

 **NIHON NOHYAKU CO., LTD.**

Q2/FYE March 2022

Earnings Conference

November 26, 2021



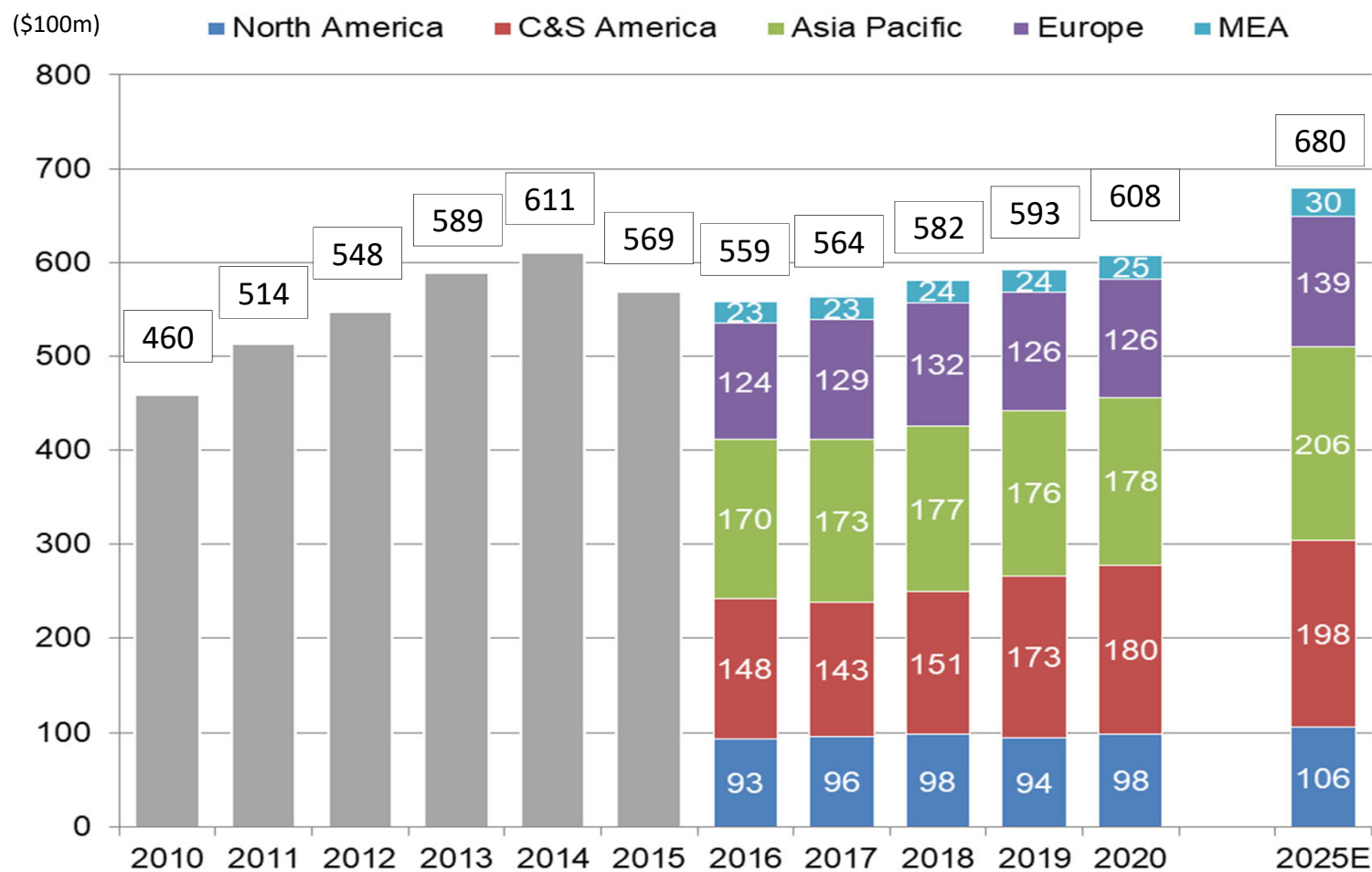


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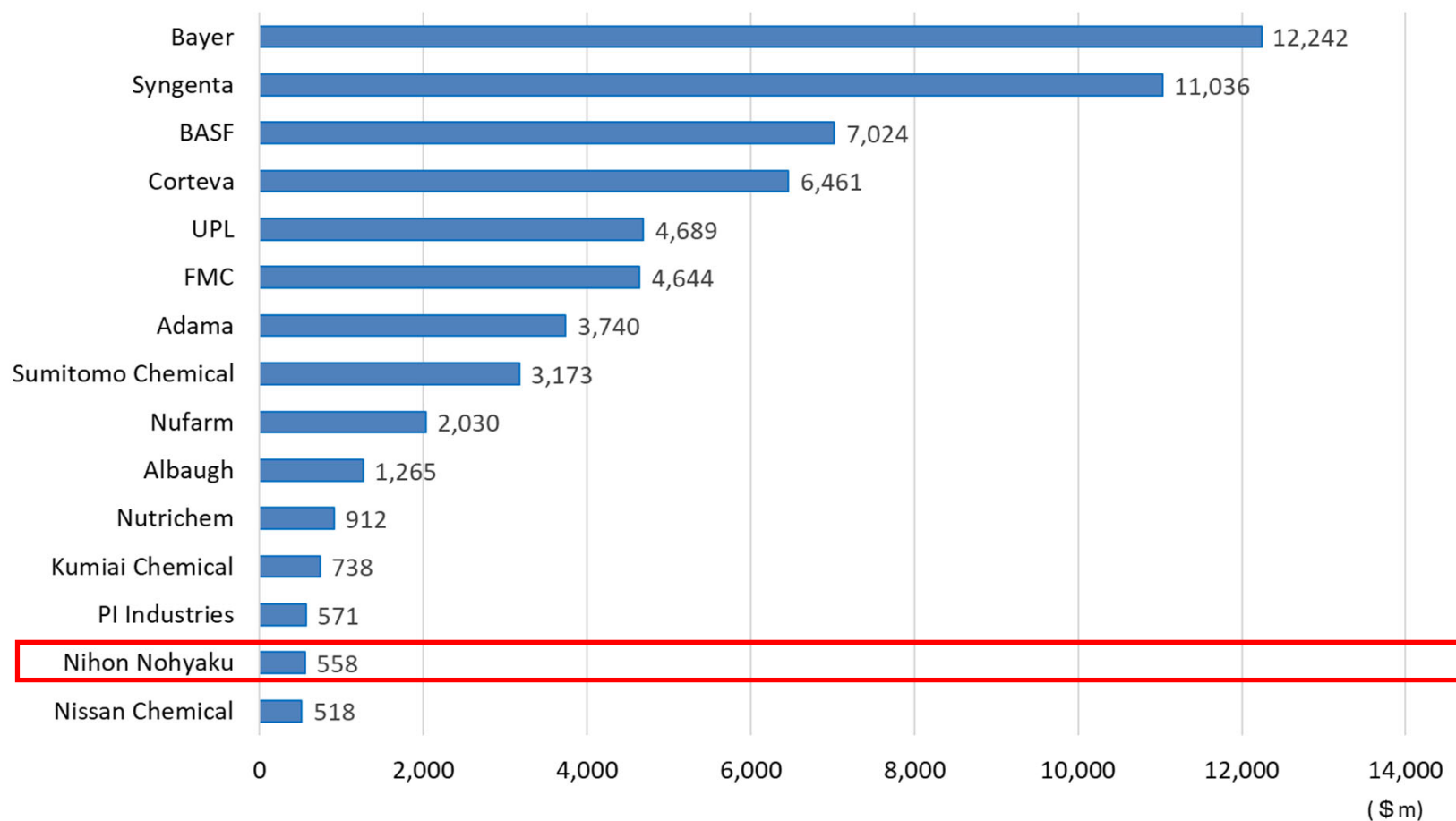
I. Global Agrochemical Markets

Global Agrochemical Markets



Source) Agbio Investor

Net Sales of Major Global Agrochemical Manufacturers (FY2020)



Source) Agbio Investor

Global Agrochemical Markets

North America

Increased demand for agrochemicals on higher crop prices, supply instability due to COVID-19

Latin America

In Brazil, the world's largest market, demand grew on higher crop prices, etc.

Europe

Stricter registration regulations in the EU resulted in ongoing loss of agrochemical registration and usage restrictions

Asia

Demand increased in China, etc. where progress was made in lowering distribution inventory

Japan

Decreased slightly YoY due to unseasonable weather, etc.

II. Q2/FYE March 2022 Earnings

Q2/FYE March 2022 Earnings

(¥100m/ %)

	Q2/FYE March 2022	Q2/FYE March 2021	YoY	Growth %
Net Sales	319	290	28	10.0
Domestic Agrochemical Sales	60	67	- 7	- 11.5
Overseas Agrochemical Sales	225	182	43	23.5
Other agrochemicals	8	7	1	8.7
Chemical Products excluding agrochemicals	19	24	- 4	- 19.5
Other	6	8	- 1	- 22.2
Cost of Sales	218	197	21	10.8
Gross Profit	100	92	7	8.3
SG&A	84	77	7	10.1
Operating Income	15	15	- 0	- 0.8
Ordinary Income	15	10	4	42.4
Profit Attributable to Owners of Parent	15	12	3	25.3

Q2/FYE March 2022 Earnings

Net sales ¥29 bn → ¥31.9 bn (+¥2.8 bn)

Operating income ¥1.5 bn → ¥1.5 bn (- ¥0 bn)

Expansion of overseas business +¥1.3 bn

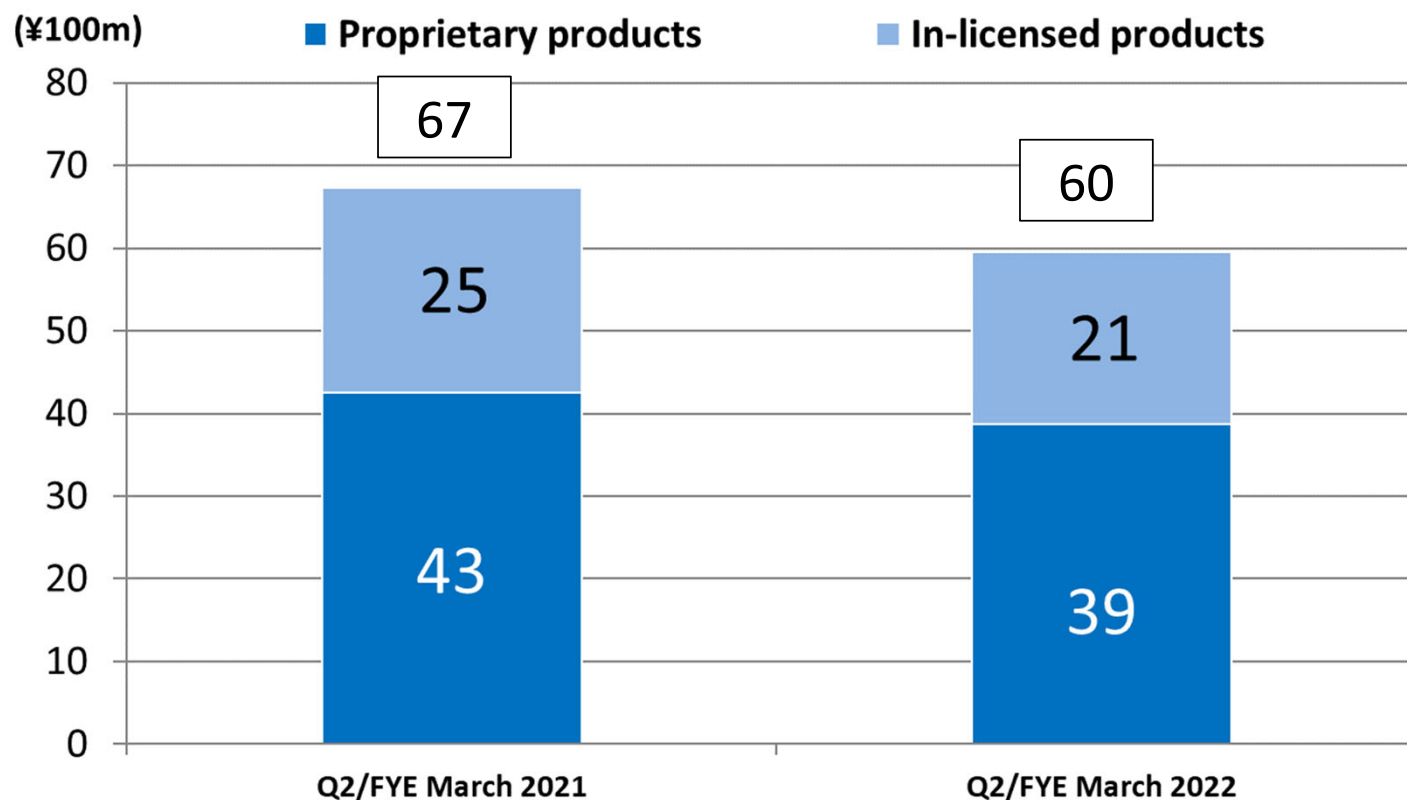
SG&A expenses increase - ¥0.8 bn

Decrease in domestic agrochemical sales - ¥ 0.2 bn

Decrease in pharmaceutical business income - ¥0.3 bn

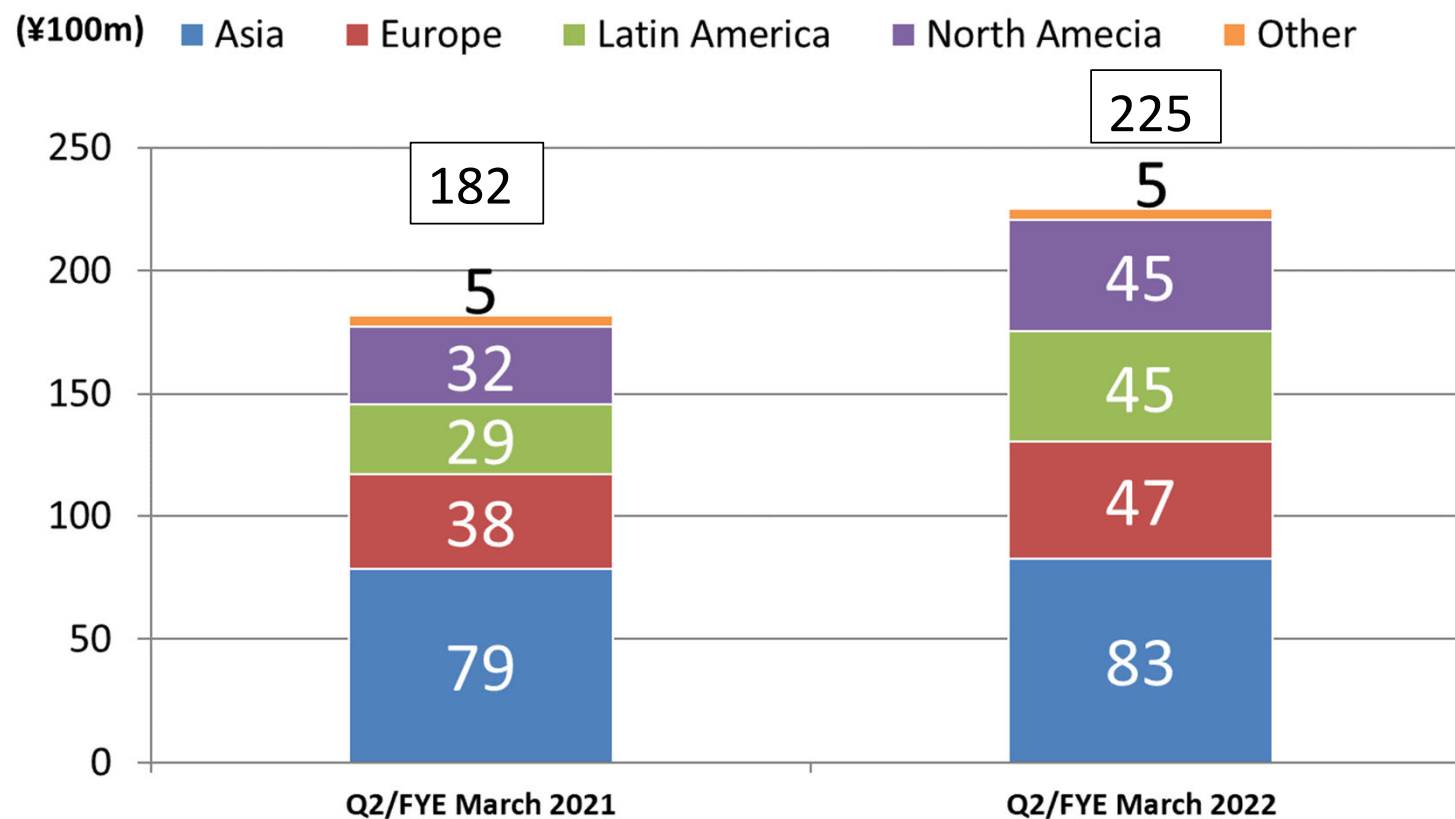
Agrochemicals (Domestic) - Composition of Net Sales

Decrease in revenues due to termination of certain products



Agrochemicals (Overseas) - Net Sales by Region

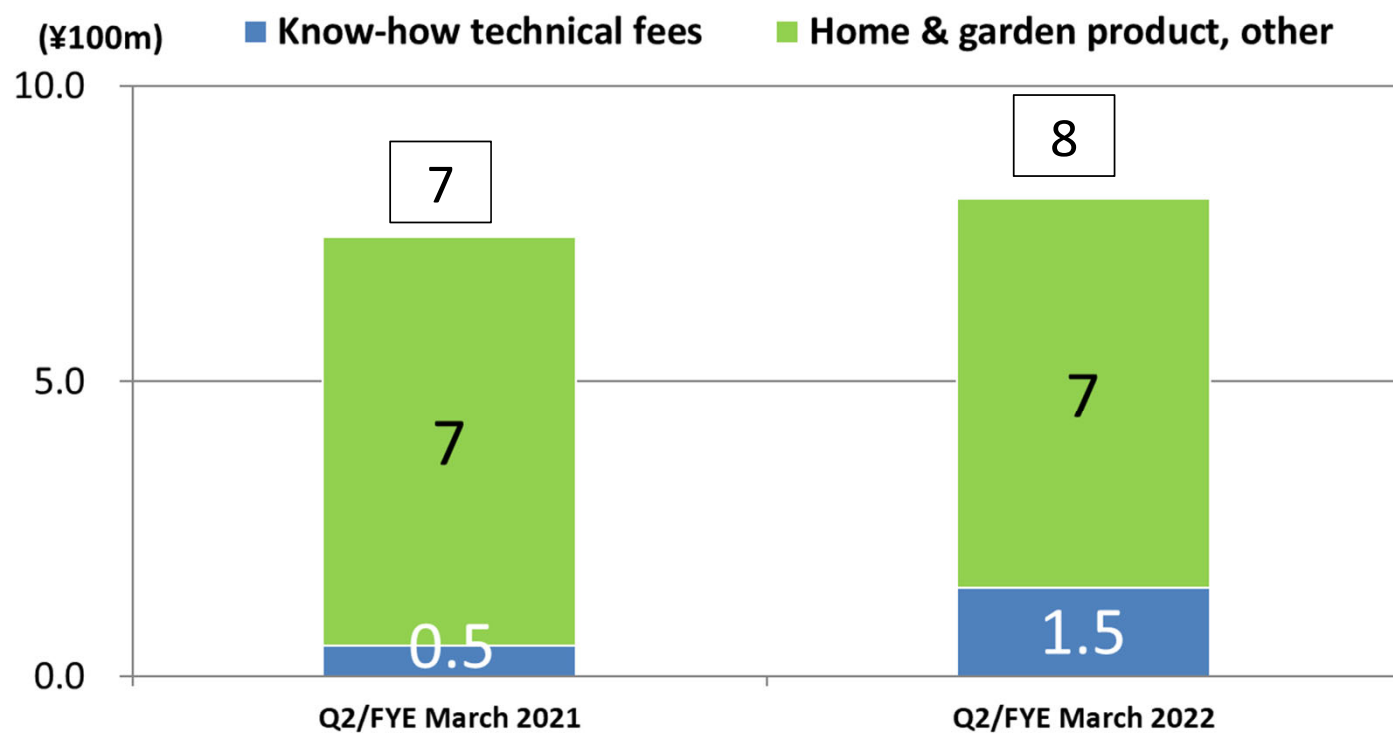
Sales favorable in each region



Actual foreign currency rates: 109.20 yen/dollar (Q2 previous FY: 106.37 yen)
130.62 yen/euro (Q2 previous FY: 121.10 yen)

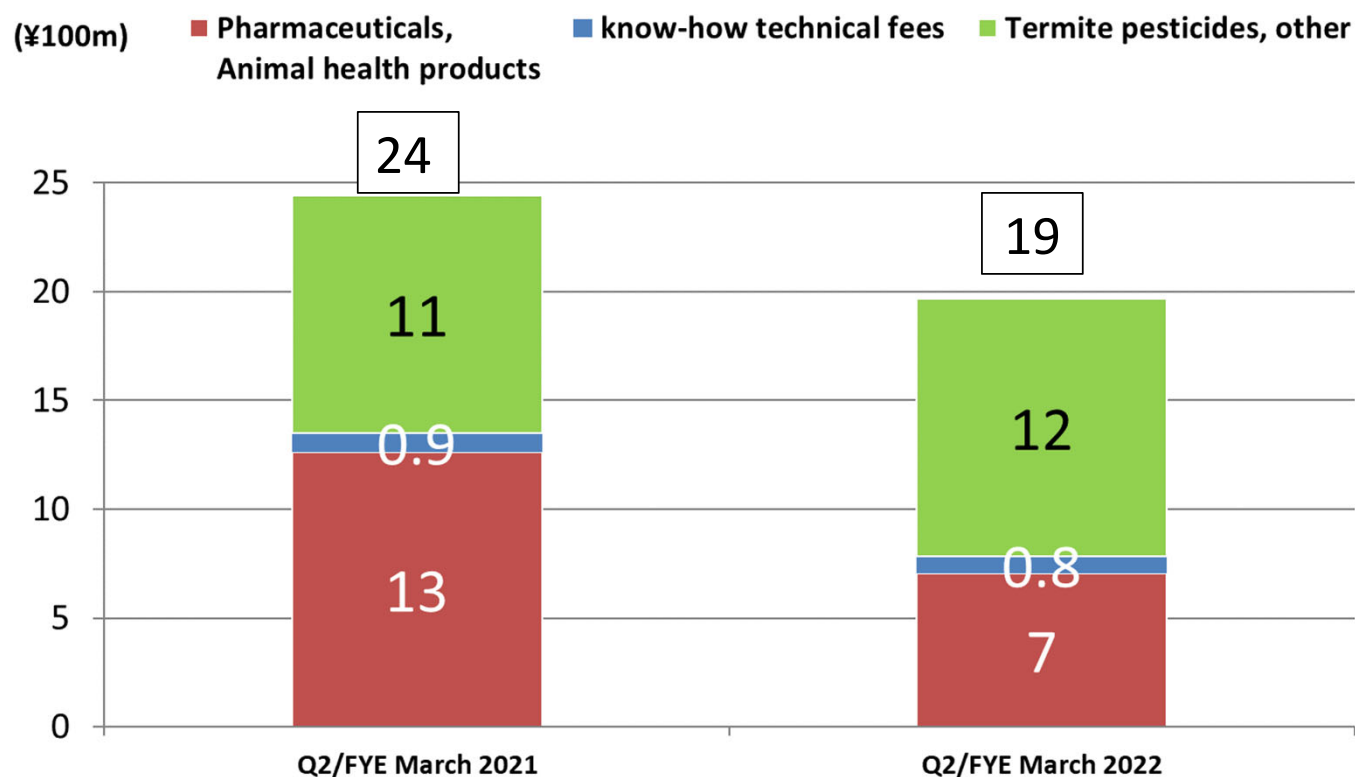
Agrochemicals (Others)

Increase in know-how technical fees



Chemical Products (Non-agrochemical products)

Pharmaceutical business decreased



Major Earnings of Domestic Group Companies

(¥m/ %)

		Q2/FYE March 2022	Q2/FYE March 2021	YoY	Growth %
Nihon Nohyaku	Net sales	21,920	18,000	3,920	21.8
	Operating income	1,719	325	1,394	428.5
	Net profit	2,248	730	1,517	207.7
Nichino Service	Net sales	1,897	2,013	- 115	- 5.8
	Operating income	40	25	15	59.8
	Net profit	18	15	3	20.1
Nichino Ryokka	Net sales	809	1,026	- 216	- 21.1
	Operating income	24	63	- 38	- 61.4
	Net profit	11	43	- 31	- 72.5
Nihon Ecotech	Net sales	385	363	22	6.2
	Operating income	22	1	20	1163.3
	Net profit	17	3	13	409.5
AgriMart	Net sales	1,211	1,127	83	7.4
	Operating income	211	187	23	12.7
	Net profit	134	120	14	12.1

Main Earnings of Overseas Group Companies

(¥m/ %)

		Q2/FYE March 2022	Q2/FYE March 2021	YoY	Growth %
Nichino America	Net sales	4,517	3,446	1070	31.1
	Operating income	438	496	- 58	- 11.8
	Net profit	337	349	- 11	- 3.3
Taiwan Nihon Nohyaku	Net sales	264	262	2	0.9
	Operating income	52	56	- 4	- 7.9
	Net profit	42	44	- 2	- 4.8
Nichino India	Net sales	4,627	4,622	5	0.1
	Operating income	24	297	- 273	- 91.8
	Net profit	- 13	197	- 210	—
Sipcam Nichino Brasil	Net sales	3,853	2,182	1,671	76.6
	Operating income	- 276	- 200	- 76	—
	Net profit	- 483	- 1,222	738	—
Nichino Europe	Net sales	2,051	2,267	- 215	- 9.5
	Operating income	244	480	- 235	- 49.0
	Net profit	240	441	- 200	- 45.5

III. FYE March 2022 Full Year Earnings Forecast

FYE March 2022 Full Year Earnings Forecast

(¥100m/ %)

	FYE Mar 2022 Plan	FYE Mar 2021 Results	YoY	Growth %
Net Sales	810	715	94	13.2
Domestic Agrochemical Sales	215	196	19	9.8
Overseas Agrochemical Sales	525	433	92	21.1
Other agrochemicals	16	25	- 8	- 35.0
Chemical Products excluding agrochemicals	35	43	- 7	- 18.2
Other	19	19	0	2.2
Cost of Sales	557	473	83	17.6
Gross Profit	253	242	11	4.5
SG&A	199	172	26	15.4
Operating Income	54	69	- 15	- 22.7
Ordinary Income	52	57	- 6	- 9.1
Profit Attributable to Owners of Parent	36	43	- 8	- 17.1

FYE March 2022 Full Year Earnings Forecast

Net sales ¥71.5 bn → ¥81 bn (+¥9.4 bn)

Operating income ¥ 6.9 bn → ¥5.4 bn (-¥1.5 bn)

Increase in overseas agrochemical sales +¥2.1 bn

Increase in domestic agrochemical sales +¥0.4 bn

SG&A expenses increase -¥2.6 bn

Decrease in know-how technical fees -¥0.8 bn

Decrease in pharmaceutical business income -¥0.6 bn

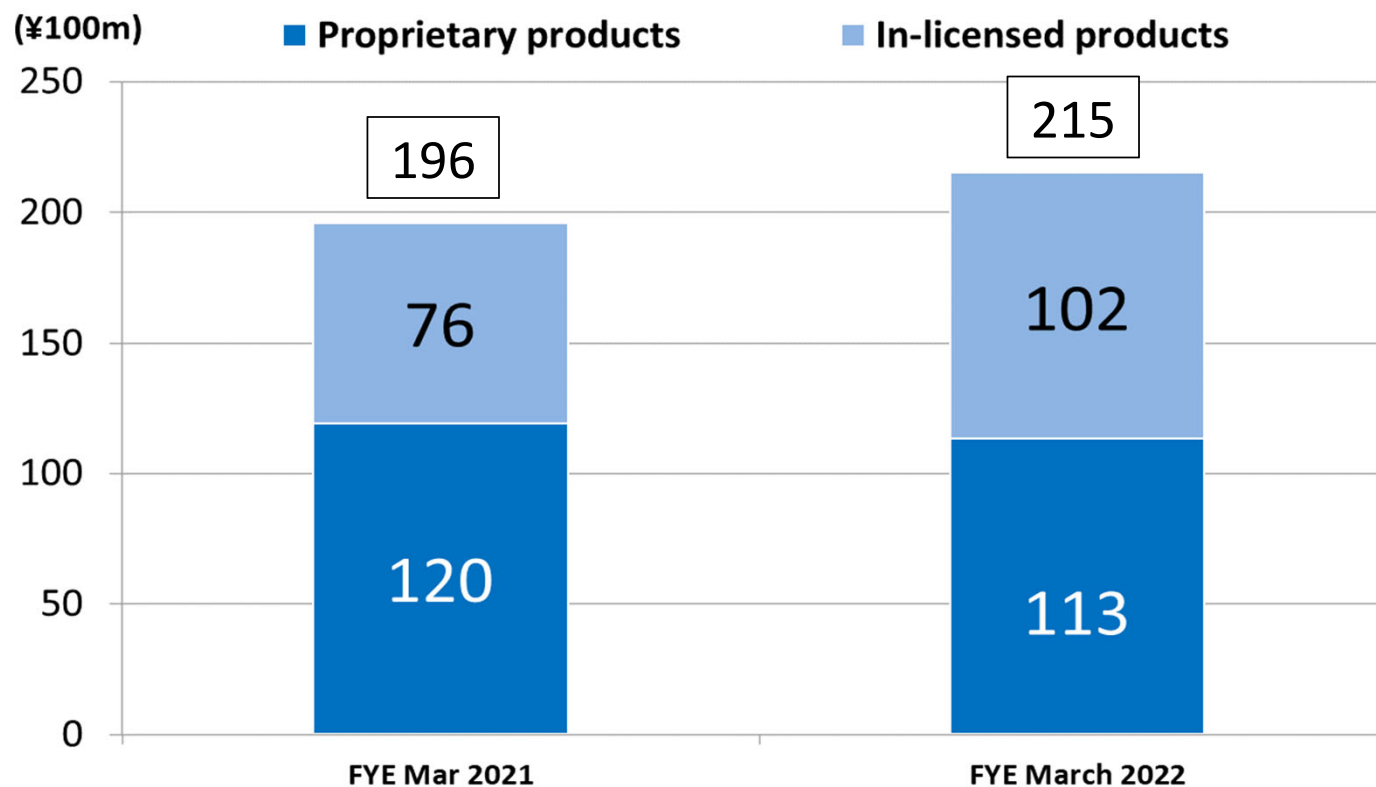
FYE March 2022 Full Year Earnings Forecast (vs. initial plans)

(¥100m/ %)

	FYE Mar 2022 Revised Plan	FYE Mar 2022 Initial Plan	YoY	Growth %
Net Sales	810	740	70	9.5
Domestic Agrochemical Sales	215	225	- 10	- 4.4
Overseas Agrochemical Sales	525	442	83	18.8
Other agrochemicals	16	16	0	0.0
Chemical Products excluding agrochemicals	35	38	- 3	- 7.9
Other	19	19	0	0.0
Cost of Sales	557	512	44	8.7
Gross Profit	253	228	25	11.0
SG&A	199	187	11	6.3
Operating Income	54	41	13	31.7
Ordinary Income	52	38	14	36.8
Profit Attributable to Owners of Parent	36	26	10	38.5

Agrochemicals (Domestic) - Composition of Net Sales

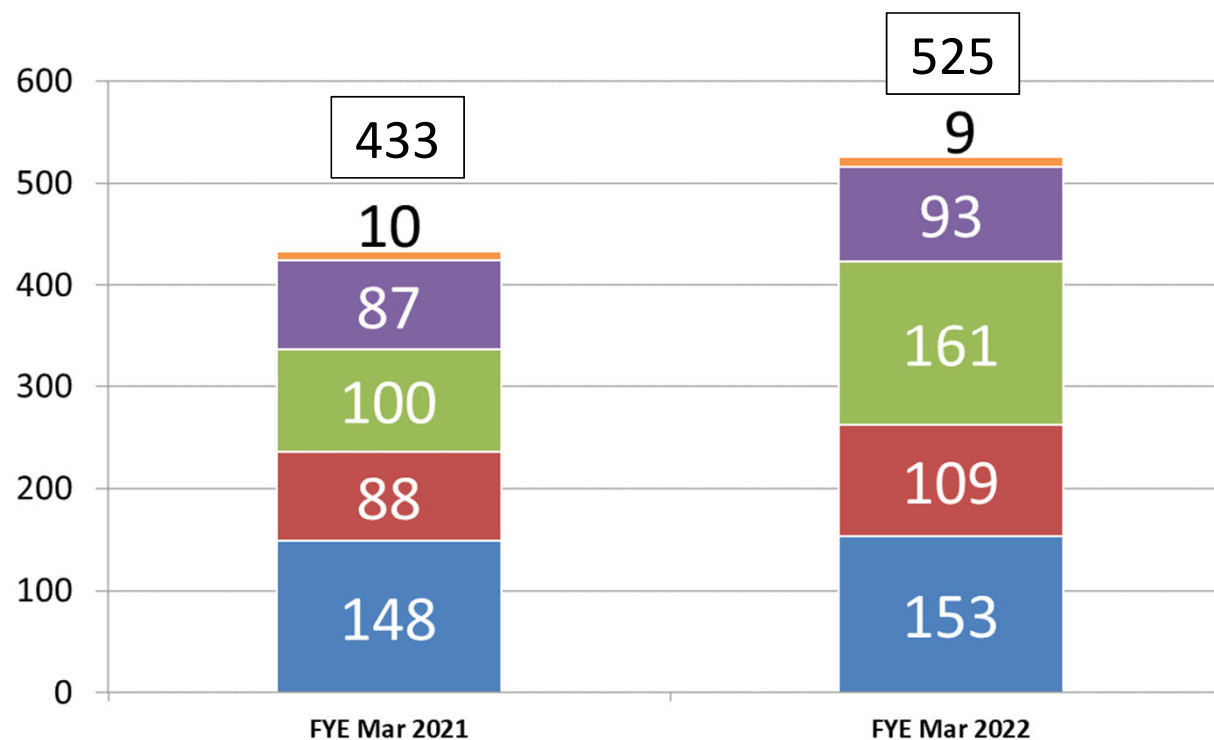
Sales growth from sales agreement with Corteva



Agrochemicals (Overseas) - Net Sales by Region

Net sales growth in each region

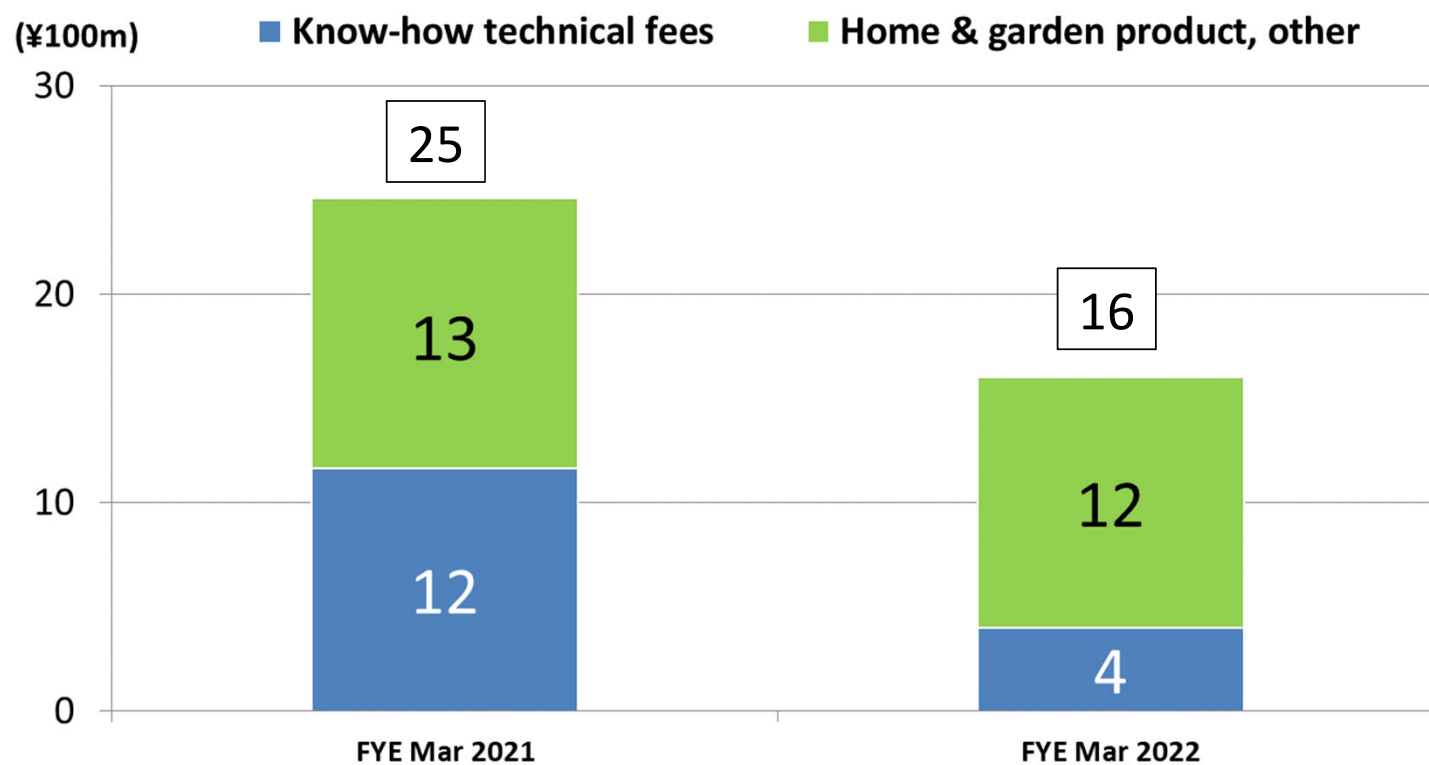
(¥100m) ■ Asia ■ Europe ■ Latin America ■ North America ■ Other



Planned foreign currency rates: 105 yen/dollar (Previous FY: 106.37 yen)
125 yen/euro (Previous FY: 121.10 yen)

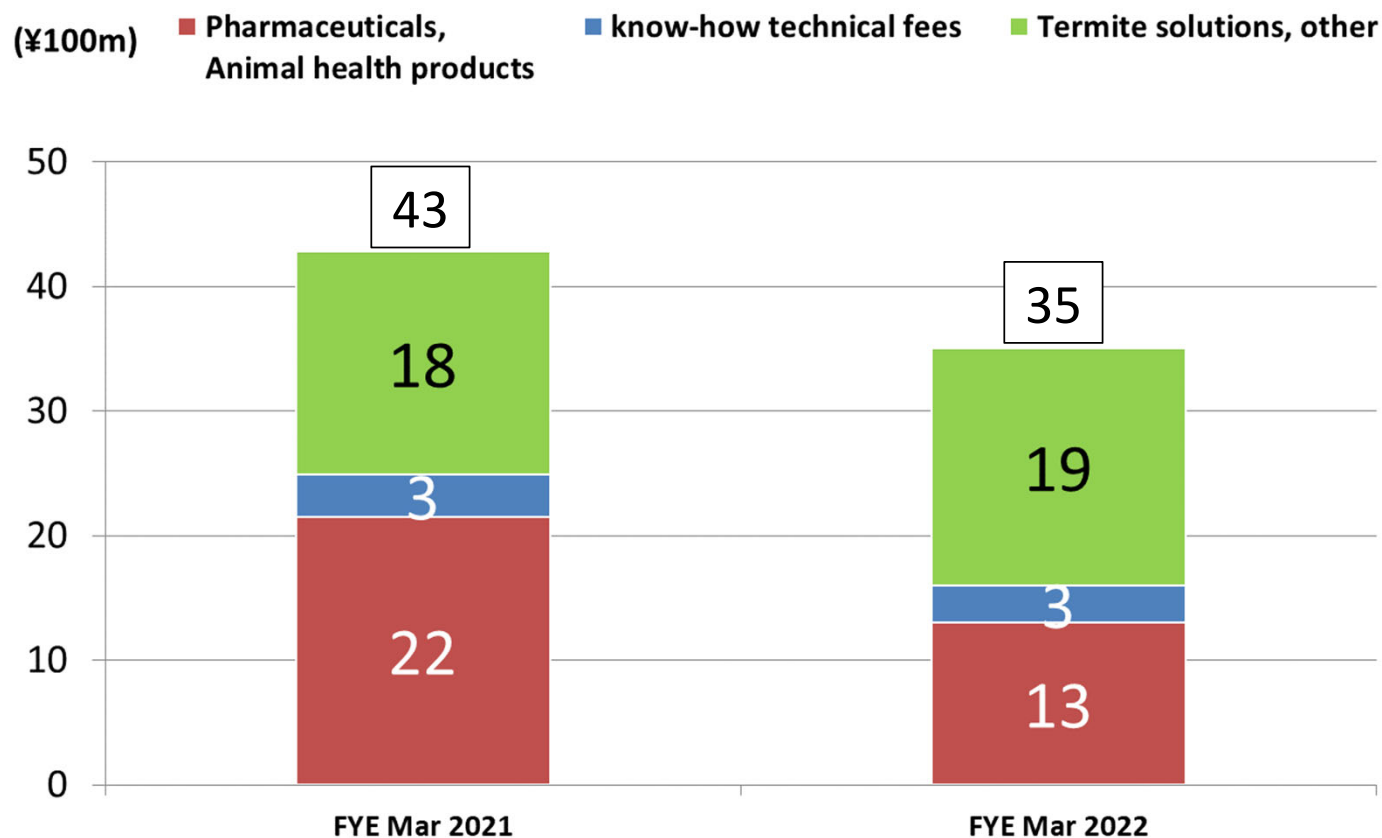
Agrochemicals (Others)

Decrease in know-how technical fees



Chemical Products (Non-agrochemical products)

Decrease in sales of pharmaceuticals and animal health care products



Main Plans of Domestic Group Companies

(¥m/ %)

		FYE Mar 2022	FYE Mar 2021		
		Plan	Results	YoY	Growth %
Nihon Nohyaku	Net sales	48,080	43,110	4,969	11.5
	Operating income	2,943	3,369	- 425	- 12.6
	Net profit	2,974	2,993	- 18	- 0.6
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

Main Plans of Overseas Group Companies

(¥100m/ %)

		FYE Mar 2022	FYE Mar 2021		
		Plan	Results	YoY	Growth %
Nichino America	Net sales	9,322	8,744	577	6.6
	Operating Income	1,115	1,416	- 300	- 21.2
	Net profit	832	1,060	- 228	- 21.5
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	9,844	8,843	1,000	11.3
	Operating Income	136	403	- 267	- 66.3
	Net profit	71	253	- 181	- 71.6
Sipcam Nichino Brasil	Net sales	15,025	9,124	5,901	64.7
	Operating Income	886	427	458	107.3
	Net profit	224	- 719	944	-
Nichino Europe	Net sales	5,365	5,572	- 206	- 3.7
	Operating Income	545	323	221	68.4
	Net profit	448	280	168	60.3

IV. Status of Mid-term Management Plan Initiatives

Mid-term Management Plan Slogan

Ensuring Growing Global 2

Group KPI
Operating profit **¥6.4 Bil** Sales **¥89 Bil**
Dividend payout ratio
30% or more

Execute further
growth strategy

**Target sales
¥100 Bil**

Global
expansion
up until now

Reinforcement of business infrastructure

- Improve profitability
- Technological innovation and establishment of next-generation businesses
- Sustainable growth in corporate value



Global innovator for food and living

Basic Policy for Mid-term Management Plan

Profitability Improvement

- Expansion of priority products
- Strengthening domestic agrochemicals sales
- Cost reduction through optimal active ingredient manufacturing system
- Expansion of group synergy

Technological innovation and Establishment of next-generation businesses

- Promotion and global expansion of research and development
- Expansion of biotic pesticides and crop protection material areas
- DX initiatives

Sustainable growth in corporate value

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

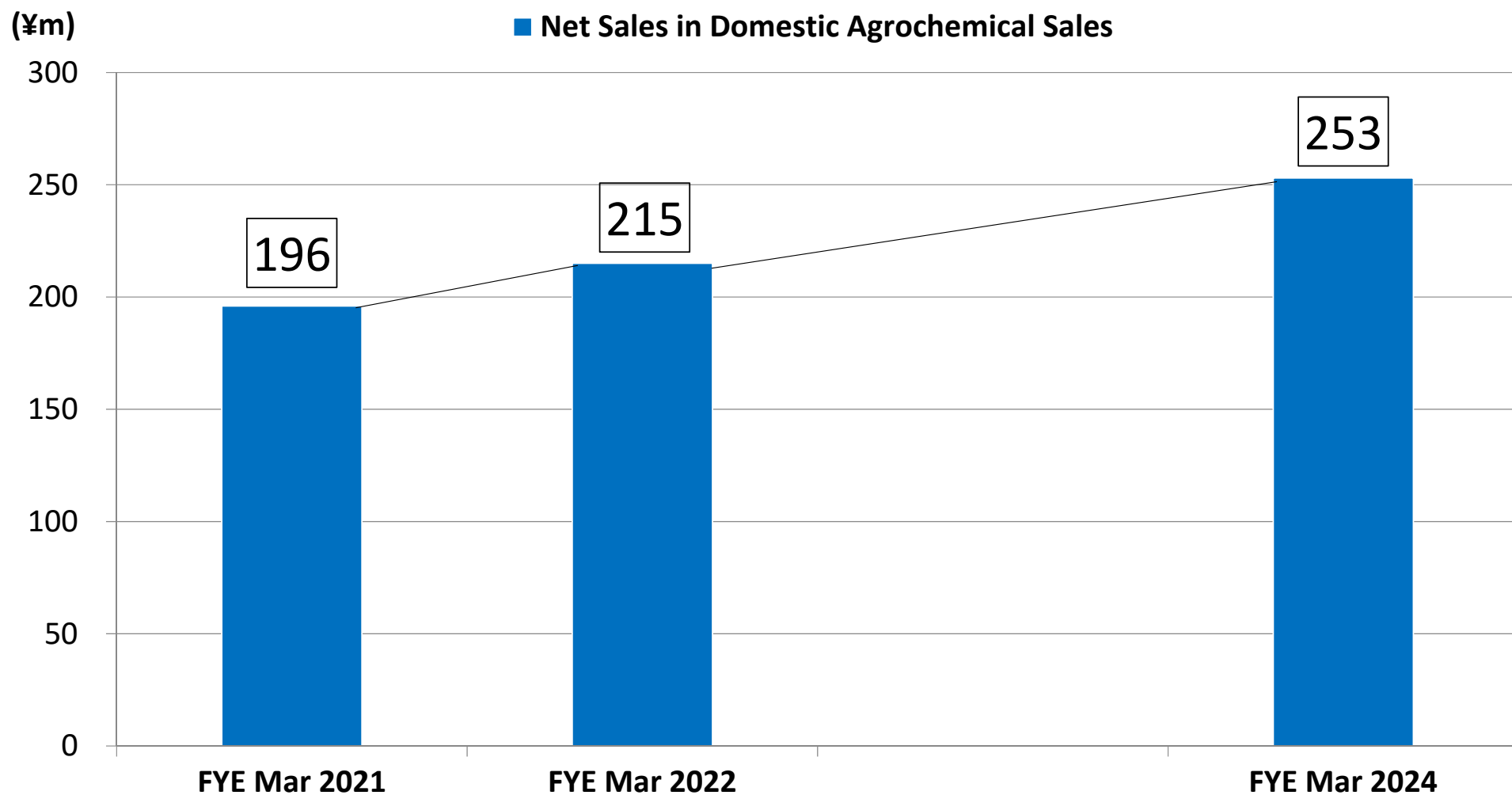
Strengthening Domestic Agrochemical Sales

Concluded sales agreement and strengthening 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 are now 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.

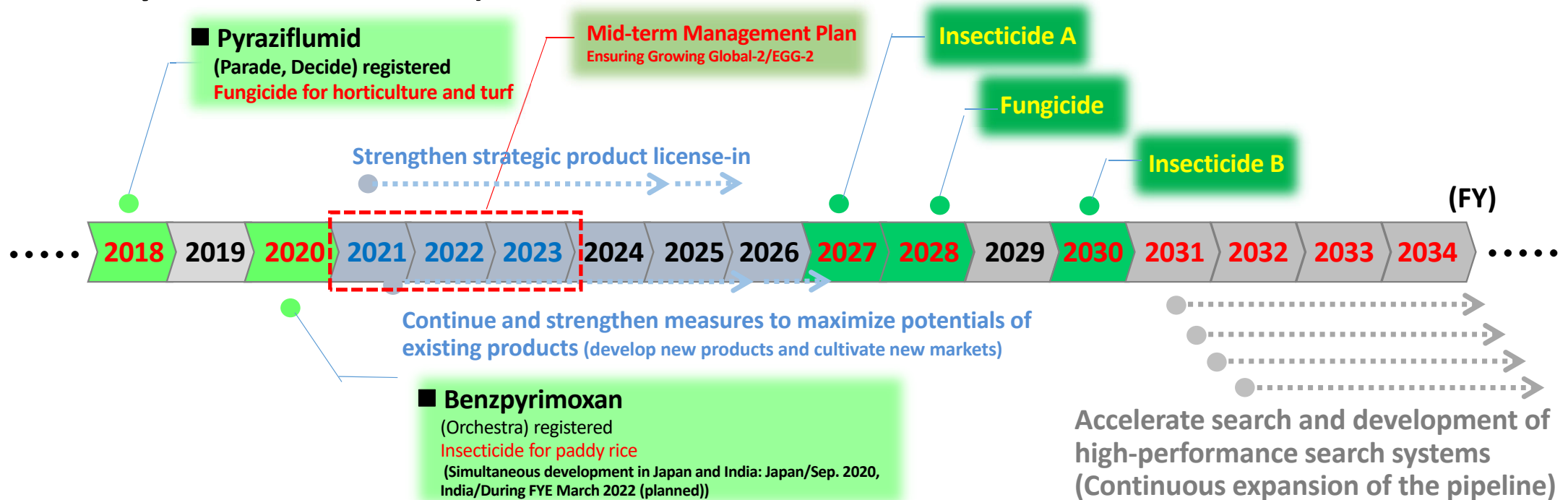


Domestic Agrochemical Sales Growth



R&D Progress and Global Expansion

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



- Steady progress in expanding pipeline compounds amid increasing difficulty in discovery of new AIs
- Steadily commercialize new products through strategic R&D investment (approximately 10% of net sales)
- Strengthen global registration and development capabilities by strengthening group-wide collaboration

Progress of new product development

New insecticide (Insecticide A)

- September 2021: Decided on development for registration
- Aim for agrochemical registration in Japan during FYE March 2028
- Peak season net sales: Projecting over ¥5 bn globally

Paddy rice insecticide benzpyrimoxan (product name: ORCHESTRA)

Japan

- Acquired agrochemical registration in September 2020
- Launched sales of ORCHESTRA Flowable in May 2021, full-scale sales from 2022

India

- Acquired active ingredient registration in March 2021, planning on formulation registration during FYE March 2022
- Aiming to start sales in first half of FYE March 2023

Other regions

- Starting development in Southeast Asia, etc., planning on gradual expansion of applicable regions



Development Progress for Priority Products

Insecticide flubendiamide

- Acquired registration in Brazil in 2020, launched sales in 2021

Insecticide pyrifluquinazon

- Acquired registration in Algeria, Honduras
- Registration inspections ongoing in Canada and India
- Promoting initiatives to further expand registered countries and regions

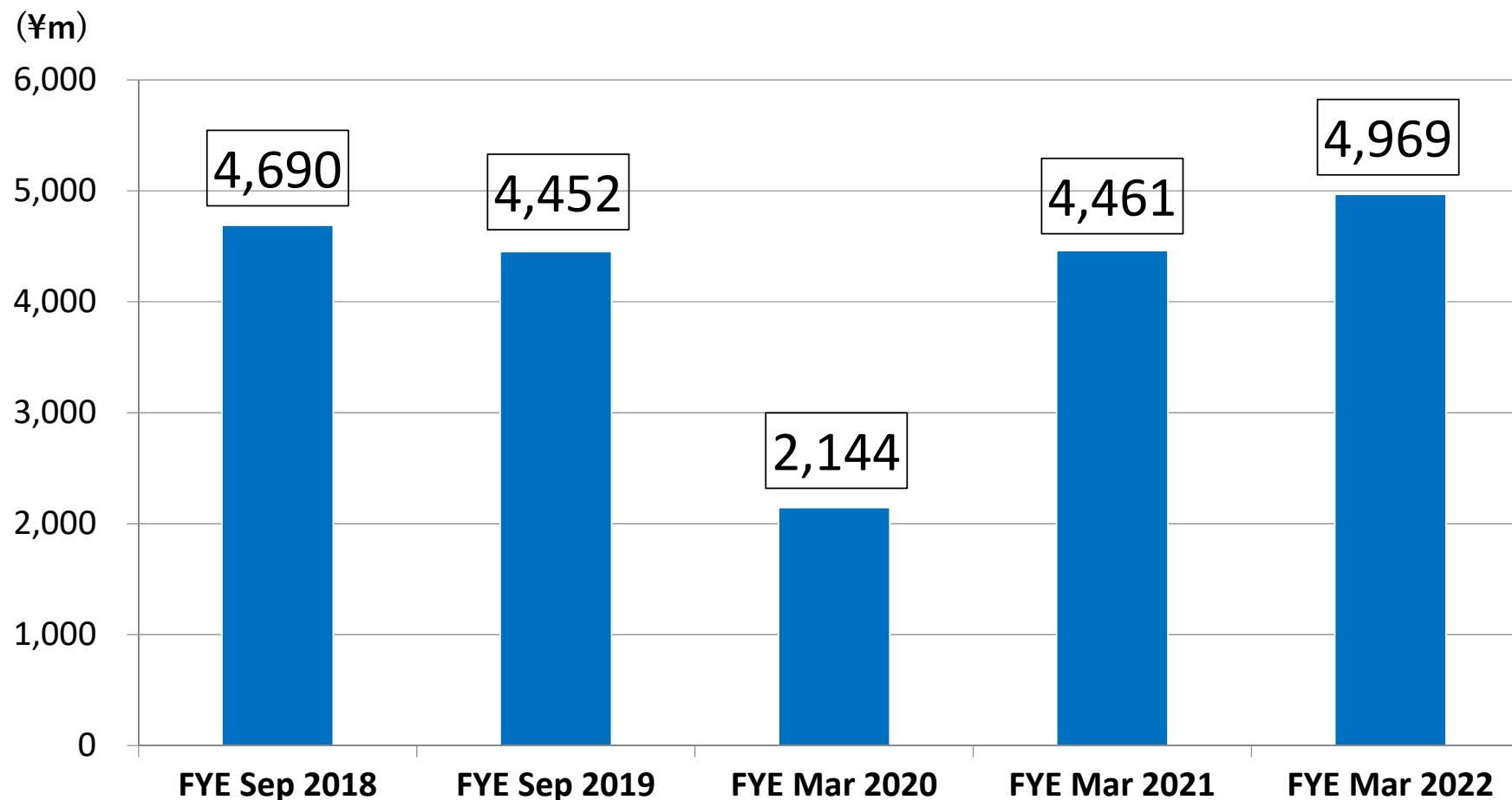
Herbicide pyraflufen-ethyl

- Advancing development of new fields such as sunflower / rapeseed wilt and field crops

Insecticide tolfenpyrad

- Launched sales in an Indian subsidiary in 2020
- Followed up California with registration in Brazil, launched sales in November 2021

Research and Development Expenses



R&D investment increased due to expanding pipeline compounds

* FYE Mar 2020 is six months due to change in fiscal year

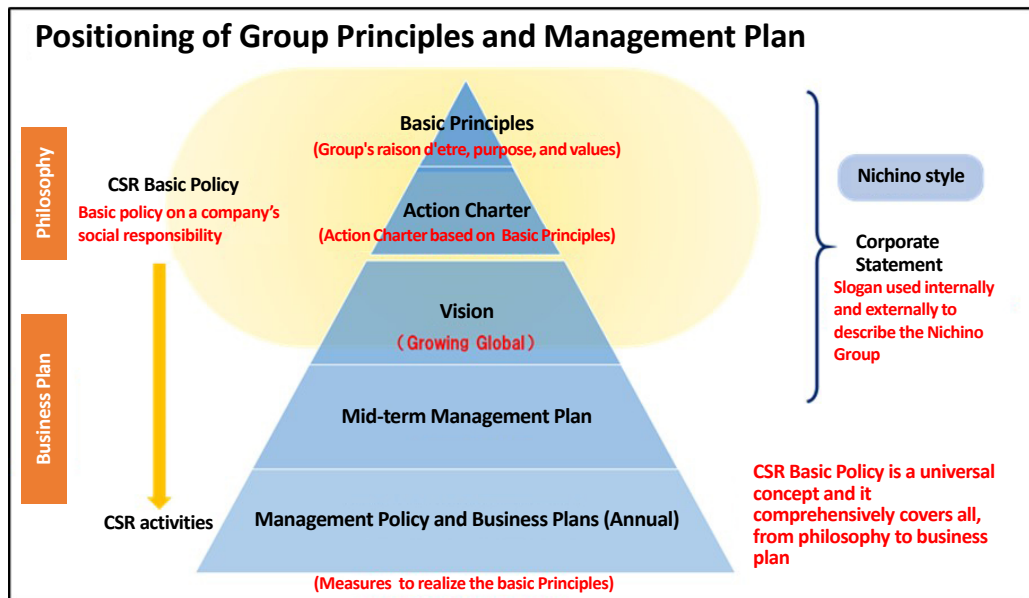
Strengthening CSR Activities and ESG Management

CSR Basic Policy

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

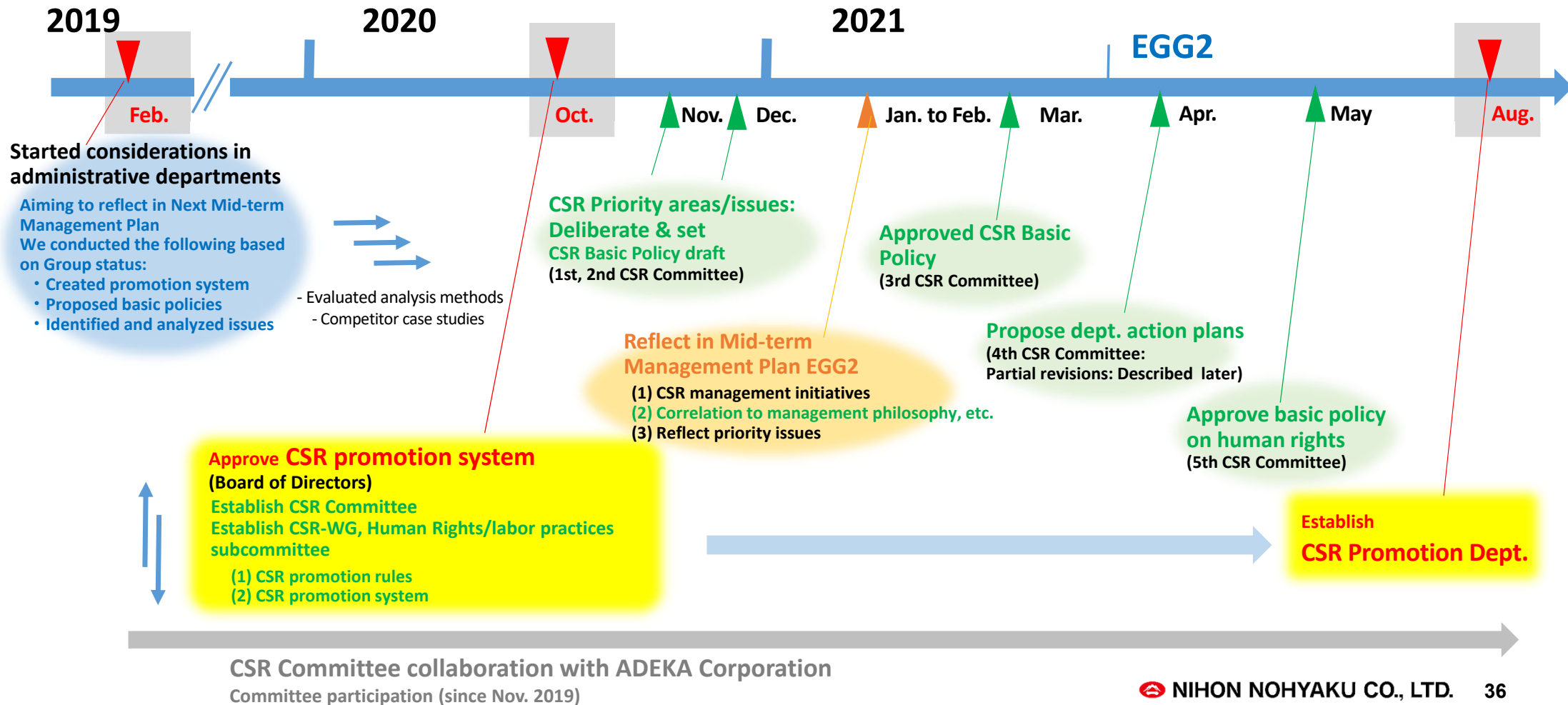
Based on the Basic Principles of Nihon Nohyaku Group, we will contribute to society by continuing to take on challenges to ensure sufficient food through technological innovations and to protect affluent lifestyles and the environment.

Our business activities have significant social meaning for our contributions to stable food production. Our Basic Philosophy and Action Charter incorporate CSR concept of increasing our social value. We position our CSR Basic Policy as the backbone of our Management Policy.



Summary of Current CSR Activities

CSR-WG (former) activities – CSR promotion system development – CSR-WG (new) activities – established CSR Promotion Department



CSR Priority Areas, Issues, and What We Want to Be

Major KGI/KPI for Seven CSR Priority Issues (through 2023)

Red: numerical goals

S: Society

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

- Operation of the Human Rights/Labor Practices Subcommittee.(Formulate and disseminate human rights/human resources policies: Declaration of Human Rights)
- Develop a plan to introduce a global personnel system
- Percentage of women in the final interview for new graduate recruitment: 40%
- Percentage of women among employees: 30% (average over 3 years)
- Percentage of women in management positions: 13%

S: Society

To develop technologies and product that meet needs of society (Pursue to satisfy our customers)

- Development of labor-saving products
Acquire registration of application using drones (59 cases in total), high-density treatment (10 agrochemicals), side dressing (5 agrochemicals)
- Develop non agrochemical materials
Bio pesticide: ¥400 mn (consolidated), Biostimulants: ¥300 mn (consolidated)
- Expansion of Smart Agriculture (expansion of application of AI diagnosis app: 19 crops)
- Develop antifungal agents in Japan and overseas (3 cases)
- Expand new business fields (commercialization of one theme)

E: Environment

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

- Reduce CO2 emissions: -3.8% (compared to 2013)
- Energy saving: -1% of energy intensity on average over 5years rate (5-year averages)
- Modal shift: in/between group companies 20%
- Consider introduction of environmental accounting (introduction of GMS)

General: For all ESG

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

- Strengthen global compliance and risk management systems (India, Brazil, Taiwan)
- Build a global internal reporting system
- Respond to tightening of regulations for agrochemical registration systems in various countries
- Strengthen BCP by business site
(Large-scale disasters, infectious diseases, overseas risk management, research/production infrastructure)
- Participate in the Japan Chemical Industry Association's SDGs network

G: Governance

Strengthening Corporate and Organizational Governance

(Corporate Governance, CSR Management)

- Conduct internal audits (including overseas subsidiaries)
- Continue to develop basic rules for group companies
- Invigorate the Governance Committee
- Conduct external evaluations of the effectiveness of the Board of Directors

S: Society

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

- Zero work-related injuries and traffic accidents while commuting.
- Enrich dust explosion data (AI: 70%, Intermediates 50%)
- Establishment of quality control/assurance system (zero product recall)
- Strengthen the identification of potential risks
- Educate on and share product safety information among group companies.

S: Society

Community involvement
(Dialogue with Stakeholders)

- Strengthen/promote branding strategy
(15% awareness of company logo, 13% advertising contact)
- Enhance plant tours (50 per year: Research Center)
- Dispatch lectures to external institutions (5 per year : Research Center)
- Seek regional revitalization plans through business activities