

Translation

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

August 1, 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: August 9, 2022
 Scheduled date to commence dividend payments: –
 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 three months ended June 30, 2022 (from April 1, 2022 to June 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	%
Three months ended June 30, 2022	22,953	21.0	1,342	26.9	1,439	26.8	1,300	18.3
Three months ended June 30, 2021	18,966	(23.9)	1,057	(27.0)	1,134	(24.8)	1,099	(19.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	90.10		–	
Three months ended June 30, 2021	76.18		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	132,673	49,052	36.9
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				
Year ended March 31, 2022	–	10.00	–	10.00	20.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		10.00	–	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
Six months ending September 30, 2022	50,000	17.6	3,100	9.7	3,200	11.6	2,500	2.2	173.23
Full year	101,000	7.4	5,300	(15.0)	5,300	(16.1)	3,900	(25.4)	270.23

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2022	14,675,012 shares	As of March 31, 2022	14,675,012 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	243,188 shares	As of March 31, 2022	242,928 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	14,431,988 shares	Three months ended June 30, 2021	14,432,867 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	3,559	3,595
Notes and accounts receivable - trade, and contract assets	18,720	14,777
Electronically recorded monetary claims - operating	1,392	1,150
Merchandise and finished goods	965	1,264
Semi-finished goods	1,147	1,171
Work in process	27,431	28,378
Raw materials and supplies	1,486	1,526
Short-term loans receivable	25,752	29,138
Other	935	833
Allowance for doubtful accounts	(30)	(2)
Total current assets	81,362	81,834
Non-current assets		
Property, plant and equipment		
Land	14,171	14,171
Other, net	14,191	13,758
Total property, plant and equipment	28,363	27,930
Intangible assets	529	494
Investments and other assets		
Investment securities	16,601	16,414
Retirement benefit asset	5,127	5,151
Other	892	856
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	22,612	22,414
Total non-current assets	51,505	50,839
Total assets	132,868	132,673
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,230	7,343
Electronically recorded obligations - operating	10,513	11,413
Current portion of long-term borrowings	3,370	3,372
Income taxes payable	711	412
Advances received	1,076	819
Provision for bonuses	1,785	2,899
Provision for loss on construction contracts	271	245
Other	5,014	4,043
Total current liabilities	30,973	30,549
Non-current liabilities		
Long-term borrowings	48,762	48,374
Provision for compensation for health damage from asbestos	105	78
Retirement benefit liability	280	287
Other	4,728	4,331
Total non-current liabilities	53,875	53,071
Total liabilities	84,849	83,620

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	11,810	11,810
Retained earnings	30,396	31,552
Treasury shares	(521)	(522)
Total shareholders' equity	41,685	42,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,329	6,216
Foreign currency translation adjustment	(2,243)	(2,242)
Remeasurements of defined benefit plans	2,096	2,088
Total accumulated other comprehensive income	6,182	6,062
Non-controlling interests	151	149
Total net assets	48,018	49,052
Total liabilities and net assets	132,868	132,673

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	18,966	22,953
Cost of sales	16,067	19,629
Gross profit	2,899	3,324
Selling, general and administrative expenses	1,841	1,981
Operating profit	1,057	1,342
Non-operating income		
Interest income	4	11
Dividend income	118	144
Share of profit of entities accounted for using equity method	27	18
Other	40	21
Total non-operating income	192	197
Non-operating expenses		
Interest expenses	91	86
Foreign exchange losses	6	-
Other	17	14
Total non-operating expenses	115	100
Ordinary profit	1,134	1,439
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	24	3
Gain on sale of golf membership	18	-
Total extraordinary income	43	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	62	11
Impairment losses	1	-
Loss on valuation of investment securities	5	-
Other	-	1
Total extraordinary losses	69	13
Profit before income taxes	1,108	1,430
Income taxes	4	126
Profit	1,104	1,303
Profit attributable to non-controlling interests	4	3
Profit attributable to owners of parent	1,099	1,300

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,104	1,303
Other comprehensive income		
Valuation difference on available-for-sale securities	(704)	(113)
Foreign currency translation adjustment	(14)	0
Remeasurements of defined benefit plans, net of tax	2	(8)
Share of other comprehensive income of entities accounted for using equity method	(3)	1
Total other comprehensive income	(719)	(119)
Comprehensive income	384	1,183
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	380	1,180
Comprehensive income attributable to non-controlling interests	4	3