

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 9, 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 Toshiyuki Yagura  
 Director, General Manager of Accounting & Finance Department Hiroyuki Hattori TEL 072-223-4111  
 Inquiries: Finance Department  
 Scheduled date to file Quarterly Securities Report: November 9, 2022  
 Scheduled date to commence dividend payments: December 1, 2022  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	42,694	7.0	3,267	(25.0)	3,830	(16.7)	2,871	(9.7)
Six months ended September 30, 2021	39,905	(0.8)	4,356	172.8	4,599	277.2	3,180	469.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	177.48		-	
Six months ended September 30, 2021	188.85		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	128,362	85,803	63.6	5,039.41
As of March 31, 2022	123,919	82,708	63.6	4,875.69

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, 2022	-	35.00	-	35.00	70.00
Year ending March 31, 2023	-	45.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	45.00	90.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	85,000	6.1	5,500	(26.6)	5,800	(34.4)	4,200	(37.8)	259.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022  
(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: No
- 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, 2022	17,000,000 shares	As of March 31, 2022	17,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	805,388 shares	As of March 31, 2022	827,228 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	16,179,998 shares	Six months ended September 30, 2021	16,842,896 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,800	11,893
Notes and accounts receivable - trade	29,908	28,987
Merchandise and finished goods	13,026	15,676
Work in process	3,581	4,346
Raw materials and supplies	6,503	8,196
Other	1,717	1,455
Allowance for doubtful accounts	(40)	(34)
Total current assets	65,496	70,520
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	18,588
Machinery, equipment and vehicles, net	12,288	11,539
Tools, furniture and fixtures, net	1,133	1,136
Land	14,696	14,796
Construction in progress	1,411	1,587
Total property, plant and equipment	48,134	47,648
Intangible assets		
Goodwill	1,146	1,081
Other	372	324
Total intangible assets	1,519	1,406
Investments and other assets		
Investment securities	4,859	4,584
Retirement benefit asset	51	53
Deferred tax assets	3,352	3,495
Other	534	682
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	8,769	8,787
Total non-current assets	58,423	57,842
Total assets	123,919	128,362
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,452	10,273
Short-term borrowings	8,202	10,905
Income taxes payable	1,771	1,193
Provision for bonuses	1,371	1,385
Other provisions	137	67
Other	5,836	5,305
Total current liabilities	26,771	29,130
Non-current liabilities		
Long-term borrowings	8,756	7,715
Provision for environmental measures	139	142
Retirement benefit liability	5,190	5,204
Deferred tax liabilities	76	125
Other	277	242
Total non-current liabilities	14,439	13,429
Total liabilities	41,211	42,559

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,299	16,293
Retained earnings	41,433	43,738
Treasury shares	(1,798)	(1,751)
Total shareholders' equity	77,772	80,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	1,057
Deferred gains or losses on hedges	6	23
Foreign currency translation adjustment	(149)	389
Remeasurements of defined benefit plans	21	21
Total accumulated other comprehensive income	1,081	1,491
Non-controlling interests	3,854	4,191
Total net assets	82,708	85,803
Total liabilities and net assets	123,919	128,362

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	39,905	42,694
Cost of sales	28,942	32,311
Gross profit	10,963	10,383
Selling, general and administrative expenses	6,606	7,115
Operating profit	4,356	3,267
Non-operating income		
Interest income	4	2
Dividend income	116	90
Foreign exchange gains	131	497
Other	93	42
Total non-operating income	346	632
Non-operating expenses		
Interest expenses	37	36
Other	65	33
Total non-operating expenses	103	69
Ordinary profit	4,599	3,830
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	90	79
Gain on sale of golf membership	–	1
Insurance claim income	–	379
Total extraordinary income	92	461
Extraordinary losses		
Loss on explosion and fire accident	143	–
Loss on retirement of non-current assets	11	72
Loss on valuation of investment securities	0	–
Other	–	0
Total extraordinary losses	154	72
Profit before income taxes	4,537	4,218
Income taxes	1,201	1,195
Profit	3,336	3,023
Profit attributable to non-controlling interests	155	151
Profit attributable to owners of parent	3,180	2,871

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	3,336	3,023
Other comprehensive income		
Valuation difference on available-for-sale securities	(233)	(156)
Deferred gains or losses on hedges	(2)	25
Foreign currency translation adjustment	133	773
Remeasurements of defined benefit plans, net of tax	(11)	(0)
Total other comprehensive income	(112)	643
Comprehensive income	3,223	3,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,997	3,282
Comprehensive income attributable to non-controlling interests	225	384