

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 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: Takao Yoshikawa TEL 03-3434-3401
 General Manager Administration Division
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	26,599	23.0	1,383	97.3	1,407	113.6	1,427	–
Year ended March 31, 2021	21,624	(4.9)	701	(26.9)	659	(20.6)	4	(99.1)

	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, 2022	336.87	–	6.3	3.9	5.2
Year ended March 31, 2021	0.93	–	0.0	1.9	3.2

(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, 2022	37,858	23,161	61.1	5,489.91
As of March 31, 2021	35,101	22,038	62.7	5,100.49

(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, 2022	2,359	(263)	(1,227)	7,926
Year ended March 31, 2021	1,525	(508)	(812)	6,847

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, 2021	–	30.00	–	50.00	80.00	345	8,602.2	1.6
Year ended March 31, 2022	–	60.00	–	105.00	165.00	694	49.0	3.1
Year ending March 31, 2023 (Forecast)	–	80.00	–	85.00	165.00		73.6	

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
Six months ending September 30, 2022	14,000	7.8	650	(10.4)	625	(14.7)	400	(21.4)	94.41
Full year	29,300	10.2	1,500	8.4	1,450	3.0	950	(33.4)	224.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	4,366,117 shares	As of March 31, 2021	4,338,417 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	155,929 shares	As of March 31, 2021	25,628 shares
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Average number of shares during the period

Year ended March 31, 2022	4,236,992 shares	Year ended March 31, 2021	4,302,806 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,983,590	7,993,405
Notes and accounts receivable - trade	6,479,363	7,137,752
Electronically recorded monetary claims - operating	1,479,747	1,400,265
Merchandise and finished goods	3,646,537	2,751,053
Work in process	1,151,343	1,347,188
Raw materials and supplies	2,252,540	3,109,380
Other	934,664	1,336,688
Allowance for doubtful accounts	(204)	(59)
Total current assets	22,927,582	25,075,675
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,885,995	8,179,050
Accumulated depreciation	(4,923,203)	(5,213,645)
Buildings and structures, net	2,962,791	2,965,404
Machinery, equipment and vehicles	3,728,821	3,785,378
Accumulated depreciation	(3,143,548)	(3,123,370)
Machinery, equipment and vehicles, net	585,273	662,008
Land	2,845,322	3,010,196
Leased assets	573,552	644,530
Accumulated depreciation	(358,888)	(417,142)
Leased assets, net	214,664	227,387
Other	1,502,440	1,519,689
Accumulated depreciation	(1,384,730)	(1,399,524)
Other, net	117,710	120,164
Total property, plant and equipment	6,725,762	6,985,162
Intangible assets	557,799	480,763
Investments and other assets		
Investment securities	3,625,519	3,421,772
Deferred tax assets	37,311	456,786
Other	1,227,026	1,438,685
Allowance for doubtful accounts	–	(261)
Total investments and other assets	4,889,857	5,316,982
Total non-current assets	12,173,419	12,782,908
Total assets	35,101,001	37,858,583

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,737,165	2,078,924
Electronically recorded obligations - operating	2,951,463	3,887,863
Short-term borrowings	5,105,785	5,688,722
Income taxes payable	173,071	269,304
Provision for product warranties	154,973	117,004
Other	1,365,684	1,488,501
Total current liabilities	11,488,144	13,530,319
Non-current liabilities		
Long-term borrowings	428,001	17,164
Lease liabilities	311,433	338,534
Deferred tax liabilities	483,460	402,781
Retirement benefit liability	156,043	173,232
Other	195,659	235,179
Total non-current liabilities	1,574,598	1,166,892
Total liabilities	13,062,742	14,697,211
Net assets		
Shareholders' equity		
Share capital	3,221,868	3,258,349
Capital surplus	6,467,811	6,504,292
Retained earnings	10,769,680	11,728,758
Treasury shares	(62,626)	(403,884)
Total shareholders' equity	20,396,733	21,087,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,732,254	1,564,136
Foreign currency translation adjustment	(124,237)	465,857
Remeasurements of defined benefit plans	(7,417)	(3,964)
Total accumulated other comprehensive income	1,600,599	2,026,029
Non-controlling interests	40,925	47,826
Total net assets	22,038,259	23,161,371
Total liabilities and net assets	35,101,001	37,858,583

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	21,624,456	26,599,084
Cost of sales	16,215,578	20,191,853
Gross profit	5,408,878	6,407,231
Selling, general and administrative expenses		
Transportation costs	307,400	392,921
Salaries and bonuses	2,053,469	2,137,086
Technical research expenses	768,303	844,896
Other	1,578,456	1,649,022
Total selling, general and administrative expenses	4,707,629	5,023,927
Operating profit	701,249	1,383,303
Non-operating income		
Interest income	8,896	9,570
Dividend income	128,526	109,070
Surrender value of insurance policies	818	24,205
Foreign exchange gains	–	49,083
Other	42,948	23,027
Total non-operating income	181,190	214,957
Non-operating expenses		
Interest expenses	126,063	100,404
Foreign exchange losses	26,873	–
bank charge	62,231	87,275
Other	8,084	2,867
Total non-operating expenses	223,253	190,546
Ordinary profit	659,186	1,407,714
Extraordinary income		
Gain on sale of non-current assets	45,149	2,166
Gain on sale of investment securities	17	61,380
Total extraordinary income	45,167	63,547
Extraordinary losses		
Loss on disposal of non-current assets	472	43
Loss on valuation of golf club membership	–	400
Total extraordinary losses	472	443
Profit before income taxes	703,881	1,470,818
Income taxes - current	314,545	427,645
Income taxes - deferred	384,881	(386,450)
Total income taxes	699,427	41,194
Profit	4,454	1,429,623
Profit attributable to non-controlling interests	453	2,289
Profit attributable to owners of parent	4,001	1,427,334

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	4,454	1,429,623
Other comprehensive income		
Valuation difference on available-for-sale securities	653,193	(5,270)
Foreign currency translation adjustment	(245,482)	594,706
Remeasurements of defined benefit plans, net of tax	(9,805)	3,453
Total other comprehensive income	397,905	592,889
Comprehensive income	402,360	2,022,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	404,390	2,015,577
Comprehensive income attributable to non-controlling interests	(2,029)	6,935

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,191,658	6,437,601	11,109,401	(61,846)	20,676,814
Changes during period					
Issuance of new shares	30,210	30,210			60,420
Dividends of surplus			(343,721)		(343,721)
Profit attributable to owners of parent			4,001		4,001
Purchase of treasury shares				(780)	(780)
Net changes in items other than shareholders' equity					
Total changes during period	30,210	30,210	(339,720)	(780)	(280,081)
Balance at end of period	3,221,868	6,467,811	10,769,680	(62,626)	20,396,733

	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	1,079,061	118,860	2,387	1,200,309	42,857	21,919,981
Changes during period						
Issuance of new shares						60,420
Dividends of surplus						(343,721)
Profit attributable to owners of parent						4,001
Purchase of treasury shares						(780)
Net changes in items other than shareholders' equity	653,193	(243,097)	(9,805)	400,290	(1,931)	398,359
Total changes during period	653,193	(243,097)	(9,805)	400,290	(1,931)	118,278
Balance at end of period	1,732,254	(124,237)	(7,417)	1,600,599	40,925	22,038,259

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,221,868	6,467,811	10,769,680	(62,626)	20,396,733
Changes during period					
Issuance of new shares	36,480	36,480			72,961
Dividends of surplus			(468,256)		(468,256)
Profit attributable to owners of parent			1,427,334		1,427,334
Purchase of treasury shares				(341,257)	(341,257)
Net changes in items other than shareholders' equity					
Total changes during period	36,480	36,480	959,078	(341,257)	690,782
Balance at end of period	3,258,349	6,504,292	11,728,758	(403,884)	21,087,515

	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	1,732,254	(124,237)	(7,417)	1,600,599	40,925	22,038,259
Changes during period						
Issuance of new shares						72,961
Dividends of surplus						(468,256)
Profit attributable to owners of parent						1,427,334
Purchase of treasury shares						(341,257)
Net changes in items other than shareholders' equity	(168,118)	590,094	3,453	425,429	6,900	432,330
Total changes during period	(168,118)	590,094	3,453	425,429	6,900	1,123,112
Balance at end of period	1,564,136	465,857	(3,964)	2,026,029	47,826	23,161,371

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	703,881	1,470,818
Depreciation	637,898	680,271
Increase (decrease) in allowance for doubtful accounts	195	113
Increase (decrease) in provision for product warranties	(10,976)	(37,969)
Increase (decrease) in retirement benefit liability	13,693	7,242
Interest and dividend income	(137,423)	(118,640)
Interest expenses	126,063	100,404
Loss (gain) on sale of non-current assets	(45,149)	(2,166)
Loss (gain) on disposal of non-current assets	472	43
Loss (gain) on sale of investment securities	(17)	(61,380)
Loss on valuation of golf club membership	–	400
Decrease (increase) in trade receivables	(1,717,379)	(369,651)
Decrease (increase) in inventories	2,456,923	237,342
Decrease (increase) in prepaid expenses	(32,675)	(71,795)
Decrease (increase) in accounts receivable - other	154,083	(162,187)
Increase (decrease) in trade payables	(143,411)	1,103,129
Increase (decrease) in accrued expenses	60,077	84,445
Other, net	(177,843)	(283,584)
Subtotal	1,888,413	2,576,835
Interest and dividends received	91,937	112,082
Interest paid	(114,299)	(60,483)
Income taxes refund (paid)	(340,196)	(268,807)
Net cash provided by (used in) operating activities	1,525,854	2,359,626
Cash flows from investing activities		
Payments into time deposits	(1)	–
Proceeds from withdrawal of time deposits	5,933	31
Purchase of property, plant and equipment	(546,800)	(258,726)
Proceeds from sale of property, plant and equipment	65,634	2,244
Purchase of intangible assets	(32,642)	(28,887)
Purchase of investment securities	–	(51,414)
Proceeds from sale of investment securities	22	73,315
Loan advances	(3,150)	(2,910)
Proceeds from collection of loans receivable	2,103	2,742
Net cash provided by (used in) investing activities	(508,901)	(263,604)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,782	596,901
Proceeds from long-term borrowings	40,000	–
Repayments of long-term borrowings	(408,943)	(864,887)
Purchase of treasury shares	(780)	(341,257)
Dividends paid	(343,721)	(468,256)
Other, net	(127,842)	(149,819)
Net cash provided by (used in) financing activities	(812,505)	(1,227,318)
Effect of exchange rate change on cash and cash equivalents	(40,327)	210,442
Net increase (decrease) in cash and cash equivalents	164,119	1,079,146
Cash and cash equivalents at beginning of period	6,682,986	6,847,106
Cash and cash equivalents at end of period	6,847,106	7,926,252