

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 Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 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: February 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	22,125	11.8	1,585	36.0	1,586	31.5	1,172	40.2
Nine months ended December 31, 2021	19,793	28.7	1,165	189.0	1,206	286.2	836	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	277.45		–	
Nine months ended December 31, 2021	197.01		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	41,342	25,214	60.8
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 nine months ended December 31, 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 December 31, 2022	4,392,117 shares	As of March 31, 2022	4,366,117 shares
-------------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of December 31, 2022	156,100 shares	As of March 31, 2022	155,929 shares
-------------------------	----------------	----------------------	----------------

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

Nine months ended December 31, 2022	4,225,699 shares	Nine months ended December 31, 2021	4,245,025 shares
-------------------------------------	------------------	-------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	7,993,405	6,835,917
Notes and accounts receivable - trade	7,137,752	8,171,196
Electronically recorded monetary claims - operating	1,400,265	1,594,085
Merchandise and finished goods	2,751,053	3,915,876
Work in process	1,347,188	1,388,389
Raw materials and supplies	3,109,380	4,496,694
Other	1,336,688	1,539,983
Allowance for doubtful accounts	(59)	(74)
Total current assets	25,075,675	27,942,069
Non-current assets		
Property, plant and equipment	6,985,162	7,547,434
Intangible assets	480,763	349,874
Investments and other assets		
Investment securities	3,421,772	3,620,603
Other	1,895,471	1,882,392
Allowance for doubtful accounts	(261)	(260)
Total investments and other assets	5,316,982	5,502,735
Total non-current assets	12,782,908	13,400,045
Total assets	37,858,583	41,342,114
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,078,924	2,877,249
Electronically recorded obligations - operating	3,887,863	5,043,421
Short-term borrowings	5,688,722	4,953,492
Income taxes payable	269,304	195,981
Provisions	117,004	310,991
Other	1,488,501	1,637,108
Total current liabilities	13,530,319	15,018,246
Non-current liabilities		
Long-term borrowings	17,164	62,854
Retirement benefit liability	173,232	174,650
Other	976,495	871,973
Total non-current liabilities	1,166,892	1,109,478
Total liabilities	14,697,211	16,127,724

(Thousands of yen)

	As of March 31, 2022	As of December 31, 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	12,131,323
Treasury shares	(403,884)	(404,427)
Total shareholders' equity	21,087,515	21,564,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,564,136	1,691,581
Foreign currency translation adjustment	465,857	1,898,778
Remeasurements of defined benefit plans	(3,964)	(7,655)
Total accumulated other comprehensive income	2,026,029	3,582,704
Non-controlling interests	47,826	67,164
Total net assets	23,161,371	25,214,390
Total liabilities and net assets	37,858,583	41,342,114

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	19,793,260	22,125,725
Cost of sales	14,874,308	16,470,850
Gross profit	4,918,951	5,654,875
Selling, general and administrative expenses		
Transportation costs	297,524	323,010
Salaries and bonuses	1,575,269	1,736,250
Technical research expenses	604,424	685,540
Other	1,275,962	1,324,400
Total selling, general and administrative expenses	3,753,180	4,069,202
Operating profit	1,165,771	1,585,672
Non-operating income		
Interest income	7,457	4,053
Dividend income	105,634	123,076
Surrender value of insurance policies	24,205	–
Foreign exchange gains	25,248	75,947
Other	21,227	22,860
Total non-operating income	183,773	225,937
Non-operating expenses		
Interest expenses	75,991	145,553
bank charge	66,181	69,713
Other	554	9,859
Total non-operating expenses	142,728	225,125
Ordinary profit	1,206,817	1,586,484
Extraordinary income		
Gain on sale of non-current assets	1,114	1,901
Gain on sale of investment securities	30,533	–
Total extraordinary income	31,648	1,901
Extraordinary losses		
Loss on disposal of non-current assets	43	177
Loss on valuation of golf club membership	400	–
Total extraordinary losses	443	177
Profit before income taxes	1,238,021	1,588,209
Income taxes	400,086	411,733
Profit	837,935	1,176,475
Profit attributable to non-controlling interests	1,630	4,066
Profit attributable to owners of parent	836,304	1,172,409

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	837,935	1,176,475
Other comprehensive income		
Valuation difference on available-for-sale securities	(173,388)	127,445
Foreign currency translation adjustment	373,247	1,447,655
Remeasurements of defined benefit plans, net of tax	311	(3,690)
Total other comprehensive income	200,170	1,571,410
Comprehensive income	1,038,105	2,747,886
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,033,138	2,729,122
Comprehensive income attributable to non-controlling interests	4,967	18,764