

# Consolidated Quarterly Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]



February 14, 2022

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly securities report: February 14, 2022

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 Nine Months Ended December 31, 2021

(April 1, 2021 to December 31, 2021)

### (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	%
Nine months ended December 31, 2021	21,590	(4.9)	986	(23.6)	1,833	(13.4)	1,514	(4.5)
Nine months ended December 31, 2020	22,707	(11.2)	1,291	(1.9)	2,118	(1.0)	1,585	(7.2)

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥1,237 million [-47.2%]  
 Nine months ended December 31, 2020: ¥2,341 million [21.4%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	62.28		—	
Nine months ended December 31, 2020	64.88		—	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	51,016	36,475	70.9	1,491.92
As of March 31, 2021	50,418	36,020	70.8	1,461.11

(Reference) Equity: As of December 31, 2021: ¥36,156 million  
 As of March 31, 2021: ¥35,691 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen —	Yen —	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2022	—	—	—		
Fiscal year ending March 31, 2022 (Forecast)				20.00	20.00

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

(Note) Breakdown of dividends for the fiscal year ended March 31, 2021: Ordinary dividend: 20.00 yen

Commemorative dividend: 5.00 yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(% 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
Full year	31,000	1.8	1,750	1.2	2,650	(2.3)	2,000	(6.1)	81.87

(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.: Yes

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 December 31, 2021: 29,347,500 shares

As of March 31, 2021: 29,347,500 shares

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

As of December 31, 2021: 5,112,959 shares

As of March 31, 2021: 4,919,851 shares

3) Average number of shares during the period

Nine months ended December 31, 2021: 24,317,182 shares

Nine months ended December 31, 2020: 24,431,993 shares

\* These 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 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. 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 3 of the attachment.

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

### (1) Explanation of Operating Results

Looking at the world economy during the nine months ended December 31, 2021, signs of the resumption of economic activity were observed notably in the United States and Europe. However, expectations of a recovery stalled with the surge in raw fuel prices, a resurgence of novel coronavirus cases, and other factors. In the Japanese economy, although the situation such as progress in novel coronavirus vaccination programs and lifting of the state of emergency raised hopes of recovery signals, the outlook remained uncertain due to concerns of a resurgence of novel coronavirus cases and the impact on economic activity, the emergence of a new variant, and other factors.

With regard to the business environment in which the Group operates, public works investment has been solid since the implementation by the government of the “Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience.” Private-sector construction investment showed signs of picking up, but the order environment remained challenging.

Under these conditions, nationwide demand for concrete pile products in the foundations business was flat year on year, but competition for new orders remains intense. The sewerage-related business recorded solid performance as a result of enhanced efforts in winning orders for high value-added products geared toward disaster prevention, disaster mitigation, and national resilience measures.

In the nine months ended December 31, 2021, consolidated turnover amounted to ¥21,590 million (down 4.9% year on year), operating income was ¥986 million (down 23.6%), ordinary income was ¥1,833 million (down 13.4%), and profit attributable to owners of parent was ¥1,514 million (down 4.5%). As a result of the application of the Accounting Standard for Revenue Recognition, etc., both turnover and cost of sales were ¥421 million lower than when calculated using the previous method, mainly due to the effect of recognizing a net amount of turnover from transactions performed as an agent.

The business environment in which the Group operates is projected to remain challenging given rising prices of raw materials and raw fuels, combined with severe competition for new orders in the foundations business. The Group will continue its unwavering efforts to further enhance production efficiency and reduce costs, and will work to stabilize and enhance profits by leveraging the features of its business portfolio to strengthen and promote the creation of demand for its high value-added products.

The Group is diligently promoting its “21-23 Plan” medium-term management plan. In the third quarter, it pushed forward with research and development of environmentally friendly products toward the realization of a decarbonized society and carbon neutrality, which are keys to its growth strategy, and also proceeded to enrich the lineup of high value-added products for rainwater management in the face of climate change. In digitalization initiatives, the Group worked on further enhancement of the functionality of the “Pile-ViMSys” next-generation DX construction management system as well as development of an operational system for automating and streamlining the processes. Additionally, the Group is promoting basic research on manufacturing technology aimed at cost reduction and increased efficiency. With the government positioning “concrete and cement industries as critical fields for carbon recycling,” the Group will continue to pursue its medium- to long-term growth strategy under the theme of “green and digital.”

### (2) Explanation of Financial Position

Total assets as of December 31, 2021, increased ¥597 million from the end of the previous consolidated fiscal year, to ¥51,016 million. This was mainly because, under current assets, cash and deposits decreased ¥1,322 million and under non-current assets, investment securities decreased ¥276 million, while notes and accounts receivable - trade and contract assets increased ¥1,720 million, and merchandise and finished goods increased ¥398 million.

In addition, under liabilities, total liabilities increased ¥143 million from the end of the previous consolidated fiscal year, to ¥14,541 million. This was mainly because, under current liabilities, provision for bonuses decreased ¥172 million and income taxes payable decreased ¥140 million, while notes and accounts payable - trade increased ¥442 million.

Under net assets, total net assets increased ¥454 million from the end of the previous consolidated fiscal year, to ¥36,475 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,514 million, there was a decrease of ¥633 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥263 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, 2022, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]” dated May 13, 2021.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,328,246	11,005,757
Notes and accounts receivable - trade	8,770,485	—
Notes and accounts receivable trade and contract assets	—	10,490,604
Merchandise and finished goods	2,564,269	2,962,340
Raw materials and supplies	509,182	712,620
Other	206,376	221,790
Provision for doubtful accounts	(11,769)	(15,221)
Total current assets	24,366,791	25,377,892
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,134,471	3,949,546
Land	3,610,229	3,606,301
Other, net	1,583,297	1,721,374
Total property, plant and equipment	9,327,999	9,277,222
Intangible assets	188,238	154,705
Investments and other assets		
Investment securities	16,200,362	15,924,194
Other	367,731	314,611
Provision for doubtful accounts	(32,718)	(32,250)
Total investments and other assets	16,535,375	16,206,556
Total non-current assets	26,051,613	25,638,483
Total assets	50,418,405	51,016,376
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,113,087	8,555,801
Short-term loans	928,055	974,383
Income taxes payable	327,912	187,362
Provision for bonuses	172,900	—
Provision for loss on construction contracts	—	2,163
Other	1,065,399	1,077,824
Total current liabilities	10,607,354	10,797,535
Non-current liabilities		
Provision for share-based remuneration for directors	16,500	22,146
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,517,770	2,535,589
Other	1,241,223	1,170,868
Total non-current liabilities	3,790,401	3,743,511
Total liabilities	14,397,755	14,541,047

(Thousand yen)

	As of March 31, 2021	As of December 31, 2021
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,773,375	4,773,375
Retained earnings	26,366,080	27,246,889
Treasury shares	(2,163,815)	(2,306,283)
Total shareholders' equity	34,227,040	34,965,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,213,840	950,235
Difference in foreign exchange	220,761	193,415
Remeasurements of defined benefit	29,869	47,058
Total accumulated other comprehensive income	1,464,471	1,190,709
Non-controlling interests	329,137	319,237
Total net assets	36,020,649	36,475,329
Total liabilities and net assets	50,418,405	51,016,376

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

## Consolidated Quarterly Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Turnover	22,707,535	21,590,833
Cost of sales	18,602,806	17,580,949
Gross profit	4,104,729	4,009,883
Selling, general and administrative expenses	2,813,693	3,023,187
Operating income	1,291,035	986,695
Non-operating income		
Interest income	544	268
Dividend income	162,888	194,042
Share of income of associates	599,952	570,031
Foreign exchange gains	—	23,384
Other	137,448	84,174
Total non-operating income	900,833	871,901
Non-operating expenses		
Interest expenses	10,636	9,370
Foreign exchange losses	38,431	—
Other	24,192	15,477
Total non-operating expenses	73,260	24,847
Ordinary income	2,118,609	1,833,749
Extraordinary income		
Gain on sales of fixed assets	—	27,527
Gain on sale of investment securities	—	108,066
State subsidy	1,440	—
Total extraordinary income	1,440	135,593
Extraordinary losses		
Loss on sales of non-current assets	940	—
Loss on valuation of investment securities	17,181	—
Structure reform expenses	39,453	—
Total extraordinary losses	57,574	—
Profit before income taxes and minority interests	2,062,474	1,969,342
Income taxes - current	455,127	425,049
Income taxes - deferred	37,141	33,077
Total income taxes	492,268	458,126
Profit after income taxes	1,570,205	1,511,216
Loss attributable to non-controlling interests	(15,046)	(3,375)
Profit attributable to owners of parent company	1,585,252	1,514,591

## Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit after income taxes	1,570,205	1,511,216
Other comprehensive income		
Valuation difference on available-for-sale securities	510,779	(244,930)
Difference in foreign exchange	5,376	(22,007)
Remeasurements of defined benefit	233,822	17,433
Share of other comprehensive income of associates	21,623	(24,257)
Total other comprehensive income	771,602	(273,762)
Comprehensive income	2,341,808	1,237,453
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	2,356,855	1,240,829
Comprehensive income (loss) attributable to non-controlling interests	(15,046)	(3,375)

### (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.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the three months ended June 30, 2021. Under the Revenue Recognition Accounting Standard, the Company recognizes revenue at the time when control over the promised goods or services are transferred to the customer, in an amount equal to the consideration expected to be received for the said goods or services. Previously, the percentage-of-completion method was used for work contracts for which the outcome of a portion of a work was deemed certain, and the completed-contract method was used for work contracts that did not satisfy this requirement. From this fiscal year onward, revenue is recognized over a certain period of time as performance obligations are satisfied. Moreover, in cases where the duration of a work is extremely short, revenue is recognized at the time when a work that fully satisfies the performance obligations has been completed. The input method (proportion of actual cost to estimated total cost) is used to estimate the rate of progress in fulfilling performance obligations.

For transactions where the Company's role in the provision of products to the customer is that of an agent, the Company previously recognized the gross amount of the consideration received from the customer as revenue. The Company now recognizes as revenue the net amount received from the customer after deducting the amount paid to the product's supplier.

In applying the Revenue Recognition Accounting Standard, etc., the Company has followed the transitional treatment stipulated under the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, adjusting retained earnings at the start of the three months ended June 30, 2021, to account for the cumulative effect of retrospective application of the new accounting policy prior to that time, and applying the new accounting policy from the adjusted balance.

As a result, for the nine months ended December 31, 2021, both turnover and cost of sales were ¥421 million lower than when calculated using the previous method. There was no effect on the amount of retained earnings at the start of the nine months ended December 31, 2021.

Pursuant to the application of Revenue Recognition Accounting Standard, etc., notes and accounts receivable – trade, which was presented in current assets on the consolidated balance sheets for the previous fiscal year, was included in notes and accounts receivable – trade and contract assets for the three months ended June 30, 2021. In accordance with the transitional treatment prescribed under Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified items for the previous fiscal year based on the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc. from the start of the three months ended June 30, 2021. The Company has applied the new accounting policy prospectively from the start of the three months ended June 30, 2021, in accordance with the transitional treatment prescribed under Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect on the consolidated quarterly financial statements.

(Segment information, etc.)

I. For the nine months ended December 31, 2020 (April 1, 2020 to December 31, 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	13,619,466	7,965,214	1,084,167	22,668,847	38,687	22,707,535	—	22,707,535
Inter-segment turnover or transfers	5,409	—	29,130	34,540	—	34,540	(34,540)	—
Total	13,624,875	7,965,214	1,113,298	22,703,387	38,687	22,742,075	(34,540)	22,707,535
Segment income	634,570	1,128,806	590,237	2,353,614	29,888	2,383,502	(1,092,466)	1,291,035

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

2. An adjustment to segment income of ¥(1,092,466) 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 nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

## 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	12,594,300	7,873,709	1,079,302	21,547,312	43,521	21,590,833	—	21,590,833
Inter-segment turnover or transfers	4,220	—	28,430	32,651	—	32,651	(32,651)	—
Total	12,598,521	7,873,709	1,107,733	21,579,963	43,521	21,623,485	(32,651)	21,590,833
Segment income	155,508	1,342,268	600,270	2,098,047	34,808	2,132,856	(1,146,160)	986,695

- (Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the rental business.  
2. An adjustment to segment income of ¥(1,146,160) 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.

## 3. Changes in reportable segments, etc.

As described in Changes in accounting policies, the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the three months ended June 30, 2021. Pursuant to the change in accounting treatment for revenue recognition, the Company has likewise changed the methods used to calculate income or loss for its business segments.

As a result of this change, for the nine months ended December 31, 2021, the turnover of the foundations business and the sewerage-related business was ¥26 million and ¥395 million lower, respectively, than when calculated using the previous method.