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

May 11, 2023

Company name: Maruichi Steel Tube Ltd.
Stock exchange listing: Tokyo
Code number: 5463
URL: https://www.maruichikokan.co.jp
Representative: Hiroyuki Suzuki Chairman Representative Director and CEO
Contact: Kohji Aoyama General Manager of Finance Department
Phone: +81-6-6643-0101

Scheduled date of Annual General Meeting of Shareholders: June 23, 2023
Scheduled date of commencing dividend payments: June 26, 2023
Scheduled date of filing annual securities report: June 26, 2023
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of 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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	273,416	21.9	30,019	(17.2)	34,416	(10.5)	24,164	(13.0)
March 31, 2022	224,218	39.1	36,276	97.9	38,458	86.8	27,760	100.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 28,440 million [(34.2) %]
Fiscal year ended March 31, 2022: ¥ 43,213 million [98.0%]

	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, 2023	303.38	303.06	7.9	9.0	11.0
March 31, 2022	340.83	340.47	9.8	11.0	16.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 1,363 million
Fiscal year ended March 31, 2022: ¥ 392 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	393,165	324,220	79.7	3,936.89
March 31, 2022	370,078	307,593	80.4	3,719.99

(Reference) Equity: As of March 31, 2023: ¥ 313,468 million
As of March 31, 2022: ¥ 297,474 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	24,491	4,305	(7,617)	75,124
March 31, 2022	15,096	(10,010)	(16,656)	53,058

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	Millions of yen	%	%
March 31, 2022	-	40.00	-	51.00	91.00	7,363	26.7	2.6
March 31, 2023	-	40.00	-	69.50	109.50	8,738	36.1	2.9
Fiscal year ending March 31, 2024 (Forecast)	-	55.00	-	55.00	110.00		38.9	

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	137,000	(1.0)	17,400	(5.5)	19,200	(8.0)	12,800	(8.2)	160.76
Full year	273,500	0.0	30,500	1.6	33,000	(4.1)	22,500	(6.9)	282.58

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: Maruichi Stainless Tube Texas Corporation)

Exclusion: - (Company name:)

(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: 84,000,000 shares

March 31, 2022: 84,000,000 shares

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

March 31, 2023: 4,376,545 shares

March 31, 2022: 4,033,365 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 79,651,274 shares

Fiscal Year ended March 31, 2022: 81,450,403 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	71,050	88,542
Notes and accounts receivable - trade	50,248	52,835
Securities	13,189	11,615
Finished goods	19,880	20,771
Raw materials and supplies	34,321	39,789
Accounts receivable - other	1,732	1,457
Other	2,219	2,399
Allowance for doubtful accounts	(79)	(34)
Total current assets	192,562	217,377
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,975	26,166
Machinery, equipment and vehicles, net	21,746	22,970
Land	36,577	37,402
Construction in progress	1,619	3,083
Other, net	1,863	2,087
Total property, plant and equipment	86,782	91,710
Intangible assets		
Goodwill	318	192
Other	1,343	1,451
Total intangible assets	1,662	1,644
Investments and other assets		
Investment securities	85,842	79,008
Deferred tax assets	820	1,021
Other	2,410	2,407
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	89,071	82,433
Total non-current assets	177,515	175,788
Total assets	370,078	393,165

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,477	33,832
Short-term borrowings	2,874	6,482
Accounts payable - other	1,516	1,433
Accrued expenses	3,227	3,087
Income taxes payable	5,174	5,679
Provision for bonuses	1,288	1,433
Provision for bonuses for directors (and other officers)	156	182
Notes payable - facilities	457	1,062
Other	817	2,254
Total current liabilities	49,988	55,447
Non-current liabilities		
Long-term borrowings	345	1,652
Deferred tax liabilities	7,306	6,906
Provision for share awards	247	266
Provision for share awards for directors (and other officers)	-	38
Provision for retirement benefits for directors (and other officers)	169	142
Retirement benefit liability	3,782	3,808
Other	645	682
Total non-current liabilities	12,496	13,497
Total liabilities	62,485	68,945
Net assets		
Shareholders' equity		
Share capital	9,595	9,595
Capital surplus	15,796	13,436
Retained earnings	257,951	274,533
Treasury shares	(10,072)	(11,061)
Total shareholders' equity	273,270	286,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,477	19,694
Foreign currency translation adjustment	1,006	6,599
Remeasurements of defined benefit plans	720	670
Total accumulated other comprehensive income	24,204	26,964
Share acquisition rights	162	162
Non-controlling interests	9,955	10,589
Total net assets	307,593	324,220
Total liabilities and net assets	370,078	393,165

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	224,218	273,416
Cost of sales	172,488	226,703
Gross profit	51,729	46,712
Selling, general and administrative expenses	15,452	16,693
Operating profit	36,276	30,019
Non-operating income		
Interest income	211	238
Dividend income	1,072	2,385
Share of profit of entities accounted for using equity method	392	1,363
Rental income from real estate	806	787
Foreign exchange gains	28	-
Other	398	349
Total non-operating income	2,909	5,123
Non-operating expenses		
Interest expenses	110	212
Foreign exchange losses	-	33
Rental expenses on real estate	292	309
Custom duties for prior periods	169	-
Other	155	171
Total non-operating expenses	727	727
Ordinary profit	38,458	34,416
Extraordinary income		
Gain on sale of non-current assets	18	111
Gain on sale of investment securities	181	735
Other	0	53
Total extraordinary income	200	899
Extraordinary losses		
Loss on retirement of non-current assets	157	167
Loss on sale of investment securities	1	703
Impairment losses	242	123
Other	15	61
Total extraordinary losses	417	1,055
Profit before income taxes	38,241	34,260
Income taxes - current	9,244	10,141
Income taxes - deferred	(658)	(783)
Total income taxes	8,586	9,358
Profit	29,655	24,902
Profit attributable to non-controlling interests	1,894	737
Profit attributable to owners of parent	27,760	24,164

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	29,655	24,902
Other comprehensive income		
Valuation difference on available-for-sale securities	5,000	(937)
Foreign currency translation adjustment	3,842	6,156
Remeasurements of defined benefit plans, net of tax	747	(49)
Share of other comprehensive income of entities accounted for using equity method	3,967	(1,631)
Total other comprehensive income	13,558	3,538
Comprehensive income	43,213	28,440
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	40,693	26,925
Comprehensive income attributable to non-controlling interests	2,520	1,515

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,595	15,899	261,392	(28,923)	257,963
Changes during period					
Dividends of surplus			(7,175)		(7,175)
Profit attributable to owners of parent			27,760		27,760
Purchase of treasury shares				(5,323)	(5,323)
Disposal of treasury shares		3		41	44
Change in scope of consolidation					-
Purchase of shares of consolidated subsidiaries					-
Cancellation of treasury shares		(106)	(24,026)	24,132	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(103)	(3,440)	18,850	15,306
Balance at end of period	9,595	15,796	257,951	(10,072)	273,270

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	14,568	(3,270)	(26)	11,271	162	7,579	276,977
Changes during period							
Dividends of surplus							(7,175)
Profit attributable to owners of parent							27,760
Purchase of treasury shares							(5,323)
Disposal of treasury shares							44
Change in scope of consolidation							-
Purchase of shares of consolidated subsidiaries							-
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	7,908	4,276	747	12,932	-	2,376	15,309
Total changes during period	7,908	4,276	747	12,932	-	2,376	30,615
Balance at end of period	22,477	1,006	720	24,204	162	9,955	307,593

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,595	15,796	257,951	(10,072)	273,270
Changes during period					
Dividends of surplus			(7,274)		(7,274)
Profit attributable to owners of parent			24,164		24,164
Purchase of treasury shares				(1,284)	(1,284)
Disposal of treasury shares		37		296	333
Change in scope of consolidation			(308)		(308)
Purchase of shares of consolidated subsidiaries		(2,396)			(2,396)
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(2,359)	16,581	(988)	13,233
Balance at end of period	9,595	13,436	274,533	(11,061)	286,503

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	22,477	1,006	720	24,204	162	9,955	307,593
Changes during period							
Dividends of surplus							(7,274)
Profit attributable to owners of parent							24,164
Purchase of treasury shares							(1,284)
Disposal of treasury shares							333
Change in scope of consolidation							(308)
Purchase of shares of consolidated subsidiaries							(2,396)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	(2,782)	5,593	(50)	2,760	-	633	3,393
Total changes during period	(2,782)	5,593	(50)	2,760	-	633	16,627
Balance at end of period	19,694	6,599	670	26,964	162	10,589	324,220

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	38,241	34,260
Depreciation	5,936	6,319
Impairment losses	242	123
Amortization of goodwill	14	37
Increase (decrease) in allowance for doubtful accounts	55	(51)
Increase (decrease) in provision for bonuses	207	145
Increase (decrease) in provision for bonuses for directors (and other officers)	81	26
Increase (decrease) in retirement benefit liability	(19)	(32)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	40	(27)
Interest and dividend income	(1,283)	(2,623)
Interest expenses	110	212
Share of loss (profit) of entities accounted for using equity method	(392)	(1,363)
Loss (gain) on sale of property, plant and equipment	(3)	(108)
Loss on retirement of non-current assets	157	167
Loss (gain) on sale and valuation of investment securities	(180)	(32)
Decrease (increase) in trade receivables	(11,718)	(1,593)
Decrease (increase) in inventories	(19,245)	(2,742)
Decrease (increase) in other assets	(1,370)	433
Increase (decrease) in trade payables	10,717	(1,882)
Increase (decrease) in other liabilities	760	172
Increase (decrease) in accrued consumption taxes	(760)	894
Other, net	(368)	(508)
Subtotal	21,223	31,827
Interest and dividends received	1,607	2,887
Interest paid	(110)	(212)
Income taxes paid	(7,623)	(10,011)
Net cash provided by (used in) operating activities	15,096	24,491

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Net decrease (increase) in time deposits	471	4,631
Net decrease (increase) in short-term investment securities	878	788
Purchase of investment securities	(6,000)	(1,963)
Purchase of shares of subsidiaries and associates	-	(916)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,643)	-
Proceeds from sale and redemption of investment securities	3,867	8,229
Purchase of property, plant and equipment and intangible assets	(6,835)	(6,634)
Proceeds from sale of property, plant and equipment and intangible assets	136	223
Other, net	114	(52)
Net cash provided by (used in) investing activities	(10,010)	4,305
Cash flows from financing activities		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(3,380)
Net increase (decrease) in short-term borrowings	(3,217)	2,727
Proceeds from long-term borrowings	-	1,800
Repayments of long-term borrowings	(790)	(202)
Proceeds from sale of treasury shares	-	283
Purchase of treasury shares	(5,323)	(1,284)
Dividends paid	(7,175)	(7,273)
Dividends paid to non-controlling interests	(144)	(287)
Other, net	(5)	-
Net cash provided by (used in) financing activities	(16,656)	(7,617)
Effect of exchange rate change on cash and cash equivalents	541	828
Net increase (decrease) in cash and cash equivalents	(11,028)	22,007
Cash and cash equivalents at beginning of period	64,086	53,058
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	58
Cash and cash equivalents at end of period	53,058	75,124