

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 9, 2023

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 9, 2023
 Scheduled date to commence dividend payments: December 11, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	16,785	12.7	1,966	84.2	2,109	92.6	1,534	87.4
Six months ended September 30, 2022	14,891	14.7	1,067	47.2	1,095	49.5	818	60.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	361.64		-	
Six months ended September 30, 2022	193.92		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	45,263	28,131	62.0
As of March 31, 2023	40,804	25,295	61.8

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, 2023	-	80.00	-	120.00	200.00
Year ending March 31, 2024	-	90.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	180.00	270.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	33,100	5.2	3,300	31.7	3,300	41.8	2,300	35.7	542.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: 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, 2023	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 September 30, 2023	156,610 shares	As of March 31, 2023	156,308 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	4,242,392 shares	Six months ended September 30, 2022	4,221,267 shares
-------------------------------------	------------------	-------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	7,484,336	8,727,325
Notes and accounts receivable - trade	8,068,886	7,952,550
Electronically recorded monetary claims - operating	1,395,360	1,322,885
Merchandise and finished goods	3,406,701	4,894,688
Work in process	1,228,708	1,320,316
Raw materials and supplies	4,816,726	4,890,778
Other	1,039,755	1,349,315
Allowance for doubtful accounts	(97)	(2,598)
Total current assets	27,440,377	30,455,261
Non-current assets		
Property, plant and equipment	7,383,615	7,659,405
Intangible assets	307,527	263,809
Investments and other assets		
Investment securities	3,826,612	5,055,323
Other	1,846,782	1,829,926
Allowance for doubtful accounts	(258)	(0)
Total investments and other assets	5,673,136	6,885,250
Total non-current assets	13,364,280	14,808,465
Total assets	40,804,658	45,263,727
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,515,028	2,469,336
Electronically recorded obligations - operating	4,631,090	5,383,153
Short-term borrowings	4,751,028	4,915,257
Income taxes payable	336,586	557,531
Provisions	336,364	365,295
Other	1,807,735	1,833,585
Total current liabilities	14,377,834	15,524,159
Non-current liabilities		
Long-term borrowings	58,252	174,878
Retirement benefit liability	132,943	167,557
Other	939,791	1,265,559
Total non-current liabilities	1,130,986	1,607,995
Total liabilities	15,508,820	17,132,154

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
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	13,668,136
Treasury shares	(405,251)	(406,712)
Total shareholders' equity	22,074,576	23,182,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,837,502	2,699,022
Foreign currency translation adjustment	1,319,532	2,176,609
Remeasurements of defined benefit plans	1,162	1,110
Total accumulated other comprehensive income	3,158,197	4,876,743
Non-controlling interests	63,064	72,727
Total net assets	25,295,837	28,131,572
Total liabilities and net assets	40,804,658	45,263,727

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, 2022	Six months ended September 30, 2023
Net sales	14,891,023	16,785,468
Cost of sales	11,069,306	11,773,187
Gross profit	3,821,717	5,012,281
Selling, general and administrative expenses		
Transportation costs	217,878	209,934
Salaries and bonuses	1,159,469	1,309,880
Technical research expenses	430,261	468,755
Other	946,627	1,056,995
Total selling, general and administrative expenses	2,754,236	3,045,565
Operating profit	1,067,480	1,966,715
Non-operating income		
Interest income	3,107	4,009
Dividend income	82,146	99,710
Foreign exchange gains	91,256	155,171
Other	13,513	26,539
Total non-operating income	190,024	285,431
Non-operating expenses		
Interest expenses	100,444	103,327
bank charge	53,739	34,469
Other	7,697	4,546
Total non-operating expenses	161,881	142,343
Ordinary profit	1,095,623	2,109,803
Extraordinary income		
Gain on sale of non-current assets	1,867	420
Total extraordinary income	1,867	420
Extraordinary losses		
Loss on sale of non-current assets	173	–
Total extraordinary losses	173	–
Profit before income taxes	1,097,318	2,110,223
Income taxes	276,588	569,855
Profit	820,729	1,540,367
Profit attributable to non-controlling interests	2,138	6,136
Profit attributable to owners of parent	818,591	1,534,231

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	820,729	1,540,367
Other comprehensive income		
Valuation difference on available-for-sale securities	(89,468)	861,520
Foreign currency translation adjustment	1,228,699	863,056
Remeasurements of defined benefit plans, net of tax	(2,875)	(51)
Total other comprehensive income	1,136,355	1,724,525
Comprehensive income	1,957,085	3,264,893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,943,361	3,252,777
Comprehensive income attributable to non-controlling interests	13,724	12,115

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,097,318	2,110,223
Depreciation	348,626	329,120
Increase (decrease) in allowance for doubtful accounts	21,773	2,101
Increase (decrease) in provision for product warranties	239,894	28,930
Increase (decrease) in retirement benefit liability	(28,286)	20,800
Interest and dividend income	(85,254)	(103,720)
Interest expenses	100,444	103,327
Loss (gain) on sale of non-current assets	(1,694)	(420)
Decrease (increase) in trade receivables	(435,784)	530,304
Decrease (increase) in inventories	(114,372)	(968,907)
Decrease (increase) in prepaid expenses	310,987	(191,875)
Decrease (increase) in accounts receivable - other	(11,096)	95,498
Increase (decrease) in trade payables	648,455	277,475
Increase (decrease) in accrued expenses	(156,482)	(198,572)
Other, net	149,423	(8,867)
Subtotal	2,083,952	2,025,420
Interest and dividends received	89,187	72,086
Interest paid	(82,220)	(73,980)
Income taxes paid	(240,703)	(278,461)
Net cash provided by (used in) operating activities	1,850,216	1,745,064
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	35	–
Purchase of property, plant and equipment	(161,935)	(112,311)
Proceeds from sale of property, plant and equipment	8,739	1,126
Purchase of intangible assets	(8,046)	(25,606)
Purchase of investment securities	(16,718)	–
Proceeds from collection of loans receivable	2,122	750
Net cash provided by (used in) investing activities	(175,802)	(136,040)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(437,188)	(168,705)
Proceeds from long-term borrowings	192,000	150,000
Repayments of long-term borrowings	(36,120)	(16,682)
Purchase of treasury shares	(332)	(1,461)
Dividends paid	(442,069)	(508,297)
Dividends paid to non-controlling interests	–	(2,452)
Other, net	(86,781)	(90,374)
Net cash provided by (used in) financing activities	(810,492)	(637,973)
Effect of exchange rate change on cash and cash equivalents	526,633	270,980
Net increase (decrease) in cash and cash equivalents	1,390,555	1,242,030
Cash and cash equivalents at beginning of period	7,926,252	7,416,549
Cash and cash equivalents at end of period	9,316,808	8,658,580