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Notice regarding Formulation of New Medium-term Management Plan

The Basic Nihon Nohyaku Group (hereinafter referred as Nichino Group) Principles as follows, which are shared by all executives and employees and serve as the foundation for all our activities.

Nichino Group Corporate Philosophy

- We contribute to society by ensuring a safe and steady food supply 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.

Based on this basic philosophy, we have formulated New Mid-term Management Plan (from fiscal 2021 to fiscal 2023) to realize our Nichino Group Vision, which defines our aspirations for the future, in order to achieve sustainable growth for the Group and increase corporate value over the medium to long term. The following is a summary of our efforts.

1. Nichino 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.
- Contributing to a sustainable society by expanding products and services that contribute to the SDGs, such as products with low environmental impact and labor-saving technologies.

2. New Mid-term Business Plan "Ensuring Growing Global 2 (EGG2) "

(1) Basic policy

To achieve our Group Vision, we have set up a new corporate statement, "Global innovator for Crop & life" and will continue to strengthen our foundation to solidify "Growing Global" following the previous Mid-term Management Plan. To strengthen the foundation, in addition to improving profitability including expansion of group synergies, the basic policy is to innovate, establish next-generation businesses, and continuously improve corporate value, and to promote agricultural production and healthy lifestyles with advanced technology. We aim to be a corporate group that supports and contributes to a sustainable society.

① Improve profitability

"Expansion of priority products", "Cost reduction through optimal active ingredient manufacturing system", "Expansion of group synergy"

② Technological innovation and establishment of next-generation businesses

"Promotion and global expansion of research and development", "Expansion of non agrochemical areas", "DX initiatives"

③ Sustainable growth in corporate value

"Strengthening CSR activities and ESG management", "Promotion of business reform and work style reform"

(2) Outline of numeral plan

	Plan for FYE Mar 2024 (last year)
Consolidated Sales	89Bil (Target Sales 100Bil)
Operating Profit	6.4Bil
Overseas Sales	57.1Bil
Overseas Sales Ratio	64%

*The forward-looking statements such as the business outlook described in this document are the information currently available and are reasonable. Based on certain assumptions, actual business results may differ significantly due to various factors.

(3) Dividend Policy

Based on stable dividends, we aim for a dividend payout ratio of 30% or more.

(4) Specific Efforts

<Expanding priority products>

By defining benzpyrimoxan, pyrifluquinazon, pyraflufen-ethyl, and flubendiamide as priority products, we will work to expand sales areas and promote sales through simultaneous development within and outside Japan and promoting acquisition of overseas registrations. Additionally, by defining Brazil and India as primary strategic areas, we will expand its business scale with overseas group companies as growth drivers.

<Reducing raw materials costs by optimal production of active ingredients>

Establishing the optimal global production system of active ingredients and reducing costs, we will aim to improve efficiency of production through smart factories.

<Expanding group synergy>

Various measures that will lead to stronger sales expansion will be steadily implemented by business divisions and group companies. We will also ascertain dealer sales and inventory levels to work toward timely product selection and sales campaign support.

<Promotion and global expansion of research and development>

As difficulty in creating new chemicals increases, steady progress is being made in enriching pipeline compounds. We will realize early stage development of such compounds. Additionally, for new chemical currently under development, by continuing with strategic research and development expense investment (about 10% of net sales), we will steadily proceed toward commercialization. By strengthening global registration and development capabilities, we will strengthen cooperation within the Group with the objective of optimal commercialization.

<Expansion into non agrochemical areas>

Through applying technologies and experience gained in the agrochemical business, we will provide new value to society that will contribute to healthy lifestyles via the life sciences, including development of pharmaceuticals and animal health care products, introduction of bio pesticides and bio stimulants that will aid in healthy plant growth, businesses that make use of half-fermented production technologies using natural ingredients, and creating crops that contain specified functional components. We will also consider business expansion through M&A and incorporating external value, etc., as opportunities arise.

<DX Initiatives>

Beginning with the promotion of energy efficiency through smart agriculture, we will promote transfer to smart factories, and make use of social networking services and webinars in its promotion activities, using digital and IT technologies to work toward improving customer service and corporate value by innovating in business and operational ideals.

<Strengthening CSR activities and ESG management>

With a basic policy of “Contributing to food, the environment, and society through technological innovation,” we will engage in the seven priority issues of enriching compliance and risk management, raising the level of environmental management, enriching human rights management, promoting a corporate culture of safety, development of technologies and products in response to societal needs, participation in communities, and strengthening corporate and organizational governance. To steadily implement these issues, we will strengthen CSR management via measures including strengthening corporate governance, promoting diversity management, and positioning the CSR Committee on the same level as the Management Committee to further improve the CSR activities of the Group.

<Promoting business reforms and workstyle reforms>

We will increase employee motivation by fundamentally revising existing structures in areas such as personnel appraisal systems and work benefits, in addition to establishing an office environment where employees can work regardless of the time and place, creating a work environment that improves productivity of employees from both soft and hard perspectives. Furthermore, by strengthening measures in diversity and inclusion, the Company will promote personnel development of employees that can work on the global stage.