

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

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: February 9, 2024
 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	60,755	(4.7)	1,705	(59.2)	1,777	(62.1)	(7,469)	(322.1)
Nine months ended December 31, 2022	63,759	6.9	4,182	(30.6)	4,689	(27.9)	3,363	(36.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	(460.96)	0.00
Nine months ended December 31, 2022	207.79	0.00

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	123,665	74,722	59.6	4,543.01
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	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	45.00	–	30.00	75.00
Year ending March 31, 2024	–	35.00	–		
Year ending March 31, 2024 (Forecast)				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
Full year	84,000	0.2	1,900	(56.9)	1,900	(65.0)	(7,000)	–	(432.01)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2023	789,230 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)

Nine months ended December 31, 2023	16,203,461 shares	Nine months ended December 31, 2022	16,184,852 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	12,409	13,571
Notes and accounts receivable - trade	27,555	29,518
Merchandise and finished goods	16,355	15,855
Work in process	4,192	4,946
Raw materials and supplies	9,577	9,522
Other	2,046	1,725
Allowance for doubtful accounts	(36)	(27)
Total current assets	72,101	75,111
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,177	15,864
Machinery, equipment and vehicles, net	11,583	8,138
Tools, furniture and fixtures, net	1,130	1,086
Land	14,846	13,347
Construction in progress	1,024	1,574
Total property, plant and equipment	46,761	40,011
Intangible assets		
Goodwill	1,012	916
Other	355	297
Total intangible assets	1,368	1,213
Investments and other assets		
Investment securities	4,838	5,784
Retirement benefit asset	50	81
Deferred tax assets	2,302	938
Other	628	554
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	7,790	7,329
Total non-current assets	55,920	48,554
Total assets	128,021	123,665
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,610	9,899
Short-term borrowings	13,175	13,368
Income taxes payable	733	354
Provision for bonuses	1,311	634
Other provisions	190	63
Other	5,216	5,612
Total current liabilities	29,237	29,932
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	3,000
Long-term borrowings	8,467	9,611
Provision for environmental measures	145	138
Retirement benefit liability	5,071	4,978
Deferred tax liabilities	139	988
Other	241	293
Total non-current liabilities	14,066	19,010
Total liabilities	43,304	48,942

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,293	16,724
Retained earnings	42,482	33,960
Treasury shares	(1,751)	(1,717)
Total shareholders' equity	78,863	70,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,254	1,994
Deferred gains or losses on hedges	(0)	(26)
Foreign currency translation adjustment	253	730
Remeasurements of defined benefit plans	117	105
Total accumulated other comprehensive income	1,624	2,804
Share acquisition rights	–	35
Non-controlling interests	4,229	1,077
Total net assets	84,717	74,722
Total liabilities and net assets	128,021	123,665

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	63,759	60,755
Cost of sales	48,967	48,594
Gross profit	14,792	12,160
Selling, general and administrative expenses	10,609	10,455
Operating profit	4,182	1,705
Non-operating income		
Interest income	3	8
Dividend income	141	143
Insurance claim income	2	168
Foreign exchange gains	403	231
Other	58	51
Total non-operating income	608	602
Non-operating expenses		
Interest expenses	55	86
Tender Offer Related Costs	–	357
Other	45	87
Total non-operating expenses	101	530
Ordinary profit	4,689	1,777
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	85	69
Gain on sale of golf club membership	1	–
Insurance claim income	378	–
Total extraordinary income	470	70
Extraordinary losses		
Loss on retirement of non-current assets	81	120
Impairment losses	35	6,256
Other	0	7
Total extraordinary losses	117	6,383
Profit (loss) before income taxes	5,042	(4,536)
Income taxes	1,469	2,679
Profit (loss)	3,573	(7,215)
Profit attributable to non-controlling interests	210	253
Profit (loss) attributable to owners of parent	3,363	(7,469)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	3,573	(7,215)
Other comprehensive income		
Valuation difference on available-for-sale securities	(122)	746
Deferred gains or losses on hedges	(61)	(21)
Foreign currency translation adjustment	928	595
Remeasurements of defined benefit plans, net of tax	(0)	(12)
Total other comprehensive income	744	1,308
Comprehensive income	4,317	(5,907)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,823	(6,289)
Comprehensive income attributable to non-controlling interests	493	382