Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 10, 2022

Company name: **SODA NIKKA CO., LTD.**
Stock exchange listing: Tokyo Stock Exchange
Code number: 8158
URL: https://www.sodanikka.co.jp/
Representative: Takahiko Nagasu, President and Chief Executive Officer
Contact: Ryuji Mezaki, Managing Executive Officer and Finance and Accounting Division Director
Phone: +81-3-3245-1803
Scheduled date of annual general meeting of shareholders: June 22, 2022
Scheduled date of commencing dividend payments: June 23, 2022
Scheduled date of filing securities report: June 23, 2022
Preparation of supplementary explanatory materials: No
Financial results briefing: Yes (for institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	55,508	–	1,252	60.4	1,553	44.8	1,367	70.8
March 31, 2021	94,586	(5.2)	781	(24.2)	1,072	(17.4)	800	(4.7)

(Note) Comprehensive income: Year ended March 31, 2022: ¥1,124 million [(61.8)%]
Year ended March 31, 2021: ¥2,940 million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	58.84	–	5.3	2.5	2.3
March 31, 2021	32.04	–	3.2	1.8	0.8

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. For this reason, changes in net sales from the previous fiscal year, before the application of said standard, are not shown.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	60,854	25,229	41.5	1,112.99
As of March 31, 2021	61,436	25,997	42.3	1,039.55

(Reference) Equity: As of March 31, 2022: ¥25,229 million
As of March 31, 2021: ¥25,997 million

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	452	594	(4,424)	7,352
March 31, 2021	1,264	(399)	(351)	10,684

2. Cash Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	7.00	–	7.00	14.00	349	43.7	1.4
March 31, 2022	–	8.00	–	16.00	24.00	552	40.8	2.2
Fiscal year ending March 31, 2023 (Forecast)	–	10.00	–	10.00	20.00		37.8	

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2022:
Ordinary dividend: ¥8.00 Special dividend: ¥8.00
Breakdown of year-end dividends for the fiscal year ended March 31, 2023:
Ordinary dividend: ¥10.00 Special dividend: Undecided

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	28,200	6.5	610	8.2	750	14.4	490	(5.0)	21.62
Full year	58,800	5.9	1,430	14.2	1,720	10.7	1,200	(12.2)	52.94

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Total number of outstanding shares (common shares)
1) Total number of outstanding shares at the end of the period (including treasury shares):
March 31, 2022: 23,968,000 shares
March 31, 2021: 25,168,000 shares

2) Total number of treasury shares at the end of the period:
March 31, 2022: 1,299,663 shares
March 31, 2021: 159,941 shares

3) Average number of shares during the period:
Year ended March 31, 2022: 23,238,564 shares
Year ended March 31, 2021: 24,998,193 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	49,752	–	1,211	55.8	1,499	41.5	1,207	49.2
March 31, 2021	92,143	(5.5)	777	(25.9)	1,059	(20.0)	809	18.4

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2022	51.98	–
March 31, 2021	32.38	–

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. For this reason, changes in net sales from the previous fiscal year, before the application of said standard, are not shown.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	58,800	24,831	42.2	1,095.43
As of March 31, 2021	60,841	25,819	42.4	1,032.45

(Reference) Equity: As of March 31, 2022: ¥24,831 million
As of March 31, 2021: ¥25,819 million

* These financial results are outside the scope of audit by certified public accountants or audit corporations.

* Explanation of the proper use of performance forecast and other notes

The above forecasts are estimated based on the information currently available, and actual results may differ from these forecasts due to a wide range of factors. For assumptions that form the basis of the performance forecast and cautionary notes, etc. on the use of performance forecast, please see "Overview of Operating Results, etc.; (4) Future Outlook" on page 6 of this Consolidated Financial Statements (attached materials, Japanese only).

3. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	10,833	7,482
Notes and accounts receivable - trade	32,715	–
Notes and accounts receivable – trade, and contract assets	–	35,903
Merchandise and finished goods	1,168	1,266
Other	919	674
Allowance for doubtful accounts	(82)	(112)
Total current assets	45,554	45,213
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,155	2,596
Accumulated depreciation	(1,748)	(2,125)
Buildings and structures, net	407	470
Vehicles	27	70
Accumulated depreciation	(23)	(49)
Vehicles, net	4	20
Land	1,135	1,360
Other	1,105	1,317
Accumulated depreciation	(892)	(977)
Other, net	212	340
Total property, plant and equipment	1,759	2,191
Intangible assets	292	210
Investments and other assets		
Investment securities	13,186	12,471
Distressed receivables	159	12
Other	643	769
Allowance for doubtful accounts	(160)	(14)
Total investments and other assets	13,829	13,239
Total non-current assets	15,882	15,641
Total assets	61,436	60,854

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,435	27,627
Short-term borrowings	5,040	2,766
Income taxes payable	288	314
Contract liabilities	–	231
Provision for bonuses	290	314
Provision for bonuses for directors (and other officers)	24	24
Provision for loss compensation	16	–
Other	711	598
Total current liabilities	31,805	31,877
Non-current liabilities		
Deferred tax liabilities	1,765	1,653
Deferred tax liabilities for land revaluation	187	187
Retirement benefit liability	1,157	1,234
Long-term guarantee deposits	515	467
Other	9	204
Total non-current liabilities	3,634	3,747
Total liabilities	35,439	35,625
Net assets		
Shareholders' equity		
Share capital	3,762	3,762
Capital surplus	3,148	3,116
Retained earnings	13,562	13,892
Treasury shares	(45)	(930)
Total shareholders' equity	20,428	19,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,469	5,174
Deferred gains or losses on hedges	6	3
Revaluation reserve for land	134	198
Foreign currency translation adjustment	11	69
Remeasurements of defined benefit plans	(54)	(57)
Total accumulated other comprehensive income	5,568	5,388
Total net assets	25,997	25,229
Total liabilities and net assets	61,436	60,854

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	94,586	55,508
Cost of sales	88,136	48,184
Gross profit	6,449	7,324
Selling, general and administrative expenses		
Freight and incidental costs	1,119	1,308
Provision of allowance for doubtful accounts	216	6
Salaries and allowances	1,937	2,167
Provision for bonuses	287	314
Provision for bonuses for directors (and other officers)	24	24
Retirement benefit expenses	108	117
Rent expenses	448	463
Other	1,525	1,670
Total selling, general and administrative expenses	5,668	6,071
Operating profit	781	1,252
Non-operating income		
Interest income	2	2
Dividend income	290	338
Other	54	97
Total non-operating income	348	438
Non-operating expenses		
Interest expenses	37	26
Sales discounts	11	–
Commission for syndicated loans	–	90
Other	7	21
Total non-operating expenses	56	138
Ordinary profit	1,072	1,553
Extraordinary income		
Gain on sale of investment securities	189	321
Gain on bargain purchase	–	90
Total extraordinary income	189	411
Extraordinary losses		
Impairment losses	20	–
Loss on sale and retirement of non-current assets	16	–
Loss on sale of investment securities	–	13
Loss on valuation of investment securities	9	27
Provision of loss reserve for loss compensation	–	14
Total extraordinary losses	47	55
Profit before income taxes	1,214	1,909
Income taxes - current	496	548
Income taxes - deferred	(83)	(6)
Total income taxes	413	541
Profit	800	1,367
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	800	1,367

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	800	1,367
Other comprehensive income		
Valuation difference on available-for-sale securities	2,178	(294)
Deferred gains or losses on hedges	4	(2)
Foreign currency translation adjustment	(6)	57
Remeasurements of defined benefit plans, net of tax	(37)	(3)
Total other comprehensive income	2,139	(243)
Comprehensive income	2,940	1,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,940	1,124
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,762	3,140	13,098	(54)	19,947
Changes during period					
Dividends of surplus			(349)		(349)
Profit attributable to owners of parent			800		800
Disposal of treasury shares		7		9	17
Reversal of revaluation reserve for land			13		13
Net changes in items other than shareholders' equity					–
Total changes during period	–	7	464	9	481
Balance at end of period	3,762	3,148	13,562	(45)	20,428

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,291	1	148	18	(16)	3,442	23,389
Changes during period							
Dividends of surplus							(349)
Profit attributable to owners of parent							800
Disposal of treasury shares							17
Reversal of revaluation reserve for land							13
Net changes in items other than shareholders' equity	2,178	4	(13)	(6)	(37)	2,125	2,125
Total changes during period	2,178	4	(13)	(6)	(37)	2,125	2,607
Balance at end of period	5,469	6	134	11	(54)	5,568	25,997

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,762	3,148	13,562	(45)	20,428
Changes during period					
Dividends of surplus			(364)		(364)
Profit attributable to owners of parent			1,367		1,367
Purchase of treasury shares				(1,546)	(1,546)
Disposal of treasury shares		2		16	19
Cancellation of treasury shares		(35)	(609)	644	–
Reversal of revaluation reserve for land			(63)		(63)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(32)	330	(884)	(587)
Balance at end of period	3,762	3,116	13,892	(930)	19,841

(Million yen)

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,469	6	134	11	(54)	5,568	25,997
Changes during period							
Dividends of surplus							(364)
Profit attributable to owners of parent							1,367
Purchase of treasury shares							(1,546)
Disposal of treasury shares							19
Cancellation of treasury shares							–
Reversal of revaluation reserve for land							(63)
Net changes in items other than shareholders' equity	(294)	(2)	63	57	(3)	(179)	(179)
Total changes during period	(294)	(2)	63	57	(3)	(179)	(767)
Balance at end of period	5,174	3	198	69	(57)	5,388	25,229

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,214	1,909
Depreciation	196	212
Impairment losses	20	–
Loss (gain) on sale and retirement of non-current	16	1
Loss (gain) on sale of investment securities	(189)	(307)
Loss (gain) on valuation of investment securities	9	27
Increase (decrease) in allowance for doubtful	209	(116)
Increase (decrease) in retirement benefit liability	43	14
Interest and dividend income	(293)	(341)
Interest expenses	37	26
Commission for syndicated loans	–	90
Decrease (increase) in trade receivables	778	(2,832)
Decrease (increase) in inventories	33	(26)
Decrease (increase) in distressed receivables	(153)	146
Increase (decrease) in trade payables	(482)	1,774
Gain on bargain purchase	–	(90)
Other, net	19	186
Subtotal	1,462	673
Interest and dividends received	294	342
Interest paid	(38)	(33)
Income taxes paid	(454)	(530)
Net cash provided by (used in) operating activities	1,264	452
Cash flows from investing activities		
Payments into time deposits	(155)	(123)
Proceeds from withdrawal of time deposits	158	156
Purchase of property, plant and equipment	(255)	(143)
Purchase of intangible assets	(9)	(16)
Purchase of investment securities	(396)	(122)
Proceeds from sale of investment securities	252	809
Purchase of shares of subsidiaries resulting in	–	(7)
Other, net	6	41
Net cash provided by (used in) investing activities	(399)	594

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	–	99
Repayments of short-term borrowings	–	(2,506)
Purchase of treasury shares	–	(1,546)
Dividends paid	(349)	(365)
Commission for syndicated loans paid	–	(86)
Other, net	(1)	(19)
Net cash provided by (used in) financing activities	(351)	(4,424)
Effect of exchange rate change on cash and cash	(0)	45
Net increase (decrease) in cash and cash equivalents	512	(3,332)
Cash and cash equivalents at beginning of period	10,171	10,684
Cash and cash equivalents at end of period	10,684	7,352