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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 11, 2023

Company name: TAIHEIYO CEMENT CORPORATION

Stock exchange listing: Tokyo, Fukuoka

Code number: 5233

URL: <https://www.taiheiyo-cement.co.jp/english/index.html>

Representative: Masafumi Fushihara

President and Representative Director

Contact: Kenichi Takano

General Manager of General Affairs Department

Phone: +81-3-5801-0334

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 30, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (For Analysts and Institutional Investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	809,542	14.3	4,456	(90.5)	1,015	(98.0)	(33,206)	-
March 31, 2022	708,201	(18.0)	46,701	(26.6)	50,193	(23.7)	28,971	(38.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: (5,248) million yen [-%]
Fiscal year ended March 31, 2022: 53,115 million yen [(0.7)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2023	Yen (283.68)	Yen -	% (6.6)	% 0.1	% 0.6
March 31, 2022	245.80	-	5.9	4.7	6.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: (2,771) million yen
Fiscal year ended March 31, 2022: 1,913 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2023	Million yen 1,268,862	Million yen 528,857	% 39.0	Yen 4,228.48
March 31, 2022	1,103,007	544,799	46.3	4,362.23

(Reference) Equity: As of March 31, 2023: 494,957 million yen
As of March 31, 2022: 510,617 million yen

(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
Fiscal year ended March 31, 2023	Million yen (268)	Million yen (93,344)	Million yen 112,080	Million yen 70,828
March 31, 2022	71,191	(83,919)	(3,742)	50,213

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	35.00	-	35.00	70.00	8,200	28.5	1.7
March 31, 2023	-	35.00	-	35.00	70.00	8,217	-	1.6
Fiscal year ending								
March 31, 2024 (Forecast)	-	35.00	-	35.00	70.00		20.5	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2023	444,000	18.1	19,000	-	17,000	-	11,000	-	93.97
Full year	920,000	13.6	58,000	1,201.5	56,000	5,412.6	40,000	-	341.72

* Notes:

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

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023: 121,985,078 shares

March 31, 2022: 121,985,078 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 4,931,863 shares

March 31, 2022: 4,930,945 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 117,055,316 shares

Fiscal Year ended March 31, 2022: 117,866,969 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	309,486	7.6	(33,643)	-	(16,733)	-	(32,882)	-
March 31, 2022	287,525	(2.6)	1,584	(90.7)	30,551	31.7	22,524	21.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	(280.12)	-
March 31, 2022	190.59	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2023	718,159	256,871	35.8	2,188.12
March 31, 2022	625,047	296,616	47.5	2,527.28

(Reference) Equity: As of March 31, 2023: 256,871 million yen

As of March 31, 2022: 296,616 million yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	383,000	23.8	33,500	-	31,000	-	264.07

* The forecasts herein are based on the information available at the date of publication of this material and assumptions at the same date with respect to the various factors which might have impact on the future financial results. Actual results may differ materially from this forecast due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	60,271	79,842
Notes and accounts receivable - trade, and contract assets	143,178	158,136
Electronically recorded monetary claims - operating	23,354	24,826
Merchandise and finished goods	34,409	47,460
Work in process	1,277	1,529
Raw materials and supplies	58,502	89,383
Short-term loans receivable	1,921	1,459
Other	17,942	27,920
Allowance for doubtful accounts	(307)	(150)
Total current assets	340,550	430,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	515,145	531,889
Accumulated depreciation	(361,439)	(374,577)
Buildings and structures, net	153,705	157,312
Machinery, equipment and vehicles	968,234	1,038,534
Accumulated depreciation	(797,800)	(847,452)
Machinery, equipment and vehicles, net	170,433	191,081
Land	156,031	165,027
Leased assets	39,955	26,217
Accumulated depreciation	(20,891)	(12,819)
Leased assets, net	19,064	13,398
Construction in progress	32,676	34,286
Other	65,708	101,217
Accumulated depreciation	(39,790)	(42,240)
Other, net	25,917	58,977
Total property, plant and equipment	557,829	620,083
Intangible assets		
Goodwill	80	101
Other	27,485	39,665
Total intangible assets	27,566	39,766
Investments and other assets		
Investment securities	118,359	117,839
Long-term loans receivable	1,391	2,376
Retirement benefit asset	22,680	23,697
Deferred tax assets	11,081	8,167
Other	25,431	27,832
Allowance for doubtful accounts	(1,883)	(1,309)
Total investments and other assets	177,061	178,604
Total non-current assets	762,457	838,454
Total assets	1,103,007	1,268,862

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	79,685	84,162
Electronically recorded obligations - operating	8,751	11,613
Short-term borrowings	102,986	149,573
Commercial papers	21,000	27,000
Current portion of bonds payable	-	10,000
Income taxes payable	4,198	3,687
Provision for bonuses	6,246	5,677
Provision for loss on business withdrawal	-	2,564
Other provisions	213	108
Other	86,685	91,395
Total current liabilities	309,768	385,784
Non-current liabilities		
Bonds payable	60,000	50,000
Long-term borrowings	86,600	166,911
Deferred tax liabilities	10,020	18,329
Retirement benefit liability	22,701	21,380
Provision for retirement benefits for directors (and other officers)	512	536
Provision for special repairs	258	227
Provision for product compensation	3,330	4,498
Provision for loss on business withdrawal	-	1,924
Other provisions	478	472
Lease liabilities	13,481	26,514
Asset retirement obligations	8,703	9,379
Other	42,352	54,045
Total non-current liabilities	248,440	354,221
Total liabilities	558,208	740,005
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	49,729	49,729
Retained earnings	384,154	342,880
Treasury shares	(13,766)	(13,738)
Total shareholders' equity	506,291	465,045
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,737	12,038
Deferred gains or losses on hedges	6	0
Revaluation reserve for land	4,897	3,610
Foreign currency translation adjustment	(11,322)	13,730
Remeasurements of defined benefit plans	(992)	530
Total accumulated other comprehensive income	4,325	29,911
Non-controlling interests	34,181	33,899
Total net assets	544,799	528,857
Total liabilities and net assets	1,103,007	1,268,862

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	708,201	809,542
Cost of sales	532,818	668,324
Gross profit	175,382	141,218
Selling, general and administrative expenses		
Amortization of goodwill	54	46
Other	128,626	136,715
Total selling, general and administrative expenses	128,681	136,761
Operating profit	46,701	4,456
Non-operating income		
Interest income	551	738
Dividend income	1,641	1,653
Rental income from real estate	90	91
Share of profit of entities accounted for using equity method	1,913	-
Other	4,113	2,427
Total non-operating income	8,311	4,911
Non-operating expenses		
Interest expenses	2,195	2,746
Share of loss of entities accounted for using equity method	-	2,771
Other	2,623	2,834
Total non-operating expenses	4,819	8,352
Ordinary profit	50,193	1,015
Extraordinary income		
Gain on disposal of non-current assets	6,386	1,053
Gain on sale of investment securities	615	1,307
Compensation income	-	1,766
Other	1,051	221
Total extraordinary income	8,054	4,348
Extraordinary losses		
Loss on disposal of non-current assets	7,301	5,255
Loss on sale of investment securities	428	442
Loss on valuation of investment securities	20	6
Impairment losses	2,407	6,061
Business withdrawal loss	-	7,984
Product compensation expenses	3,506	1,277
Other	1,762	702
Total extraordinary losses	15,426	21,730
Profit (loss) before income taxes	42,820	(16,366)
Income taxes – current	11,542	7,671
Income taxes – deferred	227	10,200
Total income taxes	11,769	17,872
Profit (loss)	31,051	(34,239)
Profit (loss) attributable to non-controlling interests	2,079	(1,032)
Profit (loss) attributable to owners of parent	28,971	(33,206)

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit (loss)	31,051	(34,239)
Other comprehensive income		
Valuation difference on available-for-sale securities	(544)	369
Deferred gains or losses on hedges	5	(5)
Foreign currency translation adjustment	18,596	25,042
Remeasurements of defined benefit plans, net of tax	1,447	1,389
Share of other comprehensive income of entities accounted for using equity method	2,559	2,196
Total other comprehensive income	22,063	28,990
Comprehensive income	53,115	(5,248)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	48,324	(6,334)
Comprehensive income attributable to non-controlling interests	4,790	1,086

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	60,292	365,593	(26,113)	485,946
Cumulative effects of changes in accounting policies			(493)		(493)
Restated balance	86,174	60,292	365,100	(26,113)	485,453
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		350			350
Dividends of surplus			(7,648)		(7,648)
Profit (loss) attributable to owners of parent			28,971		28,971
Purchase of treasury shares				(5,016)	(5,016)
Disposal of treasury shares		(12)		87	75
Cancellation of treasury shares		(16,030)		16,030	-
Change in scope of consolidation					
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries					
Increasing and decreasing by absorption split					
Increase (decrease) by share exchanges		2,859		1,246	4,105
Transfer from retained earnings to capital surplus		2,269	(2,269)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(10,563)	19,053	12,347	20,837
Balance at end of period	86,174	49,729	384,154	(13,766)	506,291

	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	12,429	1	4,898	(29,917)	(2,438)	(15,025)	35,899	506,821
Cumulative effects of changes in accounting policies							7	(485)
Restated balance	12,429	1	4,898	(29,917)	(2,438)	(15,025)	35,907	506,335
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								350
Dividends of surplus								(7,648)
Profit (loss) attributable to owners of parent								28,971
Purchase of treasury shares								(5,016)
Disposal of treasury shares								75
Cancellation of treasury shares								-
Change in scope of consolidation								-
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries								-
Increasing and decreasing by absorption split								-
Increase (decrease) by share exchanges								4,105
Transfer from retained earnings to capital surplus								-
Net changes in items other than shareholders' equity	(692)	4	(1)	18,595	1,445	19,351	(1,726)	17,625
Total changes during period	(692)	4	(1)	18,595	1,445	19,351	(1,726)	38,463
Balance at end of period	11,737	6	4,897	(11,322)	(992)	4,325	34,181	544,799

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	49,729	384,154	(13,766)	506,291
Cumulative effects of changes in accounting policies					
Restated balance	86,174	49,729	384,154	(13,766)	506,291
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Dividends of surplus			(8,204)		(8,204)
Profit (loss) attributable to owners of parent			(33,206)		(33,206)
Purchase of treasury shares				(69)	(69)
Disposal of treasury shares		(28)		97	69
Cancellation of treasury shares					
Change in scope of consolidation			135		135
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries			5		5
Increasing and decreasing by absorption split			24		24
Increase (decrease) by share exchanges					
Transfer from retained earnings to capital surplus		28	(28)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	(41,273)	27	(41,245)
Balance at end of period	86,174	49,729	342,880	(13,738)	465,045

	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	11,737	6	4,897	(11,322)	(992)	4,325	34,181	544,799
Cumulative effects of changes in accounting policies								
Restated balance	11,737	6	4,897	(11,322)	(992)	4,325	34,181	544,799
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								0
Dividends of surplus								(8,204)
Profit (loss) attributable to owners of parent								(33,206)
Purchase of treasury shares								(69)
Disposal of treasury shares								69
Cancellation of treasury shares								-
Change in scope of consolidation								135
Increasing and decreasing by consolidated subsidiaries merging with unconsolidated subsidiaries								5
Increasing and decreasing by absorption split								24
Increase (decrease) by share exchanges								-
Transfer from retained earnings to capital surplus								-
Net changes in items other than shareholders' equity	301	(5)	(1,286)	25,053	1,523	25,585	(281)	25,303
Total changes during period	301	(5)	(1,286)	25,053	1,523	25,585	(281)	(15,941)
Balance at end of period	12,038	0	3,610	13,730	530	29,911	33,899	528,857

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	42,820	(16,366)
Depreciation	56,010	64,419
Amortization of goodwill	54	46
Share of loss (profit) of entities accounted for using equity method	(1,913)	2,771
Loss (gain) on valuation of investment securities	20	6
Increase (decrease) in net retirement benefit liability and net retirement benefit asset	(302)	(1,461)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8	23
Increase (decrease) in provision for bonuses	(19)	(574)
Increase (decrease) in allowance for doubtful accounts	(4,129)	(532)
Increase (decrease) in provision for loss on business withdrawal	-	4,452
Increase (decrease) in other provisions	3,185	997
Interest and dividend income	(2,193)	(2,392)
Interest expenses	2,195	2,746
Loss (gain) on sale of investment securities	(187)	(865)
Loss (gain) on disposal of non-current assets	914	4,202
Impairment losses	2,407	6,061
Decrease (increase) in trade receivables	(1,904)	(18,217)
Decrease (increase) in inventories	(15,714)	(37,165)
Increase (decrease) in trade payables	5,679	9,376
Other, net	(4,162)	(10,018)
Subtotal	82,769	7,508
Interest and dividends received	2,807	3,211
Interest paid	(2,199)	(2,740)
Income taxes paid	(12,186)	(8,247)
Net cash provided by (used in) operating activities	71,191	(268)
Cash flows from investing activities		
Decrease (increase) in time deposits	182	1,937
Purchase of non-current assets	(67,326)	(63,401)
Proceeds from sale of non-current assets	6,458	1,820
Purchase of other depreciated assets	(440)	(595)
Proceeds from sale of depreciation and amortization assets	2	79
Purchase of investment securities	(24,123)	(1,991)
Proceeds from sale and redemption of investment securities	1,010	2,048
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	10	355
Loan advances	(2,150)	(1,242)
Proceeds from collection of loans receivable	2,458	660
Payments for acquisition of businesses	-	(30,930)
Other, net	(2)	(2,082)
Net cash provided by (used in) investing activities	(83,919)	(93,344)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,936)	23,237
Increase (decrease) in commercial papers	21,000	6,000
Proceeds from long-term borrowings	40,743	144,264
Repayments of long-term borrowings	(34,035)	(41,826)
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	(10,000)	-
Purchase of treasury shares	(5,036)	(12)
Dividends paid	(7,648)	(8,204)
Dividends paid to non-controlling interests	(1,404)	(942)
Other, net	(11,423)	(10,435)
Net cash provided by (used in) financing activities	(3,742)	112,080
Effect of exchange rate change on cash and cash equivalents	2,864	2,048
Net increase (decrease) in cash and cash equivalents	(13,606)	20,515
Cash and cash equivalents at beginning of period	63,819	50,213
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	50
Increase in cash and cash equivalents resulting from merger	-	48
Cash and cash equivalents at end of period	50,213	70,828

Consolidated Segment Information

Reportable Segments

For the Fiscal Year Ended March 31, 2022

(Million yen)

	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	455,975	58,640	68,875	63,570	647,062	61,139	708,201	-	708,201
Inter-segment sales	7,238	18,542	3,440	1,526	30,748	27,885	58,633	(58,633)	-
Total	463,214	77,182	72,315	65,096	677,810	89,025	766,835	(58,633)	708,201
Segment income	24,188	6,034	6,647	3,493	40,364	6,920	47,285	(583)	46,701

For the Fiscal Year Ended March 31, 2023

(Million yen)

	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	545,742	61,929	73,456	67,081	748,210	61,331	809,542	-	809,542
Inter-segment sales	7,299	20,776	4,454	1,188	33,718	25,594	59,313	(59,313)	-
Total	553,041	82,706	77,911	68,270	781,929	86,926	868,855	(59,313)	809,542
Segment income	(14,898)	5,556	5,871	2,351	(1,119)	5,108	3,989	466	4,456

Geographic Segments

For the Fiscal Year Ended March 31, 2022

(Million yen)

	Japan	U.S.A.	Other	Total
Net sales	459,104	161,527	87,569	708,201
Non-current assets	407,911	107,686	42,231	557,829

For the Fiscal Year Ended March 31, 2023

(Million yen)

	Japan	U.S.A.	Other	Total
Net sales	491,170	227,801	90,570	809,542
Non-current assets	405,405	169,731	44,946	620,083