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Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 7, 2025

Company name: NAKABAYASHI CO., LTD.

Stock exchange listings: Tokyo

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

Representative: President and Representative Director Hideaki Yumoto

Inquiries: Director, Senior Executive Officer and
General Manager of Administration Shunsuke Nagai TEL 06-6943-5555
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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended								
December 31, 2024	46,035	3.8	921	–	1,181	–	801	385.9
December 31, 2023	44,350	(0.9)	(383)	–	77	(73.5)	164	–

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥817 million [339.0%]
Nine months ended December 31, 2023: ¥186 million [45.4%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2024	29.20	–
December 31, 2023	6.01	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2024	57,638	28,348	48.0
March 31, 2024	57,965	28,119	47.3

(Reference) Equity: As of December 31, 2024: ¥27,673 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	–	10.00	–		
Year ending March 31, 2025 (Forecast)				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
Full year	61,500	0.7	1,845	298.9	2,460	145.1	1,540	75.7	56.09

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

* **Notes**

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 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 December 31, 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 December 31, 2024	1,327,879 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)

Nine months ended December 31, 2024	27,454,582 shares	Nine months ended December 31, 2023	27,424,647 shares
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* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants 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 nine months under review, the Japanese economy showed a gradual recovery trend with the normalization of socio-economic activities against a backdrop of improved employment and income conditions and increased demand from inbound tourism. At the same time, unstable international affairs, soaring fuel and raw material prices and other factors 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, in May 2024 we formulated our fourth medium-term management plan (from April 1, 2024 to March 31, 2027), “Go on going.” In this plan, based on the three basic policies of “reinforce earning capacity,” “promote growth potential,” and “improve shareholder value,” we will work to achieve it mainly by promoting DX, creating product services that capture changing consumption trends, and optimizing the allocation of management resources. In regard to promoting DX, in particular, tangible synergy effects have begun to emerge, such as new orders being received as a result of integrating digital technologies into the existing businesses in each segment.

In addition, the Consumer Communications Business and the 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 reorganized into the four segments of Business Process Solutions Business, Consumer Communications Business, Energy Business, and Others.

During the nine months under review, the Group worked to revise sales prices, reduce manufacturing costs, and review unprofitable businesses among other measures, resulting in net sales of ¥46,035 million, operating profit of ¥921 million, and ordinary profit of ¥1,181 million.

As a result, profit attributable to owners of parent was ¥801 million.

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

Net sales	¥46,035 million	(Up 3.8% year on year)
Operating profit	¥921 million	(Operating loss of ¥383 million in the same period of the previous fiscal year)
Ordinary profit	¥1,181 million	(Ordinary profit of ¥77 million in the same period of the previous fiscal year)
Profit attributable to owners of parent	¥801 million	(Up 385.9% year on year)

Operating results by segment are as follows.

(i) Business Process Solutions Business

The BPO business is trending toward a recovery due to an increase in securing outsourcing orders. The effects of improved profit margins from bringing system development in-house have started to appear. We will continuously work to strengthen profitability through comprehensive proposals.

The data printing services (DPS) business remained strong due to new orders for large projects and expansion of orders for existing projects. On the other hand, although sales of pocket notebooks and envelopes declined due to the impact of the shift away from paper, profit was about the same level year on year due to the effect of price revisions.

Paper container-related products performed well due to securing orders for large projects for environmentally friendly multi-tiered food boxes such as “JIYUBACO” and paper packaging such as “asueco” as well as due to progress on expanding orders.

Seal-related and label-related products continued to perform well due to the contribution of orders for products with a high unit price, such as goods for the entertainment industry.

In the library solutions business, profitability improved due to securing orders for highly specialized projects, such as outsourcing of library management and support services for moving bookshelves in conjunction with large-scale renovations of facilities.

Consequently, net sales in this business amounted to ¥23,131 million (down 0.1% year on year), and operating profit amounted to ¥485 million (up 180.8% year on year).

(ii) Consumer Communications Business

Sales of products remained strong due to orders from large OEMs, product price revisions, and the synergy effects resulting from the absorption-type mergers with Miyoshi Co., Ltd. (effective January 1, 2024), Revex Co., Ltd. (effective January 1, 2024) and LEAMAN CO., Ltd. (effective March 31, 2024). In particular, sales of security products grew significantly amid growing concern over crime prevention against the backdrop of recent violent crimes. In addition, both sales and profits of certificate folders increased due to the success of measures to promote early orders aimed at production leveling.

Sales of shredders continue to face difficult conditions due to a cycle of replacement demand and the shift away from paper. In this environment, we will focus on expanding sales of devices that crush materials other than paper, including crushers for media such as hard disk drives and solid state drives and universal crushers capable of processing plastics, clothing, etc.

In the e-commerce business, sales and profits both continued to grow. In the office furniture field, sales performed well, partly reflecting the effect of measures to promote repeat sales amid the continuing steady trend of workers returning to work in offices. In addition, the e-commerce business operated by the Company, which offers our own products and online-only products, continued to grow steadily.

In our Meguri-ing business tourist numbers increased amid a backdrop of growing interest in experiential and time-driven consumption, as a result of measures for inbound tourism and travel support, among others. As a result, sales of Goshuin-cho and Gojoin-cho stamp books continued to grow, and demand for stuffed toys for theme parks and souvenir stores also expanded.

In the stuffed toys business overall, orders from large OEM also grew, and going forward, we will actively develop our presence in overseas markets.

Consequently, net sales in this business amounted to ¥21,723 million (up 8.5% year on year), and operating profit amounted to ¥664 million (operating loss of ¥246 million in the same period of the previous fiscal year).

(iii) Energy Business

Wooden biomass power generation has been operated after adjustment of output in consideration of the woodchip stockpile situation. Solar power generation performed well.

Consequently, net sales in this business amounted to ¥1,102 million (down 1.8% year on year), and operating profit amounted to ¥21 million (down 27.4% year on year).

(iv) Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of ¥77 million (up 36.9% year on year) and operating loss of ¥9 million (operating loss of ¥33 million in the same period of the previous fiscal year).

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

(Assets)

Current assets increased by ¥538 million from the end of the previous fiscal year to ¥30,612 million. This was mainly due to increases of ¥1,382 million in merchandise and finished goods, ¥401 million in cash and deposits, and ¥267 million in work in process, despite a decrease of ¥1,462 million in notes and accounts receivable - trade.

Non-current assets decreased by ¥865 million from the end of the previous fiscal year to ¥27,026 million. This was mainly due to decreases of ¥343 million in machinery, equipment and vehicles, ¥298 million in land, and ¥279 million in buildings and structures.

As a result, total assets as of December 31, 2024 decreased by ¥327 million from the end of the previous fiscal year to ¥57,638 million.

(Liabilities)

Current liabilities decreased by ¥628 million from the end of the previous fiscal year to ¥17,038 million. This was mainly due to decreases of ¥380 million in notes and accounts payable - trade and ¥263 million in income taxes payable.

Non-current liabilities increased by ¥72 million from the end of the previous fiscal year to ¥12,251 million. This was mainly due to an increase of ¥77 million in deferred tax liabilities.

As a result, total liabilities as of December 31, 2024 decreased by ¥556 million from the end of the previous fiscal year to ¥29,290 million.

(Net assets)

Total net assets increased by ¥228 million from the end of the previous fiscal year to ¥28,348 million. This was mainly due to an increase of ¥197 million in retained earnings.

As a result, the equity ratio as of December 31, 2024 was 48.0%, up 0.7 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 December 31, 2024
Assets		
Current assets		
Cash and deposits	7,214	7,615
Notes and accounts receivable - trade	11,106	9,643
Merchandise and finished goods	6,355	7,737
Work in process	917	1,185
Raw materials and supplies	1,784	1,934
Other	2,695	2,496
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,073	30,612
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,463	7,183
Machinery, equipment and vehicles, net	4,603	4,259
Land	9,494	9,196
Construction in progress	33	34
Other, net	155	182
Total property, plant and equipment	21,750	20,857
Intangible assets		
Goodwill	13	—
Other	278	253
Total intangible assets	292	253
Investments and other assets		
Investment securities	3,010	3,033
Retirement benefit asset	1,754	1,810
Deferred tax assets	226	281
Other	867	836
Allowance for doubtful accounts	(8)	(46)
Total investments and other assets	5,850	5,916
Total non-current assets	27,892	27,026
Total assets	57,965	57,638

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,632	4,252
Short-term borrowings	6,248	6,055
Accounts payable - other	2,962	2,958
Accrued expenses	429	422
Income taxes payable	458	195
Provision for bonuses	517	393
Other	2,418	2,760
Total current liabilities	17,667	17,038
Non-current liabilities		
Long-term borrowings	8,674	8,716
Retirement benefit liability	2,972	2,879
Deferred tax liabilities	250	327
Provision for loss on business of subsidiaries and associates	–	14
Other	280	312
Total non-current liabilities	12,178	12,251
Total liabilities	29,846	29,290
Net assets		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,943	8,944
Retained earnings	10,677	10,875
Treasury shares	(691)	(676)
Total shareholders' equity	25,595	25,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,028	1,048
Deferred gains or losses on hedges	56	74
Foreign currency translation adjustment	149	168
Remeasurements of defined benefit plans	610	571
Total accumulated other comprehensive income	1,844	1,862
Non-controlling interests	678	675
Total net assets	28,119	28,348
Total liabilities and net assets	57,965	57,638

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	44,350	46,035
Cost of sales	33,995	34,712
Gross profit	10,355	11,322
Selling, general and administrative expenses	10,739	10,401
Operating profit (loss)	(383)	921
Non-operating income		
Rental income	129	122
Dividend income	85	92
Insurance claim income	148	82
Other	209	149
Total non-operating income	573	447
Non-operating expenses		
Interest expenses	63	68
Miscellaneous expenses of assets for rent	32	30
Provision of allowance for doubtful accounts	-	40
Other	16	48
Total non-operating expenses	111	187
Ordinary profit	77	1,181
Extraordinary income		
Gain on sale of non-current assets	2	126
Gain on sale of investment securities	478	-
Total extraordinary income	481	126
Extraordinary losses		
Loss on disposal of non-current assets	15	2
Impairment losses	-	74
Loss on sale of investment securities	3	-
Loss on valuation of investment securities	-	4
Loss on valuation of shares of subsidiaries and associates	-	11
Provision for loss on business of subsidiaries and associates	-	14
Total extraordinary losses	19	107
Profit before income taxes	538	1,200
Income taxes - current	357	388
Income taxes - deferred	16	11
Total income taxes	373	400
Profit	165	799
Profit (loss) attributable to non-controlling interests	0	(1)
Profit attributable to owners of parent	164	801

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	165	799
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	19
Deferred gains or losses on hedges	(4)	18
Foreign currency translation adjustment	63	19
Remeasurements of defined benefit plans, net of tax	6	(38)
Total other comprehensive income	20	18
Comprehensive income	186	817
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	185	819
Comprehensive income attributable to non-controlling interests	1	(1)

(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 Application 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 for the same period of the previous fiscal year and the consolidated financial statements for 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 for the same period of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	23,149	20,022	1,121	44,294	56	44,350	–	44,350
Inter-segment net sales or transfers	1,049	259	–	1,309	13	1,322	(1,322)	–
Total	24,198	20,282	1,121	45,603	70	45,673	(1,322)	44,350
Segment profit (loss)	173	(246)	29	(43)	(33)	(77)	(306)	(383)

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 2. Adjusted amount of (¥306 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥103 million, an adjustment of ¥0 million for inventories, and company-wide expenses of (¥411 million) that are not allocated to reportable segments. Company-wide expenses are primarily selling, general and administrative expenses that do not belong to reportable segments.
 3. Segment profit (loss) is adjusted for operating loss on the quarterly consolidated statements of income.

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

(Significant impairment losses related to non-current assets)

Not applicable.

Nine months ended December 31, 2024 (April 1, 2024 to December 31, 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	23,131	21,723	1,102	45,957	77	46,035	–	46,035
Inter-segment net sales or transfers	1,424	296	–	1,721	9	1,731	(1,731)	–
Total	24,556	22,020	1,102	47,679	87	47,766	(1,731)	46,035
Segment profit (loss)	485	664	21	1,172	(9)	1,163	(241)	921

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 2. Adjusted amount of (¥241 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥87 million, an adjustment of ¥3 million for inventories, and company-wide expenses of (¥332 million) that are not allocated to reportable segments. Company-wide expenses are primarily selling, general and administrative expenses that do not belong to reportable segments.
 3. Segment profit (loss) is adjusted for operating profit on the quarterly consolidated statements of income.

2. Impairment Losses on Non-current Assets or Goodwill, etc. by Reportable Segment
(Significant impairment losses related to non-current assets)

(Millions of yen)

	Reportable segment				Others	Company-wide/elimination	Total
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total			
Impairment losses	–	74	–	74	–	–	74

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

The Consumer Communications Business and the 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 nine months 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 nine months under review are not prepared.

Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows.

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	1,249	1,189
Amortization of goodwill	81	13