

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 11, 2023

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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

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Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 29, 2023

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, 2023 (April 1, 2022 to March 31, 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	%
Fiscal year ended March 31, 2023	31,876	8.1	1,236	(14.7)	2,102	(16.8)	1,642	(23.1)
Fiscal year ended March 31, 2022	29,501	(3.1)	1,449	(16.2)	2,526	(6.8)	2,136	0.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥1,867 million [7.7%]

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

	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, 2023	68.12	—	4.4	3.9	3.9
Fiscal year ended March 31, 2022	87.95	—	5.9	4.9	4.9

(Reference) Share of income (loss) of associates: Fiscal year ended March 31, 2023: ¥609 million

Fiscal year ended March 31, 2022: ¥710 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	54,979	38,201	68.9	1,575.56
As of March 31, 2022	52,121	36,935	70.3	1,514.78

(Reference) Equity: As of March 31, 2023: ¥37,899 million

As of March 31, 2022: ¥36,626 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, 2023	649	(757)	(519)	12,418
Fiscal year ended March 31, 2022	972	561	(823)	13,021

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, 2022	—	—	—	20.00	20.00	502	22.7	1.3
Fiscal year ended March 31, 2023	—	—	—	21.00	21.00	539	30.8	1.4
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	25.00	25.00		36.4	

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

* 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.: No

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

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

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

3) Average number of shares during the period

Fiscal year ended March 31, 2023: 24,110,733 shares

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

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit after income taxes	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	30,436	6.0	1,255	(19.6)	1,857	(14.8)	1,199	(33.2)
Fiscal year ended March 31, 2022	28,702	(1.9)	1,561	(9.0)	2,179	(3.7)	1,796	(6.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2023	48.15		—	
Fiscal year ended March 31, 2022	71.60		—	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	45,050	29,354	65.2	1,181.14
As of March 31, 2022	42,855	28,591	66.7	1,144.68

(Reference) Equity: As of March 31, 2023: ¥29,354 million

As of March 31, 2022: ¥28,591 million

* 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, 2023, the Japanese economy began to move toward a full-fledged resumption of economic activities, and signs of recovery were seen in social and economic activities, such as the year-end and New Year holidays when consumers no longer had to restrict their activities for the first time in three years; nonetheless, the business environment remained unpredictable amid 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 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 fiscal year ended March 31, 2023, turnover amounted to ¥31,876 million (up 8.1% year on year), operating income was ¥1,236 million (down 14.7% year on year), ordinary income was ¥2,102 million (down 16.8% year on year), and profit attributable to owners of parent company was ¥1,642 million (down 23.1% year on year).

The main initiatives for strengthening technological development under the medium-term management plan, the 21-23 Plan, for the fiscal year ended March 31, 2023, included promotion of the joint development of “seismic retrofit methods” for locations with difficult construction conditions in the sewerage business. Further, the Group completed the improvement of the ground sill of the “Wellman vertical water tank” for urban flooding countermeasures and registered the trademark for it. The Group will continue to make recommendations to urban areas facing flooding challenges.

In the foundations business, the Group deployed the “Pile-ViMSys” ICT construction management system to construction sites nationwide and developed and implemented an electronic bulletin board application linked to the system, and further improved the efficiency of construction management. Through continued efforts to streamline quality management and construction management at construction sites using ICT, the Group aims to become the construction company of choice.

The initiatives toward a decarbonized society included the pilot construction of products using “e-CON,” a low-carbon concrete that is resistant to salt damage and can reduce CO₂ emissions by 80%, and approaches to commercialization.

Our initiatives toward sustainability resulted in being recognized as a “Health & Productivity Management Outstanding Organization 2023 (under the large enterprise category),” an honor given to companies that practice particularly excellent health management. The Group will work to enhance corporate value through the creation of a healthy and vibrant workplace environment for employees.

An overview of the business segments is provided below.

1) Foundations business

Turnover totaled ¥19,918 million (up 18.4% year on year) and operating income was ¥322 million (up 37.4%). 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 strive to maintain profitability by optimizing selling prices and improving profit ratios through strict and precise profit and loss management by expanding our foundations business domain through nodular piles.

2) Sewerage-related business

Turnover totaled ¥10,464 million (down 6.3% year on year) and operating income was ¥1,680 million (down 12.2%). 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 promote timely product development that meets market needs and improve earning capacity.

3) Solar Power Generation and Real Estate business

Turnover amounted to ¥1,439 million (down 0.3% year on year) and operating income was ¥807 million (up 0.7%). 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 ¥53 million (down 6.5% year on year) and operating income was ¥41 million (down 9.4%).

(Purchase of treasury shares)

At the Board of Directors' Meeting held on May 25, 2022, 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 ¥81 million in treasury shares was purchased.

(Introduction of Employee Stock Ownership Plan)

The Company has introduced an Employee Stock Ownership Plan (J-ESOP).

By providing incentives to employees, the Company intends to improve engagement, which in turn will lead to medium to long term and continuous enhancement of corporate value.

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

Total assets as of March 31, 2023, had increased ¥2,857 million from the end of the previous consolidated fiscal year, to ¥54,979 million. This was mainly because, while cash and deposits decreased ¥602 million under current assets, there were increases of ¥1,609 million in notes and accounts receivable – trade and contract assets, ¥530 million in merchandise and finished goods, and ¥674 million in investment securities under non-current assets.

In addition, under liabilities, total liabilities increased ¥1,592 million from the end of the previous consolidated fiscal year, to ¥16,778 million. This was mainly because of a ¥1,627 million increase in notes and accounts payable – trade.

Under net assets, total net assets increased ¥1,265 million from the end of the previous consolidated fiscal year, to ¥38,201 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,642 million, there was a decrease of ¥499 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥153 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, 2023, decreased ¥620 million from the end of the previous consolidated fiscal year to ¥12,418 million.

(Cash flows from operating activities)

Funds provided by operating activities during the consolidated fiscal year ended March 31, 2023, decreased ¥322 million year on year to ¥649 million. This was mainly because of a ¥2,138 million increase in profit before income taxes and minority interests, a ¥1,732 million increase in notes and accounts receivable – trade and

contract assets, ¥1,516 million in notes and accounts payable - trade, ¥795 million in inventories, and ¥609 million in share of income of associates.

(Cash flows from investing activities)

Funds used by investing activities during the consolidated fiscal year ended March 31, 2023, totaled ¥757 million (¥561 million provided in the previous fiscal year). This was mainly because of ¥688 million in purchase of fixed assets.

(Cash flows from financing activities)

Funds used in financing activities during the consolidated fiscal year ended March 31, 2023, decreased ¥304 million year on year to ¥519 million. This was mainly because of ¥499 million in cash dividends paid.

(4) Future Outlook

In the coming fiscal year, while social activities move toward a return to normal due to the downgrade of COVID-19 to Class 5 under the Infectious Disease Control Law, conditions are expected to remain challenging due to factors such as price hikes from rising material and energy costs against a backdrop of unstable global conditions triggered by the invasion of Ukraine and monetary tightening measures due to national inflation risks.

In this environment, under the slogan of “making a bold STEP to become a sustainable company!”, the Group diligently pursued its medium-term management plan, the 21-23 Plan (fiscal 2021–2023), following the basic policy of “strengthening the foundations business and driving business strategies that capture market changes.” However, in light of significant changes in the external environment under which the 21-23 Plan was premised and our progress toward the targets, the Group has formulated a new “23-27 Plan R (fiscal 2023–2027)”.

There is a positive external environment for the Group, due in part to the development of social infrastructure based on the “fundamental plan for national resilience” and “national defense strategies” and business opportunities to realize carbon neutrality using green materials we have developed. On the other hand, the business environment is undergoing a major transition such as a shift in emphasis from new construction to renewal of social infrastructure, the economic impact of a declining population, worsening labor shortages, and digital transformation.

With the Group marking its 100th anniversary in 2025, in the middle of the five-year period of the 23-27 Plan R, under the mission of “Inheritance and Innovation” we will position the plan as a period of reform to create a growth path to become a 200-year company and drive the plan forward while adapting to the expected changes in the business environment.

In addition, our management philosophy of “participating in the development of social infrastructure and contributing to the enrichment of the human environment” is the reason for our presence and we will invest in technical R&D to propel the management philosophy and make capital investments to fulfill our supply responsibility of building materials that support social infrastructure, and drive business partnerships and M&A investments to create added value.

Even in turbulent times, we will always aspire to our universal founding spirit and corporate philosophy. With our social mission of being an indispensable industry for social capital, we will grow our company through employee growth and challenges in the belief that “every challenge is an opportunity for growth.” To continue to be such a company, we will move forward with our reforms.

In the coming fiscal year, the Group expects a turnover of ¥32,300 million, operating income of ¥1,300 million, ordinary income of ¥2,150 million, and profit attributable to owners of parent of ¥1,650 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	13,065,056	12,462,419
Notes and accounts receivable - trade and contract assets	8,394,344	10,003,539
Electronically recorded monetary claims	1,889,992	2,027,549
Merchandise and finished goods	2,672,504	3,202,918
Raw materials and supplies	639,154	913,078
Other	276,466	337,076
Provision for doubtful accounts	(11,872)	(12,846)
Total current assets	26,925,645	28,933,736
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,678,554	13,699,198
Accumulated depreciation	(9,793,217)	(10,037,091)
Buildings and structures, net	3,885,336	3,662,106
Machinery, equipment and vehicles	14,202,342	14,534,665
Accumulated depreciation	(12,647,268)	(12,381,112)
Machinery, equipment and vehicles, net	1,555,074	2,153,553
Land	3,607,220	3,608,446
Construction in progress	187,160	3,729
Other	757,252	733,009
Accumulated depreciation	(713,149)	(700,593)
Other, net	44,102	32,415
Total property, plant and equipment	9,278,894	9,460,251
Intangible assets		
Other	176,286	190,637
Total intangible assets	176,286	190,637
Investments and other assets		
Investment securities	15,462,325	16,136,631
Deferred tax assets	14,809	10,584
Other	296,132	280,126
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	15,741,017	16,395,091
Total non-current assets	25,196,198	26,045,981
Total assets	52,121,844	54,979,717

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,517,494	10,145,252
Short-term loans	982,028	1,070,553
Income taxes payable	503,811	192,212
Provision for bonuses	185,665	186,645
Provision for loss on construction contracts	7,505	3,122
Other	1,293,296	1,341,314
Total current liabilities	11,489,801	12,939,100
Non-current liabilities		
Deferred tax liabilities	486,320	530,200
Provision for share-based remuneration for directors	25,975	37,485
Provision for directors' retirement benefits	14,907	14,907
Net defined benefit liability	2,610,601	2,707,744
Long-term lease and guarantee deposited	548,931	548,932
Other	9,790	—
Total non-current liabilities	3,696,526	3,839,270
Total liabilities	15,186,328	16,778,371
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,773,375	4,920,916
Retained earnings	27,871,603	28,993,638
Treasury shares	(2,345,135)	(2,574,346)
Total shareholders' equity	35,551,243	36,591,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	881,657	1,035,136
Difference in foreign exchange	186,904	199,157
Remeasurements of defined benefit	6,749	73,496
Total accumulated other comprehensive income	1,075,312	1,307,790
Non-controlling interests	308,960	301,946
Total net assets	36,935,515	38,201,346
Total liabilities and net assets	52,121,844	54,979,717

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

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Turnover	29,501,023	31,876,570
Cost of sales	23,942,272	26,509,181
Gross profit	5,558,751	5,367,389
Selling, general and administrative expenses	4,108,800	4,131,178
Operating income	1,449,951	1,236,210
Non-operating income		
Interest income	410	496
Dividend income	197,217	164,155
Share of income of associates	710,838	609,409
Technical support fee	33,394	29,738
Foreign exchange gains	52,156	13,132
Other	112,054	92,934
Total non-operating income	1,106,071	909,868
Non-operating expenses		
Interest expenses	12,709	15,832
Real estate development maintenance and management expenses	4,969	4,631
Donations	4,238	5,570
Industrial waste cost	—	4,540
Other	7,547	13,481
Total non-operating expenses	29,465	44,055
Ordinary income	2,526,557	2,102,023
Extraordinary income		
Gain on sale of fixed assets	27,527	165
Gain on sale of investment securities	280,030	36,031
Total extraordinary income	307,557	36,197
Extraordinary losses		
Loss on disposal of fixed assets	—	5
Loss on valuation of investment securities	25,165	—
Total extraordinary losses	25,165	5
Profit before income taxes and minority interests	2,808,948	2,138,215
Income taxes - current	735,775	521,648
Income taxes - deferred	(50,857)	(18,802)
Total income taxes	684,917	502,845
Profit after income taxes	2,124,031	1,635,369
Loss attributable to non-controlling interests	(12,138)	(7,055)
Profit attributable to owners of parent company	2,136,169	1,642,425

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit after income taxes	2,124,031	1,635,369
Other comprehensive income		
Valuation difference on available-for-sale securities	(313,804)	144,844
Difference in foreign exchange	(32,577)	523
Remeasurements of defined benefit	(12,837)	23,889
Share of other comprehensive income of associates	(29,940)	63,221
Total other comprehensive income	(389,159)	232,478
Comprehensive income	1,734,871	1,867,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,747,009	1,874,904
Comprehensive income (loss) attributable to non-controlling interests	(12,138)	(7,055)

(3) Consolidated Statements of Changes in Net Assets
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
Cumulative effects of changes in accounting policies					
Restated balance	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
Cumulative effects of changes in accounting policies						
Restated balance	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

For the fiscal year ended March 31, 2023

(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	27,871,603	(2,345,135)	35,551,243
Cumulative effects of changes in accounting policies			(20,837)		(20,837)
Restated balance	5,251,400	4,773,375	27,850,765	(2,345,135)	35,530,406
Changes of items during period					
Dividends of surplus			(499,552)		(499,552)
Profit attributable to owners of parent company			1,642,425		1,642,425
Purchase of treasury shares				(581,690)	(581,690)
Disposal of treasury shares		147,540		352,407	499,947
Increase of treasury shares of associate company				72	72
Other changes of shareholders' equity					
Total changes during current period		147,540	1,142,873	(229,211)	1,061,202
Balance at end of current period	5,251,400	4,920,916	28,993,638	(2,574,346)	36,591,608

	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	881,657	186,904	6,749	1,075,312	308,960	36,935,515
Cumulative effects of changes in accounting policies						(20,837)
Restated balance	881,657	186,904	6,749	1,075,312	308,960	36,914,678
Changes of items during period						
Dividends of surplus						(499,552)
Profit attributable to owners of parent company						1,642,425
Purchase of treasury shares						(581,690)
Disposal of treasury shares						499,947
Increase of treasury shares of associate company						72
Other changes of shareholders' equity	153,479	12,252	66,746	232,478	(7,013)	225,465
Total changes during current period	153,479	12,252	66,746	232,478	(7,013)	1,286,667
Balance at end of current period	1,035,136	199,157	73,496	1,307,790	301,946	38,201,346

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes and minority interests	2,808,948	2,138,215
Depreciation	678,050	607,415
Increase (decrease) in provision for doubtful accounts	(365)	973
Increase (decrease) in provision for bonuses	12,764	979
Increase (decrease) in net defined benefit liability	71,379	116,362
Increase (decrease) in provision for share based remuneration for directors	11,897	11,510
Increase (decrease) in provision for loss on construction contracts	7,505	(4,382)
Interest and dividend income	(197,627)	(164,652)
Interest expenses	12,709	15,832
Foreign exchange losses (gains)	(15,944)	(17,238)
Share of (income) loss of associates	(710,838)	(609,409)
Loss (gain) on sales of fixed assets	(27,527)	(165)
Loss on disposal of fixed assets	—	5
Loss (gain) on sale of investment securities	(280,030)	(36,031)
Loss (gain) on valuation of investment securities	25,165	—
Decrease (increase) in notes and accounts receivable - trade and contract assets	(1,224,553)	(1,732,632)
Decrease (increase) in inventories	(221,423)	(795,659)
Decrease (increase) in other current assets	(66,270)	(54,081)
Increase (decrease) in notes and accounts payable - trade	244,216	1,516,235
Increase (decrease) in accrued consumption taxes	(73,872)	(124,357)
Increase (decrease) in other current liabilities	13,515	155,251
Increase (decrease) in other non-current liabilities	4,073	(781)
Subtotal	1,071,774	1,023,390
Interest and dividend income received	476,282	477,507
Interest expenses paid	(12,717)	(15,831)
Income taxes paid	(562,458)	(835,087)
Net cash provided by (used in) operating activities	972,880	649,978
Cash flows from investing activities		
Payments into time deposits	(1,028)	(0)
Purchase of investment securities	(165)	(187,350)
Proceeds from sales of investment securities	945,520	98,007
Purchase of fixed assets	(472,104)	(688,143)
Proceeds from sales of fixed assets	33,677	1,780
Purchase of shares of unconsolidated subsidiaries	(5,000)	—
Decrease (increase) in other investments	60,927	18,120
Net cash provided by (used in) investing activities	561,826	(757,585)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(8,007)	64,720
Purchase of treasury shares	(183,052)	(581,690)
Proceeds from sales of treasury shares	—	499,947
Cash dividends paid	(629,845)	(499,668)
Other payments	(2,828)	(2,828)
Net cash provided by (used in) financing activities	(823,734)	(519,519)
Net foreign exchange on cash and cash equivalents	24,809	24,488
Net increase (decrease) in cash and cash equivalents	735,781	(602,638)
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	13,021,464	12,418,826

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

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 fiscal year ended March 31, 2023, 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 fiscal year ended March 31, 2023, operating income, ordinary income, and profit before income taxes and minority interests were each ¥164 million higher than when calculated using the previous method.

(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.

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

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.

For the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	19,918,805	10,464,095	1,439,784	31,822,685	53,884	31,876,570	—	31,876,570
Inter-segment turnover or transfers	6,509	—	39,205	45,715	—	45,715	(45,715)	—
Total	19,925,315	10,464,095	1,478,989	31,868,400	53,884	31,922,285	(45,715)	31,876,570
Segment income	322,882	1,680,495	807,495	2,810,873	41,273	2,852,147	(1,615,936)	1,236,210
Segment assets	20,563,671	12,379,090	4,376,344	37,319,106	20,934	37,340,040	17,639,676	54,979,717
Other items								
Depreciation (Note 4)	171,729	123,447	241,136	536,313	—	536,313	120,283	656,597
Increase in property, plant and equipment and intangible assets (Note 4)	317,902	397,672	—	715,574	—	715,574	89,656	805,231

(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 ¥(45,715) thousand is the elimination of inter-segment transactions.
- (2) An adjustment to segment income of ¥(1,615,936) 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 ¥17,639,676 thousand is corporate assets not allocated to reportable segments, comprising investment securities of ¥16,136,631 thousand and assets associated with administration divisions, etc. of ¥1,503,045 thousand.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets of ¥89,656 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, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥1,514.78	¥1,575.56
Earnings per share	¥87.95	¥68.12

(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) and Employee Stock Ownership Plan (J-ESOP). 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, 2022: 123,200 shares; Consolidated fiscal year ended March 31, 2023: 859,500 shares

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

Consolidated fiscal year ended March 31, 2022: 123,750 shares; Consolidated fiscal year ended March 31, 2023: 184,558 shares

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

Items	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent company (Thousand yen)	2,136,169	1,642,425
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent company relating to common stocks (Thousand yen)	2,136,169	1,642,425
Average number of common stocks during the period (Shares)	24,287,417	24,110,733

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

Items	As of March 31, 2022	As of March 31, 2023
Total net assets (Thousand yen)	36,935,515	38,201,346
Amount to be subtracted from the total net assets (Thousand yen)	308,960	301,946
[Non-controlling interest of the above (Thousand yen)]	[308,960]	[301,946]
Net assets at year-end relating to common stocks (Thousand yen)	36,626,555	37,899,399
Number of common stocks at year-end used for calculating earnings per share (Shares)	24,179,389	24,054,502

(Significant subsequent events)

No relevant items.