

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

April 26, 2024

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, General Affairs Department
 Inquiries: Shinichi Take TEL 052-882-3316
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 27, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	88,058	(10.1)	6,060	35.8	6,306	40.3	5,381	72.6
Year ended March 31, 2023	97,969	4.2	4,461	(28.5)	4,494	(28.9)	3,118	(40.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	372.93	–	9.5	4.8	6.9
Year ended March 31, 2023	216.08	–	6.3	3.5	4.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	136,397	62,228	45.6	4,312.21
As of March 31, 2023	124,363	51,123	41.0	3,531.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	(2,478)	(1,442)	(4,001)	15,347
Year ended March 31, 2023	7,152	(1,579)	(11,431)	23,263

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	10.00	–	10.00	20.00	288	9.3	0.6
Year ended March 31, 2024	–	10.00	–	15.00	25.00	360	6.7	0.6
Year ending March 31, 2025 (Forecast)	–	15.00	–	15.00	30.00		8.7	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	91,000	3.3	5,500	(9.2)	5,700	(9.6)	5,000	(7.1)	346.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

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

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	244,270 shares	As of March 31, 2023	243,535 shares
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Average number of shares during the period

Year ended March 31, 2024	14,431,118 shares	Year ended March 31, 2023	14,431,752 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	3,570	3,906
Notes and accounts receivable - trade, and contract assets	19,556	27,938
Electronically recorded monetary claims - operating	2,381	2,202
Merchandise and finished goods	1,602	1,302
Semi-finished goods	1,169	1,300
Work in process	22,229	24,519
Raw materials and supplies	1,826	2,027
Short-term loans receivable	19,893	11,641
Other	701	941
Allowance for doubtful accounts	(5)	(8)
Total current assets	72,925	75,771
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,122	6,762
Machinery, equipment and vehicles, net	4,205	4,508
Land	14,142	14,100
Leased assets, net	1,199	1,248
Construction in progress	198	448
Other, net	682	601
Total property, plant and equipment	27,551	27,669
Intangible assets	423	361
Investments and other assets		
Investment securities	17,144	21,910
Deferred tax assets	143	153
Retirement benefit asset	5,302	9,783
Other	880	753
Allowance for doubtful accounts	(8)	(6)
Total investments and other assets	23,462	32,595
Total non-current assets	51,437	60,626
Total assets	124,363	136,397

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,045	7,480
Electronically recorded obligations - operating	8,915	10,319
Current portion of long-term borrowings	3,194	3,210
Accrued expenses	2,781	3,148
Income taxes payable	486	606
Advances received	497	619
Provision for bonuses	1,976	1,919
Provision for loss on construction contracts	487	270
Provision for loss on orders received	500	468
Other	3,626	3,669
Total current liabilities	29,510	31,714
Non-current liabilities		
Long-term borrowings	38,165	34,454
Lease liabilities	1,345	1,213
Deferred tax liabilities	3,644	6,247
Provision for compensation for health damage from asbestos	75	72
Retirement benefit liability	291	304
Other	207	163
Total non-current liabilities	43,729	42,455
Total liabilities	73,240	74,169
Net assets		
Shareholders' equity		
Share capital	11,810	11,810
Capital surplus	–	156
Retained earnings	33,225	38,319
Treasury shares	(523)	(525)
Total shareholders' equity	44,513	49,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,732	10,112
Foreign currency translation adjustment	(2,240)	(2,238)
Remeasurements of defined benefit plans	1,956	4,592
Total accumulated other comprehensive income	6,448	12,466
Non-controlling interests	162	–
Total net assets	51,123	62,228
Total liabilities and net assets	124,363	136,397

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	97,969	88,058
Cost of sales	85,428	73,981
Gross profit	12,541	14,076
Selling, general and administrative expenses	8,079	8,016
Operating profit	4,461	6,060
Non-operating income		
Interest income	28	26
Dividend income	278	342
Share of profit of entities accounted for using equity method	27	52
Foreign exchange gains	0	1
Rental income	47	34
Insurance claim income	27	54
Other	23	64
Total non-operating income	434	576
Non-operating expenses		
Interest expenses	324	258
Other	76	72
Total non-operating expenses	401	330
Ordinary profit	4,494	6,306
Extraordinary income		
Gain on sale of non-current assets	145	33
Gain on sale of investment securities	10	497
Total extraordinary income	155	530
Extraordinary losses		
Loss on sale and retirement of non-current assets	150	570
Loss on sale of investment securities	1	–
Loss on repayments of long-term dept	264	–
Other	2	–
Total extraordinary losses	418	570
Profit before income taxes	4,231	6,266
Income taxes - current	817	909
Income taxes - deferred	279	(24)
Total income taxes	1,097	885
Profit	3,134	5,381
Profit attributable to non-controlling interests	16	–
Profit attributable to owners of parent	3,118	5,381

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,134	5,381
Other comprehensive income		
Valuation difference on available-for-sale securities	376	3,309
Foreign currency translation adjustment	2	2
Remeasurements of defined benefit plans, net of tax	(139)	2,636
Share of other comprehensive income of entities accounted for using equity method	26	70
Total other comprehensive income	265	6,018
Comprehensive income	3,400	11,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,384	11,400
Comprehensive income attributable to non-controlling interests	16	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,810	30,396	(521)	41,685
Changes during period				
Dividends of surplus		(288)		(288)
Profit attributable to owners of parent		3,118		3,118
Purchase of treasury shares			(1)	(1)
Net changes in items other than shareholders' equity				
Total changes during period	–	2,829	(1)	2,827
Balance at end of period	11,810	33,225	(523)	44,513

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,329	(2,243)	2,096	6,182	151	48,018
Changes during period						
Dividends of surplus						(288)
Profit attributable to owners of parent						3,118
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	403	2	(139)	265	11	276
Total changes during period	403	2	(139)	265	11	3,104
Balance at end of period	6,732	(2,240)	1,956	6,448	162	51,123

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,810	–	33,225	(523)	44,513
Changes during period					
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		156			156
Dividends of surplus			(288)		(288)
Profit attributable to owners of parent			5,381		5,381
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	156	5,093	(1)	5,248
Balance at end of period	11,810	156	38,319	(525)	49,761

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,732	(2,240)	1,956	6,448	162	51,123
Changes during period						
Decrease (increase) of capital surplus by change of share to consolidated subsidiary						156
Dividends of surplus						(288)
Profit attributable to owners of parent						5,381
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	3,380	2	2,636	6,018	(162)	5,856
Total changes during period	3,380	2	2,636	6,018	(162)	11,104
Balance at end of period	10,112	(2,238)	4,592	12,466	–	62,228

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,231	6,266
Depreciation	2,706	2,428
Increase (decrease) in allowance for doubtful accounts	(25)	0
Increase (decrease) in provision for bonuses	190	(56)
Increase (decrease) in provision for loss on construction contracts	215	(217)
Increase (decrease) in provision for loss on orders received	451	(32)
Increase (decrease) in provision for environmental measures	2	(4)
Increase (decrease) in provision for compensation for health damage from asbestos	(30)	(3)
Increase (decrease) in retirement benefit liability	11	12
Interest and dividend income	(307)	(369)
Insurance claim income	(27)	(54)
Interest expenses	324	258
Share of loss (profit) of entities accounted for using equity method	(27)	(52)
Loss (gain) on sale of investment securities	(8)	(497)
Loss (gain) on sale and retirement of property, plant and equipment	(123)	9
Loss on repayments of long-term debt	264	–
Decrease (increase) in accounts receivable - trade, and contract assets	(1,822)	(8,199)
Decrease (increase) in inventories	4,203	(2,321)
Increase (decrease) in trade payables	(2,783)	1,840
Increase (decrease) in advances received	(585)	118
Decrease (increase) in retirement benefit asset	(376)	(682)
Other, net	1,678	(291)
Subtotal	8,163	(1,846)
Interest and dividends received	308	374
Proceeds from insurance income	27	54
Interest paid	(325)	(271)
Income taxes refund (paid)	(1,021)	(788)
Net cash provided by (used in) operating activities	7,152	(2,478)
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(1,732)	(2,031)
Proceeds from sale of property, plant and equipment	185	90
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	197	611
Other, net	(231)	(113)
Net cash provided by (used in) investing activities	(1,579)	(1,442)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	109	56
Repayments of long-term borrowings	(11,147)	(3,751)
Dividends paid	(287)	(287)
Other, net	(106)	(19)
Net cash provided by (used in) financing activities	(11,431)	(4,001)
Effect of exchange rate change on cash and cash equivalents	9	7
Net increase (decrease) in cash and cash equivalents	(5,848)	(7,915)
Cash and cash equivalents at beginning of period	29,111	23,263
Cash and cash equivalents at end of period	23,263	15,347