

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 27, 2023

Company name: NIPPON SHARYO, LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7102 URL <https://www.n-sharyo.co.jp>
 Representative: President and CEO Mamoru Tanaka
 Executive Officer and General Manager,
 Inquiries: General Affairs Department Shinichi Take TEL 052-882-3316
 Scheduled date to file Quarterly Securities Report: November 8, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	41,782	(5.9)	2,899	100.1	3,018	100.3	2,114	88.6
Six months ended September 30, 2022	44,402	4.4	1,448	(48.7)	1,507	(47.5)	1,121	(54.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	146.50	—
Six months ended September 30, 2022	77.68	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	128,245	55,288	43.1
As of March 31, 2023	124,363	51,123	41.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	10.00	—	10.00	20.00
Year ending March 31, 2024	—	10.00			
Year ending March 31, 2024 (Forecast)			—	10.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	89,000	(9.2)	4,500	0.9	4,700	4.6	3,800	21.9	263.32

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	14,675,012 shares	As of March 31, 2023	14,675,012 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	243,887 shares	As of March 31, 2023	243,535 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	14,431,281 shares	Six months ended September 30, 2022	14,431,887 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,570	3,440
Notes and accounts receivable - trade, and contract assets	19,556	19,210
Electronically recorded monetary claims - operating	2,381	2,221
Merchandise and finished goods	1,602	1,434
Semi-finished goods	1,169	1,205
Work in process	22,229	23,042
Raw materials and supplies	1,826	1,978
Short-term loans receivable	19,893	19,860
Other	701	979
Allowance for doubtful accounts	(5)	(7)
Total current assets	72,925	73,367
Non-current assets		
Property, plant and equipment		
Land	14,142	14,100
Other, net	13,409	13,692
Total property, plant and equipment	27,551	27,792
Intangible assets	423	403
Investments and other assets		
Investment securities	17,144	20,473
Retirement benefit asset	5,302	5,343
Other	1,024	872
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	23,462	26,681
Total non-current assets	51,437	54,877
Total assets	124,363	128,245
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,045	6,677
Electronically recorded obligations - operating	8,915	9,351
Current portion of long-term borrowings	3,194	3,765
Income taxes payable	486	321
Advances received	497	310
Provision for bonuses	1,976	1,882
Provision for loss on construction contracts	487	233
Other	6,908	6,099
Total current liabilities	29,510	28,641
Non-current liabilities		
Long-term borrowings	38,165	37,457
Provision for compensation for health damage from asbestos	75	82
Retirement benefit liability	291	307
Other	5,197	6,468
Total non-current liabilities	43,729	44,315
Total liabilities	73,240	72,957

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	11,810	11,810
Capital surplus	–	156
Retained earnings	33,225	35,195
Treasury shares	(523)	(524)
Total shareholders' equity	44,513	46,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,732	9,032
Foreign currency translation adjustment	(2,240)	(2,236)
Remeasurements of defined benefit plans	1,956	1,852
Total accumulated other comprehensive income	6,448	8,648
Non-controlling interests	162	–
Total net assets	51,123	55,288
Total liabilities and net assets	124,363	128,245

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	44,402	41,782
Cost of sales	39,011	34,995
Gross profit	5,390	6,787
Selling, general and administrative expenses	3,942	3,888
Operating profit	1,448	2,899
Non-operating income		
Interest income	16	15
Dividend income	148	188
Share of profit of entities accounted for using equity method	61	17
Other	39	57
Total non-operating income	266	278
Non-operating expenses		
Interest expenses	163	129
Other	44	29
Total non-operating expenses	207	159
Ordinary profit	1,507	3,018
Extraordinary income		
Gain on sale of non-current assets	125	22
Gain on sale of investment securities	3	–
Total extraordinary income	129	22
Extraordinary losses		
Loss on sale and retirement of non-current assets	26	474
Other	1	–
Total extraordinary losses	28	474
Profit before income taxes	1,608	2,567
Income taxes	479	453
Profit	1,128	2,114
Profit attributable to non-controlling interests	7	–
Profit attributable to owners of parent	1,121	2,114

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,128	2,114
Other comprehensive income		
Valuation difference on available-for-sale securities	105	2,294
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	3	4
Remeasurements of defined benefit plans, net of tax	(16)	(103)
Share of other comprehensive income of entities accounted for using equity method	17	6
Total other comprehensive income	109	2,200
Comprehensive income	1,238	4,315
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,230	4,315
Comprehensive income attributable to non-controlling interests	7	–