

Translation

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## Summary of Consolidated Financial Results for the Fiscal Period Ended March 31, 2020 (Based on Japanese GAAP)

July 9, 2020

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  
 Date of ordinary general meeting of shareholders: June 26, 2020  
 Scheduled date to file Securities Report: August 5, 2020  
 Date of commencement of dividend payments: June 29, 2020  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal period ended March 31, 2020 (from October 1, 2019 to March 31, 2020)

(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	%
Fiscal period ended March 31, 2020	35,674	–	4,005	–	4,004	–	1,477	–
Year ended September 30, 2019	63,260	3.3	3,318	(20.5)	2,984	(18.3)	2,684	7.1

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Fiscal period ended March 31, 2020	18.75	–	2.6	4.1	11.2
Year ended September 30, 2019	34.07	–	4.8	3.1	5.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	102,214	58,372	55.2	716.47
As of September 30, 2019	94,464	58,198	59.5	713.99

(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
Fiscal period ended March 31, 2020	(5,954)	47	2,248	12,586
Year ended September 30, 2019	211	(88)	(1,422)	16,302

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			
Year ended September 30, 2019	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2019	–	7.50	–	7.50	15.00	1,181	44.0	2.1
Fiscal period ended March 31, 2020	–	–	–	4.00	4.00	315	21.3	0.6
Fiscal year from April 1, 2020 to March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

In light of the spread of the novel coronavirus disease (COVID-19) on a global scale, forward-looking statements for the next term have not yet been determined, and the impact of the spread of COVID-19 is being examined. The Company plans to announce the forecast of consolidated financial results with the Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020.

4. Notes

(1) Changes in significant subsidiaries during the fiscal period ended March 31, 2020  
(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 March 31, 2020	81,967,082 shares	As of September 30, 2019	81,967,082 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	3,192,332 shares	As of September 30, 2019	3,191,971 shares
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Average number of shares during the period

Fiscal period ended March 31, 2020	78,774,890 shares	Year ended September 30, 2019	78,775,507 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2019	As of March 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	17,721	14,010
Notes and accounts receivable - trade	22,029	31,231
Electronically recorded monetary claims - operating	1,648	1,574
Merchandise and finished goods	13,477	15,556
Work in process	798	693
Raw materials and supplies	4,877	5,962
Other	1,939	3,435
Allowance for doubtful accounts	(139)	(133)
<b>Total current assets</b>	<b>62,354</b>	<b>72,331</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	4,992	4,804
Machinery, equipment and vehicles, net	3,464	3,476
Land	6,061	5,917
Construction in progress	156	56
Other, net	564	600
<b>Total property, plant and equipment</b>	<b>15,240</b>	<b>14,855</b>
<b>Intangible assets</b>		
Goodwill	5,124	2,941
Software	390	382
Other	742	868
<b>Total intangible assets</b>	<b>6,257</b>	<b>4,192</b>
<b>Investments and other assets</b>		
Investment securities	5,206	5,147
Shares of parent	521	–
Deferred tax assets	1,839	1,907
Retirement benefit asset	404	1,076
Other	2,948	3,069
Allowance for doubtful accounts	(308)	(366)
<b>Total investments and other assets</b>	<b>10,611</b>	<b>10,834</b>
<b>Total non-current assets</b>	<b>32,109</b>	<b>29,882</b>
<b>Total assets</b>	<b>94,464</b>	<b>102,214</b>

	As of September 30, 2019	As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,378	12,699
Electronically recorded obligations - operating	345	1,054
Short-term borrowings	7,819	10,136
Current portion of bonds payable	273	264
Accrued expenses	4,638	4,656
Income taxes payable	550	1,124
Provision for bonuses	739	656
Provision for bonuses for directors (and other officers)	24	1
Provision for sales returns	35	51
Provision for environmental measures	342	–
Electronically recorded obligations - non-operating	74	82
Other	1,612	1,828
<b>Total current liabilities</b>	<b>25,834</b>	<b>32,555</b>
<b>Non-current liabilities</b>		
Bonds payable	2,220	2,149
Long-term borrowings	6,035	6,508
Deferred tax liabilities	498	453
Provision for retirement benefits for directors (and other officers)	49	45
Provision for share-based remuneration	–	6
Retirement benefit liability	164	658
Other	1,463	1,461
<b>Total non-current liabilities</b>	<b>10,431</b>	<b>11,285</b>
<b>Total liabilities</b>	<b>36,266</b>	<b>43,841</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	14,939	14,939
Capital surplus	15,068	15,068
Retained earnings	30,464	31,553
Treasury shares	(1,728)	(1,728)
<b>Total shareholders' equity</b>	<b>58,744</b>	<b>59,832</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,055	583
Foreign currency translation adjustment	(4,128)	(4,607)
Remeasurements of defined benefit plans	573	630
<b>Total accumulated other comprehensive income</b>	<b>(2,499)</b>	<b>(3,392)</b>
<b>Non-controlling interests</b>	<b>1,953</b>	<b>1,933</b>
<b>Total net assets</b>	<b>58,198</b>	<b>58,372</b>
<b>Total liabilities and net assets</b>	<b>94,464</b>	<b>102,214</b>

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

(Millions of yen)

	Year ended September 30, 2019	Fiscal period ended March 31, 2020
Net sales	63,260	35,674
Cost of sales	42,268	23,031
Gross profit	20,992	12,642
Selling, general and administrative expenses	17,673	8,637
Operating profit	3,318	4,005
Non-operating income		
Interest income	125	65
Dividend income	112	51
Share of profit of entities accounted for using equity method	307	271
Gain on valuation of derivatives	–	54
Rental income from real estate	74	36
Other	242	84
Total non-operating income	863	562
Non-operating expenses		
Interest expenses	539	324
Foreign exchange losses	184	170
Loss on valuation of derivatives	128	–
Sales discounts	63	25
Other	282	41
Total non-operating expenses	1,197	562
Ordinary profit	2,984	4,004
Extraordinary income		
Gain on sales of parent company's stocks	515	360
Gain on sales of non-current assets	530	2
Total extraordinary income	1,046	363
Extraordinary losses		
Loss on disposal of non-current assets	43	25
Impairment loss	–	1,779
Environmental expenses	335	43
Other	15	–
Total extraordinary losses	393	1,848
Profit before income taxes	3,636	2,519
Income taxes - current	899	945
Income taxes - deferred	(65)	61
Total income taxes	834	1,006
Profit	2,802	1,513
Profit attributable to non-controlling interests	118	35
Profit attributable to owners of parent	2,684	1,477

**Consolidated statements of comprehensive income**

(Millions of yen)

	Year ended September 30, 2019	Fiscal period ended March 31, 2020
Profit	2,802	1,513
Other comprehensive income		
Valuation difference on available-for-sale securities	(925)	(472)
Foreign currency translation adjustment	(563)	(450)
Remeasurements of defined benefit plans, net of tax	256	57
Share of other comprehensive income of entities accounted for using equity method	(137)	(72)
Total other comprehensive income	(1,370)	(937)
Comprehensive income	1,431	575
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,362	584
Comprehensive income attributable to non-controlling interests	69	(9)

**Consolidated statements of changes in equity**

Year ended September 30, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,939	15,057	28,571	(1,727)	56,840
Changes during period					
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 in scope of consolidation			390		390
Purchase of treasury shares				(0)	(0)
Change in scope of equity method					-
Net changes in items other than shareholders' equity					
Total changes during period	-	11	1,892	(0)	1,903
Balance at end of 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 period	1,981	(3,477)	317	(1,178)	1,913	57,576
Changes during period						
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 in scope of consolidation						390
Purchase of treasury shares						(0)
Change in scope of equity method						-
Net changes in items other than shareholders' equity	(925)	(651)	256	(1,321)	39	(1,281)
Total changes during period	(925)	(651)	256	(1,321)	39	621
Balance at end of period	1,055	(4,128)	573	(2,499)	1,953	58,198

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,939	15,068	30,464	(1,728)	58,744
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests					–
Dividends of surplus			(590)		(590)
Profit attributable to owners of parent			1,477		1,477
Change in scope of consolidation					–
Purchase of treasury shares				(0)	(0)
Change in scope of equity method			202		202
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,088	(0)	1,088
Balance at end of period	14,939	15,068	31,553	(1,728)	59,832

	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 period	1,055	(4,128)	573	(2,499)	1,953	58,198
Changes during period						
Change in ownership interest of parent due to transactions with non-controlling interests						–
Dividends of surplus						(590)
Profit attributable to owners of parent						1,477
Change in scope of consolidation						–
Purchase of treasury shares						(0)
Change in scope of equity method						202
Net changes in items other than shareholders' equity	(472)	(478)	57	(892)	(20)	(913)
Total changes during period	(472)	(478)	57	(892)	(20)	174
Balance at end of period	583	(4,607)	630	(3,392)	1,933	58,372



**Consolidated statements of cash flows**

(Millions of yen)

	Year ended September 30, 2019	Fiscal period ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,636	2,519
Depreciation	1,452	762
Impairment loss	–	1,779
Amortization of goodwill	377	181
Increase (decrease) in provision for environmental measures	(436)	(342)
Interest and dividend income	(238)	(116)
Interest expenses	539	324
Share of loss (profit) of entities accounted for using equity method	(307)	(271)
Gain or loss on sales of parent company's stocks	(515)	(360)
Loss (gain) on sales of property, plant and equipment	(530)	(2)
Loss on retirement of property, plant and equipment	43	25
Decrease (increase) in trade receivables	(592)	(9,606)
Decrease (increase) in inventories	(632)	(3,218)
Increase (decrease) in trade payables	(1,903)	4,232
Other, net	575	(1,355)
Subtotal	1,467	(5,449)
Interest and dividends received	370	110
Interest paid	(552)	(249)
Income taxes paid	(1,074)	(366)
Net cash provided by (used in) operating activities	211	(5,954)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,398)	(340)
Proceeds from sales of property, plant and equipment	1,083	151
Purchase of intangible assets	(144)	(225)
Purchase of investment securities	–	(11)
Proceeds from sales of shares of parent	635	477
Payments into time deposits	(1,513)	(484)
Proceeds from withdrawal of time deposits	1,437	487
Other, net	(188)	(7)
Net cash provided by (used in) investing activities	(88)	47

(Millions of yen)

	Year ended September 30, 2019	Fiscal period ended March 31, 2020
Cash flows from financing activities		
Proceeds from short-term borrowings	6,809	5,679
Repayments of short-term borrowings	(6,656)	(1,931)
Proceeds from long-term borrowings	1,787	2,145
Repayments of long-term borrowings	(2,853)	(2,967)
Proceeds from issuance of bonds	2,494	–
Redemption of bonds	(1,687)	–
Repayments of lease obligations	(115)	(75)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,181)	(590)
Dividends paid to non-controlling interests	(11)	(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	(1,422)	2,248
Effect of exchange rate change on cash and cash equivalents	(198)	(57)
Net increase (decrease) in cash and cash equivalents	(1,498)	(3,716)
Cash and cash equivalents at beginning of period	17,534	16,302
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	266	–
Cash and cash equivalents at end of period	16,302	12,586