

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 6, 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: February 7, 2020  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	27,303	0.8	2,006	(17.0)	2,065	(17.1)	1,543	(11.3)
Nine months ended December 31, 2018	27,073	(1.0)	2,418	(6.8)	2,491	(4.8)	1,739	(5.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	175.45		–	
Nine months ended December 31, 2018	197.79		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	68,456	36,716	53.6
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				
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 nine months ended December 31, 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 December 31, 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 December 31, 2019	126,963 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)

Nine months ended December 31, 2019	8,795,973 shares	Nine months ended December 31, 2018	8,796,165 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 December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,051	9,213
Notes and accounts receivable - trade	10,861	11,706
Merchandise and finished goods	4,712	4,353
Work in process	2,310	2,553
Raw materials and supplies	3,342	2,569
Consumption taxes receivable	4	19
Other	532	670
Allowance for doubtful accounts	(20)	(21)
<b>Total current assets</b>	<b>30,794</b>	<b>31,064</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	32,721	34,330
Accumulated depreciation	(21,631)	(22,065)
Buildings and structures, net	11,090	12,265
Machinery, equipment and vehicles	9,307	12,297
Accumulated depreciation	(4,470)	(5,402)
Machinery, equipment and vehicles, net	4,836	6,895
Land	7,730	7,730
Construction in progress	2,567	1,512
Other	6,303	6,500
Accumulated depreciation	(5,513)	(5,624)
Other, net	789	875
<b>Total property, plant and equipment</b>	<b>27,014</b>	<b>29,278</b>
<b>Intangible assets</b>		
Goodwill	62	51
Other	257	339
<b>Total intangible assets</b>	<b>319</b>	<b>390</b>
<b>Investments and other assets</b>		
Investment securities	6,597	6,905
Long-term loans receivable	37	29
Deferred tax assets	141	128
Retirement benefit asset	165	246
Other	450	435
Allowance for doubtful accounts	(22)	(22)
<b>Total investments and other assets</b>	<b>7,368</b>	<b>7,722</b>
<b>Total non-current assets</b>	<b>34,703</b>	<b>37,391</b>
<b>Total assets</b>	<b>65,497</b>	<b>68,456</b>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,617	4,135
Short-term borrowings	9,143	7,884
Income taxes payable	346	164
Accrued consumption taxes	24	241
Provision for bonuses	432	125
Accounts payable - facilities	2,361	2,121
Other	2,000	2,168
<b>Total current liabilities</b>	<b>18,925</b>	<b>16,841</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,422	8,850
Deferred tax liabilities	2,118	2,303
Retirement benefit liability	1,299	1,360
Other	2,233	2,383
<b>Total non-current liabilities</b>	<b>11,073</b>	<b>14,898</b>
<b>Total liabilities</b>	<b>29,999</b>	<b>31,739</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	24,840	25,812
Treasury shares	(353)	(354)
<b>Total shareholders' equity</b>	<b>32,514</b>	<b>33,484</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,792	3,110
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	11	4
Remeasurements of defined benefit plans	179	116
<b>Total accumulated other comprehensive income</b>	<b>2,983</b>	<b>3,231</b>
<b>Total net assets</b>	<b>35,497</b>	<b>36,716</b>
<b>Total liabilities and net assets</b>	<b>65,497</b>	<b>68,456</b>

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

**Consolidated statements of income (cumulative)**

	(Millions of yen)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	27,073	27,303
Cost of sales	20,948	21,373
Gross profit	6,125	5,929
Selling, general and administrative expenses	3,706	3,923
Operating profit	2,418	2,006
Non-operating income		
Interest and dividend income	118	122
Share of profit of entities accounted for using equity method	61	33
Other	99	74
Total non-operating income	280	230
Non-operating expenses		
Interest expenses	54	56
Environmental expenses	105	45
Other	47	70
Total non-operating expenses	207	172
Ordinary profit	2,491	2,065
Extraordinary income		
Gain on sales of investment securities	9	180
Total extraordinary income	9	180
Extraordinary losses		
Loss on retirement of non-current assets	63	143
Total extraordinary losses	63	143
Profit before income taxes	2,437	2,102
Income taxes - current	492	464
Income taxes - deferred	205	94
Total income taxes	698	559
Profit	1,739	1,543
Profit attributable to owners of parent	1,739	1,543

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,739	1,543
Other comprehensive income		
Valuation difference on available-for-sale securities	(318)	317
Deferred gains or losses on hedges	2	0
Remeasurements of defined benefit plans, net of tax	(5)	(62)
Share of other comprehensive income of entities accounted for using equity method	1	(7)
Total other comprehensive income	(321)	248
Comprehensive income	1,418	1,791
Comprehensive income attributable to Comprehensive income attributable to owners of parent	1,418	1,791