

# Consolidated Quarterly Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 11, 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: November 11, 2022

Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: Yes

Holding of quarterly 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 Six Months Ended September 30, 2022

(April 1, 2022 to September 30, 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	%
Six months ended September 30, 2022	14,861	5.2	460	(28.5)	1,408	0.8	1,187	4.5
Six months ended September 30, 2021	14,130	(6.1)	644	(25.5)	1,397	(7.9)	1,137	(1.1)

(Note) Comprehensive income: Six months ended September 30, 2022: ¥973 million [-4.3%]

Six months ended September 30, 2021: ¥1,016 million [-43.7%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	49.18	—
Six months ended September 30, 2021	46.69	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	52,610	37,347	70.4	1,534.94
As of March 31, 2022	52,121	36,935	70.3	1,514.78

(Reference) Equity: As of September 30, 2022: ¥37,036 million

As of March 31, 2022: ¥36,626 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen —	Yen —	Yen 20.00	Yen 20.00
Fiscal year ending March 31, 2023	—	—			
Fiscal year ending March 31, 2023 (Forecast)			—	21.00	21.00

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

## 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
Full year	32,000	8.5	1,600	10.3	2,500	(1.1)	1,800	(15.7)	74.44

(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: Yes

3) Changes in accounting estimates: Yes

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 September 30, 2022: 29,347,500 shares

As of March 31, 2022: 29,347,500 shares

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

As of September 30, 2022: 5,218,696 shares

As of March 31, 2022: 5,168,111 shares

3) Average number of shares during the period

Six months ended September 30, 2022: 24,156,246 shares

Six months ended September 30, 2021: 24,355,477 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 4 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 six months ended September 30, 2022, social and economic activities have started to normalize as a result of the spread of coronavirus vaccination programs and deregulation of movement restrictions in the Japanese economy; nonetheless, the situation remained uncertain due to factors such as the seventh coronavirus wave, soaring prices of raw materials and energy resources due to the persisting situation in Ukraine and the rapid depreciation of the yen, and a decline in consumer confidence due to commodity price hikes.

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. Private capital investment also showed indications of a recovery, but conditions remain harsh overall as a result of intense competition over orders and the soaring prices of raw materials and energy resources and delivery delays, among other factors.

In the foundations business, nationwide demand for concrete piles increased year on year, while in the sewerage-related business, demand for Hume pipes and other products fell below the levels seen in the same period of the previous fiscal year.

Under these conditions, in the six months ended September 30, 2022, turnover amounted to ¥14,861 million (up 5.2% year on year). Operating income was ¥460 million (down 28.5% year on year), partly due to the impact of the rapid rise in raw materials prices on already-contracted projects; ordinary income was ¥1,408 million (up 0.8% year on year); and profit attributable to owners of parent company was ¥1,187 million (up 4.5% year on year).

The main initiatives under the medium-term management plan, the 21-23 Plan, for the six months ended September 30, 2022, included announcement at Sewage Works Exhibition '22 Tokyo of the Wellman vertical water tank for urban flooding countermeasures, research on the manufacture of precast concrete blocks by 3D printers using cement-based materials in response to the critical shortage of construction workers, shortening construction management time by promoting nationwide introduction of the “Pile-ViMSys” ICT construction management system for pile work and additional functionalities, additional functionalities of low-carbon concrete, “e-CON®,” for the carbon neutrality and demonstration experiments, and research for the application of ultra-high-strength fiber-reinforced concrete to cylindrical members.

The market environment affecting the Company is expected to remain harsh, but aging of the social infrastructure is urgent, and the Group will steadily implement the 21-23 Plan, the Group’s medium-term management plan concluding in the fiscal year ending March 31, 2024. The Group will proceed with further business restructuring, as well as capital investment and the research and development of products and construction techniques that will drive growth, with the aim of further stabilizing the management foundation and achieving sustainable growth.

An overview of the business segments is provided below.

#### 1) Foundations business

Turnover totaled ¥9,416 million (up 5.6% year on year) and operating income was ¥197 million (up 44.5%). Shipments of concrete piles progressed well due to factors such as private-sector factory construction, and resulted in increases both in turnover and income.

The Group will work to raise profitability by improving profit ratios through strict and precise profit and loss management and strengthening sales by expanding our business domain through nodular piles.

#### 2) Sewerage-related business

Turnover totaled ¥4,690 million (up 5.2% year on year) and operating income was ¥634 million (down 23.2%). As climate disasters grow more intense and frequent, large-scale earthquakes become a pressing risk, and social infrastructure ages, the Type 1, Type 2, Type 5, and Type 6 Steel Composite Pipes as water storage pipes, which we developed last year, began to contribute to shipping results, as high value-added products geared toward disaster prevention, disaster mitigation, and national

resilience measures.

The Group will continue to work to improve earning capacity focusing on timely product development that meets market needs.

### 3) Solar Power Generation and Real Estate business

Turnover amounted to ¥732 million (up 1.1% year on year) and operating income was ¥426 million (up 4.0%). Real estate rental revenue was solid, and in the solar power generation area, both electric power generation and power selling progressed smoothly for NH Tohoku Solar Power Generation and NH Okayama Solar Power Generation.

### 4) Others

In Others, turnover totaled ¥20 million (down 23.9% year on year) and operating income was ¥14 million (down 32.2%).

## (2) Explanation of Financial Position

### 1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2022, had increased ¥488 million from the end of the previous consolidated fiscal year, to ¥52,610 million. This was mainly because, under current assets, while notes and accounts receivable - trade and contract assets decreased ¥1,310 million, cash and deposits increased ¥663 million, merchandise and finished goods increased ¥661 million, and raw materials and supplies increased ¥224 million; also, under non-current assets, investment securities increased ¥214 million.

In addition, under liabilities, total liabilities were ¥15,262 million, at the same level as the end of the previous consolidated fiscal year.

Under net assets, total net assets increased ¥411 million from the end of the previous consolidated fiscal year, to ¥ 37,347 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,187 million, there was a decrease of ¥499 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥223 million.

### 2) Cash Flows

Cash and cash equivalents (hereinafter, “funds,” referring to cash and deposits minus time deposits with deposit terms of over three months) as of September 30, 2022, had increased ¥663 million from the end of the previous consolidated fiscal year, to ¥13,685 million.

#### (Cash flows from operating activities)

Funds provided by operating activities during the six months ended September 30, 2022, increased ¥1,621 million year on year to ¥1,633 million. This was mainly because of an increase of ¥862 million in inventories, ¥720 million in share of income of associates, and ¥427 million in income taxes paid, while there was an increase of ¥1,409 million in profit before income taxes and minority interests, a decrease of ¥1,337 million in notes and accounts receivable - trade, and an increase of ¥791 million in notes and accounts payable - trade.

#### (Cash flows from investing activities)

Funds used in investing activities during the six months ended September 30, 2022, increased ¥203 million year on year to ¥467 million. This was mainly because of ¥467 million in purchase of fixed assets.

#### (Cash flows from financing activities)

Funds used in financing activities during the six months ended September 30, 2022, decreased ¥177 million year on year to ¥546 million. This was mainly because of ¥499 million in cash dividends paid.

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

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2023, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]” dated May 13, 2022.

For details of differences between the financial results forecast and actual results for the six months ended September 30, 2022, kindly refer to the “Notice on Differences between the Financial Results Forecast and Actual Results for the Six Months Ended September 30, 2022,” announced today.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	13,065,056	13,728,967
Notes and accounts receivable - trade and contract assets	10,284,336	8,973,949
Merchandise and finished goods	2,672,504	3,334,013
Raw materials and supplies	639,154	863,904
Other	276,466	281,056
Provision for doubtful accounts	(11,872)	(12,602)
Total current assets	26,925,645	27,169,289
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,885,336	3,766,633
Land	3,607,220	3,610,592
Other, net	1,786,337	1,924,272
Total property, plant and equipment	9,278,894	9,301,499
Intangible assets	176,286	192,109
Investments and other assets		
Investment securities	15,462,325	15,676,591
Other	310,942	302,793
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	15,741,017	15,947,135
Total non-current assets	25,196,198	25,440,744
Total assets	52,121,844	52,610,033
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,517,494	9,192,403
Short-term loans	982,028	1,035,813
Income taxes payable	503,811	307,530
Provision for bonuses	185,665	188,765
Provision for loss on construction contracts	7,505	558
Other	1,293,296	924,665
Total current liabilities	11,489,801	11,649,737
Non-current liabilities		
Provision for share-based remuneration for directors	25,975	29,812
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,610,601	2,637,774
Other	1,045,042	930,592
Total non-current liabilities	3,696,526	3,613,086
Total liabilities	15,186,328	15,262,823



(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,773,375	4,773,375
Retained earnings	27,871,603	28,539,200
Treasury shares	(2,345,135)	(2,379,419)
Total shareholders' equity	35,551,243	36,184,556
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	881,657	657,769
Difference in foreign exchange	186,904	162,138
Remeasurements of defined benefit	6,749	31,692
Total accumulated other comprehensive income	1,075,312	851,600
Non-controlling interests	308,960	311,052
Total net assets	36,935,515	37,347,209
<b>Total liabilities and net assets</b>	<b>52,121,844</b>	<b>52,610,033</b>

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

## Consolidated Quarterly Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Turnover	14,130,645	14,861,012
Cost of sales	11,607,468	12,432,341
Gross profit	2,523,176	2,428,670
Selling, general and administrative expenses	1,878,437	1,967,801
Operating income	644,739	460,868
Non-operating income		
Interest income	200	254
Dividend income	101,531	89,932
Share of income of associates	603,984	720,667
Foreign exchange gains	7,555	91,870
Other	54,278	64,927
Total non-operating income	767,550	967,653
Non-operating expenses		
Interest expenses	6,709	6,838
Other	8,369	12,730
Total non-operating expenses	15,078	19,568
Ordinary income	1,397,211	1,408,953
Extraordinary income		
Gain on sales of fixed assets	3,620	165
Total extraordinary income	3,620	165
Extraordinary losses		
Loss on disposal of fixed assets	—	5
Total extraordinary losses	—	5
Profit before income taxes and minority interests	1,400,831	1,409,113
Income taxes - current	291,442	225,784
Income taxes - deferred	(25,848)	(13,591)
Total income taxes	265,593	212,192
Profit after income taxes	1,135,237	1,196,920
Profit (loss) attributable to non-controlling interests	(1,938)	8,934
Profit attributable to owners of parent company	1,137,176	1,187,986

Consolidated Quarterly Statements of Comprehensive Income  
Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit after income taxes	1,135,237	1,196,920
Other comprehensive income		
Valuation difference on available-for-sale securities	(101,078)	(221,323)
Difference in foreign exchange	(15,457)	(37,998)
Remeasurements of defined benefit	14,655	24,435
Share of other comprehensive income of associates	(16,828)	11,175
Total other comprehensive income	(118,709)	(223,711)
Comprehensive income	1,016,528	973,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,018,466	964,275
Comprehensive income (loss) attributable to non-controlling interests	(1,938)	8,934

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes and minority interests	1,400,831	1,409,113
Depreciation	323,383	292,001
Increase (decrease) in provision for doubtful accounts	996	729
Increase (decrease) in provision for bonuses	842	3,100
Increase (decrease) in net defined benefit liability	26,393	41,210
Increase (decrease) in provision for share-based remuneration for directors	4,232	3,837
Increase (decrease) in provision for loss on construction contracts	3,334	(6,946)
Interest and dividend income	(101,731)	(90,186)
Interest expenses	6,709	6,838
Foreign exchange losses (gains)	(1,650)	(34,700)
Share of (income) loss of associates	(603,984)	(720,667)
Loss (gain) on sales of fixed assets	(3,620)	(165)
Loss on disposal of fixed assets	—	5
Decrease (increase) in notes and accounts receivable - trade	(616,023)	1,337,487
Decrease (increase) in inventories	(364,113)	(862,391)
Decrease (increase) in other current assets	(73,919)	54,006
Increase (decrease) in notes and accounts payable - trade	75,224	791,937
Increase (decrease) in accrued consumption taxes	(135,745)	(175,777)
Increase (decrease) in other current liabilities	40,180	(245,660)
Decrease (increase) in other non-current assets	30,716	20,059
Increase (decrease) in other non-current liabilities	265	(22,784)
Subtotal	12,323	1,801,047
Interest and dividend income received	260,686	266,241
Interest expenses paid	(6,707)	(6,824)
Income taxes paid	(254,077)	(427,126)
Net cash provided by (used in) operating activities	12,225	1,633,337
Cash flows from investing activities		
Payments into time deposits	(528)	—
Purchase of investment securities	(165)	—
Purchase of fixed assets	(290,984)	(467,301)
Proceeds from sales of fixed assets	7,072	1,780
Decrease (increase) in other investments	20,595	(2,005)
Net cash provided by (used in) investing activities	(264,010)	(467,526)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	10,251	(11,675)
Purchase of treasury shares	(101,051)	(34,356)
Cash dividends paid	(632,399)	(499,497)
Other payments	(1,414)	(1,414)
Net cash provided by (used in) financing activities	(724,614)	(546,943)
Net foreign exchange on cash and cash equivalents	6,879	45,043
Net increase (decrease) in cash and cash equivalents	(969,520)	663,910
Cash and cash equivalents at the beginning of the period	12,285,682	13,021,464
Cash and cash equivalents at the end of the period	11,316,162	13,685,374

(4) 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 that are inseparable from changes in accounting estimates, and changes in accounting estimates)

(Changes in the depreciation method and useful life of property, plant and equipment)

In general, the Company previously applied the declining-balance method of depreciation for property, plant and equipment. From the start of the three months ended June 30, 2022, the Company has changed the method applied to the straight-line method.

The Company has made this change because it believes that using the straight-line method to allocate depreciation equally across the useful life of assets more appropriately reflects the actual nature of usage, in view of the expectation of more stable operation throughout the period of use than was previously the case, due to improved functionality facilitated by stronger capital investment under the medium-term management plan.

Moreover, it has become clear that some assets can be used for longer than the useful life estimated previously, due to stronger capital investment under the medium-term management plan, and the useful life for these assets has therefore been changed to correspond with actual usage.

As a result, for the six months ended September 30, 2022, operating income, ordinary income, and profit before income taxes and minority interests were each ¥61 million higher than when calculated using the previous method.

(Segment information, etc.)

I. For the six months ended September 30, 2021 (April 1, 2021 to September 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	8,920,272	4,458,413	724,572	14,103,258	27,386	14,130,645	—	14,130,645
Inter-segment turnover or transfers	1,870	—	18,894	20,764	—	20,764	(20,764)	—
Total	8,922,142	4,458,413	743,467	14,124,023	27,386	14,151,410	(20,764)	14,130,645
Segment income	136,658	826,348	409,935	1,372,941	21,981	1,394,923	(750,184)	644,739

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

2. An adjustment to segment income of ¥(750,184) 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 six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

## 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	9,416,795	4,690,935	732,432	14,840,162	20,850	14,861,012	—	14,861,012
Inter-segment turnover or transfers	3,454	—	19,329	22,783	—	22,783	(22,783)	—
Total	9,420,249	4,690,935	751,761	14,862,946	20,850	14,883,796	(22,783)	14,861,012
Segment income	197,517	634,945	426,388	1,258,851	14,912	1,273,763	(812,895)	460,868

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

2. An adjustment to segment income of ¥(812,895) 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.