

# Consolidated Quarterly Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 10, 2023

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: No

Holding of quarterly financial results briefing session: No

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

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022

(April 1, 2022 to December 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	%
Nine months ended December 31, 2022	23,008	6.6	741	(24.8)	1,669	(8.9)	1,359	(10.3)
Nine months ended December 31, 2021	21,590	(4.9)	986	(23.6)	1,833	(13.4)	1,514	(4.5)

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥1,273 million [2.9%]

Nine months ended December 31, 2021: ¥1,237 million [-47.2%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	56.33	—
Nine months ended December 31, 2021	62.28	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	53,473	37,594	69.7	1,550.28
As of March 31, 2022	52,121	36,935	70.3	1,514.78

(Reference) Equity: As of December 31, 2022: ¥37,291 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 December 31, 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 December 31, 2022: 5,292,946 shares

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

3) Average number of shares during the period

Nine months ended December 31, 2022: 24,129,471 shares

Nine months ended December 31, 2021: 24,317,182 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 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 nine months ended December 31, 2022, the Japanese economy showed signs of recovery on the back of progress in balancing quarantine policies against coronavirus infections with economic activities; nonetheless, the situation remained challenging amid sharp currency fluctuations, rising material and energy prices, and consumer price hikes.

In the market environment affecting the Group, despite signs of a pickup in private capital investment, public works investment remained slightly sluggish in anticipation of increased defense costs and other expenses in the next fiscal year and beyond. In addition, conditions remained harsh overall due to factors such as intense competition over orders and the rising material and energy prices.

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 nine months ended December 31, 2022, turnover amounted to ¥23,008 million (up 6.6% year on year), operating income was ¥741 million (down 24.8% year on year), ordinary income was ¥1,669 million (down 8.9% year on year), and profit attributable to owners of parent company was ¥1,359 million (down 10.3% year on year).

The main initiatives for strengthening technological development under the medium-term management plan, the 21-23 Plan, for the nine months ended December 31, 2022, included “improvement of pipe joints,” “upgrading of pipe rehabilitation methods,” and “expansion of the scope of work for the seismic retrofitting of existing sewer holes” to add value to existing products and construction methods in the sewerage business.

In the road construction business, we jointly developed the “compartment fence and center block,” a precast product that addresses the need to prevent serious accidents on temporary two-lane expressways, and participated in a pilot installation. The installation will be rolled out across the country in the next fiscal year.

In the foundations business, we upgraded to a new version of pile design software to improve productivity in design work, and implemented additional functions of the “Pile-ViMSys” ICT construction management system.

The initiatives toward a decarbonized society included the promotion of research on CO<sub>2</sub> fixation for carbon-neutral concrete products and basic research on the application of special concrete to wind power generation facilities.

In addition, the BIM/CIM Promotion Office was launched to improve productivity of precast products using 3D design models. At Highway Techno Fair 2022, an exhibition of expressway construction and management technologies, we showcased our roadway products that include the EMC wall height balustrade, and the quick wall height balustrade, as well as anti-floating methods to prevent manholes from floating due to liquefaction during earthquakes.

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 ¥14,450 million (up 14.7% year on year) and operating income was ¥296 million (up 90.5%). 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 optimizing selling prices and improving profit ratios through strict and precise profit and loss management, as well as strengthening sales by expanding our business domain through nodular piles.

2) Sewerage-related business

Turnover totaled ¥7,437 million (down 5.5% year on year) and operating income was ¥1,014 million (down 24.4%). On the other hand, the Type 1, Type 2, Type 5, and Type 6 Steel Composite Pipes began to contribute to shipping results, as high value-added products geared toward disaster prevention, disaster mitigation, and national resilience measures. In addition, shipments of EMC wall height balustrade, which allows for rapid construction and measures against aging of expressways and other roads, are progressing smoothly.

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 ¥1,084 million (up 0.4% year on year) and operating income was ¥607 million (up 1.2%). 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 ¥36 million (down 17.1% year on year) and operating income was ¥26 million (down 23.8%).

(2) Explanation of Financial Position

Total assets as of December 31, 2022, increased ¥1,351 million from the end of the previous consolidated fiscal year, to ¥53,473 million. This was mainly because, under current assets, while cash and deposits decreased ¥820 million, notes and accounts receivable - trade and contract assets increased ¥796 million, merchandise and finished goods increased ¥748 million, and raw materials and supplies increased ¥238 million; also, under non-current assets, investment securities increased ¥263 million.

In addition, under liabilities, total liabilities increased ¥692 million from the end of the previous consolidated fiscal year, to ¥15,878 million. This was mainly because, under current liabilities, income taxes payable decreased ¥423 million and provision for bonuses decreased ¥185 million, while notes and accounts payable - trade increased ¥1,383 million.

Under net assets, total net assets increased ¥658 million from the end of the previous consolidated fiscal year, to ¥37,594 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,359 million, there was a decrease of ¥499 million for cash dividends paid, and valuation difference on available-for-sale securities decreased ¥76 million.

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

Regarding the results forecasts pertaining to the fiscal year ending March 31, 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, 2022 [Japanese GAAP]” dated May 13, 2022.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	13,065,056	12,245,041
Notes and accounts receivable - trade and contract assets	10,284,336	11,080,768
Merchandise and finished goods	2,672,504	3,421,296
Raw materials and supplies	639,154	877,359
Other	276,466	350,023
Provision for doubtful accounts	(11,872)	(13,095)
<b>Total current assets</b>	<b>26,925,645</b>	<b>27,961,394</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,885,336	3,707,456
Land	3,607,220	3,611,512
Other, net	1,786,337	2,004,449
<b>Total property, plant and equipment</b>	<b>9,278,894</b>	<b>9,323,417</b>
Intangible assets	176,286	195,285
Investments and other assets		
Investment securities	15,462,325	15,726,164
Other	310,942	299,013
Provision for doubtful accounts	(32,250)	(32,250)
<b>Total investments and other assets</b>	<b>15,741,017</b>	<b>15,992,927</b>
<b>Total non-current assets</b>	<b>25,196,198</b>	<b>25,511,631</b>
<b>Total assets</b>	<b>52,121,844</b>	<b>53,473,025</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,517,494	9,900,811
Short-term loans	982,028	1,052,617
Income taxes payable	503,811	80,036
Provision for bonuses	185,665	—
Provision for loss on construction contracts	7,505	5
Other	1,293,296	1,066,663
<b>Total current liabilities</b>	<b>11,489,801</b>	<b>12,100,135</b>
Non-current liabilities		
Provision for share-based remuneration for directors	25,975	33,648
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,610,601	2,666,164
Other	1,045,042	1,063,939
<b>Total non-current liabilities</b>	<b>3,696,526</b>	<b>3,778,659</b>
<b>Total liabilities</b>	<b>15,186,328</b>	<b>15,878,794</b>

(Thousand yen)

	As of March 31, 2022	As of December 31, 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	28,710,332
Treasury shares	(2,345,135)	(2,426,771)
Total shareholders' equity	35,551,243	36,308,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	881,657	804,689
Difference in foreign exchange	186,904	142,964
Remeasurements of defined benefit	6,749	35,265
Total accumulated other comprehensive income	1,075,312	982,919
Non-controlling interests	308,960	302,973
Total net assets	36,935,515	37,594,230
Total liabilities and net assets	52,121,844	53,473,025

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

## Consolidated Quarterly Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Turnover	21,590,833	23,008,475
Cost of sales	17,580,949	19,284,535
Gross profit	4,009,883	3,723,940
Selling, general and administrative expenses	3,023,187	2,982,271
Operating income	986,695	741,668
Non-operating income		
Interest income	268	333
Dividend income	194,042	162,914
Share of income of associates	570,031	619,121
Foreign exchange gains	23,384	90,583
Other	84,174	84,882
Total non-operating income	871,901	957,834
Non-operating expenses		
Interest expenses	9,370	11,932
Other	15,477	17,781
Total non-operating expenses	24,847	29,714
Ordinary income	1,833,749	1,669,788
Extraordinary income		
Gain on sales of fixed assets	27,527	165
Gain on sale of investment securities	108,066	36,031
Total extraordinary income	135,593	36,197
Extraordinary losses		
Loss on disposal of fixed assets	—	5
Total extraordinary losses	—	5
Profit before income taxes and minority interests	1,969,342	1,705,980
Income taxes - current	425,049	286,090
Income taxes - deferred	33,077	54,361
Total income taxes	458,126	340,451
Profit after income taxes	1,511,216	1,365,529
Profit (loss) attributable to non-controlling interests	(3,375)	6,409
Profit attributable to owners of parent company	1,514,591	1,359,119

## Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit after income taxes	1,511,216	1,365,529
Other comprehensive income		
Valuation difference on available-for-sale securities	(244,930)	(74,790)
Difference in foreign exchange	(22,007)	(57,172)
Remeasurements of defined benefit	17,433	27,666
Share of other comprehensive income of associates	(24,257)	11,905
Total other comprehensive income	(273,762)	(92,392)
Comprehensive income	1,237,453	1,273,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,240,829	1,266,726
Comprehensive income (loss) attributable to non-controlling interests	(3,375)	6,409

## (3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

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

No relevant items.

(Changes in accounting policies 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 nine months ended December 31, 2022, operating income, ordinary income, and profit before income taxes and minority interests were each ¥107 million higher than when calculated using the previous method.

(Segment information, etc.)

I. For the nine months ended December 31, 2021 (April 1, 2021 to December 31, 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	12,594,300	7,873,709	1,079,302	21,547,312	43,521	21,590,833	—	21,590,833
Inter-segment turnover or transfers	4,220	—	28,430	32,651	—	32,651	(32,651)	—
Total	12,598,521	7,873,709	1,107,733	21,579,963	43,521	21,623,485	(32,651)	21,590,833
Segment income	155,508	1,342,268	600,270	2,098,047	34,808	2,132,856	(1,146,160)	986,695

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

2. An adjustment to segment income of ¥(1,146,160) 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 nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	14,450,742	7,437,645	1,084,000	22,972,389	36,085	23,008,475	—	23,008,475
Inter-segment turnover or transfers	5,137	—	29,033	34,170	—	34,170	(34,170)	—
Total	14,455,880	7,437,645	1,113,034	23,006,560	36,085	23,042,646	(34,170)	23,008,475
Segment income	296,293	1,014,557	607,509	1,918,360	26,517	1,944,878	(1,203,209)	741,668

- (Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the rental business.  
2. An adjustment to segment income of ¥(1,203,209) 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.