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Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]

February 14, 2022

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: February 14, 2022
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 01, 2021 to December 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	34,830	(2.2)	1,062	(48.3)	1,452	(41.1)	1,190	(16.1)
December 31, 2020	35,624	4.6	2,056	-	2,467	-	1,418	-

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥ 72 million [(96.2)%]
 Nine months ended December 31, 2020: ¥ 1,925 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	21.15	-
December 31, 2020	25.26	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2021	76,936	39,646	47.9
March 31, 2021	74,825	39,384	50.2

(Reference) Equity: As of December 31, 2021: ¥ 36,864 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 3rd 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: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 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):

December 31, 2021: 57,777,432 shares

March 31, 2021: 57,777,432 shares

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

December 31, 2021: 1,547,689 shares

March 31, 2021: 1,359,228 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 56,266,992 shares

Nine months ended December 31, 2020: 56,156,847 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 nine months ended December 31, 2021, the Japanese economy saw a gradual recovery in economic activity, as the number of new COVID-19 cases decreased thanks in part to progress in vaccinations against the infection. However, there was a stagnation in the procurement of parts due to the shortage of semiconductors and soaring raw material prices. In addition, due to concerns of a resurgence of the COVID-19 pandemic caused by the variants, the economic outlook remains uncertain.

Regarding the business environment in which the Group operates, the demand for concrete piles across Japan during the nine months ended December 31, 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 its usage (CCUS - carbon dioxide capture, utilization and storage) as well as low-carbon type concrete 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 last 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 last year, the Company made Tohoku Pole Co., Ltd. a subsidiary and is working to strengthen Group management.

Regarding the situation of the Group's overall business, orders have been recovering in the Foundation Business mainly in civil engineering works. In addition, in the Civil Engineering Product Business, Free Kogyo Co., Ltd, which is engaged in slope reinforcement works as its main business, performed well, and plant utilization rates are increasing with trends such as the launch of production of the RC segment for Linear Chuo Shinkansen. In the Pole-related Business, while shipments of poles for mobile phone base stations continued to remain robust, there are concerns of a slowdown due to a semiconductor shortage. In terms of profits, we have started to respond to the rise in raw material prices and are working to secure profits.

As for the Group's revenue, net sales for the nine months ended December 31, 2021 were 34,830 million yen (down 2.2% year-on-year), operating profit was 1,062 million yen (down 48.3% year-on-year), ordinary profit was 1,452 million yen (down 41.1% year-on-year), and profit attributable to owners of parent was 1,190 million yen (down 16.1% 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 nine months ended December 31, 2021 remained flat compared to the same period of the previous year. While the Group has seen business pick up from the first half, when there was a decrease in orders received for large-scale projects, reflecting severe competition for orders, net sales were 14,330 million yen (down 19.1% year-on-year).

As for the profit, a segment income of 121 million yen (down 85.3% 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 projects. By strengthening construction management and promoting the development of technologies, we are also working to sharpen competitiveness and further improve customer satisfaction. Moreover, we are aiming to release our unique G (green)-ONA pile this year, which can reduce CO₂ emissions by approximately 40% over our existing product, 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 12,672 million yen (up 31.1% 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 7,598 million yen (down 5.2% year-on-year) as sales of the RC segment are to be recorded later than expected and because of delays in the start of construction works for precast concrete walls as well.

As a result, net sales for the Concrete Secondary Product Business were 20,271 million yen (up 14.7% year-on-year).

As for the profit, although we ensured growth from pole shipments and Free Kogyo performed well, sales of civil engineering products such as precast concrete walls were slow, with segment income of 2,159 million yen (down 9.0% 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), our proprietary fit-in concrete flange poles, 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 will also push forward with 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 intensively to win even more orders with an enhanced sales structure including extended sales areas and to expand 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 228 million yen (up 0.6% year-on-year) and segment income was 132 million yen (up 0.3% 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 and incorporated administrative agencies to develop eco-friendly products and expand sales channels. Furthermore, we are also working on pole recycling and urban infrastructure redevelopment to contribute to the establishment of a recycling-oriented society. In addition, 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.

In December last year, we announced that we would set a target amount for the sale of cross-shareholdings during the period of the 2021 Medium-Term Management Plan (FY2021 to FY2023), with the aim of strengthening our ESG investments and investments in growth areas. In addition, we announced the repurchase of treasury shares using a portion of the proceeds from the sale of cross-shareholdings in order to return profits to our shareholders.

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 third quarter of the fiscal year under review were 76,936 million yen, up 2,111 million yen from the end of the previous fiscal year.

Current assets were 33,211 million yen, up 1,346 million yen from the end of the previous fiscal year, and non-current assets were 43,725 million yen, up 765 million yen from the end of the previous fiscal year.

The increase in current assets was mainly due to an increase in notes and accounts receivable - trade, and contract assets, and the increase in non-current assets was mainly due to an increase in property, plant and equipment.

Total liabilities were 37,290 million yen, up 1,849 million yen from the end of the previous fiscal year.

Current liabilities were 27,802 million yen, up 3,004 million yen from the end of the previous fiscal year, and non-current liabilities were 9,487 million yen, down 1,155 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 39,646 million yen, up 262 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 47.9%, down from 50.2% at the end of the previous consolidated fiscal year.

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

There is no change in the consolidated financial results forecast for the fiscal year ending March 31, 2022 announced on November 12, 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of December 31,2021
Assets		
Current assets		
Cash and deposits	8,804,311	7,473,508
Notes and accounts receivable - trade	11,965,519	-
Notes and accounts receivable - trade, and contract assets	-	12,337,293
Electronically recorded monetary claims - operating	2,521,131	1,799,041
Securities	-	1,000,000
Merchandise and finished goods	4,608,488	6,693,050
Work in process	387,742	463,043
Raw materials and supplies	1,367,942	1,789,682
Expenditure on contracts in process	1,222,707	260,038
Other	1,023,371	1,425,914
Allowance for doubtful accounts	(36,522)	(30,467)
Total current assets	31,864,693	33,211,104
Non-current assets		
Property, plant and equipment		
Land	16,453,797	17,236,806
Other, net	9,114,099	10,163,496
Total property, plant and equipment	25,567,897	27,400,303
Intangible assets	399,997	440,177
Investments and other assets		
Investment securities	13,781,673	12,480,897
Other	3,452,086	3,636,864
Allowance for doubtful accounts	(241,129)	(232,549)
Total investments and other assets	16,992,630	15,885,212
Total non-current assets	42,960,524	43,725,693
Total assets	74,825,217	76,936,798

(Thousand yen)

	As of March 31,2021	As of December 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,939,989	6,196,689
Electronically recorded obligations - operating	6,824,886	7,722,095
Short-term borrowings	4,050,000	7,000,024
Current portion of long-term borrowings	3,408,008	3,000,738
Income taxes payable	936,707	134,795
Provisions	610,661	402,307
Other	4,027,869	3,346,020
Total current liabilities	24,798,122	27,802,670
Non-current liabilities		
Bonds payable	4,500	1,000
Long-term borrowings	3,577,548	2,235,873
Retirement benefit liability	688,257	1,204,693
Other	6,372,725	6,046,123
Total non-current liabilities	10,643,031	9,487,690
Total liabilities	35,441,153	37,290,361
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	19,494,163
Treasury shares	(443,433)	(533,165)
Total shareholders' equity	27,419,559	27,967,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,628,464	3,660,199
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(42,293)	(234,480)
Remeasurements of defined benefit plans	221,127	159,047
Total accumulated other comprehensive income	10,119,665	8,897,135
Non-controlling interests	1,844,839	2,782,150
Total net assets	39,384,064	39,646,436
Total liabilities and net assets	74,825,217	76,936,798

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Net sales	35,624,362	34,830,087
Cost of sales	29,331,480	28,876,895
Gross profit	6,292,881	5,953,192
Selling, general and administrative expenses	4,236,165	4,890,355
Operating profit	2,056,716	1,062,837
Non-operating income		
Interest income	9,274	6,730
Dividend income	193,074	198,816
Share of profit of entities accounted for using equity method	218,735	175,869
Other	91,677	127,480
Total non-operating income	512,761	508,897
Non-operating expenses		
Interest expenses	38,944	40,174
Loss from suspension of plant operations assets	-	26,150
Other	63,280	52,789
Total non-operating expenses	102,225	119,114
Ordinary profit	2,467,253	1,452,620
Extraordinary income		
Gain on sale of non-current assets	2,167	299
Gain on sale of investment securities	-	164,036
Gain on step acquisitions	-	433,716
Total extraordinary income	2,167	598,052
Extraordinary losses		
Loss on retirement of non-current assets	16,851	4,800
Restructuring cost of production base	54,912	-
Impairment losses	-	26,741
Total extraordinary losses	71,763	31,541
Profit before income taxes	2,397,657	2,019,132
Income taxes - current	680,703	465,423
Income taxes - deferred	144,659	228,289
Total income taxes	825,362	693,713
Profit	1,572,294	1,325,419
Profit attributable to non-controlling interests	154,006	135,259
Profit attributable to owners of parent	1,418,288	1,190,159

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

(Thousand yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Profit	1,572,294	1,325,419
Other comprehensive income		
Valuation difference on available-for-sale securities	379,748	(971,151)
Foreign currency translation adjustment	(6,164)	(220,054)
Remeasurements of defined benefit plans, net of tax	(43,683)	(62,079)
Share of other comprehensive income of entities accounted for using equity method	23,218	170
Total other comprehensive income	353,119	(1,253,114)
Comprehensive income	1,925,414	72,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,770,731	(32,370)
Comprehensive income attributable to non-controlling interests	154,682	104,675

(3) 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 nine months ended December 31, 2020

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
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 dividend of 141 thousand yen for the Board Incentive Plan Trust (BIP) and dividend of 159 thousand yen for the Stock Granting Trust (J-ESOP).

2. Dividends with a record date in the nine months ended December 31, 2020 but with an effective date after the end of the period

There is no relevant information.

3. Significant changes in shareholders' equity

There is no relevant information.

For the nine months ended December 31, 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
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 dividend of 627 thousand yen for the Board Incentive Plan Trust (BIP) and dividend of 496 thousand yen for the Stock Granting Trust (J-ESOP).

2. Dividends with a record date in the nine months ended December 31, 2021 but with an effective date after the end of the period

There is no relevant information.

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 nine months ended December 31, 2021 decreased 368,867 thousand yen and 357,061 thousand yen, respectively, operating profit decreased 11,805 thousand yen, and ordinary profit and profit before income taxes decreased 11,805 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 nine months ended December 31, 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 Nine Months Ended December 31, 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 third 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 nine months ended December 31, 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	17,718,038	17,679,343	226,979	35,624,362	–	35,624,362
Inter-segment net sales or transfers	8,232	–	–	8,232	(8,232)	–
Total	17,726,271	17,679,343	226,979	35,632,594	(8,232)	35,624,362
Segment income	825,995	2,374,214	132,498	3,332,708	(1,275,991)	2,056,716

(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 nine months ended December 31, 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	14,330,611	20,271,102	228,373	34,830,087	–	34,830,087
Inter-segment net sales or transfers	5,481	–	–	5,481	(5,481)	–
Total	14,336,093	20,271,102	228,373	34,835,569	(5,481)	34,830,087
Segment income	121,183	2,159,689	132,927	2,413,799	(1,350,962)	1,062,837

(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 nine months ended December 31 2021 was 26,741 thousand yen.

(Matters Related to Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

For the nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	2,153,087	18,216,405	–	20,369,492
Construction contract sales	12,152,143	2,044,897	–	14,197,040
Other sales	10,070	9,798	57,705	77,574
Revenue from contracts with customers	14,315,300	20,271,102	57,705	34,644,107
Other revenue (Note)	15,311	–	170,668	185,980
Net sales to outside customers	14,330,611	20,271,102	228,373	34,830,087

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

(Significant Events after Reporting Period)

There is no relevant information.