Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 20, 2021

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
Stock exchange listing: Tokyo
Code number: 5269
URL: https://www.ncic.co.jp/
Representative: AMIYA Katsuhiko, Representative Director, Chairman and President
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Scheduled date of Annual General Meeting of Shareholders: June 29, 2021
Scheduled date of commencing dividend payments: June 15, 2021
Scheduled date of filing annual securities report: June 30, 2021
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	48,877	6.7	2,745	-	3,181	-	1,869	-
March 31, 2020	45,824	(8.3)	(86)	-	282	(88.2)	(35)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 2,196 million [-%]
Fiscal year ended March 31, 2020: ¥ (1,056) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	33.26	-	5.1	4.4	5.6
March 31, 2020	(0.62)	-	(0.1)	0.4	(0.2)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ 274 million
Fiscal year ended March 31, 2020: ¥ 273 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	74,823	39,382	50.2	665.35
March 31, 2020	70,214	37,279	50.6	632.93

(Reference) Equity: As of March 31, 2021: ¥ 37,537 million
As of March 31, 2020: ¥ 35,538 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	4,242	(1,525)	966	8,804
March 31, 2020	(500)	(1,826)	416	5,121

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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	2.00	-	0.00	2.00	113	-	0.3
March 31, 2021	-	2.50	-	6.50	9.00	509	27.1	1.4
Fiscal year ending March 31, 2022 (Forecast)	-	4.50	-	4.50	9.00		28.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2021 :
Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2021	26,000	14.3	900	(13.2)	1,200	(12.3)	700	(6.3)	12.45
Full year	56,000	14.6	2,500	(8.9)	2,800	(12.0)	1,800	(3.7)	32.02

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (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: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2021: 57,777,432 shares
March 31, 2020: 57,777,432 shares

2) Total number of treasury shares at the end of the period:
March 31, 2021: 1,359,228 shares
March 31, 2020: 1,628,882 shares

3) Average number of shares during the period:
Fiscal Year ended March 31, 2021: 56,206,366 shares
Fiscal Year ended March 31, 2020: 56,249,102 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	38,940	6.9	2,274	732.9	2,226	-	1,464	-
March 31, 2020	36,434	(14.3)	273	(74.6)	37	(96.8)	(127)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	25.90	-
March 31, 2020	(2.25)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	58,741	27,483	46.8	486.10
March 31, 2020	55,850	25,912	46.4	458.43

(Reference) Equity: As of March 31, 2021: ¥ 27,483 million
As of March 31, 2020: ¥ 25,912 million

* Financial results reports are not required to be subjected to reviews.

* Explanation for appropriate use of financial forecasts and other special notes.

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. Actual results may differ from these forecasts by a variety of reasons.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year under review (ended March 31, 2021), the Japanese economy, affected by the global spread of COVID-19, initially recorded a significant drop in performance even more sharply than during the Lehman Shock crisis. Although a trend toward improvement was subsequently seen, the recovery was only moderate. Despite the start of vaccination, the outlook for the economy and consumption trends remained uncertain, with still no end of the pandemic in sight.

Regarding the business environment in which the Company operated during the fiscal year under review, demand for concrete piles declined slightly in the Kanto region but fell substantially in the Kansai region and the rest of western Japan, resulting in a year-on-year decrease in demand on a nationwide basis. Shipments of concrete poles stayed at a similar level to the previous fiscal year throughout Japan. However, the demand for poles for mobile phone base stations was robust. In addition, continued growth was seen in demand for concrete products that contribute to the additional deployment of new base stations for 5G mobile phones or help prevent and mitigate disasters and reinforce national resilience. Furthermore, following the government's announcement of the Green Growth Strategy through Achieving Carbon Neutrality in 2050, environmental technologies and recycled products drew increasing attention.

Against this backdrop, during the fiscal year under review, which was the final year of our 2018 Medium-Term Management Plan, we placed the highest priority on strengthening the foundation of the existing businesses in view of the deficit in the previous fiscal year. Toward that end, we worked on reducing costs on a company-wide basis with nothing-off-limits, dedicating itself to improving financial results as quickly as possible. Meanwhile, the fiscal year under review was also a year in which we strived for further growth, in particular by forming a business and capital alliance with Tenox Corporation, a company engaged in foundation works, and deciding to make Tohoku Pole Co., Ltd. a subsidiary.

With regard to individual businesses, the Foundation Business focused on promoting sales activities tailored to regional characteristics and winning orders through putting our products into designs. In parallel, the business endeavored to ensure the steady completion of construction projects by placing particular emphasis on the management of large-scale sites. In the Concrete Secondary Product Business, the Pole-related Business enjoyed robust shipments of poles for growing mobile phone base stations while at the same time working to regain the market share, for example by modifying its supply system to adapt to changing market needs. The Civil Engineering Product Business concentrated on the distribution and construction of our proprietary civil engineering products, represented by precast concrete walls and earth bracing retaining walls, that contribute to preventing and mitigating disasters as well as to reinforcing national resilience.

As a result of the above, for the fiscal year under review, the Group's net sales were 48,877 million yen (up 6.7% year-on-year) as sales grew substantially in the Concrete Secondary Product Business despite a drop in sales in the Foundation Business. In regard to profits, we increased production and shipments of concrete secondary products, expanded civil engineering works and raised their profitability, focused on construction management in the Foundation Business, and implemented thorough cost-cutting initiatives across the Group. As a result of these efforts, the Group posted record-high profits: operating profit of 2,745 million yen (against operating loss of 86 million yen a year earlier), ordinary profit of 3,181 million yen (up 1,025.2% year-on-year), and profit attributable to owners of parent of 1,869 million yen (against loss attributable to owners of parent of 35 million yen a year earlier).

An overview of each business for the fiscal year under review is as follows:

1) Foundation Business

In the concrete pile industry, the demand was sluggish and declined year-on-year nationwide. In this climate, the Company increased shipments and sales in the Kanto region but was affected by a significant fall in demand in the western Japan. Consequently, net sales dropped to 24,319 million yen (down 7.2% year-on year). Nevertheless, the segment achieved an income of 1,255 million yen (against segment loss of 68 million yen a year earlier) through enhancement of the management of individual projects by measures such as ensuring thorough construction management.

2) Concrete Secondary Product Business

In this segment, the Pole-related Business increased sales substantially while also regaining the market share, recording net sales of 12,891 million yen (up 37.1% year-on-year). This was mainly owing to robust shipments of poles for mobile phone base stations, the completion of large-scale ball stop net constructions for sports facilities, and steady shipments of poles to Myanmar where a national project for achieving 100% electrification is underway. In the Civil Engineering Product Business, although the production and shipment of the RC segment were partly pushed back due to construction delays, net sales were 11,363 million yen (up 14.6% year-on-year). This was driven by robust distribution and construction of precast concrete walls and other civil engineering products contributing to reinforcing national resilience, primarily for large-scale projects, and steady growth in sales at Group companies undertaking slope reinforcement works. As a result, the Concrete Secondary Product Business recorded net sales of 24,255 million yen (up 25.5% year-on-year), and its segment income was 3,092 million yen (up 112.5% year-on-year), propelled by the increased net sales and by a further improvement in the profitability of the factories thanks to an increase in production of concrete poles and precast concrete walls.

3) Real Estate and Solar Power Generation Business

The Real Estate Business reported steady rental income from nursing-care facilities and other property. The Solar Power Generation Business also steadily generated and sold electricity, utilizing its two solar power plants in Ibaraki Prefecture: NC Kanto Solar Power Plant in Koga City and NC Tagawa Solar Power Plant in Chikusei City. Consequently, the Real Estate and Solar Power Generation Business recorded net sales of 302 million yen (up 1.4% year-on-year) and segment income of 175 million yen (up 11.2% year-on-year).

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

The Group’s financial policies are to reduce total assets so as to improve ROA through measures such as early collection of accounts receivable, optimization of product inventories, and efficient capital investment strategies; and to reduce interest-bearing debts by improving the efficiency of the Group’s funds and assets.

Total assets at the end of the fiscal year under review were 74,823 million yen, up 4,609 million yen from the end of the previous fiscal year.

Current assets were 31,864 million yen, up 4,200 million yen from the end of the previous fiscal year, and non-current assets were 42,959 million yen, up 408 million yen from the end of the previous fiscal year.

The increase in current assets was mainly due to an increase in cash and deposits, and the increase in non-current assets was mainly due to an increase in the market value of investment securities.

Total liabilities were 35,441 million yen, up 2,506 million yen from the end of the previous fiscal year.

Current liabilities were 24,798 million yen, up 4,603 million yen from the end of the previous fiscal year, and non-current liabilities were 10,643 million yen, down 2,096 million yen from the end of the previous fiscal year.

The increase in current liabilities was mainly due to an increase in short-term borrowings, and the decrease in non-current liabilities was mainly due to a decrease in long-term borrowings.

Total net assets were 39,382 million yen, up 2,102 million yen from the end of the previous fiscal year.

It was mainly due to an increase in retained earnings.

As a result of the above, the equity ratio came to 50.2%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash and equivalents at the end of the fiscal year under review increased by 3,682 million yen year-on-year to 8,804 million yen.

1) Cash flows from operating activities

Funds provided by operating activities amounted to 4,242 million yen. This was chiefly because the factors to increase funds, such as 3,121 million yen recorded as profit before income taxes and 1,720 million yen recorded as depreciation, exceeded the factors to decrease funds including 850 million yen recorded as decrease in trade payables.

2) Cash flows from investing activities

Funds used in investing activities totaled 1,525 million yen. This was chiefly due to the factors to decrease funds, such as 1,298 million yen recorded as purchase of property, plant and equipment and 217 million yen recorded as purchase of shares of subsidiaries.

3) Cash flows from financing activities

Funds provided by financing activities totaled 966 million yen. This was chiefly because the factors to increase funds, such as 2,100 million yen recorded as net increase in short-term borrowings and 313 million yen recorded as proceeds from sale and leaseback transactions, exceeded the factors to decrease funds including 1,322 million yen recorded as net decrease in long-term borrowings.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	54.2	49.6	49.0	50.6	50.2
Market-value equity ratio (%)	32.2	35.0	20.3	21.4	31.1
Cash flow to interest-bearing debt ratio (years)	3.3	3.1	3.0	(21.8)	2.8
Interest coverage ratio (times)	42.8	69.1	63.3	(10.3)	85.2

Equity ratio = Equity / Total assets
Market-value equity ratio = Market capitalization / Total assets
Cash flow to interest-bearing debt ratio = Interest-bearing debts / Cash flows
Interest coverage ratio = Cash flows / Interest payment

(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company recognizes the return of profit to shareholders as one of its key business policies to follow, in parallel with the reinforcement of its management base and enhancement of its corporate value.

As to the distribution of retained earnings, the Company has made it a rule to provide appropriate returns to shareholders by ensuring steady dividend payments as far as its financial results allow. At the same time, we believe it is also in the long-term interests of shareholders to solidify our corporate foundation through research and development, production facility upgrades, and other measures. Therefore, we strive to secure an appropriate level of internal reserves as well.

From these perspectives, in determining the distribution of retained earnings, we comprehensively take into account a variety of factors, such as our consolidated financial results for the period concerned, profit trends, future business development, maintenance and enhancement of financial strength, and payout ratio. Additionally, when determining the distribution of retained earnings at the end of each second quarter, we consider the first-half financial results and the full-year financial results forecast, among other elements.

In accordance with this dividend policy, we paid an interim dividend of 2.50 yen per share at the end of the second quarter of the fiscal year under review. Pursuant to the same policy, a decision has also been made to pay a year-end dividend of 6.50 yen per share for the fiscal year under review, after comprehensively taking into account the financial results for the fiscal year under review and the business environment. This will bring the annual dividend to 9 yen per share.

(5) Future Outlook

Looking ahead, the global economy is expected to see positive growth, albeit at paces that vary from industry to industry depending on vaccination and other COVID-19 prevention measures. In Japan, too, while uncertainties remain about when and how much the nation's consumer spending, capital investment, job market, and other economic conditions will recover, corporate production activities are showing signs of recovery.

In the business environment surrounding the Group, demand for precast concrete products is expected to grow along with efforts being made to improve productivity such as reducing construction periods and labor saving, against the backdrop of work style reform and labor shortages at construction sites. In addition to new projects such as establishment of base stations for 5G mobile phones, various other infrastructure projects are being anticipated, including upgrades of existing utility poles and measures to prevent and mitigate disasters and reinforce national resilience. We are confident that the Group's products and services are able to meet those social needs.

On the other hand, we also take into consideration certain risks, such as a near-term decline in construction demand caused by private-sector capital investment being cancelled or pushed back, depending on how the economy evolves going forward.

In this business environment, each of the Group's businesses will make proactive efforts to win orders and expand sales. At the same time, we will adapt swiftly to changes in the business environment, paying particular attention to a possible decline in demand for piles resulting from the review of future private sector investment in construction projects against the backdrop of impacts from the spread of COVID-19. We will also continue to reduce costs and focus on enhancing earning power.

With regard to individual businesses, the Foundation Business will focus on promoting sales activities tailored to regional characteristics, strengthening design proposal capabilities, and making proactive efforts to win orders in view of factory capacity utilization, while emphasizing construction management to increase the profitability of individual projects. The Pole-related Business will continue to ensure steady shipments to new mobile carriers that maintain strong demand. It will also work to expand sales of our proprietary COP (cap on poles), which are fit-in flange poles that enhance workability of construction, while making greater efforts to win orders for the construction and maintenance of poles and other projects with the aim of boosting profits further. In the Civil Engineering Product Business, we will propose and expand the sales of precast concrete products—especially, precast concrete walls and earth bracing retaining walls, which are our proprietary products and construction techniques—in an effort to contribute to preventing and mitigating disasters and reinforcing national resilience. In the Segment Business, we will steadily prepare for production relating to the Linear Chuo Shinkansen project, while focusing on active sales efforts to win orders for projects involving the construction of transportation infrastructure using underground tunnels and projects related to flood control.

In research and development, we will concentrate on themes related to each business: for the Foundation Business, the primary focus will be on developing piling methods to enhance the areas, capabilities, and quality of our works as the key differentiation factor; for the Pole-related Business, further efforts will be made to develop COP products; and for the Civil Engineering Product Business, we will focus on developing products that meet market needs.

In the Environment and Other Business, we will place emphasis on expanding sales channels for CCUS (carbon dioxide capture, utilization, and storage) products—most notably, phosphorus adsorbents, solidification material, and Eco Tankaru ($CaCO_3$)—that are produced by recycling concrete sludge generated at concrete product factories in Japan. We will also strive to make a greater contribution to the environment, in part by expanding our Concrete Soundproofing Materials Business.

In the Global Business, in terms of the currently planned and proposed projects in Asian countries outside of

Japan, we will closely monitor the local economic, political, and other conditions, and work to accurately capture demand for infrastructure in each country. By doing so, we will raise the awareness of the NC brand worldwide, make inroads in overseas markets where demand is strong, and globalize our businesses. As for the Myanmar business, we will continue to monitor the fluid situation and address it appropriately.

Moreover, by making Tohoku Pole Co., Ltd. a subsidiary next fiscal year, we will boost the competitiveness of the Foundation, Pole, and Civil Engineering Product Businesses across eastern Japan including Hokkaido, in an effort to further strengthen the Group's growth platform.

As regards the next Medium-Term Management Plan, we are in the process of examining the outlook for the Group's businesses and its growth strategy, carefully forecasting future social conditions, business climates, and so forth. We are making preparations to publish and present the plan as soon as practicable.

Looking ahead, in keeping with our corporate philosophy "We contribute to a safe, secure, and affluent society through concrete," the Group will continue to play a role in building social infrastructure and contribute to society. In addition, we will strive to meet our customer's requirements for functionality, quality, and price, thereby raising our corporate value and growing the Group further.

(6) Significant Events Relating to Going Concern Assumption, etc.

There is no relevant information.

2. Basic Approach to the Selection of Accounting Standards

The Group makes it a policy to prepare consolidated financial statements in compliance with Japanese accounting standards for the time being, considering comparability between consolidated financial statements for different reporting periods and comparability between reporting entities.

With respect to the adoption of International Financial Reporting Standards, we intend to consider various situations in Japan and abroad and take appropriate steps.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	5,121,583	8,804,311
Notes and accounts receivable - trade	9,461,890	11,965,519
Electronically recorded monetary claims - operating	3,055,142	2,521,131
Merchandise and finished goods	4,895,644	4,608,488
Work in process	2,503,513	1,610,450
Raw materials and supplies	1,118,301	1,367,942
Other	1,511,443	1,023,371
Allowance for doubtful accounts	(3,800)	(36,522)
Total current assets	27,663,720	31,864,693
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,287,896	15,623,450
Accumulated depreciation	(10,773,990)	(11,053,747)
Buildings and structures, net	4,513,905	4,569,702
Machinery, equipment and vehicles	25,684,634	26,113,022
Accumulated depreciation	(22,717,103)	(23,192,233)
Machinery, equipment and vehicles, net	2,967,530	2,920,789
Land	16,423,210	16,453,797
Construction in progress	1,241,943	285,546
Other	11,907,987	12,633,113
Accumulated depreciation	(11,214,291)	(11,296,374)
Other, net	693,695	1,336,738
Total property, plant and equipment	25,840,286	25,566,574
Intangible assets	328,811	399,997
Investments and other assets		
Investment securities	13,076,308	13,781,673
Retirement benefit asset	2,172,621	2,110,288
Deferred tax assets	597,435	562,287
Other	683,437	779,509
Allowance for doubtful accounts	(148,298)	(241,129)
Total investments and other assets	16,381,503	16,992,630
Total non-current assets	42,550,600	42,959,201
Total assets	70,214,321	74,823,894

(Thousand yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,386,533	4,939,989
Electronically recorded obligations - operating	7,228,523	6,824,886
Short-term borrowings	1,950,000	4,050,000
Current portion of long-term borrowings	2,392,156	3,408,008
Current portion of bonds payable	27,000	27,000
Income taxes payable	88,507	936,707
Provision for bonuses	370,273	413,732
Provision for bonuses for directors (and other officers)	6,818	68,528
Provision for loss on construction contracts	122,420	128,400
Other	2,622,497	4,000,869
Total current liabilities	20,194,729	24,798,122
Non-current liabilities		
Bonds payable	31,500	4,500
Long-term borrowings	5,915,548	3,577,548
Deferred tax liabilities	3,215,968	3,326,544
Deferred tax liabilities for land revaluation	2,410,926	2,410,926
Retirement benefit liability	651,332	688,257
Other	514,394	635,255
Total non-current liabilities	12,739,669	10,643,031
Total liabilities	32,934,399	35,441,153
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,826,864	3,850,779
Retained earnings	17,170,058	18,899,241
Treasury shares	(536,786)	(443,433)
Total shareholders' equity	25,571,720	27,418,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,373,014	4,628,464
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(46,795)	(42,229)
Remeasurements of defined benefit plans	328,060	221,127
Total accumulated other comprehensive income	9,966,648	10,119,730
Non-controlling interests	1,741,553	1,844,839
Total net assets	37,279,921	39,382,741
Total liabilities and net assets	70,214,321	74,823,894

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	45,824,175	48,877,051
Cost of sales	40,030,762	40,337,494
Gross profit	5,793,413	8,539,557
Selling, general and administrative expenses	5,879,797	5,794,490
Operating profit (loss)	(86,383)	2,745,066
Non-operating income		
Interest income	11,326	14,829
Dividend income	186,274	193,074
Share of profit of entities accounted for using equity method	273,965	274,773
Other	91,902	122,920
Total non-operating income	563,470	605,597
Non-operating expenses		
Interest expenses	49,035	50,805
Other	145,342	118,843
Total non-operating expenses	194,378	169,649
Ordinary profit	282,708	3,181,015
Extraordinary income		
Gain on sale of non-current assets	31,010	2,227
Gain on sale of investment securities	80,214	12,995
Total extraordinary income	111,225	15,222
Extraordinary losses		
Loss on sale of non-current assets	11,228	-
Loss on retirement of non-current assets	25,625	19,698
Loss on valuation of investment securities	17,214	-
Restructuring cost of production base	139,134	54,912
Litigation expenses	100,000	-
Total extraordinary losses	293,203	74,610
Profit before income taxes	100,730	3,121,627
Income taxes - current	146,170	983,295
Income taxes - deferred	(168,047)	95,031
Total income taxes	(21,876)	1,078,326
Profit	122,607	2,043,300
Profit attributable to non-controlling interests	157,613	173,783
Profit (loss) attributable to owners of parent	(35,006)	1,869,516

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	122,607	2,043,300
Other comprehensive income		
Valuation difference on available-for-sale securities	(919,435)	230,046
Foreign currency translation adjustment	27,440	4,566
Remeasurements of defined benefit plans, net of tax	(266,549)	(106,933)
Share of other comprehensive income of entities accounted for using equity method	(20,590)	25,403
Total other comprehensive income	(1,179,135)	153,082
Comprehensive income	(1,056,528)	2,196,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,209,084)	2,030,681
Comprehensive income attributable to non-controlling interests	152,556	165,701

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2020

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,111,583	3,768,036	17,515,997	(352,651)	26,042,966
Changes during period					
Dividends of surplus			(310,932)		(310,932)
Change in ownership interest of parent due to transactions with non-controlling interests		52,872			52,872
Profit (loss) attributable to owners of parent			(35,006)		(35,006)
Purchase of treasury shares				(188,921)	(188,921)
Disposal of treasury shares				10,742	10,742
Capital increase of consolidated subsidiaries					-
Other		5,955		(5,955)	-
Net changes in items other than shareholders' equity					
Total changes during period	-	58,827	(345,938)	(184,134)	(471,245)
Balance at end of period	5,111,583	3,826,864	17,170,058	(536,786)	25,571,720

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,313,040	5,312,368	(74,236)	594,610	11,145,783	1,651,521	38,840,271
Changes during period							
Dividends of surplus							(310,932)
Change in ownership interest of parent due to transactions with non-controlling interests							52,872
Profit (loss) attributable to owners of parent							(35,006)
Purchase of treasury shares							(188,921)
Disposal of treasury shares							10,742
Capital increase of consolidated subsidiaries							-
Other							-
Net changes in items other than shareholders' equity	(940,026)	-	27,440	(266,549)	(1,179,135)	90,032	(1,089,103)
Total changes during period	(940,026)	-	27,440	(266,549)	(1,179,135)	90,032	(1,560,349)
Balance at end of period	4,373,014	5,312,368	(46,795)	328,060	9,966,648	1,741,553	37,279,921

For the fiscal year ended March 31,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,111,583	3,826,864	17,170,058	(536,786)	25,571,720
Changes during period					
Dividends of surplus			(140,269)		(140,269)
Change in ownership interest of parent due to transactions with non-controlling interests		(67)			(67)
Profit (loss) attributable to owners of parent			1,869,516		1,869,516
Purchase of treasury shares					-
Disposal of treasury shares		25,693		93,352	119,046
Capital increase of consolidated subsidiaries		(1,710)			(1,710)
Other			(64)		(64)
Net changes in items other than shareholders' equity					
Total changes during period	-	23,915	1,729,183	93,352	1,846,451
Balance at end of period	5,111,583	3,850,779	18,899,241	(443,433)	27,418,171

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,373,014	5,312,368	(46,795)	328,060	9,966,648	1,741,553	37,279,921
Changes during period							
Dividends of surplus							(140,269)
Change in ownership interest of parent due to transactions with non-controlling interests							(67)
Profit (loss) attributable to owners of parent							1,869,516
Purchase of treasury shares							-
Disposal of treasury shares							119,046
Capital increase of consolidated subsidiaries							(1,710)
Other							(64)
Net changes in items other than shareholders' equity	255,449	-	4,566	(106,933)	153,082	103,286	256,368
Total changes during period	255,449	-	4,566	(106,933)	153,082	103,286	2,102,819
Balance at end of period	4,628,464	5,312,368	(42,229)	221,127	10,119,730	1,844,839	39,382,741

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	100,730	3,121,627
Depreciation	1,656,898	1,720,291
Amortization of goodwill	56,928	56,928
Increase (decrease) in allowance for doubtful accounts	(11,426)	125,552
Increase (decrease) in provision for bonuses	(30,959)	46,031
Increase (decrease) in provision for bonuses for directors (and other officers)	(8,715)	65,003
Increase (decrease) in provision for loss on construction contracts	(182,469)	5,980
Increase (decrease) in retirement benefit liability	12,276	36,925
Decrease (increase) in retirement benefit asset	(137,917)	(91,454)
Share of loss (profit) of entities accounted for using equity method	(273,965)	(274,773)
Interest and dividend income	(197,601)	(207,903)
Interest expenses	49,035	50,805
Loss (gain) on sale of non-current assets	(19,782)	(2,227)
Loss on retirement of non-current assets	25,625	13,913
Loss (gain) on sale of investment securities	(80,214)	(12,995)
Restructuring cost of production base	139,134	54,912
Litigation expenses	100,000	-
Decrease (increase) in trade receivables	2,169,894	(2,067,349)
Decrease (increase) in inventories	247,480	931,808
Increase (decrease) in advances received	(104,120)	-
Increase (decrease) in trade payables	(3,546,965)	(850,281)
Decrease (increase) in accounts receivable - other	(106,395)	581,756
Increase (decrease) in accounts payable - other	(42,962)	14,305
Decrease (increase) in accounts receivable-liquidity	31,449	134,789
Decrease (increase) in other investments	54,343	(92,596)
Other, net	(211,042)	344,973
Subtotal	(310,738)	3,706,022
Interest and dividends received	207,112	246,722
Interest paid	(48,662)	(49,775)
Income taxes paid	(293,296)	(75,362)
Restructuring cost of production base paid	(54,887)	(54,912)
Income taxes refund	-	469,486
Net cash provided by (used in) operating activities	(500,473)	4,242,181
Cash flows from investing activities		
Purchase of investment securities	-	(93,557)
Purchase of property, plant and equipment	(1,637,716)	(1,298,235)
Proceeds from sale of property, plant and equipment	31,020	2,354
Purchase of intangible assets	(23,735)	(28,045)
Proceeds from sale of investment securities	86,863	-
Purchase of shares of subsidiaries	(283,163)	(217,060)
Other, net	240	108,805
Net cash provided by (used in) investing activities	(1,826,491)	(1,525,738)

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(115,400)	2,100,000
Proceeds from long-term borrowings	3,413,556	1,000,000
Repayments of long-term borrowings	(2,449,712)	(2,322,148)
Redemption of bonds	(27,000)	(27,000)
Proceeds from sale and leaseback transactions	-	313,413
Proceeds from sale of treasury shares	-	147,070
Dividends paid	(311,594)	(140,570)
Dividends paid to non-controlling interests	(10,376)	(9,263)
Repayments of lease obligations	(65,734)	(77,832)
Repayments of construction assistance fund	(17,500)	(17,500)
Net cash provided by (used in) financing activities	416,238	966,169
Effect of exchange rate change on cash and cash equivalents	361	115
Net increase (decrease) in cash and cash equivalents	(1,910,364)	3,682,728
Cash and cash equivalents at beginning of period	7,031,948	5,121,583
Cash and cash equivalents at end of period	5,121,583	8,804,311

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Significant Accounting Policies for Preparation of Consolidated Financial Statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 19

Names of consolidated subsidiaries:

NC Koki Co., Ltd.; NC Nikkon Industries Co., Ltd.; NC Management Service Co., Ltd.; NC West Japan Pile Manufacturing Co., Ltd.; NC Steel Co., Ltd.; NC Logistics Co., Ltd.; NC Segment Co., Ltd.; NC Kaihara Pile Manufacturing Co., Ltd.; NC Shikoku Concrete Industries Co., Ltd.; NC Kanto Pile Manufacturing Co., Ltd.; NC Kaihara Concrete Co., Ltd.; NC East Japan Concrete Industries Co., Ltd.; NC Central Japan Concrete Industries Co., Ltd.; NC Precon Co., Ltd.; NC Chubu Pile Manufacturing Co., Ltd.; NC Kyushu Co., Ltd.; Free Kogyo Co., Ltd., NIPPON CONCRETE (Myanmar) Co., Ltd.; and Hokkaido Concrete Industries Co., Ltd.

(2) Name of major unconsolidated subsidiary:

NC Union Kosan Co., Ltd.

Reasons for exclusion from scope of consolidation:

This unconsolidated subsidiary is small in size and none of its total assets, net sales, profit (amount corresponding to the Company's equity in the subsidiary), retained earnings (amount corresponding to the Company's equity in the subsidiary), and so forth has a significant impact on the consolidated financial statements.

2. Disclosure about application of equity method

(1) Number of associates accounted for using equity method: three

Names of major entities accounted for using equity method:

Kyushu Kouatsu Concrete Industries Co. Ltd. and Chugoku Kouatsu Concrete Industries Co. Ltd.

(2) Names of major unconsolidated subsidiaries and associates not accounted for using equity method:

NC Union Kosan Co., Ltd. and Nihonkai Concrete Industries Co. Ltd.

Reasons for not being accounted for using equity method:

Each of the companies not accounted for using the equity method has only an insignificant impact on the Company's profit or loss, retained earnings, and other items, and is generally immaterial. Therefore, they are excluded from the application of the equity method.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Of the consolidated subsidiaries, NIPPON CONCRETE (Myanmar) Co., Ltd. has September 30 as its balance sheet date. In the preparation of consolidated financial statements, the Company uses financial statements based on provisional settlement of accounts implemented as of the consolidated balance sheet date. The balance sheet date of other consolidated subsidiaries, etc. is the same as the consolidated balance sheet date.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

1) Inventories

Finished goods, raw materials, and supplies:

Stated at cost, mainly using the moving average method (write-downs due to decreased profitability).

Work in process:

Stated at cost, mainly using the identified cost method.

2) Securities

Available-for-sale securities

Those with market value:

Stated at market value based on market prices, etc. on the balance sheet date. (The entire valuation difference is recognized directly in net assets, and the cost of securities sold is calculated using the moving-average method.)

3) Derivatives

Stated at market value.

(2) Accounting policy for depreciation of significant assets

1) Property, plant and equipment (excluding leased assets)

Depreciated mainly using the declining-balance method.

However, the straight-line method is used to depreciate the buildings (excluding facilities attached to them) acquired on or after April 1, 1998, and the facilities attached to buildings and structures acquired on or after April 1, 2016.

The useful lives of major assets are as follows:

Buildings and structures: 15 to 50 years

Machinery, equipment and vehicles: six to nine years

2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized based on the usable period within the Company (five years).

3) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership:

Depreciated using the straight-line method, based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Accounting policy for significant provisions

1) Allowance for doubtful accounts

To provide for losses from bad debts, an allowance is recognized in the amount estimated to be uncollectible, using the loan loss ratio for general accounts receivable, while examining collectability on an individual basis for specific accounts receivable such as doubtful accounts receivable.

2) Provision for bonuses

To prepare for the payment of bonuses (including a performance-linked portion of performance-linked compensation) to employees, a provision is recognized based on the estimated amount of payments attributable to the fiscal year under review.

3) Provision for bonuses for directors (and other officers)

To prepare for the payment of salaries (including a performance-linked portion of performance-linked compensation) to directors and other officers, a provision is recognized based on the estimated amount of payments for the fiscal year under review.

4) Provision for loss on construction contracts

To provide for losses on construction contracts, a provision is recognized in the amount of estimated losses for uncompleted construction contracts at the end of fiscal year under review that are likely to incur losses and for which the amount of losses can be reasonably estimated.

(4) Accounting policy for retirement benefits

To provide for the payment of retirement benefits to employees, the amount of retirement benefit obligations minus plan assets is recognized as retirement benefit liability, based on the estimated amounts at the end of the fiscal year under review. The methods of accounting for provision for retirement benefits and retirement benefit expenses are as follows:

1) Method of attributing expected retirement benefits to periods

To provide for the payment of retirement benefits to employees, in the calculation of retirement benefit liability, expected retirement benefits are attributed to the periods up to the end of the fiscal year under review using the benefit formula basis.

2) Method of expensing actuarial gains and losses and past service cost

Past service cost is expensed using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence.

Actuarial gains and losses are expensed in an amount prorated using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence, from the fiscal year following the fiscal year of incurrence.

3) Application of the simplified method for small businesses

In the calculation of retirement benefit liability and retirement benefit expenses, some consolidated subsidiaries apply a simplified method in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recognized as retirement benefit obligations.

(5) Accounting policy for recognition of significant revenues and expenses

Accounting policy for recognition of construction sales and costs:

The percentage-of-completion method is applied to construction contracts recognized to hold certainty of outcomes for the portion completed by the end of the fiscal year under review (the rate of progress is estimated using the cost-to-cost method), while the completed-contract method is applied to the other construction contracts.

(6) Accounting policy for translation of significant foreign currency denominated assets or liabilities into yen

Monetary claims and debts denominated in foreign currency are translated into yen at the spot exchange rate on the balance sheet date, with translated amounts recognized in profit or loss.

(7) Accounting policy for significant hedging

1) Method of hedge accounting

Deferred hedge accounting is applied in principle. However, exceptional treatment is applied to interest rate swaps that meet the requirements for such treatment.

2) Hedging instrument and hedged item

(Hedging instrument)	(Hedged item)
Interest rate swaps ⋯⋯	Variable-rate borrowings in which, should interest rates rise in the future, interest expenses will increase

3) Hedging policy

Interest rate swaps are used for the purpose of hedging the risk of interest rate fluctuation.

4) Method of assessing hedge effectiveness

In principle, hedge effectiveness is assessed from the inception of the hedge to the point at which effectiveness is assessed, by comparing the cumulative changes in the market value or cash flows of the hedged item with the cumulative changes in the market value or cash flows of the hedging instrument.

However, in cases where exceptional treatment is applied, the assessment of effectiveness is omitted.

(8) Accounting policy for goodwill

Goodwill is amortized evenly over five years, except for goodwill with immaterial value that is fully amortized as incurred.

(9) Scope of funds in consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, demand deposits, and liquid short-term investments bearing a very low risk of value fluctuation with maturities not exceeding three months from the acquisition date.

(10) Other significant information for preparation of consolidated financial statements

Accounting policy for consumption taxes:

Consumption tax and local consumption tax are accounted for using the tax exclusion method.

(Additional Information)

(A transaction in which the Company's shares are delivered to its employees, etc. through a trust)

(1) Summary of the transaction

As for the Board Incentive Plan Trust (hereinafter referred to as the "BIP Trust") and the Stock Granting Trust (J-ESOP) (hereinafter referred to as the "J-ESOP Trust") introduced in August 2015, the Company resolved at the Board of Directors' Meeting held on August 9, 2018 to continue the BIP Trust and the J-ESOP Trust for a new three-year period (from August 9, 2018 to August 31, 2021) and reintroduced them by entering into an agreement to extend their terms, for the purpose of increasing motivation to improve the Company's medium- to long-term performance and raising awareness toward the contribution to an increase in shareholder value.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding incidental expenses) in the trust. The book value and the number of shares of the treasury shares at the end of the fiscal year under review were 23,875 thousand yen and 56,413 shares for the BIP Trust, and 25,106 thousand yen and 63,651 shares for the J-ESOP Trust.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are constituent units of the Group for which separate financial statements are available, and which are subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and assessing business performance.

The Company is organized based on the three business units of Foundation Business, Concrete Secondary Product Business, and Real Estate and Solar Power Generation Business, each of which formulates comprehensive strategies and engages in business activities.

Accordingly, the Company classifies its operations into three reportable segments: Foundation Business, Concrete Secondary Product Business, and Real Estate and Solar Power Generation Business.

(2) Types of products and services belonging to each reportable segment

The Foundation Business segment manufactures and sells piles, as well as performing piling and soil stabilization works. The Concrete Secondary Product Business segment focuses primarily on the manufacture, sale, and commissioned testing and research of poles, civil engineering products, and other concrete secondary products and on the construction of poles and civil engineering products. The Real Estate and Solar Power Generation Business segment engages in renting real estate and generating electricity from solar energy.

2. Method of calculating net sales, income or loss, assets, and other items by reportable segment

Accounting policies for reportable segments are generally the same as those described in "Significant Accounting Policies for Preparation of Consolidated Financial Statements" above.

Income for each reportable segment is based on operating profit, and inter-segment revenues and transfers are based on market prices.

3. Information on net sales, income or loss, assets, and other items by reportable segment

For the fiscal year ended March 31, 2020

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	26,205,228	19,320,773	298,173	45,824,175	—	45,824,175
Inter-segment net sales or transfers	5,291	—	—	5,291	(5,291)	—
Total	26,210,520	19,320,773	298,173	45,829,467	(5,291)	45,824,175
Segment income (loss)	(68,465)	1,455,162	157,726	1,544,423	(1,630,807)	(86,383)
Segment assets	23,043,447	25,069,018	2,156,351	50,268,817	19,945,503	70,214,321
Other items						
Depreciation	961,983	548,848	81,706	1,592,538	64,360	1,656,898
Amortization of goodwill	—	56,928	—	56,928	—	56,928
Increase in property, plant and equipment and intangible assets	1,137,567	480,897	—	1,618,465	47,397	1,665,863

(Notes)

1. The adjustments are as follows:
   (1) The adjustment for segment income or loss mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.
   (2) The adjustment for segment assets principally represents corporate assets. Corporate assets mainly include assets not attributed to reportable segments, such as funds on hand to prepare for the settlement of accounts (cash and deposits), funds for long-term investment (investment securities), and assets related to administrative divisions.
   (3) The adjustment for depreciation represents depreciation of corporate assets not allocated to reportable segments.
   (4) The adjustment for increase in property, plant and equipment and intangible assets pertains to corporate assets not allocated to reportable segments.
2. Segment income or loss is adjusted to the operating loss in the consolidated statement of income.

For the fiscal year ended March 31, 2021

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	24,319,048	24,255,707	302,296	48,877,051	—	48,877,051
Inter-segment net sales or transfers	9,262	—	—	9,262	(9,262)	—
Total	24,328,310	24,255,707	302,296	48,886,314	(9,262)	48,877,051
Segment income	1,255,039	3,092,490	175,408	4,522,938	(1,777,872)	2,745,066
Segment assets	19,756,954	30,281,516	2,086,630	52,125,101	22,698,793	74,823,894
Other items						
Depreciation	822,114	775,223	72,705	1,670,043	50,248	1,720,291
Amortization of goodwill	—	56,928	—	56,928	—	56,928
Increase in property, plant and equipment and intangible assets	354,970	1,086,293	—	1,441,263	168,142	1,609,405

(Notes)

1. The adjustments are as follows:
   (1) The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.
   (2) The adjustment for segment assets principally represents corporate assets. Corporate assets mainly include assets not attributed to reportable segments, such as funds on hand to prepare for the settlement of accounts (cash and deposits), funds for long-term investment (investment securities), and assets related to administrative divisions.
   (3) The adjustment for depreciation represents depreciation of corporate assets not allocated to reportable segments.
   (4) The adjustment for increase in property, plant and equipment and intangible assets pertains to corporate assets not allocated to reportable segments.
2. Segment income is adjusted to the operating profit in the consolidated statement of income.

(Per Share Information)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net assets per share (yen)	632.93	665.35
Basic earnings (loss) per share (yen)	(0.62)	33.26
Diluted earnings per share	Not presented as there were no potential shares.	Not presented as there were no potential shares.

Note: Basic earnings (loss) per share was computed based on the figures below.

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit (loss) attributable to owners of parent (thousand yen)	(35,006)	1,869,516
Amount not attributable to common shareholders (thousand yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (thousand yen)	(35,006)	1,869,516
Average number of common shares during the period (thousand shares)	56,249	56,206

(Significant Events after Reporting Period)

There is no relevant information.