

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 10, 2021

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Scheduled date to file Quarterly Securities Report: August 10, 2021  
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, 2021 (from April 1, 2021 to June 30, 2021)

#### (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, 2021	16,547	17.7	1,670	33.6	1,772	144.5	1,642	117.0
Three months ended June 30, 2020	14,063	20.4	1,250	–	724	–	756	–

(Note) Comprehensive income: Three months ended June 30, 2021: 1,080 million yen [-%]  
Three months ended June 30, 2020: (557) million yen [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	20.89	–
Three months ended June 30, 2020	9.61	–

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter under review, and figures for the first quarter of the fiscal year ending March 31, 2022 are presented after application of such accounting standard, etc.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	108,061	63,390	57.8
As of March 31, 2021	107,969	62,071	56.4

(Reference) Equity: As of June 30, 2021: 62,458 million yen  
As of March 31, 2021: 60,924 million yen

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter under review, and figures for the first quarter of the fiscal year ending March 31, 2022 are presented after application of such accounting standard, etc.

## 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
Fiscal period ended March 31, 2021	–	7.50	–	7.50	15.00
Year ending March 31, 2022	–				
Year ending March 31, 2022 (Forecast)		7.50	–	7.50	15.00

(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, 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	31,700	9.2	1,700	8.2	1,900	79.1	1,500	22.9	19.08
Full year	81,000	13.2	5,400	(22.7)	5,200	(9.1)	3,600	(17.1)	45.78

(Note) Revision to the forecast of financial results announced most recently: Yes

## 4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021  
(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: Yes
- 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, 2021	81,967,082 shares	As of March 31, 2021	81,967,082 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	3,330,493 shares	As of March 31, 2021	3,330,355 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, 2021	78,636,665 shares	Three months ended June 30, 2020	78,774,750 shares
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Shares of the Company held by the share grant trust for the Company's officers are included in treasury shares which are deducted 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, 2021, the Japanese economy remained in a severe situation due mainly to weak consumer spending and a worsening employment environment caused by the spread of COVID-19. Although production activities and capital investments of companies currently show a recovery trend and expectations are high for the effects of the full-scale rollout of the vaccines, economic prospects are still uncertain since the number of infected persons again turned to an increasing trend with increasing variants of the COVID-19.

Under such circumstances, the Group engaged in the initiatives of the new, three-year medium-term management plan, “Ensuring Growing Global 2,” which began from the current fiscal year, and has been aiming to improve profitability, establish technological innovation and next-generation businesses, and sustainably enhance corporate value.

For the three months ended June 30, 2021, net sales amounted to 16,547 million yen (up 2,483 million yen or 17.7% year-on-year), thanks to the strong performance of our core business, the agrochemical business both in Japan and overseas. In terms of profits, operating profit came to 1,670 million yen (up 420 million yen or 33.6% year-on-year), ordinary profit was 1,772 million yen (up 1,047 million yen or 144.5% year-on-year), and profit attributable to owners of parent was 1,642 million yen (up 885 million yen or 117.0% year-on-year).

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter under review. Accordingly, comparisons with the same period of the previous fiscal year are based on amounts calculated using different standards. For details on the effects of the application of the Accounting Standard for Revenue Recognition, etc. on the financial position and operating results, see “2. Quarterly consolidated financial statements and primary notes, (3) Notes to quarterly consolidated financial statements, (Changes in accounting policies) and (Segment information, etc.), Segment information II. 2. Matters pertaining to changes in reportable segments.”

Additionally, effective from the first quarter under review, Tama Kagaku Kogyo Co., Ltd. has been included in the scope of application of the equity method.

The state of the reportable segments during the three months ended June 30, 2021 is as follows.

#### [Agrochemical business]

Regarding agrochemical sales in Japan, core internally developed products such as tiadnil, a fungicide for paddy rice (product name: V-GET), and fungicide pyraziflumid for horticultural use (product name: “Parade”) performed strongly. However, overall sales in Japan declined year-on-year due to the effects of the discontinuation of certain products, etc. Sales of benzpyrimoxan (product name: “Orchestra”), a novel insecticide for paddy rice, which acquired agrochemical registration in September 2020, began on May 25, 2021.

For overseas agrochemical sales, Nichino India Pvt. Ltd. reported sluggish performance, due to the temporary suspension of its production activities as a result of the COVID-19 pandemic. Meanwhile, with the continuing warm and dry climate, North America experienced a greater-than-usual tick infestation resulting in the growing demand for acaricide fenpyroximate and increased net sales for Nichino America, Inc. Additionally, in Europe, net sales of Nichino Europe Co., Ltd. increased due mainly to increased sales of the herbicide pyraflufen-ethyl which took away shares from competing products. Furthermore, in Brazil where demand for agrochemicals has been on a rebound, Sipcam Nichino Brasil S.A. reported increased net sales, driven by successful sales strategies for herbicides for sugar cane plants, and accordingly, overseas agrochemical sales overall exceeded the levels of the same period of the previous fiscal year.

As a result of the above, net sales of the agrochemical business amounted to 14,932 million yen (up 2,797 million yen or 23.1% year-on-year) and operating profit amounted to 1,284 million yen (up 532 million yen or 70.9% year-on-year).

#### [Chemicals other than agrochemicals business]

In the chemicals business, AgriMart Corporation experienced robust sales of termiticides. AgriMart Corporation commenced sales of “NEXUS Z800,” the new soil treatment termiticide on May 27, 2021. Meanwhile, in the pharmaceutical business, the athlete’s foot segment including topical antifungal drug luliconazole experienced sluggish sales.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 1,257 million yen (down 192 million yen or 13.3% year-on-year) and operating profit amounted to 523 million yen (down 89 million yen or 14.5% year-on-year).

(2) Explanation of financial position

Total assets as of June 30, 2021 increased by 91 million yen from the end of the previous fiscal year to 108,061 million yen. This was due primarily to increases in inventories and investment securities exceeding the decreases in cash and deposits and notes and accounts receivable.

Total liabilities as of June 30, 2021 decreased by 1,226 million yen from the end of the previous fiscal year to 44,671 million yen. This was due primarily to a decrease in short-term borrowings exceeding the increase in trade payables.

Net assets as of June 30, 2021 increased by 1,318 million yen from the end of the previous fiscal year to 63,390 million yen. This was due primarily to an increase in retained earnings resulting from profit attributable to owners of parent exceeding the decreases in accumulated other comprehensive income including foreign currency translation adjustment.

(3) Explanation of the forecast of consolidated financial results and other forward-looking information

The forecasts of consolidated financial results for the six months ending September 30, 2021 and the full year ending March 31, 2022, announced on May 12, 2021, have been revised. For details, see the “Notice of Revision to Forecast of Financial Results” announced today (August 10, 2021).

## 2. Quarterly consolidated financial statements and Primary Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	19,278	15,523
Notes and accounts receivable - trade	32,460	–
Notes and accounts receivable - trade, and contract assets	–	30,062
Electronically recorded monetary claims - operating	1,817	3,203
Merchandise and finished goods	16,009	16,863
Work in process	566	650
Raw materials and supplies	5,482	8,529
Other	2,990	3,162
Allowance for doubtful accounts	(180)	(222)
Total current assets	78,425	77,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,449	4,367
Machinery, equipment and vehicles, net	3,567	3,506
Land	5,906	5,894
Other, net	728	775
Total property, plant and equipment	14,651	14,544
Intangible assets		
Goodwill	2,812	2,727
Other	1,306	1,301
Total intangible assets	4,119	4,028
Investments and other assets		
Investment securities	5,805	6,810
Other	5,315	5,251
Allowance for doubtful accounts	(347)	(346)
Total investments and other assets	10,773	11,715
Total non-current assets	29,544	30,288
Total assets	107,969	108,061

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	13,827	14,401
Electronically recorded obligations - operating	1,221	876
Short-term borrowings	10,901	8,976
Current portion of bonds payable	193	188
Income taxes payable	410	700
Provision for bonuses	757	338
Provision for environmental measures	508	433
Other provisions	78	–
Electronically recorded obligations - non-operating	49	146
Other	7,374	8,477
<b>Total current liabilities</b>	<b>35,323</b>	<b>34,538</b>
<b>Non-current liabilities</b>		
Bonds payable	1,381	1,155
Long-term borrowings	6,348	6,289
Retirement benefit liability	691	703
Other provisions	98	97
Other	2,054	1,886
<b>Total non-current liabilities</b>	<b>10,574</b>	<b>10,132</b>
<b>Total liabilities</b>	<b>45,897</b>	<b>44,671</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	14,939	14,939
Capital surplus	15,071	15,071
Retained earnings	34,992	36,893
Treasury shares	(1,801)	(1,801)
<b>Total shareholders' equity</b>	<b>63,201</b>	<b>65,102</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	893	784
Foreign currency translation adjustment	(4,253)	(4,496)
Remeasurements of defined benefit plans	1,083	1,067
<b>Total accumulated other comprehensive income</b>	<b>(2,276)</b>	<b>(2,644)</b>
<b>Non-controlling interests</b>	<b>1,146</b>	<b>931</b>
<b>Total net assets</b>	<b>62,071</b>	<b>63,390</b>
<b>Total liabilities and net assets</b>	<b>107,969</b>	<b>108,061</b>

(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, 2020	Three months ended June 30, 2021
Net sales	14,063	16,547
Cost of sales	9,190	10,935
Gross profit	4,873	5,611
Selling, general and administrative expenses	3,622	3,941
Operating profit	1,250	1,670
Non-operating income		
Interest income	18	17
Dividend income	41	44
Rental income from real estate	18	27
Share of profit of entities accounted for using equity method	239	303
Gain on valuation of derivatives	119	197
Other	27	26
Total non-operating income	464	618
Non-operating expenses		
Interest expenses	118	126
Foreign exchange losses	842	366
Other	29	23
Total non-operating expenses	989	516
Ordinary profit	724	1,772
Extraordinary income		
Gain on sale of non-current assets	0	209
Total extraordinary income	0	209
Extraordinary losses		
Loss on disposal of non-current assets	2	2
Loss on valuation of investment securities	–	1
Total extraordinary losses	2	3
Profit before income taxes	722	1,978
Income taxes	483	516
Profit	239	1,461
Loss attributable to non-controlling interests	(517)	(180)
Profit attributable to owners of parent	756	1,642



Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	239	1,461
Other comprehensive income		
Valuation difference on available-for-sale securities	148	(108)
Foreign currency translation adjustment	(864)	(322)
Remeasurements of defined benefit plans, net of tax	(5)	(15)
Share of other comprehensive income of entities accounted for using equity method	(74)	65
Total other comprehensive income	(796)	(381)
Comprehensive income	(557)	1,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	329	1,275
Comprehensive income attributable to non-controlling interests	(886)	(194)

### (3) Notes to quarterly consolidated financial statements

(Notes on 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.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer.

Accordingly, with regard to certain transactions in which the Group acts as an agent in providing the goods or services to a customer, while the Company had previously recognized the gross amount of consideration to be received from the customer as revenue, it now recognizes revenue at the net amount after deducting the amount to be paid to the supplier of the goods from the amount to be received from the customer. Additionally, with regard to charged supplying transactions, while the Company had previously recognized the extinguishment of the charged supplied goods, the Company has shifted to the method by which it does not recognize extinguishment in cases where it assumes the obligation to repurchase the supplied goods.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the first quarter under review, is added to or subtracted from retained earnings at the beginning of the first quarter under review, and the new accounting policy is applied from the said beginning balance.

As a result, for the three months ended June 30, 2021, net sales and cost of sales decreased by 120 million yen and 119 million yen, respectively.

Due to the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable-trade," which was presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, is instead included in "Notes and accounts receivable-trade, and contract assets" from the first quarter under review. In accordance with the transitional treatment provided for in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. effective from the beginning of the first quarter under review and in accordance with the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc. into the future. This application has no impact on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates related to the impact of the spread of COVID-19)

There have been no material changes to the statements in the Annual Securities Report (Additional Information) for the fiscal year ended March 31, 2021 regarding the accounting estimates related to the impact of the spread of COVID-19 and the assumptions based on such estimates for the three months ended June 30, 2021.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

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)
	Agrochemical Business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	12,134	1,449	13,584	478	14,063	–	14,063
Inter-segment net sales or transfers	10	0	10	227	238	(238)	–
Total	12,145	1,449	13,595	706	14,301	(238)	14,063
Segment profit	751	612	1,364	75	1,440	(189)	1,250

- (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 189 million yen adjustment for segment profit includes minus 189 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, 2021 (from April 1, 2021 to June 30, 2021)

1. 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)
	Agrochemical Business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	14,932	1,257	16,190	357	16,547	–	16,547
Inter-segment net sales or transfers	6	–	6	246	252	(252)	–
Total	14,938	1,257	16,196	603	16,799	(252)	16,547
Segment profit	1,284	523	1,808	62	1,871	(200)	1,670

- (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 200 million yen adjustment for segment profit includes minus 200 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.

2. Matters pertaining to changes in reportable segments

The Company has applied the Accounting Standard for Revenue Recognition etc., effective from the beginning of the first quarter under review, as stated in “Change in accounting policies,” and due to the change in the accounting treatment of revenue recognition, it has similarly changed the method of calculating the profit (loss) of business segments.

As a result of this change, for the three months ended June 30, 2021, net sales of the agrochemical business, net sales of the chemicals other than agrochemicals business, and net sales of other business decreased by 91 million yen, 22 million yen, and 6 million yen, respectively, compared to the amounts calculated using the previous method.