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Stock Exchange Code: 4997

May 31, 2023

(Measures for electronic provision commenced on May 19, 2023)

To Shareholders with Voting Rights:

Hiroyuki Iwata
Representative Director, President
NIHON NOHYAKU CO., LTD.
19-8, Kyobashi 1-Chome, Chuo-ku,
Tokyo, Japan

**NOTICE OF
THE 124TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

The 124th Ordinary General Meeting of Shareholders of NIHON NOHYAKU CO., LTD. (hereinafter referred to as the “Company”) will be held for the purposes as described below.

In convening this General Meeting of Shareholders, we have taken measures for electronic provision of materials. Information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters to be provided electronically) has been posted on the websites as described below in “4. Websites where matters to be provided electronically are posted.” To review the information, please access either of the websites.

If you are unable to attend the meeting, you may exercise your voting rights via the Internet, etc. or in writing. Please exercise your voting rights by either method. The content of each proposal is presented in the Reference Documents for the General Meeting of Shareholders posted on the websites as described below in “4. Websites where matters to be provided electronically are posted.” Please review the documents, and following the instruction hereinafter described, exercise your voting rights by 5:25 p.m. on Tuesday, June 20, 2023, Japan time.

- 1. Date and Time:** Wednesday, June 21, 2023 at 10:00 a.m. Japan time
2. Place: Banquet hall Ariake on the 2nd floor of Royal Park Hotel
located at 1-1, Nihonbashi-Kakigara-cho 2-Chome, Chuo-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 124th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 124th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of 8 Directors (Excluding Directors Serving as the Audit & Supervisory Committee Members)

4. Websites Where Matters to be Provided Electronically are Posted:

No.	Website name and URL	How to access each website
1	The Company's website ("General Meeting of Shareholders" in the "Stock Information" page of "IR") https://www.nichino.co.jp/en/ir/page_10136.html	Please refer to the "124th Ordinary General Meeting of Shareholders."
2	Listed Company Search (Tokyo Stock Exchange (TSE)'s website) https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show	Enter our issue name (company name) to the field of "Issue name (company name)" or our securities code to the field of "Code" and click "Search." Click "Basic information" and select the "Documents for public inspection/PR information" tab.
3	General Meeting of Shareholders Portal (Sumitomo Mitsui Trust Bank's website) https://www.soukai-portal.net (Japanese only)	Please scan the QR code on the enclosed Voting Rights Exercise Form or enter the login ID and initial password.

5. Matters Decided for Convocation:

- 1) If you are exercising your voting rights by proxy, you can delegate the exercise of your voting rights to another shareholder, who also owns voting rights. In such a case, please have your proxy submit a written power of attorney.
- 2) The documents (NOTICE OF THE 124TH ORDINARY GENERAL MEETING OF SHAREHOLDERS) sent to shareholders also serve as documents including matters to be provided electronically based on the requests for delivery of the paper copy. In accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following matters are not included in the documents. Therefore, the paper-based documents to be delivered to shareholders who have requested delivery of the paper copy are part of the documents audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing the audit reports.
 - Business Report
 - III. Structures and policies of the company
 - IV. Other significant matters regarding the current status of the corporate group
 - Consolidated Financial Statements
 - Consolidated Statement of Changes in Equity
 - Notes to the Consolidated Financial Statements
 - Non-consolidated Financial Statements
 - Non-consolidated Statement of Changes in Equity
 - Notes to the Non-consolidated Financial Statements
- 3) For other matters decided for convocation, please refer to "6. Instruction for Exercising Voting Rights" on page 3.

6. Instruction for Exercising Voting Rights:

If you are attending the General Meeting of Shareholders

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

Date and Time of the Meeting	Wednesday, June 21, 2023 at 10:00 a.m. Japan time
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If you are not attending the General Meeting of Shareholders, please exercise your voting rights either via postal mail or the Internet.

Exercise of voting rights by postal mail

Please indicate your approval or disapproval of the proposals on the attached Voting Rights Exercise Form and return it by the deadline. If no indication of approval or disapproval is made for each proposal by using the Voting Rights Exercise Form, it will be deemed as an indication of approval for the Company's proposals and disapproval for the shareholders' proposals.

Deadline of Exercise	Tuesday, June 20, 2023 at 5:25 p.m. Japan time
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Exercise of voting rights via the Internet

Please follow the instruction to enter your vote for or against the proposals.

Deadline of Exercise	Tuesday, June 20, 2023 at 5:25 p.m. Japan time
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- If you wish to change your vote after exercising your voting rights, you will need to enter the "voting rights exercise code" and "password" indicated on the Voting Rights Exercise Form.
- If your voting rights are exercised in duplicate both via the Internet, etc. and in writing, the vote via the Internet, etc. shall be deemed valid. When voting rights are exercised multiple times via the Internet, etc., the last vote shall be deemed as the valid exercise of your voting rights.

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- ◎ Should the matters to be provided electronically require revisions, matters before and after the revision will be posted on the respective websites where they are posted.
 - ◎ A video recording of the proceedings of the General Meeting is planned to be posted on the Company's website (https://www.nichino.co.jp/ir/page_10094.html) (Japanese only) about one week after the day of the event.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

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.

In the "Ensuring Growing Global 2 (EGG2)" medium-term management plan, the Company has the dividend policy of aiming for a dividend payout ratio of 30% or more under the basic policy of a stable dividend payment.

Taking into account the above policy and performance during the current fiscal year, the appropriation of surplus for the 124th fiscal year is proposed as follows.

Matters concerning the year-end dividend:

(1) Kind of dividend property:

Cash

(2) Matters concerning the allotment of dividend property to shareholders and total amount thereof:

8.0 yen per share of the Company's common stock, in a total amount of 630,185,384 yen

Furthermore, as an interim dividend of 8.0 yen per share was provided, the annual dividend will be 16 yen per share in total.

(3) The effective date of the dividend of surplus

Thursday, June 22, 2023

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment

(1) The “Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts” (Act No. 70 of June 16, 2021) (hereinafter the “Industrial Competitiveness Enhancement Act”) was enforced on June 16, 2021. The Industrial Competitiveness Enhancement Act legally allows listed companies to hold a General Meeting of Shareholders without a location (a so-called virtual-only General Meeting of Shareholders) under certain conditions by having such provisions in their Articles of Incorporation.

Assuming that the spread of infectious diseases or a natural disaster continues to have an impact or is reasonably expected to continue to have an impact at the time of holding a General Meeting of Shareholders, the Company believes that there may be cases in which specifying a location itself is not necessarily the best option as a method of holding a General Meeting of Shareholders while taking measures to request our shareholders to refrain from attending the meeting in person in consideration of their health and safety.

Therefore, Article 12 of the Articles of Incorporation of the Company shall be amended to allow the Company to hold a General Meeting of Shareholders without a location when the Board of Directors determines that it is not appropriate to hold the General Meeting of Shareholders at a specified location in light of the interests of our shareholders due to the spread of an infectious disease or the occurrence of a natural disaster, etc.

The Company has received confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the said amendment to the Articles of Incorporation meets the requirements specified by the Ministry of Economy, Trade and Industry Order and the Ministry of Justice Order, in accordance with Article 66, Paragraph 1 of the Industrial Competitiveness Enhancement Act.

(2) Other necessary changes are to be made.

2. Details of amendments

Details of the amendment are as follows.

(Amended parts are underlined)

Current	Proposed amendment
<p>Article 1. to 11. (Omitted)</p> <p>(Convocation)</p> <p>Article 12. The Company shall convene an Ordinary General Meeting of Shareholders within three (3) months from the conclusion of each business year, and convene an Extraordinary General Meeting of Shareholders at any time when necessary. (Newly established)</p> <p>Article 13. to 14. (Omitted)</p>	<p>Article 1. to 11. (Unchanged)</p> <p>(Convocation)</p> <p>Article 12. The Company shall convene an Ordinary General Meeting of Shareholders within three (3) months from the conclusion of each business year, and convene an Extraordinary General Meeting of Shareholders at any time when necessary. <u>2. The Company may hold a General Meeting of Shareholders without a location when the Board of Directors determines that it is not appropriate to hold the General Meeting of Shareholders at a specified location in light of the interests of shareholders due to the spread of an infectious disease or the occurrence of a natural disaster, etc.</u></p> <p>Article 13. to 14. (Unchanged)</p>

Current	Proposed amendment
<p>(Measures for electronic provision, etc.)</p> <p>Article 15. The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference documents for the General Meeting of Shareholders, etc. electronically.</p> <p>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ministry of Justice Order in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</p> <p>Article 16. to 34. (Omitted)</p> <p style="text-align: center;">Supplementary provisions</p> <p>Article 1. (Omitted)</p>	<p>(Measures for electronic provision, etc.)</p> <p>Article 15. The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference documents for the General Meeting of Shareholders, etc. electronically.</p> <p>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ministry of Justice Order in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</p> <p>Article 16. to 34. (Unchanged)</p> <p style="text-align: center;">Supplementary provisions</p> <p>Article 1. (Unchanged)</p>

Proposal 3: Election of 8 Directors (Excluding Directors Serving as the Audit & Supervisory Committee Members)

The terms of office of all 10 Directors (excluding Directors serving as the Audit & Supervisory Committee Members; hereinafter the same) will expire at the conclusion of this Ordinary General Meeting of Shareholders. For the purpose of improving corporate governance and enabling more flexible decision making, the Company proposes the reduction of the number of Directors by 2 and the election of 8 Directors.

This proposal was determined by the Board of Directors based on the reports from the Governance Committee, which is a voluntary advisory body of the Board of Directors, and the majority of whose members are independent officers.

The Audit & Supervisory Committee deliberated this proposal and expressed its opinion that there are no matters to be pointed out.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities	Attributes			Attendance rate at Board of Directors meetings
1	Yosuke Tomoi	Director, Chairman	Re-election			100% (17 out of 17 meetings)
2	Hiroyuki Iwata	Representative Director, President	Re-election			100% (17 out of 17 meetings)
3	Koji Shishido	Representative Director, Vice President, in charge of CSR Promotion Dept., in charge of Production Division, and in charge of Overseas Division	Re-election			100% (17 out of 17 meetings)
4	Akio Kohri	Director	Re-election			100% (17 out of 17 meetings)
5	Yasunori Matsui	Director	Re-election	Outside	Independent	100% (17 out of 17 meetings)
6	Haruhiko Tomiyasu	Director Audit & Supervisory Committee Member	New election			100% (17 out of 17 meetings)
7	Masuyo Ohtani	—	New election	Outside	Independent	—
8	Noboru Matsumoto	—	New election	Outside	Independent	—

New election	New election Director candidate	Re-election	Reelection Director candidate	Outside	Outside Director candidate	Independent	Independent officer stipulated by stock exchanges, etc.
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No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	
1	Yosuke Tomoi (January 12, 1956) Reelection Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)	April 1980 December 2006	Joined the Company Executive Officer and General Manager of Corporate Planning Dept., Corporate Office Division	40,808
		December 2007	Director and Executive Officer, General Manager of Corporate Office Division, General Manager of Corporate Planning Dept., Corporate Office Division, and General Manager of Legal & Auditorial Dept., Corporate Office Division of the Company	
		December 2008	Director and Executive Officer, General Manager of Corporate Office Division, responsible for Secretarial Dept., and General Manager of Secretarial Dept.	
		December 2009	Director and Executive Officer, and Deputy Division Manager of Sales Division	
		August 2010	Director and Executive Officer, Deputy Division Manager of Sales Division, and General Manager of Sales Dept. 2, Sales Division	
		December 2011	Director and Managing Executive Officer, General Manager of Corporate Office Division, responsible for Secretarial Dept., and General Manager of Secretarial Dept.	
		December 2014	Director and Senior Managing Executive Officer, General Manager of Corporate Office Division, responsible for Secretarial Dept., in charge of Administration Division, and General Manager of Secretarial Dept.	
		December 2015	Representative Director, President	
		June 2022	Director, Chairman (current position)	
[Reason for election as a candidate for Director] Mr. Yosuke Tomoi assumed the office of Representative Director, President of the Company in 2015 after having served as Director of the Company from 2007. He has designed the Nichino Group vision and implemented growth strategies to realize that vision. He assumed the office of Director, Chairman of the Company in 2022, and is currently engaged in revitalizing the Board of Directors as Chair. The Company expects him to contribute to further revitalizing the Board of Directors by drawing on these experiences and achievements.				
[Special notes regarding the candidate for Director] There are no special interests between Mr. Yosuke Tomoi and the Company.				
2	Hiroyuki Iwata (November 3, 1963) Reelection Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)	April 1986 December 2013	Joined the Company General Manager of Sales Dept. 1, Sales Division	12,964
		August 2016	General Manager attached to Division Manager of Overseas Division	
		December 2016	Executive Officer, Deputy Division Manager of Overseas Division, and General Manager of Sales Dept. Asia, Overseas Division	
		December 2017	Executive Officer and Division Manager of Overseas Division	
		December 2018	Director and Senior Executive Officer, and Division Manager of Overseas Division	
		June 2020	Director and Senior Executive Officer, and Division Manager of Corporate Planning Division	
		June 2021	Director and Senior Executive Officer, Division Manager of Corporate Planning Division, and in charge of Overseas Division	
		June 2022	Representative Director, President (current position)	
[Reason for election as a candidate for Director] Mr. Hiroyuki Iwata has broad experience and knowledge gained by serving in the domestic and overseas sales segments of the Company. He assumed the office of Director of the Company in 2018, and was engaged in creating and advancing the current medium-term management plan as Division Manager of the Corporate Planning Division. He assumed the office of Representative Director, President of the Company in 2022, and is currently engaged in advancing the growth strategies to realize the Nichino Group vision. The Company expects him to continue to steer the ongoing group management of the Company as a business administrator by drawing on these experiences and achievements.				
[Special notes regarding the candidate for Director] There are no special interests between Mr. Hiroyuki Iwata and the Company.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Koji Shishido (December 20, 1959)</p> <p>Reelection</p> <p>Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)</p>	<p>April 1983 June 2004</p> <p>Joined Asahi Denka Co., Ltd. (current ADEKA Corporation) General Manager of Food Production Dept., Kashima Plant, Asahi Denka Co., Ltd.</p> <p>June 2010 June 2014</p> <p>Plant Manager of Kashima Plant, ADEKA Corporation General Manager of Production Management Dept., ADEKA Corporation</p> <p>June 2016</p> <p>Operating Officer and General Manager of Environmental Protection Division, General Manager of Environmental Safety & Quality Assurance Dept., ADEKA Corporation</p> <p>April 2017</p> <p>Operating Officer and General Manager of Environmental Protection Division, ADEKA Corporation</p> <p>December 2018</p> <p>Representative Director and Senior Managing Executive Officer, and Division Manager of Production Division of the Company</p> <p>June 2020</p> <p>Representative Director and Senior Managing Executive Officer, Division Manager of Production Division, and in charge of Environment Safety Dept.</p> <p>June 2022</p> <p>Representative Director, Vice President, in charge of CSR Promotion Dept., in charge of Production Division, and in charge of Overseas Division (current position)</p>	23,214
<p>[Reason for election as a candidate for Director]</p> <p>Mr. Koji Shishido has engaged in the management of ADEKA Corporation, the Company's parent company, as its Operating Officer. In addition, he has a wealth of experience serving many years as head of the production and environmental protection segments and broad insight. After having served as Representative Director of the Company from 2018, he assumed the office of Representative Director, Vice President of the Company in 2022, and is currently engaged in promoting the Group's CSR management, strengthening the production structure, and advancing the growth strategies in the overseas sales segments. The Company expects him to contribute to revitalizing the Board of Directors by drawing on these experiences and achievements.</p>			
<p>[Special notes regarding the candidate for Director]</p> <p>There are no special interests between Mr. Koji Shishido and the Company.</p> <p>For the past 10 years, Mr. Koji Shishido served as an executive of ADEKA Corporation, the Company's parent company as described in past experience, positions, responsibilities and significant concurrent positions.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Akio Kohri (December 21, 1948) Reelection Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)	<p>April 1971 Joined Asahi Denka Co., Ltd. (current ADEKA Corporation)</p> <p>June 2008 Director and Operating Officer, Division Manager of Food Division, and General Manager of China Food Business Promotion Dept., ADEKA Corporation</p> <p>June 2010 Director and Managing Operating Officer, General Manager of Corporate Planning Dept., responsible for New Business Promotion Office, and Chairman of Facility Investment Committee, ADEKA Corporation</p> <p>June 2012 President, ADEKA Corporation</p> <p>December 2013 Director of the Company (current position)</p> <p>June 2018 Chairman and Chief Executive Officer, ADEKA Corporation</p> <p>June 2020 Advisor, ADEKA Corporation (current position)</p> <p>(Significant concurrent positions) Advisor of ADEKA Corporation Outside Audit & Supervisory Board Member of Zeon Corporation</p>	—
[Reason for election as a candidate for Director] Mr. Akio Kohri has served as Chairman and President of ADEKA Corporation, the Company's parent company. He has engaged in business administration in the manufacturing industry for many years and has a wealth of experience and broad insight. The Company has continuously selected him as a candidate for Director, because the Company believes that he is adequate to serve as Director.			
[Liability limitation agreement] The Company has entered into an agreement with Mr. Akio Kohri to limit his liability under Article 423, Paragraph 1 of the Companies Act. Subject to the approval of his election as Director, the Company intends to continue the agreement to limit his liability to the amount stipulated by laws and regulations.			
[Special notes regarding the candidate for Director] There are no special interests between Mr. Akio Kohri and the Company. During the past 10 years, Mr. Akio Kohri served as an executive of ADEKA Corporation, the Company's parent company as described in past experience, positions, responsibilities and significant concurrent positions.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	<p>Yasunori Matsui (March 3, 1956)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)</p>	<p>April 1984 Full-time lecturer of Department of Commerce, Faculty of Commerce at Takachiho University of Commerce (current Takachiho University)</p> <p>April 1987 Associate professor of Department of Commerce, Faculty of Commerce, Takachiho University of Commerce</p> <p>April 1990 Visiting researcher, University of Exeter, U.K.</p> <p>April 1994 Associate professor of Business Department, College of Economics, Rikkyo University</p> <p>April 2006 Professor of Global Business Department, College of Business, Rikkyo University</p> <p>March 2007 PhD (Accounting) (Rikkyo University)</p> <p>April 2008 President of Graduate School of Business Administration (MBA), Rikkyo University</p> <p>April 2012 Dean, College of Business, Rikkyo University</p> <p>December 2014 CPA Examination Committee Member</p> <p>December 2014 Director of the Company (current position)</p> <p>March 2021 Professor Emeritus, Rikkyo University (current position)</p> <p>April 2021 Professor, Ohara Graduate School of Accounting (current position)</p> <p>(Significant concurrent positions) Professor Emeritus of Rikkyo University Professor of Ohara Graduate School of Accounting</p>	<p>—</p>
5	<p>[Reason for election as a candidate for Outside Director and overview of expected roles] Mr. Yasunori Matsui has broad knowledge and insight in business administration gained through many years of experience as a university professor (in accounting and business administration), and by providing the Company with opinions and advice on the Company's overall management from an objective perspective, he has contributed to improving the effectiveness of the Company's Board of Directors. Although he has no experience in being involved in corporate management except as an outside officer, the Company has continuously selected him as a candidate for Outside Director, because, in addition to the reasons mentioned above, the Company believes that he is capable of adequately executing duties relevant to the position based on his solid track record of fulfilling the responsibilities as Outside Director of the Company. The Company expects him to continue to fulfill the above roles. He will have served as Outside Director for 8 years and 6 months at the conclusion of this Ordinary General Meeting of Shareholders.</p> <p>[Matters concerning independence] Mr. Yasunori Matsui satisfies the requirements for independent officer stipulated by the Tokyo Stock Exchange, Inc., and Independence Standards for Appointment of Independent Officers set forth by the Company. The Company has designated him as an independent officer and notified the Exchange to that effect. Subject to the approval of his election as Outside Director, the Company will notify the Exchange of his ongoing designation as an independent officer.</p> <p>[Liability limitation agreement] The Company has entered into an agreement with Mr. Yasunori Matsui to limit his liability under Article 423, Paragraph 1 of the Companies Act. Subject to the approval of his election as Director, the Company intends to continue the agreement to limit his liability to the amount stipulated by laws and regulations.</p> <p>[Special notes regarding the candidate for Director] There are no special interests between Mr. Yasunori Matsui and the Company.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Haruhiko Tomiyasu (July 7, 1956)</p> <p>New election</p> <p>Attendance rate at Board of Directors meetings 100% (17 out of 17 meetings)</p>	<p>April 1979 Joined The Dai-Ichi Kangyo Bank, Limited (current Mizuho Financial Group, Inc.)</p> <p>July 2005 General Manager of Administration Division, Mizuho Bank, Ltd.</p> <p>June 2007 Full-time Audit and Supervisory Board Member, ADEKA Corporation</p> <p>June 2009 Director and Operating Officer, responsible for Legal & Public Relations Dept. and Financial & Accounting Dept., and Chairman of Internal Control Promotion Committee, ADEKA Corporation</p> <p>December 2009 Audit & Supervisory Board Member of the Company</p> <p>June 2010 Director and Operating Officer, responsible for Information Systems Dept., ADEKA Corporation</p> <p>June 2012 Director and Operating Officer, responsible for Human Resources Dept., Financial & Accounting Dept. and Information Systems Dept., ADEKA Corporation</p> <p>June 2014 Director and Managing Operating Officer, responsible for Human Resources Dept., Financial & Accounting Dept. and Information Systems Dept., and Chairman of Internal Control Promotion Committee, ADEKA Corporation</p> <p>June 2015 Director and Managing Operating Officer, responsible for Human Resources Dept., Financial & Accounting Dept. and Procurement & Logistics Dept., and Chairman of Internal Control Promotion Committee, ADEKA Corporation</p> <p>June 2018 Director and Senior Managing Operating Officer, Assistant to President, responsible for Secretarial Dept., Human Resources Dept., and Procurement & Logistics Dept., and Chairman of Internal Control Promotion Committee, ADEKA Corporation</p> <p>June 2020 Director and Audit & Supervisory Committee Member of the Company (current position) Representative Director and Senior Managing Operating Officer, Assistant to President, responsible for Secretarial Dept., Human Resources Dept., and Procurement & Logistics Dept., and Chairman of Internal Control Promotion Committee, ADEKA Corporation (current position)</p> <p>(Significant concurrent positions) Representative Director and Senior Managing Operating Officer of ADEKA Corporation</p>	—
[Reason for election as a candidate for Director]			
<p>Mr. Haruhiko Tomiyasu is a Representative Director and Senior Managing Operating Officer of ADEKA Corporation, the Company's parent company. He has a wealth of experience and broad-based insight in corporate management. After having served as Audit & Supervisory Board Member of the Company from 2009, he assumed the office of Director and Audit & Supervisory Committee Member of the Company in 2020, and is adequately fulfilling the responsibilities as Director serving as the Audit & Supervisory Committee Member. He will resign from the position of Director serving as the Audit & Supervisory Committee Member at the conclusion of this Ordinary General Meeting of Shareholders, but the Company has selected him as a candidate for Director, because the Company expects him to contribute to revitalizing the Board of Directors by continuously providing the Company with opinions and advice on the Company's overall management.</p>			
[Liability limitation agreement]			
<p>The Company has entered into an agreement with Mr. Haruhiko Tomiyasu to limit his liability under Article 423, Paragraph 1 of the Companies Act. Subject to the approval of his election as Director, the Company intends to continue the agreement to limit his liability to the amount stipulated by laws and regulations.</p>			
[Special notes regarding the candidate for Director]			
<p>For the past 10 years to the present, Mr. Haruhiko Tomiyasu has been serving as an executive of ADEKA Corporation, the Company's parent company, as described in past experience, positions, responsibilities and significant concurrent positions.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	Masuyo Ohtani (October 1, 1960)	October 1988 Joined Aoyama Audit Corporation September 1992 Joined Kyoubasi Audit Corporation Established Ohtani Certified Public Accountant Office (current position)	
	New election	July 2013 Joined Meisho Audit Corporation (current TOWA Audit Corporation)	—
	Outside	January 2017 Audit Committee Member, Yachiyo City (current position)	
	Independent	(Significant concurrent positions) Certified public accountant Certified public tax accountant Audit Committee Member of Yachiyo City	
7	[Reason for election as a candidate for Outside Director and overview of expected roles] Mr. Masuyo Ohtani has broad-based knowledge and insight in corporate management gained through his years of experience as certified public accountant. The Company has selected him as a candidate for Outside Director, because the Company expects him to contribute to improving the effectiveness of the Company's Board of Directors by providing the Company with opinions and advice on the Company's overall management from an objective perspective. He has no experience in being involved in corporate management except as an outside officer, but for the reasons mentioned above, the Company believes that he is capable of adequately executing duties relevant to the position.		
	[Matters concerning independence] Mr. Masuyo Ohtani satisfies the requirements for independent officer stipulated by the Tokyo Stock Exchange, Inc., and Independence Standards for Appointment of Independent Officers set forth by the Company. Subject to the approval of his election as Outside Director, the Company will notify the Exchange of his designation as an independent officer.		
	[Liability limitation agreement] Subject to the approval of his election as Director, the Company intends to enter into an agreement with Mr. Masuyo Ohtani to limit his liability to the amount stipulated by laws and regulations under Article 423, Paragraph 1 of the Companies Act.		
	[Special notes regarding the candidate for Director] There are no special interests between Mr. Masuyo Ohtani and the Company.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	
8	Noboru Matsumoto (December 20, 1960) New election Outside Independent	April 1984	Joined KOBAYASHI KOSÉ COMPANY LIMITED (current KOSÉ Corporation)	—
		March 2006	General Manager of Supply and Demand Control Dept., KOBAYASHI KOSÉ COMPANY LIMITED	
		March 2007	General Manager of Cosmetaries Planning Dept., KOBAYASHI KOSÉ COMPANY LIMITED	
		March 2008	General Manager of Sales Planning Dept, KOSÉ SALES CO., LTD.	
		March 2011	Representative Director and President, TAIWAN KOSÉ CO., LTD.	
		March 2013	General Manager of General Administration Dept., KOSÉ Corporation	
		March 2018	Executive Officer, KOSÉ Corporation	
		June 2019	Standing Audit & Supervisory Board Member, KOSÉ Corporation	
	(Significant concurrent positions)	—		
[Reason for election as a candidate for Outside Director and overview of expected roles] Mr. Noboru Matsumoto has a wealth of experience and broad-based insight as operating officer of a listed company as well as manager of an overseas business entity. The Company has selected him as a candidate for Outside Director, because the Company expects him to contribute to improving the effectiveness of the Company's Board of Directors by providing the Company with opinions and advice on the Company's overall management from an objective perspective.				
[Matters concerning independence] Mr. Noboru Matsumoto satisfies the requirements for independent officer stipulated by the Tokyo Stock Exchange, Inc., and Independence Standards for Appointment of Independent Officers set forth by the Company. Subject to the approval of his election as Outside Director, the Company will notify the Exchange of his designation as an independent officer.				
[Liability limitation agreement] Subject to the approval of his election as Director, the Company intends to enter into an agreement with Mr. Noboru Matsumoto to limit his liability to the amount stipulated by laws and regulations under Article 423, Paragraph 1 of the Companies Act.				
[Special notes regarding the candidate for Director] There are no special interests between Mr. Noboru Matsumoto and the Company.				

(Note) To secure talented personnel and support proactive and bold business decision making toward growth, the Company entered into a directors and officers liability insurance contract, an outline of which is provided below. If a candidate assumes the office of Director (excluding Directors serving as the Audit & Supervisory Committee Members), he or she will be included in the insured under said contract. The Company plans to renew said contract with the same contents during his term of office.

[Outline of content of directors and officers liability insurance contract]

(1) Actual ratio of premiums paid by the insured

Premiums, including riders, are paid by the Company, and the insured do not bear the actual premiums.

(2) Outline of events insured against

The policy, together with riders, will cover damages and legal fees, etc., that may arise due to the insured directors and officers assuming liability for the execution of duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

(3) Measures to ensure that the appropriateness of directors' and officers' duties are not impaired

The insurance contract contains stipulations regarding the amount of exemptions, and damages up to said exemption amount will not be covered.

(Reference)

Skills Matrix of Directors (Plan after the conclusion of this Ordinary General Meeting of Shareholders)

Name	Positions	Independence	Expertise and experience						
		(Outside Director only)	Corporate management	Industry knowledge	Overseas business	Research & development	CSR	Finance & accounting	Governance & risk management
Yosuke Tomoi	Director, Chairman		•	•	•		•		•
Hiroyuki Iwata	Representative Director, President		•	•	•		•		•
Koji Shishido	Representative Director, Vice President		•	•	•	•	•		
Akio Kohri	Director		•		•		•		•
Haruhiko Tomiyasu	Director		•					•	•
Yasunori Matsui	Director (Outside Director)	•						•	
Masuyo Ohtani	Director (Outside Director)	•						•	•
Noboru Matsumoto	Director (Outside Director)	•	•		•				•
Yoshiaki Higashino	Director Full-time Audit & Supervisory Committee Member		•	•		•		•	•
Iwao Toigawa	Director (Outside Director) Audit & Supervisory Committee Member	•							•
Chizuko Nakata	Director (Outside Director) Audit & Supervisory Committee Member	•						•	•
Yoshiko Oshima	Director (Outside Director) Audit & Supervisory Committee Member	•						•	•

(Reference)

Independence Standards for Appointment of Independent Officers

1. In order to serve as an independent officer of the Company, he/she shall not fall under any of the following categories of persons.
 - (1) A person who is an executive director, executive officer, manager, or other employee (hereinafter collectively referred to as an “Executive Director, etc.”) of the Company or any of its subsidiaries, or a person who was an Executive Director, etc., of the Company during the past 10 years prior to assuming the office of independent officer (if the person has, at any time during those past 10 years, served as a non-executive director [meaning a director who does not fall under the criteria of an executive director; hereinafter the same shall apply], audit & supervisory board member or accounting advisor of the Company or any of its subsidiaries, during the past 10 years prior to assuming the office of such position).
 - (2) A major shareholder of the Company (meaning a shareholder holding 10% or more of the voting rights; hereinafter the same shall apply). If such major shareholder is a corporation, a person who is an executive director, executive officer, corporate officer, manager or other employee of such corporation, or the parent company or any of the major subsidiaries of such corporation (hereinafter collectively referred to as an “Executive Person”), or an Executive Person thereof during the last three years.
 - (3) A person whose major business partner is the Company or any of its subsidiaries (meaning a person who received payment equivalent to 2% or more of the Company’s consolidated annual sales for the most recent fiscal year from the Company or any of its subsidiaries; hereinafter the same shall apply). If such person is a corporation, a person who is an Executive Person of such corporation, or has been an Executive Person at any time during the three fiscal years prior to the most recent fiscal year.
 - (4) A major business partner of the Company (meaning a person who made payments equivalent to 2% or more of the Company’s consolidated annual sales for the most recent fiscal year to the Company; hereinafter the same shall apply). If such person is a corporation, a person who is an Executive Person of such corporation, or has been an Executive Person at any time during the three fiscal years prior to the most recent fiscal year.
 - (5) A person who is a director (limited to those who are responsible for the business execution) of an organization (for example, public interest incorporated foundation, public interest incorporated association, non-profit corporation, etc.), which received donations or grants exceeding ¥10 million per year on average over the past three fiscal years, from the Company or any of its subsidiaries, or a person who is an officer, corporate member or employee who executes business of such organization.
 - (6) A person who is an Executive Person of a corporation which has accepted director(s) (either full-time or part-time) from the Company or any of its subsidiaries, or of the parent company or any of the subsidiaries of such corporation.
 - (7) A person who is an Executive Person, or has been an Executive Person in the last three years, of a financial institution or other major creditor (hereinafter referred to as a “Major creditor, etc.”) that is essential to the Company’s financing and is relied upon by the Company to the extent that there is no substitute, or the parent company or any of major subsidiaries of such major creditor, etc.
 - (8) A person who is currently an accounting auditor, certified public accountant (or tax accountant) who serves as accounting advisor, or a member, partner or employee of an auditing firm (or tax accountant office) for the Company or any of its subsidiaries.

- (9) A person who has been an accounting auditor, certified public accountant (or tax accountant) who served as accounting advisor, or a member, partner or employee of an auditing firm (or tax accountant office) who has actually engaged in the auditing operations (excluding assisting involvement) for the Company or any of its subsidiaries over the last three years (including those who are currently retired from or have left the relevant organization).
 - (10) A person who is an attorney-at-law, certified public accountant, tax accountant or any other consultant that does not fall under items (8) or (9) above, and has received monetary or any other financial benefits of ¥10 million or more per year on average over the past three years, in addition to directors' remuneration, from the Company or any of its subsidiaries.
 - (11) A person who is a member, partner, associate or employee of a law firm, audit firm, tax accountant office, consulting firm or any other professional advisory firm which does not fall under items (8) or (9) above, and has received payment of ¥10 million or more per year on average over the past three years, from the Company or any of its subsidiaries.
 - (12) Any person who was an Executive Person, non-executive director or audit & supervisory board member of the parent of the Company in the period of 10 years prior to his/her appointment.
 - (13) Any person who is, or was in the last 10 years, an Executive Person in a sister company of the Company (a company that has the same parent as the Company).
 - (14) A spouse, a relative within the second degree, or a relative living in the same household of the person listed hereunder.
 - A. Person listed above
 - B. Executive Person, non-executive director, accounting advisor or audit & supervisory board member of the parent of the Company
2. In order to serve as an independent officer of the Company, it is required that he/she be free from risk of developing a substantive conflict of interest on a constant basis with the Company's general shareholders for reasons other than those covered by Paragraph 1 above.
 3. Even if he/she falls under any of the categories set forth in Paragraph 1 above, when the Company believes that the individual is appropriate to be appointed as an independent officer of the Company based upon his/her personal quality and insight, it may appoint such individual as an independent officer on the condition that it explains to the public that he/she satisfies the requirements for outside director set forth by the Companies Act, and provides reasons why it considers he/she be appropriate for its independent officer.

Business Report

(April 1, 2022 - March 31, 2023)

I. Overview of the corporate group

1. Business progress and results

During the fiscal year ended March 31, 2023 (the “fiscal year under review”), the global economy saw a slowdown in consumer spending due to the impact of rising policy interest rates and other factors while historically high inflation continued in the U.S. and Europe. Meanwhile in Japan, amid continued warnings over the spread of COVID-19, economies showed a movement to pick up, mainly in consumer spending, as there were no restrictions such as quasi-emergency measures, aiming for coexistence of COVID-19 measures and economic activities. However, the rapid progress in depreciation of the Japanese yen in addition to the uncertainty over the situation in Ukraine, etc. caused energy costs and resource prices to spike, requiring attention to the impact of price hikes on household finances and supply-side restrictions.

In the environment surrounding agriculture, farm production is expected to continue growing since demand for agricultural products will expand on the background of an increasing global population and the economic development of emerging markets. The agrochemicals market worldwide is returning to an upward trend thanks to increasing demand in the Americas and other regions despite slower growth for the past few years.

Looking at sales territories of the Group, the overall market in North America has grown thanks to expanded soybean and cotton planted areas although some regions were affected by drought and other bad weather. In Central and South America, the agrochemicals market has expanded in Brazil due to frequent outbreaks of pests resulting from continued hot and humid weather. In Asia, demand for agrochemicals has grown in South Asia and other regions where the weather conditions were stable. Meanwhile in Europe, the overall market has shifted to a downward trend due to the impact of bad weather, including high temperatures and drought during the summer season.

In domestic agriculture, structural problems such as an aging population of agricultural workers, a worsening shortage of successors and increasing abandoned farmland continue to remain unsolved. For addressing these problems, the Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities under the national government set a target of export value of 5 trillion yen by 2030 under the “Export Expansion Action Strategy for Agriculture, Forestry, and Fishery Products, and Food,” in an effort to increase profits for businesses in these sectors.

Under such circumstances, the Group engaged in the initiatives of the medium-term management plan, “Ensuring Growing Global 2 (EGG 2)” and has been aiming to improve profitability, establish technological innovation and next-generation businesses, and sustainably enhance corporate value.

Major efforts during the fiscal year under review included intensive technology dissemination activities aimed at expanding sales of benzpyrimoxan, a novel insecticide for paddy rice that was fully launched in India. Moreover, as part of our efforts to establish technological innovation and next-generation businesses, we started the distribution of “NICHINO AI DIAGNOSIS” in India, Vietnam, Taiwan and South Korea, which is an overseas edition of the smartphone application “Leime AI Disease, Pest & Weed Analysis” that we have been distributing since April 2020. Through these smart agriculture initiatives, we are working to further improve convenience for producers.

For the consolidated fiscal year under review, net sales amounted to 102,090 million yen (up 21,979 million yen or 27.4% year-on-year). In terms of profits, operating profit came to 8,739 million yen (up 2,976 million yen or 51.6% year-on-year), ordinary profit was 7,779 million yen (up 2,114 million yen or 37.3% year-on-year). Profit attributable to owners of parent was 4,488 million yen (up 82 million yen or 1.9% year-on-year).

To translate revenue and expenses of consolidated subsidiaries overseas, etc. into Japanese yen, we changed methods effective from the fiscal year under review from the one using the spot market exchange rate prevailing on the respective balance sheet dates of these companies to the one using the average exchange rate for the respective periods. Accordingly, year-on-year comparisons are drawn based on the figures adjusted retrospectively.

An overview of each business segment is as follows:

(1) Agrochemical business

Regarding agrochemicals sales in Japan, the Company worked to promote and expand the sales of core internally developed products such as pyriproxyfen, an insecticide for horticultural (product name: COLT). The Company concluded a sales agreement with Corteva Agriscience Japan Limited and Dow AgroSciences Japan Limited (currently, Corteva Japan Ltd.; hereinafter collectively referred to as “Corteva”) in May 2021. Overall domestic agrochemicals sales increased year on year owing in part to the full-year contribution from Corteva products, sales of which started in October 2021.

For overseas agrochemicals sales, with demand for agrochemicals in Brazil, the world’s largest agrochemical market, on an upward trend, Sipcam Nichino Brasil S.A. reported increased net sales, mainly due to an increasing demand for herbicides for sugar cane plants, resulting from high rainfall. In North America, with heavy infestation of whiteflies on cotton, sales of the insecticide buprofezin were strong, which increased net sales for Nichino America Inc. In Europe, strong sales of the herbicide pyraflufen-ethyl used in potato production primarily led to higher sales at Nichino Europe Co., Ltd., and sales of the active ingredient flubendiamide to Bayer were strong. Moreover, in Asia, sales of tolpenpyrad, an insecticide for horticultural use, mainly for cotton and chili pepper, were strong in India. Furthermore, due in part to a trend toward a weaker yen against other currencies, overseas agrochemicals sales overall exceeded the levels of the previous fiscal year.

As a result of the above, net sales of the agrochemicals business amounted to 96,552 million yen (up 21,551 million yen or 28.7% year-on-year) and operating profit amounted to 8,410 million yen (up 3,049 million yen or 56.9% year-on-year).

(2) Chemicals other than agrochemicals business

In the chemicals business, AgriMart Corporation experienced strong sales of termiticides. In the pharmaceutical business, sales of topical antifungal drug were strong.

As a result of the above, net sales of the chemicals other than agrochemicals business amounted to 3,766 million yen (up 300 million yen or 8.7% year-on-year) and operating profit amounted to 948 million yen (down 11 million yen or 1.2% year-on-year).

Business	Net sales	Composition
Agrochemical business	96,552 million yen	94.6%
Chemicals other than agrochemicals business	3,766 million yen	3.7%
Other business	1,770 million yen	1.7%

2. Research and development activities

(1) Research activities

During the fiscal year under review, as the second fiscal year of the “Ensuring Growing Global 2 (EGG2)” medium-term management plan, the Company continually worked to enrich and step up pipeline compounds and create new lead compounds in exploratory research, in an effort to create new chemicals in a sustainable manner. Additionally, in research and development, the Company promoted strategic and global research activities through cooperation between group companies, working to maximize value of new chemicals and maintaining and expanding value of existing chemicals.

1) Creation of new compounds

In the agrochemical field, with the goal of “launching one agent every three years,” the Company qualitatively and quantitatively improved exploratory research by unifying the three segments of chemistry, biology, and safety, while advancing diverse medicine creation through open innovation with universities and public research institutions, etc. Among these, for several promising candidate compounds, the Company made steady progress toward development and commercialization. In addition, from the early stage of exploring new chemicals, the Company worked closely with overseas group companies to build a system that enables simultaneous development on a global scale.

Furthermore, in parallel with the creation of new agrochemicals, the Company actively promoted research of biotic pesticides and crop protection material, including the establishment of an evaluation system for their development. Meanwhile, the Company also promoted research in the fields of animal health care products and pharmaceuticals through collaboration with other parties and open innovation.

2) Promotion of new chemical development and maintaining and expanding existing chemicals

By strengthening global cooperation among group companies, the Company continued performance evaluations and information sharing to develop new chemicals and maintain and expand value of existing chemicals, while also considering cost reductions for ingredients in an effort to improve profitability. In new chemical development, the Company launched domestic development of a novel general insecticide (development code: NNI-2101) and proceeded to consider its global development. In existing chemical development, the Company began the full-scale sale of benzpyrimoxan (product name: “Orchestra”), an insecticide for paddy rice, in Japan and India, and promoted its application research such as development of a mixture, while working on further enriching its promotional data, including analysis of the mechanism of action.

Furthermore, the Company began the introduction and sales of other companies’ products of biotic pesticides and crop protection material, which are the focus areas in the company-wide policy, and promoted its spread and development decisions among group companies by evaluating the performance of these products.

3) Promoting consideration of new businesses

With the full-scale sale of Frost Buster, a frost damage prevention chemical that makes use of supercooling acceleration substances, the Company advanced collection of its basic data and information sharing with the sales segments in order to decide on a policy for spreading the product. In addition, considerations are continuing in cooperation with external institutions for evaluating other new business themes from a technical perspective and establishing business models.

(2) Development activities

During the fiscal year under review, as the second fiscal year of the EGG2 medium-term management plan, the Company worked to maximize the proprietary active ingredients in the global market, strengthen marketing functions focused on customers’ voice and perspectives and respond to market changes. For maximizing the proprietary active ingredients, the Company promoted registration and development in cooperation with the group companies. For strengthening marketing functions, the Company built a global marketing structure and strengthened collection and analysis of the global market information and for responding to market changes, the Company advanced its considerations of development for introduction and sales of biotic pesticides and crop protection materials.

1) Newly developed products

Progress is being made in the development activities for acquiring agrochemical registration of the novel general insecticide (development code: NNI-2101), the domestic development of which was determined in September 2021, including submitting it as a product under test to the Japan Plant Protection Association for a test for practical application of new agrochemicals. This is a new active ingredient having excellent general applicability, as it displays a broader insecticidal spectrum, with high efficacy against pests that become less sensitive to existing insecticides and excellent systemic action. The Company is currently examining its application for various kinds of treatment methods targeting

many kinds of pests and crops, and is promoting development to make it a convenient insect pest control material. Also, the Company is considering its development in the global market, starting with countries and regions where registrability and profitability are expectable, such as South Korea and India. Furthermore, the Company is considering the development of one insecticide and one fungicide as candidates for new chemical pipelines.

For the insecticide for paddy rice benzpyrimoxan in Japan, the Company began sales of its mixtures such as Orchestra Starkle Air which also targets Pentatomorpha and Orchestra Romdan Moncut Air and Dust Formulation targeting lepidopterous pests and sheath blight disease in addition to Orchestra Flowable. Furthermore, while development of its new mixtures is progressing, the Company will work on increasing our market shares in this field and establishing a brand as a spraying agent for paddy rice fields by enriching the product lineup. In India, sales of this chemical began under the product name Orchestra in 2023 and the Company is promoting product development, including various kinds of its mixtures, in each country, with the aim of maximizing business in the broader Asian region where wet-rice cultivation is popular.

For the general horticultural fungicides pyraziflumid, the Company is working to spread it as Parade 20 Flowable and Parade 15 Flowable in the domestic agricultural field and as Decide Flowable in the turf field. For the Parade-related chemicals, the Company acquired registrations for a wide range of treatment methods, including unmanned aerial dispersion and cell tray treatment, with an eye on labor-saving and user-friendly products. Global development of this chemical is also progressing, and the Company newly acquired registration in Canada while applications for registration were filed in the United States, Mexico, Colombia, Ecuador, Peru, Chile, Saudi Arabia and Vietnam. The Company is also considering possibilities for development in Brazil and other regions in order to further expand the business.

2) Domestic products

With the objective of enriching the domestic product portfolio and increasing market share, the Company launched development of an insecticide mixture for horticultural use (development code: NNI-2210) and a fungicide mixture for horticultural use (development code: NNF-2220) in the fiscal year under review. The Company is also considering, with Corteva Agriscience Japan Limited and Corteva Japan Ltd. (hereinafter collectively referred to as “Corteva”), the introduction of Corteva’s new products, as well as the development of mixtures containing these active ingredients. For existing chemicals, the Company is actively expanding applications for labor-saving controlling technologies such as unmanned aerial dispersion via drones, etc. and cell tray treatment, and has expanded applications of the PHOENIX Water-Soluble Powder, AXEL Flowable, COLT Water-Soluble Powder, Parade 20 Flowable, Parade 15 Flowable, and Major Flowable.

3) Overseas products

For flubendiamide insecticide, considerations are continuing for further business expansion, and the Company acquired its registration in Argentina and the Philippines, following Brazil that has a large market. In addition, registration is under review in Columbia and Ecuador and the Company intends to expand the market steadily.

Sales of the tolfenpyrad insecticide have begun newly in Oman, Palestine, and Vietnam. Preparations are being made for beginning of sales in Algeria, and registration is under review in Ecuador, Honduras, El Salvador, Tunisia, and Saudi Arabia.

Sales of the pyrifluquinazon insecticide began newly in Algeria, India, and Mexico. Furthermore, registration was acquired in Canada, Oman, Tunisia, Israel, and Saudi Arabia and preparations are being made for the launch in 2023. Registration is under review in Dominica, Nicaragua, El Salvador, Chile, New Zealand, Vietnam, and Taiwan. Also, for the future, measures will be taken to expand the number of countries and regions where it is registered.

For the pyflubumide acaricide, an application for registration has completed in Israel and Vietnam. Evaluations are also ongoing to determine development possibilities in other countries.

Isoprothiolane has been spread and sold as a method to combat paddy rice blast and development is progressing for its applications to the banana field in Central and South America, the Philippines, and other regions.

In addition, for the insecticide buprofezin, insecticide and acaricide fenpyroximate, fungicide flutolanil, herbicide pyraflufen-ethyl, and orthosulfamuron herbicide, the Company is working to expand and maintain the business by maintaining and expanding their registrations globally.

As a research and development-oriented company, the Company will continue to meet customer needs and contribute to the stable production of agricultural products by offering new products that are safe and

environmentally friendly to the market through technological innovation, in compliance with the letter and the spirit of laws and regulations. Additionally, the Company will accelerate global expansion under the medium-term management plan EGG2, continuously creating new active ingredients that are complying with regulations of each country for agrochemical registration, while strengthening revolutionary and well-planned activities in anticipation of the future market environment.

3. Status of capital investment

The total amount of capital investment for the fiscal year under review was 2,378 million yen, primarily comprising expenses associated with updating existing facilities at the Kashima Plant and increasing capacity of a Nichino India Pvt. Ltd. plant for manufacturing active ingredients.

4. Status of fund procurement

The Company borrowed 8,000 million yen from financial institutions for capital investment and long-term working capital.

5. Status of business transfers to and from the Company

There were no matters of note during the fiscal year under review.

6. Status of stock holdings in other companies or acquisition or disposal of stock acquisition rights, etc.

There were no matters of note during the fiscal year under review.

7. Medium to long term management strategy and issues to be addressed

The environment surrounding the agrochemical business, which is the Group's core business, is seeing an expansionary trend in the global agrochemical market, owing to heightened demand for food stemming from factors including an increasing global population and economic development in emerging markets. Meanwhile, in Japan, the agrochemical market is projected to continue on a declining trend against a backdrop of an aging population of agricultural workers, a decrease in farming land due to a worsening shortage of successors, and government policies that seek to reduce agricultural materials costs. Additionally, creating new chemicals is becoming increasingly complex and hurdles for registration of new agrochemicals are becoming stricter, leading to an increase in new chemical development cost and development time. Furthermore, increasingly strict requirements for agrochemical registration in various countries, price competition with generic agrochemicals, higher raw materials expenses and outsourced manufacturing expenses due to soaring electricity prices and a short supply of mineral resources following the Russian invasion of Ukraine, and effects of irregular weather on agricultural products, etc., are creating an increasingly strict business environment for the Group.

In addition, concerning the future outlook, we assume that unstable and uncertain conditions will continue mainly due to impact on the global economy of the emerging geopolitical risk although economic activities are being normalized as the COVID-19 infection is calming down. As the agrochemical business, which is the Group's core business, is a business associated with the roots of agricultural products in its role supporting a safe and stable food supply, it can be thought that the effects will be limited relative to other industries, but there may be direct effects on production and procurement, or indirect effects due to changes in the agricultural environment.

Amid such a business environment and under the "Nichino Group - Growing Global" Group Vision, during the fiscal year under review which served as the second fiscal year of the "Ensuring Growing Global 2 (EGG2)" medium-term management plan, the Group achieved its net sales target of 100.0 billion yen, partly due to the favorable impact of a weak yen. In addition, the Group was able to achieve a certain level of results in strengthening its business foundations, including acquiring registrations and promoting development for key chemicals in target markets, enriching the drug pipeline, promoting development of the next-generation business, strengthening sales structures in India, responding to smart agriculture, and promoting operational reforms and workstyle reforms. Additionally, activities were promoted to create and manifest synergies at an early stage from the capital and business alliance with ADEKA Corporation.

The Group will continue to maximize contributions to revenue from previous investments and M&A projects, while expanding its business content through progress in further growth strategies moving toward.

[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 environmentally friendly products and labor-saving technologies.

[Medium-term management plan (Year ended March 31, 2022 to year ending March 31, 2024)]

1) Name: “Ensuring Growing Global 2 (EGG2)”

2) Numerical plans

	Year ending March 31, 2024 plan (Final fiscal year)
Consolidated net sales	89.0 billion yen (Target net sales: 100.0 billion yen)
Operating profit	6.4 billion yen
Overseas net sales	57.1 billion yen
Overseas net sales ratio	64%

(Note) The planned figures, earnings forecasts, and other forward-looking statements indicated in this document are based on currently available information as well as certain assumptions that the Company deems to be reasonable but actual earnings may differ significantly due to various factors.

3) Basic policy

Toward achievement of the Group Vision, the Company has established the new corporate statement of “Global Innovator for Crop & Life” to strengthen foundations for creating a robust global structure, continuing the initiatives of the previous medium-term management plan. To strengthen foundations, in addition to improving profitability through expanding group synergies, the Company will have a basic policy of innovating technologies, establishing next-generation businesses, and sustainably improving corporate value, supporting agricultural production and healthy lifestyles via advanced technologies and aiming to become a corporate group that can contribute to a sustainable society.

i) Improve profitability

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

ii) 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

iii) Sustainable growth in corporate value

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

Specifically, the Company will steadily implement the following measures.

<Expansion of priority products>

By defining benzpyrimoxan, pyrifluquinazon, pyraflufen-ethyl, and flubendiamide as priority products, the Company 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, the Company will expand its business scale with overseas group companies as growth drivers.

<Cost reduction through optimal active ingredient manufacturing system>

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

<Expansion of group synergy>

Various measures that will lead to stronger sales expansion will be steadily implemented by business divisions and group companies. The Company 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. The Company will realize early stage development of such compounds. Additionally, for new chemicals currently under development, by continuing with strategic research and development expense investment, the Company will steadily proceed toward commercialization. By strengthening global registration and development capabilities, the Company will strengthen cooperation within the Group with the objective of optimal commercialization.

<Expansion of biotic pesticides and crop protection material areas>

Through applying technologies and experience gained in the agrochemical business, the Company 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 biotic pesticides and biostimulants 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. The Company 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, the Company 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,” the Company 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, the Company will strengthen CSR management in cooperation with overseas group companies.

<Promotion of business reform and work style reform>

The Company 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, equity, and inclusion, the Company will promote personnel development of employees that can work on the global stage.

4) Dividend policy

The Company aims dividend payout ratio of 30% or more under a basic policy of a stable dividend payment.

The Group will further develop technologies that it has gained in the agrochemical business, continuously provide advanced technologies in new agricultural, pharmaceutical, and animal health care products, and contribute to society by supporting agricultural production and healthy living. Aiming to become a corporate group that contributes to the future of humanity, the Group will expand business activities as a research and development-oriented company that fulfills its social responsibilities in strict compliance with laws and regulations.

The Company thanks shareholders for their continued support.

8. Trends in assets and income

Item	Fiscal year ended March 31, 2020 121st fiscal year	Fiscal year ended March 31, 2021 122nd fiscal year	Fiscal year ended March 31, 2022 123rd fiscal year	Fiscal year ended March 31, 2023 124th fiscal year (Fiscal year under review)
Net sales	35,674 million yen	71,525 million yen	80,110 million yen	102,090 million yen
Ordinary profit	4,004 million yen	5,722 million yen	5,665 million yen	7,779 million yen
Profit attributable to owners of parent	1,477 million yen	4,344 million yen	4,405 million yen	4,488 million yen
Earnings per share	18.75 yen	55.23 yen	56.08 yen	57.23 yen
Total assets	102,214 million yen	107,969 million yen	118,247 million yen	136,652 million yen
Net assets	58,372 million yen	62,071 million yen	66,956 million yen	73,125 million yen
Net assets per share	716.47 yen	774.76 yen	836.39 yen	904.26 yen

- (Notes)
1. Earnings per share is calculated based on the average number of outstanding shares during the period, excluding treasury shares.
 2. Net assets per share is calculated based on the number of outstanding shares at the end of the period, excluding treasury shares.
 3. The 121st fiscal year is the six-month period from October 1, 2019 to March 31, 2020, due to a change in the closing date.
 4. To translate revenue and expenses of consolidated subsidiaries overseas, etc. into Japanese yen, the Company changed methods effective from the 124th fiscal year from the one using the spot market exchange rate prevailing on the respective balance sheet dates of these companies to the one using the average exchange rate for the respective periods. Accordingly, retrospective applications have been made to each financial figure for the 123rd fiscal year.

9. Status of significant parent companies and subsidiaries

(1) Relationship with parent company

Status of parent company

The Company's parent company is ADEKA Corporation, and said company holds 40,176 thousand shares (voting rights ratio: 51.1%) of the Company's shares, including indirect holdings.

The Company has received two concurrently serving officers from the parent company.

The Company has concluded a capital and business alliance agreement with the parent company. An overview is as follows.

1) Objective

While maintaining the independence of the Company's management in principle, the Company and the parent company will cooperate via the capital and business alliance between the two companies, executing and promoting strategic plans and activities concerning the life sciences business beginning with the Company's agrochemical business, with the objective of maximizing the corporate value of both companies.

2) Maintaining listing and maintaining company name

As a basic policy, the parent company and the Company will maintain the Company's listing on the First Section of the Tokyo Stock Exchange and maintain the Company's name of NIHON NOHYAKU CO., LTD.

3) Right to designate officers

Upon deliberation with the Representative Director (excluding Director designated by the parent company) of the Company, the parent company has the right to designate Directors of the Company (Either Directors serving as the Audit & Supervisory Committee Members or other Directors is irrelevant, and the ratio of persons designated as each is also irrelevant. Of which, one shall be a Representative Director. Additionally, if the parent company designates eight Directors, one must be an Independent Outside Director.), in a number determined by multiplying 16 by the ratio of voting rights held by the parent company (However, the upper limit shall be eight. Additionally, numbers less than one shall be rounded down.). Furthermore, the number of Directors of the Company who are not Directors serving as the Audit & Supervisory Committee Members will be 11 or less, and the number of Directors serving as the Audit & Supervisory Committee Members will be 5 or less. However, this may change if advance written approval is obtained from the parent company.

4) Right to receive new share issuance

Excluding cases where advance written approval is obtained from the parent company, the Company will not issue, dispose of, or grant shares, etc. (Defined as rights to acquire the Company's shares, stock acquisition rights, option rights, share transfer rights, or any other shares of the Company.), and if such an issuance, etc., is to be conducted, the parent company has the right to receive a number of shares, etc., required to maintain the voting rights ratio of the tender offeror as of the time immediately before said issuance, etc., is to be conducted at a price identical to the paid-in amount or exercise price of the shares, etc., concerning said issuance, etc.

5) Content of business alliance

To achieve the goals of this capital and business alliance agreement, etc., the tender offeror and the Company will conduct a business alliance with the following content, and specific content shall be determined via deliberation between both companies.

- (i) Improve development speed through mutual support in the research and development sector
 - (a) Strengthen life sciences field
 - (b) Use compounds database
- (ii) Improve productivity through mutual use of production technologies and process chemistry
- (iii) Expand sales channels through mutual use of global networks
- (iv) Develop highly functional compounds by providing technologies in synthesis reactions, distributed technologies, and analysis technologies, etc.
- (v) Exchange of researchers with knowledge in various fields

6) Termination of this capital and business alliance agreement

This capital and business alliance agreement will be terminated under certain conditions, such as if both parties agree in writing to terminate this agreement.

In addition, the Company has agreed with the parent company about having prior consultation with the parent company and holding meetings for prior explanation and discussion concerning important matters to be resolved by the Company's Board of Directors which may have significant influence on management and results of the entire group of the parent company, from a perspective of balancing control of the group companies by the parent company and independence of the Company's decision making.

(2) Material subsidiaries

Company name	Capital	The Company's investment percentage	Principal business
Nichino Ryokka Co., Ltd.	160 million yen	100.0%	Construction, design, contracting, and supervision of greenification gardens, etc., and sales of chemicals/pesticides for gardens and greenification, etc.
Nichino Service Co., Ltd.	3,400 million yen	100.0%	Production, order receipt, storage, and transport of agrochemicals, real estate leasing and management, and warehousing, etc.
Nichino America, Inc.	700 thousand U.S. dollars	100.0%	Production, development, and sales of agrochemicals in the United States, etc.
Nihon Ecotech Co., Ltd.	20 million yen	100.0%	Analysis of agrochemical residue, safety testing of chemical substances, consulting regarding environmental safety, etc.
Taiwan Nihon Nohyaku Co., Ltd.	40 million NT dollars	57.0%	Development, promotion, and sales of agrochemicals in Taiwan, etc.
AgriMart Corporation	50 million yen	100.0%	Sales of termite control agents/devices, pest control agents/devices, etc.
Nichino India Pvt. Ltd.	4 million rupees	99.9% (100.0%)	Production, development, and sales of agrochemicals in India, etc.
Sipcam Nichino Brasil S.A.	223 million reals	50.0%	Production, promotion, and sales of agrochemicals in Brazil, etc.
Nichino Europe Co., Ltd.	30 thousand pounds	100.0%	Production, development, and sales of agrochemicals in Europe, etc.

(Note) The Company's investment percentage in parentheses is the ratio including indirect holdings.

10. Principal business

Business	Main products
Agrochemical business	Insecticides, fungicides, insect-fungicides, herbicides, and active ingredients for agrochemicals
Chemicals other than agrochemicals business	Wood preservative agents, agricultural materials, turf-related products, pharmaceuticals, animal health care products, others
Other business	Greenification and gardening construction, etc. Real estate leasing, agrochemical logistics operations, warehousing, agrochemical residue analysis

11. Principal offices, research centers, and plants

(1) Domestic

Name	Location	Name	Location
Head office	Chuo-ku, Tokyo	West Japan Branch, Osaka Sales Office	Osaka-shi, Osaka
Sapporo Branch	Sapporo-shi, Hokkaido	West Japan Branch, Fukuoka Sales Office	Fukuoka-shi, Fukuoka
Sendai Branch	Sendai-shi, Miyagi	Research Center	Kawachinagano-shi, Osaka
Tokyo Branch	Chuo-ku, Tokyo	Osaka Office	Osaka-shi, Osaka
West Japan Branch, Tokai-Hokuriku Sales Office	Osaka-shi, Osaka		

(2) Domestic subsidiary offices (Plants)

Name	Location
Fukushima Plant, Nichino Service Co., Ltd.	Nihonmatsu-shi, Fukushima
Kashima Plant, same as above	Kamisu-shi, Ibaraki
Saga Plant, same as above	Miyaki-gun, Saga

(3) Overseas (including subsidiaries and affiliates)

Name	Location
Nichino America, Inc.	U.S.A. / Wilmington
Nichino Europe Co., Ltd.	UK / Cambridge
Nichino Shanghai Co., Ltd.	China / Shanghai
Taiwan Nihon Nohyaku Co., Ltd.	Taiwan / Taipei
Agricultural Chemicals (Malaysia) Sdn. Bhd.	Malaysia / Penang
Nichino Do Brasil Agroquimicos Ltda.	Brazil / Sao Paulo
Sipcam Nichino Brasil S.A.	Brazil / Uberaba
Nichino India Pvt. Ltd.	India / Hyderabad
Sipcam Europe S.p.A.	Italy / Milan
Nichino Vietnam Co., Ltd.	Vietnam / Ho Chi Minh
Nihon Nohyaku Andica S.A.S.	Colombia / Bogota
Nichino Korea Co., Ltd.	South Korea / Seoul

12. Employees

Number of employees	Compared to previous fiscal year-end
1,567 persons	Increase of 31 persons

(Note) The above number of employees does not include 280 persons under temporary employment.

13. Major lenders

Name of lender	Outstanding loan balance (Millions of yen)
Mizuho Bank, Ltd.	11,041
The Norinchukin Bank	2,341
Sumitomo Mitsui Trust Bank, Limited	1,555
Resona Bank, Limited	1,435
Banco do Brasil	1,174

II. Matters concerning status of the company (As of March 31, 2023)

1. Matters concerning shares

- (1) Total number of shares authorized to be issued 199,529,000 shares
(2) Total number of shares outstanding 81,967,082 shares
(3) Number of shareholders 13,088 persons
(Increase of 1,997 persons compared to the previous fiscal year-end)

(4) Major shareholders

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
ADEKA Corporation	40,173	51.00
The Master Trust Bank of Japan, Ltd. (Trust account)	5,898	7.49
Custody Bank of Japan, Ltd. (Trust account)	2,135	2.71
Mizuho Bank, Ltd.	1,997	2.54
MSIP CLIENT SECURITIES	1,816	2.31
The Norinchukin Bank	1,401	1.78
Asahi Mutual Life Insurance Company	853	1.08
Resona Bank, Limited.	719	0.91
DFA INTL SMALL CAP VALUE PORTFOLIO	703	0.89
JP MORGAN CHASE BANK 385781	520	0.66

- (Notes) 1. Although the Company holds 3,193 thousand shares of treasury shares, it is excluded from the above list of major shareholders.
2. The shareholding ratio is calculated after excluding treasury shares.

(5) Status of shares allotted to the Company's officers as consideration for execution of duties during the fiscal year under review
Not applicable.

(6) Other important matters regarding shares
Not applicable.

2. Matters concerning stock acquisition rights of the company

Not applicable.

3. Matters concerning officers of the company

(1) Matters concerning Directors

(As of March 31, 2023)

Name	Positions and responsibilities	Significant concurrent positions
Yosuke Tomoi	Director, Chairman	
Hiroyuki Iwata	Representative Director, President	
Koji Shishido	Representative Director, Vice President in charge of CSR Promotion Dept., in charge of Production Division, and in charge of Overseas Division	
Hirohisa Yano	Director and Managing Executive Officer, and Division Manager of Market Development Division	
Kozo Machiya	Director and Managing Executive Officer, Division Manager of Research Division, and responsible for Environment Safety Dept.	
Hideo Yamamoto	Director and Managing Executive Officer, Division Manager of Administration Division, responsible for Osaka Plant and General Manager of Osaka Plant, responsible for CSR Promotion Dept., in charge of Domestic Sales Division, and responsible for special missions	
Hiroshi Yamanoi	Director and Senior Executive Officer, and Division Manager of Industrial & Pharmaceuticals Sales Division	
Akio Kohri	Director	Advisor of ADEKA Corporation Outside Audit & Supervisory Board Member of Zeon Corporation
Yasunori Matsui	Director	Professor Emeritus of Rikkyo University Professor of Ohara Graduate School of Accounting
Kazuyoshi Tachibana	Director	
Yoshiaki Higashino	Director Full-time Audit & Supervisory Committee Member	
Haruhiko Tomiyasu	Director Audit & Supervisory Committee Member	Representative Director and Senior Managing Operating Officer of ADEKA Corporation
Iwao Toigawa	Director Audit & Supervisory Committee Member	Attorney-at-law
Chizuko Nakata	Director Audit & Supervisory Committee Member	Certified public accountant Certified public tax accountant Representative Director of Nakata Business Consulting Co., Ltd. Supervisory Director of Daiwa Securities Living Investment Corporation
Yoshiko Oshima	Director Audit & Supervisory Committee Member	Attorney-at-law Certified public tax accountant

- (Notes) 1. Directors Mr. Yasunori Matsui, Mr. Kazuyoshi Tachibana, Mr. Iwao Toigawa, Ms. Chizuko Nakata, and Ms. Yoshiko Oshima are Outside Directors.
2. Mr. Yoshiaki Higashino has been selected as a Full-time Audit & Supervisory Committee Member to increase the effectiveness of information collection and other auditing processes and strengthen audit and supervisory functions.

3. The Company has designated Directors Mr. Yasunori Matsui, Mr. Kazuyoshi Tachibana, Mr. Iwao Toigawa, Ms. Chizuko Nakata, and Ms. Yoshiko Oshima as Independent Directors pursuant to the stipulations of the Tokyo Stock Exchange, and has notified the Exchange of said designation.
4. Full-time Audit & Supervisory Committee Member, Mr. Yoshiaki Higashino, has significant expertise in finance and accounting from serving as Division Manager of Administration Division of the Company.
5. Audit & Supervisory Committee Member, Mr. Haruhiko Tomiyasu, is Representative Director and Senior Managing Operating Officer of ADEKA Corporation, and has significant expertise in finance and accounting from serving as the officer responsible for finance and accounting departments at said company.
6. Audit & Supervisory Committee Member, Ms. Chizuko Nakata, is a certified public accountant and certified public tax accountant, and has significant expertise in finance and accounting.
7. Audit & Supervisory Committee Member, Ms. Yoshiko Oshima, is an attorney-at-law and certified public tax accountant, and has significant expertise in finance and accounting.
8. ADEKA Corporation is the Company's parent company. Additionally, although the Company has purchasing and sales transactions with said company, the ratio of transactions within the Group is immaterial.
9. There are no other special relationships between companies at which Directors hold concurrent positions and the Company.

(2) Outline of content of liability limitation agreements

The Company has concluded agreements to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act with Directors Mr. Akio Kohri, Mr. Yasunori Matsui, Mr. Kazuyoshi Tachibana, Mr. Haruhiko Tomiyasu, Mr. Iwao Toigawa, Ms. Chizuko Nakata, and Ms. Yoshiko Oshima. The limit of liability for damages under said agreement is the limit stipulated by laws and regulations.

(3) Outline of content of directors and officers liability insurance contract

To secure talented personnel and support proactive and bold business decision making toward growth, in December 2022, the Company concluded a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act, an outline of which is provided below.

1) Scope of the insured

Directors, Audit & Supervisory Committee Members and Executive Officers of the Company and directors and audit & supervisory board members of Nichino Ryokka Co., Ltd., Nichino Service Co., Ltd., Nihon Ecotech Co., Ltd. and AgriMart Corporation

2) Actual ratio of premiums paid by the insured

Premiums, including riders, are paid by the Company, and the insured do not bear the actual premiums.

3) Outline of events insured against

The policy, together with riders, will cover damages and legal fees, etc., that may arise due to the insured directors and officers assuming liability for the execution of duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

4) Measures to ensure that the appropriateness of directors' and officers' duties are not impaired

The insurance contract contains stipulations regarding the amount of exemptions, and damages up to said exemption amount will not be covered.

(4) Remuneration, etc., for Directors for the fiscal year under review

1) Matters regarding policies concerning determination of content of remuneration, etc., for individual Directors

Policies concerning determination of content of remuneration, etc., for individual Directors are determined at the Board of Directors after it receives opinions from the Governance Committee which is a voluntary advisory body of the Board of Directors on officers' remuneration. The overview of such policies is described below. In determination of content of remuneration for individual Directors, the Governance Committee makes an examination on the draft plan from various aspects such as consistency with such policies. Therefore, the Board of Directors basically considers that it is in line with such policies, respecting opinions from the Governance Committee.

(i) Basic policy on remuneration, etc., for Directors (excluding Audit & Supervisory Committee Members)

(a) Remuneration, etc., for Directors shall be connected with business results and the long-term interests of shareholders, while being appropriate, fair, and balanced to enable further desire to maximize sustainable corporate value and shareholder value.

(b) Remuneration, etc., for Directors (excluding Audit & Supervisory Committee Members) shall have a basic structure consisting of basic remuneration and bonuses, and for Executive Directors, in addition to the above, performance-linked stock-based remuneration shall be provided. Additionally, remuneration, etc., for Outside Directors and Non-executive Directors shall not include performance-linked components.

(ii) Policy on amount of remuneration, etc., of basic remuneration for individual Directors, timing of allotment, and determining conditions

Basic remuneration for Directors (excluding Audit & Supervisory Committee Members) shall be fixed monthly remuneration in cash. Basic remuneration for Executive Directors shall be determined based on duties and positions of business execution for Executive Directors, and based on responsibilities and whether or not the person serves full-time for Outside Directors and Non-executive Directors. Additionally, regarding Executive Directors, targets will be set for areas of responsibility after consultation with the Representative Director and President at the beginning of the fiscal year, and the level of achievement of said duties and business results will be reflected in remuneration for the following fiscal year. The Company shall strive to revise remuneration levels as appropriate in consideration of business results, standards at other companies, and social trends, etc.

(iii) Policy on amount of remuneration, etc., of bonuses for individual Directors, timing of allotment, and determining conditions

Bonuses for Directors (excluding Audit & Supervisory Committee Members) shall be allotted annually in cash at a certain time after the end of the fiscal year to which it applies. Bonuses for Directors (excluding Audit & Supervisory Committee Members) shall have the objective of increasing motivation to contribute toward improving business results for a single year. Similarly to fixed remuneration, the amount of bonuses for individual Executive Directors shall be determined by reflecting the level of achievement of duties and business results, and the amount of bonuses for Outside Directors and Non-executive Directors shall be allotted within the total amount of remuneration approved at a General Meeting of Shareholders.

(iv) Performance-linked stock-based remuneration

Performance-linked stock-based remuneration is a remuneration system for Directors (excluding Directors serving as the Audit & Supervisory Committee Members, Outside Directors, and Non-executive Directors) utilizing a share grant trust with the objective of furthering a sense of shared value with shareholders while increasing motivation for medium to long term improvement in business results and expanding corporate value. Under this system, a trust established and funded by the Company (hereinafter the "Share Grant Trust") acquires shares of the Company, and in accordance with the Share Grant Regulations established by the Company's Board of Directors, a number of shares of the Company equivalent to the number of points it has awarded each Director shall be granted through the Share Grant Trust at the time of the retirement of each Director, in principle.

Additionally, the applicable period for performance-linked stock-based remuneration shall be, in principle, identical to the applicable period of the medium-term management plan, established every three fiscal years. Performance-linked stock-based remuneration is categorized into a fixed portion and a variable portion, and the performance-based index for variable portions shall be key performance indicators (KPIs) for the applicable medium-term management plan. Points for the

fixed portion shall be granted at a certain time after the end of the fiscal year to which it applies. Points for the variable portion shall be granted at a certain time after the end of the medium-term management plan. If standard business results in the performance-based index are achieved, the ratio between the fixed portion and the variable portion of performance-linked stock-based remuneration for the applicable period shall be about 45:55. Points in the variable portion will vary within a range of 0% to 150% of the predefined standard amount, based on the level of achievement of business results of the performance-based index.

- (v) Policy on determining ratio between amount of basic remuneration, amount of bonuses, and amount of performance-linked stock-based remuneration in amount of remuneration for individual Directors

The ratio of type of remuneration for Executive Directors shall be determined in consideration of factors including the Company's business characteristic that it is long-term research and development-oriented, the Director's position, duties, standards at other companies, and social trends. The ratio between basic remuneration, bonuses, and performance-linked stock-based remuneration during the period to which a medium-term management plan applies will be about 8:1:1.

- (vi) Matters regarding procedures to determine content of remuneration, etc., for individual Directors (excluding Audit & Supervisory Committee Members)

Distribution of remuneration, etc., for individual Directors (excluding Audit & Supervisory Committee Members) shall be based on consultation with the Board of Directors, followed by an evaluation by the Governance Committee regarding factors including the duties, responsibilities, business results, and level of contribution in areas assigned to the Executive Director, after which reports are made regarding an increase or decrease in basic remuneration, total amount of bonuses to be granted, and content of distribution of bonus amounts.

The amount of remuneration, etc., for individual Directors (excluding Audit & Supervisory Committee Members) shall be entrusted to the Representative Director and President by resolution of the Board of Directors, and determined by the Representative Director and President based on reports from the Governance Committee. The content of the authority of the Representative Director and President is the amount of basic remuneration for each Director, the total amount of bonuses to be granted, and the distribution of the amount of bonuses.

Furthermore, performance-linked stock-based remuneration shall be determined in accordance with the Share Grant Regulations resolved by the Board of Directors.

- 2) Matters regarding resolution of the General Meeting of Shareholders concerning remuneration, etc., for Directors

The maximum annual aggregate amount of remuneration, etc., for Directors (excluding Audit & Supervisory Committee Members) was resolved to be 330 million yen (including the maximum annual aggregate amount of remuneration for Outside Directors of 30 million yen; excluding the portion of employees' salary) at the 121st Ordinary General Meeting of Shareholders held on June 26, 2020. The number of Directors (excluding Audit & Supervisory Committee Members) was ten (including two Outside Directors) at the recess of said Ordinary General Meeting of Shareholders. Separately from said cash remuneration, the same Ordinary General Meeting of Shareholders resolved to allow Directors (excluding Directors serving as the Audit & Supervisory Committee Members, Outside Directors, and Non-executive Directors) to receive allotment of shares through a trust (hereinafter the "Trust") established and funded by the Company which acquires shares of the Company, and within a maximum aggregate amount of remuneration based on a performance-linked stock-based remuneration system in which the Company's shares are granted to each Director through the Trust according to the number of points granted to each Director. In principle, Directors will be granted the Company's stock at the time of retirement according to the number of points granted, and the resolution was made for the maximum aggregate amount of funding by the Company to be 75 million yen, and the maximum aggregate amount of points to be allotted to allottees to be 250,000 points (1 point is 1 share of the Company) for the applicable period (from the fiscal year ended on March 31, 2020 to the fiscal year ended on March 31, 2021 (18 months)). Additionally, a resolution was also made such that at the expiration of each applicable period, the Board of Directors may determine to extend the applicable period every three fiscal years, and if the trust period for the Trust is also extended, the Company may, during the applicable period of said extension as required additional funds for acquisition of the Company's stock for allotment to Directors under the system, provide additional cash funding to the Trust in a maximum aggregate amount of 150 million yen for each applicable period of said extension, with the maximum aggregate amount of points to be granted to allottees to be 500,000. The number of

Directors (excluding Directors serving as the Audit & Supervisory Committee Members, Outside Directors, and Non-executive Directors) as of the recess of said Ordinary General Meeting of Shareholders was seven.

The amount of remuneration, etc., for Directors serving as the Audit & Supervisory Committee Members was resolved to be a maximum annual aggregate amount of 60 million yen at the 121st Ordinary General Meeting of Shareholders held on June 26, 2020. The number of Directors serving as the Audit & Supervisory Committee Members at the recess of said Ordinary General Meeting of Shareholders was five.

3) Matters concerning entrustment of authority for determining content of remuneration, etc., for individual Directors

Based on the policy in “3. (4) 1) (vi) Matters regarding procedures to determine content of remuneration, etc., for individual Directors (excluding Audit & Supervisory Committee Members)” and pursuant to an entrustment resolution by the Board of Directors, Representative Director and President Hiroyuki Iwata determines the specific content of remuneration for individual Directors. The content of the authority is the amount of basic remuneration for each Director, the total amount of bonuses to be granted, and the distribution of the amount of bonuses.

The reason why said authority was transferred is because the Representative Director and President is the most suitable position to evaluate duties and performance achievements of each Director, watching the Company’s current status from a higher perspective.

To ensure that said authority is appropriately exercised by the Representative Director and President, the Board of Directors has implemented measures such as consulting with the Governance Committee and receiving reports regarding an increase or decrease in basic remuneration, total amount of bonuses to be granted, and content of distribution of bonus amounts based on evaluations that contain the basic elements of assigned duties, responsibilities, business results, and level of contribution, etc., for Executive Directors, and as amounts of remuneration for individual Directors are determined after undergoing said procedures, the Board of Directors has judged that said contents are in line with the policy for determination.

4) Matters concerning performance-linked remuneration, etc.

By further clarifying the link between Director remuneration and the Company’s business results and shareholder value and having Directors share the benefits and risks of fluctuations in share price with shareholders, the Company has introduced a performance-linked stock-based remuneration system for Directors (excluding Directors serving as the Audit & Supervisory Committee Members, Outside Directors, and Non-executive Directors), with the objective of increasing motivation to contribute to improving business results and expanding corporate value over the medium to long term.

The amount of performance-linked remuneration and the content of business results indices selected to serve as the basis for calculation for this system are the level of achievement of KPIs (consolidated operating profit and consolidated net sales for the final year of the medium-term management plan) of the medium-term management plan, and the reason that said business results indices were selected was to increase motivation for Directors to contribute to improving business results and expanding corporate value over the medium to long term.

Targets for business results indices selected to serve as the basis for calculation for the amount or number of performance-linked remuneration for this system in the medium-term management plan “Ensuring Growing Global 2 (EGG 2)” are consolidated operating profit of 6.4 billion yen and consolidated net sales of 89.0 billion yen for the fiscal year ending March 31, 2024.

5) Total amounts, etc., of remuneration, etc., for Directors

Officer category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc., by type (Millions of yen)			Number of applicable officers (Persons)
		Basic remuneration	Bonuses	Noncash remuneration, etc.	
Directors (excluding Audit & Supervisory Committee Members) (Of which, Outside Directors)	287 (11)	234 (9)	24 (1)	28 (—)	10 (2)
Directors serving as the Audit & Supervisory Committee Members (Of which, Outside Directors)	48 (17)	42 (15)	5 (2)	—	5 (3)

- (Notes)
1. The amount of bonuses above is the provision for bonuses for directors (and other officers) concerning the fiscal year under review.
 2. Stock-based remuneration based on a performance-linked stock-based remuneration system is granted to Directors (excluding Directors serving as the Audit & Supervisory Committee Members, Outside Directors, and Non-executive Directors) as noncash remuneration. The content of said stock-based remuneration is as stated in “2) Matters regarding resolution of the General Meeting of Shareholders concerning remuneration, etc., for Directors” and the status of allotment is as stated in “1. Matters concerning shares.”
 3. The amount of noncash remuneration, etc., above is only the provision for share awards concerning the fiscal year under review. However, an additional transfer of 5 million yen was separately made to recalculate the provision allocated for the previous fiscal year out of the three fiscal years, the applicable period for performance-linked stock-based remuneration, taking into account the business results indices for the current fiscal year.

(5) Matters concerning outside officers

1) Relationships between significant companies at which Company officers hold concurrent positions and the Company

As stated in “3. (1) Matters concerning Directors.”

2) Status of key activities during the fiscal year under review

Name (Position)	Status of key activities
Yasunori Matsui (Outside Director)	Mr. Yasunori Matsui has broad knowledge and insight in business administration gained through many years of experience as a university professor (in accounting and business administration), and his expected role is to contribute to improving the effectiveness of the Company’s Board of Directors by providing the Company with opinions and advice on the Company’s overall management from an objective perspective. He has attended meetings such as the Board of Directors and Governance Committee meetings and expressed opinions in the form of appropriate advice and recommendations, etc. on overall management of the Company. He attended all 17 Board of Directors meetings held during the fiscal year under review.

Name (Position)	Status of key activities
Kazuyoshi Tachibana (Outside Director)	<p>Mr. Kazuyoshi Tachibana has a wealth of experience and broad-based insight as operating officer of a listed company as well as manager of an overseas business entity, and his expected role is to contribute to improving the effectiveness of the Company's Board of Directors by providing the Company with opinions and advice on the Company's overall management from an objective perspective. He has attended meetings such as the Board of Directors and Governance Committee meetings and expressed opinions in the form of appropriate advice and recommendations, etc. based on deep insight as a manager.</p> <p>He attended all 17 Board of Directors meetings held during the fiscal year under review.</p>
Iwao Toigawa (Outside Director (Audit & Supervisory Committee Member))	<p>Mr. Iwao Toigawa has expertise as an attorney-at-law and wealth of experience and broad knowledge of corporate legal affairs and his expected role is to strengthen the Company's audit functions, etc. and contribute to improving the effectiveness of the Company's Board of Directors based on these insights. He has attended meetings such as the Board of Directors, Governance Committee and Compliance Committee meetings and expressed opinions in the form of appropriate advice and recommendations, etc., while performing audit duties and providing advice to ensure the appropriateness of the execution of Directors' duties.</p> <p>He attended all 17 Board of Directors meetings held during the fiscal year under review</p> <p>He attended all 9 Audit & Supervisory Committee meetings held during the fiscal year under review, and made comments as necessary to ensure highly effective audits.</p>
Chizuko Nakata (Outside Director (Audit & Supervisory Committee Member))	<p>Ms. Chizuko Nakata has deep insight in business administration as a certified public accountant and certified public tax accountant and her expected roles is to strengthen the Company's audit functions, etc. and contribute to improving the effectiveness of the Company's Board of Directors based on these insights. She has attended meetings such as the Board of Directors and Governance Committee meetings and expressed opinions in the form of appropriate advice and recommendations, etc., while performing audit duties and providing advice to ensure the appropriateness of the execution of Directors' duties.</p> <p>She attended all 17 Board of Directors meetings held during the fiscal year under review.</p> <p>She attended all 9 Audit & Supervisory Committee meetings held during the fiscal year under review, and made comments as necessary to ensure highly effective audits.</p>

Name (Position)	Status of key activities
Yoshiko Oshima (Outside Director (Audit & Supervisory Committee Member))	<p>Ms. Yoshiko Oshima has expertise as an attorney-at-law and certified public tax accountant and wealth of experience and broad knowledge of corporate legal affairs and her expected roles is to strengthen the Company's audit functions, etc. and contribute to improving the effectiveness of the Company's Board of Directors based on these insights. She has attended meetings such as the Board of Directors and Governance Committee meetings and expressed opinions in the form of appropriate advice and recommendations, etc., while performing audit duties and providing advice to ensure the appropriateness of the execution of Directors' duties.</p> <p>She attended all 17 Board of Directors meetings held during the fiscal year under review.</p> <p>She attended 8 out of 9 Audit & Supervisory Committee meetings held during the fiscal year under review, and made comments as necessary to ensure highly effective audits.</p>

4. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor
Kyowa Audit Corporation

(2) Overview of content of liability limitation agreement
Not applicable.

(3) Amount of remuneration, etc., for the Accounting Auditor during the fiscal year under review

Category	Amount paid
Amount of remuneration, etc., as Accounting Auditor for the fiscal year under review	38,000 thousand yen
Total amount of money and other property benefits payable by the Company and the Company's subsidiaries	40,400 thousand yen

(Notes) 1. Under the audit agreement between the Company and Kyowa Audit Corporation, no clear distinction is made between the remuneration for audits pursuant to the Companies Act and that for audits pursuant to the Financial Instruments and Exchange Act, and since a substantial distinction cannot be made, the amount presented above is the total remuneration.

2. Of the Company's significant subsidiaries, Nichino America, Inc., Taiwan Nihon Nohyaku Co., Ltd., Nichino India Pvt. Ltd., Sipcam Nichino Brasil S.A., and Nichino Europe Co., Ltd. receive audits from audit corporations other than the Company's Accounting Auditor.

(4) Content of non-audit services
Not applicable.

(5) Matters concerning audits of subsidiaries
Each of five consolidated subsidiaries of the Company is audited by an audit firm or other party other than the Company's Accounting Auditor.

(6) Reasons the Audit & Supervisory Committee approved remuneration, etc., for the Accounting Auditor
The Audit & Supervisory Committee of the Company, in consideration of the "Practical Guidelines on Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, confirmed the audit plan, status of audit implementation, and basis for calculation as shown in remuneration estimates of the Accounting Auditor, and upon consideration, agreed to the remuneration, etc., of the Accounting Auditor as prescribed under Article 399, Paragraph 3 of the Companies Act.

(7) Policies for determining dismissal or non-reappointment of the Accounting Auditor

The Audit & Supervisory Committee of the Company shall determine the content of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders if it has judged that it is necessary to do so, such as in cases where there are issues with the execution of duties by the Accounting Auditor.

Additionally, if the clauses of Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor and it deems that there are no prospects of improvement, the Audit & Supervisory Committee shall dismiss the Accounting Auditor conditional upon the unanimous consent of all Audit & Supervisory Committee Members. In such case, an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee shall report the dismissal of the Accounting Auditor and the reason for it at the first General Meeting of Shareholders held following the dismissal.

(Note) Amounts and numbers of shares presented in this Business Report are rounded down to the nearest unit indicated.

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	102,619	Current liabilities	44,560
Cash and deposits	15,644	Notes and accounts payable - trade	20,519
Notes and accounts receivable - trade, and contract assets	38,869	Electronically recorded obligations - operating	1,010
Electronically recorded monetary claims - operating	2,064	Short-term borrowings	10,940
Merchandise and finished goods	27,658	Accrued expenses	5,071
Work in process	978	Income taxes payable	759
Raw materials and supplies	13,236	Provision for bonuses	856
Other	4,756	Provision for bonuses for directors (and other officers)	51
Allowance for doubtful accounts	(589)	Provision for environmental measures	18
Non-current assets	34,032	Electronically recorded obligations - non-operating	150
Property, plant and equipment	15,303	Liabilities related to charged supplying transactions	1,189
Buildings and structures	4,103	Other	3,991
Machinery, equipment and vehicles	3,629	Non-current liabilities	18,966
Land	5,856	Bonds payable	5,315
Construction in progress	711	Long-term borrowings	10,167
Other	1,001	Deferred tax liabilities	597
Intangible assets	4,097	Provision for retirement benefits for directors (and other officers)	57
Goodwill	2,594	Provision for share awards	129
Software	605	Retirement benefit liability	826
Other	897	Other	1,872
Investments and other assets	14,631	Total liabilities	63,527
Investment securities	7,552	(Net assets)	
Deferred tax assets	1,677	Shareholders' equity	70,227
Retirement benefit asset	3,180	Share capital	14,939
Other	2,226	Capital surplus	15,071
Allowance for doubtful accounts	(6)	Retained earnings	42,123
		Treasury shares	(1,907)
		Accumulated other comprehensive income	688
		Valuation difference on available-for-sale securities	956
		Foreign currency translation adjustment	(1,985)
		Remeasurements of defined benefit plans	1,716
		Non-controlling interests	2,209
		Total net assets	73,125
Total assets	136,652	Total liabilities and net assets	136,652

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(Millions of yen)

Description	Amount
Net sales	102,090
Cost of sales	71,528
Gross profit	30,562
Selling, general and administrative expenses	21,823
Operating profit	8,739
Non-operating income	2,401
Interest and dividend income	1,227
Share of profit of entities accounted for using equity method	558
Rental income from real estate	102
Foreign exchange gains	342
Other	170
Non-operating expenses	3,360
Interest expenses	1,842
Loss on valuation of derivatives	1,286
Sales discounts	115
Other	115
Ordinary profit	7,779
Extraordinary income	45
Gain on sale of non-current assets	29
Gain on sale of investment securities	15
Extraordinary losses	87
Loss on disposal of non-current assets	65
Environmental expenses	18
Other	3
Profit before income taxes	7,738
Income taxes - current	2,553
Income taxes - deferred	37
Profit	5,147
Profit attributable to non-controlling interests	658
Profit attributable to owners of parent	4,488

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	55,255	Current liabilities	17,192
Cash and deposits	5,575	Notes payable - trade	3
Notes receivable – trade	827	Accounts payable - trade	8,640
Accounts receivable - trade	16,574	Electronically recorded obligations – operating	1,010
Electronically recorded monetary claims - operating	1,993	Short-term borrowings	333
Merchandise and finished goods	18,594	Current portion of long-term borrowings	1,974
Work in process	954	Accounts payable - other	705
Raw materials and supplies	6,168	Accrued expenses	1,692
Prepaid expenses	735	Income taxes payable	598
Accounts receivable - other	1,696	Accrued business office tax	7
Consumption taxes receivable	1,455	Provision for bonuses	493
Short-term loans receivable	433	Provision for bonuses for directors (and other officers)	50
Other	248	Provision for environmental measures	18
Allowance for doubtful accounts	(4)	Notes payable - facilities	8
Non-current assets	39,508	Electronically recorded obligations - non-operating	150
Property, plant and equipment	10,896	Liabilities related to charged supplying transactions	1,175
Buildings	2,704	Other	328
Structures	466	Non-current liabilities	11,228
Machinery	2,229	Long-term borrowings	10,032
Vehicles	6	Long-term deposits received	886
Tools, furniture and fixtures	563	Provision for share awards	129
Land	4,889	Deferred tax liabilities	56
Leased assets	20	Other	123
Construction in progress	16	Total liabilities	28,420
Intangible assets	544	(Net assets)	
Patent right	3	Shareholders' equity	65,387
Right to use facilities	9	Share capital	14,939
Software	532	Capital surplus	17,235
Investments and other assets	28,067	Legal capital surplus	12,235
Investment securities	2,775	Other capital surplus	5,000
Shares of subsidiaries and associates	19,347	Retained earnings	35,119
Investments in capital of subsidiaries and associates	210	Legal retained earnings	1,574
Long-term loans receivable	2,426	Other retained earnings	33,544
Prepaid pension costs	706	General reserve	3,145
Other	2,608	Retained earnings brought forward	30,399
Allowance for doubtful accounts	(5)	Treasury shares	(1,907)
		Valuation and translation adjustments	956
		Valuation difference on available-for-sale securities	956
		Total net assets	66,343
Total assets	94,764	Total liabilities and net assets	94,764

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(Millions of yen)

Description	Amount
Net sales	52,755
Cost of sales	36,640
Gross profit	16,114
Selling, general and administrative expenses	12,078
Operating profit	4,036
Non-operating income	1,369
Interest and dividend income	1,232
Other	136
Non-operating expenses	129
Interest expenses	74
Other	54
Ordinary profit	5,275
Extraordinary income	26
Gain on sale of non-current assets	10
Gain on sale of investment securities	15
Extraordinary losses	87
Loss on disposal of non-current assets	65
Environmental expenses	18
Other	3
Profit before income taxes	5,214
Income taxes - current	991
Income taxes - deferred	85
Profit	4,137

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Independent Auditor's Report
(English Translation)

May 9, 2023

To the Board of Directors
NIHON NOHYAKU CO., LTD.

Kyowa Audit Corporation
Chiyoda-ku, Tokyo
Masashige Takayama, CPA
Representative Partner
Engagement Partner
Yuki Sakamoto, CPA
Representative Partner
Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of NIHON NOHYAKU CO., LTD. (the "Company") for the fiscal year from April 1, 2022, through March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the information included in the business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report
(English Translation)

May 9, 2023

To the Board of Directors
NIHON NOHYAKU CO., LTD.

Kyowa Audit Corporation
Chiyoda-ku, Tokyo
Masashige Takayama, CPA
Representative Partner
Engagement Partner
Yuki Sakamoto, CPA
Representative Partner
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the related notes, and the accompanying supplementary schedules of NIHON NOHYAKU CO., LTD. (the "Company") for the 124th fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the information included in the business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process of the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report (English Translation)

The Audit & Supervisory Committee audited the performance of duties by the Directors for the 124th fiscal year from April 1, 2022 to March 31, 2023, and hereby submits the method and results of the audit.

1. Summary of Auditing Methods

The Audit & Supervisory Committee received reports periodically from Directors, employees and other relevant personnel about the details of Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then sought explanations as necessary, expressed opinions and conducted the audit through the methods described below.

- (1) In conformity with the Auditing Standards, etc. of the Audit & Supervisory Committee established by the Audit & Supervisory Committee, following the auditing policies, allocation of duties and other relevant matters, using means such as the Internet, etc. and cooperating with the internal audit division and other internal control divisions, we participated in important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices. With respect to subsidiaries, using means such as the Internet, etc., we communicated with, and collected information from, Directors, Audit & Supervisory Board Members and other relevant personnel of subsidiaries as well as received reports from subsidiaries on their business as necessary.
- (2) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "system to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) had been prepared in accordance with the "Quality Control Standard for Audit" (issued by the Business Accounting Council), JICPA Quality Control Standards Committee Statement No. 1 "Quality Control for Audit Firms" and JICPA Auditing Standards Committee Statements No. 220 "Quality Control for an Audit of Financial Statements," and sought explanations as necessary. Also, with respect to key audit matters, we discussed with the Accounting Auditor and received reports regarding the performance of its audit and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and consolidated notes) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the Business Report and the supplementary schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. We have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal controls system.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Kyowa Audit Corporation are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Kyowa Audit Corporation are fair and reasonable.

May 10, 2023

Audit & Supervisory Committee, NIHON NOHYAKU CO., LTD.

Full-time Audit & Supervisory Committee Member	Yoshiaki Higashino
Audit & Supervisory Committee Member	Haruhiko Tomiyasu
Audit & Supervisory Committee Member	Iwao Toigawa
Audit & Supervisory Committee Member	Chizuko Nakata
Audit & Supervisory Committee Member	Yoshiko Oshima

(Note) Audit & Supervisory Committee Members, Mr. Iwao Toigawa, Ms. Chizuko Nakata and Ms. Yoshiko Oshima are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

III. Structures and policies of the company

1. Structures to secure the appropriateness of operations

Based on the stipulations of items b and c of Article 399-13, Paragraph 1, Item 1 of the Companies Act and the stipulations of Article 110-4 of the Regulation for Enforcement of the Companies Act, the Company has defined basic policies to establish “Structures to secure the appropriateness of operations” and has established, maintained, and operated internal control systems. An overview of these basic policies is as follows.

- (1) Structures concerning storage and management of information regarding execution of duties by Directors
Information, such as documents, etc. (including electronic records), regarding execution of duties by Directors is stored and managed for required periods based on the Information Management Regulations.
- (2) Regulations regarding management of risk of loss and other structures
 - 1) The “Risk Management Committee” ascertains the Company’s risk, prevents risks from materializing, and conducts risk countermeasures to minimize the effects of risks that have materialized, etc.
 - 2) In the management of individual risks, the Company promotes the creation of manuals that correspond to categories and various types of risk. The Board of Directors comprehensively manages and responds to risks that are considered companywide issues.
 - 3) Risks concerning environmental, safety and sanitation, and product safety, etc., are ascertained by the “Risk Management Committee” and individually and specifically responded to in cooperation between the “RC Promotion Committee” and related segments.
 - 4) Regarding accounting, the Accounting Department will be responsible for companywide accounting and number management, and each segment will confirm the contents of companywide accounting and of other segments.
 - 5) If unexpected events occur, an emergency response headquarters will be established with the Representative Director and President as the general manager for crisis management.
 - 6) The Internal Control & Audit Department will implement periodic audits of the Company’s risk management structures.
- (3) Structures to secure effective execution of duties by Directors
 - 1) A regular Board of Directors meeting will be held once per month, and by also holding meetings as necessary, important matters will be decided while also conducting supervision of the status of business execution by Directors.
 - 2) Meetings of the Management Committee and the CSR Committee will be held as important institutions second to the Board of Directors, attended by Full-time Directors (including Directors serving as the Full-time Audit & Supervisory Committee Members) and Executive Officers. The Management Committee meeting will flexibly deliberate and determine business strategies and corporate policies, etc., of the Company and the Group, to raise management efficiency. The CSR Committee meeting will deliberate and determine matters required to promote business activities such as internal controls, compliance, risk management, responsible care, and respecting human rights, etc., and fulfill the social responsibilities of the Company and the Group.
 - 3) As an advisory body to the Board of Directors, a Governance Committee will be established, composed of a majority of Independent Outside Directors, which will receive consultations from the Board of Directors to consider and report on the appropriateness, etc., of the selection process, disposition, and nomination reasons for the Company’s Directors (excluding Directors serving as the Audit & Supervisory Committee Members) and Directors serving as the Audit & Supervisory Committee Members, standards for determining independence of Independent Outside Directors, effectiveness evaluations of the overall Board of Directors, and officer remuneration structures, etc., in an effort to further enrich corporate governance.
 - 4) Via the Executive Officer System, the duties of Directors who will determine management policies and oversee management will be separated from the duties of Executive Officers who are tasked with business execution, and by clarifying the contents of the duties of each, the Company will work to accelerate management decision-making and promote efficiency in business execution.
 - 5) A three-year medium-term management plan will be formulated as a shared companywide index for business operations, and business results plans and budgets for each fiscal year will be defined as embodiments of said plan. Responsible persons, areas of responsibilities, and execution procedures, etc., of business executors will be defined in the Operational Division Regulations, Duties and

Authority Regulations, and Duties and Authority Standards Statement, etc.

- (4) Structures to ensure that the execution of duties by Directors and employees conform to laws and regulations and the Articles of Incorporation
 - 1) The “Nihon Nohyaku Group Action Charter” and “Nihon Nohyaku and Nihon Nohyaku Group Compliance Regulations” will be defined as the core of the Company’s compliance structure, and continuous emphasis will be placed on the concept that strict compliance with laws and regulations is fundamental to business activities.
 - 2) The “Compliance Committee” will work to emphasize awareness and provide guidance via compliance promotion activities, etc.
 - 3) Regarding internal controls for financial reporting, each segment and branch that has an effect on the financial statements will conduct maintenance and operation on internal controls regarding financial reporting, and the Internal Control & Audit Department will conduct evaluations to work toward achieving the trustworthiness and appropriateness of financial reporting.
 - 4) Compliance activities regarding the manufacture, transport, and disposal, etc., of chemical substances will be emphasized and promoted by the “RC Promotion Committee.”
 - 5) The Company maintains an internal reporting structure in which information is received by managers, the Compliance Committee Chairperson, and outside attorneys, and will appropriately operate this structure to secure compliance.
 - 6) The Company and the Group will clearly state in the “Nihon Nohyaku Group Action Charter” that it will eliminate relationships with anti-social forces and organizations, and never respond to unreasonable requests from such anti-social forces. In line with this view, the Company will work to create a unified purpose regarding the elimination of anti-social forces, respond in an organizational manner with the General Affairs & Legal Department serving as the liaison, and by also deepening cooperation with police-related institutions, etc., have no relationships whatsoever with anti-social forces and organizations.
 - 7) The Internal Control & Audit Department will implement periodic audits regarding the status of the Company’s measures in compliance promotion.

- (5) Structures to secure the appropriateness of operations at the Company and the Group
 - 1) With “Nihon Nohyaku Group Action Charter” as its guiding principles, the Company and the Group will maintain various regulations and systems to create internal control systems.
 - 2) The following structures will be defined for reports made to the Company regarding matters dealing with the execution of duties by Directors, etc., of each company within the Group.
 - a. The Company will receive periodic reports from each company within the Group regarding important management indices, with advance deliberations made for significant projects.
 - b. Through monitoring and audits, etc., of responsible segments, the Company will appropriately manage each company within the Group.
 - 3) To manage risk of loss at each company within the Group, the following structures will be defined based on the “Nihon Nohyaku and Nihon Nohyaku Group Risk Management Regulations.”

The “Group Risk Management Council” will deliberate on risk management issues at each company within the Group, and conduct management via risk management activities for the Group.
 - 4) The following structures will be defined to secure the effectiveness of the execution of duties by Directors, etc., of each company within the Group.

The Company will provide indirect operations as required according to the scale, business content, and business type of each company within the Group, aiming for efficient operations within the Group.
 - 5) The following structures will be defined to secure conformity with laws and regulations and the Articles of Incorporation by Directors, etc., and employees of each company within the Group.

The “Group Compliance Council,” which will be held based on the “Nihon Nohyaku and Nihon Nohyaku Group Compliance Regulations,” will aim to secure the appropriateness of operations within the Group through deliberations on compliance issues at each company within the Group.
 - 6) By evaluating the status of operations of internal control systems regarding financial reporting at each company within the Group, the Internal Control & Audit Department of the Company will aim to respond to internal controls of the Group, seeking to secure the trustworthiness and appropriateness of financial reporting.
 - 7) The Internal Control & Audit Department of the Company will implement periodic audits regarding the risk management structures and measures in compliance promotion at each company within the

Group.

- (6) Matters regarding Directors and employees to assist the duties of Audit & Supervisory Committee, matters regarding the independence of Directors and employees to assist the duties of Audit & Supervisory Committee from Directors (excluding Directors serving as the Audit & Supervisory Committee Members), and matters regarding securing the effectiveness of instructions given to Directors and employees to assist the duties of Audit & Supervisory Committee
 - 1) As a structure to assist the duties of the Audit & Supervisory Committee, the Company has Audit & Supervisory Committee secretariat functions within the Internal Control & Audit Department. To secure independence from Directors (excluding Directors serving as the Audit & Supervisory Committee Members), efforts will be made to ensure that evaluations and transfers, etc., regarding human resources for said employees are prevented from the effect of biased evaluations, etc., via advance consultation between the officer responsible for human resources and a Director serving as the Full-time Audit & Supervisory Committee Member.
 - 2) The Company will be considerate to ensure that independence is not infringed upon via the unfair hindrance of business execution of employees associated with the Internal Control & Audit Department who have received instructions from the Audit & Supervisory Committee.
- (7) Structures to allow reporting to the Audit & Supervisory Committee by Directors (excluding Directors serving as the Audit & Supervisory Committee Members) and employees, other structures for reporting to the Audit & Supervisory Committee, and structures to ensure that audits by the Audit & Supervisory Committee are being conducted effectively
 - 1) In addition to matters in laws and regulations, Directors (excluding Directors serving as the Audit & Supervisory Committee Members), Audit & Supervisory Board Members, and employees shall promptly report matters that will have a significant effect on the Company and the Group to the Audit & Supervisory Committee. Additionally, the Audit & Supervisory Committee shall review important documents including *ringi* decision-making sheets and others associated with business execution, and shall seek explanations from Directors (excluding Directors serving as the Audit & Supervisory Committee Members), Audit & Supervisory Board Members, and employees as required.
 - 2) By defining matters regarding internal whistleblowing by employees in the “Nihon Nohyaku and Nihon Nohyaku Group Compliance Regulations,” and ensuring appropriate operation and maintenance, the Company will secure an appropriate structure for reporting by employees to Audit & Supervisory Committee concerning violations of laws and regulations and other compliance issues.
 - 3) The Internal Control & Audit Department will periodically report the results of internal audits to the Audit & Supervisory Committee.
 - 4) The Company will ensure that persons reporting to the Audit & Supervisory Committee are not treated disadvantageously as a result of said report.
 - 5) Full-time Audit & Supervisory Committee Members shall hold meetings to exchange opinions with Directors and the Representative Director and President as required.
- (8) Matters concerning policies regarding processing of expenses, etc., during the execution of duties of Audit & Supervisory Committee Members (limited to execution of duties related to the Audit & Supervisory Committee)

The Company will bear expenses incurred during the execution of duties of Audit & Supervisory Committee Members, within the scope of the Company’s business expense budget according to predetermined procedures.

(Note) With the establishment of the CSR Committee on October 20, 2020, the Company has revised certain portions via a resolution of a Board of Directors meeting held on April 20, 2021.

2. Operational status of structures to secure the appropriateness of operations

An overview of the operational status of structures to secure the appropriateness of operations as described in “Structures to secure the appropriateness of operations” above is as follows.

(1) Execution of business by Directors

The Board of Directors meeting was held 17 times. In addition to determining important matters regarding management such as matters defined by laws and regulations and the Articles of Incorporation, management policies, and formulation of budgets, etc., a monthly analysis and evaluation of business results was conducted, with deliberations from the viewpoint of conformity with laws and regulations and the Articles of Incorporation, and the appropriateness of business.

(2) Corporate management of group companies

At the Company, departments responsible for corporate management of each company within the Group received periodic reports on the status of management, etc., at each company within the Group, and important projects were confirmed and deliberated in advance with each company within the Group.

(3) Execution of business by Audit & Supervisory Committee

The Audit & Supervisory Committee held ordinary and extraordinary Audit & Supervisory Committee meetings to exchange audit information. In addition, full-time members of the Audit & Supervisory Committee attended important meetings such as meetings of the Board of Directors, the Management Committee, and the CSR Committee, and meetings of General Managers and internal committees, etc., and not only by implementing visits and investigations for each company within the Group as required, but also by periodically sharing audit results with the internal audit segment, etc., conducted audits using the internal controls system. The Audit & Supervisory Committee periodically also held meetings with the Representative Director and the Accounting Auditor to exchange opinions necessary for audits.

(4) Securing appropriateness and trustworthiness of financial reporting

To secure the appropriateness and trustworthiness of financial reporting, segments responsible for internal control evaluations determined annual plans for the maintenance, operation, and evaluation of internal controls while implementing evaluations regarding the effectiveness of internal controls within the Group, and received approval from the Management Committee for its results while also reporting to the Board of Directors.

(5) Compliance with laws and regulations and risk management

Regarding the status of compliance with laws and regulations and various internal regulations, the Compliance Committee received reports regarding the Company’s compliance projects while working for thorough awareness and instruction on compliance with laws and regulations.

Additionally, regarding the Company’s risks, the Risk Management Committee extracted significant risks and formulated and executed preventative measures and countermeasures against occurrence, while conducting monitoring and instruction for individual risk.

Furthermore, each committee reported to the CSR Committee and Board of Directors regarding the content, etc., of implementations.

3. Basic policy on the desired state of parties to control decisions on the company’s financial and business policy

Although the Company has not specifically defined a basic policy on the desired state of parties to control decisions on the company’s financial and business policy, the Company is engaged in the “Ensuring Growing Global 2 (EGG2)” medium-term management plan under the “Nichino Group—Growing Global” Group Vision, and is working to secure and improve the Company’s corporate value and shared interests with shareholders. Additionally, regarding parties that would attempt a large-scale purchase of the Company’s share certificates, etc., the Company will seek the provision of required and adequate information to ensure that shareholders may make appropriate decisions on the validity of the large-scale purchase while also disclosing the opinions, etc., of the Board of Directors of the Company and work to secure time for shareholders to consider the purchase, etc., implementing appropriate measures based on the Financial Instruments and Exchange Act, Companies Act, and other relevant laws and regulations.

IV. Other significant matters regarding the current status of the corporate group

Not applicable.

Consolidated Statement of Changes in Equity

(April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,939	15,071	39,162	(1,906)	67,266
Cumulative effects of changes in accounting policies			(306)		(306)
Restated balance	14,939	15,071	38,855	(1,906)	66,960
Changes during period					
Dividends of surplus			(1,220)		(1,220)
Profit attributable to owners of parent			4,488		4,488
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,267	(0)	3,266
Balance at end of period	14,939	15,071	42,123	(1,907)	70,227

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	846	(3,201)	682	(1,673)	1,363	66,956
Cumulative effects of changes in accounting policies		306		306		—
Restated balance	846	(2,895)	682	(1,367)	1,363	66,956
Changes during period						
Dividends of surplus						(1,220)
Profit attributable to owners of parent						4,488
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	110	910	1,034	2,055	846	2,901
Total changes during period	110	910	1,034	2,055	846	6,168
Balance at end of period	956	(1,985)	1,716	688	2,209	73,125

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Equity

(April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	14,939	12,235	5,000	17,235	1,574	3,145	27,482	32,202
Changes during period								
Dividends of surplus							(1,220)	(1,220)
Profit							4,137	4,137
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	—	2,916	2,916
Balance at end of period	14,939	12,235	5,000	17,235	1,574	3,145	30,399	35,119

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,906)	62,471	846	846	63,317
Changes during period					
Dividends of surplus		(1,220)			(1,220)
Profit		4,137			4,137
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			109	109	109
Total changes during period	(0)	2,916	109	109	3,025
Balance at end of period	(1,907)	65,387	956	956	66,343

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.