

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 2023

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 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	38,075	2.1	1,292	(67.0)	1,412	(63.5)	855	(77.1)
Year ended March 31, 2022	37,275	7.6	3,921	40.9	3,864	66.9	3,735	71.2

	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, 2023	97.13	–	2.0	2.0	3.4
Year ended March 31, 2022	424.47	–	9.2	5.5	10.5

(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, 2023	72,897	42,241	57.9	4,793.39
As of March 31, 2022	70,431	41,867	59.4	4,756.75

(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, 2023	1,494	(2,817)	102	7,831
Year ended March 31, 2022	1,975	(3,082)	120	9,002

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, 2022	–	35.00	–	50.00	85.00	748	20.0	1.8
Year ended March 31, 2023	–	35.00	–	35.00	70.00	616	72.1	1.5
Year ending March 31, 2024 (Forecast)	–	35.00	–	35.00	70.00		61.7	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	40,000	5.1	1,600	23.8	1,600	13.3	1,000	16.9	113.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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:

No

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, 2023	8,922,775 shares	As of March 31, 2022	8,922,775 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	110,223 shares	As of March 31, 2022	121,086 shares
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Average number of shares during the period

Year ended March 31, 2023	8,809,241 shares	Year ended March 31, 2022	8,799,887 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,012	7,841
Notes receivable - trade	756	945
Accounts receivable - trade	10,239	9,844
Merchandise and finished goods	3,946	5,087
Work in process	3,098	3,597
Raw materials and supplies	2,758	4,231
Consumption taxes refund receivable	171	101
Other	1,226	592
Allowance for doubtful accounts	(491)	(13)
Total current assets	30,718	32,228
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,764	37,212
Accumulated depreciation	(23,224)	(24,086)
Buildings and structures, net	13,539	13,125
Machinery, equipment and vehicles	15,492	19,963
Accumulated depreciation	(8,261)	(10,811)
Machinery, equipment and vehicles, net	7,231	9,152
Land	7,466	7,466
Construction in progress	2,772	2,122
Other	6,415	6,524
Accumulated depreciation	(5,561)	(5,639)
Other, net	854	884
Total property, plant and equipment	31,864	32,751
Intangible assets		
Other	448	411
Total intangible assets	448	411
Investments and other assets		
Investment securities	6,385	6,292
Long-term loans receivable	1	0
Deferred tax assets	92	102
Retirement benefit asset	580	848
Other	362	284
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,399	7,506
Total non-current assets	39,712	40,669
Total assets	70,431	72,897

(Millions of yen)

As of March 31, 2022 As of March 31, 2023

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,390	3,618
Short-term borrowings	8,886	7,487
Income taxes payable	297	29
Accrued consumption taxes	20	12
Provision for bonuses	472	400
Accounts payable - facilities	1,580	2,957
Other	3,058	2,987
Total current liabilities	17,706	17,492
Non-current liabilities		
Long-term borrowings	7,033	9,289
Deferred tax liabilities	610	1,041
Retirement benefit liability	1,093	769
Other	2,118	2,063
Total non-current liabilities	10,857	13,163
Total liabilities	28,563	30,656
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,270	2,267
Retained earnings	30,809	30,910
Treasury shares	(337)	(307)
Total shareholders' equity	38,499	38,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,035	2,970
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	24	78
Remeasurements of defined benefit plans	307	565
Total accumulated other comprehensive income	3,368	3,614
Total net assets	41,867	42,241
Total liabilities and net assets	70,431	72,897

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

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	37,275	38,075
Cost of sales	28,229	31,764
Gross profit	9,045	6,311
Selling, general and administrative expenses	5,124	5,019
Operating profit	3,921	1,292
Non-operating income		
Interest and dividend income	128	137
Share of profit of entities accounted for using equity method	–	23
Other	166	179
Total non-operating income	295	341
Non-operating expenses		
Interest expenses	78	85
Share of loss of entities accounted for using equity method	32	–
Depreciation of inactive non-current assets	35	42
Commission expenses	94	42
Other	109	51
Total non-operating expenses	351	220
Ordinary profit	3,864	1,412
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	551	–
Gain on sale of investment securities	91	22
Total extraordinary income	643	22
Extraordinary losses		
Loss on retirement of non-current assets	1,326	147
Total extraordinary losses	1,326	147
Profit before income taxes	3,182	1,286
Income taxes - current	1,055	96
Income taxes - deferred	(1,608)	334
Total income taxes	(553)	431
Profit	3,735	855
Profit attributable to owners of parent	3,735	855

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,735	855
Other comprehensive income		
Valuation difference on available-for-sale securities	(409)	(65)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	32	54
Remeasurements of defined benefit plans, net of tax	36	258
Total other comprehensive income	(341)	246
Comprehensive income	3,393	1,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,393	1,102

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(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	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,757	2,270	30,809	(337)	38,499
Changes during period					
Dividends of surplus			(748)		(748)
Profit attributable to owners of parent			855		855
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(3)	(6)	30	20
Net changes in items other than shareholders' equity					
Total changes during period	–	(3)	101	30	127
Balance at end of period	5,757	2,267	30,910	(307)	38,627

	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	3,035	0	24	307	3,368	41,867
Changes during period						
Dividends of surplus						(748)
Profit attributable to owners of parent						855
Purchase of treasury shares						(0)
Disposal of treasury shares						20
Net changes in items other than shareholders' equity	(65)	(0)	54	258	246	246
Total changes during period	(65)	(0)	54	258	246	374
Balance at end of period	2,970	0	78	565	3,614	42,241

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,182	1,286
Depreciation	3,061	3,331
Amortization of goodwill	7	–
Increase (decrease) in allowance for doubtful accounts	478	(477)
Increase (decrease) in provision for bonuses	72	(71)
Increase (decrease) in retirement benefit liability	35	39
Interest and dividend income	(128)	(137)
Share of loss (profit) of entities accounted for using equity method	32	(23)
Interest expenses	78	85
Foreign exchange losses (gains)	(7)	(10)
Loss (gain) on sale of shares of subsidiaries and associates	(551)	–
Loss (gain) on sale of investment securities	(91)	(22)
Loss on retirement of non-current assets	1,326	147
Decrease (increase) in trade receivables	(1,016)	209
Decrease (increase) in inventories	(1,443)	(3,085)
Increase (decrease) in trade payables	(542)	227
Increase (decrease) in accrued consumption taxes	(382)	62
Other, net	(858)	207
Subtotal	3,253	1,766
Interest and dividends received	128	138
Interest paid	(80)	(83)
Income taxes paid	(1,333)	(326)
Income taxes refund	7	–
Net cash provided by (used in) operating activities	1,975	1,494
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,979)	(2,741)
Proceeds from sale of property, plant and equipment	1	1
Purchase of intangible assets	(33)	(71)
Purchase of investment securities	(386)	(2)
Proceeds from sale of investment securities	568	47
Loan advances	(583)	(1)
Proceeds from collection of loans receivable	14	113
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,226	–
Other, net	89	(162)
Net cash provided by (used in) investing activities	(3,082)	(2,817)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,270	(1,000)
Proceeds from long-term borrowings	3,800	4,500
Repayments of long-term borrowings	(4,331)	(2,643)
Repayments of finance lease liabilities	(3)	(6)
Purchase of treasury shares	(0)	(0)
Dividends paid	(614)	(747)
Net cash provided by (used in) financing activities	120	102
Effect of exchange rate change on cash and cash equivalents	26	48
Net increase (decrease) in cash and cash equivalents	(960)	(1,171)
Cash and cash equivalents at beginning of period	9,962	9,002
Cash and cash equivalents at end of period	9,002	7,831