

Consolidated Quarterly Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 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 commencing dividend payments: —

Preparation of supplementary briefing material on financial results: No

Holding of financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

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

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	9,012	23.0	894	—	1,659	188.0	1,338	110.2
Three months ended June 30, 2023	7,325	(4.6)	71	(69.3)	576	(26.6)	636	(3.8)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥1,494 million [24.7%]

Three months ended June 30, 2023: ¥1,198 million [141.9%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	56.15	—
Three months ended June 30, 2023	26.48	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	61,184	42,451	68.6	1,761.44
As of March 31, 2024	62,079	41,599	66.3	1,725.59

(Reference) Equity: As of June 30, 2024: ¥41,980 million

As of March 31, 2024: ¥41,128 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	—	—	25.00	25.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		17.00	—	17.00	34.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(% 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	37,000	9.7	1,700	23.0	2,600	8.7	2,000	4.6	83.91

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

* Notes

(1) Significant changes in the scope of consolidation during the period under review: No

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

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

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

As of June 30, 2024: 29,347,500 shares

As of March 31, 2024: 29,347,500 shares

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

As of June 30, 2024: 5,514,387 shares

As of March 31, 2024: 5,513,111 shares

3) Average number of shares during the period

Three months ended June 30, 2024: 23,833,147 shares

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

* Review of the attached consolidated quarterly financial statements by certified public accountants or auditing corporations: No

* Explanation of the proper use of financial results forecast and other note

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to “1. Overview of Operating Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachment.

Table of Contents

1. Overview of Operating Results	2
(1) Overview of Operating Results for the Period under Review	2
(2) Overview of Financial Position for the Period under Review.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information ...	3
2. Consolidated Quarterly Financial Statements and Important Notes.....	4
(1) Consolidated Quarterly Balance Sheets	4
(2) Consolidated Quarterly Statements of Income and Comprehensive Income	6
(3) Notes to the Consolidated Quarterly Financial Statements.....	8
(Notes on segment information, etc.).....	8
(Notes in the case of significant changes in shareholders' equity)	9
(Notes on going concern assumption).....	9
(Notes on statements of cash flows).....	9

1. Overview of Operating Results

(1) Overview of Operating Results for the Period under Review

During the three months ended June 30, 2024, the Japanese economy continued to face an uncertain outlook due to the effects of global monetary tightening, unstable international conditions, volatile exchange rates, rising prices, and other factors. At the same time, the economy saw a gradual recovery trend amid a rebound in people's movement following the normalization of social activities, an increase in inbound demand, and an improvement in employment and income conditions.

In the environment affecting the Group, although nationwide demand for the concrete piles and Hume pipes, which are its mainstay products, fell below the levels seen in the same period of the previous fiscal year, the Company moved forward to strengthen its organizational sales structure, and both foundations business and sewerage-related business remained solid. We expect that the government's initiative for building national resilience will accelerate and the demand for the prevention projects for natural disaster and the preventive maintenance of road infrastructure will rise in the future.

Under these conditions, in the three months ended June 30, 2024, the Group posted turnover of ¥9,012 million (up 23.0% year on year) and operating income of ¥894 million (up 1,158.9%) as a result of its efforts to secure profits by reviewing selling prices and reducing costs, while personnel expenses and other costs were on the rise as we pursued human capital management, and ordinary income was ¥1,659 million (up 188.0%) and profit attributable to owners of parent company was ¥1,338 million (up 110.2%), all of which increased significantly compared to the same period of the previous fiscal year.

An overview of the business segments is provided below.

1) Foundations business

Turnover and operating income increased to ¥6,308 million (up 28.1% year on year) and ¥829 million (up 892.8%), respectively, mainly as a result of steady progress in ongoing construction projects from the previous fiscal year.

2) Sewerage-related business

Turnover and operating income increased to ¥2,331 million (up 17.0% year on year) and ¥393 million (up 61.4%), respectively, mainly due to shipments of steel composite pipes a high value-added product, and the expansion of sales of precast products for roads, on which we are focusing.

3) Solar Power Generation and Real Estate business

Turnover amounted to ¥357 million (down 9.1% year on year) and operating income was ¥209 million (up 0.2%).

4) Others

Turnover totaled ¥14 million (up 7.8% year on year) and operating income was ¥10 million (up 0.3%).

The Group is pursuing its medium-term management plan "23-27 Plan R," with the fiscal year ended March 31, 2024, as the first year of the plan. The current fiscal year marks the second year of the five-year medium-term management plan, and building on our achievement of the plan in the first year, the Group will continue to make concerted efforts to vigorously conduct sales activities to win orders with the aim to increase earnings.

The main initiatives and achievements of our medium-term management plan "23-27 Plan R" for the three months ended June 30, 2024, are as follows.

1) Product launch of e-CON®, a low-carbon, high-functioning concrete

The blue infrastructure (block) using e-CON®, a low-carbon, high-functioning concrete that we are developing toward commercialization, has been shipped on site for port and harbor construction work by the Ministry of Land, Infrastructure, Transport and Tourism. e-CON® is a long-life concrete product that reduces CO2 emissions and is highly resistant to salt damage and acid. This fall, we expect to be granted a technical

inspection certificate for e-CON®, and the Group will all work together to commercialize and expand sales of the product, contributing to the realization of a decarbonized society.

2) New technological development

We work on the development of a new inner excavation method for concrete piles, a method in which we have expertise (and which also contributes to reducing waste soil from construction sites and CO2 emissions) to aim for the industry's highest bearing capacity. With the necessary pilot construction completed, the evaluation and inspection process has begun. We also moved forward with developments that contribute to efficiency and labor savings, including the introduction of new pile design software and a new product using a 3D printer. We will continue to develop new products and construction methods to meet customer needs.

3) Promotion of capital policy

In order to implement a flexible capital policy in response to changes in the business environment and to return profits to shareholders, the Board of Directors resolved on May 24, 2024, to set the limit for the repurchase of treasury shares at a total amount of ¥800 million. With our dividend policy efforts that set out to maintain and increase stable dividend payments, we will continue to meet the expectations of our stakeholders.

The Company will celebrate the 100th anniversary of its founding in 2025.

We will further work on business restructuring to become a 200-year company under its five-year medium-term management plan "23-27 Plan R" with 2025 as a milestone, and strive to work as one to enhance corporate value to meet the expectations of our shareholders and stakeholders.

(2) Overview of Financial Position for the Period under Review

Total assets as of June 30, 2024, decreased ¥894 million from the end of the previous consolidated fiscal year, to ¥61,184 million. This was mainly because investment securities increased ¥808 million under non-current assets, while notes and accounts receivable - trade, and contract assets decreased ¥1,614 million under current assets.

In addition, under liabilities, total liabilities decreased ¥1,746 million from the end of the previous consolidated fiscal year, to ¥18,733 million. This was mainly because notes and accounts payable - trade decreased ¥1,647 million under current liabilities.

Under net assets, total net assets increased ¥852 million from the end of the previous consolidated fiscal year, to ¥42,451 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,338 million, there was a decrease of ¥641 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥180 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, 2025, at this time there has been no change to the full-year results forecast published in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]" dated May 9, 2024; provided that if we deem it necessary to revise the full-year results forecast due to changes in future results or other factors, we will promptly disclose the revised forecast.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	14,391,378	14,343,569
Notes and accounts receivable - trade and contract assets	10,877,836	9,263,100
Electronically recorded monetary claims	2,503,342	2,252,448
Merchandise and finished goods	3,389,764	3,904,339
Raw materials and supplies	823,044	758,597
Other	590,161	261,839
Provision for doubtful accounts	(18,593)	(14,736)
Total current assets	32,556,934	30,769,158
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,637,353	3,626,895
Land	3,679,942	3,681,168
Other, net	2,319,543	2,422,045
Total property, plant and equipment	9,636,839	9,730,110
Intangible assets	184,893	184,068
Investments and other assets		
Investment securities	19,424,951	20,233,460
Other	307,669	300,107
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	19,700,370	20,501,318
Total non-current assets	29,522,104	30,415,497
Total assets	62,079,039	61,184,656
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,527,358	9,880,301
Short-term loans	1,448,822	898,750
Current portion of long-term loans	33,320	33,320
Income taxes payable	533,074	285,241
Provision for bonuses	195,338	—
Provision for loss on construction contracts	1,995	2,216
Provision for shareholder benefit program	18,793	6,881
Other	1,897,371	2,629,098
Total current liabilities	15,656,075	13,735,809
Non-current liabilities		
Long-term loans	25,030	16,700
Provision for share-based remuneration for directors	38,266	42,673
Provision for directors' retirement benefits	14,907	14,907
Provision for share-based remuneration for employees	54,903	64,454
Net defined benefit liability	2,775,530	2,807,071
Other	1,914,998	2,051,465
Total non-current liabilities	4,823,637	4,997,272
Total liabilities	20,479,712	18,733,081

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,920,916	4,920,916
Retained earnings	30,366,141	31,062,781
Treasury shares	(2,765,100)	(2,765,499)
Total shareholders' equity	37,773,357	38,469,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,082,049	3,262,260
Difference in foreign exchange	173,703	146,717
Remeasurements of defined benefit	99,382	102,108
Total accumulated other comprehensive income	3,355,136	3,511,086
Non-controlling interests	470,832	470,890
Total net assets	41,599,326	42,451,574
Total liabilities and net assets	62,079,039	61,184,656

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Turnover	7,325,697	9,012,071
Cost of sales	6,189,306	6,906,250
Gross profit	1,136,390	2,105,821
Selling, general and administrative expenses	1,065,345	1,211,413
Operating income	71,045	894,408
Non-operating income		
Interest income	63	137
Dividend income	92,466	119,523
Share of income of associates	352,589	617,352
Foreign exchange gains	43,104	19,300
Other	27,839	23,266
Total non-operating income	516,062	779,580
Non-operating expenses		
Interest expenses	5,641	5,631
Other	5,289	8,937
Total non-operating expenses	10,930	14,568
Ordinary income	576,177	1,659,419
Extraordinary income		
Gain on sale of fixed assets	198,561	—
Total extraordinary income	198,561	—
Profit before income taxes and minority interests	774,739	1,659,419
Income taxes - current	89,095	261,147
Income taxes - deferred	45,835	60,088
Total income taxes	134,930	321,236
Profit after income taxes	639,808	1,338,183
Profit attributable to non-controlling interests	3,312	58
Profit attributable to owners of parent company	636,495	1,338,124

Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit after income taxes	639,808	1,338,183
Other comprehensive income		
Valuation difference on available-for-sale securities	558,621	181,747
Difference in foreign exchange	(29,497)	(27,866)
Remeasurements of defined benefit	2,802	3,220
Share of other comprehensive income of associates	26,512	(1,152)
Total other comprehensive income	558,439	155,949
Comprehensive income	1,198,247	1,494,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,194,935	1,494,074
Comprehensive income attributable to non-controlling interests	3,312	58

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on segment information, etc.)

I. For the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the Consolidated Quarterly Statements of Income (Note 3)
	Foundations	Sewerage- related	Solar Power Generation and Real Estate	Total				
Turnover								
Turnover to external customers	4,925,564	1,992,723	393,645	7,311,933	13,764	7,325,697	—	7,325,697
Inter-segment turnover or transfers	30,411	—	9,644	40,055	—	40,055	(40,055)	—
Total	4,955,975	1,992,723	403,289	7,351,988	13,764	7,365,752	(40,055)	7,325,697
Segment income	83,554	243,666	208,604	535,825	10,502	546,328	(475,283)	71,045

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

2. An adjustment to segment income of ¥ (475,283) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.

3. Total segment income with adjustments corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information on impairment loss or goodwill for non-current assets by reportable segment

No relevant items.

II. For the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

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	6,308,517	2,331,074	357,635	8,997,228	14,843	9,012,071	—	9,012,071
Inter-segment turnover or transfers	1,239	—	9,555	10,795	—	10,795	(10,795)	—
Total	6,309,756	2,331,074	367,191	9,008,023	14,843	9,022,867	(10,795)	9,012,071
Segment income	829,544	393,214	209,105	1,431,865	10,531	1,442,396	(547,988)	894,408

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

2. An adjustment to segment income of ¥ (547,988) 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.

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

No relevant items.

(Notes on going concern assumption)

No relevant items.

(Notes on statements of cash flows)

Consolidated quarterly statements of cash flows are not prepared for the three months ended June 30, 2024. Depreciation, including amortization related to intangible assets, for the three months ended June 30, 2024, are as follows.

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	170,594	178,669