

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

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
 Inquiries: Hiroyuki Hattori TEL 072-223-4111
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: –
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	84,918	(2.6)	4,304	7.2	4,012	(4.7)	(2,803)	–
Year ended March 31, 2020	87,177	(2.6)	4,015	(8.9)	4,208	(7.6)	2,535	(29.7)

	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, 2021	(166.58)	–	(3.6)	3.3	5.1
Year ended March 31, 2020	150.84	–	3.3	3.5	4.6

(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, 2021	123,007	79,264	61.6	4,502.33
As of March 31, 2020	121,648	81,492	64.4	4,657.04

(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, 2021	7,826	(7,422)	1,667	11,153
Year ended March 31, 2020	6,454	(8,424)	(68)	9,148

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, 2020	–	20.00	–	20.00	40.00	672	26.5	0.9
Year ended March 31, 2021	–	15.00	–	0.00	15.00	252	–	0.3
Year ending March 31, 2022 (Forecast)	–	20.00	–	20.00	40.00		15.7	

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
Six months ending September 30, 2021	38,700	(3.8)	2,800	75.3	2,700	121.4	1,800	222.5	106.90
Full year	76,300	(10.1)	4,700	9.2	5,100	27.1	4,300	–	255.39

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	17,000,000 shares	As of March 31, 2020	17,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	163,081 shares	As of March 31, 2020	182,535 shares
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Average number of shares during the period

Year ended March 31, 2021	16,830,516 shares	Year ended March 31, 2020	16,811,986 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,110	11,093
Notes and accounts receivable - trade	25,491	27,170
Merchandise and finished goods	13,072	12,102
Work in process	3,212	3,184
Raw materials and supplies	6,826	5,547
Other	1,079	1,204
Allowance for doubtful accounts	(33)	(41)
Total current assets	58,760	60,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,662	44,262
Accumulated depreciation	(26,369)	(27,152)
Buildings and structures, net	15,292	17,110
Machinery, equipment and vehicles	72,896	74,760
Accumulated depreciation	(60,949)	(62,680)
Machinery, equipment and vehicles, net	11,946	12,080
Tools, furniture and fixtures	6,654	6,988
Accumulated depreciation	(5,476)	(5,733)
Tools, furniture and fixtures, net	1,178	1,254
Land	14,690	14,662
Construction in progress	6,339	3,513
Total property, plant and equipment	49,446	48,621
Intangible assets		
Goodwill	1,420	1,281
Other	481	425
Total intangible assets	1,901	1,706
Investments and other assets		
Investment securities	9,185	9,378
Retirement benefit asset	24	46
Deferred tax assets	1,774	2,474
Other	585	550
Allowance for doubtful accounts	(29)	(30)
Total investments and other assets	11,539	12,418
Total non-current assets	62,888	62,746
Total assets	121,648	123,007

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,017	7,966
Short-term borrowings	9,238	8,651
Income taxes payable	686	862
Provision for bonuses	1,244	1,228
Other provisions	147	98
Other	6,104	7,369
Total current liabilities	25,438	26,178
Non-current liabilities		
Long-term borrowings	8,918	11,787
Provision for environmental measures	127	133
Retirement benefit liability	5,202	5,155
Deferred tax liabilities	117	161
Other	351	326
Total non-current liabilities	14,717	17,564
Total liabilities	40,156	43,742
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,301	16,302
Retained earnings	38,824	35,431
Treasury shares	(376)	(336)
Total shareholders' equity	76,587	73,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,929	2,799
Deferred gains or losses on hedges	3	14
Foreign currency translation adjustment	(181)	(281)
Remeasurements of defined benefit plans	(19)	36
Total accumulated other comprehensive income	1,732	2,568
Non-controlling interests	3,172	3,459
Total net assets	81,492	79,264
Total liabilities and net assets	121,648	123,007

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	87,177	84,918
Cost of sales	69,010	67,696
Gross profit	18,166	17,222
Selling, general and administrative expenses	14,151	12,918
Operating profit	4,015	4,304
Non-operating income		
Interest income	15	13
Dividend income	253	226
Insurance claim income	32	38
Subsidies for employment adjustment	–	219
Other	111	69
Total non-operating income	412	567
Non-operating expenses		
Interest expenses	83	89
Foreign exchange losses	46	59
Shutdown costs	–	543
Other	90	166
Total non-operating expenses	219	858
Ordinary profit	4,208	4,012
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	330	1,522
Total extraordinary income	333	1,523
Extraordinary losses		
Impairment losses	18	7,041
Loss on retirement of non-current assets	246	332
Loss on valuation of investment securities	275	186
Other	2	12
Total extraordinary losses	542	7,573
Profit (loss) before income taxes	3,999	(2,037)
Income taxes - current	1,235	1,378
Income taxes - deferred	35	(956)
Total income taxes	1,271	422
Profit (loss)	2,728	(2,459)
Profit attributable to non-controlling interests	192	343
Profit (loss) attributable to owners of parent	2,535	(2,803)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	2,728	(2,459)
Other comprehensive income		
Valuation difference on available-for-sale securities	(928)	899
Deferred gains or losses on hedges	6	13
Foreign currency translation adjustment	77	(151)
Remeasurements of defined benefit plans, net of tax	(11)	55
Total other comprehensive income	(856)	818
Comprehensive income	1,871	(1,641)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,684	(1,967)
Comprehensive income attributable to non-controlling interests	187	325

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,292	36,960	(410)	74,681
Changes during period					
Dividends of surplus			(672)		(672)
Profit (loss) attributable to owners of parent			2,535		2,535
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		8		34	42
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	–	8	1,863	34	1,905
Balance at end of period	21,838	16,301	38,824	(376)	76,587

	Accumulated other comprehensive income					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	2,841	0	(249)	(7)	2,584	3,025	80,291
Changes during period							
Dividends of surplus							(672)
Profit (loss) attributable to owners of parent							2,535
Purchase of treasury shares							(0)
Disposal of treasury shares							42
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	(912)	3	67	(11)	(851)	146	(704)
Total changes during period	(912)	3	67	(11)	(851)	146	1,201
Balance at end of period	1,929	3	(181)	(19)	1,732	3,172	81,492

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,301	38,824	(376)	76,587
Changes during period					
Dividends of surplus			(588)		(588)
Profit (loss) attributable to owners of parent			(2,803)		(2,803)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		40	42
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	-	1	(3,392)	40	(3,350)
Balance at end of period	21,838	16,302	35,431	(336)	73,236

	Accumulated other comprehensive income					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	1,929	3	(181)	(19)	1,732	3,172	81,492
Changes during period							
Dividends of surplus							(588)
Profit (loss) attributable to owners of parent							(2,803)
Purchase of treasury shares							(0)
Disposal of treasury shares							42
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	870	10	(100)	55	836	286	1,122
Total changes during period	870	10	(100)	55	836	286	(2,227)
Balance at end of period	2,799	14	(281)	36	2,568	3,459	79,264

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	3,999	(2,037)
Depreciation	3,686	4,243
Impairment losses	18	7,041
Gain on sales of investment securities	(330)	(1,522)
Increase (decrease) in allowance for doubtful accounts	(17)	8
Increase (decrease) in provision for bonuses	(38)	(15)
Increase (decrease) in retirement benefit liability	102	37
Loss on valuation of investment securities	275	186
Interest and dividend income	(268)	(239)
Interest expenses	83	89
Decrease (increase) in trade receivables	2,552	(1,405)
Decrease (increase) in inventories	(2,367)	2,225
Increase (decrease) in trade payables	(968)	(4)
Other, net	503	389
Subtotal	7,231	8,996
Interest and dividends received	269	240
Interest paid	(83)	(89)
Income taxes paid	(962)	(1,321)
Net cash provided by (used in) operating activities	6,454	7,826
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,403)	(9,567)
Proceeds from sale of property, plant and equipment	17	1
Purchase of investment securities	(201)	(101)
Proceeds from sale of investment securities	411	2,412
Proceeds from collection of loans receivable	63	–
Other, net	(312)	(167)
Net cash provided by (used in) investing activities	(8,424)	(7,422)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	174	57
Proceeds from long-term borrowings	1,500	4,900
Repayments of long-term borrowings	(1,031)	(2,662)
Purchase of treasury shares	(0)	(0)
Dividends paid	(673)	(589)
Dividends paid to non-controlling interests	(37)	(37)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(0)
Net cash provided by (used in) financing activities	(68)	1,667
Effect of exchange rate change on cash and cash equivalents	11	(66)
Net increase (decrease) in cash and cash equivalents	(2,026)	2,004
Cash and cash equivalents at beginning of period	11,175	9,148
Cash and cash equivalents at end of period	9,148	11,153