

Consolidated Quarterly Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 9, 2024

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 filing quarterly securities report: February 9, 2024

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, 2023

(April 1, 2023 to December 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	%
Nine months ended December 31, 2023	24,338	5.8	824	11.1	1,608	(3.7)	1,314	(3.3)
Nine months ended December 31, 2022	23,008	6.6	741	(24.8)	1,669	(8.9)	1,359	(10.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥2,076 million [63.1%]
Nine months ended December 31, 2022: ¥1,273 million [2.9%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	54.86	—
Nine months ended December 31, 2022	56.33	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	56,890	39,539	69.0	1,646.82
As of March 31, 2023	54,979	38,201	68.9	1,575.56

(Reference) Equity: As of December 31, 2023: ¥39,268 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 December 31, 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 December 31, 2023: 5,502,257 shares

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

3) Average number of shares during the period

Nine months ended December 31, 2023: 23,965,380 shares

Nine months ended December 31, 2022: 24,129,471 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, 2023, the Japanese economy gradually recovered as social and economic activities slowly moved toward a return to normal following the reclassification of COVID-19 to Class 5, backed by service consumption due to higher wages and inbound demand, while commodity prices continued to rise. Nonetheless, the environment affecting us continued to be harsh and the outlook remained uncertain due to concerns about an economic downturn caused by rising energy and raw materials prices worldwide, monetary tightening, and other factors.

In the market environment affecting the Group, there were also signs of a recovery in appetite for private capital investment, which had dropped due to the pandemic.

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, shipments and construction for major orders awarded since October 2023 have started on schedule, and our efforts to improve selling prices and reduce costs have been successful. This resulted in year-on-year increases in both turnover and operating income.

On the technology development side, “ViMSys Camera®,” an electronic bulletin board application for taking construction photos we developed, was successfully tested and certified by the Ministry of Land, Infrastructure, Transport, and Tourism for authenticity verification and small bulletin board information integration functions. By adding the currently available “Pile-ViMSys®,” a comprehensive construction management system for pile work that we developed, to the ViMSys Camera®, users will be able to remotely check and approve the construction status on time. To streamline design work, we upgraded the pile design software to cut down on design time for core operations. In addition, we worked to develop a new inner excavation method for concrete piles, a method in which we have expertise (and which also contributes to reducing CO₂ emissions) to aim for the industry's highest bearing capacity, and carried out the pilot construction.

To address global environmental issues (for CO₂ reduction), we launched work to switch to gas boilers at the Kumagaya Plant, a key plant of the Company.

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, we aggressively developed our sales activities.

Orders awarded increased mainly in the Kanto and Tohoku regions, and the scheduled shipment of large properties has begun. Further, the progress in improving selling prices and reducing costs to counter the soaring raw material prices has also had an impact. As a result, turnover and operating income increased to ¥15,972 million (up 10.3% year on year) and ¥818 million (up 176.2%), respectively.

2) Sewerage-related business

Despite a slight pickup compared to the first half, market demand was lower than in the same period of the previous year, and other factors resulted in turnover of 7,231 million yen (down 2.8% year on year) and operating income of 782 million yen (down 22.9%).

3) Solar Power Generation and Real Estate business

Turnover amounted to ¥1,150 million (up 3.4% year on year) and operating income was ¥613 million (up 1.1%). Income in the solar power generation area maintained the same level as in the previous fiscal year.

Real estate rental income maintained the same level as in the previous fiscal year.

4) Others

In Others, turnover totaled ¥46 million (up 28.9% year on year) and operating income was ¥36 million (up 36.3%).

As a result, in the nine months ended December 31, 2023, turnover amounted to ¥24,338 million (up 5.8% year on year), operating income was ¥824 million (up 11.1%), ordinary income was ¥1,608 million (down 3.7%), and profit attributable to owners of parent company was ¥1,314 million (down 3.3%).

(2) Explanation of Financial Position

Total assets as of December 31, 2023, increased ¥1,911 million from the end of the previous consolidated fiscal year, to ¥56,890 million. This was mainly because cash and deposits increased ¥744 million under current assets, and investment securities increased ¥1,409 million under non-current assets.

In addition, under liabilities, total liabilities increased ¥572 million from the end of the previous consolidated fiscal year, to ¥17,351 million. This was mainly because notes and accounts payable-trade increased ¥214 million under current liabilities, and deferred tax liabilities included in other under non-current liabilities increased ¥378 million.

Under net assets, total net assets increased ¥1,338 million from the end of the previous consolidated fiscal year, to ¥39,539 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,314 million, there was a decrease of ¥539 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥825 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, 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	12,462,419	13,206,478
Notes and accounts receivable - trade and contract assets	10,003,539	9,700,325
Electronically recorded monetary claims	2,027,549	2,416,066
Merchandise and finished goods	3,202,918	3,492,599
Raw materials and supplies	913,078	570,287
Other	337,076	286,441
Provision for doubtful accounts	(12,846)	(13,113)
Total current assets	28,933,736	29,659,085
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,662,106	3,505,161
Land	3,608,446	3,600,768
Other, net	2,189,698	2,165,161
Total property, plant and equipment	9,460,251	9,271,092
Intangible assets	190,637	166,156
Investments and other assets		
Investment securities	16,136,631	17,546,157
Other	290,710	280,735
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	16,395,091	17,794,642
Total non-current assets	26,045,981	27,231,891
Total assets	54,979,717	56,890,977
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,145,252	10,360,000
Short-term loans	1,070,553	1,088,883
Income taxes payable	192,212	206,343
Provision for bonuses	186,645	—
Provision for loss on construction contracts	3,122	1,910
Other	1,341,314	1,413,845
Total current liabilities	12,939,100	13,070,983
Non-current liabilities		
Provision for share-based remuneration for directors	37,485	33,858
Provision for directors' retirement benefits	14,907	14,907
Provision for share-based remuneration for employees	—	41,177
Net defined benefit liability	2,707,744	2,730,871
Other	1,079,133	1,459,565
Total non-current liabilities	3,839,270	4,280,381
Total liabilities	16,778,371	17,351,364

(Thousand yen)

	As of March 31, 2023	As of December 31, 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	29,768,531
Treasury shares	(2,574,346)	(2,755,280)
Total shareholders' equity	36,591,608	37,185,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,035,136	1,860,392
Difference in foreign exchange	199,157	141,021
Remeasurements of defined benefit	73,496	81,729
Total accumulated other comprehensive income	1,307,790	2,083,143
Non-controlling interests	301,946	270,901
Total net assets	38,201,346	39,539,612
Total liabilities and net assets	54,979,717	56,890,977

(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, 2022	For the nine months ended December 31, 2023
Turnover	23,008,475	24,338,538
Cost of sales	19,284,535	20,224,357
Gross profit	3,723,940	4,114,180
Selling, general and administrative expenses	2,982,271	3,289,881
Operating income	741,668	824,299
Non-operating income		
Interest income	333	290
Dividend income	162,914	177,152
Share of income of associates	619,121	478,424
Foreign exchange gains	90,583	85,469
Other	84,882	106,564
Total non-operating income	957,834	847,901
Non-operating expenses		
Interest expenses	11,932	19,456
Disaster repair expenses	—	21,560
Other	17,781	23,059
Total non-operating expenses	29,714	64,076
Ordinary income	1,669,788	1,608,125
Extraordinary income		
Gain on sales of fixed assets	165	215,457
Gain on sale of investment securities	36,031	148,967
Total extraordinary income	36,197	364,424
Extraordinary losses		
Loss on disposal of fixed assets	5	0
Structure reform expenses	—	198,859
Total extraordinary losses	5	198,859
Profit before income taxes and minority interests	1,705,980	1,773,690
Income taxes - current	286,090	437,142
Income taxes - deferred	54,361	35,396
Total income taxes	340,451	472,539
Profit after income taxes	1,365,529	1,301,151
Profit (loss) attributable to non-controlling interests	6,409	(13,691)
Profit attributable to owners of parent company	1,359,119	1,314,842

Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit after income taxes	1,365,529	1,301,151
Other comprehensive income		
Valuation difference on available-for-sale securities	(74,790)	764,815
Difference in foreign exchange	(57,172)	(66,065)
Remeasurements of defined benefit	27,666	8,737
Share of other comprehensive income of associates	11,905	67,865
Total other comprehensive income	(92,392)	775,352
Comprehensive income	1,273,136	2,076,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,266,726	2,090,195
Comprehensive income (loss) attributable to non-controlling interests	6,409	(13,691)

(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 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.

II. For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	15,939,702	7,231,328	1,120,997	24,292,029	46,509	24,338,538	—	24,338,538
Inter-segment turnover or transfers	32,490	—	29,026	61,517	—	61,517	(61,517)	—
Total	15,972,192	7,231,328	1,150,024	24,353,546	46,509	24,400,055	(61,517)	24,338,538
Segment income	818,367	782,690	613,998	2,215,056	36,138	2,251,194	(1,426,894)	824,299

- (Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the rental business.
2. An adjustment to segment income of ¥(1,426,894) 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.