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## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

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  
Executive Officer and General Manager

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Administration Division

Scheduled date to file Quarterly Securities Report: November 13, 2023

Scheduled date to commence dividend payments: December 1, 2023

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, 2023 (from April 1, 2023 to September 30, 2023)

#### (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, 2023	28,334	0.3	(371)	–	7	(95.3)	218	–
September 30, 2022	28,236	(1.5)	(158)	–	151	(74.2)	(132)	–

(Note) Comprehensive income: Six months ended September 30, 2023: ¥308 million [–%]  
Six months ended September 30, 2022: ¥(25) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	7.97	–
September 30, 2022	(4.85)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	58,110	26,875	45.1
March 31, 2023	57,703	26,881	45.4

(Reference) Equity: As of September 30, 2023: ¥26,205 million  
As of March 31, 2023: ¥26,204 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, 2023	–	0.00	–	12.00	12.00
Year ending March 31, 2024	–	10.00			
Year ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

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	65,000	5.6	2,550	459.3	3,000	219.4	1,700	–	61.98

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

#### 4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(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, 2023	28,794,294 shares	As of March 31, 2023	28,794,294 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,357,291 shares	As of March 31, 2023	1,388,104 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	27,419,394 shares	Six months ended September 30, 2022	27,388,230 shares
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\* This quarterly financial results report is not subject to the quarterly review by a certificated public accountant or an auditing firm.

\* 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. Actual results, etc. may differ materially from the forecasts due to various factors. For notes on the assumptions underlying the earnings forecasts and the earnings forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information” on page 4.

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# 1. Qualitative Information on Quarterly Financial Results

## (1) Explanation of Operating Results

During the six months under review (from April 1, 2023 to September 30, 2023), the Japanese economy saw the normalization of socio-economic activities, including the lifting of movement restrictions and easing of immigration restrictions associated with COVID-19. At the same time, soaring raw material prices, the prolonged situation in Russia and Ukraine, and the weakness of the yen in foreign exchange markets have kept the outlook of the economy uncertain.

The environment surrounding the Company group (the “Group”) remains challenging. We are carrying out reforms to our products and services partly in response to major changes in lifestyles and corporate activities.

Under these circumstances, as a concrete policy required in the era of post-COVID, the Group aims to become a leading company in the “Life-related industry” (Note), an industry field that will play a central role in the future, and is advancing initiatives to strengthen existing businesses and enter new businesses. 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.

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

In addition, we have reached the final fiscal year of our third medium-term management plan (from April 1, 2021 to March 31, 2024), “add+venture 70” (Adventure 70). We have set 70 new targets to increase our corporate value, and, to achieve the plan, we are working to optimize the allocation of management resources and create synergies among business segments and Group companies as a whole.

Net sales increased by 0.3% year on year. An operating loss was recorded despite efforts to reduce expenses amid an increase in cost of sales ratio caused by soaring raw material prices, while ordinary profit also declined. Furthermore, extraordinary income of ¥479 million was recorded, including a gain on sale of investment securities of ¥476 million, and extraordinary losses of ¥13 million were recorded, including a loss on disposal of non-current assets of ¥9 million.

As a result, profit attributable to owners of parent was ¥218 million.

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

Net sales	¥28,334 million	(Up 0.3% year on year)
Operating loss	¥371 million	(Operating loss of ¥158 million in the same period of the previous fiscal year)
Ordinary profit	¥7 million	(Down 95.3% year on year)
Profit attributable to owners of parent	¥218 million	(Loss attributable to owners of parent of ¥132 million in the same period of the previous fiscal year)

Operating results by segment are as follows.

### (i) Business Process Solutions Business

In the library solutions business, orders for outsourcing services including counter operations from public libraries improved. Furthermore, data printing services (DPS) continued to perform well in range of printing and dispatch services due to the re-acquisition of a tender project from a government office and increased corporate activity. Under such circumstances, the Company’s wholly-owned subsidiary NIPPON TSUSHINSHI CO., LTD. advanced proposals for computer-based testing (CBT) that use PCs in operations work for qualification examinations and Internet-based testing (IBT), which is expected to become more widespread. However, orders for contracting of BPO work (My Number Points and subsidy work) from local government bodies remained subdued due to intensifying competition. The Company will continue to promote rationalization in manufacturing departments and streamlining in sales departments to enhance group

synergies, and will work to develop a “BPO Integrated Support Service” that provides total support related to labor shortages, work style reforms, and other aspects of the business environment throughout society.

In paper containers and other areas of packaging, orders for the high-quality, paper multi-tiered food box “JIYUBAKO” increased for at-home, year-end holiday food applications. Fujikogei-print Co., Ltd., which engages in the planning and printing of packaging, saw favorable sales centered around packaging for household goods. Furthermore, in the seals and labels business, sales increased for the entertainment and amusement industry as well.

Consequently, net sales in this business amounted to ¥14,496 million (up 2.8% year on year), while operating profit amounted to ¥58 million (down 56.5% year on year).

#### (ii) Consumer Communications Business

OEM orders for commercially available products and sales of office supplies performed strongly. We also continued to strive to launch new PC-related products and smartphone- and tablet-related items. Meanwhile, sales of stationary office supplies decreased due to the shift away from paper in companies and the spread of the GIGA School Program. In our Meguri-ing business, which was started as a measure to support new tourism, sales of products for theme parks and souvenirs, including Goshuin-cho and Gojoin-cho stamp books, increased due to nationwide tourism support and recovery in overseas tourist numbers.

Bic Three Co., Ltd., which conducts online sales for beds, mattresses, and interior furnishings, saw a decline in sales as at-home demand resulting from COVID-19 ran its course, and the soaring prices of raw materials and continuing trend toward a weaker yen increased the cost of sales ratio, leading to subdued results.

Consequently, net sales in this business amounted to ¥9,391 million (down 5.9% year on year), while operating loss amounted to ¥347 million (operating loss of ¥218 million in the same period of the previous fiscal year).

#### (iii) Office Appliances Business

In the shredder business, sales from small- to medium-sized enterprises for office shredders and crushers for media such as hard disk drives and solid state drives recovered as socio-economic activities normalized, despite the further advance of digitalization and the paperless trend. KAGUKURO Co., Ltd., which is operating the e-commerce business for office furniture, recorded sales growth due to trend of workers returning to work in offices and profit growth due to the effect of price increases.

Consequently, net sales in this business amounted to ¥3,696 million (up 9.5% year on year), and operating profit amounted to ¥164 million (up 230.2% year on year).

#### (iv) Energy Business

Wooden biomass power generation had a reduced number of operating days due to a statutory inspection conducted in May, resulting in a decrease in operating profit. Solar power generation performed well.

Consequently, net sales in this business amounted to ¥717 million (down 5.0% year on year), and operating profit amounted to ¥3 million (down 93.4% year on year).

#### (v) Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of ¥31 million (up 65.2% year on year) and operating loss of ¥31 million (operating loss of ¥10 million in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### [Assets]

Current assets increased by ¥143 million from the end of the previous fiscal year to ¥30,036 million. This was mainly due to increases of ¥1,033 million in merchandise and finished goods and ¥737 million in raw materials and supplies, despite decreases of ¥1,040 million in notes and accounts receivable - trade and ¥632 million in cash and deposits.

Non-current assets increased by ¥264 million from the end of the previous fiscal year to ¥28,074 million. This was mainly due to increases of ¥311 million in construction in progress and ¥69 million in buildings and structures, despite decreases of ¥115 million in machinery, equipment and vehicles and ¥86 million in investment securities.

As a result, total assets as of September 30, 2023 increased by ¥407 million from the end of the previous fiscal year to ¥58,110 million.

[Liabilities]

Current liabilities increased by ¥641 million from the end of the previous fiscal year to ¥18,517 million. This was mainly due to an increase of ¥735 million in accounts payable - other.

Non-current liabilities decreased by ¥227 million from the end of the previous fiscal year to ¥12,718 million. This was mainly due to a decrease of ¥212 million in long-term borrowings.

As a result, total liabilities as of September 30, 2023 increased by ¥413 million from the end of the previous fiscal year to ¥31,235 million.

[Net assets]

Total net assets decreased by ¥6 million from the end of the previous fiscal year to ¥26,875 million. This was mainly due to a decrease of ¥110 million in retained earnings, despite an increase of ¥56 million in deferred gains or losses on hedges.

As a result, the equity ratio as of September 30, 2023 was 45.1%, down 0.3 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 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,871	7,238
Notes and accounts receivable - trade	10,304	9,264
Merchandise and finished goods	6,195	7,228
Work in process	955	1,215
Raw materials and supplies	1,785	2,523
Other	2,781	2,565
Allowance for doubtful accounts	(2)	(0)
Total current assets	29,893	30,036
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,117	7,187
Machinery, equipment and vehicles, net	4,958	4,843
Land	9,863	9,863
Construction in progress	147	458
Other, net	188	186
Total property, plant and equipment	22,274	22,538
Intangible assets		
Goodwill	108	54
Other	280	272
Total intangible assets	388	326
Investments and other assets		
Investment securities	2,834	2,747
Retirement benefit asset	876	912
Deferred tax assets	603	648
Other	839	908
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	5,146	5,208
Total non-current assets	27,810	28,074
Total assets	57,703	58,110



(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,775	4,279
Short-term borrowings	6,400	6,084
Accounts payable - other	2,974	3,710
Accrued expenses	416	418
Income taxes payable	307	373
Provision for bonuses	569	804
Other	2,431	2,846
Total current liabilities	17,876	18,517
Non-current liabilities		
Long-term borrowings	9,285	9,073
Retirement benefit liability	3,275	3,264
Deferred tax liabilities	139	140
Other	245	240
Total non-current liabilities	12,945	12,718
Total liabilities	30,822	31,235
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,943	8,943
Retained earnings	10,404	10,293
Treasury shares	(706)	(690)
Total shareholders' equity	25,307	25,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	847	848
Deferred gains or losses on hedges	9	66
Foreign currency translation adjustment	116	150
Remeasurements of defined benefit plans	(76)	(72)
Total accumulated other comprehensive income	897	992
Non-controlling interests	677	670
Total net assets	26,881	26,875
<b>Total liabilities and net assets</b>	<b>57,703</b>	<b>58,110</b>

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	28,236	28,334
Cost of sales	21,262	21,532
Gross profit	6,973	6,801
Selling, general and administrative expenses	7,132	7,172
Operating loss	(158)	(371)
Non-operating income		
Rental income	86	86
Dividend income	53	57
Insurance claim income	150	128
Other	91	179
Total non-operating income	381	452
Non-operating expenses		
Interest expenses	33	41
Miscellaneous expenses of assets for rent	24	21
Other	14	9
Total non-operating expenses	72	73
Ordinary profit	151	7
Extraordinary income		
Gain on sale of non-current assets	1	2
Gain on sale of investment securities	1	476
Gain on extinguishment of tie-in shares	76	-
Total extraordinary income	79	479
Extraordinary losses		
Loss on disposal of non-current assets	1	9
Loss on sale of investment securities	1	3
Loss on Anti-monopoly Act	92	-
Total extraordinary losses	95	13
Profit before income taxes	135	472
Income taxes - current	293	340
Income taxes - deferred	(155)	(80)
Total income taxes	137	259
Profit (loss)	(2)	213
Profit (loss) attributable to non-controlling interests	130	(5)
Profit (loss) attributable to owners of parent	(132)	218

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	(2)	213
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	0
Deferred gains or losses on hedges	25	56
Foreign currency translation adjustment	60	34
Remeasurements of defined benefit plans, net of tax	(11)	4
Total other comprehensive income	(23)	95
Comprehensive income	(25)	308
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(151)	313
Comprehensive income attributable to non-controlling interests	125	(5)

**(3) Notes to Quarterly Consolidated Financial Statements**  
**(Notes on the Going Concern Assumption)**

Not applicable.

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

Not applicable.

**3. Others**

Not applicable.