

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 8, 2023

Company name: Sakai Chemical Industry Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4078 URL <https://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 8, 2023  
 Scheduled date to commence dividend payments: December 1, 2023  
 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, 2023 (from April 1, 2023 to September 30, 2023)

#### (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, 2023	40,471	(5.2)	917	(71.9)	885	(76.9)	(2,033)	(170.8)
Six months ended September 30, 2022	42,694	7.0	3,267	(25.0)	3,830	(16.7)	2,871	(9.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(125.53)	–
Six months ended September 30, 2022	177.48	–

#### (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, 2023	131,575	80,656	60.5	4,911.05
As of March 31, 2023	128,021	84,717	62.9	4,970.11

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	45.00	–	30.00	75.00
Year ending March 31, 2024	–	35.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	35.00	70.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	84,000	0.2	1,900	(56.9)	1,700	(65.0)	(800)	–	(49.38)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(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: No
- (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, 2023	17,000,000 shares	As of March 31, 2023	17,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	789,106 shares	As of March 31, 2023	805,601 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, 2023	16,199,777 shares	Six months ended September 30, 2022	16,179,998 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,409	15,645
Notes and accounts receivable - trade	27,555	28,828
Merchandise and finished goods	16,355	15,677
Work in process	4,192	4,928
Raw materials and supplies	9,577	9,626
Other	2,046	1,572
Allowance for doubtful accounts	(36)	(27)
Total current assets	72,101	76,250
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,177	17,761
Machinery, equipment and vehicles, net	11,583	10,793
Tools, furniture and fixtures, net	1,130	1,137
Land	14,846	14,907
Construction in progress	1,024	2,035
Total property, plant and equipment	46,761	46,635
Intangible assets		
Goodwill	1,012	943
Other	355	313
Total intangible assets	1,368	1,257
Investments and other assets		
Investment securities	4,838	5,850
Retirement benefit asset	50	77
Deferred tax assets	2,302	947
Other	628	587
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	7,790	7,432
Total non-current assets	55,920	55,325
Total assets	128,021	131,575
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,610	9,928
Short-term borrowings	13,175	12,907
Income taxes payable	733	737
Provision for bonuses	1,311	1,320
Other provisions	190	48
Other	5,216	6,123
Total current liabilities	29,237	31,066
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	3,000
Long-term borrowings	8,467	10,463
Provision for environmental measures	145	138
Retirement benefit liability	5,071	4,982
Deferred tax liabilities	139	1,024
Other	241	244
Total non-current liabilities	14,066	19,853
Total liabilities	43,304	50,919

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,293	16,724
Retained earnings	42,482	39,963
Treasury shares	(1,751)	(1,715)
Total shareholders' equity	78,863	76,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,254	2,017
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustment	253	671
Remeasurements of defined benefit plans	117	109
Total accumulated other comprehensive income	1,624	2,802
Share acquisition rights	–	35
Non-controlling interests	4,229	1,008
Total net assets	84,717	80,656
Total liabilities and net assets	128,021	131,575

## 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, 2022	Six months ended September 30, 2023
Net sales	42,694	40,471
Cost of sales	32,311	32,596
Gross profit	10,383	7,875
Selling, general and administrative expenses	7,115	6,958
Operating profit	3,267	917
Non-operating income		
Interest income	2	4
Dividend income	90	78
Foreign exchange gains	497	324
Other	42	30
Total non-operating income	632	437
Non-operating expenses		
Interest expenses	36	53
tender offer related expenses	–	342
Other	33	73
Total non-operating expenses	69	469
Ordinary profit	3,830	885
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	79	43
Gain on sale of golf club membership	1	–
Insurance claim income	379	–
Total extraordinary income	461	44
Extraordinary losses		
Loss on retirement of non-current assets	72	98
Impairment losses	–	57
Other	0	–
Total extraordinary losses	72	156
Profit before income taxes	4,218	773
Income taxes	1,195	2,569
Profit (loss)	3,023	(1,796)
Profit attributable to non-controlling interests	151	236
Profit (loss) attributable to owners of parent	2,871	(2,033)

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	3,023	(1,796)
Other comprehensive income		
Valuation difference on available-for-sale securities	(156)	747
Deferred gains or losses on hedges	25	6
Foreign currency translation adjustment	773	508
Remeasurements of defined benefit plans, net of tax	(0)	(8)
Total other comprehensive income	643	1,254
Comprehensive income	3,666	(542)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,282	(855)
Comprehensive income attributable to non-controlling interests	384	313