

# 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.

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## 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
<b>Assets</b>		
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
<b>Total assets</b>	<b>49,345,707</b>	<b>48,978,857</b>

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
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
<b>Total liabilities</b>	<b>17,277,558</b>	<b>15,819,162</b>
<b>Net assets</b>		
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
<b>Total net assets</b>	<b>32,068,148</b>	<b>33,159,694</b>
<b>Total liabilities and net assets</b>	<b>49,345,707</b>	<b>48,978,857</b>

(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
<b>Cash flows from operating activities</b>		
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
<b>Cash flows from investing activities</b>		
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)
<b>Cash flows from financing activities</b>		
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.