

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 8, 2024

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing semi-annual securities report: November 8, 2024

Scheduled date of commencing dividend payments: December 6, 2024

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 Six Months Ended September 30, 2024

(April 1, 2024 to September 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	%
Six months ended September 30, 2024	18,922	31.9	1,468	411.6	2,491	123.6	2,082	81.1
Six months ended September 30, 2023	14,340	(3.5)	287	(37.7)	1,114	(20.9)	1,150	(3.2)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥1,361 million [-29.4%]

Six months ended September 30, 2023: ¥1,928 million [98.1%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	88.09	—
Six months ended September 30, 2023	47.90	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2024	60,311	41,589	68.2	1,769.79
As of March 31, 2024	62,079	41,599	66.3	1,725.59

(Reference) Equity: As of September 30, 2024: ¥41,118 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
Fiscal year ended March 31, 2024	Yen —	Yen —	Yen —	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2025	—	19.00			
Fiscal year ending March 31, 2025 (Forecast)			—	19.00	38.00

(Note) Revision to the dividend forecast announced most recently: Yes

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	1,900	37.5	3,000	25.4	2,600	36.0	110.93

(Note) Revision to the financial results forecast announced most recently: Yes

* 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 semi-annual consolidated financial statements: No

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

As of September 30, 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 September 30, 2024: 6,114,033 shares

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

3) Average number of shares during the period

Six months ended September 30, 2024: 23,644,990 shares

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

* These semi-annual financial results are not subject to 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. Overview of Operating Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attachment.

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1. Overview of Operating Results

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

During the interim consolidated period under review, the Japanese economy continued to require close attention to movements in financial and foreign exchange markets, as well as commodity and resource prices. At the same time, the economy showed signs of a gradual recovery, as buoyant corporate profits led to improvements including in willingness to invest in capital expenditures, employment situation, and income conditions, and a virtuous cycle from income to spending gradually began to strengthen, backed by accommodative financial conditions.

In the environment affecting the Group, the demand for disaster prevention is expected to continue in the future, as earthquakes, torrential rains brought on by climate change, and floods and landslides caused by typhoons, and other natural disasters are becoming more frequent and severe. Further, amid the aging of various social infrastructures built during the high-growth period and the progress of the national resilience plan, the revised Basic Act for National Resilience was enacted last year to continuously and stably propel the five-year acceleration plan for building national resilience, and the legislation was enacted to formulate an implementation plan. This leads to the expectation that the environment for domestic public works will remain solid on the whole.

Under these conditions, in the interim consolidated period under review, the Group posted turnover of ¥18,922 million (up 31.9% year on year). Operating income reached ¥1,468 million (up 411.6%) 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. Ordinary income was ¥2,491 million (up 123.6%) and profit attributable to owners of parent company was ¥2,082 million (up 81.1%). This resulted in significant revenue and profit growth compared to the same period of the previous fiscal year.

An overview of the business segments is provided below.

1) Foundations business

Despite a decline in overall demand for concrete piles, turnover and operating income increased to ¥12,639 million (up 34.4% year on year) and ¥1,221 million (up 274.2%), respectively. This is mainly attributable to an increase in orders nationwide, with price revisions to counter rising costs beginning to gain momentum.

2) Sewerage-related business

Despite a decrease in overall demand for Hume pipes, turnover and operating income increased to ¥5,532 million (up 33.7% year on year) and ¥881 million (up 99.8%), respectively. This is mainly due to an increase in orders nationwide, 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 ¥712 million (down 7.6% year on year) and operating income was ¥406 million (down 4.7%).

4) Others

In Others, turnover totaled ¥36 million (up 38.1% year on year) and operating income was ¥28 million (up 47.0%).

The main initiatives and achievements of our medium-term management plan “23-27 Plan R” for the interim consolidated period under review are as follows.

1) Acquisition of Japan’s first construction technical inspection certificate for e-CON®, a low-carbon, high-functioning concrete

e-CON®, the low-carbon, high-functioning concrete we are developing, has been certified as Japan’s first cement-free concrete for precast products by the Public Works Research Institute for construction technology in civil engineering materials, products and technology, and road maintenance technology. e-CON® helps reduce CO₂ emissions as a concrete material with a long service life that is highly resistant to salt damage and acids. Going forward, 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

(Additional feature for the ICT construction management system “Pile-ViMSys®”)

The ICT construction management system “Pile-ViMSys®” has been upgraded with a new pile framing function. This new function allows users to check the status of pile driving work in real time, at the same position as the design drawings, and also to check and approve the work remotely. Moving forward, we will further enhance the functionality and leverage the ICT construction management system to improve safety and streamline construction management. In addition, we will work to automate the construction process, for which a concrete vision is set out in the “i-Construction 2.0” initiative by the Ministry of Land, Infrastructure, Transport and Tourism, and strive to achieve innovation in the pile construction.

(Adoption of products using 3D printing technology)

The Company has taken steps to apply 3D printers in its production processes to improve efficiency. Precast products manufactured using this 3D printing-enabled system have been adopted and delivered for a civil engineering project ordered by the Ministry of Land, Infrastructure, Transport and Tourism. The use of 3D printing technology for precast products not only helps reduce construction time and costs, but also leads to business expansion through the manufacture of curved products and to automated manufacturing in the future. Looking ahead, we will further advance the development of production technologies to meet customer needs and the social environment.

3) Promotion of capital policy

In light of the latest performance trends, we have upwardly revised our results forecasts for the fiscal year ending March 31, 2025. As a result, the interim dividend for the fiscal year ending March 31, 2025, will be ¥19 per share of common stock, and the year-end dividend forecast will also be ¥19 per share of common stock.

This will increase the annual dividend for the current fiscal year by ¥13 from the previous fiscal year, to ¥38 per share.

As resolved at the Board of Directors’ meeting held on May 24, 2024, the Company has completed the purchase of 600,000 treasury shares at a total amount of ¥729 million during the interim consolidated period under review. Based on its capital policy of maintaining and increasing stable dividend payments, we will continue to meet the expectations of our shareholders.

In the current fiscal year, we enter the second year of our “23-27 Plan R” medium-term management plan. We will continue to work as one to grow profitability. In addition, next fiscal year will mark the 100th anniversary of our founding, and we consistently press ahead with business restructuring toward becoming the next 200-year company, and strive to enhance corporate value to meet the expectations of our shareholders and other stakeholders.

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

1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2024, decreased ¥1,767 million from the end of the previous consolidated fiscal year, to ¥60,311 million. This was mainly due to a decrease of ¥1,167 million in notes and accounts receivable - trade, and contract assets under current asset, and a decrease of ¥437 million in investment securities under non-current assets.

In addition, under liabilities, total liabilities decreased ¥1,758 million from the end of the previous consolidated fiscal year, to ¥18,721 million. This was mainly because notes and accounts payable - trade decreased ¥1,801 million under current liabilities.

Under net assets, total net assets decreased ¥9 million from the end of the previous consolidated fiscal year, to ¥41,589 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥2,082 million, there was a decrease of ¥641 million in cash dividends paid, a decrease of ¥730 million in purchase of treasury shares, and a decrease of ¥691 million in valuation difference on available-for-sale securities.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds,” referring to cash and deposits minus time deposits with deposit terms of over three months) in the interim consolidated period under review increased ¥596 million from the end of the previous consolidated fiscal year, to ¥14,900 million.

(Cash flows from operating activities)

Funds provided by operating activities in the interim consolidated period under review increased ¥1,650 million year on year to ¥2,645 million. This was mainly because of ¥2,653 million in profit before income taxes, a decrease of ¥1,868 million in notes and accounts receivable - trade, a decrease of ¥1,686 million in notes and accounts payable - trade, and ¥835 million in share of income of associates.

(Cash flows from investing activities)

Funds used in investing activities in the interim consolidated period under review decreased ¥64 million year on year to ¥61 million. This was mainly because of a decrease of ¥537 million in purchase of fixed assets and an increase of ¥428 million in proceeds from sales of investment securities.

(Cash flows from financing activities)

Funds used in financing activities in the interim consolidated period under review increased ¥1,322 million year on year to ¥1,988 million. This was mainly because of ¥730 million in purchase of treasury shares, ¥636 million in cash dividends paid, and a net decrease of ¥598 million in short-term loans.

(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, we have revised the results forecasts in light of recent performance trends. For details, please refer to the “Notice of Revision (Upward Revision) of Results Forecasts” announced today.

2. Semi-annual Consolidated Financial Statements and Important Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	14,391,378	14,962,390
Notes and accounts receivable - trade and contract assets	10,877,836	9,709,962
Electronically recorded monetary claims	2,503,342	1,818,875
Merchandise and finished goods	3,389,764	3,610,705
Raw materials and supplies	823,044	871,397
Other	590,161	389,706
Provision for doubtful accounts	(18,593)	(17,245)
Total current assets	32,556,934	31,345,793
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,637,353	3,537,068
Land	3,679,942	3,529,239
Other, net	2,319,543	2,475,121
Total property, plant and equipment	9,636,839	9,541,430
Intangible assets	184,893	184,476
Investments and other assets		
Investment securities	19,424,951	18,987,102
Other	307,669	284,548
Provision for doubtful accounts	(32,250)	(32,250)
Total investments and other assets	19,700,370	19,239,400
Total non-current assets	29,522,104	28,965,306
Total assets	62,079,039	60,311,100
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,527,358	9,726,269
Short-term loans	1,448,822	887,500
Current portion of long-term loans	33,320	33,320
Income taxes payable	533,074	733,086
Provision for bonuses	195,338	228,499
Provision for loss on construction contracts	1,995	17,334
Provision for shareholder benefit program	18,793	25,205
Other	1,897,371	2,589,278
Total current liabilities	15,656,075	14,240,493
Non-current liabilities		
Long-term loans	25,030	8,370
Provision for share-based remuneration for directors	38,266	47,080
Provision for directors' retirement benefits	14,907	14,907
Provision for share-based remuneration for employees	54,903	77,959
Net defined benefit liability	2,775,530	2,830,458
Other	1,914,998	1,501,863
Total non-current liabilities	4,823,637	4,480,638
Total liabilities	20,479,712	18,721,132

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,920,916	4,921,604
Retained earnings	30,366,141	31,807,560
Treasury shares	(2,765,100)	(3,495,437)
Total shareholders' equity	37,773,357	38,485,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,082,049	2,390,335
Difference in foreign exchange	173,703	138,802
Remeasurements of defined benefit	99,382	104,010
Total accumulated other comprehensive income	3,355,136	2,633,148
Non-controlling interests	470,832	471,692
Total net assets	41,599,326	41,589,967
Total liabilities and net assets	62,079,039	60,311,100

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Turnover	14,340,775	18,922,020
Cost of sales	11,932,467	14,961,189
Gross profit	2,408,308	3,960,831
Selling, general and administrative expenses	2,121,283	2,492,521
Operating income	287,024	1,468,309
Non-operating income		
Interest income	208	544
Dividend income	93,547	120,795
Share of income of associates	609,476	835,439
Foreign exchange gains	92,518	28,619
Other	77,270	63,031
Total non-operating income	873,021	1,048,431
Non-operating expenses		
Interest expenses	12,559	7,133
Donations	1,805	5,175
Disaster repair expenses	21,560	—
Other	9,826	12,718
Total non-operating expenses	45,750	25,027
Ordinary income	1,114,295	2,491,713
Extraordinary income		
Gain on sale of fixed assets	205,755	—
Gain on sale of investment securities	98,430	366,897
Total extraordinary income	304,186	366,897
Extraordinary losses		
Loss on disposal of fixed assets	0	—
Impairment losses	—	204,623
Total extraordinary losses	0	204,623
Profit before income taxes	1,418,481	2,653,988
Income taxes - current	285,688	672,820
Income taxes - deferred	(29,030)	(102,596)
Total income taxes	256,658	570,224
Profit	1,161,823	2,083,764
Profit attributable to non-controlling interests	11,714	860
Profit attributable to owners of parent company	1,150,109	2,082,904

Semi-annual Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,161,823	2,083,764
Other comprehensive income		
Valuation difference on available-for-sale securities	759,581	(665,495)
Difference in foreign exchange	(53,931)	(41,649)
Remeasurements of defined benefit	7,534	5,982
Share of other comprehensive income of associates	53,392	(20,825)
Total other comprehensive income	766,576	(721,988)
Comprehensive income	1,928,399	1,361,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,916,685	1,360,915
Comprehensive income attributable to non-controlling interests	11,714	860

(3) Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,418,481	2,653,988
Depreciation	344,115	363,143
Impairment losses	—	204,623
Increase (decrease) in provision for doubtful accounts	(2,011)	(1,347)
Increase (decrease) in provision for bonuses	8,052	33,161
Increase (decrease) in net defined benefit liability	44,860	59,181
Increase (decrease) in provision for share-based remuneration for directors	(8,033)	8,814
Increase (decrease) in provision for share-based remuneration for employees	27,451	23,055
Increase (decrease) in provision for loss on construction contracts	(861)	15,338
Increase (decrease) in provision for shareholder benefit program	—	6,412
Interest and dividend income	(93,756)	(121,340)
Interest expenses	12,559	7,133
Foreign exchange losses (gains)	(19,397)	391
Share of (income) loss of associates	(609,476)	(835,439)
Loss (gain) on sales of fixed assets	(205,755)	—
Loss on disposal of fixed assets	0	—
Loss (gain) on sale of investment securities	(98,430)	(366,897)
Insurance claim income	(16,586)	—
Decrease (increase) in notes and accounts receivable - trade	1,807,618	1,868,839
Decrease (increase) in inventories	(354,606)	(268,290)
Decrease (increase) in other current assets	145,195	204,490
Increase (decrease) in notes and accounts payable - trade	(1,357,666)	(1,686,638)
Increase (decrease) in accrued consumption taxes	3,008	(20,418)
Increase (decrease) in other current liabilities	(150,983)	645,659
Increase (decrease) in other non-current liabilities	(36,594)	(13,442)
Subtotal	857,182	2,780,416
Interest and dividend income received	281,911	346,215
Interest expenses paid	(12,547)	(7,093)
Proceeds from insurance income	16,586	—
Income taxes paid	(148,570)	(474,230)
Net cash provided by (used in) operating activities	994,562	2,645,308
Cash flows from investing activities		
Payments into time deposits	(16)	(0)
Proceeds from withdrawal of time deposits	—	25,000
Proceeds from sale of investment securities	136,203	428,753
Purchase of fixed assets	(500,631)	(537,553)
Proceeds from sales of fixed assets	230,228	—
Decrease (increase) in other investments	8,434	22,098
Net cash provided by (used in) investing activities	(125,781)	(61,701)

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(34,620)	(598,420)
Repayments of long-term loans	—	(16,660)
Purchase of treasury shares	(94,458)	(730,265)
Cash dividends paid	(535,803)	(636,236)
Other payments	(1,414)	(7,255)
Net cash provided by (used in) financing activities	(666,296)	(1,988,836)
Net foreign exchange on cash and cash equivalents	21,517	1,241
Net increase (decrease) in cash and cash equivalents	224,000	596,011
Cash and cash equivalents at the beginning of the period	12,418,826	14,304,069
Cash and cash equivalents at the end of the period	12,642,827	14,900,081

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

No relevant items.

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

No relevant items.

(Segment information, etc.)

I. For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

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

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the Semi- annual Consolidated Statements of Income (Note 3)
	Foundations	Sewerage- related	Solar Power Generation and Real Estate	Total				
Turnover								
Turnover to external customers	9,405,306	4,137,385	771,377	14,314,069	26,706	14,340,775	—	14,340,775
Inter-segment turnover or transfers	31,445	—	19,340	50,786	—	50,786	(50,786)	—
Total	9,436,751	4,137,385	790,717	14,364,855	26,706	14,391,561	(50,786)	14,340,775
Segment income	326,345	441,131	426,750	1,194,227	19,644	1,213,871	(926,847)	287,024

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

2. An adjustment to segment income of ¥ (926,847) thousand is corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.

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

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

No relevant items.

II. For the six months ended September 30, 2024 (April 1, 2024 to September 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 Semi- annual Consolidated Statements of Income (Note 3)
	Foundations	Sewerage- related	Solar Power Generation and Real Estate	Total				
Turnover								
Turnover to external customers	12,639,809	5,532,457	712,860	18,885,127	36,893	18,922,020	—	18,922,020
Inter-segment turnover or transfers	2,412	—	19,149	21,561	—	21,561	(21,561)	—
Total	12,642,221	5,532,457	732,009	18,906,688	36,893	18,943,582	(21,561)	18,922,020
Segment income	1,221,077	881,423	406,810	2,509,311	28,870	2,538,181	(1,069,871)	1,468,309

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

2. An adjustment to segment income of ¥ (1,069,871) 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 Semi-annual Consolidated Statements of Income.

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

(Significant impairment losses on non-current assets)

For the Solar Power Generation and Real Estate segment and for corporate assets not belonging to a reportable segment, we assessed the future recoverability of the assets. As a result, the carrying amounts were reduced to the recoverable amounts, and the reduced amounts were recorded as impairment losses under extraordinary losses. The amounts of impairment losses recorded for the interim consolidated period under review were ¥14,548 thousand for the Solar Power Generation and Real Estate segment and ¥190,075 thousand for corporate assets not belonging to a reportable segment.