

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 28, 2022

Company name: NIPPON SHARYO, LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7102 URL <https://www.n-sharyo.co.jp>
 Representative: President and CEO Kazuhiro Igarashi
 General Manager, Kenichi Nagata
 General Affairs Department TEL 052-882-3316
 Scheduled date to file Quarterly Securities Report: November 7, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 Preparation of supplementary material on quarterly financial results: No
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	44,402	4.4	1,448	(48.7)	1,507	(47.5)	1,121	(54.2)
Six months ended September 30, 2021	42,512	(6.1)	2,826	(11.2)	2,868	(15.1)	2,445	(2.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	77.68	–
Six months ended September 30, 2021	169.46	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	132,014	49,107	37.1
As of March 31, 2022	132,868	48,018	36.0

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, 2022	–	10.00	–	10.00	20.00
Year ending March 31, 2023	–	10.00			
Year ending March 31, 2023 (Forecast)			–	10.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	97,000	3.2	3,900	(37.5)	3,900	(38.3)	3,100	(40.7)	214.80

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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, 2022	14,675,012 shares	As of March 31, 2022	14,675,012 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	243,299 shares	As of March 31, 2022	242,928 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	14,431,887 shares	Six months ended September 30, 2021	14,432,789 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,559	3,536
Notes and accounts receivable - trade, and contract assets	18,720	14,749
Electronically recorded monetary claims - operating	1,392	1,334
Merchandise and finished goods	965	1,251
Semi-finished goods	1,147	1,155
Work in process	27,431	29,900
Raw materials and supplies	1,486	1,558
Short-term loans receivable	25,752	26,761
Other	935	744
Allowance for doubtful accounts	(30)	(2)
Total current assets	81,362	80,990
Non-current assets		
Property, plant and equipment		
Land	14,171	14,164
Other, net	14,191	13,528
Total property, plant and equipment	28,363	27,693
Intangible assets	529	488
Investments and other assets		
Investment securities	16,601	16,784
Retirement benefit asset	5,127	5,150
Other	892	916
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	22,612	22,841
Total non-current assets	51,505	51,023
Total assets	132,868	132,014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,230	7,069
Electronically recorded obligations - operating	10,513	10,766
Current portion of long-term borrowings	3,370	3,373
Income taxes payable	711	548
Advances received	1,076	786
Provision for bonuses	1,785	1,966
Provision for loss on construction contracts	271	566
Other	5,014	4,446
Total current liabilities	30,973	29,524
Non-current liabilities		
Long-term borrowings	48,762	48,397
Provision for compensation for health damage from asbestos	105	83
Retirement benefit liability	280	296
Other	4,728	4,605
Total non-current liabilities	53,875	53,382
Total liabilities	84,849	82,907

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	11,810	11,810
Retained earnings	30,396	31,372
Treasury shares	(521)	(522)
Total shareholders' equity	41,685	42,661
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,329	6,451
Deferred gains or losses on hedges	–	0
Foreign currency translation adjustment	(2,243)	(2,239)
Remeasurements of defined benefit plans	2,096	2,079
Total accumulated other comprehensive income	6,182	6,291
Non-controlling interests	151	154
Total net assets	48,018	49,107
Total liabilities and net assets	132,868	132,014

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, 2021	Six months ended September 30, 2022
Net sales	42,512	44,402
Cost of sales	36,241	39,011
Gross profit	6,270	5,390
Selling, general and administrative expenses	3,443	3,942
Operating profit	2,826	1,448
Non-operating income		
Interest income	16	16
Dividend income	123	148
Share of profit of entities accounted for using equity method	46	61
Other	64	39
Total non-operating income	250	266
Non-operating expenses		
Interest expenses	173	163
Other	35	44
Total non-operating expenses	208	207
Ordinary profit	2,868	1,507
Extraordinary income		
Gain on sale of non-current assets	4	125
Gain on sale of investment securities	37	3
Gain on sale of golf membership	18	–
Total extraordinary income	60	129
Extraordinary losses		
Loss on sale and retirement of non-current assets	85	26
Impairment losses	1	–
Loss on valuation of investment securities	5	–
Other	–	1
Total extraordinary losses	92	28
Profit before income taxes	2,835	1,608
Income taxes	379	479
Profit	2,456	1,128
Profit attributable to non-controlling interests	11	7
Profit attributable to owners of parent	2,445	1,121

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,456	1,128
Other comprehensive income		
Valuation difference on available-for-sale securities	(884)	105
Deferred gains or losses on hedges	–	0
Foreign currency translation adjustment	(16)	3
Remeasurements of defined benefit plans, net of tax	5	(16)
Share of other comprehensive income of entities accounted for using equity method	3	17
Total other comprehensive income	(892)	109
Comprehensive income	1,564	1,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,553	1,230
Comprehensive income attributable to non-controlling interests	11	7