

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 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 of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	31,459	18.3	2,506	81.2	2,327	65.4	1,694	18.7
Year ended March 31, 2022	26,599	23.0	1,383	97.3	1,407	113.6	1,427	—

	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, 2023	400.75	—	7.0	5.9	8.0
Year ended March 31, 2022	336.87	—	6.3	3.9	5.2

(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, 2023	40,804	25,295	61.8	5,957.01
As of March 31, 2022	37,858	23,161	61.1	5,489.91

(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, 2023	1,893	(399)	(2,242)	7,416
Year ended March 31, 2022	2,359	(263)	(1,227)	7,926

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, 2022	—	60.00	—	105.00	165.00	694	49.0	3.1
Year ended March 31, 2023	—	80.00	—	120.00	200.00	847	49.9	3.5
Year ending March 31, 2024 (Forecast)	—	90.00	—	125.00	215.00		49.7	

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
Six months ending September 30, 2023	16,100	8.1	1,300	21.8	1,250	14.1	770	(5.9)	182.12
Full year	33,000	4.9	2,950	17.7	2,800	20.3	1,830	8.0	432.82

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	156,308 shares	As of March 31, 2022	155,929 shares
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Average number of shares during the period

Year ended March 31, 2023	4,228,058 shares	Year ended March 31, 2022	4,236,992 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,993,405	7,484,336
Notes and accounts receivable - trade	7,137,752	8,068,886
Electronically recorded monetary claims - operating	1,400,265	1,395,360
Merchandise and finished goods	2,751,053	3,406,701
Work in process	1,347,188	1,228,708
Raw materials and supplies	3,109,380	4,816,726
Other	1,336,688	1,039,755
Allowance for doubtful accounts	(59)	(97)
Total current assets	25,075,675	27,440,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,179,050	8,662,423
Accumulated depreciation	(5,213,645)	(5,575,278)
Buildings and structures, net	2,965,404	3,087,145
Machinery, equipment and vehicles	3,785,378	3,884,022
Accumulated depreciation	(3,123,370)	(3,236,642)
Machinery, equipment and vehicles, net	662,008	647,380
Land	3,010,196	3,238,498
Leased assets	644,530	467,324
Accumulated depreciation	(417,142)	(191,750)
Leased assets, net	227,387	275,573
Other	1,519,689	1,541,577
Accumulated depreciation	(1,399,524)	(1,406,559)
Other, net	120,164	135,018
Total property, plant and equipment	6,985,162	7,383,615
Intangible assets	480,763	307,527
Investments and other assets		
Investment securities	3,421,772	3,826,612
Deferred tax assets	456,786	390,867
Other	1,438,685	1,455,915
Allowance for doubtful accounts	(261)	(258)
Total investments and other assets	5,316,982	5,673,136
Total non-current assets	12,782,908	13,364,280
Total assets	37,858,583	40,804,658

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,078,924	2,515,028
Electronically recorded obligations - operating	3,887,863	4,631,090
Short-term borrowings	5,688,722	4,751,028
Income taxes payable	269,304	336,586
Provision for product warranties	117,004	336,364
Other	1,488,501	1,807,735
Total current liabilities	13,530,319	14,377,834
Non-current liabilities		
Long-term borrowings	17,164	58,252
Lease liabilities	338,534	309,248
Deferred tax liabilities	402,781	486,712
Retirement benefit liability	173,232	132,943
Other	235,179	143,830
Total non-current liabilities	1,166,892	1,130,986
Total liabilities	14,697,211	15,508,820
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	12,642,202
Treasury shares	(403,884)	(405,251)
Total shareholders' equity	21,087,515	22,074,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,564,136	1,837,502
Foreign currency translation adjustment	465,857	1,319,532
Remeasurements of defined benefit plans	(3,964)	1,162
Total accumulated other comprehensive income	2,026,029	3,158,197
Non-controlling interests	47,826	63,064
Total net assets	23,161,371	25,295,837
Total liabilities and net assets	37,858,583	40,804,658

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	26,599,084	31,459,945
Cost of sales	20,191,853	23,294,752
Gross profit	6,407,231	8,165,192
Selling, general and administrative expenses		
Transportation costs	392,921	429,775
Salaries and bonuses	2,137,086	2,393,406
Technical research expenses	844,896	955,073
Other	1,649,022	1,880,844
Total selling, general and administrative expenses	5,023,927	5,659,100
Operating profit	1,383,303	2,506,092
Non-operating income		
Interest income	9,570	5,465
Dividend income	109,070	126,140
Surrender value of insurance policies	24,205	–
Foreign exchange gains	49,083	–
Other	23,027	33,647
Total non-operating income	214,957	165,252
Non-operating expenses		
Interest expenses	100,404	197,275
Foreign exchange losses	–	54,394
bank charge	87,275	87,044
Other	2,867	4,829
Total non-operating expenses	190,546	343,544
Ordinary profit	1,407,714	2,327,800
Extraordinary income		
Gain on sale of non-current assets	2,166	1,911
Gain on sale of investment securities	61,380	–
Total extraordinary income	63,547	1,911
Extraordinary losses		
Loss on disposal of non-current assets	43	178
Loss on valuation of golf club membership	400	–
Total extraordinary losses	443	178
Profit before income taxes	1,470,818	2,329,533
Income taxes - current	427,645	559,556
Income taxes - deferred	(386,450)	70,060
Total income taxes	41,194	629,617
Profit	1,429,623	1,699,916
Profit attributable to non-controlling interests	2,289	5,517
Profit attributable to owners of parent	1,427,334	1,694,399

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,429,623	1,699,916
Other comprehensive income		
Valuation difference on available-for-sale securities	(168,118)	273,366
Foreign currency translation adjustment	594,706	863,395
Remeasurements of defined benefit plans, net of tax	3,453	5,126
Total other comprehensive income	430,041	1,141,888
Comprehensive income	1,859,664	2,841,805
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,852,728	2,826,516
Comprehensive income attributable to non-controlling interests	6,935	15,288

Consolidated statements of changes in equity

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

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,470,818	2,329,533
Depreciation	680,271	714,548
Increase (decrease) in allowance for doubtful accounts	113	34
Increase (decrease) in provision for product warranties	(37,969)	219,360
Increase (decrease) in retirement benefit liability	7,242	(45,454)
Interest and dividend income	(118,640)	(131,605)
Interest expenses	100,404	197,275
Loss (gain) on sale of non-current assets	(2,166)	(1,911)
Loss (gain) on disposal of non-current assets	43	178
Loss (gain) on sale of investment securities	(61,380)	—
Loss on valuation of golf club membership	400	—
Decrease (increase) in trade receivables	(369,651)	(683,522)
Decrease (increase) in inventories	237,342	(1,864,770)
Decrease (increase) in prepaid expenses	(71,795)	631,091
Decrease (increase) in accounts receivable - other	(162,187)	(78,883)
Increase (decrease) in trade payables	1,103,129	1,003,336
Increase (decrease) in accrued expenses	84,445	84,552
Other, net	(283,584)	484
Subtotal	2,576,835	2,374,248
Interest and dividends received	112,082	118,363
Interest paid	(60,483)	(182,729)
Income taxes refund (paid)	(268,807)	(416,642)
Net cash provided by (used in) operating activities	2,359,626	1,893,239
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	31	35
Purchase of property, plant and equipment	(258,726)	(361,094)
Proceeds from sale of property, plant and equipment	2,244	9,006
Purchase of intangible assets	(28,887)	(34,079)
Purchase of investment securities	(51,414)	(16,718)
Proceeds from sale of investment securities	73,315	—
Loan advances	(2,910)	—
Proceeds from collection of loans receivable	2,742	3,420
Net cash provided by (used in) investing activities	(263,604)	(399,429)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	596,901	(958,165)
Proceeds from long-term borrowings	—	192,000
Repayments of long-term borrowings	(864,887)	(526,211)
Purchase of treasury shares	(341,257)	(1,366)
Dividends paid	(468,256)	(780,956)
Other, net	(149,819)	(167,352)
Net cash provided by (used in) financing activities	(1,227,318)	(2,242,051)
Effect of exchange rate change on cash and cash equivalents	210,442	238,538
Net increase (decrease) in cash and cash equivalents	1,079,146	(509,702)
Cash and cash equivalents at beginning of period	6,847,106	7,926,252
Cash and cash equivalents at end of period	7,926,252	7,416,549