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## Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 8, 2024

Company name: NAKABAYASHI CO., LTD.

Stock exchange listings: Tokyo

Stock code: 7987 URL: <https://www.nakabayashi.co.jp/>

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Division

Scheduled date to commence dividend payments: –

Preparation of supplementary material on financial results: No

Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

#### (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, 2024	14,092	1.0	95	–	264	–	151	–
June 30, 2023	13,954	3.1	(286)	–	(46)	–	(57)	–

(Note) Comprehensive income: Three months ended June 30, 2024: ¥214 million [82.7%]  
Three months ended June 30, 2023: ¥117 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	5.51	–
June 30, 2023	(2.08)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2024	56,672	28,002	48.2
March 31, 2024	57,965	28,119	47.3

(Reference) Equity: As of June 30, 2024: ¥27,331 million  
As of March 31, 2024: ¥27,440 million

## 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, 2024	–	10.00	–	12.00	22.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (Forecast)		10.00	–	12.00	22.00

(Note) Revisions of dividend forecasts from recently announced figures: No

## 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
Six months ending September 30, 2024	28,500	0.6	260	–	530	–	220	0.6	8.02
Full year	61,500	0.7	1,845	298.9	2,460	145.1	1,540	75.7	56.13

(Note) Revisions of forecasts of financial results from recently announced figures: No

\* **Notes**

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No
- (Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Notes on Changes in Accounting Policies)” on page 9 of the Accompanying Materials.

(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, 2024	28,794,294 shares	As of March 31, 2024	28,794,294 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	1,357,858 shares	As of March 31, 2024	1,357,711 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, 2024	27,436,517 shares	Three months ended June 30, 2023	27,406,118 shares
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\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certificated public accountant or an auditing firm: No

\* Explanation and other special notes concerning the appropriate use of business performance forecasts (Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. For the assumptions underlying the earnings forecasts and cautions concerning the earnings forecasts, please refer to “1. Overview of Operating Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information” on page 4 of the Accompanying Materials.

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# 1. Overview of Operating Results

## (1) Overview of Operating Results for the Period under Review

During the three months under review, the Japanese economy saw a gradual recovery in economic activity, partly due to improved employment and income conditions and the effect of inbound tourism. At the same time, protracted tensions in Ukraine and the Middle East, prolonged instability in exchange rate trends, and the effects of soaring energy and raw material prices have kept the outlook of the economy uncertain.

The circumstances surrounding the Company group (the “Group”) have necessitated a response to major changes in lifestyles and corporate activities, and under our purpose of “It’s for SMILE,” we are striving to enhance our corporate value by creating valuable products and services that are appropriate for an age of 100-year lifespans.

Under these circumstances, we have formulated our fourth medium-term management plan (from April 1, 2024 to March 31, 2027), “Go on going,” and will work to achieve it by solving social issues related to the five areas set forth in our mission and vision, “Life-related industry,” (Note) and creating product services that capture changing consumption trends.

(Note) “Life-related industry” is a concept advocated by Professor Yoshinori Hiroi of Kyoto University.

Specifically, this refers to the following five fields: (1) health and medical care, (2) environment (including renewable energy), (3) life and welfare, (4) agriculture, and (5) culture.

In addition, the Consumer Communications Business and Office Appliances Business have been integrated from the first quarter of the fiscal year ending March 31, 2025, in order to respond quickly to new lifestyles. Accordingly, reportable segments have been reorganized into the four segments of Business Process Solutions Business, Consumer Communications Business, Energy Business, and Others.

Net sales of the Group for the three months under review amounted to ¥14,092 million. Efforts to raise prices and cut costs through screening orders resulted in operating profit of ¥95 million and ordinary profit of ¥264 million.

As a result, profit attributable to owners of parent was ¥151 million.

The Group’s operating results for the three months under review are as follows.

Net sales	¥14,092 million	(Up 1.0% year on year)
Operating profit	¥95 million	(Operating loss of ¥286 million in the same period of the previous fiscal year)
Ordinary profit	¥264 million	(Ordinary loss of ¥46 million in the same period of the previous fiscal year)
Profit attributable to owners of parent	¥151 million	(Loss attributable to owners of parent of ¥57 million in the same period of the previous fiscal year)

Operating results by segment are as follows.

### (i) Business Process Solutions Business

In various BPO services and data printing services (DPS), competition is intensifying as order sizes become smaller, but the Company will continue to promote rationalization in manufacturing departments and streamlining in sales departments to improve competitiveness, and will work to develop a “BPO Integrated Support Service” that provides total support related to the business environment throughout society. Paper containers remained steady, with an increase in new projects for household goods and orders for “JIYUBACO.” The seals and labels area also continued to perform well. The library solutions business remained strong, partly due to the contribution of new projects from public libraries.

Consequently, net sales in this business amounted to ¥6,865 million (down 0.2% year on year), and operating profit amounted to ¥58 million (operating loss of ¥94 million in the same period of the previous fiscal year).

(ii) Consumer Communications Business

Stationary office supplies remained strong, partly due to OEM orders for commercially available products and the effect of price increases. Gadget peripheral goods, such as PCs, smartphones, and tablets, as well as security and disaster prevention goods remained steady, partly due to the synergy effect of the absorption-type mergers of the consolidated subsidiaries Miyoshi Co., Ltd. and Revex Co., Ltd. on January 1, 2024. We will continue to expand our product lineup and accelerate the launch of new products.

In our Meguri-ing business, a measure to support tourism, sales of Goshuin-cho and Gojoin-cho stamp books and stuffed toys for theme parks and souvenirs continued to increase, partly due to an increase in inbound and other tourists and a growing interest in experiential and time-driven consumption.

KAGUKURO Co., Ltd., which is operating the e-commerce business for office furniture, remained strong due to the continued trend of workers returning to work in offices, but shredders continued to face difficult conditions due to a cycle of replacement demand and the shift away from paper. The Company will strive to increase sales of crushers for media such as hard disk drives and solid state drives and develop new products.

Consequently, net sales in this business amounted to ¥6,867 million (up 2.1% year on year), and operating profit amounted to ¥164 million (operating loss of ¥38 million in the same period of the previous fiscal year).

(iii) Energy Business

Wooden biomass power generation had a reduced number of operating days due to a statutory inspection conducted in May 2024. In addition, operation has been carried out after adjustment of output in consideration of the woodchip stockpile situation. Solar power generation performed well.

Consequently, net sales in this business amounted to ¥342 million (up 3.6% year on year), while operating loss amounted to ¥11 million (operating loss of ¥12 million in the same period of the previous fiscal year).

(iv) Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of ¥16 million (up 24.3% year on year) and operating loss of ¥13 million (operating loss of ¥17 million in the same period of the previous fiscal year).

## (2) Overview of Financial Position for the Period under Review

### [Assets]

Current assets decreased by ¥1,100 million from the end of the previous fiscal year to ¥28,973 million. This was mainly due to a decrease of ¥2,491 million in notes and accounts receivable - trade, despite an increase of ¥773 million in merchandise and finished goods.

Non-current assets decreased by ¥193 million from the end of the previous fiscal year to ¥27,699 million. This was mainly due to decreases of ¥179 million in machinery, equipment and vehicles and ¥94 million in buildings and structures, despite an increase of ¥48 million in construction in progress.

As a result, total assets as of June 30, 2024 decreased by ¥1,293 million from the end of the previous fiscal year to ¥56,672 million.

### [Liabilities]

Current liabilities decreased by ¥1,150 million from the end of the previous fiscal year to ¥16,516 million. This was mainly due to a decrease of ¥1,049 million in short-term borrowings.

Non-current liabilities decreased by ¥25 million from the end of the previous fiscal year to ¥12,153 million. This was mainly due to a decrease of ¥70 million in long-term borrowings.

As a result, total liabilities as of June 30, 2024 decreased by ¥1,176 million from the end of the previous fiscal year to ¥28,669 million.

### [Net assets]

Total net assets decreased by ¥116 million from the end of the previous fiscal year to ¥28,002 million. This was mainly due to a decrease of ¥178 million in retained earnings, despite an increase of ¥53 million in foreign currency translation adjustment.

As a result, the equity ratio was 48.2%, up 0.9 percentage points from the end of the previous fiscal year.

**(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information**

We have not changed our earnings forecasts since the announcement we made on May 10, 2024.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	7,214	7,520
Notes and accounts receivable - trade	11,106	8,614
Merchandise and finished goods	6,355	7,129
Work in process	917	1,278
Raw materials and supplies	1,784	1,983
Other	2,695	2,446
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,073	28,973
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,463	7,368
Machinery, equipment and vehicles, net	4,603	4,423
Land	9,494	9,494
Construction in progress	33	81
Other, net	155	163
Total property, plant and equipment	21,750	21,531
Intangible assets		
Goodwill	13	—
Other	278	272
Total intangible assets	292	272
Investments and other assets		
Investment securities	3,010	3,049
Retirement benefit asset	1,754	1,773
Deferred tax assets	226	259
Other	867	821
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	5,850	5,895
Total non-current assets	27,892	27,699
Total assets	57,965	56,672



(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,632	4,473
Short-term borrowings	6,248	5,198
Accounts payable - other	2,962	3,149
Accrued expenses	429	426
Income taxes payable	458	136
Provision for bonuses	517	388
Other	2,418	2,743
Total current liabilities	17,667	16,516
Non-current liabilities		
Long-term borrowings	8,674	8,603
Retirement benefit liability	2,972	2,927
Deferred tax liabilities	250	340
Other	280	281
Total non-current liabilities	12,178	12,153
Total liabilities	29,846	28,669
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,943	8,943
Retained earnings	10,677	10,499
Treasury shares	(691)	(691)
Total shareholders' equity	25,595	25,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,028	1,052
Deferred gains or losses on hedges	56	61
Foreign currency translation adjustment	149	202
Remeasurements of defined benefit plans	610	597
Total accumulated other comprehensive income	1,844	1,913
Non-controlling interests	678	671
Total net assets	28,119	28,002
<b>Total liabilities and net assets</b>	<b>57,965</b>	<b>56,672</b>

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**  
**Quarterly Consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	13,954	14,092
Cost of sales	10,640	10,561
Gross profit	3,313	3,531
Selling, general and administrative expenses	3,600	3,435
Operating profit (loss)	(286)	95
Non-operating income		
Rental income	43	43
Dividend income	55	53
Insurance claim income	108	54
Other	69	53
Total non-operating income	277	205
Non-operating expenses		
Interest expenses	20	21
Miscellaneous expenses of assets for rent	10	9
Other	5	6
Total non-operating expenses	36	37
Ordinary profit (loss)	(46)	264
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	51	-
Total extraordinary income	52	0
Extraordinary losses		
Loss on disposal of non-current assets	2	0
Total extraordinary losses	2	0
Profit before income taxes	3	264
Income taxes - current	136	90
Income taxes - deferred	(68)	28
Total income taxes	68	119
Profit (loss)	(64)	144
Loss attributable to non-controlling interests	(7)	(6)
Profit (loss) attributable to owners of parent	(57)	151

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	(64)	144
Other comprehensive income		
Valuation difference on available-for-sale securities	138	23
Deferred gains or losses on hedges	32	4
Foreign currency translation adjustment	8	53
Remeasurements of defined benefit plans, net of tax	2	(12)
Total other comprehensive income	181	69
Comprehensive income	117	214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124	220
Comprehensive income attributable to non-controlling interests	(7)	(6)

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **(Notes on Changes in Accounting Policies)**

##### Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions regarding the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Application Guidance of 2022”). This change in accounting policies did not have an impact on the quarterly consolidated financial statements.

In addition, the Company has applied the Revised Implementation Guidance of 2022 related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sale of investments in subsidiaries among consolidated companies from the beginning of the first quarter of the fiscal year ending March 31, 2025. This change in accounting policies has been applied retrospectively, and the quarterly consolidated financial statements and the consolidated financial statements for the previous quarter and the previous fiscal year have been prepared on a retrospective basis. This change in accounting policies did not have an impact on the quarterly consolidated financial statements of the previous quarter or the consolidated financial statements of the previous fiscal year.

**(Notes on Segment Information)**

Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

## 1. Information Concerning Monetary Amounts for Net Sales, and Profit or Loss by Reportable Segment

(Millions of Yen)

	Reportable segment				Others (Note) 1	Total	Adjusted amount (Note) 2	Amount on quarterly consolidated statements of income (Note) 3
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total				
Net sales								
Net sales to external customers	6,881	6,729	330	13,941	13	13,954	–	13,954
Inter-segment net sales or transfers	293	56	–	349	3	353	(353)	–
Total	7,174	6,785	330	14,290	17	14,308	(353)	13,954
Segment loss	(94)	(38)	(12)	(145)	(17)	(163)	(122)	(286)

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and Garlic Farm Business.
  2. Adjusted amount of (¥122 million) for segment loss includes inter-segment transaction eliminations of ¥45 million, an adjustment of ¥5 million for inventories, and company-wide expenses of (¥173 million) that are not allocated to reportable segments. Company-wide expenses are primarily general administrative expenses and SG&A expenses that do not belong to reportable segments.
  3. Segment loss is adjusted for operating loss on quarterly consolidated statements of income.

## 2. Impairment Losses on Non-current Assets or Goodwill, etc. by Reportable Segment

Not applicable.

Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

## 1. Information Concerning Monetary Amounts for Net Sales, and Profit or Loss by Reportable Segment

(Millions of Yen)

	Reportable segment				Others (Note) 1	Total	Adjusted amount (Note) 2	Amount on quarterly consolidated statements of income (Note) 3
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total				
Net sales								
Net sales to external customers	6,865	6,867	342	14,075	16	14,092	–	14,092
Inter-segment net sales or transfers	378	77	–	456	2	458	(458)	–
Total	7,244	6,945	342	14,532	19	14,551	(458)	14,092
Segment profit (loss)	58	164	(11)	211	(13)	197	(101)	95

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and Garlic Farm Business.
  2. Adjusted amount of (¥101 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥30 million, an adjustment of ¥3 million for inventories, and company-wide expenses of (¥135 million) that are not allocated to reportable segments. Company-wide expenses are primarily general administrative expenses and SG&A expenses that do not belong to reportable segments.
  3. Segment profit or loss is adjusted for operating profit on quarterly consolidated statements of income.

## 2. Impairment Losses on Non-current Assets or Goodwill, etc. by Reportable Segment

Not applicable.

3. Items Related to Changes in Reportable Segments, etc.

The Consumer Communications Business and Office Appliances Business have been integrated from the first quarter of the fiscal year ending March 31, 2025, in order to quickly respond to new lifestyles. Accordingly, reportable segments have been changed to the four categories of Business Process Solutions Business, Consumer Communications Business, Energy Business, and Others.

Segment information for the first quarter of the previous fiscal year is disclosed based on the reporting segment classification after the change.

**(Notes on Significant Changes in the Amount of Shareholders' Equity)**

Not applicable.

**(Notes on the Going Concern Assumption)**

Not applicable.

**(Notes on Quarterly Consolidated Statements of Cash Flows)**

Quarterly consolidated statements of cash flows for the three months under review are not prepared.

Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2023 and 2024 are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	394	387
Amortization of goodwill	27	13