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Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

November 12, 2021

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
 Stock exchange listing: Tokyo
 Code number: 5269
 URL: <https://www.ncic.co.jp/>
 Representative: TSUKAMOTO Hiroshi Representative Director and President
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 Phone: 03-3452-1025
 Scheduled date of filing quarterly securities report: November 12, 2021
 Scheduled date of commencing dividend payments: December 01, 2021
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 01, 2021 to September 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	21,116	(7.2)	242	(76.6)	533	(61.0)	644	(13.7)
September 30, 2020	22,753	(1.7)	1,037	-	1,368	-	747	-

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 129 million [(90.4) %]
 Six months ended September 30, 2020: ¥ 1,345 million [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	11.44	-
September 30, 2020	13.30	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2021	76,969	39,958	48.3
March 31, 2021	74,825	39,384	50.2

(Reference) Equity: As of September 30, 2021: ¥ 37,250 million
 As of March 31, 2021: ¥ 37,539 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	2.50	-	6.50	9.00
Fiscal year ending March 31, 2022	-	4.50			
Fiscal year ending March 31, 2022 (Forecast)			-	4.50	9.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2022 :

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
Full year	51,000	4.3	1,600	(41.7)	1,800	(43.4)	1,450	(22.5)	25.73

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: Tohoku Pole Co., Ltd.)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly 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: Yes

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 shares)

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

September 30, 2021: 57,777,432 shares

March 31, 2021: 57,777,432 shares

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

September 30, 2021: 1,667,916 shares

March 31, 2021: 1,359,228 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 56,334,482 shares

Six months ended September 30, 2020: 56,157,207 shares

* Quarterly financial results are not required to be subjected to quarterly 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. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

In the six months ended September 30, 2021, the Japanese economy was in a difficult situation due in part to the impact of the COVID-19 pandemic. While economic activities are expected to pick up thanks in part to the global vaccination campaign, due caution needs to be exercised against the growing downside risk of the economy resulting from the spread of infection caused by the variants; the economic outlook is thus expected to remain uncertain.

Regarding the business environment in which the Group operates, the demand for concrete piles across Japan during the six months ended September 30, 2021 remained at the same level as in the same period of the previous year. Whereas the shipments of concrete poles throughout Japan also remained flat compared to the same period of the previous year, the demand for poles for mobile phone base stations remained robust, continuing from the previous period. Furthermore, demand is growing for concrete products that contribute to the development of new base stations for 5G mobile phones, as well as for concrete products that help prevent and mitigate disasters, reinforce national resilience, and are used in disaster recovery (such as precast concrete walls, which are the Company's proprietary products). Demand for slope reinforcement works also remained strong. In addition, the environmental technology for carbon capture developed by the Company and CCUS (carbon dioxide capture, utilization and storage) products attracted growing attention.

In these circumstances, under the corporate philosophy: "We contribute to a safe, secure, and affluent society through concrete," the Group set a medium- to long-term vision under the 2021 Medium-Term Management Plan formulated in August this year: "Protect social infrastructure and the global environment far into the future," and a medium-term policy: "Contribute to reinforcement of national resilience and the global environment by boosting competitiveness and expanding business through promotion of Group management." The Group has been working on measures to achieve the target sales of 64,000 million yen and ordinary profit of 4,200 million yen in FY2023. In July this year, the Company made Tohoku Pole Co., Ltd. a subsidiary as scheduled and has launched an initiative to generate synergy.

Regarding the situation of the Group's overall business, however, it was more challenging than initially expected. Although the shipment of poles for mobile phone base stations continued to be robust and Free Kogyo Co., Ltd., which is mainly engaged in slope reinforcement works, performed well, sales fell below the initial forecast because the recognition of sales in the RC segment for the Linear Chuo Shinkansen fell behind schedule, production and shipments in the Foundation Business were sluggish, and precast concrete walls were also affected by the delayed start of construction.

As for the Group's revenue, net sales for the six months ended September 30, 2021 were 21,116 million yen (down 7.2% year-on-year), operating profit was 242 million yen (down 76.6% year-on-year), ordinary profit was 533 million yen (down 61.0% year-on-year), and profit attributable to owners of parent was 644 million yen (down 13.7% year-on-year).

The impact of the COVID-19 pandemic on the Group has been insignificant so far.

Trends by business segment are as follows.

1) Foundation Business

The demand across Japan for concrete piles during the six months ended September 30, 2021 remained flat compared to the same period of the previous year. However, net sales were 9,071 million yen (down 23.4% year-on-year) as a result of significant declines in production and shipments of piles due to a decrease in orders received for large-scale projects, reflecting severe competition for orders.

As for the profit, a segment income of 59 million yen (down 88.7% year-on-year) was recorded, affected by a

decline in plant utilization rates in addition to lower sales.

In this business, we are taking steps to improve plant utilization rates by focusing on securing orders such as large-scale civil engineering projects in the Kanto region. While strengthening construction management to increase profits, we are also working to sharpen competitiveness and improve customer satisfaction by promoting the development of technologies. Moreover, we developed our unique G (green)-ONA pile, which can reduce CO₂ emissions 40% over our existing product through carbon capture and utilization, and are scheduled to launch it next year as part of efforts to expand sales of environment-friendly piles.

2) Concrete Secondary Product Business

In the Pole-related Business, which is part of the Concrete Secondary Product Business, while the demand for concrete poles across Japan remained flat, the Group's shipment of poles for mobile phone base stations continued to be robust, with net sales of 7,734 million yen (up 18.6% year-on-year).

In terms of the Civil Engineering Product Business, notwithstanding the robust performance of Free Kogyo, which undertakes slope reinforcement works, net sales were 4,155 million yen (down 1.9% year-on-year) as sales of the RC segment are to be recorded later than initially expected even though it has already started production for the Linear Chuo Shinkansen, and because of many precast concrete wall projects starting in the second half of the fiscal year under review, as well as affected by delays in the start of scheduled projects for construction works.

As a result, net sales for the Concrete Secondary Product Business were 11,890 million yen (up 10.5% year-on-year).

As for the profit, although we ensured a profit from the robust shipment of poles for mobile phone base stations and Free Kogyo performed well, sales of high-margin civil engineering products were slow, with segment income of 1,026 million yen (down 16.5% year-on-year).

Regarding our ongoing efforts in each business, in the Pole-related Business, while responding to a steady number of inquiries about COP (cap on poles), fit-in flange poles which enhance workability of construction, we are working to expand the sales of poles for mobile phone base stations, including additional stations with a view to 5G network rollouts. We are also strengthening our efforts to win orders including those for pole maintenance and the construction of poles to further boost our earnings.

In the Civil Engineering Product Business, we receive many inquiries about our precast concrete walls for faster construction and less manpower and slope reinforcement works for flood control, following the increasing demand for greater national resilience as well as preventing and mitigating disasters. Accordingly, we are working actively to win orders with an enhanced sales structure including extended sales areas and proceeding with expanding sales by incorporating our products into designs. In the Segment Business, as well as promoting steady production for the Linear Chuo Shinkansen and striving to cut manufacturing costs, we are working to win orders for large-scale projects such as construction of underground regulating reservoirs in urban areas.

3) Real Estate and Solar Power Generation Business

In the Real Estate and Solar Power Generation Business, net sales were 154 million yen (up 0.5% year-on-year) and segment income was 95 million yen (up 6.2% year-on-year).

As for the Environment Business, to meet the target of cutting CO₂ emissions by approx. 6,000 tons (equivalent to around 30% of the Group's total emissions) in FY2023 set under the Medium-Term Management Plan, besides the abovementioned G-ONA pile, we are vigorously promoting various initiatives, including a joint research project with leading general contractors to develop eco-friendly products and expand sales channels. Furthermore, we address the Myanmar business properly while keeping a close watch on the local political situation.

In view of the current business environment and conditions described above, each of the Group's businesses will make proactive efforts to win orders and expand sales. At the same time, while adapting swiftly to changes in the business environment, we will continue to reduce costs and focus on enhancing earning power.

The Group will continue to play a role in strengthening social infrastructure and contribute to society by offering technology and product lines that reduce environmental impacts. In addition, we will continue our efforts to enhance corporate value through sustainable growth by exploiting Group synergy.

(Note) Net sales and other figures do not include consumption and other taxes.

(2) Explanation of Financial Position

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 second quarter of the fiscal year under review were 76,969 million yen, up 2,143 million yen from the end of the previous fiscal year.

Current assets were 32,157 million yen, up 292 million yen from the end of the previous fiscal year, and non-current assets were 44,811 million yen, up 1,851 million yen from the end of the previous fiscal year.

The increase in current assets was mainly due to an increase in merchandise and finished goods, and the increase in non-current assets was mainly due to the purchase of property, plant and equipment.

Total liabilities were 37,010 million yen, up 1,569 million yen from the end of the previous fiscal year.

Current liabilities were 26,802 million yen, up 2,004 million yen from the end of the previous fiscal year, and non-current liabilities were 10,208 million yen, down 434 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 39,958 million yen, up 574 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 was 48.3%, down from 50.2% at the end of the previous consolidated fiscal year.

Analysis of Cash Flows

Cash and cash equivalents at the end of the six months ended September 30, 2021 amounted to 9,332 million yen.

(Cash flows from operating activities)

Funds provided by operating activities amounted to 1,994 million yen (as compared to 2,860 million yen in the same period last year). This was chiefly because the factors to increase funds, such as 1,100 million yen recorded as profit before income taxes and 960 million yen recorded as depreciation, exceeded the factors to decrease funds, including 1,050 million yen recorded as decrease in trade payables.

(Cash flows from investing activities)

Funds used in investing activities totaled 2,702 million yen (as compared to 1,349 million yen in the same period last year).

This was chiefly due to the factors to decrease funds, such as 2,097 million yen recorded as purchase of shares of subsidiaries resulting in change in scope of consolidation, and 713 million yen recorded as purchase of property, plant and equipment.

(Cash flows from financing activities)

Funds provided by financing activities totaled 1,334 million yen (as compared to 505 million yen in the same period last year).

This was chiefly because the factors to increase funds, such as 2,900 million yen recorded as net increase in short-term borrowings, exceeded the factors to decrease funds, including 1,058 million yen recorded as net decrease in long-term borrowings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In view of the recent business trends, the Company revised its full-year consolidated financial results forecast announced on May 20, 2021. For details, please refer to the “Notice regarding Revision of Full-Year Financial Results Forecast (Appendix)” released today (November 12, 2021).

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	8,804,311	8,332,410
Notes and accounts receivable - trade	11,965,519	-
Notes and accounts receivable - trade, and contract assets	-	10,988,378
Securities	-	1,000,000
Electronically recorded monetary claims - operating	2,521,131	1,768,828
Merchandise and finished goods	4,608,488	6,428,367
Work in process	387,742	447,136
Raw materials and supplies	1,367,942	1,567,586
Expenditure on contracts in process	1,222,707	359,997
Other	1,023,371	1,295,289
Allowance for doubtful accounts	(36,522)	(30,599)
Total current assets	31,864,693	32,157,395
Non-current assets		
Property, plant and equipment		
Land	16,453,797	17,236,806
Other, net	9,114,099	10,337,819
Total property, plant and equipment	25,567,897	27,574,626
Intangible assets	399,997	452,348
Investments and other assets		
Investment securities	13,781,673	13,355,806
Other	3,452,086	3,664,305
Allowance for doubtful accounts	(241,129)	(235,442)
Total investments and other assets	16,992,630	16,784,669
Total non-current assets	42,960,524	44,811,644
Total assets	74,825,217	76,969,040

(Thousand yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,939,989	5,274,893
Electronically recorded obligations - operating	6,824,886	7,025,058
Short-term borrowings	4,050,000	7,000,000
Current portion of long-term borrowings	3,408,008	3,117,838
Income taxes payable	936,707	329,742
Provisions	610,661	647,054
Other	4,027,869	3,407,638
Total current liabilities	24,798,122	26,802,224
Non-current liabilities		
Bonds payable	4,500	1,000
Long-term borrowings	3,577,548	2,809,204
Retirement benefit liability	688,257	1,185,156
Other	6,372,725	6,213,302
Total non-current liabilities	10,643,031	10,208,663
Total liabilities	35,441,153	37,010,888
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,850,779	3,894,568
Retained earnings	18,900,629	19,202,964
Treasury shares	(443,433)	(533,165)
Total shareholders' equity	27,419,559	27,675,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,628,464	4,317,452
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(42,293)	(235,067)
Remeasurements of defined benefit plans	221,127	179,740
Total accumulated other comprehensive income	10,119,665	9,574,493
Non-controlling interests	1,844,839	2,707,707
Total net assets	39,384,064	39,958,152
Total liabilities and net assets	74,825,217	76,969,040

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net sales	22,753,944	21,116,333
Cost of sales	18,860,501	17,672,321
Gross profit	3,893,443	3,444,012
Selling, general and administrative expenses	2,856,221	3,201,370
Operating profit	1,037,221	242,641
Non-operating income		
Interest income	5,918	4,546
Dividend income	178,768	185,660
Share of profit of entities accounted for using equity method	147,543	95,466
Other	70,669	82,061
Total non-operating income	402,900	367,734
Non-operating expenses		
Interest expenses	26,155	26,438
Loss from suspension of plant operations assets	-	15,484
Other	45,896	34,874
Total non-operating expenses	72,051	76,796
Ordinary profit	1,368,070	533,579
Extraordinary income		
Gain on sale of non-current assets	895	299
Gain on sale of investment securities	-	164,036
Gain on step acquisitions	-	433,716
Total extraordinary income	895	598,052
Extraordinary losses		
Loss on retirement of non-current assets	10,651	4,803
Restructuring cost of production base	50,527	-
Impairment losses	-	26,741
Total extraordinary losses	61,179	31,544
Profit before income taxes	1,307,786	1,100,087
Income taxes - current	393,739	337,237
Income taxes - deferred	70,940	59,918
Total income taxes	464,680	397,155
Profit	843,106	702,931
Profit attributable to non-controlling interests	96,040	58,393
Profit attributable to owners of parent	747,065	644,538

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	843,106	702,931
Other comprehensive income		
Valuation difference on available-for-sale securities	482,710	(302,125)
Foreign currency translation adjustment	28,549	(220,726)
Remeasurements of defined benefit plans, net of tax	(29,122)	(41,386)
Share of other comprehensive income of entities accounted for using equity method	19,837	(9,095)
Total other comprehensive income	501,975	(573,333)
Comprehensive income	1,345,081	129,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,246,764	99,366
Comprehensive income attributable to non-controlling interests	98,317	30,231

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	1,307,786	1,100,087
Depreciation	732,219	960,684
Impairment losses	-	26,741
Amortization of goodwill	28,464	28,464
Increase (decrease) in allowance for doubtful accounts	131,644	(11,610)
Increase (decrease) in provision for bonuses	(769)	91,866
Increase (decrease) in provision for bonuses for directors (and other officers)	26,674	(15,150)
Increase (decrease) in provision for loss on construction contracts	(50,090)	(115,860)
Increase (decrease) in retirement benefit liability	9,868	(33,148)
Decrease (increase) in retirement benefit asset	(37,317)	(69,080)
Share of loss (profit) of entities accounted for using equity method	(147,543)	(95,466)
Interest and dividend income	(184,686)	(190,207)
Interest expenses	26,155	26,438
Loss (gain) on step acquisitions	-	(433,716)
Loss (gain) on sale of non-current assets	(895)	(299)
Loss on retirement of non-current assets	10,651	4,803
Loss (gain) on sale of investment securities	-	(164,036)
Restructuring cost of production base	50,527	-
Decrease (increase) in trade receivables	796	-
Decrease (increase) in notes and accounts receivable - trade and contract assets	-	3,602,671
Decrease (increase) in inventories	(257,956)	228,593
Increase (decrease) in trade payables	(364,159)	(1,050,585)
Increase (decrease) in advances received	656,611	-
Increase (decrease) in advance received and contract debt	-	(214,320)
Decrease (increase) in accounts receivable - other	(101,362)	74,992
Increase (decrease) in accrued consumption taxes	54,122	(558,416)
Increase (decrease) in accounts payable - other	253,413	(136,835)
Decrease (increase) in accounts receivable-liquidity	134,789	-
Decrease (increase) in other investments	335,613	20,697
Other, net	(283,890)	(417,257)
Subtotal	2,330,669	2,660,051
Interest and dividends received	223,505	235,148
Interest paid	(28,114)	(28,530)
Income taxes paid	(84,316)	(872,513)
Income taxes refund	469,486	-
Restructuring cost of production base paid	(50,527)	-
Net cash provided by (used in) operating activities	2,860,703	1,994,155

(Thousand yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from investing activities		
Purchase of investment securities	(280)	(333)
Proceeds from sale of investment securities	-	276,146
Purchase of property, plant and equipment	(1,116,362)	(713,805)
Proceeds from sale of property, plant and equipment	1,150	300
Purchase of intangible assets	(17,448)	(171,518)
Purchase of shares of subsidiaries	(217,060)	-
Proceeds from collection of long-term loans receivable	120	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,097,117)
Other, net	-	3,721
Net cash provided by (used in) investing activities	(1,349,880)	(2,702,607)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,449,000	2,900,000
Proceeds from long-term borrowings	100,000	100,000
Repayments of long-term borrowings	(1,221,794)	(1,158,614)
Redemption of bonds	(13,500)	(13,500)
Purchase of treasury shares	-	(59,557)
Dividends paid	-	(367,498)
Dividends paid to non-controlling interests	(9,263)	(10,916)
Repayments of lease obligations	(23,359)	(52,237)
Proceeds from sale and leaseback transactions	224,170	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(3,365)
Net cash provided by (used in) financing activities	505,253	1,334,310
Effect of exchange rate change on cash and cash equivalents	14,939	(97,760)
Net increase (decrease) in cash and cash equivalents	2,031,016	528,098
Cash and cash equivalents at beginning of period	5,121,583	8,804,311
Cash and cash equivalents at end of period	7,152,599	9,332,410

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes in the Case of Significant Changes in the Amount of Shareholders' Equity)

For the six months ended September 30, 2020

1. Dividends paid

There is no relevant information.

2. Dividends with a record date in the six months ended September 30, 2020 but with an effective date after the end of the period

Resolution	Types of shares	Total amount of dividends paid (Thousand yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
November 12, 2020 Board of Directors' Meeting	Common shares	141,646	2.50	September 30, 2020	December 1, 2020	Retained earnings

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on November 12, 2020 includes dividends of 141 thousand yen for the Board Incentive Plan Trust (BIP) and dividends of 159 thousand yen for the Stock Granting Trust (J-ESOP).

3. Significant changes in shareholders' equity

There is no relevant information.

For the six months ended September 30, 2021

1. Dividends paid

Resolution	Types of shares	Total amount of dividends paid (Thousand yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
June 4, 2021 Board of Directors' Meeting	Common shares	368,280	6.50	March 31, 2021	June 15, 2021	Retained earnings

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on June 4, 2021 includes dividends of 366 thousand yen for the Board Incentive Plan Trust (BIP) and dividends of 413 thousand yen for the Stock Granting Trust (J-ESOP).

2. Dividends with a record date in the six months ended September 30, 2021 but with an effective date after the end of the period

Resolution	Types of shares	Total amount of dividends paid (Thousand yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
November 12, 2021 Board of Directors' Meeting	Common shares	254,963	4.50	September 30, 2021	December 1, 2021	Retained earnings

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on November 12, 2021 includes dividends of 627 thousand yen for the Board Incentive Plan Trust (BIP) and dividends of 496 thousand yen for the Stock Granting Trust (J-ESOP).

3. Significant changes in shareholders' equity

There is no relevant information.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the first quarter of the fiscal year under review, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as “Revenue Recognition Accounting Standard”), etc. and recognizes the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to a customer.

Accordingly, regarding construction contracts, the Company previously recognized revenue based on the percentage-of-completion method for contracts for which results are deemed certain in terms of the portion completed by the end of the quarterly period under review. However, in the case of goods or services whose control will be transferred to a customer over a period of time, the Company has changed the method and recognizes revenue over a period of time in line with the satisfaction of performance obligations to transfer goods or services to a customer. The degree of progress toward satisfaction of performance obligations is measured by the ratio of the construction cost actually incurred by the end of the quarterly period under review to the estimated total construction cost. If it is not possible to reasonably estimate the degree of progress toward satisfaction of performance obligations at the end of the quarterly period under review but it is probable that the construction cost incurred when the performance obligations are satisfied will be recovered, the Company recognizes revenue based on the cost recovery method until it becomes possible to reasonably estimate the degree of progress toward satisfaction of performance obligations. The Company applies alternative treatment if the period from the time when a transaction is commenced to the point in time at which performance obligations are expected to be fully satisfied is very short, and does not recognize revenue over a period of time but recognizes revenue at the point in time when the Company fully satisfies performance obligations.

For application of the Revenue Recognition Accounting Standard, etc., the Company has followed the transitional treatment, which is stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the cumulative effect of retrospective application of the new accounting policy before the beginning of the first quarter of the fiscal year under review has been added to or deducted from retained earnings at the beginning of the first quarter of the fiscal year under review and thus the new accounting policy has been applied from the beginning of the first quarter of the fiscal year under review.

As a result, net sales and cost of sales for the six months ended September 30, 2021 decreased 88,512 thousand yen and 129,362 thousand yen, respectively, operating profit increased 40,849 thousand yen, and ordinary profit and profit before income taxes increased 40,849 thousand yen, respectively. The beginning balance of retained earnings increased 25,294 thousand yen.

As a result of the application of the Revenue Recognition Accounting Standard, etc., “notes and accounts receivable - trade,” which was presented under “current assets” in the consolidated balance sheet for the previous fiscal year, has been included in “notes and accounts receivable - trade, and contract assets” from the first quarter of the fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method has not been made for the previous fiscal year. Moreover, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue arising from contracts with customers for the six months ended September 30, 2020 is not presented.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the first quarter of the fiscal year under review, the Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Fair Value Measurement Accounting Standard”), etc. and has applied the new accounting policy established by the Fair Value Measurement Accounting Standard, etc. and will apply it in the future as well, in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement

Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There has been no impact on the quarterly consolidated financial statements.

(Significant Changes in Subsidiaries in the Six Months Ended September 30, 2021)

As the Company acquired shares in Tohoku Pole Co., Ltd. and made it a subsidiary on July 30, 2021, it is included in the scope of consolidation from the second quarter of the fiscal year under review.

(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 11, 2021 to continue the BIP Trust and the J-ESOP Trust for a new three-year fiscal period (from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024) 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 second quarter of the fiscal year under review are 44,617 thousand yen and 139,497 shares for the BIP Trust, and 35,940 thousand yen and 110,310 shares for the J-ESOP Trust.

(Segment Information, etc.)

[Segment Information]

I. For the six months ended September 30, 2020

1. Information on net sales and income by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statements of income (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	11,839,394	10,760,584	153,966	22,753,944	–	22,753,944
Inter-segment net sales or transfers	7,276	–	–	7,276	(7,276)	–
Total	11,846,670	10,760,584	153,966	22,761,221	(7,276)	22,753,944
Segment income	522,909	1,229,342	89,869	1,842,120	(804,898)	1,037,221

(Notes) 1. The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.

2. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets and goodwill by reportable segment

There is no relevant information.

II. For the six months ended September 30, 2021

1. Information on net sales and income by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statements of income (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	9,071,121	11,890,491	154,719	21,116,333	–	21,116,333
Inter-segment net sales or transfers	4,955	–	–	4,955	(4,955)	–
Total	9,076,077	11,890,491	154,719	21,121,288	(4,955)	21,116,333
Segment income	59,196	1,026,103	95,473	1,180,773	(938,131)	242,641

(Notes) 1. The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.

2. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets and goodwill by reportable segment

(Significant impairment losses pertaining to non-current assets)

In the Foundation Business segment, the Company reduced the book value of assets held for sale to their recoverable value. The amount of the said impairment loss reported during the six months ended September 30, 2021 was 26,741 thousand yen.

(Matters Related to Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

For the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	1,151,241	10,799,651	–	11,950,892
Construction contract sales	7,901,617	1,085,478	–	8,987,095
Other sales	8,187	5,361	41,209	54,759
Revenue from contracts with customers	9,061,046	11,890,491	41,209	20,992,747
Other revenue (Note)	10,075	–	113,510	123,585
Net sales to outside customers	9,071,121	11,890,491	154,719	21,116,333

(Note) Other revenue includes revenue from real estate leasing.

(Significant Events after Reporting Period)

There is no relevant information.



November 12, 2021

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
 Representative: TSUKAMOTO Hiroshi,
 Representative Director and President
 (Code: 5269, TSE 1st Section)
 Contact: IMAI Shoichi,
 Director and Managing Executive Officer
 (Phone: 03-3452-1025)

Notice regarding Revision of Full-year Financial Results Forecast

Based on its recent business performance, NIPPON CONCRETE INDUSTRIES CO., LTD. (the “Company”) has revised its consolidated financial results forecast for the fiscal year ending May 31, 2022 announced on March 20, 2021.

1. Revision to the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

	Net sales (Million yen)	Operating profit (Million yen)	Ordinary profit (Million yen)	Profit attributable to owners of parent (Million yen)	Basic earnings per share (Yen)
Previously announced forecasts (A)	56,000	2,500	2,800	1,800	32.02
Revised forecasts (B)	51,000	1,600	1,800	1,450	25.73
Difference (B - A)	(5,000)	(900)	(1,000)	(350)	
Increase (Decrease) ratio (%)	(8.9)	(36.0)	(35.7)	(19.4)	
For ref.: Results for previous year (FY ended March 31, 2021)	48,877	2,746	3,182	1,870	33.29

Reasons for the revision

Due to the fact that net sales for the first half were below the forecast at the beginning of the period as disclosed today, net sales for the full year are also expected to fall below the initial forecast. Meanwhile, for the second half, net sales are expected to be generally in line with the initial forecast.

In terms of profit, in addition to the decline in profit for the first half, we assume the impact of rising raw material prices for the second half, and therefore expect profit to decline also for the full year.

The year-end dividend is planned to be 4.5 yen per share as previously forecast.

(Note) The forecasts given in this document are based on the information currently available in the Company and certain assumptions deemed reasonable by the Company, which means that no commitment is made by the Company as to the fulfillment of such forecasts. Actual results may differ from these forecasts for a variety of reasons.