

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 7, 2023

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 Hiroyuki Hattori  
 Inquiries: TEL 072-223-4111  
 Scheduled date to file Quarterly Securities Report: August 7, 2023  
 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, 2023 (from April 1, 2023 to June 30, 2023)

#### (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, 2023	21,086	(1.5)	932	(49.0)	926	(56.4)	454	(74.3)
Three months ended June 30, 2022	21,400	9.3	1,826	(14.6)	2,125	(9.9)	1,769	8.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	28.04		27.64	
Three months ended June 30, 2022	109.40		–	

#### (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, 2023	131,410	85,471	61.7	5,008.05
As of March 31, 2023	128,021	84,717	62.9	4,970.11

### 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, 2023	–	45.00	–	30.00	75.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		35.00	–	35.00	70.00

### 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 three months ended June 30, 2023  
 (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, 2023	17,000,000 shares	As of March 31, 2023	17,000,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	805,801 shares	As of March 31, 2023	805,601 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, 2023	16,194,241 shares	Three months ended June 30, 2022	16,172,698 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,409	14,836
Notes and accounts receivable - trade	27,555	27,854
Merchandise and finished goods	16,355	16,313
Work in process	4,192	4,591
Raw materials and supplies	9,577	9,634
Other	2,046	2,414
Allowance for doubtful accounts	(36)	(25)
Total current assets	72,101	75,620
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,177	17,928
Machinery, equipment and vehicles, net	11,583	11,075
Tools, furniture and fixtures, net	1,130	1,156
Land	14,846	14,858
Construction in progress	1,024	1,132
Total property, plant and equipment	46,761	46,152
Intangible assets		
Goodwill	1,012	978
Other	355	335
Total intangible assets	1,368	1,314
Investments and other assets		
Investment securities	4,838	5,488
Retirement benefit asset	50	63
Deferred tax assets	2,302	2,165
Other	628	636
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	7,790	8,324
Total non-current assets	55,920	55,790
Total assets	128,021	131,410
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,610	9,931
Short-term borrowings	13,175	8,307
Income taxes payable	733	417
Provision for bonuses	1,311	1,784
Other provisions	190	28
Other	5,216	5,585
Total current liabilities	29,237	26,055
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	3,000
Long-term borrowings	8,467	11,315
Provision for environmental measures	145	138
Retirement benefit liability	5,071	5,042
Deferred tax liabilities	139	144
Other	241	243
Total non-current liabilities	14,066	19,884
Total liabilities	43,304	45,939

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,293	16,293
Retained earnings	42,482	42,451
Treasury shares	(1,751)	(1,752)
Total shareholders' equity	78,863	78,831
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,254	1,748
Deferred gains or losses on hedges	(0)	85
Foreign currency translation adjustment	253	323
Remeasurements of defined benefit plans	117	113
Total accumulated other comprehensive income	1,624	2,270
Share acquisition rights	–	35
Non-controlling interests	4,229	4,334
Total net assets	84,717	85,471
Total liabilities and net assets	128,021	131,410

**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, 2022	Three months ended June 30, 2023
Net sales	21,400	21,086
Cost of sales	16,010	16,664
Gross profit	5,390	4,421
Selling, general and administrative expenses	3,563	3,489
Operating profit	1,826	932
Non-operating income		
Interest income	1	1
Dividend income	86	72
Foreign exchange gains	221	135
Other	25	14
Total non-operating income	333	223
Non-operating expenses		
Interest expenses	17	21
Tender offer related expenses	–	194
Other	18	13
Total non-operating expenses	35	229
Ordinary profit	2,125	926
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	70	42
Gain on sale of golf club membership	1	–
Insurance claim income	380	–
Total extraordinary income	453	42
Extraordinary losses		
Loss on retirement of non-current assets	5	91
Total extraordinary losses	5	91
Profit before income taxes	2,573	878
Income taxes	734	313
Profit	1,838	565
Profit attributable to non-controlling interests	69	110
Profit attributable to owners of parent	1,769	454

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,838	565
Other comprehensive income		
Valuation difference on available-for-sale securities	(271)	500
Deferred gains or losses on hedges	39	89
Foreign currency translation adjustment	326	88
Remeasurements of defined benefit plans, net of tax	(0)	(4)
Total other comprehensive income	95	674
Comprehensive income	1,933	1,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,777	1,099
Comprehensive income attributable to non-controlling interests	156	139