

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 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
 Inquiries: Accounting & Finance Department Hiroyuki Hattori TEL 072-223-4111
 Scheduled date to file Semi-annual Securities Report: November 8, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	41,874	3.5	2,626	186.4	2,633	197.4	1,746	–
Six months ended September 30, 2023	40,471	(5.2)	917	(71.9)	885	(76.9)	(2,033)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	107.71		97.23	
Six months ended September 30, 2023	(125.53)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	121,246	77,140	62.7
As of March 31, 2024	125,445	75,466	59.3

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, 2024	–	35.00	–	35.00	70.00
Year ending March 31, 2025	–	62.50			
Year ending March 31, 2025 (Forecast)			–	62.50	125.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	87,000	6.0	5,400	83.5	5,200	69.6	4,300	–	265.20

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual 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 September 30, 2024	17,000,000 shares	As of March 31, 2024	17,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	782,147 shares	As of March 31, 2024	789,316 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, 2024	16,214,269 shares	Six months ended September 30, 2023	16,199,777 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,590	14,761
Notes and accounts receivable - trade	29,570	27,083
Merchandise and finished goods	15,545	14,056
Work in process	5,155	5,325
Raw materials and supplies	8,046	7,751
Other	1,162	1,320
Allowance for doubtful accounts	(28)	(21)
Total current assets	76,042	70,276
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,648	16,665
Machinery, equipment and vehicles, net	7,666	7,667
Tools, furniture and fixtures, net	1,108	1,310
Land	13,305	13,368
Construction in progress	2,733	3,839
Total property, plant and equipment	40,463	42,852
Intangible assets		
Goodwill	888	832
Other	280	266
Total intangible assets	1,168	1,099
Investments and other assets		
Investment securities	6,206	5,549
Retirement benefit asset	104	107
Deferred tax assets	886	904
Other	586	487
Allowance for doubtful accounts	(12)	(31)
Total investments and other assets	7,770	7,017
Total non-current assets	49,402	50,969
Total assets	125,445	121,246
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,066	9,026
Short-term borrowings	15,108	9,014
Income taxes payable	576	884
Provision for bonuses	1,286	1,293
Other provisions	39	55
Other	5,679	5,481
Total current liabilities	31,757	25,755
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	3,000	3,000
Long-term borrowings	8,930	9,213
Provision for environmental measures	141	160
Retirement benefit liability	4,750	4,617
Deferred tax liabilities	1,136	1,051
Other	261	306
Total non-current liabilities	18,220	18,350
Total liabilities	49,978	44,106

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,727	16,773
Retained earnings	34,334	35,513
Treasury shares	(1,716)	(1,700)
Total shareholders' equity	71,183	72,424
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,340	2,359
Deferred gains or losses on hedges	10	(24)
Foreign currency translation adjustment	572	1,087
Remeasurements of defined benefit plans	250	221
Total accumulated other comprehensive income	3,173	3,642
Share acquisition rights	35	35
Non-controlling interests	1,074	1,038
Total net assets	75,466	77,140
Total liabilities and net assets	125,445	121,246

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, 2023	Six months ended September 30, 2024
Net sales	40,471	41,874
Cost of sales	32,596	32,241
Gross profit	7,875	9,632
Selling, general and administrative expenses	6,958	7,006
Operating profit	917	2,626
Non-operating income		
Interest income	4	12
Dividend income	78	107
Foreign exchange gains	324	–
Subsidy income	–	50
Other	30	55
Total non-operating income	437	225
Non-operating expenses		
Interest expenses	53	67
Foreign exchange losses	–	79
tender offer related expenses	342	–
Other	73	71
Total non-operating expenses	469	218
Ordinary profit	885	2,633
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	43	50
Total extraordinary income	44	51
Extraordinary losses		
Loss on retirement of non-current assets	98	60
Impairment losses	57	204
Other	–	3
Total extraordinary losses	156	267
Profit before income taxes	773	2,416
Income taxes	2,569	608
Profit (loss)	(1,796)	1,808
Profit attributable to non-controlling interests	236	62
Profit (loss) attributable to owners of parent	(2,033)	1,746

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	(1,796)	1,808
Other comprehensive income		
Valuation difference on available-for-sale securities	747	(3)
Deferred gains or losses on hedges	6	(36)
Foreign currency translation adjustment	508	644
Remeasurements of defined benefit plans, net of tax	(8)	(29)
Total other comprehensive income	1,254	574
Comprehensive income	(542)	2,383
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(855)	2,215
Comprehensive income attributable to non-controlling interests	313	167