



October 28, 2025

To whom it may concern:

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Notice of Dissolution of an Overseas Subsidiary, Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2026, Difference between Non-Consolidated Financial Results Forecast and Financial Results for the Previous Fiscal Year, and Recognition of Income Taxes - Deferred (Tax Benefit) in the Financial Results for the First Half of the Fiscal Year Ending March 31, 2026

As announced in the “Notice of Dissolution of an Overseas Subsidiary” dated February 27, 2025, Nippon Sharyo, Ltd. (the “Company”) resolved to dissolve its consolidated subsidiary Nippon Sharyo Manufacturing, LLC, and the subsidiary has been in the process of dissolution. The Company hereby announces that the dissolution procedure is expected to be completed by the end of the fiscal year ending March 31, 2026. On July 28, 2025, the Company announced a forecast of consolidated financial results for the fiscal year ending March 31, 2026. The Company hereby announces that it has revised the previous forecast in light of the dissolution of the subsidiary and the latest financial performance trend as shown below.

As for the forecast of non-consolidated financial results for the fiscal year ending March 31, 2026, which has not been disclosed so far, the Company expects that annual profit will significantly exceed the results of the previous fiscal year as shown below.

The Company also announces that it recognized income taxes - deferred (tax benefit) in the financial results for the first half of the fiscal year ending March 31, 2026 as stated below.

1. Schedule of the dissolution procedure

The dissolution procedure is expected to be completed by the end of March 2026.

2. Outline of the subsidiary to be dissolved

(1)	Name	NIPPON SHARYO MANUFACTURING, LLC
(2)	Location	Illinois, USA
(3)	Job title and name of representative:	Manager, Ken Kuriyama
(4)	Business description	Provision of services to existing customers of railway rolling stock products
(5)	Stated capital	USD10,000,000
(6)	Date of foundation	September 20, 2010
(7)	Major shareholder and shareholding ratio	Nippon Sharyo, Ltd.: 100%

3. Revision of consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen, %)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	96,000	6,600	7,000	6,600	457.39
Revised forecast (B)	98,000	8,200	8,600	8,000	554.41
Change (B - A)	2,000	1,600	1,600	1,400	-
Percentage change (%)	2.1	24.2	22.9	21.2	-
(Reference) Consolidated financial results for the previous fiscal year (FYE March 31, 2025)	96,340	6,935	7,297	6,416	444.62

4. Difference between non-consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026) and financial results for the previous fiscal year

(Millions of yen, %)

	Net sales	Operating profit	Ordinary profit	Net income	Earnings per share
Results for the previous fiscal year (A)	94,268	6,530	6,921	6,191	429.01
Forecast for the current fiscal year (B)	98,000	8,000	8,500	10,200	706.82
Change (B - A)	3,731	1,469	1,578	4,008	-
Percentage change (%)	4.0	22.5	22.8	64.8	-

5. Reasons for the revision of consolidated financial results forecast and the difference between non-consolidated financial results forecast and financial results for the previous fiscal year

Net sales are expected to increase as each business is expected to perform more strongly than expected. Profit at all levels is also expected to increase as, in addition to the increase in net sales, the overall profit margin is expected to increase mainly due to changes in sales mix. As for net income, the dissolution procedure of Nippon Sharyo Manufacturing, LLC is scheduled to be completed by the end of the fiscal year ending March 31, 2026, and the Company expects a decrease in income taxes as previously recognized losses on valuation of shares of the subsidiary will be allowed to be treated as tax losses.

On a consolidated basis, the Company expects to recognize an extraordinary loss of approximately 2,200 million yen as the foreign currency translation adjustment recognized on the consolidated balance sheet will be reversed upon the completion of the dissolution procedure of the subsidiary.

Such an extraordinary loss arising from the reversal of foreign currency translation adjustment will not arise in non-consolidated financial statements.

The amount of foreign currency translation adjustment recognized on the consolidated balance sheet as of September 30, 2025 is negative 2,237 million yen, and the amount of extraordinary loss due to the reversal of foreign currency translation adjustment is expected to change depending on the trend of exchange rates through the completion date of the dissolution procedure.

The Company will continue to promote quality improvement, cost reduction, and business efficiency improvement further to strengthen its financial strength.

Note: Our forecast above is based on currently available information, and actual results may vary.

6. Impact on financial results for the first half of the fiscal year ending March 31, 2026

In preparing financial statements for the first half of the fiscal year ending March 31, 2026, the Company comprehensively evaluated its expected future financial performance given the expected completion of the dissolution procedure of the subsidiary and carefully examined the recoverability of deferred tax assets. As a result, the Company recognized deferred tax assets to the extent they are expected to be recoverable and corresponding income taxes - deferred (tax income) of 2,197 million yen. In the financial statements for the fiscal year ending March 31, 2026, part of these deferred tax assets will be reversed, and income taxes - deferred (tax income) is expected to decrease to that extent.

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