

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2023
(Based on Japanese GAAP)**

August 9, 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 to file Quarterly Securities Report: August 10, 2023
 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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	%
Three months ended June 30, 2023	8,930	(8.0)	349	(61.4)	450	(55.0)	287	(58.8)
Three months ended June 30, 2022	9,711	(4.5)	905	(38.3)	1,000	(33.0)	698	(35.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	32.68		–	
Three months ended June 30, 2022	79.37		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2023	74,046		42,412		57.3	
As of March 31, 2023	72,897		42,241		57.9	

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, 2023	–	35.00	–	35.00	70.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		35.00	–	35.00	70.00

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 three months ended June 30, 2023
 (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: No
- 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 June 30, 2023	8,922,775 shares	As of March 31, 2023	8,922,775 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	110,223 shares	As of March 31, 2023	110,223 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	8,812,552 shares	Three months ended June 30, 2022	8,801,689 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	7,841	7,592
Notes receivable - trade	945	1,033
Accounts receivable - trade	9,844	9,837
Merchandise and finished goods	5,087	6,049
Work in process	3,597	3,847
Raw materials and supplies	4,231	4,196
Consumption taxes refund receivable	101	95
Other	592	509
Allowance for doubtful accounts	(13)	(13)
Total current assets	32,228	33,148
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,212	37,263
Accumulated depreciation	(24,086)	(24,327)
Buildings and structures, net	13,125	12,936
Machinery, equipment and vehicles	19,963	20,070
Accumulated depreciation	(10,811)	(11,344)
Machinery, equipment and vehicles, net	9,152	8,725
Land	7,466	7,459
Construction in progress	2,122	2,713
Other	6,524	6,561
Accumulated depreciation	(5,639)	(5,727)
Other, net	884	834
Total property, plant and equipment	32,751	32,669
Intangible assets		
Other	411	372
Total intangible assets	411	372
Investments and other assets		
Investment securities	6,292	6,634
Long-term loans receivable	0	0
Deferred tax assets	102	100
Retirement benefit asset	848	871
Other	284	272
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,506	7,857
Total non-current assets	40,669	40,898
Total assets	72,897	74,046

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618	4,192
Short-term borrowings	7,487	8,470
Income taxes payable	29	7
Accrued consumption taxes	12	17
Provision for bonuses	400	127
Accounts payable - facilities	2,957	2,925
Other	2,987	2,857
Total current liabilities	17,492	18,598
Non-current liabilities		
Long-term borrowings	9,289	8,916
Deferred tax liabilities	1,041	1,257
Retirement benefit liability	769	812
Other	2,063	2,049
Total non-current liabilities	13,163	13,035
Total liabilities	30,656	31,634
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,267	2,267
Retained earnings	30,910	30,889
Treasury shares	(307)	(307)
Total shareholders' equity	38,627	38,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,970	3,184
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	78	81
Remeasurements of defined benefit plans	565	539
Total accumulated other comprehensive income	3,614	3,805
Total net assets	42,241	42,412
Total liabilities and net assets	72,897	74,046

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	9,711	8,930
Cost of sales	7,568	7,268
Gross profit	2,143	1,661
Selling, general and administrative expenses	1,237	1,311
Operating profit	905	349
Non-operating income		
Interest and dividend income	73	73
Share of profit of entities accounted for using equity method	2	29
Other	75	52
Total non-operating income	150	155
Non-operating expenses		
Interest expenses	20	24
Depreciation of inactive non-current assets	8	12
Other	26	17
Total non-operating expenses	55	54
Ordinary profit	1,000	450
Extraordinary income		
Gain on sale of non-current assets	–	10
Gain on sale of investment securities	11	–
Total extraordinary income	11	10
Extraordinary losses		
Loss on retirement of non-current assets	11	25
Total extraordinary losses	11	25
Profit before income taxes	1,000	434
Income taxes - current	133	11
Income taxes - deferred	168	135
Total income taxes	301	146
Profit	698	287
Profit attributable to owners of parent	698	287

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	698	287
Other comprehensive income		
Valuation difference on available-for-sale securities	(288)	213
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	24	2
Remeasurements of defined benefit plans, net of tax	(27)	(25)
Total other comprehensive income	(291)	191
Comprehensive income	406	479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	406	479