



**Nissan Chemical**  
CORPORATION

## **Nissan Chemical Corporation**

3Q FY2020 Financial Results Briefing

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## 3Q FY2020 Actual

(¥billion)

	FY2019 Actual (A)			FY2020 Actual (B)			YOY Change (B)-(A)			FY2020 Outlook (C) as of Nov. 2020		vs. Outlook (B)-(C)
	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	3Q	1-3Q Total	3Q
Sales	96.5	41.5	138.0	94.5	43.7	138.2	-2.0	+2.2	+0.2	44.7	139.2	-1.0
Operating Profit (1)	18.0	3.5	21.5	18.0	5.6	23.6	0.0	+2.1	+2.1	4.2	22.2	+1.4
Non-Operating Income/Expenses	0.6	0.5	1.1	0.2	0.2	0.4	-0.4	-0.3	-0.7	0.5	0.7	-0.3
Ordinary Income (1)	18.6	4.0	22.6	18.2	5.8	24.0	-0.4	+1.8	+1.4	4.7	22.9	+1.1
Extraordinary Income/Loss	0.9	0.0	0.9	1.1	0.0	1.1	+0.2	0.0	+0.2	0.0	1.1	0.0
Net Income (1)(2)	14.5	3.1	17.6	13.9	4.5	18.4	-0.6	+1.4	+0.8	3.7	17.6	+0.8
EBITDA (3)	22.7	6.3	29.0	22.8	8.3	31.1	+0.1	+2.0	+2.1	-	-	-
EPS (¥/share) (1)	98.75	21.18	119.93	95.96	30.97	126.93	-2.79	+9.79	+7.00	-	-	-
OP Margin (1)	18.7%	8.4%	15.6%	19.0%	12.8%	17.0%	+0.3%	+4.4%	+1.4%	9.4%	15.9%	+3.4%
FX Rate (¥/\$)	109	109	109	107	105	106				105	-	
Crude Oil (JCC) (\$/bbl) (4)	69	66	68	36	44	38				-	-	

(1) FY2019 Actual: Amortization expense of the fungicide QUINTEC (QUINOXYFEN) business, which was provisionally calculated with an amortization period of 5 years at that time, was revised to the final value of 8.4 years (weighted average) amortization after the accounting audit. As a result, OP and ordinary income have been revised by about +80 million yen and net income has been revised by about +60 million yen from the figures announced in 3Q FY2019. The only affected segment is Adjustment.  
Only the breakdown of 3Q and 4Q FY2019 has been revised, and there is no effect on 1H FY2019 and full year FY2019.

(2) Net income = Profit Attributable to Owners of Parent

(3) EBITDA = Operating Profit + Depreciation and amortization

(4) Based on Trade Statistics of Japan Ministry of Finance

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**Miyazaki:** This is Miyazaki. Page two of the material shows the results of the third quarter. Where you see "3Q" in the middle. Sales were JPY43.7 billion. Operating profit was JPY5.6 billion. Net income was JPY4.5 billion. As a result, the cumulative sales for the first to third quarters were JPY138.2 billion. Operating profit was JPY23.6 billion. Net income was JPY18.4 billion.

Please refer to the YoY change on the right.

For the third quarter alone, operating profit increased by JPY2.1 billion. Net income increased by JPY1.4 billion. As for the cumulative total of the first to third quarters, operating profit increased by JPY2.1 billion. Net income increased by JPY0.8 billion.

Compared to the forecast for the third quarter, as presented on the rightmost ((B)-(C)), sales decreased by JPY1 billion, while operating profit increased by JPY1.4 billion and net income increased by JPY0.8 billion.

# 3Q FY2020 Actual Highlight

## 1. 3Q Actual

(1) 3Q FY2020 (October 1- December 31, 2020)

1) vs. 3Q FY2019

- ◆ OP up ¥2.1billion (YOY+60%, 3Q FY2020 ¥5.6billion vs. 3Q FY2019 ¥3.5billion)
  - Chemicals OP up due to recovery of TEPIC and low price of feedstock and raw materials despite continued decline in melamine sales
  - Performance Materials OP up due to substantial sales increase in Semis Materials and recovery of Inorganic
  - Agro OP up mainly due to Fluralaner sales increase (no sales in 3Q FY2019)
  - Pharma OP down due to LIVALO sales decrease despite Custom Chemical sales increase
- ◆ Net income up ¥1.4billion (YOY+45%, 3Q FY2020 ¥4.5billion vs. 3Q FY2019 ¥3.1billion)

2) vs. 3Q FY2020 Outlook as of Nov. 2020 (see p2·p12·p30)

- ◆ OP above target ¥1.4billion (3Q FY2020 ¥5.6billion vs. 3Q FY2020 Outlook ¥4.2billion)
  - Chemicals OP in line with target due to recovery of melamine and low price of feedstock and raw materials despite sales below target in high purity sulfuric acid and environmental relates products
  - Performance Materials OP above target due to substantial sales increase in Display Materials and Semis Materials, and recovery of Inorganic
  - Agro OP below target due to sales below target in main products including GRACIA and ALTAIR
  - Pharma OP below target due to Custom Chemical sales below target
- ◆ Net income above target ¥0.8billion (3Q FY2020 ¥4.5billion vs. 3Q FY2020 Outlook ¥3.7billion)

(2) 1-3Q FY2020 (April 1- December 31, 2020) vs. 1-3Q FY2019

- ◆ OP up ¥2.1billion (YOY+9%, 1-3Q FY2020 ¥23.6billion vs. 1-3Q FY2019 ¥21.5billion)
  - Chemicals OP down due to sales decrease in melamine, TEPIC and environmental relates products despite low price of feedstock and raw materials
  - Performance Materials OP up due to substantial sales increase in Display Materials and Semis Materials, and fixed cost down
  - Agro OP down due to Fluralaner and GRACIA sales decrease (Fluralaner in line with target of 3Q FY2020) and fixed cost up
  - Pharma OP down due to LIVALO sales decrease despite Custom Chemical sales increase and fixed cost down
- ◆ Net income up ¥0.8billion (YOY+4%, 1-3Q FY2020 ¥18.4billion vs. 1-3Q FY2019 ¥17.6billion)

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Next, page three is the highlight of the financial results for the 3Q. First of all, (1) shows the YoY comparison for the third quarter alone. As you can see on the first line, operating profit was JPY5.6 billion, an increase of JPY2.1 billion, or 60%, compared to JPY3.5 billion in the same period of the previous year.

Operating profit increased for Chemicals, Performance Materials, and Agrochemicals, but decreased for Pharmaceuticals. I will explain details by each segment later. Net income was JPY4.5 billion, an increase of JPY1.4 billion, or 45%, from JPY3.1 billion in the same period of the previous year.

Next, 2) is the comparison with forecast.

Operating profit was JPY5.6 billion, JPY1.4 billion higher than the forecast of JPY4.2 billion. By segment, Chemicals was as expected, Performance Materials was higher than the outlook, Agrochemicals was lower, and Pharmaceuticals was lower. The forecast for net income was JPY3.7 billion, and the result was JPY4.5 billion, JPY0.8 billion higher.

Next, (2) is the total of the first through third quarters.

Operating profit was JPY23.6 billion, an increase of JPY2.1 billion from JPY21.5 billion for the same period of the previous year. This is a 9% increase. Operating profit decreased for Chemicals, increased for Performance Materials, decreased for Agrochemicals, and decreased for Pharmaceuticals. Last year, net income was JPY17.6 billion. This year, it was JPY18.4 billion, an increase of JPY0.8 billion or 4%.













## 3Q FY2020 Actual Highlight

### 2. Full Year FY2020 Outlook as of Nov. 2020 (see p30)

**No revision**

**(3Q results above outlook as of Nov. 2020, but 4Q possibly below the outlook)**

### 3. 4Q FY2020 Segment Sales Trend vs. 4Q FY2020 Outlook as of Nov. 2020 (see p11)

		vs. 4Q FY2020 Sales Outlook as of Nov. 2020	Sales Trend
			Estimated to be above target at present
			Estimated to be below target at present
			Estimated to be in line with target at present
Chem	Fine Chemicals		TEPIC (for both general applications and electronic materials) and environmental relates products estimated to be below target due to volume decrease
	Basic Chemicals		Melamine (export) estimated to be above target due to increased demand
P.M	Display		SUNEVER estimated to be below target due to shipment shifted to 3Q in sales of photo-alignment
	Semis		ARC® estimated to be above target due to maintenance of high operation capacity at major customers
	Inorganic		SNOWTEX (polishing) estimated to be above target due to sales increase
Agro	Agro		Estimated to be above target due to acquisition and smooth launch of DITHANE (see p24)
	Fluralaner		Royalties estimated to be below target due to impact of strong yen
Pharma	Drug Discovery		LIVALO (export) estimated to be below target due to volume decrease
	Custom Chemicals		GE API products estimated to be above target due to sales increase

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Next, page four. We will not change the full-year earnings forecast.

The results for the third quarter alone exceeded expectations, but we will not change the full-year earnings forecast as there is a possibility that the 4Q alone will fall below the forecast.

Below that, No. 3 describes the sales trends of major products by segment in the fourth quarter alone. The tendency is as shown by the arrow.

First is the Chemicals. Regarding Fine Chemicals, there is a high possibility that the quantity of TEPIC and environmental related products will be lower than expected. As for Basic Chemicals, there is a high possibility that the demand for export of melamine will be higher than expected.

Let's look at the Performance Materials. Regarding the Display, there is a high possibility that the sales will be down because some photo-alignment sales of SUNEVER were posted ahead of schedule in the third quarter. Regarding the Semis materials, there is a possibility that ARC see a higher sales than outlook due to high operation capacity at customers. Regarding Inorganic, sales of SNOWTEX's polishing materials are strong, and there is a possibility that this will also be above target.

Next is agrochemicals excluding Fluralaner in the Agrochemicals business. Sales of DITHANE will be above outlook, since it acquired the business from Corteva. I'll explain this later on page 24. Regarding Fluralaner, Royalties are estimated to be affected by the exchange rate, so there is a possibility of lower sales than the outlook.

Regarding Pharmaceuticals, we expect the volume of LIVALO to fall. Custom Chemicals will be above the outlook because generic API products are doing well.

Therefore, as I said, there are both positive and negative factors, so we will not change the forecast this time.

## 3Q FY2020 Review

< vs. 3Q FY2019 >

(Sales) ◆Up	¥ 2.2 billion	(+5%)	(+) Performance Materials, Agrochemicals, Trading (-) Chemicals, Pharmaceuticals
(OP) ◆Up	¥ 2.1 billion	(+60%)	(+) Chemicals, Performance Materials, Agrochemicals, Trading (-) Pharmaceuticals
(Ordinary Income) ◆Up	¥ 1.8 billion	(+48%)	
(Net Income) ◆Up	¥ 1.4 billion	(+45%)	
(EPS) ◆Up	¥ 9.79	(+46%)	

< vs. 3Q FY2020 Outlook as of November 2020 >

(Sales) ◆Down	¥ 1.0 billion		(+) Chemicals, Performance Materials (-) Agrochemicals, Pharmaceuticals, Trading
(OP) ◆Up	¥ 1.4 billion		(+) Performance Materials, Trading (±) Chemicals (-) Agrochemicals, Pharmaceutical
(Ordinary Income) ◆Up	¥ 1.1 billion		
(Net Income) ◆Up	¥ 0.8 billion		

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Please see page five. We skip the 3Q review.

## 1-3Q FY2020 Review

< vs. 1-3Q FY2019 >

<b>(Sales)</b> ◆ Up	¥ 0.2 billion	(+0%)	(+) Performance Materials, Trading (-) Chemicals, Agrochemicals, Pharmaceuticals
<b>(OP)</b> ◆ Up	¥ 2.1 billion	(+9%)	(+) Performance Materials, Trading (-) Chemicals, Agrochemicals, Pharmaceuticals
<b>(Ordinary Income)</b> ◆ Up	¥ 1.4 billion	(+6%)	
<b>(Extraordinary Income/Loss)</b> ◆ Up	¥ 0.2 billion		
	1-3Q FY2020 Up ¥1.1 billion		(Gain on sales of investment securities ¥1.1 billion, sales amount ¥2.3 billion, sold 13 listed companies shares, sold 100% of our shareholdings of 10 listed companies)
	1-3Q FY2019 Up ¥0.9 billion		
<b>(Net Income)</b> ◆ Up	¥ 0.8 billion	(+4%)	
<b>(EPS)</b> ◆ Up	¥ 7.00	(+6%)	

< Shareholders Return (Full Year Outlook) >

<b>(Dividend)</b> ◆ 1H ¥46/share, 2H ¥52/share	(dividend payout ratio : 45.1%) (1H up ¥4, 2H up ¥4 vs. FY2019) (No revision vs. FY2020 Outlook as of November 2020)
<b>(Share Repurchase)</b> ◆ ¥10.0 billion	• ¥7.0 billion, 1.33 million shares completed in July 2020 • ¥3.0 billion, 0.8 million shares announced in February 2021 (No revision vs. FY2019) (¥3.0 billion up vs. FY2020 Outlook as of November 2020)
<b>(Share Cancellation)</b> ◆ Cancelled 1.0 million shares in August 2020	
<b>(Total Payout Ratio)</b> ◆ 76.7% based on ¥98/share dividend and ¥10.0 billion share repurchase	(FY2019 Actual: 75.1%)

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Please refer to the 1-3Q review on page six. There is an extraordinary income/loss of 1.1 billion yen. As for breakdown, the gain on sales of securities was JPY1.1 billion for 13 issues. Of which, we sold all of the shares held for 10 issues.

Next, I would like to touch on shareholder returns. Regarding dividends, there is no change from the forecast as of the second quarter briefing session. We will pay JPY46 interim dividend and JPY52 year-end dividend.

An acquisition of treasury stock was carried out at JPY7 billion in the first half, and as announced today, it is planned that we will acquire JPY3 billion, or 800,000 shares, by the end of April from next week.

Total payout ratio is calculated to be 76.7% based on the current earnings forecast, assuming a dividend of JPY98 and a share repurchase of JPY10 billion.

## 1-3Q FY2020 Actual Non-Operating Income/Expenses, Extraordinary Income/Loss

(¥billion)

	FY2019 Actual			FY2020 Actual		
	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total
<b>Non-Operating Income</b>	1.36	0.55	1.91	0.95	0.64	1.59
Interest income, dividend income	0.37	0.31	0.68	0.35	0.36	0.71
Equity in earnings of affiliates	0.40	0.12	0.52	0.26	0.17	0.43
Foreign exchange gains	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.59	0.12	0.71	0.34	0.11	0.45
<b>Non-Operating Expenses</b>	0.74	0.13	0.87	0.76	0.43	1.19
Interest expense	0.07	0.03	0.10	0.05	0.01	0.06
Loss on disposal of non-current assets	0.20	0.10	0.30	0.29	0.14	0.43
Foreign exchange losses	0.22	-0.08	0.14	0.26	0.19	0.45
Others	0.25	0.08	0.33	0.16	0.09	0.25
<b>Extraordinary Income (1)</b>	1.69	0.04	1.73	1.09	-0.03	1.06
<b>Extraordinary Loss</b>	0.83	0.00	0.83	0.00	0.00	0.00

(1) Gain/loss on sales of investment securities

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Next, page seven is non-operating income/loss and extraordinary income/loss. Please take a look-see later.

## 1-3Q FY2020 Actual Cash Flows

	1-3Q FY2019 Actual	1-3Q FY2020 Actual	(¥billion)
<b>CF from operating activities</b>	<b>34.9</b>	<b>34.6</b>	
Income before income taxes & non-controlling interests	23.4	25.0	
Loss (gain) on sales of securities	-1.7	-1.1	
Depreciation and amortization (1)(2)	7.5	7.5	
Income taxes paid	-8.2	-10.8	
Working capital, others (2)	13.9	14.0	
<b>CF from investing activities</b>	<b>-12.9</b>	<b>-10.9</b>	
Purchase of PPE	-6.6	-6.0	
Purchase and sales of investment securities	2.6	2.2	
Others (3)	-8.9	-7.1	
<b>CF from financing activities</b>	<b>-40.0</b>	<b>-33.8</b>	
Payout to shareholders (dividend)	-12.4	-13.6	
Payout to shareholders (share repurchase)	-8.3	-7.0	
Borrowings	-16.7	-13.2	
Others (4)	-2.6	0.0	
Effect of exchange rate change on cash & cash equivalents	-0.2	0.0	
<b>Change in cash &amp; cash equivalents</b>	<b>-18.2</b>	<b>-10.1</b>	
<b>Cash &amp; cash equivalents at the end of period</b>	<b>18.0</b>	<b>20.6</b>	

(1) Including amortization of goodwill

(2) 1-3Q FY2019 Actual: Figures are revised due to the impact of recalculation of QUINTEC amortization (see p2)

(3) 1-3Q FY2019 Actual: Payments for acquisition of the QUINTEC business -6.3, Others -2.6

1-3Q FY2020 Actual: Payments for acquisition of the DITHANE business -5.4, Others -1.7

(4) 1-3Q FY2019 Actual: Setting up the trust for share repurchase -1.7,

Share repurchase related to Introduction of a performance-linked stock compensation plan -0.8, Others -0.1

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Next is page eight, cash flow.

For the first to third quarters, the free cash flow in FY2019 was JPY22 billion. Operating cash flow plus Investment cash flow was JPY22 billion. For the first to third quarters in the current fiscal year, free cash flow was JPY23.7 billion, an increase of JPY1.7 billion.

I would like to make two points here. The item "Others" with note (3) under the investment cash flow includes the fund for the acquisition of QUINTEC last year and the acquisition of DITHANE this year.

Of this amount of the item "Other" with (4), JPY1.7 billion is the unexecuted portion of the share buyback of last year. Last year, payout to shareholders (share repurchase) was JPY8.3 billion, and JPY1.7 billion has not been executed and has been deposited in a trust bank, so this negative figure is included.



## Balance Sheets (1)

(¥billion)

	2019/12	2020/3 (A)	2020/12 (B)	Change (B) - (A)		2019/12	2020/3 (A)	2020/12 (B)	Change (B) - (A)
<b>Current assets</b>	<b>125.8</b>	<b>154.2</b>	<b>130.5</b>	<b>-23.7</b>	<b>Liabilities</b>	<b>47.8</b>	<b>64.0</b>	<b>46.9</b>	<b>-17.1</b>
Cash	18.0	30.6	20.6	-10.0	Accounts payable	19.6	16.9	17.3	+0.4
Accounts receivable	47.8	72.5	47.3	-25.2	Borrowings	9.9	24.6	11.3	-13.3
Inventories	50.8	43.9	54.8	+10.9	Others	18.3	22.5	18.3	-4.2
Others	9.2	7.2	7.8	+0.6	<b>Net assets</b>	<b>177.1</b>	<b>185.5</b>	<b>186.9</b>	<b>+1.4</b>
<b>Fixed assets</b>	<b>99.1</b>	<b>95.3</b>	<b>103.3</b>	<b>+8.0</b>	<b>Shareholders' equity</b>	<b>165.6</b>	<b>177.1</b>	<b>174.8</b>	<b>-2.3</b>
Total PPE	52.6	51.6	51.5	-0.1	Valuation difference on available-for-sale securities	10.0	7.8	10.8	+3.0
Intangible assets	7.5	7.4	12.3	+4.9	Foreign currency translation adjustment	-0.4	-0.9	-0.4	+0.5
Investment securities*	33.6	30.9	34.3	+3.4	<b>Non-controlling interests</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>+0.1</b>
Others	5.4	5.4	5.2	-0.2	Remeasurements of defined benefit plans	0.3	-0.1	0.0	+0.1
<b>Total assets</b>	<b>224.9</b>	<b>249.5</b>	<b>233.8</b>	<b>-15.7</b>	<b>Total liabilities &amp; Net assets</b>	<b>224.9</b>	<b>249.5</b>	<b>233.8</b>	<b>-15.7</b>
*Investment securities					• Equity Ratio	78.0%	73.7%	79.2%	
Listed shares	23.9	20.7	23.8	+3.1	• D/E Ratio (1)	-4.9%	-3.4%	-5.3%	
Unlisted shares	2.5	2.6	2.7	+0.1	• Change in shareholders' equity -2.3				
Subsidiaries/Associates shares	7.2	7.6	7.8	+0.2	= Net Income 18.4 - Dividend and others 20.7				
Total	33.6	30.9	34.3	+3.4	(1)D/E Ratio = (Borrowings - Cash) / Shareholders' equity				

(1) 2019/12: Figures are revised due to the impact of recalculation of QUINTEC amortization (see p2)

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Next, let's go to page nine, the balance sheet.

As you know, the pattern of our results changes greatly depending on the trends of accounts receivable and inventories of Agrochemicals, so here we have a comparison table for December 2019, March 2020, and December 2020.

Accounts receivable was JPY72.5 billion in March 2020. It was JPY47.3 billion in December 2020. This decrease of JPY25.2 billion is mostly due to the recovery of accounts receivable for Agrochemicals. This JPY47.3 billion is almost the same as JPY47.8 billion in December 2019.

On the other hand, as for inventories below that, this time we are in the process of making up for March and April in the current fiscal year, but it is about JPY4 billion more than December 2019. The main reason for this is the increase in inventory of ALTAIR and GRACIA.

Intangible assets were JPY7.4 billion in March and JPY12.3 billion this term. Most of the increase was the increase in intangible fixed assets related to the acquisition of DITHANE.

Listed shares in investment securities were JPY20.7 billion in March. We also sold the stock in the current fiscal year, but since the overall stock price has risen, listed shares have increased by JPY3.1 billion.

Equity ratio was 79.2% at the end of December.

## FY2019-20 Sales by Segment (1)(2)(3)

(¥billion)

	FY2019 Actual (A)			FY2020 Actual (B)			YOY Change (B)-(A)			FY2020 Outlook (C) as of Nov. 2020		vs. Outlook (B)-(C)	FY2020 Outlook as of Nov. 2020
	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	3Q	1-3Q Total		4Q
<b>Chem</b>	16.8	8.7	25.5	14.7	8.3	23.0	-2.1	-0.4	-2.5	8.1	22.8	+0.2	8.9
<b>Fine</b>	5.2	2.6	7.8	5.4	2.8	8.2	+0.2	+0.2	+0.4	2.9	8.3	-0.1	3.5
<b>Basic</b>	11.6	6.1	17.7	9.3	5.5	14.8	-2.3	-0.6	-2.9	5.2	14.5	+0.3	5.4
<b>Performance Materials</b>	31.4	17.0	48.4	34.6	19.2	53.8	+3.2	+2.2	+5.4	17.5	52.1	+1.7	17.7
<b>Agro</b>	27.9	5.5	33.4	25.7	6.3	32.0	-2.2	+0.8	-1.4	8.2	33.9	-1.9	30.7
<b>Pharma</b>	3.4	1.6	5.0	3.0	1.4	4.4	-0.4	-0.2	-0.6	1.6	4.6	-0.2	2.2
<b>D.D</b>	2.1	0.9	3.0	1.5	0.6	2.1	-0.6	-0.3	-0.9	0.6	2.1	0.0	0.9
<b>C.C</b>	1.3	0.6	1.9	1.5	0.8	2.3	+0.2	+0.2	+0.4	1.0	2.5	-0.2	1.3
<b>Trading</b>	33.3	17.5	50.8	33.7	17.8	51.5	+0.4	+0.3	+0.7	17.9	51.6	-0.1	17.5
<b>Others</b>	9.8	5.1	14.9	9.4	6.8	16.2	-0.4	+1.7	+1.3	6.4	15.8	+0.4	7.6
<b>Adjustment</b>	-26.1	-13.9	-40.0	-26.6	-16.1	-42.7	-0.5	-2.2	-2.7	-15.0	-41.6	-1.1	-14.3
<b>Total</b>	96.5	41.5	138.0	94.5	43.7	138.2	-2.0	+2.2	+0.2	44.7	139.2	-1.0	70.3

(1) Including inter-segment sales/transfers

(2) In the Pharmaceuticals segment, figures are rounded to the nearest 100 million yen. Accordingly, some discrepancies may occur among totals.

(3) In FY2020, FINEOXOCOL (FO, cosmetic raw materials) was transferred from Basic Chemicals to Fine Chemicals

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Next, let's look at the segment analysis. Page 11 is a table of sales.

## FY2019-20 OP by Segment (1)(2)(3)

(¥billion)

	FY2019 Actual (A)			FY2020 Actual (B)			YOY Change (B)-(A)			FY2020 Outlook (C) as of Nov.2020		vs. Outlook (B)-(C)	FY2020 Outlook as of Nov.2020
	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	3Q	1-3Q Total		4Q
Chem	0.3	0.5	0.8	-0.1	0.7	0.6	-0.4	+0.2	-0.2	0.7	0.6	0.0	0.6
Performance Materials	8.4	4.7	13.1	10.7	6.3	17.0	+2.3	+1.6	+3.9	4.9	15.6	+1.4	5.0
Agro	9.4	-1.8	7.6	7.8	-1.3	6.5	-1.6	+0.5	-1.1	-0.7	7.1	-0.6	11.6
Pharma	0.5	0.1	0.6	0.0	0.0	0.0	-0.5	-0.1	-0.6	0.1	0.1	-0.1	0.5
D.D	0.0	-0.2	-0.1	-0.4	-0.3	-0.7	-0.4	-0.2	-0.6	-0.4	-0.7	0.0	-0.1
C.C	0.5	0.2	0.7	0.4	0.3	0.7	-0.1	+0.1	0.0	0.4	0.8	-0.1	0.6
Trading	1.0	0.6	1.6	1.2	0.7	1.9	+0.2	+0.1	+0.3	0.5	1.7	+0.2	0.4
Others	0.1	0.1	0.2	0.0	0.4	0.4	-0.1	+0.3	+0.2	0.1	0.1	+0.3	0.5
Adjustment	-1.7	-0.7	-2.4	-1.6	-1.2	-2.8	+0.1	-0.5	-0.4	-1.4	-3.0	+0.2	-0.5
<b>Total</b>	<b>18.0</b>	<b>3.5</b>	<b>21.5</b>	<b>18.0</b>	<b>5.6</b>	<b>23.6</b>	<b>0.0</b>	<b>+2.1</b>	<b>+2.1</b>	<b>4.2</b>	<b>22.2</b>	<b>+1.4</b>	<b>18.1</b>

- (1) OP is calculated by new method
1. Applied from FY2020 (no change for sales segmentation)
  2. FY2019 restated based on new methods
  3. Consolidation items (such as unrealized gain on inventories)
    - (Old method) Included in each segment
    - (New method) Excluded from each segment and included in "Adjustment"
- (2) In the Pharmaceuticals segment, figures are rounded to the nearest 100 million yen. Accordingly, some discrepancies may occur among totals.
- (3) FY2019 Actual: Figures have been revised in Adjustment and Total due to the impact of recalculation of QUINTEC amortization (see p2)

12

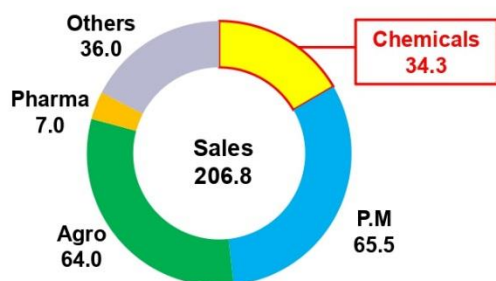
Please go to page 12. Operating profit.

I would like to talk about the cumulative total of the first to third quarters compared to the same period of the previous year, which is indicated in the middle of the table. For Chemicals, the cumulative total of 1Q to 3Q decreased by JPY0.2 billion. For Performance Materials, Cumulative operating profit increased by JPY3.9 billion. For Agrochemicals, it decreased by JPY1.1 billion. For Pharmaceuticals, it decreased by JPY0.6 billion. For Trading, it increased by JPY0.3 billion. The total result including others increased by JPY2.1 billion.

For a comparison with the 3Q forecast, please see (B)-(C) on the right. Operating profit of Chemicals for the 3Q was as expected. Operating profit for the Performance Materials was JPY1.4 billion higher than the outlook. For the Agrochemicals, operating profit was JPY0.6 billion higher than the outlook. Pharmaceuticals saw a lower operating profit by JPY0.1 billion. Including others, the overall result was JPY1.4 billion higher than the outlook.

# Chemicals – (A) Recent Financial Performance

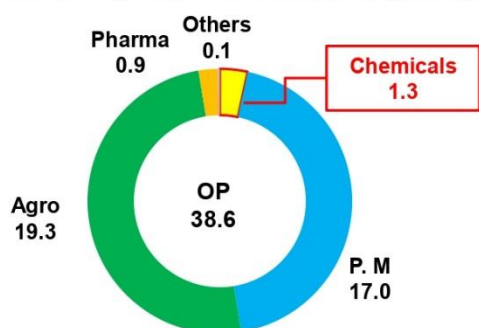
1. FY2019 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



2. FY2019 OP Distribution (New method\*) (¥billion)



\*OP is calculated by new method (see p12)

13

Next is the status of each segment.

First, Chemicals. Page 13. It is a table of sales, operating profit, financial performance trends, and profit margin trends as usual.

## Chemicals – (B) 1-3Q FY2020 Sales YOY Change

Main Products		YOY Change		vs. Plan as of Nov. 2020 (undisclosed)
		3Q	1-3Q	
TEPIC	<ul style="list-style-type: none"> <li>◆ Epoxy compound for : (A) electronic materials (solder resist, LED materials), (B) general applications such as powder coating agent for paint</li> <li>◆ World largest producer</li> </ul>	+10%	-3%	above
Environmental related products	<ul style="list-style-type: none"> <li>◆ HI-LITE : made from chlorinated isocyanuric acid, used for sterilizing, disinfectant for swimming pool as well as water purification tank</li> </ul>	+2%	-6%	below
<b>Total Fine Chemicals</b> <small>Two products account for 74% of total consolidated subsegment sales (1-3Q FY2020)</small>		<b>+14%</b>	<b>+6%</b>	<b>below</b>

Main Products		YOY Change		vs. Plan as of Nov. 2020 (undisclosed)
		3Q	1-3Q	
Melamine	<ul style="list-style-type: none"> <li>◆ Mainly used as adhesive agent for particle board, medium density fiberboard, plywood</li> </ul>	-37%	-49%	above
Urea including AdBlue	<ul style="list-style-type: none"> <li>◆ Urea: mainly used for urea formaldehyde resin, adhesive agent</li> <li>◆ AdBlue: solution of urea in demineralised water for diesel trucks to reduce Nox</li> </ul>	+3%	-2%	above
High purity sulfuric acid	<ul style="list-style-type: none"> <li>◆ Used to clean semiconductors</li> <li>◆ Largest in domestic market</li> </ul>	+8%	+12%	below
Nitric acid products	<ul style="list-style-type: none"> <li>◆ Nitric acid, nitrous acid and nitrate of soda: Metal dissolution, surface treatment, antifoam agent</li> </ul>	+11%	+2%	above
<b>Total Basic Chemicals</b> <small>Four products account for 53% of total consolidated subsegment sales (1-3Q FY2020)</small>		<b>-11%</b>	<b>-17%</b>	<b>above</b>

\*In FY2020, FINEOXOCOL (FO, cosmetic raw materials) was transferred from Basic Chemicals to Fine Chemicals

14

Page 14 shows the growth rate of sales of major products.

I would like to talk about individual products along with profit trends. Looking at this table, the total increase for Fine Chemicals was 6% in 1Q to 3Q, which is lower than expected.

Next is the Basic Chemicals. A total for the 1Q to 3Q declined 17%. This is a better figure than forecast.

## Chemicals – (C) Profit Overview

(¥billion)

	FY2019 Actual (A)	FY2020 Actual (B)	YOY Change (B) - (A)	FY2020 Outlook as of Nov. 2020 (C)	FY2020 Actual vs. Outlook (B) - (C)	FY2019 Actual (D)	FY2020 Actual (E)	YOY Change (E) - (D)	FY2020 Outlook as of Nov. 2020
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q	1-3Q	4Q
Sales	8.7	8.3	-0.4	8.1	+0.2	25.5	23.0	-2.5	8.9
Fine	2.6	2.8	+0.2	2.9	-0.1	7.8	8.2	+0.4	3.5
Basic	6.1	5.5	-0.6	5.2	+0.3	17.7	14.8	-2.9	5.4
OP	0.5	0.7	+0.2	0.7	0.0	0.8	0.6	-0.2	0.6

\*In FY2020, FINEOXOCOL (FO, cosmetic raw materials) was transferred from Basic Chemicals to Fine Chemicals

FO Sales amounts are as follows:  
 3Q FY2019: ¥0.4 billion  
 3Q FY2020: ¥0.3 billion  
 1-3Q FY2019: ¥1.1 billion  
 1-3Q FY2020: ¥0.9 billion

### 3Q FY2020 Review

<vs. 3Q FY2019>

(Fine)

- ◆ Sales up: TEPIC for general applications (export), TEPIC for electronic materials (demand recovery), environmental related products
- ◆ Sales up (Including positive impact of FO\* transferred), OP up

(Basic)

- ◆ Sales up: urea including AdBlue, high purity sulfuric acid, nitric acid products
- ◆ Sales down: export melamine (due to reduction of low margin deals), domestic melamine
- ◆ Feedstock and raw materials cost down
- ◆ Sales down (Including negative impact of FO\* transferred), OP up

(Total)

- ◆ Sales down ¥0.4 billion, OP up ¥0.2 billion

### 3Q FY2020 Review

<vs. 3Q FY2020 Outlook as of Nov. 2020>

(Fine)

- ◆ Sales above target: TEPIC for general applications (export), TEPIC for electronic materials (demand recovery for cars)
- ◆ Sales below target: environmental related products, FO and others
- ◆ Inventory adjustment cost above expectations
- ◆ Sales below target, OP below target

(Basic)

- ◆ Sales above target: melamine (demand recovery for domestic and export), urea including AdBlue, nitric acid products
- ◆ Sales below target: high purity sulfuric acid
- ◆ Feedstock and raw materials cost below expectations
- ◆ Sales above target, OP above target

(Total)

- ◆ Sales up ¥0.2 billion, OP in line with target

### 1-3Q FY2020 Review

<vs. 1-3Q FY2019>

(Fine)

- ◆ Sales down: TEPIC for general applications (export), TEPIC for electronic materials (for cars), environmental related products (export up, sluggish demand for domestic pools)
- ◆ Feedstock and raw materials cost down
- ◆ Sales up (Including positive impact of FO\* transferred), OP up

(Basic)

- ◆ Sales up: high purity sulfuric acid (for semis), nitric acid products
- ◆ Sales down: export melamine (due to reduction of low margin deals), domestic melamine, urea including AdBlue
- ◆ Feedstock and raw materials cost down
- ◆ Sales down (Including negative impact of FO\* transferred), OP down

(Total)

- ◆ Sales down ¥2.5 billion, OP down ¥0.2 billion

15

On the next 15 pages, I will explain the earnings trends of Chemicals.

First of all, as described right of the table, the product called FINEOXOCOL has been shifting from Basic Chemicals to Fine Chemicals from this term, so this had an effect on figures. All figures are calculated on the assumption that FINEOXOCOL is included in Basic Chemicals in FY2019 and in Fine Chemicals in FY2020.

First of all, as for the YoY comparison of the third quarter results of FY2020, in Fine Chemicals, sales from TEPIC for general applications increased. Sales from TEPIC for powder coatings have slightly recovered. TEPIC for electronic materials has made recovery in the area of printed circuit board for automobiles. Sales from environmental products have also recovered slightly. Including the transfer of FINEOXOCOL, sales increased and operating profit has also increased.

Next, Basic Chemicals. Urea including AdBlue, high-purity sulfuric acid, and nitric acid products increased sales, while melamine exports continued to decrease. Melamine domestic has also decreased sales.

On the other hand, due to the low price of raw materials and fuels, sales decreased, but operating profit increased. For the segment as a whole, sales decreased by JPY0.4 billion and operating profit increased by JPY0.2 billion.

Next is the comparison between the 3Q results and the forecasts. In Fine Chemicals, TEPIC for general application and for electronic materials saw higher results. Environmental related products and FINEOXOCOL saw lower results.

Due to the impact of inventory fluctuations, the downturn in the production of environmental products had a negative effect, and as a result, both sales and operating profit of fine chemicals were below forecasts.

As for Basic Chemicals, results for export and domestic melamine, urea including AdBlue, and nitric acid products were above forecasts. The results for high-purity sulfuric acid were below forecasts. Here, the low price of raw materials and fuel has worked positively, and both sales and profits were higher than forecasts. In total, in the segment, sales were JPY0.2 billion higher and operating profit was as expected.

Let's look at 1Q to 3Q cumulative on the right side.

In fine chemicals, TEPIC for general application declined due to the slump in the first half. Also as for TEPIC for electronic materials, the cumulative total for 3Q decreased due to the decline in the first half. Environmental products declined due to sales for domestic pools and spas have decreased despite sales for export has increased.

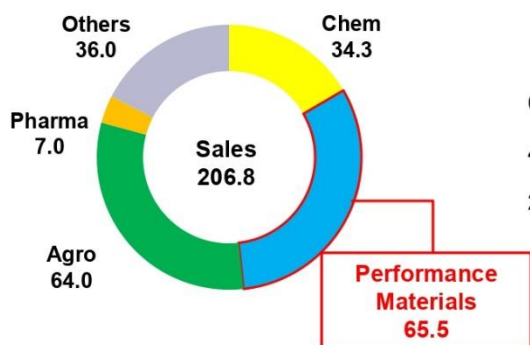
On the other hand, the low price of raw materials and fuel has been effective for three consecutive quarters. As a result, sales increased and operating profit also increased.

Next, basic chemicals. Sales increased for high-purity sulfuric acid and nitric acid products for semiconductors. Sales declined for domestic and export melamine and urea including AdBlue. As with fine chemicals, the low price of raw materials and fuel had a positive effect. In basic chemicals, both sales and operating profit decreased.

Overall, sales decreased by JPY2.5 billion, but operating profit decreased only JPY0.2 billion.

## Performance Materials – (A) Recent Financial Performance

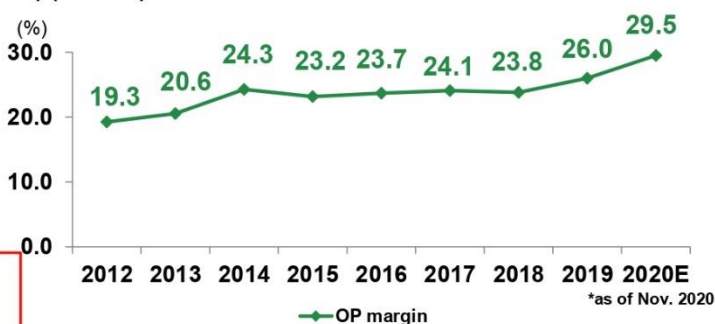
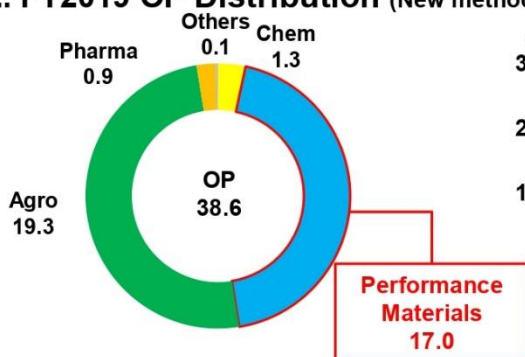
1. FY2019 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



2. FY2019 OP Distribution (New method\*) (¥billion)

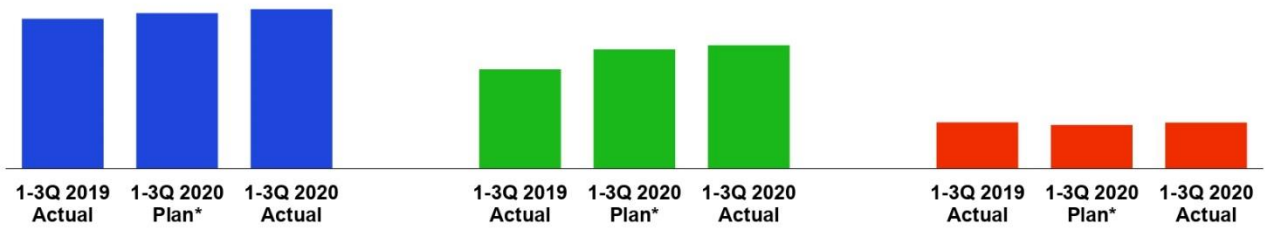


17

Next, we will move on to the Performance Materials on page 17. Page 17 shows the movement of sales and operating profit as with Chemicals.

# Performance Materials – (B) 1-3Q FY2020 Sales Distribution

\*Plan as of November 2020 (undisclosed)



## < Display Materials >

SUNEVER : LCD alignment coating

## < Semis Materials >

ARC® :Bottom anti-reflective coating for semis  
 Multi layer process materials (OptiStack®)  
 Other new materials:  
 EUV materials,  
 CMOS image sensor materials,  
 3D packaging process materials

## < Inorganic >

SNOWTEX : Silica sol for:  
 polishing materials (silicon wafer, compound semiconductors, semiconductors CMP and etc.) and non-polishing materials (special steel sheet and etc.)

Organo/Monomer Sol : Hard coating materials, electronic information materials, resin additive

Oilfield materials : For enhancing oil recovery

18

Then, page 18 is a bar graph for 1Q to 3Q results of displays, semis, and inorganic in FY2019, plans for FY2020, results for FY2020, respectively.



## Performance Materials – (C) 1-3Q FY2020 Sales YOY Change

Main Products	YOY Change		vs. Plan as of Nov. 2020 (undisclosed)
	3Q	1-3Q	
Total SUNEVER	+5%	+7%	above
Total Display Materials	+5%	+6%	above
KrF (ARC®)	+18%	+15%	above
ArF (ARC®)	+20%	+18%	above
Total ARC®	+21%	+18%	above
Other Semis Materials (1)	+30%	+43%	above
Total Semis Materials	+23%	+24%	above

Main Products	YOY Change		vs. Plan as of Nov. 2020 (undisclosed)
	3Q	1-3Q	
SNOWTEX	+9%	+4%	above
Organo Monomer Sol	+24%	-3%	above
Oilfield Materials	+112%	+2%	above
Total Inorganic	+15%	-1%	above

(1) Multi layer process materials (OptiStack®), EUV materials, CMOS image sensor materials, 3D packaging process materials, etc.

19

Next, page 19 shows the growth rate of sales of major products.

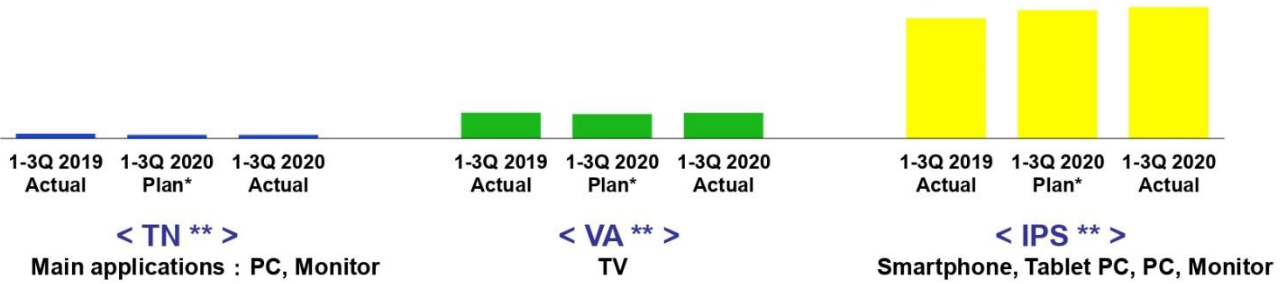
SUNEVER increased sales by 7% in total of 1Q to 3Q. It is above the plan.

Sales of semiconductor materials increased by 24%. It is also above the plan.

In inorganic, SNOWTEX saw a 4% increase. Organo/Monomer sol saw a decline of 3%. Oilfield Materials saw a 2% increase as new contracts are in the third quarter. Sales of inorganic decreased 1% as a whole.

# Performance Materials – (D) SUNEVER

## <SUNEVER Sales Distribution by Mode>



\*Plan as of November 2020 (undisclosed)

\*\*TN : Twisted Nematic, VA : Vertical Alignment, IPS : In-Plane Switching

## < SUNEVER Sales Review by Mode >

	YOY Change		vs. Plan as of Nov. 2020 (undisclosed)
	3Q	1-3Q	
TN	↘↘	↘↘↘	Above
VA	↗	↘	Above
IPS	↗	↗	Above
Total	+5%	+7%	Above

YOY Change	
+10~+19%	↗↗
+0~+9%	↗
-0~-9%	↘
-10~-19%	↘↘
-20~-29%	↘↘↘

20

Then turn to page 20. It is the trend of SUNEVER by mode. As you can see, sales from TN decreased and from VA increased in the 3Q. IPS, the sum of rubbing and Photo, resulted in an increase in sales.

## Performance Materials – (E) Profit Overview

	FY2019 Actual (A)	FY2020 Actual (B)	YOY Change (B) - (A)	FY2020 Outlook as of Nov. 2020 (C)	FY2020 Actual vs. Outlook (B) - (C)	FY2019 Actual (D)	FY2020 Actual (E)	YOY Change (E) - (D)	FY2020 Outlook as of Nov. 2020
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q	1-3Q	4Q
Sales	17.0	19.2	+2.2	17.5	+1.7	48.4	53.8	+5.4	17.7
OP	4.7	6.3	+1.6	4.9	+1.4	13.1	17.0	+3.9	5.0

(¥billion)

other new materials: EUV materials, CMOS image sensor materials, 3D packaging process materials total

### 3Q FY2020 Review

<vs. 3Q FY2019>

- ◆ DP sales up, OP down  
Photo IPS up (non-smartphone up), rubbing IPS down, VA up, TN down  
Fixed cost up ¥0.2 billion
- ◆ Semis Materials sales up, OP up  
ARC® up, other semis materials up (multi layer materials and other new materials up)  
Steadily growing semis market overall  
Fixed cost down ¥0.1 billion
- ◆ Inorganic Materials sales up, OP up  
SNOWTEX up (non-polishing flat, polishing up), Organo/Monomer Sol up, Oilfield materials up (new order)  
Fixed cost down ¥0.1 billion
- ◆ Sales up ¥2.2 billion, OP up ¥1.6 billion

### 3Q FY2020 Review

<vs. 3Q FY2020 Outlook as of Nov. 2020>

- ◆ DP sales above target, OP above target  
Photo IPS above target  
(smartphone and non-smartphone above target), rubbing IPS above target (non-smartphone above target), VA above target, TN above target
- ◆ Semis Materials sales above target, OP above target  
ARC® above target, other semis materials above target (multi layer materials and other new materials above target)  
Steadily growing semis market overall  
Fixed cost below expectations (¥0.1 billion)
- ◆ Inorganic Materials sales above target, OP above target  
SNOWTEX above target  
(non-polishing and polishing above target), Organo/Monomer Sol above target, Oilfield materials above target (new order)
- ◆ Fixed cost below expectations (¥1.0 billion) in total
- ◆ Sales up ¥1.7 billion, OP up ¥1.4 billion

### 1-3Q FY2020 Review

<vs. 1-3Q FY2019>

- ◆ DP sales up, OP up  
Photo IPS up (non-smartphone up), rubbing IPS down (shifted to photo IPS despite non-smartphone up), VA down, TN down  
Fixed cost up ¥0.4 billion
- ◆ Semis Materials sales up, OP up  
ARC® up, other semis materials up (multi layer materials and other new materials up)  
Steadily growing semis market overall  
Fixed cost down ¥0.7 billion
- ◆ Inorganic Materials sales down, OP up  
SNOWTEX up (non-polishing down, polishing up), Organo/Monomer Sol down, Oilfield materials up (new order)  
Fixed cost down ¥0.4 billion
- ◆ Fixed cost down ¥0.8 billion in total (including common expenses down ¥0.1 billion)
- ◆ Sales up ¥5.4 billion, OP up ¥3.9 billion

21

Next is the earnings trend of the Performance Materials. Please turn to page 21.

First of all, please refer to the YoY comparison of 3Q results on the leftmost. Sales of displays increased, while operating profit decreased. Sales of Photo IPS for non-smartphones, for notebook PCs, tablets, monitors, et cetera were very strong and increased.

On the other hand, rubbing IPS saw a decline due to the shift to Photo. Sales of VA increased. Sales of TN decreased. Sales increased, but fixed costs increased, including testing costs and factory depreciation costs. As a result of the increase in this area, sales increased and operating profit decreased in the 3Q.

In semis, sales and operating profit increased. ARC and other products have all performed very well, and we achieved a significant increase in sales and operating profit, partly due to a slight decrease in fixed costs.

Looking at inorganic, the non-polishing of SNOWTEX was flat, but sales increased mainly for polishing of silicon wafer. Sales of Organo/Monomer sol increased. Sales of oilfield materials have increased for the first time in a while.

Sales for the entire segment increased by JPY2.2 billion, resulting in an increase in operating profit of JPY1.6 billion.

The comparison with the forecast is in the middle. Sales from display were above forecast due to similar factors. Operating profit has also exceeded the forecast. Sales and operating profit of semiconductor materials are also significantly higher than the forecast. Results for ARC, multi-layer materials, and other new materials were all above forecasts.

Sales and operating profit of inorganic materials were also above forecasts. SNOWTEX saw a higher results. Organo/Monomer sol and oilfield materials were also above forecasts. As a whole, the reduction of fixed costs was a small amount of JPY0.1 billion, but overall sales were JPY1.7 billion higher than the forecast. Operating profit was also significantly higher at JPY1.4 billion.

The rightmost is the cumulative value of 1Q to 3Q.

Sales and operating profit of display materials increased, supported by strong sales of Photo IPS for non-smartphone applications, while sales of rubbing IPS decreased. VA sales declined, and TN sales declined, but overall operating profit increased. Fixed costs have increased by JPY0.4 billion in this area.

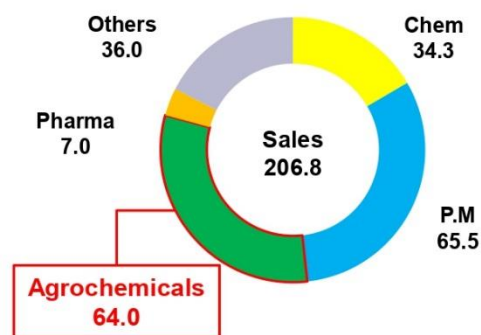
On the other hand, as I mentioned earlier, semis are performing very well, so we have secured a significant increase in sales and profit, and fixed costs reduction of JPY0.7 billion also had a positive effect.

As for inorganic, sales decreased while operating profit increased, due to fixed cost reduction of JPY0.4 billion.

For the total segment, fixed costs have decreased by JPY0.8 billion in the cumulative total of 1Q to 3Q. Overall, sales increased by JPY5.4 billion. Operating profit also increased by JPY3.9 billion.

## Agrochemicals – (A) Recent Financial Performance

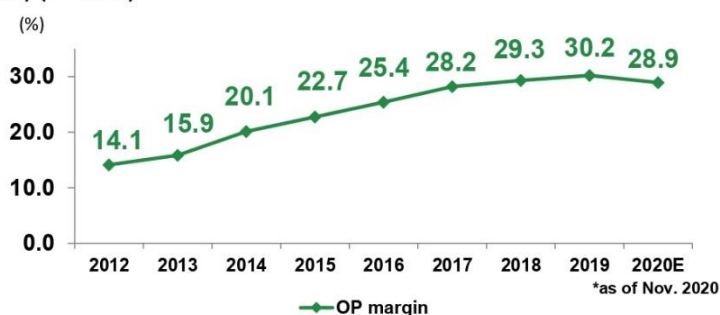
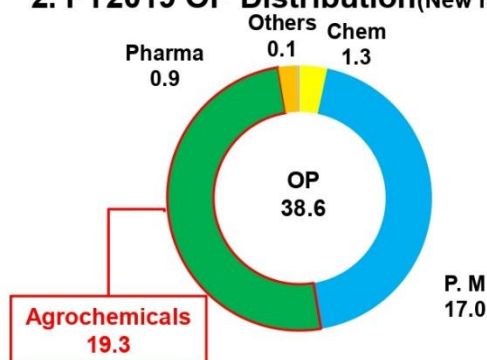
1. FY2019 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



2. FY2019 OP Distribution (New method\*) (¥billion)



\*OP is calculated by new method (see p12)

23

Next is the Agrochemicals. Please turn to page 23. As with other segments, this is a table of sales, operating profit, and business performance trends.

## Agrochemicals- (B) 1-3Q FY2020 Sales YOY Change (Before Discount)

Main Products (in order of FY2019 sales amount)		YOY Change	vs. Plan as of Nov. 2020 (undisclosed)
		1-3Q	
Fluralaner	Animal health products	-15%	in line
ROUNDUP (1)	Herbicide	+3%	above
ALTAIR	Herbicide	+5%	below
TARGA	Herbicide	-1%	below
GRACIA	Insecticide	-22%	below
PERMIT	Herbicide	+5%	above
LEIMAY	Fungicide	-5%	below
QUINTEC	Fungicide	over +2,800%	below
Total segment	-	-4%	below

◆ No.1 in the domestic agrochemicals sales ranking (October 2017- September 2018)

⇒See presentation materials for the ROUNDUP business briefing held on January 22, 2020

[https://www.nissanchem.co.jp/eng/news\\_release/release/en2020\\_01\\_24.pdf](https://www.nissanchem.co.jp/eng/news_release/release/en2020_01_24.pdf)

(1) ROUNDUP AL for general household accounting for 29% of 1-3Q FY2020 ROUNDUP sales

### ◆QUINTEC (QUINOXYFEN)

·Acquired the QUINOXYFEN product line of fungicides including QUINTEC brand from Corteva in November 2019 and started to sell in December 2019

·Protective fungicide highly effective in controlling powdery mildew in fruits (especially grapes) and vegetables, mainly sold in USA

### ◆DITHANE (MANCOZEB)(new added)

·Acquired the MANCOZEB product line of fungicides in Japan and Korea including DITHANE brand from Corteva in December 2020 and started to sell in January 2021 in Japan

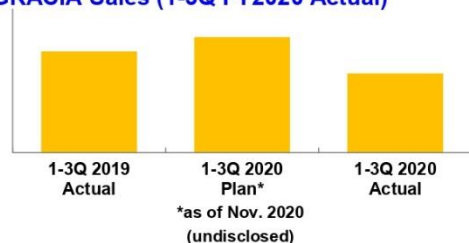
·Protective fungicide with significant efficacy against various plant diseases in fruits (especially apples and citrus) and vegetables

<DITHANE Acquisition's estimated PL impact> (¥billion, round number)

	OP	OP + Amortization
FY2020	0.0	0.2
FY2021	0.0	1.0
Total FY2022-26	1.0	5.0

Sources: our news release announced on December 21, 2020  
Amortization: 5 year straight line method subject to audit

### ◆GRACIA Sales (1-3Q FY2020 Actual)



For GRACIA Sales Long-term Growth Forecast, see p36 of presentation materials for 2Q FY2020 (announced on Nov. 12, 2020)

24

For individual products, see the table on the left on page 24.

The YoY sales trend of the cumulative total of 1Q to 3Q is shown.

Sales from Fluralaner decreased 15%, which is in line with the 3Q plan.

Sales from ROUNDUP increased 3%. Sales from ALTAIR also increased 5%. The result of ROUNDUP was above the plan, while ALTAIR was below.

Sales of TARGA decreased 1%, below the plan. Sales of GRACIA decreased 22%, far below the plan.

Sales of PERMIT increased 5%, above the plan. Sales of LEIMAY decreased 5%, below the plan. QUINTEC was just launched in December 2019, so it made a huge increase, but it was below the plan.

As for the total segment, sales declined 4% YoY, which was below the plan.

In summary, the 1Q to 3Q cumulative total sales increased YoY in QUINTEC, ROUNDUP, ALTAIR, et cetera, but the sales decrease in Fluralaner and GRACIA was far larger.

For GRACIA, please see the brown bar graph at the bottom left. You see the actual value for 1-3Q FY2019, the planned value for 1-3Q FY2020, and the actual value for 1-3Q FY2020.

As you can see, in the 1-3Q of this fiscal year, the results were lower than the actual result in FY2019 and far below the plan.

In the first half of the year, the weather was very unseasonable, so there were very few pests due to low temperatures and inventory was piled up. Even in the third quarter, there was a long autumn rain in Japan, so inventory could not be reduced.

In the third quarter, the weather was unseasonable due to the large number of autumn typhoons in South Korea. As a result, sales of GRACIA was far below the plan.

Then, about DITHANE is written in red on the right side.

We acquired Japanese and Korean businesses from Corteva in December of last year, and started domestic sales in this January. This is a protective fungicide for fruit trees, especially apples and citrus fruits, and vegetables, and it has rain resistance, has a very large mechanism of action, and is stable with very little resistance.

DITHANE's earnings forecast is as written below. Operating profit is calculated under the five year straight line method of amortization.

As a result of the audit, the depreciation of QUINTEC has been decided to be about eight years. DITHANE has not yet been audited, so we have tentatively calculated it in five years.

## Agrochemicals – (C) Fluralaner

◆ **Fluralaner** \*MSD: MSD Animal Health, the global animal health business unit of Merck

- Invented by NCC and supplied to MSD\* as the active pharmaceutical ingredient of BRAVECTO and EXZOLT
- Currently, BRAVECTO series and EXZOLT are available in 100 countries
- Compound patent
  - Fluralaner's compound patent expires in March 2025, but many countries have a patent term extension system
    - Some EU countries including UK, France, Germany – already extended to February 2029
    - USA, etc. – applications under examination

◆ **BRAVECTO**

- Developed and launched by MSD
- Veterinary medical products providing 12 weeks of continuous protection for dogs and cats against fleas and ticks with immediate effect, nearly 3 times longer than any monthly products in the market.
- Chewable tablet for dogs
  - April 2014 Europe, June 2014 USA, July 2015 Japan, July 2019 China
  - July 2020 monthly chews for puppies in USA
- Spot-on solution for dogs and cats
  - for cats: July 2016 EU, December 2016 USA, June 2018 Japan
  - for dogs: January 2017 USA, EU, August 2020 Japan(approved)

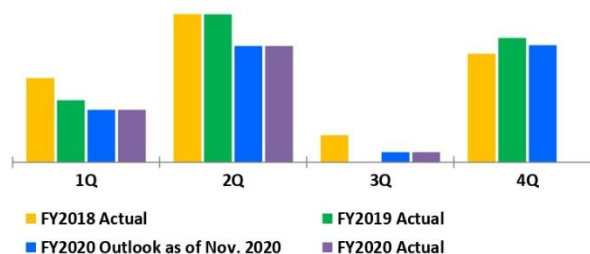


◆ **BRAVECTO Plus**

- A broad-spectrum combination spot-on solution for cats to treat internal and external parasite infestations
- July 2018 Europe, December 2019 USA, August 2020 Japan(approved)

◆ **EXZOLT**

- A poultry medicine against red mite launched by MSD (administered via drinking water)
- September 2017 Europe, June 2018 Korea, and Middle East etc.



25

Next, go to page 25. This is Fluralaner. There's no big news for the third quarter, but take a look at this bar chart.

The green is the results for FY2019. As you can see, last year, the business had no sales in the third quarter. Sales for this fiscal year was as expected, as shown in purple.

In the fourth quarter, there will also be large shipments and royalties revenue.

## Agrochemicals – (D) Profit Overview

									(¥billion)
	FY2019 Actual (A)	FY2020 Actual (B)	YOY Change (B) - (A)	FY2020 Outlook as of Nov. 2020 (C)	FY2020 Actual vs. Outlook (B) - (C)	FY2019 Actual (D)	FY2020 Actual (E)	YOY Change (E) - (D)	FY2020 Outlook as of Nov. 2020
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q	1-3Q	4Q
Sales	5.5	6.3	+0.8	8.2	-1.9	33.4	32.0	-1.4	30.7
OP	-1.8	-1.3	+0.5	-0.7	-0.6	7.6	6.5	-1.1	11.6

### 3Q FY2020 Review

<vs. 3Q FY2019>

- ◆ Sales up : Fluralaner(no sales in 3Q FY2019), ROUNDUP(ML: shipment shifted from 4Q), PERMIT(export), TARGA(export), QUINTEC(export)
- ◆ Sales down : GRACIA(domestic and export), ALTAIR(domestic and export), LEIMAY(export)
- ◆ Fixed cost down ¥0.1 billion
- ◆ Sales up ¥0.8 billion, OP up ¥0.5 billion

### 3Q FY2020 Review

<vs. 3Q FY2020 Outlook as of Nov. 2020>

- ◆ Sales above target : ROUNDUP(ML: shipment shifted from 4Q), PERMIT(export)
- ◆ Sales in line with target : Fluralaner
- ◆ Sales below target : GRACIA(domestic and export), LEIMAY(export), QUINTEC(export), ALTAIR(domestic and export), TARGA(export)
- ◆ Fixed cost below expectations (¥0.2 billion)
- ◆ Inventory adjustment cost below expectations (¥0.3 billion)
- ◆ Sales down ¥1.9 billion, OP down ¥0.6 billion

### 1-3Q FY2020 Review

<vs. 1-3Q FY2019>

- ◆ Sales up : GRACIA(export), QUINTEC(export), ROUNDUP (ML: down, AL: up due to shift to high-priced AL III), ALTAIR(domestic), PERMIT(export)
- ◆ Sales down : Fluralaner(BRAVECTO inventory adjustment), GRACIA(domestic: less pest), LEIMAY(export), TARGA(export)
- ◆ Fixed cost up ¥0.5 billion (including QUINTEC amortization ¥0.5 billion)
- ◆ Sales down ¥1.4 billion, OP down ¥1.1 billion

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Next, I would like to explain the earnings trends of the Agrochemicals on page 26.

First, let's look at the YoY comparison of the third quarter result. Sales of Fluralaner increased, because that there were no shipments in 3Q FY2019. As a result of the campaign, MAXLOAD of ROUNDUP increased ahead of the schedule of the fourth quarter.

Sales were strong for products of PERMIT for paddy rice in North America. Also, TARGA and QUINTEC saw an increase.

As I mentioned earlier, GRACIA experienced a decrease. ALTAIR decreased due to there is still distribution stock of ALTAIR for domestic.

The export of LEIMAY decreased, due to the delay in shipping.

Sales increased by JPY0.8 billion and operating profit increased by JPY0.5 billion.

The products that were above the forecast were ROUNDUP and PERMIT. PERMIT is due to the earlier shipment. Sales of Fluralaner were as expected. Sales of GRACIA were far below the plan.

LEIMAY was below the plan affected by the delay in ship allocation. QUINTEC was also below the plan due to delays in ship allocation. ALTAIR and TARGA were below the plan. Fixed costs were JPY0.2 billion lower than the plan. Although reduction of inventory adjustment cost had a positive impact of JPY0.3 billion, ultimately, sales were JPY1.9 billion lower and operating profit were JPY0.6 billion lower than the plan.

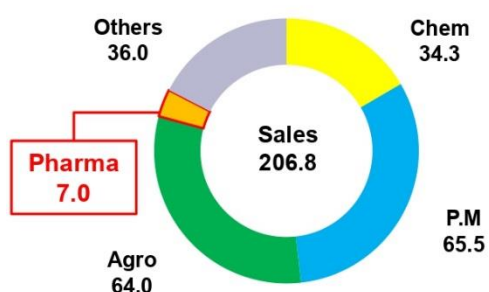
Next is the cumulative total of the 1Q to 3Q on the right side. Sales increased in GRACIA (export), QUINTEC, and ROUNDUP. Sales of MAXLOAD of ROUNDUP decreased in the first half of the year, but increased due to the shift to high value-added products in ROUNDUP AL.

Sales of ALTAIR (domestic) and PERMIT increased, but sales of Fluralaner decreased. Sales decreased because the shipment decrease as expected. Sales of GRACIA decreased for the same reason as before. Sales of LEIMAY and TARGA decreased.

Fixed costs increased by JPY0.5 billion due to the amortization of QUINTEC. As a result, sales decreased by JPY1.4 billion and operating profit decreased by JPY1.1 billion.

## Pharmaceuticals – (A) Recent Financial Performance

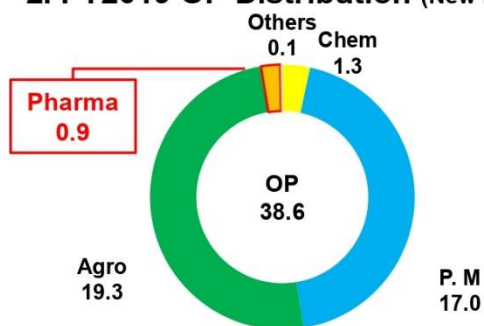
1. FY2019 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



2. FY2019 OP Distribution (New method\*) (¥billion)



Next, the overview of the Pharmaceuticals segment is on page 27.



# Pharmaceuticals – (B) 1-3Q FY2020 Sales & Profit Review

<Profit Review>(1)

	FY2019 Actual (A)	FY2020 Actual (B)	YOY Change (B) - (A)	FY2020 Outlook as of Nov. 2020 (C)	FY2020 Actual vs. Outlook (B) - (C)	FY2019 Actual (D)	FY2020 Actual (E)	YOY Change (E) - (D)	FY2020 Outlook as of Nov. 2020
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q	1-3Q	4Q
Sales	1.53	1.39	-0.14	1.55	-0.16	4.96	4.42	-0.54	2.21
D.D	0.93	0.58	-0.35	0.56	+0.02	3.03	2.11	-0.92	0.91
C.C	0.60	0.81	+0.21	0.99	-0.18	1.93	2.31	+0.38	1.30
OP	0.02	-0.04	-0.06	0.06	-0.10	0.55	-0.01	-0.56	0.47
D.D	-0.17	-0.36	-0.19	-0.35	-0.01	-0.12	-0.72	-0.60	-0.14
C.C	0.19	0.32	+0.13	0.41	-0.09	0.67	0.71	+0.04	0.61

(¥billion)

(1) Figures in p11,12,41,42 may not match the numbers on this page due to rounding

D.D: Drug Discovery, C.C: Custom Chemicals

## <Sales Review>

	YOY Change		vs Plan as of Nov. 2020 (undisclosed)
	3Q	1-3Q	
LIVALO	-37%	-31%	above
Custom Chemicals	+36%	+20%	below
Total Segment	-9%	-11%	below

### 3Q FY2020 Review

<vs. 3Q FY2019>

- (D.D) ◆ LIVALO sales down (domestic sales down, export down)
  - ◆ Sales down ¥0.35 billion, OP down ¥0.19 billion
- (C.C) ◆ Sales up
  - ◆ Sales up ¥0.21 billion, OP up ¥0.13 billion
- (Total) ◆ Sales down ¥0.14 billion, OP down ¥0.06 billion

### 3Q FY2020 Review

<vs. 3Q FY2020 Outlook as of Nov. 2020>

- (D.D) ◆ LIVALO sales above target (domestic sales above target, export above target)
  - ◆ Sales up ¥0.02 billion, OP down ¥0.01 billion
- (C.C) ◆ Sales below target
  - ◆ Sales down ¥0.18 billion, OP down ¥0.09 billion
- (Total) ◆ Sales down ¥0.16 billion, OP down ¥0.10 billion

### 1-3Q FY2020 Review

<vs. 1-3Q FY2019>

- (D.D) ◆ LIVALO sales down (domestic sales flat, export down)
  - ◆ Fixed cost down ¥0.3 billion
  - ◆ Sales down ¥0.92 billion, OP down ¥0.60 billion
- (C.C) ◆ Sales up (solid sales of GE API products)
  - ◆ Inventory valuation loss ¥0.1 billion (Raw material price decline)
  - ◆ Fixed cost up ¥0.1 billion
  - ◆ Inventory adjustment cost up ¥0.1 billion
  - ◆ Sales up ¥0.38 billion, OP up ¥0.04 billion
- (Total) ◆ Sales down ¥0.54 billion, OP down ¥0.56 billion

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Next, page 28 shows the earnings trend of the Pharmaceuticals segment. As you can see in the lower left, sales of LIVALO declined 31% in 1-3Q. Sales of Custom Chemicals increased 20%. In total, sales decreased 11%.

The figure for LIVALO was above expectations for the third quarter and below for Custom Chemicals.

I would like to briefly mention the changes in sales and operating profit.

Sales and profit for the Drug Discovery decreased in the third quarter. Custom Chemicals increased sales and profit. Compared to the plan, Drug Discovery sales were above and profit was below. Custom Chemicals was below in sales and profit.

As for Custom Chemicals, some generic APIs saw a decline because shipments are delayed due to customer demand.

Next is the cumulative total of 1-3Q, on the right side. Sales and profit of drug discovery decreased, and sales of Custom Chemicals increased, resulting in a slight increase in profit.

# ESG

FY2019																															
April	• Established Nomination and Remuneration Advisory Committee as an optional advisory body of the Board of Directors																														
June	• Introduced a performance-linked stock compensation plan called a Board Benefit Trust for members of the Board of Directors, etc. • One Outside Director added, as a result, the Board of Directors consisting of 9 Directors include 3 Outside Directors																														
August	• NCC was selected as one of the 50 candidates among all listed companies of the Corporate Value Improvement Award hosted by the Tokyo Stock Exchange for the 2nd consecutive year																														
FY2020																															
June	• NCC was selected as an inclusion in the S&P/JPX Carbon Efficient Index for the 2nd consecutive year • NCC was selected as a constituent of FTSE4Good Index Series and FTSE Blossom Japan Index																														
August	• NCC announced its support for recommendations of Task Force on Climate-related Financial Disclosures (TCFD)																														
October	• NCC won the 2020 Awards for Excellence in Corporate Disclosure in the chemicals and fiber sector, selected by Securities Analysts Association of Japan (SAAJ)																														
November	• NCC was selected as an inclusion in the Dow Jones Sustainability Asia Pacific Index for the 3rd consecutive year • Published “Integrated Reports 2020” <a href="https://www.nissanchem.co.jp/eng/ir_info/archive/ar/ar2020.pdf">https://www.nissanchem.co.jp/eng/ir_info/archive/ar/ar2020.pdf</a>																														
December	• NCC was listed on Water Security “A List” for the 2nd consecutive year and Climate Change “A- List” for the first time by CDP																														
January	<p>• NCC established new long-term target for reducing greenhouse gas (GHG) emissions</p> <p>Mid-term target in Vista2021(FY2016-2021) : Reducing GHG emissions by 20% from FY2011 levels by FY2021 → Achieved 27% reduction in FY2019 compared to FY2011</p> <p>New long-term target: Reducing GHG emissions by 30% from FY2018 levels by FY2030</p> <table border="1"> <thead> <tr> <th colspan="6">GHG emissions (1,000t-CO2)</th> </tr> <tr> <th>FY</th> <th>2011</th> <th>2018</th> <th>2019</th> <th>2021</th> <th>2030</th> </tr> </thead> <tbody> <tr> <td>Mid-term target in Vista2021</td> <td>-</td> <td>-</td> <td>-</td> <td>359</td> <td>-</td> </tr> <tr> <td>Actual</td> <td>448</td> <td>363</td> <td>327</td> <td>-</td> <td>-</td> </tr> <tr> <td>New long-term target</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>254</td> </tr> </tbody> </table>	GHG emissions (1,000t-CO2)						FY	2011	2018	2019	2021	2030	Mid-term target in Vista2021	-	-	-	359	-	Actual	448	363	327	-	-	New long-term target	-	-	-	-	254
GHG emissions (1,000t-CO2)																															
FY	2011	2018	2019	2021	2030																										
Mid-term target in Vista2021	-	-	-	359	-																										
Actual	448	363	327	-	-																										
New long-term target	-	-	-	-	254																										

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Next, on page 29, about ESG initiatives.

I would like to talk about the movement from the second quarter. In December, we entered the A list for CDP water security, and in January of this year we set a long-term target for greenhouse gas emissions.

The original target was a 20% reduction from FY2011 by FY2021 in the medium-term management plan, but it has already been reduced by 27% in FY2019. We have achieved it ahead of schedule. This time, we set new targets for FY2030.

## Full Year FY2020 Outlook as of Nov. 2020 (no revision afterwards)

(¥billion)

	FY2019 Actual							FY2020 Outlook as of Nov. 2020							
	1Q	2Q	1H	3Q	4Q	2H	Total	1Q Actual	2Q Actual	1H Actual	3Q	4Q	2H	Total	
Sales	48.7	47.8	96.5	41.5	68.8	110.3	206.8	49.3	45.2	94.5	44.7	70.3	115.0	Record	209.5
Operating Profit (1)	9.3	8.7	18.0	3.5	17.1	20.6	38.6	9.8	8.2	18.0	4.2	18.1	22.3	Record	40.3
Non-Operating Income/Expenses	0.7	-0.1	0.6	0.5	0.3	0.8	1.4	0.6	-0.4	0.2	0.5	0.1	0.6		0.8
Ordinary Income (1)	10.0	8.6	18.6	4.0	17.4	21.4	40.0	10.4	7.8	18.2	4.7	18.2	22.9	Record	41.1
Extraordinary Income/Loss (2)	0.9	0.0	0.9	0.0	0.1	0.1	1.0	0.0	1.1	1.1	0.0	0.5	0.5		1.6
Net Income (1) (3)	7.8	6.7	14.5	3.1	13.2	16.3	30.8	7.6	6.3	13.9	3.7	13.8	17.5	Record	31.4
EBITDA (4)	11.6	11.1	22.7	6.3	20.2	26.5	49.2	12.1	10.7	22.8	-	-	27.9		50.7
EPS (¥/share) (1)	53.13	45.62	98.75	21.18	90.16	111.34	210.09	52.38	43.58	95.96	-	-	121.60		217.56
Dividend (¥/share)	-	-	42	-	-	48	90	-	-	46	-	-	52		98
Dividend payout ratio (%)	-	-	-	-	-	-	42.8	-	-	-	-	-	-		45.1
Total amount of Dividend	-	-	6.2	-	-	6.9	13.1	-	-	6.6	-	-	7.5		14.1
OP Margin (1)	19.2%	18.2%	18.7%	8.4%	24.9%	18.7%	18.7%	19.9%	18.1%	19.0%	9.4%	25.7%	19.4%		19.2%
ROE	-	-	-	-	-	-	16.9%	-	-	-	-	-	-		16.6%
FX Rate (¥/\$)	110	107	109	109	109	109	109	108	106	107	105	105	105		
Crude Oil (JCC) (\$/bbl) (5)	72	66	69	66	68	67	68	31	41	36	-	-	44		

(1) 3Q-4Q FY2019 Actual: figures are revised due to the impact of recalculation of QUINTEC amortization (see p2)

(2) FY2020 Outlook as of Nov. 2020: Gain on sales of investment securities Total ¥1.6 billion

(3) Net income = Profit Attributable to Owners of Parent

(4) EBITDA = Operating Profit + Depreciation and amortization

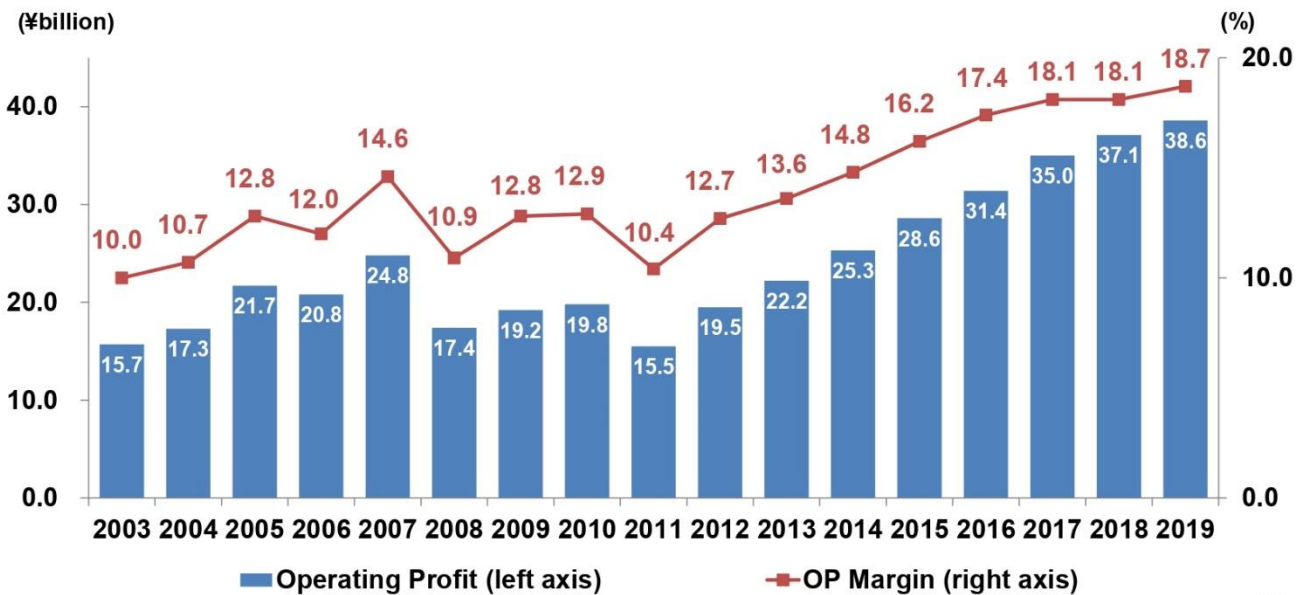
(5) Based on Trade Statistics of Japan Ministry of Finance

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Page 30 is for reference only, and there are no changes.

## Our Characteristics - (A) Recording Stable OP Margin

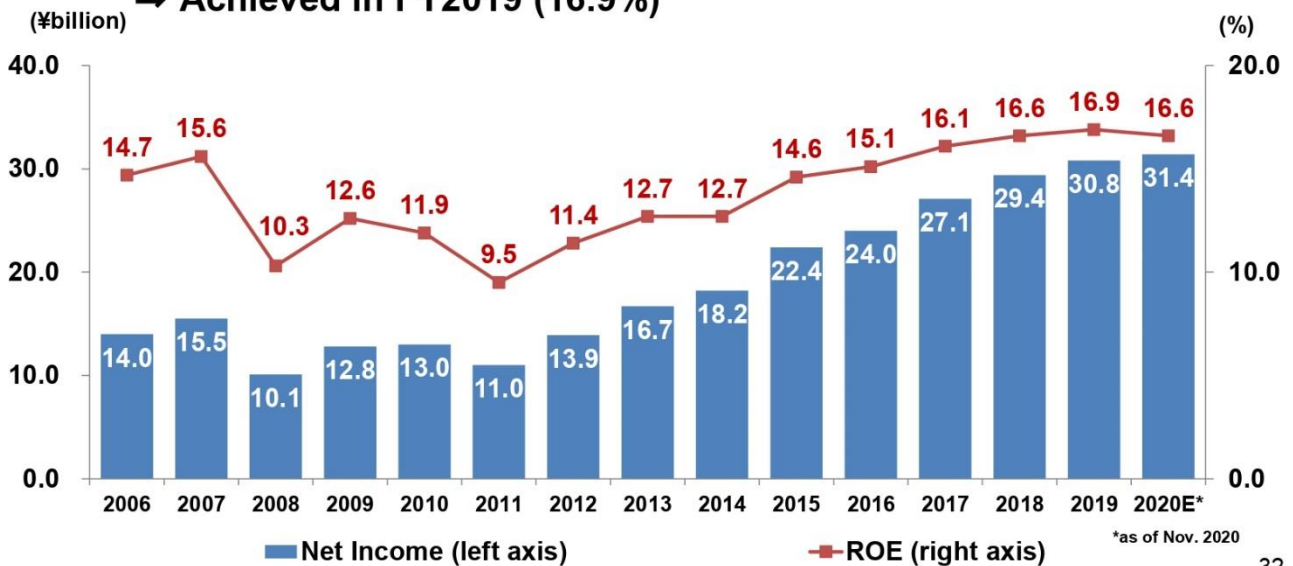
- ◆ NCC has recorded more than 10% OP margin in 17 consecutive years (FY2003-2019)



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## Our Characteristics - (B) High ROE

- ◆ The most important financial indicator for a long time
- ◆ Mid-Term Plan FY2016-2018 Target : Maintain above 14%  
⇒ Achieved in FY2016, 2017 and 2018
- ◆ New Mid-Term Plan FY2019-2021 Target : Maintain above 16%  
⇒ Achieved in FY2019 (16.9%)

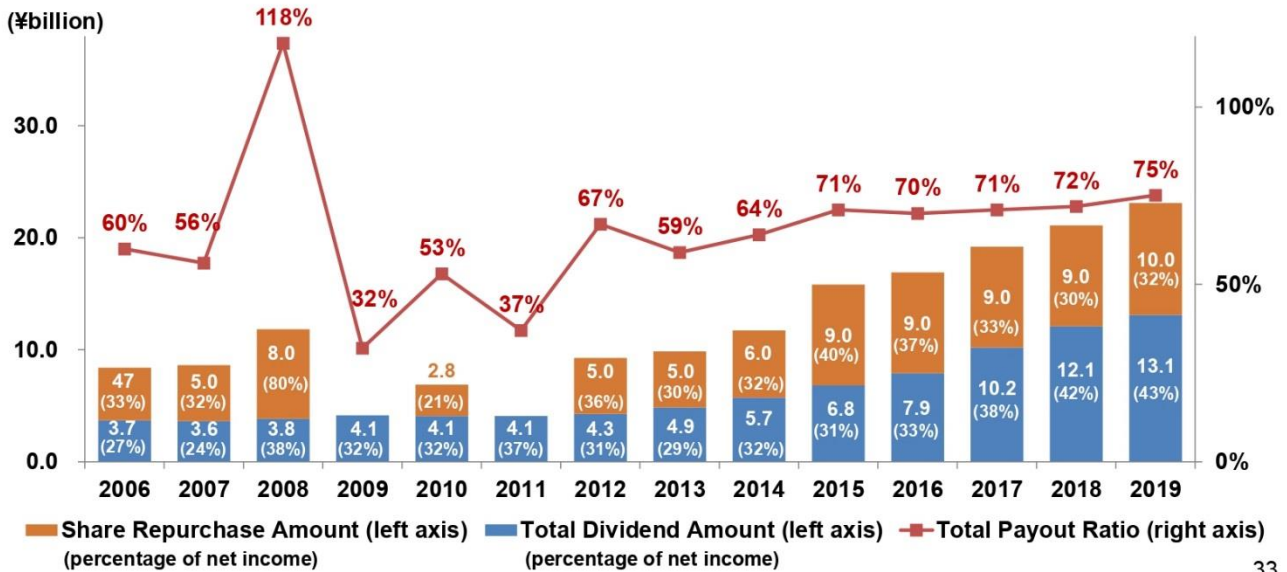


\*as of Nov. 2020

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## Our Characteristics - (C) Shareholders Return Policy - Total Payout Ratio

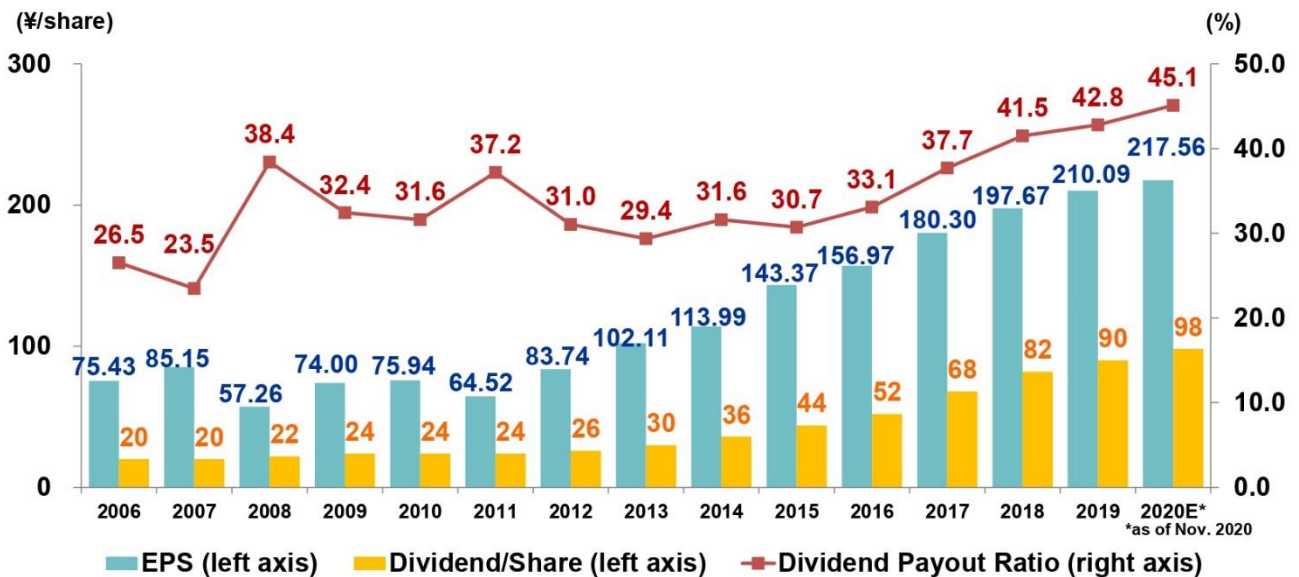
- ◆ Maintaining an aggressive shareholders return policy
- ◆ Mid-Term Plan FY2016-2018 Target : Maintain 70% total payout ratio  
⇒ Achieved in FY2016, 2017 and 2018
- ◆ New Mid-Term Plan FY2019-2021 Target : 72.5% in FY2019, 75% in FY2020-2021  
⇒ Achieved in FY2019 (75.1%)



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## Our Characteristics - (D) Shareholders Return Policy - Dividend

- ◆ Mid-Term Plan FY2016-2018 Target : Gradually increased to 41.5% in FY2018  
⇒ Achieved in FY2018 (41.5%)
- ◆ New Mid-Term Plan FY2019-2021 Target : 42.5% in FY2019, 45% in FY2020-2021  
⇒ Achieved in FY2019 (42.8%)



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## Our Characteristics - (E) Shareholders Return Policy - Share Repurchase

- ◆ Started share repurchase in 2006 only to enhance ROE
- ◆ Repurchased ¥82.5 billion, 40.9 million shares (21.8% of shares issued) in total from FY2006 to FY2019
- ◆ Cancelled all repurchased shares

Shareholders Return FY2006 - 2019		(1) excluding share acquisitions for performance-based compensation (166,200 shares) (2) including share acquisitions for performance-based compensation (166,200 shares)													
Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Shares purchased (1) (thousand shares)	3,500	3,399	7,355	0	2,167	0	6,372	3,263	2,764	3,333	2,621	2,292	1,682	2,138	40,886
Purchase costs (1) (¥billion)	4.7	5.0	8.0	0.0	2.8	0.0	5.0	5.0	6.0	9.0	9.0	9.0	9.0	10.0	82.5
Shares cancelled (thousand shares)	3,000	3,635	7,000	0	3,000	0	6,000	4,000	3,000	2,000	2,000	3,000	2,000	3,000	41,635
Shares issued at FY end (million shares)	185	181	174	174	171	171	165	161	158	156	154	151	149	146	
Treasury shares at FY end (2) (thousand shares)	1,367	1,233	1,660	1,709	885	886	1,258	522	287	1,621	2,242	1,535	1,218	523	

### ◆ Share repurchase program

Fiscal Year	2017			2018			2019			2020	
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	From Feb. 8, 2021 to April 30, 2021*
Shares purchased (thousand shares) (1)	1,304	988	2,292	976	706	1,682	1,270	868	2,138	1,334	up to 800
Purchase costs (¥billion) (1)	5.0	4.0	9.0	5.0	4.0	9.0	6.0	4.0	10.0	7.0	up to 3.0
Shares cancelled (thousand shares)	3,000	0	3,000	2,000	0	2,000	2,000	1,000	3,000	1,000	

### ◆ Cash Management Policy

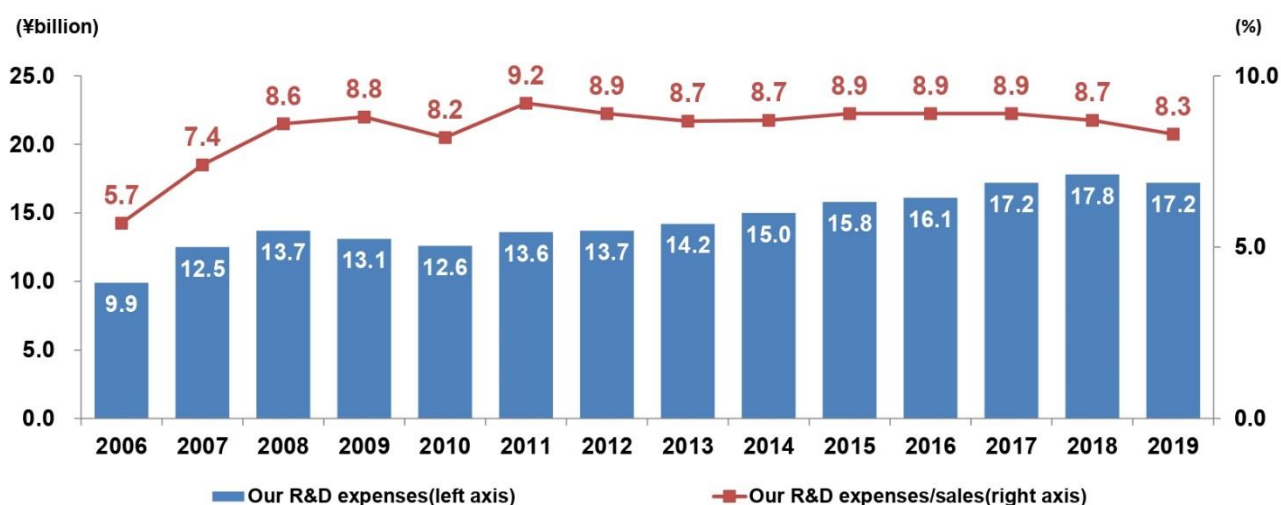
Aiming to control cash balance around the level of  
 = Minimum required level  
 + 1/3 of annual scheduled long-term borrowings repayment  
 + 1/3 of short-term borrowings outstanding + Contingent risk reserves

\* Announced on February 5, 2021

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## Our Characteristics- (F-1) R&D Oriented Chemical Company

- ◆ FY2019 R&D expenses/sales: 8.3%
- ◆ Maintaining above 8% R&D expenses/sales in recent years
- ◆ About 40% of profession staff assigned to R&D centers



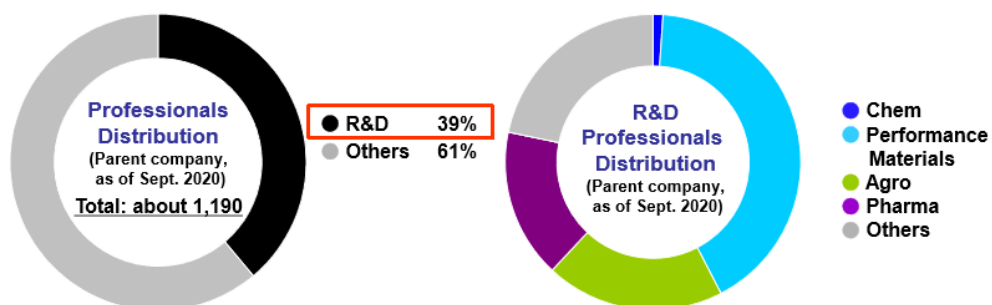
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## Our Characteristics- (F-2) R&D Oriented Chemical Company

### ◆ R&D by segment

Segment	FY2019 Actual				
	Sales (¥billion)	OP* (¥billion)	OP margin	R&D expenses (¥billion)	% of Sales
Chemicals	34.3	1.3	3.8%	0.4	1.2%
Performance Materials	65.5	17.0	26.0%	7.7	11.8%
Agrochemicals	64.0	19.3	30.2%	4.6	7.2%
Pharmaceuticals	7.0	0.9	12.9%	2.5	35.7%
Others	-	-	-	2.0	-
<b>Total (including others and adjustment)</b>	<b>206.8</b>	<b>38.6</b>	<b>18.7%</b>	<b>17.2</b>	<b>8.3%</b>

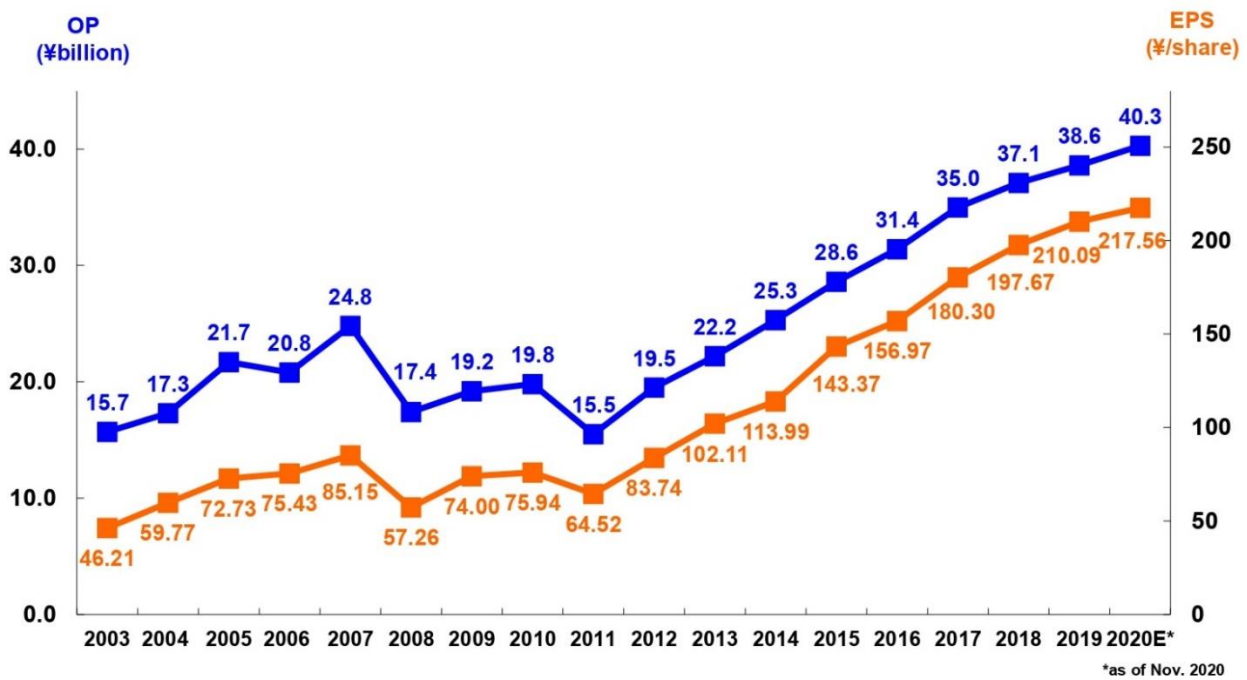
\*New method, see p12



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After that, pages 31 to 38 summarize the features of our Company.

## Long-term Financial Performance Trend



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## Long Term Financial Performance Trend

	2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020E*																	
Sales	155.9	161.4	169.1	174.4	169.2	160.2	149.0	154.2	148.6	153.8	163.7	171.2	176.9	180.3	193.4	204.9	206.8	209.5
Operating Profit	15.7	17.3	21.7	20.8	24.8	17.4	19.2	19.8	15.5	19.5	22.2	25.3	28.6	31.4	35.0	37.1	38.6	40.3
Ordinary Income	14.6	17.4	21.3	21.2	24.4	16.9	19.2	19.4	15.9	20.5	23.7	26.4	29.5	31.7	36.2	39.1	40.0	41.1
Net Income	8.7	11.3	13.7	14.0	15.5	10.1	12.8	13.0	11.0	13.9	16.7	18.2	22.4	24.0	27.1	29.4	30.8	31.4
EBITDA	26.1	26.9	31.6	30.5	34.5	27.6	30.1	30.2	25.9	29.0	30.8	33.8	38.3	40.3	45.5	48.0	49.2	50.7
OP Margin	10.0%	10.7%	12.8%	12.0%	14.6%	10.9%	12.8%	12.9%	10.4%	12.7%	13.6%	14.8%	16.2%	17.4%	18.1%	18.1%	18.7%	19.2%
ROE	13.4%	15.2%	16.1%	14.7%	15.6%	10.3%	12.6%	11.9%	9.5%	11.4%	12.7%	12.7%	14.6%	15.1%	16.1%	16.6%	16.9%	16.6%
EPS(¥/share)	46.21	59.77	72.73	75.43	85.15	57.26	74.00	75.94	64.52	83.74	102.11	113.99	143.37	156.97	180.30	197.67	210.09	217.56
Dividend(¥/share)	11	11	15	20	20	22	24	24	24	26	30	36	44	52	68	82	90	98
Dividend Payout Ratio	23.8%	18.4%	20.6%	26.5%	23.5%	38.4%	32.4%	31.6%	37.2%	31.0%	29.4%	31.6%	30.7%	33.1%	37.7%	41.5%	42.8%	45.1%
Share Repurchase	-	-	-	4.7	5.0	8.0	-	2.8	-	5.0	5.0	6.0	9.0	9.0	9.0	9.0	10.0	7.0
Total Assets	172.6	169.4	183.2	177.3	172.7	172.3	181.4	183.4	190.1	199.2	208.0	223.9	228.2	231.7	246.0	247.0	249.5	-
Net Assets	70.4	80.0	93.6	99.3	101.2	96.8	107.7	112.4	119.6	126.7	137.8	151.3	156.9	163.7	176.4	182.1	185.5	-
Cash	5.9	4.3	8.5	11.0	7.6	9.7	14.8	21.1	27.9	31.9	30.8	31.3	35.3	35.7	37.7	36.2	30.6	-
Liabilities with Interest	57.4	44.6	41.5	32.4	34.4	45.5	42.1	39.9	38.9	38.1	36.1	35.1	33.1	30.8	28.6	26.6	24.6	-
Equity Ratio	40.1%	46.4%	50.2%	55.3%	58.0%	55.5%	58.7%	60.7%	62.4%	63.0%	65.7%	66.9%	68.1%	69.9%	71.0%	73.0%	73.7%	-
Capex	6.6	6.6	9.2	12.1	10.9	13.9	10.1	9.6	8.3	8.1	8.8	9.8	10.2	14.3	13.7	9.9	15.7	11.1
Depreciation	10.4	9.6	9.9	9.7	9.7	10.2	11.0	10.4	10.5	9.5	8.5	8.5	9.7	8.9	10.5	10.9	10.5	10.4
R&D Expenses	8.7	8.6	9.2	9.9	12.5	13.7	13.1	12.6	13.6	13.7	14.2	15.0	15.8	16.1	17.2	17.8	17.2	16.8
R&D Expenses/Sales	5.6%	5.3%	5.4%	5.7%	7.4%	8.6%	8.8%	8.2%	9.2%	8.9%	8.7%	8.7%	8.9%	8.9%	8.9%	8.7%	8.3%	8.0%

\*as of Nov. 2020

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Pages 39 and 40 show long-term business performance trends.



## FY2017-3Q FY2020 Quarterly Sales by Segment (1)(2)(3) (¥billion)

	FY2017 Actual					FY2018 Actual					FY2019 Actual					FY2020 Actual			FY2020 Outlook as of Nov. 2020	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	3Q	4Q
Chem	8.8	7.9	9.2	9.0	34.9	8.7	8.3	9.6	9.1	35.7	8.4	8.4	8.7	8.8	34.3	7.4	7.3	8.3	8.1	8.9
Fine	2.8	2.5	2.8	2.5	10.6	2.7	2.4	2.6	2.7	10.4	2.6	2.6	2.6	2.7	10.5	2.7	2.7	2.8	2.9	3.5
Basic	6.0	5.4	6.4	6.5	24.3	6.0	5.9	7.0	6.4	25.3	5.8	5.8	6.1	6.1	23.8	4.7	4.6	5.5	5.2	5.4
P.M	14.1	15.0	15.1	14.6	58.8	15.6	16.4	16.6	14.4	63.0	15.1	16.3	17.0	17.1	65.5	17.1	17.5	19.2	17.5	17.7
Agro	14.6	11.5	6.4	25.6	58.1	16.4	12.3	5.9	28.1	62.7	14.7	13.2	5.5	30.6	64.0	14.6	11.1	6.3	8.2	30.7
Pharma	2.1	1.4	2.3	1.7	7.5	1.8	1.9	1.9	1.4	7.0	1.9	1.5	1.6	2.0	7.0	1.5	1.5	1.4	1.6	2.2
D.D	-	-	-	-	-	-	-	-	-	-	1.4	0.7	0.9	1.0	4.1	0.7	0.8	0.6	0.6	0.9
C.C	-	-	-	-	-	-	-	-	-	-	0.5	0.8	0.6	1.0	2.9	0.8	0.7	0.8	1.0	1.3
Trading	14.6	14.5	15.9	14.5	59.5	17.8	15.6	18.1	16.4	67.9	17.5	15.8	17.5	17.1	67.9	18.2	15.5	17.8	17.9	17.5
Others	5.4	4.3	4.6	7.2	21.5	4.6	5.9	7.2	6.9	24.6	4.9	4.9	5.1	7.5	22.4	4.8	4.6	6.8	6.4	7.6
Adj.	-12.2	-11.0	-11.8	-11.9	-46.9	-14.0	-13.3	-15.4	-13.3	-56.0	-13.8	-12.3	-13.9	-14.3	-54.3	-14.3	-12.3	-16.1	-15.0	-14.3
<b>Total</b>	<b>47.4</b>	<b>43.6</b>	<b>41.7</b>	<b>60.7</b>	<b>193.4</b>	<b>50.9</b>	<b>47.1</b>	<b>43.9</b>	<b>63.0</b>	<b>204.9</b>	<b>48.7</b>	<b>47.8</b>	<b>41.5</b>	<b>68.8</b>	<b>206.8</b>	<b>49.3</b>	<b>45.2</b>	<b>43.7</b>	<b>44.7</b>	<b>70.3</b>

(1) Including inter-segment sales/transfers

(2) In the Pharmaceuticals segment, figures are rounded to the nearest 100 million yen. Accordingly, some discrepancies may occur among totals.

(3) In FY2020, FINEOXOCOL (FO, cosmetic raw materials) was transferred from Basic Chemicals to Fine Chemicals

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## FY2017-3Q FY2020 Quarterly OP by Segment (1)(2)(3)

(¥billion)

	FY2017 Actual					FY2018 Actual					FY2019 Actual					FY2020 Actual			FY2020 Outlook as of Nov. 2020	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	3Q	4Q
Chem	1.5	-0.2	1.2	0.9	3.4	1.6	-0.4	1.0	0.8	3.0	0.9	-0.6	0.5	0.5	1.3	0.7	-0.8	0.7	0.7	0.6
P.M	3.6	4.1	4.0	2.5	14.2	3.9	4.2	4.3	2.6	15.0	4.0	4.4	4.7	3.9	17.0	5.3	5.4	6.3	4.9	5.0
Agro	4.5	3.6	-0.6	8.9	16.4	5.1	4.7	-1.3	9.9	18.4	4.5	4.9	-1.8	11.7	19.3	4.0	3.8	-1.3	-0.7	11.6
Pharma	0.5	0.0	0.6	0.1	1.2	0.3	0.3	0.4	0.0	1.0	0.4	0.1	0.1	0.3	0.9	-0.1	0.1	0.0	0.1	0.5
D.D	-	-	-	-	-	-	-	-	-	-	0.2	-0.2	-0.2	0.0	-0.1	-0.2	-0.1	-0.4	-0.4	-0.1
C.C	-	-	-	-	-	-	-	-	-	-	0.2	0.3	0.2	0.4	1.1	0.2	0.2	0.3	0.4	0.6
Trading	0.4	0.5	0.5	0.4	1.8	0.6	0.5	0.6	0.3	2.0	0.5	0.5	0.6	0.5	2.1	0.7	0.5	0.7	0.5	0.4
Others	0.1	0.1	0.1	0.3	0.6	0.1	0.1	0.2	0.5	0.9	0.1	0.0	0.1	0.5	0.7	0.0	0.0	0.4	0.1	0.5
Adj.	-0.6	-0.8	-0.7	-0.5	-2.6	-0.9	-0.7	-0.8	-0.8	-3.2	-1.1	-0.6	-0.7	-0.3	-2.7	-0.8	-0.8	-1.2	-1.4	-0.5
<b>Total</b>	<b>10.0</b>	<b>7.3</b>	<b>5.1</b>	<b>12.6</b>	<b>35.0</b>	<b>10.7</b>	<b>8.7</b>	<b>4.4</b>	<b>13.3</b>	<b>37.1</b>	<b>9.3</b>	<b>8.7</b>	<b>3.5</b>	<b>17.1</b>	<b>38.6</b>	<b>9.8</b>	<b>8.2</b>	<b>5.6</b>	<b>4.2</b>	<b>18.1</b>

(1) FY2019-2020 : New OP method (see p12)

(2) In the Pharmaceuticals segment, figures are rounded to the nearest 100 million yen. Accordingly, some discrepancies may occur among totals.

(3) 3Q-4Q FY2019 Actual: Figures have been revised in Adjustment and Total due to the impact of recalculation of QUINTEC amortization (see p2)

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Page 41 and 42 show the movement of sales and profit by quarter after FY2017.

## Sales and OP by Segment (1)(2)(3)

<Sales (A)>

(¥billion)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020E	*as of Nov. 2020
Chem	38.1	36.9	34.5	35.5	34.3	34.3	34.8	34.9	35.7	34.3	31.7	
P.M	38.0	34.0	37.4	42.8	49.4	51.8	52.8	58.8	63.0	65.5	69.8	
Agro	34.4	33.8	35.4	39.1	45.7	47.5	52.0	58.1	62.7	64.0	64.6	
Pharma	9.6	10.0	12.7	11.6	8.8	8.7	8.0	7.5	7.0	7.0	6.8	
Trading	44.1	44.8	46.6	50.7	54.4	55.6	55.2	59.5	67.9	67.9	69.1	
Others	27.0	20.0	21.2	21.4	20.9	20.9	24.0	21.5	24.6	22.4	23.4	
Adj.	-37.0	-30.9	-34.0	-37.4	-42.3	-41.9	-46.5	-46.9	-56.0	-54.3	-55.9	
Total	154.2	148.6	153.8	163.7	171.2	176.9	180.3	193.4	204.9	206.8	209.5	

<Segment Assets (D)>

<OP (B)>

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020E	FY2019
Chem	2.4	1.6	1.9	1.9	1.9	3.9	3.8	3.4	3.0	1.3	1.2	27.7
P.M	7.9	4.8	7.2	8.8	12.0	12.0	12.5	14.2	15.0	17.0	20.6	50.2
Agro	4.8	4.4	5.0	6.2	9.2	10.8	13.2	16.4	18.4	19.3	18.7	73.9
Pharma	4.4	4.6	5.2	4.9	2.3	2.0	1.7	1.2	1.0	0.9	0.6	10.6
Trading	1.4	1.3	1.4	1.5	1.7	1.8	1.7	1.8	2.0	2.1	2.1	25.2
Others	1.0	0.3	0.7	0.8	0.6	0.5	1.0	0.6	0.9	0.7	0.6	12.0
Adj.	-2.1	-1.5	-1.9	-1.9	-2.4	-2.4	-2.5	-2.6	-3.2	-2.7	-3.5	49.9
Total	19.8	15.5	19.5	22.2	25.3	28.6	31.4	35.0	37.1	38.6	40.3	249.5

FY2019
27.7
50.2
73.9
10.6
25.2
12.0
49.9
249.5

<OP Margin (C)=(B)/(A)>

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020E	FY2019
Chem	6.3%	4.3%	5.5%	5.4%	5.5%	11.4%	10.9%	9.7%	8.4%	3.8%	3.8%	4.7%
P.M	20.8%	14.1%	19.3%	20.6%	24.3%	23.2%	23.7%	24.1%	23.8%	26.0%	29.5%	33.9%
Agro	14.0%	13.0%	14.1%	15.9%	20.1%	22.7%	25.4%	28.2%	29.3%	30.2%	28.9%	26.1%
Pharma	45.8%	46.0%	40.9%	42.2%	26.1%	23.0%	21.3%	16.0%	14.3%	12.9%	8.8%	8.5%
Trading	3.2%	2.9%	3.0%	3.0%	3.1%	3.2%	3.1%	3.0%	2.9%	3.1%	3.0%	8.3%
Others	3.7%	1.5%	3.3%	3.7%	2.9%	2.4%	4.2%	2.8%	3.7%	3.1%	2.6%	5.8%
Adj.	12.9%	10.4%	12.7%	13.6%	14.8%	16.2%	17.4%	18.1%	18.1%	18.7%	19.2%	15.5%

<ROA (E)=(B)/(D)>

FY2019
4.7%
33.9%
26.1%
8.5%
8.3%
5.8%
15.5%

(1) FY2010-2011 : Former Segmentation, FY2012- : New Segmentation

(2) Including inter-segment sales/transfers

(3) FY2019-2020 : New OP method (see p12)

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## Main Products by Segment

Segment	Products	Main Applications
Chem	<ul style="list-style-type: none"> <li>Fine Chemicals</li> <li>TEPIC</li> <li>Melamine cyanurate</li> <li>Environmental product</li> </ul>	epoxy compound for LED sealants, solder resist, painting flame retardant HI-LITE (chlorinated isocyanuric acid for sterilizing)
	<ul style="list-style-type: none"> <li>Basic Chemicals</li> <li>Melamine</li> <li>AdBlue</li> <li>High purity Sulfuric acid</li> <li>Ammonia, Sulfuric acid, Nitric acid</li> </ul>	adhesive agent for plywood solution of urea in demineralised water for diesel trucks to reduce NOx agents used for cleaning semiconductors
Performance Materials	<ul style="list-style-type: none"> <li>Electronic Materials</li> <li>SUNEVER</li> <li>ARC®</li> <li>OptiStack®</li> <li>NHC</li> <li>OPTIFOCUS</li> <li>ELSOURCE</li> </ul>	LCD alignment coating bottom anti-reflective coating for semiconductors multi layer process material for semiconductors (Si-HM/SOC) *ARC® and OptiStack® are registered trade mark of Brewer Science, Inc. protective coating for touch panel microlens material for image sensor application hole injection layer materials for OLED
	<ul style="list-style-type: none"> <li>Inorganic Materials</li> <li>SNOWTEX</li> <li>Organo silica sol</li> <li>Monomer sol</li> <li>Alumina sol</li> <li>SUNCOLLOID</li> <li>CELNAX</li> <li>Oilfield materials</li> </ul>	water dispersed colloidal silica sol for polishing silicon wafers, special steel sheets film coating, antistatic interference shielding, electronic printing materials resin additive automotive catalyst, electronic printing materials high refractive sol for lens antistatic sol for film for enhancing oil recovery
Agro	<ul style="list-style-type: none"> <li>Herbicide</li> <li>TARGA</li> <li>PERMIT</li> <li>SIRIUS, ALTAR</li> <li>ROUNDUP</li> </ul>	soybean, rapeseed, sugarbeet corn, sugarcane, rice paddy rice non-selective herbicide for orchard, noncrop land
	<ul style="list-style-type: none"> <li>Insecticide</li> <li>STARMITE, SANMITE, MITOKOHNE</li> <li>GRACIA</li> <li>Fungicide</li> <li>LEIMAY/ORACLE</li> <li>PULSOR, IKARUGA, GREATAM (THIFLUZAMIDE)</li> <li>QUINTEC (QUINOXYFEN)</li> <li>DITHANE (MANCOZEB)</li> <li>Animal health products</li> <li>Fluralaner</li> </ul>	fruits, tea, vegetables vegetables, tea vegetables, potato, fruits potato, grape, turf fruits, vegetables fruits, vegetables active substance of BRAVECTO (veterinary medical product for dogs and cats) and EXZOLT (for poultry red mites)
Pharma	<ul style="list-style-type: none"> <li>LIVALO API</li> <li>Custom Chemicals</li> </ul>	anti-cholesterol drug custom manufacturing and process researching services for pharmaceutical companies
Trading	Nissei Corporation	
Others	Transportation, Landscaping, Engineering, Fertilizer	

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Page 44 lists the intended use of the products. This is the end of the explanation.

## Question & Answer

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### <Questioner 1>

**Q:** I would like to ask you about the movement of profit and loss of the Performance Materials.

You mentioned that sales for semiconductors will be higher than the plan in January to March. Could you tell us about the current status of orders received for semiconductor materials?

**A:** Operating profit in the third quarter increased by JPY1.6 billion, but most of it is attributable to semiconductors, and as you have just pointed out, the profit increase for inorganic materials is very small. The profit decrease in displays was also very small.

As for the outlook for the fourth quarter, we expect it to remain strong as in the third quarter. We expect an increasing demand for both logic and memory.

**Q:** Isn't it wrong that semiconductors seem to be making more profit than sales?

**A:** Sales and profit are almost the same.

**Q:** Does it mean that fixed costs have decreased slightly and the mix has improved considerably?

**A:** That's right.

**Q:** I understand. The second is Agrochemicals. I feel it is a little weak. You mentioned about problems with the unseasonable weather for GRACIA, and the ship problem. Apart from that, isn't the environment particularly deteriorating? Could you tell us about agrochemicals, including the environment?

**A:** The influence of COVID-19 was not so much in Japan and overseas at the beginning, but the influence of absence of face-to-face sales activities have been gradually appearing. In Japan, the food service industry is currently in a severe situation, and there is a slight surplus of rice. It is now rumored that the area planted with rice will decrease. In this situation, we are working on how to develop a sales strategy. On the other hand, we have acquired DITHANE, which is expected to generate 2.5 to 3.0 billion yen in annual sales, and this will have an effect on the upside of sales that was not factored into the plan.

**Q:** Is the problem of ship allocation the lack of containers?

**A:** There is a shortage of containers, and production has delayed slightly, and there were also shortage of containers. We are currently working to get it back.

**Q:** Is it a little difficult to resolve within the fiscal year?

**A:** We are now making a plan in order to recover it.

### <Questioner 2>

**Q:** Firstly, I would like to ask you about the Performance Materials.

Compared to the situation in the first half of the year, the YoY growth of semiconductors in the Performance Materials in KrF, ArF, and others has increased considerably. I would like to know if the situation is different in the second and third quarters.

Regarding other new materials, sales growth has slowed down a little. Please tell us a little more about the situation of the third quarter together with the trend of EUV.

**A:** From the second to the third quarter, in KrF, ArF, the production volume of the customers themselves is increasing, so it is increasing with the increase in capacity.

The other new materials look negative due to accounting processing. The research expenses was recognized in the second quarter at once and sales were also recorded at the same time, which resulted in a large sales. EUV has grown as the production volume of advanced logic increases.

**Q:** I understand. You said, with regard to the fourth quarter, the situation similar to that of the third quarter will continue. Is it okay to imagine that the result will be almost flat? Or will it further grow? The story is about the semiconductor as a whole.

**A:** I'm looking almost flat from the third quarter to the fourth quarter.

**Q:** I understand. The second point is about the Agrochemicals. How much do you expect for DITHANE in the fourth quarter?

**A:** We expect about a quarter of annual sales in the four quarter.

**Q:** I understand. I'm sorry for one more point. ALTAIR isn't making much progress compared with the outlook for the year. Could you please comment a little more here?

**A:** In the cumulative total of three quarters, sales of ALTAIR 2nd generation "TENKU" is increasing. Switching from 1st generation products and other competitors is going well. It's about how much we can do in the fourth quarter.

### <Questioner 3>

**Q:** The first question is about SUNEVER.

Sales continued to be strong in the third quarter. Please tell us about the penetration rate of Photo IPS other than for smartphones.

**A:** The penetration rate is increasing overall.

**Q:** I understand. What is your view on SUNEVER toward the 4Q?

**A:** Regarding 4Q, we basically expect that we will continue to perform well as in the 3Q. Especially, we think that the penetration rate of Photo IPS is expected to increase further.

**Q:** There are also Chinese New Year holidays, but do you think that QoQ will not drop much and will be almost flat?

**A:** That's right. As the utilization rate of each customer is very good, there are many manufacturers that produce even during the Chinese New Year, so there is no influence of that.

**Q:** It seems that medium-sized panels will continue to perform well.

**A:** That's right. As I said earlier, there was some front-loaded schedule in the 3Q, so there will be some impact. If we think about the 3Q and 4Q together, the operation will remain strong.

**Q:** On a QoQ basis, the amount of sales brought forward may drop a little over 4Q.

**A:** That's right.

**Q:** I understand. The second question is about the Agrochemicals again.

It seems that the portfolio of fungicides has been expanded these days. Originally, you have had strength in herbicides, so is the acquisition of fungicides taking place following last year in order to expand your portfolio? Or is it just that it happened to be a fungicide this time as well? Please tell us about the concept of expanding the portfolio.

Will you continue to aggressively acquire these major businesses in the future? Please tell us about your future thinking.

**A:** As you know, we have a strength in herbicide. And as for insecticides, there were miticides, but nothing else. Then, we launched GRACIA which was developed in-house. The rest was fungicide. We happened receive a good story, so we bought it.

If there is such an opportunity in the future, we would like to actively consider it.

#### **<Questioner 4>**

**Q:** The first is about DITHANE, which was announced this time. Can you tell me how this acquisition came about? Did you happen to have a chance to buy such a product this time?

**A:** We acquired it through a bid.

As the world's major agrochemical manufacturers are reorganizing, they are reviewing their portfolios and selling off inferior products intermittently. We have bought two, one a year, but actually bids are held quite often, and in many cases we lost, and in some cases we don't participate. In some cases, they do not participate, and in other cases, we are offered a basket of multiple agents instead of one agent at a time.

We believe that there will be more opportunities as major agrochemical manufacturers will continue to sell their products due to changes in their strategies.

#### **<Questioner 5>**

**Q:** One question about the Performance Materials. The semiconductor materials are growing. Are there any regional characteristics?

**A:** Not especially in a country, but the entire business is growing.

**Q:** Will EUV materials accelerate further toward 4Q?

**A:** There were some shipments ahead of schedule in 3Q, so I'm looking at it almost flat.

**Q:** Thank you. As for Agrochemicals, I couldn't hear the explanation about Fluralaner. Can I ask you the explanation again?

**A:** First of all, the shipment of Fluralaner was zero in the third quarter of FY2019. There were shipments in the third quarter of FY2020, so it has increased compared to the previous year. However, the shipment value was as planned.

As shown by the bar graph on page 25, the shipping value was originally small in third quarter. For fourth quarter, we are planning a volume like the one we have here. So there is no change in the scenario.

**Q:** Could you please comment again on royalties?

**A:** We will receive royalties in February, the fourth quarter. The amount corresponding to the July-December sales at BRAVECTO will be received. It will be affected by the exchange rate, but we haven't received it now, so we don't know how much it will be.

**Q:** Understood. Then, as it is said in the streets, the number of pets is increasing due to the stay-home demand, and it seems that dog food is selling quite well. Does that mean that there will be no positive impact on the royalties?

**A:** The current situation is that the number of pets is increasing worldwide, and I think there is probably an increase in demand due to the stay-home demand. I think that is the current situation, but it is difficult to predict the future.

**Q:** Is it okay to understand that it doesn't seem that royalties in February will significantly increase?

**A:** As Merck's financial results have already announced, so if you look at the financial results, you'll understand.

#### **<Questioner 6>**

**Q:** First, the semiconductor material, ARC. About the growth rate of sales in the last few quarters. For example, compared to the growth rate of photoresist used in the same lithography process, I think the growth rate is considerably higher. What is the background to this?

**A:** It's a little difficult to answer about the growth of resist makers, but one point is that other material manufacturers sell globally, while we mainly sell in Asia, so I think there is a difference in sales regions. In addition, our growth is due to the fact that the market share is growing well at the stage when devices are moving to the forefront.

[END]