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日本化学工業株式会社

First Half of Fiscal Year March 2024

Summary of Financial Results

1 Consolidated Results for First Half of FY March 2024

2 Forecast of Consolidated Results for FY March 2024

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Nippon Chemical Industrial Co., Ltd. 4092

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Forecast of business results and business plans included herein are based on the information available for us as of now and certain preconditions, and they provide no guarantee of our future business results. Actual business results may depend on a wide variety of factors.

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Consolidated Results for First Half of FY March 2024



Key points concerning earnings for first half of FY March 2024

Restrictions were relaxed on social and economic activities and the economy shows a gradual recovery, but the uncertainty about the future remains unchanged, including a rise in raw material and fuel prices and weakening of the yen as well as the effect of the international situation.

◆ Net sales declined 5.0% Y-o-Y while operating profit declined 19.1%.

- Measures were implemented to increase earnings, including price revisions and cost reductions, and the sale of new products contributed to business results in phosphine derivatives.
- Demand of products for LCDs and semiconductors largely declined below its initial expectation.
- Electronic ceramic materials for communication sharply declined while those for automotive grade remained stable.

Consolidated results for first half of FY March 2024 (Overview)

(Millions of yen)	FY March 2023 2Q	FY March 2024 2Q	Change	Change rate
Net sales	19,653	18,672	(980)	(5.0%)
Operating profit	992	803	(189)	(19.1%)
Operating profit percentage	5.0%	4.3%	(0.7pt)	
Ordinary profit	1,123	909	(214)	(19.1%)
Profit	735	611	(123)	(16.9%)
EBITDA *	2,587	2,620	33	1.3%
Earnings per share (Yen)	83.47	69.33	-	-

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

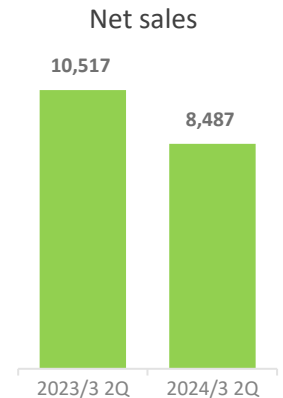
Consolidated results for first half of FY March 2024

(Performance by segment)

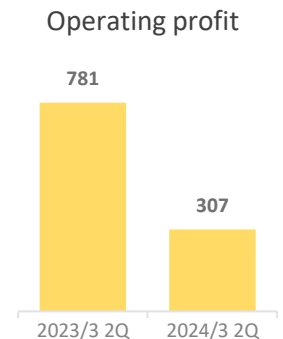
(Millions of yen)		FY March 2023 2Q	FY March 2024 2Q	Change	Change rate
Inorganic Chemicals	Net sales	10,517	8,487	(2,029)	(19.3%)
	Operating profit	781	307	(474)	(60.7%)
Specialty Chemicals	Net sales	8,278	9,365	1,087	13.1%
	Operating profit	(74)	233	307	-
Leasing Business	Net sales	457	457	0	0.0%
	Operating profit	268	266	(2)	(0.7%)
Other	Net sales	400	361	(39)	(9.8%)
	Operating profit	26	0	(26)	-
Total	Net sales	19,653	18,672	(980)	(5.0%)
	Operating profit	992	803	(189)	(19.1%)

Consolidated results for first half of FY March 2024 (Inorganic chemicals)

(Millions of yen)	FY March 2023 2Q	FY March 2024 2Q	Change	Change rate
Chromium Compounds	2,648	2,432	(216)	(8.2%)
Silicates and silica	1,224	1,210	(14)	(1.1%)
Inorganic Phosphorus Compounds	4,720	3,335	(1,385)	(29.3%)
Other	1,923	1,509	(414)	(21.5%)
Total	10,517	8,487	(2,029)	(19.3%)

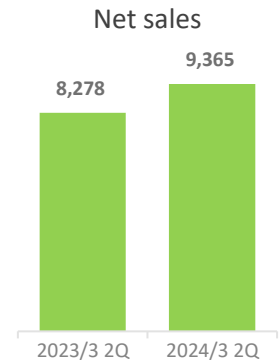


- ◆ **Chromium Compounds:** Sharp decline for plating
- ◆ **Silicates and Silica:** Solidness
- ◆ **Inorganic Phosphorus Compounds:**
Sharp decline for LCDs, semiconductors and general industry



Consolidated results for first half of FY March 2024 (Specialty chemicals)

(Millions of yen)	FY March 2023 2Q	FY March 2024 2Q	Change	Change rate
Electronic Ceramic Materials	3,851	3,989	138	3.6%
Organic Functional Materials	1,608	2,410	802	49.9%
Battery and Electronic Device Materials	1,809	2,258	449	24.8%
Other	1,009	708	(301)	(29.8%)
Total	8,278	9,365	1,087	13.1%



◆ Electronic Ceramic Materials:

Sharp decline for communication and strongness for automotive grade

◆ Organic Functional Materials

- Phosphine Derivatives:

Sharp decline for Quantum Dot and strong growth for overseas catalysts

- Agrochemicals: Strong growth for major customers

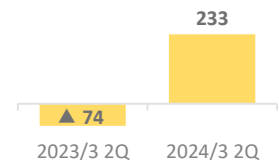
◆ Battery and Electronic Device Materials

- Battery Materials: Revision of selling prices

- Circuit Materials: Strong growth for paste

- High-Purity Electronic Materials: Sharp decline for semiconductors

Operating profit

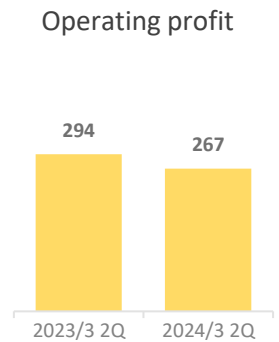
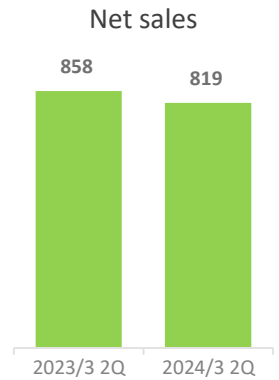


Consolidated results for first half of FY March 2024 (Leasing)

(Millions of yen)	FY March 2023 2Q	FY March 2024 2Q	Change	Change rate
Leasing Business	457	457	0	0.0%
Book Store Operation	265	241	(24)	(9.1%)
Other	134	119	(15)	(11.2%)
Total	858	819	(39)	(4.5%)

◆ **Leasing Business:** Solidness for major tenants

◆ **Book Store Operation:** Weakness



Balance Sheet

(Millions of yen)	March End, 2023	September End, 2023	Change	Major factors of change
Current assets	32,228	34,204	1,976	Cash and deposits: 788, Accounts receivable-trade: 1,175
Non-current assets	40,669	40,947	278	Property, plant and equipment: (233), Investment securities: 431
Total assets	72,897	75,152	2,254	
Current liabilities	17,492	21,409	3,917	Notes and accounts payable-trade: 532, Short-term borrowings: 3,143
Non-current liabilities	13,163	10,919	(2,244)	Long-term borrowings: (2,360)
Total liabilities	30,656	32,328	1,672	
Shareholders' equity	38,627	38,948	321	Retained earnings: 294
Accumulated other comprehensive income	3,614	3,875	261	Valuation difference on available-for-sale securities: 269
Total net assets	42,241	42,823	581	
Total liabilities and net assets	72,897	75,152	2,254	

◆ Equity ratio: 57.0%

Cash Flows

(Millions of yen)	FY March 2023 2Q	FY March 2024 2Q	Change	Major factors of change
CF from operating activities	(31)	2,278	2,309	Decrease in inventories: 2,009
CF from investing activities	(1,302)	(2,004)	(702)	
CF from financing activities	(1,783)	471	2,254	Increase in short-term borrowings: 2,000
Free CF*	(1,772)	(34)	1,738	
Cash at end of period	5,943	8,620	2,677	
Dividends paid	438	307	(131)	
Depreciation	1,595	1,817	222	

* 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 2024

(There are no revisions to the latest forecast announced)

Forecast of consolidated results for FY March 2024 (Overview)

(Millions of yen)	FY March 2023 Results	FY March 2024 Forecast	Change	Change rate
Net sales	38,075	40,000	1,925	5.1%
Operating profit	1,292	1,600	308	23.8%
Operating profit percentage	3.4%	4.0%	0.6pt	
Ordinary profit	1,412	1,600	188	13.3%
Profit	855	1,000	145	17.0%
EBITDA*	4,623	5,400	777	16.8%
ROE	2.0%	2.4%	0.4pt	-
Earnings per share (Yen)	97.13	113.47	-	-
Annual dividends per share (Yen)	Interim: 35 Year-end: 35 Annual: 70	Interim: 35 Year-end: 35 Annual: 70	-	-
Capital expenditures	4,288	5,300	1,012	23.6%
Depreciation	3,331	3,800	469	14.1%
R & D expenses	1,518	1,500	(18)	(1.2%)

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

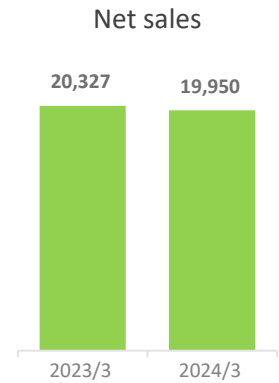
Forecast of Consolidated results for FY March 2024

(Performance by segment)

		FY March 2023 Results	FY March 2024 Forecast	Change	Change rate
(Millions of yen)					
Inorganic Chemicals	Net sales	20,327	19,950	(377)	(1.9%)
	Operating profit	1,130	870	(260)	(23.0%)
Specialty Chemicals	Net sales	15,983	18,330	2,347	14.7%
	Operating profit	(437)	155	592	-
Leasing Business	Net sales	915	915	0	0.0%
	Operating profit	541	535	(6)	(1.1%)
Other	Net sales	849	805	(44)	(5.2%)
	Operating profit	81	40	(41)	(50.6%)
Total	Net sales	38,075	40,000	1,925	5.1%
	Operating profit	1,292	1,600	308	23.8%

Forecast of Consolidated results for FY March 2024 (Inorganic chemicals)

(Millions of yen)	2023/3 Actual results	2024/3 Forecast	Change	Change rate
Chromium Compounds	5,326	5,500	174	3.3%
Silicates and Silica	2,467	2,900	433	17.6%
Inorganic Phosphorus Compounds	8,765	7,750	(1,015)	(11.6%)
Other	3,768	3,800	32	0.8%
Total	20,327	19,950	(377)	(1.9%)



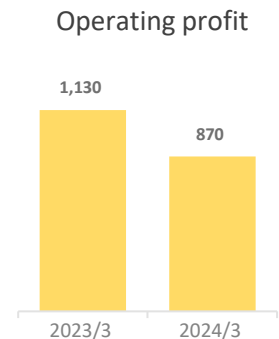
◆ **Chromium Compounds:**

Execution of price revisions despite weakness in sales volume

◆ **Silicates and Silica:** Execution of price revisions and sales expansion

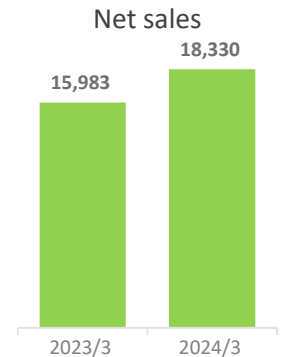
◆ **Inorganic Phosphorus Compounds:**

Weakness for LCDs and semiconductors and price decrease arising from a decrease in the raw material market



Forecast of Consolidated results for FY March 2024 (Specialty chemicals)

(Millions of yen)	2023/3 Actual results	2024/3 Forecast	Change	Change rate
Electronic Ceramic Materials	7,617	8,400	783	10.3%
Organic Functional Materials	2,655	3,200	545	20.5%
Battery and Electronic Device Materials	4,022	5,050	1,028	25.6%
Other	1,687	1,680	(7)	(0.4%)
Total	15,983	18,330	2,347	14.7%



◆ Electronic Ceramic Materials:

Solidness for automotive grade and recovery in demand toward the second half despite weakness for communication

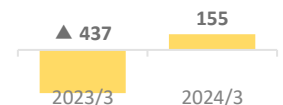
◆ Organic Functional Materials

- **Phosphine Derivatives:** Flat for Quantum Dot and strong growth for overseas catalysts
- **Agrochemicals:** Execution of price revisions

◆ Battery and Electronic Device Materials

- **Battery Materials:** Execution of price revisions according to an increase in market prices
- **Circuit materials:** Solidness in sales volume
- **High-Purity Electronic Materials:** Recovery of demand for organic electronic materials

Operating profit



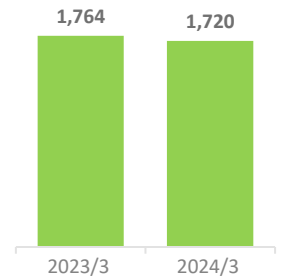
Forecast of Consolidated results for FY March 2024 (Leasing)

(Millions of yen)	2023/3 Actual results	2024/3 Forecast	Change	Change rate
Leasing Business	915	915	0	0.0%
Book Store Operation	549	510	(39)	(7.1%)
Other	299	295	(4)	(1.3%)
Total	1,764	1,720	(44)	(2.5%)

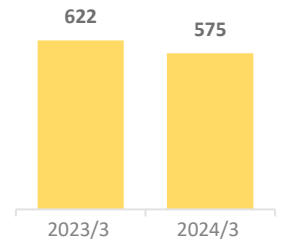
◆ **Leasing Business:** Solidness for major tenants

◆ **Book Store Operation:** Weakness

Net sales



Operating profit





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