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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 12, 2022

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: Yorimasa Kuga

General Manager of General Affairs Department

Phone: +81-3-5801-0334

Scheduled date of Annual General Meeting of Shareholders: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing annual securities report: June 30, 2022

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, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	708,201	(18.0)	46,701	(26.6)	50,193	(23.7)	28,971	(38.1)
March 31, 2021	863,903	(2.3)	63,610	4.3	65,744	8.6	46,800	19.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 53,115 million yen [(0.7) %]
Fiscal year ended March 31, 2021: 53,487 million yen [71.7 %]

	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	Yen	Yen	%	%	%
March 31, 2022	245.80	-	5.9	4.7	6.6
March 31, 2021	387.79	-	10.3	6.3	7.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: 1,913 million yen
Fiscal year ended March 31, 2021: 1,879 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	1,103,007	544,799	46.3	4,362.23
March 31, 2021	1,044,227	506,821	45.1	3,971.34

(Reference) Equity: As of March 31, 2022: 510,617 million yen
As of March 31, 2021: 470,921 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	Million yen	Million yen	Million yen	Million yen
March 31, 2022	71,191	(83,919)	(3,742)	50,213
March 31, 2021	110,403	(47,809)	(43,952)	63,819

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

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, 2021	-	30.00	-	30.00	60.00	7,188	15.5	1.6
March 31, 2022	-	35.00	-	35.00	70.00	8,200	28.5	1.7
Fiscal year ending March 31, 2023 (Forecast)	-	35.00	-	35.00	70.00		-	

(Note) Payout ratio for the fiscal year ending March 31, 2023 is not provided herein because consolidated financial results forecast for the fiscal year ending March 31, 2023 is yet to be determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

Consolidated financial results forecast for the fiscal year ending March 31, 2023 is not provided herein because the company has determined that it is not possible to calculate reasonable financial forecast at this time.

* 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, 2022: 121,985,078 shares

March 31, 2021: 127,140,278 shares

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

March 31, 2022: 4,930,945 shares

March 31, 2021: 8,560,212 shares

3) Average number of shares during the period:

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

Fiscal Year ended March 31, 2021: 120,685,950 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	287,525	(2.6)	1,584	(90.7)	30,551	31.7	22,524	21.5
March 31, 2021	295,277	(6.1)	16,981	(16.4)	23,195	(6.5)	18,534	20.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	190.59	-
March 31, 2021	153.18	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	625,047	296,616	47.5	2,527.28
March 31, 2021	578,986	287,205	49.6	2,415.69

(Reference) Equity: As of March 31, 2022: 296,616 million yen
As of March 31, 2021: 287,205 million yen

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

* 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 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	73,074	60,271
Notes and accounts receivable - trade	142,515	-
Notes and accounts receivable - trade, and contract assets	-	143,178
Electronically recorded monetary claims - operating	19,234	23,354
Merchandise and finished goods	29,421	34,409
Work in process	2,079	1,277
Raw materials and supplies	43,873	58,502
Short-term loans receivable	2,557	1,921
Other	15,373	17,942
Allowance for doubtful accounts	(795)	(307)
Total current assets	327,333	340,550
Non-current assets		
Property, plant and equipment		
Buildings and structures	491,247	515,145
Accumulated depreciation	(352,836)	(361,439)
Buildings and structures, net	138,410	153,705
Machinery, equipment and vehicles	913,284	968,234
Accumulated depreciation	(759,076)	(797,800)
Machinery, equipment and vehicles, net	154,207	170,433
Land	164,193	156,031
Leased assets	51,601	39,955
Accumulated depreciation	(31,201)	(20,891)
Leased assets, net	20,400	19,064
Construction in progress	37,186	32,676
Other	68,239	65,708
Accumulated depreciation	(42,294)	(39,790)
Other, net	25,944	25,917
Total property, plant and equipment	540,342	557,829
Intangible assets		
Goodwill	159	80
Other	28,033	27,485
Total intangible assets	28,192	27,566
Investments and other assets		
Investment securities	91,926	118,359
Long-term loans receivable	1,538	1,391
Retirement benefit asset	23,099	22,680
Deferred tax assets	9,635	11,081
Other	28,296	25,431
Allowance for doubtful accounts	(6,137)	(1,883)
Total investments and other assets	148,358	177,061
Total non-current assets	716,893	762,457
Total assets	1,044,227	1,103,007

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,596	79,685
Electronically recorded obligations - operating	7,744	8,751
Short-term borrowings	103,538	102,986
Commercial papers	-	21,000
Current portion of bonds payable	10,000	-
Income taxes payable	4,590	4,198
Provision for bonuses	6,265	6,246
Other provisions	404	213
Other	98,691	86,685
Total current liabilities	304,831	309,768
Non-current liabilities		
Bonds payable	50,000	60,000
Long-term borrowings	84,563	86,600
Deferred tax liabilities	8,130	10,020
Retirement benefit liability	24,703	22,701
Provision for retirement benefits for directors (and other officers)	503	512
Provision for special repairs	180	258
Provision for product compensation	-	3,330
Other provisions	511	478
Lease liabilities	14,352	13,481
Asset retirement obligations	7,821	8,703
Other	41,807	42,352
Total non-current liabilities	232,574	248,440
Total liabilities	537,405	558,208
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	60,292	49,729
Retained earnings	365,593	384,154
Treasury shares	(26,113)	(13,766)
Total shareholders' equity	485,946	506,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,429	11,737
Deferred gains or losses on hedges	1	6
Revaluation reserve for land	4,898	4,897
Foreign currency translation adjustment	(29,917)	(11,322)
Remeasurements of defined benefit plans	(2,438)	(992)
Total accumulated other comprehensive income	(15,025)	4,325
Non-controlling interests	35,899	34,181
Total net assets	506,821	544,799
Total liabilities and net assets	1,044,227	1,103,007

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	863,903	708,201
Cost of sales	672,631	532,818
Gross profit	191,272	175,382
Selling, general and administrative expenses		
Amortization of goodwill	53	54
Other	127,608	128,626
Total selling, general and administrative expenses	127,661	128,681
Operating profit	63,610	46,701
Non-operating income		
Interest income	601	551
Dividend income	1,273	1,641
Rental income from real estate	107	90
Share of profit of entities accounted for using equity method	1,879	1,913
Foreign exchange gains	1,042	453
Other	3,524	3,660
Total non-operating income	8,428	8,311
Non-operating expenses		
Interest expenses	3,498	2,195
Other	2,797	2,623
Total non-operating expenses	6,295	4,819
Ordinary profit	65,744	50,193
Extraordinary income		
Gain on disposal of non-current assets	3,247	6,386
Gain on sale of investment securities	3,567	615
Other	411	1,051
Total extraordinary income	7,226	8,054
Extraordinary losses		
Loss on disposal of non-current assets	5,494	7,301
Loss on sale of investment securities	61	428
Loss on valuation of investment securities	47	20
Impairment losses	969	2,407
Loss on temporary suspension of operations	547	277
Product compensation expenses	-	3,506
Other	744	1,485
Total extraordinary losses	7,865	15,426
Profit before income taxes	65,105	42,820
Income taxes - current	9,170	11,542
Income taxes - deferred	6,285	227
Total income taxes	15,455	11,769
Profit	49,649	31,051
Profit attributable to non-controlling interests	2,848	2,079
Profit attributable to owners of parent	46,800	28,971

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	49,649	31,051
Other comprehensive income		
Valuation difference on available-for-sale securities	5,516	(544)
Deferred gains or losses on hedges	1	5
Foreign currency translation adjustment	(9,345)	18,596
Remeasurements of defined benefit plans, net of tax	7,463	1,447
Share of other comprehensive income of entities accounted for using equity method	201	2,559
Total other comprehensive income	3,837	22,063
Comprehensive income	53,487	53,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	51,561	48,324
Comprehensive income attributable to non-controlling interests	1,925	4,790

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	60,233	326,086	(16,098)	456,395
Cumulative effects of changes in accounting policies					
Restated balance	86,174	60,233	326,086	(16,098)	456,395
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		59			59
Dividends of surplus			(7,292)		(7,292)
Profit attributable to owners of parent			46,800		46,800
Purchase of treasury shares				(10,015)	(10,015)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares					
Increase (decrease) by share exchanges					
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during period	-	58	39,507	(10,014)	29,551
Balance at end of period	86,174	60,292	365,593	(26,113)	485,946

	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	6,723	(0)	4,968	(21,413)	(9,995)	(19,716)	36,563	473,241
Cumulative effects of changes in accounting policies								
Restated balance	6,723	(0)	4,968	(21,413)	(9,995)	(19,716)	36,563	473,241
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								59
Dividends of surplus								(7,292)
Profit attributable to owners of parent								46,800
Purchase of treasury shares								(10,015)
Disposal of treasury shares								0
Cancellation of treasury shares								-
Increase (decrease) by share exchanges								-
Transfer from retained earnings to capital surplus								-
Net changes in items other than shareholders' equity	5,705	1	(69)	(8,504)	7,556	4,691	(663)	4,028
Total changes during period	5,705	1	(69)	(8,504)	7,556	4,691	(663)	33,579
Balance at end of period	12,429	1	4,898	(29,917)	(2,438)	(15,025)	35,899	506,821

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 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	-
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 attributable to owners of parent								28,971
Purchase of treasury shares								(5,016)
Disposal of treasury shares								75
Cancellation of treasury shares								-
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

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	65,105	42,820
Depreciation	52,683	56,010
Amortization of goodwill	53	54
Share of loss (profit) of entities accounted for using equity method	(1,879)	(1,913)
Loss (gain) on valuation of investment securities	47	20
Increase (decrease) in net retirement benefit liability and net retirement benefit asset	(905)	(302)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(17)	8
Increase (decrease) in provision for bonuses	107	(19)
Increase (decrease) in allowance for doubtful accounts	(74)	(4,129)
Increase (decrease) in other provisions	0	3,185
Interest and dividend income	(1,874)	(2,193)
Interest expenses	3,498	2,195
Loss (gain) on sale of investment securities	(3,505)	(187)
Loss (gain) on disposal of non-current assets	2,246	914
Impairment losses	969	2,407
Decrease (increase) in trade receivables	8,418	(1,904)
Decrease (increase) in inventories	(122)	(15,714)
Increase (decrease) in trade payables	(6,568)	5,679
Other, net	3,866	(4,162)
Subtotal	122,048	82,769
Interest and dividends received	2,455	2,807
Interest paid	(3,521)	(2,199)
Income taxes paid	(10,579)	(12,186)
Net cash provided by (used in) operating activities	110,403	71,191
Cash flows from investing activities		
Decrease (increase) in time deposits	(3,675)	182
Purchase of non-current assets	(58,656)	(67,326)
Proceeds from sale of non-current assets	4,187	6,458
Purchase of other depreciated assets	(167)	(440)
Proceeds from sale of other depreciated assets	38	2
Purchase of investment securities	(117)	(24,123)
Proceeds from sale and redemption of investment securities	709	1,010
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	6,318	10
Loan advances	(2,723)	(2,150)
Proceeds from collection of loans receivable	3,302	2,458
Other, net	2,974	(2)
Net cash provided by (used in) investing activities	(47,809)	(83,919)

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(19,596)	(5,936)
Increase (decrease) in commercial papers	(12,000)	21,000
Proceeds from long-term borrowings	21,179	40,743
Repayments of long-term borrowings	(36,573)	(34,035)
Proceeds from issuance of bonds	30,000	10,000
Redemption of bonds	-	(10,000)
Purchase of treasury shares	(10,064)	(5,036)
Dividends paid	(7,292)	(7,648)
Dividends paid to non-controlling interests	(873)	(1,404)
Other, net	(8,731)	(11,423)
Net cash provided by (used in) financing activities	(43,952)	(3,742)
Effect of exchange rate change on cash and cash equivalents	(569)	2,864
Net increase (decrease) in cash and cash equivalents	18,071	(13,606)
Cash and cash equivalents at beginning of period	45,748	63,819
Cash and cash equivalents at end of period	63,819	50,213

Consolidated Segment Information

Reportable Segments

For the Fiscal Year Ended March 31, 2021

(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	610,437	52,684	67,656	68,603	799,383	64,520	863,903	-	863,903
Inter-segment sales	10,607	23,092	10,385	4,399	48,485	26,884	75,370	(75,370)	-
Total	621,045	75,777	78,042	73,003	847,869	91,404	939,273	(75,370)	863,903
Segment income	41,326	6,071	6,447	3,564	57,410	6,135	63,546	64	63,610

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

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the fiscal year ended 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 175,269 million yen and segment income increased by 0 million yen in Cement Business, net sales decreased by 2,080 million yen and segment income decreased by 26 million yen in Mineral Resources Business, net sales decreased by 16,955 million yen and segment income increased by 25 million yen in Environmental Business, net sales decreased by 10,169 million yen and segment income decreased by 6 million yen in Construction Materials Business, and net sales decreased by 5,289 million yen and segment income increased by 30 million yen in Other.

After elimination of inter-segment transactions, consolidated total net sales decreased by 191,479 million yen.

Geographic Segments

For the Fiscal Year Ended March 31, 2021

(Million yen)

	Japan	U.S.A.	Other	Total
Net sales	630,838	150,397	82,667	863,903
Non-current assets	387,945	105,933	46,463	540,342

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