

Consolidated Quarterly Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 9, 2023

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: August 9, 2023

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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023	7,325	(4.6)	71	(69.3)	576	(26.6)	636	(3.8)
Three months ended June 30, 2022	7,677	16.0	231	(27.4)	784	(7.1)	661	(6.0)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥1,198 million [141.9%]

Three months ended June 30, 2022: ¥495 million [-2.0%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	26.48		—	
Three months ended June 30, 2022	27.37		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	54,723	38,812	70.4	1,604.60
As of March 31, 2023	54,979	38,201	68.9	1,575.56

(Reference) Equity: As of June 30, 2023: ¥38,514 million

As of March 31, 2023: ¥37,899 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen —	Yen —	Yen 21.00	Yen 21.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		—	—	25.00	25.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	32,300	1.3	1,300	5.2	2,150	2.3	1,650	0.5	68.59

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

* Notes

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

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

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

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

As of June 30, 2023: 29,347,500 shares

As of March 31, 2023: 29,347,500 shares

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

As of June 30, 2023: 5,345,201 shares

As of March 31, 2023: 5,292,998 shares

3) Average number of shares during the period

Three months ended June 30, 2023: 24,035,417 shares

Three months ended June 30, 2022: 24,177,389 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 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

During the three months ended June 30, 2023, the Japanese economy saw a gradual improvement as social and economic activities returned to normal; nonetheless, the outlook remained uncertain amid rising raw materials and energy prices and a surge in commodity prices.

In the market environment of the Group, both public works investment and private construction investment remained at the same level as the previous fiscal year based on nominal values. However, demand for both concrete piles in the foundations business and Hume pipes in the sewerage-related business fell below the levels seen in the same period of the previous fiscal year.

Under these conditions, in the three months ended June 30, 2023, turnover amounted to ¥7,325 million (down 4.6% year on year), operating income was ¥71 million (down 69.3% year on year) partly due to a decline in demand for sewerage-related business and investments in R&D for growth, ordinary income was ¥576 million (down 26.6% year on year), and profit attributable to owners of parent company was ¥636 million (down 3.8% year on year).

An overview of the business segments is provided below.

1) Foundations business

Despite lower market demand than in the same period of the previous fiscal year, the Group made an all-out effort to win orders, resulting in turnover of ¥4,925 million (up 2.1% year on year) and operating income of ¥83 million (up 72.7% year on year).

2) Sewerage-related business

Due to lower market demand than in the same period of the previous fiscal year, turnover was ¥1,992 million (down 19.1% year on year) and operating income was ¥243 million (down 32.5% year on year), but both are expected to recover in the second half of the fiscal year.

3) Solar Power Generation and Real Estate business

Turnover amounted to ¥393 million (up 4.5% year on year) and operating income was ¥208 million (down 6.5%). In the solar power generation area, both electric power generation and power selling were affected by output control, but real estate rental revenue was solid.

4) Others

Turnover totaled ¥13 million (up 13.6% year on year) and operating income was ¥10 million (up 16.4% year on year).

For the three months ended June 30, 2023, our technology R&D highlights included the press release regarding “Development of Manufacturing Technology for Precast Products Using Artificial Intelligence (AI)” dated April 20, 2023. We will pursue consistent quality and labor savings in the manufacturing process of precast concrete products, thereby further improving our competitiveness.

With the 100th anniversary of its founding in 2025 as a milestone, the Group positions the five-year period from fiscal 2023 to 2027 as a “period of reform,” propelling our medium-term management plan “23-27 Plan R” to create a growth path to become a 200-year company. The Group will work as one to enhance corporate value over the medium to long term through investing in human resources, technical R&D, and capital expenditures for the carbon-neutral era.

(2) Explanation of Financial Position

Total assets as of June 30, 2023, decreased ¥256 million from the end of the previous consolidated fiscal year, to ¥54,723 million. This was mainly because investment securities increased ¥1,137 million under non-current assets, while notes and accounts receivable – trade, and contract assets decreased ¥1,421 million under current assets.

In addition, under liabilities, total liabilities decreased ¥868 million from the end of the previous consolidated fiscal year, to ¥15,910 million. This was mainly because deferred tax liabilities included in other under non-current liabilities increased ¥297 million, while notes and accounts payable - trade decreased ¥1,110 million under current liabilities.

Under net assets, total net assets increased ¥611 million from the end of the previous consolidated fiscal year, to ¥38,812 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥636 million, there was a decrease of ¥539 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥582 million.

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

Regarding the results forecasts for the fiscal year ending March 31, 2024, there has been no change to the full-year results forecasts published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP],” dated May 11, 2023.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	12,462,419	12,775,209
Notes and accounts receivable - trade and contract assets	10,003,539	8,582,252
Electronically recorded monetary claims	2,027,549	1,933,199
Merchandise and finished goods	3,202,918	3,290,700
Raw materials and supplies	913,078	855,297
Other	337,076	212,665
Provision for doubtful accounts	(12,846)	(10,769)
Total current assets	28,933,736	27,638,554
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,662,106	3,582,076
Land	3,608,446	3,598,623
Other, net	2,189,698	2,180,747
Total property, plant and equipment	9,460,251	9,361,446
Intangible assets	190,637	190,191
Investments and other assets		
Investment securities	16,136,631	17,274,575
Other	290,710	290,603
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	16,395,091	17,532,929
Total non-current assets	26,045,981	27,084,567
Total assets	54,979,717	54,723,121
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,145,252	9,034,580
Short-term loans	1,070,553	1,077,227
Income taxes payable	192,212	124,065
Provision for bonuses	186,645	—
Provision for loss on construction contracts	3,122	2,252
Other	1,341,314	1,526,921
Total current liabilities	12,939,100	11,765,047
Non-current liabilities		
Provision for share-based remuneration for directors	37,485	25,044
Provision for directors' retirement benefits	14,907	14,907
Provision for share-based remuneration for employees	—	13,725
Net defined benefit liability	2,707,744	2,728,117
Other	1,079,133	1,363,411
Total non-current liabilities	3,839,270	4,145,207
Total liabilities	16,778,371	15,910,254

(Thousand yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,920,916	4,920,916
Retained earnings	28,993,638	29,090,184
Treasury shares	(2,574,346)	(2,614,630)
Total shareholders' equity	36,591,608	36,647,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,035,136	1,617,332
Difference in foreign exchange	199,157	172,302
Remeasurements of defined benefit	73,496	76,595
Total accumulated other comprehensive income	1,307,790	1,866,230
Non-controlling interests	301,946	298,767
Total net assets	38,201,346	38,812,867
Total liabilities and net assets	54,979,717	54,723,121

(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, 2022	For the three months ended June 30, 2023
Turnover	7,677,991	7,325,697
Cost of sales	6,448,751	6,189,306
Gross profit	1,229,240	1,136,390
Selling, general and administrative expenses	997,707	1,065,345
Operating income	231,532	71,045
Non-operating income		
Interest income	63	63
Dividend income	88,978	92,466
Share of income of associates	389,384	352,589
Foreign exchange gains	45,950	43,104
Other	38,507	27,839
Total non-operating income	562,884	516,062
Non-operating expenses		
Interest expenses	3,016	5,641
Other	6,489	5,289
Total non-operating expenses	9,505	10,930
Ordinary income	784,911	576,177
Extraordinary income		
Gain on sale of fixed assets	165	198,561
Total extraordinary income	165	198,561
Extraordinary losses		
Loss on disposal of fixed assets	5	—
Total extraordinary losses	5	—
Profit before income taxes and minority interests	785,071	774,739
Income taxes - current	55,810	89,095
Income taxes - deferred	64,432	45,835
Total income taxes	120,243	134,930
Profit after income taxes	664,828	639,808
Profit attributable to non-controlling interests	3,206	3,312
Profit attributable to owners of parent company	661,622	636,495

Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit after income taxes	664,828	639,808
Other comprehensive income		
Valuation difference on available-for-sale securities	(156,810)	558,621
Difference in foreign exchange	(17,991)	(29,497)
Remeasurements of defined benefit	2,726	2,802
Share of other comprehensive income of associates	2,613	26,512
Total other comprehensive income	(169,463)	558,439
Comprehensive income	495,365	1,198,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	492,158	1,194,935
Comprehensive income attributable to non-controlling interests	3,206	3,312

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

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

No relevant items.

(Segment information, etc.)

I. For the three months ended June 30, 2022 (April 1, 2022 to June 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	4,825,539	2,463,814	376,520	7,665,875	12,115	7,677,991	—	7,677,991
Inter-segment turnover or transfers	1,673	—	9,432	11,106	—	11,106	(11,106)	—
Total	4,827,213	2,463,814	385,953	7,676,981	12,115	7,689,097	(11,106)	7,677,991
Segment income	48,375	360,914	223,121	632,411	9,020	641,432	(409,899)	231,532

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

2. An adjustment to segment income of ¥ (409,899) 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, 2023 (April 1, 2023 to June 30, 2023)

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	4,925,564	1,992,723	393,645	7,311,933	13,764	7,325,697	—	7,325,697
Inter-segment turnover or transfers	30,411	—	9,644	40,055	—	40,055	(40,055)	—
Total	4,955,975	1,992,723	403,289	7,351,988	13,764	7,365,752	(40,055)	7,325,697
Segment income	83,554	243,666	208,604	535,825	10,502	546,328	(475,283)	71,045

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

2. An adjustment to segment income of ¥ (475,283) 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.