

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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  
 Inquiries: Hiroyuki Hattori TEL 072-223-4111  
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023  
 Scheduled date to file Securities Report: June 28, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (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, 2023	83,861	4.6	4,407	(41.2)	4,854	(45.1)	2,344	(65.2)
Year ended March 31, 2022	80,135	(5.6)	7,494	74.1	8,840	120.3	6,747	–

	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, 2023	144.85	–	2.9	3.9	5.3
Year ended March 31, 2022	407.06	–	8.7	7.2	9.4

#### (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, 2023	128,021	84,717	62.9	4,970.11
As of March 31, 2022	123,919	82,708	63.6	4,875.69

#### (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, 2023	773	(2,620)	3,283	12,188
Year ended March 31, 2022	6,567	(1,654)	(5,654)	10,549

### 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, 2022	–	35.00	–	35.00	70.00	1,155	17.2	1.5
Year ended March 31, 2023	–	45.00	–	30.00	75.00	1,214	51.8	1.5
Year ending March 31, 2024 (Forecast)	–	35.00	–	35.00	70.00		31.5	

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
Six months ending September 30, 2023	43,000	0.7	1,200	(63.3)	1,200	(68.7)	400	(86.1)	24.71
Full year	91,000	8.5	4,500	2.1	4,500	(7.3)	3,600	53.6	222.40

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	805,601 shares	As of March 31, 2022	827,228 shares
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Average number of shares during the period

Year ended March 31, 2023	16,187,247 shares	Year ended March 31, 2022	16,575,246 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,800	12,409
Notes and accounts receivable - trade	29,908	27,555
Merchandise and finished goods	13,026	16,355
Work in process	3,581	4,192
Raw materials and supplies	6,503	9,577
Other	1,717	2,046
Allowance for doubtful accounts	(40)	(36)
Total current assets	65,496	72,101
Non-current assets		
Property, plant and equipment		
Buildings and structures	46,808	46,946
Accumulated depreciation	(28,204)	(28,769)
Buildings and structures, net	18,604	18,177
Machinery, equipment and vehicles	76,267	77,447
Accumulated depreciation	(63,978)	(65,864)
Machinery, equipment and vehicles, net	12,288	11,583
Tools, furniture and fixtures	7,114	7,264
Accumulated depreciation	(5,981)	(6,134)
Tools, furniture and fixtures, net	1,133	1,130
Land	14,696	14,846
Construction in progress	1,411	1,024
Total property, plant and equipment	48,134	46,761
Intangible assets		
Goodwill	1,146	1,012
Other	372	355
Total intangible assets	1,519	1,368
Investments and other assets		
Investment securities	4,859	4,838
Retirement benefit asset	51	50
Deferred tax assets	3,352	2,302
Other	534	628
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	8,769	7,790
Total non-current assets	58,423	55,920
Total assets	123,919	128,021

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,452	8,610
Short-term borrowings	8,202	13,175
Income taxes payable	1,771	733
Provision for bonuses	1,371	1,311
Other provisions	137	190
Other	5,836	5,216
Total current liabilities	26,771	29,237
Non-current liabilities		
Long-term borrowings	8,756	8,467
Provision for environmental measures	139	145
Retirement benefit liability	5,190	5,071
Deferred tax liabilities	76	139
Other	277	241
Total non-current liabilities	14,439	14,066
Total liabilities	41,211	43,304
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,299	16,293
Retained earnings	41,433	42,482
Treasury shares	(1,798)	(1,751)
Total shareholders' equity	77,772	78,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	1,254
Deferred gains or losses on hedges	6	(0)
Foreign currency translation adjustment	(149)	253
Remeasurements of defined benefit plans	21	117
Total accumulated other comprehensive income	1,081	1,624
Non-controlling interests	3,854	4,229
Total net assets	82,708	84,717
Total liabilities and net assets	123,919	128,021

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	80,135	83,861
Cost of sales	59,090	65,381
Gross profit	21,045	18,479
Selling, general and administrative expenses	13,550	14,072
Operating profit	7,494	4,407
Non-operating income		
Interest income	8	4
Dividend income	219	147
Insurance claim income	52	2
Foreign exchange gains	389	363
Subsidies for employment adjustment	23	2
Subsidy income	771	–
Other	117	75
Total non-operating income	1,581	595
Non-operating expenses		
Interest expenses	73	76
Guarantee commission	20	20
Other	141	50
Total non-operating expenses	235	148
Ordinary profit	8,840	4,854
Extraordinary income		
Gain on sale of non-current assets	30	122
Gain on sale of investment securities	1,533	85
Gain on sale of golf club membership	–	1
Insurance claim income	–	378
Total extraordinary income	1,563	589
Extraordinary losses		
Impairment losses	–	40
Loss on explosion and fire accident	294	–
Loss on retirement of non-current assets	613	127
Loss on sale of investment securities	272	–
Loss on valuation of investment securities	0	81
Loss related to quality	–	215
Other	–	1
Total extraordinary losses	1,180	466
Profit before income taxes	9,223	4,977
Income taxes - current	2,389	1,308
Income taxes - deferred	(269)	1,060
Total income taxes	2,119	2,368
Profit	7,104	2,608
Profit attributable to non-controlling interests	357	264
Profit attributable to owners of parent	6,747	2,344

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	7,104	2,608
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,603)	58
Deferred gains or losses on hedges	(10)	(10)
Foreign currency translation adjustment	238	587
Remeasurements of defined benefit plans, net of tax	(14)	95
Total other comprehensive income	(1,390)	730
Comprehensive income	5,714	3,339
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,259	2,888
Comprehensive income attributable to non-controlling interests	454	451

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,838	16,302	35,431	(336)	73,236
Cumulative effects of changes in accounting policies			(155)		(155)
Restated balance	21,838	16,302	35,275	(336)	73,080
Changes during period					
Dividends of surplus			(589)		(589)
Profit attributable to owners of parent			6,747		6,747
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares		(3)		37	34
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	-	(3)	6,157	(1,462)	4,691
Balance at end of period	21,838	16,299	41,433	(1,798)	77,772

	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	2,799	14	(281)	36	2,568	3,459	79,264
Cumulative effects of changes in accounting policies							(155)
Restated balance	2,799	14	(281)	36	2,568	3,459	79,108
Changes during period							
Dividends of surplus							(589)
Profit attributable to owners of parent							6,747
Purchase of treasury shares							(1,500)
Disposal of treasury shares							34
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	(1,596)	(8)	132	(14)	(1,487)	395	(1,092)
Total changes during period	(1,596)	(8)	132	(14)	(1,487)	395	3,599
Balance at end of period	1,202	6	(149)	21	1,081	3,854	82,708

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 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
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					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 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
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

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	9,223	4,977
Depreciation	4,333	4,417
Impairment losses	–	40
Gain on sales of investment securities	(1,533)	(85)
Increase (decrease) in allowance for doubtful accounts	(1)	(4)
Increase (decrease) in provision for bonuses	142	(60)
Increase (decrease) in retirement benefit liability	10	6
Loss on valuation of investment securities	0	81
Interest and dividend income	(227)	(151)
Interest expenses	73	76
Decrease (increase) in trade receivables	(2,760)	2,374
Decrease (increase) in inventories	(2,168)	(6,833)
Increase (decrease) in trade payables	1,336	(1,065)
Other, net	(576)	(1,500)
Subtotal	7,852	2,274
Interest and dividends received	227	151
Interest paid	(71)	(79)
Subsidies received	–	771
Proceeds from insurance income	–	521
Income taxes paid	(1,440)	(2,866)
Net cash provided by (used in) operating activities	6,567	773
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,064)	(2,658)
Proceeds from sale of property, plant and equipment	60	180
Purchase of investment securities	(30)	(94)
Proceeds from sale of investment securities	3,591	193
Other, net	(211)	(241)
Net cash provided by (used in) investing activities	(1,654)	(2,620)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,394)	5,669
Proceeds from long-term borrowings	300	2,300
Repayments of long-term borrowings	(2,410)	(3,316)
Purchase of treasury shares	(1,500)	(0)
Dividends paid	(589)	(1,289)
Dividends paid to non-controlling interests	(58)	(77)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(0)
Net cash provided by (used in) financing activities	(5,654)	3,283
Effect of exchange rate change on cash and cash equivalents	138	202
Net increase (decrease) in cash and cash equivalents	(603)	1,638
Cash and cash equivalents at beginning of period	11,153	10,549
Cash and cash equivalents at end of period	10,549	12,188