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

November 7, 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

Inquiries: Director, Senior Executive Officer and General Manager of Administration Shunsuke Nagai TEL 06-6943-5555
Division

Scheduled date to file Semi-annual Securities Report: November 10, 2025

Scheduled date to commence dividend payments: December 1, 2025

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 six months ended September 30, 2025 (from April 1, 2025 to September 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	%
Six months ended								
September 30, 2025	28,216	(3.2)	1,019	127.6	1,206	106.1	229	(35.6)
September 30, 2024	29,147	2.9	448	–	585	–	356	62.9

(Note) Comprehensive income: Six months ended September 30, 2025: ¥(139) million [–%]
Six months ended September 30, 2024: ¥201 million [(34.7)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2025	8.34	–
September 30, 2024	12.97	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2025	54,135	28,918	53.2
March 31, 2025	56,584	29,377	50.8

(Reference) Equity: As of September 30, 2025: ¥28,797 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	–	10.00			
Year ending March 31, 2026 (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, 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
Full year	63,500	1.2	2,540	42.1	3,175	43.4	1,800	(9.8)	65.51

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

* **Notes**

(1) Significant changes in the scope of consolidation during the six months ended September 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 semi-annual 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, 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 September 30, 2025	1,310,037 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)

Six months ended September 30, 2025	27,473,408 shares	Six months ended September 30, 2024	27,449,446 shares
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* Semi-annual financial results reports are exempt from review conducted by certified public accountants 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. 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 six 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 six months under review amounted to ¥28,216 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 ¥1,019 million and ordinary profit of ¥1,206 million. Extraordinary income totaled ¥211 million, which includes ¥174 million of gain on reversal of foreign currency translation adjustment due to the completion of liquidation of NB Nakabayashi Co., Ltd. Extraordinary losses totaled ¥1,230 million, which includes ¥1,229 million of impairment losses on non-current assets related to wooden biomass power generation.

As a result, profit attributable to owners of parent was ¥229 million.

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

Net sales	¥28,216 million	(Down 3.2% year on year)
Operating profit	¥1,019 million	(Up 127.6% year on year)
Ordinary profit	¥1,206 million	(Up 106.1% year on year)
Profit attributable to owners of parent	¥229 million	(Down 35.6% 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 value of orders received due to intensified bidding competition, this was offset by large projects and stable new contracts, resulting in an overall increase in 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, new orders for highly creative products with a high gross margin linked with DX led to an increase in 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. In the binding business, we will review specifications and work to reduce production costs by improving efficiency in order to expand the profit margin.

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 ¥13,806 million (down 4.4% year on year), and operating profit amounted to ¥365 million (up 16.8% 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.

In the office furniture field, sales increased due to price revisions and deliveries to a large theme park, and profits also increased significantly by reducing transportation costs through reviewing the composition of carriers. In addition, optimization of advertising expenses through measures will lead to acquisition of new customers and improvement in the repeat rate and sales per customer.

Profitability of e-commerce related products improved through more efficient site operations. 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 ¥13,742 million (down 1.5% year on year), and operating profit amounted to ¥795 million (up 134.0% 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 ¥601 million (down 16.2% year on year), while operating loss amounted to ¥50 million (operating profit of ¥1 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 ¥66 million (up 47.8% year on year) and operating profit of ¥22 million (operating loss of ¥1 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 ¥1,573 million from the end of the previous fiscal year to ¥28,216 million. This was mainly due to a decrease of ¥2,444 million in notes and accounts receivable - trade, despite an increase of ¥848 million in merchandise and finished goods.

Non-current assets decreased by ¥876 million from the end of the previous fiscal year to ¥25,918 million. This was mainly due to decreases of ¥562 million in buildings and structures and ¥498 million in machinery, equipment and vehicles.

As a result, total assets as of September 30, 2025 decreased by ¥2,449 million from the end of the previous fiscal year to ¥54,135 million.

(Liabilities)

Current liabilities decreased by ¥1,358 million from the end of the previous fiscal year to ¥14,471 million. This was mainly due to decreases of ¥800 million in short-term borrowings and ¥682 million in notes and accounts payable - trade.

Non-current liabilities decreased by ¥631 million from the end of the previous fiscal year to ¥10,745 million. This was mainly due to a decrease of ¥1,190 million in long-term borrowings.

As a result, total liabilities as of September 30, 2025 decreased by ¥1,989 million from the end of the previous fiscal year to ¥25,216 million.

(Net assets)

Total net assets decreased by ¥459 million from the end of the previous fiscal year to ¥28,918 million. This was mainly due to decreases of ¥538 million in non-controlling interests and ¥192 million in foreign currency translation adjustment, despite an increase of ¥313 million in valuation difference on available-for-sale securities.

As a result, the equity ratio as of September 30, 2025 was 53.2%, up 2.4 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. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	7,739	7,391
Notes and accounts receivable - trade	10,306	7,862
Merchandise and finished goods	6,625	7,474
Work in process	993	1,377
Raw materials and supplies	1,853	2,185
Other	2,271	1,926
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,789	28,216
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,086	6,524
Machinery, equipment and vehicles, net	4,098	3,599
Land	9,196	9,091
Construction in progress	138	22
Other, net	198	196
Total property, plant and equipment	20,719	19,434
Intangible assets		
Other	249	229
Total intangible assets	249	229
Investments and other assets		
Investment securities	3,081	3,539
Retirement benefit asset	1,653	1,690
Deferred tax assets	298	259
Other	800	772
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	5,826	6,254
Total non-current assets	26,795	25,918
Total assets	56,584	54,135

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,299	3,617
Short-term borrowings	5,308	4,508
Accounts payable - other	2,672	2,382
Accrued expenses	417	414
Income taxes payable	400	368
Provision for bonuses	669	732
Other	2,060	2,446
Total current liabilities	15,829	14,471
Non-current liabilities		
Long-term borrowings	8,270	7,079
Retirement benefit liability	2,784	2,725
Deferred tax liabilities	50	318
Other	272	621
Total non-current liabilities	11,377	10,745
Total liabilities	27,206	25,216
Net assets		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,944	8,944
Retained earnings	12,068	11,968
Treasury shares	(676)	(666)
Total shareholders' equity	27,003	26,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,067	1,381
Deferred gains or losses on hedges	(44)	15
Foreign currency translation adjustment	219	27
Remeasurements of defined benefit plans	472	460
Total accumulated other comprehensive income	1,714	1,884
Non-controlling interests	659	120
Total net assets	29,377	28,918
Total liabilities and net assets	56,584	54,135

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

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	29,147	28,216
Cost of sales	21,791	20,644
Gross profit	7,355	7,572
Selling, general and administrative expenses	6,907	6,552
Operating profit	448	1,019
Non-operating income		
Rental income	85	73
Dividend income	56	52
Insurance claim income	69	64
Other	91	88
Total non-operating income	302	278
Non-operating expenses		
Interest expenses	43	50
Miscellaneous expenses of assets for rent	19	20
Foreign exchange losses	57	-
Other	43	21
Total non-operating expenses	165	92
Ordinary profit	585	1,206
Extraordinary income		
Gain on sale of non-current assets	5	37
Gain on reversal of foreign currency translation adjustment	-	174
Total extraordinary income	5	211
Extraordinary losses		
Loss on disposal of non-current assets	0	1
Impairment losses	74	1,229
Loss on sale of investment securities	-	0
Loss on valuation of shares of subsidiaries and associates	11	-
Provision for loss on business of subsidiaries and associates	10	-
Total extraordinary losses	97	1,230
Profit before income taxes	493	187
Income taxes - current	272	282
Income taxes - deferred	(128)	215
Total income taxes	143	497
Profit (loss)	350	(309)
Loss attributable to non-controlling interests	(5)	(538)
Profit attributable to owners of parent	356	229

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit (loss)	350	(309)
Other comprehensive income		
Valuation difference on available-for-sale securities	(105)	313
Deferred gains or losses on hedges	(118)	59
Foreign currency translation adjustment	100	(192)
Remeasurements of defined benefit plans, net of tax	(25)	(11)
Total other comprehensive income	(149)	169
Comprehensive income	201	(139)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	206	399
Comprehensive income attributable to non-controlling interests	(5)	(538)

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on Segment Information)

[Segment Information]

Six months ended September 30, 2024 (April 1, 2024 to September 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 semi- annual consolidated statements of income (Note) 3
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total				
Net sales								
Net sales to external customers	14,434	13,949	717	29,102	44	29,147	–	29,147
Inter-segment net sales or transfers	996	146	–	1,143	4	1,147	(1,147)	–
Total	15,431	14,096	717	30,245	49	30,294	(1,147)	29,147
Segment profit (loss)	313	340	1	654	(1)	653	(205)	448

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 2. Adjusted amount of (¥205 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥51 million, an adjustment of ¥8 million for inventories, and company-wide expenses of (¥266 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.
 3. Segment profit (loss) is adjusted for operating profit on the semi-annual consolidated statements of income.

2. Impairment Losses on Non-current Assets or Goodwill, etc. by Reportable Segment

(Significant impairment losses related to non-current assets)

(Millions of yen)

	Reportable segment				Others	Company- wide/elimination	Total
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total			
Impairment losses	–	74	–	74	–	–	74

Six months ended September 30, 2025 (April 1, 2025 to September 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 semi- annual consolidated statements of income (Note) 3
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total				
Net sales								
Net sales to external customers	13,806	13,742	601	28,150	66	28,216	–	28,216
Inter-segment net sales or transfers	876	272	–	1,148	5	1,153	(1,153)	–
Total	14,682	14,015	601	29,298	71	29,369	(1,153)	28,216
Segment profit (loss)	365	795	(50)	1,110	22	1,133	(113)	1,019

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and the Garlic Farm Business.
 2. Adjusted amount of (¥113 million) for segment profit (loss) includes inter-segment transaction eliminations of ¥69 million, an adjustment of ¥9 million for inventories, and company-wide expenses of (¥192 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.
 3. Segment profit (loss) is adjusted for operating profit on the semi-annual consolidated statements of income.

2. Impairment Losses on Non-current Assets or Goodwill, etc. by Reportable Segment

(Significant impairment losses related to non-current assets)

(Millions of yen)

	Reportable segment				Others	Company- wide/elimination	Total
	Business Process Solutions Business	Consumer Communications Business	Energy Business	Total			
Impairment losses	–	–	1,229	1,229	–	–	1,229

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

Not applicable.

(Notes on the Going Concern Assumption)

Not applicable.