

Consolidated Financial Results
for the Nine Months Ended December 31, 2019
[Japanese GAAP]



February 7, 2020

Company name: Honshu Chemical Industry Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4115
 URL: <http://www.honshuchemical.co.jp/>
 Representative: Yuji Fukuyama, President and CEO
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 Scheduled date of filing quarterly securities report: February 13, 2020
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine Months ended December 31, 2019	15,341	3.3	2,070	(15.8)	2,061	(14.6)	1,110	(18.0)
December 31, 2018	14,848	1.2	2,457	3.0	2,414	3.3	1,355	6.0

(Note) Comprehensive income: Nine Months ended December 31, 2019: ¥ 1,327 million [(14.3)%]
 Nine Months ended December 31, 2018: ¥ 1,548 million [(30.8)%]

	Net income per share	Diluted net income per share
Nine Months ended	Yen	Yen
December 31, 2019	96.78	—
December 31, 2018	118.09	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	29,138	20,869	65.0
As of March 31, 2019	28,745	20,430	63.5

(Reference) Equity: As of December 31, 2019: ¥ 18,944 million
 As of March 31, 2019: ¥ 18,256 million

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	10.00	—	18.00	28.00
Fiscal year ending March 31, 2020	—	12.00			
Fiscal year ending March 31, 2020 (Forecast)			—	20.00	32.00

(Note) Revision to the dividend forecast announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net Income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	22,000	5.8	3,000	(4.4)	2,900	(4.9)	1,700	(3.0)	148.12

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly included: No
Excluded: No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2019: 11,500,000 shares
March 31, 2019: 11,500,000 shares
 - 2) Total number of treasury shares at the end of the period:
December 31, 2019: 23,106 shares
March 31, 2019: 23,106 shares
 - 3) Average number of shares during the period:
Nine Months ended December 31, 2019: 11,476,894 shares
Nine Months ended December 31, 2018: 11,476,895 shares

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, however, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have been completed.

* Explanation for the appropriate use of performance forecasts and other special notes

The performance forecasts and other statements on future events presented in this material are based on information that was available at the time of preparation of this material and based on certain assumptions considered to be reasonable. The actual performance, etc. may differ materially from these forecasts due to various factors.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	7,138	8,248
Accounts receivable - trade	6,092	5,517
Merchandise and finished goods	3,363	3,742
Work in process	311	262
Raw materials and supplies	1,234	1,227
Other	250	116
Total current assets	18,389	19,114
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	6,470	5,969
Other, net	2,911	3,232
Total property, plant and equipment	9,381	9,202
Intangible assets	50	39
Investments and other assets	924	782
Total non-current assets	10,356	10,023
Total assets	28,745	29,138

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	2,066	2,346
Short-term loans payable	1,000	1,000
Income taxes payable	371	267
Provision for directors' bonuses	32	27
Accounts payable - facilities	898	438
Other	1,063	1,273
Total current liabilities	5,433	5,354
Non-current liabilities		
Net defined benefit liability	2,074	2,127
Other	808	786
Total non-current liabilities	2,882	2,913
Total liabilities	8,315	8,268
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	15,748	16,514
Treasury shares	(14)	(14)
Total shareholders' equity	18,247	19,013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45	—
Foreign currency translation adjustment	10	(39)
Remeasurements of defined benefit plans	(46)	(29)
Total accumulated other comprehensive income	8	(68)
Non-controlling interests	2,174	1,924
Total net assets	20,430	20,869
Total liabilities and net assets	28,745	29,138

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Million yen)

	For the Nine Months ended December 31, 2018	For the Nine Months ended December 31, 2019
Net sales	14,848	15,341
Cost of sales	10,841	11,594
Gross profit	4,007	3,747
Selling, general and administrative expenses	1,549	1,677
Operating income	2,457	2,070
Non-operating income		
Interest income	0	0
Dividend income	14	3
Gain on sales of investment securities	—	36
Insurance income	—	32
Other	3	4
Total non-operating income	17	76
Non-operating expenses		
Interest expenses	29	28
Removal cost	10	39
Other	20	17
Total non-operating expenses	60	84
Ordinary income	2,414	2,061
Income before income taxes	2,414	2,061
Income taxes	712	613
Net income	1,702	1,448
Net income attributable to non-controlling interests	347	337
Net income attributable to owners of parent	1,355	1,110

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the Nine Months ended December 31, 2018	For the Nine Months ended December 31, 2019
Net income	1,702	1,448
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(45)
Foreign currency translation adjustment	(123)	(92)
Remeasurements of defined benefit plans, net of tax	(15)	16
Total other comprehensive income	(154)	(120)
Comprehensive income	1,548	1,327
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,258	1,033
Comprehensive income attributable to non-controlling interests	289	294