

Translation

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

May 11, 2023

Company name: SAN-AI OBBLI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8097 URL <https://www.san-ai-obbli.com/>
 Representative: Representative Director, President Hiroshi Hayata
 General Manager, General Accounting
 Inquiries: Department Eiichi Nonaka TEL 03-6880-3100
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 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	647,833	8.2	15,211	26.1	16,038	22.2	10,901	31.2
Year ended March 31, 2022	598,731	26.3	12,067	40.4	13,120	31.2	8,308	17.8

	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	160.20	–	10.0	8.0	2.3
Year ended March 31, 2022	120.66	–	8.0	6.8	2.0

(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	201,244	117,424	55.5	1,668.60
As of March 31, 2022	197,887	112,358	54.2	1,559.26

(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	18,921	(3,252)	(6,918)	46,747
Year ended March 31, 2022	10,548	(3,297)	(5,721)	37,996

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	–	14.00	–	26.00	40.00	2,752	33.2	2.6
Year ended March 31, 2023	–	19.00	–	36.00	55.00	3,710	34.3	3.4
Year ending March 31, 2024 (Forecast)	–	30.00	–	30.00	60.00		40.2	

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
Full year	660,000	1.9	15,000	(1.4)	16,000	(0.2)	10,000	(8.3)	149.33

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: No

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	68,000,000 shares	As of March 31, 2022	71,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,034,703 shares	As of March 31, 2022	2,266,623 shares
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Average number of shares during the period

Year ended March 31, 2023	68,051,696 shares	Year ended March 31, 2022	68,860,204 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	38,267	47,017
Notes and accounts receivable - trade, and contract assets	45,801	43,144
Securities	100	–
Merchandise and finished goods	7,387	7,542
Work in process	55	85
Raw materials and supplies	176	146
Other	2,366	919
Allowance for doubtful accounts	(477)	(475)
Total current assets	93,677	98,380
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,654	69,516
Accumulated depreciation	(48,314)	(49,704)
Buildings and structures, net	21,340	19,812
Machinery, equipment and vehicles	34,164	34,671
Accumulated depreciation	(27,010)	(27,695)
Machinery, equipment and vehicles, net	7,153	6,976
Land	18,870	18,420
Leased assets	3,488	3,779
Accumulated depreciation	(1,442)	(1,737)
Leased assets, net	2,046	2,042
Construction in progress	1,336	3,371
Other	4,212	4,361
Accumulated depreciation	(3,208)	(3,462)
Other, net	1,003	898
Total property, plant and equipment	51,751	51,522
Intangible assets		
Goodwill	1,374	1,683
Customer-related intangible assets	1,182	1,093
Software in progress	1,038	2,186
Other	1,278	1,232
Total intangible assets	4,874	6,197
Investments and other assets		
Investment securities	17,167	17,140
Long-term loans receivable	34	21
Deferred tax assets	729	606
Retirement benefit asset	3,930	1,991
Guarantee deposits	25,278	24,865
Other	539	613
Allowance for doubtful accounts	(95)	(96)
Total investments and other assets	47,584	45,143
Total non-current assets	104,210	102,863
Total assets	197,887	201,244

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,615	44,908
Short-term borrowings	300	300
Current portion of long-term borrowings	827	2,346
Lease liabilities	548	567
Income taxes payable	2,500	3,530
Provision for bonuses	1,701	2,041
Provision for bonuses for directors (and other officers)	76	89
Provision for warranties for completed construction	0	0
Other	12,492	13,667
Total current liabilities	66,062	67,453
Non-current liabilities		
Long-term borrowings	4,462	2,115
Lease liabilities	1,706	1,687
Deferred tax liabilities	4,116	3,553
Deferred tax liabilities for land revaluation	799	694
Provision for retirement benefits for directors (and other officers)	178	208
Provision for special repairs	196	217
Retirement benefit liability	211	117
Asset retirement obligations	606	609
Other	7,190	7,162
Total non-current liabilities	19,467	16,366
Total liabilities	85,529	83,819
Net assets		
Shareholders' equity		
Share capital	10,127	10,127
Capital surplus	4,339	2,531
Retained earnings	91,563	97,862
Treasury shares	(2,651)	(1,280)
Total shareholders' equity	103,378	109,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,853	4,338
Revaluation reserve for land	(376)	(612)
Remeasurements of defined benefit plans	318	(1,228)
Total accumulated other comprehensive income	3,795	2,496
Non-controlling interests	5,184	5,686
Total net assets	112,358	117,424
Total liabilities and net assets	197,887	201,244

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of goods	595,453	644,346
Net sales of completed construction contracts	3,278	3,486
Total net sales	598,731	647,833
Cost of sales		
Cost of goods sold	543,238	586,347
Cost of sales of completed construction contracts	2,900	3,011
Total cost of sales	546,138	589,359
Gross profit	52,592	58,474
Selling, general and administrative expenses	40,525	43,263
Operating profit	12,067	15,211
Non-operating income		
Interest income	44	45
Dividend income	432	439
Purchase discounts	213	221
Light oil delivery tax grant	149	153
Subsidies for employment adjustment	92	7
Subsidy income	39	–
Reversal of allowance for doubtful accounts	3	–
Other	418	318
Total non-operating income	1,392	1,186
Non-operating expenses		
Interest expenses	263	264
Other	76	94
Total non-operating expenses	340	358
Ordinary profit	13,120	16,038
Extraordinary income		
Gain on sale of non-current assets	196	604
Gain on sale of investment securities	23	535
Total extraordinary income	219	1,139
Extraordinary losses		
Loss on sale and retirement of non-current assets	272	219
Impairment losses	59	166
Loss on sale of investment securities	185	4
Loss on valuation of investment securities	11	–
Loss on sale of shares of subsidiaries and associates	10	–
Total extraordinary losses	539	390
Profit before income taxes	12,800	16,787
Income taxes - current	3,854	5,384
Income taxes - deferred	63	(167)
Total income taxes	3,917	5,216
Profit	8,882	11,571
Profit attributable to non-controlling interests	573	669
Profit attributable to owners of parent	8,308	10,901

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	8,882	11,571
Other comprehensive income		
Valuation difference on available-for-sale securities	(568)	530
Remeasurements of defined benefit plans, net of tax	(284)	(1,547)
Total other comprehensive income	(852)	(1,016)
Comprehensive income	8,029	10,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,470	9,839
Comprehensive income attributable to non-controlling interests	558	714

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,127	4,286	84,698	(2,287)	96,824
Cumulative effects of changes in accounting policies			465		465
Restated balance	10,127	4,286	85,163	(2,287)	97,289
Changes during period					
Dividends of surplus			(965)		(965)
Middle dividends from surplus			(965)		(965)
Reversal of revaluation reserve for land			22		22
Profit attributable to owners of parent			8,308		8,308
Purchase of treasury shares				(374)	(374)
Disposal of treasury shares		2		10	13
Purchase of shares of consolidated subsidiaries		49			49
Sale of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	52	6,399	(363)	6,088
Balance at end of period	10,127	4,339	91,563	(2,651)	103,378

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,407	(353)	602	4,655	4,987	106,468
Cumulative effects of changes in accounting policies				-		465
Restated balance	4,407	(353)	602	4,655	4,987	106,933
Changes during period						
Dividends of surplus				-		(965)
Middle dividends from surplus				-		(965)
Reversal of revaluation reserve for land		(22)		(22)		-
Profit attributable to owners of parent				-		8,308
Purchase of treasury shares				-		(374)
Disposal of treasury shares				-		13
Purchase of shares of consolidated subsidiaries				-	(109)	(60)
Sale of shares of consolidated subsidiaries				-	(30)	(30)
Net changes in items other than shareholders' equity	(553)		(284)	(838)	336	(501)
Total changes during period	(553)	(22)	(284)	(860)	196	5,424
Balance at end of period	3,853	(376)	318	3,795	5,184	112,358

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,127	4,339	91,563	(2,651)	103,378
Changes during period					
Dividends of surplus			(1,787)		(1,787)
Middle dividends from surplus			(1,300)		(1,300)
Reversal of revaluation reserve for land			236		236
Profit attributable to owners of parent			10,901		10,901
Purchase of treasury shares				(2,200)	(2,200)
Disposal of treasury shares		(2)		14	12
Cancellation of treasury shares		(1,804)	(1,751)	3,556	–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(1,807)	6,299	1,370	5,863
Balance at end of period	10,127	2,531	97,862	(1,280)	109,241

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,853	(376)	318	3,795	5,184	112,358
Changes during period						
Dividends of surplus				–		(1,787)
Middle dividends from surplus				–		(1,300)
Reversal of revaluation reserve for land		(236)		(236)		–
Profit attributable to owners of parent				–		10,901
Purchase of treasury shares				–		(2,200)
Disposal of treasury shares				–		12
Cancellation of treasury shares				–		–
Net changes in items other than shareholders' equity	485		(1,547)	(1,061)	501	(560)
Total changes during period	485	(236)	(1,547)	(1,298)	501	5,066
Balance at end of period	4,338	(612)	(1,228)	2,496	5,686	117,424

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,800	16,787
Depreciation	5,120	5,247
Amortization of goodwill	312	382
Increase (decrease) in allowance for doubtful accounts	33	(1)
Increase (decrease) in provision for bonuses	0	339
Increase (decrease) in provision for bonuses for directors (and other officers)	6	13
Increase (decrease) in retirement benefit asset or liability	(757)	(387)
Interest and dividend income	(689)	(706)
Interest expenses	263	264
Loss (gain) on sale and retirement of property, plant and equipment	(3)	(411)
Impairment losses	59	166
Loss (gain) on sale of investment securities	161	(530)
Loss (gain) on valuation of investment securities	11	-
Decrease (increase) in trade receivables	(8,725)	2,657
Decrease (increase) in inventories	(1,778)	(155)
Decrease (increase) in other current assets	(540)	1,459
Decrease (increase) in guarantee deposits and claims provable in bankruptcy, claims provable in rehabilitation	(7)	11
Increase (decrease) in trade payables	4,985	(2,706)
Increase (decrease) in accrued liabilities	343	4
Increase (decrease) in other current liabilities	834	402
Other, net	731	65
Subtotal	13,161	22,903
Interest and dividends received	685	705
Interest paid	(273)	(264)
Income taxes paid	(3,025)	(4,423)
Net cash provided by (used in) operating activities	10,548	18,921
Cash flows from investing activities		
Payments into time deposits	(390)	(390)
Proceeds from withdrawal of time deposits	390	390
Purchase of investment securities	(11)	(166)
Proceeds from sale of investment securities	2,077	1,663
Purchase of property, plant and equipment	(4,337)	(4,027)
Proceeds from sale of property, plant and equipment	579	1,208
Purchase of intangible assets	(1,596)	(2,295)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	9	-
Loan advances	(7)	(13)
Proceeds from collection of loans receivable	30	25
Other, net	(40)	352
Net cash provided by (used in) investing activities	(3,297)	(3,252)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	30	–
Proceeds from long-term borrowings	590	–
Repayments of long-term borrowings	(3,193)	(827)
Purchase of treasury shares	(374)	(2,200)
Dividends paid to non-controlling interests	(221)	(213)
Dividends paid	(1,931)	(3,087)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(60)	–
Other, net	(559)	(589)
Net cash provided by (used in) financing activities	(5,721)	(6,918)
Net increase (decrease) in cash and cash equivalents	1,529	8,750
Cash and cash equivalents at beginning of period	36,467	37,996
Cash and cash equivalents at end of period	37,996	46,747