

**Translation**

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 8, 2023

Company name: NIHON NOHYAKU CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4997 URL <https://www.nichino.co.jp/>  
 Representative: President Hiroyuki Iwata  
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 Scheduled date to file Quarterly Securities Report: August 8, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (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	%
Three months ended June 30, 2023	22,183	(7.6)	1,385	(50.2)	1,326	(57.0)	1,038	(58.6)
Three months ended June 30, 2022	24,015	45.5	2,781	68.5	3,085	74.6	2,509	53.3

(Note) Comprehensive income: Three months ended June 30, 2023: 3,443 million yen [(23.9)%]  
 Three months ended June 30, 2022: 4,522 million yen [318.6%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	13.24	–
Three months ended June 30, 2022	32.00	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	139,649	75,920	52.8
As of March 31, 2023	136,652	73,125	51.9

(Reference) Equity: As of June 30, 2023: 73,663 million yen  
 As of March 31, 2023: 70,915 million yen

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	8.00	–	8.00	16.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		9.00	–	9.00	18.00

(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, 2024 (from April 1, 2023 to March 31, 2024)

	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
First half	45,000	4.2	1,900	(37.3)	1,600	(50.0)	1,100	(57.4)	14.03
Full year	104,000	1.9	8,300	(5.0)	7,500	(3.6)	4,700	4.7	59.93

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

### Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023  
(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: No
- 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 June 30, 2023	81,967,082 shares	As of March 31, 2023	81,967,082 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	3,543,730 shares	As of March 31, 2023	3,543,527 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	78,423,452 shares	Three months ended June 30, 2022	78,424,004 shares
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Shares of the Company held by the Board Benefit Trust are included in the treasury shares which are excluded 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 three months ended June 30, 2023, the global economy saw varied trends. In Europe, the economy remained at a standstill due to the effects of monetary tightening arising from high inflation. However, the U.S. and China experienced a gradual recovery, driven by rebounds in personal consumption and exports. Meanwhile, in Japan, as restrictions related to COVID-19 were relaxed, the normalization of socio-economic activities progressed and there were signs of recovery in personal consumption and corporate production activities. Nonetheless, with the prolonged situation in Ukraine, spiking raw material and energy prices, and inflation caused by the depreciation of the Japanese yen, the economic outlook remained uncertain.

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 increase profits, establish technological innovation and next-generation businesses, and sustainably enhance corporate value.

Major efforts during the three months ended June 30, 2023 included the acquisition of all outstanding shares of Interagro (UK) Limited, a British manufacturer and distributor of adjuvants, other additives, and biostimulants, by our consolidated subsidiary Nichino Europe Co., Ltd., to expand our business portfolio beyond synthetic agrochemicals. Moreover, in our initiatives to realize smart agriculture, we added a new Pictorial Book feature and a diagnostic function for Other Vegetables as part of our efforts to enhance the features of our smartphone application “Leime AI Disease, Pest & Weed Analysis.”

For the three months ended June 30, 2023, net sales amounted to 22,183 million yen (down 1,832 million yen or 7.6% year-on-year), due to sluggish growth in our core agrochemicals business, both in and outside Japan, influenced mainly by unfavorable weather conditions and the impact of distribution inventories remaining from previous years. In terms of profits, operating profit came to 1,385 million yen (down 1,395 million yen or 50.2% year-on-year), ordinary profit was 1,326 million yen (down 1,759 million yen or 57.0% year-on-year), and profit attributable to owners of parent was 1,038 million yen (down 1,471 million yen or 58.6% year-on-year).

The state of the reportable segments during the three months ended June 30, 2023, 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 benzpyrimoxan (product name: “Orchestra”), an insecticide for paddy rice. However, sales were sluggish due to factors such as the impact of distribution inventories from previous years, resulting in total net sales in Japan falling below the same period of the previous year.

For overseas agrochemicals sales, Sipcam Nichino Brasil S.A. reported increased net sales, mainly due to expanded demand for herbicides for sugar cane plants in Brazil, the world’s largest agrochemical market, due to heavy rainfall. Meanwhile, in North America, where colder weather persisted, there were fewer pests than usual, resulting in a decline in demand for insecticides and sluggish net sales for Nichino America Inc. In Asia, Nichino India Pvt. Ltd. experienced a downturn in net sales due to fewer opportunities for spraying caused by unfavorable weather, such as the delayed rainy season in India. Consequently, total overseas net sales fell below the figures from the same period of the previous year.

As a result of the above, net sales of the agrochemicals business amounted to 20,723 million yen (down 1,713 million yen or 7.6% year-on-year) and operating profit was 1,259 million yen (down 1,298 million yen or 50.8% year-on-year).

#### [Chemicals other than agrochemicals business]

In the chemicals business, sales of anti-infective insecticides by AgriMart Corporation increased. In the pharmaceutical business, sales of topical antifungal drug luliconazole were sluggish due to a decrease in demand for overseas markets.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 1,077 million yen (down 74 million yen or 6.4% year-on-year) and operating profit was 288 million yen (down 78 million yen or 21.5% year-on-year).

(2) Explanation of financial position

Total assets as of June 30, 2023, increased by 2,997 million yen from the end of the previous fiscal year to 139,649 million yen. This was due primarily to increases in inventories and investment securities exceeding the decrease in cash and deposits.

Total liabilities as of June 30, 2023, increased by 201 million yen from the end of the previous fiscal year to 63,729 million yen. This was due primarily to an increase in borrowings.

Net assets as of June 30, 2023, increased by 2,795 million yen from the end of the previous fiscal year to 75,920 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, 2024, announced on May 11, 2023.

## 2. Quarterly consolidated financial statements and primary notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	15,644	9,832
Notes and accounts receivable - trade, and contract assets	38,869	37,179
Electronically recorded monetary claims - operating	2,064	4,679
Merchandise and finished goods	27,658	31,840
Work in process	978	933
Raw materials and supplies	13,236	13,210
Other	4,756	4,462
Allowance for doubtful accounts	(589)	(634)
Total current assets	102,619	101,503
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,103	4,047
Machinery, equipment and vehicles, net	3,629	3,624
Land	5,856	5,922
Other, net	1,713	1,850
Total property, plant and equipment	15,303	15,445
Intangible assets		
Goodwill	2,594	2,750
Other	1,503	1,533
Total intangible assets	4,097	4,284
Investments and other assets		
Investment securities	7,552	11,035
Other	7,085	7,387
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	14,631	18,416
Total non-current assets	34,032	38,145
Total assets	136,652	139,649

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,519	19,978
Electronically recorded obligations - operating	1,010	901
Short-term borrowings	10,940	12,976
Current portion of bonds payable	–	1,569
Income taxes payable	759	606
Provision for bonuses	856	373
Provision for environmental measures	18	18
Other provisions	51	–
Electronically recorded obligations - non-operating	150	255
Other	10,253	10,301
Total current liabilities	44,560	46,981
Non-current liabilities		
Bonds payable	5,315	3,926
Long-term borrowings	10,167	9,781
Retirement benefit liability	826	844
Other provisions	186	164
Other	2,470	2,029
Total non-current liabilities	18,966	16,747
Total liabilities	63,527	63,729
Net assets		
Shareholders' equity		
Share capital	14,939	14,939
Capital surplus	15,071	15,071
Retained earnings	42,123	42,531
Treasury shares	(1,907)	(1,907)
Total shareholders' equity	70,227	70,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	956	1,205
Deferred gains or losses on hedges	–	(11)
Foreign currency translation adjustment	(1,985)	153
Remeasurements of defined benefit plans	1,716	1,680
Total accumulated other comprehensive income	688	3,028
Non-controlling interests	2,209	2,257
Total net assets	73,125	75,920
Total liabilities and net assets	136,652	139,649

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	24,015	22,183
Cost of sales	16,460	15,992
Gross profit	7,554	6,191
Selling, general and administrative expenses	4,773	4,805
Operating profit	2,781	1,385
Non-operating income		
Interest income	44	431
Dividend income	54	109
Rental income from real estate	26	25
Foreign exchange gains	1,254	1
Share of profit of entities accounted for using equity method	368	347
Other	45	8
Total non-operating income	1,795	923
Non-operating expenses		
Interest expenses	158	585
Loss on valuation of derivatives	1,312	363
Other	20	34
Total non-operating expenses	1,490	982
Ordinary profit	3,085	1,326
Extraordinary income		
Gain on sale of non-current assets	–	3
Gain on sale of investment securities	–	4
Total extraordinary income	–	7
Extraordinary losses		
Loss on disposal of non-current assets	0	1
Total extraordinary losses	0	1
Profit before income taxes	3,085	1,332
Income taxes	581	320
Profit	2,503	1,012
Loss attributable to non-controlling interests	(6)	(25)
Profit attributable to owners of parent	2,509	1,038



Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,503	1,012
Other comprehensive income		
Valuation difference on available-for-sale securities	115	247
Deferred gains or losses on hedges	(188)	(22)
Foreign currency translation adjustment	1,905	2,102
Remeasurements of defined benefit plans, net of tax	(12)	(35)
Share of other comprehensive income of entities accounted for using equity method	199	139
Total other comprehensive income	2,019	2,430
Comprehensive income	4,522	3,443
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,335	3,378
Comprehensive income attributable to non-controlling interests	187	64

(3) Notes to quarterly consolidated financial statements

(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.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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	22,437	1,151	23,588	426	24,015	–	24,015
Inter-segment net sales or transfers	7	–	7	176	184	(184)	–
Total	22,444	1,151	23,596	603	24,199	(184)	24,015
Segment profit	2,558	367	2,925	72	2,998	(217)	2,781

- (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 217 million yen adjustment for segment profit includes minus 217 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	20,723	1,077	21,801	381	22,183	–	22,183
Inter-segment net sales or transfers	4	–	4	179	184	(184)	–
Total	20,728	1,077	21,806	561	22,367	(184)	22,183
Segment profit	1,259	288	1,548	53	1,601	(216)	1,385

- (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 216 million yen adjustment for segment profit includes minus 216 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.