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Consolidated Results for 1st to 3rd Quarter Fiscal 2022: April 1, 2022 – December 31, 2022

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

1. Operating results (percent change from previous year in brackets)

	Q1-Q3 2022	Q1-Q3 2021
Net sales	2,040,417 [+11.8%]	1,824,751 [+18.7%]
Operating income	116,322 [-33.2%]	174,056 [+34.4%]
Ordinary income	111,909 [-39.2%]	184,207 [+39.2%]
Net income attributable to owners of the parent	66,043 [-53.0%]	140,662 [+75.9%]
Net income per share*	47.61	101.38
Diluted net income per share*	—	—

* Yen

Note:

Comprehensive income was ¥147,979 million during Q1-Q3 2022, and ¥171,044 million during Q1-Q3 2021.

2. Financial position

At end of	December 2022	March 2022
Total assets	3,698,006	3,349,075
Net assets	1,817,827	1,718,815
Net worth/total assets	48.3%	50.4%
Net worth per share*	1,287.36	1,216.33

* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth was ¥1,784,376 million as of December 31, 2022, and ¥1,687,410 million as of March 31, 2022.

II. Cash Dividends

Fiscal year	Cash dividends per share*				Total annual
	Q1	Q2	Q3	Q4	
2021	—	17.00	—	17.00	34.00
2022	—	18.00	—	—	—
2022 (forecast)	—	—	—	18.00	36.00

* Yen

Note:

No revision of cash dividend forecast was made subsequent to the latest announced forecast.

III. Forecast for Fiscal 2022 (April 1, 2022 – March 31, 2023)

1. Latest forecasts (percent change from results in year-ago period in brackets)

	For the fiscal year
Net sales	2,737,000 [+11.2%]
Operating income	125,000 [-38.3%]
Ordinary income	118,000 [-44.4%]
Net income attributable to owners of the parent	70,000 [-56.8%]
Net income per share*	50.46

* Yen

Notes:

- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2022 announced on November 9, 2022, has been revised.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period

Addition of one new subsidiary:
Bionova Holdings, Inc.

2. Special accounting methods for preparation of the consolidated financial statements

Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

3. Changes in accounting policies, changes in accounting estimates, and retroactive restatement

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement:

Accounting Standards Board of Japan (ASBJ) Guidance No. 31 “Implementation Guidance on Accounting Standard for Fair Value Measurement” is applied from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement regarding transitional treatment, the new accounting policy is to be applied in the future. This change has no effect on the quarterly consolidated financial statements.

4. Notable changes in shareholders' equity: None

5. Number of shares outstanding

	Q1-Q3 2022	FY 2021
Number of shares outstanding at end of period	1,393,932,032	1,393,932,032
Number of shares of treasury stock at end of period	7,862,065	6,640,935
Average number of shares outstanding during period	1,387,159,926	1,387,478,845 *

* Q1-Q3 2021

V. Consolidated Financial Statements

1. Balance sheets

	At end of March 2022	At end of December 2022
Assets		
Current assets		
Cash and deposits	244,641	289,326
Notes, accounts receivable–trade, and contract assets	434,595	460,910
Merchandise and finished goods	252,521	309,271
Work in process	146,120	173,515
Raw materials and supplies	141,608	170,556
Other	117,195	154,089
Allowance for doubtful accounts	(2,471)	(2,578)
Total current assets	<u>1,334,209</u>	<u>1,555,089</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	646,311	663,307
Accumulated depreciation	(333,966)	(344,555)
Buildings and structures, net	<u>312,344</u>	<u>318,751</u>
Machinery, equipment and vehicles	1,569,782	1,604,883
Accumulated depreciation	(1,288,462)	(1,308,246)
Machinery, equipment and vehicles, net	<u>281,320</u>	<u>296,637</u>
Land	69,567	70,269
Lease assets	8,679	12,300
Accumulated depreciation	(6,814)	(6,623)
Lease assets, net	<u>1,865</u>	<u>5,677</u>
Construction in progress	102,284	110,410
Other	159,312	164,352
Accumulated depreciation	(121,477)	(120,318)
Other, net	<u>37,834</u>	<u>44,034</u>
Subtotal	<u>805,215</u>	<u>845,778</u>
Intangible assets		
Goodwill	431,335	505,133
Other	405,508	417,368
Subtotal	<u>836,843</u>	<u>922,501</u>
Investments and other assets		
Investment securities	246,701	244,026
Long-term loans receivable	6,227	6,175
Long-term advance payments–trade	30,432	28,496
Net defined benefit asset	1,193	4,015
Deferred tax assets	54,276	55,378
Other	34,404	37,033
Allowance for doubtful accounts	(426)	(485)
Subtotal	<u>372,808</u>	<u>374,638</u>
Total noncurrent assets	<u>2,014,866</u>	<u>2,142,917</u>
Total assets	<u>3,349,075</u>	<u>3,698,006</u>

	At end of March 2022	At end of December 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	178,092	203,623
Short-term loans payable	239,491	297,301
Commercial paper	113,000	183,000
Current portion of bonds payable	—	40,000
Lease obligations	2,224	2,718
Accrued expenses	146,275	127,544
Income taxes payable	58,115	6,218
Advances received	62,476	71,667
Provision for grant of shares	208	—
Provision for periodic repairs	4,738	7,494
Provision for product warranties	4,007	4,232
Provision for removal cost of property, plant and equipment	4,445	4,176
Other	110,778	103,863
Total current liabilities	923,850	1,051,836
Noncurrent liabilities		
Bonds payable	160,000	170,000
Long-term loans payable	253,785	368,324
Lease obligations	8,715	13,047
Deferred tax liabilities	52,017	46,598
Provision for grant of shares	490	490
Provision for periodic repairs	5,396	3,747
Provision for removal cost of property, plant and equipment	12,298	11,012
Net defined benefit liability	152,081	150,291
Long-term guarantee deposits	22,490	22,702
Other	39,139	42,132
Total noncurrent liabilities	706,410	828,343
Total liabilities	1,630,260	1,880,180
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,887	79,841
Retained earnings	1,282,325	1,299,655
Treasury stock	(6,219)	(7,424)
Total shareholders' equity	1,459,381	1,475,461
Accumulated other comprehensive income		
Net unrealized gain on other securities	66,287	65,135
Deferred gains or losses on hedges	(341)	101
Foreign currency translation adjustment	167,225	247,649
Remeasurements of defined benefit plans	(5,142)	(3,970)
Total accumulated other comprehensive income	228,029	308,915
Non-controlling interests	31,405	33,451
Total net assets	1,718,815	1,817,827
Total liabilities and net assets	3,349,075	3,698,006

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1-Q3 2021	Q1-Q3 2022
Net sales	1,824,751	2,040,417
Cost of sales	1,235,747	1,442,706
Gross profit	589,004	597,711
Selling, general and administrative expenses	414,948	481,390
Operating income	174,056	116,322
Non-operating income		
Interest income	951	2,031
Dividends income	3,506	3,654
Equity in earnings of affiliates	7,667	1,501
Other	5,787	3,213
Total non-operating income	17,910	10,399
Non-operating expenses		
Interest expense	2,660	3,594
Other	5,100	11,218
Total non-operating expenses	7,760	14,812
Ordinary income	184,207	111,909
Extraordinary income		
Gain on sales of investment securities	14,252	7,132
Gain on sales of noncurrent assets	852	670
Insurance income	—	1,843
Gain on step acquisitions	1,700	—
Total extraordinary income	16,804	9,645
Extraordinary loss		
Loss on valuation of investment securities	195	1,713
Loss on disposal of noncurrent assets	5,300	5,242
Impairment loss	450	1,340
Loss on fire at plant facilities	—	5,561
Business structure improvement expenses	9,264	4,665
Total extraordinary loss	15,209	18,521
Income before income taxes	185,802	103,034
Total income taxes	43,420	36,035
Net income	142,382	66,999
Net income attributable to non-controlling interests	1,720	955
Net income attributable to owners of the parent	140,662	66,043

2) Statements of comprehensive income

	Q1-Q3 2021	Q1-Q3 2022
Net income	142,382	66,999
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(13,719)	(947)
Deferred gains or losses on hedges	123	442
Foreign currency translation adjustment	40,177	79,041
Remeasurements of defined benefit plans	1,765	1,179
Share of other comprehensive income of affiliates accounted for using equity method	316	1,265
Total other comprehensive income	28,662	80,980
Comprehensive income	171,044	147,979
Comprehensive income attributable to:		
Owners of the parent	168,922	146,929
Non-controlling interests	2,122	1,049

3. Statements of cash flows

	Q1-Q3 2021	Q1-Q3 2022
Cash flows from operating activities		
Income before income taxes	185,802	103,034
Depreciation and amortization	88,704	102,361
Impairment loss	450	1,340
Amortization of goodwill	20,891	28,239
Increase (decrease) in provision for grant of shares	(124)	(208)
Increase (decrease) in provision for periodic repairs	(3,031)	1,107
Increase (decrease) in provision for product warranties	244	184
Increase (decrease) in provision for removal cost of property, plant and equipment	(1,899)	(1,557)
Increase (decrease) in net defined benefit liability	(3,025)	(2,117)
Interest and dividend income	(4,457)	(5,685)
Interest expense	2,660	3,594
Equity in (earnings) losses of affiliates	(7,667)	(1,501)
(Gain) loss on sales of investment securities	(14,252)	(7,132)
(Gain) loss on valuation of investment securities	195	1,713
(Gain) loss on sale of property, plant and equipment	(852)	(670)
(Gain) loss on disposal of noncurrent assets	5,300	5,242
(Increase) decrease in notes, accounts receivable–trade, and contract assets	(59,185)	(11,290)
(Increase) decrease in inventories	(57,257)	(103,985)
Increase (decrease) in notes and accounts payable–trade	34,989	16,355
Increase (decrease) in accrued expenses	(10,416)	(24,764)
Increase (decrease) in advances received	7,865	6,440
Other, net	(19,397)	(11,369)
Subtotal	165,537	99,330
Interest and dividend income, received	5,997	11,175
Interest expense paid	(2,153)	(3,228)
Income taxes (paid) refund	(56,697)	(106,056)
Net cash provided by (used in) operating activities	112,683	1,222
Cash flows from investing activities		
Payments into time deposits	(2,528)	(3,135)
Proceeds from withdrawal of time deposits	6,548	2,390
Purchase of property, plant and equipment	(93,206)	(110,767)
Proceeds from sales of property, plant and equipment	1,092	3,551
Purchase of intangible assets	(17,733)	(15,682)
Purchase of investment securities	(4,392)	(5,774)
Proceeds from sales of investment securities	17,940	9,501
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(78,894)	(78,070)
Payments of loans receivable	(4,272)	(7,667)
Collection of loans receivable	400	2,342
Other, net	(250)	(106)
Net cash provided by (used in) investing activities	(175,297)	(203,416)

	Q1-Q3 2021	Q1-Q3 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	74,154	68,920
Increase (decrease) in commercial paper	28,000	70,000
Proceeds from long-term loans payable	544	130,653
Repayment of long-term loans payable	(18,792)	(33,909)
Proceeds from issuance of bonds payable	50,000	50,000
Repayments of lease obligations	(2,208)	(2,405)
Purchase of treasury stock	(409)	(1,412)
Proceeds from disposal of treasury stock	125	208
Cash dividends paid	(47,187)	(48,575)
Proceeds from share issuance to non-controlling interests	—	1,499
Cash dividends paid to non-controlling interests	(2,113)	(1,888)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	—	(163)
Other, net	(43)	(68)
Net cash provided by (used in) financing activities	82,071	232,859
Effect of exchange rate change on cash and cash equivalents	7,503	13,054
Net increase (decrease) in cash and cash equivalents	26,960	43,719
Cash and cash equivalents at beginning of period	216,235	242,948
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	1,112	212
Cash and cash equivalents at end of period	244,308	286,878