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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)

August 8, 2025

Company name: NAKABAYASHI CO., LTD.

Stock exchange listings: Tokyo

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

Representative: President and Representative Director Kazuyoshi Nakabayashi

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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 three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(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, 2025	14,235	1.0	555	479.9	672	154.4	587	288.6
June 30, 2024	14,092	1.0	95	–	264	–	151	–

(Note) Comprehensive income: Three months ended June 30, 2025: ¥399 million [86.5%]
Three months ended June 30, 2024: ¥214 million [82.7%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2025	21.38	–
June 30, 2024	5.51	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2025	55,223	29,447	52.2
March 31, 2025	56,584	29,377	50.8

(Reference) Equity: As of June 30, 2025: ¥28,799 million
As of March 31, 2025: ¥28,718 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, 2025	–	10.00	–	12.00	22.00
Year ending March 31, 2026	–				
Year ending March 31, 2026 (Forecast)		10.00	–	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, 2026 (from April 1, 2025 to March 31, 2026)

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
Six months ending September 30, 2025	29,500	1.2	500	11.6	640	9.3	320	(10.1)	11.65
Full year	63,500	1.2	2,540	42.1	3,175	43.4	1,800	(9.8)	65.54

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

* **Notes**

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2025: Yes

Newly included: - companies (Company name)

Excluded: 1 company (NB Nakabayashi Co., Ltd.)

(Note) NB Nakabayashi Co., Ltd., a consolidated subsidiary, was liquidated as of June 3, 2025, and has therefore been excluded from the scope of consolidation.

(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 June 30, 2025	28,794,294 shares	As of March 31, 2025	28,794,294 shares
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Number of treasury shares at the end of the period

As of June 30, 2025	1,329,053 shares	As of March 31, 2025	1,329,004 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	27,465,266 shares	Three months ended June 30, 2024	27,436,517 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 three months under review, the Japanese economy continued to show a gradual recovery due to improvement in the employment and income environment, steady capital investment, and recovery of the effect of inbound tourism. On the other hand, uncertainty in the economic outlook continues due to the impact of the U.S. trade policy, rising geopolitical risks primarily concerning Ukraine and the Middle East, and the effects of exchange rate fluctuations.

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.

Net sales of the Group for the three months under review amounted to ¥14,235 million. Continuing on with initiatives from the previous fiscal year, we sought to win orders based on profitability and profit margins. Our efforts in cost-cutting and the effect of price revisions also contributed to operating profit of ¥555 million and ordinary profit of ¥672 million.

As a result, profit attributable to owners of parent was ¥587 million.

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

Net sales	¥14,235 million	(Up 1.0% year on year)
Operating profit	¥555 million	(Up 479.9% year on year)
Ordinary profit	¥672 million	(Up 154.4% year on year)
Profit attributable to owners of parent	¥587 million	(Up 288.6% year on year)

Operating results by segment are as follows.

(i) Business Process Solutions Business

In BPO services, although there was a decrease in the amount of orders received due to intensified bidding competition, this was offset by large projects and stable new contracts, resulting in an overall increase in both sales and profit. In addition, our selection of projects based on profitability and the shift to in-house system development were successful, contributing to improved profitability.

In the area of pocket notebooks, envelopes, and general printed materials, orders for highly creative products with a high gross margin led to increases in both sales and profit.

Seal-related and label-related products continued to perform well due to increased sales of labels, mainly for medical applications, and improved profit margins resulting from price revisions, in-house production, and productivity improvements.

In the library solutions, sales and profits increased due to securing orders for highly specialized projects, such as outsourcing of library management and support for moving bookshelves in conjunction with renovations of facilities.

For graduation album-related products, the cost ratio improved as a result of the integration of manufacturing departments implemented in the previous fiscal year.

Consequently, net sales in this business amounted to ¥6,962 million (up 1.4% year on year), and operating profit amounted to ¥202 million (up 244.4% year on year).

(ii) Consumer Communications Business

In product sales, in addition to an increase in large OEM orders, sales of security and disaster prevention goods have normalized after the surge in demand and sales through the EC channel were steady. In gadget peripheral goods, the profit margin improved due to price revisions and renewals.

Sales of shredders continue to face difficult conditions due a cycle of replacement demand and the shift away from paper. However, sales of confidential document collection boxes are on a recovery trend, and full support and maintenance services for large models are expected to strengthen earnings in the future.

Profitability of e-commerce related products improved through more efficient site operations. In the office furniture field, both sales and profits increased due to an improvement in the repeat rate and sales per customer through measures, efforts to reduce costs, and more optimized advertising expenses. The e-commerce development of Nakabayashi's own products is also growing steadily.

In the stuffed toys business, we are promoting the expansion of sales channels to Europe, the U.S., Southeast Asia, and the Middle East, while also focusing on our existing markets in Hong Kong and China.

Consequently, net sales in this business amounted to ¥6,954 million (up 1.3% year on year), and operating profit amounted to ¥435 million (up 165.5% year on year).

(iii) Energy Business

Wooden biomass power generation has been operated while making adjustment of output in line with the woodchip stockpile situation. Solar power generation performed well.

Consequently, net sales in this business amounted to ¥297 million (down 13.0% year on year), while operating loss amounted to ¥25 million (operating loss of ¥11 million in the same period of the previous fiscal year).

(iv) Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of ¥20 million (up 22.9% year on year) and operating profit of ¥7 million (operating loss of ¥13 million in the same period of the previous fiscal year).

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

(Assets)

Current assets decreased by ¥1,240 million from the end of the previous fiscal year to ¥28,548 million. This was mainly due to a decrease of ¥2,060 million in notes and accounts receivable - trade, despite an increase of ¥549 million in merchandise and finished goods.

Non-current assets decreased by ¥120 million from the end of the previous fiscal year to ¥26,674 million. This was mainly due to decreases of ¥115 million in construction in progress, ¥44 million in buildings and structures, and ¥40 million in deferred tax assets, despite an increase of ¥94 million in investment securities.

As a result, total assets as of June 30, 2025 decreased by ¥1,361 million from the end of the previous fiscal year to ¥55,223 million.

(Liabilities)

Current liabilities decreased by ¥643 million from the end of the previous fiscal year to ¥15,185 million. This was mainly due to decreases of ¥395 million in short-term borrowings and ¥310 million in provision for bonuses.

Non-current liabilities decreased by ¥787 million from the end of the previous fiscal year to ¥10,590 million. This was mainly due to a decrease of ¥855 million in long-term borrowings.

As a result, total liabilities as of June 30, 2025 decreased by ¥1,431 million from the end of the previous fiscal year to ¥25,775 million.

(Net assets)

Total net assets increased by ¥69 million from the end of the previous fiscal year to ¥29,447 million. This was mainly due to a decrease of ¥183 million in foreign currency translation adjustment, despite an increase of ¥257 million in retained earnings.

As a result, the equity ratio was 52.2%, up 1.4 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 9, 2025.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	7,739	7,751
Notes and accounts receivable - trade	10,306	8,245
Merchandise and finished goods	6,625	7,174
Work in process	993	1,397
Raw materials and supplies	1,853	1,960
Other	2,271	2,018
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,789	28,548
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,086	7,042
Machinery, equipment and vehicles, net	4,098	4,069
Land	9,196	9,196
Construction in progress	138	23
Other, net	198	203
Total property, plant and equipment	20,719	20,535
Intangible assets		
Other	249	243
Total intangible assets	249	243
Investments and other assets		
Investment securities	3,081	3,175
Retirement benefit asset	1,653	1,671
Deferred tax assets	298	257
Other	800	797
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	5,826	5,895
Total non-current assets	26,795	26,674
Total assets	56,584	55,223

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,299	4,049
Short-term borrowings	5,308	4,913
Accounts payable - other	2,672	2,554
Accrued expenses	417	414
Income taxes payable	400	156
Provision for bonuses	669	359
Other	2,060	2,736
Total current liabilities	15,829	15,185
Non-current liabilities		
Long-term borrowings	8,270	7,414
Retirement benefit liability	2,784	2,776
Deferred tax liabilities	50	133
Other	272	265
Total non-current liabilities	11,377	10,590
Total liabilities	27,206	25,775
Net assets		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,944	8,944
Retained earnings	12,068	12,326
Treasury shares	(676)	(676)
Total shareholders' equity	27,003	27,260
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,067	1,131
Deferred gains or losses on hedges	(44)	(96)
Foreign currency translation adjustment	219	36
Remeasurements of defined benefit plans	472	467
Total accumulated other comprehensive income	1,714	1,538
Non-controlling interests	659	648
Total net assets	29,377	29,447
Total liabilities and net assets	56,584	55,223

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

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	14,092	14,235
Cost of sales	10,561	10,421
Gross profit	3,531	3,813
Selling, general and administrative expenses	3,435	3,258
Operating profit	95	555
Non-operating income		
Rental income	43	38
Dividend income	53	49
Insurance claim income	54	45
Other	53	38
Total non-operating income	205	172
Non-operating expenses		
Interest expenses	21	26
Miscellaneous expenses of assets for rent	9	9
Other	6	20
Total non-operating expenses	37	55
Ordinary profit	264	672
Extraordinary income		
Gain on sale of non-current assets	0	37
Gain on reversal of foreign currency translation adjustment	-	174
Total extraordinary income	0	211
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Loss on sale of investment securities	-	0
Total extraordinary losses	0	0
Profit before income taxes	264	883
Income taxes - current	90	111
Income taxes - deferred	28	195
Total income taxes	119	307
Profit	144	576
Loss attributable to non-controlling interests	(6)	(10)
Profit attributable to owners of parent	151	587

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	144	576
Other comprehensive income		
Valuation difference on available-for-sale securities	23	63
Deferred gains or losses on hedges	4	(52)
Foreign currency translation adjustment	53	(183)
Remeasurements of defined benefit plans, net of tax	(12)	(4)
Total other comprehensive income	69	(176)
Comprehensive income	214	399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	220	410
Comprehensive income attributable to non-controlling interests	(6)	(10)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Segment Information)

Three months ended June 30, 2024 (April 1, 2024 to June 30, 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	6,865	6,867	342	14,075	16	14,092	–	14,092
Inter-segment net sales or transfers	378	77	–	456	2	458	(458)	–
Total	7,244	6,945	342	14,532	19	14,551	(458)	14,092
Segment profit (loss)	58	164	(11)	211	(13)	197	(101)	95

- Notes
- The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 - Adjusted amount of (¥101 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥30 million, an adjustment of ¥3 million for inventories, and company-wide expenses of (¥135 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.
 - 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

Not applicable.

Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

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	6,962	6,954	297	14,214	20	14,235	–	14,235
Inter-segment net sales or transfers	350	173	–	524	2	527	(527)	–
Total	7,313	7,128	297	14,739	23	14,762	(527)	14,235
Segment profit (loss)	202	435	(25)	613	7	620	(64)	555

- Notes
- The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 - Adjusted amount of (¥64 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥30 million, an adjustment of ¥6 million for inventories, and company-wide expenses of (¥101 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.
 - 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

Not applicable.

(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 three months under review are not prepared.

Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 and 2025 are as follows.

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	387	382
Amortization of goodwill	13	–