

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 2022

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Stock exchange listing: Tokyo  
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Scheduled date to file Quarterly Securities Report: November 10, 2022  
Scheduled date to commence dividend payments: December 7, 2022  
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, 2022 (from April 1, 2022 to September 30, 2022)

#### (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, 2022	43,167	37.1	3,030	109.7	3,197	103.9	2,582	66.8
Six months ended September 30, 2021	31,480	-	1,444	-	1,568	-	1,548	-

(Note) Comprehensive income: Six months ended September 30, 2022: 5,660 million yen [341.3%]  
Six months ended September 30, 2021: 1,282 million yen [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	32.94		-	
Six months ended September 30, 2021	19.69		-	

The figures for the six months ended September 30, 2021 are presented after being retrospectively restated reflecting changes in accounting policies.

The year-on-year percentage changes for the six months ended September 30, 2021 are not presented due to the retrospective application of the changes in accounting policies.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	125,418	72,006	56.1
As of March 31, 2022	118,247	66,956	55.5

(Reference) Equity: As of September 30, 2022: 70,369 million yen  
As of March 31, 2022: 65,593 million yen

The figures for the fiscal year ended March 31, 2022 are presented after being retrospectively restated reflecting changes in accounting policies.

## 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
Fiscal year ended March 31, 2022	–	7.50	–	7.50	15.00
Fiscal year ending March 31, 2023	–	8.00			
Fiscal year ending March 31, 2023 (Forecast)			–	8.00	16.00

(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, 2023 (from April 1, 2022 to March 31, 2023)

	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	98,000	22.3	8,800	52.7	7,800	37.7	5,400	22.6	68.86

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

Due to the retrospective application of the changes in accounting policies, the year-on-year percentage changes are calculated using figures for the previous period retrospectively restated.

## 4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022  
(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:   | Yes |
| 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, 2022	81,967,082 shares	As of March 31, 2022	81,967,082 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	3,543,221 shares	As of March 31, 2022	3,542,965 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	78,423,940 shares	Six months ended September 30, 2021	78,640,382 shares
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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.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended September 30, 2022, the global economy experienced sluggish growth, with China suffering from the aftermath of lockdowns enforced in major cities in accordance with the zero-COVID policy, and the U.S. and Europe seeing higher policy interest rates driven by rising pressure on prices. In Japan, prices rose due to the rapid depreciation of the Japanese yen resulting from interest rate gaps with Europe and the U.S. Furthermore, as supply chains remained tight and resource prices continued to spike amid the prolonged military invasion of Ukraine by Russia, an unstable economic climate persisted.

Under such circumstances, the Group engaged in the initiatives of the medium-term management plan, “Ensuring Growing Global 2 (EGG 2)” and has been aiming to improve profitability, establish technological innovation and next-generation businesses, and sustainably enhance corporate value.

Major efforts during the six months ended September 30, 2022 included the full-scale launch of benzpyrimoxan, a novel insecticide for paddy rice, in India, followed by technology dissemination activities aimed at expanding sales. Moreover, as part of our efforts to establish technological innovation and next-generation businesses, we expanded the number of crops that can be analyzed with the smartphone application “Leime AI Disease, Pest & Weed Analysis,” which we have been distributing since April 2020, to 15 crops. Through these smart agriculture initiatives, we are working to further improve convenience for producers.

For the six months ended September 30, 2022, net sales amounted to 43,167 million yen (up 11,687 million yen or 37.1% year-on-year), thanks to the strong performance of our core business, the agrochemicals business, in overseas countries. In terms of profits, operating profit came to 3,030 million yen (up 1,585 million yen or 109.7% year-on-year), ordinary profit was 3,197 million yen (up 1,629 million yen or 103.9% year-on-year), and profit attributable to owners of parent was 2,582 million yen (up 1,034 million yen or 66.8% year-on-year).

To translate revenue and expenses of consolidated subsidiaries overseas, etc. into Japanese yen, we changed methods effective from the first quarter of the fiscal year under review from the one using the spot market exchange rate prevailing on the respective balance sheet dates of these companies to the one using the average exchange rate for the respective periods. Accordingly, year-on-year comparisons are drawn based on the figures adjusted retrospectively. For details, see “2. Quarterly consolidated financial statements and primary notes, (4) Notes to quarterly consolidated financial statements, (Changes in accounting policies).”

The state of the reportable segments during the six months ended September 30, 2022 is as follows.

#### [Agrochemicals business]

Regarding agrochemicals sales in Japan, the Company worked to promote and expand the sales of core internally developed products such as pyrifluquinazon, an insecticide for horticultural (product name: COLT). The Company concluded a sales agreement with Corteva Agriscience Japan Limited and Dow AgroSciences Japan Limited (hereinafter collectively referred to as “Corteva”) in May 2021 in order to expand the share in the domestic agrochemicals market. Overall domestic sales increased year on year owing in part to the start of selling Corteva products from October 2021.

For overseas agrochemicals sales, with demand for agrochemicals in Brazil, the world’s largest agrochemical market, on an upward trend, Sipcam Nichino Brasil S.A. reported increased net sales. In North America, sales of the fungicide flutolanil to peanut growers increased. In Europe, growing demand for the herbicide pyraflufen-ethyl, which gained market share on the expiration of the registration of a competing product and other factors, led to higher sales at Nichino Europe Co., Ltd., and sales of the active ingredient flubendiamide to Bayer were strong. In Asia, sales of tolfenpyrad, an insecticide for horticultural use, for cotton and chili pepper, were strong in India. Consequently, overseas agrochemicals sales overall exceeded the levels of the same period of the previous fiscal year.

As a result of the above, net sales of the agrochemicals business amounted to 40,303 million yen (up 11,487 million yen or 39.9% year-on-year) and operating profit amounted to 2,740 million yen (up 1,649 million yen or 151.3% year-on-year).

#### [Chemicals other than agrochemicals business]

In the chemicals business, AgriMart Corporation experienced strong sales of anti-infectives. Meanwhile, in the

pharmaceutical business, sales of topical antifungal drug luliconazole were sluggish for tinea pedis.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 2,037 million yen (up 72 million yen or 3.7% year-on-year) and operating profit amounted to 570 million yen (down 56 million yen or 9.1% year-on-year).

(2) Explanation of financial position

Total assets as of September 30, 2022 increased by 7,171 million yen from the end of the previous fiscal year to 125,418 million yen. This was due primarily to increases in cash and deposits, inventories, and other under investments and other assets (mainly deferred tax assets) exceeding the decrease in notes and accounts receivable.

Total liabilities as of September 30, 2022 increased by 2,121 million yen from the end of the previous fiscal year to 53,411 million yen. This was due primarily to increases in notes and accounts payable - trade and other under current liabilities (mainly accrued expenses).

Net assets as of September 30, 2022 increased by 5,050 million yen from the end of the previous fiscal year to 72,006 million yen. This was due primarily to increases in accumulated other comprehensive income including foreign currency translation adjustment and retained earnings resulting from profit attributable to owners of parent.

(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, 2023, announced on August 9, 2022.

## 2. Quarterly consolidated financial statements and primary notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,224	13,410
Notes and accounts receivable - trade, and contract assets	36,010	27,291
Electronically recorded monetary claims - operating	2,077	1,823
Merchandise and finished goods	22,395	26,271
Work in process	769	1,079
Raw materials and supplies	9,531	17,462
Other	4,709	5,183
Allowance for doubtful accounts	(366)	(463)
Total current assets	87,351	92,057
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,180	4,230
Machinery, equipment and vehicles, net	3,682	3,714
Land	5,898	5,568
Other, net	1,019	1,254
Total property, plant and equipment	14,781	14,768
Intangible assets		
Goodwill	2,794	2,942
Other	1,424	1,483
Total intangible assets	4,218	4,425
Investments and other assets		
Investment securities	6,955	7,785
Other	5,318	6,835
Allowance for doubtful accounts	(377)	(453)
Total investments and other assets	11,896	14,167
Total non-current assets	30,895	33,361
Total assets	118,247	125,418

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,406	20,589
Electronically recorded obligations - operating	1,117	783
Short-term borrowings	10,477	10,657
Current portion of bonds payable	202	–
Income taxes payable	955	1,326
Provision for bonuses	869	732
Other provisions	41	–
Electronically recorded obligations - non-operating	47	74
Other	8,062	10,591
Total current liabilities	41,180	44,754
Non-current liabilities		
Bonds payable	1,226	1,553
Long-term borrowings	6,128	4,111
Retirement benefit liability	839	866
Other provisions	132	146
Other	1,782	1,978
Total non-current liabilities	10,110	8,657
Total liabilities	51,290	53,411
Net assets		
Shareholders' equity		
Share capital	14,939	14,939
Capital surplus	15,071	15,071
Retained earnings	38,855	40,848
Treasury shares	(1,906)	(1,907)
Total shareholders' equity	66,960	68,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	846	934
Deferred gains or losses on hedges	–	69
Foreign currency translation adjustment	(2,895)	(244)
Remeasurements of defined benefit plans	682	656
Total accumulated other comprehensive income	(1,367)	1,416
Non-controlling interests	1,363	1,637
Total net assets	66,956	72,006
Total liabilities and net assets	118,247	125,418

(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, 2021	Six months ended September 30, 2022
Net sales	31,480	43,167
Cost of sales	21,633	30,347
Gross profit	9,846	12,819
Selling, general and administrative expenses	8,401	9,789
Operating profit	1,444	3,030
Non-operating income		
Interest income	35	95
Dividend income	49	62
Rental income from real estate	53	51
Foreign exchange gains	299	679
Share of profit of entities accounted for using equity method	468	631
Other	33	75
Total non-operating income	939	1,594
Non-operating expenses		
Interest expenses	224	332
Loss on valuation of derivatives	534	1,030
Other	57	63
Total non-operating expenses	816	1,427
Ordinary profit	1,568	3,197
Extraordinary income		
Gain on sale of non-current assets	209	26
Other	32	–
Total extraordinary income	242	26
Extraordinary losses		
Loss on disposal of non-current assets	13	7
Other	3	–
Total extraordinary losses	17	7
Profit before income taxes	1,792	3,217
Income taxes	431	707
Profit	1,360	2,510
Loss attributable to non-controlling interests	(187)	(72)
Profit attributable to owners of parent	1,548	2,582

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,360	2,510
Other comprehensive income		
Valuation difference on available-for-sale securities	(36)	88
Deferred gains or losses on hedges	–	138
Foreign currency translation adjustment	(118)	2,574
Remeasurements of defined benefit plans, net of tax	(31)	(25)
Share of other comprehensive income of entities accounted for using equity method	108	374
Total other comprehensive income	(78)	3,150
Comprehensive income	1,282	5,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,399	5,366
Comprehensive income attributable to non-controlling interests	(116)	293

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,792	3,217
Depreciation	740	833
Amortization of goodwill	98	112
Interest and dividend income	(85)	(157)
Interest expenses	224	332
Share of loss (profit) of entities accounted for using equity method	(468)	(631)
Loss (gain) on sale of non-current assets	(209)	(26)
Loss on retirement of non-current assets	13	7
Decrease (increase) in trade receivables	12,422	12,573
Decrease (increase) in inventories	(6,776)	(9,426)
Increase (decrease) in trade payables	842	(1,994)
Increase (decrease) in provision for environmental measures	(474)	–
Other, net	(332)	552
Subtotal	7,789	5,393
Interest and dividends received	238	403
Interest paid	(236)	(198)
Income taxes paid	(409)	(1,091)
Net cash provided by (used in) operating activities	7,382	4,506
Cash flows from investing activities		
Purchase of property, plant and equipment	(579)	(600)
Proceeds from sale of property, plant and equipment	212	449
Purchase of intangible assets	(116)	(77)
Payments into time deposits	(1,000)	(1,469)
Proceeds from withdrawal of time deposits	1,296	1,012
Other, net	32	(1)
Net cash provided by (used in) investing activities	(153)	(687)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,658)	(2,210)
Repayments of long-term borrowings	(1,979)	(648)
Redemption of bonds	(193)	(223)
Repayments of lease liabilities	(67)	(102)
Dividends paid	(590)	(590)
Dividends paid to non-controlling interests	(20)	(19)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(7,510)	(3,795)
Effect of exchange rate change on cash and cash equivalents	147	676
Net increase (decrease) in cash and cash equivalents	(134)	701
Cash and cash equivalents at beginning of period	17,414	11,061
Cash and cash equivalents at end of period	17,279	11,762

#### (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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) 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 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company will prospectively apply the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement. This application has no impact on the quarterly consolidated financial statements.

(Change in the method of translating revenue and expenses of consolidated subsidiaries overseas, etc.)

Revenue and expenses of consolidated subsidiaries overseas, etc. were previously translated into Japanese yen using the spot market exchange rate prevailing on the respective balance sheet dates of these companies. However, effective from the first quarter of the fiscal year under review, the Company changed the translation method to the one using the average exchange rate for the respective periods.

The change was made as a result of alterations in control systems in the Group that had been made against the backdrop of an increasing significance of consolidated subsidiaries overseas, etc., including integration of budget control systems. The change was also made to mitigate the impact of temporary fluctuations in exchange rates on profit or loss for the period, etc. and reflect revenue and expenses of consolidated subsidiaries overseas, etc., which are earned and incurred throughout the consolidated fiscal year, more appropriately in the consolidated financial statements.

The change in the accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the six months ended September 30, 2021 and the consolidated financial statements for the fiscal year ended March 31, 2022 have been adjusted retrospectively.

As a result of the change, net sales for the six months ended September 30, 2021, decreased by 458 million yen, operating profit decreased by 113 million yen, ordinary profit increased by 57 million yen, profit before income taxes increased by 57 million yen, profit attributable to owners of parent increased by 18 million yen, and earnings per share increased by 0.24 yen, compared to the figures before the retrospective application of the change.

In addition, with the cumulative effects reflected on the net assets at the beginning of the previous fiscal year, the retained earnings balance at the beginning of the previous fiscal year decreased by 209 million yen and the foreign currency translation adjustment balance at the beginning of the previous fiscal year increased by 209 million yen.

(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, 2022 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, 2022.

(Segment information, etc.)

[Segment information]

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

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)
	Agrochemicals business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	28,815	1,965	30,780	699	31,480	–	31,480
Inter-segment net sales or transfers	11	0	11	329	341	(341)	–
Total	28,826	1,965	30,791	1,029	31,821	(341)	31,480
Segment profit	1,090	627	1,718	126	1,844	(400)	1,444

- (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.

II For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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)
	Agrochemicals business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	40,303	2,037	42,341	826	43,167	–	43,167
Inter-segment net sales or transfers	10	–	10	360	371	(371)	–
Total	40,313	2,037	42,351	1,186	43,538	(371)	43,167
Segment profit	2,740	570	3,310	153	3,464	(433)	3,030

- (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 433 million yen adjustment for segment profit includes minus 433 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

Revenue and expenses of consolidated subsidiaries overseas, etc. were previously translated into Japanese yen using the spot market exchange rate prevailing on the respective balance sheet dates of these companies. However, effective from the first quarter of the fiscal year under review, the Company changed the translation method to the one using the average exchange rate for the respective periods. Accordingly, the figures presented above for the six months ended September 30, 2021 are those that have been adjusted retrospectively to reflect the change in the accounting policy.