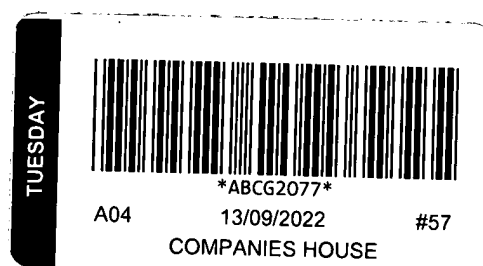


Company Registration No. 06354832

Nichino Europe Co., Ltd.

Report and Financial Statements

31 March 2022



Nichino Europe Co., Ltd.

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Year ended 31 March 2022

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Nichino Europe Co., Ltd.

Officers and advisors

Year ended 31 March 2022

Directors

Y Fujita
M Hilweg
H Nagai
T Tanaka
D Westwater

Registered Office

5 Pioneer Court
Vision Park
Histon
Cambridge
CB24 9PT

Auditor

Peters Elworthy & Moore
Chartered Accountants and Statutory Auditors
Cambridge

Bankers

HSBC Bank Plc
La Caixa Bank

Solicitors

Hewitsons LLP
Cambridge

Nichino Europe Co., Ltd.

Strategic Report

Year ended 31 March 2022

Introduction

The directors present their strategic report and business review, which includes the principal risks and uncertainties of the business and key performance indicators.

Principal activities

The Company is a wholly owned subsidiary of Nihon Nohyaku Co. Ltd., a company incorporated in Japan. The principal activities of the Company include the development, registration, logistics management and sale in the EU and certain neighbouring countries of plant protection products based on active ingredients owned by the parent company and products purchased from a 3rd party.

Business review

The principal activities of the Company include the development, registration, logistics management and sale of plant protection products based on active ingredients owned by the parent company. Under this arrangement, the Company purchases active ingredients from its parent company and other co-formulants are sourced locally by the Company or the Company's Toll formulator. The Company has more control/responsibility in setting product prices. For the remainder of the business the Company receives up to 9% commission on sales to compensate for the registration activities and investments in data. The Company made a profit before tax of £2,404,002 for the year ended 31 March 2022 (31 March 2021 £2,271,983) and had cash and cash equivalents of £3,614,296 at 31 March 2022 (31 March 2021: £10,184,882).

The Company, with its parent company, has continued to invest significantly in the development and registration of its active ingredients in European countries. New registrations and expansion of business with existing products have provided increased sales in FY2022 in comparison to FY2021, due to the increase of formulated product sales.

| | FY2022 | FY2021 |
|------------------|------------|------------|
| | £ | £ |
| Total sales | 35,093,087 | 36,605,207 |
| Gross profit | 7,896,665 | 6,589,526 |
| Operating profit | 2,281,476 | 2,127,192 |

The Statement of financial position on page 13 of the Financial Statements shows the Company's financial position at the year end.

Principal risks and uncertainties

The Company operates in a highly regulated environment in which ever changing European legislation poses significant challenges to all businesses. However, the parent company, Nihon Nohyaku Co., Ltd. is committed to investing in new chemistry and developing this new chemistry globally and in Europe. The parent company is also committed to supporting the Company's investments in data required to support the registrations of its active ingredients. The Company expects stable sales in FY2023.

The Company was not significantly impacted by the COVID-19 (coronavirus) pandemic in the period ended 31 March 2022. However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. Moreover, breaks in the supply chain due to COVID 19 may not be excluded. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Nichino Europe Co., Ltd.

Strategic Report (continued)

Year ended 31 March 2022

Financial Key Performance Indicators

The Financial Key Performance Indicators are actual results versus budgeted results, gross profit margin and profit before tax.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk, liquidity risk, price risk and interest rate risk. In accordance with policies approved by the Directors, the Company does not use financial derivatives to manage these risks. In addition, the Company does not use financial instruments for speculative purposes. The Company has no third party debt.

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates, as most of the Company's revenues are denominated in Euros. This risk is managed through the use of a Euro denominated bank account. The carrying amounts of the Company's Euro currency denominated assets at the reporting date was £13,266,892 (31 March 2021: £13,806,729) and the carrying amounts of the Company's Euro denominated liabilities at the reporting date was £12,183,779 (31 March 2021: £9,318,686). The foreign exchange profit for the year was £157,047 (31 March 2021: profit of £1,242).

Credit risk

The Company's principal financial assets are cash and cash equivalents, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts represented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event, which based on previous experience is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company closely monitors the cash available to the Company, which is invested in current accounts.

Price risk

The Company is exposed to pricing risk in respect of its income and expenditure. The Company manages its exposure to price risk through commercial negotiations with customers and suppliers.

Interest rate risk

The Company is exposed to interest rate risk as it holds a significant amount of cash and cash equivalents. The Company manages its exposure to interest rate risk through the use of two large reputable banks offering competitive interest rates. Bank and other interest income in the current year totalled £21 (31 March 2021: £28).

Nichino Europe Co., Ltd.

Strategic Report (continued)

Year ended 31 March 2022

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to shareholders. The capital structure consists of amounts owed to the parent company, cash and cash equivalents and equity attributable to equity holders, comprising issued share capital and retained earnings.

Assets

If the sales, disposition, loss or damage of assets, including the disposal of agricultural chemicals and industrial wastes exceeds £50,000, then a Board resolution is required. If the amount is above £25,000, but below £50,000, only reporting to the Board is necessary.

BOARD DECISION MAKING (S.172 Statement)

The Directors recognise their duty to act in good faith, and in a manner which would most likely promote the success of the company for the benefit of its members as a whole. When making decisions, the Directors consider the interests of all key stakeholder groups and seek to arrive at decisions which do not adversely impact those groups as a whole.

For the purpose of decision making, the Directors have identified a number of key stakeholder groups, have evaluated their interests and have engaged with and responded to those stakeholders during the year:

Employees

The Company's direct employees have increased to 20 this year (31 March 2021: 17) and 1 staff was seconded from the parent company (31 March 2021: 1). There is regular communication from the board through regular staff meetings.

Customers

It is the Companies policy to choose reliable and financially sound business partners and to establish and maintain a long term relationship.

Suppliers

It is the Company's policy to maintain good relationships with its suppliers. Suppliers are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to.

Environment

The Company operates in a highly regulated industry, in which concern for the environment is given the highest priority. The Company's products must satisfy extremely rigorous EU standards prior to release on the market.

Nichino Europe Co., Ltd.

Strategic Report (continued)

Year ended 31 March 2022

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on page 2. In addition, pages 2 to 4 include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

In assessing the ability of the Company to continue as a going concern, the directors have prepared forecasts for the period to 31 March 2023 and beyond. As part of this assessment the directors have specifically considered the impact of the COVID-19 (coronavirus) pandemic and in the view of the directors they do not anticipate coronavirus having a material impact on the Company's business activities. The directors acknowledge that the overall business impact of the pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods

The Company will continue to utilise loans from the parent company if required to meet expected deficits in cash flow, due to costs associated with securing European authorisations/licenses of the Company's existing products, and the cost of importing raw materials from Japan. The Company did not require any loans during the year. It is the nature of the business in which the Company operates that investment in generating data to secure government authorisations to sell takes place up to 5+ years before any income is generated.

The Company has been established for the purpose of managing European activities on behalf of the parent company and this is intended to be a long-term arrangement. At a later point in time the parent company decided that the Company shall expand the business activities to countries outside Europe; a process which is currently ongoing. The parent company has provided a letter confirming continued financial support if required. The Directors therefore have a reasonable expectation that the company will be able to meet its liabilities when they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Directors and signed on behalf of the Board.

Manfred Hilweg

Director: Manfred Hilweg

Date: 16 August 2022

Nichino Europe Co., Ltd.

Directors' Report

Year ended 31 March 2022

The directors present their report and the financial statements for the 12 month period ended 31 March 2022.

Directors

The Directors in office in the year ended 31 March 2022 were as follows:

M Hilweg
H Iwata (resigned 22/06/2022)
H Nagai
T Tanaka (appointed 01/04/2021)
D Westwater
M Kawamura (resigned 31/03/2021)

Subsequent to the year end Y Fujita was appointed as director on 2 June 2022.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Dividends

The Directors recommended and declared the payment of a dividend for the current year equivalent to 40% of profit after tax - £777,742 (31 March 2021: £551,794). The dividend will be declared and paid in July 2022.

Streamlined Energy and Carbon Reporting

The Company is committed to responsible energy management and practice energy efficiency wherever possible. The Company recognises that climate change is one of the most serious environmental challenges currently threatening the global community and understands that they have a role to play in reducing greenhouse gas emissions. The Company uses less than 40 MWh of CO2 per year and is therefore exempt from reporting its gas emissions and energy use for the year.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. Under Company law the Directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

Nichino Europe Co., Ltd.

Directors' Report (continued)

Year ended 31 March 2022

Disclosure of information to auditors

The Directors are responsible for keeping adequate accounting records, which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

Manfred Hilweg

Director: Manfred Hilweg

Date: 16 August 2022

Nichino Europe Co., Ltd.

Independent auditor's report to the members of Nichino Europe Co., Ltd.

Year ended 31 March 2022

OPINION

We have audited the financial statements of Nichino Europe Co., Ltd for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Nichino Europe Co., Ltd.

**Independent auditor's report to the members of Nichino Europe Co., Ltd.
(continued)**

Year ended 31 March 2022

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Nichino Europe Co., Ltd.

Independent auditor's report to the members of Nichino Europe Co., Ltd. (continued)

Year ended 31 March 2022

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework; and
- We identified which laws and regulations were significant in the context of the entity.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Evaluated the assumptions and judgements used by management within significant accounting estimates and assessed whether these indicated evidence of management bias; and
- Performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Discussing with management actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non compliance. Auditing standards also limit the audit procedures required to identify non compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

Nichino Europe Co., Ltd.

**Independent auditor's report to the members of Nichino Europe Co., Ltd.
(continued)**

Year ended 31 March 2022

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Hewett (Senior Statutory Auditor)

for and on behalf of
Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 16 August 2022

Nichino Europe Co., Ltd.**Statement of comprehensive income****Year ended 31 March 2022**

| | Notes | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|--|-------|-------------------------------------|-------------------------------------|
| Revenue | 5 | 35,093,087 | 36,605,207 |
| Cost of sales | | (27,196,422) | (30,015,681) |
| Gross profit | | 7,896,665 | 6,589,526 |
| Administration expenses | | (5,615,189) | (4,462,334) |
| Operating profit | 6 | 2,281,476 | 2,127,192 |
| Finance income | | 21 | 28 |
| Other income | 7 | 124,019 | 146,277 |
| Finance costs | 8 | (1,514) | (1,514) |
| Profit before tax | | 2,404,002 | 2,271,983 |
| Tax | 11 | (459,648) | (432,669) |
| Profit for the year/period | | <u>1,944,354</u> | <u>1,839,314</u> |
| Total comprehensive income for the year | | <u>1,944,354</u> | <u>1,839,314</u> |

None of the Company's activities were acquired or discontinued during the period.

The notes on pages 16 to 32 form part of these financial statements.

Nichino Europe Co., Ltd.**Statement of financial position****Year ended 31 March 2022**

| | | 31 March 2022 £ | 31 March 2021 £ |
|--------------------------------|--------------|------------------------------------|------------------------------------|
| | Notes | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 14,579 | 12,674 |
| Right-to-use assets | 16 | 16,766 | 50,252 |
| Intangible assets | 13 | 2,151,604 | 2,606,874 |
| | | <u>2,182,949</u> | <u>2,669,800</u> |
| Current assets | | | |
| Inventories | 14 | 5,457,683 | 4,329,474 |
| Trade and other receivables | 15 | 12,685,582 | 5,506,437 |
| Cash and cash equivalents | 17 | 3,614,296 | 10,184,882 |
| | | <u>21,757,561</u> | <u>20,020,793</u> |
| Total assets | | <u>23,940,510</u> | <u>22,690,593</u> |
| Current liabilities | | | |
| Trade and other payables | 18 | 14,330,838 | 14,442,526 |
| Lease liabilities | 16 | 18,504 | 34,490 |
| | | <u>14,349,342</u> | <u>14,477,016</u> |
| Net current assets | | <u>7,408,219</u> | <u>5,543,777</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | 20 | 3,644 | 1,113 |
| Lease liabilities | 16 | - | 17,500 |
| | | <u>3,644</u> | <u>18,613</u> |
| Total liabilities | | <u>14,352,986</u> | <u>14,495,629</u> |
| Net assets | | <u>9,587,524</u> | <u>8,194,964</u> |
| Equity | | | |
| Share capital | 21 | 30,000 | 30,000 |
| Retained earnings | 22 | 9,557,524 | 8,164,964 |
| Total equity | | <u>9,587,524</u> | <u>8,194,964</u> |

The financial statements of Nichino Europe Co., Ltd. (registered number 06354832) were approved and authorised for issue by the Board of Directors and signed on its behalf.

Manfred Hilweg

Director: Manfred Hilweg

Date: 16 August 2022

The notes on pages 16 to 32 form part of these financial statements.

Nichino Europe Co., Ltd.**Statement of changes in equity****Year ended 31 March 2022**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------|--|------------------------------------|-------------------------------|
| Balance at 1 April 2020 | 30,000 | 6,562,066 | 6,592,066 |
| Profit for the period | - | 1,839,314 | 1,839,314 |
| Dividends | - | (236,416) | (236,416) |
| Balance at 1 April 2021 | 30,000 | 8,164,964 | 8,194,964 |
| Profit for the year | - | 1,944,354 | 1,944,354 |
| Dividends | - | (551,794) | (551,794) |
| Balance at 31 March 2022 | 30,000 | 9,557,524 | 9,587,524 |

The notes on pages 16 to 32 form part of these financial statements.

Nichino Europe Co., Ltd.**Statement of cash flows****Year ended 31 March 2022**

| | Note | 31 March 2022 £ | 31 March 2021 £ |
|--|-------------|------------------------------------|------------------------------------|
| Net cash from operating activities | 24 | (5,946,018) | 1,073,158 |
| Cash flow from investing activities | | | |
| Finance income received | | 21 | 28 |
| Purchases of property, plant and equipment | | (9,911) | (7,401) |
| Expenditure on product development | | (27,884) | (373,080) |
| | | <u>(37,774)</u> | <u>(380,453)</u> |
| Cash flow from financing activities | | | |
| Repayment of lease liabilities | | (35,000) | (35,000) |
| Dividends paid | | (551,794) | (236,416) |
| | | <u>(586,794)</u> | <u>(271,416)</u> |
| Net increase/(decrease) in cash and cash equivalents | | (6,570,586) | 421,289 |
| Cash and cash equivalents at beginning of year | | 10,184,882 | 9,763,593 |
| Cash and cash equivalents at end of year | 17 | <u>3,614,296</u> | <u>10,184,882</u> |

The notes on pages 16 to 32 form part of these financial statements.

Nichino Europe Co., Ltd.

Notes to the financial statements

Year ended 31 March 2022

1. General information

Nichino Europe Co., Ltd. is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' report on pages 2 to 7.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Amendments to IFRSs that are mandatorily effective for the current period

In the current financial period, the Company has adopted the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

- Definition of material – Amendments to IAS 1 and IAS 8

The directors have assessed the impact on the financial statements.

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They include the results of the Company's operations, which are described in the Directors' report and all of which are continuing.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. In addition, the Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the directors have considered the ongoing impact of the global pandemic and consequently the ability of the group to provide such financial support. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. In assessing the ability of the Company to continue as a going concern, the Directors have prepared forecasts for the period to 30 June 2023 and beyond.

As reported, the principal activities of the Company include the development, registration, logistics management and sale in Europe and adjacent countries of plant protection products, based on active ingredients owned by the parent company.

Nichino Europe Co., Ltd.

Notes to the financial statements

Year ended 31 March 2022

3. Significant accounting policies (continued)

The Company purchases both raw active ingredients for toll formulation and also finished product from its parent company. On the finished product sales, the Company receives up to 9% commission to compensate for the registration activities and investments. During the year the Company did not require any short-term loans from the parent company and at 31 March 2022 the Company held no loans.

During this financial year, the Company increased its sales of toll-formulated products in Europe. Under this arrangement, the Company purchases active ingredient from its parent company and other co-formulants are sourced locally by the Company or by the Company's toll formulator. The Company is able to achieve more control/responsibility to set product prices. The toll formulation operation will expand during the next financial year.

The Company has been established for the purpose of managing European activities on behalf of the parent company and this is intended to be a long-term arrangement. At a later point in time the parent company decided that the Company shall expand the business activities to countries outside Europe; a process which is currently ongoing. The parent company has provided a letter confirming continued support where required. The Directors have a strong expectation that this support will continue.

Revenue recognition

Revenue comprises the invoiced value of goods and services supplied by the Company, excluding VAT and trade discounts and is recognised at a point in time. Sale of goods is recognised when goods are delivered, and risks and rewards of ownership have passed and reliable measurement is possible.

The Company sells agrochemicals manufactured by its parent company, earning a commission on sales and also sells finished product which the Company has toll formulated in Europe. Where the substance of a transaction is that the Company acts as an agent, it reports as turnover the commission or other amounts received or receivable in return for its performance under the contractual arrangement. Any amounts received or receivable from the customer that are payable to the principal are not included in the Company's turnover and therefore only the commission is recognised as revenue in these cases.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all non-current assets at rates calculated to write-off the costs less estimated residual value of each asset evenly over their expected useful lives as follows:

| | |
|-----------------------|--------------------------------|
| Office equipment | 33% straight line depreciation |
| Fixtures and fittings | 25% straight line depreciation |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Nichino Europe Co., Ltd.

Notes to the financial statements

Year ended 31 March 2022

3. Significant accounting policies (continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Any tax credit receivable under the large company R & D tax scheme is included as other operating income.

An internally-generated intangible asset arising from the Company's development is recognised only if all of the following conditions are met:

- Completion of the asset is technically feasible;
- The Company intends to complete the intangible asset and use or sell it;
- The Company has the ability to use the asset or sell it;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally-generated intangible assets are being amortised on a straight-line basis over the expected life of the asset. The expected life of these assets is 7 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Annually, detailed sensitivity analysis is carried out to review whether the carrying amount of the asset is impaired or whether it will be recovered in full.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, formulation costs and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable.

Nichino Europe Co., Ltd.

Notes to the financial statements

Year ended 31 March 2022

3. Significant accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the rights to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

This policy is applied to contracts entered into or changed on or after 1 October 2019

As a lessee, the company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

Pension contributions

The Company contributes a monthly amount into the individual private pension plans of its employees. The administration of these pension plans is independent of the company. The pension cost charge represents contributions payable by the Company to the fund in respect of the year.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange rate differences are taken into account in arriving at the operating profit.

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****3. Significant accounting policies (continued)****Financial instruments**

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provision of the instrument.

Financial Assets

The Company has reviewed its business model for its financial assets, which comprise only basic loans and receivables, and concluded that they are held for collecting contractual cash flows. Under IFRS 9 loans and receivables are initially recognised at fair value and will subsequently be measured at amortised cost. The Company makes use of a simplified approach in accounting for trade and other receivables and record the loss allowance as lifetime expected credits. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on days past due. The Company will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required in accordance with IFRS 9.

Financial Liabilities

Financial liabilities are initially measured at fair value and, if material, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments throughout the expected life of the financial liability.

Loans and Receivables

Trade receivables do not carry any interest and are recognised at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Trade receivables are categorised as loans and receivables.

Trade Payables

Trade payables are not interest bearing and are stated at their amortised cost. Trade payables are financial instruments which are categorised as amortised cost.

Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Cash and cash equivalents are categorised as loans and receivables. The Company's financial risk management objectives and policies are set out in the Directors' Report on pages 3 and 4.

4. Critical accounting judgements and key sources of estimation uncertainty**Recoverability of internally-generated intangible asset**

During the year, management reconsidered the recoverability of its internally-generated intangible asset which is included in its Statement of Financial Position at £2,151,750 (31 March 2021: £2,606,874). The development and registration of products continues to progress in a satisfactory manner and market reaction has reconfirmed management's previous estimates of anticipated revenues from the asset. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full.

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****4. Critical accounting judgements and key sources of estimation uncertainty (continued)****Useful economic life of internally-generated intangible asset**

The useful economic lives of internally-generated intangible assets have been determined from a consideration of a number of factors – including regulatory (licence to sell), commercial viability and historical knowledge. The regulatory re-registration process in the EU has a cycle of approximately 7-15 years and with changing regulatory restrictions it is possible that a product may not be re-registered. The Company has products which have been sold continuously for 20 years or more in the EU, however, with the vagaries of the regulatory lifespan and the highly competitive market situation in which new competitors appears from time to time, the Company has decided 7 years was a conservative time-span.

5. Revenue

Revenue represents amounts invoiced to third parties, derived from the sales of plant protection products and the provision of services that fall within the Company's sole principal activity.

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|-------------------------------|--|--|
| Revenue by category: | | |
| Sales of products | 35,074,829 | 36,557,931 |
| Sales commission | 18,258 | 47,276 |
| | <u>35,093,087</u> | <u>36,605,207</u> |
| Revenue by customer location: | | |
| United Kingdom | 2,138,540 | 3,857,425 |
| Rest of the World | 32,954,547 | 32,747,782 |
| | <u>35,093,087</u> | <u>36,605,207</u> |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****6. Operating profit**

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|---|--|--|
| This is stated after charging: | | |
| Depreciation of plant and equipment owned by the company | 8,006 | 8,895 |
| Depreciation of right-of-use asset | 33,486 | 33,486 |
| Amortisation of development and registration costs | 254,728 | 251,259 |
| Impairment charge on development and registration costs | 228,426 | 122,605 |
| | <u>524,646</u> | <u>373,864</u> |
| Auditor's remuneration fees payable to the Company's auditor for the audit of the Company's annual accounts | <u>26,775</u> | <u>25,500</u> |

7. Other income

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|--|--|--|
| R&D expenditure credit | 45,570 | 36,460 |
| Recharges of staff salaries to the parent company | 69,994 | 105,912 |
| Miscellaneous income | 8,455 | 3,905 |
| | <u>124,019</u> | <u>146,277</u> |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****8. Finance costs**

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|---------------------------------------|--|--|
| Interest expense on lease liabilities | 1,514 | 1,514 |
| | <u>1,514</u> | <u>1,514</u> |

9. Staff costs

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|---|--|--|
| Staff costs, including directors' remuneration, were as follows: | | |
| Wages and salaries | 1,612,312 | 1,398,587 |
| Social security costs | 220,045 | 179,289 |
| Other pension costs | 39,416 | 29,935 |
| | <u>1,871,773</u> | <u>1,607,811</u> |

The average number of employees, including directors, during the year was:

| | No. | No. |
|------------------------------|-----------|-----------|
| Office and administration | 7 | 6 |
| Sales and marketing | 3 | 2 |
| Development and registration | 10 | 9 |
| | <u>20</u> | <u>17</u> |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****10. Remuneration of key management personnel**

The remuneration of the key management personnel, including directors who are key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|------------------------------|--|--|
| Short-term employee benefits | 362,848 | 269,032 |
| | <u>362,848</u> | <u>269,032</u> |

During the year retirement benefits were accruing to nil directors (31 March 2021: nil) in respect of a money purchase scheme.

The highest paid director received remuneration of £144,223 (31 March 2021: £134,034). The value of the company's contributions paid to a money purchase pension scheme pension scheme in respect of the highest paid director amounted to £nil (31 March 2021: £nil).

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****11. Taxation**

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|--|--|--|
| Current tax | | |
| UK corporation tax at 19% (31 March 2021: 19%) | 457,117 | 433,964 |
| Deferred tax | | |
| Deferred tax charge/(credit) | 2,531 | (1,295) |
| Tax expense for the year | 459,648 | 432,669 |

The tax assessed for the year differs from the blended rate of UK taxation applicable to the company of 19% (31 March 2021: 19%). The differences are explained below:

| | Year Ended 31 March 2022 £ | Year Ended 31 March 2021 £ |
|--|--|--|
| Profit on ordinary activities before tax | 2,405,879 | 2,271,983 |
| Tax on profit on ordinary activities at standard corporation tax rate of 19% (2021: 19%) | 456,760 | 431,677 |
| Expenses not deductible for tax purposes | 357 | 2,287 |
| Change in recognised deferred tax liability | 2,531 | (1,295) |
| Tax expense for the year | 459,648 | 432,669 |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****12. Property, plant and equipment**

| | Office equipment £ | Fixtures & fittings £ | Motor Vehicles £ | Total £ |
|--------------------------|--------------------------|-----------------------------|------------------------|------------|
| Cost | | | | |
| Balance at 1 April 2020 | 58,923 | 15,003 | 771 | 74,697 |
| Additions | 7,193 | 208 | - | 7,401 |
| Disposals | - | - | - | - |
| Balance at 31 March 2021 | 66,116 | 15,211 | 771 | 82,098 |
| Additions | 9,911 | - | - | 9,911 |
| Disposals | - | - | - | - |
| Balance at 31 March 2022 | 76,027 | 15,211 | 771 | 92,009 |
| Depreciation | | | | |
| Balance at 1 April 2020 | 46,337 | 13,807 | 385 | 60,529 |
| Charge for the period | 7,907 | 731 | 257 | 8,895 |
| On disposals | - | - | - | - |
| Balance at 31 March 2021 | 54,244 | 14,538 | 642 | 69,424 |
| Charge for the year | 7,483 | 394 | 129 | 8,006 |
| On disposals | - | - | - | - |
| Balance at 31 March 2022 | 61,727 | 14,932 | 771 | 77,430 |
| Carrying amount | | | | |
| At 31 March 2021 | 11,872 | 673 | 129 | 12,674 |
| At 31 March 2022 | 14,300 | 279 | - | 14,579 |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****13. Intangible assets**

| | Development costs |
|--------------------------|--------------------------|
| | £ |
| Cost | |
| Balance at 1 April 2020 | 2,925,515 |
| Additions | 373,080 |
| Impairment | (122,605) |
| | <hr/> |
| Balance at 31 March 2021 | 3,175,990 |
| Additions | 27,884 |
| Impairment | (228,426) |
| | <hr/> |
| Balance at 31 March 2022 | 2,975,448 |
| | <hr/> |
| Amortisation | |
| Balance at 1 April 2020 | 317,857 |
| Charge for the period | 251,259 |
| | <hr/> |
| Balance at 31 March 2021 | 569,116 |
| Charge for the year | 254,728 |
| | <hr/> |
| Balance at 31 March 2022 | 823,884 |
| | <hr/> |
| Carrying amount | |
| At 31 March 2021 | 2,606,874 |
| | <hr/> |
| At 31 March 2022 | 2,151,604 |
| | <hr/> |

14. Inventories

| | 31 March | 31 March |
|----------------|-----------------|-----------------|
| | 2022 | 2021 |
| | £ | £ |
| Raw materials | 1,909,454 | 589,381 |
| Finished goods | 3,548,229 | 3,740,093 |
| | <hr/> | <hr/> |
| | 5,457,683 | 4,329,474 |
| | <hr/> | <hr/> |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****15. Trade and other receivables**

| | 31 March 2022 £ | 31 March 2021 £ |
|--------------------------------|--------------------------------|--------------------------------|
| Trade receivables | 11,078,836 | 4,714,034 |
| Prepayments and accrued income | 899,666 | 613,578 |
| Other debtors | 707,080 | 178,825 |
| | <u>12,685,582</u> | <u>5,506,437</u> |

All amounts are due within one year, with no receivables within the trade receivables balance that are overdue (2021: none). Trade receivables are measured initially at fair value and subsequently at amortised cost. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9 with any increase or reduction in the credit loss provision charged or released to Administration Costs in the Statement of Comprehensive Income. The loss allowance for expected credit loss for the year ended 31 March 2022 was £nil (2021: £nil).

16. Leases: Right-of-use assets

The Company rents an office premises in the UK.

| | Leasehold property £ |
|--------------------------|-------------------------------------|
| Cost | |
| Balance at 31 March 2021 | 100,486 |
| Additions | - |
| | <u>100,486</u> |
| Balance at 31 March 2022 | <u>100,486</u> |
| Depreciation | |
| Balance at 31 March 2021 | 50,234 |
| Charge for the year | 33,486 |
| | <u>83,720</u> |
| Carrying amount | |
| At 31 March 2021 | <u>50,252</u> |
| At 31 March 2022 | <u>16,766</u> |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****16. Leases: Right-of-use assets (continued)****Lease liabilities**

The Company's commitments in relation to leases are payable as follows:

| | 31 March 2022 £ | 31 March 2021 £ |
|---|--------------------------------|--------------------------------|
| Within one year | 18,504 | 35,000 |
| Between one and two years | - | 17,500 |
| Between two and five years | - | - |
| Total undiscounted lease liabilities at 31 March | 18,504 | 52,500 |
| Future finance charges | - | (510) |
| Present value of minimum lease payments | 18,504 | 51,990 |

The present value of the Company's lease liabilities are as follows:

| | 31 March 2022 £ | 31 March 2021 £ |
|-------------------------------|--------------------------------|--------------------------------|
| Current | 18,504 | 34,490 |
| Non-current | - | 17,500 |
| Minimum lease payments | 18,504 | 51,990 |

17. Cash and cash equivalents

Cash and cash equivalents of £3,614,296 (31 March 2021: £10,184,882) comprise cash held by the Company and short term bank deposits with an original maturity of three months or less. The Directors consider that the carrying amount of these assets approximates their fair value.

18. Trade and other payables

| | 31 March 2022 £ | 31 March 2021 £ |
|---------------------------------------|--------------------------------|--------------------------------|
| Trade payables | 2,141,671 | 1,575,909 |
| Amounts owed to intercompany | 10,987,473 | 11,990,374 |
| Other taxes and social security costs | 35,167 | 8,968 |
| Other creditors | 12,842 | 487 |
| Accruals and deferred income | 1,153,685 | 866,788 |
| | 14,330,838 | 14,442,526 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****19. Financial instruments****Categories of financial instruments**

For the purposes of risk management, the following classes of financial assets and their carrying values have been identified:

| | 31 March 2022 £ | 31 March 2021 £ |
|---|--------------------------------|--------------------------------|
| Trade receivables | 11,078,836 | 4,714,034 |
| Cash and cash equivalents | 3,614,296 | 10,184,882 |
| Financial assets held at amortised cost | <u>14,693,132</u> | <u>14,898,916</u> |

For the purposes of risk management, the following classes of financial liabilities and their carrying values have been identified:

| | 31 March 2022 £ | 31 March 2021 £ |
|--|--------------------------------|--------------------------------|
| Trade payables | 2,463,857 | 2,093,296 |
| Amounts owed to the parent company | 10,987,473 | 11,990,374 |
| Financial liabilities held at amortised cost | <u>13,451,330</u> | <u>14,083,670</u> |

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the Euro/ United States Dollar and represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items.

| | 31 March 2022 £ | 31 March 2021 £ |
|--|--------------------------------|--------------------------------|
| Effect of 10% increase in Euro exchange rate on Profit or loss - gain/(loss) | (131,646) | (409,004) |
| Effect of 10% decrease in Euro exchange rate on Profit or loss - gain/(loss) | <u>160,901</u> | <u>498,671</u> |
| Effect of 10% increase in United States Dollar Exchange rate on Profit or loss - gain/(loss) | (6,535) | - |
| Effect of 10% decrease in United States Dollar Exchange rate on Profit or loss - gain/(loss) | 7,987 | - |

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****20. Deferred taxation**

| | 31 March 2022 £ | 31 March 2021 £ |
|-------------------------------------|--------------------------------|--------------------------------|
| Liability at 31 March 2021 | 1,113 | 2,408 |
| Charge/(credit) for the year/period | 2,531 | (1,295) |
| Liability at 31 March 2022 | <u>3,644</u> | <u>1,113</u> |

The provision for deferred taxation is made up of accelerated capital allowances.

21. Called up share capital

| | 31 March 2022 £ | 31 March 2021 £ |
|--|--------------------------------|--------------------------------|
| Authorised | | |
| 300 ordinary shares of £100 each | <u>30,000</u> | <u>30,000</u> |
| Allotted, called up, and fully paid | | |
| 300 ordinary shares of £100 each | <u>30,000</u> | <u>30,000</u> |

22. Reserves

The nature of the Reserves shown in the Statement of Financial Position and Statement of Changes in Equity are as follows:

Retained Earnings

Retained Earnings represent Cumulative gains and losses recognised in the Statement of Comprehensive Income.

23. Pension commitments

The Company contributes a monthly amount into the individual private pension plans of its employees.

The administration of these pension plans is independent of the Company. The pension cost charge represents contributions paid by the Company to the pension plans and amounted to £39,416 (31 March 2021: £29,935) in the year/period.

£Nil was owed under this scheme at 31 March 2022 (31 March 2021: £Nil).

Nichino Europe Co., Ltd.**Notes to the financial statements****Year ended 31 March 2022****24. Reconciliation of profit from operations to net cash flow from operating activities**

| | 31 March 2022 £ | 31 March 2021 £ |
|---|--------------------------------|--------------------------------|
| Profit before tax | 2,404,002 | 2,271,983 |
| Adjustments for: | | |
| Finance income | (21) | (28) |
| Finance costs | 1,514 | 1,514 |
| Depreciation of property, plant and equipment | 41,492 | 42,381 |
| Amortisation of intangible fixed assets | 254,728 | 251,259 |
| Impairment of intangible fixed assets | 228,426 | 122,605 |
| Decrease/(increase) increase in inventories | (1,128,209) | 1,446,460 |
| (Increase)/decrease in receivables | (6,853,331) | (404,062) |
| (Decrease)/increase in payables | (1,630,462) | (1,886,985) |
| (Decrease)/increase in provisions | 1,236 | (1,295) |
| | <hr/> | <hr/> |
| Cash generated by operations | (6,680,625) | 1,843,832 |
| Interest paid | (1,514) | (1,514) |
| Taxes paid | 736,121 | (769,160) |
| | <hr/> | <hr/> |
| Net cash from operating activities | <u>(5,946,018)</u> | <u>1,073,158</u> |

25. Dividends

The Directors recommended the payment of a dividend for the current year equivalent to 40% of profit after tax - £777,742 (31 March 2021: £551,794). This will be declared and paid in July 2022.

26. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Nihon Nohyaku Co. Ltd., a company incorporated in Japan by virtue of its 100% ownership of the issued ordinary share capital. The company prepares consolidated financial statements which are available from the Tokyo Exchange.