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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7022
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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of filing annual securities report: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Availability of supplementary briefing material on annual financial results: Available (Only in Japanese)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	20,145	5.2	95	(57.1)	395	92.7	425	(2.1)
March 31, 2022	19,148	(57.1)	222	—	205	—	434	—

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥272 million [(69.3)%]

Fiscal year ended March 31, 2022: ¥887 million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Rate of ordinary profit to total assets	Rate of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	12.77	12.60	5.4	1.5	0.5
March 31, 2022	13.17	12.97	5.9	0.8	1.2

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	25,702	8,010	30.9	237.40
As of March 31, 2022	25,428	7,871	30.6	235.25

(Reference) Equity: As of March 31, 2023: ¥7,935 million

As of March 31, 2022: ¥7,784 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 the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	(534)	(933)	(597)	1,329
March 31, 2022	284	(1,189)	(1,205)	3,376

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	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, 2022	—	0.00	—	5.00	5.00	165	38.0	2.2
March 31, 2023	—	0.00	—	5.00	5.00	167	39.2	2.1
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	5.00	5.00		55.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	23,000	14.2	500	422.9	500	26.5	300	(29.5)	9.00

* 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: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2023: 33,473,786 shares
March 31, 2022: 33,137,420 shares
 - 2) Total number of treasury shares at the end of the period:
March 31, 2023: 47,215 shares
March 31, 2022: 47,214 shares
 - 3) Average number of shares during the period:
Fiscal Year Ended March 31, 2023: 33,324,689 shares
Fiscal Year Ended March 31, 2022: 33,006,648 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. Consolidated Financial Statements [Japanese GAAP]

(1) Consolidated Balance Sheets [Japanese GAAP]

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,436	1,389
Notes and accounts receivable - trade	4,520	5,119
Contract assets	534	300
Electronically recorded monetary claims - operating	573	1,003
Merchandise and finished goods	189	243
Work in process	938	1,565
Raw materials and supplies	827	1,179
Other	497	1,018
Allowance for doubtful accounts	(10)	(13)
Total current assets	11,508	11,807
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,961	6,633
Accumulated depreciation	(3,160)	(3,357)
Buildings and structures, net	2,800	3,275
Machinery, vehicles, tools, furniture and fixtures	14,562	14,419
Accumulated depreciation	(12,661)	(12,577)
Machinery, vehicles, tools, furniture and fixtures, net	1,901	1,842
Land	2,873	2,831
Construction in progress	219	342
Total property, plant and equipment	7,793	8,292
Intangible assets		
Software	353	353
Goodwill	711	679
Other	17	17
Total intangible assets	1,081	1,050
Investments and other assets		
Investment securities	4,384	3,853
Deferred tax assets	166	222
Net defined benefit asset	293	278
Other	208	206
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	5,044	4,552
Total non-current assets	13,919	13,895
Total assets	25,428	25,702

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,003	3,559
Short-term loans payable	950	2,250
Current portion of long-term loans payable	2,007	1,797
Income taxes payable	289	91
Contract liabilities	481	1,030
Provision for bonuses	364	370
Provision for construction warranties	88	69
Provision for loss on construction contract	—	3
Lease obligations	302	222
Asset retirement obligations	273	—
Other	813	1,002
Total current liabilities	8,573	10,395
Non-current liabilities		
Long-term loans payable	4,878	3,660
Lease obligations	784	575
Deferred tax liabilities	1,232	1,084
Net defined benefit liability	1,773	1,661
Asset retirement obligations	309	311
Other	5	2
Total non-current liabilities	8,983	7,296
Total liabilities	17,557	17,691
Net assets		
Shareholders' equity		
Capital stock	2,581	2,603
Capital surplus	—	22
Retained earnings	3,246	3,506
Treasury shares	(9)	(9)
Total shareholders' equity	5,818	6,122
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,925	1,619
Deferred gain on hedges	12	1
Foreign currency translation adjustment	39	60
Remeasurements of defined benefit plans	(11)	130
Total accumulated other comprehensive income	1,965	1,812
Share acquisition right	86	75
Total net assets	7,871	8,010
Total liabilities and net assets	25,428	25,702

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

Consolidated Statements of Income [Japanese GAAP]

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	19,148	20,145
Cost of sales	14,488	15,244
Gross profit	4,659	4,900
Selling, general and administrative expenses	4,436	4,805
Operating profit	222	95
Non-operating income		
Interest income	3	2
Dividend income	132	364
Other	52	82
Total non-operating income	188	448
Non-operating expenses		
Interest expenses	133	113
Other	72	35
Total non-operating expenses	206	149
Ordinary profit	205	395
Extraordinary income		
Gain on sales of investment securities	40	458
Gain on sales of noncurrent assets	—	7
Gain on abolishment of retirement benefit plan	4	—
Total extraordinary income	45	465
Extraordinary loss		
Impairment loss	9	394
Loss on valuation of investment securities	11	—
Loss on sales of investment securities	1	—
Total extraordinary loss	22	394
Profit before income taxes	227	466
Income taxes – current	446	143
Income taxes – deferred	(653)	(102)
Total income taxes	(207)	41
Profit	434	425
Profit attributable to owners of parent	434	425

Consolidated Statements of Comprehensive Income [Japanese GAAP]

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	434	425
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	359	(305)
Deferred gain (loss) on hedges	12	(10)
Foreign currency translation adjustment	44	21
Remeasurements of defined benefit plans, net of tax	36	141
Total other comprehensive loss (income)	453	(153)
Comprehensive income	887	272
Comprehensive income (loss) attributable to		
Owners of the parent	887	272
Non-controlling interests	—	—

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	227	466
Depreciation	667	682
Impairment loss	9	394
Amortization of goodwill	94	120
Increase (decrease) in net defined benefit liability	63	(164)
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for bonuses	30	(7)
Increase (decrease) in provision for construction warranties	12	(19)
Increase (decrease) in provision for loss on construction contracts	—	3
Interest and dividend income	(135)	(366)
Interest expenses	133	133
Loss (gain) on sale of non-current assets	0	(6)
Loss (gain) on sales of investment securities	(38)	(458)
Loss (gain) on valuation of investment securities	11	—
Decrease (increase) in notes and accounts receivable – trade	(899)	(769)
Decrease (increase) in inventories	7	(1,010)
Decrease (increase) in advance payment	(166)	166
Increase (decrease) in notes and accounts payable - trade	(396)	386
Increase (decrease) in contract liabilities	(181)	554
Decrease (increase) in consumption taxes refund receivable	(111)	59
Other, net	143	(121)
Subtotal	(527)	23
Interest and dividend income received	136	366
Interest expenses paid	(133)	(114)
Income taxes paid	808	(810)
Net cash provided by (used in) operating activities	284	(534)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(160)	(267)
Proceeds from withdrawal of time deposits	260	267
Purchase of property, plant and equipment	(955)	(1,032)
Proceeds from sales of property, plant and equipment	13	98
Purchase of non-current assets	(224)	(95)
Purchase of investment securities	(166)	(18)
Proceeds from sales of investment securities	78	573
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(295)
Other, net	(35)	(162)
Net cash provided by (used in) investing activities	(1,189)	(933)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(850)	1,300
Proceeds from long-term loans payable	3,100	1,200
Repayments of long-term loans payable	(3,114)	(2,627)
Proceeds from sales and leaseback transactions	80	—
Cash dividends paid	(164)	(165)
Repayments of lease obligations	(257)	(304)
Other, net	0	0
Net cash provided by (used in) financing activities	(1,205)	(597)
Effect of exchange rate change on cash and cash equivalents	34	18
Net increase (decrease) in cash and cash equivalents	(2,076)	(2,046)
Cash and cash equivalents at beginning of period	5,452	3,376
Cash and cash equivalents at end of period	3,376	1,329

(Segment Information)

Information concerning Net sales and Operating profit by Reportable business segment

Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

	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	8,743	4,654	2,448	15,846	—	15,846
Goods transferred over time	673	2,537	91	3,302	—	3,302
Revenue from contacts with customers	9,416	7,192	2,539	19,148	—	19,148
External sales	9,416	7,192	2,539	19,148	—	19,148
Internal sales or transfers	—	—	—	—	—	—
Total	9,416	7,192	2,539	19,148	—	19,148
Segment profit	856	288	342	1,487	(1,264)	222
Segment assets	11,601	7,383	1,639	20,624	4,804	25,428
Other items						
Depreciation and amortization	408	142	95	646	20	667
Amortization of goodwill	—	94	—	94	—	94
Increase in property, plant and equipment and intangible assets	927	199	16	1,143	227	1,370

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

Adjustments for the segment loss of ¥(1,264) million include corporate cost of ¥(1,277) million not allocated to each reportable segment, allowance for doubtful accounts of ¥0 million and elimination of inter-segment transaction of ¥12 million.

Adjustments for segment assets of ¥4,804 million include corporate assets of ¥6,950 million and consolidated adjustment of ¥(2,146) million

Adjustments for depreciation and amortization of ¥20 million include depreciation and amortization of corporate assets of ¥20 million.

Adjustment for the increase in property, plant and equipment and intangible assets of ¥227 million include investments in corporate assets of ¥24 million and software of ¥202 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 profit recorded in the consolidated statements of income.

(Million yen)

Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	8,436	4,716	2,762	15,915	—	15,915
Goods transferred over time	267	2,803	1,159	4,230	—	4,230
Revenue from contacts with customers	8,704	7,520	3,921	20,145	—	20,145
External sales	8,704	7,520	3,921	20,145	—	20,145
Internal sales or transfers	—	1	—	1	(1)	—
Total	8,704	7,521	3,921	20,146	(1)	20,145
Segment profit	574	92	849	1,516	(1,421)	95
Segment assets	11,415	9,250	1,909	22,576	3,126	25,702
Other items						
Depreciation and amortization	423	149	61	633	48	682
Amortization of goodwill	—	120	—	120	—	120
Increase in property, plant and equipment and intangible assets	777	385	36	1,198	51	1,250

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

Adjustments for the segment loss of ¥(1,421) million include corporate cost of ¥(1,439) million not allocated to each reportable segment, allowance for doubtful accounts of ¥1 million and elimination of inter-segment transaction of ¥16 million.

Adjustments for segment assets of ¥3,126 million include corporate assets of ¥5,100 million and consolidated adjustment of ¥(1,974) million

Adjustments for depreciation and amortization of ¥48 million include depreciation and amortization of corporate assets of ¥48 million.

Adjustment for the increase in property, plant and equipment and intangible assets of ¥51 million include investments in corporate assets of ¥8 million and software of ¥43 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 profit recorded in the consolidated statements of income.

3. Supplementary information
 Status of sales and orders
 Segmental sales

Segment	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal Year Ended March 31, 2023 (April 1, 2022to March 31, 2023)	
	(Million yen)	Composition ratio (%)	(Million yen)	Composition ratio (%)
Machinery / Equipment & Services for Manufacturing Industry	9,416	49.2	8,704	43.2
Machinery / Equipment & Services for Construction Industry	7,192	37.6	7,520	37.3
Leisure business	2,539	13.2	3,921	19.5
Total	19,148	100.0	20,145	100

Order status and backlog of orders

Segment	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal Year Ended March 31, 2023 (April 1, 2022o March 31, 2023)	
	Orders (Million yen)	Backlog of orders (Million yen)	Orders (Million yen)	Backlog of orders (Million yen)
Machinery / Equipment & Services for Manufacturing Industry	9,708	4,212	8,844	5,272
Machinery / Equipment & Services for Construction Industry	6,477	4,333	9,566	7,484
Leisure business	1,875	1,176	1,280	445
Total	18,061	9,721	19,691	13,202