

**Consolidated Quarterly Financial Results
for the Nine Months Ended December 31, 2020
[Japanese GAAP]**



February 12, 2021

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly securities report: February 12, 2021

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, 2020

(April 1, 2020 to December 31, 2020)

(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, 2020	22,707	(11.2)	1,291	(1.9)	2,118	(1.0)	1,585	(7.2)
Nine months ended December 31, 2019	25,566	(13.6)	1,316	3.5	2,139	3.0	1,709	1.3

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥2,341 million [21.4%]

Nine months ended December 31, 2019: ¥1,928 million [37.5%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2020	64.88	—
Nine months ended December 31, 2019	69.60	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	49,194	35,012	70.5	1,419.71
As of March 31, 2020	48,978	33,159	67.0	1,342.50

(Reference) Equity: As of December 31, 2020: ¥34,681 million

As of March 31, 2020: ¥32,814 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen —	Yen —	Yen 19.00	Yen 19.00
Fiscal year ending March 31, 2021	—	—	—		
Fiscal year ending March 31, 2021 (Forecast)				19.00	19.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	34,000	(3.0)	1,700	(6.1)	2,450	(7.3)	1,800	(14.5)	73.64

(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, 2020: 29,347,500 shares

As of March 31, 2020: 29,347,500 shares

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

As of December 31, 2020: 4,919,138 shares

As of March 31, 2020: 4,904,971 shares

3) Average number of shares during the period

Nine months ended December 31, 2020: 24,431,993 shares

Nine months ended December 31, 2019: 24,554,407 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 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. 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 2 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, 2020, with the end of the spread of the novel coronavirus still not in sight, the sense of uncertainty over the world economy continued. Although the Japanese economy also showed some signs of a turnaround including a pickup in consumer spending and production activities after the lifting of the state of emergency in May 2020, the uncertain outlook on the economy is expected to continue as the spread of the novel coronavirus is still unchecked.

In terms of market trends affecting the Group, demand for Hume pipes in the sewerage-related business and demand for concrete pile products in the foundations business fell short of those in the previous fiscal year.

Under such business conditions, the Group worked diligently on three basic strategies—Strategy for the Group’s growth, Strategy to improve competitiveness, and Strategy to enhance the management foundation—to pursue stable profits and sustainable growth, which are the key objectives of the basic policy in Evolution All Japan II (fiscal 2018 to 2020), the Group’s three-year medium-term management plan.

During the nine months ended December 31, 2020, turnover decreased year on year due to factors including a downturn in private investment during the coronavirus crisis. However, due to mainly profitability-based order screening, cost reductions, and expense reductions during the coronavirus crisis, the operating margin in the foundations business improved. In addition, in Solar Power Generation and Real Estate, turnover and profits both remained stable at the same levels as last year.

In the nine months ended December 31, 2020, orders received totaled ¥21,481 million (down 7.7% year on year), turnover amounted to ¥22,707 million (down 11.2% year on year), operating income was ¥1,291 million (down 1.9% year on year), ordinary income was ¥2,118 million (down 1.0% year on year), and profit attributable to owners of parent company was ¥1,585 million (down 7.2% year on year).

(2) Explanation of Financial Position

Total assets as of December 31, 2020, increased ¥215 million from the end of the previous consolidated fiscal year, to ¥49,194 million. This was mainly because, while notes and accounts receivable - trade decreased ¥2,689 million under current assets, cash and deposits increased ¥1,157 million, merchandise and finished goods increased ¥108 million under current assets, and investment securities increased ¥1,316 million, buildings and structures increased ¥130 million, and intangible assets increased ¥72 million under non-current assets.

In addition, under liabilities, total liabilities decreased ¥1,637 million from the end of the previous consolidated fiscal year, to ¥14,181 million. This was mainly because, under current liabilities, notes and accounts payable – trade decreased ¥1,669 million.

Under net assets, total net assets increased ¥1,853 million from the end of the previous consolidated fiscal year, to ¥35,012 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,585 million, there was a decrease of ¥479 million for cash dividends paid; valuation difference on available-for-sale securities increased ¥538 million; and remeasurements of defined benefit increased ¥234 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, 2021, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020[Japanese GAAP]” dated May 20, 2020.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	10,376,529	11,534,049
Notes and accounts receivable - trade	11,887,000	9,197,235
Merchandise and finished goods	2,433,113	2,541,218
Raw materials and supplies	519,544	485,535
Other	169,935	266,027
Provision for doubtful accounts	(16,498)	(11,122)
Total current assets	25,369,624	24,012,944
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,047,116	4,178,009
Land	3,572,904	3,609,462
Other, net	1,645,389	1,563,675
Total property, plant and equipment	9,265,410	9,351,147
Intangible assets	119,910	192,180
Investments and other assets		
Investment securities	13,973,557	15,289,766
Other	351,286	426,214
Provision for doubtful accounts	(100,931)	(77,751)
Total investments and other assets	14,223,911	15,638,229
Total non-current assets	23,609,232	25,181,557
Total assets	48,978,857	49,194,502
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,130,996	8,461,225
Short-term loans	944,469	931,474
Income taxes payable	260,525	218,677
Provision for bonuses	176,906	—
Other	784,145	925,677
Total current liabilities	12,297,043	10,537,055
Non-current liabilities		
Provision for share-based remuneration for directors	—	11,000
Provision for directors' retirement benefits	17,217	14,907
Provision for environmental measures	1,514	—
Net defined benefit liability	2,744,509	2,504,253
Other	758,878	1,114,437
Total non-current liabilities	3,522,119	3,644,597
Total liabilities	15,819,162	14,181,653

(Thousand yen)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,688,447	4,732,298
Retained earnings	24,715,817	25,821,623
Treasury shares	(2,073,120)	(2,127,293)
Total shareholders' equity	32,582,545	33,678,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	240,023	778,882
Difference in foreign exchange	227,280	225,395
Remeasurements of defined benefit	(235,658)	(1,028)
Total accumulated other comprehensive income	231,646	1,003,249
Non-controlling interests	345,503	331,571
Total net assets	33,159,694	35,012,848
Total liabilities and net assets	48,978,857	49,194,502

(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, 2019	For the nine months ended December 31, 2020
Turnover	25,566,717	22,707,535
Cost of sales	21,237,374	18,602,806
Gross profit	4,329,342	4,104,729
Selling, general and administrative expenses	3,012,659	2,813,693
Operating income	1,316,682	1,291,035
Non-operating income		
Interest income	3,441	544
Dividend income	116,366	162,888
Share of income of associates	619,043	599,952
Foreign exchange gains	13,791	—
Other	106,615	137,448
Total non-operating income	859,259	900,833
Non-operating expenses		
Interest expenses	20,925	10,636
Foreign exchange losses	—	38,431
Other	15,828	24,192
Total non-operating expenses	36,753	73,260
Ordinary income	2,139,188	2,118,609
Extraordinary income		
State subsidy	1,440	1,440
Gain on sales of shares of subsidiaries and associates	75,025	—
Total extraordinary income	76,465	1,440
Extraordinary losses		
Loss on sales of non-current assets	—	940
Loss on valuation of investment securities	—	17,181
Structure reform expenses	—	39,453
Total extraordinary losses	—	57,574
Profit before income taxes and minority interests	2,215,653	2,062,474
Income taxes - current	442,997	455,127
Income taxes - deferred	54,685	37,141
Total income taxes	497,682	492,268
Profit after income taxes	1,717,971	1,570,205
Profit (loss) attributable to non-controlling interests	8,883	(15,046)
Profit attributable to owners of parent company	1,709,088	1,585,252

Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit after income taxes	1,717,971	1,570,205
Other comprehensive income		
Valuation difference on available-for-sale securities	196,560	510,779
Difference in foreign exchange	(3,410)	5,376
Remeasurements of defined benefit	28,446	233,822
Share of other comprehensive income of associates	(10,956)	21,623
Total other comprehensive income	210,639	771,602
Comprehensive income	1,928,611	2,341,808
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,919,728	2,356,855
Comprehensive income (loss) attributable to non-controlling interests	8,883	(15,046)

(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, 2019 (April 1, 2019 to December 31, 2019)

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	16,666,673	7,743,837	1,024,301	25,434,812	131,905	25,566,717	—	25,566,717
Inter-segment turnover or transfers	4,916	—	29,659	34,575	—	34,575	(34,575)	—
Total	16,671,589	7,743,837	1,053,960	25,469,387	131,905	25,601,292	(34,575)	25,566,717
Segment income	708,061	1,066,604	585,713	2,360,380	32,158	2,392,539	(1,075,856)	1,316,682

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

2. An adjustment to segment income of ¥(1,075,856) 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, 2020 (April 1, 2020 to December 31, 2020)

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	13,619,466	7,965,214	1,084,167	22,668,847	38,687	22,707,535	—	22,707,535
Inter-segment turnover or transfers	5,409	—	29,130	34,540	—	34,540	(34,540)	—
Total	13,624,875	7,965,214	1,113,298	22,703,387	38,687	22,742,075	(34,540)	22,707,535
Segment income	634,570	1,128,806	590,237	2,353,614	29,888	2,383,502	(1,092,466)	1,291,035

- (Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the rental business.
2. An adjustment to segment income of ¥(1,092,466) 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.