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Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

March 14, 2024

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
 Stock exchange listing: Tokyo
 Code number: 5269
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 Scheduled date of filing quarterly securities report: March 14, 2024
 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, 2023 (April 1, 2023 to December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	40,306	5.8	1,844	700.9	2,142	309.7	938	-
December 31, 2022	38,093	9.4	230	(78.3)	522	(64.0)	(71)	-

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 2,125 million [-%]
 Nine months ended December 31, 2022: ¥ (255) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	17.28	-
December 31, 2022	(1.32)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	79,802	39,429	45.8
March 31, 2023	77,063	37,658	45.4

(Reference) Equity: As of December 31, 2023: ¥ 36,547 million
 As of March 31, 2023: ¥ 34,949 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, 2023	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2024	-	6.50	-		
Fiscal year ending March 31, 2024 (Forecast)				6.50	13.00

(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, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	55,000	3.8	1,900	-	2,300	-	1,200	-	22.10

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

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, 2023: 57,777,432 shares

March 31, 2023: 57,777,432 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 3,480,172 shares

March 31, 2023: 3,483,945 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 54,295,636 shares

Nine months ended December 31, 2022: 54,434,682 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, 2023, although the economic environment saw progress in the normalization of economic activity, and the economy showed signs of gradual recovery, the outlook remained uncertain due to an unstable international environment, depreciation of the yen, and an increase in raw material and logistics expenses.

Regarding the business environment in which the Group operates, while attention was drawn to the Group's products, construction, and supply systems, which enable rapid recovery from disasters, expectations also remained high for precast concrete products and construction technology that contribute to disaster prevention and mitigation, maintenance of social infrastructure, the shortening of construction periods and labor saving, as well as for the Company-developed technology for carbon capture and CCUS (carbon dioxide capture, utilization and storage) products, and low-carbon type concrete products.

In these circumstances, due to the recording of losses and non-payment of dividends in the previous fiscal year, the Group formulated a business improvement plan (announced on May 19, 2023) to realize a quick recovery in business performance and resume dividends. The Group has been steadily implementing various initiatives such as cost reductions, increase in construction profitability, and the penetration of fair prices.

As a result, the Group's net sales for the period under review were 40,306 million yen (up 5.8% year-on-year), operating profit was 1,844 million yen (up 700.9% year-on-year), ordinary profit was 2,142 million yen (up 309.7% year-on-year), and profit attributable to owners of parent was 938 million yen (loss attributable to owners of parent of 71 million yen in the same period of the previous fiscal year).

Regarding the damage from ransomware infection which occurred on May 5, 2023, direct impact of the damage on our production and sales was minimal as we made efforts to maintain and recover business activities. However, we sincerely apologize to our shareholders and investors for the concern and inconvenience caused by a delay in the announcement of the financial results for the nine months ended December 31, 2023.

We are currently working to eliminate delays and aiming to announce the financial results for the fiscal year ending March 31, 2024 on May 15, 2024, within the deadline for the disclosure of the financial results.

An overview of each business for the period under review is as follows.

1) Foundation Business

The demand for concrete piles across Japan during the nine months ended December 31, 2023 decreased from a year earlier, and the Group's shipment volume was lower than estimated. Nevertheless, as a result of the Company's efforts for the penetration of fair prices, net sales slightly decreased to 19,468 million yen (down 3.7% year-on-year).

Segment income was 863 million yen (up 123.6% year-on-year) as the Company also worked to increase construction profitability despite plant utilization rates that were slightly lower than the Company's estimation.

2) Concrete Secondary Product Business

In the Pole-related Business, which is part of the Concrete Secondary Product Business, concrete pole shipments throughout Japan remained roughly at the same level from a year earlier. In this environment, the Group's shipment volume increased due to a share expansion, and also negotiations were conducted with large-volume customers to review selling prices. As a result, net sales amounted to 11,887 million yen (up 17.3% year-on-year).

In the Civil Engineering Product Business, production and inspection of RC segments intended for the Linear Chuo Shinkansen remained brisk. In addition, shipments and construction of precast products such as precast concrete walls and "Oyagui-panel" soldier pile panel progressed smoothly. As a result, net sales were 8,722 million yen (up 15.8% year-on-year).

As a result, net sales in the Concrete Secondary Product Business amounted to 20,610 million yen (up 16.7% year-on-year).

Segment income was 2,047 million yen (up 112.6% year-on-year) due to successful penetration of fair prices in the same way as the Foundation Business.

3) Real Estate and Solar Power Generation Business

The Company reported steady rental income, and generated and sold electricity for net sales that amounted to 227 million yen (up 5.6% year-on-year) and segment income was 139 million yen (up 3.8% year-on-year).

While we are currently making every effort to certainly achieve the targets in the business improvement plan, we are also considering the new Medium-Term Management Plan (scheduled to be formulated and announced in May 2024). In this plan, the Company will reformulate and present its approach, including its growth strategy, by also incorporating a policy of taking action to achieve management that is conscious of capital cost and stock prices in addition to human capital and sustainability, etc.

Looking ahead, the Group will continue to play a role in strengthening social infrastructure and contribute to society through offering technology and products to reduce environmental loads. In addition, we will be committed to utilizing the Group's synergy effect and realizing further growth, and by intensifying our efforts on corporate governance and sustainability, we are aiming to realize sustainable growth and enhance our corporate value to meet the expectations of our stakeholders.

(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 79,802 million yen, up 2,739 million yen from the end of the previous fiscal year.

Current assets were 35,657 million yen, up 1,098 million yen from the end of the previous fiscal year, and non-current assets were 44,145 million yen, up 1,641 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 investment securities.

Total liabilities were 40,373 million yen, up 969 million yen from the end of the previous fiscal year.

Current liabilities were 25,717 million yen, up 250 million yen from the end of the previous fiscal year, and non-current liabilities were 14,656 million yen, up 718 million yen from the end of the previous fiscal year.

The increase in current liabilities was mainly due to an increase in income taxes payable, and the increase in non-current liabilities was mainly due to an increase in long-term borrowings.

Total net assets were 39,429 million yen, up 1,770 million yen from the end of the previous fiscal year.

It was mainly due to increases in valuation difference on available-for-sale securities and retained earnings.

As a result of the above, the equity ratio came to 45.8%, up from 45.4% 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, 2024 announced on January 11, 2024.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	7,136,254	9,689,505
Notes and accounts receivable - trade, and contract assets	13,835,737	10,446,846
Electronically recorded monetary claims - operating	2,851,162	3,523,605
Merchandise and finished goods	6,662,602	7,786,994
Work in process	616,733	718,078
Raw materials and supplies	1,851,977	2,188,214
Costs on construction contracts in progress	548,749	357,105
Other	1,080,338	951,992
Allowance for doubtful accounts	(24,300)	(4,800)
Total current assets	34,559,255	35,657,542
Non-current assets		
Property, plant and equipment		
Land	17,237,062	17,237,062
Other, net	9,215,411	9,093,440
Total property, plant and equipment	26,452,474	26,330,503
Intangible assets	596,533	861,069
Investments and other assets		
Investment securities	12,235,905	13,848,579
Other	3,356,033	3,233,303
Allowance for doubtful accounts	(136,987)	(128,015)
Total investments and other assets	15,454,951	16,953,867
Total non-current assets	42,503,959	44,145,440
Total assets	77,063,214	79,802,983

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,345,374	5,262,952
Electronically recorded obligations - operating	10,094,953	9,033,163
Short-term borrowings	4,049,600	4,189,300
Current portion of long-term borrowings	2,121,682	2,347,536
Income taxes payable	308,412	727,901
Provisions	605,124	390,776
Other	2,941,088	3,765,484
Total current liabilities	25,466,236	25,717,114
Non-current liabilities		
Bonds payable	140,000	120,000
Long-term borrowings	6,697,588	6,885,428
Retirement benefit liability	1,242,252	1,280,325
Other	5,858,211	6,370,943
Total non-current liabilities	13,938,051	14,656,696
Total liabilities	39,404,287	40,373,811
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,857,548	3,858,899
Retained earnings	18,493,031	19,076,089
Treasury shares	(1,010,996)	(998,344)
Total shareholders' equity	26,451,166	27,048,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,452,402	4,468,615
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(178,438)	(161,322)
Remeasurements of defined benefit plans	(88,161)	(120,371)
Total accumulated other comprehensive income	8,498,170	9,499,290
Non-controlling interests	2,709,590	2,881,652
Total net assets	37,658,927	39,429,171
Total liabilities and net assets	77,063,214	79,802,983

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	38,093,198	40,306,601
Cost of sales	32,906,235	33,324,870
Gross profit	5,186,963	6,981,730
Selling, general and administrative expenses	4,956,691	5,137,458
Operating profit	230,272	1,844,272
Non-operating income		
Interest income	4,021	5,438
Dividend income	186,000	197,876
Share of profit of entities accounted for using equity method	111,426	169,551
Other	188,998	105,803
Total non-operating income	490,447	478,669
Non-operating expenses		
Interest expenses	45,771	50,780
Loss on claims	80,000	13,964
Loss from suspension of plantoperations assets	14,956	38,219
Other	57,036	77,641
Total non-operating expenses	197,765	180,605
Ordinary profit	522,954	2,142,336
Extraordinary income		
Gain on sale of non-current assets	18,315	26,304
Gain on sale of investment securities	-	93,732
Total extraordinary income	18,315	120,036
Extraordinary losses		
System failure response costs	-	30,890
Loss on retirement of non-current assets	29,486	42,550
Total extraordinary losses	29,486	73,440
Profit before income taxes	511,784	2,188,931
Income taxes - current	333,272	949,709
Income taxes - deferred	118,879	127,799
Total income taxes	452,151	1,077,509
Profit	59,632	1,111,422
Profit attributable to non-controlling interests	131,352	173,083
Profit (loss) attributable to owners of parent	(71,720)	938,338

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

(Thousands of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	59,632	1,111,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(210,636)	1,018,808
Foreign currency translation adjustment	(41,190)	19,597
Remeasurements of defined benefit plans, net of tax	(58,631)	(30,025)
Share of other comprehensive income of entities accounted for using equity method	(4,536)	5,973
Total other comprehensive income	(314,994)	1,014,353
Comprehensive income	(255,362)	2,125,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(382,524)	1,939,458
Comprehensive income attributable to non-controlling interests	127,161	186,317

(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, 2022

1. Dividends paid

Resolution	Type of shares	Total amount of dividends paid (Thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
May 30, 2022 Board of Directors' Meeting	Common shares	250,588	4.50	March 31, 2022	June 14, 2022	Retained earnings

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on May 30, 2022 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, 2022 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, 2023

1. Dividends paid

Resolution	Type of shares	Total amount of dividends paid (Thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
November 30, 2023 Board of Directors' Meeting	Common shares	355,280	6.50	September 30, 2023	December 29, 2023	Retained earnings

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on November 30, 2023 includes dividend of 873 thousand yen for the Board Incentive Plan Trust (BIP) and dividend of 692 thousand yen for the Stock Granting Trust (J-ESOP).

2. Dividends with a record date in the nine months ended December 31, 2023 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 Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.)

Effective from the beginning of the first quarter of the fiscal year under review, the Company has applied the “Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ PITF No.43, August 26, 2022).

There has been no impact on quarterly consolidated financial statements.

(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 period (from the fiscal year ended 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 42,973 thousand yen and 134,359 shares for the BIP Trust, and 34,730 thousand yen and 106,597 shares for the J-ESOP Trust.

(Segment Information, etc.)

[Segment Information]

I. For the nine months ended December 31, 2022

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	20,213,958	17,663,571	215,668	38,093,198	–	38,093,198
Inter-segment net sales or transfers	1,516	–	–	1,516	(1,516)	–
Total	20,215,474	17,663,571	215,668	38,094,714	(1,516)	38,093,198
Segment income	386,279	962,984	134,531	1,483,796	(1,253,523)	230,272

(Note) The adjustments are as follows:

1. The adjustment for segment income 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, 2023

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	19,468,578	20,610,250	227,771	40,306,601	–	40,306,601
Inter-segment net sales or transfers	873	–	–	873	(873)	–
Total	19,469,452	20,610,250	227,771	40,307,475	(873)	40,306,601
Segment income	863,752	2,047,276	139,601	3,050,629	(1,206,357)	1,844,272

(Note) 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. 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.

(Matters Related to Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

For the nine months ended December 31, 2022

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	3,895,745	15,560,467	–	19,456,213
Construction contract sales	16,304,454	2,096,872	–	18,401,326
Other sales	7,749	6,231	39,825	53,807
Revenue from contracts with customers	20,207,949	17,663,571	39,825	37,911,347
Other revenue (Note)	6,008	–	175,842	181,851
Net sales to outside customers	20,213,958	17,663,571	215,668	38,093,198

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

For the nine months ended December 31, 2023

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	2,267,542	17,427,095	–	19,694,638
Construction contract sales	17,188,745	3,180,896	–	20,369,641
Other sales	9,786	2,258	45,036	57,081
Revenue from contracts with customers	19,466,074	20,610,250	45,036	40,121,362
Other revenue (Note)	2,504	–	182,735	185,239
Net sales to outside customers	19,468,578	20,610,250	227,771	40,306,601

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

(Significant Events after Reporting Period)

There is no relevant information.

3. Other

Significant Events Relating to Going Concern Assumption, etc.

There is no relevant information.