

 **NIHON NOHYAKU CO., LTD.**

FYE March 2021

Earnings Conference

May 25, 2021





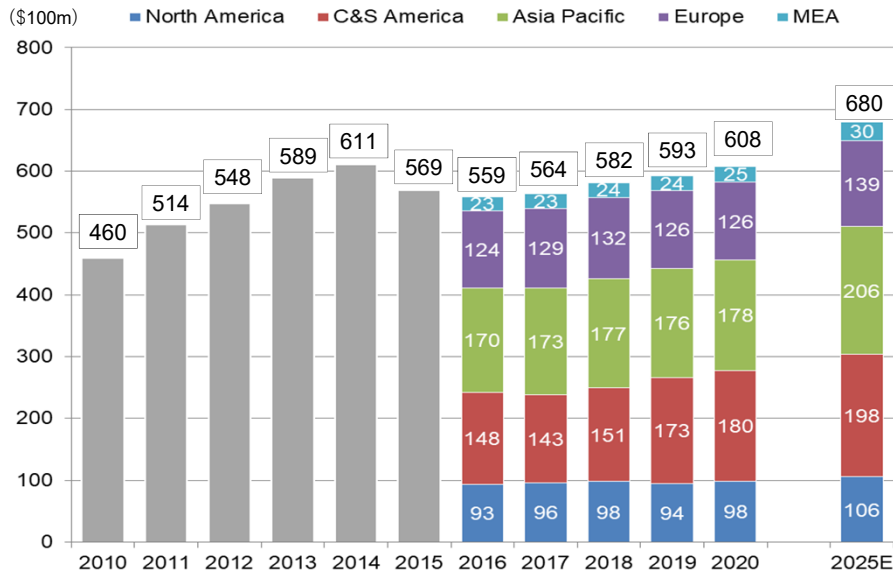
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I. Global Agrochemical Markets



Global Agrochemical Markets



Source) Agbio Investor

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The graphs in this section show the global agrochemical markets performance from 2010 to 2020 and forecasts for 2025.

The global agrochemical market grew from \$46 billion in 2010 to \$61.1 billion in 2014, reflecting population growth and economic development in emerging countries.

Since then, sales have been weak due to the impact of small-scale pests in some regions and the impact of inventories in the past fiscal year due to unseasonable weather.

However, sales in major markets such as Brazil have been on an uptrend again in 2018.

According to the study by Agbio Investor, the global agrochemical market is expected to grow at an average annual rate of 3.0% over the next five years to reach \$68.0 billion, approximately ¥7.5 trillion, in 2025.



Global Agrochemical Markets

North America

The agrochemical market stayed firm thanks to favorable weather

Latin America

In Brazil, the world's largest market, demand grew thanks to increased crop land for soybeans and corn

Europe

Overall, the market was sluggish due to unseasonable weather and the impact of inventories in the past fiscal year

Asia

Demand increased thanks to ongoing warm weather in China and plentiful monsoon rainfall in India

Japan

Largely unchanged due to impact of reduction in distribution inventory

Next, I will explain region-specific results on last year's global agrochemical markets. Agrochemical markets were firm in North America thanks to favorable weather. In Latin America, demand increased thanks to increased crop land for soybeans and corn in Brazil. On the other hand, overall sales were sluggish in Europe due to unseasonable weather and the impact of distributed inventory from the previous fiscal year. In Asia, demand increased thanks to sustained warm weather in China and plentiful monsoon rainfall in India. In comparison, Japan was largely unchanged due to impact of reduction in distribution inventory.

II. FYE March 2021 Earnings



FYE March 2021 Earnings

(¥100m/ %)

	FYE Mar 2021	(Reference) Apr 2019 to Mar 2020		
			YoY	Growth %
Net Sales	715	617	97	15.8
Domestic Agrochemical Sales	196	187	9	4.9
Overseas Agrochemical Sales	433	343	90	26.3
Other agrochemicals	25	27	△ 2	△ 10.1
Chemical Products excluding agrochemicals	42	39	3	8.0
Other	18	20	△ 2	△ 10.1
Cost of Sales	473	406	66	16.4
Gross Profit	242	211	31	14.7
SG&A	172	178	△ 6	△ 3.6
Operating Income	69	33	37	116.1
Ordinary Income	57	30	28	96.9
Profit Attributable to Owners of Parent	43	12	31	268.2

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Previous fiscal year net sales increased by ¥9.7 billion, up 15.8% year on year, to ¥71.5 billion thanks to favorable sales from the agrochemical business, which is one of our core businesses, in both Japan and overseas.

Looking at profit, operating income was ¥6.9 billion, an increase of ¥3.7 billion year on year. Ordinary income was ¥5.7 billion, an increase of ¥2.8 billion year on year. Profit attributable to owners of parent was ¥4.3 billion, an increase of ¥3.1 billion year on year.



FYE March 2021 Earnings

Net sales ¥61.7 bn → ¥71.5 bn(+¥9.7 bn)

Operating income: ¥3.3 bn → ¥6.9 bn (+¥3.7 bn)

Expansion of overseas business +2.7 bn

SG&A expenses decrease +0.6 bn

Increase in domestic agrochemical sales +0.2 bn

Increase in pharmaceutical business income +0.2 bn

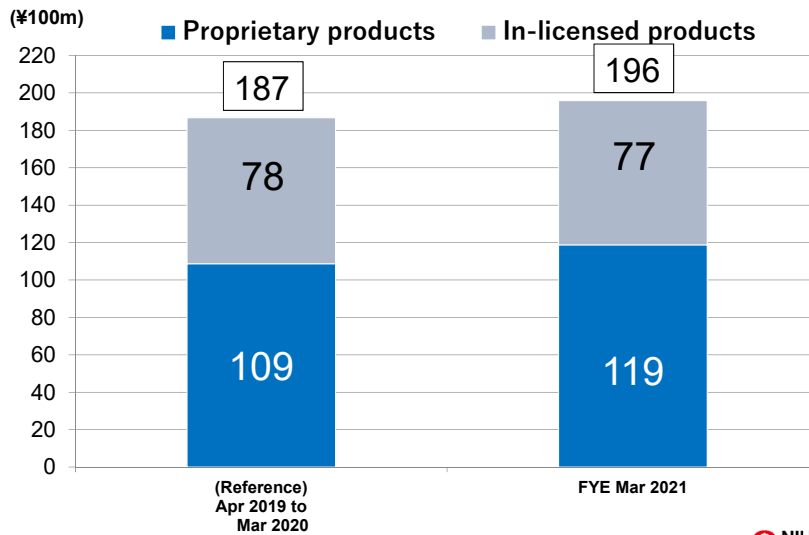
Operating income for the previous fiscal year was ¥6.9 billion, an increase of ¥3.7 billion year on year. The main factors behind this increase are as follows.

One factor was increased sales of ¥2.7 billion from overseas business. In total, income increased by ¥3.7 billion thanks to a ¥0.6 billion reduction in SG&A expenses, a ¥0.2 billion increase in domestic agrochemical sales, and a ¥0.2 billion increase from the pharmaceutical business.



Agrochemicals (Domestic) - Composition of Net Sales

Increase in revenues by expanding sales of mainstay proprietary products



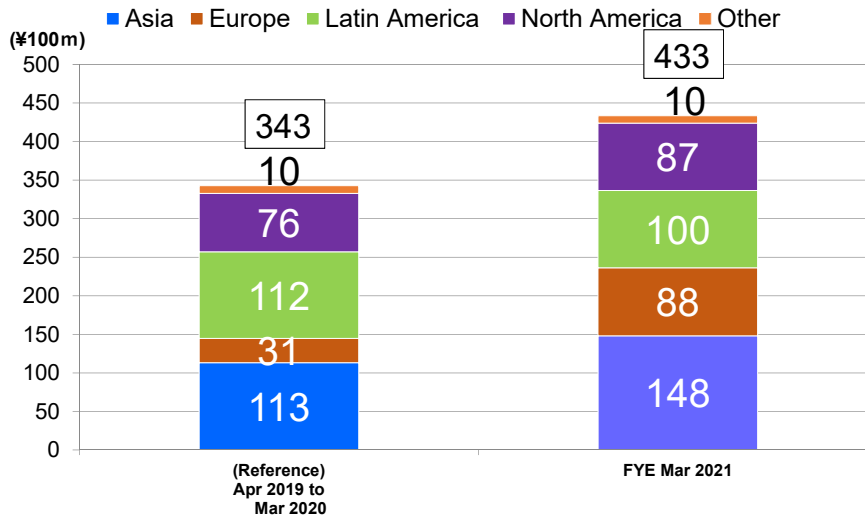
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This graph shows net sales composition for domestic agrochemicals sales. During the previous fiscal year, we worked to expand sales of proprietary products, including the paddy rice fungicide tiadinil and the horticultural fungicide agent pyraziflumid. Net sales were ¥19.6 billion, an increase of ¥0.9 billion year on year thanks to the balancing of sales, which was achieved by improving sales practices to promote appropriate agrochemical use timing and improve logistics.



Agrochemicals (Overseas) - Net Sales by Region

Sales stagnant in Latin America but increased in Asia and Europe



Actual foreign currency rates: 106.37 yen/dollar
121.10 yen/euro

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The graph shows net sales by region for overseas agrochemicals sales.

Net sales growth was stagnant in the previous fiscal year due to intensifying competition in Latin America (green).

On the other hand, net sales grew in Asia (blue) thanks to favorable monsoon rainfall in India as well as contributions from the horticulture insecticide tolfenpyrad and the insecticide flubendiamide we launched this fiscal year.

Furthermore, net sales grew in Europe (red) thanks to increased sales of PGR Pyraflufen-ethyl, which was able to secure market share from competitor products.

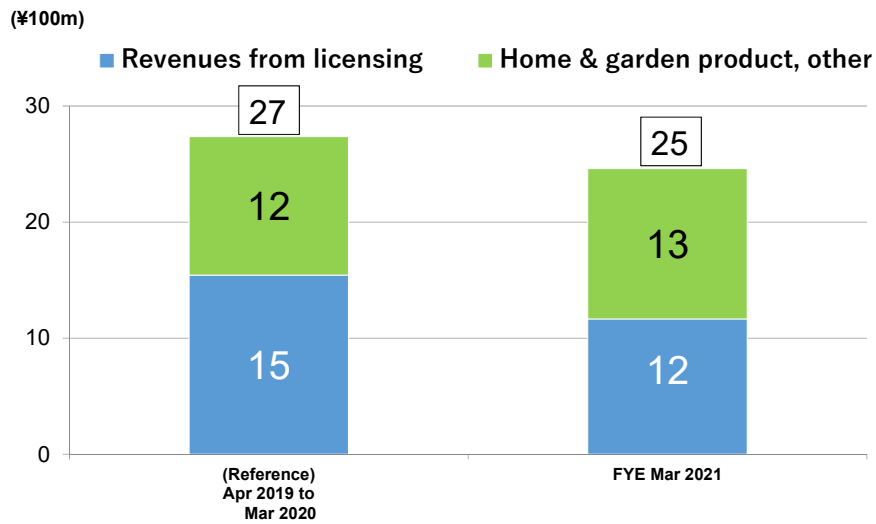
As a result, overseas agrochemical sales increased by ¥9.0 billion year on year to ¥43.3 billion.

Furthermore, actual foreign currency rates for the previous fiscal year are as indicated here.



Agrochemicals (Others)

Decrease in know-how technical fees



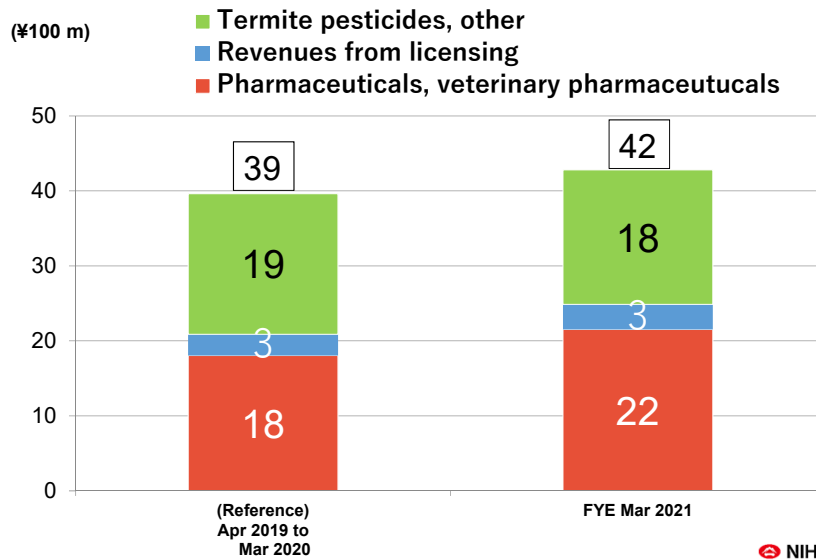
The graph shown here shows earnings in domestic and overseas agrochemicals business sales for non-agrochemical products categorized by know-how technical fees (blue) and horticultural products (green).

The previous fiscal year, sales targeting customers adopting our technology struggled and know-how technical fees decreased.



Chemical Products (Non-agrochemical products)

Pharmaceuticals sales favorable



This graph shows non-agrochemical chemical products divided into categories of pharmaceuticals and animal health care products (red), know-how technical fees (blue), and termite pesticides and other (green). This indicates actual sales. During previous fiscal year, net sales for topical antifungal agents luliconazole and lanoconazole in the athlete's foot segment grew.



Major Earnings of Domestic Group Companies

(¥m/%)

		FYE Mar	(Reference)		
		2021	Apr 2019 to Mar 2020	YoY	Growth %
Nihon Nohyaku	Net sales	43,110	34,764	8,346	24.0
	Operating income	3,369	2,004	1,364	68.1
	Net profit	2,993	△ 3,789	6,782	-
Nichino Service	Net sales	4,619	3,686	933	25.3
	Operating income	150	163	△ 12	△ 7.8
	Net profit	94	126	△ 31	△ 25.2
Nichino Ryokka	Net sales	2,019	2,115	△ 95	△ 4.5
	Operating income	95	61	34	56.5
	Net profit	62	41	21	53.2
Nihon Ecotech	Net sales	761	819	△ 58	△ 7.1
	Operating income	26	66	△ 39	△ 60.1
	Net profit	23	45	△ 22	△ 49.4
AgriMart	Net sales	1,957	1,989	△ 31	△ 1.6
	Operating income	207	187	20	10.9
	Net profit	133	123	9	7.5

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This table shows major earnings of domestic group companies for the previous fiscal year.

Nichino Ryokka shown in the middle struggled with sales growth for golf course solutions due to the impact of COVID-19 but secured income growth by working to reduce expenses.



Major Earnings of Overseas Group Companies

(¥m/%)

		FYE Mar 2021	(Reference) Apr 2019 to Mar 2020		
				YoY	Growth %
Nichino America	Net sales	8,744	7,579	1,165	15.4
	Operating income	1,416	780	636	81.6
	Net profit	1,060	562	498	88.6
Taiwan Nihon Nohyaku	Net sales	579	470	108	23.1
	Operating income	97	66	30	45.4
	Net profit	80	52	27	52.9
Nichino India	Net sales	8,843	6,860	1,983	28.9
	Operating income	403	268	135	50.4
	Net profit	253	140	112	79.8
Sipcam Nichino Brasil	Net sales	9,124	10,373	△ 1,249	△ 12.0
	Operating income	427	33	393	1169.3
	Net profit	△ 719	△ 502	△ 217	-
Nichino Europe	Net sales	5,572	3,885	1,687	43.4
	Operating income	323	298	26	8.5
	Net profit	280	269	11	3.8

*Figures in reference for Nichino Europe represents earnings for 18 months(Oct. 2018 to Mar. 2020)

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This table shows major earnings of overseas group companies for the previous fiscal year. Nichino America shown at the top saw earnings growth driven by strong sales of insecticide buprofezin thanks to technology promotion activities and stronger demand for the fungicide flutolanil thanks to increase crop land for peanuts.

III. FYE March 2022 Full Year Earnings Forecast



FYE March 2022 Earnings Forecast

(¥100m/ %)

	FYE Mar 2022 Plan	FYE Mar 2021 Results	YoY	Growth %
Net Sales	740	715	24	3.5
Domestic Agrochemical Sales	225	196	29	14.9
Overseas Agrochemical Sales	442	433	9	2.0
Other agrochemicals	16	25	△ 9	△ 35.0
Chemical Products excluding agrochemicals	38	43	△ 4	△ 11.2
Other	19	19	0	2.2
Cost of Sales	512	473	38	8.2
Gross Profit	228	242	△ 14	△ 5.9
SG&A	187	172	14	8.3
Operating Income	41	69	△ 28	△ 40.9
Ordinary Income	38	57	△ 19	△ 33.6
Profit Attributable to Owners of Parent	26	43	△ 17	△ 40.2

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We forecast net sales of ¥74.0 billion, an increase of ¥2.4 billion, or 3.5% year on year, thanks mainly to sales growth in Japan and overseas for the agrochemicals business, our core business.

We forecast operating income of ¥4.1 billion, a decrease of ¥2.8 billion, or 40.9% year on year, ordinary income of ¥3.8 billion, a decrease of ¥1.9 billion, or 33.6% year on year. Furthermore, we forecast ¥2.6 billion as profit attributable to owners of parent, a decrease of ¥1.7 billion, or 40.2% year on year.



FYE March 2022 Earnings Forecast

Net sales ¥71.5 bn → ¥74.0 bn (+¥2.4 bn)

Operating income: ¥6.9 bn → ¥4.1 bn (-¥2.8 bn)

Increase in domestic agrochemical sales **+¥0.6 bn**

SG&A expenses increase **-¥1.5 bn**

Decrease in know-how technical fees **-¥0.8 bn**

Decrease in pharmaceutical business income **-¥0.3 bn**

Consolidated adjustments for foreign currency **-¥0.8 bn**

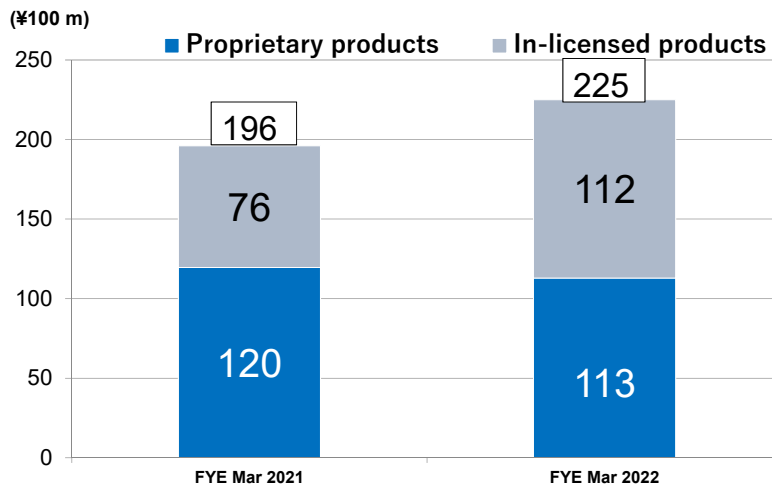
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We forecast operating income of ¥4.1 billion, a decrease of ¥2.8 billion year on year. As an explanation of main factors, domestic agrochemical sales will increase by ¥0.6 billion. Conversely, decrease factors include SG&A expenses increasing by ¥1.5 billion, sales of know-how technical fees decreasing by ¥0.8 billion, as well as pharmaceutical business income decreasing by ¥0.3 billion and ¥0.8 billion in consolidated adjustments for foreign currency. In total, these factors result in decreased income of ¥2.8 billion.



Agrochemicals (Domestic) -Composition of Net Sales

Sales growth from sales agreement with Corteva



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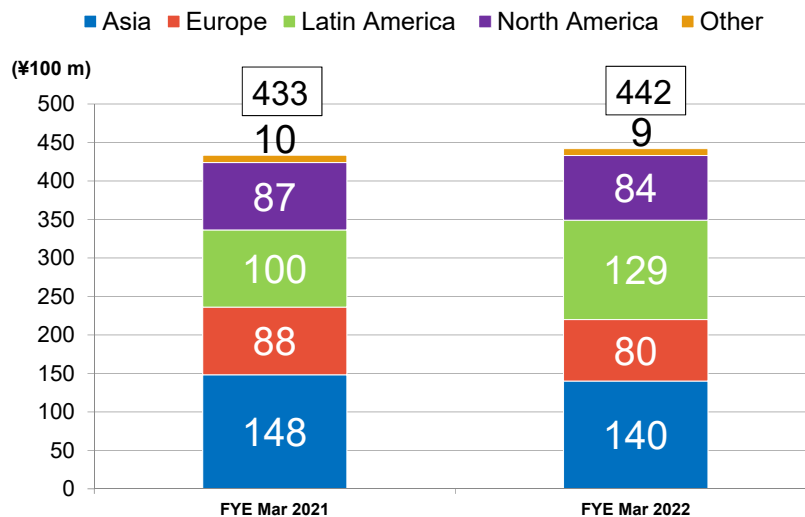
This graph shows net sales composition for domestic agrochemical sales this fiscal year. This fiscal year, we will establish a proposal style that combines our technical and sales strengths to provide solutions, including LeiMe AI Disease, Pest & Weed Analysis, and crop-dusting using drones to expand sales of major products such as tiadinil and pyraziflumid.

We are forecasting net sales to increase by ¥2.9 billion to ¥22.5 billion due in part to the launch of sales for Corteva products from the current fiscal year, as we recently announced.



Agrochemicals (Overseas) - Net Sales by Region

Sales growth in Latin America



Planned foreign currency rates: 105 yen/dollar
125 yen/euro

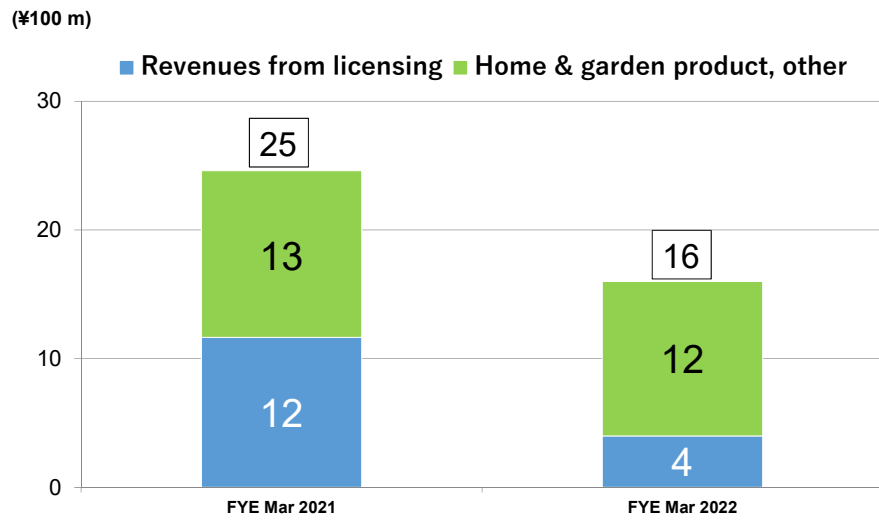
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The graph shows net sales by region for overseas agrochemical sales this fiscal year. In the Asia region, Nichino India will solidify its sales platform in India, strengthen TG manufacturing functions, and promote the steady development of benzpyrimoxan. In the Americas, Nichino America will expand operations by increasing applications for herbicide orthosulfamuron and strengthening business in Mexico. Furthermore, as part of efforts to maximize Group synergy, we will establish a structure for expanding sales at Sipcam Nichino Brasil and increase sales of flubendiamide and other proprietary products. In Europe, Nichino Europe is working to build a business base. We will maximize Pyraflufen-ethyl by expanding indications and by increasing market share for flutolanil. As a result of the above efforts, we forecast overseas agrochemical sales of ¥44.2 billion, an increase of ¥0.9 billion year on year. Furthermore, our foreign currency rate plan for the current fiscal year is as indicated here.



Agrochemicals (Others)

Decrease in know-how technical fees



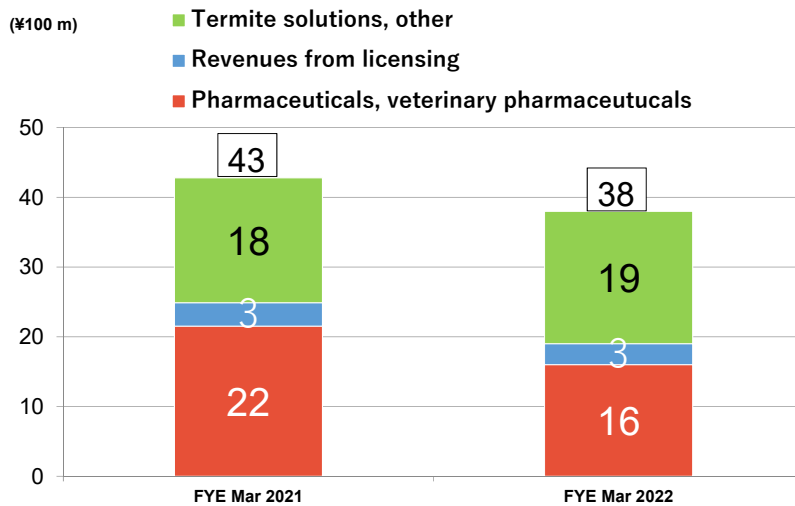
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This graph indicates current fiscal year forecasts for know-how technical fees and horticultural products in the agrochemicals business. With the expiration of our patent for flubendiamide, we forecast know-how technical fees will decrease.



Chemical Products (Non-agrochemical products)

Decrease in sales of pharmaceuticals and animal health care products



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This graph indicates our forecast for non-agrochemical chemical products this fiscal year. This fiscal year, we will expand sales of our newly launched Nexus Z 800 in the termite pesticide domain. In the pharmaceutical business, we will continue to support sales promotion activities in sales companies and work to increase sales of luliconazole in the onychomycosis segment but we forecast that sales will be sluggish in the athlete's foot segment.



Main Plans of Domestic Group Companies

(¥m/%)

		FYE Mar 2022	FYE Mar 2021		
		Plan	Results	YoY	Growth %
Nihon Nohyaku	Net sales	43,931	43,110	820	1.9
	Operating income	1,769	3,369	△ 1,599	△ 47.5
	Net profit	1,951	2,993	△ 1,041	△ 34.8
Nichino Service	Net sales	4,712	4,619	92	2.0
	Operating income	105	150	△ 45	△ 30.4
	Net profit	75	94	△ 18	△ 19.9
Nichino Ryokka	Net sales	1,955	2,019	△ 64	△ 3.2
	Operating income	15	95	△ 80	△ 84.1
	Net profit	5	62	△ 57	△ 91.1
Nihon Ecotech	Net sales	750	761	△ 11	△ 1.5
	Operating income	1	26	△ 25	△ 96.2
	Net profit	5	23	△ 17	△ 77.6
AgriMart	Net sales	2,040	1,957	82	4.2
	Operating income	144	207	△ 63	△ 30.4
	Net profit	92	133	△ 41	△ 30.9

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This table shows the main plans of domestic group companies for the current fiscal year. The plans indicated here represent a bottom line but we will aim to further increase sales.



Main Plans of Overseas Group Companies

(¥m/%)

		FYE Mar 2022	FYE Mar 2021		
		Plan	Results	YoY	Growth %
Nichino America	Net sales	8,434	8,744	△ 310	△ 3.5
	Operating income	470	1,416	△ 945	△ 66.8
	Net profit	318	1,060	△ 741	△ 69.9
Taiwan Nihon Nohyaku	Net sales	416	579	△ 163	△ 28.2
	Operating income	21	97	△ 76	△ 78.3
	Net profit	18	80	△ 61	△ 76.7
Nichino India	Net sales	9,153	8,843	309	3.5
	Operating income	210	403	△ 192	△ 47.8
	Net profit	63	253	△ 189	△ 75.0
Sipcam Nichino Brasil	Net sales	11,738	9,124	2,613	28.6
	Operating income	996	427	568	133.1
	Net profit	376	△ 719	1,096	-
Nichino Europe	Net sales	4,966	5,572	△ 605	△ 10.9
	Operating income	334	323	10	3.3
	Net profit	277	280	△ 2	△ 0.8

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This table shows the main plans of overseas group companies for the current fiscal year. For Sipcam Nichino Brasil second from the bottom, we are forecasting improved revenues on increased sales of flubendiamide through the efforts I explained a moment ago.

IV. New Mid-term Management Plan



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1.	Review of Previous Mid-term Management Plan
2.	New Mid-term Management Plan
(1)	Business Environment
(2)	Future Vision
(3)	New Mid-term Management Plan Basic Policy Management Targets
(4)	Business Strategy



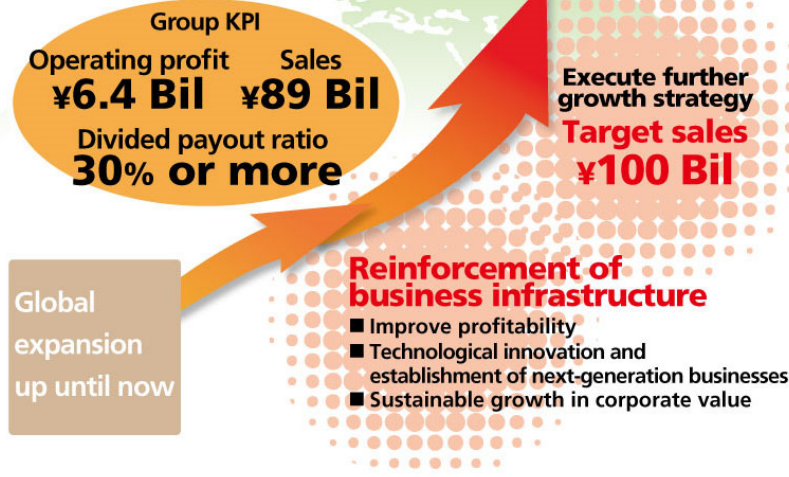
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Basic Policy of Previous Mid-term Management Plan (EGG2021)

Ensuring Growing Global 2



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During the previous Mid-term Management Plan EGG 2021, our two core strategies were "Improve profitability" and "Strengthen group management". We accelerated revenue contributions from growth strategies and strengthened the platform necessary to achieve our vision of Growing Global.

During FYE March 2021, the final year of the Plan, we set Group KPI as operating income of ¥4.7 billion and net sales of ¥76.3 billion. Additionally, we aimed to achieve net sales of ¥100.0 billion through the realization of new growth strategies.



FYE March 2021 Difference between Earnings and Plan Figures

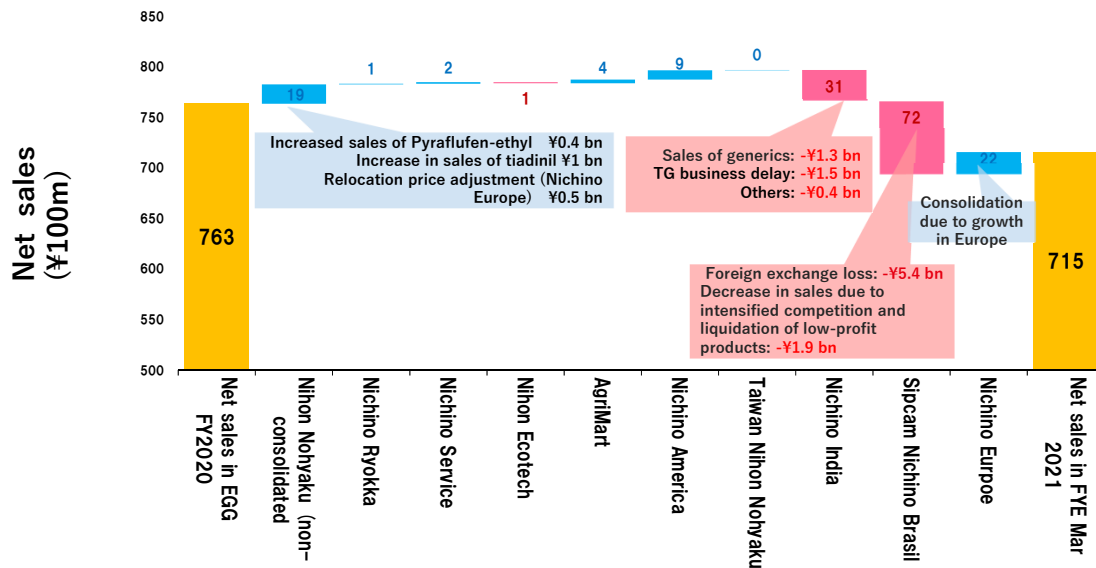
(¥100m)

	FYE March 2021 Results	FYE March 2021 EGG2021 Plan	Difference
Net sales	715	763	-48
Operating income	69	47	+23

Relative to these Group KPI, FYE March 2021 earnings resulted in net sales of ¥71.5 billion, which was ¥4.8 billion short of plans, but operating income of ¥6.9 billion, which was ¥2.3 billion above plans.



Analysis of difference between Previous Mid-term Management Plan and Actual Net Sales Figures

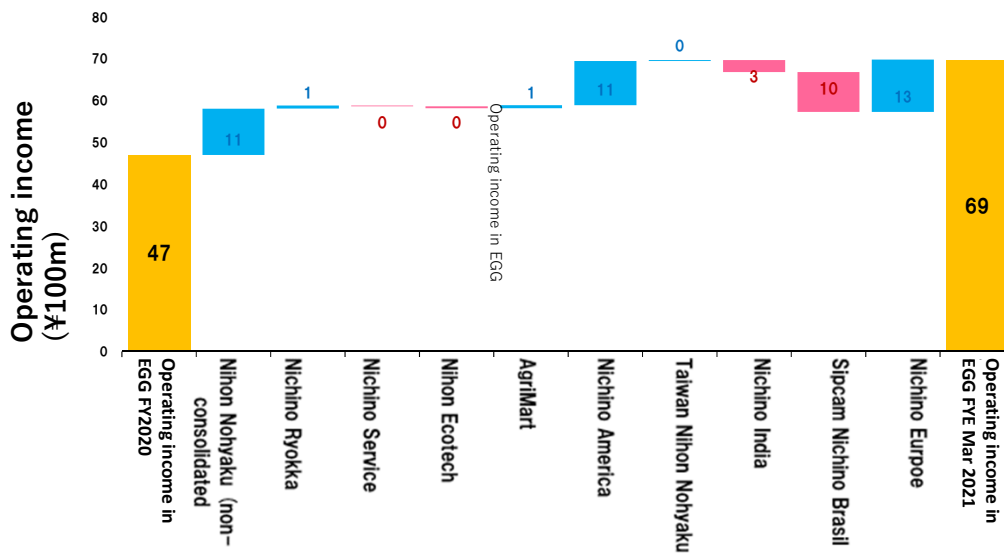


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A breakdown of the difference between plan figures and actual figures for net sales is as shown here. While we benefited from the consolidation of Nichino Europe as part of growth of the European business and increased sales of proprietary products for Nichino on a non-consolidated basis, we did not achieve plan figures due to sluggish growth in earnings for consolidated subsidiaries in India and Brazil due to the impact of foreign currency.



Analysis of difference between Previous Mid-term Management Plan and Actual Operating Income



This is a breakdown of the difference between plan figures and actual figures for operating income. While subsidiaries in India and Brazil fell below targets, operating income exceeded plan figures significantly thanks to Nichino non-consolidated and European and American subsidiaries exceeding targets.



Results of Previous Mid-term Management Plan

◆Improve profitability		Major contents and achievements	◆Strengthen group management		Major contents and achievements
Exploratory research	Enhancement of pipeline	Transition to new insecticide predevelopment Progress of new systems	Overseas	Establishment and expansion of bases	Development of sales and manufacturing structure in Nichino India (CAPEX) Consolidation of Nichino Europe due to the business growth in Europe Nichino Vietnam started full-scale operation
Product development	Registration progress	Japan Pyraziflumid (registration in the irrigation field) Benzpyrimoxan (registered in Sep 2020) India Benzpyrimoxan (applied for registration) Brazil Flubendiamide (sales launch in 2021) U.S. Pyraziflumid (applied for registration)	Domestic	Change of business frame Cooperation with ADEKA (Generating Synergies)	Enhancing functions of Nichino Ryokka and AgriMart Joint purchasing (procurement) Considering toll manufacturing (manufacturing) Started collaboration in the life science field (research)
New development	Response to smart agriculture	Release of App of AI Diagnosis by images	◆Reform corporate culture		Major contents and achievements
	Business tie-up	Invest in KUREi/Started test sales of Frostbuster	Establishment of a system	CSR/SDGs business promotion	Establishment and operation of Nichino Group CSR-promotion system
Functional enhancement	Organizational restructuring	Establishment of Manufacturing Technology Research Center and Industrial & Pharmaceuticals Sales Division	Reform activities	Business Reform and Work Style Reform	About 680 reform projects Introduction of flexible work styles Work-at-home system, Limited area permanent employee system, Shortened working hours, Flexible working hours
Others	Changes in domestic sales	Review of business culture of recording sales before shipment, etc.		Personnel program reforms	Introduction of a new wage system (abolition of age pay) Introduction of various forms of employment Limited area permanent employees, senior employees, etc.
	Promotion of land development	Completed in Toda area (former Tokyo Plant) and Osaka Office (former Osaka Plant) in progress			

During the previous Mid-term Management Plan, we were able to achieve a certain level of progress towards strengthening our business base. This includes enhancing our pipeline, registering the new agent benzpyrimoxan, filing for registration and advancing development of core formulations in target markets, strengthening our sales and manufacturing structure in India, responding to smart agriculture, promoting CSR management, and promoting business reform and work style reform.

FYE March 2021, the final year of the Plan, saw the continued impact of the COVID-19 pandemic. However, thanks to work-style reforms we were implementing prior to the pandemic, including establishing an infrastructure for telecommuting, we were able to continue operations without any significant interference.

We also advanced activities related to rapidly generating and taking advantage of synergy from our capital partnership with ADEKA CORPORATION.

- ◆ **Improve profitability of investment targets (subsidiaries in India, Brazil, etc.)**
- ◆ **Accelerate R&D to support global expansion, establish next-generation businesses**
- ◆ **Sustainable growth in corporate value**

On the other hand, future issues include improving profitability from investments such as our subsidiaries in India and Brazil, accelerating R&D to promote global expansion, establishing next-generation business, and achieving sustainable growth in corporate value.

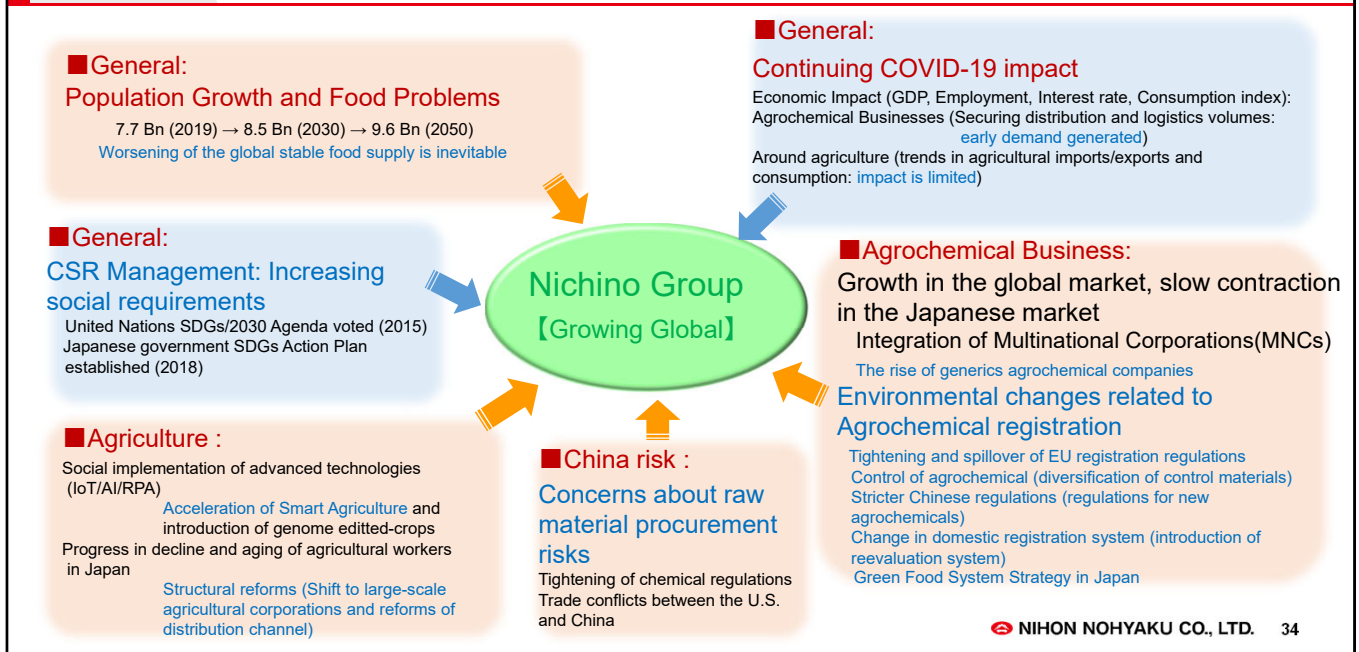


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External Environment (Social, Economic, and Political Factors)



The operating environment impacting the agrochemical business, our Group's core business, saw a growth trend for the global agrochemical market due to global population growth and economic development in emerging countries, which caused increased food demand.

On the other hand, Japan is seeing a continued downward trend in agrochemical markets due to a decline in crop land attributable to the aging of agricultural workers and an increasing shortage of successors, and government policy reducing capital expenditures for the agricultural industry.

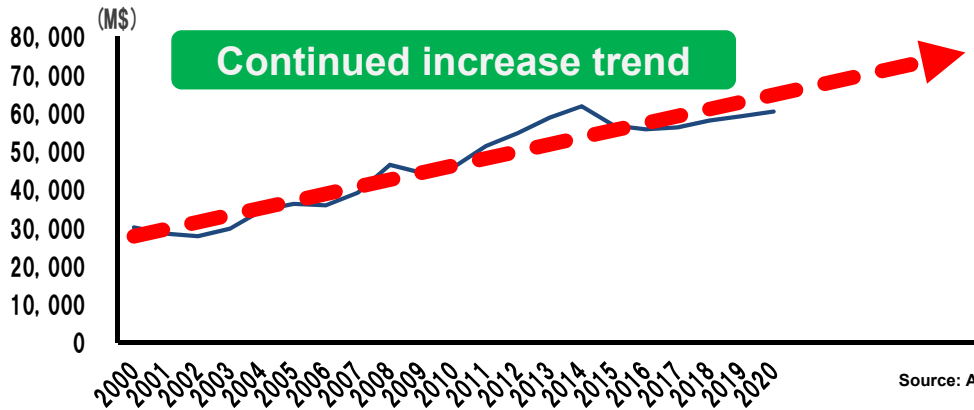
Also, increasing difficulty in drug development and increasing parameters for agrochemical registration are driving up the cost of new formula development and resulting in longer development cycles.

Additionally, stricter parameters implemented by agrochemical registration systems in various countries, price competition with generic agrochemicals, rising costs for raw materials and contracted manufacturing, and the impact of abnormal weather on crops are all creating severe conditions for the operating environment impacting our Group.

The future outlook for the market suggest concern of a global economic slowdown due to a decline in corporate earnings and the labor environment caused by a COVID-19 pandemic that shows no signs of subsiding in Japan or overseas. Our Group's core business, the agrochemical business, is a key element of the agricultural production that supports a stable food supply. As such, we believe the impact on our operations is limited relative to other industries. However, we do anticipate the possibility of a direct impact on production and procurement, and an indirect impact due to changes affecting the agricultural industry.



Environmental Changes (Agrochemical Market)



Source: Agbioinvestor

- ✓ Global agrochemical market is expected to continue growing as population growth (2.1%/year growth)
- ✓ Domestic agrochemical market size is almost unchanged at around ¥340 Bn
- ✓ The share of generics agrochemicals has expanded
- ✓ Agrochemical registrations decreased due to stricter registration regulations
- ✓ Bio pesticides and biostimulants has expanded (size is limited)

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This graph shows transitions in the global agrochemical market since 2000.

As I explained earlier, the global agrochemical market is expected to continue on a growth trend.

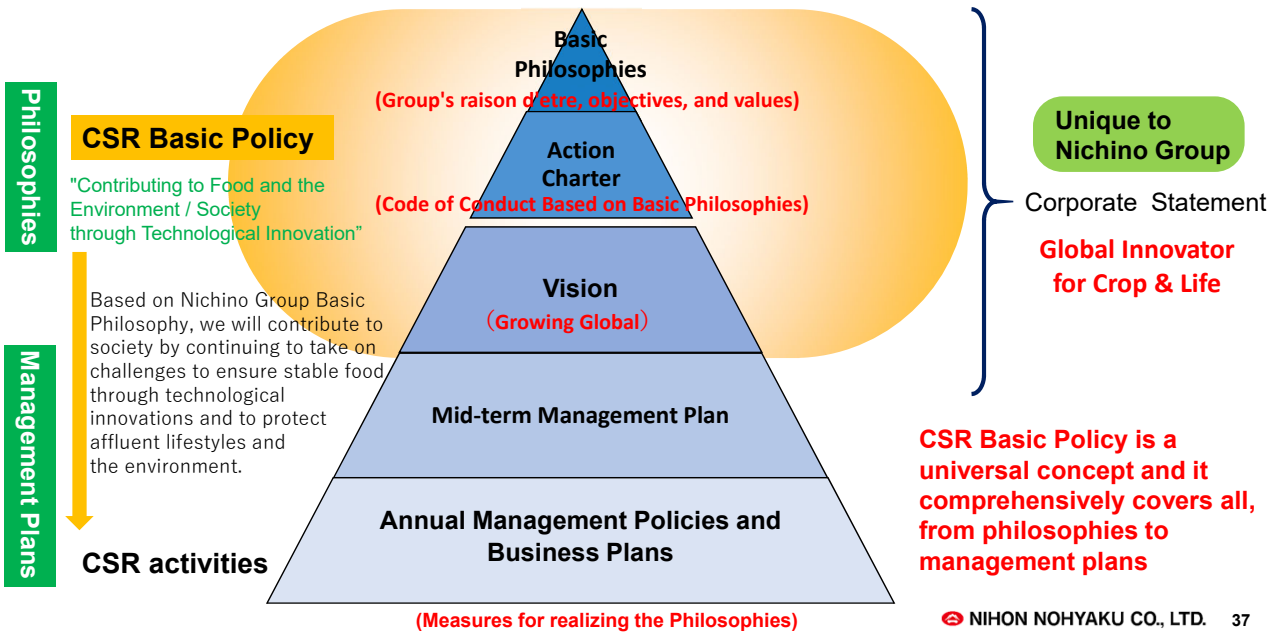
On the other hand, the share of generics agrochemicals is expected to grow and we expect to see fewer agrochemical registrations due to stricter registration regulations as well as growth in the bio pesticides and biostimulants market. Amid growth, the signs of future changes in the market structure are visible.



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Positioning of Group Principles and Management Plan



Our Group's Basic Philosophies are:

We contribute to society by securing safe and steady food supplies and improving the quality of life for all;

We fulfill market needs by creating superior values with innovative technologies;

We commit to be a trustworthy company for all stakeholders through our fair and vigorous business activities.

Under these Three Basic Philosophies, our Group adopted "what we want to be in the future" as the Nichino Group Vision to help us achieve sustainable growth for the Group and increase our medium- to long-term corporate value.

The backbone of these efforts will be our CSR Basic Policy of "Contributing to Food and the Environment / Society through Technological Innovation".



Group Vision

Nichino Group – Growing Global

Supporting agricultural production and healthy lifestyles by providing advanced technologies that meet customer needs, such as new agrochemicals, pharmaceuticals, and animal health care products.

**Contribute to a sustainable society by expanding products/services that contribute to SDGs
(Low environmental impact products, Labor-Saving technologies)**

The Group Vision is "Nichino Group - Growing Global". We aim to support agricultural production and healthy lifestyles by providing advanced technologies that meet customer needs, such as new agrochemicals, pharmaceuticals, and animal health care products as well as create low environmental impact products and labor-saving technologies to contribute to a sustainable society by expanding products/services that contributes to the SDGs.



What We Want to be as a Nichino Group

	What we want to be in 2030	In the future
Corporate image	Penetration of "Nichino brand and Nichino quality" globally through attractive new product technologies and CSR (SDGs) management	Recognized as a leading company in the life science field Major contributions to solving social issues and sustainable development
Scale of business	Operating margin of 10% or more Over ¥125 bn sales (Overseas sales ratio: 70%) Existing businesses ¥100 bn + New businesses ¥25 bn	Operating margin of 15% or more Over ¥200 bn sales Existing businesses ¥150 bn + New businesses ¥50 bn
Sales force	Domestic market share of 10% or more Expanding business from overseas bases to surrounding areas Establishment of new businesses	Within the global Top10 No.1 in Japan (as a agrochemical business) Pharmaceuticals, animal health care products, and new businesses are the pillars of earnings
R&D	Establishment of Life Science R&D bases in Japan and overseas	Constantly developing agrochemicals and pharmaceuticals and animal health care products for global markets
Production	Almost all in-house TG manufacturing functions Realization of production automation	Completion of TG manufacturing in-house Production of other life sciences products Cost competitiveness and unique technologies
Human Resources and Governance	Establishment of work styles regardless of place and time	Diverse human resources of the entire group work globally

Back
Cast

As the ideal situation to help us achieve our Group Vision, our Group aims for a scale of business that achieves an operating margin of 15% or higher and net sales of ¥200.0 billion. To achieve this, we are working to achieve an operating margin of 10% or higher and net sales of ¥125.0 billion by 2030.



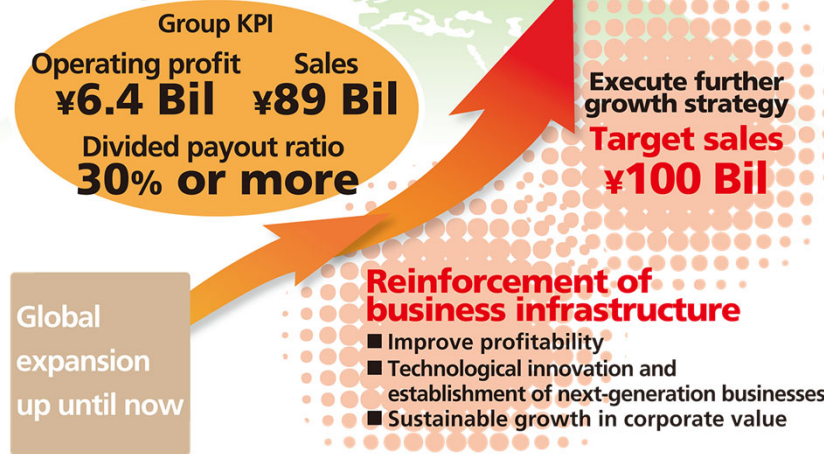
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New Mid-term Management Plan Slogan

Ensuring Growing Global 2



食とくらしのグローバルイノベーター
Global innovator for food and living

We call this "Ensuring Growing Global 2 (EGG2)".

We also adopted a new corporate statement, "Global innovator for Crop & life" to express our drive to achieve our Group Vision. We will continue the work started in the previous Mid-term Management Plan to strengthen the platform needed to make Growing Global a reality. As a reinforcement of business infrastructure, our basic policies are, in addition to improve profitability by expanding group synergies, to establish technological innovations and next-generation businesses, and to continuously increase corporate value. We strive to be a corporate Group that uses advanced technologies to support agriculture production and healthy lifestyles, and contribute to a sustainable society.



Basic Policy for New Mid-term Management Plan (3 Years)

Improve profitability

- Maximization of priority products
- Strengthen domestic agrochemicals sales
- Cost reduction through optimal TG manufacturing system
- Expand the synergy of the group companies

Technological innovation Establish next-generation businesses

- Promote R&D and global expansion
- Expand to non agrochemical areas
- DX initiatives

Sustainable growth in corporate value

Strengthen CSR activities and ESG management
Promote Business Reform and Work Style Reform

The specific measures of our Three Basic Policies are as shown here. I will discuss these in detail in a moment.



New Mid-term Management (FYE March 2024 Plan)

(¥100m)

	FYE Mar 2024 Plan	FYE Mar 2021 Results	Difference
Net sales	890	715	+175
Operating income	64	69	-5

Dividend Policy:
Based on stable dividends
keep the dividend ratio at 30% or higher

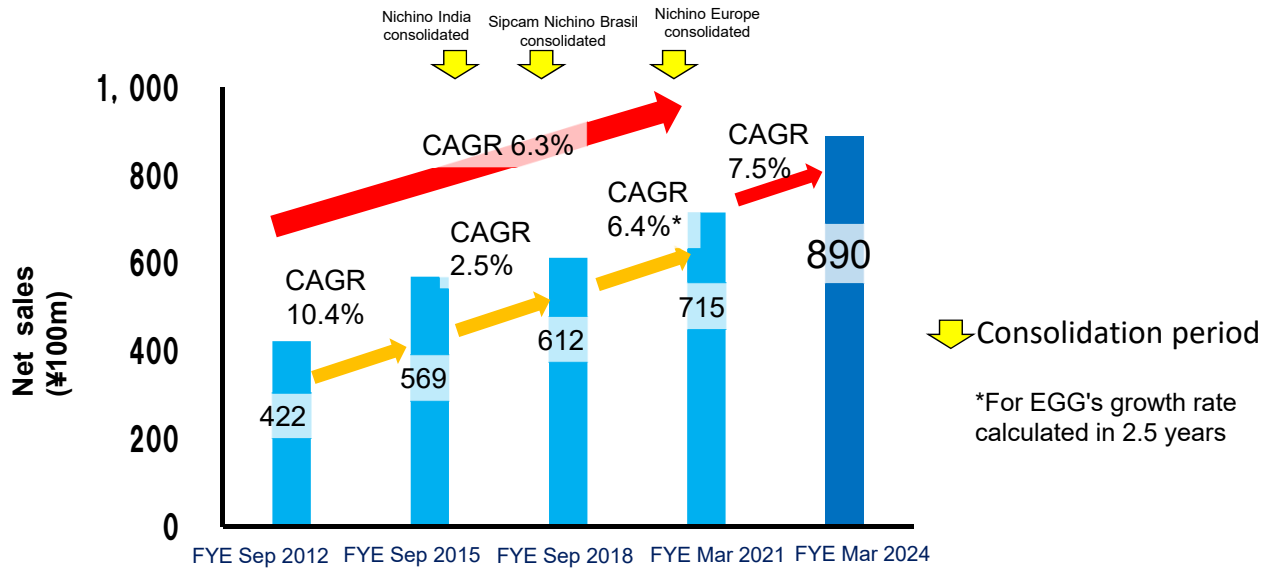
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Plan figures for FYE March 2024, the final year of the new Mid-term Management Plan are as shown here. We will aim for net sales of ¥89.0 billion and operating income of ¥6.4 billion.

Our dividend policy is to provide stable dividends and maintain a dividend ratio at 30% or higher.



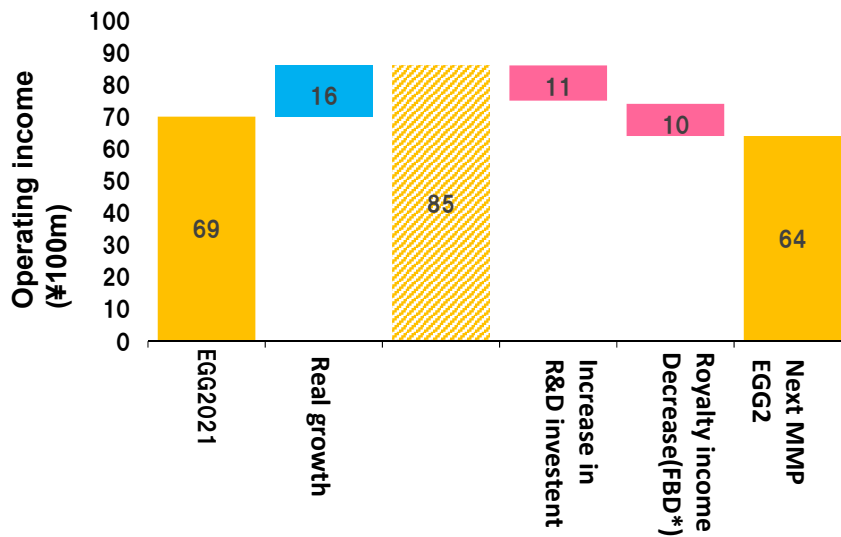
Sales Targets for New Mid-term Management Plan



Since setting our Group Vision in 2012, Group net sales have increased by an average of 6.3% annually. During the new Mid-term Management Plan, we will implement measures to achieve annual growth of 7.5%.



Profit Targets for New Mid-term Management Plan



*Flubendiamide

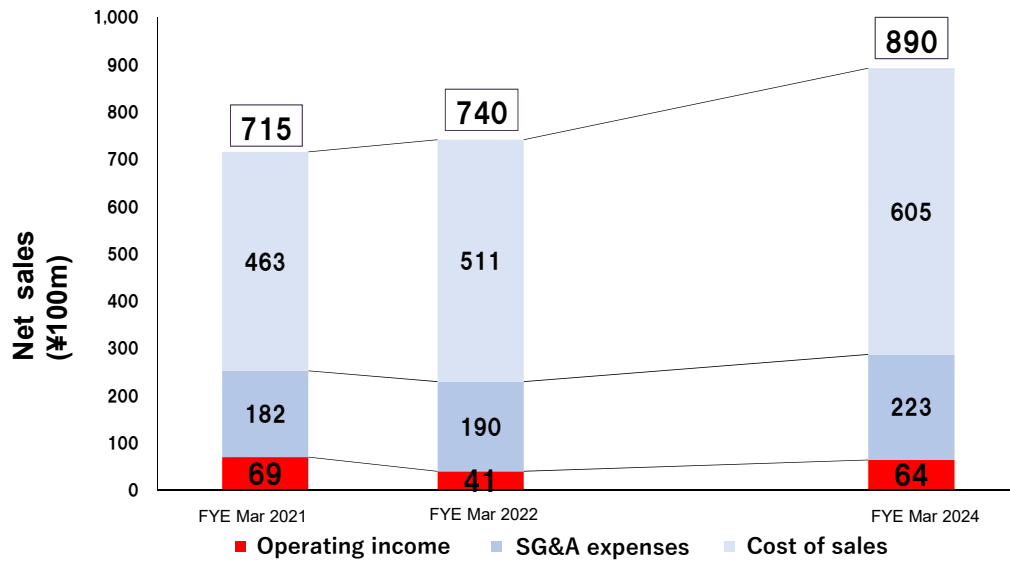
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Operating income increase factors for the final year of the Plan relative to results from FYE March 2021 are as shown here.

Increase factors include substantial growth of ¥1.6 billion due to increased sales while decrease factors will include a ¥1.0 billion decrease in royalty income from flubendiamide and a ¥1.1 billion increase in research and development expenses due to investments related to future growth. As a result, we are planning on a ¥0.5 billion decrease compared to results from FYE March 2021.



Targets for New Mid-term Management Plan (3 Years)



The graph here shows transitions in net sales, SG&A expenses, cost of sales and operating income from FYE March 2021 through the final year of the new Mid-term Management Plan.



Assumed Currency Rate

Foreign currency rates	FYE March 2024 Plan	FYE March 2021 Actual
Dollars (\$)	¥105	¥110.71
Real (R\$)	¥20	¥19.91
Rupee (INR)	¥1.5	¥1.52
Pounds (£)	¥140	¥152.23

Our currency assumptions for the final fiscal year of the new Mid-term Management Plan are as shown here.



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(1) Maximization of priority products

Major priority products: benzpyrimoxan, pyrifluquinazon, pyraflufen-ethyl, flubendiamide
Strategic areas: Brazil (Sipcam Nichino Brasil), India (Nichino India)

(2) Strengthen domestic agrochemical sales

Concluded sales agreement and expanding partnership with Corteva

(3) Cost reduction through optimal TG manufacturing system

Nichino India: Increase production of proprietary technical grades

In-house production: Strengthen roles as a mother plant (in-house TGs such as new TG, flubendiamide, etc.)

Outsourced manufacturing: Utilized as the 2nd source to respond to supply and demand conditions

(4) Expand the synergy of the group companies

Strengthen promotion and sales capabilities of business divisions and group companies

Timely distribution of products and support for sales measures by ascertaining sales and inventory status at group companies

Our detailed initiatives related to increasing profitability are as shown here.

As part of the "Maximization of priority products", we have identified benzpyrimoxan, pyrifluquinazon, Pyraflufen-ethyl, flubendiamide as four major priority products, and will work on domestic and overseas simultaneous development and promote registration overseas to expand sales areas and promote sales. We identify Brazil and India as core strategic areas and will expand the business scope of overseas group companies that are growth drivers.

To "Strengthen domestic agrochemical sales", we will work to expand our partnership with Corteva.

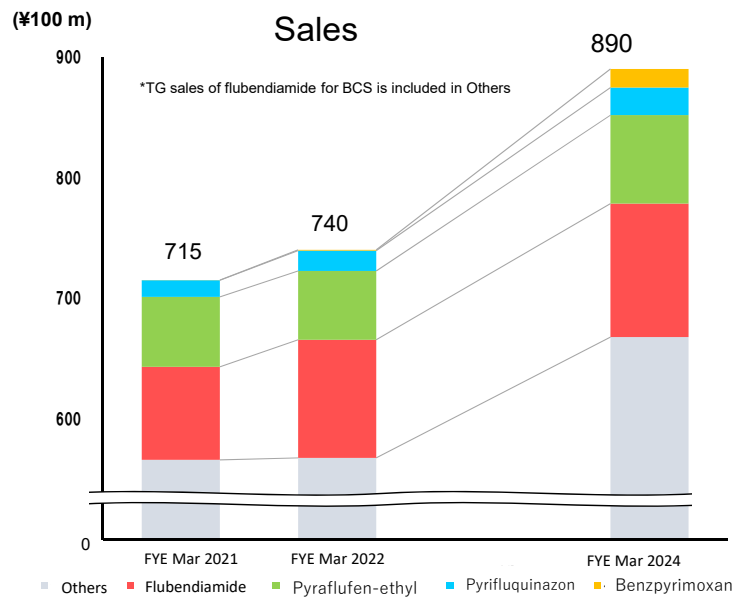
For, "Cost reduction through optimal TG manufacturing system", we will build a globally optimal production structure and work to reduce costs while also making further improvements to production efficiency.

To "Expand the synergy of the group companies", we will implement various measures outlined by business divisions and group companies to strengthen the promotion and sales capabilities. We will promote the timely distribution of products and support for sales measures by ascertaining sales and inventory status at group companies.



Sales Plan for Priority Products (Consolidated)

(1) Improve profitability

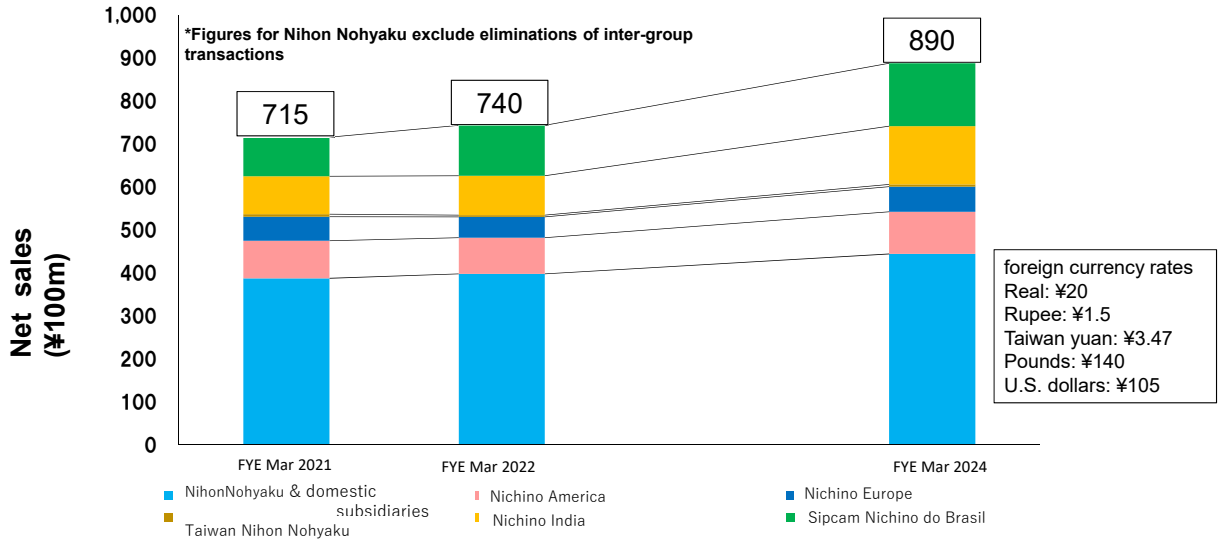


Our consolidated sales plan for these four priority products is as shown here.



Making Overseas Group Companies Growth Drivers

(1) Improve profitability



Grow business scale with Brazil and India as main strategic areas

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As you can see, we plan to expand the business scope of overseas group companies that are growth drivers.



Concluded sales agreement and expanding partnership with Corteva

- On May 12 of this year, we entered into a sales agreement with Corteva allowing us to sell Corteva products on the Japanese market with the goal of expanding our share of the domestic agrochemical market.
- From October 1, 2021, products previously sold directly by Corteva on the Japanese market will be sold through Nihon Nohyaku.
- We are proactively evaluating future collaborations with Corteva on R&D related to our respective products and in the smart and digital agriculture domain.



We entered into a sales licensing agreement with Corteva allowing us to sell Corteva products on the Japanese market. This will expand our share of the domestic agrochemical market and strengthen domestic agrochemical sales.

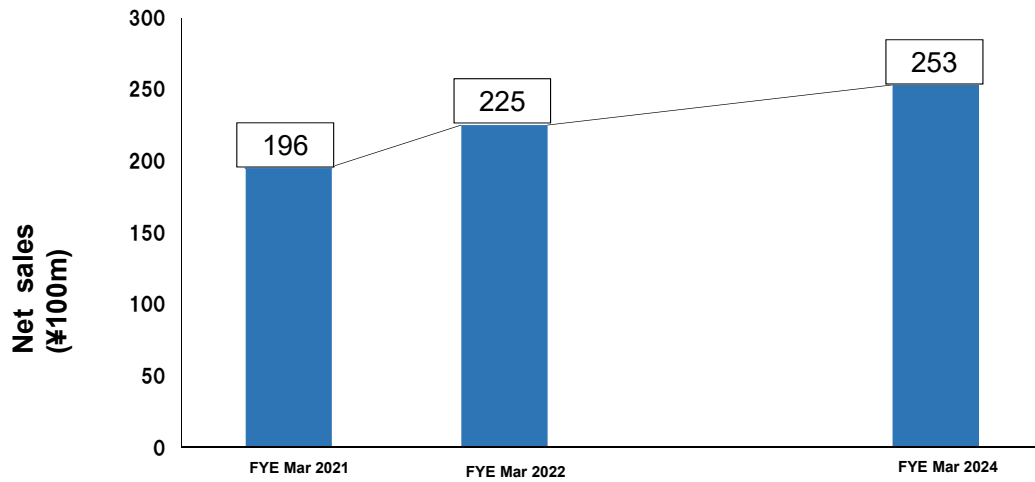
Through this agreement, from October 1, 2021, we will begin selling products previously sold directly by Corteva on the Japanese market.

We also are proactively evaluating future collaborations with Corteva on R&D related to our respective products and in the smart and digital agriculture domain.



Domestic Agrochemical Sales growth

(1) Improve profitability



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As a result of these initiatives, plans for domestic agrochemical sales are as shown here.



Technological Innovation and Establish Next-generation Businesses

(2) Technological innovation and establish next-generation businesses

(1) Promote R&D and global expansion

Early development of pipeline compounds

Visualization and sharing of development progress, formulation of development priorities, and development of intra-group consultations

(2) Expand to non agrochemical areas

Development of pharmaceuticals and animal health care products

Introduction of bio pesticides and bio-stimulants

Business development of semi-fermented substances (cosmetics, fragrances, environmental purification)

(3) DX Initiatives

Accelerating efficiency through operational reforms (transformation of the business process) utilizing DX

Promotion of Smart Agriculture and global expansion

Improve production efficiency by shifting to Smart Factories

Understand management information and accelerate decision-making by introducing GMS and utilizing BI

Our specific initiatives related to technological innovation and establishing next-generation businesses are as shown here.

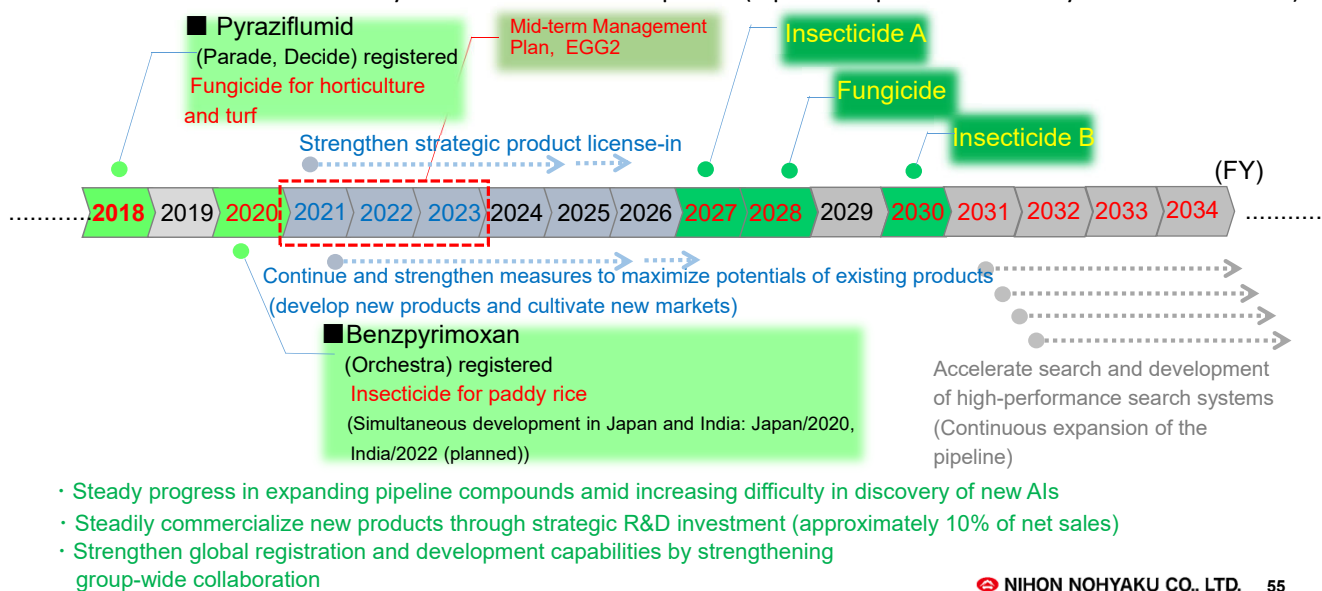
I will explain in detail from the next slide.



R&D Progress and Global Expansion

(2) Technological innovation and establish next-generation businesses

Continuous and stable discovery of new AIs and development (Pipeline expansion and early commercialization)



In recent years, discovering new bioactive compounds (creation of new AIs) 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, new agents under development are two insecticides and one fungicide. Additionally, we have multiple promising early-stage formulas following the pipeline. We will continue to make steady advancements in the development of pipeline compounds.

During the current Plan, we are strategically investing 10% of annual net sales into research and development (R&D) towards steadily commercializing these new agents into new products.

We will strengthen global registration and development capabilities by strengthening group-wide collaboration.

We are also pleased to announce that today (May 25), we launched sales of the new paddy rice insecticide benzpyrimoxan we have been developing (product name "ORCHESTRA") in Japan.

We are working with Group company Nichino India to accelerate development towards product launch in India by 2022.



Expansion of Life Science Business

(2) Technological innovation and establish next-generation businesses

Strategically expand business from existing businesses to new areas and new technologies and move them forward to commercialization step by step

		Life science field		
		[Areas of expertise] Food (Agriculture)	[Existing areas] Health	[New Fields] Life
Resources and technologies	[Core technologies] Organic chemical synthesis	Agrochemicals Animal health care products (livestock)	Pharmaceuticals	Animal health care products (pets)
	[New technologies] Bioresources fermentation, natural products	Bio pesticides Biostimulants High value-added crops	Health aids	New products utilizing semi-fermentation production technology (e.g. cosmetics and fragrances)
	[New technologies] Service AI · ICT	Smart Agriculture (AI Diagnosis by images) [Under development]		

- Expansion as a Life Science Division of ADEKA Group
- Efforts to rapidly maximize synergies through business alliances

As the core company for the life science business within the ADEKA Group, we will expand business in this sector and work to rapidly maximize synergies through business alliances.

As shown here, our major existing businesses include agrochemicals, drugs for livestock, and pharmaceuticals. We will strategically expand business from existing businesses to new areas and new technologies and move them forward to commercialization step by step.



Life Science Business Initiatives

(2) Technological innovation and establish next-generation businesses

Development of pharmaceuticals and animal health care products
(Decision of lead compound in 2021 ⇒ Started development in 2023)

- Establishment of a research system that can be continuously evaluated

Frostbuster (Started test sales in 2021)

- Supercooling promotion materials made from coffee grounds, which is a food processing waste
- Promote as frost prevention agent targeting the fruit tree and turf segments as main markets



Develop business utilizing semi-fermentation production technology for natural substances
(commercialization in 2023)

- Establishment of enzymatic and organic synthesis technologies for natural useful substances
- Distribute as non agrochemical materials (e.g. cosmetics and fragrances)

Production of crops producing specific functional components (commercialization in 2026)

- Accumulate health-assisting functional ingredients in crops
- Achieving stable production and registration of varieties

We also continue to evaluate business domain expansion through M&A and the absorption of external value

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Our initiatives in life science fields other than agrochemicals are as shown here. Development of pharmaceuticals and animal health care products, introduction of bio pesticides and bio-stimulants to promote crop health, business utilizing semi-fermentation production technology for natural substances, and production of crops producing specific functional components. Applying the technology and experience accumulated through the agrochemical business, we will use life sciences to provide society new value that contributes to healthy lifestyles. We also continue to evaluate business domain expansion through M&A and the absorption of external value.

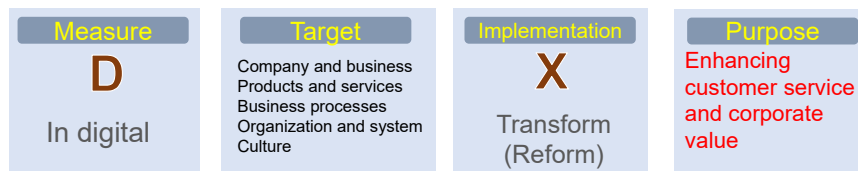


Enhancing Customer Service and Corporate Value by Promoting DX

(2) Technological innovation and establish next-generation businesses

Use digital and IT technologies to transform business and operations

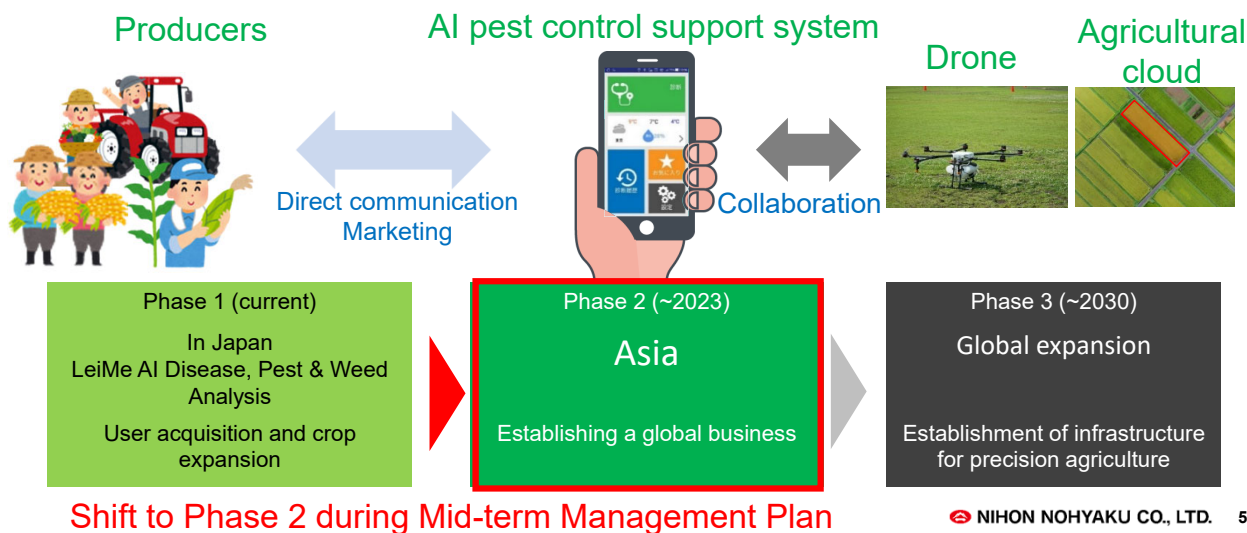
- Promoting labor-saving through Smart Agriculture Develop business in Asia by 2023
- Promote planning of Smart Factories Realize partial automation of production in 2023
- Promote visualization by building a management accounting system (GMS) and utilizing BI
Start operations in 2021 (domestic) and 2022 (overseas)
- Using AI, IoT, RPA, etc. to streamline business innovation/exploratory research
- Efficient promotional activities using SNS and websites
- Strengthen BCP response



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This shows initiatives related to enhancing customer service and corporate value by promoting DX. Initiatives focus on the use of digital and IT technologies to transform business and operations, including promoting labor-saving through smart agriculture, promoting the shift to Smart Factories, promotional activities using SNS and websites. This will enable us to improve customer service and corporate value.

Providing new value through **direct communication & marketing with/to producers**
Establish a platform to achieve complete smartening of pest and weed management



As part of those initiatives, in April 2020 we released LeiMe AI Disease, Pest & Weed Analysis, a smartphone app capable of diagnosing pests and weeds, providing new value through direct communication & marketing with/to producers. At the same time, we will establish a platform to achieve complete smartening of pest and weed management.

At present, during Phase 1, we are working on user growth in Japan and expanding applicable crops. During the Plan period, as part of Phase 2 we will establish a global business in Asia. In the future, in Phase 3 when we focus on global expansion, we will accelerate smart agriculture initiatives as part of work to establish an infrastructure for precision agriculture.



Research and Development Investment

(2) Technological innovation and establish next-generation businesses

R&D Investment (Nihon Nohyaku Non-consolidated: Total of ¥14.2 bn for 3 years)
(¥100 m)

	FYE March 2021 Results	FYE March 2022	FYE March 2023	FYE March 2024	Total R&D investment for 3 years
R&D investment (plan)	42	43	45	53	142
R&D expenses to net sales ratio (non-consolidated)	9%	10%	10%	11%	
R&D expenses to net sales ratio (consolidated)	6%	6%	6%	6%	

Increase in R&D investment is essential due to the enhancement of pipeline compounds

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During the period of the current Mid-term Management Plan, we are planning on R&D investment of ¥14.2 billion for Nichino non-consolidated. We will increase R&D investment to expand future revenues by ensuring the successful commercialization of our growing portfolio of pipeline compounds.



CAPEX

(2) Technological Innovation and Establish Next-generation Businesses

CAPEX

(Nihon Nohyaku Non-consolidated: Total of ¥4.0 bn; Consolidated: ¥6.1 bn for 3 years)

(¥100 m)

	FYE March 2021 Results	FYE March 2022	FYE March 2023	FYE March 2024	Total CAPEX for 3 years
Nihon Nohyaku non-consolidated (plan)	11	11	13	17	40
Nichino India	<ul style="list-style-type: none"> • Benzpyrimoxan technical grade manufacturing facilities • Other Nichino's technical grade manufacturing facilities 				21
Total					61

Proactive capital investment for production efficiency and DX promotion

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During the period of the current Mid-term Management Plan, we are planning on total capital investment of ¥6.1 billion.

At Nichino India, we will expand manufacturing facilities for one of our priority products, the new agent benzpyrimoxan technical grade, in addition to increasing production efficiency and promoting DX.

We will conduct proactive capital investment towards these goals.



Sustainable Growth in Corporate Value

(3) Sustainable growth in corporate value

(1) Strengthen CSR activities and ESG management

Contribute to SDGs through CSR activities and ESG management (integrate CSR and management)

Company-wide implementation of CSR promotion system

(promotion of enlightenment and cultivation of corporate culture)

Systematically address priority areas and priorities (demonstrating CSR-WG functions)

(2) Promote business reform and work style reform

Enhance employee satisfaction by creating a rewarding work environment

Comprehensive review of the personnel appraisal system and review of benefits

Office system where employees are free to change desk, utilization of HO/FO*, switch internal telephones to mobile terminals

Promoting global human resource development

D&I: Diversity and Inclusion initiatives

*HO•FO: Home office, Flexible office

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Our detailed initiatives related to sustainable growth in corporate value are as shown here. I will explain in detail from the next slide.



CSR/SDGs: Previous Initiatives



(3) Sustainable growth in corporate value

Business performance since company founding / Social contribution

- Business activities cultivated with our pride and accountability as the first specialized agrochemical manufacturer in Japan
- Closely related to agriculture (food production), the natural environment surrounding it, and the rich lives of humanity
 - Initiatives for research, development, manufacturing, and sales of technologies and products that meet social needs

Basic Principles / Action Charter

- Consistent with the broad concepts and challenges SDGs is aiming for
- Responsible Care (RC) initiatives as a chemical industry
 - 7 RC codes (Japan Chemical Industry Association)
Environmental protection, process safety and disaster prevention, occupational health and safety, logistics safety, chemical and product safety, dialogue with society, and comprehensive management

Nichino Group's Basic Principles	SDGs Targets
<ul style="list-style-type: none"> • We contribute to society by ensuring a safe and steady food supply and improving the quality of life for all. 	
<ul style="list-style-type: none"> • We fulfill market needs by creating superior values with innovative technologies. 	
<ul style="list-style-type: none"> • We commit to be a trustworthy company for all stakeholders through our fair and vigorous business activities. 	

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The Three Basic Principles of Nihon Nohyaku Group shown here represent the basic management principles of our Group. Adopting a mission of securing safe and steady food supplies and improving the quality of life for all, we have continued to engage in technical innovation that contributes to global agricultural industries.

Nichino Group operations are closely tied to agriculture, the natural environment surrounding it, and the rich lives of humanity. As we engage in business operations and respond to globalization, we continue to address the broad concepts and issues outlined in the SDGs.



Nichino Group's business is deeply related to agriculture, environment, and human livelihood and welfare. Therefore in response to business promotion and globalization, we continue to address the wide-ranging concepts and issues advocated by SDGs.



Zero Hunger

- **Food security** is necessary to support the global population growth with **a limited agricultural land area**
- Rice; **yield reduced** to about 80%, wheat; **yield reduced** to about 70%, apple; **yield reduced** to less than 10%^(Note1), when agrochemicals were not used
- We have 23 TGs which are registered as agrochemicals in more than 100 countries/regions worldwide, contributing to **increased food production and improved food quality**

TGs (products)	Registration year	Number of registered countries	Approximate area used (Note 2)
Isoprothiolane (FUJI-ONE: fungicide PGR)	1975	28	2,570 thousand ha
Buprofezin (APPLAUD: insecticide)	1984	62	2,080 thousand ha
Pyraflufen-ethyl (ECOPART: Herbicides, plant growth regulator)	1999	38	2,320 thousand ha
Flubendiamide (PHOENIX: insecticide)	2007	70	11.3 million ha ^(Note3)

(Note 1): Source of yield decrease in Japan: "Evaluation Report on Damage to Pest, etc. When Cultivated without agrochemicals" (1990-2006 Japan Plant Protection Association)
(Note 2): Estimated from sales volumes and general quantities of agrochemicals used (Note 3): Used area including estimated shipped volumes of Bayer, our licensee



Good Health and Well-being

- Contribution **in the antifungal field**; prescriptions for a wide range of patients through the 3 pharmaceutical companies
- **Global Expansion**: Sales of the athlete's foot product in the U.S. and China

With increasing demand for food supplies to address a growing global population, we must be able to secure food supplies despite limited agricultural land. Our 23 technical grades have earned agrochemical registration in over 100 countries and regions around the world and contribute to stable food provision and quality improvements. We also have applied the knowledge we have accumulated as an agrochemical manufacturer to develop technical grades for topical antifungal agents. These products are not only sold as prescription drugs and OTC drugs in Japan, but are also contributing to healthy lifestyles for people overseas.



Gender Equality

- Strengthening the **CSR promotion system** and expanding the activities of the Human Rights and Labor Practices Subcommittee (Assignment of persons in charge of promoting diversity, fair and equal women participation, etc.)
- Gradual penetration of **group companies** based on our corporate vision "Growing Global"



Industry, Innovation and Infrastructure

- Achieve **labor savings and cost reductions** in the field of crop protection through technological innovation

Benzpyrimoxan: A novel mode of action (inhibition of molting hormone metabolism)
 Buprofezin: The first IGR for paddy rice hemipteran in the world
 Flubendiamide: The first ryanodine receptor agonist in the world
 Isoprothiolane: Planting growth regulator, countermeasure against high-temperature disorders, planthopper density control
 Pyraflufen-ethyl : Dessicant (labor saving)

- **Leading the shift to Smart Agriculture** by incorporating advanced technologies (IoT) (LeiMe AI Disease Pest & Weed Analysis app, etc.)



Responsible Consumption and Production

- Expansion and monitoring of **Responsible Care (RC) activities** (research, development, manufacturing, logistics, use, disposal, and recycling)
- **Chemical substance management and waste reduction** throughout the product life cycle (maintenance and expansion of zero waste emissions, etc.)
- Proper and regular **public disclosure** (enriching contents of CSR reports and raising awareness of the roles and appropriate use of agrochemicals)

We also are working to help realize gender equality by strengthening our CSR promotion system and by designating internal diversity promotion staff to improve employee awareness.

As an R&D-focused company, we engage in technical innovation that has introduced numerous new effective compounds onto the market. In addition to contributing to labor savings and cost reductions, we are also engaged in smart agriculture that incorporates new advanced technology.

To address the concept of responsible consumption and production, we promote RC activities and fulfill our responsibilities as an agrochemical manufacturer by engaging in appropriate and regular information disclosure.



Climate Action

- Reduce CO2 emissions by promoting energy-saving activities (achieved reduction for the fourth consecutive year)
- Promote the use of renewable energy through the installation of solar power plants (Saga Prefecture)
- Environmental Rating Loans (Development Bank of Japan) acquired "advanced" ratings for environmental initiatives and "S Class" certification for energy-saving companies (Ministry of Economy, Trade and Industry)



Life on Land

- Creation and provision of useful agrochemicals to improve crop yields per unit area, thereby reducing unnecessary and chaotic new agricultural land development and helping to protect forests, grasslands and green spaces
- Efforts to reduce environmental (natural ecosystems including biodiversity) impact through the discovery of AIs that conform to IPM (comprehensive pest and weed management) with an emphasis on selectivity

In-house developed IPM-compliant compounds
Benzpyrimoxan, buprofezin, flubendiamide, metaflumizone,
pyflubumide, pyrifluquinazon, tebufenozide, and teflubenzuron



Partnerships for the Goals

- Revitalization of global partnerships
- Efforts to strengthen fair and diversified Supply Chain Management

As specific initiatives related to climate change, in addition to reducing CO2 emissions, we are promoting use of renewable energy and obtained certification as an S-Class Energy-Conserving Business.

We create and provide useful agrochemicals to improve crop yields per unit area, thereby reducing new agricultural land development and helping to protect forests, grasslands and green spaces.

Furthermore, we will stimulate global partnerships and strengthen initiatives related to fair and multi-faceted supply chain management.



Corporate Governance Initiative

(3) Sustainable growth in corporate value

Strengthen Corporate Governance

-June 2020: Established Audit Committee

Strengthened management supervisory functions and transferred business execution authority to accelerate decision-making process

-Start evaluating the appropriate ratio of outside directors (currently 1/3)

⇒Maintain management independence and further accelerate growth strategy promotion

Promoting Diversity Management

-Two female directors, one female executive officer

-One non-Japanese executive officer (planning to increase by one member)

⇒Promote further diversification

Established new CSR Committee (Oct. 2020) at equal position of the Management Committee

-Promote CSR management

-Accelerating SDGs initiatives and enhancing ESG disclosures

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We are enhancing efforts related to governance, one of the pillars of ESG.

In June of last year, we enhanced corporate governance by establishing an Audit Committee.

We are also promoting diversity management by proactively hiring female and non-Japanese executives. Furthermore, to engage in CSR as a core aspect of management, in October of last year we established a CSR Committee at equal position of the Management Committee, to promote CSR management, and accelerate SDGs initiatives.



CSR Basic Policy

“Contributing to Food and the Environment / Society through Technological Innovation”

Based on Nichino Group Basic Principles, we will contribute to society by continuing to take on challenges to ensure stable food through technological innovations and to protect affluent lifestyles and the environment.

One of these initiatives includes adopting "Contributing to Food and the Environment / Society through Technological Innovation" as our Group CSR Basic Policy. Based on Nichino Group Basic Philosophy, we will contribute to society by continuing to take on challenges to ensure stable food through technological innovations and to protect affluent lifestyles and the environment. We are reinforcing this stance throughout the Nichino Group.



Efforts to Address 7 CSR Priority Issues (through 2023)

(3) Sustainable growth in corporate value

Red: Numerical targets

S:Society

Expansion of human rights management (D&I and Human Resource Development)

- Launch Human Rights/Labor Practices Subcommittee (Formulation of Human Rights/Human Resources Policy; Declaration of Human Rights)
- Promote plan for adopting global HR system
- 40% rate of females in final interviews for new hires
- 30% rate of female hiring (average over 3 years)
- Percentage of female managerial staff 13%

S:Society

To develop technologies and products that meet the needs of society (Pursuit of Customer Satisfaction)

- Development of labor-saving products
 - Acquired drone spraying registration (59 in total) and high density treatment (10 products)
 - Application of lateral straps (5 drugs)
- Develop non agrochemical materials
 - Bio pesticide: ¥400 mn (consolidated), B/S: ¥300 mn (consolidated)
- Expansion of Smart Agriculture (application of AI diagnostic app: 19 crops)
- Global development of antifungal agents (3 projects)
- Commercialization of new business fields (1 project)

B/S: Biostimulant

E:Environment

Raising the level of environmental management (Environmental Conservation, RC Activities)

- CO2 emissions: -3.8% (compared to 2013)
- Energy conservation: -1% of energy consumption rate (5-year averages)
- Modal shift: 20% between business sites
- Consider introduction of environmental accounting (introduction of GMS)

Overall: ESG in common

Expansion of compliance and risk management (Sustainability Management: BCP)

- Strengthen global compliance and risk management structure (India, Brazil, Taiwan)
- Establishment of a global internal reporting system
- Respond to stricter regulations for agrochemical registration systems in each country
- Strengthen BCP by business site (Large-scale disasters, infectious diseases, overseas crisis management, research/production infrastructure)
- Participation in the JClA SDGs Network

G:Governance

Strengthening Corporate and Organizational Governance (Corporate Governance, CSR Management)

- Conduct internal audits (including overseas subsidiaries)
- Continue developing basic regulations for each Group company
- Revitalization of the Governance Committee
- Conduct external evaluation of Board of Directors meeting effectiveness

S:Society

Enhancing the tradition of safety (Occupational Safety and Health, Product Safety)

- Zero accident in labor/commuting fields
- Enhance dust explosion data (TG: 70%, Intermediates 50%)
- Establishment of quality control/assurance system (zero product recall)
- Strengthen latent vulnerability discovery
- Distribute and share product safety information within the Group

S:Society

Community involvement (Dialogue with Stakeholders)

- Strengthen/promote branding strategy (15% awareness of company logo, 13% advertising contact)
- Expansion of site tours (50 per year: Research Center)
- Contract external lecturers (5 per year: Research Center)
- Evaluate regional stimulation measures through business activities

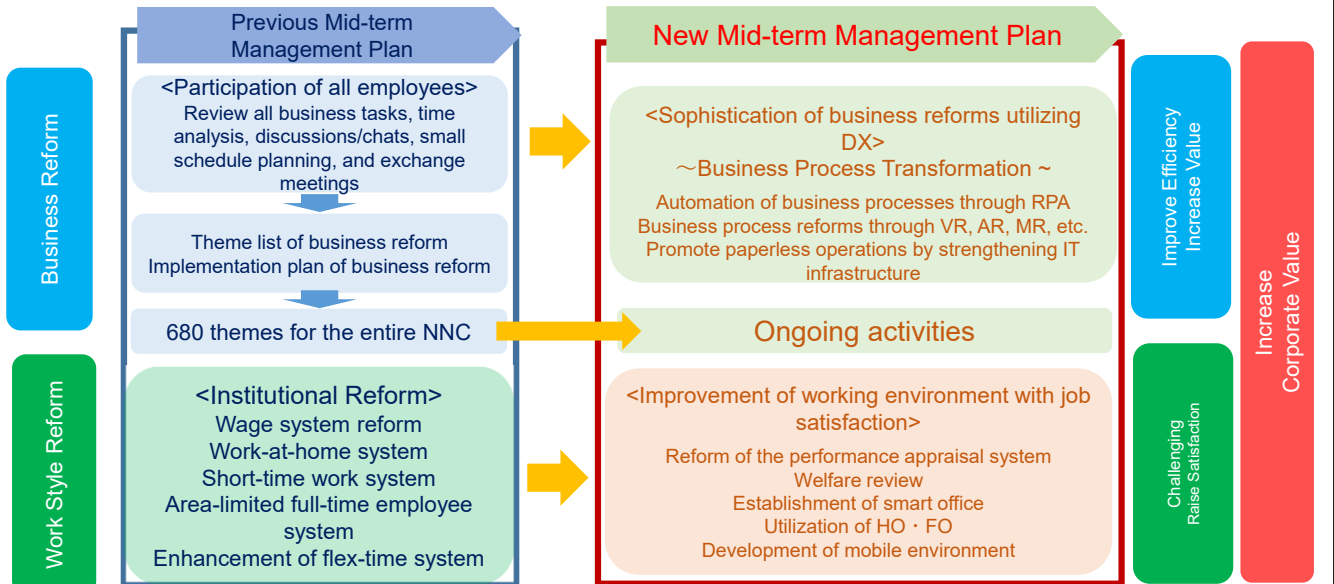
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CSR Committee conducted an analysis of our current status to identify the seven priority issues shown here. We are drafting an action plan to address each of these issues.



Promoting Business Reform and Work Style Reform

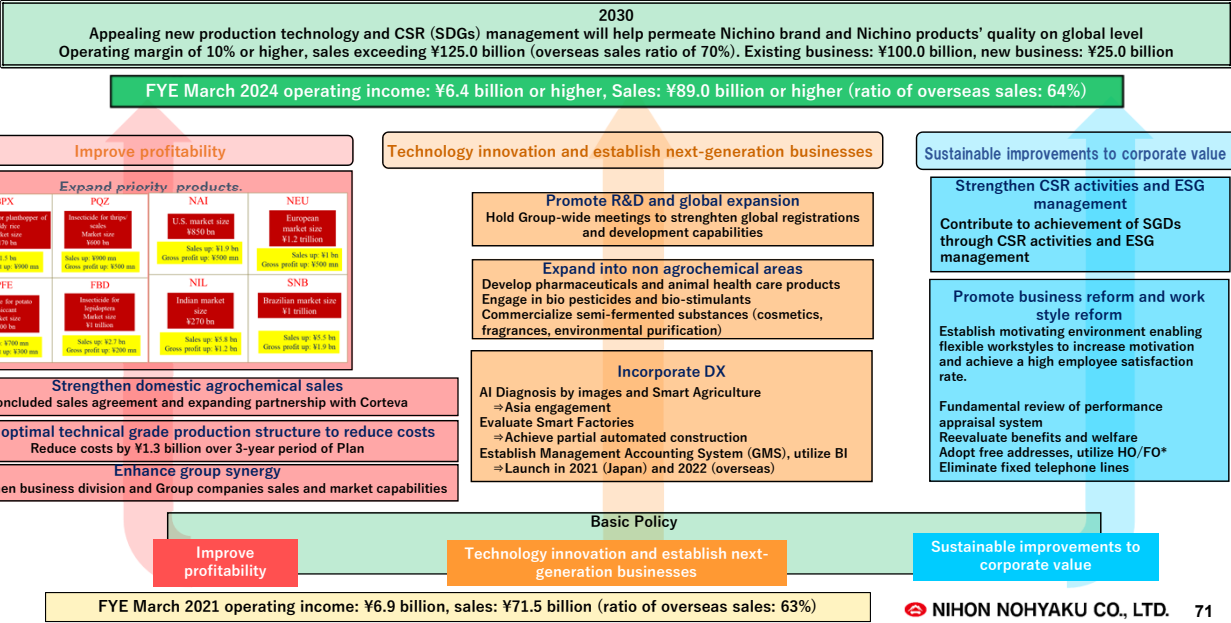
(3) Sustainable growth in corporate value



For business reforms and work style reforms implemented since the previous Mid-term Management Plan, we will apply DX to further elevate business reforms and advance improvements of working environment with job satisfaction to increase our corporate value.



New Mid-term Management Plan Strategy Outline



This concludes the overview of the New Mid-term Management Plan EGG2.
 This graph provides a visual representation of EGG2 as a whole.