

Fiscal 2018

Earnings Conference

November 29, 2018

 **NIHON NOHYAKU CO., LTD.**

(Note)

The earnings forecasts and other forward-looking statements indicated in these materials are based on currently available information and certain assumptions deemed to be reasonable, and there is a possibility that these statements may differ from actual performance due to a variety of factors.

Chemical **Innovator**
for Crop & Life 

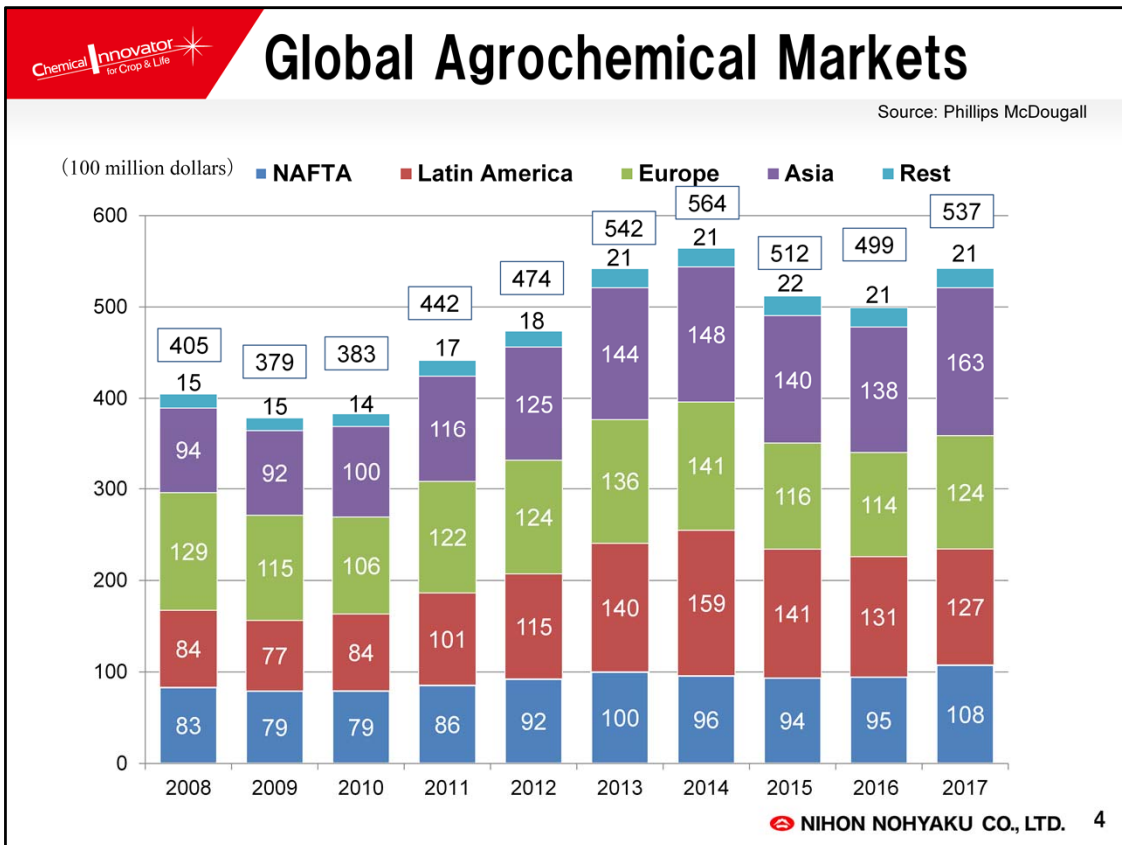
Nihon Nohyaku


90th
Anniversary

I Program

- I. Global Agrochemical Markets
- II. FY2018 Earnings
- III. FY2019 Plan
- IV. New Medium-Term Business Plan
- V. Q&A

I . Global Agrochemical Markets



This graph shows region-specific transitions in global agrochemical markets for the 10-year period between 2008 and 2017.

The global agrochemical market, increased from 40.5 billion dollars in 2008 to 56.4 billion dollars in 2014, representing 40% growth in market scope, due to population growth and economic growth in developing nations.

However, in the last few years, the Brazilian market, the world's largest market, has struggled to grow due to the growth of GMO crops and the impact of distribution inventory from previous years as growth on the world's agrochemical markets continue to lull. However, countries other than the EU, where agrochemical regulations are being tightened, markets appear to be on a recovery track.

North America

The agrochemical market was firm thanks to stable weather and expanded crop land for cotton production.

Latin America

Brazil, the world's largest market, decreased due to the growth of GMO crops and the stagnant distribution inventory from previous years.

Europe

Market contracted due to stricter EU regulations, poor climate, and minor pest infestations.

Asia

The Indian market was firm but markets in certain regions, including China and Vietnam, declined slightly on minor pest infestations.

Japan

Aging of farmers, lack of successors, and increased abandoning of farming land lead to trend of gradual decline.

In North America, the agrochemical market was firm thanks to stable weather and expanded crop land for cotton production.

On the other hand, in Latin America, as explained in the previous slide, the Latin Brazilian market has been sluggish, and is stagnated, but it seems to have bottomed out this fiscal year.

In Europe, the market is contracting due to the impact of stricter EU regulations on agrochemical registration, poor weather, and minor pest infestations.

In Asia, the Indian market was firm but markets in certain regions, including China and Vietnam, declined slightly on minor pest infestations.

In Japan, the government has implemented an "Agricultural Competitiveness Enhancement Program" as it aims to improve agricultural worker income. At the same time, the industry faces unresolved structural issues, including the growing problem of population aging among farmers and a lack of successors as the agrochemical market gradually trends towards decline.

II. FY2018 Earnings

FY2018 Earnings (YoY comparison)

Increased revenues and income

(100 million yen, %)

	FY2018	FY2017	YoY	Growth
Net sales	612	600	11	2.0
Domestic agrochemical sales	201	196	5	2.5
Overseas agrochemical sales	338	323	15	4.7
Chemical products/ pharmaceuticals	49	48	1	1.9
Revenues from licensing	6	14	△ 8	△ 53.4
Other	18	19	△ 2	△ 7.5
Cost of sales	393	389	3	0.8
Gross profit	219	210	8	4.1
SG&A	177	175	1	1.0
Operating income	41	34	6	19.3
Ordinary income	36	35	0	1.5
Profit attributable to owners of parent	25	17	7	45.9

Previous fiscal year net sales were 61.2 billion yen, up 1.1 billion yen, or 2.0%, year on year.

Revenues from licensing decreased but in addition to the impact of nonconsolidated revenues, earnings by Nichino America also grew, resulting in operating income of 4.1 billion yen, up 0.6 billion yen, or 19.3%, year on year. Ordinary income was 3.6 billion yen, up 50 million yen, or 1.5%, year on year.

Furthermore, profit attributable to owners of parent was 2.5 billion yen, up 0.7 billion yen, or 45.9%, year on year.

FY2018 Earnings (YoY comparison)

Currency: yen

Net sales: 60.0 bn → 61.2 bn (+ 1.1 bn)

Operating income: 3.4 bn → 4.1 bn (+ 0.6 bn)

(Operating income)

USA business growth + 0.6 billion

EU business growth + 0.2 billion

Domestic business growth + 0.1 billion

Decreased SG&A for Nichino nonconsolidated + 0.3 billion

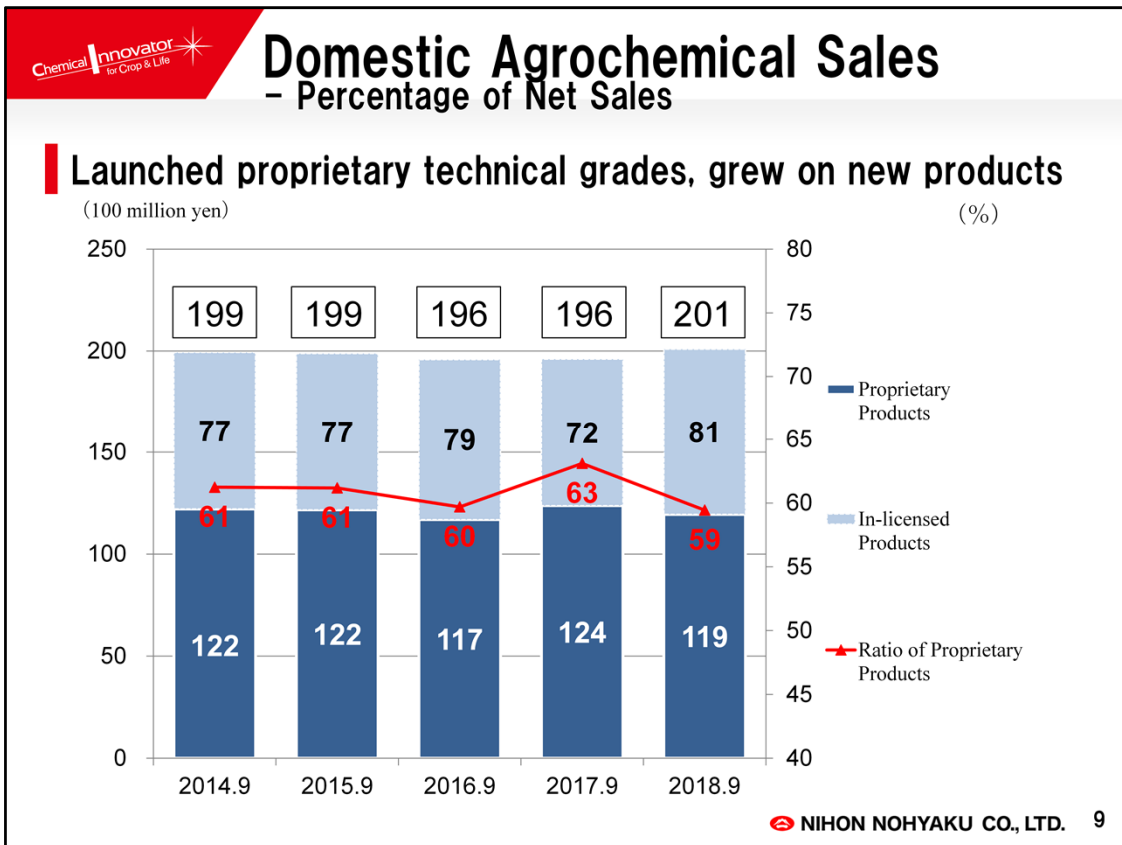
Decreased disposal expenses + 0.2 billion

Decreased revenues from licensing - 0.8 billion

Previous fiscal year earnings saw operating income increase by 0.6 billion yen year on year. Here are the major reasons for this increase.

As factors behind increased income, business growth in U.S.A. and Europe resulted in 0.6 billion yen and 0.2 billion yen. Also, domestic business growth resulted in 0.1 billion yen, nonconsolidated SG&A expenses declined by 0.3 billion yen, and reductions in disposal expenses recorded under cost of sales of 0.2 billion yen.

On the other hand, factors behind decreased revenues included a 0.8 billion yen decline in revenues from licensing. Collectively, this resulted in 0.6 billion yen increase in income.

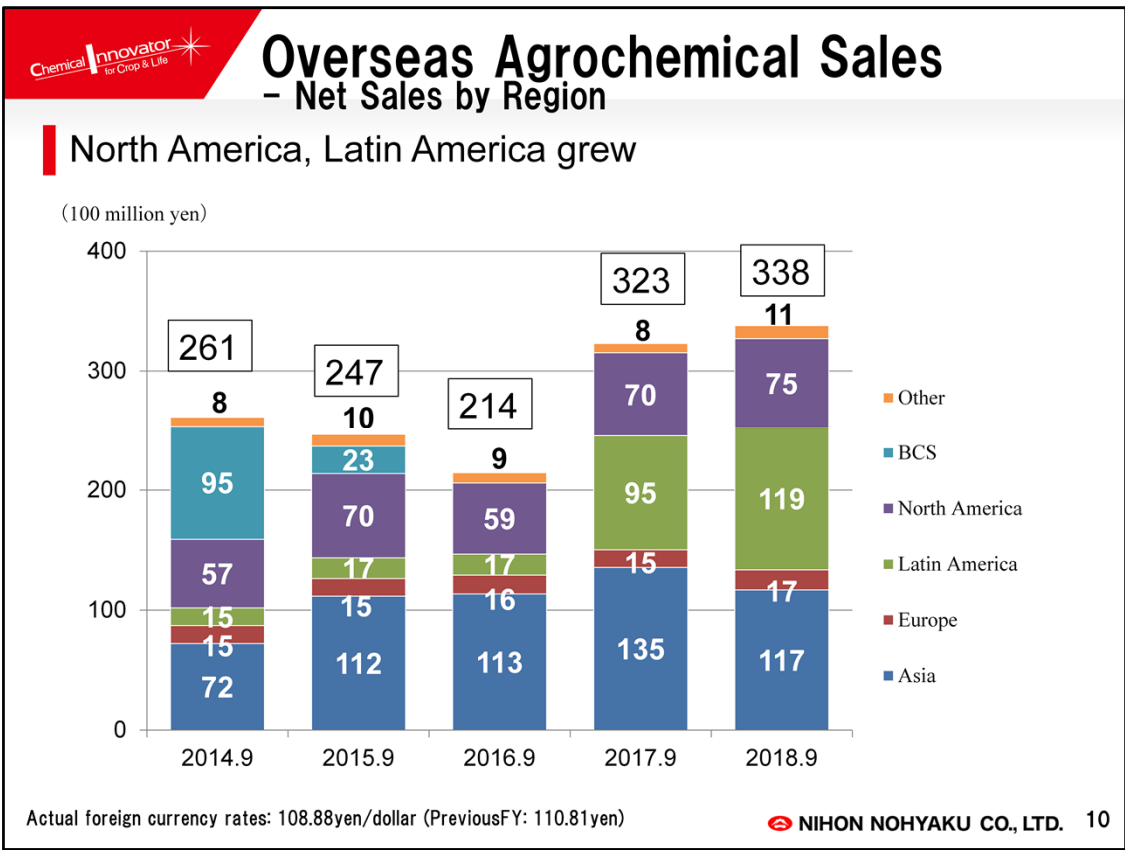


This graph shows transitions in net sales composition for domestic agrochemical sales.

Last fiscal year, we launched sales of 10 new products, including the proprietary horticultural fungicide “PARADE” and also aimed to expand sales of mainstay products such as the horticultural insecticide “PHEONIX.” Sales of “PARADE” exceeded the plan because its usability and efficacy was evaluated from the market.

Sales of agrochemical technical grades were favorable on increased sales of the horticultural insecticide “COLT” to sales companies.

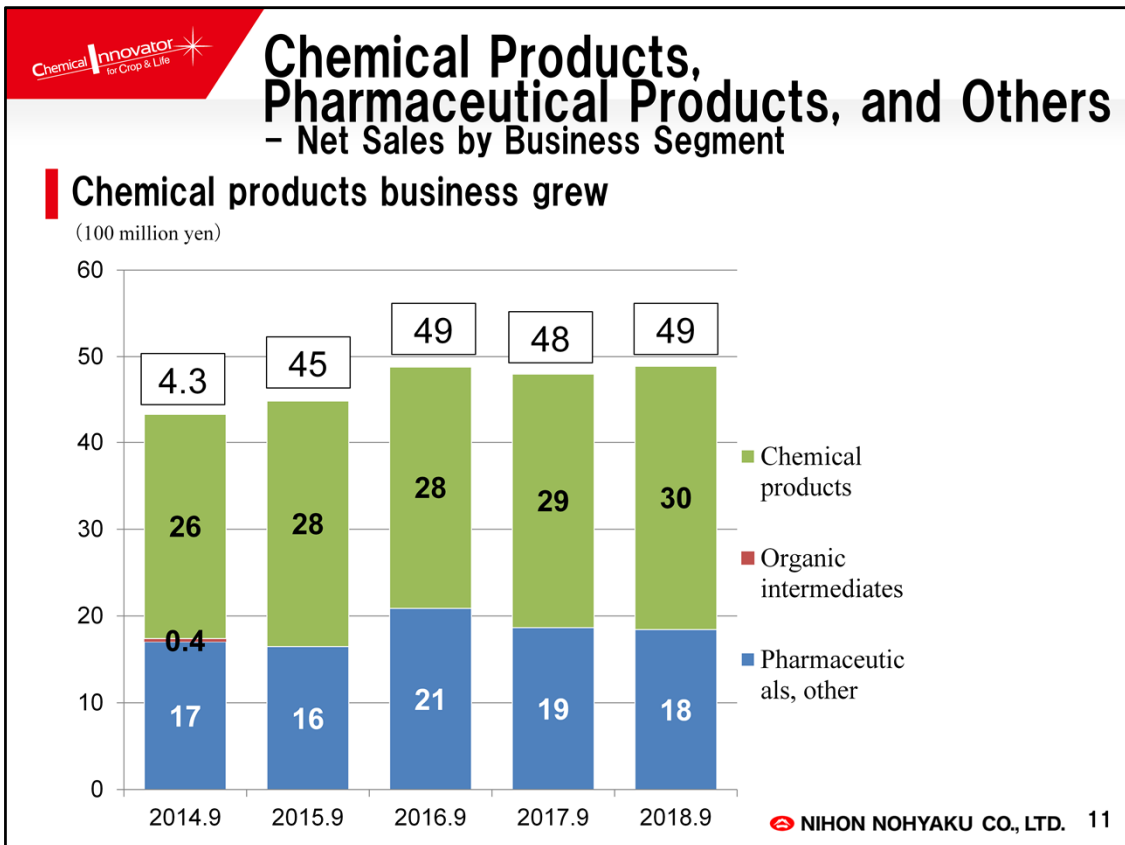
Sales from the agent for rice paddy herbicides “Basagran,” for which we acquired sales rights, also contributed as overall domestic net sales increased by 0.5 billion yen to 20.1 billion yen year on year.



This graph shows transitions in net sales overseas for agrochemicals by region.

Previous year net sales grew in Latin America and North America. Looking at each item, sales for the insecticide “APPLAUD,” the mainstay product of Nichino America, performed well as the dry climate continued in North America where fruit trees and nuts generated more pests than usual. Sales of our products by Sipcam Nichino Brasil reached full scale as sales of “APPLAUD” and the miticide “DANITRON” grew.

As a result, total overseas net sales were 33.8 billion yen, up 1.5 billion yen year on year. Furthermore, actual currency foreign rates for FY Sep. 2018 were as shown here.



This graph shows transitions in chemical product and pharmaceutical product sales by business segment.

With the chemical products business, a collaboration with AgriMart Corporation in the termite solutions segment led to a successful sales strategy, resulting in net sales in that outperformed the previous fiscal year.

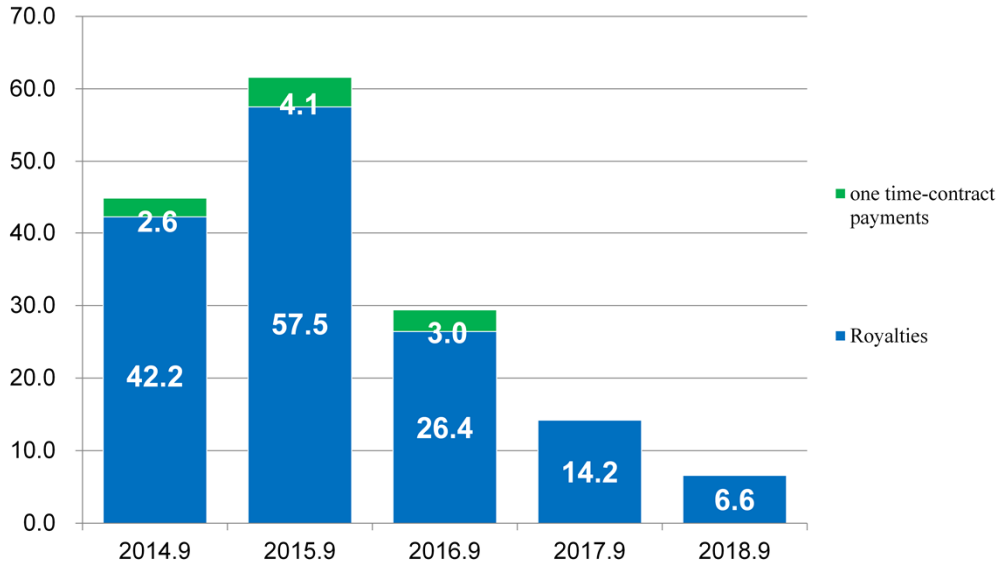
With the pharmaceutical business, sales for the topical antifungal agent “luliconazole” in the athlete's foot segment were favorable but net sales in the onychomycosis segment decreased.

As a result, overall net sales for chemical and pharmaceutical products were 4.9 billion yen, up 0.1 billion yen from the previous fiscal year.

Revenues from Licensing

Royalties declined

(100 million yen)



This graph indicates transitions in revenues from licensing. Blue indicates royalties and green indicates one-time contract payments.

The previous year saw a decline in royalties. Net sales in Brazil, a major target region for sales of licensing products struggled due to the impact of small outbreaks of pests.

Major Earnings of Domestic Group Companies

		Fiscal 2018	Fiscal 2017	YoY	Growth %
Nichino Service	Net sales	4,378	4,119	259	6.3
	Operating income	158	180	△ 22	△ 12.3
	Net profit	126	244	△ 118	△ 48.3
Nichino Ryokka	Net sales	1,694	1,739	△ 45	△ 2.6
	Operating income	25	10	15	150.9
	Net profit	15	4	10	208.1
Japan EcoTech	Net sales	757	770	△ 12	△ 1.6
	Operating income	3	5	△ 2	△ 38.9
	Net profit	7	△ 30	38	△ 124.5
AgriMart	Net sales	1,536	1,408	128	9.1
	Operating income	147	127	20	16.0
	Net profit	92	77	14	18.6

(Unit: million yen, %)

The table displayed here shows previous year main earnings for domestic Group companies.

AgriMart, which operates in the termite solutions business, shown at the bottom of the table increased revenues and income for four consecutive years.

Major Earnings of Overseas Group Companies

		Fiscal 2018	Fiscal 2017	YoY	Growth %
Nichino America	Net sales	7,479	6,977	501	7.2
	Operating income	823	551	272	49.4
	Net profit	598	388	210	54.3
Taiwan Nihon Nohyaku	Net sales	468	418	50	12.1
	Operating income	63	45	17	39.0
	Net profit	53	37	15	40.3
Nichino India	Net sales	6,405	7,584	△ 1,178	△ 15.5
	Operating income	182	260	△ 77	△ 29.9
	Net profit	38	146	△ 107	△ 73.8
Sipcam Nichino Brasil	Net sales	10,094	7,626	2,467	32.4
	Operating income	963	725	237	32.8
	Net profit	235	73	161	219.5

(Unit: million yen, %)

This table displayed here shows previous year main earnings for overseas Group companies.

During the previous year, Nichino India struggled to grow earnings due to a delay in sales of Nichino proprietary high-profit products due to the reshuffling of our generics portfolio. However, the remaining three companies recorded increased revenues and income, contributing to growth in consolidated earnings.

III. FY2019 Plan

Increased revenues and income

(Unit: 100 million yen, %)

	Fiscal 2019 Plan	Fiscal 2018	YoY	Growth %
Net Sales	680	612	68	11.1
Domestic				
Agrochemical Sales	199	201	△ 2	△ 0.9
Overseas	397	338	59	17.4
Agrochemical Sales				
Chemical Products/	52	49	3	6.4
Pharmaceuticals				
Revenues from	12	6	5	81.6
Licensing				
Other	20	18	2	13.2
Cost of Sales	455	393	62	15.8
Gross Profit	225	219	6	2.7
SG&A	187	177	10	5.4
Operating Income	38	41	△ 4	△ 8.9
Ordinary Income	34	36	△ 3	△ 6.9
Profit Attributable to Owners of Parent	25	25	△ 0	△ 0.3

We are targeting net sales of 68.0 billion yen, up 6.8 billion yen, or 11.1%, year on year, driven mainly by growth in overseas agrochemical sales. We will target operating income of 3.8 billion yen, down 0.4 billion yen, or 8.9%, year on year and ordinary income of 3.4 billion yen, down 0.3 billion yen, or 6.9%, year on year. This mainly reflects an increase in revenues from licensing. At the same time, there is a 1.0 billion yen increase in SG&A expenses related to business expansion and profitability improvements in line with the New Medium-Term Business Plan.

We are planning for net income attributable to owners of parent of 2.5 billion yen, largely unchanged year on year.

FY2019 Plan (YoY Comparison)

Currency: yen

Net sales: 61.2 bn → 68.0 bn (+ 6.8 bn)

Operating income: 4.1 bn → 3.8 bn (- 0.4 bn)

(Operating income)

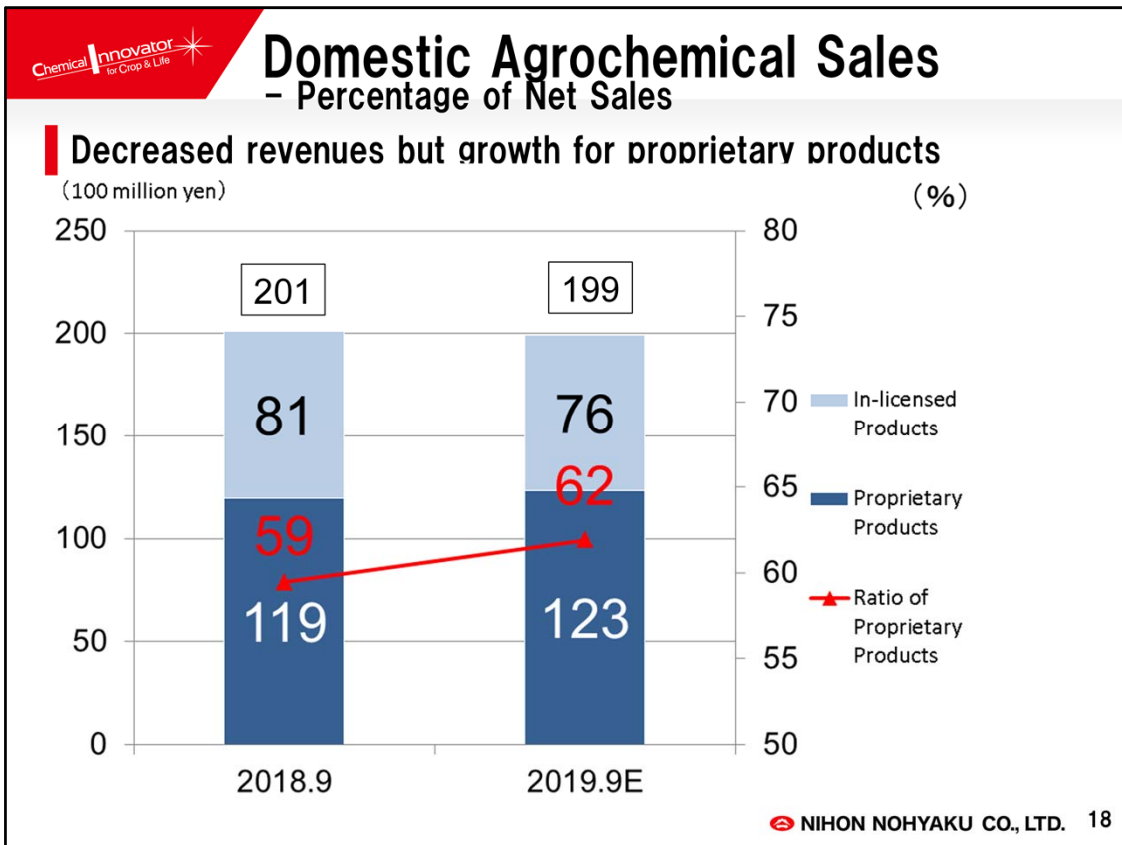
SNB, NIL increased income (effect of high revenues, etc.) + 0.7 billion

**Nichino nonconsolidated lower income
(Change in product composition, higher raw material costs, etc.) - 0.6 billion**

NAI income decrease (higher SG&A expenses, etc.) - 0.5 billion

This year's plan calls for increasing revenues while our operating income target for the current fiscal year is, 3.8 billion yen, a year-on-year decrease of 0.4 billion yen.

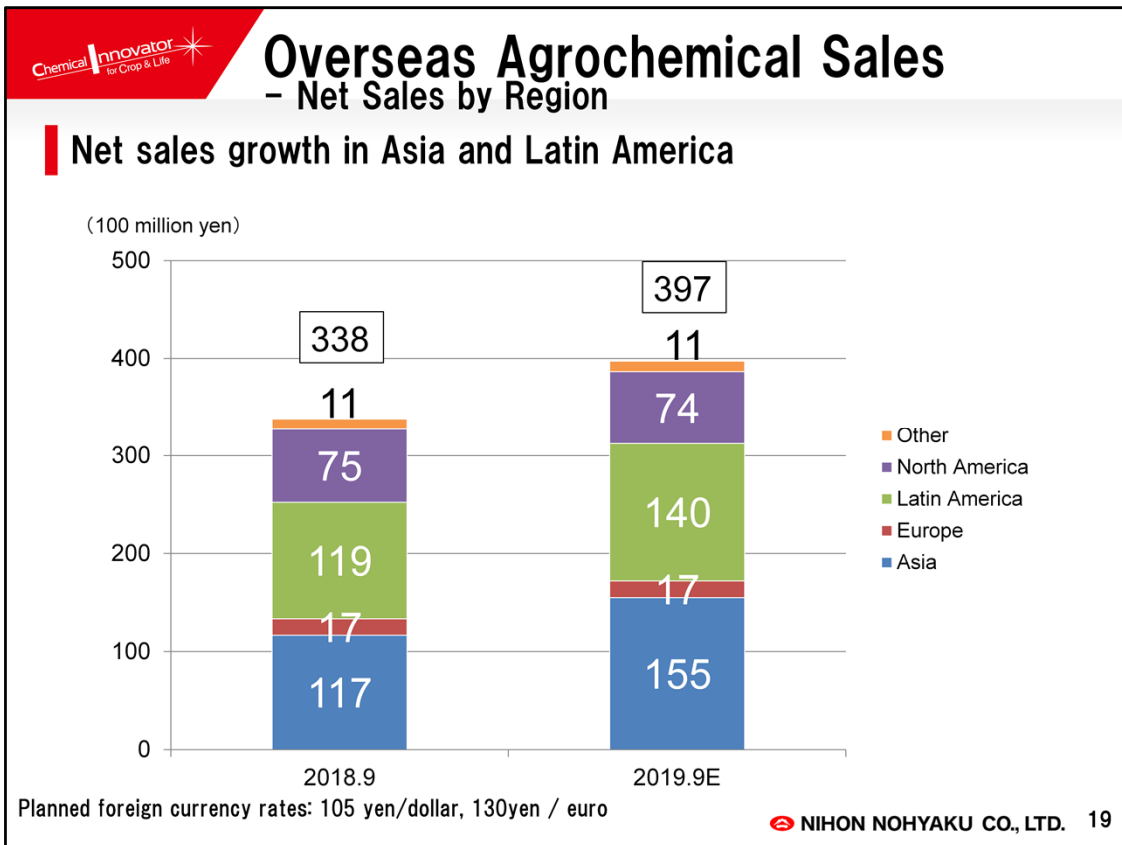
Looking at the major factors impacting revenues and income, factors resulting in income growth include 0.7 billion yen in earnings growth from Sipcam Nichino Brasil and Nichino India. Factors causing decreased income include a change in the Nichino nonconsolidated product composition and increased raw material costs, resulting in decreased income in 0.6 billion yen, and 0.5 billion yen in increased SG&A expenses at Nichino America. As a result, income decreased by 0.4 billion yen.



This graph shows the net sales composition for domestic agrochemical sales this fiscal year.

This fiscal year we will focus on expanding sales of proprietary products such as “PARADE,” in its 2nd year of sales, “PHOENIX,” “COLT,” and “DANIKONG.”

On the other hand, due to the impact of the discontinuation of some products, net sales are forecast to be 19.9 billion yen, a decline of 0.2 billion yen from the previous fiscal year.



This graph shows net sales of overseas agrochemical business by region for the current fiscal year.

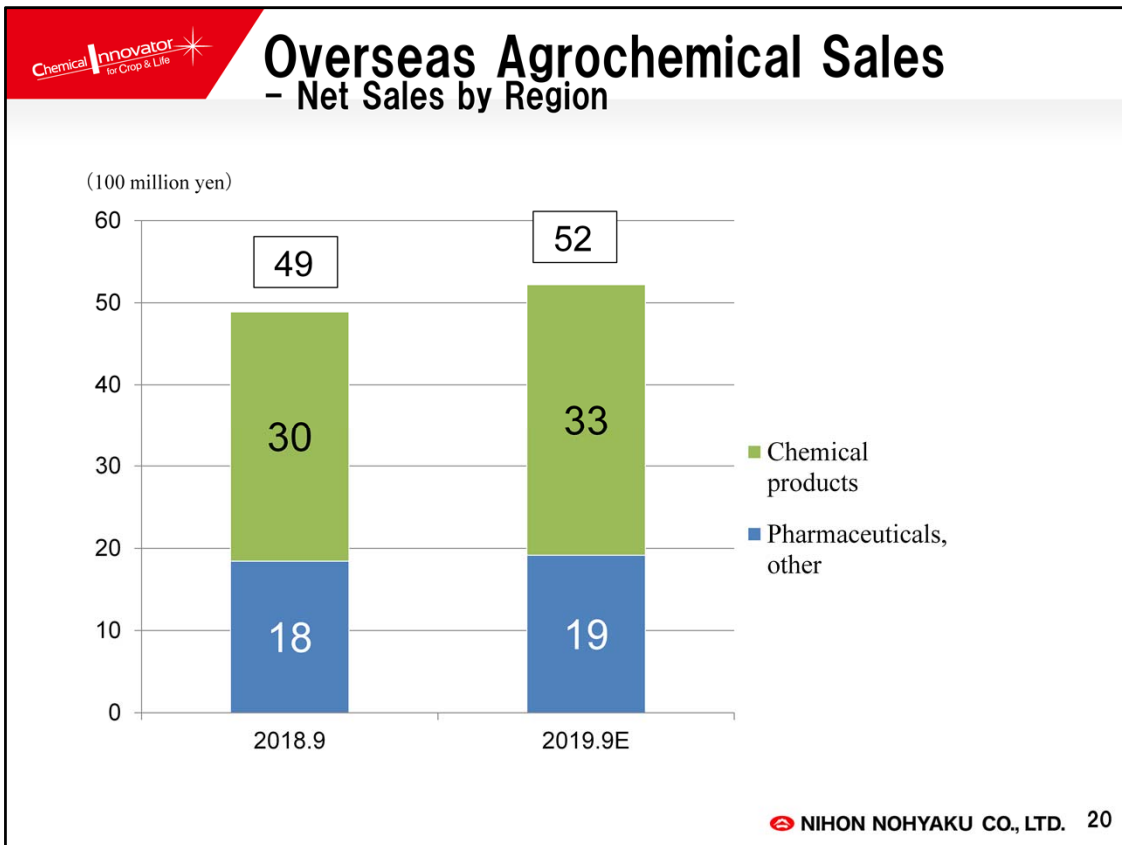
In Asia, we will work to expand sales of PHOENIX and other mainstay products in each country. We will also work to expand sales of our products and strengthen our technical grade manufacturing capabilities in India by Nichino India.

In America, Nichino America will develop and promote sales of the horticultural insecticide COLT and expand use of the horticultural insecticide HACHI-HACHI.

In Latin America, we will continue to provide operational support to Sipcam Nichino Brasil as we work to strengthen the sales promotion system in Brazil for expanding sales of proprietary products.

Based on the above, we plan on total overseas net sales of 39.7 billion yen, a year-on-year increase of 5.9 billion yen.

Frurthermore, our currency targets for the current fiscal year are as shown here.



This graph shows net sales of overseas agrochemical business by region for the current fiscal year.

In Asia, we will work to expand sales of PHOENIX and other mainstay products while also working to expand sales of proprietary products in India by Nichino India and also to improve the production of the technical grades.

In America, Nichino America will develop and promote sales of the horticultural insecticide COLT and expand use of the horticultural insecticide HACHI-HACHI.

In Latin America, we will continue to provide operational support to Sipcam Nichino Brasil as we work to strengthen the sales promotion system in Brazil for expanding sales of proprietary products.

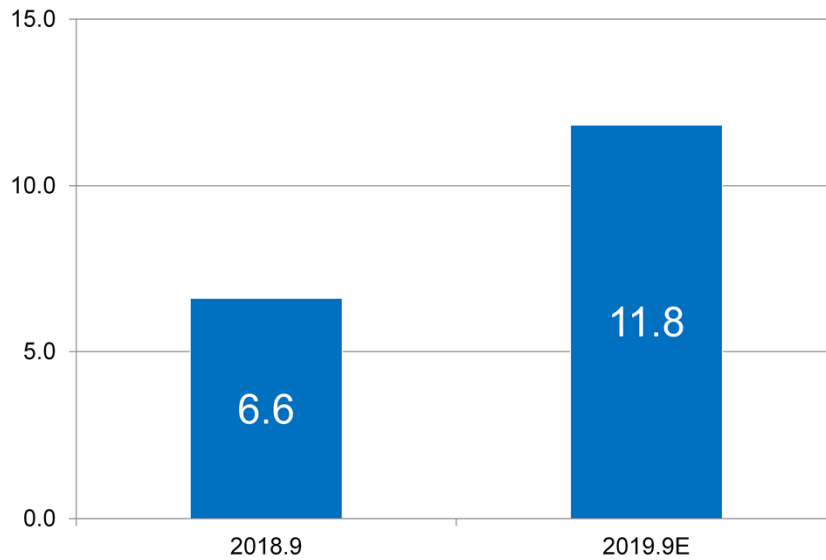
Based on the above, we plan on total overseas net sales of 39.7 billion yen, a year-on-year increase of 5.9 billion yen.

Frurthermore, our currency targets for the current fiscal year are as shown here.

Overseas Agrochemical Sales - Net Sales by Region

Net sales growth in Asia and Latin America

(100 million yen)



Planned foreign currency rates: 105yen/dollar, 130yen/euro

This graph shows revenues from licensing for the current fiscal year.

This fiscal year, we are planning for increased royalties due to the projection for increased net sales by Bayer CropScience, an in-licensing company of PHEONIX technology.

Core Plans of Domestic Group Companies

(Unit: million yen, %)

		Fiscal 2019 Plan	Fiscal 2018	YoY	Growth %
Nichino Service	Net sales	4,335	4,378	△ 43	△ 1.0
	Operating income	138	158	△ 20	△ 12.7
	Net profit	96	126	△ 30	△ 23.9
Nichino Ryokka	Net sales	1,968	1,694	273	16.1
	Operating income	18	25	△ 7	△ 28.8
	Net profit	10	15	△ 5	△ 33.9
Japan EcoTech	Net sales	800	757	42	5.6
	Operating income	39	3	35	1015.3
	Net profit	29	7	21	281.5
AgriMart	Net sales	1,544	1,536	7	0.5
	Operating income	135	147	△ 12	△ 8.8
	Net profit	82	92	△ 10	△ 11.1

This table shows this fiscal year's earning plan for domestic Group companies.

Core Plans of Overseas Group Companies

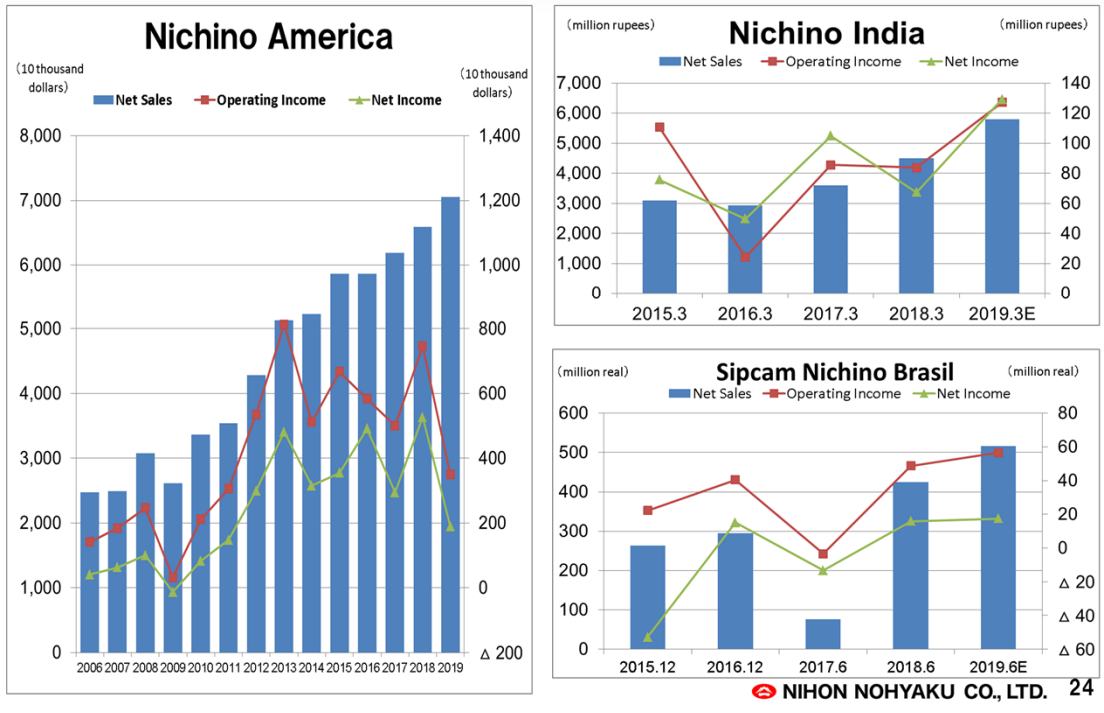
(Unit: million yen, %)

		Fiscal 2019 Plan	Fiscal 2018		
			YoY	Growth %	
Nichino America	Net sales	7,414	7,479	△ 65	△ 0.9
	Operating income	312	823	△ 511	△ 62.1
	Net profit	199	598	△ 399	△ 66.8
Taiwan Nihon Nohyaku	Net sales	520	468	51	10.9
	Operating income	74	63	10	17.0
	Net profit	62	53	8	16.8
Nichino India	Net sales	9,882	6,405	3,476	54.3
	Operating income	257	182	74	40.9
	Net profit	238	38	199	519.4
Sipcam Nichino Brasil	Net sales	14,627	10,094	4,532	44.9
	Operating income	1,604	963	640	66.4
	Net profit	460	235	224	95.6

This table shows this fiscal year's earning plan for overseas Group companies.

This fiscal year, we are projecting earnings growth for both Nichino India and Sipcam Nichino Brasil.

Transitions in Earnings for Overseas Major Group Companies



This table shows earnings transitions for our three major Group companies.

Nichino America net sales grew by 270% over a 10-year period, showing favorable business growth. Nichino India is also projected to record stable growth relative to the fiscal year budget.

Dividend Plan

Continue stable dividends

			15.9	16.9	17.9	18.9	19.9E
Net Income	Million Yen		5,625	1,035	1,717	2,507	2,500
Total Dividend Amount	Million Yen		1,002	1,002	1,002	1,092	1,181
Per Share Dividend	Interim	Yen	7.5	7.5	7.5	7.5	7.5
	Year-End	Yen	7.5	7.5	7.5	7.5	7.5
	Total	Yen	15.0	15.0	15.0	15.0	15.0
Dividend Payout Ratio	%		17.8	96.8	58.4	43.6	47.3

This year, we are planning on an annual dividend of 15 yen in line with our policy of continuous stable dividends. Moving forward, we will work to ensure appropriate profit returns based on a comprehensive evaluation of the economic environment, earnings, business plans, and financial conditions.

IV. New Medium-Term Business Plan

Nichino Group - Growing Global: To become an Outstanding Globally Competitive Group

We contribute to the future of mankind through protecting crops and improving our living environment by further improvement of our technology that has arisen through agrochemical business.

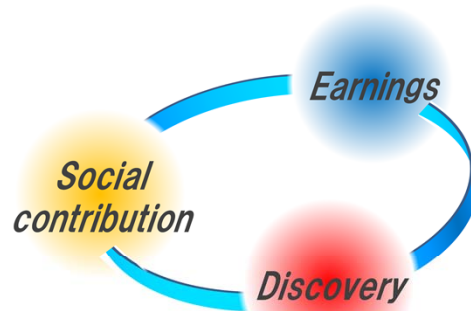
We contribute to society through supporting agriculture by providing new agrochemicals & technology continuously.

In 2012, we formulated the Nichino group Vision which envisions our ideal form, based on the recognition that we needed to expand our business scale and strengthen our financial base to support it in order to survive the intense competition and achieve sustained high growth.

Our Group Vision motto is: Nichino Group – Growing Global: To Become an Outstanding Globally Competitive Company. The basic policy of our vision is: We contribute to the future of mankind through protecting crops and improving our living environment by further improvement of our technology that has arisen through agrochemical business. Our main goals: We contribute to society through supporting agriculture by providing new agrochemicals & technology continuously.

Ideal Business Scope

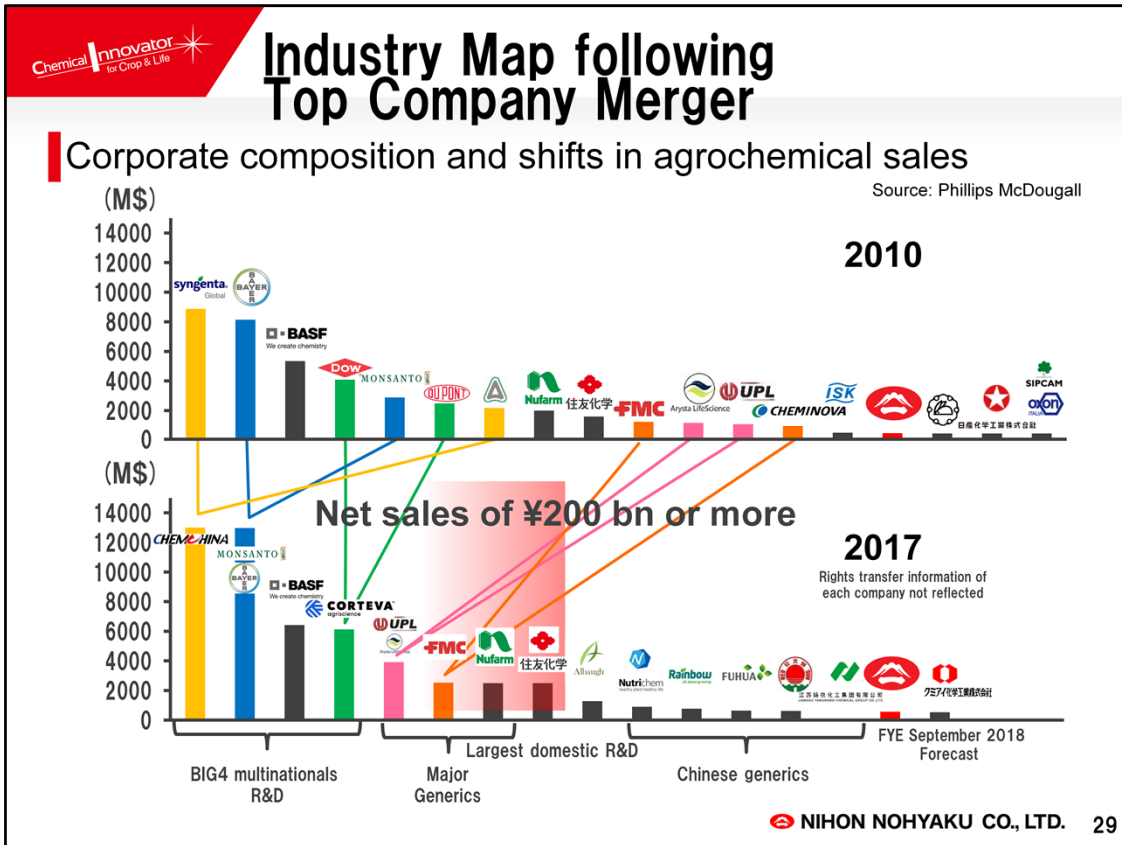
Mission and business objectives



To contribute to society through continuous discovery of molecules

It is necessary to become a R&D-oriented company with sales of ¥200 Bil size (next to “Big 4 Companies”) that ensures stable business propulsion and presence.

Our mission is to contribute to society by continuously creating new active ingredients. This means we must grow to a certain business scope to ensure a stable business promotion platform and secure our market presence. Therefore, the company aims to be an R & D oriented company with sales of 200 billion yen, which is the second largest business after the four major multinational companies.

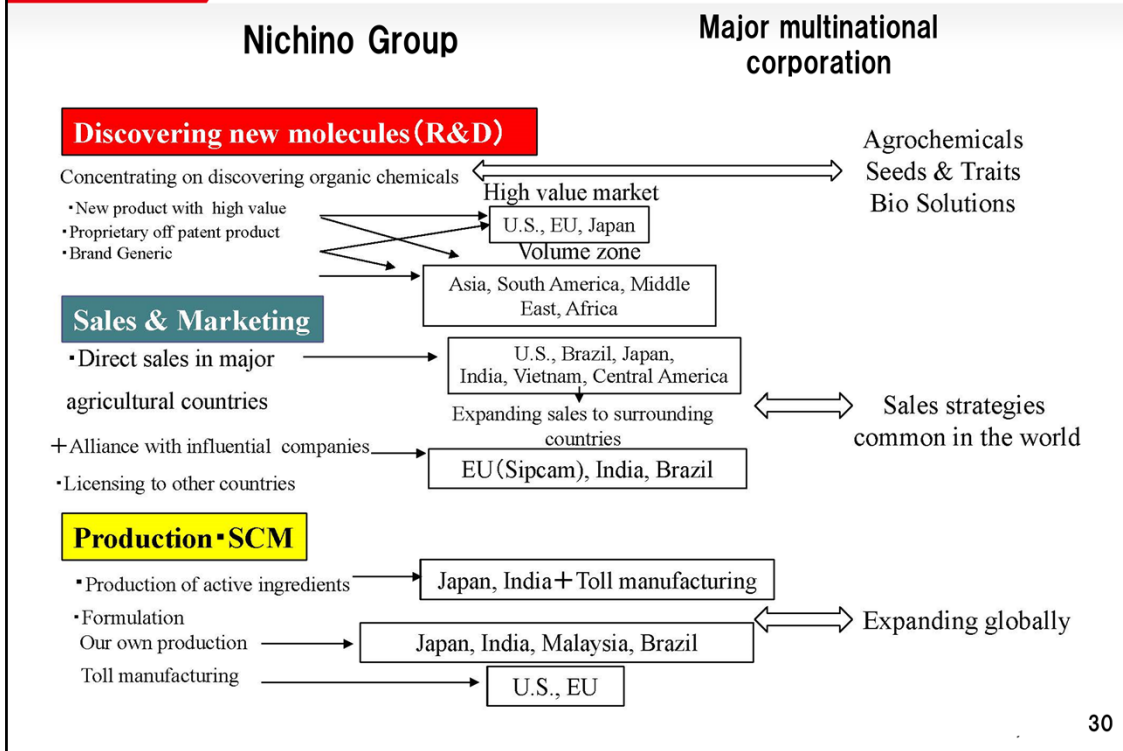


This graph shows net sales for global agrochemical manufacturers between 2010 and 2017.

In 2010, sales of the so-called Big 6 companies dwarfed other companies, with the share of those six companies accounting for 70% of the global market.

Since then, three large-scale mergers and acquisitions were announced between 2015 and 2017, leading to the formation of four major multinational companies. This created an industry structure that further concentrated market share at the top. Our goal business scope of net sales of 200 billion yen would rank only behind the four major companies, and would ensure the financial resources to support large-scale R&D investments and a competitive position on the market.

Nichino Group Goals



Lately, the four major multinational companies are expanding into various domains beyond agrochemicals, including the seeds business, IT agricultural support, and bio-materials. We will continuously inject management resources mainly into agrochemicals based on organic chemicals. Moving forward, by injecting high value-added proprietary products we will conduct market development in high value markets such as Japan, Europe, and the US. Target crops include the same large-scale crops targeted by major companies, including wheat, soybeans, and corn, while also working to distinguish ourselves by advancing development in products for the fruit trees, vegetables, and rice paddy fields. We will strengthen sales promotion in emerging economies, high volume zones such as Asia and South America, growth markets for our off-patent products and the high quality generics produced by Nichino India.

We have established direct sales organizations in the major agricultural countries shown here but we also will increase efforts to expand sales in surrounding countries. In addition to direct sales, we will maximize markets by licensing sales rights to other companies and conducting joint sales.

We will mainly conduct in-house production but will also use outsourcing to optimize quality and costs.

Initiatives to achieve Group Vision

Product acquisition

- ✓ Herbicide "orthosulfamuron" acquired (Oct. 2013)

Investments and partnerships

- ✓ AgriMart acquired (Jan. 2014)
- ✓ Sipcam Nichino Brasill S.A. investment (Sep. 2014)
- ✓ Nichino India Pvt. Ltd. investment (March 2015)
- ✓ Sipcam Europe S.p.A. additional investment (10%⇒20%) (Sep. 2015)

Strengthen overseas offices

- ✓ Nichino Vietnam Co., Ltd. established (Oct. 2017)
- ✓ Nihon Nohyaku Andica S.A.S. acquired (Feb. 2018)

During the period of our two Medium-Term Business Plans from FYE Sep. 2013 to FYE Sep. 2018, we advanced strategies focused on business scope expansion, including product acquisition and investments and partnerships. Specifically, we purchased the herbicide orthosulfamuron, executed capital partnerships or acquisitions for AgriMart, Nichino India, Sipcam Nichino Brasil, and established local subsidiaries in Vietnam and Colombia to achieve a certain level of success towards expanding operations.

Initiatives to achieve Group Vision

Pursue group synergy

- ✓ **Nichino India Pvt. Ltd.**
 - Started synthesis of “FUJI-ONE” & “APPLAUD” technical grades
 - Launched sales of “APPLAUD” technical grade to India domestic sales company
- ✓ **Sipcam Nichino Brasil S.A.**
 - Launched sales of “APPLAUD,” “DANITRON,” and “orthosulfamuron”

Strengthen capability of creating new active ingredients

- ✓ **Miticide “DANIKONG”** (launched domestically in March 2015, launched in Korea in March 2017)
- ✓ **Horticultural fungicide agent “PARADE”** (launched domestically in April 2018)

Through efforts to increase investment synergy, we also promoted establishment of proprietary product production and direct-sales structures at overseas subsidiaries. Specifically, at Nichino India we synthesize the technical grades “FUJI-ONE” and “APPLAUD,” and we began sales of the “APPLAUD” technical grade to India domestic sales company. At Sipcam Nichino Brasil, we launched full-scale sales of proprietary products such as “APPLAUD,” “DANITRON,” and “orthosulfamuron”.

As part of new product development, we launched the miticide “DANIKONG” in March 2015 in Japan and in March 2017 in Korea. We also launched sales of the horticultural fungicide agent “PARADE” in April 2018 in Japan. “PARADE” is expected to provide strong performance in a wide variety of applications, including horticulture, rice paddy, and turfgrass.

- 1) Launch new agents amid increasing difficulty in creation of new active ingredients
- 2) Invest 10% of annual net sales in R&D

Product name	Peak net sales	2019~2021	2022~2024	2025~2027	2028~2030
benzpyrimoxan	Domestic:1 billion yen	→ (Plan to launch to market in Japan in 2021)			
	India:6 billion yen	→ (Plan to launch to market in India in 2023)			
insecticide A	4 billion yen	→ (Plan to launch to market in 2026)			
fungicide	5 billion yen	→ (Plan to launch to market in 2027)			
insecticide B	8 billion yen	→ (Plan to launch to market in 2028)			

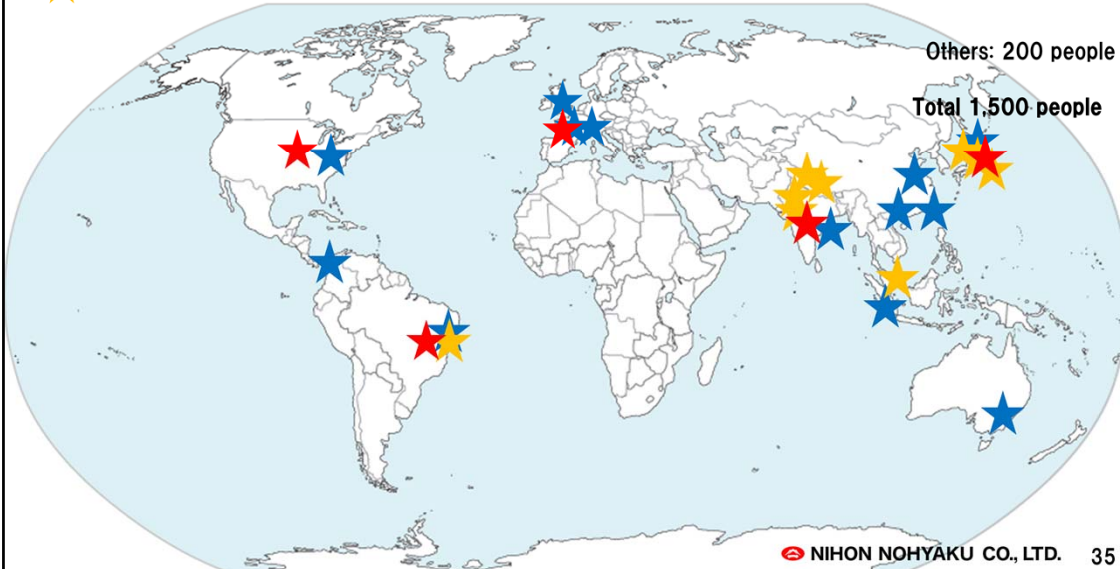
Next, efforts to strengthen research and development capabilities.

In recent years, discovering new bioactive compounds (creation of new active ingredients) has become more difficult. At the same time, safety assessment standards have risen and the cost of maintaining existing registrations has increased, resulting in a dramatic increase in research and development expenses. Amid such conditions, we are investing over 10% of annual net sales into research and development (R&D) in order to further enhance our R&D capabilities. Details on new agent development and respective launch schedules are as shown. In May 2015, the decision was made to conduct simultaneous development in Japan and India for the new rice paddy insecticide “benzpyrimoxan,” and began full-scale development in both countries with the goal of launching to market in 2021 and 2023, respectively. We are anticipating peak net sales of 1.0 billion yen on the Japanese market and 6.0 billion yen in India.

Efforts to accelerate expansion of our pipeline with the goal of launching one new agent every three years has resulted in the development of two insecticides and one fungicide as new agents following “benzpyrimoxan” that can be expected to generate relatively large sales. We are conducting advanced development with the goal of launch to market by the periods shown here.

Group Site Personnel

- ★ **RD centers (2+3):** Japan 1, India 1, Brazil 1, US 1, France 1 (Consolidate)
Approx. 250 people
- ★ **Sales offices (13):** Japan 1, US 1, Brazil 1, India 1, China 1, Taiwan 1, EU 3, NVC, NAS, ACM, Australia 1 Approx. 500 people
- ★ **Production sites (9):** Japan 3, India 4, Brazil 1, ACM Approx. 550 people



This global map shows the locations of our overseas offices based on function. The red stars indicate research centers. Japan leads research but we also have research facilities in India as well as test fields. The blue stars are sales offices, with 13 offices accounting for 500 employees. The yellow stars indicate production sites. There are three plants in Japan and four plants in India, together comprising 550 employees. Including the Corporate Planning and Administration Department, we have some 1,500 global personnel.

Initiatives for New Medium -Term Business Plan

Entered new phase towards achieving New Medium-Term Business Plan goal of 100 billion yen

Social responsibility as a chemical manufacturer

Applied to redevelopment of land of former plant site

- ✓ Sell part of land from golf ranges (former Tokyo plant/Toda-shi)
- ✓ Start redevelopment focused on effective utilization through land sales for Osaka office (former Osaka plant)

Capital partnership with ADEKA CORPORATION

- ✓ Secure "resources for compete" through third-party capitalization and apply towards new agrochemical R&D and aggressive investments
- ✓ Grow into core business that leads the Group life science field
- ✓ Expect to generate future business synergy

Next, here are the two epoch-making events that occurred during the previous fiscal year.

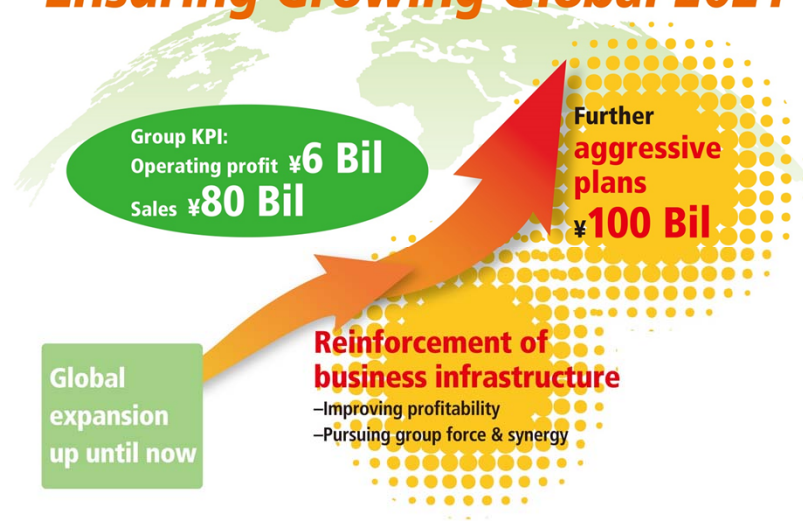
First is the redevelopment of land of a former plant site. We recognize the importance of environmental and social issues and, as a company that handles chemical substances, we have begun a plan for conducting soil improvements and redevelopment at the two former plant locations shown here, including the allocation of the costs involved.

The second major event is the capital partnership with ADEKA CORPORATION.

ADEKA acquired 51% of our stock through a TOB and third-party capitalization, making us a consolidated subsidiary of ADEKA. We plan to apply the capital acquired towards developing new agrochemicals and implementing M&A strategy. The greatest purpose of this capital partnership is to maximize the corporate value of both companies by cooperating with ADEKA towards implementing and promoting strategic plans and activities related to our agrochemicals business and the life sciences business. The details of the business partnership will be negotiated and decided by a partnership promotion committee to begin meeting next month.

New Medium-Term Business Plan

Ensuring Growing Global 2021



To Become a group company where each individual can truly experience and feel growth of our corporate group !

Based on the results of initiatives aimed at achieving this vision and the results of our previous Medium-Term Business Plan, we drafted a new three-year Medium-Term Business Plan to begin this fiscal year.

The theme of this plan is "Ensuring Growing Global 2021" and we are positioning this Medium-Term Business Plan period as a period for strengthening our business infrastructure.

During the period of this Medium-Term Business Plan, we will focus on the two core pillars of "Improving profitability" and "Pursuing group force & synergy". We will accelerate the income contributions of growth strategies implemented thus far and strengthen business infrastructure to ensure our ability for growing global. We also will continue with M&A, partnerships, and product acquisition as part of initiatives to expand business scope.

In addition to net sales of 80 billion yen from existing business, in the plan final year FYE Sep. 2021 we will implement new growth strategies to aim for 100 billion yen.

Improving Profitability

Improve profitability

- Reduce costs
- Review sales prices and conditions
- Optimize fixed costs

Strengthen marketing and sales

- Maximize and extend existing technical grades
- Create new markets
- Establish new operating platform

Create new active ingredients, strengthen product development

- Review values for existing technical grades
- Pursue efficient new development
- Maintain and improve frequency of creation of new active ingredients (3 agents in 6 years)

Improve productivity, create energetic, motivating worker environment

- Promote workflow and workstyle reform
- Accept and take advantage of diversity
- Adopt policies that enable perceivable growth

Here are the specific measures for the New Medium-Term Business Plan.

For "Improving profitability", we will focus on improving profitability by reducing costs and optimizing fixed costs while also strengthening marketing, sales, creation of new active ingredients, and product development.

Furthermore, we will promote workstyle improvement projects and diversity to improve worker productivity and create an energetic, motivating work environment.

Pursuing Group Force & Synergy

Strengthen global structure

- Share, deepen on management strategies
- Strengthen governance and promote personnel interaction
- Manage cash flow within Group

Maximize Group functions

- Effective division of R&D functions
- Group procurement and manufacturing
- Inventory optimization
- Effective use of sales functions

For "Pursuing group force & synergy," we will strengthen our global structure by sharing and deepening Group internal management strategies. We will maximize Group functions by promoting the effective division of R&D functions and Group procurement and manufacturing.

New Branding and Marketing Initiatives

Use internet/IT to improve brand image

- ✓ Nihon Nohyaku Co., Ltd. Facebook official website
- ✓ Nihon Nohyaku Co., Ltd. YouTube official channel
- ✓ Start providing agrochemical ingredient support app



Our marketing and sales improvement measures include aggressively engaging in brand image improvements in Japan by using internet and IT.

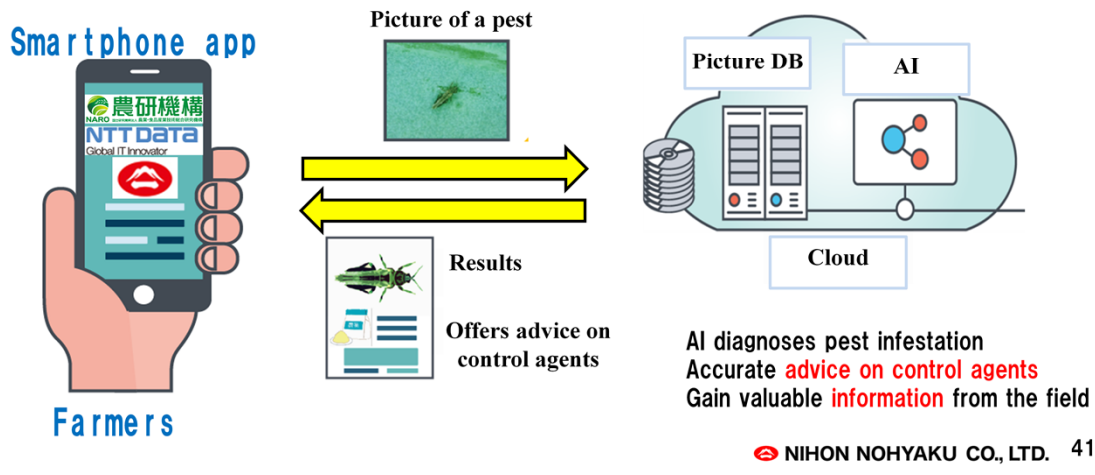
For example, we create an official Facebook account to disseminate product information directly to farmers and producers. We create videos outlining product features and proper usage methods in easily comprehensible formats, and distribute videos on our YouTube channel.

We develop a free app that enables easy information searches using a smartphone to provide users with necessary information on agrochemical dilution-ratio calculation and mixing examples for using agrochemicals on the farm land.

New Branding and Marketing Initiatives

Relationships and direct communication with end users

- ✓ Develop pest diagnosis support tool using AI
- ✓ Participate in projects by the Ministry of Agriculture, Forestry and Fisheries

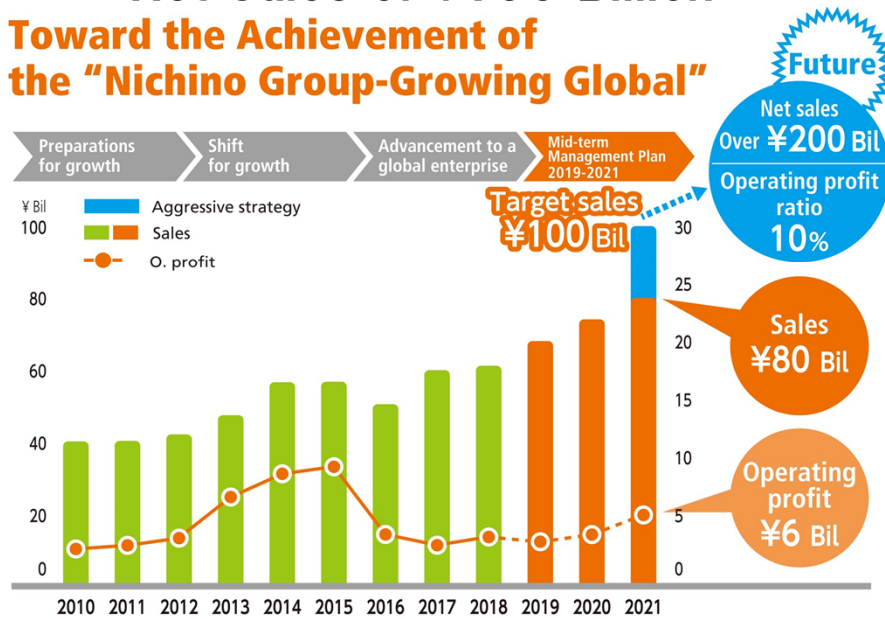


We also will make social implementation by participating with the IT companies and other companies involved in the development of AI-based pest diagnosis support tools and an agrochemical purchasing platform for farmers, a sponsored by the Ministry of Agriculture, Forestry and Fisheries.

Our sales representatives have always visited farmlands to gather feedback from farmers and apply that feedback towards product development. In this new age of IT utilization, we will continue to engage customers and promote smart agriculture using the agriculture cloud.

Initiatives for Achieving New Medium-Term Business Plan of Net Sales of ¥100 Billion

Toward the Achievement of the "Nichino Group-Growing Global"



This graph shows actual and planned performance for net sales and operating income between FYE Sep. 2010 and FYE Sep. 2021.

Our Group views the goal of 100 billion yen in net sales by FYE Sep 2021. As one milestone for FYE Sep. 2021, we will aim for our ideal business model of becoming a research and development-oriented company with net sales of 200 billion yen, a business scope outpaced only by the four major multinational companies.

Earnings Plan

(Unit: 100 million yen)

	2018.9	Ensuring Growing Global 2021	
		2019.9E	2021.9E
Net Sales	612	680	800
Domestic Agrochemical Sales	201	199	200
Overseas Agrochemical Sales	338	397	505
Chemical Products/ Pharmaceuticals	49	52	50
Revenues from Licensing	6	12	13
Other	18	20	32
Operating Income	41	38	60
Ordinary Income	36	34	48
Profit Attributable to Owners of Parent	25	25	32
EPS (yen)	37.5	31.7	40.6

FY2021
net sales
goal:
¥100 billion

This table shows our earnings plan for the New Medium-Term Business Plan.

The main factor behind our net sales goal of 100 billion yen is overseas sales growth, yet our commitment is to increase net sales from last fiscal year's 61.2 billion yen to 80.0 billion yen, and operating income from last year's 4.1 billion yen to 6.0 billion yen by the final year of the plan.

We conduct business practices in line with Basic Principles aligned with SDGs.

Basic Principles of the Nichino Group

- ◆ We contribute to society by ensuring a safe and steady food supply and improving the quality of life for all.
 - 2 食糧を
守り
 - 3 すべての人に
健康と福祉を
 - 4 質の高い教育を
みんなに
 - 12 つくる責任
つかう責任
- ◆ We fulfill market needs by creating superior values with innovative technologies.
 - 7 エネルギーを
持続可能に
 - 9 産業と技術革新の
躍進を実現
 - 13 気候変動に
適応する
 - 15 陸の豊かさを
守る
- ◆ We commit to being a trustworthy company for all stakeholders through our fair and vigorous business activities.
 - 5 働きがいと
働き方を
増進
 - 8 働きがい
と経済成長を
 - 17 持続可能な
開発を実現

Lastly, I will explain our Group Basic Principles and SDGs.

Our Group aims to be a company that earns the trust of its shareholders, customers, business partners, employees, local communities, and various other stakeholders. From the perspective of sustainable growth and increasing our medium- to long-term corporate value, we promote Basic Principles comprised of the three principles shown here.

These Basic Principles also happen to align with the globally accepted SDGs. We will aggressively engage in the principles shown here, including eliminating hunger by securing a stable food supply, ensuring healthy lifestyles, and maintaining a sustainable ecosystem.