

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 7, 2023

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
 Inquiries: TEL 072-223-4111
 Scheduled date to file Quarterly Securities Report: February 7, 2023
 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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	63,759	6.9	4,182	(30.6)	4,689	(27.9)	3,363	(36.2)
Nine months ended December 31, 2021	59,623	(4.8)	6,030	92.3	6,502	139.3	5,274	128.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	207.79		–	
Nine months ended December 31, 2021	315.69		–	

(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, 2022	131,288	85,695	62.0	5,027.85
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)				30.00	75.00

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	4,700	(37.3)	5,200	(41.2)	3,500	(48.1)	216.25

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2022	805,438 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)

Nine months ended December 31, 2022	16,184,852 shares	Nine months ended December 31, 2021	16,709,404 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	10,800	10,037
Notes and accounts receivable - trade	29,908	30,792
Merchandise and finished goods	13,026	16,958
Work in process	3,581	4,210
Raw materials and supplies	6,503	10,017
Other	1,717	1,739
Allowance for doubtful accounts	(40)	(38)
Total current assets	65,496	73,716
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	18,533
Machinery, equipment and vehicles, net	12,288	11,771
Tools, furniture and fixtures, net	1,133	1,109
Land	14,696	14,808
Construction in progress	1,411	1,177
Total property, plant and equipment	48,134	47,400
Intangible assets		
Goodwill	1,146	1,046
Other	372	319
Total intangible assets	1,519	1,366
Investments and other assets		
Investment securities	4,859	4,614
Retirement benefit asset	51	57
Deferred tax assets	3,352	3,504
Other	534	657
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	8,769	8,804
Total non-current assets	58,423	57,571
Total assets	123,919	131,288
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,452	10,900
Short-term borrowings	8,202	13,609
Income taxes payable	1,771	474
Provision for bonuses	1,371	677
Other provisions	137	101
Other	5,836	5,865
Total current liabilities	26,771	31,629
Non-current liabilities		
Long-term borrowings	8,756	8,169
Provision for environmental measures	139	143
Retirement benefit liability	5,190	5,228
Deferred tax liabilities	76	123
Other	277	297
Total non-current liabilities	14,439	13,963
Total liabilities	41,211	45,592

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,299	16,293
Retained earnings	41,433	43,501
Treasury shares	(1,798)	(1,751)
Total shareholders' equity	77,772	79,881
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	1,087
Deferred gains or losses on hedges	6	(41)
Foreign currency translation adjustment	(149)	474
Remeasurements of defined benefit plans	21	21
Total accumulated other comprehensive income	1,081	1,542
Non-controlling interests	3,854	4,271
Total net assets	82,708	85,695
Total liabilities and net assets	123,919	131,288

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, 2021	Nine months ended December 31, 2022
Net sales	59,623	63,759
Cost of sales	43,534	48,967
Gross profit	16,089	14,792
Selling, general and administrative expenses	10,059	10,609
Operating profit	6,030	4,182
Non-operating income		
Interest income	6	3
Dividend income	215	141
Foreign exchange gains	247	403
Other	139	60
Total non-operating income	608	608
Non-operating expenses		
Interest expenses	58	55
Other	77	45
Total non-operating expenses	136	101
Ordinary profit	6,502	4,689
Extraordinary income		
Gain on sale of non-current assets	29	4
Gain on sale of investment securities	1,481	85
Gain on sale of golf membership	–	1
Insurance claim income	–	378
Total extraordinary income	1,510	470
Extraordinary losses		
Loss on explosion and fire accident	182	–
Impairment losses	–	35
Loss on retirement of non-current assets	109	81
Loss on sale of investment securities	247	–
Loss on valuation of investment securities	0	–
Other	0	0
Total extraordinary losses	539	117
Profit before income taxes	7,473	5,042
Income taxes	1,948	1,469
Profit	5,525	3,573
Profit attributable to non-controlling interests	250	210
Profit attributable to owners of parent	5,274	3,363

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	5,525	3,573
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,451)	(122)
Deferred gains or losses on hedges	0	(61)
Foreign currency translation adjustment	89	928
Remeasurements of defined benefit plans, net of tax	(16)	(0)
Total other comprehensive income	(1,378)	744
Comprehensive income	4,146	4,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,833	3,823
Comprehensive income attributable to non-controlling interests	313	493