

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 8, 2019

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 Masaaki Yabe
 Director, General Manager of Corporate Strategy Division Atsuya Nakanishi TEL 072-223-4111
 Inquiries: Strategy Division
 Scheduled date to file Quarterly Securities Report: February 8, 2019
 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, 2018 (from April 1, 2018 to December 31, 2018)

(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, 2018	67,611	3.4	3,548	(0.5)	3,718	7.4	2,759	140.6
Nine months ended December 31, 2017	65,386	5.5	3,567	8.2	3,462	21.0	1,147	(27.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	159.86		–	
Nine months ended December 31, 2017	63.83		–	

(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, 2018	120,760	79,358	63.2	4,544.17
As of March 31, 2018	117,486	80,763	66.3	4,450.92

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, 2018	–	4.00	–	20.00	–
Year ending March 31, 2019	–	30.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	20.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	90,000	3.2	4,700	0.2	5,000	16.8	3,300	41.6	191.17

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018
(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, 2018	20,987,911 shares	As of March 31, 2018	20,987,911 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	4,186,898 shares	As of March 31, 2018	3,474,922 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, 2018	17,262,278 shares	Nine months ended December 31, 2017	17,969,900 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	14,091	12,210
Notes and accounts receivable - trade	28,032	29,067
Merchandise and finished goods	9,948	11,147
Work in process	2,641	2,687
Raw materials and supplies	5,113	6,847
Other	963	1,301
Allowance for doubtful accounts	(51)	(56)
Total current assets	60,739	63,206
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,461	12,291
Machinery, equipment and vehicles, net	9,456	10,718
Land	14,866	14,785
Other, net	3,023	4,835
Total property, plant and equipment	39,807	42,632
Intangible assets		
Goodwill	1,554	1,586
Other	650	575
Total intangible assets	2,205	2,162
Investments and other assets		
Investment securities	12,830	10,286
Other	1,935	2,505
Allowance for doubtful accounts	(32)	(31)
Total investments and other assets	14,734	12,759
Total non-current assets	56,746	57,554
Total assets	117,486	120,760
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,756	9,658
Short-term loans payable	11,055	12,038
Income taxes payable	1,446	381
Provision for bonuses	1,259	652
Other provision	119	235
Other	5,342	6,216
Total current liabilities	27,978	29,183
Non-current liabilities		
Long-term loans payable	3,521	6,872
Provision for environmental measures	121	123
Net defined benefit liability	4,877	5,001
Other	223	222
Total non-current liabilities	8,743	12,218
Total liabilities	36,722	41,402

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	21,838	21,838
Capital surplus	19,025	19,041
Retained earnings	39,504	41,396
Treasury shares	(6,466)	(8,442)
Total shareholders' equity	73,901	73,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,234	2,655
Deferred gains or losses on hedges	(2)	3
Foreign currency translation adjustment	(243)	(199)
Remeasurements of defined benefit plans	58	54
Total accumulated other comprehensive income	4,047	2,512
Non-controlling interests	2,815	3,011
Total net assets	80,763	79,358
Total liabilities and net assets	117,486	120,760

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, 2017	Nine months ended December 31, 2018
Net sales	65,386	67,611
Cost of sales	51,127	53,395
Gross profit	14,259	14,216
Selling, general and administrative expenses	10,692	10,668
Operating profit	3,567	3,548
Non-operating income		
Interest income	4	5
Dividend income	241	260
Other	74	88
Total non-operating income	320	354
Non-operating expenses		
Interest expenses	75	66
Foreign exchange losses	27	3
Depreciation of inactive non-current assets	87	2
Other	235	111
Total non-operating expenses	426	184
Ordinary profit	3,462	3,718
Extraordinary income		
Gain on sales of non-current assets	56	168
Gain on sales of investment securities	1,890	311
Total extraordinary income	1,947	480
Extraordinary losses		
Impairment loss	2,053	91
Loss on retirement of non-current assets	62	58
Loss on sales of shares of subsidiaries	292	-
Factory rebuilding expense	719	-
Other	0	14
Total extraordinary losses	3,127	164
Profit before income taxes	2,282	4,034
Income taxes	1,074	1,128
Profit	1,208	2,906
Profit attributable to non-controlling interests	61	146
Profit attributable to owners of parent	1,147	2,759

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	1,208	2,906
Other comprehensive income		
Valuation difference on available-for-sale securities	464	(1,597)
Deferred gains or losses on hedges	2	5
Foreign currency translation adjustment	(28)	45
Remeasurements of defined benefit plans, net of tax	(5)	(4)
Total other comprehensive income	433	(1,550)
Comprehensive income	1,641	1,355
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,560	1,224
Comprehensive income attributable to non-controlling interests	81	130