

Translation

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**Summary of Consolidated Financial Results
for the Year Ended September 30, 2019
(Based on Japanese GAAP)**

November 12, 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 of ordinary general meeting of shareholders: December 20, 2019
 Scheduled date to file Securities Report: December 23, 2019
 Scheduled date to commence dividend payments: December 23, 2019
 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, 2019 (from October 1, 2018 to September 30, 2019)

(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, 2019	63,260	3.3	3,318	(20.5)	2,984	(18.3)	2,684	7.1
Year ended September 30, 2018	61,213	2.0	4,172	19.3	3,651	1.5	2,507	45.9

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2019	34.07	–	4.8	3.1	5.2
Year ended September 30, 2018	37.46	–	4.9	3.9	6.8

(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, 2019	94,464	58,198	59.5	713.99
As of September 30, 2018	98,003	57,576	56.8	706.59

(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, 2019	211	(88)	(1,422)	16,302
Year ended September 30, 2018	(819)	767	7,785	17,534

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, 2018	–	7.50	–	7.50	15.00	1,092	40.0	2.1
Year ended September 30, 2019	–	7.50	–	7.50	15.00	1,181	44.0	2.1
Fiscal year from October 1, 2019 to March 31, 2020 (Forecast)	–	–	–	7.50	7.50		–	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (from October 1, 2019 to March 31, 2020)

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
Fiscal year from October 1, 2019 to March 31, 2020	37,000	(0.5)	3,200	(21.8)	3,200	(21.6)	2,400	(19.5)	30.47

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2019

(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: Yes

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, 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 September 30, 2019	3,191,971 shares	As of September 30, 2018	3,190,978 shares
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Average number of shares during the period

Year ended September 30, 2019	78,775,507 shares	Year ended September 30, 2018	66,934,465 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	18,889	17,721
Notes and accounts receivable - trade	21,986	22,029
Electronically recorded monetary claims - operating	1,817	1,648
Merchandise and finished goods	11,518	13,477
Work in process	849	798
Raw materials and supplies	5,859	4,877
Other	2,940	1,939
Allowance for doubtful accounts	(455)	(139)
Total current assets	63,405	62,354
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,294	4,992
Machinery, equipment and vehicles, net	3,688	3,464
Land	6,126	6,061
Construction in progress	300	156
Other, net	647	564
Total property, plant and equipment	16,056	15,240
Intangible assets		
Goodwill	5,625	5,124
Software	399	390
Other	819	742
Total intangible assets	6,844	6,257
Investments and other assets		
Investment securities	5,618	5,206
Shares of parent	1,539	521
Deferred tax assets	1,808	1,839
Retirement benefit asset	425	404
Other	2,320	2,948
Allowance for doubtful accounts	(15)	(308)
Total investments and other assets	11,697	10,611
Total non-current assets	34,597	32,109
Total assets	98,003	94,464

(Millions of yen)

As of September 30, 2018

As of September 30, 2019

	As of September 30, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,610	9,378
Electronically recorded obligations - operating	776	345
Short-term loans payable	6,261	7,819
Current portion of bonds	–	273
Accrued expenses	5,001	4,638
Income taxes payable	715	550
Provision for bonuses	734	739
Provision for bonuses for directors (and other officers)	31	24
Provision for sales returns	37	35
Provision for environmental measures	778	342
Electronically recorded obligations - non-operating	89	74
Other	1,782	1,612
Total current liabilities	26,818	25,834
Non-current liabilities		
Bonds payable	1,710	2,220
Long-term loans payable	8,639	6,035
Deferred tax liabilities	892	498
Provision for retirement benefits for directors (and other officers)	54	49
Retirement benefit liability	756	164
Other	1,554	1,463
Total non-current liabilities	13,608	10,431
Total liabilities	40,427	36,266
Net assets		
Shareholders' equity		
Capital stock	14,939	14,939
Capital surplus	15,057	15,068
Retained earnings	28,571	30,464
Treasury shares	(1,727)	(1,728)
Total shareholders' equity	56,840	58,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,981	1,055
Foreign currency translation adjustment	(3,477)	(4,128)
Remeasurements of defined benefit plans	317	573
Total accumulated other comprehensive income	(1,178)	(2,499)
Non-controlling interests	1,913	1,953
Total net assets	57,576	58,198
Total liabilities and net assets	98,003	94,464

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

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Net sales	61,213	63,260
Cost of sales	39,303	42,268
Gross profit	21,909	20,992
Selling, general and administrative expenses	17,736	17,673
Operating profit	4,172	3,318
Non-operating income		
Interest income	117	125
Dividend income	116	112
Share of profit of entities accounted for using equity method	328	307
Gain on valuation of derivatives	100	-
Real estate rent	78	74
Other	172	242
Total non-operating income	913	863
Non-operating expenses		
Interest expenses	525	539
Share issuance cost	126	-
Foreign exchange losses	652	184
Loss on valuation of derivatives	-	128
Sales discounts	78	63
Other	50	282
Total non-operating expenses	1,434	1,197
Ordinary profit	3,651	2,984
Extraordinary income		
Gain on sales of parent company's stocks	-	515
Gain on sales of non-current assets	1,494	530
Gain on sales of investment securities	133	-
Total extraordinary income	1,628	1,046
Extraordinary losses		
Loss on disposal of non-current assets	179	43
Product recall related costs	57	-
Environmental expenses	1,204	335
Other	8	15
Total extraordinary losses	1,450	393
Profit before income taxes	3,830	3,636
Income taxes - current	1,168	899
Income taxes - deferred	5	(65)
Total income taxes	1,174	834
Profit	2,655	2,802
Profit attributable to non-controlling interests	148	118
Profit attributable to owners of parent	2,507	2,684

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended September 30, 2018	Year ended September 30, 2019
Profit	2,655	2,802
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	(925)
Foreign currency translation adjustment	(1,451)	(563)
Remeasurements of defined benefit plans, net of tax	414	256
Share of other comprehensive income of entities accounted for using equity method	198	(137)
Total other comprehensive income	(934)	(1,370)
Comprehensive income	1,721	1,431
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,836	1,362
Comprehensive income attributable to non-controlling interests	(115)	69

Consolidated statements of changes in equity

Year ended September 30, 2018

(Millions of yen)

	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
Change of scope of consolidation					-
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
Change of scope of consolidation						-
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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,939	15,057	28,571	(1,727)	56,840
Changes of items during period					
Issuance of new shares					–
Change in ownership interest of parent due to transactions with non-controlling interests		11			11
Dividends of surplus			(1,181)		(1,181)
Profit attributable to owners of parent			2,684		2,684
Change of scope of consolidation			390		390
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	11	1,892	(0)	1,903
Balance at end of current period	14,939	15,068	30,464	(1,728)	58,744

	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	1,981	(3,477)	317	(1,178)	1,913	57,576
Changes of items during period						
Issuance of new shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						11
Dividends of surplus						(1,181)
Profit attributable to owners of parent						2,684
Change of scope of consolidation						390
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(925)	(651)	256	(1,321)	39	(1,281)
Total changes of items during period	(925)	(651)	256	(1,321)	39	621
Balance at end of current period	1,055	(4,128)	573	(2,499)	1,953	58,198

Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,830	3,636
Depreciation	1,421	1,452
Amortization of goodwill	385	377
Decrease (increase) in retirement benefit asset	(43)	(30)
Increase (decrease) in retirement benefit liability	(70)	(169)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	(4)
Increase (decrease) in provision for product recall related costs	(137)	-
Increase (decrease) in provision for environmental measures	664	(436)
Increase (decrease) in allowance for doubtful accounts	67	(13)
Increase (decrease) in provision for bonuses	11	10
Increase (decrease) in provision for bonuses for directors (and other officers)	30	(7)
Increase (decrease) in provision for sales returns	8	(2)
Interest and dividend income	(233)	(238)
Interest expenses	525	539
Share of loss (profit) of entities accounted for using equity method	(328)	(307)
Gain or loss on sales of parent company's stocks	-	(515)
Loss (gain) on sales of property, plant and equipment	(1,494)	(530)
Loss on retirement of property, plant and equipment	61	43
Loss (gain) on sales of investment securities	(133)	-
Decrease (increase) in notes and accounts receivable - trade	(2,462)	(592)
Decrease (increase) in inventories	(3,531)	(632)
Increase (decrease) in notes and accounts payable - trade	1,696	(1,903)
Increase (decrease) in accrued consumption taxes	13	73
Other, net	53	719
Subtotal	329	1,467
Interest and dividend income received	452	370
Interest expenses paid	(512)	(552)
Income taxes paid	(1,089)	(1,074)
Net cash provided by (used in) operating activities	(819)	211
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,087)	(1,398)
Proceeds from sales of property, plant and equipment	2,687	1,083
Purchase of intangible assets	(275)	(144)
Purchase of investment securities	(48)	-
Proceeds from sales of investment securities	171	-
Proceeds from sales of shares of parent	-	635
Payments into time deposits	(294)	(1,513)
Proceeds from withdrawal of time deposits	432	1,437
Payments of loans receivable	(154)	-
Collection of loans receivable	154	-
Other, net	181	(188)
Net cash provided by (used in) investing activities	767	(88)

(Millions of yen)

	Year ended September 30, 2018	Year ended September 30, 2019
Cash flows from financing activities		
Increase in short-term loans payable	9,435	6,809
Decrease in short-term loans payable	(6,945)	(6,656)
Proceeds from long-term loans payable	3,000	1,787
Repayments of long-term loans payable	(4,435)	(2,853)
Proceeds from issuance of bonds	–	2,494
Redemption of bonds	–	(1,687)
Repayments of lease obligations	(129)	(115)
Proceeds from issuance of common shares	7,873	–
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,002)	(1,181)
Dividends paid to non-controlling interests	(9)	(11)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(7)
Net cash provided by (used in) financing activities	7,785	(1,422)
Effect of exchange rate change on cash and cash equivalents	(327)	(198)
Net increase (decrease) in cash and cash equivalents	7,405	(1,498)
Cash and cash equivalents at beginning of period	10,128	17,534
Increase in cash and cash equivalents from newly consolidated subsidiary	–	266
Cash and cash equivalents at end of period	17,534	16,302