

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 11, 2021

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: November 11, 2021  
 Scheduled date to commence dividend payments: December 13, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 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	%
Six months ended September 30, 2021	12,987	27.8	725	279.2	732	332.8	509	–
Six months ended September 30, 2020	10,163	(16.0)	191	(72.7)	169	(73.4)	(373)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	119.52		–	
Six months ended September 30, 2020	(87.01)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	36,454	22,234	60.9
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)			–	60.00	120.00

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	25,000	15.6	900	28.3	800	21.4	520	–	120.57

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 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 September 30, 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 September 30, 2021	155,840 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)

Six months ended September 30, 2021	4,259,919 shares	Six months ended September 30, 2020	4,294,152 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,983,590	8,765,349
Notes and accounts receivable - trade	7,959,111	7,706,768
Merchandise and finished goods	3,646,537	2,951,884
Work in process	1,151,343	1,351,511
Raw materials and supplies	2,252,540	2,429,487
Other	934,664	1,054,913
Allowance for doubtful accounts	(204)	(24)
Total current assets	22,927,582	24,259,890
Non-current assets		
Property, plant and equipment	6,725,762	6,838,182
Intangible assets	557,799	574,401
Investments and other assets		
Investment securities	3,625,519	3,427,491
Other	1,264,337	1,354,688
Total investments and other assets	4,889,857	4,782,179
Total non-current assets	12,173,419	12,194,763
Total assets	35,101,001	36,454,653
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,737,165	1,813,374
Electronically recorded obligations - operating	2,951,463	4,048,793
Short-term borrowings	5,105,785	5,025,035
Income taxes payable	173,071	297,478
Provisions	154,973	167,041
Other	1,365,684	1,337,206
Total current liabilities	11,488,144	12,688,929
Non-current liabilities		
Long-term borrowings	428,001	420,560
Retirement benefit liability	156,043	175,657
Other	990,554	934,911
Total non-current liabilities	1,574,598	1,531,128
Total liabilities	13,062,742	14,220,058

(Thousands of yen)

	As of March 31, 2021	As of September 30, 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	11,063,180
Treasury shares	(62,626)	(403,632)
Total shareholders' equity	20,396,733	20,422,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,732,254	1,597,700
Foreign currency translation adjustment	(124,237)	176,846
Remeasurements of defined benefit plans	(7,417)	(6,796)
Total accumulated other comprehensive income	1,600,599	1,767,750
Non-controlling interests	40,925	44,655
Total net assets	22,038,259	22,234,595
Total liabilities and net assets	35,101,001	36,454,653

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

### Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	10,163,237	12,987,242
Cost of sales	7,633,821	9,766,454
Gross profit	2,529,416	3,220,788
Selling, general and administrative expenses		
Transportation costs	161,594	198,690
Salaries and bonuses	1,001,171	1,057,446
Technical research expenses	374,159	394,252
Other	801,181	845,007
Total selling, general and administrative expenses	2,338,106	2,495,396
Operating profit	191,309	725,391
Non-operating income		
Interest income	3,010	24,153
Dividend income	97,100	71,532
Foreign exchange gains	–	1,003
Other	5,626	28,679
Total non-operating income	105,737	125,368
Non-operating expenses		
Interest expenses	73,545	68,173
bank charge	31,949	49,364
Foreign exchange losses	15,925	–
Other	6,305	397
Total non-operating expenses	127,725	117,935
Ordinary profit	169,321	732,825
Extraordinary income		
Gain on sale of non-current assets	20,452	1,111
Gain on sale of investment securities	–	7,191
Total extraordinary income	20,452	8,302
Extraordinary losses		
Loss on sale of non-current assets	472	43
Total extraordinary losses	472	43
Profit before income taxes	189,302	741,083
Income taxes	563,122	231,000
Profit (loss)	(373,820)	510,083
Profit (loss) attributable to non-controlling interests	(168)	944
Profit (loss) attributable to owners of parent	(373,651)	509,139

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(373,820)	510,083
Other comprehensive income		
Valuation difference on available-for-sale securities	265,435	(134,554)
Foreign currency translation adjustment	(105,198)	303,869
Remeasurements of defined benefit plans, net of tax	(397)	621
Total other comprehensive income	159,838	169,936
Comprehensive income	(213,981)	680,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(213,072)	676,283
Comprehensive income attributable to non-controlling interests	(908)	3,735

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	189,302	741,083
Depreciation	311,387	326,349
Increase (decrease) in allowance for doubtful accounts	–	(178)
Increase (decrease) in provision for product warranties	(13,420)	12,067
Increase (decrease) in retirement benefit liability	1,962	12,476
Interest and dividend income	(100,111)	(95,685)
Interest expenses	73,545	68,173
Loss (gain) on sale of non-current assets	(19,980)	(1,067)
Loss (gain) on sale of investment securities	–	(7,191)
Decrease (increase) in trade receivables	(137,293)	322,205
Decrease (increase) in inventories	1,187,382	437,036
Decrease (increase) in prepaid expenses	(48,658)	66,418
Decrease (increase) in accounts receivable - other	126,937	(80,668)
Increase (decrease) in trade payables	(1,265,525)	1,119,526
Increase (decrease) in accrued expenses	(4,818)	(21,491)
Other, net	(56,943)	(147,278)
Subtotal	243,764	2,751,778
Interest and dividends received	95,898	106,308
Interest paid	(73,904)	(41,035)
Income taxes paid	(272,208)	(143,124)
Net cash provided by (used in) operating activities	(6,449)	2,673,925
Cash flows from investing activities		
Payments into time deposits	(1)	–
Proceeds from withdrawal of time deposits	104	5
Purchase of property, plant and equipment	(381,867)	(119,130)
Proceeds from sale of property, plant and equipment	29,989	1,189
Purchase of intangible assets	(28,419)	(16,028)
Proceeds from sale of investment securities	–	9,639
Loan advances	(700)	(1,500)
Proceeds from collection of loans receivable	1,125	938
Net cash provided by (used in) investing activities	(379,767)	(124,886)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(103,476)
Proceeds from long-term borrowings	30,000	–
Repayments of long-term borrowings	(17,636)	(117,676)
Purchase of treasury shares	(283)	(341,006)
Dividends paid	(214,331)	(215,639)
Other, net	(58,707)	(70,208)
Net cash provided by (used in) financing activities	(260,958)	(848,006)
Effect of exchange rate change on cash and cash equivalents	(24,394)	80,658
Net increase (decrease) in cash and cash equivalents	(671,570)	1,781,691
Cash and cash equivalents at beginning of period	6,682,986	6,847,106
Cash and cash equivalents at end of period	6,011,416	8,628,798