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Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2022 [Japanese GAAP]



October 28, 2021

Company name: Sanoyas Holdings Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7022
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 Scheduled date of filing quarterly securities report: November 10, 2021
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on annual financial results: Not available
 Schedule of quarterly financial results briefing session: Yes (for investment analysts and institutional investors)

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

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2022 (April 1, 2021 to September 30, 2021)

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

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2021	8,249	(62.0)	(384)	–	(397)	–	(70)	–
September 30, 2020	21,710	3.0	(2,234)	–	(2,104)	–	(2,134)	–

(Note) Comprehensive income: Second Quarter of fiscal year ended March 31, 2022: ¥175 million [–%]
 Second Quarter of fiscal year ended March 31, 2021: ¥(767)million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	(2.13)	–
September 30, 2020	(65.28)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2021	26,788	7,166	26.4
March 31, 2021	26,401	7,098	26.5

(Reference) Equity: As of September 30, 2021: ¥7,077 million
 As of March 31, 2021: ¥7,009 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	0.00	–	5.00	5.00
Fiscal year ending March 31, 2022	–	0.00			
Fiscal year ending March 31, 2022 (Forecast)			–	5.00	5.00

(Note) Revision to recently disclosed projected cash dividends: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,000	(55.2)	600	–	500	–	300	–	9.16

(Note) Revision to recently disclosed projected consolidated financial results: No

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - September 30, 2021: 33,122,120 shares
 - March 31, 2021: 32,890,166 shares
 - 2) Total number of treasury shares at the end of the period:
 - September 30, 2021: 47,214 shares
 - March 31, 2021: 47,742 shares
 - 3) Average number of shares during the period:
 - Six months ended September 30, 2021: 32,942,571 shares
 - Six months ended September 30, 2020: 32,707,027 shares

* These consolidated financial results are outside the scope of audit

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

2. Quarterly Consolidated Financial Statements [Japanese GAAP]
(1) Quarterly Consolidated Balance Sheets [Japanese GAAP]

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	5,612	5,809
Notes and accounts receivable - trade	4,155	2,847
Contract assets	—	298
Electronically recorded monetary claims - operating	559	619
Merchandise and finished goods	162	197
Work in process	1,108	1,481
Raw materials and supplies	685	750
Other	1,364	1,231
Allowance for doubtful accounts	(9)	(9)
Total current assets	13,638	13,226
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,524	2,870
Machinery and equipment, net	1,497	1,615
Land	2,873	2,873
Other, net	476	374
Total property, plant and equipment	7,372	7,732
Intangible assets		
Software	114	262
Goodwill	806	759
Other	17	17
Total intangible assets	938	1,039
Investments and other assets		
Investment securities	3,728	4,039
Deferred tax assets	86	126
Net defined benefit asset	306	321
Other	339	310
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	4,451	4,789
Total non-current assets	12,762	13,561
Total assets	26,401	26,788

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,368	3,162
Short-term loans payable	1,800	3,750
Current portion of long-term loans payable	2,890	2,710
Income taxes payable	69	336
Advances received	661	—
Contract liabilities	—	402
Provision for bonuses	333	348
Provision for construction warranties	76	78
Provision for removal cost of property and equipment	23	9
Lease obligations	251	266
Other	683	637
Total current liabilities	10,157	11,702
Non-current liabilities		
Long-term loans payable	4,009	3,287
Lease obligations	1,093	1,043
Deferred tax liabilities	1,618	1,132
Net defined benefit liability	1,709	1,748
Asset retirement obligations	704	701
Other	8	6
Total non-current liabilities	9,145	7,919
Total liabilities	19,302	19,621
Net assets		
Shareholders' equity		
Capital stock	2,563	2,580
Capital surplus	263	—
Retained earnings	2,679	2,747
Treasury shares	(9)	(9)
Total shareholders' equity	5,496	5,318
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,566	1,777
Foreign currency translation adjustment	(5)	18
Remeasurements of defined benefit plans	(48)	(36)
Total accumulated other comprehensive income	1,512	1,758
Share acquisition right	89	89
Total net assets	7,098	7,166
Total liabilities and net assets	26,401	26,788

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income [Japanese GAAP]

Quarterly Consolidated Statements of Income [Japanese GAAP]

(Million yen)

	Six Months ended September 30, 2020	Six Months ended September 30, 2021
Net sales	21,710	8,249
Cost of sales	21,206	6,378
Gross profit	504	1,871
Selling, general and administrative expenses	2,739	2,255
Operating loss	(2,234)	(384)
Non-operating income		
Interest income	5	5
Dividend income	61	56
Share of profit of entities accounted for using equity method	57	—
Foreign exchange gains	42	—
Other	184	31
Total non-operating income	351	93
Non-operating expenses		
Interest expenses	175	73
Other	45	33
Total non-operating expenses	220	106
Ordinary loss	(2,104)	(397)
Loss before income taxes	(2,104)	(397)
Income taxes – current	51	298
Income taxes – deferred	(20)	(625)
Total income taxes	30	(327)
Loss	(2,134)	(70)
Loss attributable to owners of parent	(2,134)	(70)

Quarterly Consolidated Statements of Comprehensive Income [Japanese GAAP]

(Million yen)

	Three Months ended September 30, 2020	Three Months ended September 30, 2021
Loss	(2,134)	(70)
Other comprehensive income loss (loss)		
Valuation difference on available-for-sale securities	1,304	210
Deferred gain (loss) on hedges	(13)	—
Foreign currency translation adjustment	46	23
Remeasurements of defined benefit plans, net of tax	27	11
Comprehensive loss (income) of affiliates accounted for by the equity method attributable to the company	4	—
Total other comprehensive income (loss)	1,367	245
Comprehensive income	(767)	175
Comprehensive income (loss) attributable to		
Owners of the parent	(767)	175
Non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows [Japanese GAAP]

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Loss before income taxes	(2,104)	(397)
Depreciation	767	315
Amortization of goodwill	47	47
Increase (decrease) in net defined benefit liability	162	38
Increase (decrease) in allowance for doubtful accounts	(43)	(0)
Increase (decrease) in provision for bonuses	(15)	15
Increase (decrease) in provision for construction warranties	(13)	2
Increase (decrease) in provision for loss on construction contracts	398	—
Interest and dividend income	(67)	(61)
Interest expenses	175	73
Foreign exchange losses (gains)	(25)	—
Decrease (increase) in notes and accounts receivable - trade	(907)	958
Decrease (increase) in inventories	(786)	(468)
Decrease (increase) in advance payments	(304)	(0)
Increase (decrease) in notes and accounts payable - trade	(1,754)	(350)
Increase (decrease) in advances received	49	—
Increase (decrease) in contract liabilities	—	(264)
Decrease (increase) in consumption taxes refund receivable	754	(174)
Other, net	(633)	233
Subtotal	(4,300)	(35)
Interest and dividend income received	67	62
Interest expenses paid	(175)	(73)
Income taxes (paid) refund	73	5
Net cash provided by (used in) operating activities	(4,334)	(39)

(Million yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from investing activities		
Payments into time deposits	(142)	(142)
Proceeds from withdrawal of time deposits	142	242
Proceeds from redemption of securities	500	—
Purchase of property, plant and equipment	(361)	(494)
Purchase of intangible assets	(81)	(101)
Purchase of investment securities	(9)	(9)
Proceeds from cancellation of insurance fund	236	—
Other, net	49	(13)
Net cash provided by (used in) investing activities	334	(518)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(442)	1,950
Proceeds from long-term loans payable	1,606	200
Repayments of long-term loans payable	(1,926)	(1,101)
Cash dividends paid	(163)	(164)
Proceeds from sales and leaseback transactions	—	80
Repayments of lease obligations	(182)	(128)
Net cash provided by (used in) financing activities	(1,108)	835
Effect of exchange rate change on cash and cash equivalents	13	18
Net increase (decrease) in cash and cash equivalents	(5,095)	296
Cash and cash equivalents at beginning of period	15,053	5,452
Cash and cash equivalents at end of period	9,957	5,749

(Segment Information)

I Six months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

Information concerning Net sales and Operating profit or loss by Reportable business segment

(Million yen)

	Reportable segment				Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Machinery / Equipment & Services for Manufacturing Industry	Machinery / Equipment & Services for Construction Industry	Leisure business			
Net sales							
External sales	13,917	4,092	2,966	734	21,710	—	21,710
Internal sales or transfers	85	—	—	—	85	(85)	—
Total	14,002	4,092	2,966	734	21,796	(85)	21,710
Segment profit (loss)	(1,394)	105	(47)	(382)	(1,718)	(516)	(2,234)

(Note 1) Details of “Adjustments” are as follows:

Adjustments for the segment profit or loss of ¥(516) million include corporate cost of ¥(535) million not allocated to each reportable segment, allowance for doubtful accounts of ¥5 million and elimination of inter-segment transaction of ¥14 million.

Corporate cost consists of general and administrative expenses which do not belong to the reporting segment.

(Note 2) Segment profit or loss is adjusted with operating loss recorded in the quarterly consolidated statements of income.

II Six months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

Information concerning Net sales and Operating profit or loss by Reportable business segment

(Million yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Machinery / Equipment & Services for Manufacturing Industry	Machinery / Equipment & Services for Construction Industry	Leisure business			
Net sales						
Goods transferred at a point in time	4,071	1,785	915	6,772	—	6,772
Goods transferred over time	212	1,216	49	1,477	—	1,477
Revenue from contacts with customers	4,283	3,001	964	8,249	—	8,249
External sales	4,283	3,001	964	8,249	—	8,249
Internal sales or transfers	—	—	—	—	—	—
Total	4,283	3,001	964	8,249	—	8,249
Segment profit (loss)	347	(2)	(81)	263	(647)	(384)

(Note 1) Details of “Adjustments” are as follows:

Adjustments for the segment loss of ¥(647) million include corporate cost of ¥(654) million not allocated to each reportable segment, allowance for doubtful accounts of ¥(0) million and elimination of inter-segment transaction of ¥6 million.

Corporate cost consists of general and administrative expenses which do not belong to the reporting segment.

(Note 2) Segment loss is adjusted with operating loss recorded in the quarterly consolidated statements of income.

(Note 3) We have changed our business segmentation from "M&T business" to "Machinery / Equipment & Services for Manufacturing Industry", "Machinery / Equipment & Services for Construction Industry", and "Leisure business" since the beginning of the first quarter of the current consolidated fiscal year due to the transfer of shares of Sanoyas Shipbuilding Corporation to SHIN KURUSHIMA DOCKYARD CO., LTD. The segment information for the previous period is restated to current period presentation.

3. Supplementary information

Status of sales and orders

Segmental sales

Segment	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)		Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)	
	(Million yen)	Composition ratio (%)	(Million yen)	Composition ratio (%)
Shipbuilding & Engineering	13,917	64.1	–	–
Machinery / Equipment & Services for Manufacturing Industry	4,092	18.8	4,283	51.9
Machinery / Equipment & Services for Construction Industry	2,966	13.7	3,001	36.4
Leisure Business	734	3.4	964	11.7
Total	21,710	100.0	8,249	100.0

Order status and backlog of orders

Segment	Six months ended September 30, 2020 (April 1, 2020 to June 30, 2020)		Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)	
	Orders (Million yen)	Backlog of orders (Million yen)	Orders (Million yen)	Backlog of orders (Million yen)
Shipbuilding & Engineering	9,939	32,951	–	–
Machinery / Equipment & Services for Manufacturing Industry	3,910	4,341	4,108	3,105
Machinery / Equipment & Services for Construction Industry	3,968	4,910	3,336	4,981
Leisure Business	282	219	1,273	1,146
Total	18,101	42,422	8,717	9,232

(Note) The amount of orders received and order backlogs for rental of temporary construction-use elevators are included in Machinery / Equipment & Services for Construction Industry Segment since the beginning of the first quarter of the current consolidated fiscal year. Following the change, the amounts for the previous period have been changed to include the amount of orders received and order backlogs for rental of temporary construction-use elevators.