

# Consolidated Quarterly Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



August 6, 2021

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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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, 2021 (April 1, 2021 to June 30, 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	%
Three months ended June 30, 2021	6,616	(11.8)	318	(33.1)	844	4.0	704	10.3
Three months ended June 30, 2020	7,500	(2.4)	476	9.3	812	(15.3)	638	(17.8)

(Note) Comprehensive income: Three months ended June 30, 2021: ¥505 million [-55.8%]  
Three months ended June 30, 2020: ¥1,143 million [71.1%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	28.87		—	
Three months ended June 30, 2020	26.11		—	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	50,222	35,824	70.7	1,458.47
As of March 31, 2021	50,418	36,020	70.8	1,461.11

(Reference) Equity: As of June 30, 2021: ¥35,502 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
First half	15,000	(0.3)	650	(24.9)	1,400	(7.7)	1,100	(4.3)	45.03
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 June 30, 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 June 30, 2021: 5,004,955 shares

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

3) Average number of shares during the period

Three months ended June 30, 2021: 24,387,245 shares

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

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

### (1) Explanation of Operating Results

During the three months ended June 30, 2021, indications spread of a recovery in the world economy, against the backdrop of progress in novel coronavirus vaccinations. However, the renewed spread of infections with new variants of the virus has been observed in some regions, and the sense of uncertainty over the world economy continued. Regarding the Japanese economy, as a result of factors such as the redeclaration of a state of emergency, shortages in the supply of semiconductors and the pace of novel coronavirus vaccinations, a moderate recovery is forecast, but at present, risks have emerged including soaring raw materials prices, and the outlook for the business environment remains uncertain.

In terms of market trends affecting the Group, nationwide demand for concrete pile products in the foundations business was slightly higher than during the same period of the previous fiscal year, but there were significant regional differences in the demand environment. Demand for Hume pipes in the sewerage-related business fell short of the previous fiscal year, but demand increased for earthquake resistance and pipe and drain rehabilitation projects associated with disaster readiness/mitigation and national resilience.

In these business conditions, the Group is pushing ahead with five basic strategies—1) promote strategies for each business segment; 2) strengthen technological development; 3) strengthen human resources capabilities; 4) strengthen governance; and 5) well-balanced, targeted investment and stable shareholder returns—under the 21-23 Plan, the Group's medium-term management plan.

In addition to expanding sales of the HiFB II Method, a high force-bearing construction method developed last year, and promoting strategic initiatives in the disaster readiness/mitigation and national resilience business, the Group implemented structural reforms to promote the technological development of strategic products.

In the three months ended June 30, 2021, turnover amounted to ¥6,616 million (down 11.8% year on year); operating income was ¥318 million (down 33.1% year on year); ordinary income was ¥844 million (up 4.0% year on year); and profit attributable to owners of parent was ¥704 million (up 10.3% year on year). As a result of the application of the Accounting Standard for Revenue Recognition, etc., both turnover and cost of sales were ¥180 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.

### (2) Explanation of Financial Position

Total assets as of June 30, 2021, decreased ¥195 million from the end of the previous consolidated fiscal year, reaching ¥50,222 million. This was mainly because, while merchandise and finished goods increased ¥295 million and raw materials and supplies increased ¥85 million under current assets, and investment securities increased ¥89 million under non-current assets, cash and deposits decreased ¥625 million under current assets.

In addition, under liabilities, total liabilities were ¥14,397 million, at the same level as the end of the previous consolidated fiscal year.

Under net assets, total net assets decreased ¥196 million from the end of the previous consolidated fiscal year, to ¥35,824 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥704 million, there was a decrease of ¥633 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥180 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 first-half and full-year results forecasts 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 June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,328,246	11,702,613
Notes and accounts receivable - trade	8,770,485	—
Notes and accounts receivable - trade and contract assets	—	8,755,963
Merchandise and finished goods	2,564,269	2,860,222
Raw materials and supplies	509,182	594,215
Other	206,376	233,666
Provision for doubtful accounts	(11,769)	(11,096)
Total current assets	24,366,791	24,135,584
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,134,471	4,075,740
Land	3,610,229	3,612,144
Other, net	1,583,297	1,615,295
Total property, plant and equipment	9,327,999	9,303,179
Intangible assets	188,238	173,361
Investments and other assets		
Investment securities	16,200,362	16,289,857
Other	367,731	353,204
Provision for doubtful accounts	(32,718)	(32,718)
Total investments and other assets	16,535,375	16,610,342
Total non-current assets	26,051,613	26,086,884
Total assets	50,418,405	50,222,468
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,113,087	8,087,677
Short-term loans	928,055	964,712
Income taxes payable	327,912	155,979
Provision for bonuses	172,900	—
Other	1,065,399	1,413,231
Total current liabilities	10,607,354	10,621,601
Non-current liabilities		
Provision for share-based remuneration for directors	16,500	14,473
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,517,770	2,525,055
Other	1,241,223	1,221,843
Total non-current liabilities	3,790,401	3,776,279
Total liabilities	14,397,755	14,397,880

(Thousand yen)

	As of March 31, 2021	As of June 30, 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	26,436,474
Treasury shares	(2,163,815)	(2,225,897)
Total shareholders' equity	34,227,040	34,235,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,213,840	1,032,843
Difference in foreign exchange	220,761	203,618
Remeasurements of defined benefit	29,869	30,999
Total accumulated other comprehensive income	1,464,471	1,267,461
Non-controlling interests	329,137	321,774
Total net assets	36,020,649	35,824,588
Total liabilities and net assets	50,418,405	50,222,468

## (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, 2020	For the three months ended June 30, 2021
Turnover	7,500,088	6,616,260
Cost of sales	6,095,284	5,360,210
Gross profit	1,404,804	1,256,050
Selling, general and administrative expenses	928,608	937,306
Operating income	476,195	318,743
Non-operating income		
Interest income	360	62
Dividend income	83,293	100,577
Share of income of associates	294,456	401,279
Foreign exchange gains	—	3,643
Other	44,260	29,785
Total non-operating income	422,370	535,348
Non-operating expenses		
Interest expenses	4,064	3,873
Foreign exchange losses	71,676	—
Other	10,198	5,304
Total non-operating expenses	85,939	9,177
Ordinary income	812,627	844,914
Extraordinary income		
State subsidy	1,440	—
Total extraordinary income	1,440	—
Extraordinary losses		
Loss on sales of non-current assets	940	—
Total extraordinary losses	940	—
Profit before income taxes and minority interests	813,127	844,914
Income taxes - current	147,997	92,525
Income taxes - deferred	44,787	49,867
Total income taxes	192,785	142,393
Profit after income taxes	620,342	702,520
Loss attributable to non-controlling interests	(17,838)	(1,654)
Profit attributable to owners of parent company	638,180	704,175

## Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Profit after income taxes	620,342	702,520
Other comprehensive income		
Valuation difference on available-for-sale securities	283,218	(168,825)
Difference in foreign exchange	45,635	(19,297)
Remeasurements of defined benefit	214,625	1,703
Share of other comprehensive income of associates	(20,216)	(10,590)
Total other comprehensive income	523,262	(197,010)
Comprehensive income	1,143,605	505,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,161,443	507,165
Comprehensive income (loss) attributable to non-controlling interests	(17,838)	(1,654)

(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 three months ended June 30, 2021, both turnover and cost of sales were ¥180 million lower than when calculated using the previous method. There was no effect on the amount of retained earnings at the start of the three months ended June 30, 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 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.

## II. For the three months ended June 30, 2021 (April 1, 2021 to June 30, 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	4,205,336	2,026,567	367,821	6,599,725	16,535	6,616,260	—	6,616,260
Inter-segment turnover or transfers	932	—	9,444	10,377	—	10,377	(10,377)	—
Total	4,206,269	2,026,567	377,265	6,610,102	16,535	6,626,637	(10,377)	6,616,260
Segment income	60,981	405,263	209,395	675,640	13,614	689,254	(370,511)	318,743

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

2. An adjustment to segment income of ¥ (370,511) 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, the turnover of the sewerage-related business for the three months ended June 30, 2021, was ¥180 million lower than when calculated using the previous method.