

Consolidated Financial Results Highlights for the Fiscal Year Ended March 31, 2019

[Japanese GAAP]



May 8, 2019

Company Name: HARIMA CHEMICALS GROUP, INC.
 Code Number: 4410
 (URL: <http://www.harima.co.jp/>)
 Stock Exchange Listing: Tokyo Stock Exchange
 Representative: Yoshihiro Hasegawa, President
 Contact: Kiyotaka Uetsuji, Managing Director, Accounting Section Director
 Phone: +81-6-6201-2461
 Scheduled date of Ordinary General Shareholders' Meeting: June 21, 2019
 Scheduled submission date of Securities Report: June 24, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Availability of supplementary briefing material on Financial Results: Available
 Schedule of Financial Results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated Results of Operations (% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to Harima Chemicals Group, INC	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2019	78,589	7.2	4,667	16.4	4,818	20.2	4,131	51.6
FY Ended March 31, 2018	73,310	2.7	4,010	0.9	4,008	2.0	2,725	12.6

(Note) Comprehensive income: FY Ended March 31, 2019: 3,043million yen (7.0%), FY Ended March 31, 2018: 2,845million yen (Δ3.0%)

	Net income per share	Fully diluted net income per share	Return on equity	Return on assets	Operating profit on sales
	Yen	Yen	%	%	%
FY Ended March 31, 2019	159.02	—	12.0	6.8	5.9
FY Ended March 31, 2018	105.03	—	8.3	5.8	5.5

(Reference) Equity in net income of affiliated companies FY Ended March 31, 2019: Δ12million yen, FY Ended March 31, 2018: 38 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
At March 31, 2019	72,870	37,811	48.5	1,378.35
At March 31, 2018	69,637	36,097	48.4	1,295.79

(Reference) Equity: FY Ended March 31, 2019: 35,356 million yen, FY Ended March 31, 2018: 33,723 million yen

Note: According to February 16, 2018, issued ASBJ Statement No. 28 "Accounting Standard for Tax Effect Accounting". Apply the accounting standard from the beginning of first quarter, regarding FY Ended March 31, 2018, retrospection application amount is be discouraged.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at Year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY Ended March 31, 2019	4,179	(5,035)	580	3,289
FY Ended March 31, 2018	2,777	(1,527)	(1,551)	3,659

2. Dividends

	Annual dividend					Dividend	Dividend payout ratio	Dividend on equity ratio
	1Q	2Q	3Q	Year end	Total	(Total)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY Ended March 31, 2018	—	11.00	—	12.00	23.00	597	21.9	1.8
FY Ended March 31, 2019	—	17.00	—	19.00	36.00	929	22.6	2.7
FY Ending March 31, 2020(Forecast)	—	19.00	—	19.00	38.00		29.5	

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

(% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to Harima Chemicals Group,INC.		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q(cumulative)	40,500	2.8	2,100	△10.8	2,100	△23.1	1,500	△49.1	58.48
Full year	83,000	5.6	4,700	0.7	4,700	△2.5	3,300	△20.1	128.65

4. Others

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): None
Newly included: 0 (Company name:) Excluded: 0 (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - (i) Changes in accounting policies accompanying the revisions to items such as accounting standards: None
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Corrections of errors: None
- (3) Number of shares issued (common stock)

- (i) Total number of shares issued at the end of the period (including treasury stock)

Fiscal Year Ended March 31, 2019	26,080,396 shares
Fiscal Year Ended March 31, 2018	26,080,396 shares

- (ii) Total number of treasury stock at the end of the period

Fiscal Year Ended March 31, 2019	428,851 shares
Fiscal Year Ended March 31, 2018	55,330 shares

- (iii) Average number of shares during the period

Fiscal Year Ended March 31, 2019	25,979,564 shares
Fiscal Year Ended March 31, 2018	25,954,164 shares

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Non-consolidated Results of Operations

(% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY Ended March 31, 2019	3,064	0.8	899	1.9	990	△15.1	379	△78.7
FY Ended March 31, 2018	3,040	12.5	883	118.2	1,166	257.5	1,783	249.7

	Net income per share		Fully diluted net income per share	
	Yen	Yen	Yen	Yen
FY Ended March 31, 2019	14.60	—	—	—
FY Ended March 31, 2018	68.72	—	—	—

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
At March 31, 2019	34,603	26,508	26,508	26,508	76.6	1,033.41	1,033.41	
At March 31, 2018	36,111	27,717	27,717	27,717	76.8	1,065.04	1,065.04	

(Reference) Equity: FY Ended March 31, 2019: 26,508 million yen, FY Ended March 31, 2018: 27,717 million yen

* This summary of consolidated financial results is not subject to audit procedure.

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

The performance forecasts and other forward-looking statements herein are based on information currently available to the Company and certain preconditions which the Company believes to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

Segment Information

Information regarding net sales and income or loss by reporting segment

I. For the previous fiscal year (April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	19,086,556	17,334,479	5,633,930	29,700,118	71,755,083
Intersegment sales or transfers	215,882	147,158	—	148,419	511,460
Total	19,302,438	17,481,637	5,633,930	29,848,537	72,266,544
Segment income(loss)	1,176,100	1,749,207	404,437	1,272,086	4,601,831
Depreciation	631,370	628,700	135,210	426,626	1,821,907
Interest income and interest expenses	(9,354)	1,670	(1,147)	(148,754)	(157,586)
Equity in income of affiliated companies	—	—	—	—	—

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	1,605,061	73,360,145	(50,043)	73,310,101
Intersegment sales or transfers	137,459	648,919	(648,919)	—
Total	1,742,520	74,009,064	(698,963)	73,310,101
Segment income (loss)	(19,291)	4,582,540	(571,919)	4,010,621
Depreciation	126,350	1,948,257	—	1,948,257
Interest income and interest expenses	(3,755)	(161,341)	(68,699)	(230,041)
Equity in income of affiliated companies	—	—	38,611	38,611

(Notes) 1. “Others” division is business segment not attributable to reportable segment and includes mainly real estate management, etc.

2. The adjustment amount of segment income (loss) includes the adjustment of inventories 109,394 thousand yen and company-wide expenses (751,316) thousand yen, etc. that are not attributable to reportable segment.

3. Segment income (loss) is adjusted to reflect operating income as recorded in the consolidated statement of income.

4. Assets are not allocated into reportable segments how to determine the allocation of management resources and how to assess performance of the Company.

II. For the current fiscal year (April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reporting segment				
	Resin & Tall Oil Products	Paper Chemicals	Electronics Materials	Lawter	Subtotal
Net sales					
Net sales to external customers	20,309,261	19,949,678	5,737,474	30,979,763	76,976,177
Intersegment sales or transfers	209,717	119,769	—	148,404	477,891
Total	20,518,978	20,069,447	5,737,474	31,128,168	77,454,069
Segment income(loss)	1,375,522	1,881,802	421,391	1,502,683	5,181,399
Depreciation	675,685	665,862	146,680	428,078	1,916,306
Interest income and interest expenses	△8,797	△6,197	△1,059	△141,797	△157,852
Equity in income(loss) of affiliated companies	—	—	—	△32,438	△32,438

	Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statement of income (Note 3)
Net sales				
Net sales to external customers	1,580,174	78,556,352	32,732	78,589,084
Intersegment sales or transfers	117,684	595,576	△595,576	—
Total	1,697,859	79,151,928	△562,843	78,589,084
Segment income (loss)	△48,997	5,132,402	△465,085	4,667,316
Depreciation	114,771	2,031,077	—	2,031,077
Interest income and interest expenses	△3,856	△161,708	△66,670	△228,378
Equity in income(loss) of affiliated companies	—	△32,438	19,767	△12,671

(Notes) 1. “Others” division is business segment not attributable to reportable segment and includes mainly real estate management, etc.

2. The adjustment (loss) amount of segment income includes the adjustment of inventories 90,886 thousand yen and company-wide expenses (620,401) thousand yen, etc. that are not attributable to reportable segment.

3. Segment income (loss) is adjusted to reflect operating income as recorded in the consolidated statement of income.

4. Assets are not allocated into reportable segments how to determine the allocation of management resources and how to assess performance of the Company.