

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

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 24, 2021
 Scheduled date to file Securities Report: June 24, 2021
 Scheduled date to commence dividend payments: June 25, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	34,642	(4.4)	2,783	12.2	2,315	(9.0)	2,182	17.5
Year ended March 31, 2020	36,243	0.2	2,481	(19.6)	2,545	(16.7)	1,857	(13.8)

	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, 2021	248.11	–	5.8	3.4	8.0
Year ended March 31, 2020	211.21	–	5.2	3.9	6.8

(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, 2021	70,196	39,075	55.7	4,442.58
As of March 31, 2020	65,950	35,768	54.2	4,066.52

(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, 2021	5,216	(3,539)	(1,024)	9,962
Year ended March 31, 2020	4,776	(5,503)	842	9,315

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, 2020	–	35.00	–	35.00	70.00	615	33.1	1.7
Year ended March 31, 2021	–	35.00	–	35.00	70.00	615	28.2	1.6
Year ending March 31, 2022 (Forecast)	–	35.00	–	35.00	70.00		32.4	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	36,000	3.9	2,600	(6.6)	2,600	12.3	1,900	(12.9)	216.01

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	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 March 31, 2021	127,069 shares	As of March 31, 2020	126,963 shares
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Average number of shares during the period

Year ended March 31, 2021	8,795,760 shares	Year ended March 31, 2020	8,795,936 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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,392	10,004
Notes and accounts receivable - trade	10,820	11,297
Merchandise and finished goods	4,474	4,374
Work in process	2,196	2,393
Raw materials and supplies	2,170	2,021
Other	665	531
Allowance for doubtful accounts	(24)	(23)
Total current assets	29,696	30,598
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,487	34,885
Accumulated depreciation	(22,320)	(23,154)
Buildings and structures, net	12,166	11,731
Machinery, equipment and vehicles	13,135	14,668
Accumulated depreciation	(6,058)	(7,466)
Machinery, equipment and vehicles, net	7,076	7,201
Land	7,730	7,730
Construction in progress	1,381	3,271
Other	6,553	6,634
Accumulated depreciation	(5,630)	(5,695)
Other, net	923	938
Total property, plant and equipment	29,279	30,874
Intangible assets		
Goodwill	47	33
Other	597	556
Total intangible assets	644	589
Investments and other assets		
Investment securities	5,735	7,044
Long-term loans receivable	22	8
Deferred tax assets	153	147
Retirement benefit asset	–	351
Other	441	604
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	6,329	8,133
Total non-current assets	36,254	39,598
Total assets	65,950	70,196

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,194	3,802
Short-term borrowings	7,825	8,300
Income taxes payable	296	658
Accrued consumption taxes	363	256
Provision for bonuses	416	435
Accounts payable - facilities	1,904	2,092
Other	1,928	1,979
Total current liabilities	15,930	17,525
Non-current liabilities		
Long-term borrowings	8,161	7,283
Deferred tax liabilities	1,706	2,173
Retirement benefit liability	1,999	1,387
Liabilities from application of equity method	–	424
Other	2,384	2,326
Total non-current liabilities	14,251	13,595
Total liabilities	30,181	31,120
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	26,126	27,693
Treasury shares	(354)	(354)
Total shareholders' equity	33,799	35,365
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,467	3,445
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	20	(7)
Remeasurements of defined benefit plans	(519)	270
Total accumulated other comprehensive income	1,968	3,709
Total net assets	35,768	39,075
Total liabilities and net assets	65,950	70,196

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	36,243	34,642
Cost of sales	28,457	26,799
Gross profit	7,785	7,843
Selling, general and administrative expenses	5,304	5,060
Operating profit	2,481	2,783
Non-operating income		
Interest and dividend income	134	130
Share of profit of entities accounted for using equity method	44	—
Other	114	158
Total non-operating income	293	288
Non-operating expenses		
Interest expenses	76	81
Share of loss of entities accounted for using equity method	—	517
Environmental expenses	51	79
Commission expenses	38	39
Other	62	36
Total non-operating expenses	229	755
Ordinary profit	2,545	2,315
Extraordinary income		
Gain on sale of investment securities	194	824
Total extraordinary income	194	824
Extraordinary losses		
Loss on retirement of non-current assets	216	149
Loss on disaster	—	42
Loss on valuation of investment securities	12	—
Total extraordinary losses	228	191
Profit before income taxes	2,511	2,948
Income taxes - current	624	866
Income taxes - deferred	29	(100)
Total income taxes	654	765
Profit	1,857	2,182
Profit attributable to owners of parent	1,857	2,182

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,857	2,182
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	978
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	9	(27)
Remeasurements of defined benefit plans, net of tax	(698)	790
Total other comprehensive income	(1,014)	1,740
Comprehensive income	843	3,923
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	843	3,923

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,757	2,269	24,840	(353)	32,514
Changes during period					
Dividends of surplus			(571)		(571)
Profit attributable to owners of parent			1,857		1,857
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,286	(0)	1,285
Balance at end of period	5,757	2,269	26,126	(354)	33,799

	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 period	2,792	0	11	179	2,983	35,497
Changes during period						
Dividends of surplus						(571)
Profit attributable to owners of parent						1,857
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(325)	(0)	9	(698)	(1,014)	(1,014)
Total changes during period	(325)	(0)	9	(698)	(1,014)	270
Balance at end of period	2,467	0	20	(519)	1,968	35,768

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,757	2,269	26,126	(354)	33,799
Changes during period					
Dividends of surplus			(615)		(615)
Profit attributable to owners of parent			2,182		2,182
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,566	(0)	1,566
Balance at end of period	5,757	2,269	27,693	(354)	35,365

	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 period	2,467	0	20	(519)	1,968	35,768
Changes during period						
Dividends of surplus						(615)
Profit attributable to owners of parent						2,182
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	978	0	(27)	790	1,740	1,740
Total changes during period	978	0	(27)	790	1,740	3,307
Balance at end of period	3,445	0	(7)	270	3,709	39,075

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,511	2,948
Depreciation	2,657	2,875
Amortization of goodwill	14	14
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	(16)	18
Increase (decrease) in retirement benefit liability	(21)	64
Interest and dividend income	(134)	(130)
Share of loss (profit) of entities accounted for using equity method	(44)	517
Interest expenses	76	81
Foreign exchange losses (gains)	3	(2)
Loss (gain) on sale of investment securities	(194)	(824)
Loss on retirement of non-current assets	216	149
Loss on disaster	–	42
Decrease (increase) in trade receivables	101	(491)
Decrease (increase) in inventories	1,523	46
Increase (decrease) in trade payables	(1,763)	636
Increase (decrease) in accrued consumption taxes	343	(107)
Other, net	116	(183)
Subtotal	5,392	5,655
Interest and dividends received	134	130
Interest paid	(74)	(81)
Income taxes paid	(675)	(512)
Income taxes refund	–	25
Net cash provided by (used in) operating activities	4,776	5,216
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,397)	(4,193)
Proceeds from sale of property, plant and equipment	14	8
Purchase of intangible assets	(411)	(81)
Purchase of investment securities	(3)	(102)
Proceeds from sale of investment securities	348	913
Loan advances	(0)	(1)
Proceeds from collection of loans receivable	23	15
Other, net	(76)	(97)
Net cash provided by (used in) investing activities	(5,503)	(3,539)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(140)	(1,242)
Proceeds from long-term borrowings	4,200	2,360
Repayments of long-term borrowings	(2,637)	(1,520)
Repayments of finance lease obligations	(8)	(6)
Purchase of treasury shares	(0)	(0)
Dividends paid	(570)	(614)
Net cash provided by (used in) financing activities	842	(1,024)
Effect of exchange rate changes on cash and cash equivalents	(5)	(5)
Net increase (decrease) in cash and cash equivalents	109	647
Cash and cash equivalents at beginning of period	9,041	9,315
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	165	—
Cash and cash equivalents at end of period	9,315	9,962