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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 9, 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 filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 4, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly 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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	418,554	11.3	17,752	-	20,115	-	13,617	-
September 30, 2022	375,982	10.6	(313)	-	(84)	-	(16,455)	-

(Note) Comprehensive income: Six months ended September 30, 2023: 44,932 million yen [93.1%]
Six months ended September 30, 2022: 23,266 million yen [(32.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	116.25	-
September 30, 2022	(140.58)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2023	1,332,619	569,110	40.1
March 31, 2023	1,268,862	528,857	39.0

(Reference) Equity: As of September 30, 2023: 534,386 million yen
As of March 31, 2023: 494,957 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	35.00	-	35.00	70.00
Fiscal year ending March 31, 2024	-	35.00			
Fiscal year ending March 31, 2024 (Forecast)			-	35.00	70.00

(Note) Revision to the forecast for dividends announced most recently: No

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
Full year	894,000	10.4	58,000	1,201.5	59,000	5,707.9	40,000	-	341.48

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2023: 121,985,078 shares

March 31, 2023: 121,985,078 shares

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

September 30, 2023: 4,588,539 shares

March 31, 2023: 4,931,863 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 117,138,603 shares

Six months ended September 30, 2022: 117,053,346 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	79,842	82,147
Notes and accounts receivable - trade, and contract assets	158,136	178,788
Electronically recorded monetary claims - operating	24,826	38,491
Merchandise and finished goods	47,460	51,179
Work in process	1,529	2,337
Raw materials and supplies	89,383	76,306
Other	29,379	25,382
Allowance for doubtful accounts	(150)	(185)
Total current assets	430,408	454,448
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	157,312	160,994
Machinery, equipment and vehicles, net	191,081	194,238
Land	165,027	170,837
Other, net	106,662	123,152
Total property, plant and equipment	620,083	649,223
Intangible assets		
Goodwill	101	87
Other	39,665	40,511
Total intangible assets	39,766	40,599
Investments and other assets		
Investment securities	117,839	123,381
Retirement benefit asset	23,697	23,694
Other	38,376	42,594
Allowance for doubtful accounts	(1,309)	(1,322)
Total investments and other assets	178,604	188,347
Total non-current assets	838,454	878,170
Total assets	1,268,862	1,332,619

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	84,162	97,670
Electronically recorded obligations - operating	11,613	17,513
Short-term borrowings	149,573	146,426
Commercial papers	27,000	4,000
Current portion of bonds payable	10,000	10,000
Income taxes payable	3,687	7,231
Provision for bonuses	5,677	5,903
Provision for loss on business withdrawal	2,564	155
Other provisions	108	175
Other	91,395	104,763
Total current liabilities	385,784	393,840
Non-current liabilities		
Bonds payable	50,000	70,000
Long-term borrowings	166,911	158,120
Retirement benefit liability	21,380	22,287
Provision for retirement benefits for directors (and other officers)	536	501
Provision for special repairs	227	265
Provision for product compensation	4,498	4,198
Provision for loss on business withdrawal	1,924	2,102
Other provisions	472	472
Asset retirement obligations	9,379	10,706
Other	98,889	101,013
Total non-current liabilities	354,221	369,668
Total liabilities	740,005	763,508
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	49,729	49,788
Retained earnings	342,880	352,382
Treasury shares	(13,738)	(12,927)
Total shareholders' equity	465,045	475,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,038	14,288
Deferred gains or losses on hedges	0	1
Revaluation reserve for land	3,610	3,610
Foreign currency translation adjustment	13,730	40,709
Remeasurements of defined benefit plans	530	359
Total accumulated other comprehensive income	29,911	58,969
Non-controlling interests	33,899	34,723
Total net assets	528,857	569,110
Total liabilities and net assets	1,268,862	1,332,619

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	375,982	418,554
Cost of sales	308,612	333,694
Gross profit	67,369	84,859
Selling, general and administrative expenses	67,683	67,107
Operating profit (loss)	(313)	17,752
Non-operating income		
Interest income	204	621
Dividend income	1,175	1,619
Share of profit of entities accounted for using equity method	-	706
Foreign exchange gains	257	1,593
Other	1,204	1,660
Total non-operating income	2,841	6,201
Non-operating expenses		
Interest expenses	1,202	1,773
Share of loss of entities accounted for using equity method	107	-
Other	1,302	2,064
Total non-operating expenses	2,612	3,838
Ordinary profit (loss)	(84)	20,115
Extraordinary income		
Gain on disposal of non-current assets	457	699
Gain on sale of investment securities	276	26
Other	79	175
Total extraordinary income	813	901
Extraordinary losses		
Loss on disposal of non-current assets	1,689	1,128
Other	421	198
Total extraordinary losses	2,111	1,327
Profit (loss) before income taxes	(1,382)	19,690
Income taxes	14,505	5,956
Profit (loss)	(15,887)	13,733
Profit attributable to non-controlling interests	567	116
Profit (loss) attributable to owners of parent	(16,455)	13,617

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit (loss)	(15,887)	13,733
Other comprehensive income		
Valuation difference on available-for-sale securities	684	2,142
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	35,329	24,835
Remeasurements of defined benefit plans, net of tax	(1,065)	(142)
Share of other comprehensive income of entities accounted for using equity method	4,207	4,362
Total other comprehensive income	39,154	31,198
Comprehensive income	23,266	44,932
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,309	42,674
Comprehensive income attributable to non-controlling interests	3,957	2,257

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(1,382)	19,690
Depreciation	29,951	31,829
Amortization of goodwill	25	20
Share of loss (profit) of entities accounted for using equity method	107	(706)
Loss (gain) on valuation of investment securities	3	4
Increase (decrease) in net retirement benefit liability and net retirement benefit asset	(583)	162
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6)	(35)
Increase (decrease) in provision for bonuses	(142)	222
Increase (decrease) in allowance for doubtful accounts	23	40
Increase (decrease) in provision for loss on business withdrawal	-	(2,647)
Increase (decrease) in other provisions	(10)	(193)
Interest and dividend income	(1,380)	(2,240)
Interest expenses	1,202	1,773
Loss (gain) on sale of investment securities	(153)	(26)
Loss (gain) on disposal of non-current assets	1,232	428
Impairment losses	5	4
Decrease (increase) in trade receivables	(10,283)	(30,422)
Decrease (increase) in inventories	(30,161)	12,778
Increase (decrease) in trade payables	9,303	17,350
Other, net	(8,728)	9,066
Subtotal	(10,978)	57,099
Interest and dividends received	2,150	3,012
Interest paid	(1,307)	(1,867)
Income taxes paid	(4,877)	(3,913)
Net cash provided by (used in) operating activities	(15,013)	54,330
Cash flows from investing activities		
Decrease (increase) in time deposits	1,273	299
Purchase of non-current assets	(31,206)	(32,618)
Proceeds from sale of non-current assets	817	1,155
Purchase of other depreciated assets	(259)	(133)
Proceeds from sales of depreciation and amortization assets	74	-
Purchase of investment securities	(34)	(48)
Proceeds from sale of investment securities	935	117
Loan advances	(928)	(1,361)
Proceeds from collection of loans receivable	1,099	1,261
Payments for acquisition of businesses	(28,938)	-
Other, net	(416)	1,098
Net cash provided by (used in) investing activities	(57,583)	(30,229)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,060	(4,550)
Increase (decrease) in commercial papers	18,000	(23,000)
Proceeds from long-term borrowings	65,745	21,060
Repayments of long-term borrowings	(18,445)	(28,946)
Proceeds from issuance of bonds	-	20,000
Purchase of treasury shares	(5)	(7)
Dividends paid	(4,101)	(4,102)
Dividends paid to non-controlling interests	(725)	(619)
Other, net	(4,898)	(4,728)
Net cash provided by (used in) financing activities	91,628	(24,895)
Effect of exchange rate change on cash and cash equivalents	1,558	2,708
Net increase (decrease) in cash and cash equivalents	20,590	1,914
Cash and cash equivalents at beginning of period	50,213	70,828
Increase in cash and cash equivalents resulting from merger	24	39
Cash and cash equivalents at end of period	70,828	72,783

Quarterly Consolidated Segment Information
Reportable Segments

For the Six Months Ended September 30, 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	249,671	29,984	37,179	30,241	347,076	28,906	375,982	-	375,982
Inter-segment sales	3,174	9,779	2,325	482	15,761	12,793	28,554	(28,554)	-
Total	252,846	39,763	39,504	30,723	362,837	41,699	404,537	(28,554)	375,982
Segment income	(7,410)	2,710	2,848	60	(1,791)	1,199	(591)	278	(313)

For the Six Months Ended September 30, 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	294,299	31,510	30,669	33,542	390,022	28,532	418,554	-	418,554
Inter-segment sales	4,076	11,393	1,836	646	17,952	11,814	29,766	(29,766)	-
Total	298,375	42,904	32,505	34,189	407,975	40,346	448,321	(29,766)	418,554
Segment income	7,876	4,088	3,036	1,881	16,882	946	17,829	(77)	17,752