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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

November 6, 2023

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: November 6, 2023
 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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	12,644	20.3	436	-	638	307.7	344	-
June 30, 2022	10,511	18.1	(79)	-	156	(24.1)	11	(89.2)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 1,328 million [457.0%]
 Three months ended June 30, 2022: ¥ 238 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2023	Yen 6.35	Yen -
June 30, 2022	0.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of June 30, 2023	Millions of yen 77,374	Millions of yen 38,974	46.8
March 31, 2023	77,063	37,658	45.4

(Reference) Equity: As of June 30, 2023: ¥ 36,234 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	-				
Fiscal year ending March 31, 2024 (Forecast)		6.50	-	6.50	13.00

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

(Note) Breakdown of the 1st 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
Six months ending September 30, 2023	27,000	9.7	650	-	800	119.8	400	707.8	7.13
Full year	55,000	3.8	1,300	-	1,600	-	800	-	14.26

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 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):

June 30, 2023: 57,777,432 shares

March 31, 2023: 57,777,432 shares

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

June 30, 2023: 3,483,209 shares

March 31, 2023: 3,483,945 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 54,293,671 shares

Three months ended June 30, 2022: 54,647,630 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 three months ended June 30, 2023, although the economic environment saw movement toward the normalization of economic activity including relaxing regulations designed to prevent the spread of COVID-19 infections, such as the legal status of COVID-19 being downgraded to Class 5, the outlook remained uncertain due to an increase in raw material and logistics expenses caused by the prolonged situation in Ukraine and depreciation of the yen.

Regarding the business environment in which the Group operates, expectations remained high for concrete products that contribute to disaster prevention and mitigation, maintenance of social infrastructure, disaster recovery, 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, and has been implementing initiatives such as the penetration of fair prices in accordance with rises in the raw material prices, sales expansion, and cost reductions.

As a result, the Group's net sales for the period under review were 12,644 million yen (up 20.3% year-on-year), operating profit was 436 million yen (operating loss of 79 million yen in the same period of the previous fiscal year), ordinary profit was 638 million yen (up 307.7% year-on-year), and profit attributable to owners of parent was 344 million yen (up 2,976.7% year-on-year).

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

In addition, we expect to apply for an extension to the deadline for the announcement of financial results for the six months ended September 30, 2023. An interim dividend, which has previously been paid in early December, is scheduled to be paid in late December as of present.

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 three months ended June 30, 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 to increase unit prices in orders received, net sales were 6,241 million yen (up 13.5% year-on-year).

Segment income was 109 million yen (segment loss of 70 million yen in the same period of the previous fiscal year) due to improved penetration of fair prices despite a 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 also remained flat. However, as a result of negotiations conducted with large-volume customers to review selling prices, net sales amounted to 3,789 million yen (up 27.4% year-on-year).

In the Civil Engineering Product Business, in addition to shipments of precast products such as precast concrete walls and "Oyagui-panel" soldier pile panel, production of RC segments intended for the Linear Chuo Shinkansen remained brisk. Net sales were 2,548 million yen (up 30.1% year-on-year).

As a result, net sales in the Concrete Secondary Product Business amounted to 6,337 million yen (up 28.5% year-on-year).

Segment income was 569 million yen (up 76.0% 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 65 million yen (down 17.8% year-on-year) and segment income was 38 million yen (down 25.4% year-on-year).

We expect that the conditions of the business environment in which the Group operates will remain severe owing to the on-going risks presented by an unstable international environment, price increases, and an intensification of labor shortage. However, the Group will further promote the following initiatives in accordance with the business improvement plan and strive to realize a further recovery in business performance and resume dividends.

- Universal cost reductions without any sacred cows (taking inventory of businesses, organizational reviews, etc.)
- Manufacturing cost reductions (reviews of factory production systems and manufacturing cost, and optimizing production efficiency)
- Troubleshooting-cost reductions (more robust quality control for manufacturing and construction)
- Sales expansion for poles and precast concrete walls
- Penetration of fair prices in accordance with rises in the raw material prices
- Improve collaboration between manufacturing and sales to help build a highly profitable structure across the entire Group

The Group issued its first integrated report on July 31, 2023 to facilitate the understanding of the Group's sustainability and other initiatives. We will continually strive to make proactive disclosure of non-financial information.

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 first quarter of the fiscal year under review were 77,374 million yen, up 311 million yen from the end of the previous fiscal year.

Current assets were 33,510 million yen, down 1,048 million yen from the end of the previous fiscal year, and non-current assets were 43,863 million yen, up 1,359 million yen from the end of the previous fiscal year.

The decrease in current assets was mainly due to decreases in notes and accounts receivable - trade, and contract assets, and the increase in non-current assets was mainly due to an increase in investment securities.

Total liabilities were 38,399 million yen, down 1,004 million yen from the end of the previous fiscal year.

Current liabilities were 24,585 million yen, down 880 million yen from the end of the previous fiscal year, and non-current liabilities were 13,814 million yen, down 123 million yen from the end of the previous fiscal year.

The decrease in current liabilities was mainly due to a decrease in electronically recorded obligations – operating, and the decrease in non-current liabilities was mainly due to a decrease in long-term borrowings.

Total net assets were 38,974 million yen, up 1,315million yen from the end of the previous fiscal year.

It was mainly due to an increase in valuation difference on available-for-sale securities.

As a result of the above, the equity ratio came to 46.8%, 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 May 19, 2023.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	7,136,254	7,256,961
Notes and accounts receivable - trade, and contract assets	13,835,737	11,198,177
Electronically recorded monetary claims - operating	2,851,162	3,846,588
Merchandise and finished goods	6,662,602	7,167,595
Work in process	616,733	752,745
Raw materials and supplies	1,851,977	1,979,604
Costs on construction contracts in progress	548,749	377,845
Other	1,080,338	936,201
Allowance for doubtful accounts	(24,300)	(4,800)
Total current assets	34,559,255	33,510,920
Non-current assets		
Property, plant and equipment		
Land	17,237,062	17,237,062
Other, net	9,215,411	9,276,018
Total property, plant and equipment	26,452,474	26,513,081
Intangible assets	596,533	636,662
Investments and other assets		
Investment securities	12,235,905	13,587,326
Other	3,356,033	3,264,882
Allowance for doubtful accounts	(136,987)	(138,511)
Total investments and other assets	15,454,951	16,713,698
Total non-current assets	42,503,959	43,863,442
Total assets	77,063,214	77,374,362

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,345,374	5,262,646
Electronically recorded obligations - operating	10,094,953	8,959,560
Short-term borrowings	4,049,600	4,263,000
Current portion of long-term borrowings	2,121,682	2,087,536
Income taxes payable	308,412	201,979
Provisions	605,124	422,336
Other	2,941,088	3,388,235
Total current liabilities	25,466,236	24,585,295
Non-current liabilities		
Bonds payable	140,000	140,000
Long-term borrowings	6,697,588	6,209,183
Retirement benefit liability	1,242,252	1,236,511
Other	5,858,211	6,228,488
Total non-current liabilities	13,938,051	13,814,182
Total liabilities	39,404,287	38,399,478
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,857,548	3,857,759
Retained earnings	18,493,031	18,837,574
Treasury shares	(1,010,996)	(1,010,761)
Total shareholders' equity	26,451,166	26,796,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,452,402	4,363,456
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(178,438)	(153,635)
Remeasurements of defined benefit plans	(88,161)	(84,086)
Total accumulated other comprehensive income	8,498,170	9,438,103
Non-controlling interests	2,709,590	2,740,625
Total net assets	37,658,927	38,974,884
Total liabilities and net assets	77,063,214	77,374,362

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	10,511,629	12,644,131
Cost of sales	8,962,250	10,488,255
Gross profit	1,549,379	2,155,875
Selling, general and administrative expenses	1,629,268	1,719,664
Operating profit (loss)	(79,888)	436,211
Non-operating income		
Interest income	759	1,373
Dividend income	161,294	174,408
Share of profit of entities accounted for using equity method	34,208	71,438
Other	76,823	42,732
Total non-operating income	273,085	289,952
Non-operating expenses		
Interest expenses	14,343	17,496
Loss on claims	-	13,964
Loss from suspension of plantoperations assets	-	28,753
Other	22,251	27,555
Total non-operating expenses	36,594	87,769
Ordinary profit	156,601	638,394
Extraordinary income		
Gain on sale of non-current assets	1,465	1,817
Gain on sale of investment securities	-	93,732
Total extraordinary income	1,465	95,549
Extraordinary losses		
System failure response costs	-	25,728
Loss on retirement of non-current assets	6,717	6,098
Total extraordinary losses	6,717	31,826
Profit before income taxes	151,350	702,117
Income taxes - current	40,371	233,912
Income taxes - deferred	85,591	91,791
Total income taxes	125,963	325,703
Profit	25,386	376,414
Profit attributable to non-controlling interests	14,188	31,871
Profit attributable to owners of parent	11,198	344,543

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

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	25,386	376,414
Other comprehensive income		
Valuation difference on available-for-sale securities	224,697	912,236
Foreign currency translation adjustment	24,079	28,398
Remeasurements of defined benefit plans, net of tax	(32,100)	7,329
Share of other comprehensive income of entities accounted for using equity method	(3,528)	4,187
Total other comprehensive income	213,146	952,151
Comprehensive income	238,533	1,328,566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	222,650	1,284,475
Comprehensive income attributable to non-controlling interests	15,882	44,090

(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 three months ended June 30, 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 three months ended June 30, 2022 but with an effective date after the end of the period

There is no relevant information.

For the three months ended June 30, 2023

1. Dividends paid

There is no relevant information due to non-payment of dividends.

2. Dividends with a record date in the three months ended June 30, 2023 but with an effective date after the end of the period

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 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 first quarter of the fiscal year under review are 43,581 thousand yen and 136,259 shares for the BIP Trust, and 35,117 thousand yen and 107,785 shares for the J-ESOP Trust.

(Segment Information, etc.)

[Segment Information]

I. For the three months ended June 30, 2022

1. Information on net sales and income or loss 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	5,501,235	4,931,194	79,199	10,511,629	–	10,511,629
Inter-segment net sales or transfers	809	–	–	809	(809)	–
Total	5,502,044	4,931,194	79,199	10,512,438	(809)	10,511,629
Segment income (loss)	(70,920)	323,527	51,133	303,741	(383,629)	(79,888)

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

2. Segment income (loss) is adjusted to the operating loss 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 three months ended June 30, 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	6,241,231	6,337,791	65,108	12,644,131	–	12,644,131
Inter-segment net sales or transfers	139	–	–	139	(139)	–
Total	6,241,371	6,337,791	65,108	12,644,271	(139)	12,644,131
Segment income	109,628	569,343	38,136	717,108	(280,897)	436,211

(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.

(Matters Related to Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

For the three months ended June 30, 2022

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	1,311,524	4,347,032	–	5,658,557
Construction contract sales	4,183,124	582,312	–	4,765,437
Other sales	3,128	1,849	20,776	25,754
Revenue from contracts with customers	5,497,778	4,931,194	20,776	10,449,749
Other revenue (Note)	3,456	–	58,423	61,880
Net sales to outside customers	5,501,235	4,931,194	79,199	10,511,629

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

For the three months ended June 30, 2023

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	745,147	5,196,330	–	5,941,478
Construction contract sales	5,492,859	1,139,201	–	6,632,061
Other sales	2,585	2,258	17,719	22,563
Revenue from contracts with customers	6,240,592	6,337,791	17,719	12,596,104
Other revenue (Note)	639	–	47,388	48,027
Net sales to outside customers	6,241,231	6,337,791	65,108	12,644,131

(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.