

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 11, 2021

Company name: NIHON NOHYAKU CO., LTD.  
Stock exchange listing: Tokyo  
Stock code: 4997 URL <https://www.nichino.co.jp/>  
Representative: President Yosuke Tomoi  
Inquiries: General Manager of General Affairs & Legal Motohiro Nagai TEL +81-3-6361-1400  
Department  
Scheduled date to file Quarterly Securities Report: November 11, 2021  
Scheduled date to commence dividend payments: December 8, 2021  
Preparation of supplementary material on quarterly financial results: No  
Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

#### (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, 2021	31,938	10.0	1,558	(0.8)	1,510	42.4	1,529	25.3
Six months ended September 30, 2020	29,041	–	1,571	–	1,060	–	1,220	–

(Note) Comprehensive income: Six months ended September 30, 2021: 1,282 million yen [–%]  
Six months ended September 30, 2020: (296) million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	19.45		–	
Six months ended September 30, 2020	15.51		–	

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year under review, and figures for the second quarter of the fiscal year ending March 31, 2022 are presented after application of such accounting standard, etc.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	106,137	63,597	59.0
As of March 31, 2021	107,969	62,071	56.4

(Reference) Equity: As of September 30, 2021: 62,588 million yen  
As of March 31, 2021: 60,924 million yen

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year under review, and figures for the second quarter of the fiscal year ending March 31, 2022 are presented after application of such accounting standard, etc.

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	7.50	–	7.50	15.00
Year ending March 31, 2022	–	7.50			
Year ending March 31, 2022 (Forecast)			–	7.50	15.00

(Note) Revision to the forecast of cash dividends announced most recently: No

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	81,000	13.2	5,400	(22.7)	5,200	(9.1)	3,600	(17.1)	45.78

(Note) Revision to the forecast of financial results announced most recently: No

## 4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (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, 2021	81,967,082 shares	As of March 31, 2021	81,967,082 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2021	3,320,706 shares	As of March 31, 2021	3,330,355 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	78,640,382 shares	Six months ended September 30, 2020	78,704,422 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Shares of the Company held by the share grant trust for the Company's officers are included in treasury shares which are deducted from the calculation of the number of treasury shares at the end of the period and the average number of shares during the period.

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit corporation.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to various factors.

## Table of Contents

1. Qualitative information on quarterly financial results .....	4
(1) Explanation of operating results .....	4
(2) Explanation of financial position .....	5
(3) Explanation of the forecast of consolidated financial results and other forward-looking information .....	5
2. Quarterly consolidated financial statements and primary notes .....	6
(1) Quarterly consolidated balance sheets .....	6
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income .....	8
(3) Quarterly consolidated statements of cash flows .....	10
(4) Notes to quarterly consolidated financial statements .....	12
(Notes on going concern assumption) .....	12
(Notes in case of significant changes in shareholders' equity) .....	12
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) .....	12
(Changes in accounting policies) .....	12
(Additional information) .....	13
(Segment information, etc.) .....	13

## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended September 30, 2021, the Japanese economy remained in a severe situation due mainly to weak consumer spending and a worsening employment environment caused by the spread of COVID-19. Although there are signs that social and economic activities are returning to normal along with the progress of vaccine rollout, it is too early to predict when the pandemic will end, and economic prospects are still uncertain.

Under such circumstances, the Group engaged in the initiatives of the new, three-year medium-term management plan, “Ensuring Growing Global 2,” which began in the current fiscal year, and has been aiming to improve profitability, establish technological innovation and next-generation businesses, and sustainably enhance corporate value.

For the six months ended September 30, 2021, net sales amounted to 31,938 million yen (up 2,897 million yen or 10.0% year-on-year), mainly thanks to the strong performance of our core business, the agrochemical business, in overseas countries. In terms of profits, operating profit came to 1,558 million yen (down 13 million yen or 0.8% year-on-year), ordinary profit was 1,510 million yen (up 449 million yen or 42.4% year-on-year), and profit attributable to owners of parent was 1,529 million yen (up 308 million yen or 25.3% year-on-year).

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year under review. Accordingly, comparisons with the same period of the previous fiscal year are based on amounts calculated using different standards. For details on the effects of the application of the Accounting Standard for Revenue Recognition, etc. on the financial position and operating results, see “2. Quarterly consolidated financial statements and primary notes, (4) Notes to quarterly consolidated financial statements, (Changes in accounting policies) and (Segment information, etc.), Segment information II. 2. Matters pertaining to changes in reportable segments.”

Additionally, effective from the first quarter of the fiscal year under review, Tama Kagaku Kogyo Co., Ltd. has been included in the scope of application of the equity method.

The state of the reportable segments during the six months ended September 30, 2021 is as follows.

#### [Agrochemical business]

Regarding agrochemical sales in Japan, the Company worked to promote and expand the sales of core internally developed products such as tiadinil, a fungicide for paddy rice (product name: “V-GET”), and fungicide pyraziflumid for horticultural use (product name: “Parade”). However, overall sales in Japan declined year-on-year due in part to the discontinuation of certain products in the previous fiscal year. Sales of benzpyrimoxan (product name: “Orchestra”), a novel insecticide for paddy rice which acquired agrochemical registration in September 2020, began on May 25, 2021.

For overseas agrochemical sales, in Asia, owing to the clearing of distribution inventories remaining from the past years, sales of insecticide flubendiamide in India, and sales of isoprothiolane, a fungicide for paddy rice in China, were both strong. Additionally, in Europe, net sales of Nichino Europe Co., Ltd. was sluggish due to bad weather and distribution inventories. Meanwhile, in South America, Sipcam Nichino Brasil S.A. in Brazil recorded a growth in net sales on the back of a rebound in demand for agrochemicals and also led by the strong sales of flubendiamide, which was launched in the previous fiscal year. Furthermore, in North America, Nichino America, Inc. reported an increase in net sales due mainly to growing demand for flutolanil, a fungicide with outstanding effect on southern blight, following an expansion of peanut acreage, as well as increased sales of acaricide fenpyroximate owing to a greater-than-usual tick infestation. Accordingly, overseas agrochemical sales overall exceeded the levels of the same period of the previous fiscal year.

As a result of the above, net sales of the agrochemical business amounted to 29,273 million yen (up 3,571 million yen or 13.9% year-on-year) and operating profit amounted to 1,203 million yen (up 309 million yen or 34.5% year-on-year).

#### [Chemicals other than agrochemicals business]

In the chemicals business, AgriMart Corporation experienced robust sales of termiticides due mainly to the growth in the number of new housing starts. AgriMart Corporation commenced sales of “NEXUS Z800,” the new soil treatment termiticide, on May 27, 2021. Meanwhile, in the pharmaceutical business, sales of topical antifungal drug luliconazole

were sluggish.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 1,965 million yen (down 475 million yen or 19.5% year-on-year) and operating profit amounted to 627 million yen (down 278 million yen or 30.7% year-on-year).

(2) Explanation of financial position

Total assets as of September 30, 2021 decreased by 1,832 million yen from the end of the previous fiscal year to 106,137 million yen. This was due primarily to a decrease in notes and accounts receivable exceeding the increases in inventories and investment securities.

Total liabilities as of September 30, 2021 decreased by 3,358 million yen from the end of the previous fiscal year to 42,539 million yen. This was due primarily to a decrease in short-term borrowings exceeding the increase in trade payables.

Net assets as of September 30, 2021 increased by 1,525 million yen from the end of the previous fiscal year to 63,597 million yen. This was due primarily to an increase in retained earnings resulting from profit attributable to owners of parent exceeding the decrease in non-controlling interests.

(3) Explanation of the forecast of consolidated financial results and other forward-looking information

There have been no changes to the forecast of consolidated financial results for the fiscal year ending March 31, 2022, announced on August 10, 2021.

## 2. Quarterly consolidated financial statements and primary notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	19,278	18,851
Notes and accounts receivable - trade	32,460	–
Notes and accounts receivable - trade, and contract assets	–	20,743
Electronically recorded monetary claims - operating	1,817	1,524
Merchandise and finished goods	16,009	18,500
Work in process	566	969
Raw materials and supplies	5,482	10,854
Other	2,990	3,410
Allowance for doubtful accounts	(180)	(254)
Total current assets	78,425	74,599
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,449	4,383
Machinery, equipment and vehicles, net	3,567	3,657
Land	5,906	5,909
Other, net	728	901
Total property, plant and equipment	14,651	14,853
Intangible assets		
Goodwill	2,812	2,695
Other	1,306	1,286
Total intangible assets	4,119	3,981
Investments and other assets		
Investment securities	5,805	6,930
Other	5,315	6,180
Allowance for doubtful accounts	(347)	(406)
Total investments and other assets	10,773	12,704
Total non-current assets	29,544	31,538
Total assets	107,969	106,137

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	13,827	15,593
Electronically recorded obligations - operating	1,221	771
Short-term borrowings	10,901	4,616
Current portion of bonds payable	193	216
Income taxes payable	410	1,029
Provision for bonuses	757	692
Provision for environmental measures	508	33
Other provisions	78	–
Electronically recorded obligations - non-operating	49	128
Other	7,374	9,265
<b>Total current liabilities</b>	<b>35,323</b>	<b>32,347</b>
<b>Non-current liabilities</b>		
Bonds payable	1,381	1,313
Long-term borrowings	6,348	6,101
Retirement benefit liability	691	727
Other provisions	98	109
Other	2,054	1,940
<b>Total non-current liabilities</b>	<b>10,574</b>	<b>10,192</b>
<b>Total liabilities</b>	<b>45,897</b>	<b>42,539</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	14,939	14,939
Capital surplus	15,071	15,071
Retained earnings	34,992	36,779
Treasury shares	(1,801)	(1,796)
<b>Total shareholders' equity</b>	<b>63,201</b>	<b>64,994</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	893	857
Foreign currency translation adjustment	(4,253)	(4,315)
Remeasurements of defined benefit plans	1,083	1,051
<b>Total accumulated other comprehensive income</b>	<b>(2,276)</b>	<b>(2,406)</b>
<b>Non-controlling interests</b>	<b>1,146</b>	<b>1,009</b>
<b>Total net assets</b>	<b>62,071</b>	<b>63,597</b>
<b>Total liabilities and net assets</b>	<b>107,969</b>	<b>106,137</b>

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
 Quarterly consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	29,041	31,938
Cost of sales	19,769	21,899
Gross profit	9,272	10,039
Selling, general and administrative expenses	7,700	8,481
Operating profit	1,571	1,558
Non-operating income		
Interest income	38	38
Dividend income	45	49
Rental income from real estate	37	53
Foreign exchange gains	–	156
Share of profit of entities accounted for using equity method	400	476
Gain on valuation of derivatives	236	–
Other	86	33
Total non-operating income	844	807
Non-operating expenses		
Interest expenses	212	240
Foreign exchange losses	1,037	–
Loss on valuation of derivatives	–	554
Other	104	59
Total non-operating expenses	1,355	855
Ordinary profit	1,060	1,510
Extraordinary income		
Gain on sale of non-current assets	1,689	209
Other	–	32
Total extraordinary income	1,689	242
Extraordinary losses		
Loss on disposal of non-current assets	35	13
Environmental expenses	1,390	–
Other	–	3
Total extraordinary losses	1,425	17
Profit before income taxes	1,324	1,735
Income taxes	693	420
Profit	631	1,314
Loss attributable to non-controlling interests	(589)	(214)
Profit attributable to owners of parent	1,220	1,529



Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	631	1,314
Other comprehensive income		
Valuation difference on available-for-sale securities	150	(36)
Foreign currency translation adjustment	(1,012)	(63)
Remeasurements of defined benefit plans, net of tax	(10)	(31)
Share of other comprehensive income of entities accounted for using equity method	(54)	99
Total other comprehensive income	(927)	(31)
Comprehensive income	(296)	1,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	736	1,399
Comprehensive income attributable to non-controlling interests	(1,032)	(116)

### (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,324	1,735
Depreciation	712	749
Amortization of goodwill	117	99
Interest and dividend income	(83)	(88)
Interest expenses	212	240
Share of loss (profit) of entities accounted for using equity method	(400)	(476)
Loss (gain) on sale of non-current assets	(1,689)	(209)
Loss on retirement of non-current assets	35	13
Decrease (increase) in trade receivables	8,270	12,476
Decrease (increase) in inventories	377	(6,984)
Increase (decrease) in trade payables	379	984
Increase (decrease) in provision for environmental measures	1,200	(474)
Other, net	1,871	(340)
Subtotal	12,328	7,726
Interest and dividends received	206	241
Interest paid	(190)	(252)
Income taxes paid	(1,136)	(413)
Net cash provided by (used in) operating activities	11,208	7,302
Cash flows from investing activities		
Purchase of property, plant and equipment	(482)	(592)
Proceeds from sale of property, plant and equipment	1,700	212
Purchase of intangible assets	(94)	(116)
Payments into time deposits	(1,744)	(1,000)
Proceeds from withdrawal of time deposits	1,376	1,300
Other, net	(15)	31
Net cash provided by (used in) investing activities	740	(163)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	716	811
Repayments of short-term borrowings	(5,187)	(5,499)
Proceeds from long-term borrowings	1,774	–
Repayments of long-term borrowings	(536)	(2,185)
Redemption of bonds	(196)	(221)
Repayments of lease obligations	(71)	(69)
Dividends paid	(315)	(590)
Dividends paid to non-controlling interests	(12)	(20)
Proceeds from disposal of treasury shares	1	5
Purchase of treasury shares	(75)	(0)
Net cash provided by (used in) financing activities	(3,902)	(7,771)
Effect of exchange rate change on cash and cash equivalents	(743)	498
Net increase (decrease) in cash and cash equivalents	7,302	(134)
Cash and cash equivalents at beginning of period	12,586	17,414
Cash and cash equivalents at end of period	19,888	17,279

#### (4) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Tax expenses)

The Company calculates tax expenses by producing a reasonable estimate of the effective tax rate after applying tax-effect accounting to profit before income taxes for the fiscal year under review, and then multiplying profit before income taxes by this estimated effective tax rate.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer.

Accordingly, with regard to certain transactions in which the Group acts as an agent in providing the goods or services to a customer, while the Company had previously recognized the gross amount of consideration to be received from the customer as revenue, it now recognizes revenue at the net amount after deducting the amount to be paid to the supplier of the goods from the amount to be received from the customer. Additionally, with regard to charged supplying transactions, while the Company had previously recognized the extinguishment of the charged supplied goods, the Company has shifted to the method by which it does not recognize extinguishment in cases where it assumes the obligation to repurchase the supplied goods.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the first quarter of the fiscal year under review, is added to or subtracted from retained earnings at the beginning of the first quarter of the fiscal year under review, and the new accounting policy is applied from the said beginning balance.

As a result, for the six months ended September 30, 2021, net sales and cost of sales decreased by 168 million yen and 164 million yen, respectively.

Due to the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable - trade," which was presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, is instead included in "Notes and accounts receivable - trade, and contract assets" from the first quarter of the fiscal year under review. In accordance with the transitional treatment provided for in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. effective from the beginning of the first quarter of the fiscal year under review and in accordance with the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc. into the future. This application has no impact on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates related to the impact of the spread of COVID-19)

There have been no material changes to the statements in the Annual Securities Report (Additional Information) for the fiscal year ended March 31, 2021 regarding the accounting estimates related to the impact of the spread of COVID-19 and the assumptions based on such estimates for the six months ended September 30, 2021.

(Segment information, etc.)

[Segment information]

I For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	Agrochemical Business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	25,702	2,440	28,142	898	29,041	–	29,041
Inter-segment net sales or transfers	12	0	12	455	468	(468)	–
Total	25,714	2,440	28,155	1,354	29,510	(468)	29,041
Segment profit	894	905	1,800	152	1,953	(381)	1,571

(Notes) 1. “Others” include business segments that are not included in reportable segments such as greenification and gardening construction, real estate leasing, logistics services, and agrochemical residue analysis.

2. The minus 381 million yen adjustment for segment profit includes minus 381 million yen in unallocated corporate expenses. Corporate expenses consist principally of general administrative expenses that are not attributable to reportable segments.

3. Segment profit was adjusted based on operating profit reported on the consolidated statements of income for the corresponding period.

II For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	Agrochemical Business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	29,273	1,965	31,239	699	31,938	–	31,938
Inter-segment net sales or transfers	11	0	11	480	491	(491)	–
Total	29,285	1,965	31,250	1,179	32,430	(491)	31,938
Segment profit	1,203	627	1,831	126	1,958	(400)	1,558

(Notes) 1. “Others” include business segments that are not included in reportable segments such as greenification and gardening construction, real estate leasing, logistics services, and agrochemical residue analysis.

2. The minus 400 million yen adjustment for segment profit includes minus 400 million yen in unallocated corporate expenses. Corporate expenses consist principally of general administrative expenses that are not attributable to reportable segments.

3. Segment profit was adjusted based on operating profit reported on the consolidated statements of income for the corresponding period.

2. Matters pertaining to changes in reportable segments

The Company has applied the Accounting Standard for Revenue Recognition etc., effective from the beginning of the first quarter of the fiscal year under review, as stated in “Changes in accounting policies,” and due to the change in the accounting treatment of revenue recognition, it has similarly changed the method of calculating the profit (loss) of business segments.

As a result of this change, for the six months ended September 30, 2021, net sales of the agrochemical business, net sales of the chemicals other than agrochemicals business, and net sales of other business decreased by 95 million yen, 60 million yen, and 13 million yen, respectively, compared to the amounts calculated using the previous method.