

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2024
(Based on Japanese GAAP)**

November 12, 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 03-3636-8060
 Scheduled date to file Semi-annual Securities Report: November 13, 2024
 Scheduled date to commence dividend payments: December 5, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	20,678	10.7	2,401	199.0	2,393	163.2	1,633	167.3
Six months ended September 30, 2023	18,672	(5.0)	803	(19.1)	909	(19.1)	611	(16.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	185.09		-	
Six months ended September 30, 2023	69.33		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	75,667	46,181	61.0
As of March 31, 2024	76,503	45,047	58.9

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, 2024	-	35.00	-	35.00	70.00
Year ending March 31, 2025	-	46.00	-	-	-
Year ending March 31, 2025 (Forecast)	-	-	-	46.00	92.00

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	3,600	59.0	3,600	51.0	2,600	63.5	294.72

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual 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: Yes

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, 2024	8,922,775 shares	As of March 31, 2024	8,922,775 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	86,921 shares	As of March 31, 2024	100,710 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, 2024	8,828,073 shares	Six months ended September 30, 2023	8,816,641 shares
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*This financial results report is exempt from audit by certified public accountants or accounting firm.

Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,741	8,159
Notes receivable - trade	1,268	1,336
Accounts receivable - trade	12,034	11,588
Merchandise and finished goods	4,633	4,707
Work in process	3,289	3,379
Raw materials and supplies	3,395	2,872
Consumption taxes refund receivable	-	2
Other	628	918
Allowance for doubtful accounts	(15)	(15)
Total current assets	<u>33,975</u>	<u>32,949</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,444	38,996
Accumulated depreciation	(24,939)	(25,408)
Buildings and structures, net	<u>13,505</u>	<u>13,587</u>
Machinery, equipment and vehicles	21,193	21,713
Accumulated depreciation	(12,813)	(13,788)
Machinery, equipment and vehicles, net	<u>8,380</u>	<u>7,924</u>
Land	7,459	7,459
Construction in progress	2,698	3,217
Other	6,856	7,055
Accumulated depreciation	(5,878)	(5,946)
Other, net	<u>978</u>	<u>1,108</u>
Total property, plant and equipment	<u>33,021</u>	<u>33,298</u>
Intangible assets		
Other	462	453
Total intangible assets	<u>462</u>	<u>453</u>
Investments and other assets		
Investment securities	5,898	5,830
Long-term loans receivable	35	30
Deferred tax assets	101	101
Retirement benefit asset	2,776	2,771
Other	254	254
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>9,043</u>	<u>8,965</u>
Total non-current assets	<u>42,527</u>	<u>42,717</u>
Total assets	<u>76,503</u>	<u>75,667</u>

(Millions of yen)

As of March 31, 2024 As of September 30, 2024

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,154	3,679
Short-term borrowings	9,156	10,033
Income taxes payable	706	504
Accrued consumption taxes	479	114
Provision for bonuses	437	502
Accounts payable - facilities	2,623	1,989
Other	2,544	2,684
Total current liabilities	20,102	19,507
Non-current liabilities		
Long-term borrowings	7,375	5,937
Deferred tax liabilities	1,768	1,823
Retirement benefit liability	199	211
Other	2,010	2,005
Total non-current liabilities	11,352	9,978
Total liabilities	31,455	29,485
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,267	2,267
Retained earnings	31,875	33,200
Treasury shares	(280)	(241)
Total shareholders' equity	39,618	40,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,082	2,968
Foreign currency translation adjustment	110	113
Remeasurements of defined benefit plans	2,235	2,115
Total accumulated other comprehensive income	5,429	5,197
Total net assets	45,047	46,181
Total liabilities and net assets	76,503	75,667

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, 2023	Six months ended September 30, 2024
Net sales	18,672	20,678
Cost of sales	15,390	15,639
Gross profit	3,282	5,039
Selling, general and administrative expenses	2,478	2,637
Operating profit	803	2,401
Non-operating income		
Interest and dividend income	79	88
Share of profit of entities accounted for using equity method	38	11
Other	90	72
Total non-operating income	208	171
Non-operating expenses		
Interest expenses	49	57
Depreciation of inactive non-current assets	24	57
Other	27	64
Total non-operating expenses	102	179
Ordinary profit	909	2,393
Extraordinary income		
Gain on sale of non-current assets	11	–
Gain on sale of investment securities	–	32
Total extraordinary income	11	32
Extraordinary losses		
Loss on retirement of non-current assets	101	143
Total extraordinary losses	101	143
Profit before income taxes	819	2,282
Income taxes - current	250	480
Income taxes - deferred	(42)	167
Total income taxes	207	648
Profit	611	1,633
Profit attributable to owners of parent	611	1,633

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	611	1,633
Other comprehensive income		
Valuation difference on available-for-sale securities	269	(114)
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	42	3
Remeasurements of defined benefit plans, net of tax	(51)	(120)
Total other comprehensive income	260	(231)
Comprehensive income	871	1,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	871	1,402

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	819	2,282
Depreciation	1,817	1,791
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	(0)	64
Increase (decrease) in retirement benefit liability	87	16
Interest and dividend income	(79)	(88)
Share of loss (profit) of entities accounted for using equity method	(38)	(11)
Interest expenses	49	57
Foreign exchange losses (gains)	(9)	(19)
Loss (gain) on sale of investment securities	–	(32)
Loss on retirement of non-current assets	101	143
Decrease (increase) in trade receivables	(1,314)	384
Decrease (increase) in inventories	49	362
Increase (decrease) in trade payables	678	(800)
Increase (decrease) in accrued consumption taxes	248	(367)
Other, net	(155)	(12)
Subtotal	2,254	3,771
Interest and dividends received	79	88
Interest paid	(50)	(57)
Income taxes paid	(59)	(670)
Income taxes refund	54	1
Net cash provided by (used in) operating activities	2,278	3,132
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,202)	(2,609)
Payments for retirement of property, plant and equipment	(704)	(134)
Proceeds from sale of property, plant and equipment	27	0
Purchase of intangible assets	(111)	(74)
Purchase of investment securities	(4)	(138)
Proceeds from sale of investment securities	–	75
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	45
Other, net	(9)	(243)
Net cash provided by (used in) investing activities	(2,004)	(3,078)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000	1,800
Repayments of long-term borrowings	(1,216)	(2,360)
Repayments of finance lease liabilities	(3)	(7)
Purchase of treasury shares	(0)	–
Dividends paid	(307)	(307)
Net cash provided by (used in) financing activities	471	(875)
Effect of exchange rate change on cash and cash equivalents	43	36
Net increase (decrease) in cash and cash equivalents	788	(785)
Cash and cash equivalents at beginning of period	7,831	8,731
Cash and cash equivalents at end of period	8,620	7,945