

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 2021

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
 Date of ordinary general meeting of shareholders: June 23, 2021
 Date of commencement of dividend payments: June 24, 2021
 Scheduled date to file Securities Report: June 24, 2021
 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 March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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 March 31, 2021	71,525	–	6,981	–	5,722	–	4,344	–
Fiscal period ended March 31, 2020	35,674	–	4,005	–	4,004	–	1,477	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	55.23	–	7.4	5.4	9.8
Fiscal period ended March 31, 2020	18.75	–	2.6	4.1	11.2

(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, 2021	107,969	62,071	56.4	774.76
As of March 31, 2020	102,214	58,372	55.2	716.47

(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 March 31, 2021	5,776	(283)	(197)	17,414
Fiscal period ended March 31, 2020	(5,954)	47	2,248	12,586

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			
Fiscal period ended March 31, 2020	Yen –	Yen –	Yen –	Yen 4.00	Yen 4.00	Millions of yen 315	% 21.3	% 0.6
Year ended March 31, 2021	–	7.50	–	7.50	15.00	1,181	27.2	2.0
Year ending March 31, 2022 (Forecast)	–	7.50	–	7.50	15.00		45.4	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	28,500	(1.9)	200	(87.3)	300	(71.7)	300	(75.4)	3.81
Full year	74,000	3.5	4,100	(41.3)	3,800	(33.6)	2,600	(40.2)	33.05

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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: No

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, 2021	81,967,082 shares	As of March 31, 2020	81,967,082 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	3,330,355 shares	As of March 31, 2020	3,192,332 shares
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Average number of shares during the period

Year ended March 31, 2021	78,670,703 shares	Fiscal period ended March 31, 2020	78,774,890 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	14,010	19,278
Notes and accounts receivable - trade	31,231	32,460
Electronically recorded monetary claims - operating	1,574	1,817
Merchandise and finished goods	15,556	16,009
Work in process	693	566
Raw materials and supplies	5,962	5,482
Other	3,435	2,990
Allowance for doubtful accounts	(133)	(180)
Total current assets	<u>72,331</u>	<u>78,425</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,804	4,449
Machinery, equipment and vehicles, net	3,476	3,567
Land	5,917	5,906
Construction in progress	56	64
Other, net	600	663
Total property, plant and equipment	<u>14,855</u>	<u>14,651</u>
Intangible assets		
Goodwill	2,941	2,812
Software	382	464
Other	868	842
Total intangible assets	<u>4,192</u>	<u>4,119</u>
Investments and other assets		
Investment securities	5,147	5,805
Deferred tax assets	1,907	1,103
Retirement benefit asset	1,076	1,903
Other	3,069	2,308
Allowance for doubtful accounts	(366)	(347)
Total investments and other assets	<u>10,834</u>	<u>10,773</u>
Total non-current assets	<u>29,882</u>	<u>29,544</u>
Total assets	<u>102,214</u>	<u>107,969</u>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,699	13,827
Electronically recorded obligations - operating	1,054	1,221
Short-term borrowings	10,136	10,901
Current portion of bonds payable	264	193
Accrued expenses	4,656	5,416
Income taxes payable	1,124	410
Provision for bonuses	656	757
Provision for bonuses for directors (and other officers)	1	42
Provision for sales returns	51	36
Provision for environmental measures	–	508
Electronically recorded obligations - non-operating	82	49
Other	1,828	1,957
Total current liabilities	32,555	35,323
Non-current liabilities		
Bonds payable	2,149	1,381
Long-term borrowings	6,508	6,348
Deferred tax liabilities	453	561
Provision for retirement benefits for directors (and other officers)	45	47
Provision for share awards	6	50
Retirement benefit liability	658	691
Other	1,461	1,492
Total non-current liabilities	11,285	10,574
Total liabilities	43,841	45,897
Net assets		
Shareholders' equity		
Share capital	14,939	14,939
Capital surplus	15,068	15,071
Retained earnings	31,553	34,992
Treasury shares	(1,728)	(1,801)
Total shareholders' equity	59,832	63,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	583	893
Foreign currency translation adjustment	(4,607)	(4,253)
Remeasurements of defined benefit plans	630	1,083
Total accumulated other comprehensive income	(3,392)	(2,276)
Non-controlling interests	1,933	1,146
Total net assets	58,372	62,071
Total liabilities and net assets	102,214	107,969

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

(Millions of yen)

	Fiscal period ended March 31, 2020	Year ended March 31, 2021
Net sales	35,674	71,525
Cost of sales	23,031	47,317
Gross profit	12,642	24,207
Selling, general and administrative expenses	8,637	17,225
Operating profit	4,005	6,981
Non-operating income		
Interest income	65	85
Dividend income	51	88
Share of profit of entities accounted for using equity method	271	282
Gain on valuation of derivatives	54	275
Rental income from real estate	36	93
Other	84	192
Total non-operating income	562	1,017
Non-operating expenses		
Interest expenses	324	458
Foreign exchange losses	170	1,598
Sales discounts	25	32
Other	41	187
Total non-operating expenses	562	2,277
Ordinary profit	4,004	5,722
Extraordinary income		
Gain on sale of shares of parent	360	–
Gain on sale of non-current assets	2	1,689
Total extraordinary income	363	1,689
Extraordinary losses		
Loss on disposal of non-current assets	25	53
Impairment losses	1,779	–
Environmental expenses	43	1,498
Other	–	9
Total extraordinary losses	1,848	1,561
Profit before income taxes	2,519	5,850
Income taxes - current	945	1,537
Income taxes - deferred	61	288
Total income taxes	1,006	1,825
Profit	1,513	4,024
Profit (loss) attributable to non-controlling interests	35	(320)
Profit attributable to owners of parent	1,477	4,344

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal period ended March 31, 2020	Year ended March 31, 2021
Profit	1,513	4,024
Other comprehensive income		
Valuation difference on available-for-sale securities	(472)	310
Foreign currency translation adjustment	(450)	(108)
Remeasurements of defined benefit plans, net of tax	57	452
Share of other comprehensive income of entities accounted for using equity method	(72)	53
Total other comprehensive income	(937)	707
Comprehensive income	575	4,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	584	5,461
Comprehensive income attributable to non-controlling interests	(9)	(729)

Consolidated statements of changes in equity

Fiscal period ended March 31, 2020

(Millions of yen)

	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
Disposal of treasury shares					–
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
Disposal of treasury shares						–
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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,939	15,068	31,553	(1,728)	59,832
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		3			3
Dividends of surplus			(905)		(905)
Profit attributable to owners of parent			4,344		4,344
Disposal of treasury shares				1	1
Purchase of treasury shares				(75)	(75)
Change in scope of equity method					-
Net changes in items other than shareholders' equity					
Total changes during period	-	3	3,438	(73)	3,368
Balance at end of period	14,939	15,071	34,992	(1,801)	63,201

	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	583	(4,607)	630	(3,392)	1,933	58,372
Changes during period						
Change in ownership interest of parent due to transactions with non-controlling interests						3
Dividends of surplus						(905)
Profit attributable to owners of parent						4,344
Disposal of treasury shares						1
Purchase of treasury shares						(75)
Change in scope of equity method						-
Net changes in items other than shareholders' equity	310	353	452	1,116	(786)	330
Total changes during period	310	353	452	1,116	(786)	3,698
Balance at end of period	893	(4,253)	1,083	(2,276)	1,146	62,071

Consolidated statements of cash flows

(Millions of yen)

	Fiscal period ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,519	5,850
Depreciation	762	1,476
Impairment losses	1,779	–
Amortization of goodwill	181	243
Increase (decrease) in provision for environmental measures	(342)	508
Interest and dividend income	(116)	(173)
Interest expenses	324	458
Share of loss (profit) of entities accounted for using equity method	(271)	(282)
Loss (gain) on sale of shares of parent	(360)	–
Loss (gain) on sale of property, plant and equipment	(2)	(1,689)
Loss on retirement of property, plant and equipment	25	53
Decrease (increase) in trade receivables	(9,606)	(2,589)
Decrease (increase) in inventories	(3,218)	(397)
Increase (decrease) in trade payables	4,232	1,915
Other, net	(1,355)	2,722
Subtotal	(5,449)	8,096
Interest and dividends received	110	305
Interest paid	(249)	(391)
Income taxes paid	(366)	(2,233)
Net cash provided by (used in) operating activities	(5,954)	5,776
Cash flows from investing activities		
Purchase of property, plant and equipment	(340)	(1,235)
Proceeds from sale of property, plant and equipment	151	1,700
Purchase of intangible assets	(225)	(188)
Purchase of investment securities	(11)	–
Proceeds from sale of shares of parent	477	–
Payments into time deposits	(484)	(1,814)
Proceeds from withdrawal of time deposits	487	1,393
Purchase of shares of subsidiaries and associates	–	(70)
Other, net	(7)	(68)
Net cash provided by (used in) investing activities	47	(283)

(Millions of yen)

	Fiscal period ended March 31, 2020	Year ended March 31, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	5,679	5,725
Repayments of short-term borrowings	(1,931)	(5,191)
Proceeds from long-term borrowings	2,145	3,637
Repayments of long-term borrowings	(2,967)	(2,993)
Redemption of bonds	–	(199)
Repayments of lease obligations	(75)	(143)
Purchase of treasury shares	(0)	(75)
Proceeds from disposal of treasury shares	–	1
Dividends paid	(590)	(905)
Dividends paid to non-controlling interests	(11)	(12)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(41)
Net cash provided by (used in) financing activities	2,248	(197)
Effect of exchange rate change on cash and cash equivalents	(57)	(467)
Net increase (decrease) in cash and cash equivalents	(3,716)	4,828
Cash and cash equivalents at beginning of period	16,302	12,586
Cash and cash equivalents at end of period	12,586	17,414