Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

Company name: SAKAI HEAVY INDUSTRIES,LTD.
Stock exchange listing: Tokyo
Stock code: 6358 URL https://www.sakainet.co.jp/
Representative: President and Representing Director Ichiro Sakai
Inquiries: Executive Officer General Manager Administration Division Takao Yoshikawa TEL 03-3434-3401
Scheduled date of ordinary general meeting of shareholders: June 27, 2024
Scheduled date to file Securities Report: June 27, 2024
Scheduled date to commence dividend payments: June 28, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	33,020	5.0	3,318	32.4	3,324	42.8	2,440	44.0
Year ended March 31, 2023	31,459	18.3	2,506	81.2	2,327	65.4	1,694	18.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	574.74	–	9.0	7.8	10.1
Year ended March 31, 2023	400.75	–	7.0	5.9	8.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	44,237	29,165	65.8	6,844.48
As of March 31, 2023	40,804	25,295	61.8	5,957.01

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	2,482	(353)	(1,422)	8,244
Year ended March 31, 2023	1,893	(399)	(2,242)	7,416

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	80.00	–	120.00	200.00	847	49.9	3.5
Year ended March 31, 2024	–	90.00	–	195.00	285.00	1,211	49.6	4.5
Year ending March 31, 2025 (Forecast)	–	85.00	–	130.00	215.00		49.9	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	15,500	(7.7)	1,050	(46.6)	1,050	(50.2)	700	(54.4)	164.85
Full year	33,000	(0.1)	2,730	(17.7)	2,700	(18.8)	1,830	(25.0)	430.96

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	4,407,817 shares	As of March 31, 2023	4,392,117 shares

Number of treasury shares at the end of the period

As of March 31, 2024	157,116 shares	As of March 31, 2023	156,308 shares

Average number of shares during the period

Year ended March 31, 2024	4,246,337 shares	Year ended March 31, 2023	4,228,058 shares

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,484,336	8,383,385
Notes and accounts receivable - trade	8,068,886	7,097,977
Electronically recorded monetary claims - operating	1,395,360	1,400,759
Merchandise and finished goods	3,406,701	4,576,542
Work in process	1,228,708	1,286,375
Raw materials and supplies	4,816,726	4,795,261
Other	1,039,755	1,102,359
Allowance for doubtful accounts	(97)	(5,336)
Total current assets	27,440,377	28,637,323
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,662,423	9,040,797
Accumulated depreciation	(5,575,278)	(5,951,009)
Buildings and structures, net	3,087,145	3,089,787
Machinery, equipment and vehicles	3,884,022	4,121,584
Accumulated depreciation	(3,236,642)	(3,425,185)
Machinery, equipment and vehicles, net	647,380	696,399
Land	3,238,498	3,358,882
Leased assets	467,324	420,101
Accumulated depreciation	(191,750)	(146,144)
Leased assets, net	275,573	273,956
Other	1,541,577	1,619,004
Accumulated depreciation	(1,406,559)	(1,464,127)
Other, net	135,018	154,877
Total property, plant and equipment	7,383,615	7,573,903
Intangible assets	307,527	255,088
Investments and other assets		
Investment securities	3,826,612	6,036,108
Deferred tax assets	390,867	268,396
Other	1,455,915	1,466,537
Allowance for doubtful accounts	(258)	(0)
Total investments and other assets	5,673,136	7,771,042
Total non-current assets	13,364,280	15,600,035
Total assets	40,804,658	44,237,358

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,515,028	1,663,632
Electronically recorded obligations - operating	4,631,090	4,461,405
Short-term borrowings	4,751,028	4,629,322
Income taxes payable	336,586	393,833
Provision for product warranties	336,364	350,818
Other	1,807,735	1,681,748
Total current liabilities	14,377,834	13,180,760
Non-current liabilities		
Long-term borrowings	58,252	155,672
Lease liabilities	309,248	266,915
Deferred tax liabilities	486,712	1,144,202
Retirement benefit liability	132,943	191,422
Other	143,830	132,518
Total non-current liabilities	1,130,986	1,890,731
Total liabilities	15,508,820	15,071,492
Net assets		
Shareholders' equity		
Share capital	3,295,841	3,337,367
Capital surplus	6,541,784	6,583,310
Retained earnings	12,642,202	14,191,837
Treasury shares	(405,251)	(409,977)
Total shareholders' equity	22,074,576	23,702,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,837,502	3,380,016
Foreign currency translation adjustment	1,319,532	2,027,177
Remeasurements of defined benefit plans	1,162	(15,878)
Total accumulated other comprehensive income	3,158,197	5,391,315
Non-controlling interests	63,064	72,012
Total net assets	25,295,837	29,165,866
Total liabilities and net assets	40,804,658	44,237,358

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	31,459,945	33,020,799
Cost of sales	23,294,752	23,650,889
Gross profit	8,165,192	9,369,909
Selling, general and administrative expenses		
Transportation costs	429,775	387,499
Salaries and bonuses	2,393,406	2,693,141
Technical research expenses	955,073	944,433
Other	1,880,844	2,025,898
Total selling, general and administrative expenses	5,659,100	6,050,972
Operating profit	2,506,092	3,318,936
Non-operating income		
Interest income	5,465	9,664
Dividend income	126,140	175,341
Foreign exchange gains	–	82,887
Other	33,647	43,150
Total non-operating income	165,252	311,043
Non-operating expenses		
Interest expenses	197,275	227,786
Foreign exchange losses	54,394	–
bank charge	87,044	72,197
Other	4,829	5,718
Total non-operating expenses	343,544	305,702
Ordinary profit	2,327,800	3,324,276
Extraordinary income		
Gain on sale of non-current assets	1,911	431
Total extraordinary income	1,911	431
Extraordinary losses		
Loss on disposal of non-current assets	178	–
Total extraordinary losses	178	–
Profit before income taxes	2,329,533	3,324,708
Income taxes - current	559,556	720,791
Income taxes - deferred	70,060	156,121
Total income taxes	629,617	876,913
Profit	1,699,916	2,447,795
Profit attributable to non-controlling interests	5,517	7,253
Profit attributable to owners of parent	1,694,399	2,440,541

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,699,916	2,447,795
Other comprehensive income		
Valuation difference on available-for-sale securities	273,366	1,542,514
Foreign currency translation adjustment	863,395	711,792
Remeasurements of defined benefit plans, net of tax	5,126	(17,040)
Total other comprehensive income	1,141,888	2,237,265
Comprehensive income	2,841,805	4,685,060
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,826,516	4,673,829
Comprehensive income attributable to non-controlling interests	15,288	11,230

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,258,349	6,504,292	11,728,758	(403,884)	21,087,515
Changes during period					
Issuance of new shares	37,492	37,492			74,984
Dividends of surplus			(780,956)		(780,956)
Profit attributable to owners of parent			1,694,399		1,694,399
Purchase of treasury shares				(1,366)	(1,366)
Net changes in items other than shareholders' equity					
Total changes during period	37,492	37,492	913,443	(1,366)	987,060
Balance at end of period	3,295,841	6,541,784	12,642,202	(405,251)	22,074,576

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,564,136	465,857	(3,964)	2,026,029	47,826	23,161,371
Changes during period						
Issuance of new shares						74,984
Dividends of surplus						(780,956)
Profit attributable to owners of parent						1,694,399
Purchase of treasury shares						(1,366)
Net changes in items other than shareholders' equity	273,366	853,675	5,126	1,132,168	15,237	1,147,405
Total changes during period	273,366	853,675	5,126	1,132,168	15,237	2,134,466
Balance at end of period	1,837,502	1,319,532	1,162	3,158,197	63,064	25,295,837

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,295,841	6,541,784	12,642,202	(405,251)	22,074,576
Changes during period					
Issuance of new shares	41,526	41,526			83,053
Dividends of surplus			(890,905)		(890,905)
Profit attributable to owners of parent			2,440,541		2,440,541
Purchase of treasury shares				(4,726)	(4,726)
Net changes in items other than shareholders' equity					
Total changes during period	41,526	41,526	1,549,635	(4,726)	1,627,962
Balance at end of period	3,337,367	6,583,310	14,191,837	(409,977)	23,702,538

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,837,502	1,319,532	1,162	3,158,197	63,064	25,295,837
Changes during period						
Issuance of new shares						83,053
Dividends of surplus						(890,905)
Profit attributable to owners of parent						2,440,541
Purchase of treasury shares						(4,726)
Net changes in items other than shareholders' equity	1,542,514	707,644	(17,040)	2,233,118	8,948	2,242,066
Total changes during period	1,542,514	707,644	(17,040)	2,233,118	8,948	3,870,028
Balance at end of period	3,380,016	2,027,177	(15,878)	5,391,315	72,012	29,165,866

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,329,533	3,324,708
Depreciation	714,548	679,841
Increase (decrease) in allowance for doubtful accounts	34	4,744
Increase (decrease) in provision for product warranties	219,360	14,454
Increase (decrease) in retirement benefit liability	(45,454)	27,902
Interest and dividend income	(131,605)	(185,005)
Interest expenses	197,275	227,786
Loss (gain) on sale of non-current assets	(1,911)	(431)
Loss (gain) on disposal of non-current assets	178	–
Decrease (increase) in trade receivables	(683,522)	1,227,614
Decrease (increase) in inventories	(1,864,770)	(530,885)
Decrease (increase) in prepaid expenses	631,091	155,060
Decrease (increase) in accounts receivable - other	(78,883)	(25,720)
Increase (decrease) in trade payables	1,003,336	(1,383,047)
Increase (decrease) in accrued expenses	84,552	(93,264)
Other, net	484	(210,193)
Subtotal	2,374,248	3,233,564
Interest and dividends received	118,363	128,251
Interest paid	(182,729)	(211,731)
Income taxes refund (paid)	(416,642)	(668,030)
Net cash provided by (used in) operating activities	1,893,239	2,482,054
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	35	–
Purchase of property, plant and equipment	(361,094)	(284,437)
Proceeds from sale of property, plant and equipment	9,006	1,157
Purchase of intangible assets	(34,079)	(71,503)
Purchase of investment securities	(16,718)	–
Proceeds from collection of loans receivable	3,420	1,083
Net cash provided by (used in) investing activities	(399,429)	(353,700)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(958,165)	(471,911)
Proceeds from long-term borrowings	192,000	150,000
Repayments of long-term borrowings	(526,211)	(36,436)
Purchase of treasury shares	(1,366)	(4,726)
Dividends paid	(780,956)	(890,905)
Dividends paid to non-controlling interests	–	(2,452)
Other, net	(167,352)	(165,952)
Net cash provided by (used in) financing activities	(2,242,051)	(1,422,384)
Effect of exchange rate change on cash and cash equivalents	238,538	122,012
Net increase (decrease) in cash and cash equivalents	(509,702)	827,981
Cash and cash equivalents at beginning of period	7,926,252	7,416,549
Cash and cash equivalents at end of period	7,416,549	8,244,531