

May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: NIPPON CHEMI-CON CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6997
 URL: <https://www.chemi-con.co.jp/>
 Representative: Norio Kamiyama, Representative Director and President
 Inquiries: Osamu Ishii, Director
 Telephone: +81-3-5436-7711
 Scheduled date of annual general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: June 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

1. Consolidated financial results for the fiscal 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	%
Fiscal year ended March 31, 2024	150,740	(6.9)	9,422	(27.2)	7,913	(28.0)	(21,291)	-
March 31, 2023	161,881	15.4	12,939	47.1	10,994	36.8	2,273	-

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥ (13,667) million [- %]
 For the fiscal year ended March 31, 2023: ¥ 5,943 million [- %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	(1,029.15)	-	(41.2)	4.7	6.3
March 31, 2023	112.09	-	4.8	6.9	8.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥ 508 million
 For the fiscal year ended March 31, 2023: ¥ 619 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	172,921	53,610	30.7	1,776.97
March 31, 2023	162,741	50,678	30.9	2,478.43

Reference: Equity
 As of March 31, 2024: ¥ 53,097 million
 As of March 31, 2023: ¥ 50,257 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	(12,959)	(4,817)	35,421	45,295
March 31, 2023	(4,862)	(6,834)	12,049	26,135

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
March 31, 2024	-	0.00	-	0.00	0.00	-	-	-
March 31, 2025 (Forecast)		0.00						

Note: The year-end dividend forecast for the fiscal year ending March 31, 2025 is undecided at this time.

Note: The above "Cash dividends" refers to dividends on common shares. Please refer to "Cash dividends on class shares" below for the status of dividends on class shares (unlisted) that have different rights from those of common shares issued by the Company.

3. Forecast of consolidated financial results for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	66,500	(17.2)	3,200	(37.5)	2,200	(58.6)	1,600	-	74.91
Fiscal year ending March 31, 2025	153,000	1.5	11,500	22.0	10,000	26.4	7,400	-	346.47

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2024	21,939,933 shares
As of March 31, 2023	20,314,833 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	581,744 shares
As of March 31, 2023	37,017 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	20,688,128 shares
Fiscal year ended March 31, 2023	20,278,579 shares

[Reference] Overview of non-consolidated financial results

1. Non-Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	123,330	(13.9)	5,282	(20.5)	6,413	(3.5)	(20,700)	-
March 31, 2023	143,226	15.4	6,642	59.3	6,645	72.9	113	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2024	(990.74)	-
March 31, 2023	5.60	-

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	149,907	25,344	16.9	465.73
March 31, 2023	145,212	29,884	20.6	1,473.77

Reference: Equity

As of March 31, 2024: ¥ 25,344 million

As of March 31, 2023: ¥ 29,884 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts are based on reasonable judgments made by the Company in accordance with information available at the time of preparation of these materials. Please refer to "1. Business Results, (4) Future Outlook" on page 3 of the attached materials for matters related to the above forecasts.

Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	26,141	45,300
Notes and accounts receivable - trade	32,555	25,853
Merchandise and finished goods	14,308	11,186
Work in process	11,752	11,731
Raw materials and supplies	6,942	6,236
Accounts receivable - other	5,356	3,714
Other	761	849
Allowance for doubtful accounts	(59)	(58)
Total current assets	97,758	104,815
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,743	45,276
Accumulated depreciation	(33,262)	(34,863)
Buildings and structures, net	10,481	10,412
Machinery, equipment and vehicles	134,419	141,209
Accumulated depreciation	(119,045)	(125,469)
Machinery, equipment and vehicles, net	15,374	15,739
Tools, furniture and fixtures	16,430	17,591
Accumulated depreciation	(14,293)	(14,858)
Tools, furniture and fixtures, net	2,137	2,733
Land	6,946	6,966
Leased assets	1,568	1,607
Accumulated depreciation	(1,079)	(1,230)
Leased assets, net	489	377
Right of use asset	4,615	5,225
Accumulated depreciation	(1,469)	(2,140)
Right of use asset, net	3,145	3,084
Construction in progress	3,306	8,470
Total property, plant and equipment	41,880	47,784
Intangible assets	2,146	2,339
Investments and other assets		
Investment securities	18,318	14,649
Deferred tax assets	1,224	1,307
Other	1,431	2,043
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	20,957	17,982
Total non-current assets	64,983	68,106
Total assets	162,741	172,921

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,850	7,143
Electronically recorded obligations - operating	7,569	6,453
Short-term borrowings	23,698	46,560
Lease liabilities	1,086	810
Accounts payable - other	8,932	7,501
Income taxes payable	1,206	1,161
Accrued expenses	2,890	2,254
Provision for bonuses	1,877	1,231
Notes payable - facilities	139	181
Other	1,929	1,719
Total current liabilities	59,181	75,017
Non-current liabilities		
Long-term borrowings	42,022	38,904
Lease liabilities	3,402	3,120
Deferred tax liabilities	769	233
Retirement benefit liability	3,784	-
Other	2,903	2,034
Total non-current liabilities	52,881	44,293
Total liabilities	112,062	119,310
Net assets		
Shareholders' equity		
Share capital	24,310	5,452
Capital surplus	21,224	57,487
Retained earnings	(5,411)	(26,702)
Treasury shares	(110)	(917)
Total shareholders' equity	40,012	35,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,314	(8)
Foreign currency translation adjustment	7,322	11,790
Remeasurements of defined benefit plans	1,607	5,994
Total accumulated other comprehensive income	10,244	17,777
Non-controlling interests	421	513
Total net assets	50,678	53,610
Total liabilities and net assets	162,741	172,921

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	161,881	150,740
Cost of sales	124,954	118,875
Gross profit	36,927	31,865
Selling, general and administrative expenses	23,987	22,442
Operating profit	12,939	9,422
Non-operating income		
Interest income	91	140
Dividend income	134	82
Foreign exchange gains	-	85
Share of profit of entities accounted for using equity method	619	508
Other	61	77
Total non-operating income	906	893
Non-operating expenses		
Interest expenses	1,001	1,472
Financing expenses	636	687
Foreign exchange losses	1,115	-
Other	98	242
Total non-operating expenses	2,852	2,401
Ordinary profit	10,994	7,913
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on sale of investment securities	-	2,686
Total extraordinary income	0	2,691
Extraordinary losses		
Loss on disposal of non-current assets	55	43
Loss on antitrust law	6,409	29,604
Total extraordinary losses	6,465	29,647
Profit (loss) before income taxes	4,528	(19,041)
Income taxes - current	1,857	2,209
Income taxes - deferred	320	9
Total income taxes	2,177	2,219
Profit (loss)	2,350	(21,261)
Profit attributable to non-controlling interests	77	29
Profit (loss) attributable to owners of parent	2,273	(21,291)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	2,350	(21,261)
Other comprehensive income		
Valuation difference on available-for-sale securities	425	(1,308)
Foreign currency translation adjustment	3,402	4,518
Remeasurements of defined benefit plans, net of tax	(226)	4,395
Share of other comprehensive income of entities accounted for using equity method	(8)	(10)
Total other comprehensive income	3,592	7,594
Comprehensive income	5,943	(13,667)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,819	(13,758)
Comprehensive income attributable to non-controlling interests	124	91

Consolidated statement 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	24,310	21,224	(7,684)	(108)	37,741
Issuance of new shares					
Transfer from share capital to other capital surplus					
Loss attributable to owners of parent			2,273		2,273
Purchase of treasury shares				(2)	(2)
Shares of parent company held by equity method affiliates					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,273	(2)	2,270
Balance at end of period	24,310	21,224	(5,411)	(110)	40,012

	Accumulated other comprehensive income				Non-controlling interests	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	904	3,970	1,800	6,676	297	44,715
Issuance of new shares						
Transfer from share capital to other capital surplus						
Loss attributable to owners of parent						2,273
Purchase of treasury shares						(2)
Shares of parent company held by equity method affiliates						
Net changes in items other than shareholders' equity	410	3,351	(193)	3,568	124	3,692
Total changes during period	410	3,351	(193)	3,568	124	5,963
Balance at end of period	1,314	7,322	1,607	10,244	421	50,678

Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,310	21,224	(5,411)	(110)	40,012
Issuance of new shares	8,702	8,702			17,405
Transfer from share capital to other capital surplus	(27,560)	27,560			-
Loss attributable to owners of parent			(21,291)		(21,291)
Purchase of treasury shares				(2)	(2)
Shares of parent company held by equity method affiliates				(803)	(803)
Net changes in items other than shareholders' equity					
Total changes during period	(18,858)	36,263	(21,291)	(806)	(4,692)
Balance at end of period	5,452	57,487	(26,702)	(917)	35,320

	Accumulated other comprehensive income				Non-controlling interests	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	1,314	7,322	1,607	10,244	421	50,678
Issuance of new shares						17,405
Transfer from share capital to other capital surplus						-
Loss attributable to owners of parent						(21,291)
Purchase of treasury shares						(2)
Shares of parent company held by equity method affiliates						(803)
Net changes in items other than shareholders' equity	(1,323)	4,468	4,387	7,532	91	7,623
Total changes during period	(1,323)	4,468	4,387	7,532	91	2,931
Balance at end of period	(8)	11,790	5,994	17,777	513	53,610

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	4,528	(19,041)
Depreciation	6,332	6,762
Loss on antitrust law	6,409	29,604
Increase (decrease) in retirement benefit liability	(615)	(416)
Increase (decrease) in allowance for doubtful accounts	49	(9)
Interest and dividend income	(225)	(222)
Interest expenses	1,001	1,472
Foreign exchange losses (gains)	(359)	(72)
Share of loss (profit) of entities accounted for using equity method	(619)	(508)
Loss (gain) on disposal of non-current assets	55	38
Loss (gain) on sale of investment securities	-	(2,686)
Decrease (increase) in trade receivables	(319)	8,425
Decrease (increase) in inventories	246	6,065
Increase (decrease) in trade payables	(182)	(5,802)
Increase (decrease) in accounts payable - other	(663)	(1,368)
Other, net	3,107	1,093
Subtotal	18,747	23,332
Interest and dividends received	422	426
Interest paid	(985)	(1,452)
Income taxes paid	(1,906)	(2,358)
Payments related to antitrust law	(21,140)	(32,907)
Net cash provided by (used in) operating activities	(4,862)	(12,959)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,257)	(8,911)
Proceeds from sale of property, plant and equipment	0	5
Purchase of intangible assets	(571)	(553)
Proceeds from sale of investment securities	-	4,576
Loan advances	(13)	(5)
Proceeds from collection of loans receivable	14	9
Other, net	(6)	61
Net cash provided by (used in) investing activities	(6,834)	(4,817)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,323)	28,791
Proceeds from long-term borrowings	23,000	5,550
Repayments of long-term borrowings	(3,355)	(14,867)
Proceeds from issuance of shares	-	17,405
Repayments of lease liabilities	(1,179)	(1,205)
Purchase of treasury shares	(2)	(2)
Proceeds from sale and installment back transactions	2,000	-
Repayments of installment payables	(89)	(249)
Net cash provided by (used in) financing activities	12,049	35,421
Effect of exchange rate change on cash and cash equivalents	1,029	1,514
Net increase (decrease) in cash and cash equivalents	1,381	19,159
Cash and cash equivalents at beginning of period	24,754	26,135
Cash and cash equivalents at end of period	26,135	45,295