

**Translation**

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 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 Accounting & Finance Department Hiroyuki Hattori  
 Inquiries: TEL 072-223-4111  
 Scheduled date to file Quarterly Securities Report: August 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

## (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, 2020	20,459	(7.8)	979	(19.2)	1,014	(20.9)	552	(25.1)
Three months ended June 30, 2019	22,181	6.3	1,211	0.1	1,283	4.0	737	(13.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	32.83	–
Three months ended June 30, 2019	43.88	–

## (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, 2020	123,816	82,131	63.8	4,694.81
As of March 31, 2020	121,648	81,492	64.4	4,657.04

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	20.00	–	20.00	40.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020  
 (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, 2020	17,000,000 shares	As of March 31, 2020	17,000,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	182,553 shares	As of March 31, 2020	182,535 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, 2020	16,817,459 shares	Three months ended June 30, 2019	16,800,902 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,110	10,204
Notes and accounts receivable - trade	25,491	24,007
Merchandise and finished goods	13,072	13,840
Work in process	3,212	3,329
Raw materials and supplies	6,826	6,142
Other	1,079	1,364
Allowance for doubtful accounts	(33)	(36)
<b>Total current assets</b>	<b>58,760</b>	<b>58,852</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	15,292	15,511
Machinery, equipment and vehicles, net	11,946	13,515
Land	14,690	14,664
Other, net	7,517	7,363
<b>Total property, plant and equipment</b>	<b>49,446</b>	<b>51,054</b>
<b>Intangible assets</b>		
Goodwill	1,420	1,379
Other	481	439
<b>Total intangible assets</b>	<b>1,901</b>	<b>1,819</b>
<b>Investments and other assets</b>		
Investment securities	9,185	9,965
Other	2,384	2,155
Allowance for doubtful accounts	(29)	(29)
<b>Total investments and other assets</b>	<b>11,539</b>	<b>12,091</b>
<b>Total non-current assets</b>	<b>62,888</b>	<b>64,964</b>
<b>Total assets</b>	<b>121,648</b>	<b>123,816</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,017	7,856
Short-term borrowings	9,238	9,369
Income taxes payable	686	314
Provision for bonuses	1,244	1,727
Other provisions	147	59
Other	6,104	5,622
<b>Total current liabilities</b>	<b>25,438</b>	<b>24,949</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,918	10,976
Provision for environmental measures	127	128
Retirement benefit liability	5,202	5,153
Other	468	476
<b>Total non-current liabilities</b>	<b>14,717</b>	<b>16,735</b>
<b>Total liabilities</b>	<b>40,156</b>	<b>41,684</b>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,301	16,301
Retained earnings	38,824	39,039
Treasury shares	(376)	(376)
Total shareholders' equity	76,587	76,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,929	2,468
Deferred gains or losses on hedges	3	2
Foreign currency translation adjustment	(181)	(297)
Remeasurements of defined benefit plans	(19)	(21)
Total accumulated other comprehensive income	1,732	2,151
Non-controlling interests	3,172	3,177
Total net assets	81,492	82,131
Total liabilities and net assets	121,648	123,816

**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, 2019	Three months ended June 30, 2020
Net sales	22,181	20,459
Cost of sales	17,415	16,276
Gross profit	4,765	4,183
Selling, general and administrative expenses	3,554	3,203
Operating profit	1,211	979
Non-operating income		
Interest income	3	4
Dividend income	136	146
Other	15	55
Total non-operating income	156	206
Non-operating expenses		
Interest expenses	20	19
Foreign exchange losses	42	97
Other	20	53
Total non-operating expenses	84	170
Ordinary profit	1,283	1,014
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	59	-
Total extraordinary income	60	0
Extraordinary losses		
Loss on retirement of non-current assets	50	59
Loss on sales of investment securities	1	-
Loss on valuation of investment securities	-	49
Total extraordinary losses	51	108
Profit before income taxes	1,293	906
Income taxes	542	313
Profit	750	592
Profit attributable to non-controlling interests	13	40
Profit attributable to owners of parent	737	552

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	750	592
Other comprehensive income		
Valuation difference on available-for-sale securities	39	552
Deferred gains or losses on hedges	(2)	(2)
Foreign currency translation adjustment	34	(139)
Remeasurements of defined benefit plans, net of tax	3	(1)
Total other comprehensive income	75	407
Comprehensive income	826	1,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	819	971
Comprehensive income attributable to non-controlling interests	6	28