

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 20, 2020

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2020

Scheduled date of commencing dividend payments: June 29, 2020

Scheduled date of filing annual securities report: June 26, 2020

Preparation of supplementary briefing material on financial results: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Turnover | | Operating income | | Ordinary income | | Profit attributable to owners of parent company | |
|----------------------------------|-------------|-------|------------------|-------|-----------------|------|---|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 31, 2020 | 35,051 | (7.8) | 1,811 | 8.4 | 2,642 | 2.4 | 2,105 | 2.5 |
| Fiscal year ended March 31, 2019 | 38,015 | 1.5 | 1,670 | (0.5) | 2,579 | 16.6 | 2,053 | 24.3 |

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥1,723 million [(10.2)%]

Fiscal year ended March 31, 2019: ¥1,917 million [4.1%]

| | Earnings per share | Diluted earnings per share | Return on equity | Ordinary income to total assets | Operating income to turnover |
|----------------------------------|--------------------|----------------------------|------------------|---------------------------------|------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2020 | 85.83 | — | 6.5 | 5.4 | 5.2 |
| Fiscal year ended March 31, 2019 | 82.81 | — | 6.6 | 5.2 | 4.4 |

(Reference) Share of income (loss) of associates: Fiscal year ended March 31, 2020: ¥616 million

Fiscal year ended March 31, 2019: ¥729 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2020 | 48,978 | 33,159 | 67.0 | 1,342.50 |
| As of March 31, 2019 | 49,345 | 32,068 | 64.5 | 1,290.73 |

(Reference) Equity: As of March 31, 2020: ¥32,814 million

As of March 31, 2019: ¥31,835 million

(3) Consolidated Cash Flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------------------------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended March 31, 2020 | 1,760 | (1,496) | (945) | 10,333 |
| Fiscal year ended March 31, 2019 | 3,793 | (950) | (598) | 11,010 |

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 | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended March 31, 2019 | — | — | — | 18.00 | 18.00 | 458 | 21.7 | 1.4 |
| Fiscal year ended March 31, 2020 | — | — | — | 19.00 | 19.00 | 479 | 22.1 | 1.4 |
| Fiscal year ending March 31, 2021 (Forecast) | — | — | — | 19.00 | 19.00 | | 25.8 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

| | Turnover | | Operating income | | Ordinary income | | Profit attributable to owners of parent company | | Earnings per share |
|------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|-----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 15,500 | (12.4) | 600 | (35.5) | 1,000 | (39.7) | 800 | (38.1) | 32.73 |
| Full year | 34,000 | (3.0) | 1,700 | (6.1) | 2,450 | (7.3) | 1,800 | (14.5) | 73.64 |

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
 Newly included: — (Company name) Excluded: 1 (Company name) NIPPON HUME CONCRETE (THAILAND) CO., LTD.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 1) Changes in accounting policies due to the revision of accounting standards, etc.: 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 stock)

1) Total number of issued shares at the end of the period (including treasury shares)
 As of March 31, 2020: 29,347,500 shares
 As of March 31, 2019: 29,347,500 shares

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

As of March 31, 2020: 4,904,971 shares

As of March 31, 2019: 4,683,183 shares

3) Average number of shares during the period

Fiscal year ended March 31, 2020: 24,527,583 shares

Fiscal year ended March 31, 2019: 24,802,233 shares

* The financial results are not subject to auditing by certified public accountants or auditing corporations.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to "1. Overview of Operating Results (4) Future Outlook" on page 3 of the attachment.

Table of Contents

| | |
|--|----|
| 1. Overview of Operating Results | 2 |
| (1) Overview of Operating Results for the Fiscal Year under Review | 2 |
| (2) Overview of Financial Position in the Fiscal Year under Review | 2 |
| (3) Overview of Cash Flows in the Fiscal Year under Review | 2 |
| (4) Future Outlook | 3 |
| 2. Basic Approach Concerning Selection of Accounting Standards | 3 |
| 3. Consolidated Financial Statements | 4 |
| (1) Consolidated Balance Sheets | 4 |
| (2) Consolidated Statements of Income and Comprehensive Income | 6 |
| (3) Consolidated Statements of Changes in Net Assets | 8 |
| (4) Consolidated Statements of Cash Flows | 10 |
| (5) Notes to the Consolidated Financial Statements | 12 |
| (Notes on going concern assumption) | 12 |
| (Changes in significant subsidiaries) | 12 |
| (Changes in accounting policies) | 12 |
| (Segment information, etc.) | 12 |
| (Per share information) | 15 |
| (Significant subsequent events) | 15 |

1. Overview of Operating Results

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

During the fiscal year ended March 31, 2020, the world economy remained on a modest recovery trend, but an economic slowdown was feared based on the trade friction between the United States and China, and economic sentiment in Japan turned downward. In addition, the impact of the novel coronavirus outbreak spread from the fourth quarter of the fiscal year, and conditions still required caution.

In terms of market trends affecting the Group, demand for Hume pipes in the sewerage-related business was almost equal to that in the previous year, but demand for concrete pile products in the foundations business fell short of that in the previous fiscal year.

Under such business conditions, the Group worked diligently on three basic strategies—Strategy for the Group’s growth, Strategy to improve competitiveness, and Strategy to enhance the management foundation—to pursue stable profits and sustainable growth, which are the key objectives of the basic policy in Evolution All Japan II (fiscal 2018 to 2020), the Group’s three-year medium-term management plan.

In the consolidated fiscal year ended March 31, 2020, orders received totaled ¥31,380 million (down 16.3% year on year), and turnover amounted ¥35,051 million (down 7.8% year on year).

As for profit and loss, operating income was ¥1,811 million (up 8.4% year on year); ordinary income was ¥2,642 million (up 2.4% year on year), mainly because of equity in earnings of affiliates and dividend income; and profit attributable to owners of the parent company was ¥2,105 million (up 2.5% year on year).

The coronavirus outbreak has not had a significant impact on earnings in this fiscal year.

Furthermore, at the Board of Directors’ Meeting that was held on May 14, 2019, to improve the Group’s capital efficiency and make a greater return of profits to shareholders, the Company resolved to purchase treasury stock, and it later purchased a total of ¥161 million in such stock.

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

Total assets as of March 31, 2020, had decreased ¥366 million from the end of the previous consolidated fiscal year, to ¥48,978 million. This was mainly because, while under non-current assets, buildings and structures increased ¥1,186 million and investment securities increased ¥641 million, under current assets, cash and deposits decreased ¥674 million and notes and accounts receivable - trade decreased ¥618 million, and under non-current assets, construction in progress decreased ¥943 million.

In addition, under liabilities, total liabilities decreased ¥1,458 million from the end of the previous consolidated fiscal year to ¥15,819 million. This was mainly because, while under current liabilities, notes and accounts payable – trade decreased ¥533 million, short-term loans decreased ¥285 million, and income taxes payable decreased ¥172 million, under non-current liabilities, deferred tax liabilities decreased ¥203 million.

Under net assets, total net assets increased ¥1,091 million from the end of the previous consolidated fiscal year, to ¥33,159 million. This was mainly because, under retained earnings, while profit attributable to owners of the parent company increased ¥2,105 million, there was a decrease of ¥458 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥425 million.

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

Cash and cash equivalents (hereinafter, “funds,” referring to cash and deposits minus time deposits with deposit terms of over three months) as of March 31, 2020, decreased ¥676 million from the end of the previous consolidated fiscal year to ¥10,333 million.

(Cash flows from operating activities)

Funds provided by operating activities during the consolidated fiscal year ended March 31, 2020, decreased ¥2,032 million year on year to ¥1,760 million. This was mainly because of ¥2,659 million increase in profit before income taxes and minority interests, a decrease of ¥603 million in notes and accounts receivable – trade, a decrease of ¥534 million in notes and accounts payable - trade, and income taxes paid of ¥757 million.

(Cash flows from investing activities)

Funds used in investing activities during the consolidated fiscal year ended March 31, 2020, increased ¥545 million year on year to ¥1,496 million. This was mainly because of ¥909 million in purchase of fixed assets and ¥657 million in purchase of investment securities.

(Cash flows from financing activities)

Funds used in financing activities during the consolidated fiscal year ended March 31, 2020, increased ¥346 million year on year to ¥945 million. This was mainly because of included cash dividends paid of ¥458 million, a decrease of ¥320 million in short-term loans, and purchase of treasury shares of ¥161 million.

(4) Future Outlook

In the last year of the medium-term management plan, Evolution All Japan II, the Group will work in unison to increase corporate value based on the basic strategy of the management plan. However, at this point it is difficult to predict the extent of the impact due to the coronavirus' spread, and as such, we expect the operating environment affecting the Group to remain harsh, marked by intensifying competition and changes in the market structure.

With regard to our financial results for the consolidated fiscal year ending March 31, 2021, the Group expects a turnover of ¥34,000 million, operating income of ¥1,700 million, ordinary income of ¥2,450 million, and profit attributable to owners of parent of ¥1,800 million.

2. Basic Approach Concerning Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements based on Japanese-GAAP for the time being, considering comparability with other companies in the same industry in Japan.

Our policy for the future is to review the application of International Accounting Standards in light of factors including application trends by companies in Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,051,251 | 10,376,529 |
| Notes and accounts receivable - trade | 12,505,846 | 11,887,000 |
| Merchandise and finished goods | 2,024,057 | 2,433,113 |
| Raw materials and supplies | 534,604 | 519,544 |
| Other | 286,154 | 169,935 |
| Provision for doubtful accounts | (16,589) | (16,498) |
| Total current assets | 26,385,324 | 25,369,624 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 12,007,518 | 13,316,931 |
| Accumulated depreciation | (9,146,454) | (9,269,814) |
| Buildings and structures, net | 2,861,064 | 4,047,116 |
| Machinery, equipment and vehicles | 15,116,115 | 13,559,656 |
| Accumulated depreciation | (13,499,398) | (12,041,439) |
| Machinery, equipment and vehicles, net | 1,616,716 | 1,518,217 |
| Land | 3,691,707 | 3,572,904 |
| Construction in progress | 989,035 | 45,937 |
| Other | 744,938 | 756,563 |
| Accumulated depreciation | (675,095) | (675,329) |
| Other, net | 69,843 | 81,234 |
| Total property, plant and equipment | 9,228,367 | 9,265,410 |
| Intangible assets | | |
| Other | 101,360 | 119,910 |
| Total intangible assets | 101,360 | 119,910 |
| Investments and other assets | | |
| Investment securities | 13,331,756 | 13,973,557 |
| Long-term accounts receivable - other | 96,724 | 69,032 |
| Deferred tax assets | 13,635 | 12,054 |
| Other | 320,469 | 270,198 |
| Provision for doubtful accounts | (131,930) | (100,931) |
| Total investments and other assets | 13,630,654 | 14,223,911 |
| Total non-current assets | 22,960,382 | 23,609,232 |
| Total assets | 49,345,707 | 48,978,857 |

(Thousand yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 10,664,700 | 10,130,996 |
| Short-term loans | 1,230,261 | 944,469 |
| Income taxes payable | 432,870 | 260,525 |
| Provision for bonuses | 182,750 | 176,906 |
| Other | 1,060,491 | 784,145 |
| Total current liabilities | 13,571,074 | 12,297,043 |
| Non-current liabilities | | |
| Deferred tax liabilities | 392,066 | 188,766 |
| Provision for directors' retirement benefits | 36,017 | 17,217 |
| Provision for environmental measures | 8,657 | 1,514 |
| Net defined benefit liability | 2,710,572 | 2,744,509 |
| Long-term lease and guarantee deposited | 545,912 | 547,899 |
| Other | 13,257 | 22,212 |
| Total non-current liabilities | 3,706,483 | 3,522,119 |
| Total liabilities | 17,277,558 | 15,819,162 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,251,400 | 5,251,400 |
| Share premium | 4,736,524 | 4,688,447 |
| Retained earnings | 23,126,662 | 24,715,817 |
| Treasury shares | (1,910,923) | (2,073,120) |
| Total shareholders' equity | 31,203,663 | 32,582,545 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 665,198 | 240,023 |
| Difference in foreign exchange | 233,208 | 227,280 |
| Remeasurements of defined benefit | (267,057) | (235,658) |
| Total accumulated other comprehensive income | 631,349 | 231,646 |
| Non-controlling interests | 233,135 | 345,503 |
| Total net assets | 32,068,148 | 33,159,694 |
| Total liabilities and net assets | 49,345,707 | 48,978,857 |

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

(Thousand yen)

| | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|---|---|---|
| Turnover | 38,015,646 | 35,051,886 |
| Cost of sales | 32,120,130 | 29,225,302 |
| Gross profit | 5,895,516 | 5,826,584 |
| Selling, general and administrative expenses | 4,225,043 | 4,015,233 |
| Operating income | 1,670,473 | 1,811,351 |
| Non-operating income | | |
| Interest income | 2,127 | 4,723 |
| Dividend income | 112,476 | 119,477 |
| Share of income of associates | 729,723 | 616,090 |
| Technical support fee | 41,443 | 43,455 |
| Foreign exchange gains | — | 4,532 |
| Other | 107,478 | 96,331 |
| Total non-operating income | 993,249 | 884,610 |
| Non-operating expenses | | |
| Interest expenses | 27,092 | 28,248 |
| Foreign exchange losses | 32,146 | — |
| Consumption taxes for prior periods | — | 7,775 |
| Real estate development maintenance and management expenses | 5,663 | 5,020 |
| Other | 19,333 | 12,554 |
| Total non-operating expenses | 84,235 | 53,598 |
| Ordinary income | 2,579,486 | 2,642,363 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 143,520 | — |
| State subsidy | 1,440 | 1,440 |
| Gain on sales of shares of subsidiaries and associates | — | 75,025 |
| Total extraordinary income | 144,960 | 76,465 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 70 | 0 |
| Structure reform expenses | — | 59,289 |
| Total extraordinary losses | 70 | 59,290 |
| Profit before income taxes and minority interests | 2,724,377 | 2,659,539 |
| Income taxes - current | 704,801 | 584,741 |
| Income taxes - deferred | (50,191) | (47,940) |
| Total income taxes | 654,609 | 536,800 |
| Profit after income taxes | 2,069,767 | 2,122,739 |
| Profit attributable to non-controlling interests | 15,881 | 17,442 |
| Profit attributable to owners of parent company | 2,053,885 | 2,105,296 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|--|---|---|
| Profit after income taxes | 2,069,767 | 2,122,739 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (215,014) | (393,803) |
| Difference in foreign exchange | 29,300 | (5,927) |
| Remeasurements of defined benefit | 64,429 | 47,554 |
| Share of other comprehensive income of associates | (30,570) | (47,526) |
| Total other comprehensive income | (151,854) | (399,703) |
| Comprehensive income | 1,917,912 | 1,723,035 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent company | 1,902,030 | 1,705,592 |
| Comprehensive income attributable to non-controlling interests | 15,881 | 17,442 |

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2019

(Thousand yen)

| | Shareholders' equity | | | | |
|---|----------------------|---------------|-------------------|-----------------|----------------------------|
| | Share capital | Share premium | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 5,251,400 | 4,736,524 | 21,509,299 | (1,710,327) | 29,786,896 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (436,522) | | (436,522) |
| Profit attributable to owners of parent company | | | 2,053,885 | | 2,053,885 |
| Purchase of treasury shares | | | | (200,593) | (200,593) |
| Disposal of treasury shares | | | | | |
| Increase of treasury shares of associate company | | | | (2) | (2) |
| Changes in scope of consolidation | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | |
| Other changes of shareholders' equity | | | | | |
| Total changes during current period | | | 1,617,362 | (200,595) | 1,416,767 |
| Balance at end of current period | 5,251,400 | 4,736,524 | 23,126,662 | (1,910,923) | 31,203,663 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|--------------------------------|-----------------------------------|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Difference in foreign exchange | Remeasurements of defined benefit | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 905,884 | 203,908 | (326,588) | 783,204 | 217,253 | 30,787,354 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (436,522) |
| Profit attributable to owners of parent company | | | | | | 2,053,885 |
| Purchase of treasury shares | | | | | | (200,593) |
| Disposal of treasury shares | | | | | | |
| Increase of treasury shares of associate company | | | | | | (2) |
| Changes in scope of consolidation | | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | |
| Other changes of shareholders' equity | (240,685) | 29,300 | 59,530 | (151,854) | 15,881 | (135,973) |
| Total changes during current period | (240,685) | 29,300 | 59,530 | (151,854) | 15,881 | 1,280,793 |
| Balance at end of current period | 665,198 | 233,208 | (267,057) | 631,349 | 233,135 | 32,068,148 |

For the fiscal year ended March 31, 2020

(Thousand yen)

| | Shareholders' equity | | | | |
|---|----------------------|---------------|-------------------|-----------------|----------------------------|
| | Share capital | Share premium | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 5,251,400 | 4,736,524 | 23,126,662 | (1,910,923) | 31,203,663 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (458,181) | | (458,181) |
| Profit attributable to owners of parent company | | | 2,105,296 | | 2,105,296 |
| Purchase of treasury shares | | | | (161,925) | (161,925) |
| Disposal of treasury shares | | 16 | | 20 | 37 |
| Increase of treasury shares of associate company | | | | (292) | (292) |
| Changes in scope of consolidation | | | (57,958) | | (57,958) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (48,093) | | | (48,093) |
| Other changes of shareholders' equity | | | | | |
| Total changes during current period | | (48,076) | 1,589,155 | (162,196) | 1,378,881 |
| Balance at end of current period | 5,251,400 | 4,688,447 | 24,715,817 | (2,073,120) | 32,582,545 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|--------------------------------|-----------------------------------|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Difference in foreign exchange | Remeasurements of defined benefit | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 665,198 | 233,208 | (267,057) | 631,349 | 233,135 | 32,068,148 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (458,181) |
| Profit attributable to owners of parent company | | | | | | 2,105,296 |
| Purchase of treasury shares | | | | | | (161,925) |
| Disposal of treasury shares | | | | | | 37 |
| Increase of treasury shares of associate company | | | | | | (292) |
| Changes in scope of consolidation | | | | | | (57,958) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (48,093) |
| Other changes of shareholders' equity | (425,175) | (5,927) | 31,399 | (399,703) | 112,367 | (287,335) |
| Total changes during current period | (425,175) | (5,927) | 31,399 | (399,703) | 112,367 | 1,091,545 |
| Balance at end of current period | 240,023 | 227,280 | (235,658) | 231,646 | 345,503 | 33,159,694 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes and minority interests | 2,724,377 | 2,659,539 |
| Depreciation | 657,637 | 670,017 |
| Increase (decrease) in provision for doubtful accounts | (49,330) | (31,066) |
| Increase (decrease) in provision for bonuses | 642 | (5,844) |
| Increase (decrease) in net defined benefit liability | 106,468 | 108,942 |
| Increase (decrease) in provision for directors' retirement benefits | — | (18,800) |
| Increase (decrease) in provision for environmental measures | 920 | (7,142) |
| Interest and dividend income | (114,604) | (124,201) |
| Interest expenses | 27,092 | 28,248 |
| Foreign exchange losses (gains) | 21,044 | 41,744 |
| Share of (income) loss of associates | (729,723) | (616,090) |
| Loss (gain) on sales of fixed assets | (143,520) | — |
| Loss on disposal of fixed assets | 70 | 0 |
| State subsidy | (1,440) | (1,440) |
| Loss (gain) on sales of shares of subsidiaries and associates | — | (75,025) |
| Structure reform expenses | — | 59,289 |
| Decrease (increase) in notes and accounts receivable - trade | 2,632,025 | 603,272 |
| Decrease (increase) in inventories | (158,547) | (504,812) |
| Decrease (increase) in other current assets | (28,239) | 57,962 |
| Increase (decrease) in notes and accounts payable - trade | (922,842) | (534,941) |
| Increase (decrease) in accrued consumption taxes | (111,495) | 29,281 |
| Increase (decrease) in other current liabilities | 318,963 | (162,156) |
| Decrease (increase) in other non-current assets | (70) | 9,257 |
| Increase (decrease) in other non-current liabilities | (19,661) | 14,575 |
| Subtotal | 4,209,767 | 2,200,609 |
| Interest and dividend income received | 321,354 | 348,051 |
| Interest expenses paid | (27,056) | (31,135) |
| Income taxes paid | (710,730) | (757,086) |
| Net cash provided by (used in) operating activities | 3,793,334 | 1,760,438 |

(Thousand yen)

| | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|--|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | — | (2,059) |
| Proceeds from withdrawal of time deposits | 19,996 | — |
| Purchase of investment securities | — | (657,685) |
| Purchase of fixed assets | (1,197,898) | (909,771) |
| Proceeds from sales of fixed assets | 163,931 | — |
| Proceeds from state subsidy | 1,440 | 1,440 |
| Proceeds from sales of shares of subsidiaries resulting in change in the scope of consolidation | — | 68,787 |
| Purchase of investments in associated companies | — | (74,571) |
| Proceeds from sales of golf club memberships | — | 2,700 |
| Decrease (increase) in other investments | 61,908 | 74,911 |
| Net cash provided by (used in) investing activities | (950,622) | (1,496,248) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans | 40,347 | (320,964) |
| Purchase of treasury shares | (200,593) | (161,925) |
| Proceeds from sales of treasury shares | — | 37 |
| Cash dividends paid | (435,676) | (458,127) |
| Other payments | (2,419) | (4,301) |
| Net cash provided by (used in) financing activities | (598,341) | (945,280) |
| Net foreign exchange on cash and cash equivalents | (11,838) | 4,308 |
| Net increase (decrease) in cash and cash equivalents | 2,232,531 | (676,781) |
| Cash and cash equivalents at the beginning of the period | 8,778,218 | 11,010,749 |
| Cash and cash equivalents at the end of the period | 11,010,749 | 10,333,968 |

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

No relevant items.

(Changes in significant subsidiaries)

During the fiscal year ended March 31, 2020, 60% of the shares of Nippon Hume Concrete (Thailand) Co., Ltd., was transferred to Mongheng Group Co., Ltd.

With the transfer of shares, Nippon Hume Concrete (Thailand) Co., Ltd., changed from a consolidated subsidiary to an equity-method affiliate.

(Changes in accounting policies)

(Adoption of IFRS 16 [Leases])

The Company's consolidated subsidiaries outside of Japan have adopted IFRS 16 (Leases) beginning with the fiscal year under review. In principle, all leases for which the Company is the borrower are recorded as assets and liabilities on the consolidated balance sheet.

The adoption of this accounting standard has a minimal impact on consolidated financial statements.

(Segment information, etc.)

1. Description of reportable segments

The Group's reportable segments represent units for which discrete financial information is available. Regular reviews are also carried out by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance.

The Group comprises segments by type of products and services, with three reportable segments, namely Foundations, Sewerage-related, and Solar Power Generation and Real Estate.

In Foundations, concrete piles are manufactured and sold, and pile driving work is carried out. In the Sewerage-related segment, Hume pipes, segments and other products are manufactured and sold, and pipe and drain rehabilitation projects are carried out. In Solar Power Generation and Real Estate, real estate is rented, managed and developed, and equipment related to solar power and the environment is sold and maintenance is provided for it.

(Changes to classification of reportable segments)

Beginning with the fiscal year ended March 31, 2020, the Group has changed its segments from "Concrete Products," "Construction," and "Real Estate Development" to "Foundations," "Sewerage-related," and "Solar Power Generation and Real Estate" in order to more accurately assess management results in each segment.

The segment information for the previous consolidated fiscal year is disclosed based on the method adopted with this change.

2. Method for calculating turnover, income (loss), assets, liabilities and other items by reportable segment

The accounting methods for reported business segments are generally the same as those stated in "Basic significant matters for the preparation of consolidated financial statements."

The reportable segment income is based on operating income. Inter-segment turnover and transfers are based on current market prices.

(Changes to method for measuring segment income)

Beginning with the fiscal year ended March 31, 2020, the Group has presented corporate expenses that had previously been allocated to each segment as "Adjustments" that are not attributable to reportable segments in order to more accurately assess management results in each segment.

3. Information on calculating turnover, income (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousand yen)

| | Reportable segment | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on the consolidated financial statements (Note 3) |
|--|--------------------|----------------------|---|------------|--------------------|------------|-------------------------|---|
| | Foundations | Sewerage- related | Solar Power Generation and Real Estate | Total | | | | |
| Turnover | | | | | | | | |
| Turnover to external customers | 26,075,545 | 10,337,328 | 1,404,167 | 37,817,040 | 198,606 | 38,015,646 | — | 38,015,646 |
| Inter-segment turnover or transfers | 4,920 | — | 40,020 | 44,941 | — | 44,941 | (44,941) | — |
| Total | 26,080,465 | 10,337,328 | 1,444,187 | 37,861,982 | 198,606 | 38,060,588 | (44,941) | 38,015,646 |
| Segment income | 1,195,827 | 1,186,405 | 825,327 | 3,207,560 | 55,978 | 3,263,538 | (1,593,065) | 1,670,473 |
| Segment assets | 21,252,074 | 8,881,948 | 4,392,289 | 34,526,313 | 289,886 | 34,816,199 | 14,529,507 | 49,345,707 |
| Other items | | | | | | | | |
| Depreciation | 305,015 | 143,631 | 189,274 | 637,921 | 19,164 | 657,086 | 34,560 | 691,647 |
| Increase in property, plant and equipment and intangible assets | 204,015 | 23,307 | 885,107 | 1,112,431 | 66 | 1,112,497 | 63,411 | 1,175,909 |

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the sport facility management business and the rental business.

2. Adjustments are as follows:

- (1) An adjustment to turnover of ¥(44,941) thousand is the elimination of inter-segment transactions.
- (2) An adjustment to segment income of ¥(1,593,065) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.
- (3) An adjustment to segment assets of ¥14,529,507 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥13,331,756 thousand and assets associated with administration divisions, etc. of ¥1,197,750 thousand.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥63,411 thousand accounts for capital expenditure for the head office building, etc.

3. Total segment income corresponds to operating income on the Consolidated Statements of Income.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the related amortization.

For the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Thousand yen)

| | Reportable segment | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on the consolidated financial statements (Note 3) |
|--|--------------------|----------------------|---|------------|--------------------|------------|-------------------------|---|
| | Foundations | Sewerage- related | Solar Power Generation and Real Estate | Total | | | | |
| Turnover | | | | | | | | |
| Turnover to external customers | 22,862,163 | 10,650,846 | 1,360,604 | 34,873,614 | 178,272 | 35,051,886 | — | 35,051,886 |
| Inter-segment turnover or transfers | 6,544 | — | 39,249 | 45,793 | — | 45,793 | (45,793) | — |
| Total | 22,868,708 | 10,650,846 | 1,399,853 | 34,919,408 | 178,272 | 35,097,680 | (45,793) | 35,051,886 |
| Segment income | 911,086 | 1,519,038 | 743,343 | 3,173,468 | 45,347 | 3,218,815 | (1,407,464) | 1,811,351 |
| Segment assets | 18,814,329 | 10,023,564 | 4,728,852 | 33,566,746 | 259,715 | 33,826,461 | 15,152,395 | 48,978,857 |
| Other items | | | | | | | | |
| Depreciation | 278,061 | 133,402 | 239,374 | 650,839 | 17,116 | 667,955 | 38,839 | 706,795 |
| Increase in property, plant and equipment and intangible assets | 216,695 | 55,448 | 585,968 | 858,111 | 265 | 858,377 | 31,477 | 889,854 |

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the sport facility management business and the rental business.

2. Adjustments are as follows:

(1) An adjustment to turnover of ¥(45,793) thousand is the elimination of inter-segment transactions.

(2) An adjustment to segment income of ¥(1,407,464) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.

(3) An adjustment to segment assets of ¥15,152,395 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥13,973,557 thousand and assets associated with administration divisions, etc. of ¥1,178,838 thousand.

(4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥31,477 thousand accounts for capital expenditure for the head office building, etc.

3. Total segment income corresponds to operating income on the Consolidated Statements of Income.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the related amortization.

(Per share information)

| | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|----------------------|---|---|
| Net assets per share | ¥1,290.73 | ¥1,342.50 |
| Earnings per share | ¥82.81 | ¥85.83 |

(Notes) 1. Diluted earnings per share is not presented due to the absence of residual shares.

2. Basis for calculating earnings per share is as follows.

| Items | For the fiscal year ended March 31, 2019 | For the fiscal year ended March 31, 2020 |
|---|---|---|
| Profit attributable to owners of parent company (Thousand yen) | 2,053,885 | 2,105,296 |
| Amount not attributable to common shareholders (Thousand yen) | — | — |
| Profit attributable to owners of parent company relating to common stocks (Thousand yen) | 2,053,885 | 2,105,296 |
| Average number of common stocks during the period (Shares) | 24,802,233 | 24,527,583 |

3. Basis for calculating net assets per share is as follows.

| Items | As of March 31, 2019 | As of March 31, 2020 |
|---|----------------------|----------------------|
| Total net assets (Thousand yen) | 32,068,148 | 33,159,694 |
| Amount to be subtracted from the total net assets (Thousand yen) | 233,135 | 345,503 |
| [Non-controlling interest of the above (Thousand yen)] | [233,135] | [345,503] |
| Net assets at year-end relating to common stocks (Thousand yen) | 31,835,013 | 32,814,191 |
| Number of common stocks at year-end used for calculating earnings per share (Shares) | 24,664,317 | 24,442,529 |

(Significant subsequent events)

No relevant items.