

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended September 30, 2018  
(Based on Japanese GAAP)**

November 13, 2018

Company name: NIHON NOHYAKU CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4997 URL <http://www.nichino.co.jp/>  
 Representative: President Yosuke Tomoi  
 Inquiries: General Manager of General Affairs & Legal Department Motohiro Nagai TEL +81-3-6361-1400  
 Scheduled date of ordinary general meeting of shareholders: December 21, 2018  
 Scheduled date to file Securities Report: December 25, 2018  
 Scheduled date to commence dividend payments: December 25, 2018  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2018 (from October 1, 2017 to September 30, 2018)

(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 September 30, 2018	61,213	2.0	4,172	19.3	3,651	1.5	2,507	45.9
Year ended September 30, 2017	60,033	18.5	3,496	(21.0)	3,597	(6.9)	1,717	65.9

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2018	37.46	–	4.9	3.9	6.8
Year ended September 30, 2017	25.70	–	3.7	4.1	5.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	98,463	57,576	56.5	706.59
As of September 30, 2017	88,713	48,867	52.8	700.65

(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 September 30, 2018	(819)	767	7,785	17,534
Year ended September 30, 2017	2,515	(441)	(5,932)	10,128

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 September 30, 2017	–	7.50	–	7.50	15.00	1,002	58.4	2.2
Year ended September 30, 2018	–	7.50	–	7.50	15.00	1,092	40.0	2.1
Year ending September 30, 2019 (Forecast)	–	7.50	–	7.50	15.00		47.3	

3. Forecast of consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

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
Six months ending March 31, 2019	39,000	5.5	3,600	(3.6)	3,600	(9.0)	2,000	(20.8)	25.39
Full year	68,000	11.1	3,800	(8.9)	3,400	(6.9)	2,500	(0.3)	31.74

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2018

(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 September 30, 2018	81,967,082 shares	As of September 30, 2017	70,026,782 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	3,190,978 shares	As of September 30, 2017	3,189,804 shares
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Average number of shares during the period

Year ended September 30, 2018	66,934,465 shares	Year ended September 30, 2017	66,837,428 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,620	18,889
Notes and accounts receivable - trade	21,220	21,986
Electronically recorded monetary claims - operating	895	1,817
Merchandise and finished goods	9,986	11,518
Work in process	660	849
Raw materials and supplies	4,465	5,859
Deferred tax assets	710	922
Other	3,158	2,940
Allowance for doubtful accounts	(441)	(455)
<b>Total current assets</b>	<b>52,276</b>	<b>64,327</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,648	5,294
Machinery, equipment and vehicles	3,521	3,688
Land	6,458	6,126
Construction in progress	176	300
Other	732	647
<b>Total property, plant and equipment</b>	<b>16,536</b>	<b>16,056</b>
<b>Intangible assets</b>		
Goodwill	6,745	5,625
Software	224	399
Other	853	819
<b>Total intangible assets</b>	<b>7,824</b>	<b>6,844</b>
<b>Investments and other assets</b>		
Investment securities	7,156	5,618
Shares of parent	–	1,539
Deferred tax assets	1,597	1,346
Net defined benefit asset	378	425
Other	2,971	2,320
Allowance for doubtful accounts	(27)	(15)
<b>Total investments and other assets</b>	<b>12,076</b>	<b>11,235</b>
<b>Total non-current assets</b>	<b>36,436</b>	<b>34,135</b>
<b>Total assets</b>	<b>88,713</b>	<b>98,463</b>

(Millions of yen)

As of September 30, 2017

As of September 30, 2018

	As of September 30, 2017	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,546	10,610
Electronically recorded obligations - operating	753	776
Short-term loans payable	3,838	6,261
Accrued expenses	5,627	5,001
Income taxes payable	642	715
Provision for bonuses	722	734
Provision for directors' bonuses	1	31
Provision for sales returns	29	37
Provision for environmental measures	114	778
Provision for product recall related costs	137	-
Electronically recorded obligations - non-operating	100	89
Other	1,654	1,782
<b>Total current liabilities</b>	<b>23,168</b>	<b>26,818</b>
<b>Non-current liabilities</b>		
Bonds payable	2,014	1,710
Long-term loans payable	10,405	8,639
Deferred tax liabilities	1,126	1,352
Provision for directors' retirement benefits	58	54
Net defined benefit liability	1,423	756
Other	1,648	1,554
<b>Total non-current liabilities</b>	<b>16,676</b>	<b>14,068</b>
<b>Total liabilities</b>	<b>39,845</b>	<b>40,887</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	10,939	14,939
Capital surplus	11,057	15,057
Retained earnings	27,067	28,571
Treasury shares	(1,726)	(1,727)
<b>Total shareholders' equity</b>	<b>47,337</b>	<b>56,840</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,077	1,981
Foreign currency translation adjustment	(2,487)	(3,477)
Remeasurements of defined benefit plans	(97)	317
<b>Total accumulated other comprehensive income</b>	<b>(507)</b>	<b>(1,178)</b>
<b>Non-controlling interests</b>	<b>2,038</b>	<b>1,913</b>
<b>Total net assets</b>	<b>48,867</b>	<b>57,576</b>
<b>Total liabilities and net assets</b>	<b>88,713</b>	<b>98,463</b>

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

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Net sales	60,033	61,213
Cost of sales	38,980	39,303
Gross profit	21,052	21,909
Selling, general and administrative expenses	17,556	17,736
Operating profit	3,496	4,172
Non-operating income		
Interest income	276	117
Dividend income	101	116
Share of profit of entities accounted for using equity method	257	328
Foreign exchange gains	165	-
Gain on valuation of derivatives	-	100
Real estate rent	83	78
Other	164	172
Total non-operating income	1,048	913
Non-operating expenses		
Interest expenses	410	525
Share issuance cost	-	126
Foreign exchange losses	-	652
Loss on valuation of derivatives	227	-
Sales discounts	122	78
Other	186	50
Total non-operating expenses	947	1,434
Ordinary profit	3,597	3,651
Extraordinary income		
Gain on sales of non-current assets	-	1,494
Gain on sales of investment securities	289	133
Total extraordinary income	289	1,628
Extraordinary losses		
Loss on disposal of non-current assets	129	179
Impairment loss	547	-
Product recall related costs	113	57
Environmental expenses	184	1,204
Other	-	8
Total extraordinary losses	974	1,450
Profit before income taxes	2,912	3,830
Income taxes - current	1,217	1,168
Income taxes - deferred	(112)	5
Total income taxes	1,105	1,174
Profit	1,807	2,655
Profit attributable to non-controlling interests	89	148
Profit attributable to owners of parent	1,717	2,507

**Consolidated statements of comprehensive income**

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Profit	1,807	2,655
Other comprehensive income		
Valuation difference on available-for-sale securities	723	(95)
Foreign currency translation adjustment	1,688	(1,451)
Remeasurements of defined benefit plans, net of tax	3	414
Share of other comprehensive income of entities accounted for using equity method	(153)	198
Total other comprehensive income	2,262	(934)
Comprehensive income	4,069	1,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,724	1,836
Comprehensive income attributable to non-controlling interests	345	(115)

**Consolidated statements of changes in equity**

Year ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,939	13,235	26,351	(1,726)	48,801
Changes of items during period					
Issuance of new shares					–
Change in ownership interest of parent due to transactions with non-controlling interests		(2,178)			(2,178)
Dividends of surplus			(1,002)		(1,002)
Profit attributable to owners of parent			1,717		1,717
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(2,178)	715	(0)	(1,464)
Balance at end of current period	10,939	11,057	27,067	(1,726)	47,337

	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 current period	1,353	(3,766)	(101)	(2,514)	2,410	48,697
Changes of items during period						
Issuance of new shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						(2,178)
Dividends of surplus						(1,002)
Profit attributable to owners of parent						1,717
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	723	1,279	3	2,006	(372)	1,633
Total changes of items during period	723	1,279	3	2,006	(372)	169
Balance at end of current period	2,077	(2,487)	(97)	(507)	2,038	48,867

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,939	11,057	27,067	(1,726)	47,337
Changes of items during period					
Issuance of new shares	4,000	4,000			8,000
Change in ownership interest of parent due to transactions with non-controlling interests					–
Dividends of surplus			(1,002)		(1,002)
Profit attributable to owners of parent			2,507		2,507
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	4,000	4,000	1,504	(0)	9,503
Balance at end of current period	14,939	15,057	28,571	(1,727)	56,840

	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 current period	2,077	(2,487)	(97)	(507)	2,038	48,867
Changes of items during period						
Issuance of new shares						8,000
Change in ownership interest of parent due to transactions with non-controlling interests						–
Dividends of surplus						(1,002)
Profit attributable to owners of parent						2,507
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(95)	(989)	414	(670)	(124)	(795)
Total changes of items during period	(95)	(989)	414	(670)	(124)	8,708
Balance at end of current period	1,981	(3,477)	317	(1,178)	1,913	57,576



**Consolidated statements of cash flows**

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,912	3,830
Depreciation	1,420	1,421
Impairment loss	547	–
Amortization of goodwill	571	385
Decrease (increase) in net defined benefit asset	(39)	(43)
Increase (decrease) in net defined benefit liability	(53)	(70)
Increase (decrease) in provision for directors' retirement benefits	(33)	(3)
Increase (decrease) in provision for product recall related costs	(906)	(137)
Increase (decrease) in provision for environmental measures	114	664
Increase (decrease) in allowance for doubtful accounts	1	67
Increase (decrease) in provision for bonuses	91	11
Increase (decrease) in provision for directors' bonuses	(0)	30
Increase (decrease) in provision for sales returns	7	8
Interest and dividend income	(378)	(233)
Interest expenses	410	525
Share of loss (profit) of entities accounted for using equity method	(257)	(328)
Loss (gain) on sales of property, plant and equipment	–	(1,494)
Loss on retirement of property, plant and equipment	3	61
Loss (gain) on sales of investment securities	(289)	(133)
Decrease (increase) in notes and accounts receivable - trade	(1,083)	(2,462)
Decrease (increase) in inventories	238	(3,531)
Increase (decrease) in notes and accounts payable - trade	(15)	1,696
Increase (decrease) in accrued consumption taxes	(352)	13
Other, net	326	53
Subtotal	3,237	329
Interest and dividend income received	384	452
Interest expenses paid	(399)	(512)
Income taxes paid	(706)	(1,089)
Net cash provided by (used in) operating activities	2,515	(819)
Cash flows from investing activities		
Purchase of property, plant and equipment	(785)	(2,087)
Proceeds from sales of property, plant and equipment	–	2,687
Purchase of intangible assets	(166)	(275)
Purchase of investment securities	(64)	(48)
Proceeds from sales of investment securities	361	171
Payments for investments in capital of subsidiaries and associates	(109)	–
Payments into time deposits	(500)	(294)
Proceeds from withdrawal of time deposits	563	432
Payments of short-term loans receivable	(139)	(154)
Collection of loans receivable	336	154
Other, net	63	181
Net cash provided by (used in) investing activities	(441)	767

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
Cash flows from financing activities		
Increase in short-term loans payable	7,656	9,435
Decrease in short-term loans payable	(8,148)	(6,945)
Proceeds from long-term loans payable	1,924	3,000
Repayments of long-term loans payable	(3,336)	(4,435)
Repayments of lease obligations	(128)	(129)
Proceeds from issuance of common shares	–	7,873
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,002)	(1,002)
Dividends paid to non-controlling interests	(22)	(9)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,874)	–
Net cash provided by (used in) financing activities	(5,932)	7,785
Effect of exchange rate change on cash and cash equivalents	357	(327)
Net increase (decrease) in cash and cash equivalents	(3,501)	7,405
Cash and cash equivalents at beginning of period	13,629	10,128
Cash and cash equivalents at end of period	10,128	17,534