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August 01, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 [Under Japanese GAAP]

Company name: ShinMaywa Industries, Ltd.

Listing: Tokyo

Securities code: 7224

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

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the three months ended June 30, 2024 (from April 01, 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	57,423	9.6	1,842	188.8	2,561	110.2	1,508	133.1
June 30, 2023	52,399	10.9	637	(19.5)	1,218	(16.0)	647	26.4

(Note) Comprehensive income: For the three months ended June 30, 2024: ¥ 1,689 million [4.9%]
For the three months ended June 30, 2023: ¥ 1,610 million [(20.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	22.87	-
June 30, 2023	9.82	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	253,403	108,743	42.2
March 31, 2024	260,102	108,734	41.1

(Reference) Equity: As of June 30, 2024: ¥ 106,837 million

As of March 31, 2024: ¥ 107,008 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	22.50	-	24.50	47.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		25.00	-	25.00	50.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 01, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	285,000	10.9	13,000	10.5	12,200	0.8	7,500	3.0	113.69

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

June 30, 2024: 70,000,000 shares

March 31, 2024: 70,000,000 shares

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

June 30, 2024: 4,029,111 shares

March 31, 2024: 4,029,045 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 65,970,936 shares

Three months ended June 30, 2023: 65,912,091 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

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 financial results)

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

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Qualitative Information of the Quarterly Consolidated Results

(1) Operating Results

During this first quarter, the Japanese economy continued to show a moderate recovery trend with improvements in the employment and income environment. The economic outlook, however, remains uncertain due to global monetary tightening, a slowdown in the Chinese economy, and protraction of the invasion of Ukraine.

Amid these circumstances, the Group has formulated [SG-2026] – a Medium-term management plan corresponding to Phase 2 of its [SG-Vision2030] Long-term management plan which has an end date of 2030 – and is promoting various measures designed to enhance its corporate value.

The financial results for the three months ended June 30, 2024 were as follows: orders received of 72,493 million yen, up 13.7% year-on-year, and net sales of 57,423 million yen, up 9.6% year-on-year. The outstanding orders as of June 30, 2024 were 307,235 million yen, up 15.0% year-on-year.

As for profits and losses, with an increase in revenue, operating profit was 1,842 million yen, up 188.8% year-on-year, ordinary profit was 2,561 million yen, up 110.2% year-on-year, profit attributable to owners of parent was 1,508 million yen, up 133.1% 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., both the orders received and net sales increased.

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

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

As a result, for this segment, the orders received were 33,959 million yen, up 11.6% year-on-year, net sales were 24,589 million yen, up 8.5% year-on-year, and operating profit was 722 million yen, up 279.5% year-on-year.

The outstanding orders as of June 30, 2024 were 121,349 million yen, up 6.9% year-on-year.

(Parking Systems)

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

Also, for aircraft passenger boarding bridges, both the orders received and net sales increased.

As a result, for this segment, the orders received were 11,488 million yen, up 12.3% year-on-year, net sales were 10,294 million yen, up 24.2% year-on-year, and operating profit was 733 million yen, up 96.6% year-on-year.

The outstanding orders as of June 30, 2024 were 60,649 million yen, up 28.0% year-on-year.

(Industrial Machinery & Environmental Systems)

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

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

As a result, for this segment, the orders received were 6,596 million yen, down 45.2% year-on-year, net sales were 7,799 million yen, down 3.5% year-on-year, while operating profit was 637 million yen, up 8.1% year-on-year.

The outstanding orders as of June 30, 2024 were 52,679 million yen, up 11.5% year-on-year.

(Fluid)

With demand steadily increasing both in Japan and overseas, orders and sales increased. As a result, for this segment, the orders received were 6,774 million yen, up 9.8% year-on-year, net sales were 4,264 million yen, up 6.9% year-on-year, and operating profit was 92 million yen (compared to a loss of 46 million yen in the same period of the previous fiscal year).

The outstanding orders as of June 30, 2024 were 9,682 million yen, up 5.2% year-on-year.

(Aircraft)

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

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

As a result, for this segment, the orders received were 6,913 million yen, up 86.4% year-on-year, net sales were 6,886 million yen, up 1.8% year-on-year, and operating profit was 576 million yen, up 46.1% year-on-year.

The outstanding orders as of June 30, 2024 were 43,992 million yen, up 9.6% year-on-year.

(Others)

For construction business, both the orders received and net sales increased. As a result, for this segment, the orders received were 6,761 million yen, up 462.1% year-on-year, net sales were 3,588 million yen, up 37.7% year-on-year, and operating profit was 122 million yen, up 446.5% year-on-year.

The outstanding orders as of June 30, 2024 were 18,882 million yen, up 95.2% year-on-year.

(2) Financial Position

1) Assets, liabilities, and net assets

(Assets)

Total assets at the end of the first quarter decreased 6,699 million yen from the end of the previous consolidated fiscal year to 253,403 million yen, mainly due to a decrease in trade receivables, despite an increase in inventories.

(Liabilities)

Liabilities decreased 6,708 million yen from the end of the previous consolidated fiscal year to 144,659 million yen, mainly due to a decrease in trade payables and payment of income taxes.

(Net assets)

Net assets increased 9 million yen from the previous fiscal year-end to 108,743 million yen, mainly due to the recording of profit attributable to owners of parent, despite the dividend payments. As a result, equity-to-asset ratio increased to 42.2% from 41.1% at the previous fiscal year-end.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the first quarter of this consolidated fiscal year amounted to 20,561 million yen, down 2,330 million yen from the end of the previous consolidated fiscal year. Following is the state of each cash flow and the contributing factors during this first quarter.

(Cash flows from operating activities)

Funds used in operating activities in the first quarter amounted to 879 million yen (compared to 8,525 million yen in the same period of the previous fiscal year). This was mainly due to an increase in inventories of 4,334 million yen, income taxes paid of 3,826 million yen, and a decrease in trade payables of 2,915 million yen, despite a decrease in trade receivables of 8,945 million yen.

(Cash flows from investing activities)

Funds used in investing activities in the first quarter amounted to 2,536 million yen (compared to 1,655 million yen in the same period of the previous fiscal year). This was mainly due to the purchase of property, plant and equipment of 2,777 million yen.

(Cash flows from financing activities)

Funds earned from financing activities in the first quarter amounted to 807 million yen (compared to 4,678 million yen in the same period of the previous fiscal year). This was mainly due to proceeds from short-term borrowings of 7,000 million yen, which more than offset repayments of interest-bearing debt, mainly short-term borrowings, of 4,521 million yen and dividends paid of 1,616 million yen.

(3) Consolidated Financial Results Forecasts

The Group's consolidated financial results forecasts for the full-year of FY2024 remain unchanged from the earnings forecasts disclosed on May 07, 2024.

Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	23,382	21,011
Notes and accounts receivable - trade, and contract assets	83,163	66,795
Electronically recorded monetary claims - operating	7,977	15,786
Merchandise and finished goods	5,405	6,006
Work in process	24,147	28,246
Raw materials and supplies	29,131	28,978
Other	5,052	4,724
Allowance for doubtful accounts	(203)	(170)
Total current assets	178,056	171,378
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,713	19,738
Other, net	25,295	25,908
Total property, plant and equipment	45,008	45,647
Intangible assets	2,619	2,590
Investments and other assets		
Other	34,432	33,801
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	34,417	33,786
Total non-current assets	82,046	82,024
Total assets	260,102	253,403

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,166	31,379
Current portion of bonds payable	800	600
Short-term borrowings	7,580	11,236
Current portion of long-term borrowings	29,235	28,900
Income taxes payable	4,223	857
Provision for loss on construction contracts	3,351	3,491
Other	43,056	39,432
Total current liabilities	122,415	115,897
Non-current liabilities		
Long-term borrowings	13,000	12,500
Retirement benefit liability	13,336	13,604
Other	2,616	2,657
Total non-current liabilities	28,952	28,761
Total liabilities	151,367	144,659
Net assets		
Shareholders' equity		
Share capital	15,981	15,981
Capital surplus	15,660	15,660
Retained earnings	74,445	74,274
Treasury shares	(5,753)	(5,753)
Total shareholders' equity	100,333	100,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,889	2,311
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	3,027	3,621
Remeasurements of defined benefit plans	1,134	1,119
Total accumulated other comprehensive income	6,675	6,675
Non-controlling interests	1,725	1,905
Total net assets	108,734	108,743
Total liabilities and net assets	260,102	253,403

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	52,399	57,423
Cost of sales	45,161	48,531
Gross profit	7,238	8,891
Selling, general and administrative expenses	6,600	7,049
Operating profit	637	1,842
Non-operating income		
Interest income	24	47
Dividend income	136	147
Share of profit of entities accounted for using equity method	24	-
Foreign exchange gains	551	677
Other	46	65
Total non-operating income	782	937
Non-operating expenses		
Interest expenses	105	114
Share of loss of entities accounted for using equity method	-	18
Cost of inactive noncurrent assets	37	24
Borrowing fees	2	3
Loss on securitization of receivables	43	39
Other	13	17
Total non-operating expenses	202	218
Ordinary profit	1,218	2,561
Extraordinary losses		
Loss on disposal of non-current assets	9	14
Total extraordinary losses	9	14
Profit before income taxes	1,209	2,546
Income taxes - current	469	650
Income taxes - deferred	(15)	240
Total income taxes	453	890
Profit	755	1,656
Profit attributable to non-controlling interests	108	147
Profit attributable to owners of parent	647	1,508

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

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	755	1,656
Other comprehensive income		
Valuation difference on available-for-sale securities	653	(578)
Foreign currency translation adjustment	72	556
Remeasurements of defined benefit plans, net of tax	63	(15)
Share of other comprehensive income of entities accounted for using equity method	66	69
Total other comprehensive income	854	32
Comprehensive income	1,610	1,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,509	1,509
Comprehensive income attributable to non-controlling interests	100	180

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,209	2,546
Depreciation	1,213	1,279
Decrease (increase) in trade receivables	(1,831)	8,945
Decrease (increase) in inventories	(5,173)	(4,343)
Increase (decrease) in trade payables	166	(2,915)
Other, net	(2,069)	(2,620)
Subtotal	(6,486)	2,892
Interest and dividends received	153	198
Interest paid	(118)	(144)
Income taxes paid	(2,074)	(3,826)
Net cash provided by (used in) operating activities	(8,525)	(879)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,066)	(2,777)
Proceeds from sale of property, plant and equipment	24	-
Purchase of intangible assets	(109)	(137)
Loan advances to subsidiaries and associates	(390)	-
Other, net	(114)	378
Net cash provided by (used in) investing activities	(1,655)	(2,536)
Cash flows from financing activities		
Proceeds from short-term borrowings	10,048	7,000
Repayments of short-term borrowings	(2,577)	(3,485)
Repayments of long-term borrowings	(802)	(836)
Redemption of bonds	(200)	(200)
Dividends paid	(1,581)	(1,616)
Dividends paid to non-controlling interests	(140)	-
Other, net	(67)	(54)
Net cash provided by (used in) financing activities	4,678	807
Effect of exchange rate change on cash and cash equivalents	232	278
Net increase (decrease) in cash and cash equivalents	(5,270)	(2,330)
Cash and cash equivalents at beginning of period	22,535	22,891
Cash and cash equivalents at end of period	17,265	20,561

(4) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on segment Information)

For the three months ended June 30, 2023 (April 01, 2023 - June 30, 2023)

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

(Millions of 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	21,438	7,813	2,627	2,952	3,559	38,390	2,605	40,995	—	40,995
Asia	429	472	2,032	762	—	3,697	—	3,697	—	3,697
North America	—	—	3,067	178	3,035	6,281	—	6,281	—	6,281
Other areas	801	—	358	96	168	1,425	—	1,425	—	1,425
Revenue from contracts with customers	22,669	8,286	8,085	3,989	6,763	49,794	2,605	52,399	—	52,399
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	22,669	8,286	8,085	3,989	6,763	49,794	2,605	52,399	—	52,399
Intersegment sales or transfer	2	2	1	2	—	9	848	858	(858)	—
Total	22,672	8,289	8,087	3,992	6,763	49,803	3,454	53,257	(858)	52,399
Segment profit (loss)	190	372	589	(46)	394	1,500	22	1,523	(885)	637

(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 (loss) (885) million yen includes the elimination of inter-segment transactions (14) million yen and corporate expenses unallocated to each reportable segment (871) million yen. Corporate expenses are mainly unallocated general and administrative expenses and basic experiment and research expenses.

(Note 3) Segment profit (loss) 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 three months ended June 30, 2024 (April 01, 2024 - June 30, 2024)

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

(Millions of 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	23,612	9,030	4,070	2,573	3,301	42,588	3,588	46,177	—	46,177
Asia	371	1,264	991	1,308	—	3,935	—	3,935	—	3,935
North America	—	—	2,211	252	3,303	5,766	—	5,766	—	5,766
Other areas	605	—	526	130	281	1,543	—	1,543	—	1,543
Revenue from contracts with customers	24,589	10,294	7,799	4,264	6,886	53,835	3,588	57,423	—	57,423
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	24,589	10,294	7,799	4,264	6,886	53,835	3,588	57,423	—	57,423
Intersegment sales or transfer	2	3	0	6	—	13	1,112	1,125	(1,125)	—
Total	24,592	10,298	7,800	4,270	6,886	53,848	4,700	58,548	(1,125)	57,423
Segment profit	722	733	637	92	576	2,761	122	2,884	(1,042)	1,842

(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 (1,042) million yen includes the elimination of inter-segment transactions (26) million yen and corporate expenses unallocated to each reportable segment (1,015) 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

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

None

(Notes on the Assumption of a Going Concern)

None