

Consolidated Financial Results
for the Three Months Ended June 30, 2020
[Japanese GAAP]



August 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
 Contact: Kazuoki Wada, General Manager of Accounting
 Phone: +81-3-3272-1481
 Scheduled date of filing quarterly securities report: August 7, 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 Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(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	%
Three Months ended June 30, 2020	5,516	6.3	1,249	72.5	1,239	77.4	823	97.1
June 30, 2019	5,190	(4.8)	724	(34.8)	698	(37.2)	417	(44.4)

(Note) Comprehensive income: Three Months ended June 30, 2020: ¥ 1,005 million [126.5%]
 Three Months ended June 30, 2019: ¥ 444 million [(42.7)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three Months ended June 30, 2020	71.76	—
June 30, 2019	36.41	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	30,653	21,984	65.7
As of March 31, 2020	29,629	21,480	65.8

(Reference) Equity: As of June 30, 2020: ¥ 20,128 million
 As of March 31, 2020: ¥ 19,488 million

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	12.00	—	20.00	32.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		12.00	—	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, 2020 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
	20,000	(6.0)	2,500	(17.1)	2,400	(19.5)	1,350	(22.2)	117.63

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

* 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):

June 30, 2020: 11,500,000 shares

March 31, 2020: 11,500,000 shares

2) Total number of treasury shares at the end of the period:

June 30, 2020: 23,106 shares

March 31, 2020: 23,106 shares

3) Average number of shares during the period:

Three Months ended June 30, 2020: 11,476,894 shares

Three Months ended June 30, 2019: 11,476,894 shares

* Presentation regarding the implementation status of the audit process

At the time of disclosure of these quarterly financial results, audit procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not 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, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	8,530	9,896
Accounts receivable - trade	6,154	5,867
Merchandise and finished goods	3,402	3,658
Work in process	365	293
Raw materials and supplies	1,082	1,062
Other	90	124
Total current assets	19,626	20,902
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	5,792	5,548
Other, net	3,290	3,293
Total property, plant and equipment	9,082	8,841
Intangible assets	36	34
Investments and other assets	883	875
Total non-current assets	10,002	9,750
Total assets	29,629	30,653

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,174	2,423
Short-term loans payable	1,000	1,000
Income taxes payable	407	360
Provision for directors' bonuses	37	7
Accounts payable - facilities	339	231
Other	844	1,054
Total current liabilities	5,192	5,720
Non-current liabilities		
Net defined benefit liability	2,188	2,202
Other	766	746
Total non-current liabilities	2,955	2,948
Total liabilities	8,148	8,668
Net assets		
Shareholders' equity		
Capital stock	1,500	1,500
Capital surplus	1,013	1,013
Retained earnings	17,139	17,733
Treasury shares	(14)	(14)
Total shareholders' equity	19,638	20,232
Accumulated other comprehensive income		
Foreign currency translation adjustment	(89)	(54)
Remeasurements of defined benefit plans	(60)	(49)
Total accumulated other comprehensive income	(150)	(104)
Non-controlling interests	1,991	1,856
Total net assets	21,480	21,984
Total liabilities and net assets	29,629	30,653

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

(Million yen)

	For the Three Months ended June 30, 2019	For the Three Months ended June 30, 2020
Net sales	5,190	5,516
Cost of sales	3,904	3,716
Gross profit	1,285	1,799
Selling, general and administrative expenses	561	549
Operating income	724	1,249
Non-operating income		
Interest income	0	—
Dividend income	3	10
Insurance income	—	5
Gain on sales of scraps	1	0
Other	0	0
Total non-operating income	4	15
Non-operating expenses		
Interest expenses	9	8
Removal cost	19	11
Other	1	6
Total non-operating expenses	30	26
Ordinary income	698	1,239
Net income before income taxes	698	1,239
Income taxes	166	304
Net income	532	934
Net income attributable to non-controlling interests	114	111
Net income attributable to owners of parent	417	823

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the Three Months ended June 30, 2019	For the Three Months ended June 30, 2020
Net income	532	934
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	—
Foreign currency translation adjustment	(80)	60
Remeasurements of defined benefit plans, net of tax	5	10
Total other comprehensive income	(88)	71
Comprehensive income	444	1,005
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	365	869
Comprehensive income attributable to non-controlling interests	78	136