

# Consolidated Quarterly Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 9, 2023

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

URL: <https://www.nipponhume.co.jp>

Representative: Tomoyuki Masubuchi, President and Representative Director

Contact: Kenichi Kojima, General Manager of Accounting Division

Phone: +81-3-3433-4111

Scheduled date of filing quarterly securities report: November 9, 2023

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, 2023

(April 1, 2023 to September 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	%
Six months ended September 30, 2023	14,340	(3.5)	287	(37.7)	1,114	(20.9)	1,150	(3.2)
Six months ended September 30, 2022	14,861	5.2	460	(28.5)	1,408	0.8	1,187	4.5

(Note) Comprehensive income: Six months ended September 30, 2023: ¥1,928 million [98.1%]

Six months ended September 30, 2022: ¥973 million [-4.3%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	47.90	—
Six months ended September 30, 2022	49.18	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	55,085	39,491	71.1	1,636.15
As of March 31, 2023	54,979	38,201	68.9	1,575.56

(Reference) Equity: As of September 30, 2023: ¥39,191 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 September 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 September 30, 2023: 5,394,053 shares

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

3) Average number of shares during the period

Six months ended September 30, 2023: 24,011,423 shares

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

Under these conditions, the Company has positioned the period under its medium-term management plan “23-27 Plan R,” which began this fiscal year, as an important starting period for business restructuring, and has strengthened various initiatives. In terms of business performance, although we see that shipments and construction for major orders awarded are concentrated through the latter half of this fiscal year, operating income was accrued primarily in the foundations business.

Going forward, risks such as unstable economic conditions, rising prices, and critical labor shortages, especially among construction workers, are expected to persist, and momentum for promoting labor saving and DX is projected to grow even further. In 2021, we began the practical application of 3D printers to streamline the production process. In addition to manufacturing and shipping actual products at the Kumagaya Plant, we have also introduced a new system to manage quality control and promote IT for indirect operations [Production Strategy]. In the construction management area, we have developed “ViMCam®,” an electronic bulletin board application for taking construction photos. We will strive to achieve both safety and efficiency at construction sites by linking the ViMCam with “Pile-ViMSys®,” an ICT-based comprehensive construction management system for pile work [Construction Strategy].

In addition, in order to strengthen our sales force for design proposals, we have begun to improve the design software for the PC-well method (caisson foundation), a unique precast product of the Company. By speeding up the design process, we aim to increase the number of proposals and expand opportunities to receive orders. With the increasing adoption of BIM/CIM in the construction industry, we have also started to provide graphical elements (family data) used in BIM/CIM. We will make our product graphics data available for survey and design work, leading to opportunities to win orders [Technology Strategy].

Regarding ESG management, as part of measures to reduce CO<sub>2</sub> emissions, the Group has started to replace boiler equipment at its main plant, the Kumagaya Plant, to curb greenhouse gas emissions. The replacement is scheduled to be completed in January 2024, which will contribute to a 30% reduction in CO<sub>2</sub> emissions at the Kumagaya Plant. In addition, we became an official supporter of basin flood control by the Ministry of Land, Infrastructure, Transport, and Tourism. Through our business activities, we will contribute to training young engineers and promoting awareness of basin flood control, in an effort to protect people’s lives and livelihoods from devastating and increasingly frequent flood disasters [ESG Strategy].

In addition, to express our gratitude to our shareholders for their continued support and to further enhance the appeal of investing in our shares, we have launched a new shareholder benefit program, the “Nippon Hume Premium Benefit Club” [Financial Strategy].

With the 100th anniversary of its founding in 2025 as a milestone, the Group is pursuing fundamental business restructuring to become a 200-year company. Under our medium-term management plan “23-27 Plan R,” we will work as one to enhance corporate value to meet the expectations of our stakeholders through business restructuring and investments in technological development and capital expenditures for the carbon neutral era.

An overview of the business segments is provided below.

#### 1) Foundations business

Although nationwide demand for the concrete piles division, a mainstay of the business, fell below the levels seen in the same period of the previous fiscal year, turnover remained almost flat due to our aggressive sales activities, which resulted in increased orders mainly in the Kanto and Tohoku regions, and due to the progress made in improving selling prices to counter the soaring raw material prices. Turnover amounted to ¥9,405 million (down 0.1% year on year) and operating income was ¥326 million (up 65.2%).

2) Sewerage-related business

Due to lower market demand than in the same period of the previous fiscal year, turnover was ¥4,137 million (down 11.8% year on year) and operating income was ¥441 million (down 30.5%).

3) Solar Power Generation and Real Estate business

Turnover amounted to ¥771 million (up 5.3% year on year) and operating income was ¥426 million (up 0.1%). In the solar power generation area, both electric power generation and power selling were affected by output control, but continued favorable weather in the summer secured income from electricity sales. Real estate rental income maintained the same level as in the previous fiscal year.

4) Others

In Others, turnover totaled ¥26 million (up 28.1% year on year) and operating income was ¥19 million (up 31.7%).

As a result, in the six months ended September 30, 2023, turnover amounted to ¥14,340 million (down 3.5% year on year), operating income was ¥287 million (down 37.7%), ordinary income was ¥1,114 million (down 20.9%), and profit attributable to owners of parent company was ¥1,150 million (down 3.2%).

Although the previous fiscal year saw a year-on-year decrease as shipments and construction were concentrated in the first half of the year, in this fiscal year, we expect to achieve the full-year plan given that shipments and construction will be concentrated in the second half of the year. At this moment, we expect to exceed the plan due to the extraordinary income recorded in the six months ended September 30, 2023.

We are currently reviewing the consolidated results forecast for the fiscal year ending March 31, 2024, taking into account other factors. If a revision to the forecast becomes necessary, we will promptly disclose the revised forecast.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2023, increased ¥106 million from the end of the previous consolidated fiscal year to ¥55,085 million. This was mainly because investment securities increased ¥1,537 million under non-current assets and cash and deposits increased ¥224 million under current assets, while notes and accounts receivable - trade and contract assets decreased ¥1,656 million under current assets.

In addition, under liabilities, total liabilities decreased ¥1,183 million from the end of the previous consolidated fiscal year to ¥15,594 million. This was mainly because deferred tax liabilities included in other under non-current liabilities increased ¥312 million, while notes and accounts payable - trade decreased ¥1,558 million under current liabilities.

Under net assets, total net assets increased ¥1,290 million from the end of the previous consolidated fiscal year to ¥39,491 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,150 million, there was a decrease of ¥539 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥805 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, 2023, had increased ¥224 million from the end of the previous consolidated fiscal year, to ¥12,642 million.

### (Cash flows from operating activities)

Funds provided by operating activities during the six months ended September 30, 2023, decreased ¥638 million year on year to ¥994 million. This was mainly because of a decrease of ¥1,357 million in notes and accounts payable - trade, a decrease of ¥609 million in share of income of associates, and an increase of ¥354 million in inventories, while there was an increase of ¥1,418 million in profit before income taxes and minority interests and a decrease of ¥1,807 million in notes and accounts receivable - trade.

### (Cash flows from investing activities)

Funds used in investing activities during the six months ended September 30, 2023, decreased ¥341 million year on year to ¥125 million. This was mainly because of an increase of ¥230 million in proceeds from sales of fixed assets and ¥136 million in proceeds from sales of investment securities, while there was a decrease of ¥500 million in purchase of fixed assets.

### (Cash flows from financing activities)

Funds used in financing activities during the six months ended September 30, 2023, increased ¥119 million year on year to ¥666 million. This was mainly because of ¥535 million in cash dividends paid and ¥94 million in purchase of treasury shares.

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

Regarding the results forecasts pertaining to the fiscal year ending March 31, 2024, 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 11, 2023.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,462,419	12,686,436
Notes and accounts receivable - trade and contract assets	10,003,539	8,347,318
Electronically recorded monetary claims	2,027,549	1,902,980
Merchandise and finished goods	3,202,918	3,695,282
Raw materials and supplies	913,078	807,546
Other	337,076	194,080
Provision for doubtful accounts	(12,846)	(10,834)
Total current assets	28,933,736	27,622,811
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,662,106	3,557,459
Land	3,608,446	3,601,075
Other, net	2,189,698	2,182,720
Total property, plant and equipment	9,460,251	9,341,255
Intangible assets	190,637	188,333
Investments and other assets		
Investment securities	16,136,631	17,674,413
Other	290,710	291,350
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	16,395,091	17,933,513
Total non-current assets	26,045,981	27,463,102
Total assets	54,979,717	55,085,913
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	10,145,252	8,587,203
Short-term loans	1,070,553	1,116,481
Income taxes payable	192,212	333,572
Provision for bonuses	186,645	194,697
Provision for loss on construction contracts	3,122	2,261
Other	1,341,314	1,154,931
Total current liabilities	12,939,100	11,389,147
Non-current liabilities		
Provision for share-based remuneration for directors	37,485	29,451
Provision for directors' retirement benefits	14,907	14,907
Provision for share-based remuneration for employees	—	27,451
Net defined benefit liability	2,707,744	2,754,488
Other	1,079,133	1,378,994
Total non-current liabilities	3,839,270	4,205,293
Total liabilities	16,778,371	15,594,440



(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,920,916	4,920,916
Retained earnings	28,993,638	29,603,798
Treasury shares	(2,574,346)	(2,659,033)
Total shareholders' equity	36,591,608	37,117,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,035,136	1,840,934
Difference in foreign exchange	199,157	152,275
Remeasurements of defined benefit	73,496	81,158
Total accumulated other comprehensive income	1,307,790	2,074,367
Non-controlling interests	301,946	300,024
Total net assets	38,201,346	39,491,473
<b>Total liabilities and net assets</b>	<b>54,979,717</b>	<b>55,085,913</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, 2022	For the six months ended September 30, 2023
Turnover	14,861,012	14,340,775
Cost of sales	12,432,341	11,932,467
Gross profit	2,428,670	2,408,308
Selling, general and administrative expenses	1,967,801	2,121,283
Operating income	460,868	287,024
Non-operating income		
Interest income	254	208
Dividend income	89,932	93,547
Share of income of associates	720,667	609,476
Foreign exchange gains	91,870	92,518
Other	64,927	77,270
Total non-operating income	967,653	873,021
Non-operating expenses		
Interest expenses	6,838	12,559
Disaster repair expenses	—	21,560
Other	12,730	11,631
Total non-operating expenses	19,568	45,750
Ordinary income	1,408,953	1,114,295
Extraordinary income		
Gain on sale of fixed assets	165	205,755
Gain on sale of investment securities	—	98,430
Total extraordinary income	165	304,186
Extraordinary losses		
Loss on disposal of fixed assets	5	0
Total extraordinary losses	5	0
Profit before income taxes and minority interests	1,409,113	1,418,481
Income taxes - current	225,784	285,688
Income taxes - deferred	(13,591)	(29,030)
Total income taxes	212,192	256,658
Profit after income taxes	1,196,920	1,161,823
Profit attributable to non-controlling interests	8,934	11,714
Profit attributable to owners of parent company	1,187,986	1,150,109

## Consolidated Quarterly Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit after income taxes	1,196,920	1,161,823
Other comprehensive income		
Valuation difference on available-for-sale securities	(221,323)	759,581
Difference in foreign exchange	(37,998)	(53,931)
Remeasurements of defined benefit	24,435	7,534
Share of other comprehensive income of associates	11,175	53,392
Total other comprehensive income	(223,711)	766,576
Comprehensive income	973,209	1,928,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	964,275	1,916,685
Comprehensive income attributable to non-controlling interests	8,934	11,714

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes and minority interests	1,409,113	1,418,481
Depreciation	292,001	344,115
Increase (decrease) in provision for doubtful accounts	729	(2,011)
Increase (decrease) in provision for bonuses	3,100	8,052
Increase (decrease) in net defined benefit liability	41,210	44,860
Increase (decrease) in provision for share-based remuneration for directors	3,837	(8,033)
Increase (decrease) in provision for share-based remuneration for employees	—	27,451
Increase (decrease) in provision for loss on construction contracts	(6,946)	(861)
Interest and dividend income	(90,186)	(93,756)
Interest expenses	6,838	12,559
Foreign exchange losses (gains)	(34,700)	(19,397)
Share of (income) loss of associates	(720,667)	(609,476)
Loss (gain) on sales of fixed assets	(165)	(205,755)
Loss on disposal of fixed assets	5	0
Loss (gain) on sale of investment securities	—	(98,430)
Insurance claim income	—	(16,586)
Decrease (increase) in notes and accounts receivable - trade	1,337,487	1,807,618
Decrease (increase) in inventories	(862,391)	(354,606)
Decrease (increase) in other current assets	54,006	145,195
Increase (decrease) in notes and accounts payable - trade	791,937	(1,357,666)
Increase (decrease) in accrued consumption taxes	(175,777)	3,008
Increase (decrease) in other current liabilities	(245,660)	(150,983)
Decrease (increase) in other non-current assets	20,059	—
Increase (decrease) in other non-current liabilities	(22,784)	(36,594)
Subtotal	1,801,047	857,182
Interest and dividend income received	266,241	281,911
Interest expenses paid	(6,824)	(12,547)
Proceeds from insurance income	—	16,586
Income taxes paid	(427,126)	(148,570)
Net cash provided by (used in) operating activities	1,633,337	994,562
Cash flows from investing activities		
Payments into time deposits	—	(16)
Proceeds from sale of investment securities	—	136,203
Purchase of fixed assets	(467,301)	(500,631)
Proceeds from sales of fixed assets	1,780	230,228
Decrease (increase) in other investments	(2,005)	8,434
Net cash provided by (used in) investing activities	(467,526)	(125,781)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(11,675)	(34,620)
Purchase of treasury shares	(34,356)	(94,458)
Cash dividends paid	(499,497)	(535,803)
Other payments	(1,414)	(1,414)
Net cash provided by (used in) financing activities	(546,943)	(666,296)
Net foreign exchange on cash and cash equivalents	45,043	21,517
Net increase (decrease) in cash and cash equivalents	663,910	224,000
Cash and cash equivalents at the beginning of the period	13,021,464	12,418,826
Cash and cash equivalents at the end of the period	13,685,374	12,642,827

(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.

(Segment information, etc.)

I. 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.

## II. For the six months ended September 30, 2023 (April 1, 2023 to September 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	9,405,306	4,137,385	771,377	14,314,069	26,706	14,340,775	—	14,340,775
Inter-segment turnover or transfers	31,445	—	19,340	50,786	—	50,786	(50,786)	—
Total	9,436,751	4,137,385	790,717	14,364,855	26,706	14,391,561	(50,786)	14,340,775
Segment income	326,345	441,131	426,750	1,194,227	19,644	1,213,871	(926,847)	287,024

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

2. An adjustment to segment income of ¥ (926,847) 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.