

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2024
(Based on Japanese GAAP)**

May 14, 2024

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 26, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	38,538	1.2	2,264	75.2	2,383	68.8	1,590	85.9
Year ended March 31, 2023	38,075	2.1	1,292	(67.0)	1,412	(63.5)	855	(77.1)

	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, 2024	180.35	–	3.6	3.2	5.9
Year ended March 31, 2023	97.13	–	2.0	2.0	3.4

(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, 2024	76,503	45,047	58.9	5,106.27
As of March 31, 2023	72,897	42,241	57.9	4,793.39

(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, 2024	6,152	(4,414)	(870)	8,731
Year ended March 31, 2023	1,494	(2,817)	102	7,831

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, 2023	–	35.00	–	35.00	70.00	616	72.1	1.5
Year ended March 31, 2024	–	35.00	–	35.00	70.00	617	38.8	1.4
Year ending March 31, 2025 (Forecast)	–	35.00	–	35.00	70.00		30.9	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	3.8	2,900	28.1	2,900	21.7	2,000	25.7	226.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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, 2024	8,922,775 shares	As of March 31, 2023	8,922,775 shares
----------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of March 31, 2024	100,710 shares	As of March 31, 2023	110,223 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2024	8,819,144 shares	Year ended March 31, 2023	8,809,241 shares
---------------------------	------------------	---------------------------	------------------

*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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,841	8,741
Notes receivable - trade	945	1,268
Accounts receivable - trade	9,844	12,034
Merchandise and finished goods	5,087	4,633
Work in process	3,597	3,289
Raw materials and supplies	4,231	3,395
Consumption taxes refund receivable	101	–
Other	592	628
Allowance for doubtful accounts	(13)	(15)
Total current assets	32,228	33,975
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,212	38,444
Accumulated depreciation	(24,086)	(24,939)
Buildings and structures, net	13,125	13,505
Machinery, equipment and vehicles	19,963	21,193
Accumulated depreciation	(10,811)	(12,813)
Machinery, equipment and vehicles, net	9,152	8,380
Land	7,466	7,459
Construction in progress	2,122	2,698
Other	6,524	6,856
Accumulated depreciation	(5,639)	(5,878)
Other, net	884	978
Total property, plant and equipment	32,751	33,021
Intangible assets		
Other	411	462
Total intangible assets	411	462
Investments and other assets		
Investment securities	6,292	5,898
Long-term loans receivable	0	35
Deferred tax assets	102	101
Retirement benefit asset	848	2,776
Other	284	254
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,506	9,043
Total non-current assets	40,669	42,527
Total assets	72,897	76,503

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618	4,154
Short-term borrowings	7,487	9,156
Income taxes payable	29	706
Accrued consumption taxes	12	479
Provision for bonuses	400	437
Accounts payable - facilities	2,957	2,623
Other	2,987	2,544
Total current liabilities	17,492	20,102
Non-current liabilities		
Long-term borrowings	9,289	7,375
Deferred tax liabilities	1,041	1,768
Retirement benefit liability	769	199
Other	2,063	2,010
Total non-current liabilities	13,163	11,352
Total liabilities	30,656	31,455
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,267	2,267
Retained earnings	30,910	31,875
Treasury shares	(307)	(280)
Total shareholders' equity	38,627	39,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,970	3,082
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	78	110
Remeasurements of defined benefit plans	565	2,235
Total accumulated other comprehensive income	3,614	5,429
Total net assets	42,241	45,047
Total liabilities and net assets	72,897	76,503

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	38,075	38,538
Cost of sales	31,764	31,222
Gross profit	6,311	7,316
Selling, general and administrative expenses	5,019	5,052
Operating profit	1,292	2,264
Non-operating income		
Interest and dividend income	137	139
Share of profit of entities accounted for using equity method	23	22
Foreign exchange gains	33	38
Other	145	141
Total non-operating income	341	341
Non-operating expenses		
Interest expenses	85	104
Commission expenses	42	32
Depreciation of inactive non-current assets	42	30
Other	51	53
Total non-operating expenses	220	221
Ordinary profit	1,412	2,383
Extraordinary income		
Gain on sale of non-current assets	–	12
Gain on sale of investment securities	22	646
Total extraordinary income	22	658
Extraordinary losses		
Loss on retirement of non-current assets	147	459
Loss on valuation of shares of subsidiaries and associates	–	323
Loss on valuation of investment securities	–	33
Total extraordinary losses	147	816
Profit before income taxes	1,286	2,225
Income taxes - current	96	695
Income taxes - deferred	334	(61)
Total income taxes	431	634
Profit	855	1,590
Profit attributable to owners of parent	855	1,590

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	855	1,590
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	112
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	54	31
Remeasurements of defined benefit plans, net of tax	258	1,670
Total other comprehensive income	246	1,814
Comprehensive income	1,102	3,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,102	3,404

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,757	2,267	30,910	(307)	38,627
Changes during period					
Dividends of surplus			(617)		(617)
Profit attributable to owners of parent			1,590		1,590
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(8)	26	18
Net changes in items other than shareholders' equity					
Total changes during period	–	–	964	26	991
Balance at end of period	5,757	2,267	31,875	(280)	39,618

	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	2,970	0	78	565	3,614	42,241
Changes during period						
Dividends of surplus						(617)
Profit attributable to owners of parent						1,590
Purchase of treasury shares						(0)
Disposal of treasury shares						18
Net changes in items other than shareholders' equity	112	(0)	31	1,670	1,814	1,814
Total changes during period	112	(0)	31	1,670	1,814	2,805
Balance at end of period	3,082	–	110	2,235	5,429	45,047

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,286	2,225
Depreciation	3,331	3,683
Increase (decrease) in allowance for doubtful accounts	(477)	1
Increase (decrease) in provision for bonuses	(71)	36
Increase (decrease) in retirement benefit liability	39	57
Interest and dividend income	(137)	(139)
Share of loss (profit) of entities accounted for using equity method	(23)	(22)
Interest expenses	85	104
Foreign exchange losses (gains)	(10)	(9)
Loss on valuation of shares of subsidiaries and associates	–	323
Loss (gain) on sale of investment securities	(22)	(646)
Loss (gain) on valuation of investment securities	–	33
Loss on retirement of non-current assets	147	459
Decrease (increase) in trade receivables	209	(2,503)
Decrease (increase) in inventories	(3,085)	1,603
Increase (decrease) in trade payables	227	663
Increase (decrease) in accrued consumption taxes	62	567
Other, net	207	(275)
Subtotal	1,766	6,163
Interest and dividends received	138	139
Interest paid	(83)	(101)
Income taxes paid	(326)	(102)
Income taxes refund	–	54
Net cash provided by (used in) operating activities	1,494	6,152
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,741)	(4,198)
Payments for retirement of property, plant and equipment	(195)	(856)
Proceeds from sale of property, plant and equipment	1	28
Purchase of intangible assets	(71)	(201)
Purchase of investment securities	(2)	(4)
Proceeds from sale of investment securities	47	874
Loan advances	(1)	(50)
Proceeds from collection of loans receivable	113	6
Other, net	32	(11)
Net cash provided by (used in) investing activities	(2,817)	(4,414)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,000)	–
Proceeds from long-term borrowings	4,500	2,000
Repayments of long-term borrowings	(2,643)	(2,244)
Repayments of finance lease liabilities	(6)	(9)
Purchase of treasury shares	(0)	(0)
Dividends paid	(747)	(615)
Net cash provided by (used in) financing activities	102	(870)
Effect of exchange rate change on cash and cash equivalents	48	31
Net increase (decrease) in cash and cash equivalents	(1,171)	900
Cash and cash equivalents at beginning of period	9,002	7,831
Cash and cash equivalents at end of period	7,831	8,731