

Translation

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

November 10, 2020

Company name: Nippon Chemical Industrial CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4092 URL: <http://www.nippon-chem.co.jp/>  
 Representative: President Hirota Tanahashi  
 Inquiries: General Manager, Accounting Department Manabu Sato TEL 03-3636-8038  
 Scheduled date to file Quarterly Securities Report: November 13, 2020  
 Scheduled date to commence dividend payments: December 7, 2020  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(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	16,112	(12.0)	914	(44.3)	925	(45.3)	650	(42.0)
Six months ended September 30, 2019	18,302	2.3	1,642	(7.5)	1,694	(8.5)	1,121	(14.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	73.99	—
Six months ended September 30, 2019	127.52	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	66,047	36,590	55.4
As of March 31, 2020	65,950	35,768	54.2

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	—	35.00	—	35.00	70.00
Year ending March 31, 2021	—	35.00			
Year ending March 31, 2021 (Forecast)			—	35.00	70.00

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	33,000	(8.9)	1,200	(51.6)	1,200	(52.9)	800	(56.9)	90.95

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: No
- (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	8,922,775 shares	As of March 31, 2020	8,922,775 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	127,011 shares	As of March 31, 2020	126,963 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	8,795,798 shares	Six months ended September 30, 2019	8,796,028 shares
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\*This financial results report is exempt from audit by certified public accountants or accounting firm.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,392	9,484
Notes and accounts receivable - trade	10,820	9,542
Merchandise and finished goods	4,474	4,095
Work in process	2,196	2,285
Raw materials and supplies	2,170	2,384
Consumption taxes receivable	–	3
Other	665	628
Allowance for doubtful accounts	(24)	(16)
<b>Total current assets</b>	<b>29,696</b>	<b>28,408</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	34,487	34,588
Accumulated depreciation	(22,320)	(22,724)
Buildings and structures, net	12,166	11,863
Machinery, equipment and vehicles	13,135	13,638
Accumulated depreciation	(6,058)	(6,726)
Machinery, equipment and vehicles, net	7,076	6,912
Land	7,730	7,730
Construction in progress	1,381	2,428
Other	6,553	6,547
Accumulated depreciation	(5,630)	(5,646)
Other, net	923	901
<b>Total property, plant and equipment</b>	<b>29,279</b>	<b>29,837</b>
<b>Intangible assets</b>		
Goodwill	47	40
Other	597	557
<b>Total intangible assets</b>	<b>644</b>	<b>597</b>
<b>Investments and other assets</b>		
Investment securities	5,735	6,454
Long-term loans receivable	22	15
Deferred tax assets	153	149
Other	441	607
Allowance for doubtful accounts	(22)	(22)
<b>Total investments and other assets</b>	<b>6,329</b>	<b>7,204</b>
<b>Total non-current assets</b>	<b>36,254</b>	<b>37,639</b>
<b>Total assets</b>	<b>65,950</b>	<b>66,047</b>

(Millions of yen)

As of March 31, 2020 As of September 30, 2020

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,194	2,916
Short-term borrowings	7,825	8,970
Income taxes payable	296	188
Accrued consumption taxes	363	166
Provision for bonuses	416	409
Accounts payable - facilities	1,904	1,840
Other	1,928	1,966
Total current liabilities	15,930	16,459
Non-current liabilities		
Long-term borrowings	8,161	6,616
Deferred tax liabilities	1,706	2,006
Retirement benefit liability	1,999	1,995
Other	2,384	2,379
Total non-current liabilities	14,251	12,998
Total liabilities	30,181	29,457
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	26,126	26,469
Treasury shares	(354)	(354)
Total shareholders' equity	33,799	34,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,467	2,971
Deferred gains or losses on hedges	0	(2)
Foreign currency translation adjustment	20	3
Remeasurements of defined benefit plans	(519)	(524)
Total accumulated other comprehensive income	1,968	2,448
Total net assets	35,768	36,590
Total liabilities and net assets	65,950	66,047

**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	18,302	16,112
Cost of sales	14,152	12,707
Gross profit	4,149	3,404
Selling, general and administrative expenses	2,507	2,490
Operating profit	1,642	914
Non-operating income		
Interest and dividend income	69	68
Share of profit of entities accounted for using equity method	18	6
Other	49	73
Total non-operating income	137	147
Non-operating expenses		
Interest expenses	37	41
Environmental expenses	11	48
Other	36	46
Total non-operating expenses	85	136
Ordinary profit	1,694	925
Extraordinary income		
Gain on sales of investment securities	21	–
Total extraordinary income	21	–
Extraordinary losses		
Loss on retirement of non-current assets	129	41
Total extraordinary losses	129	41
Profit before income taxes	1,586	884
Income taxes - current	445	148
Income taxes - deferred	19	85
Total income taxes	465	233
Profit	1,121	650
Profit attributable to owners of parent	1,121	650

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,121	650
Other comprehensive income		
Valuation difference on available-for-sale securities	(277)	503
Deferred gains or losses on hedges	(0)	(2)
Foreign currency translation adjustment	–	(17)
Remeasurements of defined benefit plans, net of tax	(41)	(4)
Share of other comprehensive income of entities accounted for using equity method	(7)	–
Total other comprehensive income	(326)	479
Comprehensive income	794	1,130
Comprehensive income attributable to Comprehensive income attributable to owners of parent	794	1,130

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,586	884
Depreciation	1,255	1,405
Amortization of goodwill	7	7
Increase (decrease) in allowance for doubtful accounts	0	(7)
Increase (decrease) in provision for bonuses	(16)	(7)
Increase (decrease) in retirement benefit liability	58	(13)
Interest and dividend income	(69)	(68)
Share of loss (profit) of entities accounted for using equity method	(18)	(6)
Interest expenses	37	41
Loss (gain) on sales of investment securities	(21)	–
Loss on retirement of non-current assets	129	41
Decrease (increase) in trade receivables	(648)	1,321
Decrease (increase) in inventories	761	74
Increase (decrease) in trade payables	(1,633)	(144)
Increase (decrease) in accrued consumption taxes	93	(199)
Other, net	(40)	(297)
Subtotal	1,482	3,030
Interest and dividends received	70	69
Interest paid	(38)	(41)
Income taxes paid	(335)	(259)
Income taxes refund	–	25
Net cash provided by (used in) operating activities	1,179	2,824
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,125)	(1,977)
Proceeds from sales of property, plant and equipment	2	6
Purchase of intangible assets	(113)	(19)
Purchase of investment securities	(2)	(1)
Proceeds from sales of investment securities	42	–
Loan advances	(0)	(0)
Collection of loans receivable	15	8
Other, net	(38)	(63)
Net cash provided by (used in) investing activities	(3,219)	(2,047)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(170)	(28)
Proceeds from long-term borrowings	1,200	360
Repayments of long-term borrowings	(1,918)	(731)
Repayments of finance lease obligations	(4)	(4)
Purchase of treasury shares	(0)	(0)
Dividends paid	(263)	(307)
Net cash provided by (used in) financing activities	(1,157)	(711)
Effect of exchange rate change on cash and cash equivalents	(0)	(4)
Net increase (decrease) in cash and cash equivalents	(3,196)	61
Cash and cash equivalents at beginning of period	9,041	9,315
Cash and cash equivalents at end of period	5,844	9,377