

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2024  
(Based on Japanese GAAP)**

May 13, 2024

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  
 Inquiries: Hiroyuki Hattori TEL 072-223-4111  
 Scheduled date of ordinary general meeting of shareholders: June 26, 2024  
 Scheduled date to file Securities Report: June 26, 2024  
 Scheduled date to commence dividend payments: June 3, 2024  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	82,105	(2.1)	2,942	(33.2)	3,066	(36.8)	(7,092)	(402.5)
Year ended March 31, 2023	83,861	4.6	4,407	(41.2)	4,854	(45.1)	2,344	(65.2)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	(437.65)	–	(9.2)	2.4	3.6
Year ended March 31, 2023	144.85	–	2.9	3.9	5.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	125,445	75,466	59.3	4,586.92
As of March 31, 2023	128,021	84,717	62.9	4,970.11

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	6,866	(3,963)	1,259	16,475
Year ended March 31, 2023	773	(2,620)	3,283	12,188

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	45.00	–	30.00	75.00	1,214	51.8	1.5
Year ended March 31, 2024	–	35.00	–	35.00	70.00	1,134	(16.1)	1.5
Year ending March 31, 2025 (Forecast)	–	62.50	–	62.50	125.00		47.1	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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
Six months ending September 30, 2024	42,000	3.8	2,400	161.7	2,300	159.9	1,600	–	98.73
Full year	87,000	6.0	5,400	83.5	5,200	69.6	4,300	–	265.35

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	17,000,000 shares	As of March 31, 2023	17,000,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	789,316 shares	As of March 31, 2023	805,601 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2024	16,205,278 shares	Year ended March 31, 2023	16,187,247 shares
---------------------------	-------------------	---------------------------	-------------------

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,409	16,590
Notes and accounts receivable - trade	27,555	29,570
Merchandise and finished goods	16,355	15,545
Work in process	4,192	5,155
Raw materials and supplies	9,577	8,046
Other	2,046	1,162
Allowance for doubtful accounts	(36)	(28)
Total current assets	72,101	76,042
Non-current assets		
Property, plant and equipment		
Buildings and structures	46,946	45,370
Accumulated depreciation	(28,769)	(29,722)
Buildings and structures, net	18,177	15,648
Machinery, equipment and vehicles	77,447	75,007
Accumulated depreciation	(65,864)	(67,340)
Machinery, equipment and vehicles, net	11,583	7,666
Tools, furniture and fixtures	7,264	7,374
Accumulated depreciation	(6,134)	(6,265)
Tools, furniture and fixtures, net	1,130	1,108
Land	14,846	13,305
Construction in progress	1,024	2,733
Total property, plant and equipment	46,761	40,463
Intangible assets		
Goodwill	1,012	888
Other	355	280
Total intangible assets	1,368	1,168
Investments and other assets		
Investment securities	4,838	6,206
Retirement benefit asset	50	104
Deferred tax assets	2,302	886
Other	628	586
Allowance for doubtful accounts	(29)	(12)
Total investments and other assets	7,790	7,770
Total non-current assets	55,920	49,402
Total assets	128,021	125,445

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,610	9,066
Short-term borrowings	13,175	15,108
Income taxes payable	733	576
Provision for bonuses	1,311	1,286
Other provisions	190	39
Other	5,216	5,679
Total current liabilities	29,237	31,757
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	3,000
Long-term borrowings	8,467	8,930
Provision for environmental measures	145	141
Retirement benefit liability	5,071	4,750
Deferred tax liabilities	139	1,136
Other	241	261
Total non-current liabilities	14,066	18,220
<b>Total liabilities</b>	<b>43,304</b>	<b>49,978</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,293	16,727
Retained earnings	42,482	34,334
Treasury shares	(1,751)	(1,716)
Total shareholders' equity	78,863	71,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,254	2,340
Deferred gains or losses on hedges	(0)	10
Foreign currency translation adjustment	253	572
Remeasurements of defined benefit plans	117	250
Total accumulated other comprehensive income	1,624	3,173
Share acquisition rights	–	35
Non-controlling interests	4,229	1,074
<b>Total net assets</b>	<b>84,717</b>	<b>75,466</b>
<b>Total liabilities and net assets</b>	<b>128,021</b>	<b>125,445</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	83,861	82,105
Cost of sales	65,381	65,248
Gross profit	18,479	16,857
Selling, general and administrative expenses	14,072	13,914
Operating profit	4,407	2,942
Non-operating income		
Interest income	4	14
Dividend income	147	147
Insurance claim income	2	170
Foreign exchange gains	363	311
Other	78	71
Total non-operating income	595	715
Non-operating expenses		
Interest expenses	76	116
Guarantee commission	20	20
Tender Offer-Related Expenses	–	357
Other	50	97
Total non-operating expenses	148	591
Ordinary profit	4,854	3,066
Extraordinary income		
Gain on sale of non-current assets	122	–
Gain on sale of investment securities	85	73
Gain on sale of golf club membership	1	–
Insurance claim income	378	–
Total extraordinary income	589	73
Extraordinary losses		
Impairment losses	40	6,661
Loss on retirement of non-current assets	127	174
Loss on valuation of investment securities	81	7
Loss related to quality	215	–
Other	1	–
Total extraordinary losses	466	6,843
Profit (loss) before income taxes	4,977	(3,703)
Income taxes - current	1,308	1,088
Income taxes - deferred	1,060	2,002
Total income taxes	2,368	3,091
Profit (loss)	2,608	(6,795)
Profit attributable to non-controlling interests	264	297
Profit (loss) attributable to owners of parent	2,344	(7,092)

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	2,608	(6,795)
Other comprehensive income		
Valuation difference on available-for-sale securities	58	1,092
Deferred gains or losses on hedges	(10)	15
Foreign currency translation adjustment	587	389
Remeasurements of defined benefit plans, net of tax	95	132
Total other comprehensive income	730	1,630
Comprehensive income	3,339	(5,164)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,888	(5,543)
Comprehensive income attributable to non-controlling interests	451	378

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,299	41,433	(1,798)	77,772
Changes during period					
Dividends of surplus			(1,294)		(1,294)
Profit (loss) attributable to owners of parent			2,344		2,344
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(5)		47	41
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(5)	1,049	47	1,091
Balance at end of period	21,838	16,293	42,482	(1,751)	78,863

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,202	6	(149)	21	1,081	–	3,854	82,708
Changes during period								
Dividends of surplus								(1,294)
Profit (loss) attributable to owners of parent								2,344
Purchase of treasury shares								(0)
Disposal of treasury shares								41
Change in ownership interest of parent due to transactions with non-controlling interests								0
Transfer from retained earnings to capital surplus								–
Net changes in items other than shareholders' equity	51	(6)	402	95	543		374	918
Total changes during period	51	(6)	402	95	543	–	374	2,009
Balance at end of period	1,254	(0)	253	117	1,624	–	4,229	84,717

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,293	42,482	(1,751)	78,863
Changes during period					
Dividends of surplus			(1,053)		(1,053)
Profit (loss) attributable to owners of parent			(7,092)		(7,092)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(3)		36	33
Change in ownership interest of parent due to transactions with non-controlling interests					–
Transfer from retained earnings to capital surplus			(3)		(3)
Net changes in items other than shareholders' equity		436			436
Total changes during period		433	(8,148)	35	(7,679)
Balance at end of period	21,838	16,727	34,334	(1,716)	71,183

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,254	(0)	253	117	1,624	–	4,229	84,717
Changes during period								
Dividends of surplus								(1,053)
Profit (loss) attributable to owners of parent								(7,092)
Purchase of treasury shares								(0)
Disposal of treasury shares								33
Change in ownership interest of parent due to transactions with non-controlling interests								–
Transfer from retained earnings to capital surplus								(3)
Net changes in items other than shareholders' equity	1,086	11	318	132	1,548	35	(3,155)	(1,134)
Total changes during period	1,086	11	318	132	1,548	35	(3,155)	(9,251)
Balance at end of period	2,340	10	572	250	3,173	35	1,074	75,466



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	4,977	(3,703)
Depreciation	4,417	4,354
Impairment losses	40	6,661
Gain on sales of investment securities	(85)	(73)
Increase (decrease) in allowance for doubtful accounts	(4)	(24)
Increase (decrease) in provision for bonuses	(60)	(24)
Increase (decrease) in retirement benefit liability	6	(141)
Loss on valuation of investment securities	81	7
Interest and dividend income	(151)	(161)
Interest expenses	76	116
Tender Offer-Related Expenses	–	357
Decrease (increase) in trade receivables	2,374	(1,868)
Decrease (increase) in inventories	(6,833)	1,501
Increase (decrease) in trade payables	(1,065)	385
Other, net	(1,500)	412
Subtotal	2,274	7,800
Interest and dividends received	151	160
Interest paid	(79)	(116)
Subsidies received	771	–
Proceeds from insurance income	521	–
Income taxes paid	(2,866)	(1,161)
Income taxes refund	–	541
Tender Offer-Related Expenses paid	–	(357)
Net cash provided by (used in) operating activities	773	6,866
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,658)	(4,024)
Proceeds from sale of property, plant and equipment	180	4
Purchase of investment securities	(94)	(20)
Proceeds from sale of investment securities	193	157
Other, net	(241)	(80)
Net cash provided by (used in) investing activities	(2,620)	(3,963)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,669	997
Proceeds from long-term borrowings	2,300	4,700
Repayments of long-term borrowings	(3,316)	(3,314)
Proceeds from issuance of bonds with share acquisition rights	–	3,000
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,289)	(1,055)
Dividends paid to non-controlling interests	(77)	(34)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(3,067)
Other, net	–	35
Net cash provided by (used in) financing activities	3,283	1,259
Effect of exchange rate change on cash and cash equivalents	202	124
Net increase (decrease) in cash and cash equivalents	1,638	4,286
Cash and cash equivalents at beginning of period	10,549	12,188
Cash and cash equivalents at end of period	12,188	16,475