

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 7, 2022

Company name: Sakai Chemical Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4078 URL <http://www.sakai-chem.co.jp>
 Representative: President, Representative Director Masaaki Yabe
 Director, General Manager of Accounting & Finance Department Hiroyuki Hattori
 Inquiries: TEL 072-223-4111
 Scheduled date to file Quarterly Securities Report: February 7, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(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	%
Nine months ended December 31, 2021	59,623	(4.8)	6,030	92.3	6,502	139.3	5,274	128.3
Nine months ended December 31, 2020	62,600	(5.3)	3,136	0.4	2,716	(17.7)	2,311	15.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	315.69		–	
Nine months ended December 31, 2020	137.33		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	123,647	81,139	62.6	4,787.48
As of March 31, 2021	123,007	79,264	61.6	4,502.33

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	–	15.00	–	0.00	15.00
Year ending March 31, 2022	–	35.00	–		
Year ending March 31, 2022 (Forecast)				35.00	70.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	80,000	(5.8)	7,000	62.6	7,900	96.9	6,200	–	371.05

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly 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 December 31, 2021	17,000,000 shares	As of March 31, 2021	17,000,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	827,228 shares	As of March 31, 2021	163,081 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	16,709,404 shares	Nine months ended December 31, 2020	16,828,369 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	11,093	11,080
Notes and accounts receivable - trade	27,170	29,345
Merchandise and finished goods	12,102	13,682
Work in process	3,184	3,644
Raw materials and supplies	5,547	5,571
Other	1,204	1,541
Allowance for doubtful accounts	(41)	(38)
Total current assets	60,260	64,828
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,110	17,811
Machinery, equipment and vehicles, net	12,080	12,376
Tools, furniture and fixtures, net	1,254	1,167
Land	14,662	14,666
Construction in progress	3,513	2,238
Total property, plant and equipment	48,621	48,261
Intangible assets		
Goodwill	1,281	1,178
Other	425	409
Total intangible assets	1,706	1,587
Investments and other assets		
Investment securities	9,378	5,428
Retirement benefit asset	46	46
Deferred tax assets	2,474	3,025
Other	550	499
Allowance for doubtful accounts	(30)	(29)
Total investments and other assets	12,418	8,970
Total non-current assets	62,746	58,819
Total assets	123,007	123,647
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,966	10,086
Short-term borrowings	8,651	9,603
Income taxes payable	862	1,259
Provision for bonuses	1,228	637
Other provisions	98	54
Other	7,369	5,189
Total current liabilities	26,178	26,829
Non-current liabilities		
Long-term borrowings	11,787	9,944
Provision for environmental measures	133	137
Retirement benefit liability	5,155	5,226
Deferred tax liabilities	161	97
Other	326	272
Total non-current liabilities	17,564	15,678
Total liabilities	43,742	42,507

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,302	16,299
Retained earnings	35,431	39,960
Treasury shares	(336)	(1,798)
Total shareholders' equity	73,236	76,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,799	1,346
Deferred gains or losses on hedges	14	18
Foreign currency translation adjustment	(281)	(257)
Remeasurements of defined benefit plans	36	19
Total accumulated other comprehensive income	2,568	1,126
Non-controlling interests	3,459	3,712
Total net assets	79,264	81,139
Total liabilities and net assets	123,007	123,647

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	62,600	59,623
Cost of sales	49,844	43,534
Gross profit	12,756	16,089
Selling, general and administrative expenses	9,619	10,059
Operating profit	3,136	6,030
Non-operating income		
Interest income	10	6
Dividend income	222	215
Foreign exchange gains	–	247
Other	190	139
Total non-operating income	423	608
Non-operating expenses		
Interest expenses	59	58
Foreign exchange losses	140	–
Shutdown costs	541	6
Other	102	71
Total non-operating expenses	842	136
Ordinary profit	2,716	6,502
Extraordinary income		
Gain on sale of non-current assets	0	29
Gain on sale of investment securities	1,289	1,481
Total extraordinary income	1,290	1,510
Extraordinary losses		
Loss on explosion and fire accident	–	182
Loss on retirement of non-current assets	284	109
Loss on valuation of investment securities	49	0
Loss on sale of investment securities	2	247
Other	1	0
Total extraordinary losses	338	539
Profit before income taxes	3,669	7,473
Income taxes	1,147	1,948
Profit	2,521	5,525
Profit attributable to non-controlling interests	210	250
Profit attributable to owners of parent	2,311	5,274

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	2,521	5,525
Other comprehensive income		
Valuation difference on available-for-sale securities	477	(1,451)
Deferred gains or losses on hedges	(12)	0
Foreign currency translation adjustment	(175)	89
Remeasurements of defined benefit plans, net of tax	(5)	(16)
Total other comprehensive income	284	(1,378)
Comprehensive income	2,805	4,146
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,614	3,833
Comprehensive income attributable to non-controlling interests	191	313