

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2019 (Based on Japanese GAAP)

May 13, 2019

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 Department Motohiro Nagai TEL +81-3-6361-1400
 Scheduled date to file Quarterly Securities Report: May 13, 2019
 Scheduled date to commence dividend payments: June 11, 2019
 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 March 31, 2019 (from October 1, 2018 to March 31, 2019)

(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 March 31, 2019	37,186	0.6	4,092	9.6	4,082	3.2	2,981	18.0
Six months ended March 31, 2018	36,955	4.1	3,732	3.7	3,955	4.3	2,525	5.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2019	37.85	–
Six months ended March 31, 2018	37.79	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2019	105,646	59,179	54.0
As of September 30, 2018	98,003	57,576	56.8

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 September 30, 2018	–	7.50	–	7.50	15.00
Year ending September 30, 2019	–	7.50			
Year ending September 30, 2019 (Forecast)			–	7.50	15.00

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
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 six months ended March 31, 2019
 (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 March 31, 2019	81,967,082 shares	As of September 30, 2018	81,967,082 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	3,191,604 shares	As of September 30, 2018	3,190,978 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2019	78,775,775 shares	Six months ended March 31, 2018	66,836,574 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	18,889	14,882
Notes and accounts receivable - trade	21,986	33,437
Electronically recorded monetary claims - operating	1,817	1,444
Merchandise and finished goods	11,518	13,974
Work in process	849	873
Raw materials and supplies	5,859	5,629
Other	2,940	2,245
Allowance for doubtful accounts	(455)	(144)
Total current assets	63,405	72,344
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,294	5,204
Machinery, equipment and vehicles, net	3,688	3,619
Land	6,126	6,139
Other, net	948	612
Total property, plant and equipment	16,056	15,576
Intangible assets		
Goodwill	5,625	5,492
Other	1,218	1,179
Total intangible assets	6,844	6,672
Investments and other assets		
Investment securities	5,618	5,305
Shares of parent	1,539	631
Other	4,554	5,428
Allowance for doubtful accounts	(15)	(312)
Total investments and other assets	11,697	11,053
Total non-current assets	34,597	33,302
Total assets	98,003	105,646

(Millions of yen)

As of September 30, 2018

As of March 31, 2019

	As of September 30, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,610	13,087
Electronically recorded obligations - operating	776	1,167
Short-term loans payable	6,261	10,361
Income taxes payable	715	1,480
Provision for bonuses	734	652
Provision for environmental measures	778	595
Other provision	68	65
Electronically recorded obligations - non-operating	89	25
Other	6,783	5,938
Total current liabilities	26,818	33,374
Non-current liabilities		
Bonds payable	1,710	1,712
Long-term loans payable	8,639	8,458
Net defined benefit liability	756	693
Other provision	54	43
Other	2,447	2,183
Total non-current liabilities	13,608	13,092
Total liabilities	40,427	46,466
Net assets		
Shareholders' equity		
Capital stock	14,939	14,939
Capital surplus	15,057	15,057
Retained earnings	28,571	30,962
Treasury shares	(1,727)	(1,728)
Total shareholders' equity	56,840	59,231
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,981	1,076
Foreign currency translation adjustment	(3,477)	(3,566)
Remeasurements of defined benefit plans	317	309
Total accumulated other comprehensive income	(1,178)	(2,180)
Non-controlling interests	1,913	2,129
Total net assets	57,576	59,179
Total liabilities and net assets	98,003	105,646

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

	(Millions of yen)	
	Six months ended March 31, 2018	Six months ended March 31, 2019
Net sales	36,955	37,186
Cost of sales	24,743	24,652
Gross profit	12,212	12,534
Selling, general and administrative expenses	8,479	8,441
Operating profit	3,732	4,092
Non-operating income		
Interest income	81	84
Dividend income	60	70
Real estate rent	40	38
Foreign exchange gains	70	–
Share of profit of entities accounted for using equity method	261	309
Other	68	118
Total non-operating income	581	619
Non-operating expenses		
Interest expenses	256	266
Foreign exchange losses	–	198
Loss on valuation of derivatives	29	54
Other	72	109
Total non-operating expenses	358	629
Ordinary profit	3,955	4,082
Extraordinary income		
Gain on sales of investment securities	133	–
Gain on sales of parent company's stocks	–	515
Total extraordinary income	133	515
Extraordinary losses		
Loss on disposal of non-current assets	21	22
Product recall related costs	57	–
Environmental expenses	17	100
Total extraordinary losses	96	123
Profit before income taxes	3,992	4,475
Income taxes	1,156	1,256
Profit	2,836	3,218
Profit attributable to non-controlling interests	310	237
Profit attributable to owners of parent	2,525	2,981

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended March 31, 2018	Six months ended March 31, 2019
Profit	2,836	3,218
Other comprehensive income		
Valuation difference on available-for-sale securities	(348)	(905)
Foreign currency translation adjustment	(505)	10
Remeasurements of defined benefit plans, net of tax	(2)	(7)
Share of other comprehensive income of entities accounted for using equity method	72	(110)
Total other comprehensive income	(784)	(1,013)
Comprehensive income	2,052	2,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,728	1,978
Comprehensive income attributable to non-controlling interests	323	226

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,992	4,475
Depreciation	710	740
Amortization of goodwill	209	194
Decrease (increase) in net defined benefit asset	(21)	(16)
Increase (decrease) in net defined benefit liability	(41)	(92)
Increase (decrease) in provision for product recall related costs	(137)	–
Increase (decrease) in provision for bonuses	(52)	(79)
Interest and dividend income	(141)	(154)
Interest expenses	256	266
Share of loss (profit) of entities accounted for using equity method	(261)	(309)
Gain or loss on sales of parent company's stocks	–	(515)
Loss (gain) on sales of investment securities	(133)	–
Decrease (increase) in notes and accounts receivable - trade	(13,183)	(11,598)
Decrease (increase) in inventories	(1,466)	(2,265)
Increase (decrease) in notes and accounts payable - trade	4,269	2,913
Increase (decrease) in provision for environmental measures	(114)	(183)
Other, net	(1,086)	337
Subtotal	(7,201)	(6,287)
Interest and dividend income received	141	154
Interest expenses paid	(244)	(270)
Income taxes paid	(513)	(562)
Net cash provided by (used in) operating activities	(7,818)	(6,966)
Cash flows from investing activities		
Purchase of property, plant and equipment	(733)	(749)
Purchase of intangible assets	(178)	(53)
Purchase of investment securities	(48)	–
Proceeds from sales of investment securities	171	–
Proceeds from sales of shares of parent	–	635
Payments into time deposits	(452)	(317)
Proceeds from withdrawal of time deposits	474	238
Other, net	(0)	(29)
Net cash provided by (used in) investing activities	(766)	(275)
Cash flows from financing activities		
Increase in short-term loans payable	6,712	6,034
Decrease in short-term loans payable	(706)	(2,431)
Proceeds from long-term loans payable	3,000	1,718
Repayments of long-term loans payable	(1,574)	(1,426)
Repayments of lease obligations	(65)	(63)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(501)	(590)
Dividends paid to non-controlling interests	(9)	(11)
Net cash provided by (used in) financing activities	6,854	3,229
Effect of exchange rate change on cash and cash equivalents	28	(67)
Net increase (decrease) in cash and cash equivalents	(1,702)	(4,079)
Cash and cash equivalents at beginning of period	10,128	17,534
Cash and cash equivalents at end of period	8,426	13,455