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## Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: NIHON KAGAKU SANGYO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 4094

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

Representative: YANAGISAWA Eiji

President

Contact: MOMOSE Yuzuru

Operating Officer and General Manager of General Affairs Dept.

Phone: +81-3-5246-3540

Scheduled date of Annual General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 5, 2024

Scheduled date of filing annual securities report: June 28, 2024

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	22,444	(6.7)	2,177	(24.9)	2,560	(21.6)	1,742	(22.0)
March 31, 2023	24,062	1.5	2,899	(31.3)	3,265	(27.6)	2,234	(31.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 3,286 million [ 62.4%]  
Fiscal year ended March 31, 2023: ¥ 2,023 million [ (40.7)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	88.81	-	3.9	5.0	9.7
March 31, 2023	113.24	-	5.2	6.6	12.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million  
Fiscal year ended March 31, 2023: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	52,928	45,660	86.3	2,348.33
March 31, 2023	50,060	43,362	86.6	2,197.75

(Reference) Equity: As of March 31, 2024: ¥ 45,660 million  
As of March 31, 2023: ¥ 43,362 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	3,097	(1,317)	(999)	19,487
March 31, 2023	3,064	(655)	(633)	18,608

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	16.00	-	16.00	32.00	634	28.3	1.5
March 31, 2024	-	16.00	-	30.00	46.00	900	51.8	2.0
Fiscal year ending March 31, 2025 (Forecast)	-	30.00	-	30.00	60.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :

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)

(% indicates changes from the previous corresponding period.)

	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
Six months ending September 30, 2024	11,950	10.6	1,180	24.2	1,320	15.0	920	19.5	47.32
Full year	24,720	10.1	2,570	18.0	2,870	12.1	1,990	14.2	102.35

\* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:	)
Exclusion:	-	(Company name:	)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2024:	20,280,000 shares
March 31, 2023:	20,680,000 shares

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

March 31, 2024:	836,026 shares
March 31, 2023:	949,396 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024:	19,625,991 shares
Fiscal Year ended March 31, 2023:	19,730,604 shares

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	18,808,006	19,687,270
Notes receivable - trade	1,398,447	1,372,910
Electronically recorded monetary claims - operating	578,807	610,593
Accounts receivable - trade	5,138,652	5,736,382
Merchandise and finished goods	2,133,378	1,870,434
Work in process	1,113,921	1,287,196
Raw materials and supplies	1,873,777	1,540,182
Other	88,429	152,291
Allowance for doubtful accounts	(1,280)	(1,270)
Total current assets	31,132,140	32,255,990
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,303,810	7,414,025
Accumulated depreciation	(5,007,605)	(5,200,148)
Buildings and structures, net	2,296,205	2,213,877
Machinery, equipment and vehicles	13,437,311	13,585,733
Accumulated depreciation	(11,137,391)	(11,507,569)
Machinery, equipment and vehicles, net	2,299,920	2,078,164
Tools, furniture and fixtures	1,920,372	2,027,932
Accumulated depreciation	(1,715,860)	(1,813,177)
Tools, furniture and fixtures, net	204,511	214,755
Land	2,631,792	2,654,466
Construction in progress	2,404	49,414
Total property, plant and equipment	7,434,833	7,210,677
Intangible assets	116,970	124,228
Investments and other assets		
Investment securities	8,230,305	9,902,258
Long-term time deposits	2,100,000	2,100,000
Retirement benefit asset	198,404	470,428
Deferred tax assets	12,887	14,863
Other	836,747	851,205
Allowance for doubtful accounts	(1,570)	(1,570)
Total investments and other assets	11,376,775	13,337,185
Total non-current assets	18,928,578	20,672,091
Total assets	50,060,718	52,928,082

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,532,124	2,474,295
Electronically recorded obligations - operating	401,841	328,089
Short-term borrowings	373,800	373,800
Income taxes payable	145,743	371,739
Provision for bonuses	400,000	420,000
Provision for bonuses for directors (and other officers)	35,000	35,000
Other	1,042,740	910,229
Total current liabilities	4,931,249	4,913,153
Non-current liabilities		
Deferred tax liabilities	1,244,066	1,830,674
Retirement benefit liability	339,384	340,187
Provision for share awards for directors (and other officers)	99,804	95,328
Asset retirement obligations	35,526	40,480
Other	47,775	47,435
Total non-current liabilities	1,766,557	2,354,106
Total liabilities	6,697,807	7,267,260
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,034,000	1,034,000
Capital surplus	1,059,147	742,352
Retained earnings	38,609,959	39,720,445
Treasury shares	(790,463)	(829,450)
Total shareholders' equity	39,912,643	40,667,347
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,888,543	3,996,612
Foreign currency translation adjustment	521,508	774,783
Remeasurements of defined benefit plans	40,214	222,079
Total accumulated other comprehensive income	3,450,267	4,993,475
Total net assets	43,362,911	45,660,822
Total liabilities and net assets	50,060,718	52,928,082

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	24,062,851	22,444,051
Cost of sales	18,187,722	17,185,333
Gross profit	5,875,129	5,258,717
Selling, general and administrative expenses	2,975,412	3,081,041
Operating profit	2,899,716	2,177,676
Non-operating income		
Interest income	12,914	13,951
Dividend income	228,816	203,463
Rental income from real estate	70,276	77,653
Foreign exchange gains	36,925	-
Insurance claim income	-	45,644
Other	65,441	94,212
Total non-operating income	414,373	434,924
Non-operating expenses		
Interest expenses	7,382	6,593
Rental costs	32,593	32,320
Foreign exchange losses	-	7,297
Other	8,414	5,471
Total non-operating expenses	48,390	51,682
Ordinary profit	3,265,699	2,560,918
Extraordinary income		
Gain on sale of non-current assets	1,499	15,995
Gain on sale of investment securities	4,160	340
Total extraordinary income	5,659	16,335
Extraordinary losses		
Loss on retirement of non-current assets	118,699	58,070
Loss on sale of non-current assets	-	8,454
Impairment losses	39,008	-
Total extraordinary losses	157,708	66,525
Profit before income taxes	3,113,651	2,510,728
Income taxes - current	799,046	752,046
Income taxes - deferred	80,254	15,787
Total income taxes	879,301	767,833
Profit	2,234,350	1,742,894
Profit attributable to owners of parent	2,234,350	1,742,894

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,234,350	1,742,894
Other comprehensive income		
Valuation difference on available-for-sale securities	(420,169)	1,108,068
Foreign currency translation adjustment	243,092	253,274
Remeasurements of defined benefit plans, net of tax	(33,535)	181,864
Total other comprehensive income	(210,612)	1,543,207
Comprehensive income	2,023,737	3,286,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,023,737	3,286,102
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,034,000	1,059,147	37,009,623	(790,463)	38,312,308
Changes during period					
Dividends of surplus			(634,014)		(634,014)
Profit attributable to owners of parent			2,234,350		2,234,350
Purchase of treasury shares					-
Disposal of treasury shares					-
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,600,335	-	1,600,335
Balance at end of period	1,034,000	1,059,147	38,609,959	(790,463)	39,912,643

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,308,713	278,415	73,750	3,660,879	41,973,187
Changes during period					
Dividends of surplus					(634,014)
Profit attributable to owners of parent					2,234,350
Purchase of treasury shares					-
Disposal of treasury shares					-
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(420,169)	243,092	(33,535)	(210,612)	(210,612)
Total changes during period	(420,169)	243,092	(33,535)	(210,612)	1,389,723
Balance at end of period	2,888,543	521,508	40,214	3,450,267	43,362,911

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,034,000	1,059,147	38,609,959	(790,463)	39,912,643
Changes during period					
Dividends of surplus			(632,408)		(632,408)
Profit attributable to owners of parent			1,742,894		1,742,894
Purchase of treasury shares				(374,497)	(374,497)
Disposal of treasury shares				18,714	18,714
Cancellation of treasury shares		(316,795)		316,795	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(316,795)	1,110,486	(38,987)	754,703
Balance at end of period	1,034,000	742,352	39,720,445	(829,450)	40,667,347

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,888,543	521,508	40,214	3,450,267	43,362,911
Changes during period					
Dividends of surplus					(632,408)
Profit attributable to owners of parent					1,742,894
Purchase of treasury shares					(374,497)
Disposal of treasury shares					18,714
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	1,108,068	253,274	181,864	1,543,207	1,543,207
Total changes during period	1,108,068	253,274	181,864	1,543,207	2,297,911
Balance at end of period	3,996,612	774,783	222,079	4,993,475	45,660,822



## Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,113,651	2,510,728
Depreciation	1,046,898	1,108,940
Increase (decrease) in allowance for doubtful accounts	(340)	(10)
Increase (decrease) in provision for bonuses	(95,000)	20,000
Increase (decrease) in provision for bonuses for directors (and other officers)	(5,000)	-
Decrease (increase) in retirement benefit asset	(8,465)	(9,201)
Increase (decrease) in retirement benefit liability	16,581	8,509
Increase (decrease) in provision for share awards for directors (and other officers)	15,870	(4,475)
Interest and dividend income	(241,730)	(217,414)
Insurance claim income	(5,816)	(45,644)
Interest expenses	7,382	6,593
Loss on retirement of non-current assets	118,699	58,070
Loss (gain) on sale of non-current assets	(1,499)	(7,540)
Impairment losses	39,008	-
Loss (gain) on sale of investment securities	(4,160)	(340)
Decrease (increase) in trade receivables	1,226,094	(566,113)
Decrease (increase) in inventories	(500,059)	481,308
Increase (decrease) in trade payables	(215,110)	(151,593)
Other, net	(81,783)	178,975
Subtotal	4,425,220	3,370,792
Interest and dividends received	243,233	218,909
Proceeds from insurance income	5,816	45,644
Interest paid	(7,382)	(6,593)
Income taxes paid	(1,602,501)	(530,936)
Net cash provided by (used in) operating activities	3,064,387	3,097,817

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	400,000	400,000
Payments into time deposits	(400,000)	(400,000)
Purchase of property, plant and equipment	(647,208)	(1,107,498)
Proceeds from sale of property, plant and equipment	1,500	3,434
Purchase of intangible assets	(8,551)	(55,919)
Purchase of investment securities	(781)	(84,030)
Proceeds from sale of investment securities	6,660	8,011
Proceeds from cancellation of life insurance funds	38,233	2,639
Accumulation of contribution of life insurance	(17,173)	(16,987)
Proceeds from cancellation of insurance funds	198,115	-
Other, net	(226,212)	(67,122)
Net cash provided by (used in) investing activities	(655,419)	(1,317,473)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,205,000	938,000
Repayments of short-term borrowings	(1,205,000)	(938,000)
Purchase of treasury shares	-	(374,497)
Dividends paid	(632,803)	(629,370)
Other, net	(251)	4,342
Net cash provided by (used in) financing activities	(633,055)	(999,524)
Effect of exchange rate change on cash and cash equivalents	45,145	98,445
Net increase (decrease) in cash and cash equivalents	1,821,057	879,263
Cash and cash equivalents at beginning of period	16,786,949	18,608,006
Cash and cash equivalents at end of period	18,608,006	19,487,270