will also be below the previous year's level due to the economic slowdown caused by COVID-19, backed by consumer needs such as ease of use and affordability of vehicles.

Our action

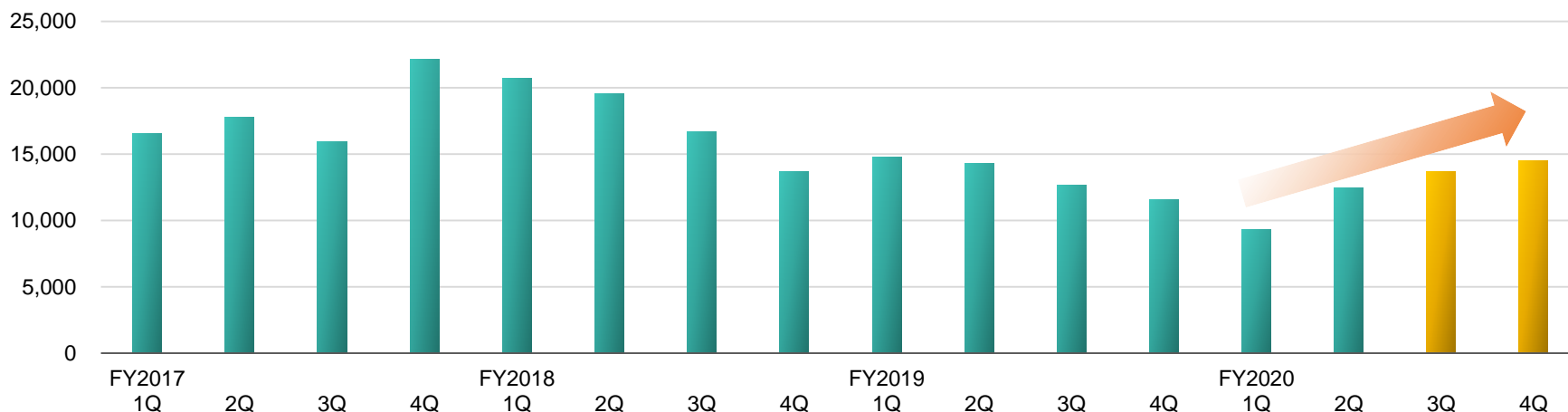
- 1 **Strengthening quality**
: making efforts to develop equipment for high-density batteries together with our customers
- 2 **Strengthening maintenance for increased numbers of existing equipment**



Film and sheet manufacturing equipment

Orders received for molding machines

(in millions of yen)



Market condition

Domestic

Moderate recovery after bottoming out in the first quarter

- The automotive sector will start to recover in 3Q, due to electric vehicles and emissions regulations.

Overseas

Differences in recovery pace by region

- China, Taiwan and part of ASEAN: Electronic components are strong, medical and containers are also firm.
- North America: Signs of recovery starting from 3Q
- Europe: needs more time for recovery, but after the end of Corona, investment in the automotive sector is expected to increase.

Our action and target market

1

Strengthening the household goods and sundries sector

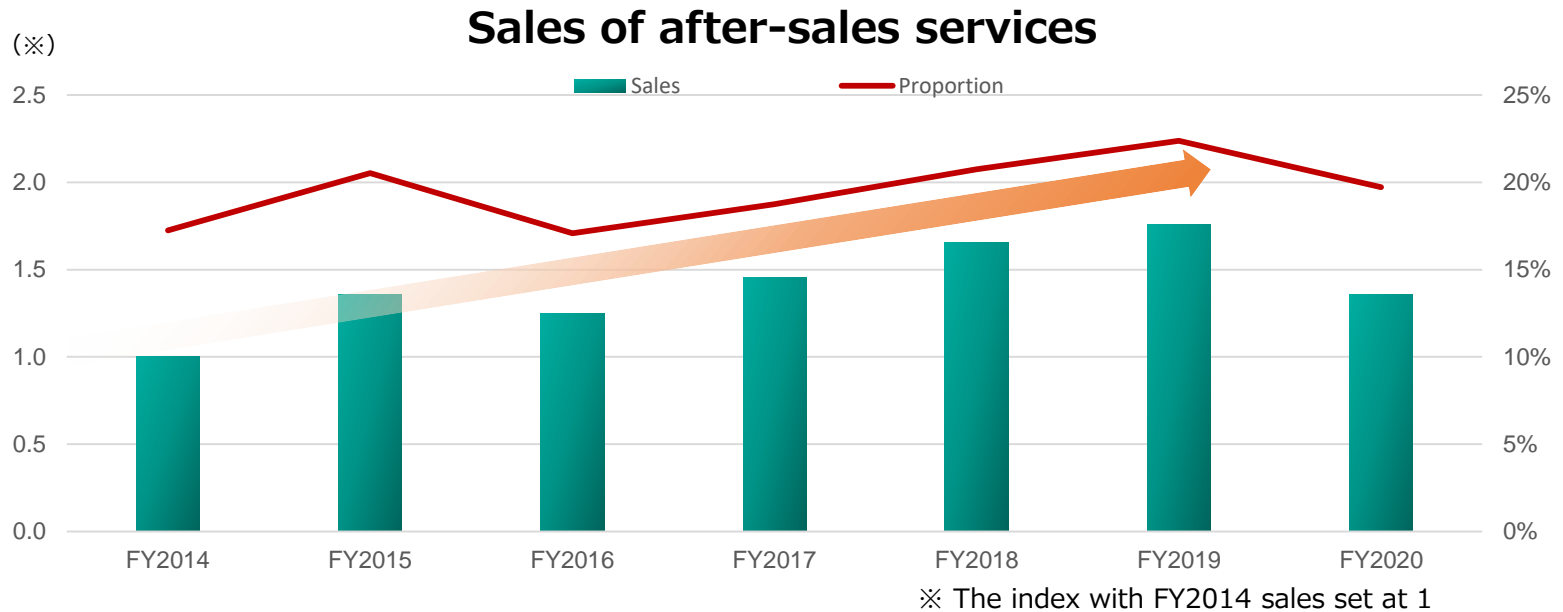
2

Targeting the automotive sector

- I. Introducing a new series of large machines
- II. Expand the lineup of 2 Platen Ultra Large Injection Molding Machine
- III. Introduction of a large-scale magnesium molding machines

3

Expanding the supply capacity of locally manufactured machines in China and North America



Characteristics



- ✓ Growth in proportion to the cumulative number of machines delivered.
- ✓ We aim to further increase through our actions.

Our action

- 1 Providing a high level of service
 - Establishment of a new factory dedicated to after-sales service
 - Local service personnel augmentation in China to increase the number of equipment deliveries
- 2 Solution Proposal
- 3 Expansion of remote correspondence

Strengthening earning base through reorganization of business portfolio

Rebirth

For reorganization of the entire group in material and engineering business, Japan Steel Works M&E, Inc. was established. (April 2019)

Steel Castings and Forgings

Reorganize product portfolio and expand product line up.

Engineering Services

Establish the third pillar in the field of plant, infrastructure, construction, maintenance, testing and inspection services

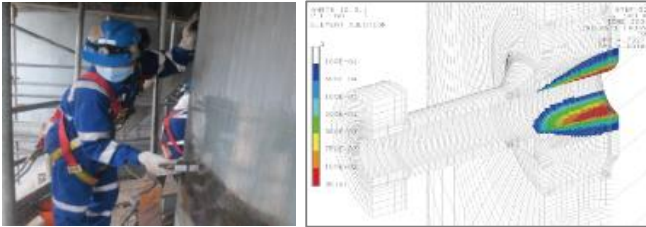
Clad Steel Plates and Pipes

With investment for production efficiency, further strengthen our "strong products" that are expected to grow.

We provide comprehensive engineering services that consolidate the various technologies we have worked on, from design, fabrication and construction to inspection, repair and maintenance.

Maintenance

Maintenance in oil refinery and petrochemical plants
Weld repair / maintenance suggestions / material evaluation and life assessment



Inspection Services

Inspection of plant equipment, from general nondestructive testing to the latest inspection methods



Integrated Construction

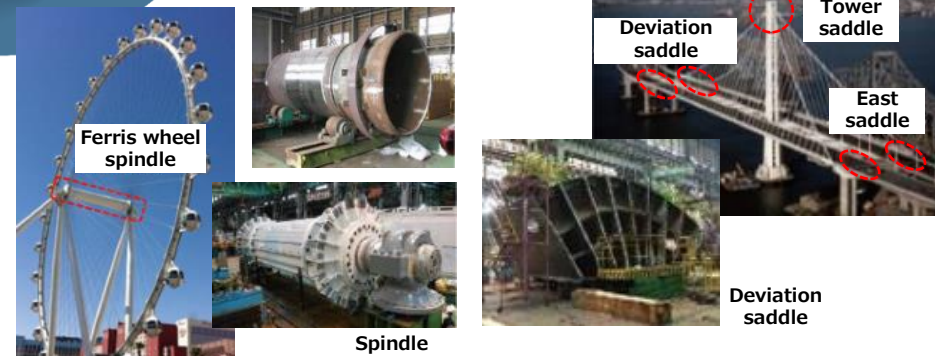
Wide range of construction, civil engineering, and greening work



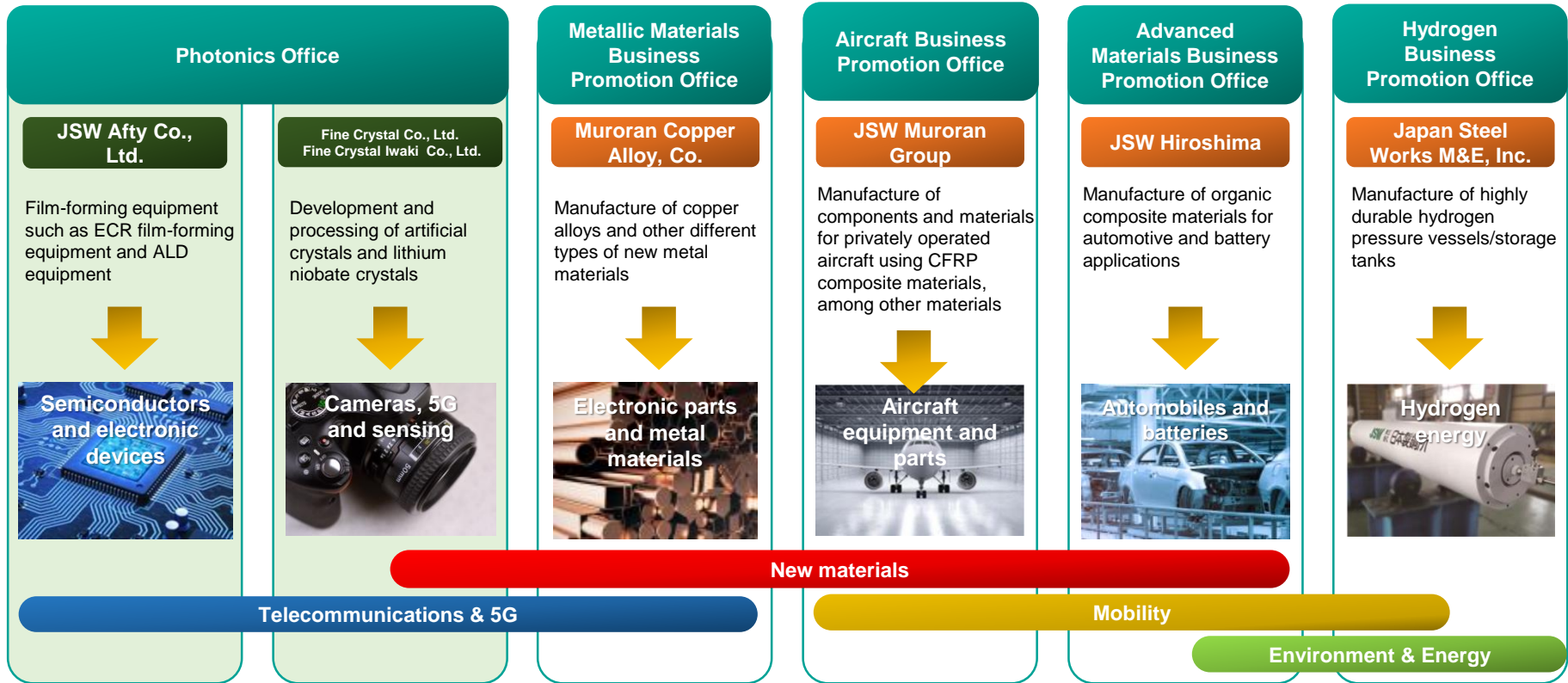
Engineering Service

Welded Structure Manufacturing

Manufacture of welded structures in various fields, from bridge components to industrial use



We have established promotion offices to tap into six areas and are in the process of facilitating the commercialization of their products.



Megatrends

Increase in population and change in structure
Progress of urbanization

Progress of technologies

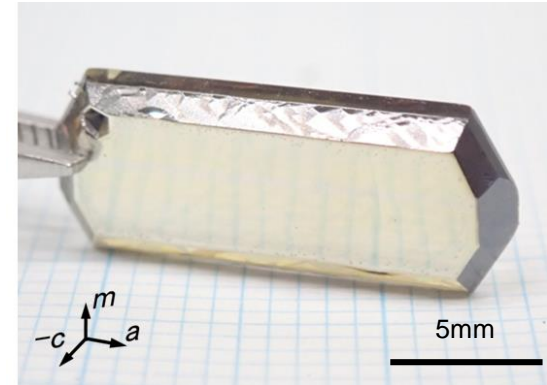
Climate change and resource shortages

We will contribute to providing solutions to future social issues with an eye on the megatrends.

We will contribute to the sustainable growth of society and achieve the sustainable enhancement of corporate value.

▶ Developed a mass production method for gallium nitride single crystal substrates

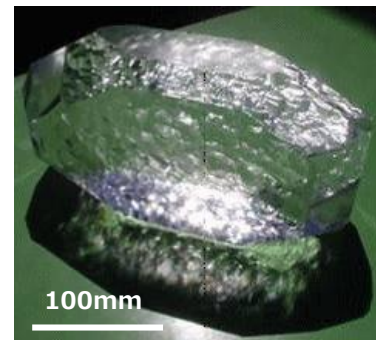
- Jointly with Tohoku University and Mitsubishi Chemical Co., we developed a crystal growth method that enables the mass production of single-crystal substrates larger than 2 inches.
- We will contribute to realize the next generation of power electronics through supply of larger-diameter high quality substrates.



GaN crystal grown on a seed crystal

▶ Contributing to the development of the information and communication field with a focus on “crystals” and “LN crystals”

- We began full-scale mass production of optical low-pass filters for digital cameras at an affiliate in China.
- We will establish a supply system for various crystal substrates as device materials for optical communication and sensing fields within 5 years.



Manufacturing of artificial crystal



Production of lithium niobate (LN) crystal

A hand is shown in a dark, monochromatic setting, pointing its index finger towards a circular button. The button has the words 'FUTURE' and 'START' written on it, separated by a horizontal line. The background is a dark, textured surface.

FUTURE
START

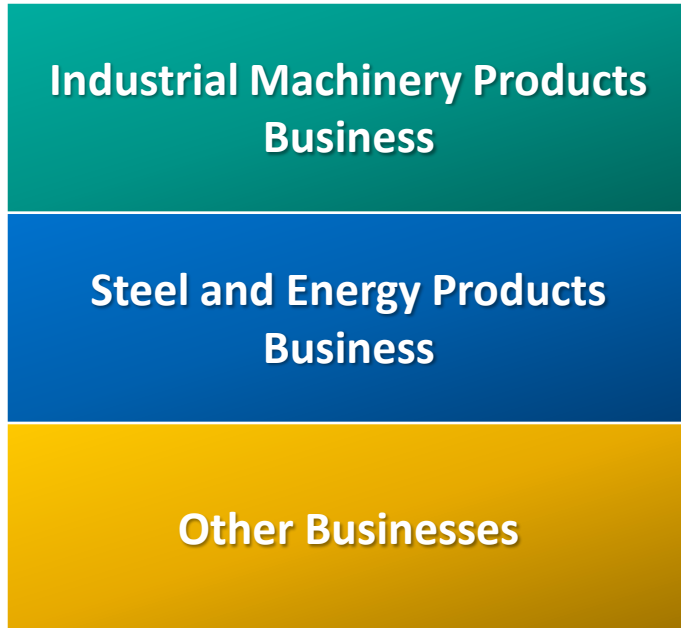
JSW
THE JAPAN STEEL WORKS, LTD.



REFERENCE

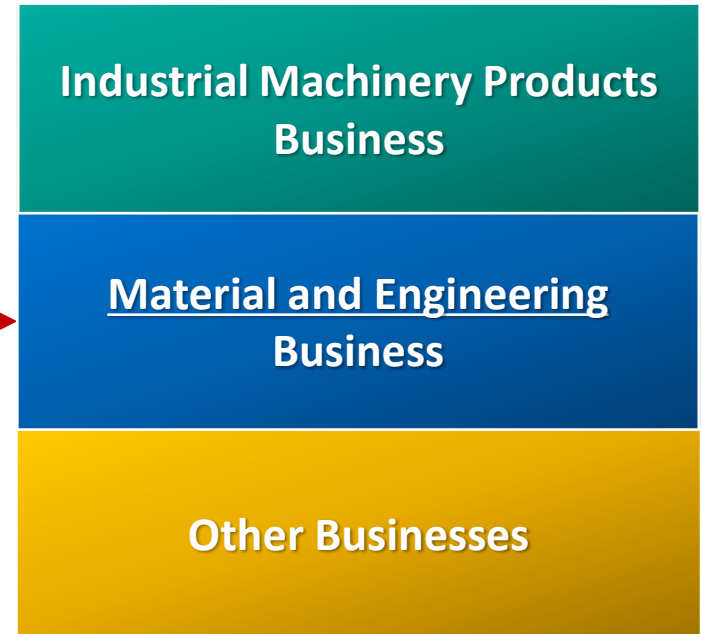


Until FY2019



Maintenance of
wind turbine

From FY2020



Until FY2019

Industrial Machinery Products Business

Plastic production and processing machinery

Molding machine (Consolidated)

FPD Equipment (Consolidated)

Other Products

Consolidated subsidiaries, etc.

GM Engineering Co., Ltd.
Nichiyu Machinery Co., Ltd.
SM Platek Co., Ltd.

From FY2020

Industrial Machinery Products Business

Plastic production and processing machinery

Molding machine

Other Products

※GM Engineering : Sheet manufacturer
Nichiyu Machinery : Wider manufacturer
SM Platek (South Korea) : Twin-screw extruder manufacturer

Steel and Energy Products Business

Steel castings and forgings

Clad steel plates and pipes

Consolidated subsidiaries, etc.

Pressure vessel for
oil refineries

Material and Engineering Business

Steel castings and forgings

Clad steel plates and pipes

Engineering, etc.

Maintenance of
wind turbine

Other Businesses

Other Businesses

Trends of Net Sales, Operating Income and Profit

(in billions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (forecast)
Net Sales	194.6	223.3	212.4	212.9	220.1	217.5	195.0
Industrial Machinery Products Business	126.3	144.3	159.3	170.2	173.6	171.4	152.0
Plastic production and processing machinery	32.5	36.4	36.1	50.2	52.5	56.9	61.0
Molding machines	53.6	56.4	57.6	64.5	72.7	65.3	50.0
FPD equipment	-	-	-	-	16.4	11.4	-
Other products	25.0	32.6	46.8	37.0	20.4	22.5	41.0
Consolidated subsidiaries, etc.	15.2	18.9	18.8	18.5	11.6	15.3	-
Material and Engineering Business	66.2	74.8	51.2	40.8	41.2	41.4	40.0
Steel castings and forgings	-	-	-	-	-	22.3	20.5
Electric and nuclear power	27.4	19.2	19.3	17.2	12.5	-	-
Pressure vessel for oil refineries	4.2	1.4	1.7	1.0	-	-	-
Clad steel plates and pipes	16.2	39.3	13.5	7.0	13.0	12.8	11.0
Engineering, etc.	-	-	-	-	-	-	8.5
Wind turbines	5.7	1.2	3.9	1.6	-	-	-
Other products	7.0	6.9	5.3	5.5	9.5	-	-
Consolidated subsidiaries, etc.	5.7	6.8	7.5	8.5	6.2	6.3	-
Other Businesses	2.0	4.0	1.8	1.7	5.2	4.6	3.0
Operating Income	7.5	14.4	12.3	21.3	24.2	18.7	10.0
Industrial Machinery Products Business	11.3	12.4	15.1	23.8	23.5	19.2	15.0
Material and Engineering Business	(3.9)	0.7	(2.8)	(1.5)	2.6	2.4	1.5
Other Businesses	0.9	2.0	0.9	0.8	0.3	(0.1)	(0.5)
Profit	(5.3)	(16.6)	(4.9)	10.7	19.9	9.3	6.5

※Sub-segment changed in FY2020;

- Three subsidiaries (GME, Nichiyu and SMP), which used to be included in “Consolidated subsidiaries, etc.,” is now included in “Plastic production and processing machinery.”
- “FPD equipment” and “Consolidated subsidiaries, etc.” is now included in “Other products.”
- Pressure vessel for oil refineries, which used to be included in “Steel castings and forgings,” and maintenance of wind turbines, which used to be included in “Other Businesses,” is now included in “Engineering, etc.”

(in billions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (forecast)
Total Assets	319.6	293.1	275.3	297.4	305.5	297.1	-
Industrial Machinery Products Business	108.4	124.3	123.7	128.1	150.0	149.9	-
Material and Engineering Business	111.4	60.2	37.5	40.3	39.3	39.3	-
Other Businesses	13.0	12.0	11.8	11.7	14.6	8.0	-
Net Assets	138.2	111.3	107.5	118.6	129.8	132.4	-
Net Assets per Share (yen) ※	368.81	299.41	1,446.44	1,592.47	1,746.91	1,778.94	-
Equity Ratio (%)	42.7	37.5	38.6	39.3	42.0	44.0	-
Return on Equity (%)	(3.9)	(13.5)	(4.6)	9.6	16.3	7.2	-
Operating Cash Flow	11.5	19.7	12.0	26.7	1.1	18.9	-
Investing Cash Flow	(2.6)	(12.1)	(13.5)	(5.0)	(1.3)	(13.1)	-
Financing Cash Flow	(2.9)	4.7	(1.2)	(2.4)	(3.7)	(6.1)	-
Cash and Cash Equivalents at End of the Period	49.1	61.4	58.6	77.8	73.8	74.4	-

※Since FY2016, amounts are after reserve split of stocks

At The Japan Steel Works, Ltd., we will comply with all laws and international rules, both to the letter and in spirit, and fulfill our social responsibilities with a strong sense of ethics in Japan and overseas as a company that aims to realize a sustainable society based on the following ten principles.

1. To promote sustainable economic growth and the resolution of social issues, we will develop useful products, technologies and services that give consideration to safety through innovation and provide them to society.
2. We will conduct appropriate transactions and responsible procurement based on fair and free competition. We will also maintain sound relationships with political and government bodies.
3. To enhance our corporate value, we will make appropriate corporate information available to the public willingly and fairly and have constructive dialogues with a wide range of stakeholders.
4. We will respect the human rights of all people.
5. We will earn the trust and satisfaction of society and customers by responding promptly to inquiries from customers after reflecting the market and customer needs in our products, technologies and services.
6. We will provide a sound working environment by developing workstyles that respect the diversity, personality and individuality of employees.
7. We will take actions proactively, recognizing that addressing environmental issues is an important duty for us as a company.
8. We will participate in the community and contribute to its development as a corporate citizen.
9. We will conduct thorough and systematic crisis management against antisocial forces, terrorism, cyberattacks and natural disasters, etc. that will pose a threat to civil society and corporate activities.
10. Recognizing the realization of the spirit of this code of behavior as its own role, our management will make it fully known to the employees of the Company and its affiliates after establishing effective governance and encourage the chains to perform acts based on the spirit of this code of behavior.
If any situation that will lose the trust of society occurs in conflict with the spirit of this code of behavior, our management will take the initiative in solving the problem, investigating the cause and preventing recurrence to fulfill our responsibility.