

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 7, 2020

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 7, 2020
 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, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	66,091	(2.2)	3,122	(12.0)	3,302	(11.2)	1,996	(27.6)
Nine months ended December 31, 2018	67,611	3.4	3,548	(0.5)	3,718	7.4	2,759	140.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	118.79		–	
Nine months ended December 31, 2018	159.86		–	

(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, 2019	125,093	82,519	63.5	4,721.23
As of March 31, 2019	120,082	80,291	64.3	4,598.89

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, 2019	–	30.00	–	20.00	50.00
Year ending March 31, 2020	–	20.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	0.5	3,500	(20.5)	3,500	(23.1)	2,500	(30.7)	148.70

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(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, 2019	17,000,000 shares	As of March 31, 2019	17,000,000 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2019	182,438 shares	As of March 31, 2019	199,093 shares
-------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	16,810,159 shares	Nine months ended December 31, 2018	17,262,278 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	11,195	9,406
Notes and accounts receivable - trade	27,954	27,302
Merchandise and finished goods	11,398	13,088
Work in process	3,211	3,391
Raw materials and supplies	6,131	7,434
Other	1,477	1,411
Allowance for doubtful accounts	(51)	(49)
Total current assets	61,318	61,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,689	14,557
Machinery, equipment and vehicles, net	11,159	12,053
Land	14,600	14,678
Other, net	4,599	6,522
Total property, plant and equipment	44,048	47,811
Intangible assets		
Goodwill	1,549	1,451
Other	525	450
Total intangible assets	2,075	1,902
Investments and other assets		
Investment securities	10,496	11,458
Other	2,172	1,964
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	12,640	13,393
Total non-current assets	58,763	63,108
Total assets	120,082	125,093
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,168	8,713
Short-term borrowings	7,159	10,243
Income taxes payable	568	591
Provision for bonuses	1,283	659
Other provisions	174	161
Other	5,640	6,063
Total current liabilities	23,994	26,431
Non-current liabilities		
Long-term borrowings	10,369	10,564
Provision for environmental measures	123	126
Retirement benefit liability	5,079	5,182
Other	223	269
Total non-current liabilities	15,796	16,142
Total liabilities	39,790	42,574

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,292	16,301
Retained earnings	36,960	38,285
Treasury shares	(410)	(376)
Total shareholders' equity	74,681	76,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,841	3,575
Deferred gains or losses on hedges	0	3
Foreign currency translation adjustment	(249)	(230)
Remeasurements of defined benefit plans	(7)	2
Total accumulated other comprehensive income	2,584	3,351
Non-controlling interests	3,025	3,119
Total net assets	80,291	82,519
Total liabilities and net assets	120,082	125,093

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, 2018	Nine months ended December 31, 2019
Net sales	67,611	66,091
Cost of sales	53,395	52,219
Gross profit	14,216	13,871
Selling, general and administrative expenses	10,668	10,748
Operating profit	3,548	3,122
Non-operating income		
Interest income	5	11
Dividend income	260	246
Other	88	107
Total non-operating income	354	365
Non-operating expenses		
Interest expenses	66	61
Foreign exchange losses	3	51
Other	114	72
Total non-operating expenses	184	185
Ordinary profit	3,718	3,302
Extraordinary income		
Gain on sales of non-current assets	168	2
Gain on sales of investment securities	311	329
Total extraordinary income	480	332
Extraordinary losses		
Impairment loss	91	–
Loss on retirement of non-current assets	58	175
Loss on valuation of investment securities	0	187
Other	14	2
Total extraordinary losses	164	365
Profit before income taxes	4,034	3,268
Income taxes	1,128	1,135
Profit	2,906	2,133
Profit attributable to non-controlling interests	146	136
Profit attributable to owners of parent	2,759	1,996

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	2,906	2,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,597)	740
Deferred gains or losses on hedges	5	4
Foreign currency translation adjustment	45	14
Remeasurements of defined benefit plans, net of tax	(4)	10
Total other comprehensive income	(1,550)	770
Comprehensive income	1,355	2,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,224	2,764
Comprehensive income attributable to non-controlling interests	130	140