

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 9, 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 TEL 072-223-4111
 Inquiries: Finance Department
 Scheduled date to file Quarterly Securities Report: November 9, 2020
 Scheduled date to commence dividend payments: December 3, 2020
 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, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	40,244	(8.5)	1,597	(13.6)	1,219	(36.0)	558	(49.8)
Six months ended September 30, 2019	43,995	0.6	1,848	(20.6)	1,905	(21.0)	1,110	(27.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	33.18		-	
Six months ended September 30, 2019	66.10		-	

(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, 2020	123,844	82,417	63.9	4,699.42
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				
Year ended March 31, 2020	-	20.00	-	20.00	40.00
Year ending March 31, 2021	-	15.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	80,900	(7.2)	1,400	(65.1)	900	(78.6)	1,400	(44.8)	83.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2020	162,846 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)

Six months ended September 30, 2020	16,824,025 shares	Six months ended September 30, 2019	16,806,457 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	9,110	10,207
Notes and accounts receivable - trade	25,491	23,122
Merchandise and finished goods	13,072	12,280
Work in process	3,212	3,596
Raw materials and supplies	6,826	6,827
Other	1,079	1,291
Allowance for doubtful accounts	(33)	(34)
Total current assets	58,760	57,291
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,292	16,430
Machinery, equipment and vehicles, net	11,946	13,699
Land	14,690	14,675
Other, net	7,517	7,940
Total property, plant and equipment	49,446	52,746
Intangible assets		
Goodwill	1,420	1,349
Other	481	427
Total intangible assets	1,901	1,777
Investments and other assets		
Investment securities	9,185	10,008
Other	2,384	2,049
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	11,539	12,029
Total non-current assets	62,888	66,552
Total assets	121,648	123,844
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,017	7,458
Short-term borrowings	9,238	9,351
Income taxes payable	686	613
Provision for bonuses	1,244	1,260
Other provisions	147	71
Other	6,104	5,897
Total current liabilities	25,438	24,652
Non-current liabilities		
Long-term borrowings	8,918	10,995
Provision for environmental measures	127	129
Retirement benefit liability	5,202	5,171
Other	468	477
Total non-current liabilities	14,717	16,774
Total liabilities	40,156	41,427

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	21,838	21,838
Capital surplus	16,301	16,302
Retained earnings	38,824	39,046
Treasury shares	(376)	(335)
Total shareholders' equity	76,587	76,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,929	2,542
Deferred gains or losses on hedges	3	(1)
Foreign currency translation adjustment	(181)	(244)
Remeasurements of defined benefit plans	(19)	(23)
Total accumulated other comprehensive income	1,732	2,273
Non-controlling interests	3,172	3,292
Total net assets	81,492	82,417
Total liabilities and net assets	121,648	123,844

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, 2019	Six months ended September 30, 2020
Net sales	43,995	40,244
Cost of sales	35,019	32,307
Gross profit	8,976	7,937
Selling, general and administrative expenses	7,127	6,340
Operating profit	1,848	1,597
Non-operating income		
Interest income	6	7
Dividend income	145	149
Other	72	84
Total non-operating income	224	241
Non-operating expenses		
Interest expenses	41	39
Foreign exchange losses	86	64
Shutdown costs	–	442
Other	39	71
Total non-operating expenses	167	618
Ordinary profit	1,905	1,219
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	275	240
Total extraordinary income	278	240
Extraordinary losses		
Loss on retirement of non-current assets	135	122
Loss on valuation of investment securities	192	49
Other	2	2
Total extraordinary losses	330	173
Profit before income taxes	1,853	1,286
Income taxes	718	577
Profit	1,135	708
Profit attributable to non-controlling interests	24	150
Profit attributable to owners of parent	1,110	558

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,135	708
Other comprehensive income		
Valuation difference on available-for-sale securities	168	629
Deferred gains or losses on hedges	6	(8)
Foreign currency translation adjustment	4	(78)
Remeasurements of defined benefit plans, net of tax	6	(3)
Total other comprehensive income	187	539
Comprehensive income	1,322	1,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,312	1,099
Comprehensive income attributable to non-controlling interests	9	148