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

July 12, 2023

Company name: Sankyo Tateyama, Inc.

Stock exchange listing: Tokyo

Code number: 5932

URL: <https://www.st-grp.co.jp/>

Representative: Shozo Hirano

President and Chief Executive Officer

Contact: Yasunori Yoshida

Executive Officer and General Manager, Accounting Department

Phone: +81-766-20-2122

Scheduled date of Annual General Meeting of Shareholders: August 29, 2023

Scheduled date of commencing dividend payments: August 30, 2023

Scheduled date of filing annual securities report: August 30, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2023	370,385	8.8	2,669	(29.4)	3,419	(18.6)	1,630	312.2
May 31, 2022	340,553	-	3,782	-	4,198	-	395	-

(Note) Comprehensive income: Fiscal year ended May 31, 2023: ¥ 7,542 million [224.9%]
Fiscal year ended May 31, 2022: ¥ 2,321 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2023	52.02	-	1.9	1.2	0.7
May 31, 2022	12.62	-	0.5	1.6	1.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2023: ¥ 362 million
Fiscal year ended May 31, 2022: ¥ 267 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2023	282,932	92,667	31.6	2,854.68
May 31, 2022	268,470	85,605	30.8	2,633.27

(Reference) Equity: As of May 31, 2023: ¥ 89,495 million
As of May 31, 2022: ¥ 82,564 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended May 31, 2023	(171)	(7,269)	10,554	20,455
May 31, 2022	2,405	(7,586)	274	16,926

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	Millions of yen	%	%
May 31, 2022	-	10.00	-	5.00	15.00	471	118.9	0.6
May 31, 2023	-	10.00	-	10.00	20.00	629	38.4	0.7
Fiscal year ending May 31, 2024 (Forecast)	-	10.00	-	10.00	20.00		20.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023 to May 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months ending November 30, 2023	189,000	1.0	3,000	242.7	3,000	126.6	1,500	191.3	47.84
Full year	375,000	1.2	6,000	124.8	5,500	60.9	3,000	84.0	95.69

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

May 31, 2023: 31,554,629 shares

May 31, 2022: 31,554,629 shares

2) Number of treasury shares at the end of the period:

May 31, 2023: 204,216 shares

May 31, 2022: 200,162 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended May 31, 2023: 31,352,706 shares

Fiscal Year ended May 31, 2022: 31,357,328 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	18,420	22,377
Notes and accounts receivable - trade, and contract assets	55,105	57,247
Electronically recorded monetary claims - operating	5,486	6,653
Securities	1,492	10
Merchandise and finished goods	19,507	21,637
Work in process	15,931	16,399
Raw materials and supplies	17,407	19,249
Other	9,105	8,298
Allowance for doubtful accounts	(758)	(606)
Total current assets	141,698	151,268
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,609	22,149
Machinery, equipment and vehicles, net	19,849	20,488
Land	54,350	54,478
Leased assets, net	987	1,168
Construction in progress	1,317	1,304
Other, net	3,001	3,988
Total property, plant and equipment	102,115	103,577
Intangible assets		
Goodwill	1,674	1,152
Leased assets	10	7
Other	2,522	2,586
Total intangible assets	4,207	3,745
Investments and other assets		
Investment securities	11,133	11,848
Long-term loans receivable	81	81
Retirement benefit asset	5,526	9,488
Deferred tax assets	216	261
Other	4,155	3,349
Allowance for doubtful accounts	(664)	(688)
Total investments and other assets	20,449	24,341
Total non-current assets	126,772	131,664
Total assets	268,470	282,932

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,361	45,284
Electronically recorded obligations - operating	20,339	20,698
Short-term borrowings	12,103	23,761
Current portion of long-term borrowings	17,501	16,528
Lease liabilities	550	503
Income taxes payable	1,381	815
Provision for bonuses	380	360
Provision for loss on construction contracts	22	4
Other	20,185	20,049
Total current liabilities	121,826	128,008
Non-current liabilities		
Long-term borrowings	40,698	42,261
Lease liabilities	700	1,356
Deferred tax liabilities	1,130	1,624
Deferred tax liabilities on land revaluation	4,660	4,660
A product repair reserve fund	827	953
Retirement benefit liability	10,595	8,976
Asset retirement obligations	476	484
Other	1,949	1,939
Total non-current liabilities	61,039	62,256
Total liabilities	182,865	190,265
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	31,929	31,932
Retained earnings	26,188	27,324
Treasury shares	(252)	(255)
Total shareholders' equity	72,864	74,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	764	1,010
Deferred gains or losses on hedges	196	(196)
Revaluation reserve for land	3,835	3,858
Foreign currency translation adjustment	936	1,954
Remeasurements of defined benefit plans	3,966	8,867
Total accumulated other comprehensive income	9,699	15,493
Non-controlling interests	3,040	3,172
Total net assets	85,605	92,667
Total liabilities and net assets	268,470	282,932

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Net sales	340,553	370,385
Cost of sales	271,272	303,115
Gross profit	69,281	67,269
Selling, general and administrative expenses	65,498	64,600
Operating profit	3,782	2,669
Non-operating income		
Interest income	35	50
Dividend income	191	257
Insurance dividend income	146	146
Share of profit of entities accounted for using equity method	267	362
Foreign exchange gains	199	640
Other	642	642
Total non-operating income	1,483	2,101
Non-operating expenses		
Interest expenses	599	911
Other	467	439
Total non-operating expenses	1,066	1,351
Ordinary profit	4,198	3,419
Extraordinary income		
Gain on sale of non-current assets	261	413
Gain on sale of investment securities	230	7
Other	2	8
Total extraordinary income	494	429
Extraordinary losses		
Loss on sale of non-current assets	48	14
Loss on retirement of non-current assets	435	386
Impairment losses	1,270	340
Loss on sale of investment securities	19	-
Loss on valuation of investment securities	8	2
Other	4	1
Total extraordinary losses	1,787	744
Profit before income taxes	2,905	3,104
Income taxes - current	1,984	1,078
Income taxes - deferred	275	273
Total income taxes	2,260	1,351
Profit	645	1,752
Profit attributable to non-controlling interests	249	121
Profit attributable to owners of parent	395	1,630

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Profit	645	1,752
Other comprehensive income		
Valuation difference on available-for-sale securities	(227)	246
Deferred gains or losses on hedges	(601)	(393)
Foreign currency translation adjustment	1,380	1,038
Remeasurements of defined benefit plans, net of tax	1,165	4,894
Share of other comprehensive income of entities accounted for using equity method	(40)	4
Total other comprehensive income	1,676	5,790
Comprehensive income	2,321	7,542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,057	7,401
Comprehensive income attributable to non-controlling interests	264	140

Consolidated Statements of Changes in Equity
For the fiscal year ended May 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	31,929	26,582	(248)	73,262
Cumulative effects of changes in accounting policies			(1)		(1)
Restated balance	15,000	31,929	26,580	(248)	73,260
Changes during period					
Dividends of surplus			(786)		(786)
Profit attributable to owners of parent			395		395
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares					-
Reversal of revaluation reserve for land			(0)		(0)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(391)	(3)	(395)
Balance at end of period	15,000	31,929	26,188	(252)	72,864

	Accumulated other comprehensive income						Non-controlling interests	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	990	798	3,835	(430)	2,844	8,037	2,781	84,081
Cumulative effects of changes in accounting policies								(1)
Restated balance	990	798	3,835	(430)	2,844	8,037	2,781	84,079
Changes during period								
Dividends of surplus								(786)
Profit attributable to owners of parent								395
Purchase of treasury shares								(3)
Disposal of treasury shares								-
Reversal of revaluation reserve for land								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								-
Net changes in items other than shareholders' equity	(225)	(601)	0	1,366	1,122	1,662	259	1,921
Total changes during period	(225)	(601)	0	1,366	1,122	1,662	259	1,525
Balance at end of period	764	196	3,835	936	3,966	9,699	3,040	85,605

For the fiscal year ended May 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	31,929	26,188	(252)	72,864
Cumulative effects of changes in accounting policies					-
Restated balance	15,000	31,929	26,188	(252)	72,864
Changes during period					
Dividends of surplus			(471)		(471)
Profit attributable to owners of parent			1,630		1,630
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			(22)		(22)
Change in ownership interest of parent due to transactions with non-controlling interests		3			3
Net changes in items other than shareholders' equity					
Total changes during period	-	3	1,136	(2)	1,137
Balance at end of period	15,000	31,932	27,324	(255)	74,002

	Accumulated other comprehensive income						Non-controlling interests	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	764	196	3,835	936	3,966	9,699	3,040	85,605
Cumulative effects of changes in accounting policies								-
Restated balance	764	196	3,835	936	3,966	9,699	3,040	85,605
Changes during period								
Dividends of surplus								(471)
Profit attributable to owners of parent								1,630
Purchase of treasury shares								(2)
Disposal of treasury shares								0
Reversal of revaluation reserve for land								(22)
Change in ownership interest of parent due to transactions with non-controlling interests								3
Net changes in items other than shareholders' equity	245	(393)	22	1,018	4,900	5,793	131	5,925
Total changes during period	245	(393)	22	1,018	4,900	5,793	131	7,062
Balance at end of period	1,010	(196)	3,858	1,954	8,867	15,493	3,172	92,667

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,905	3,104
Depreciation	8,006	8,210
Impairment losses	1,270	340
Amortization of goodwill	635	695
Increase (decrease) in allowance for doubtful accounts	110	(198)
Increase (decrease) in provision for bonuses	24	(28)
Increase (decrease) in retirement benefits asset liability	(923)	(1,340)
Increase (decrease) in provision for product repair	(115)	125
Interest and dividend income	(226)	(308)
Interest expenses	599	911
Share of loss (profit) of entities accounted for using equity method	(267)	(362)
Loss (gain) on sale of investment securities	(211)	(7)
Loss (gain) on valuation of investment securities	8	2
Loss (gain) on sale of non-current assets	(213)	(399)
Loss on retirement of non-current assets	435	386
Decrease (increase) in trade receivables	(8,448)	(2,651)
Decrease (increase) in inventories	(7,880)	(3,338)
Increase (decrease) in trade payables	12,301	(4,143)
Increase (decrease) in other liabilities	(1,848)	1,449
Other, net	(1,331)	(443)
Subtotal	4,832	2,002
Interest and dividends received	316	393
Interest paid	(619)	(891)
Income taxes paid	(2,124)	(1,675)
Net cash provided by (used in) operating activities	2,405	(171)
Cash flows from investing activities		
Payments into time deposits	(1,374)	(2,095)
Proceeds from withdrawal of time deposits	1,579	1,702
Proceeds from sale of securities	-	1,548
Purchase of property, plant and equipment	(7,567)	(7,612)
Proceeds from sale of property, plant and equipment	460	54
Purchase of investment securities	(396)	(93)
Proceeds from sale of investment securities	508	122
Loan advances	(14)	-
Proceeds from collection of loans receivable	13	3
Other payments	(812)	(920)
Other proceeds	16	20
Net cash provided by (used in) investing activities	(7,586)	(7,269)

(Millions of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,140)	11,510
Repayments of finance lease liabilities	(507)	(740)
Proceeds from long-term borrowings	19,416	18,863
Repayments of long-term borrowings	(16,704)	(18,602)
Proceeds from sale of treasury shares	-	0
Purchase of treasury shares	(3)	(2)
Dividends paid	(780)	(468)
Dividends paid to non-controlling interests	(5)	(4)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1)
Net cash provided by (used in) financing activities	274	10,554
Effect of exchange rate change on cash and cash equivalents	(536)	415
Net increase (decrease) in cash and cash equivalents	(5,443)	3,528
Cash and cash equivalents at beginning of period	22,369	16,926
Cash and cash equivalents at end of period	16,926	20,455