

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2022 ending March 31, 2022

November 11, 2021

Company: Taiheiyo Cement Corporation	Fiscal 2021 2Q : April 1, 2020 through September 30, 2020
Stock code: 5233	Fiscal 2021 : April 1, 2020 through March 31, 2021
URL: https://www.taiheiyo-cement.co.jp/english/index.html	Fiscal 2022 2Q : April 1, 2021 through September 30, 2021
	Fiscal 2022 : April 1, 2021 through March 31, 2022

The accompanying consolidated financial results are not intended to present the financial results in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(All yen figures are rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2022 (April 1, 2021 through September 30, 2021)

(1) Operating Results (% of change from previous year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2022 2Q	339,798	(19.2)	25,812	(1.2)	26,578	(0.2)	19,485	5.5
Fiscal 2021 2Q	420,627	(2.5)	26,126	16.3	26,640	18.6	18,461	13.9

* Comprehensive income : Fiscal 2022 2Q 34,220 (+75.5%) Fiscal 2021 2Q 19,496 (+58.7%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal 2022 2Q	163.92	-
Fiscal 2021 2Q	152.23	-

(2) Financial Position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2022 2Q	1,086,616	530,655	45.5
Fiscal 2021	1,044,227	506,821	45.1

* Equity : Fiscal 2022 2Q 493,909 Fiscal 2021 470,921

* The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of the first quarter of the the fiscal year ending March 31, 2022. Figures for the second quarter of the fiscal year ending March 31, 2022 are stated after the application of the said accounting standard, etc.

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	-	30.00	-	30.00	60.00
Fiscal 2022	-	35.00			
Fiscal 2022(forecast)			-	35.00	70.00

3. Consolidated Financial Results Forecast for the Fiscal 2022 (April 1, 2021 through March 31, 2022)

(% of change from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	716,500	(17.1)	60,000	(5.7)	61,000	(7.2)	38,000	(18.8)	322.49

* This forecast is 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 Balance Sheets

(Millions of yen)

	Fiscal 2021	Fiscal 2022 2Q
	(As of March 31, 2021)	(As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	73,074	73,263
Notes and accounts receivable - trade	142,515	-
Notes and accounts receivable - trade, and contract assets	-	143,017
Electronically recorded monetary claims - operating	19,234	21,873
Merchandise and finished goods	29,421	30,748
Work in process	2,079	1,899
Raw materials and supplies	43,873	51,245
Other	17,930	16,533
Allowance for doubtful accounts	(795)	(818)
Total current assets	327,333	337,762
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	138,410	148,478
Machinery, equipment and vehicles, net	154,207	159,963
Land	164,193	156,598
Other, net	83,531	79,063
Total property, plant and equipment	540,342	544,104
Intangible assets		
Goodwill	159	107
Other	28,033	27,861
Total intangible assets	28,192	27,969
Investments and other assets		
Investment securities	91,926	119,406
Retirement benefit asset	23,099	23,311
Other	39,470	40,010
Allowance for doubtful accounts	(6,137)	(5,949)
Total investments and other assets	148,358	176,779
Total non-current assets	716,893	748,853
Total assets	1,044,227	1,086,616

(Millions of yen)

	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 2Q (As of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,596	77,614
Electronically recorded obligations - operating	7,744	8,716
Short-term borrowings	103,538	99,831
Commercial papers	-	29,000
Current portion of bonds payable	10,000	-
Income taxes payable	4,590	4,432
Provision for bonuses	6,265	6,221
Other provisions	404	444
Other	98,691	88,527
Total current liabilities	304,831	314,788
Non-current liabilities		
Bonds payable	50,000	60,000
Long-term borrowings	84,563	80,626
Retirement benefit liability	24,703	25,482
Provision for retirement benefits for directors	503	468
Provision for special repairs	180	209
Other provisions	511	495
Asset retirement obligations	7,821	8,325
Other	64,290	65,564
Total non-current liabilities	232,574	241,172
Total liabilities	537,405	555,960
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	60,292	46,546
Retained earnings	365,593	379,376
Treasury shares	(26,113)	(15,003)
Total shareholders' equity	485,946	497,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,429	13,783
Deferred gains or losses on hedges	1	1
Revaluation reserve for land	4,898	4,902
Foreign currency translation adjustment	(29,917)	(19,030)
Remeasurements of defined benefit plans	(2,438)	(2,840)
Total accumulated other comprehensive income	(15,025)	(3,184)
Non-controlling interests	35,899	36,745
Total net assets	506,821	530,655
Total liabilities and net assets	1,044,227	1,086,616

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2021 2Q (April 1, 2020 through September 30, 2020)	Fiscal 2022 2Q (April 1, 2021 through September 30, 2021)
Net sales	420,627	339,798
Cost of sales	331,929	252,307
Gross profit	88,697	87,490
Selling, general and administrative expenses	62,570	61,677
Operating income	26,126	25,812
Non-operating income		
Interest income	244	221
Dividend income	859	865
Share of profit of entities accounted for using equity method	1,075	1,063
Other	1,530	1,426
Total non-operating income	3,709	3,577
Non-operating expenses		
Interest expenses	1,814	1,360
Other	1,382	1,450
Total non-operating expenses	3,196	2,811
Ordinary income	26,640	26,578
Extraordinary income		
Gain on disposal of non-current assets	2,374	5,934
Gain on sale of investment securities	-	435
Other	90	78
Total extraordinary income	2,465	6,448
Extraordinary losses		
Loss on disposal of non-current assets	1,647	1,357
Impairment losses	133	2,015
Loss on temporary suspension of operations	548	37
Other	267	437
Total extraordinary losses	2,598	3,847
Profit before income taxes	26,507	29,179
Income taxes	6,604	8,469
Profit	19,903	20,710
Profit attributable to non-controlling interests	1,441	1,224
Profit attributable to owners of parent	18,461	19,485

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2021 2Q (April 1, 2020 through September 30, 2020)	Fiscal 2022 2Q (April 1, 2021 through September 30, 2021)
Profit	19,903	20,710
Other comprehensive income		
Valuation difference on available-for-sale securities	2,169	1,544
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(2,935)	11,731
Remeasurements of defined benefit plans, net of tax	478	(416)
Share of other comprehensive income of entities accounted for using equity method	(118)	651
Total other comprehensive income	(406)	13,510
Comprehensive income	19,496	34,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,226	31,323
Comprehensive income attributable to non-controlling interests	1,269	2,897

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2021 2Q (April 1, 2020 through September 30, 2020)	Fiscal 2022 2Q (April 1, 2021 through September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	26,507	29,179
Depreciation	25,742	26,617
Amortization of goodwill	25	27
Share of loss (profit) of entities accounted for using equity method	(1,075)	(1,063)
Loss (gain) on valuation of short-term and long-term investment securities	32	11
Decrease (increase) in net retirement benefit asset and liability	(520)	(679)
Increase (decrease) in provision for retirement benefits for directors	(77)	(35)
Increase (decrease) in provision for bonuses	54	(43)
Increase (decrease) in allowance for doubtful accounts	106	(92)
Increase (decrease) in other provisions	(300)	53
Interest and dividend income	(1,103)	(1,086)
Interest expenses	1,814	1,360
Loss (gain) on sale of investment securities	-	(400)
Loss (gain) on disposal of non-current assets	(726)	(4,576)
Impairment losses	133	2,015
Decrease (increase) in trade receivables	6,254	(1,514)
Decrease (increase) in inventories	72	(7,238)
Increase (decrease) in trade payables	(6,828)	4,147
Other, net	4,888	1,766
Subtotal	54,999	48,446
Interest and dividends received	1,602	1,661
Interest paid	(1,871)	(1,468)
Income taxes paid	(5,977)	(5,547)
Net cash provided by (used in) operating activities	48,753	43,093
Cash flows from investing activities		
Decrease (increase) in time deposits	(2,902)	(1,160)
Purchase of non-current assets	(30,402)	(34,570)
Proceeds from sale of non-current assets	3,973	5,844
Purchase of investment securities	(27)	(24,098)
Proceeds from sale of investment securities	13	615
Loan advances	(1,608)	(1,008)
Collection of loans receivable	1,252	1,056
Other, net	(38)	176
Net cash provided by (used in) investing activities	(29,740)	(53,144)

(Millions of yen)

	Fiscal 2021 2Q (April 1, 2020 through September 30, 2020)	Fiscal 2022 2Q (April 1, 2021 through September 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	21,757	(5,790)
Increase (decrease) in commercial papers	7,000	29,000
Proceeds from long-term borrowings	14,980	14,130
Repayments of long-term borrowings	(20,315)	(16,567)
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	-	(10,000)
Purchase of treasury shares	(5,038)	(5,027)
Dividends paid	(3,676)	(3,561)
Dividends paid to non-controlling interests	(752)	(1,423)
Other, net	(4,584)	(4,169)
Net cash provided by (used in) financing activities	9,372	6,590
Effect of exchange rate change on cash and cash equivalents	(367)	1,876
Net increase (decrease) in cash and cash equivalents	28,017	(1,584)
Cash and cash equivalents at beginning of period	45,748	63,819
Cash and cash equivalents at end of period	73,765	62,235

Consolidated Segment Information

Fiscal 2021 2Q (April 1, 2020 through September 30, 2020)

【Industry Segments】	Reportable Segments					(Millions of yen)			
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total	Other	Total	Adjustment	Consolidated Total
Net sales									
Sales to outside customers	300,401	25,305	33,047	32,417	391,172	29,455	420,627	-	420,627
Inter-segment sales	4,975	11,576	4,675	2,101	23,329	11,207	34,536	(34,536)	-
Total	305,376	36,882	37,723	34,518	414,501	40,662	455,163	(34,536)	420,627
Segment income	16,898	2,611	2,826	867	23,204	2,917	26,122	4	26,126

Fiscal 2022 2Q (April 1, 2021 through September 30, 2021)

【Industry Segments】	Reportable Segments					(Millions of yen)			
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total	Other	Total	Adjustment	Consolidated Total
Net sales									
Sales to outside customers	221,943	28,608	32,157	28,502	311,212	28,585	339,798	-	339,798
Inter-segment sales	3,407	8,606	1,679	758	14,451	13,415	27,866	(27,866)	-
Total	225,351	37,214	33,837	29,261	325,664	42,001	367,665	(27,866)	339,798
Segment income	16,409	2,633	3,066	1,146	23,256	2,462	25,718	94	25,812

* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of the first quarter of the fiscal year ending March 31, 2022, and the method of calculation of profit or loss of reportable segments has similarly been changed due to the change in the accounting method for revenue recognition.

As a result of the change, compared to the previous method, net sales decreased by 89,137 million yen and segment income increased by 19 million yen in Cement business, net sales decreased by 1,240 million yen and segment income increased by 4 million yen in Mineral resources business, net sales decreased by 6,536 million yen and segment income increased by 32 million yen in Environmental business, net sales decreased by 5,031 million yen and segment income decreased by 11 million yen in Construction materials business, and net sales decreased by 2,743 million yen and segment income increased by 31 million yen in Other. After elimination of inter-segment transactions, consolidated total net sales decreased by 95,219 million yen.