

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 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 of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	37,275	7.6	3,921	40.9	3,864	66.9	3,735	71.2
Year ended March 31, 2021	34,642	(4.4)	2,783	12.2	2,315	(9.0)	2,182	17.5

	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, 2022	424.47	–	9.2	5.5	10.5
Year ended March 31, 2021	248.11	–	5.8	3.4	8.0

(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, 2022	70,431	41,867	59.4	4,756.75
As of March 31, 2021	70,196	39,075	55.7	4,442.58

(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, 2022	1,975	(3,082)	120	9,002
Year ended March 31, 2021	5,216	(3,539)	(1,024)	9,962

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, 2021	–	35.00	–	35.00	70.00	615	28.2	1.6
Year ended March 31, 2022	–	35.00	–	50.00	85.00	748	20.0	1.8
Year ending March 31, 2023 (Forecast)	–	35.00	–	35.00	70.00		44.0	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	38,000	1.9	2,100	(46.4)	2,200	(43.1)	1,400	(62.5)	159.06

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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:

Yes

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, 2022	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 March 31, 2022	121,086 shares	As of March 31, 2021	127,069 shares
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Average number of shares during the period

Year ended March 31, 2022	8,799,887 shares	Year ended March 31, 2021	8,795,760 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	10,004	9,012
Notes and accounts receivable - trade	11,297	10,995
Merchandise and finished goods	4,374	3,946
Work in process	2,393	3,098
Raw materials and supplies	2,021	2,758
Consumption taxes refund receivable	–	171
Other	531	1,226
Allowance for doubtful accounts	(23)	(491)
Total current assets	30,598	30,718
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,885	36,764
Accumulated depreciation	(23,154)	(23,224)
Buildings and structures, net	11,731	13,539
Machinery, equipment and vehicles	14,668	15,492
Accumulated depreciation	(7,466)	(8,261)
Machinery, equipment and vehicles, net	7,201	7,231
Land	7,730	7,466
Construction in progress	3,271	2,772
Other	6,634	6,415
Accumulated depreciation	(5,695)	(5,561)
Other, net	938	854
Total property, plant and equipment	30,874	31,864
Intangible assets		
Goodwill	33	–
Other	556	448
Total intangible assets	589	448
Investments and other assets		
Investment securities	7,044	6,385
Long-term loans receivable	8	1
Deferred tax assets	147	92
Retirement benefit asset	351	580
Other	604	362
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	8,133	7,399
Total non-current assets	39,598	39,712
Total assets	70,196	70,431

(Millions of yen)

As of March 31, 2021 As of March 31, 2022

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,802	3,390
Short-term borrowings	8,300	8,886
Income taxes payable	658	297
Accrued consumption taxes	256	20
Provision for bonuses	435	472
Accounts payable - facilities	2,092	1,580
Other	1,979	3,058
Total current liabilities	17,525	17,706
Non-current liabilities		
Long-term borrowings	7,283	7,033
Deferred tax liabilities	2,173	610
Retirement benefit liability	1,387	1,093
Liabilities from application of equity method	424	–
Other	2,326	2,118
Total non-current liabilities	13,595	10,857
Total liabilities	31,120	28,563
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,270
Retained earnings	27,693	30,809
Treasury shares	(354)	(337)
Total shareholders' equity	35,365	38,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	3,035
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(7)	24
Remeasurements of defined benefit plans	270	307
Total accumulated other comprehensive income	3,709	3,368
Total net assets	39,075	41,867
Total liabilities and net assets	70,196	70,431

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

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	34,642	37,275
Cost of sales	26,799	28,229
Gross profit	7,843	9,045
Selling, general and administrative expenses	5,060	5,124
Operating profit	2,783	3,921
Non-operating income		
Interest and dividend income	130	128
Foreign exchange gains	13	34
Other	144	132
Total non-operating income	288	295
Non-operating expenses		
Interest expenses	81	78
Share of loss of entities accounted for using equity method	517	32
Commission expenses	39	94
Environmental expenses	79	80
Other	36	65
Total non-operating expenses	755	351
Ordinary profit	2,315	3,864
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	551
Gain on sale of investment securities	824	91
Total extraordinary income	824	643
Extraordinary losses		
Loss on retirement of non-current assets	149	1,326
Loss on disaster	42	–
Total extraordinary losses	191	1,326
Profit before income taxes	2,948	3,182
Income taxes - current	866	1,055
Income taxes - deferred	(100)	(1,608)
Total income taxes	765	(553)
Profit	2,182	3,735
Profit attributable to owners of parent	2,182	3,735

Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,182	3,735
Other comprehensive income		
Valuation difference on available-for-sale securities	978	(409)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(27)	32
Remeasurements of defined benefit plans, net of tax	790	36
Total other comprehensive income	1,740	(341)
Comprehensive income	3,923	3,393
Comprehensive income attributable to Comprehensive income attributable to owners of parent	3,923	3,393

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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)
Disposal of treasury shares					–
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
Cumulative effects of changes in accounting policies						–
Restated balance	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)
Disposal of treasury shares						–
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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,757	2,269	27,693	(354)	35,365
Cumulative effects of changes in accounting policies			(3)		(3)
Restated balance	5,757	2,269	27,689	(354)	35,362
Changes during period					
Dividends of surplus			(615)		(615)
Profit attributable to owners of parent			3,735		3,735
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		17	18
Net changes in items other than shareholders' equity					
Total changes during period	-	1	3,119	16	3,137
Balance at end of period	5,757	2,270	30,809	(337)	38,499

	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	3,445	0	(7)	270	3,709	39,075
Cumulative effects of changes in accounting policies						(3)
Restated balance	3,445	0	(7)	270	3,709	39,072
Changes during period						
Dividends of surplus						(615)
Profit attributable to owners of parent						3,735
Purchase of treasury shares						(0)
Disposal of treasury shares						18
Net changes in items other than shareholders' equity	(409)	(0)	32	36	(341)	(341)
Total changes during period	(409)	(0)	32	36	(341)	2,795
Balance at end of period	3,035	0	24	307	3,368	41,867

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,948	3,182
Depreciation	2,875	3,061
Amortization of goodwill	14	7
Increase (decrease) in allowance for doubtful accounts	(0)	478
Increase (decrease) in provision for bonuses	18	72
Increase (decrease) in retirement benefit liability	64	35
Interest and dividend income	(130)	(128)
Share of loss (profit) of entities accounted for using equity method	517	32
Interest expenses	81	78
Foreign exchange losses (gains)	(2)	(7)
Loss (gain) on sale of shares of subsidiaries and associates	–	(551)
Loss (gain) on sale of investment securities	(824)	(91)
Loss on retirement of non-current assets	149	1,326
Loss on disaster	42	–
Decrease (increase) in trade receivables	(491)	(1,016)
Decrease (increase) in inventories	46	(1,443)
Increase (decrease) in trade payables	636	(542)
Increase (decrease) in accrued consumption taxes	(107)	(382)
Other, net	(183)	(858)
Subtotal	5,655	3,253
Interest and dividends received	130	128
Interest paid	(81)	(80)
Income taxes paid	(512)	(1,333)
Income taxes refund	25	7
Net cash provided by (used in) operating activities	5,216	1,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,193)	(4,979)
Proceeds from sale of property, plant and equipment	8	1
Purchase of intangible assets	(81)	(33)
Purchase of investment securities	(102)	(386)
Proceeds from sale of investment securities	913	568
Loan advances	(1)	(583)
Proceeds from collection of loans receivable	15	14
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	2,226
Other, net	(97)	89
Net cash provided by (used in) investing activities	(3,539)	(3,082)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,242)	1,270
Proceeds from long-term borrowings	2,360	3,800
Repayments of long-term borrowings	(1,520)	(4,331)
Repayments of finance lease liabilities	(6)	(3)
Purchase of treasury shares	(0)	(0)
Dividends paid	(614)	(614)
Net cash provided by (used in) financing activities	(1,024)	120

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Effect of exchange rate change on cash and cash equivalents	(5)	26
Net increase (decrease) in cash and cash equivalents	647	(960)
Cash and cash equivalents at beginning of period	9,315	9,962
Cash and cash equivalents at end of period	9,962	9,002