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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Company name: NIHON KAGAKU SANGYO CO.,LTD.

Listing: Tokyo

Securities code: 4094

URL: <https://www.nihonkagakusangyo.co.jp/>

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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: December 6, 2024

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

President
Operating Officer and General Manager of General Affairs
Dept.

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 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	%
Six months ended September 30, 2024	12,514	15.8	1,526	60.7	1,755	53.0	1,243	61.5
September 30, 2023	10,804	(16.1)	949	(44.5)	1,147	(41.0)	770	(40.2)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 978 million [(9.0)%]
Six months ended September 30, 2023: ¥ 1,075 million [104.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2024	Yen 63.94	Yen -
September 30, 2023	39.07	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2024	Millions of yen 53,319	Millions of yen 46,077	86.4
March 31, 2024	52,928	45,660	86.3

(Reference) Equity: As of September 30, 2024: ¥ 46,077 million
As of March 31, 2024: ¥ 45,660 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	16.00	-	30.00	46.00
Fiscal year ending March 31, 2025	-	30.00			
Fiscal year ending March 31, 2025 (Forecast)			-	30.00	60.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,720	10.1	2,570	18.0	2,870	12.1	1,990	14.2	102.35

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024:	20,280,000 shares
March 31, 2024:	20,280,000 shares

2) Number of treasury shares at the end of the period:

September 30, 2024:	819,409 shares
March 31, 2024:	836,026 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024:	19,448,436 shares
Six months ended September 30, 2023:	19,708,859 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	19,687,270	15,541,119
Notes and accounts receivable - trade	7,109,292	6,894,381
Electronically recorded monetary claims - operating	610,593	717,881
Merchandise and finished goods	1,870,434	1,885,133
Work in process	1,287,196	1,368,462
Raw materials and supplies	1,540,182	1,704,897
Other	152,291	75,702
Allowance for doubtful accounts	(1,270)	(1,190)
Total current assets	32,255,990	28,186,387
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	2,078,164	2,002,992
Other, net	5,132,513	5,293,477
Total property, plant and equipment	7,210,677	7,296,470
Intangible assets	124,228	134,966
Investments and other assets		
Investment securities	9,902,258	9,267,351
Deferred tax assets	14,863	9,603
Long-term time deposits	2,100,000	7,100,000
Other	1,321,633	1,325,948
Allowance for doubtful accounts	(1,570)	(1,570)
Total investments and other assets	13,337,185	17,701,334
Total non-current assets	20,672,091	25,132,770
Total assets	52,928,082	53,319,158
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,474,295	2,590,618
Electronically recorded obligations - operating	328,089	244,955
Short-term borrowings	373,800	410,000
Income taxes payable	371,739	516,943
Provision for bonuses	420,000	430,000
Provision for bonuses for directors (and other officers)	35,000	20,000
Other	910,229	839,432
Total current liabilities	4,913,153	5,051,950
Non-current liabilities		
Deferred tax liabilities	1,830,674	1,674,662
Retirement benefit liability	340,187	345,324
Provision for share awards for directors (and other officers)	95,328	82,430
Asset retirement obligations	40,480	40,608
Other	47,435	47,077
Total non-current liabilities	2,354,106	2,190,102
Total liabilities	7,267,260	7,242,053

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	1,034,000	1,034,000
Capital surplus	742,352	757,383
Retained earnings	39,720,445	40,378,599
Treasury shares	(829,450)	(821,378)
Total shareholders' equity	40,667,347	41,348,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,996,612	3,580,526
Foreign currency translation adjustment	774,783	950,362
Remeasurements of defined benefit plans	222,079	197,611
Total accumulated other comprehensive income	4,993,475	4,728,500
Total net assets	45,660,822	46,077,105
Total liabilities and net assets	52,928,082	53,319,158

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	10,804,213	12,514,062
Cost of sales	8,374,555	9,381,821
Gross profit	2,429,657	3,132,241
Selling, general and administrative expenses	1,479,799	1,605,923
Operating profit	949,857	1,526,317
Non-operating income		
Interest income	6,238	6,630
Dividend income	111,989	107,517
Rental income from real estate	38,818	39,365
Foreign exchange gains	9,930	51,429
Other	53,010	45,164
Total non-operating income	219,987	250,108
Non-operating expenses		
Interest expenses	3,219	3,366
Rental costs	16,143	17,330
Other	2,825	90
Total non-operating expenses	22,189	20,786
Ordinary profit	1,147,656	1,755,639
Extraordinary income		
Gain on sale of non-current assets	1,393	53
Gain on sale of investment securities	340	42,041
Total extraordinary income	1,733	42,095
Extraordinary losses		
Loss on retirement of non-current assets	33,613	11,559
Total extraordinary losses	33,613	11,559
Profit before income taxes	1,115,776	1,786,175
Income taxes	345,663	542,635
Profit	770,112	1,243,539
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	770,112	1,243,539

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	770,112	1,243,539
Other comprehensive income		
Valuation difference on available-for-sale securities	114,709	(416,085)
Foreign currency translation adjustment	193,680	175,578
Remeasurements of defined benefit plans, net of tax	(3,227)	(24,467)
Total other comprehensive income	305,162	(264,974)
Comprehensive income	1,075,274	978,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,075,274	978,565
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,115,776	1,786,175
Depreciation	521,544	499,590
Increase (decrease) in allowance for doubtful accounts	(30)	(80)
Increase (decrease) in provision for bonuses	(30,000)	10,000
Increase (decrease) in provision for bonuses for directors (and other officers)	(17,500)	(15,000)
Decrease (increase) in retirement benefit asset	(4,755)	(5,939)
Increase (decrease) in retirement benefit liability	1,736	4,462
Increase (decrease) in provision for share awards for directors (and other officers)	(8,721)	(12,898)
Interest and dividend income	(118,227)	(114,147)
Interest expenses	3,219	3,366
Loss (gain) on sale of non-current assets	(1,393)	(53)
Loss (gain) on sale of investment securities	(340)	(42,041)
Loss on retirement of non-current assets	33,613	11,559
Decrease (increase) in trade receivables	(149,526)	145,521
Decrease (increase) in inventories	(43,380)	(230,216)
Increase (decrease) in trade payables	18,758	18,604
Other, net	180,831	16,409
Subtotal	1,501,605	2,075,310
Interest and dividends received	118,969	114,901
Interest paid	(3,219)	(3,366)
Income taxes paid	(137,978)	(361,333)
Net cash provided by (used in) operating activities	1,479,376	1,825,512
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	200,000	200,000
Payments into time deposits	(200,000)	(5,200,000)
Purchase of property, plant and equipment	(663,493)	(522,905)
Proceeds from sale of property, plant and equipment	1,393	35,568
Purchase of intangible assets	(38,163)	(39,566)
Purchase of investment securities	(373)	(16,856)
Proceeds from sale of investment securities	8,011	93,330
Proceeds from cancellation of life insurance funds	2,639	2,613
Purchase of insurance funds	(16,939)	(16,890)
Other, net	(7,947)	(765)
Net cash provided by (used in) investing activities	(714,873)	(5,465,471)

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	469,000	469,000
Repayments of short-term borrowings	(432,800)	(432,800)
Purchase of treasury shares	(110,812)	-
Proceeds from sale of treasury shares	4,632	7,489
Dividends paid	(315,271)	(581,633)
Other, net	(140)	(159)
Net cash provided by (used in) financing activities	(385,391)	(538,104)
Effect of exchange rate change on cash and cash equivalents	64,559	31,911
Net increase (decrease) in cash and cash equivalents	443,669	(4,146,150)
Cash and cash equivalents at beginning of period	18,608,006	19,487,270
Cash and cash equivalents at end of period	19,051,676	15,341,119