

Translation

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

August 5, 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: August 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 three months ended June 30, 2020 (from April 1, 2020 to June 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	%
Three months ended June 30, 2020	8,442	(1.9)	771	(1.6)	768	(7.5)	558	(3.1)
Three months ended June 30, 2019	8,607	(1.5)	784	(16.9)	831	(19.3)	576	(21.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	63.51		–	
Three months ended June 30, 2019	65.55		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	65,840	36,395	55.3
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				
Year ended March 31, 2020	–	35.00	–	35.00	70.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	35.00	–	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 three months ended June 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 June 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 June 30, 2020	126,963 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)

Three months ended June 30, 2020	8,795,812 shares	Three months ended June 30, 2019	8,796,093 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 June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	9,392	8,729
Notes and accounts receivable - trade	10,820	10,560
Merchandise and finished goods	4,474	4,872
Work in process	2,196	2,208
Raw materials and supplies	2,170	2,378
Consumption taxes receivable	-	13
Other	665	662
Allowance for doubtful accounts	(24)	(21)
Total current assets	<u>29,696</u>	<u>29,403</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,487	34,505
Accumulated depreciation	(22,320)	(22,543)
Buildings and structures, net	<u>12,166</u>	<u>11,962</u>
Machinery, equipment and vehicles	13,135	13,237
Accumulated depreciation	(6,058)	(6,410)
Machinery, equipment and vehicles, net	<u>7,076</u>	<u>6,826</u>
Land	7,730	7,730
Construction in progress	1,381	1,534
Other	6,553	6,515
Accumulated depreciation	(5,630)	(5,632)
Other, net	<u>923</u>	<u>883</u>
Total property, plant and equipment	<u>29,279</u>	<u>28,936</u>
Intangible assets		
Goodwill	47	44
Other	597	581
Total intangible assets	<u>644</u>	<u>625</u>
Investments and other assets		
Investment securities	5,735	6,274
Long-term loans receivable	22	22
Deferred tax assets	153	160
Other	441	440
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>6,329</u>	<u>6,874</u>
Total non-current assets	<u>36,254</u>	<u>36,437</u>
Total assets	<u>65,950</u>	<u>65,840</u>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,194	3,379
Short-term borrowings	7,825	7,810
Income taxes payable	296	55
Accrued consumption taxes	363	177
Provision for bonuses	416	134
Accounts payable - facilities	1,904	990
Other	1,928	2,148
Total current liabilities	15,930	14,696
Non-current liabilities		
Long-term borrowings	8,161	8,331
Deferred tax liabilities	1,706	2,045
Retirement benefit liability	1,999	1,990
Other	2,384	2,381
Total non-current liabilities	14,251	14,748
<b>Total liabilities</b>	<b>30,181</b>	<b>29,445</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	26,126	26,377
Treasury shares	(354)	(354)
Total shareholders' equity	33,799	34,050
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,467	2,857
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	20	6
Remeasurements of defined benefit plans	(519)	(518)
Total accumulated other comprehensive income	1,968	2,345
<b>Total net assets</b>	<b>35,768</b>	<b>36,395</b>
<b>Total liabilities and net assets</b>	<b>65,950</b>	<b>65,840</b>

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

**Consolidated statements of income (cumulative)**

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	8,607	8,442
Cost of sales	6,593	6,370
Gross profit	2,014	2,071
Selling, general and administrative expenses	1,229	1,299
Operating profit	784	771
Non-operating income		
Interest and dividend income	63	63
Share of profit of entities accounted for using equity method	5	–
Other	25	20
Total non-operating income	93	83
Non-operating expenses		
Interest expenses	18	20
Share of loss of entities accounted for using equity method	–	9
Environmental expenses	5	40
Other	22	16
Total non-operating expenses	47	86
Ordinary profit	831	768
Extraordinary income		
Gain on sales of investment securities	12	–
Total extraordinary income	12	–
Extraordinary losses		
Loss on retirement of non-current assets	13	15
Total extraordinary losses	13	15
Profit before income taxes	829	753
Income taxes – current	115	34
Income taxes – deferred	137	160
Total income taxes	253	194
Profit	576	558
Profit attributable to owners of parent	576	558

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	576	558
Other comprehensive income		
Valuation difference on available-for-sale securities	(399)	389
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	–	(14)
Remeasurements of defined benefit plans, net of tax	(20)	1
Share of other comprehensive income of entities accounted for using equity method	(0)	–
Total other comprehensive income	(420)	376
Comprehensive income	155	934
Comprehensive income attributable to Comprehensive income attributable to owners of parent	155	934