



日本化学工業株式会社

For the Six Months Ended
September 30, 2020

Summary of Financial Results

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November 10, 2020

Nippon Chemical Industrial Co., Ltd. 4092

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020

Consolidated financial results for the six months ended September 30, 2020

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Change	Change rate
Net sales	18,302	16,112	(2,190)	(12.0%)
Operating profit	1,642	914	(728)	(44.3%)
Ordinary profit	1,694	925	(768)	(45.3%)
Profit	1,121	650	(470)	(42.0%)

Earnings by business for the six months ended September 30, 2020

(Millions of yen)

		Six months ended September 30, 2019	Six months ended September 30, 2020	Change
Inorganic Chemicals	Net sales	7,828	6,576	(1,251)
	Operating profit	401	(50)	(451)
Specialty Chemicals	Net sales	8,098	7,591	(506)
	Operating profit	979	671	(308)
Leasing Business	Net sales	455	456	0
	Operating profit	265	269	4
Air-conditioning Business	Net sales	1,494	1,057	(437)
	Operating profit	(27)	(27)	0
Others	Net sales	425	430	5
	Operating profit	11	18	7
Total	Net sales	18,302	16,112	(2,190)
	Operating profit	1,642	914	(728)

Inorganic Chemicals

Chromium Compounds	Decline for plating and refractories
Silicates and Silica	Significant decline for environment-related products
Inorganic Phosphorus Compounds	Weakness for automobiles and strong performance in LCDs and semiconductors
Others	Weakness for lithium products and cuprous oxide

Specialty Chemicals

Phosphine Derivatives	Solidness
Agrochemicals	Solidness
Battery Materials	Weakness for major customers and decline in resource prices
Electronic Ceramic Materials	Weakness for automobiles and strong performance for telecommunications and ICT
Circuit Materials	Solidness for major customers
Others	Weakness for barium products and strong performance for pharmaceutical intermediates

Others

Leasing Business	Solidness
Air-conditioning Business	Weak demand for new designs, construction and maintenance
Book Store Operation	Solidness
Others	Strong performance for environmental measurement

Consolidated balance sheet - Assets

(Millions of yen)

[Assets]	As of March 31, 2020	As of September 30, 2020	Change
Current assets	29,696	28,408	(1,288)
Cash and deposits	9,392	9,484	91
Notes and accounts receivable - trade	10,820	9,542	(1,277)
Inventories	8,840	8,764	(76)
Other	644	618	(26)
Non-current assets	36,254	37,639	1,385
Property, plant and equipment	29,279	29,837	557
Intangible assets	644	597	(46)
Investment securities	5,735	6,454	719
Other	596	751	155
Total assets	65,950	66,047	97

Consolidated balance sheet - Liabilities & Net assets

(Millions of yen)

[Liabilities]	As of March 31, 2020	As of September 30, 2020	Change
Current liabilities	15,930	16,459	529
Notes and accounts payable - trade	3,194	2,916	(277)
Short-term borrowings	7,825	8,970	1,144
Other	4,911	4,573	(338)
Non-current liabilities	14,251	12,998	(1,253)
Long-term borrowings	8,161	6,616	(1,544)
Retirement benefit liability	1,999	1,995	(4)
Deferred tax liabilities	1,706	2,006	299
Other	2,384	2,379	(5)
Total liabilities	30,181	29,457	(724)
[Net assets]			
Shareholders' equity	33,799	34,142	343
Accumulated other comprehensive income	1,968	2,448	480
Total net assets	35,768	36,590	822
Total liabilities and net assets	65,950	66,047	97

Consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Change	Change rate
Net sales	18,302	16,112	(2,190)	(12.0%)
Cost of sales	14,152	12,707	(1,445)	(10.2%)
Selling, general and administrative expenses	2,507	2,490	(17)	(0.7%)
Operating profit	1,642	914	(728)	(44.3%)
Non-operating income	137	147	10	
Non-operating expenses	85	136	51	
Ordinary profit	1,694	925	(768)	(45.3%)
Extraordinary income	21	-		
Extraordinary losses	129	41	(88)	
Profit before income taxes	1,586	884	(702)	(44.3%)
Income taxes - current	445	148	(297)	
Income taxes - deferred	19	85	66	
Profit	1,121	650	(470)	(42.0%)

Consolidated statements of cash flows

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
I Cash flows from operating activities	1,179	2,824
Profit before income taxes	1,586	884
Depreciation	1,255	1,405
Changes in inventories	761	74
Other	(2,423)	461
II Cash flows from investing activities	(3,219)	(2,047)
Capital expenditure	(3,238)	(1,996)
Other	19	(51)
III Cash flows from financing activities	(1,157)	(711)
Changes in loans payable	(888)	(399)
Cash dividends paid	(263)	(307)
Other	(6)	(5)
Effect of exchange rate change on cash and cash equivalents	(0)	(4)
Net increase (decrease) in cash and cash equivalents	(3,196)	61
Cash and cash equivalents at beginning of period	9,041	9,315
Cash and cash equivalents at end of period	5,844	9,377

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Forecast of Consolidated Financial Results for the Year Ended March 31, 2021

(There is no revision to the forecast for business performance.)

Forecast of consolidated financial results for the year ended March 31, 2021

(Millions of yen)

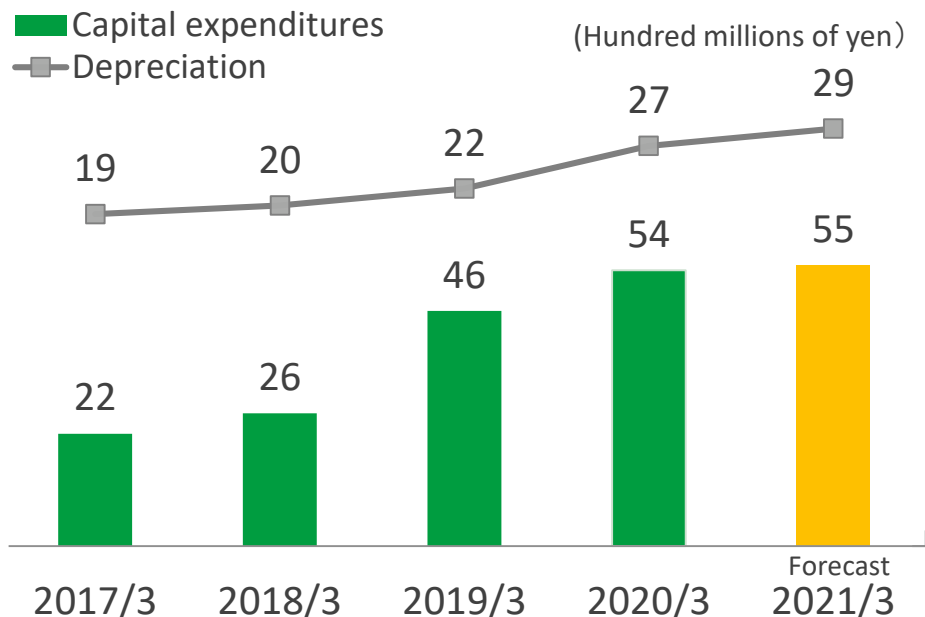
	Year ended March 31, 2020 Actual	Year ended March 31, 2021 Forecast	Change	Change rate
Net sales	36,243	33,000	(3,243)	(8.9%)
Operating profit	2,481	1,200	(1,281)	(51.6%)
Ordinary profit	2,545	1,200	(1,345)	(52.9%)
Profit	1,857	800	(1,057)	(56.9%)

Forecast of net sales by business for the year ended March 31, 2021

(Millions of yen)

	Year ended March 31, 2020 Actual	Year ended March 31, 2021 Forecast	Change	Change rate
Inorganic Chemicals	15,509	13,360	(2,149)	(13.9%)
Specialty Chemicals	15,470	14,620	(850)	(5.5%)
Leasing Business	912	913	1	0.1%
Air-conditioning Business	3,418	3,273	(145)	(4.2%)
Other	931	834	(97)	(10.4%)
Total	36,243	33,000	(3,243)	(8.9%)

Capital expenditures and depreciation for the year ended March 31, 2021



Forecast for 2021/3

Continue concentrated investment in growth products, but partially revise the contents of investment in light of the situation

Increasing depreciation

	Product	Plant	Background and description of investment	Fiscal year
Recent major investments	Organic electronic materials	Fukushima No. 2	Constructed a new plant to meet the rising needs for leading-edge organic materials. Aim to double sales of organic electronic materials business.	2018
	Electronic ceramic materials	Fukushima No. 1	Added a new production line to expand production capacity by 10%.	2018
		Tokuyama	To cater to soaring MLCC demand stemming from a shift to EV cars as well as the installation of 5G base stations, constructing a new plant in Tokuyama.	2019 (- 2025)



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