Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 13, 2024

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
Inquiries: Executive Officer General Manager Administration Division Takao Yoshikawa TEL 03-3434-3401
Scheduled date to file Semi-annual Securities Report: November 13, 2024
Scheduled date to commence dividend payments: December 10, 2024
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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	14,385	(14.3)	1,231	(37.4)	1,178	(44.1)	1,302	(15.1)
Six months ended September 30, 2023	16,785	12.7	1,966	84.2	2,109	92.6	1,534	87.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	152.97	–
Six months ended September 30, 2023	180.82	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	43,167	30,126	69.6
As of March 31, 2024	44,237	29,165	65.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	90.00	–	195.00	285.00
Year ending March 31, 2025	–	85.00			
Year ending March 31, 2025 (Forecast)			–	60.50	–

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	27,200	(17.6)	1,740	(47.6)	1,700	(48.9)	1,700	(30.3)	199.67

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual 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, 2024	8,845,634 shares	As of March 31, 2024	8,815,634 shares

Number of treasury shares at the end of the period

As of September 30, 2024	314,576 shares	As of March 31, 2024	314,232 shares

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

Six months ended September 30, 2024	8,514,096 shares	Six months ended September 30, 2023	8,484,783 shares

Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,383,385	6,567,982
Notes and accounts receivable - trade	7,097,977	6,983,324
Electronically recorded monetary claims - operating	1,400,759	752,309
Merchandise and finished goods	4,576,542	5,616,235
Work in process	1,286,375	1,496,399
Raw materials and supplies	4,795,261	4,685,980
Other	1,102,359	1,611,429
Allowance for doubtful accounts	(5,336)	(10,939)
Total current assets	28,637,323	27,702,721
Non-current assets		
Property, plant and equipment	7,573,903	7,828,997
Intangible assets	255,088	561,456
Investments and other assets		
Investment securities	6,036,108	5,398,237
Other	1,734,934	1,676,062
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	7,771,042	7,074,299
Total non-current assets	15,600,035	15,464,753
Total assets	44,237,358	43,167,475
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,663,632	2,238,354
Electronically recorded obligations - operating	4,461,405	2,940,966
Short-term borrowings	4,629,322	3,742,359
Income taxes payable	393,833	366,214
Provisions	350,818	348,553
Other	1,681,748	1,474,593
Total current liabilities	13,180,760	11,111,042
Non-current liabilities		
Long-term borrowings	155,672	136,466
Retirement benefit liability	191,422	253,212
Other	1,543,636	1,540,220
Total non-current liabilities	1,890,731	1,929,898
Total liabilities	15,071,492	13,040,940

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,337,367	3,381,692
Capital surplus	6,583,310	6,627,635
Retained earnings	14,191,837	14,665,331
Treasury shares	(409,977)	(410,962)
Total shareholders' equity	23,702,538	24,263,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,380,016	2,964,990
Foreign currency translation adjustment	2,027,177	2,839,811
Remeasurements of defined benefit plans	(15,878)	(20,906)
Total accumulated other comprehensive income	5,391,315	5,783,896
Non-controlling interests	72,012	78,941
Total net assets	29,165,866	30,126,535
Total liabilities and net assets	44,237,358	43,167,475

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, 2023	Six months ended September 30, 2024
Net sales	16,785,468	14,385,936
Cost of sales	11,773,187	10,056,447
Gross profit	5,012,281	4,329,488
Selling, general and administrative expenses		
Transportation costs	209,934	179,877
Salaries and bonuses	1,309,880	1,399,967
Technical research expenses	468,755	490,545
Other	1,056,995	1,027,421
Total selling, general and administrative expenses	3,045,565	3,097,812
Operating profit	1,966,715	1,231,676
Non-operating income		
Interest income	4,009	8,708
Dividend income	99,710	108,510
Foreign exchange gains	155,171	–
Other	26,539	16,697
Total non-operating income	285,431	133,915
Non-operating expenses		
Interest expenses	103,327	100,173
bank charge	34,469	37,742
Foreign exchange losses	–	42,557
Other	4,546	6,332
Total non-operating expenses	142,343	186,806
Ordinary profit	2,109,803	1,178,785
Extraordinary income		
Gain on sale of non-current assets	420	513
Gain on sale of investment securities	–	288,407
Total extraordinary income	420	288,921
Profit before income taxes	2,110,223	1,467,707
Income taxes	569,855	163,926
Profit	1,540,367	1,303,780
Profit attributable to non-controlling interests	6,136	1,399
Profit attributable to owners of parent	1,534,231	1,302,380

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,540,367	1,303,780
Other comprehensive income		
Valuation difference on available-for-sale securities	861,520	(415,025)
Foreign currency translation adjustment	863,056	821,758
Remeasurements of defined benefit plans, net of tax	(51)	(5,027)
Total other comprehensive income	1,724,525	401,705
Comprehensive income	3,264,893	1,705,485
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,252,777	1,695,011
Comprehensive income attributable to non-controlling interests	12,115	10,473

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,110,223	1,467,707
Depreciation	329,120	352,921
Increase (decrease) in allowance for doubtful accounts	2,101	6,320
Increase (decrease) in provision for product warranties	28,930	(2,265)
Increase (decrease) in retirement benefit liability	20,800	37,081
Interest and dividend income	(103,720)	(117,218)
Interest expenses	103,327	100,173
Loss (gain) on sale of investment securities	–	(288,407)
Loss (gain) on sale of non-current assets	(420)	(513)
Decrease (increase) in trade receivables	530,304	927,506
Decrease (increase) in inventories	(968,907)	(1,039,150)
Decrease (increase) in prepaid expenses	(191,875)	(114,453)
Decrease (increase) in accounts receivable - other	95,498	(245,452)
Increase (decrease) in trade payables	277,475	(982,649)
Increase (decrease) in accrued expenses	(198,572)	(148,525)
Other, net	(8,867)	(184,506)
Subtotal	2,025,420	(231,434)
Interest and dividends received	72,086	101,118
Interest paid	(73,980)	(97,843)
Income taxes paid	(278,461)	(163,970)
Net cash provided by (used in) operating activities	1,745,064	(392,128)
Cash flows from investing activities		
Purchase of property, plant and equipment	(112,311)	(91,438)
Proceeds from sale of property, plant and equipment	1,126	513
Purchase of intangible assets	(25,606)	(51,114)
Proceeds from sale of investment securities	–	332,991
Proceeds from collection of loans receivable	750	337
Net cash provided by (used in) investing activities	(136,040)	191,289
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(168,705)	(845,840)
Proceeds from long-term borrowings	150,000	100,000
Repayments of long-term borrowings	(16,682)	(119,206)
Purchase of treasury shares	(1,461)	(984)
Dividends paid	(508,297)	(828,886)
Dividends paid to non-controlling interests	(2,452)	(3,571)
Other, net	(90,374)	(79,434)
Net cash provided by (used in) financing activities	(637,973)	(1,777,923)
Effect of exchange rate change on cash and cash equivalents	270,980	163,877
Net increase (decrease) in cash and cash equivalents	1,242,030	(1,814,884)
Cash and cash equivalents at beginning of period	7,416,549	8,244,531
Cash and cash equivalents at end of period	8,658,580	6,429,646