



**Q2/FYE March 2023**

# **Earnings Conference**

---

**November 29, 2022**



**I. Global Agrochemical Markets**

**II. Q2/FYE March 2023 Earnings**

**III. FYE March 2023 Full Year Earnings Forecast**

**IV. Status of Mid-term Management Plan Initiatives**

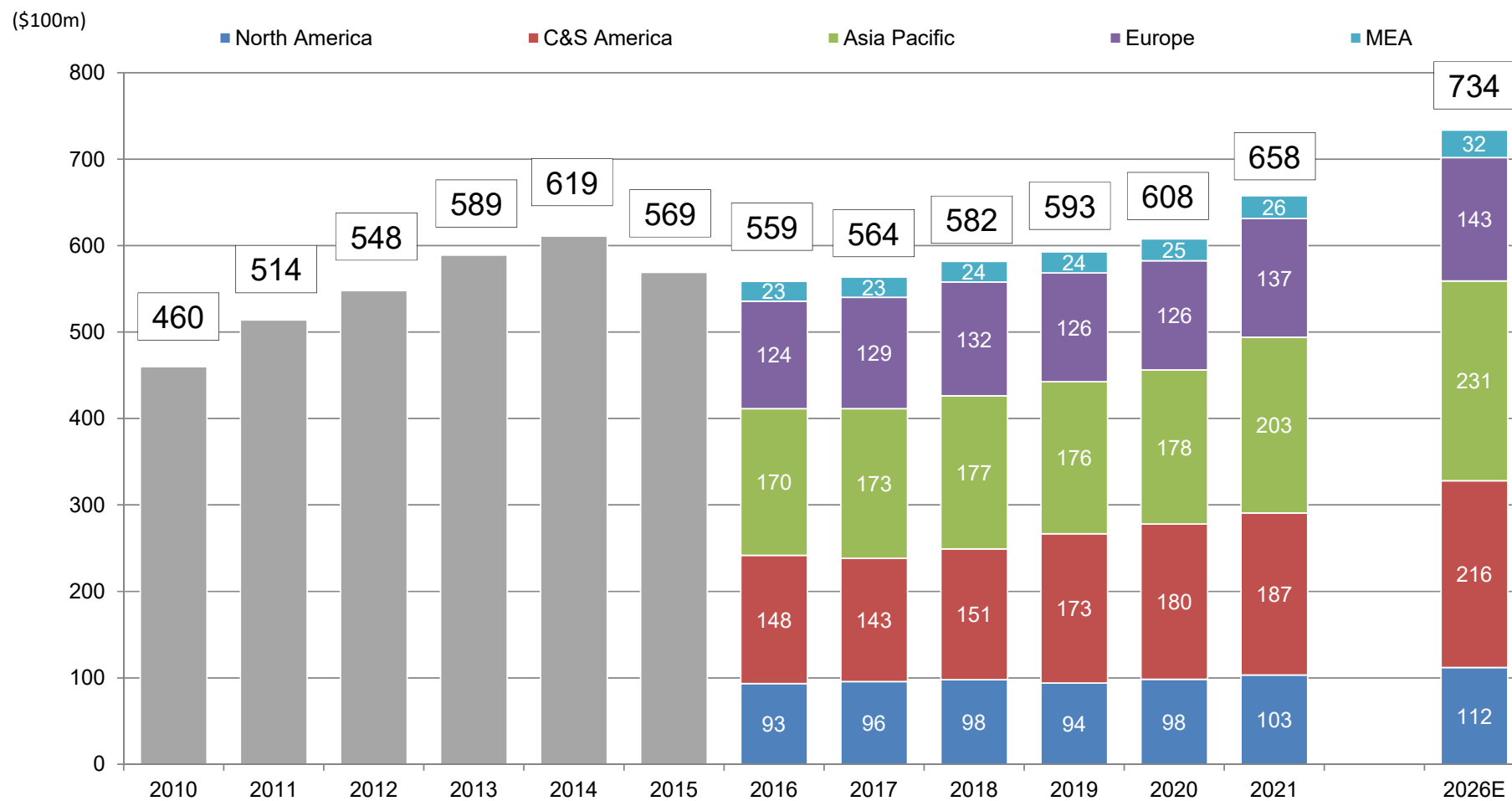
**V. Q&A**

---

# **I. Global Agrochemical Markets**

---

# Global Agrochemical Markets



Source )Agbio Investor

## Logistics trending towards stabilization as disruption due to COVID-19 gradually subsides

### North America

Market on growth trend but Western regions saw sluggish shipments for horticulture and cotton due in part to drought

### Latin America

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

### Europe

Future uncertainty due to drought and the situation in Ukraine

### Asia

Growth throughout the region and, despite unseasonable weather, India is expected to see sufficient rainfall for crops in the dry season

### Japan

Largely unchanged YoY despite the impact of unseasonable weather

---

## **II. Q2/FYE March 2023 Earnings**

---

## Q2/FYE March 2023 Earnings

(¥100m/ %)

	Q2/FYE Mar 2023 Results	Q2/FYE Mar 2022 Results	YoY	Growth %
Net Sales	431	314	116	37.1
Domestic Agrochemical Sales	68	60	8	13.7
Overseas Agrochemical Sales	326	221	105	47.7
Other agrochemicals	9	8	2	19.4
Chemical Products excluding agrochemicals	20	19	0	3.7
Other	8	6	1	18.1
Cost of Sales	303	216	87	40.3
Gross Profit	128	98	29	30.2
SG&A	97	84	13	16.5
Operating Income	30	14	15	109.7
Ordinary Income	31	15	16	103.9
Profit Attributable to Owners of Parent	25	15	10	66.8

**Net sales**                      **¥31.4 bn → ¥43.1 bn (+¥11.6 bn)**

**Operating income**        **¥1.4 bn → ¥3.0 bn    (+¥1.5 bn)**

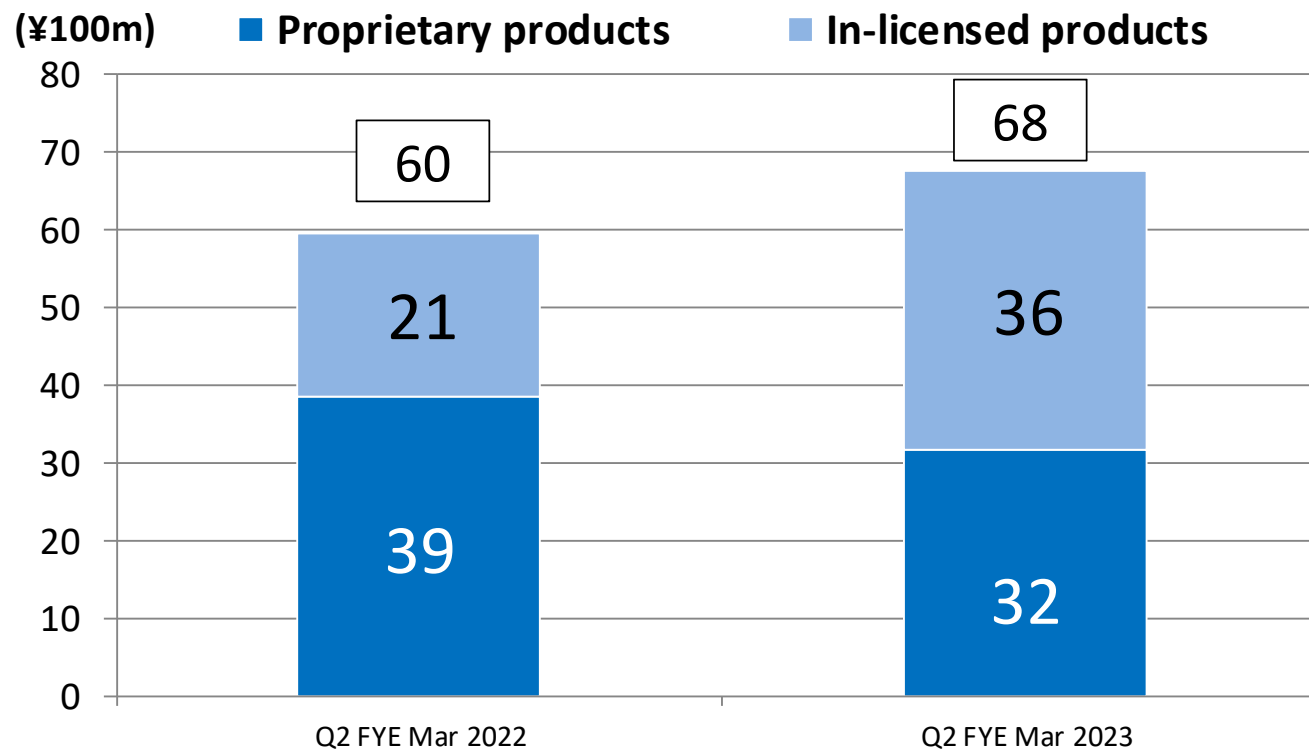
**Profit increase due to yen depreciation**                      **+¥1.4bn**

**Expansion of overseas business**                                      **+¥1.0 bn**

**SG&A expenses increase**    **-¥0.9 bn**



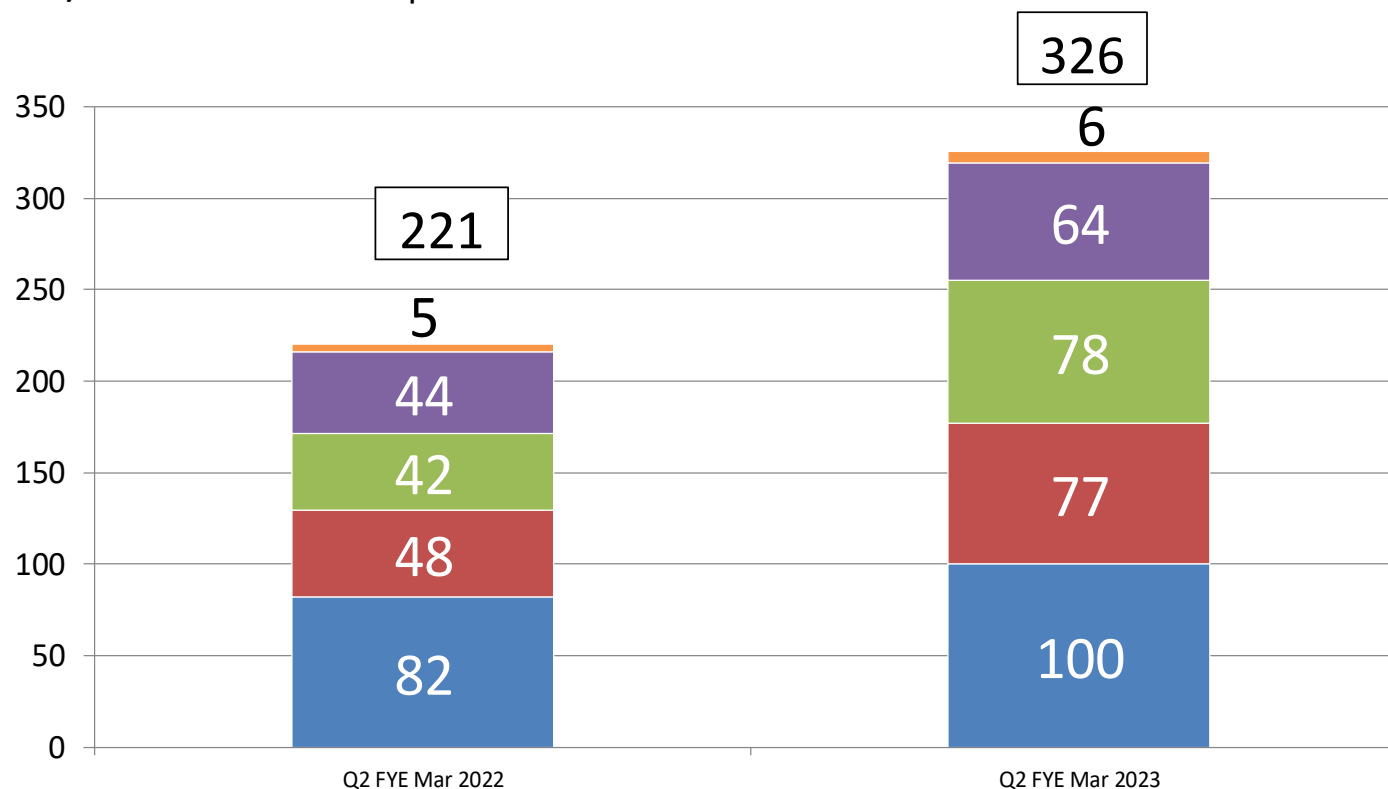
## Increase in revenues on the launch of Corteva product sales



# Agrochemicals (Overseas) - Net Sales by Region

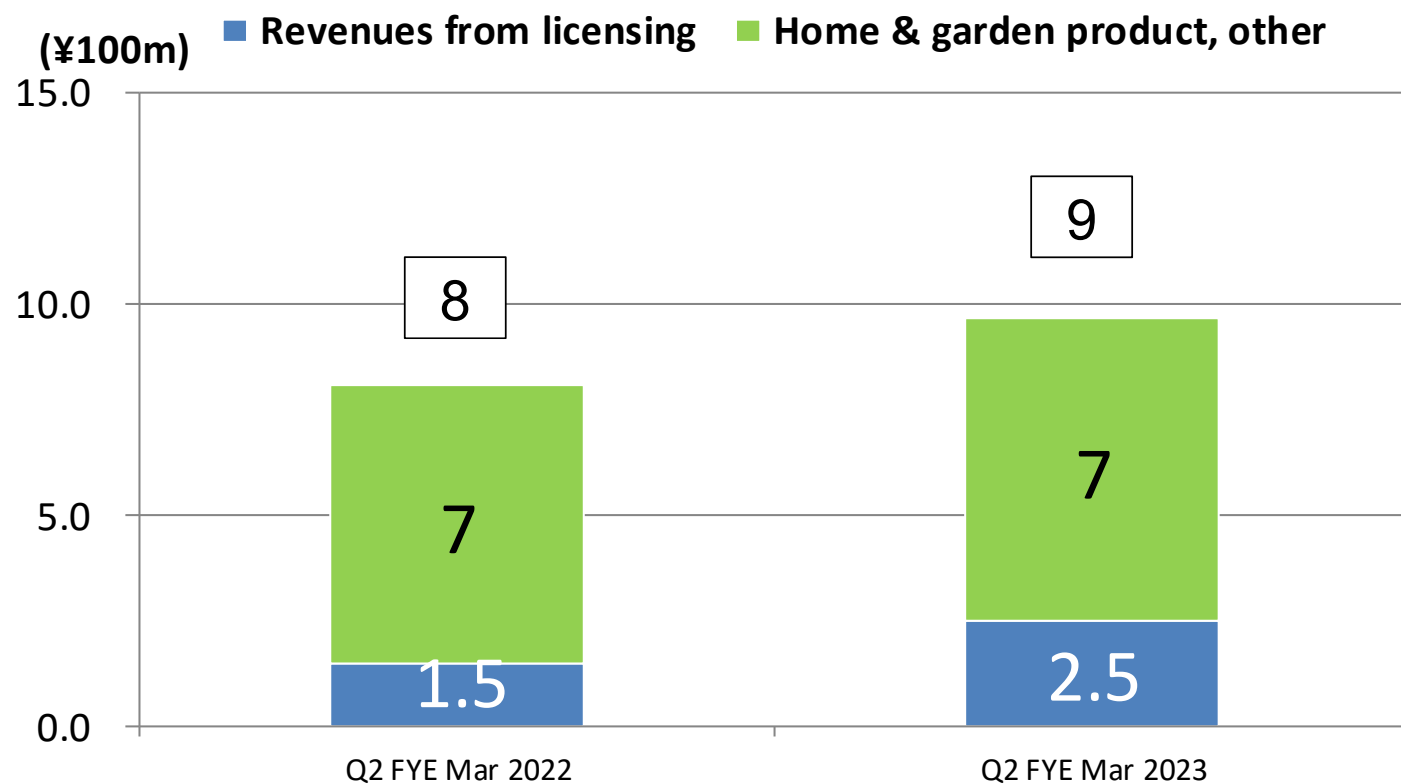
## Sales growth in Latin America and other regions

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



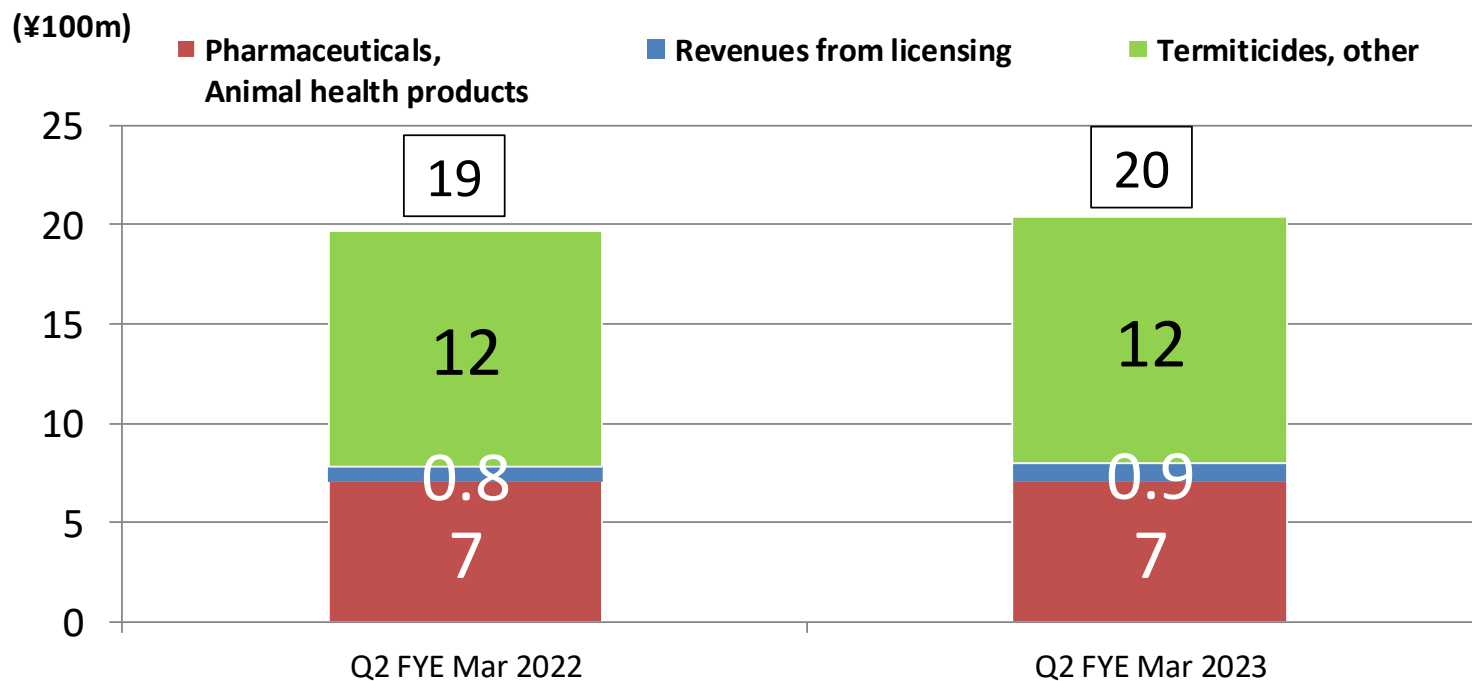
Actual foreign currency rates: 130.60 yen/dollar  
137.11 yen/euro

## Increase in know-how technical fees



## Chemical Products (Non-agrochemical products)

Largely Unchanged



# Major Earnings of Domestic Group Companies

(¥m/%)

		Q2/FYE March 2023 Results	Q2/FYE March 2022 Results	YoY	Growth %
Nihon Nohyaku	Net sales	28,871	21,920	6,950	31.7
	Operating income	3,202	1,719	1,483	86.3
	Net profit	3,322	2,248	1,073	47.8
Nichino Service	Net sales	1,998	1,897	100	5.3
	Operating income	64	40	24	59.8
	Net profit	35	18	17	96.8
Nichino Ryokka	Net sales	939	809	129	16.0
	Operating income	20	24	-4	-17.6
	Net profit	9	11	-2	-21.2
Nihon Ecotech	Net sales	422	385	36	9.4
	Operating income	33	22	11	49.3
	Net profit	28	17	11	66.9
AgriMart	Net sales	1,243	1,211	32	2.7
	Operating income	200	211	-10	-5.0
	Net profit	129	134	-4	-3.6

## Major Earnings of Overseas Group

(¥m/%)

		Q2/FYE March 2023 Results	Q2/FYE March 2022 Results		
				YoY	Growth %
Nichino America	Net sales	6,433	4,430	2,002	45.2
	Operating income	634	429	206	47.8
	Net profit	490	330	161	48.5
Taiwan Nihon Nohyaku	Net sales	286	258	27	10.5
	Operating income	47	51	-3	-6.7
	Net profit	40	41	-1	-2.5
Nichino India	Net sales	5,829	4,566	1,263	27.7
	Operating income	41	23	17	73.3
	Net profit	11	-12	24	—
Sipcam Nichino Brasil	Net sales	6,907	3,512	3,395	96.7
	Operating income	411	-247	659	—
	Net profit	-81	-425	343	—
Nichino Europe	Net sales	2,550	2,084	465	22.3
	Operating income	174	250	-76	-30.4
	Net profit	177	245	-68	-27.9

---

## **III. FYE March 2023 Full Year Earnings Forecast**

---

# FYE March 2023 Earnings Forecast

(¥100m/ %)

	FYE Mar 2023 Forecast	FYE Mar 2022 Results	YoY	Growth %
Net Sales	980	801	178	22.3
Domestic Agrochemical Sales	215	198	17	8.5
Overseas Agrochemical Sales	690	532	158	29.6
Other agrochemicals	22	20	2	12.4
Chemical Products excluding agrochemicals	38	34	3	9.6
Other	15	16	-1	-8.7
Cost of Sales	679	557	121	21.9
Gross Profit	301	244	57	23.4
SG&A	213	187	26	14.3
Operating Income	88	57	30	52.7
Ordinary Income	78	57	21	37.7
Profit Attributable to Owners of Parent	54	44	9	22.6



## FYE March 2023 Earnings Forecast

**Net sales                      ¥80.1 bn → ¥98.0 bn (+¥17.8 bn)**

**Operating income        ¥5.7 bn → ¥8.8 bn        (+¥3.0 bn)**

**Expansion of overseas business                      +¥3.1 bn**

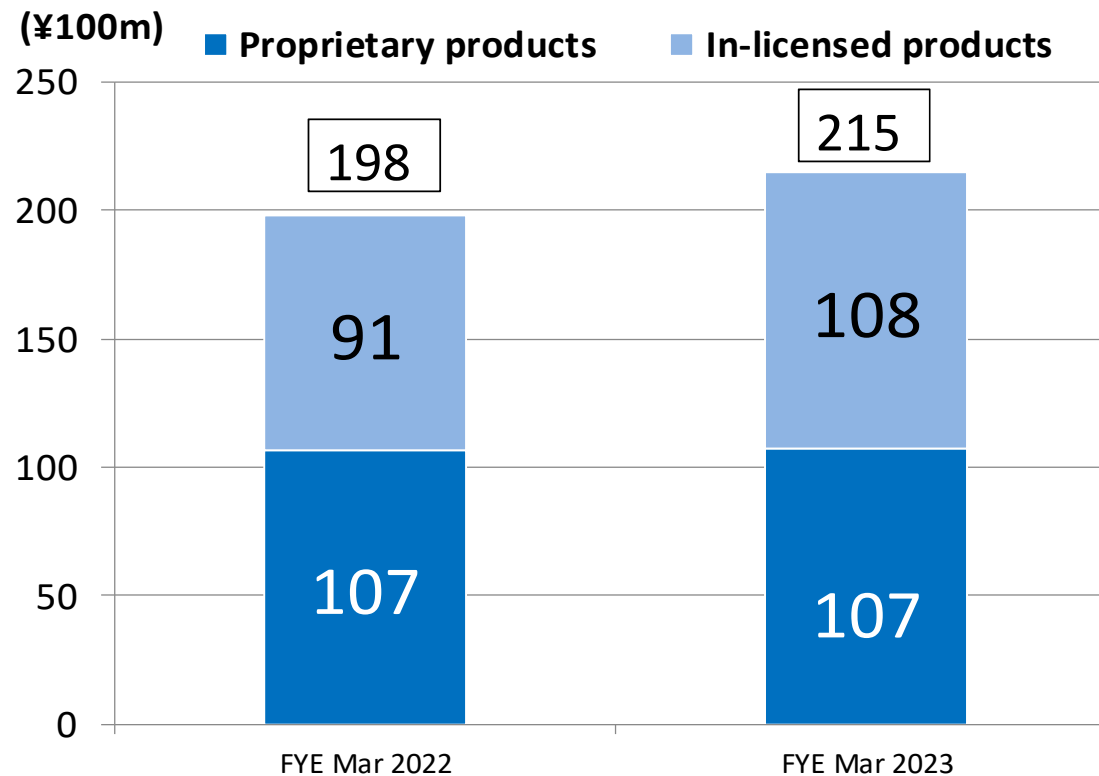
**Profit increase due to yen depreciation                      +¥2.1bn**

**Increase in domestic agrochemical sales                      +¥0.1 bn**

**SG&A expenses increase                      -¥2.3 bn**

## Agrochemicals (Domestic) -Composition of Net Sales

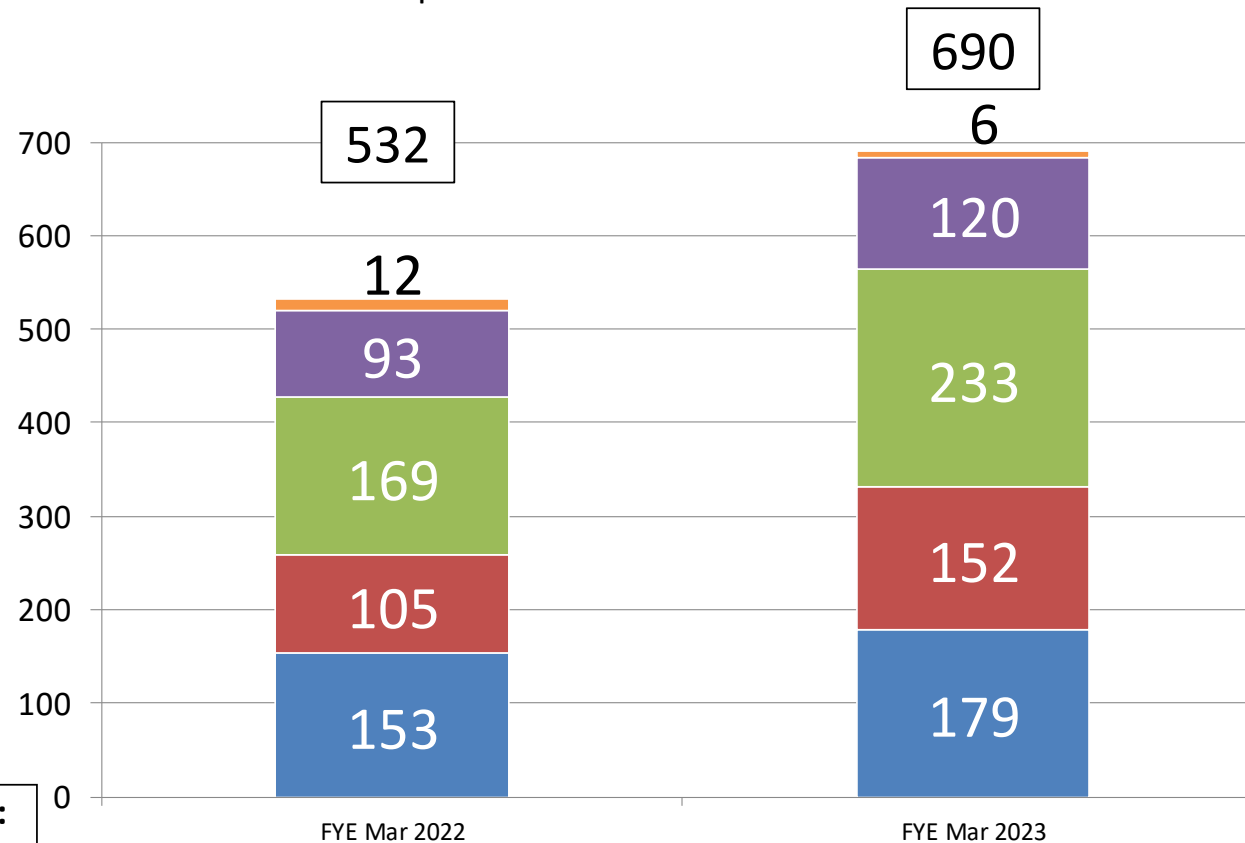
Sales growth on full-year contributions from Corteva product sales



# Agrochemicals (Overseas) - Net Sales by Region

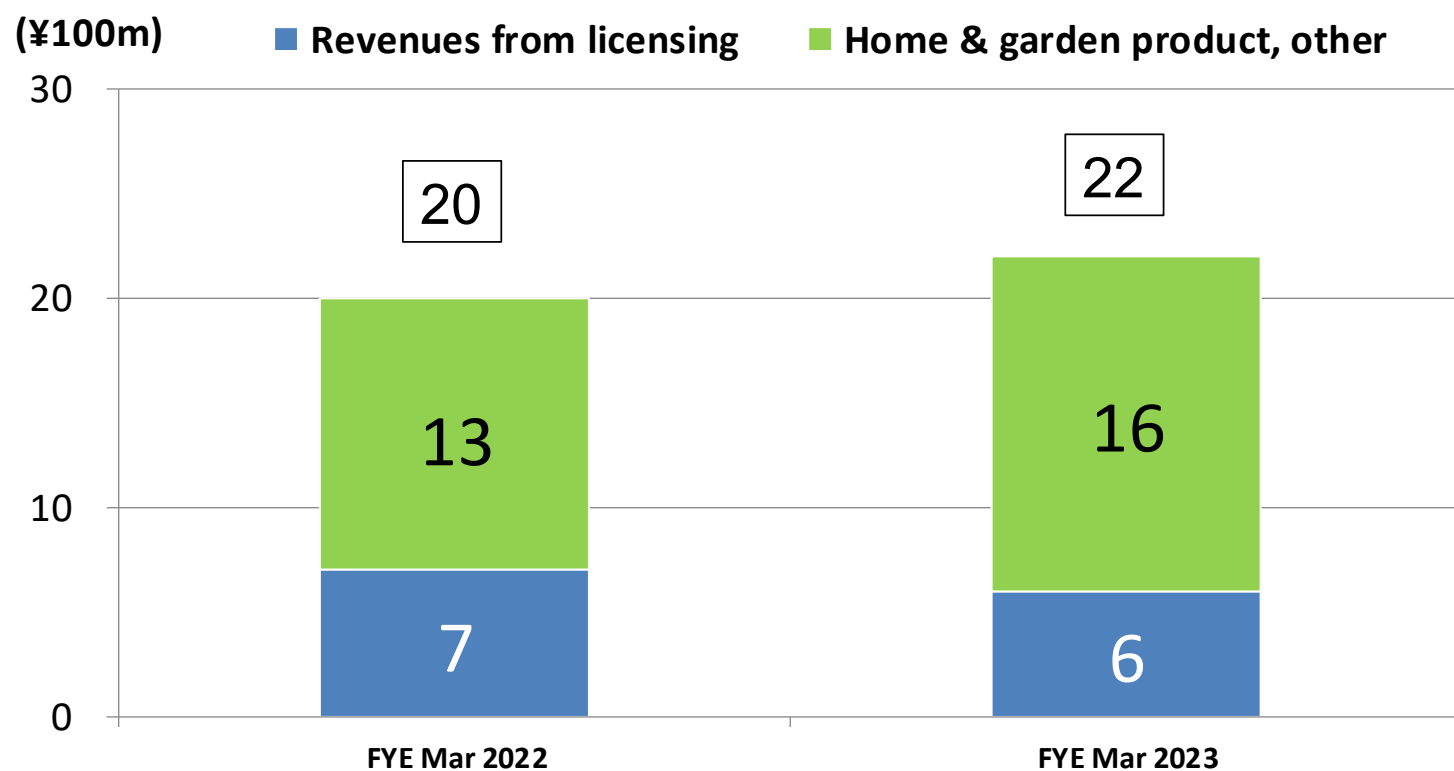
## Increased sales in each region

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



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

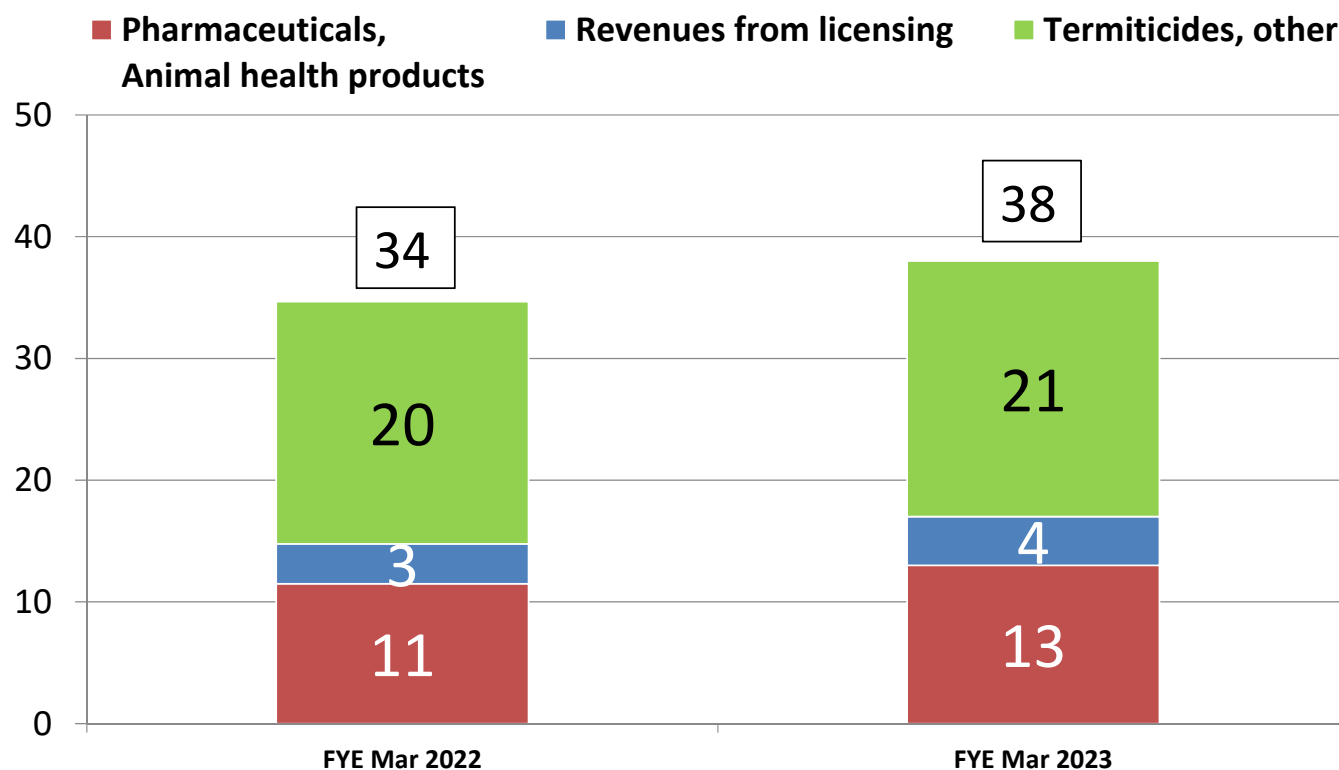
## Increased sales of horticultural agrochemicals



## Chemical Products (Non-agrochemical products)

### Increased sales of Pharmaceuticals, Animal Health Care products

(¥100m)



# Domestic Group Companies Earnings Forecast

(¥m/%)

		FYE Mar 2023	FYE Mar 2022		
		Forecast	Results	YoY	Growth %
Nihon Nohyaku	Net sales	52,433	47,151	5,282	11.2
	Operating income	4,246	3,377	869	25.7
	Net profit	4,141	3,557	584	16.4
Nichino Service	Net sales	4,272	4,353	-81	-1.9
	Operating income	166	193	-27	-14.1
	Net profit	117	131	-13	-10.0
Nichino Ryokka	Net sales	1,972	1,783	189	10.6
	Operating income	16	50	-34	-66.9
	Net profit	7	32	-25	-77.4
Nihon Ecotech	Net sales	820	830	-10	-1.2
	Operating income	16	30	-14	-46.9
	Net profit	18	23	-5	-22.3
AgriMart	Net sales	2,215	2,110	104	4.9
	Operating income	201	226	-24	-10.9
	Net profit	127	145	-17	-12.2

# Overseas Group Companies Earnings Forecast

(¥m/%)

		FYE Mar 2023	FYE Mar 2022		
		Forecast	Results	YoY	Growth %
Nichino America	Net sales	12,029	9,333	2,695	28.9
	Operating income	1,253	1,015	238	23.5
	Net profit	949	791	158	20.0
Taiwan Nihon Nohyaku	Net sales	494	516	-22	-4.3
	Operating income	49	68	-18	-27.6
	Net profit	41	55	-13	-24.8
Nichino India	Net sales	12,587	10,264	2,322	22.6
	Operating income	220	235	-15	-6.7
	Net profit	80	167	-87	-52.1
Sipcam Nichino Brasil	Net sales	21,646	15,865	5,780	36.4
	Operating income	2,599	1,120	1,478	132.0
	Net profit	780	293	487	166.3
Nichino Europe	Net sales	6,955	5,409	1,546	28.6
	Operating income	683	352	330	93.7
	Net profit	552	301	250	83.3

## Increase dividends by ¥1

			19.9	20.3	21.3	22.3	23.3E
Profit attributable to owners of parent		Million yen	2,684	1,477	4,344	4,505	5,400
Total dividends		Million yen	1,181	315	1,181	1,181	1,260
Dividends per share	Interim	Yen	7.5	—	7.5	7.5	8.0
	Year-end	Yen	7.5	4.0	7.5	7.5	8.0
	Total	Yen	15.0	4.0	15.0	15.0	16.0
Dividend payout ratio		%	44.0	21.3	27.2	26.8	23.3



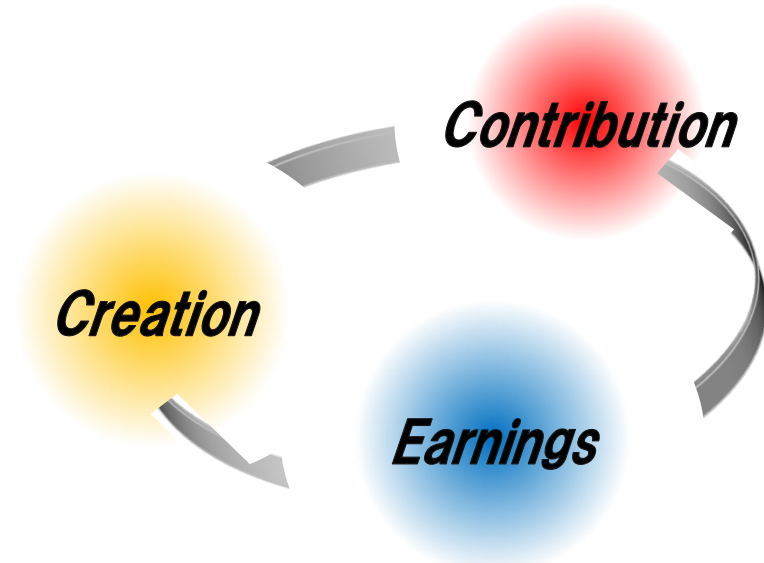
---

## **IV. Status of Mid-term Management Plan Initiatives**

---

## *Nichino Group – Growing Global Global Innovator for Crop & Life*

- 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 (Eco-harmonized products, labor-Saving technologies)



# Ideal State of NICHINO Group

## Ideal State in 2030

<b>Corporate image</b>	Penetration of "NICHINO brand and NICHINO quality" globally through attractive new product technologies and CSR (SDGs) management
<b>Scale of business</b>	Operating margin of 10% or more Over ¥125 bn sales (Overseas sales ratio: 70%) Existing businesses ¥100 bn + New businesses ¥25 bn
<b>Sales force</b>	Domestic market share of 10% or more Expanding business from overseas bases to surrounding areas Establishment of new businesses
<b>R&amp;D</b>	Establishment of Life Science R&D bases in Japan and overseas
<b>Production</b>	Almost all in-house TG manufacturing functions Realization of production automation
<b>Human Resources and Governance</b>	Establishment of work styles regardless of place and time

Back  
Cast

## In the future

Recognized as a leading company in the life science field Major contributions to solving social issues and sustainable development
Operating margin of 15% or more Over ¥200 bn sales Existing businesses ¥150 bn + New businesses ¥50 bn
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
Constantly developing agrochemicals and pharmaceuticals and animal health care products for global markets
Completion of TG manufacturing in-house Production of other life sciences products Cost competitiveness and unique technologies
Diverse human resources of the entire group work globally

## Ensuring Growing Global 2

Group KPI

Operating profit      Sales  
**¥6.4 Bil**      **¥89 Bil**

Divided 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 (3 Years)

### Profitability Improvement

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

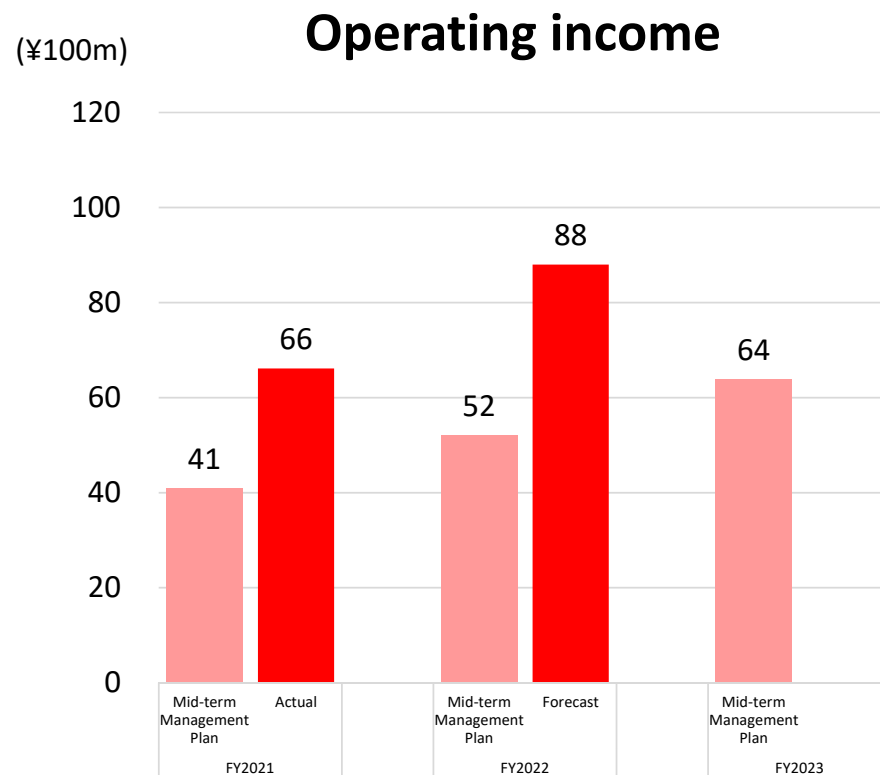
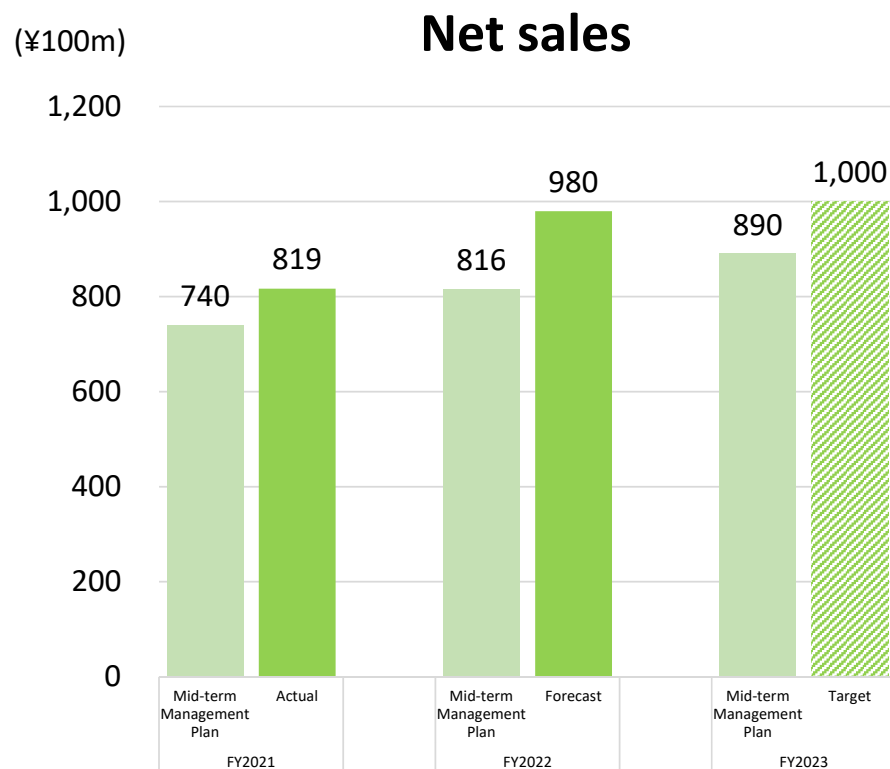
### Technological innovation Establishment of next- generation businesses

- Promote R&D and global expansion
- Expand into bio pesticides and crop protection materials sector
- DX initiatives

### Sustainable growth in corporate value

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

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



**Net sales and operating income transitioning on pace to achieve plans one year ahead of schedule. For FY2023, we will aim to achieve our original goal of net sales of ¥100 billion**

## ◆ Profitability Improvement

- Domestic agrochemical market share increased on sales of Corteva products
- Nichino Korea: Launched business (April 2022)
- Progress of initiatives for growth of priority products
- Luliconazole (athlete's foot) generic product approved in August 2022, plan to launch sales in December

## ◆ Technological innovation and Establishment of next-generation businesses

- **Technological innovation**  
Smart Agriculture: Increase in manufacturers participating in AI image diagnosis app, diagnostic crops increased, progress of expansion in India and other overseas markets  
AgriMart: Started sales of AI image diagnosis system for disease-carrying pests
- **Next-generation businesses**  
Building global structure for promoting the adoption of bio pesticides and crop protection materials  
Progress of joint research with ADEKA  
Progress of evaluations for establishing production technology for semi-fermented products

## ◆ Sustainable growth in corporate value

- **Further strengthened CSR activities**  
Fully revamped CSR Report, strengthened alliances with overseas group companies
- **Progress of DX promotion project**  
Promotion of automation, implementation of training, etc.

## ◆ Profitability Improvement

Soaring prices of raw materials and intermediate materials, procurement instability, and delays in reflecting cost increases in prices  
 Decreased demand due to abnormal weather, including drought in Europe and flooding in Pakistan  
 Correction from up-front purchasing associated with COVID-19  
 Increased operating expenses (fares, travel expenses, contracted trial expenses, etc.)

## ◆ Technological innovation and Establishment of next-generation businesses

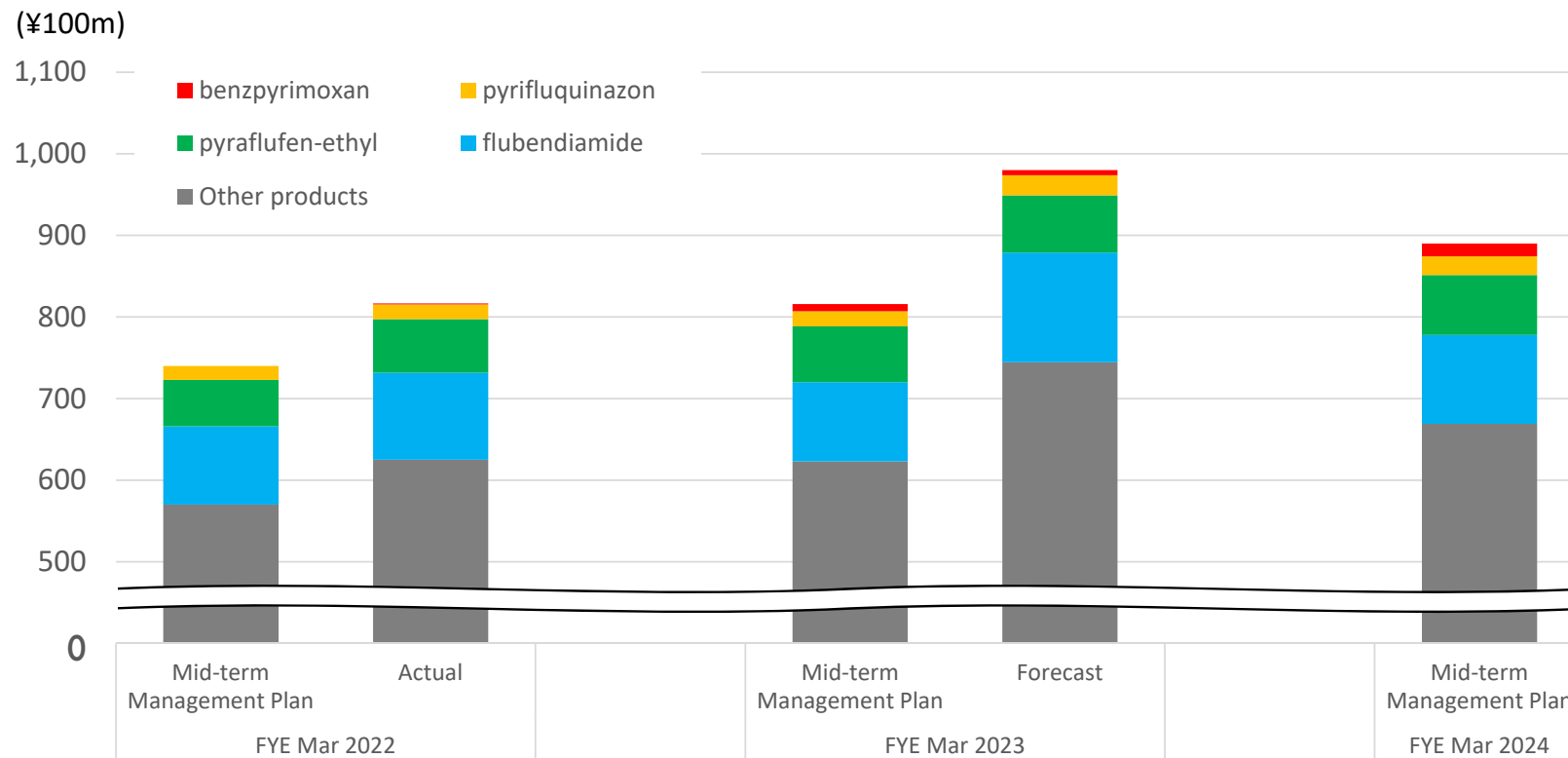
Establishing low-cost technical grade manufacturing methods  
 Stricter registration requirements, responding to additional trials  
 Establishing technology for bio pesticides and crop protection materials, accelerated launch of sales, accelerating R&D for global commercialization  
 Creating new value through the use of digital technology

## ◆ Sustainable growth in corporate value

Further enhancing corporate governance information disclosure  
 Further stimulating human resource exchanges  
 Further permeation of CSR (SDGs) management



## Expand 4 major priority products (in-house development profit-generating products)



**The net sales composition for major priority products was 17% in FYE March 2022, and we will aim for 20% or higher in FYE March 2024.**

## Efforts to expand key priority products (in-house development profit products)

### Insecticide benzpyrimoxan

- Full-scale sales start in India
- Increased production at a multipurpose plant currently under construction in India (scheduled for completion this fiscal year)

### Insecticide pyrifluquinazon

- Launched in India (Aug,2022)

### Insecticide flubendiamide

- Registered in Argentina

## Overview of Nichino India capital investments

### New construction of No. 4 Multi-Purpose Plant (Humnabad Plant)

- In addition to benzpyrimoxan (BPX) technical grade, the plant is capable of manufacturing other technical grades besides
- Investment amount: Approx. ¥1 billion
- Construction scheduled for completion this fiscal year
- Production capacity: Annual production of 200t (BPX technical grade)

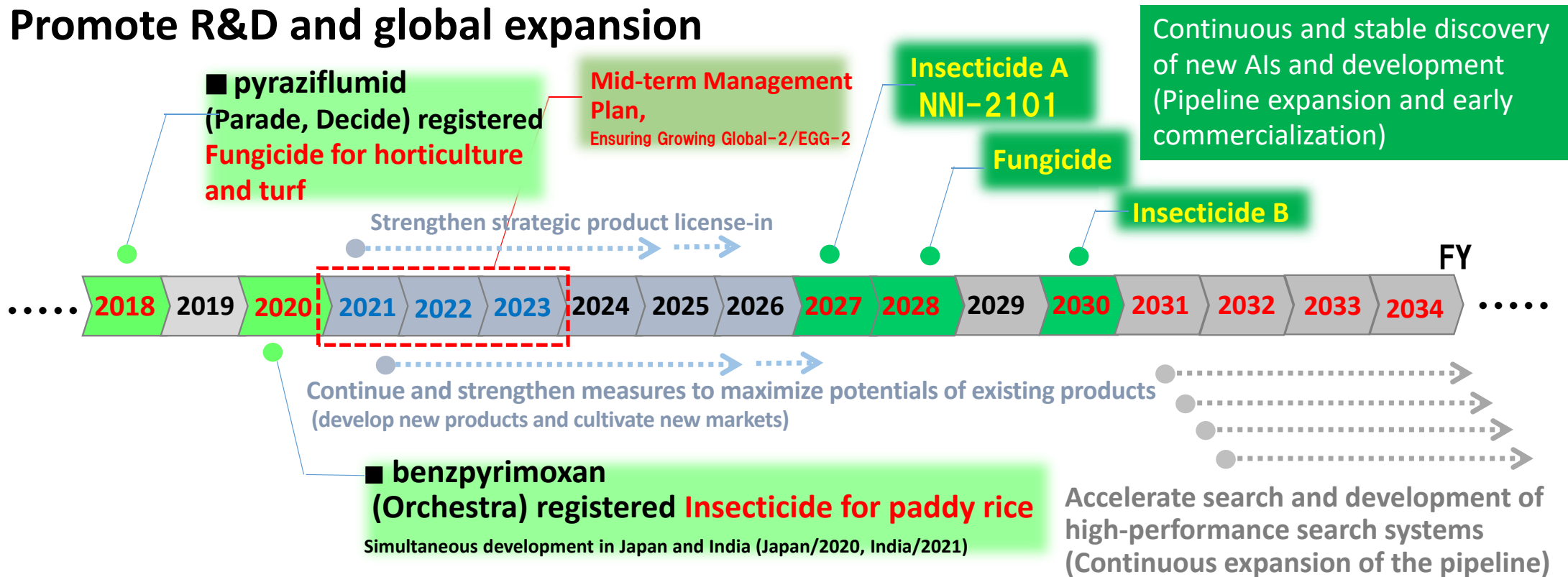
### Strengthen technical grade production capacity

- Increase production of our own technical grades (insecticide tolfenpyrad, BPX, etc.) in India to achieve cost reductions
- Plan further facility expansions to enable increases in manufactured products



No. 4 Multi-Purpose Plant (exterior)

## Promote R&D and global expansion



- 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

Promote R&D and global expansion

## New insecticide A NNI-2101

- Decided to develop for registration in September 2021
- Aiming to acquire pesticide registration in Japan in FY2027
- Peak sales: Expected to exceed 5 billion yen globally

1. As a growth engine for the global market, we will also **contribute to global food production**.
2. An insecticide that is highly effective against difficult-to-control pests such as **lepidoptera and coleoptera**.
3. Features a **novel action mechanism** and is also effective against insect pests that are resistant to existing agents.
4. Features **penetrability** and can be applied to various labor-saving technologies.

## Expand into bio pesticides & crop protection materials

## Expand life sciences business

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	Cosmetics, fragrances, environment purification
	[New technologies] Service AI · ICT	Smart Agriculture (AI Diagnosis by images) [Under development]		Image diagnosis for disease-carrying insects (AI Diagnosis by images) [Under development]

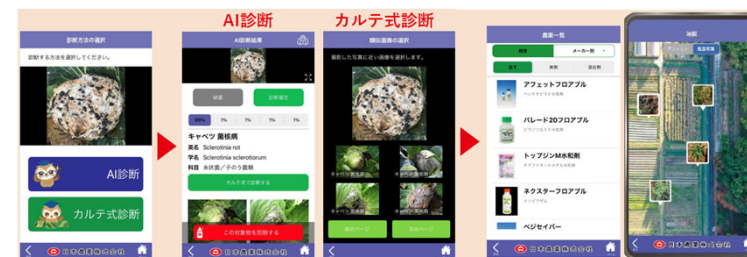
- Expansion as a Life Science Division of ADEKA Group
- Efforts to rapidly maximize synergies through business alliances

## Smart Agriculture: Business development for the Leime AI Disease, Pest & Weed Analysis Smartphone App

### Policy



- (1) Aim for ONLY 1/NO. 1 as AI image diagnosis app
- (2) Promote collaborations with other companies/ strengthen platform/API
- (3) Rapid commercialization (balance expenditures/revenue)
- (4) Global expansion



### Status of dissemination

#### Diagnosable crops

10 crops→  
**15 crops**

Paddy rice, cabbage,  
Chinese cabbage, lettuce,  
broccoli, green onion,  
tomato, eggplant,  
cucumber, strawberry,  
mustard spinach, bok choy,  
daikon, turnip, cauliflower

#### Available diagnoses

**Over 650**

Total for AI and chart  
diagnoses

#### Downloads

Less than 60k→  
**Over 80K**

As of end of  
September 2022  
Aim for 300k  
downloads by end of  
March 2024

#### Number of diagnoses

90k→  
**220k**

As of end of August  
2022

### Global expansion

Service launched in India, Vietnam, Taiwan (October 2022)

### Future initiatives

Expand diagnosable crops

⇒ Increase to **20 crops** (apples, citrus, onions, potatoes) (spring 2023)

Strengthen app functions

⇒ Add pest and weed **ecosystem information search, agrochemical search, timeline** (winter 2022)

Collaborations with other companies

⇒ Corporate alliances with **agricultural machinery, satellite, sensor, seed and sapling, and retail companies**

Overseas expansion

⇒ Evaluate additional countries/regions for expansion

## Image diagnosis for disease-carrying insects: Business development for the Leime AI Pest Identification and Counting System

### Service overview



**Batch management  
as a one-stop solution**

### Policy

- (1) Expand scope of domestic business (sales goal: ¥100 million)
- (2) Expand pest trap sheets and disease-carrying pests
- (3) Improve usability, expand functions
- (4) Rapid global expansion

### Status of dissemination

Diagnosable pests

**25**

Covers major disease-carrying pests  
Chironomidae, psychodidae, phoridae, sciaridae...

Compatible trap sheets

**More than  
10**

Supports major  
pest trap sheets

Diagnosis time

**Less than  
1 minute**

Depends on general  
communications  
environment and  
image size

Adopting companies

**More than  
20**

As of end of October  
2022  
Includes demo  
accounts





# Strengthen CSR Activities and ESG Management

## Fully Revamp CSR Report

- Dynamically revise structure, place main focus on CSR priority issues, and further enhance disclosed information



## TCFD\* information disclosure (June)

\* Task Force on Climate-related Financial Disclosures

