

**For the Fiscal Year Ended March 31, 2022**

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**Annual Select<sup>®</sup> 2022**

**SAKAI HEAVY INDUSTRIES, LTD.**

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**Hamamatsu-cho Seiwa Bldg., 1-4-8 Shibadaimon,  
Minato-ku, Tokyo 105-0012  
(Securities Code: 6358)  
+81-3-3434-3401**

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### **Corporate Profile**

Japan has a network of roads which exceeds 1.2 million kilometers (750,000 miles), and it is the technology of SAKAI HEAVY INDUSTRIES, LTD. that has supported this construction. It will soon be 100 years since SAKAI introduced the very first road roller ever built in Japan. Over this time, we have continued to conduct technological research and develop innovative products to meet the ever increasing sophistication of highway construction, maintenance and repair as the pioneer in road construction equipment.

We believe our company mission is threefold. First, we provide reliable products and services to our clients. Second, we always try to introduce new technologies to further develop our road construction business. Third, we apply the technologies we have so acquired to other related business areas.

Today, in the field of road construction where higher technologies, greater diversification and deeper consideration to the environment is becoming increasingly necessary, we at SAKAI HEAVY INDUSTRIES, LTD. are determined to address the needs of our era and to make every effort to help countries throughout the world with their road infrastructure using our untiring exploration of innovative technology and our know-how, which has been acquired through years of experience.



**Ichiro Sakai**  
President and Representing Director

## I. Summary of Selected Financial Data (Consolidated)

	70 <sup>th</sup> term Fiscal year ended March 31, 2018	71 <sup>st</sup> term Fiscal year ended March 31, 2019	72 <sup>nd</sup> term Fiscal year ended March 31, 2020	73 <sup>rd</sup> term Fiscal year ended March 31, 2021	74 <sup>th</sup> term Fiscal year ended March 31, 2022
Net sales (Thousands of yen)	29,504,006	24,775,064	22,744,492	21,624,456	26,599,084
Ordinary profit (loss) (Thousands of yen)	3,145,379	1,199,970	829,906	659,186	1,407,714
Profit (loss) attributable to owners of parent (Thousands of yen)	1,889,409	825,088	470,286	4,001	1,427,334
Comprehensive income (Thousands of yen)	2,147,830	236,623	15,551	402,360	1,859,664
Net assets (Thousands of yen)	22,475,618	22,285,287	21,919,981	22,038,259	23,161,371
Total assets (Thousands of yen)	39,277,509	35,402,964	35,448,327	35,101,001	37,858,583
Net assets per share (Yen)	5,278.82	5,218.13	5,103.57	5,100.49	5,489.91
Basic earnings (loss) per share (Yen)	444.96	193.77	109.95	0.93	336.87
Diluted earnings per share (Yen)	—	—	—	—	—
Equity ratio (%)	57.1	62.8	61.7	62.7	61.1
Return on equity (ROE) (%)	8.8	3.7	2.1	0.0	6.3
Price earnings ratio (PER) (Times)	10.51	14.07	22.01	2,413.98	9.35
Net cash provided by (used in) operating activities (Thousands of yen)	4,464,931	(3,633,169)	3,448,160	1,525,854	2,359,626
Net cash provided by (used in) investing activities (Thousands of yen)	(425,847)	(2,335,221)	(825,877)	(508,901)	(263,604)
Net cash provided by (used in) financing activities (Thousands of yen)	(906,239)	(1,173,694)	(226,644)	(812,505)	(1,227,318)
Cash and cash equivalents at end of period (Thousands of yen)	11,404,134	4,210,496	6,682,986	6,847,106	7,926,252
Number of employees (Persons)	626	628	633	602	620

- Notes: 1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and the figures for the current fiscal year in this summary of selected financial data have been adjusted to reflect the application of the aforementioned standard, etc.
2. Diluted earnings per share is not provided because there were no potential shares.
3. The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 71st term, and the figures for the 70th term in this summary of selected financial data have been retrospectively adjusted to reflect the application of the aforementioned standard, etc.

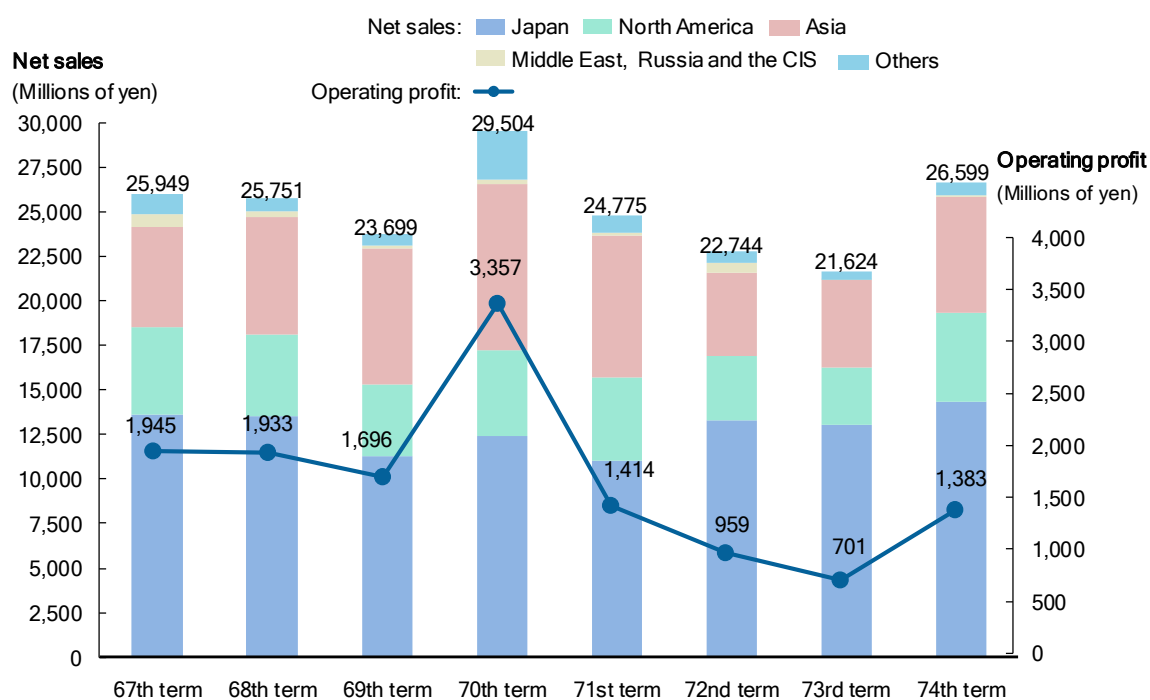
## II. Overview of Operations

The business environment affecting SAKAI HEAVY INDUSTRIES, LTD. and its subsidiaries (the “Group”) during the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022), the business environment surrounding the Group has been undergoing an economic recovery in the post-corona era amidst a turbulent global situation, with the full-scale implementation of global warming countermeasures and the intensification of the Cold War structure between the United States and China, and the fluidization of the international security environment triggered by the outbreak of the Ukraine crisis, which has resulted in structural price increases in energy and materials, supply chain disruptions and container freight rate hikes as side effects.

Under such conditions, the Group continued to promote strengthening its pricing and product supply capabilities, creating a sustainable management structure through ESG and DX, and medium- to long-term growth strategies based on overseas businesses and next-generation businesses.

As a result, net sales for the fiscal year under review were 26,599 million yen, an increase of 23.0% year on year, owing to demand recovery progressed in both domestic and overseas markets. Operating profit was 1,383 million yen, an increase of 97.3% year on year as a result of sales price revisions and improved logistics efficiency in response to a projected cost increase equivalent to about 500 million yen due to raw material and logistics costs. Ordinary profit was 1,407 million yen, an increase of 113.6% year on year, and profit attributable to owners of parent was 1,427 million yen as a result of the recognition of 380 million yen in deferred tax assets in accordance with accounting standards for tax effect accounting at a consolidated subsidiary in the United States.

### Trend of operating results



The following presents net sales on a consolidated basis by geographic segment.

Net sales in Japan were 14,292 million yen, an increase of 9.6% year on year, due to continued strong sales against the backdrop of measures to accelerate national land resilience.

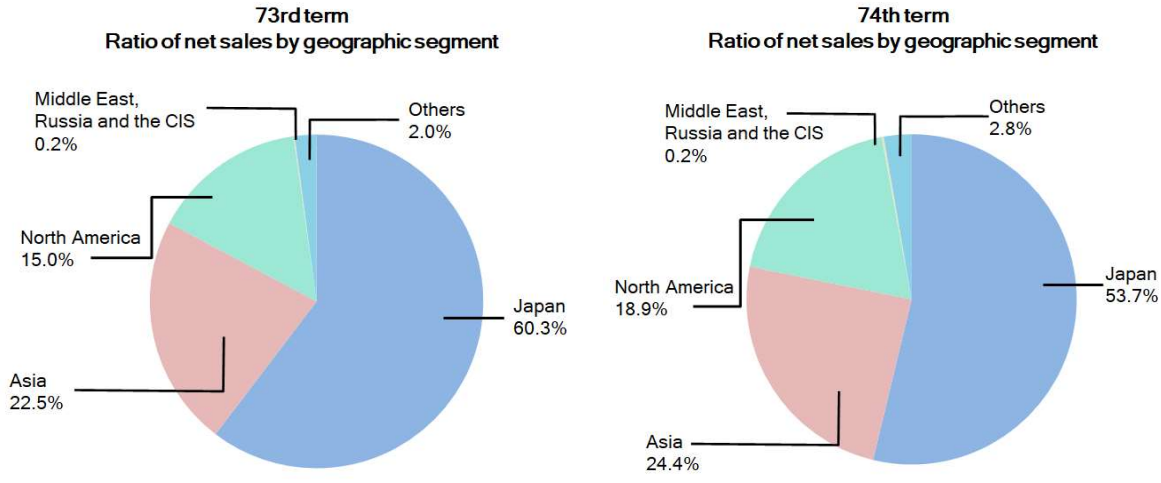
Net sales to overseas were 12,306 million yen, an increase of 43.4% year on year, due to the spread of market recovery in the post-corona era in major markets.

Net sales to North America were 5,039 million yen, an increase of 55.3% year on year, reflecting a strong demand recovery under favorable construction investment.

Net sales to Asia were 6,492 million yen, an increase of 33.7% year on year, due to a recovery in demand in Indonesia, which had been stagnant, in addition to strong sales in the Indochina Peninsula countries.

Net sales to the Middle East, Russia, and the CIS were 44 million yen, an increase of only 35.3% year on year, due to the stagnation of sales activities.

Net sales to other markets were 731 million yen, an increase of 62.7% year on year, as sales in Central and South America, Oceania, and Africa all showed signs of recovery.



Operating results by segment are as follows:

**Japan**

Total net sales in Japan were 21,367 million yen, an increase of 15.5% year on year, and operating profit was 884 million yen, an increase of 19.6% year on year, as a result of increases in product and parts exports to overseas subsidiaries as well as solid sales in Japan.

**Overseas**

In the United States, total net sales were 5,085 million yen, an increase of 55.4% year on year, and operating profit became 328 million yen compared to 526 thousand yen for the previous fiscal year due to the robust sales resulting from recovery in demand.

In Indonesia, total net sales were 5,158 million yen, an increase of 72.2% year on year, and operating profit became 274 million yen compared to 17 million yen for the previous fiscal year due to increases in both exports to third countries and domestic sales.

In China, although the business restructuring has been in progress through domestic market development and product and parts exports to group companies, the Group has experienced sluggish domestic sales amid stagnation of the Chinese market. As a result, total net sales in China were 973 million yen, an increase of 32.9% year on year, and continuing operating loss was 79 million yen, which is an improvement of 2 million yen year on year.

### III. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
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
<b>Liabilities</b>		
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

**(2) 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	(168,118)
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	430,041
Comprehensive income	402,360	1,859,664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	404,390	1,852,728
Comprehensive income attributable to non-controlling interests	(2,029)	6,935



### (3) 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

#### (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
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
<b>Cash flows from investing activities</b>		
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)
<b>Cash flows from financing activities</b>		
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

## IV. Products



VIBRATORY PNEUMATIC TIRED ROLLER  
**GW753** 9,160Kg (20,195Lb)

### Contact us

SAKAI HEAVY INDUSTRIES, LTD.

International Business Headquarters

TELEPHONE: +81-3-3431-9971

Website: <https://www.sakainet.co.jp/en/>

Facebook: <https://www.facebook.com/Sakai.Tokyo.Japan>



VIBRATORY SINGLE DRUM ROLLER  
**SV900DV** 20,030Kg (44,460Lb)



VIBRATORY SINGLE DRUM ROLLER  
**SV521D** 10,325Kg (22,765Lb)



VIBRATORY DOUBLE DRUM ROLLER  
**SW652H-1K/SW654H** 8,080Kg (17,815Lb)



VIBRATORY DOUBLE DRUM ROLLER  
**TW504** 3,620Kg (7,980Lb)



ROAD RECLAIMER  
**PM550-s** 22,580Kg (49,780Lb)



ROAD PLANER  
**ER552F-s** 28,170Kg (62,105Lb)

## V. Corporate Data

### Basic Information (as of March 31, 2022)

Trade name:	SAKAI HEAVY INDUSTRIES, LTD.
Established:	May 7, 1949
Listed market:	The Prime Market of Tokyo Stock Exchange (Securities Code: 6358)
Listed:	September 1964
Business year:	From April 1 to March 31 of the following year
Share capital:	3,258 million yen
Number of employees:	620 persons (Consolidated)
Head office:	Hamamatsu-cho Seiwa Bldg., 1-4-8 Shibadaimon, Minato-ku, Tokyo 105-0012
Telephone:	+81-3-3434-3401

### Business Office (as of July 1, 2022)

JAPAN	Sapporo Sendai Tokyo Nagoya Osaka Hiroshima Fukuoka
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### Subsidiaries:

SAKAI AMERICA, INC.  
P.T. SAKAI INDONESIA  
P.T. SAKAI SALES AND SERVICES ASIA  
SAKAI HEAVY INDUSTRIES (SHANGHAI), LTD.  
SAKAI KIKOH CORPORATION  
TOKYO FUJI CO., LTD.  
COMODO CO., LTD.  
SAKAI ENGINEERING CO., LTD.

### Directors (as of July 1, 2022)

President and Representing Director	Ichiro Sakai
Director and Senior Managing Executive Officer	Kenichi Mizuuchi
Director*	Kazushi Kiyomiya
Outside Director*	Ryuichi Tokunaga
Outside Director*	Makoto Kikkawa
Outside Director*	Kaori Sato

### Executive Officers (as of July 1, 2022)

Managing Executive Officer	Yukinori Tsukimoto
Managing Executive Officer	Toshihiko Akimoto
Managing Executive Officer	Masahiro Tokita
Executive Officer	Takao Yoshikawa
Executive Officer	Yasunori Azumi
Executive Officer	Fumio Yamanaka
Executive Officer	Hiroshi Baba
Executive Officer	Hironobu Haraoka
Executive Officer	Nobuhiro Nakanishi

\* Audit and Supervisory Committee Member

**Stock Status (as of March 31, 2022)**

Total number of shares authorized:	14,990,000 shares
Total number of shares issued:	4,366,117 shares
Number of shareholders:	4,098

**Major shareholders (Top 10)**

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	497	11.81
MUFG Bank, Ltd.	209	4.98
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	207	4.93
Custody Bank of Japan, Ltd. (Trust Account)	191	4.53
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	150	3.57
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	148	3.52
Ichiro Sakai	133	3.17
JPMorgan Securities Japan Co., Ltd.	88	2.09
NICHIREKI CO., LTD.	81	1.93
Yuken Kogyo Co., Ltd.	67	1.59

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