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To whom it may concern

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Notice of the Formulation of New Mid-Term Management Plan

NIHON NOHYAKU CO., LTD. (hereinafter referred to as the “Company”) has outlined the “Basic Principles of the Nihon Nohyaku Group” as basic management principles that are shared by all executives and employees, and which are reflected in all our business activities. As advised in the “Notice of Partial Revision of the Basic Principles of the Nihon Nohyaku Group,” we have made partial revisions to the Basic Principles of the Nihon Nohyaku Group and “Vision” as shown below.

Basic Principles of the Nihon Nohyaku Group

- We contribute to the realization of a sustainable society by ensuring a safe and steady food production, and by improving the quality of life for all.
- We take on challenges to create new value and respond to society’s needs.
- We commit to be a trustworthy company for all stakeholders through our fair and vigorous business activities.

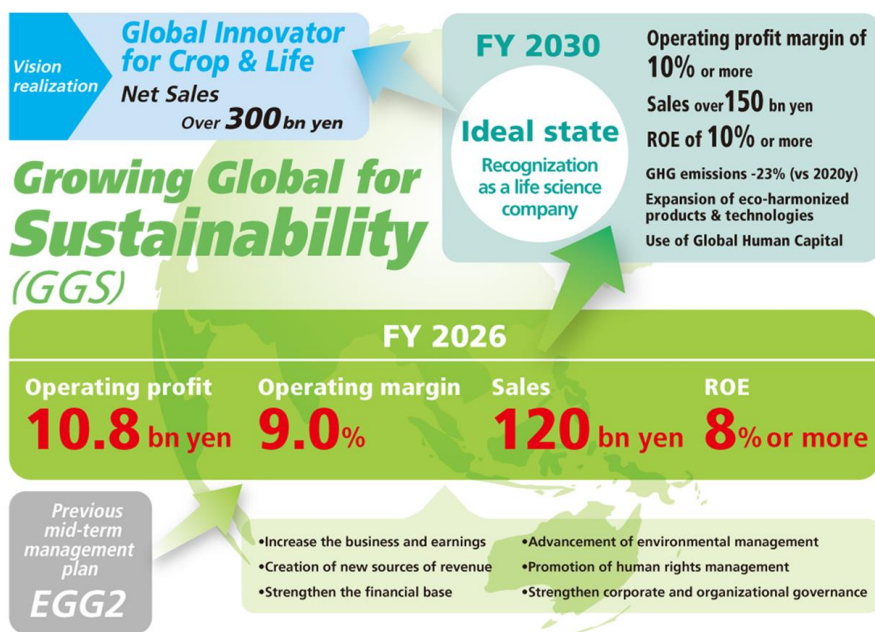
Vision

Global Innovator for Crop & Life

- We will contribute to the realization of carbon neutrality.
- We will realize the continued creation of eco-harmonized products, services, and technologies.
- We will contribute significantly to the realization of a sustainable society.

To strive for sustainable growth and medium- to long-term enhancement of the corporate value of the Group under these Basic Principles, we wish to notify you that we have formulated a new Mid-Term Management Plan (Year ending Mar. 31, 2025 – Mar. 31, 2027) for the realization of our vision for the future, an outline of which appears below.

- (1) New Mid-Term Management Plan (Year ending Mar. 31, 2025 – Mar. 31, 2027)
“Growing Global for Sustainability (GGS)”



(2) Numerical Targets

	Targets for Year Ending Mar. 31, 2027 (Final Year)
Operating profit	10.8 billion yen
Net sales	120.0 billion yen
ROE	8% or more
Overseas net sales	90.0 billion yen
Ratio of overseas net sales	75%
Capital investment	Approx. 8.5 billion yen (over 3 years)
R&D investment	Approx. 19.0 billion yen (over 3 years)

(3) Basic Policy

To achieve the Group Vision, the Company has positioned the promotion of sustainability management, which is a further enhancement of CSR management, as its growth strategy and will realize the sustainability of society as a whole and the Nichino Group. To realize this aim, we have adopted a basic policy of expansion of business and revenue, creation of new revenue sources, strengthening of the financial base, enhancement of environmental management, promotion of human rights management, and reinforcement of corporate and organizational governance, and we will aim to be a corporate group that contributes to the realization of a sustainable society.

Strengthening Sustainability Management Growing Global for Sustainability

<p>Sustainable group growth (financial value)</p> <p>(1) Increase the business and earnings</p> <ol style="list-style-type: none"> ① Expansion of key priority products and new businesses ② Cost reduction ③ Market expansion based on area strategy <p>(2) Creation of new sources of revenue</p> <ol style="list-style-type: none"> ① Chemical synthesis ② Bioresource utilization ③ Use of digital technology ④ Incorporation and creation of new business models <p>(3) Strengthen the financial base</p> <ol style="list-style-type: none"> ① Improve capital profitability ② Improvement of cash flow ③ Fixed cost optimization (productivity improvement) 	<p>Sustainable Environmental Consideration and Social Contribution (Non-financial value)</p> <p>(4) Advancement of environmental management</p> <ol style="list-style-type: none"> ① Climate Change Response ② Consideration for biodiversity <p>(5) Promotion of human rights management</p> <ol style="list-style-type: none"> ① Promotion of human capital management ② Promote diversity, equity and inclusion <p>(6) Strengthen corporate and organizational governance</p> <ol style="list-style-type: none"> ① Strengthen compliance and risk management ② Strengthen audits of group companies
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(4) Specific Initiatives

[Expansion of key priority products and new businesses]

Benzpyrimoxan, pyrifluquinazon, pyraflufen-ethyl, flubendiamide, and tolfenpyrad have been set as key priority products, and we will strive to expand sales based on an area strategy. We will also work to increase revenues from biologicals and crop aid products, selection and concentration of products and businesses, and maximization of resources.

[Cost reduction]

We will pursue the shift to in-house production of AIs in our efforts to reduce costs.

[Market expansion based on area strategy]

We will expand sales with a focus on the Asia-Pacific and Central and South American regions, where expansion of market scale can be expected. Further, we will proceed with the establishment of business foundations in the Middle East and African markets, where growth is expected in the future. In addition, we will pursue the registration and expansion of sales of key priority products, focusing on specialty crops (fruit trees, vegetables) that have high unit prices and are grown worldwide.

[Chemical synthesis]

We will accelerate the research and development of pipeline compounds (including medical and veterinary drugs). We will also pursue the selection and concentration of R&D resources and strengthen and refine our global development and marketing strategies.

[Bioresource utilization]

We will expand our portfolio of biological pesticides and crop aid products and engage in the production of useful compounds using biobased raw materials.

[Use of digital technology]

We will expand the monetization of the AI Diagnostics Business. We will also use digital technology to streamline and improve the efficiency of operations.

[Incorporation and creation of new business models]

We will actively engage in the development and creation of new businesses, including the incorporation of external value.

[Improvement of capital profitability]

We will engage in management that is conscious of capital costs. In terms of metrics, we will aim for an ROE of 8% or more.

[Improvement of cash flow]

We will work to improve cash flow primarily through the reduction of inventories.

[Fixed cost optimization (productivity improvement)]

We will work to improve productivity and optimize costs through efficient business execution, including in the areas of administrative expenses and labor costs. We will also strive for cost optimization through the selection and concentration of R&D resources and by making stricter R&D investment decisions.

[Climate change response]

Through ongoing actions, we will aim to reduce greenhouse gas emissions by 23% in 2030 (compared with 2020 levels).

[Consideration for biodiversity]

Through ongoing innovation, we will strive to expand our portfolio of “Eco-Harmonized Products.*”

[Promotion of human capital management]

Based on the theme of employees’ well-being, we will work on the promotion of human resources development, health management, and improvement of workplace environments.

[Promotion of diversity, equity, and inclusion]

In the belief that the promotion of diversity, equity, and inclusion is essential to the growth of the Group, we will establish and work on individual metrics for recruitment, training and development, human resource utilization, health management, and workplace environment.

[Strengthening of compliance and risk management]

To increase the resilience of the Group, we will refine our business continuity plans (BCP). We

will also conduct thorough education and management related to important laws and regulations and strengthen our quality assurance systems and information security.

[Strengthening of audits of Group companies]

We will strengthen Group governance by strengthening internal audits of Group companies and other means.

*Products of the Company that have a relatively high degree of human, animal, and environmental safety.

(5) Dividend Policy

Based on progressive dividends, we will aim for a dividend payout ratio of 40% over the medium to long term.

The Nichino Group has positioned the promotion of sustainability management as its growth strategy and will add further depth to its business strategy through the ongoing creation of innovation. At the same time, we will contribute to the realization of a sustainable society by engaging in more sophisticated environmental management for the realization of carbon neutrality and enhancing corporate value through the promotion of human capital management.

Note: Target figures, performance forecasts, and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions judged to be reasonable. Actual results, etc. may differ significantly due to various factors.