

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 8, 2022

Company name: Nippon Chemical Industrial CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4092 URL: <https://www.nippon-chem.co.jp/>
 Representative: President Hirota Tanahashi
 Inquiries: General Manager, Accounting Department Yuji Kumada TEL 03-3636-8038
 Scheduled date to file Quarterly Securities Report: February 14, 2022
 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, 2021 (from April 1, 2021 to December 31, 2021)

(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, 2021	28,426	15.0	3,393	92.7	3,453	89.9	2,860	122.3
Nine months ended December 31, 2020	24,708	(9.5)	1,761	(12.2)	1,819	(11.9)	1,286	(16.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	325.06		–	
Nine months ended December 31, 2020	146.26		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	69,222	41,180	59.5
As of March 31, 2021	70,196	39,075	55.7

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, 2021	–	35.00	–	35.00	70.00
Year ending March 31, 2022	–	35.00	–		
Year ending March 31, 2022 (Forecast)				35.00	70.00

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	4,000	43.7	4,000	72.7	2,600	19.1	295.60

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(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: Yes
 - 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, 2021	8,922,775 shares	As of March 31, 2021	8,922,775 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	121,046 shares	As of March 31, 2021	127,069 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, 2021	8,799,346 shares	Nine months ended December 31, 2020	8,795,776 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	10,004	8,207
Notes and accounts receivable - trade	11,297	–
Notes and accounts receivable - trade, and contract assets	–	11,211
Merchandise and finished goods	4,374	3,779
Work in process	2,393	2,568
Raw materials and supplies	2,021	2,352
Consumption taxes receivable	–	92
Other	531	1,268
Allowance for doubtful accounts	(23)	(285)
Total current assets	30,598	29,195
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,885	36,902
Accumulated depreciation	(23,154)	(23,420)
Buildings and structures, net	11,731	13,482
Machinery, equipment and vehicles	14,668	15,828
Accumulated depreciation	(7,466)	(8,632)
Machinery, equipment and vehicles, net	7,201	7,195
Land	7,730	7,466
Construction in progress	3,271	2,637
Other	6,634	6,386
Accumulated depreciation	(5,695)	(5,531)
Other, net	938	855
Total property, plant and equipment	30,874	31,637
Intangible assets		
Goodwill	33	–
Other	556	473
Total intangible assets	589	473
Investments and other assets		
Investment securities	7,044	7,064
Long-term loans receivable	8	1
Deferred tax assets	147	75
Retirement benefit asset	351	427
Other	604	370
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	8,133	7,916
Total non-current assets	39,598	40,026
Total assets	70,196	69,222

(Millions of yen)

As of March 31, 2021 As of December 31, 2021

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,802	4,454
Short-term borrowings	8,300	8,689
Income taxes payable	658	68
Accrued consumption taxes	256	21
Provision for bonuses	435	132
Accounts payable - facilities	2,092	1,450
Other	1,979	2,197
Total current liabilities	17,525	17,015
Non-current liabilities		
Long-term borrowings	7,283	4,932
Deferred tax liabilities	2,173	2,467
Retirement benefit liability	1,387	1,341
Liabilities from application of equity method	424	151
Other	2,326	2,133
Total non-current liabilities	13,595	11,026
Total liabilities	31,120	28,042
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,270
Retained earnings	27,693	29,937
Treasury shares	(354)	(337)
Total shareholders' equity	35,365	37,628
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	3,469
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	(7)	16
Remeasurements of defined benefit plans	270	66
Total accumulated other comprehensive income	3,709	3,551
Total net assets	39,075	41,180
Total liabilities and net assets	70,196	69,222

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, 2020	Nine months ended December 31, 2021
Net sales	24,708	28,426
Cost of sales	19,257	21,054
Gross profit	5,450	7,372
Selling, general and administrative expenses	3,689	3,979
Operating profit	1,761	3,393
Non-operating income		
Interest and dividend income	121	119
Share of profit of entities accounted for using equity method	28	–
Other	97	94
Total non-operating income	247	214
Non-operating expenses		
Interest expenses	61	59
Share of loss of entities accounted for using equity method	–	10
Environmental expenses	67	12
Other	60	70
Total non-operating expenses	189	153
Ordinary profit	1,819	3,453
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	551
Total extraordinary income	–	551
Extraordinary losses		
Loss on retirement of non-current assets	68	109
Total extraordinary losses	68	109
Profit before income taxes	1,750	3,895
Income taxes - current	256	849
Income taxes - deferred	207	186
Total income taxes	463	1,035
Profit	1,286	2,860
Profit attributable to owners of parent	1,286	2,860

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	1,286	2,860
Other comprehensive income		
Valuation difference on available-for-sale securities	1,609	23
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(22)	23
Remeasurements of defined benefit plans, net of tax	(3)	(204)
Total other comprehensive income	1,583	(157)
Comprehensive income	2,869	2,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,869	2,702