

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2019  
(Based on Japanese GAAP)**

November 8, 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 to file Quarterly Securities Report: November 8, 2019  
 Scheduled date to commence dividend payments: December 5, 2019  
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	18,302	2.3	1,642	(7.5)	1,694	(8.5)	1,121	(14.4)
Six months ended September 30, 2018	17,888	0.3	1,774	18.7	1,851	23.0	1,310	20.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	127.52	-
Six months ended September 30, 2018	148.95	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	63,650	36,028	56.6
As of March 31, 2019	65,497	35,497	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, 2019	-	40.00	-	30.00	70.00
Year ending March 31, 2020	-	35.00			
Year ending March 31, 2020 (Forecast)			-	35.00	70.00

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 six months ended September 30, 2019  
(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, 2019	8,922,775 shares	As of March 31, 2019	8,922,775 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	126,863 shares	As of March 31, 2019	126,667 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, 2019	8,796,028 shares	Six months ended September 30, 2018	8,796,185 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, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,051	5,854
Notes and accounts receivable - trade	10,861	11,535
Merchandise and finished goods	4,712	4,345
Work in process	2,310	2,456
Raw materials and supplies	3,342	2,801
Consumption taxes receivable	4	–
Other	532	766
Allowance for doubtful accounts	(20)	(21)
<b>Total current assets</b>	<b>30,794</b>	<b>27,738</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	32,721	34,136
Accumulated depreciation	(21,631)	(21,856)
Buildings and structures, net	11,090	12,280
Machinery, equipment and vehicles	9,307	11,669
Accumulated depreciation	(4,470)	(5,063)
Machinery, equipment and vehicles, net	4,836	6,606
Land	7,730	7,730
Construction in progress	2,567	1,072
Other	6,303	6,420
Accumulated depreciation	(5,513)	(5,580)
Other, net	789	839
<b>Total property, plant and equipment</b>	<b>27,014</b>	<b>28,530</b>
<b>Intangible assets</b>		
Goodwill	62	55
Other	257	344
<b>Total intangible assets</b>	<b>319</b>	<b>399</b>
<b>Investments and other assets</b>		
Investment securities	6,597	6,160
Long-term loans receivable	37	29
Deferred tax assets	141	155
Retirement benefit asset	165	219
Other	450	439
Allowance for doubtful accounts	(22)	(22)
<b>Total investments and other assets</b>	<b>7,368</b>	<b>6,981</b>
<b>Total non-current assets</b>	<b>34,703</b>	<b>35,911</b>
<b>Total assets</b>	<b>65,497</b>	<b>63,650</b>

(Millions of yen)

As of March 31, 2019      As of September 30, 2019

Liabilities	As of March 31, 2019	As of September 30, 2019
Current liabilities		
Notes and accounts payable - trade	4,617	3,253
Short-term borrowings	9,143	7,772
Income taxes payable	346	463
Accrued consumption taxes	24	113
Provision for bonuses	432	416
Accounts payable - facilities	2,361	2,032
Other	2,000	1,908
Total current liabilities	18,925	15,960
Non-current liabilities		
Long-term borrowings	5,422	5,903
Deferred tax liabilities	2,118	2,010
Retirement benefit liability	1,299	1,358
Other	2,233	2,388
Total non-current liabilities	11,073	11,661
Total liabilities	29,999	27,622
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	24,840	25,698
Treasury shares	(353)	(353)
Total shareholders' equity	32,514	33,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,792	2,515
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	11	3
Remeasurements of defined benefit plans	179	137
Total accumulated other comprehensive income	2,983	2,656
Total net assets	35,497	36,028
Total liabilities and net assets	65,497	63,650

**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, 2018	Six months ended September 30, 2019
Net sales	17,888	18,302
Cost of sales	13,697	14,152
Gross profit	4,191	4,149
Selling, general and administrative expenses	2,416	2,507
Operating profit	1,774	1,642
Non-operating income		
Interest and dividend income	68	69
Share of profit of entities accounted for using equity method	68	18
Other	74	49
Total non-operating income	210	137
Non-operating expenses		
Interest expenses	36	37
Environmental expenses	63	11
Other	33	36
Total non-operating expenses	134	85
Ordinary profit	1,851	1,694
Extraordinary income		
Gain on sales of investment securities	-	21
Total extraordinary income	-	21
Extraordinary losses		
Loss on retirement of non-current assets	36	129
Total extraordinary losses	36	129
Profit before income taxes	1,815	1,586
Income taxes - current	434	445
Income taxes - deferred	70	19
Total income taxes	505	465
Profit	1,310	1,121
Profit attributable to owners of parent	1,310	1,121

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,310	1,121
Other comprehensive income		
Valuation difference on available-for-sale securities	450	(277)
Deferred gains or losses on hedges	2	(0)
Remeasurements of defined benefit plans, net of tax	(3)	(41)
Share of other comprehensive income of entities accounted for using equity method	(5)	(7)
Total other comprehensive income	443	(326)
Comprehensive income	1,753	794
Comprehensive income attributable to Comprehensive income attributable to owners of parent	1,753	794

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,815	1,586
Depreciation	1,039	1,255
Amortization of goodwill	–	7
Increase (decrease) in allowance for doubtful accounts	(2)	0
Increase (decrease) in provision for bonuses	6	(16)
Increase (decrease) in retirement benefit liability	(8)	58
Interest and dividend income	(68)	(69)
Share of loss (profit) of entities accounted for using equity method	(68)	(18)
Interest expenses	36	37
Loss (gain) on sales of investment securities	–	(21)
Loss on retirement of non-current assets	36	129
Decrease (increase) in trade receivables	732	(648)
Decrease (increase) in inventories	(1,050)	761
Increase (decrease) in trade payables	(48)	(1,633)
Increase (decrease) in accrued consumption taxes	(72)	93
Other, net	(138)	(40)
Subtotal	2,208	1,482
Interest and dividends received	68	70
Interest paid	(36)	(38)
Income taxes paid	(828)	(335)
Income taxes refund	3	–
Net cash provided by (used in) operating activities	1,415	1,179
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,591)	(3,125)
Proceeds from sales of property, plant and equipment	–	2
Purchase of intangible assets	(8)	(113)
Purchase of investment securities	(3)	(2)
Proceeds from sales of investment securities	–	42
Loan advances	(1)	(0)
Collection of loans receivable	16	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(67)	–
Other, net	(9)	(38)
Net cash provided by (used in) investing activities	(1,665)	(3,219)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30)	(170)
Proceeds from long-term borrowings	–	1,200
Repayments of long-term borrowings	(500)	(1,918)
Repayments of finance lease obligations	(3)	(4)
Purchase of treasury shares	(0)	(0)
Dividends paid	(263)	(263)
Net cash provided by (used in) financing activities	(797)	(1,157)
Effect of exchange rate change on cash and cash equivalents	2	(0)
Net increase (decrease) in cash and cash equivalents	(1,044)	(3,196)
Cash and cash equivalents at beginning of period	8,927	9,041
Cash and cash equivalents at end of period	7,882	5,844