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日本化学工業株式会社

First Half of Fiscal Year March 2023

# Summary of Financial Results

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FY March 2023**
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FY March 2023**

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Nippon Chemical Industrial Co., Ltd. 4092

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# **Consolidated Results for First Half of FY March 2023**



## Key points concerning earnings for first half of FY March 2023

**Uncertain outlook remained unchanged including increased prices of raw materials and fuel, rapid depreciation in the yen and prolonged geopolitical risks.**

**◆ Net sales increased 1.3% Y-o-Y while operating profit declined 57.1%.**

- Products were repriced because of the increased prices of raw materials and fuel, but profits declined because of the increased purchase cost, which was significantly higher than initially estimated, and weak demand of products for automobiles, communication, and semiconductors.
- Focus on the development of new markets in Japan and overseas and sales expansion that contributed to the sales increase.
- Continued investment in the areas contributing to medium- and long- term growth. (Electronic ceramic materials, phosphine derivatives, high-purity electronic materials and others)

# Consolidated results for first half of FY March 2023 (Overview)

(Millions of yen)	FY March 2022 2Q	FY March 2023 2Q	Change	Change rate
<b>Net sales</b>	19,397	19,653	255	1.3%
<b>Operating profit</b>	2,312	992	(1,320)	( 57.1%)
Operating profit percentage	11.9%	5.0%	(6.9pt)	
<b>Ordinary profit</b>	2,322	1,123	(1,198)	( 51.6%)
<b>Profit</b>	2,025	735	(1,290)	( 63.7%)
<b>EBITDA*</b>	3,822	2,587	(1,235)	( 32.3%)
<b>Earnings per share (Yen)</b>	230.27	83.47		

\* Brief version of EBITDA (operating profit + depreciation) is used

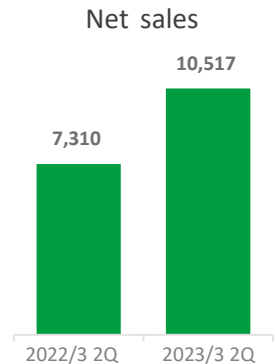
# Consolidated results for first half of FY March 2023

## (Performance by segment)

(Millions of yen)		FY March 2022 2Q	FY March 2023 2Q	Change	Change rate
Inorganic Chemicals	Net sales	7,310	10,517	3,206	43.9%
	Operating profit	565	781	216	38.2%
Specialty Chemicals	Net sales	9,288	8,278	(1,010)	( 10.9%)
	Operating profit	1,196	(74)	(1,270)	( 106.2%)
Leasing Business	Net sales	457	457	0	0.0%
	Operating profit	266	268	2	0.8%
Air-conditioning Business	Net sales	1,926	-	(1,926)	-
	Operating profit	258	-	(258)	-
Other	Net sales	414	400	(14)	( 3.4%)
	Operating profit	20	26	6	30.0%
Total	Net sales	19,397	19,653	255	1.3%
	Operating profit	2,312	992	(1,320)	( 57.1%)

# Consolidated results for first half of FY March 2023 (Inorganic chemicals)

(Millions of yen)	FY March 2022 2Q	FY March 2023 2Q	Change	Change rate
Chromium Compounds	2,344	2,648	304	13.0%
Silicates and silica	1,047	1,224	177	16.9%
Inorganic Phosphorus Compounds	2,439	4,720	2,281	93.5%
Other	1,479	1,923	444	30.0%
<b>Total</b>	<b>7,310</b>	<b>10,517</b>	<b>3,206</b>	<b>43.9%</b>



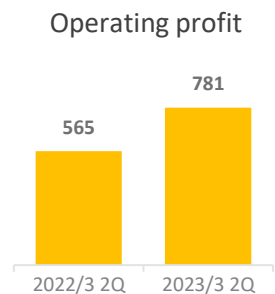
◆ **Chromium Compounds:**

Sharp decline for refractory and solidness for plating, as well as repricing

◆ **Silicates and Silica:** Solidness in general as well as repricing

◆ **Inorganic Phosphorus Compounds:**

Weakness for semiconductors, solidness for general industry as well as repricing



# Consolidated results for first half of FY March 2023 (Specialty chemicals)

(Millions of yen)	FY March 2022 2Q	FY March 2023 2Q	Change	Change rate
Electronic Ceramic Materials	4,358	3,851	(507)	( 11.6%)
Organic Functional Materials	2,016	1,608	(408)	( 20.2%)
Battery and Electronic Device Materials	1,917	1,809	(108)	( 5.6%)
Other	996	1,009	13	1.3%
<b>Total</b>	<b>9,288</b>	<b>8,278</b>	<b>(1,010)</b>	<b>( 10.9%)</b>

◆ **Electronic Ceramic Materials:** Sharp decline for automobiles and communication

◆ **Organic Functional Materials**

- **Phosphine Derivatives:**

Strongness for Quantum Dot and sharp decline for other overseas

- **Agrochemicals:** Sharp decline for major customers

◆ **Battery and Electronic Device Materials**

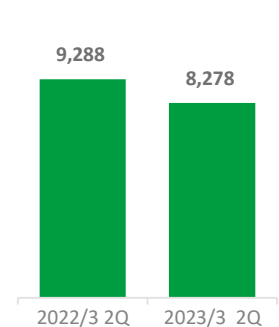
- **Battery Materials:** Weakness

- **Circuit Materials:** Strong growth for paste

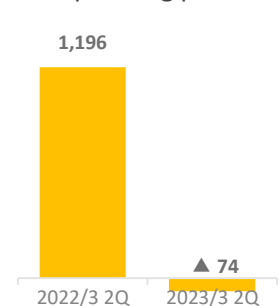
- **High-Purity Electronic Materials:**

Strong growth for semiconductors and sharp decline in some products

Net sales



Operating profit



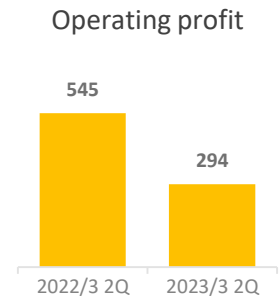
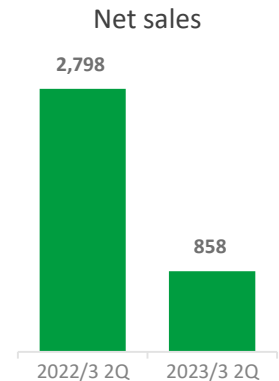
# Consolidated results for first half of FY March 2023 (Leasing)

(Millions of yen)	FY March 2022 2Q	FY March 2023 2Q	Change	Change rate
Leasing Business	457	457	0	0.0%
Air-conditioning Business	1,926	-	(1,926)	-
Book Store Operation	303	265	(38)	( 12.5%)
Other	111	134	23	20.7%
<b>Total</b>	<b>2,798</b>	<b>858</b>	<b>(1,940)</b>	<b>( 69.3%)</b>

◆ **Leasing Business: Solidness**

◆ **Air-conditioning Business:** The business was outside the scope of consolidation from the third quarter of the fiscal year ended March 31, 2022, as a result of sales of the business.

◆ **Book Store Operation: Weakness**





# Balance Sheet

(Millions of yen)	March End, 2022	September End, 2022	Change	Major factors of change
<b>Current assets</b>	<b>30,718</b>	<b>30,169</b>	(549)	Cash and deposits: (3,058), inventories: 1,989
<b>Non-current assets</b>	<b>39,712</b>	<b>38,713</b>	(999)	Property, plant and equipment: (301), investment securities: (719)
<b>Total assets</b>	<b>70,431</b>	<b>68,883</b>	<b>(1,547)</b>	
<b>Current liabilities</b>	<b>17,706</b>	<b>17,537</b>	(169)	Income taxes payable: (250)
<b>Non-current liabilities</b>	<b>10,857</b>	<b>9,657</b>	(1,200)	Long-term borrowings: (1,216)
<b>Total liabilities</b>	<b>28,563</b>	<b>27,194</b>	<b>(1,369)</b>	
<b>Shareholders' equity</b>	<b>38,499</b>	<b>38,815</b>	316	Retained earnings: (289)
<b>Accumulated other comprehensive income</b>	<b>3,368</b>	<b>2,873</b>	(495)	Valuation difference on available-for-sale securities: (507)
<b>Total net assets</b>	<b>41,867</b>	<b>41,688</b>	<b>(178)</b>	
<b>Total liabilities and net assets</b>	<b>70,431</b>	<b>68,883</b>	<b>(1,547)</b>	

◆ Equity ratio: 60.5%

# Cash Flows

(Millions of yen)	FY March 2022 2Q	FY March 2023 2Q	Change	Major factors of change
<b>CF from operating activities</b>	<b>1,217</b>	<b>(31)</b>	<b>(1,248)</b>	Profit before income taxes: (1,747)
<b>CF from investing activities</b>	<b>582</b>	<b>(1,302)</b>	<b>(1,884)</b>	Decrease in proceeds from sales of shares of subsidiaries: (2,227)
<b>CF from financing activities</b>	<b>(1,378)</b>	<b>(1,783)</b>	<b>(405)</b>	Decrease in loans payable and payments: (202)
<b>Free CF*</b>	<b>1,492</b>	<b>(1,772)</b>	<b>(3,264)</b>	
<b>Cash at end of period</b>	<b>10,395</b>	<b>5,943</b>	<b>(4,452)</b>	Cash and cash equivalents (3,058)
<b>Dividends paid</b>	<b>306</b>	<b>438</b>	<b>132</b>	
<b>Depreciation</b>	<b>1,510</b>	<b>1,595</b>	<b>85</b>	

\* Calculated by deducting CF from investing activities and dividends from CF from operating activities

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## **Forecast of Consolidated Results for FY March 2023**

**(There are no revisions to the latest forecast announced)**

# Forecast of consolidated results for FY March 2023 (Overview)

(Millions of yen)	FY March 2022 Results	FY March 2023 Forecast	Change	Change rate
<b>Net sales</b>	37,275	38,000	725	1.9%
<b>Operating profit</b>	3,921	2,100	( 1,821)	( 46.4%)
Operating profit percentage	10.5%	5.5%	(5.0pt)	
<b>Ordinary profit</b>	3,864	2,200	( 1,664)	( 43.1%)
<b>Profit</b>	3,735	1,400	( 2,335)	( 62.5%)
<b>EBITDA*</b>	6,982	5,700	( 1,282)	( 18.4%)
<b>ROE</b>	9.2%	3.3%	(5.9pt)	-
<b>Earnings per share (Yen)</b>	424.47	159.06	-	-
<b>Annual dividends per share (Yen)</b>	Interim: 35 Year-end: 50 Annual: 85	Interim: 35 Year-end: 35 Annual: 70	-	-
<b>Capital expenditures</b>	4,407	4,900	493	11.2%
<b>Depreciation</b>	3,061	3,500	439	14.3%
<b>R &amp; D expenses</b>	1,326	1,400	74	5.6%

\* Brief version of EBITDA (operating profit + depreciation) is used

## Forecast of Consolidated Results for FY March 2023 (Performance by segment)

(Millions of yen)		FY March 2022 Results	FY March 2023 Forecast	Change	Change rate
Inorganic Chemicals	Net sales	16,110	19,255	3,145	19.5%
	Operating profit	950	1,040	90	9.5%
Specialty Chemicals	Net sales	17,426	16,985	(441)	( 2.5%)
	Operating profit	2,075	480	(1,595)	( 76.9%)
Leasing Business	Net sales	913	913	0	0.0%
	Operating profit	537	525	(12)	( 2.2%)
Air-conditioning Business	Net sales	1,926	-	(1,926)	-
	Operating profit	258	-	(258)	-
Other	Net sales	898	847	(51)	( 5.7%)
	Operating profit	95	55	(40)	( 42.1%)
Total	Net sales	37,275	38,000	725	1.9%
	Operating profit	3,921	2,100	(1,821)	( 46.4%)



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Cautions:

The forecasts of financial results and business plans included in the materials were based on currently available information available and certain preconditions, and so the forecasts do not guarantee future financial results. Actual financial results may differ from the forecasts for to a variety of reasons. Please make your own decisions on investments.