Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2023 [Japanese Standards]

May 12, 2023

Listed Company Name: KROSAKI HARIMA CORPORATION
Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
Securities Code: 5352 URL: https://www.krosaki.co.jp/
Representative: Kazuhiro Egawa, President
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 29, 2023
Date to start distributing dividends: June 30, 2023
Date to submit the Securities Report: June 29, 2023
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for institutional investors and analysts on this summary of financial statements: Yes

(Figures shown are rounded down to the nearest million yen)

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

(1) Consolidated Business Results (Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2023	165,202	23.5	11,173	47.7	12,083	39.2
Fiscal Year Ended March 2022	133,778	17.7	7,566	52.9	8,679	36.4

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2023	8,282	50.8	983.46	—
Fiscal Year Ended March 2022	5,490	26.7	651.91	—

Note: Comprehensive income was ¥12,168 million (55.7%) for the fiscal year ended March 2023 and ¥7,815 million (3.1%) for the fiscal year ended March 2022.

	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Fiscal Year Ended March 2023	11.9	7.9	6.8
Fiscal Year Ended March 2022	8.8	6.4	5.7

Reference: Share of profit of entities accounted for using equity method was ¥423 million for the fiscal year ended March 2023 and ¥444 million for the fiscal year ended March 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	163,340	77,858	45.0	8,731.68
March 31, 2022	142,694	69,084	45.8	7,759.14

Reference: Equity capital was ¥73,528 million as of March 31, 2023, and ¥65,344 million as of March 31, 2022.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 2023	1,001	(4,514)	2,863	4,425
Fiscal Year Ended March 2022	4,120	(3,608)	(1,022)	5,012

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2022	—	100.00	—	100.00	200.00
Fiscal Year Ended March 2023	—	110.00	—	180.00	290.00
Fiscal Year Ending March 2024 (Forecast)	—	—	—	—	300.00

	Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of yen	%	%
Fiscal Year Ended March 2022	1,684	30.7	2.7
Fiscal Year Ended March 2023	2,442	29.5	3.5
Fiscal Year Ending March 2024 (Forecast)		29.7	

*The forecast of the interim and year-end dividends for the fiscal year ending March 2024 have not yet been determined because a decision will be made by closely observing the trends of business results. Each of these dividend forecasts will be disclosed when it becomes possible to do so.

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

(The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Year	170,000	2.9	12,500	11.9	12, 500	3.4

	Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Yen
Full Year	8,500	2.6	1,009.34

* For details, see “(4) Outlook for the Future” under “1. Overview of Business Results, etc.” on page 4 of the attachment.

Notes:

(1) Changes in important subsidiaries involving a change in the scope of consolidation during the period: None
(Changes in specified subsidiaries involving a change in the scope of consolidation)

(2) Changes in accounting policies or estimates and retrospective restatements
1. Changes in accounting policies in accordance with revision of accounting standards: Yes
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None
(Note)
For details, see “(5) Notes to the Consolidated Financial Statements” under “3. Consolidated Financial Statements and Major Notes” on page 12 of the attachment.

(3) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding as of the period-end (including treasury shares):
Fiscal Year ended March 2023: 9,114,528 Fiscal Year ended March 2022: 9,114,528
2. Number of treasury shares as of the period-end:
Fiscal Year ended March 2023: 693,629 Fiscal Year ended March 2022: 692,845
3. Average number of shares outstanding:
Fiscal Year ended March 2023: 8,421,363 Fiscal Year ended March 2022: 8,422,186

(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 Business Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2023	100,357	11.4	4,806	23.1	6,591	14.6
Fiscal Year Ended March 2022	90,097	12.0	3,904	17.2	5,753	(2.6)

	Profit		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2023	5,223	(12.5)	620.23	—
Fiscal Year Ended March 2022	5,972	29.4	709.15	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	125,673	63,625	50.6	7,555.71
March 31, 2022	110,994	58,504	52.7	6,946.90

Reference: Equity capital was ¥63,625 million as of March 31, 2023, and ¥58,504 million as of March 31, 2022.

The Summary of Consolidated Financial Statements is exempt from auditing by Certified Public Accountants or an Audit Corporation.

Statement regarding the proper use of financial forecasts and other special remarks:

Forward-looking statements, including the forecast of business results, in this Summary are based on information that has been obtained by the Company to date and certain assumptions that are deemed as reasonable, and the Company does not guarantee the realization of these statements. Please understand that actual results may differ significantly from those statements due to various factors. For details of the forecast of business results, see “(4) Outlook for the Future” under “1. Overview of Business Results, etc.” on page 4 of the attachment.

Contents of the Attachment

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023), the Japanese economy continued to face uncertain outlook due to the ongoing high prices of raw materials around the world as well as inflation, rising interest rates and the yen's sharp fall arising from the hike in energy and food prices, which was triggered by Russia's invasion of Ukraine, among other factors.

The steel industry, the Group's main customers, also saw a decline in demand for steel both in Japan and overseas, with the exception of some regions, mainly due to the continued cuts in automobile production against the backdrop of semiconductor shortages and other disruptions in the parts supply chain. Domestic total crude steel output in the fiscal year ended March 31, 2023 decreased by 8.1% year on year to 87.85 million tons. Worldwide crude steel output from January to December 2022, as announced by the World Steel Association, decreased by 4.2% year on year to 1,878.50 million tons, despite an increase of 5.5% year on year to 124.70 million tons in India.

Under these unfavorable circumstances, the Group has worked on various measures with a view to establishing itself as one of the world's finest ceramic companies, which is the basic policy of the Krosaki Harima Group 2025 Management Plan. As a result, the Group achieved a record high in both net sales and profit.

The business performance of the Group in the fiscal year under review was as follows.

[Net Sales]

The Group's consolidated net sales increased by 23.5% from a year earlier to ¥165,202 million. This was mainly attributable to steadily passing the cost increases on to selling prices as well as domestic and overseas expansion of business in the Refractories segment, and orders received for large-scale construction projects in the Furnace segment.

[Profit/Loss]

Due to the Group's self-help efforts for the productivity improvement and the manufacturing cost reduction in addition to the increase in net sales, its consolidated operating profit increased by 47.7% from a year earlier to ¥11,173 million, ordinary profit increased by 39.2% to ¥12,083 million. The Group's consolidated profit attributable to owners of parent increased by 50.8% to ¥8,282 million.

Operating results for each business segment are as follows.

The net sales of each segment represent sales to external customers and do not include inter-segment sales or transfers. The amounts of segment profit are based on operating profit.

[Refractories] (Manufacturing and sale of overall refractories used for various industrial furnaces)

Net sales in the Refractories segment increased by 27.0% from a year earlier to ¥140,538 million and segment profit increased by 64.2% from a year earlier to ¥8,458 million. This was mainly attributable to the Group's efforts to expand business in the strong Indian steel market and to expand sales to non-ferrous metals fields, in addition to steady efforts to pass the rising price of raw material and other cost increases on to selling prices both in Japan and overseas.

[Furnace] (Design, construction and repairs of various furnaces)

Net sales in the Furnace segment increased by 10.6% from a year earlier to ¥14,627 million and segment profit increased by 51.1% from a year earlier to ¥1,009 million owing to orders received for large-scale construction projects including a boiler project for biomass power generation as well as to cost reduction and other efforts, although there was a decline in orders received for maintenance work for steel manufacturing facilities resulting from a drop in crude steel output.

[Ceramics] (Manufacturing and sale of ceramics for various industries and sale of landscape materials)

Net sales in the Ceramics segment decreased by 0.2% from a year earlier to ¥8,471 million and segment profit decreased by 5.5% from a year earlier to ¥1,063 million. This was mainly attributable to the decline in orders received for ceramic materials for electronic components as customers worked to adjust their supply and demand.

[Real Estate] (Renting out stores and warehouses, etc.)

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥737 million. Segment profit increased by 0.5% from a year earlier to ¥595 million.

[Others] (Manufacturing and sale of lime for iron mills)

Net sales in Others segment increased by 23.7% from a year earlier to ¥826 million. Segment profit increased by 13.3% from a year earlier to ¥40 million.

(2) Overview of Financial Position for the Fiscal Year under Review

1) Assets

The Group's consolidated total assets at the end of the fiscal year ended March 2023 increased by ¥20,646 million from the previous year-end to ¥163,340 million. Current assets increased by ¥16,895 million to ¥108,224 million, and non-current assets increased by ¥3,750 million to ¥55,116 million.

A primary factor for the increase in current assets was an increase in notes and accounts receivable - trade, and contract assets mainly due to an increase in net sales. The main factors for the increase in non-current assets were an increase in buildings and structures due to acquisition of warehouses, etc. and an increase in machinery, equipment and vehicles due to acquisition of manufacturing facilities, etc.

2) Liabilities

The Group's consolidated total liabilities at the end of the fiscal year ended March 2023 increased by ¥11,872 million from the previous year-end to ¥85,481 million. Current liabilities increased by ¥12,766 million to ¥61,177 million, and non-current liabilities decreased by ¥894 million to ¥24,304 million.

A primary factor for the increase in current liabilities was an increase in commercial papers. The main factor for the decrease in non-current liabilities was a decrease in long-term borrowings.

3) Net assets

The Group's consolidated net assets at the end of the fiscal year ended March 2023 increased by ¥8,774 million from the previous year-end to ¥77,858 million.

A primary factor for the increase in net assets was an increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, the Group's equity ratio at the end of the fiscal year ended March 2023 was 45.0%.

Net assets per share increased from ¥7,759.14 at the previous year-end to ¥8,731.68.

(3) Overview of Cash Flows for the Fiscal Year under Review

The Group's cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended March 2023 decreased by ¥586 million from the previous year-end to ¥4,425 million.

The status of consolidated cash flows for the fiscal year ended March 2023 and contributing factors were as follows.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,001 million compared with ¥4,120 million provided for the previous year.

This consisted primarily of ¥12,209 million in profit before income taxes, ¥3,493 million in depreciation, a ¥9,801 million increase in trade receivables, and a ¥5,341 million increase in inventories.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥4,514 million compared with ¥3,608 million used for the previous year.

This consisted primarily of a ¥4,565 million payment for the purchase of non-current assets including some facilities.

3) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥2,863 million compared with ¥1,022 million used for the previous year.

This consisted primarily of a ¥5,000 million increase in commercial papers, ¥3,000 million in proceeds from long-term borrowings, ¥3,793 million repayments of long-term borrowings, and ¥1,768 million in dividends paid.

(4) Outlook for the Future

With respect to the Group's consolidated business results for the fiscal year ending March 31, 2024, although their outlook remains unclear due to unstable political and economic trends throughout the entire world, both net sales and profit are expected to increase from the fiscal year under review by the Group utilizing its technical strength and global response capabilities.

Business results forecasts may vary significantly due to factors such as fluctuations in demand for refractories associated with trends in crude steel output and the escalation of costs resulting from the increase in prices of materials and supplies, overseas transportation and energy caused by the weakening of the yen and other factors.

2. Basic Policy on the Selection of Accounting Standards

Although the Group is promoting the global development of its businesses, we intend to apply the Japanese accounting standards for preparing consolidated financial statements for the time being. For the application of the International Financial Reporting Standards, we will take the best possible responses upon consideration of the domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	5,012	4,426
Notes and accounts receivable - trade, and contract assets	44,666	55,180
Merchandise and finished goods	16,103	18,282
Work in process	3,293	4,168
Raw materials and supplies	13,772	16,995
Other	8,846	9,606
Allowance for doubtful accounts	(366)	(435)
Total current assets	91,328	108,224
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,744	45,810
Accumulated depreciation	(30,231)	(30,956)
Buildings and structures, net	13,513	14,854
Machinery, equipment and vehicles	70,467	73,257
Accumulated depreciation	(57,023)	(58,667)
Machinery, equipment and vehicles, net	13,443	14,589
Tools, furniture and fixtures	5,319	5,662
Accumulated depreciation	(4,170)	(4,385)
Tools, furniture and fixtures, net	1,148	1,277
Land	6,646	6,691
Construction in progress	1,581	1,897
Total property, plant and equipment	36,333	39,310
Intangible assets		
Goodwill	4,270	3,852
Other	506	514
Total intangible assets	4,776	4,366
Investments and other assets		
Investment securities	6,328	7,580
Retirement benefit asset	2,108	2,302
Deferred tax assets	162	147
Other	1,893	1,633
Allowance for doubtful accounts	(236)	(225)
Total investments and other assets	10,255	11,439
Total non-current assets	51,365	55,116
Total assets	142,694	163,340

(Millions of yen)

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	6,603	7,458
Accounts payable - trade	16,943	17,580
Short-term borrowings	8,863	10,918
Commercial papers	6,000	11,000
Income taxes payable	1,231	1,552
Provision for bonuses	2,785	3,212
Provision for loss on construction contracts	105	27
Other	5,877	9,427
Total current liabilities	48,410	61,177
Non-current liabilities		
Long-term borrowings	19,334	17,465
Deferred tax liabilities	1,170	2,160
Provision for retirement benefits for directors (and other officers)	492	438
Retirement benefit liability	473	505
Asset retirement obligations	25	25
Other	3,702	3,708
Total non-current liabilities	25,198	24,304
Total liabilities	73,609	85,481
Net assets		
Shareholders’ equity		
Share capital	5,537	5,537
Capital surplus	2,000	1,971
Retained earnings	57,419	62,572
Treasury shares	(1,650)	(1,654)
Total shareholders’ equity	63,308	68,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,833	3,549
Deferred gains or losses on hedges	199	155
Foreign currency translation adjustment	(797)	520
Remeasurements of defined benefit plans	801	875
Total accumulated other comprehensive income	2,036	5,101
Non-controlling interests	3,739	4,330
Total net assets	69,084	77,858
Total liabilities and net assets	142,694	163,340

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year from April 1, 2021, to March 31, 2022	Fiscal Year from April 1, 2022, to March 31, 2023
Net sales	133,778	165,202
Cost of sales	108,969	134,570
Gross profit	24,809	30,631
Selling, general and administrative expenses	17,242	19,458
Operating profit	7,566	11,173
Non-operating income		
Interest income	24	28
Dividend income	157	232
Share of profit of entities accounted for using equity method	444	423
Foreign exchange gains	716	827
Other	338	472
Total non-operating income	1,681	1,983
Non-operating expenses		
Interest expenses	300	500
Loss on removal of non-current assets	121	355
Other	145	216
Total non-operating expenses	567	1,072
Ordinary profit	8,679	12,083
Extraordinary income		
Gain on sale of non-current assets	59	123
Gain on sale of investment securities	23	1
Gain on sales of investments in capital	—	118
Total extraordinary income	82	243
Extraordinary losses		
Loss on sale of non-current assets	0	49
Loss on retirement of non-current assets	90	67
Loss on valuation of investment securities	20	—
Impairment losses	71	—
Other	0	—
Total extraordinary losses	183	117
Profit before income taxes	8,578	12,209
Income taxes - current	2,390	3,019
Income taxes - deferred	249	180
Total income taxes	2,640	3,199
Profit	5,937	9,009
Profit attributable to non-controlling interests	447	727
Profit attributable to owners of parent	5,490	8,282

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year from April 1, 2021, to March 31, 2022	Fiscal Year from April 1, 2022, to March 31, 2023
Profit	5,937	9,009
Other comprehensive income		
Valuation difference on available-for-sale securities	(219)	1,716
Deferred gains or losses on hedges	195	(44)
Foreign currency translation adjustment	1,562	1,306
Remeasurements of defined benefit plans, net of tax	132	74
Share of other comprehensive income of entities accounted for using equity method	207	105
Total other comprehensive income	1,878	3,158
Comprehensive income	7,815	12,168
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,115	11,346
Comprehensive income attributable to non-controlling interests	700	821

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022 (from April 1, 2021, to March 31, 2022):

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,537	2,000	53,781	(1,644)	59,675
Cumulative effects of changes in accounting policies			(83)		(83)
Restated balance	5,537	2,000	53,697	(1,644)	59,591
Changes during period					
Dividends of surplus			(1,768)		(1,768)
Profit attributable to owners of parent			5,490		5,490
Purchase of treasury shares				(5)	(5)
Change in scope of equity method					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,721	(5)	3,716
Balance at end of period	5,537	2,000	57,419	(1,650)	63,308

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,052	4	(2,313)	668	412	3,201	63,288
Cumulative effects of changes in accounting policies							(83)
Restated balance	2,052	4	(2,313)	668	412	3,201	63,205
Changes during period							
Dividends of surplus							(1,768)
Profit attributable to owners of parent							5,490
Purchase of treasury shares							(5)
Change in scope of equity method							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	(219)	195	1,516	132	1,624	538	2,163
Total changes during period	(219)	195	1,516	132	1,624	538	5,879
Balance at end of period	1,833	199	(797)	801	2,036	3,739	69,084

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,537	2,000	57,419	(1,650)	63,308
Cumulative effects of changes in accounting policies					—
Restated balance	5,537	2,000	57,419	(1,650)	63,308
Changes during period					
Dividends of surplus			(1,768)		(1,768)
Profit attributable to owners of parent			8,282		8,282
Purchase of treasury shares				(4)	(4)
Change in scope of equity method			(1,360)		(1,360)
Change in ownership interest of parent due to transactions with non-controlling interests		(29)			(29)
Net changes in items other than shareholders' equity					
Total changes during period	—	(29)	5,152	(4)	5,118
Balance at end of period	5,537	1,971	62,572	(1,654)	68,427

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,833	199	(797)	801	2,036	3,739	69,084
Cumulative effects of changes in accounting policies							—
Restated balance	1,833	199	(797)	801	2,036	3,739	69,084
Changes during period							
Dividends of surplus							(1,768)
Profit attributable to owners of parent							8,282
Purchase of treasury shares							(4)
Change in scope of equity method							(1,360)
Change in ownership interest of parent due to transactions with non-controlling interests							(29)
Net changes in items other than shareholders' equity	1,716	(44)	1,318	74	3,064	590	3,655
Total changes during period	1,716	(44)	1,318	74	3,064	590	8,774
Balance at end of period	3,549	155	520	875	5,101	4,330	77,858

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year from April 1, 2021, to March 31, 2022	Fiscal Year from April 1, 2022, to March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,578	12,209
Depreciation	3,247	3,493
Impairment losses	71	—
Amortization of goodwill	482	516
Increase (decrease) in allowance for doubtful accounts	84	59
Increase (decrease) in provision for bonuses	608	430
Increase (decrease) in provision for environmental measures	(58)	—
Increase (decrease) in retirement benefit liability	(239)	32
Increase (decrease) in other provisions	22	(133)
Interest and dividend income	(181)	(260)
Interest expenses	300	500
Foreign exchange losses (gains)	(33)	22
Share of loss (profit) of entities accounted for using equity method	(444)	(423)
Loss (gain) on sale of non-current assets	(59)	(73)
Loss on retirement of non-current assets	90	67
Loss (gain) on sale of investment securities	(23)	(1)
Loss (gain) on sales of investments in capital	—	(118)
Decrease (increase) in trade receivables	(956)	(9,801)
Decrease (increase) in inventories	(6,971)	(5,341)
Increase (decrease) in trade payables	3,189	707
Other, net	(1,282)	1,749
Subtotal	6,427	3,638
Interest and dividends received	390	562
Interest paid	(297)	(488)
Income taxes paid	(2,400)	(2,710)
Net cash provided by (used in) operating activities	4,120	1,001
Cash flows from investing activities		
Purchase of non-current assets	(3,652)	(4,565)
Proceeds from sale of non-current assets	101	162
Payments for retirement of non-current assets	(185)	(373)
Payments into time deposits	—	(1)
Proceeds from sale of investment securities	71	6
Proceeds from sales of investments in capital of subsidiaries and associates	51	19
Proceeds from sale of investments in capital	—	232
Loan advances	(1)	(0)
Proceeds from collection of loans receivable	16	15
Other, net	(9)	(8)
Net cash provided by (used in) investing activities	(3,608)	(4,514)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	700	715
Increase (decrease) in commercial papers	(1,000)	5,000
Proceeds from long-term borrowings	6,745	3,000
Repayments of long-term borrowings	(5,522)	(3,793)
Purchase of treasury shares	(5)	(4)
Dividends paid	(1,769)	(1,768)
Dividends paid to non-controlling interests	(162)	(185)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(75)
Other, net	(9)	(26)
Net cash provided by (used in) financing activities	(1,022)	2,863
Effect of exchange rate change on cash and cash equivalents	221	62
Net increase (decrease) in cash and cash equivalents	(289)	(586)
Cash and cash equivalents at beginning of period	5,301	5,012
Cash and cash equivalents at end of period	5,012	4,425

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standards Codification (ASC) No. 842 Leases, Financial Accounting Standards Board)

The Company's consolidated subsidiaries located overseas that apply the accounting standards generally accepted in the U.S. have applied the ASC No. 842 Leases from the fiscal year ended March 31, 2023. This standard requires that a lessee recognize in principle all leases as both an asset and a liability in the consolidated balance sheet.

In the application of the accounting standard, the Company has adopted a method accepted as its transitional treatment, recognizing the cumulative effect of this change in accounting policies on the date of commencing the application.

As a result, buildings and structures, machinery, equipment and vehicles, and tools, furniture and fixtures increased by ¥5 million, ¥18 million, and ¥0 million, respectively, as of March 31, 2023. In addition, "Other" under current liabilities and "Other" under non-current liabilities increased by ¥14 million and ¥9 million, respectively. There was no impact on operating profit, ordinary profit, profit before income taxes, or profit for the fiscal year ended March 31, 2023.

(Changes in Presentation)

(Consolidated Statements of Income)

As subsidy income, which was separately presented under non-operating income in the previous fiscal year, accounted for 10% or less of total non-operating income, it has been included in "Other" from the fiscal year ended March 31, 2023. Figures on the consolidated financial statements of the previous fiscal year have been reclassified in order to reflect the change.

As a result, subsidy income of ¥17 million and "Other" of ¥321 million, which were presented under non-operating income in the consolidated statements of income for the previous fiscal year, have been reclassified into "Other" of ¥338 million.

(Segments of an Enterprise and Related Information)

(Segment Information)

1. Description of reportable segments

The Company's reportable segments are components of the Company, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess the performance of the segments.

The Company has business divisions classified by the type of products and services they offer. Each business division plans and determines strategies for the division's products and services in Japan and overseas, based on which the division conducts its operations.

The Company is composed of business segments based on the business divisions classified by products and services and designates Refractories, Furnace, Ceramics and Real Estate as its four reportable segments.

The Refractories segment engages in the manufacture and sale of general refractories used for various industrial furnaces. The Furnace segment engages in the design, construction and repair of various furnaces. The Ceramics segment engages in the manufacture and sale of ceramics for various industries and sale of landscape materials. The Real Estate segment constructs and rents out stores and warehouses, etc., on Company-owned land.

2. Method of calculation for the amounts of net sales, profits or losses, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is the same as the method for preparing the consolidated financial statements.

The amounts of segment profit or loss are based on operating profit or loss. The amounts of inter-segment sales or transfers are based on current market prices.

3. Net sales, profits or losses, assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2022 (from April 1, 2021, to March 31, 2022):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	110,659	13,226	8,486	737	133,110	668	133,778	—	133,778
Inter-segment sales or transfers	8	358	—	—	366	—	366	(366)	—
Total	110,667	13,584	8,486	737	133,476	668	134,145	(366)	133,778
Segment profit	5,149	668	1,124	592	7,535	36	7,571	(5)	7,566
Segment assets	116,653	8,674	7,950	620	133,897	332	134,230	8,464	142,694
Other items									
Depreciation	2,371	450	319	40	3,181	22	3,204	43	3,247
Amortization of goodwill	473	—	9	—	482	—	482	—	482
Increase in property, plant and equipment and intangible assets	2,756	280	347	—	3,384	1	3,385	80	3,465

Notes:

1. The “Others” segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of “Adjustments” are as follows.
   (1) An adjustment of negative ¥5 million in segment profit includes mainly adjustments for unrealized profits.
   (2) An adjustment of ¥8,464 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the “Other items” section, an adjustment of ¥43 million in depreciation and an adjustment of ¥80 million in an increase in property, plant and equipment and intangible assets are related to corporate assets not allocated to the reportable segments.
3. Segment profit is presented so that the total reconciles with operating profit on the consolidated statement of income.

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	140,538	14,627	8,471	737	164,375	826	165,202	—	165,202
Inter-segment sales or transfers	60	248	—	—	309	—	309	(309)	—
Total	140,599	14,875	8,471	737	164,684	826	165,511	(309)	165,202
Segment profit	8,458	1,009	1,063	595	11,126	40	11,167	6	11,173
Segment assets	135,238	9,711	8,651	595	154,197	358	154,555	8,784	163,340
Other items									
Depreciation	2,526	456	332	41	3,356	19	3,375	117	3,493
Amortization of goodwill	516	—	—	—	516	—	516	—	516
Increase in property, plant and equipment and intangible assets	4,795	1,009	231	15	6,052	18	6,070	3	6,074

Notes:

1. The “Others” segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of “Adjustments” are as follows.
   (1) An adjustment of ¥6 million in segment profit includes mainly adjustments for unrealized profits.
   (2) An adjustment of ¥8,784 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the “Other items” section, an adjustment of ¥117 million in depreciation and an adjustment of ¥3 million in an increase in property, plant and equipment and intangible assets are related to corporate assets not allocated to the reportable segments.
3. Segment profit is presented so that the total reconciles with operating profit on the consolidated statement of income.

4. Net sales by region

For the fiscal year ended March 31, 2022 (from April 1, 2021, to March 31, 2022):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
77,669	24,839	8,772	13,296	9,201	133,778

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
90,530	33,891	10,219	18,603	11,957	165,202

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

(Per Share Information)

	Fiscal Year from April 1, 2021, to March 31, 2022	Fiscal Year from April 1, 2022, to March 31, 2023
Net assets per share	¥7,759.14	¥8,731.68
Profit per share	¥651.91	¥983.46

Notes:

1. Diluted profit per share is not stated because there are no potential stocks.
2. The basis of calculation for profit per share is as follows.

	Fiscal Year from April 1, 2021, to March 31, 2022	Fiscal Year from April 1, 2022, to March 31, 2023
Profit attributable to owners of parent (¥Million)	5,490	8,282
Profit not attributable to shares of common stock (¥Million)	—	—
Profit attributable to owners of parent with shares of common stock (¥Million)	5,490	8,282
Average number of shares of common stock during the period (Thousand)	8,422	8,421

3. The basis of calculation for net assets per share is as follows.

	Fiscal Year Ended March 31, 2022 (As of March 31, 2022)	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)
Total net assets (¥Million)	69,084	77,858
Amount of deduction from total net assets (¥Million)	3,739	4,330
[Non-controlling interests]	[3,739]	[4,330]
Net assets attributable to shares of common stock (¥Million)	65,344	73,528
The number of shares of common stock used for the calculation of net assets per share (Thousand)	8,421	8,420

(Significant Subsequent Events)

Not applicable.

4. Others

Trend of Quarterly Business Results

(Millions of yen)

	Previous Fiscal Year				Fiscal Year Under Review			
	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)
Net sales	31,721	33,391	33,798	34,867	40,292	40,299	41,890	42,720
Operating profit	2,274	1,934	2,063	1,293	2,940	1,973	2,399	3,860
Ordinary profit	2,344	2,213	2,254	1,866	3,429	2,256	2,496	3,901
Profit attributable to owners of parent	1,517	1,500	1,439	1,033	2,148	1,428	1,732	2,972