

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 14, 2019

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 of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	36,157	(1.7)	3,084	(24.5)	3,057	(23.7)	2,154	(22.4)
Year ended March 31, 2018	36,798	9.9	4,084	22.4	4,009	15.8	2,774	8.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	244.90	–	6.2	4.8	8.5
Year ended March 31, 2018	315.45	–	8.3	6.7	11.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	65,497	35,497	54.2	4,035.61
As of March 31, 2018	62,044	34,518	55.6	3,924.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	2,632	(3,966)	1,445	9,041
Year ended March 31, 2018	3,858	(1,784)	(1,683)	8,927

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	3.00	–	30.00	–	527	19.0	1.6
Year ended March 31, 2019	–	40.00	–	30.00	70.00	615	28.6	1.8
Year ending March 31, 2020 (Forecast)	–	35.00	–	35.00	70.00		28.0	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	37,500	3.7	3,100	0.5	3,100	1.4	2,200	2.1	250.11

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	8,922,775 shares	As of March 31, 2018	8,922,775 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	126,667 shares	As of March 31, 2018	126,460 shares
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Average number of shares during the period

Year ended March 31, 2019	8,796,152 shares	Year ended March 31, 2018	8,796,515 shares
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*This financial results report is exempt from audit by certified public accountants or accounting firm.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	8,937	9,051
Notes and accounts receivable - trade	11,849	10,861
Merchandise and finished goods	3,947	4,712
Work in process	2,408	2,310
Raw materials and supplies	1,857	3,342
Consumption taxes receivable	6	4
Other	602	532
Allowance for doubtful accounts	(15)	(20)
Total current assets	29,593	30,794
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,464	32,721
Accumulated depreciation	(21,004)	(21,631)
Buildings and structures, net	11,460	11,090
Machinery, equipment and vehicles	7,387	9,307
Accumulated depreciation	(3,815)	(4,470)
Machinery, equipment and vehicles, net	3,572	4,836
Land	7,741	7,730
Construction in progress	1,008	2,567
Other	6,088	6,303
Accumulated depreciation	(5,426)	(5,513)
Other, net	662	789
Total property, plant and equipment	24,445	27,014
Intangible assets		
Goodwill	–	62
Other	265	257
Total intangible assets	265	319
Investments and other assets		
Investment securities	6,723	6,597
Long-term loans receivable	59	37
Deferred tax assets	117	141
Retirement benefit asset	368	165
Other	494	450
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,740	7,368
Total non-current assets	32,451	34,703
Total assets	62,044	65,497

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,107	4,617
Short-term loans payable	6,535	9,143
Income taxes payable	856	346
Accrued consumption taxes	151	24
Provision for bonuses	418	432
Accounts payable - facilities	1,555	2,361
Other	2,553	2,000
Total current liabilities	16,178	18,925
Non-current liabilities		
Long-term loans payable	5,960	5,422
Deferred tax liabilities	2,278	2,118
Retirement benefit liability	931	1,299
Other	2,177	2,233
Total non-current liabilities	11,347	11,073
Total liabilities	27,525	29,999
Net assets		
Shareholders' equity		
Capital stock	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	23,302	24,840
Treasury shares	(352)	(353)
Total shareholders' equity	30,976	32,514
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,879	2,792
Deferred gains or losses on hedges	(2)	0
Foreign currency translation adjustment	15	11
Remeasurements of defined benefit plans	649	179
Total accumulated other comprehensive income	3,542	2,983
Total net assets	34,518	35,497
Total liabilities and net assets	62,044	65,497

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	36,798	36,157
Cost of sales	27,687	28,073
Gross profit	9,110	8,084
Selling, general and administrative expenses	5,026	4,999
Operating profit	4,084	3,084
Non-operating income		
Interest income	1	2
Dividend income	108	127
Share of profit of entities accounted for using equity method	29	40
Reversal of allowance for doubtful accounts	41	–
Other	116	156
Total non-operating income	296	326
Non-operating expenses		
Interest expenses	105	74
Environmental expenses	116	148
Commission expenses	42	91
Other	107	39
Total non-operating expenses	372	354
Ordinary profit	4,009	3,057
Extraordinary income		
Gain on sales of investment securities	–	55
Total extraordinary income	–	55
Extraordinary losses		
Loss on retirement of non-current assets	134	156
Total extraordinary losses	134	156
Profit before income taxes	3,875	2,956
Income taxes - current	1,044	746
Income taxes - deferred	55	56
Total income taxes	1,100	802
Profit	2,774	2,154
Profit attributable to owners of parent	2,774	2,154

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	2,774	2,154
Other comprehensive income		
Valuation difference on available-for-sale securities	73	(86)
Deferred gains or losses on hedges	(2)	2
Remeasurements of defined benefit plans	8	(470)
Share of other comprehensive income of entities accounted for using equity method	(6)	(4)
Total other comprehensive income	72	(559)
Comprehensive income	2,847	1,595
Comprehensive income attributable to Comprehensive income attributable to owners of parent	2,847	1,595

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,757	2,269	21,055	(352)	28,729
Changes of items during period					
Dividends of surplus			(527)		(527)
Profit attributable to owners of parent			2,774		2,774
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,247	(0)	2,246
Balance at end of current period	5,757	2,269	23,302	(352)	30,976

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,806	0	21	641	3,470	32,200
Changes of items during period						
Dividends of surplus						(527)
Profit attributable to owners of parent						2,774
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	73	(2)	(6)	8	72	72
Total changes of items during period	73	(2)	(6)	8	72	2,318
Balance at end of current period	2,879	(2)	15	649	3,542	34,518

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,757	2,269	23,302	(352)	30,976
Changes of items during period					
Dividends of surplus			(615)		(615)
Profit attributable to owners of parent			2,154		2,154
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,538	(0)	1,537
Balance at end of current period	5,757	2,269	24,840	(353)	32,514

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,879	(2)	15	649	3,542	34,518
Changes of items during period						
Dividends of surplus						(615)
Profit attributable to owners of parent						2,154
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(86)	2	(4)	(470)	(559)	(559)
Total changes of items during period	(86)	2	(4)	(470)	(559)	978
Balance at end of current period	2,792	0	11	179	2,983	35,497

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,875	2,956
Depreciation	1,975	2,155
Amortization of goodwill	293	11
Increase (decrease) in allowance for doubtful accounts	(39)	5
Increase (decrease) in provision for bonuses	48	14
Increase (decrease) in retirement benefit liability	74	3
Interest and dividend income	(109)	(129)
Share of loss (profit) of entities accounted for using equity method	(29)	(40)
Interest expenses	105	74
Foreign exchange losses (gains)	(3)	(2)
Loss (gain) on sales of investment securities	–	(55)
Loss on retirement of non-current assets	134	156
Decrease (increase) in notes and accounts receivable - trade	(2,255)	400
Decrease (increase) in inventories	(673)	(2,148)
Increase (decrease) in notes and accounts payable - trade	784	654
Increase (decrease) in accrued consumption taxes	(133)	(126)
Other, net	332	(116)
Subtotal	4,378	3,814
Interest and dividend income received	115	129
Interest expenses paid	(103)	(73)
Income taxes paid	(533)	(1,241)
Income taxes refund	–	3
Net cash provided by (used in) operating activities	3,858	2,632
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,232)	(3,949)
Proceeds from sales of property, plant and equipment	0	16
Purchase of intangible assets	(30)	(32)
Purchase of investment securities	(9)	(5)
Proceeds from sales of investment securities	–	122
Payments of loans receivable	(111)	(1)
Collection of loans receivable	24	31
Proceeds from liquidation of subsidiaries and associates	364	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(67)
Other, net	210	(79)
Net cash provided by (used in) investing activities	(1,784)	(3,966)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	330	970
Proceeds from long-term loans payable	4,960	2,100
Repayments of long-term loans payable	(6,440)	(1,002)
Repayments of finance lease obligations	(6)	(7)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(527)	(614)
Net cash provided by (used in) financing activities	(1,683)	1,445
Effect of exchange rate change on cash and cash equivalents	3	2
Net increase (decrease) in cash and cash equivalents	393	113
Cash and cash equivalents at beginning of period	8,534	8,927
Cash and cash equivalents at end of period	8,927	9,041