

Consolidated Quarterly Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]



August 6, 2020

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

URL: <http://www.nipponhume.co.jp>

Representative: Minoru Okawauchi, President and Representative Director

Contact: Hirokazu Suzuki, Director and General Manager of Accounting Division

Phone: +81-3-3433-4111

Scheduled date of filing quarterly securities report: August 6, 2020

Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: No

Holding of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 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	%
Three months ended June 30, 2020	7,500	(2.4)	476	9.3	812	(15.3)	638	(17.8)
Three months ended June 30, 2019	7,687	(27.9)	435	41.0	959	31.5	775	10.8

(Note) Comprehensive income: Three months ended June 30, 2020: ¥1,143 million [71.1%]

Three months ended June 30, 2019: ¥668 million [-0.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	26.11		—	
Three months ended June 30, 2019	31.51		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	48,505	33,824	69.0	1,370.75
As of March 31, 2020	48,978	33,159	67.0	1,342.50

(Reference) Equity: As of June 30, 2020: ¥33,487 million

As of March 31, 2020: ¥32,814 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen —	Yen —	Yen 19.00	Yen 19.00
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		—	—	19.00	19.00

(Note) Revision to the dividend forecast announced most recently: No

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	15,000	(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

(Note) Revision to the financial results forecast announced most recently: No

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly included: — (Company name) Excluded: — (Company name)

(2) Application of accounting procedures specific to preparation of consolidated quarterly financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards, etc.: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020: 29,347,500 shares

As of March 31, 2020: 29,347,500 shares

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

As of June 30, 2020: 4,917,717 shares

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

3) Average number of shares during the period

Three months ended June 30, 2020: 24,438,280 shares

Three months ended June 30, 2019: 24,627,417 shares

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

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

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. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the attachment.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	2
2. Consolidated Quarterly Financial Statements and Important Notes.....	3
(1) Consolidated Quarterly Balance Sheets	3
(2) Consolidated Quarterly Statements of Income and Comprehensive Income	5
(3) Notes to the Consolidated Quarterly Financial Statements	7
(Notes on going concern assumption)	7
(Notes in the case of significant changes in shareholders' equity)	7
(Segment information, etc.)	7

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended June 30, 2020, with the end of the spread of the novel coronavirus still not in sight, the sense of uncertainty over the world economy continued. Regarding the Japanese economy, by taking measures from around June to prevent the spread of the virus, the government has gradually boosted social and economic activities. However, since infections are increasing mainly in urban areas, the uncertain outlook on the economy is expected to continue.

In terms of market trends affecting the Group, demand for Hume pipes in the sewerage-related business and demand for concrete pile products in the foundations business remained at roughly the same levels as 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 three months ended June 30, 2020, orders received totaled ¥7,647 million (down 0.3% year on year), and turnover amounted to ¥7,500 million (down 2.4% year on year).

As for profit and loss, operating income was ¥476 million (up 9.3% year on year); ordinary income was ¥812 million (down 15.3% year on year), mainly because of equity in earnings of affiliates and dividend income; and profit attributable to owners of parent was ¥638 million (down 17.8% year on year).

(2) Explanation of Financial Position

Total assets as of June 30, 2020, decreased ¥472 million from the end of the previous consolidated fiscal year, reaching ¥48,505 million. This was mainly because, while cash and deposits increased ¥454 million under current assets and investment securities increased ¥628 million under non-current assets, notes and accounts receivable – trade decreased ¥1,754 million under current assets.

In addition, under liabilities, total liabilities decreased ¥1,137 million from the end of the previous consolidated fiscal year to ¥14,681 million. This was mainly because, under current liabilities, notes and accounts payable – trade decreased ¥1,285 million.

Under net assets, total net assets increased ¥664 million from the end of the previous consolidated fiscal year, to ¥33,824 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥638 million, there was a decrease of ¥479 million for cash dividends paid; valuation difference on available-for-sale securities increased ¥275 million; and remeasurements of defined benefit increased ¥214 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2021, there has been no change to the first-half and full-year results forecasts published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP],” dated May 20, 2020.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	10,376,529	10,830,893
Notes and accounts receivable - trade	11,887,000	10,132,450
Merchandise and finished goods	2,433,113	2,625,004
Raw materials and supplies	519,544	473,266
Other	169,935	140,584
Provision for doubtful accounts	(16,498)	(13,530)
Total current assets	25,369,624	24,188,669
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,047,116	3,983,939
Land	3,572,904	3,569,397
Other, net	1,645,389	1,684,607
Total property, plant and equipment	9,265,410	9,237,943
Intangible assets	119,910	197,244
Investments and other assets		
Investment securities	13,973,557	14,602,034
Other	351,286	380,899
Provision for doubtful accounts	(100,931)	(100,931)
Total investments and other assets	14,223,911	14,882,003
Total non-current assets	23,609,232	24,317,191
Total assets	48,978,857	48,505,860
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,130,996	8,845,665
Short-term loans	944,469	935,897
Income taxes payable	260,525	163,892
Provision for bonuses	176,906	—
Other	784,145	1,226,521
Total current liabilities	12,297,043	11,171,976
Non-current liabilities		
Provision for directors' retirement benefits	17,217	14,907
Provision for environmental measures	1,514	1,514
Net defined benefit liability	2,744,509	2,463,975
Other	758,878	1,029,205
Total non-current liabilities	3,522,119	3,509,603
Total liabilities	15,819,162	14,681,579

(Thousand yen)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,688,447	4,688,456
Retained earnings	24,715,817	24,874,551
Treasury shares	(2,073,120)	(2,082,294)
Total shareholders' equity	32,582,545	32,732,113
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	240,023	515,241
Difference in foreign exchange	227,280	261,134
Remeasurements of defined benefit	(235,658)	(21,466)
Total accumulated other comprehensive income	231,646	754,909
Non-controlling interests	345,503	337,257
Total net assets	33,159,694	33,824,280
Total liabilities and net assets	48,978,857	48,505,860

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Turnover	7,687,762	7,500,088
Cost of sales	6,241,011	6,095,284
Gross profit	1,446,751	1,404,804
Selling, general and administrative expenses	1,010,987	928,608
Operating income	435,764	476,195
Non-operating income		
Interest income	509	360
Dividend income	57,968	83,293
Share of income of associates	424,915	294,456
Foreign exchange gains	13,014	—
Other	39,001	44,260
Total non-operating income	535,410	422,370
Non-operating expenses		
Interest expenses	7,415	4,064
Foreign exchange losses	—	71,676
Other	4,509	10,198
Total non-operating expenses	11,925	85,939
Ordinary income	959,248	812,627
Extraordinary income		
State subsidy	1,440	1,440
Total extraordinary income	1,440	1,440
Extraordinary losses		
Loss on sales of non-current assets	—	940
Total extraordinary losses	—	940
Profit before income taxes and minority interests	960,688	813,127
Income taxes - current	105,925	147,997
Income taxes - deferred	76,809	44,787
Total income taxes	182,735	192,785
Profit after income taxes	777,953	620,342
Profit (loss) attributable to non-controlling interests	2,025	(17,838)
Profit attributable to owners of parent company	775,927	638,180

Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Profit after income taxes	777,953	620,342
Other comprehensive income		
Valuation difference on available-for-sale securities	(85,016)	283,218
Difference in foreign exchange	(16,671)	45,635
Remeasurements of defined benefit	11,239	214,625
Share of other comprehensive income of associates	(18,996)	(20,216)
Total other comprehensive income	(109,445)	523,262
Comprehensive income	668,507	1,143,605
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	666,481	1,161,443
Comprehensive income (loss) attributable to non-controlling interests	2,025	(17,838)

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

(Notes in the case of significant changes in shareholders' equity)

No relevant items.

(Segment information, etc.)

I. For the three months ended June, 2019 (April 1, 2019 to June 30, 2019)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the Consolidated Quarterly Statements of Income (Note 3)
	Foundations	Sewerage- related	Solar Power Generation and Real Estate	Total				
Turnover								
Turnover to external customers	5,059,514	2,239,119	352,589	7,651,223	36,539	7,687,762	—	7,687,762
Inter-segment turnover or transfers	1,607	—	9,884	11,492	—	11,492	(11,492)	—
Total	5,061,121	2,239,119	362,474	7,662,715	36,539	7,699,255	(11,492)	7,687,762
Segment income	245,512	338,195	217,259	800,967	6,745	807,712	(371,948)	435,764

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

2. An adjustment to segment income of ¥ (371,948) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.

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

2. Information on impairment loss or goodwill for non-current assets by reportable segment

No relevant items.

II. For the three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the Consolidated Quarterly Statements of Income (Note 3)
	Foundations	Sewerage- related	Solar Power Generation and Real Estate	Total				
Turnover								
Turnover to external customers	4,998,205	2,142,432	347,373	7,488,011	12,077	7,500,088	—	7,500,088
Inter-segment turnover or transfers	1,529	—	9,586	11,115	—	11,115	(11,115)	—
Total	4,999,735	2,142,432	356,959	7,499,126	12,077	7,511,204	(11,115)	7,500,088
Segment income	247,732	377,010	198,770	823,514	8,990	832,505	(356,309)	476,195

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

2. An adjustment to segment income of ¥ (356,309) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.

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

2. Information on impairment loss or goodwill for non-current assets by reportable segment

No relevant items.