

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 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: General Manager Administration Division Takao Yoshikawa TEL 03-3434-3401
 Scheduled date to file Quarterly Securities Report: February 10, 2022
 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, 2021 (from April 1, 2021 to December 31, 2021)

(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, 2021	19,793	28.7	1,165	189.0	1,206	286.2	836	–
Nine months ended December 31, 2020	15,374	(13.1)	403	(59.9)	312	(65.8)	(285)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	197.01		–	
Nine months ended December 31, 2020	(66.33)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	37,843	22,340	58.9
As of March 31, 2021	35,101	22,038	62.7

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, 2021	–	30.00	–	50.00	80.00
Year ending March 31, 2022	–	60.00	–		
Year ending March 31, 2022 (Forecast)				90.00	150.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	26,000	20.2	1,200	71.1	1,250	89.6	850	–	200.23

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(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, 2021	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 December 31, 2021	155,849 shares	As of March 31, 2021	25,628 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	4,245,025 shares	Nine months ended December 31, 2020	4,299,796 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	6,983,590	8,469,954
Notes and accounts receivable - trade	7,959,111	8,676,837
Merchandise and finished goods	3,646,537	3,006,160
Work in process	1,151,343	1,349,941
Raw materials and supplies	2,252,540	2,970,121
Other	934,664	1,218,425
Allowance for doubtful accounts	(204)	(207)
Total current assets	22,927,582	25,691,233
Non-current assets		
Property, plant and equipment	6,725,762	6,818,408
Intangible assets	557,799	523,879
Investments and other assets		
Investment securities	3,625,519	3,422,835
Other	1,264,337	1,387,191
Total investments and other assets	4,889,857	4,810,027
Total non-current assets	12,173,419	12,152,315
Total assets	35,101,001	37,843,549
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,737,165	2,359,687
Electronically recorded obligations - operating	2,951,463	4,774,631
Short-term borrowings	5,105,785	5,125,469
Income taxes payable	173,071	311,678
Provisions	154,973	167,039
Other	1,365,684	1,260,586
Total current liabilities	11,488,144	13,999,094
Non-current liabilities		
Long-term borrowings	428,001	426,406
Retirement benefit liability	156,043	180,281
Other	990,554	897,725
Total non-current liabilities	1,574,598	1,504,413
Total liabilities	13,062,742	15,503,508

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
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	11,137,729
Treasury shares	(62,626)	(403,655)
Total shareholders' equity	20,396,733	20,496,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,732,254	1,558,866
Foreign currency translation adjustment	(124,237)	245,676
Remeasurements of defined benefit plans	(7,417)	(7,106)
Total accumulated other comprehensive income	1,600,599	1,797,436
Non-controlling interests	40,925	45,890
Total net assets	22,038,259	22,340,041
Total liabilities and net assets	35,101,001	37,843,549

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, 2020	Nine months ended December 31, 2021
Net sales	15,374,012	19,793,260
Cost of sales	11,507,205	14,874,308
Gross profit	3,866,807	4,918,951
Selling, general and administrative expenses		
Transportation costs	238,400	297,524
Salaries and bonuses	1,479,780	1,575,269
Technical research expenses	561,539	604,424
Other	1,183,723	1,275,962
Total selling, general and administrative expenses	3,463,444	3,753,180
Operating profit	403,363	1,165,771
Non-operating income		
Interest income	5,995	7,457
Dividend income	125,356	105,634
Surrender value of insurance policies	818	24,205
Foreign exchange gains	–	25,248
Other	7,152	21,227
Total non-operating income	139,323	183,773
Non-operating expenses		
Interest expenses	105,623	75,991
bank charge	48,730	66,181
Foreign exchange losses	68,124	–
Other	7,720	554
Total non-operating expenses	230,198	142,728
Ordinary profit	312,488	1,206,817
Extraordinary income		
Gain on sale of non-current assets	44,884	1,114
Gain on sale of investment securities	17	30,533
Total extraordinary income	44,902	31,648
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	356,918	1,238,021
Income taxes	642,927	400,086
Profit (loss)	(286,008)	837,935
Profit (loss) attributable to non-controlling interests	(796)	1,630
Profit (loss) attributable to owners of parent	(285,211)	836,304

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss)	(286,008)	837,935
Other comprehensive income		
Valuation difference on available-for-sale securities	411,989	(173,388)
Foreign currency translation adjustment	(182,549)	373,247
Remeasurements of defined benefit plans, net of tax	(661)	311
Total other comprehensive income	228,778	200,170
Comprehensive income	(57,229)	1,038,105
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(54,937)	1,033,138
Comprehensive income attributable to non-controlling interests	(2,292)	4,967