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October 31, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Under Japanese GAAP]

Company name: ShinMaywa Industries, Ltd.

Listing: Tokyo Stock Exchange

Securities code: 7224

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

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

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

Telephone: +81-798-56-5010

Scheduled date to file semi-annual securities report: November 11, 2024

Scheduled date to commence dividend payments: December 2, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the six months ended September 30, 2024 (from April 01, 2024 to September 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	%
Six months ended September 30, 2024	124,065	6.5	5,723	29.1	5,570	14.7	3,179	6.9
September 30, 2023	116,464	12.0	4,431	38.2	4,858	16.6	2,974	3.6

Note: Comprehensive income For the six months ended September 30, 2024: ¥ 4,115 million [(21.7)%]
For the six months ended September 30, 2023: ¥ 5,253 million [4.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	48.16	-
September 30, 2023	45.11	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	246,352	110,684	44.0
March 31, 2024	260,102	108,734	41.1

Reference: Equity As of September 30, 2024: ¥ 108,511 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	-	25.00			
Fiscal year ending March 31, 2025 (Forecast)			-	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	270,000	5.0	13,000	10.5	12,200	0.8	7,500	3.0	113.48

Note: Revisions to the financial results forecast most recently announced: Yes

* 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 semi-annual consolidated financial statements: None

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

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

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024: 70,000,000 shares

As of March 31, 2024: 70,000,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024: 3,908,804 shares

As of March 31, 2024: 4,029,045 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024: 66,022,493 shares

Six months ended September 30, 2023: 65,937,791 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 and details of financial results briefing session)

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

ShinMaywa also plans to hold an online financial results briefing for institutional investors and analysts on November 18. Materials used on the day of the briefing will be posted on TDnet and the ShinMaywa website ahead of time, and a video of the financial results briefing along with the presentation content will be posted on the ShinMaywa website immediately after the briefing.

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Qualitative Information of the Semi-annual Consolidated Results

(1) Operating Results

During the current interim consolidated accounting period, Japan's economy continued to show a moderate recovery trend, with an improvement in the employment and income environment. The economic outlook, though, remained uncertain amid global monetary tightening, fluctuating foreign exchange rates, and heightened geopolitical risks.

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 six months ended September 30, 2024 were as follows: orders received of 143,023 million yen, up 11.2% year-on-year, and net sales of 124,065 million yen, up 6.5% year-on-year. The outstanding orders as of September 30, 2024 were 313,582 million yen, up 16.5% year-on-year.

As for profits and losses, with an increase in revenue, operating profit was 5,723 million yen, up 29.1% year-on-year, ordinary profit was 5,570 million yen, up 14.7% year-on-year, profit attributable to owners of parent was 3,179 million yen, up 6.9% 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 61,240 million yen, up 13.7% year-on-year, net sales were 51,821 million yen, up 7.5% year-on-year, and operating profit was 2,103 million yen, up 88.3% year-on-year.

The outstanding orders as of September 30, 2024 were 121,400 million yen, up 9.0% year-on-year.

(Parking Systems)

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

For aircraft passenger boarding bridges, the orders received were at the same level as the same period of the previous fiscal year and net sales increased.

As a result, for this segment, the orders received were 23,380 million yen, down 1.0% year-on-year, net sales were 21,099 million yen, up 14.5% year-on-year, and operating profit was 1,763 million yen, up 23.9% year-on-year.

The outstanding orders as of September 30, 2024 were 62,716 million yen, up 22.8% year-on-year.

(Industrial Machinery & Environmental Systems)

For mechatronics products, orders received remained at the same level as the same period of the previous fiscal year, while net sales of vacuum products decreased, resulting in an overall decrease in net sales for the segment.

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

As a result, for this segment, the orders received were 14,870 million yen, down 9.8% year-on-year, net sales were 16,911 million yen, down 14.1% year-on-year, and operating profit was 1,461 million yen, down 18.0% year-on-year.

The outstanding orders as of September 30, 2024 were 53,249 million yen, up 30.3% year-on-year.

(Fluid)

With demand steadily increasing both in Japan and overseas, orders received and net sales increased. As a result, for this segment, the orders received were 15,938 million yen, up 11.3% year-on-year, net sales were 10,149 million yen, up 9.7% year-on-year, and operating profit was 519 million yen, up 52.3% year-on-year.

The outstanding orders as of September 30, 2024 were 13,031 million yen, up 7.1% year-on-year.

(Aircraft)

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

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

As a result, for this segment, the orders received were 18,542 million yen, up 55.5% year-on-year, net sales were 15,573 million yen, up 5.8% year-on-year, and operating profit was 1,243 million yen, up 18.1% year-on-year.

The outstanding orders as of September 30, 2024 were 46,933 million yen, up 16.2% year-on-year.

(Others)

For construction business and software development business, both the orders received and net sales increased. As a result, for this segment, the orders received were 9,051 million yen, up 7.5% year-on-year, net sales were 8,510 million yen, up 38.0% year-on-year, and operating profit was 509 million yen, up 78.9% year-on-year.

The outstanding orders as of September 30, 2024 were 16,250 million yen, up 21.9% year-on-year.

(2) Financial Position

1) Assets, liabilities, and net assets

(Assets)

Total assets at the end of the current interim consolidated accounting period decreased 13,749 million yen from the end of the previous consolidated fiscal year to 246,352 million yen, mainly due to a decrease in trade receivables, despite increases in inventories and property, plant and equipment.

(Liabilities)

Liabilities decreased 15,700 million yen from the end of the previous consolidated fiscal year to 135,667 million yen, mainly due to decreases in trade payables and interest-bearing debt as well as the payment of income taxes.

(Net assets)

Net assets increased 1,950 million yen from the previous fiscal year-end to 110,684 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 44.0% 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 current interim consolidated accounting period amounted to 19,486 million yen, down 3,404 million yen from the end of the previous consolidated fiscal year. Following is the state of each cash flow and the contributing factors during the current interim consolidated accounting period.

(Cash flows from operating activities)

Funds earned from operating activities in the current interim consolidated accounting period amounted to 9,404 million yen (compared to funds used in the same period of the previous fiscal year of 14,676 million yen). This was mainly due to a decrease in trade receivables of 15,651 million yen and profit before income taxes of 5,537 million yen, despite a decrease in trade payables of 4,881 million yen, income taxes paid of 4,034 million yen, and an increase in inventories of 3,340 million yen.

(Cash flows from investing activities)

Funds used in investing activities in the current interim consolidated accounting period amounted to 5,924 million yen (compared to 3,028 million yen used in the same period of the previous fiscal year). This was mainly due to the purchase of property, plant and equipment of 5,500 million yen.

(Cash flows from financing activities)

Funds used in financing activities in the current interim consolidated accounting period amounted to 7,776 million yen (compared to 15,797 million yen earned from the same period of the previous fiscal year). This was mainly due to repayments of interest-bearing debt, mainly short-term borrowings, of 6,120 million yen and dividends paid of 1,616 million yen.

(3) Consolidated Financial Results Forecasts

In consideration of the financial results for the six months ended September 30, 2024 and the future outlook, the full-year financial results forecasts, released on May 07, 2024, are revised as follows. For a breakdown of net sales and operating profit by segment, please refer to the supplementary briefing material on financial results disclosed at the same time as this financial report.

Revisions to the consolidated financial results forecast (from April 01, 2024 to March 31, 2025)

	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
Previous forecast (A)	285,000	13,000	12,200	7,500	113.69
Current forecast (B)	270,000	13,000	12,200	7,500	113.48
Amount of change (B-A)	(15,000)	—	—	—	—
Percentage change (%)	(5.3)	—	—	—	—
(Reference) Results for the previous fiscal year (FY2023)	257,060	11,765	12,106	7,279	110.38

* The assumed exchange rate is 140 yen to the US dollar for October onwards.

Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	23,382	19,655
Notes and accounts receivable - trade, and contract assets	83,163	64,807
Electronically recorded monetary claims - operating	7,977	12,242
Merchandise and finished goods	5,405	5,780
Work in process	24,147	29,147
Raw materials and supplies	29,131	27,804
Other	5,052	4,296
Allowance for doubtful accounts	(203)	(488)
Total current assets	178,056	163,247
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,713	20,233
Other, net	25,295	27,009
Total property, plant and equipment	45,008	47,242
Intangible assets	2,619	2,708
Investments and other assets		
Other	34,432	33,170
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	34,417	33,155
Total non-current assets	82,046	83,105
Total assets	260,102	246,352

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,166	29,639
Current portion of bonds payable	800	400
Short-term borrowings	7,580	4,119
Current portion of long-term borrowings	29,235	28,600
Income taxes payable	4,223	1,558
Provision for loss on construction contracts	3,351	3,201
Other	43,056	39,518
Total current liabilities	122,415	107,037
Non-current liabilities		
Long-term borrowings	13,000	12,500
Retirement benefit liability	13,336	13,950
Other	2,616	2,179
Total non-current liabilities	28,952	28,630
Total liabilities	151,367	135,667
Net assets		
Shareholders' equity		
Share capital	15,981	15,981
Capital surplus	15,660	15,660
Retained earnings	74,445	75,288
Treasury shares	(5,753)	(5,582)
Total shareholders' equity	100,333	101,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,889	2,111
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	3,027	4,320
Remeasurements of defined benefit plans	1,134	1,106
Total accumulated other comprehensive income	6,675	7,162
Non-controlling interests	1,725	2,173
Total net assets	108,734	110,684
Total liabilities and net assets	260,102	246,352

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	116,464	124,065
Cost of sales	98,962	104,586
Gross profit	17,501	19,479
Selling, general and administrative expenses	13,070	13,756
Operating profit	4,431	5,723
Non-operating income		
Interest income	53	78
Dividend income	147	160
Foreign exchange gains	588	175
Other	106	95
Total non-operating income	896	509
Non-operating expenses		
Interest expenses	208	228
Share of loss of entities accounted for using equity method	41	93
Cost of inactive noncurrent assets	84	49
Borrowing fees	5	5
Loss on securitization of receivables	87	120
Other	43	163
Total non-operating expenses	469	661
Ordinary profit	4,858	5,570
Extraordinary income		
Gain on sale of non-current assets	64	-
Total extraordinary income	64	-
Extraordinary losses		
Loss on disposal of non-current assets	22	32
Total extraordinary losses	22	32
Profit before income taxes	4,900	5,537
Income taxes - current	1,413	1,412
Income taxes - deferred	244	604
Total income taxes	1,658	2,017
Profit	3,242	3,520
Profit attributable to non-controlling interests	267	340
Profit attributable to owners of parent	2,974	3,179

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	3,242	3,520
Other comprehensive income		
Valuation difference on available-for-sale securities	1,026	(777)
Foreign currency translation adjustment	773	1,168
Remeasurements of defined benefit plans, net of tax	69	(27)
Share of other comprehensive income of entities accounted for using equity method	141	231
Total other comprehensive income	2,011	594
Comprehensive income	5,253	4,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,916	3,667
Comprehensive income attributable to non-controlling interests	336	447

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	4,900	5,537
Depreciation	2,496	2,685
Decrease (increase) in trade receivables	(14,048)	15,651
Decrease (increase) in inventories	(6,315)	(3,340)
Increase (decrease) in trade payables	3,190	(4,881)
Other, net	(2,626)	(2,208)
Subtotal	(12,403)	13,444
Interest and dividends received	209	259
Interest paid	(205)	(264)
Income taxes paid	(2,277)	(4,034)
Net cash provided by (used in) operating activities	(14,676)	9,404
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,134)	(5,500)
Proceeds from sale of property, plant and equipment	381	13
Purchase of intangible assets	(310)	(360)
Loan advances to subsidiaries and associates	(860)	-
Other, net	(104)	(77)
Net cash provided by (used in) investing activities	(3,028)	(5,924)
Cash flows from financing activities		
Proceeds from short-term borrowings	20,110	91
Repayments of short-term borrowings	(660)	(4,582)
Repayments of long-term borrowings	(1,105)	(1,137)
Redemption of bonds	(400)	(400)
Purchase of treasury shares of subsidiaries	(295)	-
Dividends paid	(1,581)	(1,616)
Dividends paid to non-controlling interests	(140)	-
Other, net	(130)	(130)
Net cash provided by (used in) financing activities	15,797	(7,776)
Effect of exchange rate change on cash and cash equivalents	354	130
Net increase (decrease) in cash and cash equivalents	(1,552)	(4,165)
Cash and cash equivalents at beginning of period	22,535	22,891
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	760
Cash and cash equivalents at end of period	20,982	19,486

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

None

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

None

(Notes on Segment Information)

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

(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	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

For the six months ended September 30, 2024 (April 01, 2024 - September 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	49,639	18,589	8,106	6,409	8,321	91,066	8,510	99,577	—	99,577
Asia	678	2,510	2,437	2,459	—	8,086	—	8,086	—	8,086
North America	—	—	5,486	724	6,688	12,899	—	12,899	—	12,899
Other areas	1,502	—	879	555	563	3,501	—	3,501	—	3,501
Revenue from contracts with customers	51,821	21,099	16,911	10,149	15,573	115,555	8,510	124,065	—	124,065
Other revenue	—	—	—	—	—	—	—	—	—	—
External sales	51,821	21,099	16,911	10,149	15,573	115,555	8,510	124,065	—	124,065
Intersegment sales or transfer	4	6	0	9	—	21	2,839	2,861	(2,861)	—
Total	51,826	21,106	16,911	10,159	15,573	115,576	11,349	126,926	(2,861)	124,065
Segment profit	2,103	1,763	1,461	519	1,243	7,091	509	7,601	(1,877)	5,723

(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 (1,877) million yen includes the elimination of inter-segment transactions (133) million yen and corporate expenses unallocated to each reportable segment (1,744) 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