

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 5, 2022

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: August 5, 2022
 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	21,400	9.3	1,826	(14.6)	2,125	(9.9)	1,769	8.1
Three months ended June 30, 2021	19,577	(4.3)	2,138	118.4	2,359	132.4	1,636	196.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	109.40		–	
Three months ended June 30, 2021	97.22		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	127,230	84,028	62.9	4,950.59
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	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	45.00	–	45.00	90.00

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
Six months ending September 30, 2022	42,500	6.5	3,700	(15.1)	3,700	(19.5)	2,600	(18.2)	156.86
Full year	85,000	6.1	7,000	(6.6)	7,100	(19.7)	5,000	(25.9)	301.65

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 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 June 30, 2022	827,332 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)

Three months ended June 30, 2022	16,172,698 shares	Three months ended June 30, 2021	16,836,787 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	10,800	12,483
Notes and accounts receivable - trade	29,908	29,334
Merchandise and finished goods	13,026	15,272
Work in process	3,581	3,773
Raw materials and supplies	6,503	7,279
Other	1,717	1,440
Allowance for doubtful accounts	(40)	(38)
Total current assets	65,496	69,544
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	18,493
Machinery, equipment and vehicles, net	12,288	11,860
Tools, furniture and fixtures, net	1,133	1,105
Land	14,696	14,754
Construction in progress	1,411	1,520
Total property, plant and equipment	48,134	47,734
Intangible assets		
Goodwill	1,146	1,114
Other	372	353
Total intangible assets	1,519	1,468
Investments and other assets		
Investment securities	4,859	4,399
Retirement benefit asset	51	52
Deferred tax assets	3,352	3,543
Other	534	516
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	8,769	8,483
Total non-current assets	58,423	57,685
Total assets	123,919	127,230
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,452	10,663
Short-term borrowings	8,202	10,643
Income taxes payable	1,771	691
Provision for bonuses	1,371	1,767
Other provisions	137	42
Other	5,836	5,504
Total current liabilities	26,771	29,312
Non-current liabilities		
Long-term borrowings	8,756	8,236
Provision for environmental measures	139	140
Retirement benefit liability	5,190	5,157
Deferred tax liabilities	76	118
Other	277	236
Total non-current liabilities	14,439	13,889
Total liabilities	41,211	43,202

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,299	16,299
Retained earnings	41,433	42,636
Treasury shares	(1,798)	(1,799)
Total shareholders' equity	77,772	78,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	936
Deferred gains or losses on hedges	6	43
Foreign currency translation adjustment	(149)	87
Remeasurements of defined benefit plans	21	21
Total accumulated other comprehensive income	1,081	1,089
Non-controlling interests	3,854	3,963
Total net assets	82,708	84,028
Total liabilities and net assets	123,919	127,230

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	19,577	21,400
Cost of sales	14,057	16,010
Gross profit	5,519	5,390
Selling, general and administrative expenses	3,380	3,563
Operating profit	2,138	1,826
Non-operating income		
Interest income	2	1
Dividend income	130	86
Foreign exchange gains	99	221
Other	22	25
Total non-operating income	255	333
Non-operating expenses		
Interest expenses	18	17
Other	15	18
Total non-operating expenses	34	35
Ordinary profit	2,359	2,125
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	90	70
Gain on sale of golf membership	–	1
Insurance claim income	–	380
Total extraordinary income	90	453
Extraordinary losses		
Loss on explosion and fire accident	53	–
Loss on retirement of non-current assets	8	5
Total extraordinary losses	62	5
Profit before income taxes	2,387	2,573
Income taxes	672	734
Profit	1,715	1,838
Profit attributable to non-controlling interests	78	69
Profit attributable to owners of parent	1,636	1,769

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,715	1,838
Other comprehensive income		
Valuation difference on available-for-sale securities	(526)	(271)
Deferred gains or losses on hedges	(16)	39
Foreign currency translation adjustment	178	326
Remeasurements of defined benefit plans, net of tax	(5)	(0)
Total other comprehensive income	(370)	95
Comprehensive income	1,344	1,933
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,202	1,777
Comprehensive income attributable to non-controlling interests	141	156