

Translation

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

November 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: November 8, 2019
 Scheduled date to commence dividend payments: December 3, 2019
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	43,995	0.6	1,848	(20.6)	1,905	(21.0)	1,110	(27.3)
Six months ended September 30, 2018	43,747	1.9	2,328	0.3	2,412	9.2	1,528	26.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	66.10		-	
Six months ended September 30, 2018	87.67		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	121,647	81,289	64.4	4,654.94
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 six months ended September 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 September 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 September 30, 2019	182,433 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)

Six months ended September 30, 2019	16,806,457 shares	Six months ended September 30, 2018	17,429,552 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	11,195	10,763
Notes and accounts receivable - trade	27,954	25,645
Merchandise and finished goods	11,398	12,300
Work in process	3,211	3,581
Raw materials and supplies	6,131	6,896
Other	1,477	1,172
Allowance for doubtful accounts	(51)	(52)
Total current assets	61,318	60,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,689	14,128
Machinery, equipment and vehicles, net	11,159	12,353
Land	14,600	14,600
Other, net	4,599	5,505
Total property, plant and equipment	44,048	46,588
Intangible assets		
Goodwill	1,549	1,484
Other	525	453
Total intangible assets	2,075	1,938
Investments and other assets		
Investment securities	10,496	10,652
Other	2,172	2,189
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	12,640	12,812
Total non-current assets	58,763	61,339
Total assets	120,082	121,647
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,168	8,501
Short-term borrowings	7,159	8,933
Income taxes payable	568	736
Provision for bonuses	1,283	1,313
Other provisions	174	113
Other	5,640	5,716
Total current liabilities	23,994	25,315
Non-current liabilities		
Long-term borrowings	10,369	9,539
Provision for environmental measures	123	125
Retirement benefit liability	5,079	5,128
Other	223	248
Total non-current liabilities	15,796	15,042
Total liabilities	39,790	40,357

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,292	16,301
Retained earnings	36,960	37,735
Treasury shares	(410)	(376)
Total shareholders' equity	74,681	75,498
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,841	3,020
Deferred gains or losses on hedges	0	5
Foreign currency translation adjustment	(249)	(239)
Remeasurements of defined benefit plans	(7)	(1)
Total accumulated other comprehensive income	2,584	2,786
Non-controlling interests	3,025	3,005
Total net assets	80,291	81,289
Total liabilities and net assets	120,082	121,647

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, 2018	Six months ended September 30, 2019
Net sales	43,747	43,995
Cost of sales	34,380	35,019
Gross profit	9,367	8,976
Selling, general and administrative expenses	7,038	7,127
Operating profit	2,328	1,848
Non-operating income		
Interest income	3	6
Dividend income	151	145
Foreign exchange gains	7	–
Other	43	72
Total non-operating income	207	224
Non-operating expenses		
Interest expenses	43	41
Foreign exchange losses	–	86
Other	79	39
Total non-operating expenses	123	167
Ordinary profit	2,412	1,905
Extraordinary income		
Gain on sales of non-current assets	166	2
Gain on sales of investment securities	–	275
Total extraordinary income	166	278
Extraordinary losses		
Impairment loss	91	–
Loss on retirement of non-current assets	22	135
Loss on valuation of investment securities	0	192
Other	14	2
Total extraordinary losses	128	330
Profit before income taxes	2,450	1,853
Income taxes	837	718
Profit	1,613	1,135
Profit attributable to non-controlling interests	85	24
Profit attributable to owners of parent	1,528	1,110

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,613	1,135
Other comprehensive income		
Valuation difference on available-for-sale securities	625	168
Deferred gains or losses on hedges	22	6
Foreign currency translation adjustment	(46)	4
Remeasurements of defined benefit plans, net of tax	(2)	6
Total other comprehensive income	598	187
Comprehensive income	2,211	1,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,133	1,312
Comprehensive income attributable to non-controlling interests	77	9