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March 25, 2025

To whom it may concern

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Notice of Revisions to the Forecast of Financial Results for the Full Year and Recording of an Extraordinary Loss (Impairment Loss of Goodwill), Change in the Dividend Policy under the Medium-term Management Plan and Revisions to the Year-end Dividend Forecast, and Measures to Enhance the Corporate Value

NIHON NOHYAKU CO., LTD. (hereinafter referred to as the “Company”) hereby announces that the revisions have been made to the forecast of consolidated financial results for the fiscal year ending March 31, 2025 announced on May 13, 2024 based on the recent trend, as described below. The Company also announces that an impairment loss of goodwill will be recorded as an extraordinary loss for the fiscal year ending March 31, 2025.

In addition, the Company announces as described below that, at a meeting of the Board of Directors held on March 25, 2025, a change has been made in the dividend policy under the medium-term management plan announced on May 13, 2024 and revisions have also been made to the year-end dividend forecast announced on the same day.

Furthermore, the Company announces that measures to enhance the corporate value have been resolved at this Board of Directors’ meeting.

1. Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2025
   (1) Revisions to the forecast of consolidated financial results for the full year (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Previous forecast (A)	104,500	8,100	6,700	4,800	61.20
Revised forecast (B)	100,000	8,200	6,900	2,000	25.50
Difference (B-A)	(4,500)	100	200	(2,800)	
Change (%)	(4.3)	1.2	3.0	(58.3)	
(Reference) Results for the previous fiscal year (fiscal year ended March 31, 2024)	103,033	7,438	5,932	4,777	60.89

(2) Reasons for the revisions

In the U.S. and Europe, sales remain robust due to factors such as the increased demand for herbicides, and in Brazil, the world's largest agrochemical market, sales also remain strong. Meanwhile, in India, net sales are expected to fall below the initial forecast due to the decreased sales of a subsidiary owing to factors such as fewer opportunities for applying agrochemicals caused by the impact of torrential rain in some regions as well as the impact of slow-moving distribution inventories caused by drought in the previous year.

In terms of profit, operating profit and ordinary profit are expected to exceed the initial forecast driven by robust sales in the U.S. and Europe, despite a subsidiary in India expected to fall below the plan at the beginning of the fiscal year due to its sluggish sales. Profit attributable to owners of parent is expected to fall below the initial forecast due to the recording of an extraordinary loss as described below.

2. Impairment loss of goodwill

The Company acquired shares of Hyderabad Chemical Limited (currently Nichino India Pvt. Ltd.), a manufacturer and distributor of agrochemicals in India, to make it a consolidated subsidiary in March 2015 for the purpose of establishing a direct-sales system and obtaining production functions in India, which is an agrochemical market with significant growth. Its sales for the fiscal year ending March 31, 2025 have been sluggish mainly due to the impact of distribution inventories caused by unstable weather in India, and the forecast of results differ from the plan at the beginning of the fiscal year. Associated with this, as an impairment loss of goodwill for the fiscal year ending March 31, 2025, the entire balance of goodwill of 2,300 million yen of the subsidiary will be recorded as an extraordinary loss.

The subsidiary has been working on a recovery in sales by restructuring marketing strategies, cost reduction by reviewing the process of purchasing and production as well as the enhancement of profitability by lowering the ratio of selling, general and administrative expenses to sales. Accordingly, the improvement in the financial results of the subsidiary is expected to progress gradually, despite a delay in the progress compared with the earnings plan at the time of acquisition. Furthermore, as the subsidiary has been functioning as one of major production locations of the Group, it is expected to contribute increasingly to the Group's efforts to improve profitability with cost reduction at production sites of the Group.

3. Change in the dividend policy under the medium-term management plan

The Company's basic policy is to distribute stable and continuous dividend of profits to shareholders through enhancing the corporate value by expanding the business revenue and strengthening financial standing from the long-term perspective.

Under the medium-term management plan, "Growing Global for Sustainability (GGS)," which has started in the fiscal year ending March 31, 2025, the Company set the dividend policy of "aiming for a dividend payout ratio at the level of 40% over the medium to long term under the basic policy of progressive dividends." In order to further enhance the corporate value while maintaining both the expansion of the business revenue and the strengthening of financial standing, the Company has changed its policy under current medium-term management plan, which is "paying dividends aiming for a dividend payout ratio of 40% under the basic policy of progressive dividends."

4. Revisions to the dividend forecast for the fiscal year ending March 31, 2025

(1) Details of revisions to the forecast

	Annual dividends per share		
	2nd quarter-end	Year-end	Total
Previous forecast	Yen 10.00	Yen 10.00	Yen 20.00
Revised forecast	–	12.00	22.00
Actual dividends for the current fiscal year	10.00		
Actual dividends for the previous fiscal year (fiscal year ended March 31, 2024)	9.00	9.00	18.00

(2) Reasons for the revisions

The year-end dividend forecast will be 12.00 yen per share, an increase of 2.00 yen from 10.00 yen in the previous forecast, with the above change in the dividend policy, the financial results of Group companies remaining robust for the current fiscal year excluding Nichino India Pvt. Ltd., the business revenue expected to be further expanded over the medium to long term, and other developments. As a result, annual dividends per share and a dividend payout ratio for the current fiscal year are planned to be 22.00 yen and 86.3%, respectively.

5. Measures to enhance the corporate value

(1) Steadily implementing the medium-term management plan

(i) A growth trend being demonstrated by overseas Group companies excluding Nichino India Pvt. Ltd.

(ii) Implementation of a restructuring plan of Nichino India Pvt. Ltd.:

- Recovery in sales by reestablishing marketing strategies for major products of BtoC (of which direct sales accounting for approximately 65% of its entire business) and BtoB
- Reduction in selling, general and administrative expenses by reviewing the sales system of BtoC
- Enhancement of profitability by reviewing the policy of purchasing raw materials and the process of production
- Improvement in cash flows by strengthening recovering accounts receivables as well as continuously reviewing measures to reduce financial costs of capital increases, loans between a parent and a subsidiary, and other funding

(2) Reviewing the ideal state in FY2030

We will add 15.0 billion yen to net sales as net sales from new businesses such as perfume and cosmetics fields and biopesticides and biostimulants, of which commercialization is getting more probable, while maintaining the existing businesses' annual growth of approximately 5% set in the initial plan.

(Amended parts are underlined.)

Ideal state in FY2030 (before review)	Ideal state in FY2030 (after review)
Operating profit margin of 10% or more and net sales <u>over 150.0 billion yen</u>	Operating profit margin of 10% or more and net sales <u>over 165.0 billion yen</u>
ROE of 10% or more	ROE of 10% or more
Reduction of GHG emissions by 23% compared with the level in 2020	Reduction of GHG emissions by 23% compared with the level in 2020
Expansion of eco-harmonized products, services, and technologies	Expansion of eco-harmonized products, services, and technologies
Use of global human capital	Use of global human capital

	Aiming for a dividend payout ratio at the level of 50%

(3) Strengthening research and development

We will strengthen up-front investments in new compounds in the fields of agrochemicals and animal health products, which are scheduled to be launched in 2030 and thereafter.

(4) Considering and conducting merger and acquisition

We will aim to play the leading role in reorganizing the industry.

(5) Reviewing our dividend policies

(i) Dividend policy under the current medium-term management plan: paying dividends aiming for a dividend payout ratio of 40% under the basic policy of progressive dividends

(ii) Dividend policy under the ideal state in FY2030: aiming for a dividend payout ratio at the level of 50%

(Note) The above forecast is based on information currently available, and actual results may differ from it due to various factors that may arise in the future. We will promptly disclose revision if the necessity arises to revise the financial results forecast based on the future trend in operating results.