

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 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: August 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 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	%
Three months ended June 30, 2019	22,181	6.3	1,211	0.1	1,283	4.0	737	(13.1)
Three months ended June 30, 2018	20,874	(3.5)	1,210	(11.1)	1,234	(7.1)	848	(0.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	43.88		–	
Three months ended June 30, 2018	48.46		–	

(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, 2019	120,987	80,761	64.3	4,627.65
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	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	20.00	–	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
Six months ending September 30, 2019	45,000	2.9	2,700	15.9	2,700	11.9	1,800	17.8	107.14
Full year	91,000	1.6	5,000	13.5	5,000	9.8	3,300	(8.5)	196.42

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 2019	17,000,000 shares	As of March 31, 2019	17,000,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	199,098 shares	As of March 31, 2019	199,093 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, 2019	16,800,902 shares	Three months ended June 30, 2018	17,512,980 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	11,195	10,085
Notes and accounts receivable - trade	27,954	27,138
Merchandise and finished goods	11,398	12,797
Work in process	3,211	3,235
Raw materials and supplies	6,131	6,384
Other	1,477	1,311
Allowance for doubtful accounts	(51)	(50)
Total current assets	61,318	60,902
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,689	13,944
Machinery, equipment and vehicles, net	11,159	11,359
Land	14,600	14,607
Other, net	4,599	5,480
Total property, plant and equipment	44,048	45,391
Intangible assets		
Goodwill	1,549	1,518
Other	525	478
Total intangible assets	2,075	1,996
Investments and other assets		
Investment securities	10,496	10,588
Other	2,172	2,137
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	12,640	12,696
Total non-current assets	58,763	60,084
Total assets	120,082	120,987
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,168	9,062
Short-term borrowings	7,159	7,388
Income taxes payable	568	366
Provision for bonuses	1,283	1,786
Other provisions	174	75
Other	5,640	6,216
Total current liabilities	23,994	24,896
Non-current liabilities		
Long-term borrowings	10,369	9,922
Provision for environmental measures	123	124
Retirement benefit liability	5,079	5,062
Other	223	219
Total non-current liabilities	15,796	15,329
Total liabilities	39,790	40,225

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,292	16,292
Retained earnings	36,960	37,361
Treasury shares	(410)	(410)
Total shareholders' equity	74,681	75,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,841	2,891
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(249)	(220)
Remeasurements of defined benefit plans	(7)	(4)
Total accumulated other comprehensive income	2,584	2,666
Non-controlling interests	3,025	3,012
Total net assets	80,291	80,761
Total liabilities and net assets	120,082	120,987

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, 2018	Three months ended June 30, 2019
Net sales	20,874	22,181
Cost of sales	16,168	17,415
Gross profit	4,706	4,765
Selling, general and administrative expenses	3,495	3,554
Operating profit	1,210	1,211
Non-operating income		
Interest income	1	3
Dividend income	141	136
Other	32	15
Total non-operating income	175	156
Non-operating expenses		
Interest expenses	21	20
Foreign exchange losses	88	42
Other	42	20
Total non-operating expenses	151	84
Ordinary profit	1,234	1,283
Extraordinary income		
Gain on sales of non-current assets	165	1
Gain on sales of investment securities	–	59
Total extraordinary income	165	60
Extraordinary losses		
Loss on retirement of non-current assets	7	50
Loss on sales of investment securities	–	1
Total extraordinary losses	7	51
Profit before income taxes	1,392	1,293
Income taxes	511	542
Profit	881	750
Profit attributable to non-controlling interests	32	13
Profit attributable to owners of parent	848	737

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	881	750
Other comprehensive income		
Valuation difference on available-for-sale securities	(161)	39
Deferred gains or losses on hedges	9	(2)
Foreign currency translation adjustment	(63)	34
Remeasurements of defined benefit plans, net of tax	(1)	3
Total other comprehensive income	(216)	75
Comprehensive income	664	826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	647	819
Comprehensive income attributable to non-controlling interests	16	6