

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

URL: <https://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 Annual General Meeting of Shareholders: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing annual securities report: June 29, 2022

Preparation of supplementary briefing material on financial results: Yes

Holding of financial results briefing session: Yes (for analysts, and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	29,501	(3.1)	1,449	(16.2)	2,526	(6.8)	2,136	0.3
Fiscal year ended March 31, 2021	30,446	(13.1)	1,730	(4.5)	2,711	2.6	2,129	1.2

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥1,734 million [(48.2)%]

Fiscal year ended March 31, 2021: ¥3,351 million [94.5%]

	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, 2022	87.95	—	5.9	4.9	4.9
Fiscal year ended March 31, 2021	87.17	—	6.2	5.5	5.7

(Reference) Share of income (loss) of associates: Fiscal year ended March 31, 2022: ¥710 million

Fiscal year ended March 31, 2021: ¥674 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	52,121	36,935	70.3	1,514.78
As of March 31, 2021	50,418	36,020	70.8	1,461.11

(Reference) Equity: As of March 31, 2022: ¥36,626 million

As of March 31, 2021: ¥35,691 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, 2022	972	561	(823)	13,021
Fiscal year ended March 31, 2021	3,598	(1,162)	(473)	12,285

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, 2021	—	—	—	25.00	25.00	633	28.7	1.8
Fiscal year ended March 31, 2022	—	—	—	20.00	20.00	502	22.7	1.3
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	21.00	21.00		28.2	

(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, 2023 (April 1, 2022 to March 31, 2023)

(% 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	6.2	500	(22.4)	1,200	(14.1)	900	(20.9)	37.22
Full year	32,000	8.5	1,600	10.3	2,500	(1.1)	1,800	(15.7)	74.44

* 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) 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, 2022: 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 March 31, 2022: 5,168,111 shares

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

3) Average number of shares during the period

Fiscal year ended March 31, 2022: 24,287,417 shares

Fiscal year ended March 31, 2021: 24,430,907 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 4 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, 2022, the Japanese economy continued to make a gradual recovery due to the effect of coronavirus measures and improvements in overseas economies, even as the coronavirus continued to spread in waves and limits on economic activity were alternately imposed and eased. At the same time, the global supply chain experienced turmoil due to soaring material prices and material shortages, and at the end of the fiscal year, concerns of an economic downturn on a global scale were provoked by changes in international political conditions. These concerns were exacerbated by dramatic fluctuations in the foreign exchange market, leaving the outlook uncertain.

In the market environment affecting the Group, public works investment was solid due to the promotion of disaster prevention and mitigation measures and measures to improve national resilience. However, although private capital investment is recovering, conditions remain harsh overall as a result of intense competition over orders and a steep rise in key material prices, among other factors.

In these conditions, in this first year of the medium-term management plan, the 21-23 Plan, the Group pursued business structure reforms and research and development anticipating changes in the business environment, with the aim of further stabilizing the management foundation and achieving sustainable growth.

In the foundations business, the Group invested in equipment related to the manufacture of nodular piles as a measure to expand its business fields, and also improved the efficiency of its quality management using ICT construction management, and worked on introducing and expanding the functionality of the “Pile-ViMSys” next-generation DX construction management system, aimed at reducing construction costs. In the sewerage-related business, the Group expanded its lineup of rainwater management products to address climate change and reinforced its ability to propose designs, and also worked to further expand its adoption of aseismic construction methods for sewerage networks. As a medium- and long-term growth strategy, the Group sought to address the aging of infrastructure that has been intensively maintained since the high-growth period and the decline in the number of construction engineers by strengthening and streamlining its system for proposing designs for pre-cast products. Moreover, as the global trend toward decarbonization accelerates, the Group pursued its research and development focused on eco-friendly materials that curb CO₂ emissions and parts for wind power towers. In addition, the Group set up a new company with the aim of creating new businesses in infrastructure aging, decarbonization, and renewable energy.

As a result, turnover amounted to ¥29,501 million (down 3.1% year on year), operating income was ¥1,449 million (down 16.2% year on year), ordinary income was ¥2,526 million (down 6.8% year on year), and profit attributable to owners of parent company was ¥2,136 million (up 0.3% year on year).

An overview of the business segments is provided below.

1) Foundations business

Nationwide demand for concrete pile products was about the same as in the previous year, but the orders environment remains harsh, and although the Group endeavored to lower costs to improve its earning capacity, the rise in raw material prices had a major impact. As a result, turnover totaled ¥16,830 million (down 5.5% year on year) and operating income was ¥234 million (down 65.6%). However, the “Pile-ViMSys” next-generation DX construction management system that the Group developed was highly acclaimed. This is one of the ways in which the Group is beginning to see the effects of its efforts to strengthen its design marketing activities utilizing its key strengths, and the Group will continue to strengthen individual management with thorough construction management and reductions in manufacturing costs and other measures to improve earning capacity.

2) Sewerage-related business

As climate disasters caused by climate change grow more intense and frequent, large-scale earthquakes become a pressing risk, and infrastructure ages, the Group has focused on proposing designs for high value-added products geared toward disaster prevention, disaster mitigation and national resilience measures, and

marketing pre-cast transition proposals. As a result, turnover totaled ¥11,168 million (up 0.5% year on year) and operating income was ¥1,914 million (up 15.0%). The Group will continue to work to improve earning capacity with design proposals for high value-added products and pre-cast products, the development of high value-added products, and a stronger sales system in anticipation of a market related to disaster prevention and mitigation and national resilience.

3) Solar Power Generation and Real Estate business

Real estate rental revenue was solid, and in the solar power generation area, both electric power generation and power selling was stable for NH Tohoku Solar Power Generation and NH Okayama Solar Power Generation. Turnover amounted to ¥1,444 million (down 1.2% year on year) and operating income was ¥801 million (up 0.1%).

4) Others

In Others, turnover totaled ¥57 million (up 1.3% year on year) and operating income was ¥45 million (up 1.5%).

(Purchase of treasury shares)

At the Board of Directors' Meeting held on April 27, 2021, the Company resolved to purchase treasury shares to improve the Group's capital efficiency and make a greater return of profits to shareholders. A total of ¥182 million in treasury shares was purchased.

(Reduction in cross-shareholdings)

The Company holds shares in the companies of its business partners (hereinafter, "cross-shareholdings") with the aim of maintaining and strengthening these business relationships. The rationale behind the purpose and effect of holding these shares is examined comprehensively by the Board of Directors. In the consolidated fiscal year under review, the Group reviewed the purpose of these holdings and their investment efficiency, and reduced them by approximately ¥1 billion. The Group will continue to examine its cross-shareholdings with the aim of bringing them to 10% or less of its consolidated net assets.

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

Total assets as of March 31, 2022, had increased ¥1,703 million from the end of the previous consolidated fiscal year, to ¥52,121 million. This was mainly because, while investment securities decreased ¥738 million under non-current assets, notes and accounts receivable – trade and contract increased ¥1,513 million under current assets and cash and deposits increased ¥736 million under current assets.

In addition, under liabilities, total liabilities increased ¥788 million from the end of the previous consolidated fiscal year, to ¥15,186 million. This was mainly because of a ¥404 million increase in notes and accounts payable – trade and a ¥175 million increase in income taxes payable under current liabilities.

Under net assets, total net assets increased ¥914 million from the end of the previous consolidated fiscal year, to ¥36,935 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥2,136 million, there was a decrease of ¥630 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥332 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, 2022, increased ¥735 million from the end of the previous consolidated fiscal year to ¥13,021 million.

(Cash flows from operating activities)

Funds provided by operating activities during the consolidated fiscal year ended March 31, 2022, decreased

¥2,625 million year on year to ¥972 million. This was mainly because of a ¥2,808 million increase in profit before income taxes and minority interests, a ¥1,224 million increase in notes and accounts receivable – trade, ¥710 million in share of income of associates, ¥678 million in depreciation, and ¥562 million in income taxes paid.

(Cash flows from investing activities)

Funds provided by investing activities during the consolidated fiscal year ended March 31, 2022, totaled ¥561 million (¥1,162 million used in the previous fiscal year). This was mainly because of ¥945 million in proceeds from sales of investment securities and ¥472 million in purchase of fixed assets.

(Cash flows from financing activities)

Funds used in financing activities during the consolidated fiscal year ended March 31, 2022, increased ¥350 million year on year to ¥823 million. This was mainly because of ¥629 million in cash dividends paid and ¥183 million in purchase of treasury shares.

(4) Future Outlook

We expect the Japanese economy to recover in this new era living alongside the coronavirus, but we cannot dispel concerns about the emergence of new variants. In addition, skyrocketing raw material prices, the impact of supply chain turmoil, concerns about an economic downturn on a global scale caused by changes in international political conditions, and higher costs due to yen depreciation, among other factors, mean that we expect conditions to remain uncertain in the near term.

However, in the medium to long term, measures to address social issues such as the greater intensity and frequency of climate disasters caused by climate change, measures to address the risk of imminent large-scale earthquakes, and measures to address the aging of infrastructure intensively maintained since the high-growth period, as well as the response to a decarbonized society and a cyclical society as climate change worsens, are all urgent. In addition, the use of pre-cast products is an essential part of efforts to address the shortage of construction engineers.

Looking ahead to this kind of change in the business environment, under the 21-23 Plan, the Group will aim to further stabilize its management foundation and achieve sustainable growth, as well as pursue research and development to create high value-added business, centered around the reinforcement of human resource capacity. The Group will also pursue structural reform in the business segments it has built up and expand its business areas.

With regard to our financial results for the consolidated fiscal year ending March 31, 2023, the Group expects a turnover of ¥32,000 million, operating income of ¥1,600 million, ordinary income of ¥2,500 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	12,328,246	13,065,056
Notes and accounts receivable - trade	8,770,485	—
Notes and accounts receivable - trade and contract assets	—	10,284,336
Merchandise and finished goods	2,564,269	2,672,504
Raw materials and supplies	509,182	639,154
Other	206,376	276,466
Provision for doubtful accounts	(11,769)	(11,872)
Total current assets	24,366,791	26,925,645
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,661,052	13,678,554
Accumulated depreciation	(9,526,580)	(9,793,217)
Buildings and structures, net	4,134,471	3,885,336
Machinery, equipment and vehicles	13,768,907	14,202,342
Accumulated depreciation	(12,282,949)	(12,647,268)
Machinery, equipment and vehicles, net	1,485,958	1,555,074
Land	3,610,229	3,607,220
Construction in progress	42,293	187,160
Other	754,360	757,252
Accumulated depreciation	(699,314)	(713,149)
Other, net	55,046	44,102
Total property, plant and equipment	9,327,999	9,278,894
Intangible assets		
Other	188,238	176,286
Total intangible assets	188,238	176,286
Investments and other assets		
Investment securities	16,200,362	15,462,325
Deferred tax assets	9,983	14,809
Other	357,748	296,132
Provision for doubtful accounts	(32,718)	(32,250)
Total investments and other assets	16,535,375	15,741,017
Total non-current assets	26,051,613	25,196,198
Total assets	50,418,405	52,121,844

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,113,087	8,517,494
Short-term loans	928,055	982,028
Income taxes payable	327,912	503,811
Provision for bonuses	172,900	185,665
Provision for loss on construction contracts	—	7,505
Other	1,065,399	1,293,296
Total current liabilities	10,607,354	11,489,801
Non-current liabilities		
Deferred tax liabilities	683,777	486,320
Provision for share-based remuneration for directors	16,500	25,975
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,517,770	2,610,601
Long-term lease and guarantee deposited	547,902	548,931
Other	9,542	9,790
Total non-current liabilities	3,790,401	3,696,526
Total liabilities	14,397,755	15,186,328
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,773,375	4,773,375
Retained earnings	26,366,080	27,871,603
Treasury shares	(2,163,815)	(2,345,135)
Total shareholders' equity	34,227,040	35,551,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,213,840	881,657
Difference in foreign exchange	220,761	186,904
Remeasurements of defined benefit	29,869	6,749
Total accumulated other comprehensive income	1,464,471	1,075,312
Non-controlling interests	329,137	308,960
Total net assets	36,020,649	36,935,515
Total liabilities and net assets	50,418,405	52,121,844

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

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Turnover	30,446,551	29,501,023
Cost of sales	24,941,434	23,942,272
Gross profit	5,505,117	5,558,751
Selling, general and administrative expenses	3,775,051	4,108,800
Operating income	1,730,065	1,449,951
Non-operating income		
Interest income	870	410
Dividend income	166,126	197,217
Share of income of associates	674,720	710,838
Technical support fee	60,188	33,394
Foreign exchange gains	15,164	52,156
Other	102,096	112,054
Total non-operating income	1,019,168	1,106,071
Non-operating expenses		
Interest expenses	12,895	12,709
Real estate development maintenance and management expenses	5,682	4,969
Donations	5,303	4,238
Other	13,694	7,547
Total non-operating expenses	37,576	29,465
Ordinary income	2,711,657	2,526,557
Extraordinary income		
Gain on sale of fixed assets	—	27,527
Gain on sale of investment securities	—	280,030
State subsidy	1,440	—
Total extraordinary income	1,440	307,557
Extraordinary losses		
Loss on sale of fixed assets	940	—
Loss on disposal of fixed assets	0	—
Loss on valuation of investment securities	17,181	25,165
Structure reform expenses	39,453	—
Total extraordinary losses	57,574	25,165
Profit before income taxes and minority interests	2,655,522	2,808,948
Income taxes - current	564,606	735,775
Income taxes - deferred	(27,287)	(50,857)
Total income taxes	537,319	684,917
Profit after income taxes	2,118,202	2,124,031
Loss attributable to non-controlling interests	(11,506)	(12,138)
Profit attributable to owners of parent company	2,129,709	2,136,169

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit after income taxes	2,118,202	2,124,031
Other comprehensive income		
Valuation difference on available-for-sale securities	927,770	(313,804)
Difference in foreign exchange	3,702	(32,577)
Remeasurements of defined benefit	249,126	(12,837)
Share of other comprehensive income of associates	52,226	(29,940)
Total other comprehensive income	1,232,825	(389,159)
Comprehensive income	3,351,028	1,734,871
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	3,362,534	1,747,009
Comprehensive income (loss) attributable to non-controlling interests	(11,506)	(12,138)

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,251,400	4,688,447	24,715,817	(2,073,120)	32,582,545
Changes of items during period					
Dividends of surplus			(479,446)		(479,446)
Profit attributable to owners of parent company			2,129,709		2,129,709
Purchase of treasury shares				(196,678)	(196,678)
Disposal of treasury shares		84,927		107,523	192,451
Increase of treasury shares of associate company				(1,539)	(1,539)
Other changes of shareholders' equity					
Total changes during current period		84,927	1,650,262	(90,694)	1,644,495
Balance at end of current period	5,251,400	4,773,375	26,366,080	(2,163,815)	34,227,040

	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	240,023	227,280	(235,658)	231,646	345,503	33,159,694
Changes of items during period						
Dividends of surplus						(479,446)
Profit attributable to owners of parent company						2,129,709
Purchase of treasury shares						(196,678)
Disposal of treasury shares						192,451
Increase of treasury shares of associate company						(1,539)
Other changes of shareholders' equity	973,816	(6,518)	265,527	1,232,825	(16,366)	1,216,459
Total changes during current period	973,816	(6,518)	265,527	1,232,825	(16,366)	2,860,955
Balance at end of current period	1,213,840	220,761	29,869	1,464,471	329,137	36,020,649

For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,251,400	4,773,375	26,366,080	(2,163,815)	34,227,040
Changes of items during period					
Dividends of surplus			(630,646)		(630,646)
Profit attributable to owners of parent company			2,136,169		2,136,169
Purchase of treasury shares				(183,052)	(183,052)
Disposal of treasury shares				1,733	1,733
Increase of treasury shares of associate company				0	0
Other changes of shareholders' equity					
Total changes during current period			1,505,522	(181,319)	1,324,203
Balance at end of current period	5,251,400	4,773,375	27,871,603	(2,345,135)	35,551,243

	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	1,213,840	220,761	29,869	1,464,471	329,137	36,020,649
Changes of items during period						
Dividends of surplus						(630,646)
Profit attributable to owners of parent company						2,136,169
Purchase of treasury shares						(183,052)
Disposal of treasury shares						1,733
Increase of treasury shares of associate company						0
Other changes of shareholders' equity	(332,182)	(33,857)	(23,119)	(389,159)	(20,177)	(409,336)
Total changes during current period	(332,182)	(33,857)	(23,119)	(389,159)	(20,177)	914,866
Balance at end of current period	881,657	186,904	6,749	1,075,312	308,960	36,935,515

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes and minority interests	2,655,522	2,808,948
Depreciation	634,248	678,050
Increase (decrease) in provision for doubtful accounts	(72,941)	(365)
Increase (decrease) in provision for bonuses	(4,005)	12,764
Increase (decrease) in net defined benefit liability	133,183	71,379
Increase (decrease) in provision for share based remuneration for directors	16,500	11,897
Increase (decrease) in provision for directors' retirement benefits	(2,310)	—
Increase (decrease) in provision for environmental measures	(1,514)	—
Increase (decrease) in provision for loss on construction contracts	—	7,505
Interest and dividend income	(166,997)	(197,627)
Interest expenses	12,895	12,709
Foreign exchange losses (gains)	7,154	(15,944)
Share of (income) loss of associates	(674,720)	(710,838)
Loss (gain) on sales of fixed assets	940	(27,527)
Loss on disposal of fixed assets	0	—
State subsidy	(1,440)	—
Loss (gain) on sale of investment securities	—	(280,030)
Loss (gain) on valuation of investment securities	17,181	25,165
Decrease (increase) in notes and accounts receivable - trade	3,092,463	1,224,553
Decrease (increase) in inventories	(131,764)	(221,423)
Decrease (increase) in other current assets	(37,331)	(66,270)
Increase (decrease) in notes and accounts payable - trade	(2,044,242)	(244,216)
Increase (decrease) in accrued consumption taxes	160,218	(73,872)
Increase (decrease) in other current liabilities	110,249	13,515
Increase (decrease) in other non-current liabilities	(7,858)	4,073
Subtotal	3,695,428	1,071,774
Interest and dividend income received	411,852	476,282
Interest expenses paid	(12,891)	(12,717)
Income taxes paid	(495,903)	(562,458)
Net cash provided by (used in) operating activities	3,598,486	972,880

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	—	(1,028)
Purchase of investment securities	(418,839)	(165)
Proceeds from sales of investment securities	1	945,520
Purchase of fixed assets	(706,994)	(472,104)
Proceeds from sales of fixed assets	1,647	33,677
Proceeds from state subsidy	1,440	—
Purchase of shares of unconsolidated subsidiaries	—	(5,000)
Decrease (increase) in other investments	(39,749)	60,927
Net cash provided by (used in) investing activities	(1,162,494)	561,826
Cash flows from financing activities		
Net increase (decrease) in short-term loans	14,140	(8,007)
Purchase of treasury shares	(196,678)	(183,052)
Proceeds from sales of treasury shares	192,451	—
Cash dividends paid	(479,126)	(629,845)
Other payments	(4,249)	(2,828)
Net cash provided by (used in) financing activities	(473,463)	(823,734)
Net foreign exchange on cash and cash equivalents	(10,813)	24,809
Net increase (decrease) in cash and cash equivalents	1,951,714	735,781
Cash and cash equivalents at the beginning of the period	10,333,968	12,285,682
Cash and cash equivalents at the end of the period	12,285,682	13,021,464

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

No relevant items.

(Changes in accounting policies)

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

The Company has applied the “Accounting Standards for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), from the start of the consolidated fiscal year under review. 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 consolidated fiscal year under review 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. The Company applies the procedure provided for in Paragraph 86 of the Revenue Recognition Accounting Standard and does not retroactively apply the new accounting policy to contracts under which almost all revenue had been recognized before the beginning of the consolidated fiscal year under review in accordance with the procedure before the application of the new accounting policy. In addition, contracts that were modified prior to the beginning of the consolidated fiscal year under review are accounted for under contract terms that reflect all of the contract modifications with the application of the method provided in proviso (1) of Paragraph 86 of the Revenue Recognition Accounting Standard, and the cumulative effect is added to or subtracted from retained earnings at the beginning of the consolidated fiscal year under review.

In addition, notes and accounts receivable – trade, which was presented in current assets on the consolidated balance sheets for the previous fiscal year, is included in notes and accounts receivable – trade and contract assets for the consolidated fiscal year under review. 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.

As a result, on the Consolidated Statements of Income for the consolidated fiscal year under review, turnover and cost of sales are each lower by 510 million yen compared to the period prior to the application of the Revenue Recognition Accounting Standard. There was no effect on the amount of retained earnings at the start of the consolidated fiscal year under review.

(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 consolidated fiscal year under review. The Company has applied the new accounting policy prospectively from the start of the consolidated fiscal year under review, 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 financial statements.

(Segment information, etc.)

(Segment information)

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.

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.

As described in Changes in accounting policies, the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the consolidated financial statements for the consolidated fiscal year under review. 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 consolidated fiscal year under review, the turnover of the foundations business and the sewerage-related business was ¥26 million and ¥484 million lower, respectively, than when calculated using the previous method.

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

For the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	17,816,470	11,111,410	1,461,809	30,389,690	56,860	30,446,551	—	30,446,551
Inter-segment turnover or transfers	7,489	—	386,739	46,162	—	46,162	(46,162)	—
Total	17,823,960	11,111,410	1,500,482	30,435,853	56,860	30,492,713	(46,162)	30,446,551
Segment income	682,276	1,664,593	801,399	3,148,269	44,865	3,193,135	(1,463,070)	1,730,065
Segment assets	16,812,294	11,152,459	4,903,977	32,868,731	21,975	32,890,707	17,527,697	50,418,405
Other items								
Depreciation (Note 4)	239,786	136,411	254,887	631,085	108	631,193	50,355	681,549
Increase in property, plant and equipment and intangible assets (Note 4)	341,366	203,513	336,382	881,262	238	881,500	44,796	926,296

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

2. Adjustments are as follows:

(1) An adjustment to turnover of ¥(46,162) thousand is the elimination of inter-segment transactions.

(2) An adjustment to segment income of ¥(1,463,070) 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 ¥17,527,697 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥16,200,362 thousand and assets associated with administration divisions, etc. of ¥1,327,334 thousand.

(4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥44,796 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, 2022 (April 1, 2021 to March 31, 2022)

(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	16,830,275	11,168,479	1,444,642	29,443,397	57,626	29,501,023	—	29,501,023
Inter-segment turnover or transfers	7,226	—	37,687	44,914	—	44,914	(44,914)	—
Total	16,837,502	11,168,479	1,482,330	29,488,311	57,626	29,545,938	(44,914)	29,501,023
Segment income	234,961	1,914,496	801,963	2,951,421	45,536	2,996,957	(1,547,006)	1,449,951
Segment assets	17,859,625	12,570,334	4,677,536	35,107,497	24,583	35,132,080	16,989,763	52,121,844
Other items								
Depreciation (Note 4)	201,352	147,344	254,376	603,073	—	603,073	125,210	728,283
Increase in property, plant and equipment and intangible assets (Note 4)	229,846	280,568	—	510,415	—	510,415	111,199	621,614

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

2. Adjustments are as follows:

- (1) An adjustment to turnover of ¥(44,914) thousand is the elimination of inter-segment transactions.
- (2) An adjustment to segment income of ¥(1,547,006) 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 ¥16,989,763 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥15,462,325 thousand and assets associated with administration divisions, etc. of ¥1,527,438 thousand.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥111,199 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, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥1,461.11	¥1,514.78
Earnings per share	¥87.17	¥87.95

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

2. The Company has introduced a Board Benefit Trust (BBT). In the calculation of net assets per share and earnings per share, the Company's shares held by the trust are included in the treasury shares to be deducted in the calculation of the total number of issued shares at the end of the period and the average number of shares during the period.

Number of treasury shares at the end of the period deducted in the calculation of net assets per share

Consolidated fiscal year ended March 31, 2021: 125,400 shares; Consolidated fiscal year ended March 31, 2022: 123,200 shares

Average number of treasury shares during the period deducted in the calculation of earnings per share

Consolidated fiscal year ended March 31, 2021: 83,600 shares; Consolidated fiscal year ended March 31, 2022: 123,750 shares

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

Items	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit attributable to owners of parent company (Thousand yen)	2,129,709	2,136,169
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent company relating to common stocks (Thousand yen)	2,129,709	2,136,169
Average number of common stocks during the period (Shares)	24,430,907	24,287,417

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

Items	As of March 31, 2021	As of March 31, 2022
Total net assets (Thousand yen)	36,020,649	36,935,515
Amount to be subtracted from the total net assets (Thousand yen)	329,137	308,960
[Non-controlling interest of the above (Thousand yen)]	[329,137]	[308,960]
Net assets at year-end relating to common stocks (Thousand yen)	35,691,512	36,626,555
Number of common stocks at year-end used for calculating earnings per share (Shares)	24,427,649	24,179,389

(Significant subsequent events)

No relevant items.