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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 31, 2023

Company name: ShinMaywa Industries, Ltd.

Stock exchange listing: Tokyo

Code number: 7224

URL: <https://www.shinmaywa.co.jp/>

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

Contact: Toshiki Kume, Director, Member of the Board, Managing Executive Officer

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Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 01, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 01, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	116,464	12.0	4,431	38.2	4,858	16.6	2,974	3.6
September 30, 2022	104,001	3.7	3,206	(27.8)	4,168	(11.3)	2,871	(14.6)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 5,253 million [4.1%]
Six months ended September 30, 2022: ¥ 5,044 million [41.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	45.11	-
September 30, 2022	43.60	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2023	248,647	103,756	41.1
March 31, 2023	226,907	100,439	43.5

(Reference) Equity: As of September 30, 2023: ¥ 102,191 million
As of March 31, 2023: ¥ 98,747 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	21.00	-	24.00	45.00
Fiscal year ending March 31, 2024	-	22.50			
Fiscal year ending March 31, 2024 (Forecast)			-	22.50	45.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	265,000	17.7	12,000	29.1	11,700	18.2	7,300	(0.2)	110.65

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2023: 70,000,000 shares

March 31, 2023: 70,000,000 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 4,027,907 shares

March 31, 2023: 4,087,841 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 65,937,859 shares

Six months ended September 30, 2022: 65,868,378 shares

* This quarterly financial summary is not subject to quarterly review by certified public accountants or audit corporations.

*The forward-looking statements, including earnings forecasts, contained in this document are based on the information currently available to the Company and certain assumptions that it deems to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections due to various factors.

(How to obtain supplementary briefing material on quarterly financial results and details of financial results briefing session)

Supplementary briefing material on quarterly financial results is disclosed on TDnet on the same day.

In addition, the video of the financial results briefing is scheduled to be released on our website on Tuesday, November 14, 2023.

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Qualitative Information of the Quarterly Consolidated Results

(1) Operating Results

During the six months ended September 30, 2023, the outlook of Japanese economy still remained uncertain due to yen appreciation, higher prices for energy and raw materials, etc. while the economic activities normalized as the COVID-19 was reclassified to Class 5 infectious diseases.

Against this backdrop, the Group has implemented various measures to enhance corporate value as it has entered into the final year of [SG-2023], its Medium-term management plan, which is Phase 1 of [SG-Vision 2030], its Long-term management plan aiming for 2030.

The financial results for the six months ended September 30, 2023 were as follows: orders received of 128,631 million yen, down 3.9% year-on-year, and net sales of 116,464 million yen, up 12.0% year-on-year. The outstanding orders as of September 30, 2023 was 269,205 million yen, up 10.4% year-on-year.

As for profits and losses, with an increase in revenue, operating profit was 4,431 million yen, up 38.2% year-on-year, ordinary profit was 4,858 million yen, up 16.6% year-on-year, profit attributable to owners of parent was 2,974 million yen, up 3.6% year-on-year.

The overview of the Group's operating results by segment is as follows.

(Special Purpose Truck)

For manufacture and sales of vehicle frames, etc., the orders received decreased and net sales increased.

For maintenance and repair business, both the orders received and net sales increased.

In addition to this, for forestry machinery, etc., the orders received increased and net sales decreased.

As a result, for this segment, the orders received were 53,865 million yen, down 5.6% year-on-year, net sales were 48,205 million yen, up 10.3% year-on-year, and operating profit was 1,117 million yen, up 49.7% year-on-year.

The outstanding orders for second quarter-end were 111,383 million yen, up 15.7% year-on-year.

(Parking Systems)

For mechanical car parking systems, both the orders received and net sales increased.

For aircraft passenger boarding bridges, the orders received increased, and net sales decreased.

As a result, for this segment, the orders received were 23,614 million yen, up 14.5% year-on-year, net sales were 18,423 million yen, up 0.5% year-on-year, and operating profit was 1,423 million yen, up 23.0% year-on-year.

The outstanding orders for second quarter-end were 51,063 million yen, up 10.3% year-on-year.

(Industrial Machinery & Environmental Systems)

For mechatronics products, the orders received decreased in vacuum products, while net sales increased. As a result, for the entire business area, the orders received decreased and net sales increased.

For environment-related business, both the orders received and net sales increased.

As a result, for this segment, the orders received were 16,489 million yen, down 31.8% year-on-year, net sales were 19,692 million yen, up 27.8% year-on-year, and operating profit was 1,781 million yen, up 41.9% year-on-year.

The outstanding orders for second quarter-end were 40,865 million yen, up 10.7% year-on-year.

(Fluid)

As a result of increases in orders received and net sales due to steady demand, for this segment, the orders received were 14,314 million yen, up 3.2% year-on-year, net sales were 9,254 million yen, up 6.1% year-on-year, and operating profit was 341 million yen, up 10.0% year-on-year.

The outstanding orders for second quarter-end were 12,166 million yen, up 5.7% year-on-year.

(Aircraft)

For the Ministry of Defense, both the orders received and net sales increased.

Also, both the orders received and net sales increased for civilian demand-related production.

As a result, for this segment, the orders received were 11,927 million yen, up 20.5% year-on-year, net sales were 14,720 million yen, up 27.8% year-on-year, and operating profit was 1,052 million yen, up 40.0% year-on-year.

The outstanding orders for second quarter-end were 40,396 million yen, down 0.3% year-on-year.

(Others)

The orders received for construction business increased, but net sales for software business decreased. As a result, for this segment, the orders received were 8,419 million yen, up 1.9% year-on-year, net sales were 6,167 million yen, down 2.2% year-on-year, and operating profit was 284 million yen, down 18.0% year-on-year.

The outstanding orders for second quarter-end were 13,329 million yen, up 8.6% year-on-year.

(2) Financial Position

Total assets for second quarter-end amounted to 248,647 million yen, an increase of 21,740 million yen from the previous fiscal year-end, mainly due to increases in trade receivables and inventories. Liabilities totaled 144,891 million yen, an increase of 18,423 million yen from the previous fiscal year-end, mainly due to increases in trade payables and short-term borrowings. Net assets increased 3,316 million yen from the previous fiscal year-end to 103,756 million yen, mainly due to the recording of profit attributable to owners of parent, despite the dividend payments. As a result, capital adequacy ratio decreased to 41.1% from 43.5% at the previous fiscal year-end.

(3) Consolidated Financial Results Forecasts

In consideration of the financial results for the six months ended September 30, 2023 and the future outlook, the full-year financial results forecasts, released on May 09, 2023, are revised as follows.

Revision to the Consolidated Financial Results Forecast (April 01, 2023–March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous forecast (A)	270,000	12,000	11,700	7,300	110.75
Current forecast (B)	265,000	12,000	11,700	7,300	110.65
Amount of change (B-A)	(5,000)	—	—	—	—
Percentage change (%)	(1.9)	—	—	—	—
(Reference) Results for the previous fiscal year (FY2022)	225,175	9,293	9,902	7,313	111.00

* The assumed exchange rate is 135 yen to the US dollar for October onwards.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	22,745	21,199
Notes and accounts receivable - trade, and contract assets	62,812	69,735
Electronically recorded monetary claims - operating	8,604	16,434
Merchandise and finished goods	4,805	5,905
Work in process	24,122	27,687
Raw materials and supplies	24,874	26,765
Other	4,920	5,766
Allowance for doubtful accounts	(395)	(333)
Total current assets	152,491	173,159
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,030	18,916
Other, net	23,458	23,689
Total property, plant and equipment	42,488	42,606
Intangible assets	2,702	2,592
Investments and other assets		
Other	29,241	30,305
Allowance for doubtful accounts	(17)	(15)
Total investments and other assets	29,224	30,290
Total non-current assets	74,415	75,488
Total assets	226,907	248,647

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,310	30,699
Current portion of bonds payable	800	800
Short-term borrowings	6,372	26,094
Current portion of long-term borrowings	2,210	2,205
Income taxes payable	2,337	1,458
Provision for loss on construction contracts	3,168	2,777
Other	26,323	24,036
Total current liabilities	68,522	88,071
Non-current liabilities		
Bonds payable	800	400
Long-term borrowings	42,234	41,135
Retirement benefit liability	12,973	13,299
Other	1,937	1,984
Total non-current liabilities	57,945	56,819
Total liabilities	126,467	144,891
Net assets		
Shareholders' equity		
Share capital	15,981	15,981
Capital surplus	15,657	15,686
Retained earnings	70,236	71,624
Treasury shares	(5,838)	(5,753)
Total shareholders' equity	96,037	97,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	633	1,660
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	2,116	2,962
Remeasurements of defined benefit plans	335	405
Total accumulated other comprehensive income	2,709	4,651
Non-controlling interests	1,692	1,564
Total net assets	100,439	103,756
Total liabilities and net assets	226,907	248,647

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	104,001	116,464
Cost of sales	88,550	98,962
Gross profit	15,451	17,501
Selling, general and administrative expenses	12,245	13,070
Operating profit	3,206	4,431
Non-operating income		
Interest income	32	53
Dividend income	113	147
Share of profit of entities accounted for using equity method	44	-
Foreign exchange gains	1,040	588
Other	91	106
Total non-operating income	1,323	896
Non-operating expenses		
Interest expenses	113	208
Share of loss of entities accounted for using equity method	-	41
Cost of inactive noncurrent assets	73	84
Borrowing fees	5	5
Loss on securitization of receivables	21	87
Other	147	43
Total non-operating expenses	361	469
Ordinary profit	4,168	4,858
Extraordinary income		
Gain on sale of non-current assets	-	64
Gain on sale of investment securities	202	-
Total extraordinary income	202	64
Extraordinary losses		
Loss on disposal of non-current assets	38	22
Total extraordinary losses	38	22
Profit before income taxes	4,331	4,900
Income taxes - current	948	1,413
Income taxes - deferred	84	244
Total income taxes	1,032	1,658
Profit	3,298	3,242
Profit attributable to non-controlling interests	426	267
Profit attributable to owners of parent	2,871	2,974

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	3,298	3,242
Other comprehensive income		
Valuation difference on available-for-sale securities	(313)	1,026
Foreign currency translation adjustment	1,182	773
Remeasurements of defined benefit plans, net of tax	568	69
Share of other comprehensive income of entities accounted for using equity method	307	141
Total other comprehensive income	1,745	2,011
Comprehensive income	5,044	5,253
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,478	4,916
Comprehensive income attributable to non-controlling interests	565	336

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,331	4,900
Depreciation	2,584	2,496
Decrease (increase) in trade receivables	(1,018)	(14,048)
Decrease (increase) in inventories	(5,294)	(6,315)
Increase (decrease) in trade payables	(133)	3,190
Other, net	(4,175)	(2,626)
Subtotal	(3,705)	(12,403)
Interest and dividends received	254	209
Interest paid	(115)	(205)
Income taxes paid	(2,570)	(2,277)
Net cash provided by (used in) operating activities	(6,137)	(14,676)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,832)	(2,134)
Proceeds from sale of property, plant and equipment	3	381
Purchase of intangible assets	(321)	(310)
Loan advances to subsidiaries and associates	-	(860)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,995)	-
Other, net	71	(104)
Net cash provided by (used in) investing activities	(4,074)	(3,028)
Cash flows from financing activities		
Proceeds from short-term borrowings	4,000	20,110
Repayments of short-term borrowings	(63)	(660)
Repayments of long-term borrowings	(1,189)	(1,105)
Redemption of bonds	(400)	(400)
Purchase of treasury shares of subsidiaries	-	(295)
Dividends paid	(1,514)	(1,581)
Dividends paid to non-controlling interests	(24)	(140)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(770)	-
Other, net	(160)	(130)
Net cash provided by (used in) financing activities	(121)	15,797
Effect of exchange rate change on cash and cash equivalents	814	354
Net increase (decrease) in cash and cash equivalents	(9,519)	(1,552)
Cash and cash equivalents at beginning of period	26,549	22,535
Cash and cash equivalents at end of period	17,029	20,982

(4) Explanatory Notes to Quarterly Consolidated Financial Statements
(Notes on the Assumption of a Going Concern)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

None

(Segment Information)

For the six months ended September 30, 2022 (April 01, 2022 - September 30, 2022)

1. Information regarding the amount of net sales, gain and loss by reportable segment

(Million yen)

	Reportable segments						Others	Total	Adjustments	Consolidated Financial Statements amount
	Special Purpose Truck	Parking Systems	Industrial Machinery and Environmental Systems	Fluid	Aircraft	Subtotal				
Net Sales:										
Japan	40,887	16,797	5,074	5,988	6,184	74,932	6,306	81,239	—	81,239
Asia	1,032	1,530	5,915	1,972	—	10,450	—	10,450	—	10,450
North America	0	—	1,038	472	4,806	6,317	—	6,317	—	6,317
Other areas	1,796	—	3,377	289	530	5,994	—	5,994	—	5,994
Revenue from contracts with customers	43,717	18,327	15,405	8,723	11,521	97,695	6,306	104,001	—	104,001
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	43,717	18,327	15,405	8,723	11,521	97,695	6,306	104,001	—	104,001
Intersegment sales or transfer	21	5	0	4	—	32	951	983	(983)	—
Total	43,739	18,332	15,406	8,727	11,521	97,727	7,257	104,985	(983)	104,001
Segment profit	746	1,157	1,255	309	751	4,220	347	4,567	(1,361)	3,206

(Note 1) "Others" comprises businesses not included in the reportable segments, such as construction, real estate, and software development.

(Note 2) The adjustment under segment profit (1,361) million yen includes the elimination of inter-segment transactions 18 million yen and corporate expenses unallocated to each reportable segment (1,379) million yen. Corporate expenses are mainly unallocated general and administrative expenses and basic experiment and research expenses.

(Note 3) Segment profit is the adjusted operating profit reported on consolidated statements of profit.

2. Information on impairment loss on noncurrent assets and goodwill for each reportable segment

None

For the six months ended September 30, 2023 (April 01, 2023 - September 30, 2023)

1. Information regarding the amount of net sales, gain and loss by reportable segment

(Million yen)

	Reportable segments						Others	Total	Adjustments	Consolidated Financial Statements amount
	Special Purpose Truck	Parking Systems	Industrial Machinery and Environmental Systems	Fluid	Aircraft	Subtotal				
Net Sales:										
Japan	45,895	17,359	6,296	6,714	8,202	84,468	6,167	90,636	—	90,636
Asia	839	1,064	3,691	1,739	—	7,335	—	7,335	—	7,335
North America	—	—	8,981	420	6,174	15,575	—	15,575	—	15,575
Other areas	1,469	—	723	381	343	2,917	—	2,917	—	2,917
Revenue from contracts with customers	48,205	18,423	19,692	9,254	14,720	110,297	6,167	116,464	—	116,464
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	48,205	18,423	19,692	9,254	14,720	110,297	6,167	116,464	—	116,464
Intersegment sales or transfer	6	5	1	7	—	20	1,874	1,895	(1,895)	—
Total	48,211	18,429	19,694	9,261	14,720	110,318	8,041	118,360	(1,895)	116,464
Segment profit	1,117	1,423	1,781	341	1,052	5,716	284	6,001	(1,569)	4,431

(Note 1) "Others" comprises businesses not included in the reportable segments, such as construction, real estate, and software development.

(Note 2) The adjustment under segment profit (1,569) million yen includes the elimination of inter-segment transactions (42) million yen and corporate expenses unallocated to each reportable segment (1,527) million yen. Corporate expenses are mainly unallocated general and administrative expenses and basic experiment and research expenses.

(Note 3) Segment profit is the adjusted operating profit reported on consolidated statements of profit.

2. Information on impairment loss on noncurrent assets and goodwill for each reportable segment

None