

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 8, 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 Hiroyuki Hattori TEL 072-223-4111
 Inquiries: Finance Department
 Scheduled date to file Quarterly Securities Report: November 8, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	39,905	(0.8)	4,356	172.8	4,599	277.2	3,180	469.8
Six months ended September 30, 2020	40,244	(8.5)	1,597	(13.6)	1,219	(36.0)	558	(49.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	188.85		-	
Six months ended September 30, 2020	33.18		-	

(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, 2021	124,547	82,329	63.2	4,668.10
As of March 31, 2021	123,007	79,264	61.6	4,502.33

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, 2021	-	15.00	-	0.00	15.00
Year ending March 31, 2022	-	35.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	35.00	70.00

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
Full year	80,000	(5.8)	7,000	62.6	7,200	79.4	5,300	-	314.67

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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: Yes
- 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, 2021	17,000,000 shares	As of March 31, 2021	17,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	144,891 shares	As of March 31, 2021	163,081 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, 2021	16,842,896 shares	Six months ended September 30, 2020	16,824,025 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	11,093	11,922
Notes and accounts receivable - trade	27,170	27,315
Merchandise and finished goods	12,102	11,481
Work in process	3,184	3,664
Raw materials and supplies	5,547	6,255
Other	1,204	1,325
Allowance for doubtful accounts	(41)	(38)
Total current assets	60,260	61,927
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,110	17,907
Machinery, equipment and vehicles, net	12,080	11,830
Tools, furniture and fixtures, net	1,254	1,186
Land	14,662	14,676
Construction in progress	3,513	3,184
Total property, plant and equipment	48,621	48,785
Intangible assets		
Goodwill	1,281	1,213
Other	425	478
Total intangible assets	1,706	1,691
Investments and other assets		
Investment securities	9,378	9,121
Retirement benefit asset	46	44
Deferred tax assets	2,474	2,516
Other	550	490
Allowance for doubtful accounts	(30)	(29)
Total investments and other assets	12,418	12,143
Total non-current assets	62,746	62,620
Total assets	123,007	124,547
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,966	8,954
Short-term borrowings	8,651	8,422
Income taxes payable	862	1,182
Provision for bonuses	1,228	1,275
Other provisions	98	36
Other	7,369	5,598
Total current liabilities	26,178	25,469
Non-current liabilities		
Long-term borrowings	11,787	11,043
Provision for environmental measures	133	136
Retirement benefit liability	5,155	5,176
Deferred tax liabilities	161	118
Other	326	273
Total non-current liabilities	17,564	16,747
Total liabilities	43,742	42,217

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,302	16,299
Retained earnings	35,431	38,456
Treasury shares	(336)	(298)
Total shareholders' equity	73,236	76,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,799	2,556
Deferred gains or losses on hedges	14	15
Foreign currency translation adjustment	(281)	(211)
Remeasurements of defined benefit plans	36	25
Total accumulated other comprehensive income	2,568	2,385
Non-controlling interests	3,459	3,648
Total net assets	79,264	82,329
Total liabilities and net assets	123,007	124,547

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, 2020	Six months ended September 30, 2021
Net sales	40,244	39,905
Cost of sales	32,307	28,942
Gross profit	7,937	10,963
Selling, general and administrative expenses	6,340	6,606
Operating profit	1,597	4,356
Non-operating income		
Interest income	7	4
Dividend income	149	116
Foreign exchange gains	–	131
Other	84	93
Total non-operating income	241	346
Non-operating expenses		
Interest expenses	39	37
Foreign exchange losses	64	–
Shutdown costs	442	3
Other	71	61
Total non-operating expenses	618	103
Ordinary profit	1,219	4,599
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	240	90
Total extraordinary income	240	92
Extraordinary losses		
Loss on explosion and fire accident	–	143
Loss on retirement of non-current assets	122	11
Loss on valuation of investment securities	49	0
Other	2	–
Total extraordinary losses	173	154
Profit before income taxes	1,286	4,537
Income taxes	577	1,201
Profit	708	3,336
Profit attributable to non-controlling interests	150	155
Profit attributable to owners of parent	558	3,180

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	708	3,336
Other comprehensive income		
Valuation difference on available-for-sale securities	629	(233)
Deferred gains or losses on hedges	(8)	(2)
Foreign currency translation adjustment	(78)	133
Remeasurements of defined benefit plans, net of tax	(3)	(11)
Total other comprehensive income	539	(112)
Comprehensive income	1,247	3,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,099	2,997
Comprehensive income attributable to non-controlling interests	148	225