

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 10, 2025

Company name: NIHON NOHYAKU CO., LTD.
Stock exchange listing: Tokyo
Stock code: 4997 URL <https://www.nichino.co.jp/>
Representative: President Hiroyuki Iwata
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Scheduled date of commencement of dividend payments: –
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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	61,374	(3.0)	3,639	42.4	3,061	71.7	2,104	44.1
Nine months ended December 31, 2023	63,290	(4.1)	2,555	(50.1)	1,782	(61.5)	1,460	(52.0)

(Note) Comprehensive income: Nine months ended December 31, 2024: 2,292 million yen [(37.9)%]
Nine months ended December 31, 2023: 3,693 million yen [(18.8)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	26.83	–
Nine months ended December 31, 2023	18.61	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	153,057	81,017	51.5
As of March 31, 2024	157,983	80,396	49.4

(Reference) Equity: As of December 31, 2024: 78,879 million yen
As of March 31, 2024: 78,068 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	9.00	—	9.00	18.00
Fiscal year ending March 31, 2025	—	10.00	—		
Fiscal year ending March 31, 2025 (Forecast)				10.00	20.00

(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, 2025 (from April 1, 2024 to March 31, 2025)

	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	104,500	1.4	8,100	8.9	6,700	12.9	4,800	0.5	61.20

(Note) Revision to the forecast of financial results announced most recently: No

Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: 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 December 31, 2024	81,967,082 shares	As of March 31, 2024	81,967,082 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	3,709,947 shares	As of March 31, 2024	3,503,567 shares
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Average number of shares during the period

Nine months ended December 31, 2024	78,427,264 shares	Nine months ended December 31, 2023	78,447,249 shares
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Shares of the Company held by the Board Benefit Trust are included in the treasury shares which are excluded from the calculation of the number of treasury shares at the end of the period and the average number of shares during the period.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: No

* 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. Overview of Operating Results, etc.

(1) Overview of operating results for the nine months ended December 31, 2024

During the nine months ended December 31, 2024, the global economy saw varied trends. The U.S. economy continued to expand as personal consumption and capital investment showed an upward trend. In Europe, the economy saw a rebound with a recovery in consumption, the bottoming out of production, and other factors. The Japanese economy continued to be on a gradual recovery path as there were signs of improvement in corporate earnings and employment conditions. Meanwhile, in China, the economy experienced a slower growth as the sluggish real estate market and declining prices continued.

Under such circumstances, the Group engaged in the initiatives of the medium-term management plan, “Growing Global for Sustainability (GGS),” and has been aiming to deepen its business strategies, advance its environmental management, and promote human capital management as well as achieve sustainability of both the entire society and the Group.

Major efforts during the nine months ended December 31, 2024 included obtaining rights regarding the registration, development, sales, and other matters with respect to a novel microbial biofungicide aimed at expanding the business other than agrochemicals. As for efforts related to smart agriculture, we linked our smartphone application “Leime AI Disease, Pest & Weed Analysis” (“Application”) with “Z-GIS” provided by the ZEN-NOH under the JA Group and provided our AI disease, pest and weed analysis system for “KSAS,” the farm management system of Kubota Corporation. In addition, as part of our efforts to enhance the features of the Application, we installed a new AI Forecast function as well as expanded crops for analysis. Furthermore, we expanded the areas in which “AcroSeeker™,” an overseas edition of the Application, can be used in local languages to Laos and Indonesia. The English version of AcroSeeker™ is now available in over 160 countries and regions worldwide.

For the nine months ended December 31, 2024, net sales amounted to 61,374 million yen (down 1,915 million yen or 3.0% year-on-year) due to a decrease in sales of flubendiamide ingredients to Bayer AG as well as the impact of unfavorable weather conditions in some regions, in the agrochemicals business, the Group’s core business. In terms of profits, due in part to improved profitability as a result of a decline in prices of raw materials in Brazil, operating profit came to 3,639 million yen (up 1,083 million yen or 42.4% year-on-year), ordinary profit was 3,061 million yen (up 1,278 million yen or 71.7% year-on-year), and profit attributable to owners of parent was 2,104 million yen (up 643 million yen or 44.1% year-on-year).

The state of the reportable segments during the nine months ended December 31, 2024 is as follows.

[Agrochemicals business]

Regarding agrochemicals sales in Japan, the Company worked to promote and expand the sales of core internally developed products such as benzpyrimoxan, an insecticide for paddy rice, (product name: “Orchestra”) and pyraziflumid, a fungicide for horticulture, (product name: “Parade”). In addition, sales of products of Corteva were robust, resulting in total net sales in Japan exceeding those of the same period of the previous year.

For overseas agrochemicals sales, sales increased due to factors such as robust sales of pyraflufen-ethyl for Canada owing to the increased demand for herbicides caused by heavy rainfall in North America. In Europe, sales of Nichino Europe Co., Ltd. reported increased net sales due to robust sales of herbicides owing to heavy rainfall mainly in Benelux and the U.K., despite a decrease in sales of flubendiamide ingredients to Bayer AG. In Central and South America, in Brazil, the world’s largest agrochemical market, a decline in sales was limited to a slight decrease due to the increased demand for fungicides caused by heavy rainfall as well as our successful efforts on cultivating new business fields for internally developed products, despite a trend of a decline in prices centered on generic agrochemicals owing to the impact of intensified competition. In Asia, sales remained stagnant due to the sluggish sales in India owing to fewer opportunities for applying agrochemicals caused by the impact of torrential rain in some regions as well as the impact of slow-moving distribution inventories caused by drought in the previous year, among other factors. Consequently, total overseas net sales fell below the figures from the same period of the previous year.

As a result of the above, net sales of the agrochemicals business amounted to 57,178 million yen (down 2,050 million yen or 3.5% year-on-year), and operating profit was 3,570 million yen (up 1,323 million yen or 58.9% year-on-year) due in part to improved profitability in Brazil.

[Chemicals other than agrochemicals business]

In the chemicals business, sales in the termiticide sector remained robust. In the pharmaceutical business, sales of topical antifungal drug luliconazole for onychomycosis were sluggish due to the impact of overstocking at sales dealers.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 2,892 million yen (up 16 million yen or 0.6% year-on-year), and operating profit was 514 million yen (down 228 million yen or 30.8% year-on-year).

(2) Overview of financial position as of December 31, 2024

Total assets as of December 31, 2024, decreased by 4,926 million yen from the end of the previous fiscal year to 153,057 million yen. This was due primarily to a decrease in trade receivables which exceeded an increase in inventories.

Total liabilities as of December 31, 2024, decreased by 5,547 million yen from the end of the previous fiscal year to 72,040 million yen. This was due primarily to a decrease in interest-bearing debt.

Net assets as of December 31, 2024, increased by 620 million yen from the end of the previous fiscal year to 81,017 million yen. This was due primarily to an increase in retained earnings owing to profit attributable to owners of parent.

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

As for the forecast of consolidated financial results for the full year ending March 31, 2025, there have been no changes to the forecast of consolidated financial results announced on May 13, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	20,555	29,444
Notes and accounts receivable - trade, and contract assets	47,867	29,653
Electronically recorded monetary claims - operating	2,598	2,066
Merchandise and finished goods	28,086	29,629
Work in process	878	1,172
Raw materials and supplies	12,986	16,670
Other	6,417	4,985
Allowance for doubtful accounts	(759)	(844)
Total current assets	118,632	112,777
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,282	4,078
Machinery, equipment and vehicles, net	3,819	3,853
Land	5,956	5,596
Other, net	1,935	2,529
Total property, plant and equipment	15,994	16,057
Intangible assets		
Goodwill	2,645	2,504
Other	1,963	1,997
Total intangible assets	4,608	4,502
Investments and other assets		
Investment securities	11,598	12,138
Other	7,244	7,699
Allowance for doubtful accounts	(95)	(117)
Total investments and other assets	18,748	19,720
Total non-current assets	39,351	40,280
Total assets	157,983	153,057

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,333	20,299
Electronically recorded obligations - operating	1,049	824
Short-term borrowings	16,294	13,896
Current portion of bonds payable	1,755	—
Income taxes payable	742	696
Provision for bonuses	853	509
Provision for environmental measures	—	1,057
Other provisions	41	—
Electronically recorded obligations - non-operating	173	255
Other	10,953	8,203
Total current liabilities	52,196	45,742
Non-current liabilities		
Bonds payable	4,381	5,465
Long-term borrowings	17,252	16,458
Retirement benefit liability	1,003	930
Provision for environmental measures	—	927
Other provisions	206	233
Other	2,547	2,283
Total non-current liabilities	25,390	26,298
Total liabilities	77,587	72,040

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	14,939	14,939
Capital surplus	15,071	15,071
Retained earnings	45,561	46,168
Treasury shares	(1,887)	(2,026)
Total shareholders' equity	73,685	74,153
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,297	1,371
Deferred gains or losses on hedges	—	2
Foreign currency translation adjustment	1,488	1,867
Remeasurements of defined benefit plans	1,596	1,484
Total accumulated other comprehensive income	4,382	4,725
Non-controlling interests	2,327	2,137
Total net assets	80,396	81,017
Total liabilities and net assets	157,983	153,057

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	63,290	61,374
Cost of sales	45,048	40,668
Gross profit	18,241	20,705
Selling, general and administrative expenses	15,685	17,066
Operating profit	2,555	3,639
Non-operating income		
Interest income	1,195	1,362
Dividend income	184	143
Rental income from real estate	75	79
Foreign exchange gains	112	—
Share of profit of entities accounted for using equity method	513	729
Gain on valuation of derivatives	—	398
Other	78	260
Total non-operating income	2,160	2,972
Non-operating expenses		
Interest expenses	1,821	1,921
Foreign exchange losses	—	1,535
Loss on valuation of derivatives	938	—
Other	174	93
Total non-operating expenses	2,933	3,550
Ordinary profit	1,782	3,061
Extraordinary income		
Gain on sale of non-current assets	5	2,111
Gain on sale of investment securities	4	—
Total extraordinary income	9	2,111
Extraordinary losses		
Loss on disposal of non-current assets	7	14
Environmental expenses	15	1,984
Other	—	0
Total extraordinary losses	22	1,998
Profit before income taxes	1,769	3,174
Income taxes	640	1,060
Profit	1,129	2,113
Profit (loss) attributable to non-controlling interests	(330)	9
Profit attributable to owners of parent	1,460	2,104

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	1,129	2,113
Other comprehensive income		
Valuation difference on available-for-sale securities	97	72
Deferred gains or losses on hedges	42	5
Foreign currency translation adjustment	1,859	353
Remeasurements of defined benefit plans, net of tax	(107)	(112)
Share of other comprehensive income of entities accounted for using equity method	673	(140)
Total other comprehensive income	2,564	178
Comprehensive income	3,693	2,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,667	2,446
Comprehensive income attributable to non-controlling interests	26	(154)

(3) Notes to quarterly consolidated financial statements

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter ‘Revised Accounting Standard 2022’”) and other accounting standards from the beginning of the first quarter ended June 30, 2024.

Revisions in the accounting classification of current income taxes (taxes on other comprehensive income) have been made in accordance with the transitional treatments stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatments stipulated in the proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter ‘Revised Guidance 2022.’”

The Company has applied the Revised Guidance 2022 from the beginning of the first quarter ended June 30, 2024 with respect to revisions regarding reviews on treatments in the consolidated financial statements in the case that gains or losses associated with sales of shares, etc. of subsidiaries among consolidated companies are deferred for tax purposes. The changes in accounting policies have been retrospectively applied and the quarterly consolidated financial statements for the quarters of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared after the retrospective application of the changes.

This has no impact on the quarterly consolidated financial statements and the consolidated financial statements.

(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.

(Additional information)

(Occurrence of a disputed incident)

A claim for damages was filed on October 10, 2023 against Sipcam Nichino Brasil S.A. (“SNB”), a consolidated subsidiary of the Company, which was served with the complaint on October 20, 2023. Details of the litigation are presented below.

1. Summary of the litigation

On July 26, 2023, a heavily armed robbery took place at SNB, a consolidated subsidiary of the Company, during which products that SNB had been packaging in fulfillment of a contract with FMC QUÍMICA DO BRASIL LTDA. (“FMC”) were stolen. In response, FMC filed a claim for damages against SNB on October 10, 2023.

2. Details of the plaintiff

(1) Name: FMC QUÍMICA DO BRASIL LTDA.

(2) Address: Avenida Doutor José Bonifácio Coutinho Nogueira, No. 150, Commercial Complexes 103, 105, 107, 108 and 109, Jardim Madalena District, in the municipality of Campinas, State of São Paulo, CEP 13091-611

3. Amount of damages claimed (excluding delay damages)

45 million reais

4. Future outlook

The Group has obtained the opinion from an external legal expert that the incident falls within the definition of force majeure. As there are significant differences in opinions regarding matters, including the interpretation of the scope of liabilities, we will carefully examine the contents of the complaint and take appropriate action. We will defend ourselves based on the opinion of the external legal expert mentioned above, among other things. It cannot be ruled out that the litigation may have an impact on our financial position and operating results depending on the

progression of the litigation. Therefore, at this moment, it is difficult to reasonably estimate whether we will have to pay the damages and the amount of the impact they would have.

(Notes to segment information, etc.)

[Segment information]

I For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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)
	Agrochemicals business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	59,229	2,876	62,105	1,184	63,290	—	63,290
Inter-segment net sales or transfers	14	—	14	571	585	(585)	—
Total	59,243	2,876	62,119	1,756	63,876	(585)	63,290
Segment profit	2,247	742	2,989	230	3,220	(664)	2,555

- (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 664-million-yen adjustment for segment profit includes minus 664 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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

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)
	Agrochemicals business	Chemicals other than agrochemicals business	Subtotal				
Net sales							
Net sales to outside customers	57,178	2,892	60,071	1,302	61,374	—	61,374
Inter-segment net sales or transfers	4	0	4	551	556	(556)	—
Total	57,183	2,893	60,076	1,854	61,931	(556)	61,374
Segment profit	3,570	514	4,084	244	4,329	(689)	3,639

- (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 689-million-yen adjustment for segment profit includes minus 689 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.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Going concern assumption)

Not applicable.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 are not prepared. Depreciation, which includes depreciation for intangible assets excluding goodwill, and amortization of goodwill for the nine months ended December 31 are as follows:

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	1,261 million yen	1,500 million yen
Amortization of goodwill	172 million yen	180 million yen