

Translation

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

November 10, 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: November 10, 2023
 Scheduled date to commence dividend payments: December 5, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	18,672	(5.0)	803	(19.1)	909	(19.1)	611	(16.9)
Six months ended September 30, 2022	19,653	1.3	992	(57.1)	1,123	(51.6)	735	(63.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	69.33		-	
Six months ended September 30, 2022	83.47		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	75,152	42,823	57.0
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	-	35.00			
Year ending March 31, 2024 (Forecast)			-	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 six months ended September 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 September 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 September 30, 2023	100,710 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)

Six months ended September 30, 2023	8,816,641 shares	Six months ended September 30, 2022	8,806,374 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	7,841	8,630
Notes receivable - trade	945	1,097
Accounts receivable - trade	9,844	11,019
Merchandise and finished goods	5,087	5,404
Work in process	3,597	3,753
Raw materials and supplies	4,231	3,715
Consumption taxes refund receivable	101	-
Other	592	597
Allowance for doubtful accounts	(13)	(14)
Total current assets	32,228	34,204
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,212	38,093
Accumulated depreciation	(24,086)	(24,526)
Buildings and structures, net	13,125	13,567
Machinery, equipment and vehicles	19,963	20,510
Accumulated depreciation	(10,811)	(11,822)
Machinery, equipment and vehicles, net	9,152	8,688
Land	7,466	7,459
Construction in progress	2,122	1,882
Other	6,524	6,713
Accumulated depreciation	(5,639)	(5,793)
Other, net	884	920
Total property, plant and equipment	32,751	32,518
Intangible assets		
Other	411	456
Total intangible assets	411	456
Investments and other assets		
Investment securities	6,292	6,724
Long-term loans receivable	0	0
Deferred tax assets	102	99
Retirement benefit asset	848	894
Other	284	277
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,506	7,973
Total non-current assets	40,669	40,947
Total assets	72,897	75,152

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618	4,150
Short-term borrowings	7,487	10,631
Income taxes payable	29	285
Accrued consumption taxes	12	159
Provision for bonuses	400	399
Accounts payable - facilities	2,957	3,302
Other	2,987	2,479
Total current liabilities	17,492	21,409
Non-current liabilities		
Long-term borrowings	9,289	6,928
Deferred tax liabilities	1,041	1,091
Retirement benefit liability	769	856
Other	2,063	2,043
Total non-current liabilities	13,163	10,919
Total liabilities	30,656	32,328
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,267	2,267
Retained earnings	30,910	31,204
Treasury shares	(307)	(280)
Total shareholders' equity	38,627	38,948
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,970	3,240
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	78	120
Remeasurements of defined benefit plans	565	514
Total accumulated other comprehensive income	3,614	3,875
Total net assets	42,241	42,823
Total liabilities and net assets	72,897	75,152

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	19,653	18,672
Cost of sales	16,133	15,390
Gross profit	3,519	3,282
Selling, general and administrative expenses	2,526	2,478
Operating profit	992	803
Non-operating income		
Interest and dividend income	79	79
Share of profit of entities accounted for using equity method	33	38
Other	123	90
Total non-operating income	236	208
Non-operating expenses		
Interest expenses	41	49
Depreciation of inactive non-current assets	15	24
Other	48	27
Total non-operating expenses	105	102
Ordinary profit	1,123	909
Extraordinary income		
Gain on sale of non-current assets	–	11
Gain on sale of investment securities	22	–
Total extraordinary income	22	11
Extraordinary losses		
Loss on retirement of non-current assets	63	101
Total extraordinary losses	63	101
Profit before income taxes	1,082	819
Income taxes - current	57	250
Income taxes - deferred	289	(42)
Total income taxes	346	207
Profit	735	611
Profit attributable to owners of parent	735	611

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	735	611
Other comprehensive income		
Valuation difference on available-for-sale securities	(507)	269
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	68	42
Remeasurements of defined benefit plans, net of tax	(55)	(51)
Total other comprehensive income	(494)	260
Comprehensive income	240	871
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	240	871

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,082	819
Depreciation	1,595	1,817
Increase (decrease) in allowance for doubtful accounts	(477)	0
Increase (decrease) in provision for bonuses	(52)	(0)
Increase (decrease) in retirement benefit liability	(5)	87
Interest and dividend income	(79)	(79)
Share of loss (profit) of entities accounted for using equity method	(33)	(38)
Interest expenses	41	49
Foreign exchange losses (gains)	(13)	(9)
Loss (gain) on sale of investment securities	(22)	–
Loss on retirement of non-current assets	63	101
Decrease (increase) in trade receivables	(598)	(1,314)
Decrease (increase) in inventories	(1,960)	49
Increase (decrease) in trade payables	221	678
Increase (decrease) in accrued consumption taxes	191	248
Other, net	260	(155)
Subtotal	213	2,254
Interest and dividends received	79	79
Interest paid	(41)	(50)
Income taxes paid	(283)	(59)
Income taxes refund	–	54
Net cash provided by (used in) operating activities	(31)	2,278
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,314)	(1,202)
Payments for retirement of property, plant and equipment	(53)	(704)
Proceeds from sale of property, plant and equipment	1	27
Purchase of intangible assets	(27)	(111)
Purchase of investment securities	(2)	(4)
Proceeds from sale of investment securities	46	–
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	52	0
Other, net	(5)	(9)
Net cash provided by (used in) investing activities	(1,302)	(2,004)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	2,000
Repayments of long-term borrowings	(1,341)	(1,216)
Repayments of finance lease liabilities	(2)	(3)
Purchase of treasury shares	(0)	(0)
Dividends paid	(438)	(307)
Net cash provided by (used in) financing activities	(1,783)	471
Effect of exchange rate change on cash and cash equivalents	58	43
Net increase (decrease) in cash and cash equivalents	(3,058)	788
Cash and cash equivalents at beginning of period	9,002	7,831
Cash and cash equivalents at end of period	5,943	8,620