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

February 02, 2024

Company name: ShinMaywa Industries, Ltd.

Stock exchange listing: Tokyo

Code number: 7224

URL: <https://www.shinmaywa.co.jp/>

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

Contact: Toshiki Kume, Director, Member of the Board, Managing Executive Officer

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Scheduled date of filing quarterly securities report: February 14, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

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 01, 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	177,627	10.6	6,300	4.9	6,100	(9.3)	3,644	(19.2)
December 31, 2022	160,546	3.9	6,003	(15.7)	6,724	(14.6)	4,507	(16.5)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 6,345 million [(4.4) %]
 Nine months ended December 31, 2022: ¥ 6,637 million [24.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	55.26	-
December 31, 2022	68.42	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2023	257,303	103,364	39.6
March 31, 2023	226,907	100,439	43.5

(Reference) Equity: As of December 31, 2023: ¥ 101,763 million
 As of March 31, 2023: ¥ 98,747 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	-	21.00	-	24.00	45.00
Fiscal year ending March 31, 2024	-	22.50	-		
Fiscal year ending March 31, 2024 (Forecast)				22.50	45.00

(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 01, 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	253,000	12.4	12,000	29.1	11,700	18.2	7,300	(0.2)	110.65

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

* 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: No

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: 70,000,000 shares

March 31, 2023: 70,000,000 shares

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

December 31, 2023: 4,028,319 shares

March 31, 2023: 4,087,841 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 65,948,036 shares

Nine months ended December 31, 2022: 65,882,033 shares

* This quarterly financial summary is not subject to quarterly review by certified public accountants or audit corporations.

*The forward-looking statements, including earnings forecasts, contained in this document are based on the information currently available to the Company and certain assumptions that it deems to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections due to various factors.

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Qualitative Information of the Quarterly Consolidated Results

(1) Operating Results

The outlook for the Japanese economy for the nine months ending December 31, 2023 remains uncertain due in part to soaring raw material and energy prices and volatile foreign exchange rates, affected by the prolonged situation in Ukraine, the unstable situation in the Middle East, and other factors. Following the COVID-19 pandemic, there has also been further diversification of values as well as changes in the relationship between companies and employees and in the working environment.

Against this backdrop, the Group has implemented various measures to enhance corporate value as it has entered into the final year of [SG-2023], its Medium-term management plan, which is Phase 1 of [SG-Vision 2030], its Long-term management plan aiming for 2030.

The financial results for the nine months ended December 31, 2023 were as follows: orders received of 207,161 million yen, up 9.8% year-on-year, and net sales of 177,627 million yen, up 10.6% year-on-year. The outstanding orders as of December 31, 2023 was 286,898 million yen, up 18.5% year-on-year.

As for profits and losses, with an increase in revenue, operating profit was 6,300 million yen, up 4.9% year-on-year, while reflecting a decrease in foreign exchange gains, ordinary profit was 6,100 million yen, down 9.3% year-on-year, profit attributable to owners of parent was 3,644 million yen, down 19.2% year-on-year.

The overview of the Group's operating results by segment is as follows.

(Special Purpose Truck)

For manufacture and sales of vehicle frames, etc., the orders received were at the same level as the previous fiscal year and net sales increased.

For maintenance and repair business, both the orders received and net sales increased.

In addition to this, for forestry machinery, etc., the orders received increased and net sales decreased.

As a result, for this segment, the orders received were 84,527 million yen, up 3.1% year-on-year, net sales were 72,257 million yen, up 8.8% year-on-year, and operating profit was 1,502 million yen, up 79.4% year-on-year.

The outstanding orders for third quarter-end were 117,995 million yen, up 19.8% year-on-year.

(Parking Systems)

For mechanical car parking systems, both the orders received and net sales increased.

For aircraft passenger boarding bridges, the orders received increased, and net sales decreased.

As a result, for this segment, the orders received were 37,743 million yen, up 30.0% year-on-year, net sales were 28,599 million yen, up 0.5% year-on-year, while operating profit was 1,925 million yen, down 11.1% year-on-year.

The outstanding orders for third quarter-end were 55,187 million yen, up 23.2% year-on-year.

(Industrial Machinery & Environmental Systems)

For mechatronics products, the orders received decreased in vacuum products, while net sales increased. As a result, for the entire business area, the orders received decreased and net sales increased.

For environment-related business, both the orders received and net sales increased.

As a result, for this segment, the orders received were 30,827 million yen, down 5.9% year-on-year, net sales were 29,056 million yen, up 18.1% year-on-year, while operating profit was 1,836 million yen, down 19.0% year-on-year.

The outstanding orders for third quarter-end were 45,977 million yen, up 26.7% year-on-year.

(Fluid)

As a result of increases in orders received and net sales due to steady demand, for this segment, the orders received were 21,329 million yen, up 2.2% year-on-year, net sales were 15,867 million yen, up 10.7% year-on-year, and operating profit was 1,483 million yen, up 26.2% year-on-year.

The outstanding orders for third quarter-end were 12,585 million yen, down 2.1% year-on-year.

(Aircraft)

For the Ministry of Defense, both the orders received and net sales increased.

For civilian demand-related production, the orders received were at the same level as the previous fiscal year and net sales increased.

As a result, for this segment, the orders received were 15,041 million yen, up 7.7% year-on-year, net sales were 22,588 million yen, up 35.4% year-on-year, and operating profit was 1,754 million yen, up 36.5% year-on-year.

The outstanding orders for third quarter-end were 35,641 million yen, down 9.6% year-on-year.

(Others)

For construction business, the orders received increased, while net sales decreased. As a result, for this segment, the orders received were 17,692 million yen, up 77.7% year-on-year, net sales were 9,257 million yen, down 7.7% year-on-year, and operating profit was 412 million yen, down 15.5% year-on-year.

The outstanding orders for third quarter-end were 19,511 million yen, up 90.3% year-on-year.

(2) Financial Position

Total assets for third quarter-end amounted to 257,303 million yen, an increase of 30,395 million yen from the previous fiscal year-end, mainly due to increases in trade receivables and inventories. Liabilities totaled 153,939 million yen, an increase of 27,471 million yen from the previous fiscal year-end, mainly due to increases in short-term borrowings and trade payables, despite the payment of income taxes. Net assets increased 2,924 million yen from the previous fiscal year-end to 103,364 million yen, mainly due to the recording of profit attributable to owners of parent and an increase in valuation difference on available-for-sale securities, despite the dividend payments. As a result, capital adequacy ratio decreased to 39.6% from 43.5% at the previous fiscal year-end.

(3) Consolidated Financial Results Forecasts

In consideration of the financial results for the nine months ended December 31, 2023 and the future outlook, the full-year financial results forecasts, released on October 31, 2023, are revised as follows.

Revision to the Consolidated Financial Results Forecast (April 01, 2023–March 31, 2024)

	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
Previous forecast (A)	265,000	12,000	11,700	7,300	110.65
Current forecast (B)	253,000	12,000	11,700	7,300	110.65
Amount of change (B-A)	(12,000)	—	—	—	—
Percentage change (%)	(4.5)	—	—	—	—
(Reference) Results for the previous fiscal year (FY2022)	225,175	9,293	9,902	7,313	111.00

* The assumed exchange rate is 135 yen to the US dollar for February onwards.

Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	22,745	19,423
Notes and accounts receivable - trade, and contract assets	62,812	71,928
Electronically recorded monetary claims - operating	8,604	18,068
Merchandise and finished goods	4,805	6,679
Work in process	24,122	29,762
Raw materials and supplies	24,874	29,224
Other	4,920	4,842
Allowance for doubtful accounts	(395)	(344)
Total current assets	152,491	179,583
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,030	19,882
Other, net	23,458	24,638
Total property, plant and equipment	42,488	44,521
Intangible assets	2,702	2,560
Investments and other assets		
Other	29,241	30,653
Allowance for doubtful accounts	(17)	(15)
Total investments and other assets	29,224	30,637
Total non-current assets	74,415	77,719
Total assets	226,907	257,303

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,310	31,746
Current portion of bonds payable	800	800
Short-term borrowings	6,372	34,377
Current portion of long-term borrowings	2,210	12,202
Income taxes payable	2,337	591
Provision for loss on construction contracts	3,168	2,636
Other	26,323	25,419
Total current liabilities	68,522	107,774
Non-current liabilities		
Bonds payable	800	200
Long-term borrowings	42,234	30,336
Retirement benefit liability	12,973	13,527
Other	1,937	2,101
Total non-current liabilities	57,945	46,164
Total liabilities	126,467	153,939
Net assets		
Shareholders' equity		
Share capital	15,981	15,981
Capital surplus	15,657	15,686
Retained earnings	70,236	70,810
Treasury shares	(5,838)	(5,753)
Total shareholders' equity	96,037	96,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	633	1,810
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	2,116	3,192
Remeasurements of defined benefit plans	335	411
Total accumulated other comprehensive income	2,709	5,038
Non-controlling interests	1,692	1,600
Total net assets	100,439	103,364
Total liabilities and net assets	226,907	257,303

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	160,546	177,627
Cost of sales	135,497	150,609
Gross profit	25,048	27,017
Selling, general and administrative expenses	19,044	20,717
Operating profit	6,003	6,300
Non-operating income		
Interest income	54	86
Dividend income	172	233
Share of profit of entities accounted for using equity method	201	-
Dividend income of insurance	165	183
Foreign exchange gains	508	158
Other	131	161
Total non-operating income	1,234	824
Non-operating expenses		
Interest expenses	174	325
Share of loss of entities accounted for using equity method	-	92
Cost of inactive noncurrent assets	91	111
Borrowing fees	8	6
Loss on securitization of receivables	49	241
Other	191	247
Total non-operating expenses	514	1,024
Ordinary profit	6,724	6,100
Extraordinary income		
Gain on sale of non-current assets	-	76
Gain on sale of investment securities	282	-
Total extraordinary income	282	76
Extraordinary losses		
Loss on disposal of non-current assets	84	42
Total extraordinary losses	84	42
Profit before income taxes	6,922	6,134
Income taxes - current	1,289	1,735
Income taxes - deferred	533	457
Total income taxes	1,823	2,193
Profit	5,099	3,941
Profit attributable to non-controlling interests	591	296
Profit attributable to owners of parent	4,507	3,644

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

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	5,099	3,941
Other comprehensive income		
Valuation difference on available-for-sale securities	(445)	1,176
Foreign currency translation adjustment	1,107	944
Remeasurements of defined benefit plans, net of tax	579	76
Share of other comprehensive income of entities accounted for using equity method	296	206
Total other comprehensive income	1,538	2,404
Comprehensive income	6,637	6,345
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,907	5,973
Comprehensive income attributable to non-controlling interests	729	372

(3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

None

(Segment Information)

For the nine months ended December 31, 2022 (April 01, 2022 - December 31, 2022)

1. Information regarding the amount of net sales, gain and loss by reportable segment

(Million yen)

	Reportable segments						Others	Total	Adjustments	Consolidated Financial Statements amount
	Special Purpose Truck	Parking Systems	Industrial Machinery and Environmental Systems	Fluid	Aircraft	Subtotal				
Net Sales:										
Japan	62,166	25,989	8,323	10,251	8,288	115,019	10,025	125,045	—	125,045
Asia	1,572	2,474	10,611	2,801	—	17,458	—	17,458	—	17,458
North America	3	—	1,294	779	7,491	9,569	—	9,569	—	9,569
Other areas	2,680	—	4,382	507	901	8,472	—	8,472	—	8,472
Revenue from contracts with customers	66,423	28,463	24,611	14,339	16,682	150,520	10,025	160,546	—	160,546
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	66,423	28,463	24,611	14,339	16,682	150,520	10,025	160,546	—	160,546
Intersegment sales or transfer	19	7	1	6	—	34	1,619	1,653	(1,653)	—
Total	66,442	28,471	24,613	14,345	16,682	150,554	11,645	162,199	(1,653)	160,546
Segment profit	837	2,166	2,267	1,175	1,285	7,730	488	8,219	(2,215)	6,003

(Note 1) "Others" comprises businesses not included in the reportable segments, such as construction, real estate, and software development.

(Note 2) The adjustment under segment profit (2,215) million yen includes the elimination of inter-segment transactions 6 million yen and corporate expenses unallocated to each reportable segment (2,221) million yen. Corporate expenses are mainly unallocated general and administrative expenses and basic experiment and research expenses.

(Note 3) Segment profit is the adjusted operating profit reported on consolidated statements of profit.

2. Information on impairment loss on noncurrent assets and goodwill for each reportable segment

None

For the nine months ended December 31, 2023 (April 01, 2023 - December 31, 2023)

1. Information regarding the amount of net sales, gain and loss by reportable segment

(Million yen)

	Reportable segments						Others	Total	Adjustments	Consolidated Financial Statements amount
	Special Purpose Truck	Parking Systems	Industrial Machinery and Environmental Systems	Fluid	Aircraft	Subtotal				
Net Sales:										
Japan	68,693	26,964	10,699	11,490	11,864	129,712	9,257	138,970	—	138,970
Asia	1,152	1,634	5,411	3,011	—	11,210	—	11,210	—	11,210
North America	—	—	11,998	870	10,102	22,971	—	22,971	—	22,971
Other areas	2,410	—	947	494	622	4,474	—	4,474	—	4,474
Revenue from contracts with customers	72,257	28,599	29,056	15,867	22,588	168,369	9,257	177,627	—	177,627
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	72,257	28,599	29,056	15,867	22,588	168,369	9,257	177,627	—	177,627
Intersegment sales or transfer	9	8	2	10	—	31	2,897	2,929	(2,929)	—
Total	72,266	28,607	29,059	15,878	22,588	168,400	12,155	180,556	(2,929)	177,627
Segment profit	1,502	1,925	1,836	1,483	1,754	8,502	412	8,915	(2,615)	6,300

(Note 1) "Others" comprises businesses not included in the reportable segments, such as construction, real estate, and software development.

(Note 2) The adjustment under segment profit (2,615) million yen includes the elimination of inter-segment transactions (87) million yen and corporate expenses unallocated to each reportable segment (2,527) million yen. Corporate expenses are mainly unallocated general and administrative expenses and basic experiment and research expenses.

(Note 3) Segment profit is the adjusted operating profit reported on consolidated statements of profit.

2. Information on impairment loss on noncurrent assets and goodwill for each reportable segment

None