

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025

SAKAI HEAVY INDUSTRIES, LTD.

Stock code: 6358
URL <https://www.sakainet.co.jp/en/>

May 14, 2025

Summary of Consolidated Financial Results

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%	%	%
Fiscal year ended March 31, 2025	27,854	(15.6)	1,583	(52.3)	1,494	(55.0)	1,435	(41.2)	168.50	4.9	3.4	5.7
March 31, 2024	33,020	5.0	3,318	32.4	3,324	42.8	2,440	44.0	287.37	9.0	7.8	10.1

Note: The Company made a two-for-one share split of its common shares effective October 1, 2024. Basic earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	42,624	30,130	70.5	3,522.58
March 31, 2024	44,237	29,165	65.8	3,422.24

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	399	39	(1,220)	7,599
March 31, 2024	2,482	(353)	(1,422)	8,244

Note: The Company made a two-for-one share split of its common shares effective October 1, 2024. Net assets per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	90.00	—	195.00	285.00	1,211	49.6	4.5
Fiscal year ended March 31, 2025	—	85.00	—	60.50	—	878	61.1	3.0
Fiscal year ending March 31, 2026 (Forecast)	—	45.00	—	60.00	105.00		99.4	

Note: The Company made a two-for-one share split of its common shares effective October 1, 2024. For the year-end dividend per share for the fiscal year ended March 31, 2025, the figure shown is amount that takes into account the effect of the share split, and “—” is stated for the annual dividend. Without taking into account the share split, the year-end dividend per year for the fiscal year ended March 31, 2025 would have been ¥121.00 with annual dividends per share of ¥206.00

3. Consolidated financial forecast for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	13,700	(4.8)	550	(55.3)	550	(53.3)	400	(69.3)	46.94
Fiscal year ending March 31, 2026	30,000	7.7	1,250	(21.1)	1,250	(16.4)	900	(37.3)	105.61

Highlights of Consolidated Business Performance

1. Summary of Consolidated Business Performance for the Fiscal Year Ended March 31, 2025

1) Consolidated net sales: ¥27,854 million, down 15.6% YoY

During an inventory adjustment phrase in the entire construction machinery market, sales decreased both in Japan and overseas.

2) Operating profit: ¥1,583 million, down 52.3% YoY

Sales decreased and profit also decreased due to production adjustment.

3) Profit: ¥1,435 million, down 41.2% YoY

Gain on sale of investment securities of ¥360 million due to adjustment of balance of cross-shareholdings.

4) Domestic sales: ¥12,000 million, down 16.2% YoY

Although government construction investment remained strong against the backdrop of measures to accelerate national land resilience, adjustments to inventory for excess construction machinery continue in response to last-minute demand before repeated price revisions and the overtime cap on construction and logistics.

5) Sales in North America: ¥7,574 million, down 21.9% YoY

Adjustments to inventory by dealers accelerated while interest rates remained high, despite the continued investment in road construction against the backdrop of the Infrastructure Investment and Jobs Act.

6) Sales in Asia: ¥7,021 million, down 7.2% YoY

Demand stagnated in the ASEAN markets overall during the election year, but there are signs of bottoming out in Thailand and Malaysia.

Highlights of Consolidated Business Performance

2. Adapting to a Changing Business Environment

1) Initiatives for enhancing the profitability of capital

(1) Progress of medium-term management policy

Five-year medium-term management policy: Net sales of ¥30 billion, operating profit of ¥3.1 billion, ROE of 8.0%

Results for the current fiscal year (fourth year): Net sales of ¥27.8 billion, operating profit of ¥1.58 billion, ROE of 4.9%

(2) Progress of enhancing corporate value (PBR above 1)

At the end of March 2024: PBR 0.98 times (Share price ¥3,340) ← Share split considered

At the end of March 2025: PBR 0.61 times (Share price ¥2,142) ← Share split considered

2) Profit structure reform through sales price revisions, high added value, and efficiency

Cost-of-sales ratio: 72.4%, deterioration of 0.8% YoY...Cost-of-sales losses due to production adjustment

3) Increased investment in human capital

(1) Wage improvement and stabilized employment: Rise in wages (5.1% in the fiscal year ended March 31, 2024, 6.0% in the fiscal year ended March 31, 2025, 6.0% in the fiscal year ending March 31, 2026)

(2) Increasing on-site skilled labors and improving working conditions: Enhance factories and service areas, and establish healthy working environments.

4) Dealing with volatile demand

Inventory turnover: 2.4 times, down 0.68 times/22% YoY...¥10.6 billion → ¥11.5 billion

Currently strengthening adjustments to optimize inventory levels, as the Construction Machinery

Market entered a period of adjustments amid slowdowns in the world economy.

Highlights of Consolidated Business Performance

3. Mid- to Long-Term Growth Strategy

1) Make more significant inroads into the Asian market:

Expand the ASEAN market centered on our Indonesian hub (sales development in mine and pavement markets)

2) Expand the scope of overseas business:

Develop the overseas market for road maintenance equipment (increase in ODA initiatives, start local production, completion of standardization of the cement and asphalt emulsion stabilizer method in Indonesia)

3) Pursue business opportunities in North America:

Increase our market share through niche marketing (strengthen technical sales with differentiated products)

4) Develop next-generation businesses:

Focus on market development for emergency brakes, compaction management systems, and Automatic Cutter Control System. Commercialization of autonomous rollers and EV rollers started (sales development for general civil engineering contractors)

4. Outlook for Business Environment

1) Global Construction Machinery Market

Although a phase of adjustments continues due to passing the period of the increased demand after the COVID-19 pandemic in the short term, potential demand for construction machinery is expected to remain stable in the medium term due to factors such as large-scale infrastructure investment plans in Japan and the U.S., infrastructure investment and mine development becoming active in emerging countries, together with renewal of aging infrastructure and disaster-related countermeasures. As a result, the Global Construction Machinery Market is expected to bottom out through an economic cycle.

2) Risks and Countermeasures

The future direction of the world economy is unpredictable, due to the significant changes to framework of free trade and security with the birth of the second Trump administration and changes in the global political power balance.

Under these circumstances, the Group will quickly take measures on U.S. tariffs and modify our supply chain, as well as strengthen our profit structure and human organizational capabilities, restrengthen our competitive strategy in response to changes in the market environment, and raise the level of manufacturing quality with the goal of further solidifying the foundations of our management during this period of demand adjustment to build our corporate structure in preparation for the market recovery period.

Consolidated Business Performance

(Millions of yen)

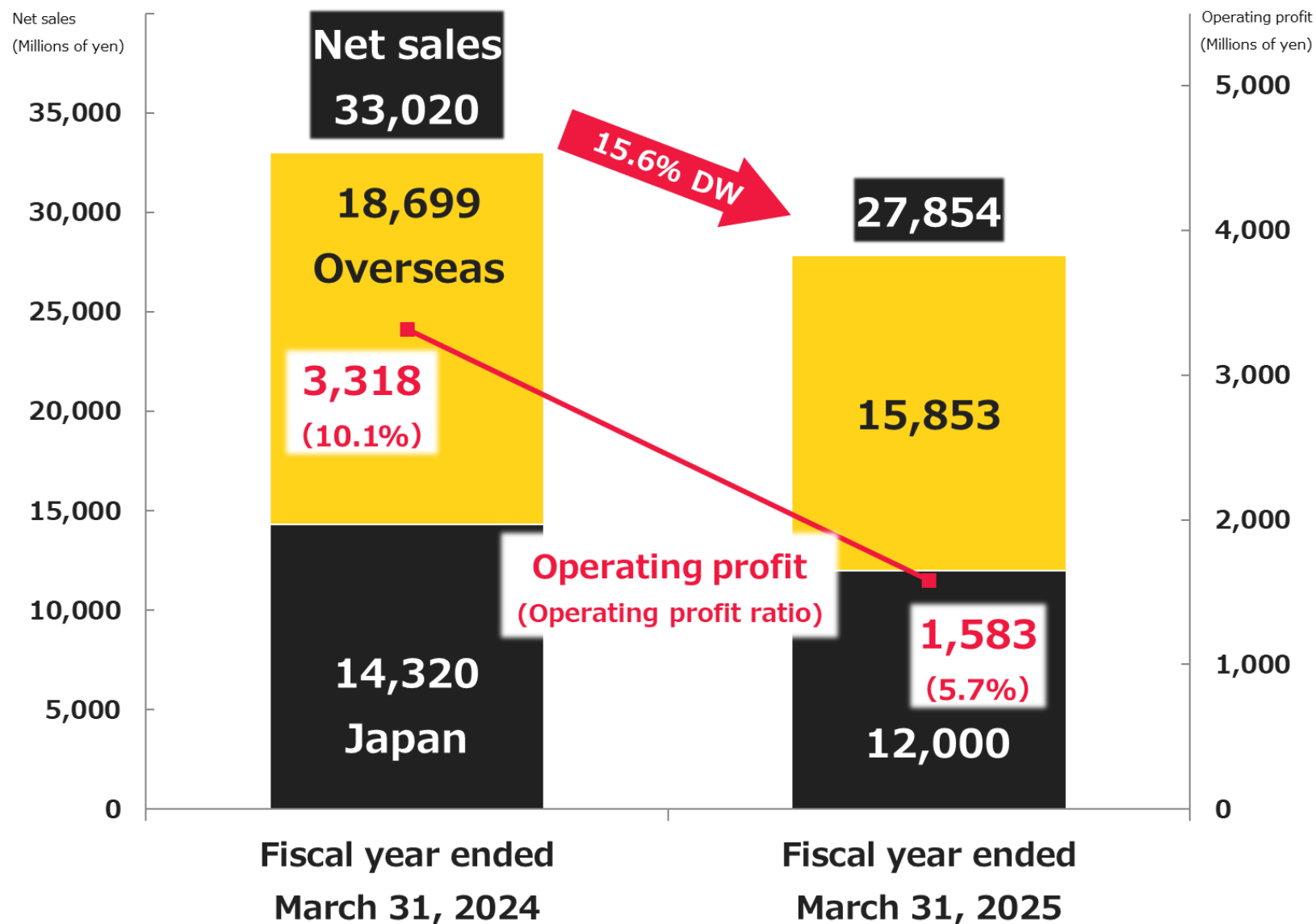
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Net sales	33,020	27,854	▲ 5,166	▲ 15.6%
Japan	14,320	12,000	▲ 2,320	▲ 16.2%
Overseas	18,699	15,853	▲ 2,846	▲ 15.2%
Operating profit	3,318	1,583	▲ 1,735	▲ 52.3%
<i>Operating profit ratio</i>	(10.1%)	(5.7%)		
Ordinary profit	3,324	1,494	▲ 1,829	▲ 55.0%
Profit attributable to owners of parent	2,440	1,435	▲ 1,004	▲ 41.2%

Cost-of-sales ratio

(71.6%)

(72.4%)

Consolidated Business Performance (Graph)



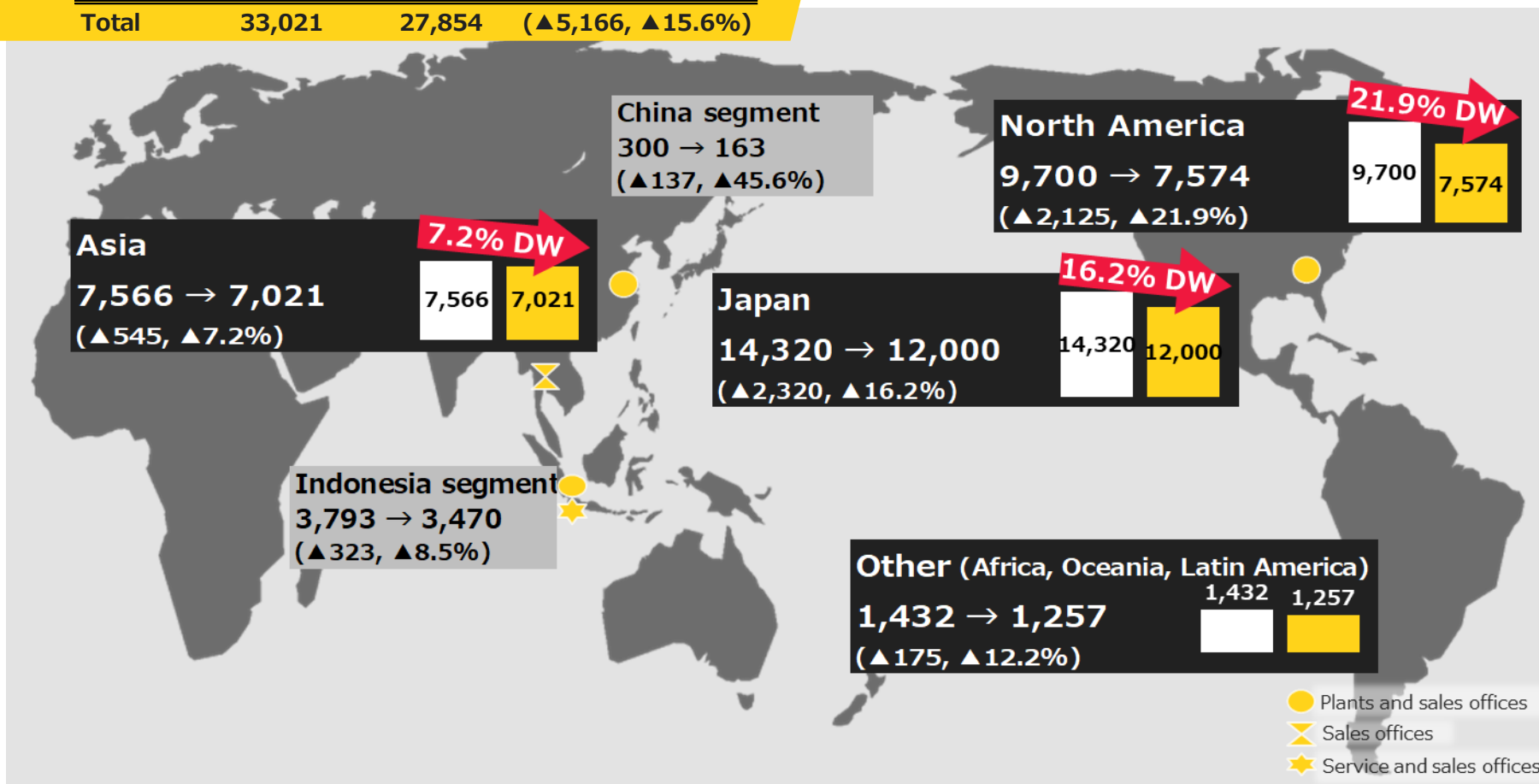
Sales by Region in Which Customers Are Located

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Japan	14,320	12,000	▲ 2,320	▲ 16.2%
Overseas	18,699	15,853	▲ 2,846	▲ 15.2%
North America	9,700	7,574	▲ 2,125	▲ 21.9%
Asia	7,566	7,021	▲ 545	▲ 7.2%
Other regions	1,432	1,257	▲ 175	▲ 12.2%
Total	33,020	27,854	▲ 5,166	▲ 15.6%

Sales by Region (Map)

(Millions of yen)	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change
Japan	14,321	12,000	(▲2,320, ▲16.2%)
Overseas	18,700	15,854	(▲2,846, ▲15.2%)
Total	33,021	27,854	(▲5,166, ▲15.6%)



Segment Information by Region in Which Our Manufacturing Facilities and Sales Offices Are Located

(Millions of yen)

Japan	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Sales to external customers	19,225	16,645	▲ 2,580	▲13.4%
Intercompany sales	4,185	3,202	▲ 982	▲23.5%
Total net sales	23,411	19,847	▲ 3,563	▲15.2%
Operating profit	983	165	▲ 817	▲83.1%

(Millions of yen)

North America	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Sales to external customers	9,700	7,574	▲ 2,125	▲21.9%
Intercompany sales	20	13	▲ 7	▲35.5%
Total net sales	9,721	7,588	▲ 2,133	▲21.9%
Operating profit	1,162	826	▲ 335	▲28.9%

(Millions of yen)

Indonesia	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Sales to external customers	3,793	3,470	▲ 323	▲8.5%
Intercompany sales	3,091	2,674	▲ 416	▲13.5%
Total net sales	6,885	6,145	▲ 739	▲10.7%
Operating profit	1,004	556	▲ 447	▲44.6%

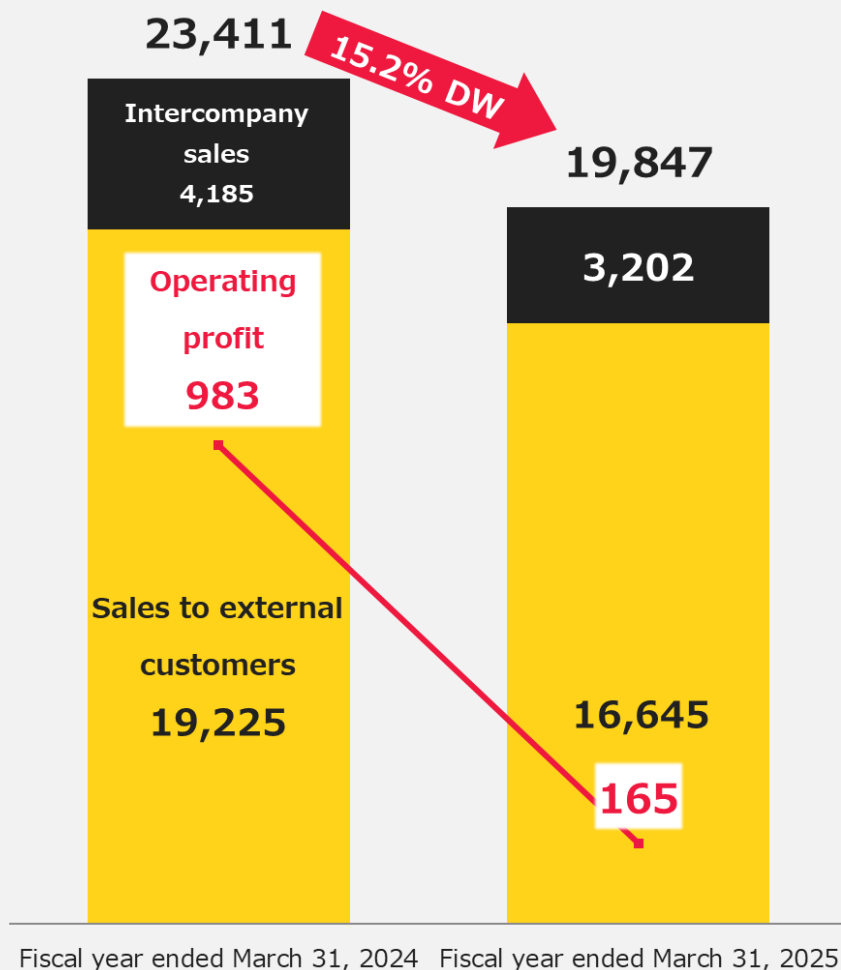
(Millions of yen)

China	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	
			Amount	%
Sales to external customers	300	163	▲ 137	▲45.6%
Intercompany sales	1,678	1,273	▲ 404	▲24.1%
Total net sales	1,979	1,437	▲ 541	▲27.4%
Operating profit	209	72	▲ 136	▲65.1%

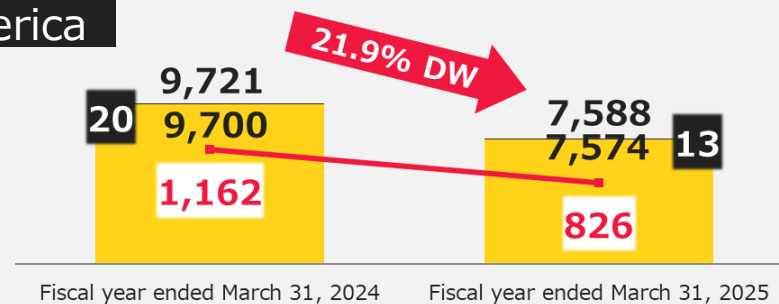
Segment Information by Region (Graph)

(Millions of yen)

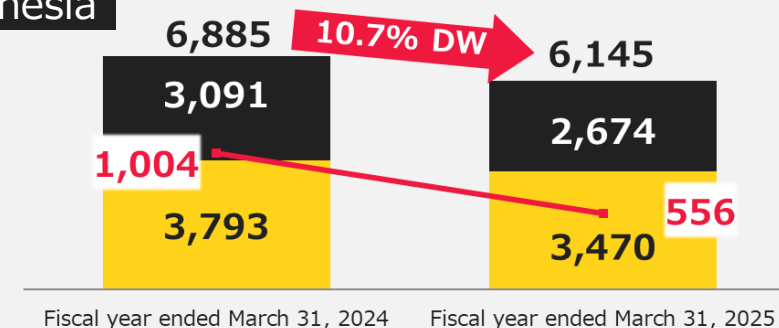
Japan



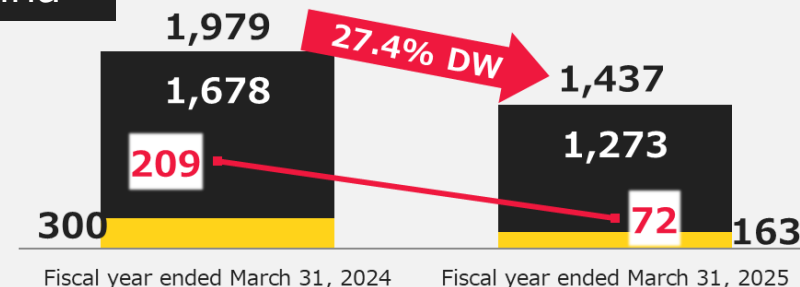
North America



Indonesia



China



Breakdown of YoY Changes in Operating Profit

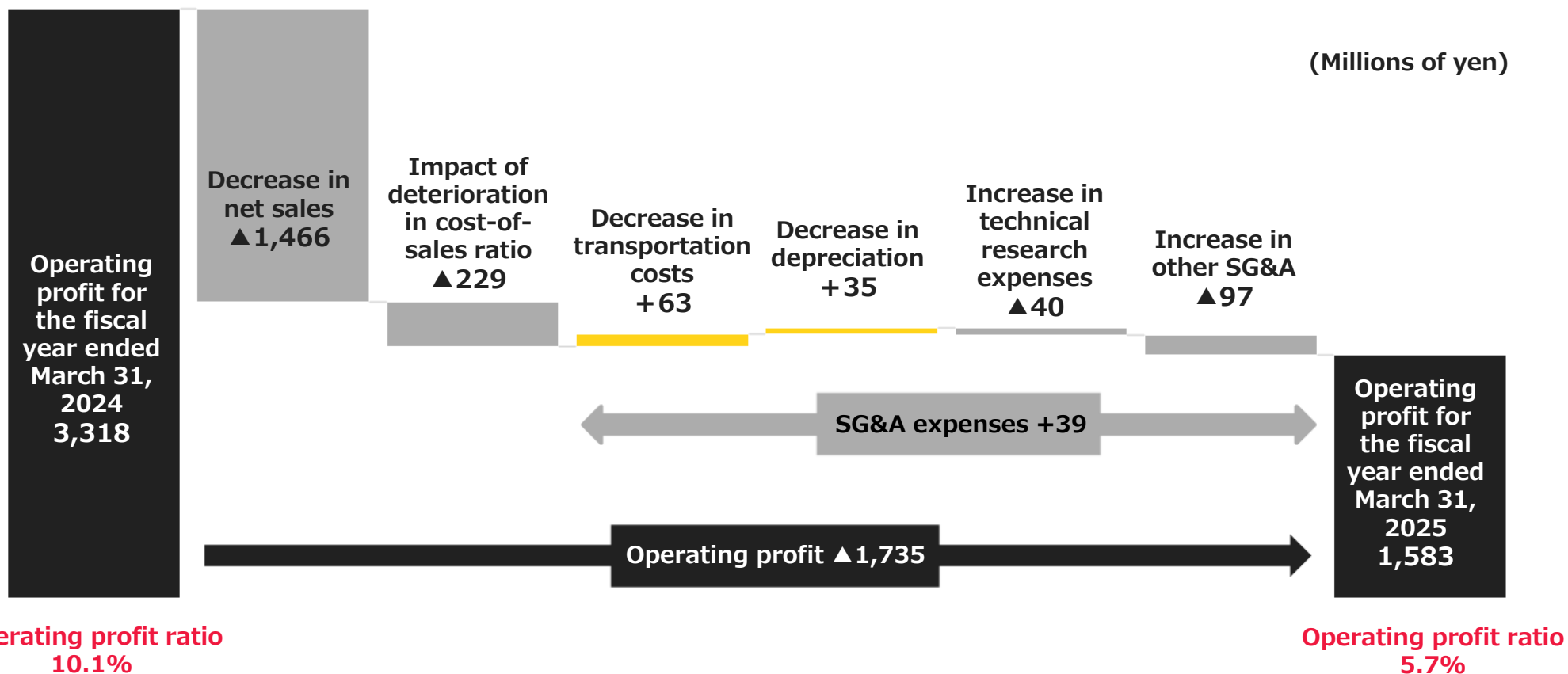
- Gross profit decreased by ¥1,466 million, in line with YoY decrease in net sales of ¥5,166 million.
- The cost-of-sales ratio deteriorated by 0.8%, and gross profit fell by ¥229 million.
- SG&A expenses increased by ¥39 million, almost the same with the previous year.
- As a result, operating profit decreased by ¥1,735 million YoY to ¥1,583 million.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	YoY change	Impact on operating profit	Note
Net sales	33,020	27,854	▲ 5,166	▲ 1,466	▲5,166 x (1 - 71.6%)
Cost-of-sales ratio	71.6%	72.4%	0.8%	▲ 229	27,854 x 0.8%
Gross profit	9,369	7,674	▲ 1,695		
SG&A expenses	6,050	6,090	39	▲ 39	Transportation costs: down 63; Depreciation: down 35; Technical research expenses: up 40; Other SG&A: up 97
Operating profit	3,318	1,583		▲ 1,735	

Breakdown of YoY Changes in Operating Profit (Graph)

(Millions of yen)

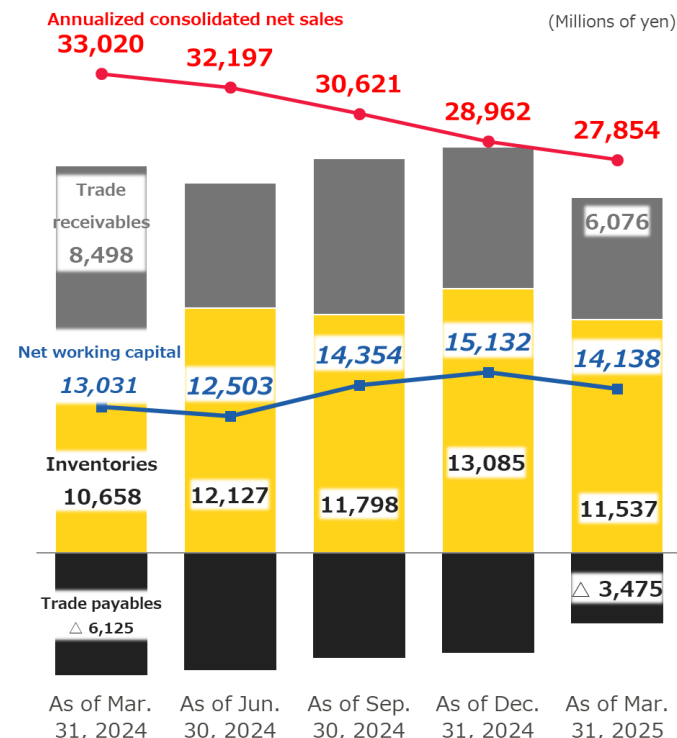


Net Working Capital (Trade Receivables + Inventories - Trade Payables)

- Net working capital invested in sales activities increased by ¥1,107 million, up 8.5% YoY to ¥14,138 million, in line with a YoY decrease in trade receivables of ¥2,422 million, a YoY increase in inventories of ¥879 million, and a YoY decrease in trade payables of ¥2,650 million.
- Inventories turnover decreased by 0.68 times (down 22%) to 2.4 times YoY, and compared with the third quarter, reduced ¥1,548 million to strengthen inventory adjustment.
- The significant decrease in trade payables is due to production adjustments and adoption of the 60-day rule under the Subcontract Act.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025	YoY change	
			Amount	%
Annualized consolidated net sales	33,020	27,854	▲5,166	▲15.6%
Trade receivables	8,498	6,076	▲2,422	▲28.5%
Inventories	10,658	11,537	879	8.2%
Trade payables	▲6,125	▲3,475	2,650	▲43.3%
Net working capital	13,031	14,138	1,107	8.5%
Inventory turnover	3.10 times	2.41 times	▲0.68 times	
Net working capital/Sales ratio	39.5%	50.8%	11.3%	



Consolidated Business Forecast

- While the global Construction Machinery Market continues to be in an adjustment phase under the rapidly changing global situation, we expect the global Construction Machinery Market will bottom out through an economic cycle, as solid potential demand is expected in the medium term.
- For the next business forecast, sales will bottom out toward the second half of the year. As for the U.S. tariffs, we will promote reduction of tariff cost burden by price shifting and supply chain modification.

(The assumed exchange rate used in the consolidated business forecast is ¥140 per US\$.)

(Millions of yen)

	Fiscal year ended March 31, 2024 (Results)	Fiscal year ended March 31, 2025 (Results)	Fiscal year ending March 31, 2026 (Forecast)	YoY change	
				Amount	%
Net sales	33,020	27,854	30,000	2,145	7.7%
Operating profit	3,318	1,583	1,250	▲ 333	▲21.1%
Ordinary profit	3,324	1,494	1,250	▲ 244	▲16.4%
Profit attributable to owners of parent	2,440	1,435	900	▲ 535	▲37.3%
Basic earnings per share (Yen)	¥287.37	¥168.50	¥105.61	▲¥62.89	37.3%

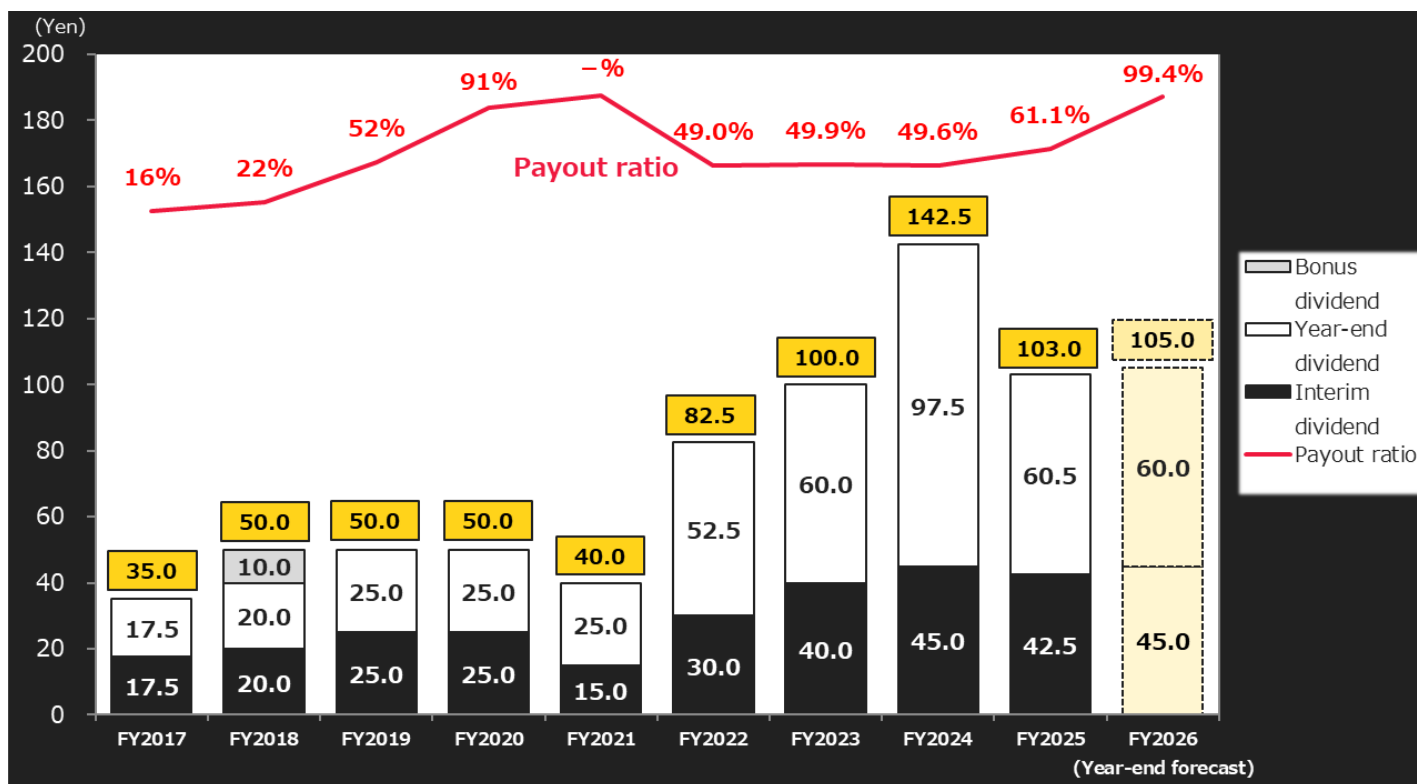
Note: We made a two-for-one share split effective October 1, 2024. Earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

Dividends per Share

• Since the announcement of the Medium-Term Management Policy on June 2, 2021, we have set a dividend policy as follows, with a target of 8% ROE.

When ROE falls below 3%	: A payout ratio of 100% will apply.
When ROE is between 3% and 6%	: A DOE of 3% will apply.
When ROE exceeds 6%	: A payout ratio of 50% will apply.

• ROE in the full year forecast of financial results for the year ending March 31, 2026 is expected to 3%. In accordance with the dividend policy described to the left, we set a full year dividend forecast at DOE of 3%, and set the dividend per share to ¥105.



Note: We made a ten-for-one share consolidation effective October 1, 2017. Dividend payouts for the periods prior to the share consolidation are adjusted to be in line with the post-consolidation payouts.
 We made a two-for-one share split effective October 1, 2024. Dividend payouts for the periods prior to the share split are adjusted to be in line with the post-split payouts.

KPIs Established in the Medium-Term Management Policy

ROE fell to 4.9% for the current fiscal year while the entire Global Construction Machinery Market entered a phase of adjustments, despite achievement of the KPIs established in the Medium-Term Management policy for the fiscal year ended March 31, 2024 due to upside factors.

For the next fiscal year, the U.S. tariff issue will be added to this business environment. As a result, the current ROE forecast is expected to be 3.0%.

We will continue to promote profit structure reform aiming for ROE 8% and PBR above 1.

	Fiscal year ended March 31, 2024 (Results)	Fiscal year ended March 31, 2025 (Results)	Fiscal year ending March 31, 2026 (Forecast)	(Millions of yen) Target for the fiscal year ending March 31, 2026
Net sales	33,020	27,854	30,000	30,000
Operating profit	3,318	1,583	1,250	3,100
Rate of return on equity (ROE)	9.0%	4.9%	3.0%	8.0%
Share buybacks	—	—	Cumulative amount of share buybacks	
			340 ^{*1}	500 ~ 2,000 ^{*2}

*1 The amount represents the cumulative amount of share buybacks that had been executed as of May 14, 2025.

*2 The amount represents the targets of the cumulative amount of share buybacks through March 31, 2026.

ESG Initiatives

Reduces CO₂ emissions at construction sites through efficient compaction*



Conducted a rental for an autonomous roller (automatic operation) to Tamashima-Kasaoka road improvement project in Okayama Prefecture. This is the second rental project after Shin-Maruyama Dam in Gifu Prefecture. This is the first time in Japan to utilize an autonomous roller for road construction projects. We will focus on both carbon neutral initiatives and added value provision through new technologies.

* Experimental data has shown that autonomous rollers can reduce labor by approximately 20% compared to manned work.

Contribute to road construction and expand the scope of business in Indonesia



Our road repair technology, cement and asphalt emulsion stabilizer method (CAE method), officially obtained certification as the standardized method in Indonesia from Indonesia's Ministry of Public Works, through a business validation survey by JICA. As we contribute to develop road infrastructure, improve the quality and longevity of road pavement in Indonesia, we will focus on expanding sales of road maintenance machinery stabilizers (completed local production in Indonesia) to be used for this method.

[JICA's website related to this case]

https://www.jica.go.jp/english/overseas/indonesia/information/topics/2024/1555610_53434.html

Initiatives for reducing cross-shareholdings

Although as of March 31, 2024, the ratio of balance of cross-shareholdings to consolidated net assets exceeded 20%, in June 2024, we revised the "Policy on Cross-shareholdings."

We clarified the policy to maintain the balance of cross-shareholdings to less than 20% of consolidated net assets, and partially sold cross-shareholdings during the fiscal year ended March 31, 2025. As of March 31, 2025, the ratio became 18.7%.

(Millions of yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025
Balance of cross-shareholdings ^(Note)	5,993	5,625
Consolidated net assets	29,165	30,130
Ratio to consolidated net assets	20.5%	18.7%

Note: Includes unlisted shares.

SAKAI

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Performance forecasts and other forward-looking statements in this document are based on information available at the time of this writing, as well as certain assumptions deemed reasonable. Actual performance and other results may differ depending on a variety of factors.