

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

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
 Executive Officer
 Inquiries: General Manager Administration Division Takao Yoshikawa TEL 03-3434-3401
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 12, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	14,891	14.7	1,067	47.2	1,095	49.5	818	60.8
Six months ended September 30, 2021	12,987	27.8	725	279.2	732	332.8	509	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	193.92		–	
Six months ended September 30, 2021	119.52		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	41,212	24,762	59.9
As of March 31, 2022	37,858	23,161	61.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	60.00	–	105.00	165.00
Year ending March 31, 2023	–	80.00			
Year ending March 31, 2023 (Forecast)			–	100.00	180.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	30,000	12.8	2,020	46.0	2,050	45.6	1,520	6.5	360.08

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (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: Yes
- 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, 2022	4,392,117 shares	As of March 31, 2022	4,366,117 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	156,037 shares	As of March 31, 2022	155,929 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, 2022	4,221,267 shares	Six months ended September 30, 2021	4,259,919 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	7,993,405	9,385,267
Notes and accounts receivable - trade	7,137,752	8,167,416
Electronically recorded monetary claims - operating	1,400,265	1,205,625
Merchandise and finished goods	2,751,053	2,814,012
Work in process	1,347,188	1,412,954
Raw materials and supplies	3,109,380	3,834,344
Other	1,336,688	1,302,371
Allowance for doubtful accounts	(59)	(23,582)
Total current assets	25,075,675	28,098,409
Non-current assets		
Property, plant and equipment	6,985,162	7,476,771
Intangible assets	480,763	390,584
Investments and other assets		
Investment securities	3,421,772	3,309,582
Other	1,895,471	1,937,427
Allowance for doubtful accounts	(261)	(261)
Total investments and other assets	5,316,982	5,246,747
Total non-current assets	12,782,908	13,114,103
Total assets	37,858,583	41,212,513
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,078,924	2,601,314
Electronically recorded obligations - operating	3,887,863	4,448,698
Short-term borrowings	5,688,722	6,059,117
Income taxes payable	269,304	272,211
Provisions	117,004	356,898
Other	1,488,501	1,614,476
Total current liabilities	13,530,319	15,352,716
Non-current liabilities		
Long-term borrowings	17,164	68,004
Retirement benefit liability	173,232	166,216
Other	976,495	863,425
Total non-current liabilities	1,166,892	1,097,645
Total liabilities	14,697,211	16,450,362

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,258,349	3,295,841
Capital surplus	6,504,292	6,541,784
Retained earnings	11,728,758	12,116,391
Treasury shares	(403,884)	(404,216)
Total shareholders' equity	21,087,515	21,549,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,564,136	1,474,667
Foreign currency translation adjustment	465,857	1,682,942
Remeasurements of defined benefit plans	(3,964)	(6,840)
Total accumulated other comprehensive income	2,026,029	3,150,769
Non-controlling interests	47,826	61,580
Total net assets	23,161,371	24,762,150
Total liabilities and net assets	37,858,583	41,212,513

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	12,987,242	14,891,023
Cost of sales	9,766,454	11,069,306
Gross profit	3,220,788	3,821,717
Selling, general and administrative expenses		
Transportation costs	198,690	217,878
Salaries and bonuses	1,057,446	1,159,469
Technical research expenses	394,252	430,261
Other	845,007	946,627
Total selling, general and administrative expenses	2,495,396	2,754,236
Operating profit	725,391	1,067,480
Non-operating income		
Interest income	24,153	3,107
Dividend income	71,532	82,146
Foreign exchange gains	1,003	91,256
Other	28,679	13,513
Total non-operating income	125,368	190,024
Non-operating expenses		
Interest expenses	68,173	100,444
bank charge	49,364	53,739
Other	397	7,697
Total non-operating expenses	117,935	161,881
Ordinary profit	732,825	1,095,623
Extraordinary income		
Gain on sale of non-current assets	1,111	1,867
Gain on sale of investment securities	7,191	–
Total extraordinary income	8,302	1,867
Extraordinary losses		
Loss on sale of non-current assets	43	173
Total extraordinary losses	43	173
Profit before income taxes	741,083	1,097,318
Income taxes	231,000	276,588
Profit	510,083	820,729
Profit attributable to non-controlling interests	944	2,138
Profit attributable to owners of parent	509,139	818,591

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	510,083	820,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(134,554)	(89,468)
Foreign currency translation adjustment	303,869	1,228,699
Remeasurements of defined benefit plans, net of tax	621	(2,875)
Total other comprehensive income	169,936	1,136,355
Comprehensive income	680,019	1,957,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	676,283	1,943,361
Comprehensive income attributable to non-controlling interests	3,735	13,724

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	741,083	1,097,318
Depreciation	326,349	348,626
Increase (decrease) in allowance for doubtful accounts	(178)	21,773
Increase (decrease) in provision for product warranties	12,067	239,894
Increase (decrease) in retirement benefit liability	12,476	(28,286)
Interest and dividend income	(95,685)	(85,254)
Interest expenses	68,173	100,444
Loss (gain) on sale of non-current assets	(1,067)	(1,694)
Loss (gain) on sale of investment securities	(7,191)	–
Decrease (increase) in trade receivables	322,205	(435,784)
Decrease (increase) in inventories	437,036	(114,372)
Decrease (increase) in prepaid expenses	66,418	310,987
Decrease (increase) in accounts receivable - other	(80,668)	(11,096)
Increase (decrease) in trade payables	1,119,526	648,455
Increase (decrease) in accrued expenses	(21,491)	(156,482)
Other, net	(147,278)	149,423
Subtotal	2,751,778	2,083,952
Interest and dividends received	106,308	89,187
Interest paid	(41,035)	(82,220)
Income taxes paid	(143,124)	(240,703)
Net cash provided by (used in) operating activities	2,673,925	1,850,216
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	5	35
Purchase of property, plant and equipment	(119,130)	(161,935)
Proceeds from sale of property, plant and equipment	1,189	8,739
Purchase of intangible assets	(16,028)	(8,046)
Purchase of investment securities	–	(16,718)
Proceeds from sale of investment securities	9,639	–
Loan advances	(1,500)	–
Proceeds from collection of loans receivable	938	2,122
Net cash provided by (used in) investing activities	(124,886)	(175,802)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(103,476)	(437,188)
Proceeds from long-term borrowings	–	192,000
Repayments of long-term borrowings	(117,676)	(36,120)
Purchase of treasury shares	(341,006)	(332)
Dividends paid	(215,639)	(442,069)
Other, net	(70,208)	(86,781)
Net cash provided by (used in) financing activities	(848,006)	(810,492)
Effect of exchange rate change on cash and cash equivalents	80,658	526,633
Net increase (decrease) in cash and cash equivalents	1,781,691	1,390,555
Cash and cash equivalents at beginning of period	6,847,106	7,926,252
Cash and cash equivalents at end of period	8,628,798	9,316,808