



**Nissan Chemical**  
CORPORATION

## **Nissan Chemical Corporation**

4Q FY2021 Financial Results Briefing and Long & Mid-term Business Plan Announcement

Presenter:

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May 13, 2022

## Full-Year FY2021 Financial Summary

2H	vs. 2H FY2020	<ul style="list-style-type: none"> <li>■ Sales up ¥1.6 billion (+1%)</li> <li>■ OP up ¥5.2 billion (+21%) (Including changes in accounting policies ¥0.8 billion<sup>1</sup>)</li> <li>■ Net Income up ¥2.9 billion (+15%)</li> </ul>
Full-Year	vs. FY2020	<ul style="list-style-type: none"> <li>■ Sales down ¥1.1 billion (-1%)</li> <li>■ OP up ¥8.5 billion (+20%)</li> <li>■ Net Income up ¥5.3 billion (+16%)</li> <li>■ <b>OP and Ordinary Income set the highest results of a full year for 8 consecutive years. Net Income set the highest results of a full year for 9 consecutive years.</b></li> <li>■ <b>Despite COVID-19, achieved the financial targets in Mid-Term Plan</b></li> <li>■ <b>ROE 19.2%</b></li> </ul>
Full-Year	vs. Outlook as of Feb 2022	<ul style="list-style-type: none"> <li>■ Sales below target ¥0.3 billion</li> <li>■ OP above target ¥1.0 billion</li> <li>■ Net Income above target ¥1.5 billion</li> </ul>
Shareholder Returns		<ul style="list-style-type: none"> <li>■ Dividend ¥122 (¥18 up vs. FY2020), increased for 10 consecutive years</li> <li>■ Completed a ¥12.0 billion share repurchase program (2,033 thousand shares)</li> <li>■ Dividend Payout Ratio 44.9%, Total Payout Ratio 75.6%</li> </ul>

1. Effects of changes in accounting policies (see p5, p72)

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**Miyazaki:** Please see page 4.

A summary of the results is shown on pages 5 and 6.

These results are for FY2021. Operating profit increased JPY8.5 billion to JPY51.0 billion. Net income increased JPY5.3 billion to JPY38.8 billion.

Operating profit and ordinary income reached record highs for the 8th consecutive year, and net income for the 9th consecutive year. Despite the effects of the coronavirus pandemic, the Company achieved its mid-term plan, with an ROE of 19.2%.

The next section of the page is a comparison between our actual results and the February Outlook. Operating profit was up JPY1.0 billion and net income was up JPY1.5 billion.

As for shareholder returns, the full-year dividend will be JPY122 per share, an increase of JPY18. This is the 10th consecutive year of dividend increases. The Company repurchased JPY12.0 billion of its own shares in the fiscal year, resulting in a dividend payout ratio of 44.9% and a total payout ratio of 75.6%.

## Analysis of Changes in OP

(¥)

	FY2021 Actual	FY2020 Actual	YOY Change	Outlook as of Feb 2022	vs. Outlook
<b>Full-Year</b>	<b>51.0 billion</b>	<b>42.5 billion</b>	<b>+8.5 billion (+20%)</b>	<b>50.0 billion</b>	<b>+1.0 billion</b>
Chemicals	YOY Change +2.3 billion	Sales increase in Basic Chemicals and Fine Chemicals			
	vs. Outlook +0.6 billion	Sales above in Basic Chemicals			
Performance Materials	YOY Change +5.3 billion	Significant sales increase in Display Materials and Semis Materials			
	vs. Outlook +0.4 billion	Sales above in Display Materials and Inorganic Materials			
Agro	YOY Change +0.1 billion	Sales increase in DITHANE, TARGA, QUINTEC and ROUNDUP			
	vs. Outlook -1.0 billion	Sales below in Fluralaner API, QUINTEC and ROUNDUP			
Pharma	YOY Change +0.5 billion	Sales increase in Custom Chemicals			
	vs. Outlook +0.3 billion	Sales above in LIVALO and Custom Chemicals			
<b>2H</b>	<b>29.7 billion</b>	<b>24.5 billion</b>	<b>+5.2 billion (+21%)</b>		
Chemicals	YOY Change +1.0 billion	Sales increase in Basic Chemicals and Fine Chemicals			
Performance Materials	YOY Change +2.8 billion	Significant sales increase in Display Materials and Semis Materials			
Agro	YOY Change +0.9 billion	Sales increase in DITHANE and TARGA			
Pharma	YOY Change 0.0 billion	OP flat due to inventory adjustment cost down despite sales decrease in LIVALO and Custom Chemicals			

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Please see page 7.

This is an analysis of changes in operating profit of FY2021. As you can see, while profit increased YoY by JPY8.5 billion, the increase was substantial in the Chemicals and Performance Materials segments. The increase in Agrochemicals sales exceeded our Outlook JPY1.0 billion, with the exception of a downward swing in Fluralaner shipments, which was partially delayed to FY2022.

## Summary of FY2022 Outlook

### FY2022 Full-Year Outlook

1H	vs. 1H FY2021
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- Sales up ¥9.3 billion(+10%)
- OP up ¥4.7 billion(+22%)
- Net Income up ¥3.0 billion(+18%)

Full-Year	vs. FY2021
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- Sales up ¥11.0 billion(+5%)
- OP up ¥2.5 billion(+5%)
- Net Income up ¥0.8 billion(+2%)
- **OP and Ordinary Income expected to renew the highest results of a full year for 9 consecutive years. Net Income expected to renew the highest results of a full year for 10 consecutive years.**
- **ROE Outlook for FY2022 is 18.7%**

### Shareholders Return (Full-Year Outlook)

- Based on new mid-term plan(see p60), maintain total payout ratio of 75% and increase dividend payout ratio to 55% from 45%
- Dividend is expected to increase to ¥154/share from ¥122/share(FY2021 Actual), dividend increase for 11 consecutive years, and announced ¥5.0 billion share repurchase

<b>Dividend</b>	¥154/share (Full-Year): 1H ¥66/share, 2H ¥88/share (Dividend Payout Ratio: 54.8%) [vs. FY2021] Full-Year up ¥32/share: 1H up ¥16/share, 2H up ¥16/share
<b>Share Repurchase</b>	¥5.0 billion ● ¥5.0 billion, announced on May 13, 2022 (Period: May - July 2022) (¥12.0 billion, 2,033 thousand shares in FY2021 actual)
<b>Share Cancellation</b>	Cancelled 1,000 thousand shares in May 2022
<b>Total Payout Ratio Target</b>	75% (67.4% based on ¥154/share dividend and ¥5.0 billion share repurchase)

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Please see page 9. This is the Outlook for FY2022. The figures are on page 10. Our assumptions for the Outlook are an exchange rate of JPY115 to the USD and a crude oil price of USD88.

For the full year, we forecast an increase in operating profit by JPY2.5 billion, up to JPY53.5 billion. Net income is forecast to increase by JPY0.8 billion to JPY39.6 billion. If we achieve these targets, it will be the 9th consecutive year of record-high operating profit and ordinary income, and the 10th consecutive year of record-high net income. We forecast an ROE of 18.7%.

Next, forecast shareholder returns. Based on the new mid-term plan, which will be presented later by Mr. Yagi, the total payout ratio will remain unchanged at 75%. The dividend payout ratio will increase from 45% to 55%. The dividend amount itself will increase by JPY32, from JPY122 to JPY154. We have increased dividends for 11 consecutive years, and today we announced a JPY5.0 billion share buyback.

## Analysis of Changes in OP

				(¥)
		FY2022 Outlook	FY2021 Actual	YOY Change
1H		<b>26.0</b> billion	<b>21.3</b> billion	<b>+4.7</b> billion(+22%)
	Chemicals	YOY Change +0.2 billion		Sales increase in Basic Chemicals
	Performance Materials	YOY Change +1.3 billion		Sales increase in Display Materials and Semis Materials
	Agro	YOY Change +2.5 billion		Sales increase in Fluralaner, GRACIA and PERMIT
	Healthcare	YOY Change +0.6 billion		OP increase due to fixed cost down from organizational change <sup>1</sup> despite sales decrease in LIVALO and Custom Chemicals

		FY2022 Outlook	FY2021 Actual	YOY Change
Full-Year		<b>53.5</b> billion	<b>51.0</b> billion	<b>+2.5</b> billion(+5%)
	Chemicals	YOY Change -1.6 billion		Sales decrease in Basic Chemicals
	Performance Materials	YOY Change +2.8 billion		Sales increase in Semis Materials and Inorganic Materials
	Agro	YOY Change +1.2 billion		Sales increase in Fluralaner, GRACIA and ROUNDUP
	Healthcare	YOY Change +1.2 billion		OP increase due to fixed cost down from organizational change <sup>1</sup> despite sales decrease in LIVALO and Custom Chemicals

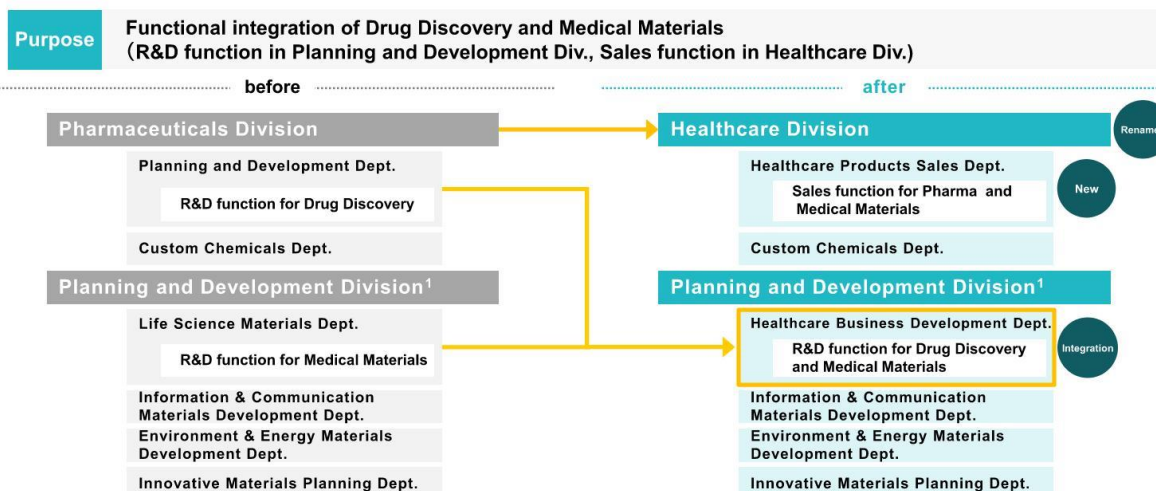
1. Impact of organizational change (see p21, p52)

Please see page 11. This is the forecast change in operating profit for FY2022. For the full year, we forecast an increase of JPY2.5 billion. We expect profits in all segments with the exception of Chemicals to increase. We forecast a decrease in profits in the Chemicals segment.

## Organizational Changes

The following organizational changes were implemented on April 1, 2022, in order to achieve mid- to long-term growth while appropriately capturing changes in the business environment.

### Organizational Change in “Pharmaceuticals Div.” and “Planning and Development Div.”



1. Planning and Development Division is included in “Trading, Others, Adjustment” segment. Sales and OP for Planning and Development Division in FY2021 actual, FY2022, 2024, 2027 Outlook are disclosed in mid-term plan materials p33 (announced on May 13, 2022)

### Newly Establishment of “Sustainability Promotion & IR Department”

(Integration of CSR function of “Corporate Planning Dept.” and IR function of “Finance & Accounting Dept.”)

Purpose	Promote activities that contribute to improving the sustainability of society. Disclose integrated financial and non-financial information and strengthening dialogue with stakeholders.
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Next, page 21. I will begin the segment analysis from page 21, but first I would like to mention the organizational changes.

The changes are to the organization of the Pharmaceuticals Division, Planning and Development Division, and Life Science Materials Department. As shown on the left<before>, the R&D functions for Drug Discovery were previously located in the Pharmaceuticals Division, and that for medical materials was in the Planning and Development Division. However, these functions have now been consolidated into the Planning and Development Division and renamed the Healthcare Business Development Department.

The Pharmaceuticals Division has been renamed the Healthcare Division. This Division will concentrate on sales functions relating to pharmaceuticals and medical supplies. Therefore, all expenses related to conventional Drug Discovery research will be transferred to the Planning and Development Division from FY2022 onward. The Planning and Development Division is included in “Trading, Others, Adjustment”. This is where the adjustments take place.

- Fine Chemicals: [2H FY2021] Sales YOY +15%, Sales below target [FY2022 Full-Year Outlook] Sales YOY +12%
- Basic Chemicals: [2H FY2021] Sales YOY +22%, Sales above target [FY2022 Full-Year Outlook] Sales YOY -2%

Main Products	FY2021 Actual					vs. Outlook as of Feb 2022 (undisclosed)	FY2022 Outlook		
	YOY Change						YOY Change		
	1H	3Q	4Q	2H	Total		1H	2H	Total
TEPIC	+26%	+20%	-10%	+5%	+13%	Below	+12%	+4%	+8%
Environmental related products	+10%	+30%	+13%	+20%	+15%	Below	+18%	+13%	+16%
FINEOXOCOL	+34%	+54%	+77%	+65%	+50%	Above	+24%	-7%	+7%
<b>Total Fine Chemicals<sup>1</sup></b>	<b>+15%</b>	<b>+27%</b>	<b>+4%</b>	<b>+15%</b>	<b>+15%</b>	<b>Below</b>	<b>+17%</b>	<b>+7%</b>	<b>+12%</b>
Melamine <sup>2</sup>	+41%	+99%	+54%	+76%	+61%	Above	+5%	-	-62%
Urea/AdBlue <sup>®</sup>	+14%	+23%	+40%	+32%	+24%	Above	+44%	+30%	+36%
High purity sulfuric acid	+10%	+8%	0%	+4%	+7%	In line	+3%	+9%	+6%
Nitric acid products	+20%	+12%	+9%	+10%	+15%	Above	+6%	-1%	+3%
<b>Total Basic Chemicals<sup>3,4</sup></b>	<b>+17%</b>	<b>+25%</b>	<b>+19%</b>	<b>+22%</b>	<b>+20%</b>	<b>Above</b>	<b>+10%</b> <b>(+11%)</b>	<b>-12%</b> <b>(+10%)</b>	<b>-2%</b> <b>(+11%)</b>
<b>Total Segment<sup>3</sup></b>	<b>+16%</b>	<b>+26%</b>	<b>+14%</b>	<b>+20%</b>	<b>+18%</b>	<b>Above</b>	<b>+13%</b> <b>(+13%)</b>	<b>-6%</b> <b>(+9%)</b>	<b>+3%</b> <b>(+11%)</b>

1. TEPIC, Environmental related products, and FINEOXOCOL account for 87% of total Fine Chemicals sales (FY2021 Actual)

2. Melamine plant is scheduled to be shutdown in June 2022 (see p31, Restructure based on Shutdown of Melamine Plant)

3. Growth rate in parentheses for FY2022 Outlook is the growth rate excluding melamine for both FY2021 Actual and FY2022 Outlook.

4. Melamine, Urea/AdBlue<sup>®</sup>, High purity sulfuric acid, and Nitric acid products account for 56% of total Basic Chemical sales (FY2021 Actual)

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Pages 22 to 24 show the figures by segment. We will now move on to page 26 for the Chemicals segment.

First, Fine Chemicals. Although sales were up 15% in the second half of FY2021, they were also slightly below our Outlook. The figure is expected to be up 12% in FY2022.

Next, Basic Chemicals. Sales increased by 22% in the second half of FY2021, exceeding the Outlook also. Melamine production will be halted in June of FY2022, resulting in a forecast 2% decrease in sales for FY2022.

**[2H] Sales up ¥3.3 billion, OP up ¥1.0 billion**

**[Full-Year] Sales up ¥5.7 billion, OP up ¥2.3 billion**

(¥billion)

	FY2020 Actual					FY2021 Actual					YOY Change		
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	4Q	2H	Total
Sales	14.7	8.3	8.9	17.2	31.9	17.1	10.5	10.0	20.5	37.6	+1.1	+3.3	+5.7
Fine Chemicals	5.4	2.8	3.2	6.0	11.4	6.2	3.7	3.2	6.9	13.1	0.0	+0.9	+1.7
Basic Chemicals	9.3	5.5	5.7	11.2	20.5	10.9	6.8	6.8	13.6	24.5	+1.1	+2.4	+4.0
OP	-0.1	0.7	0.9	1.6	1.5	1.2	1.3	1.3	2.6	3.8	+0.4	+1.0	+2.3

	<b>[2H] Sales up, OP up</b>	<b>[Full-Year] Sales up, OP up</b>		<b>[2H] Sales up, OP up</b>	<b>[Full-Year] Sales up, OP up</b>
Fine Chemicals	TEPIC for general applications	[2H]&[Full-Year] Sales up (price up)	Basic Chemicals	Melamine	[2H]&[Full-Year] Sales up (price up)
	TEPIC for electronic materials	[2H]&[Full-Year] Sales down (semiconductor shortage)		Urea/AdBlue®	[2H]&[Full-Year] Sales up
	Environmental related products	[2H]&[Full-Year] Sales up (isocyanuric acid capacity expansion completed)		High purity sulfuric acid	[2H]&[Full-Year] Sales up
	FINEOXOCOL	[2H]&[Full-Year] Sales up (Recovery for cosmetics)		Nitric acid products	[2H]&[Full-Year] Sales up
	[2H] Feedstock and raw materials cost up, shipping cost up	[Full-Year] Feedstock and raw materials cost up, shipping cost up		[2H] Feedstock and raw materials cost up	[Full-Year] Feedstock and raw materials cost up, shipping cost up

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Next, page 27. Here, I would like to talk about operating profit in the Chemicals segment of FY2021 compared to the previous year.

During the year, operating profit increased by JPY2.3 billion. Despite high raw material and fuel prices, as well as soaring transportation costs, both sales and operating profit increased in Fine Chemicals and Basic Chemicals due to higher sales volume and prices.



【Full-Year】 Sales up ¥1.0 billion, OP down ¥1.6 billion

(¥billion)

	FY2021 Actual					FY2022 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	8.8	8.3	17.1	20.5	37.6	10.2	9.1	19.3	19.3	38.6	+1.4	+0.8	+2.2	-1.2	+1.0
Fine Chemicals	3.2	3.0	6.2	6.9	13.1	3.7	3.6	7.3	7.4	14.7	+0.5	+0.6	+1.1	+0.5	+1.6
Basic Chemicals	5.6	5.3	10.9	13.6	24.5	6.5	5.5	12.0	11.9	23.9	+0.9	+0.2	+1.1	-1.7	-0.6
OP	1.3	-0.1	1.2	2.6	3.8	1.6	-0.2	1.4	0.8	2.2	+0.3	-0.1	+0.2	-1.8	-1.6

	【Full-Year】 Sales up, OP flat		【Full-Year】 Sales down, OP down	
Fine Chemicals	TEPIC for general applications	Sales up (shipment shifted from FY2021)	Melamine	Sales down (plant shutdown in June 2022)
	TEPIC for electronic materials	Sales up (eliminate semiconductor shortage)	Urea/AdBlue®	Sales up (price up and shipment increase)
	Environmental related products	Sales up (price up and shipment increase)	High purity sulfuric acid	Sales up (increase semis customers' orders)
	FINEOXOCOL	Sales up (price up)	Nitric acid products	Sales up (price up)
	Feedstock and raw materials cost up, shipping cost up		Feedstock and raw materials cost up, fixed cost up ¥0.3 billion, inventory adjustment cost up ¥0.7 billion	
Basic Chemicals				

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Next, please see page 29. This is the Outlook for Chemicals segment for FY2022.

For Fine Chemicals, operating profits are expected to remain flat. However, we forecast a significant decrease in profits in the segment overall. This is due to a decrease in marginal profit from the withdrawal of melamine from the Basic Chemicals business, an increase in fixed costs, and the absence of the inventory adjustment effects seen in FY2021.

- DP Materials: [2H FY2021] Sales YOY +9%, Sales above target [FY2022 Full-Year Outlook] Sales YOY +4%
- Semis Materials: [2H FY2021] Sales YOY +23%, Sales in line with target [FY2022 Full-Year Outlook] Sales YOY +20%
- Inorganic Materials: [2H FY2021] Sales YOY +5%, Sales above target [FY2022 Full-Year Outlook] Sales YOY +4%

Main Products	FY2021 Actual					vs. Outlook as of Feb 2022 (undisclosed)	FY2022 Outlook			
	YOY Change						YOY Change			
	1H	3Q	4Q	2H	Total		1H	2H	Total	
SUNEVER	+7%	+2%	+15%	+8%	+8%	Above	+4%	+3%	+4%	
Total Display Materials	+7%	+2%	+16%	+9%	+8%	Above	+5%	+3%	+4%	
Total ARC <sup>®</sup>	KrF (ARC <sup>®</sup> )	+22%	+25%	+17%	+21%	+22%	Above	+11%	+9%	+10%
	ArF (ARC <sup>®</sup> )	+21%	+20%	+25%	+22%	+22%	Below	+18%	+20%	+19%
Total ARC <sup>®</sup>	+22%	+22%	+25%	+23%	+22%	In line	+19%	+18%	+18%	
Other Semis Materials <sup>1</sup>	+17%	+14%	+33%	+23%	+20%	Below	+17%	+29%	+23%	
Total Semis Materials	+20%	+20%	+27%	+23%	+22%	In line	+19%	+21%	+20%	
SNOWTEX	+19%	+10%	-4%	+3%	+10%	Below	+3%	+9%	+6%	
Organo/Monomer Sol	+26%	+7%	+44%	+24%	+25%	Above	+3%	-3%	-1%	
Oilfield Materials	+1,093%	-71%	+55%	-43%	0%	Above	+36%	-8%	+12%	
Total Inorganic Materials	+23%	+6%	+4%	+5%	+13%	Above	+4%	+5%	+4%	
<b>Total Segment</b>	<b>+14%</b>	<b>+9%</b>	<b>+19%</b>	<b>+14%</b>	<b>+14%</b>	<b>Above</b>	<b>+10%</b>	<b>+10%</b>	<b>+10%</b>	

1. Multi layer process materials (OptiStack<sup>®</sup>), EUV materials, CMOS image sensor materials, 3D packing process materials

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Next, please see page 34. This is the Performance Materials segment.

Sales of Display Materials increased 9% in the second half of the year, exceeding the Outlook. We forecast a 4% increase in FY2022.

Sales of Semis Materials increased 23% in the second half of FY2021, in line with the Outlook. We expect this trend to continue, forecasting a 20% increase in FY2022.

Sales of Inorganic Materials increased by 5% in the second half of the fiscal year, exceeding the Outlook. We forecast a 4% increase in FY2022.

[2H] Sales up ¥5.1 billion, OP up ¥2.8 billion, Fixed cost up ¥0.6 billion in total

[Full-Year] Sales up ¥10.1 billion, OP up ¥5.3 billion,

Fixed cost up ¥1.4 billion in total (including common expenses up ¥0.1 billion)

(¥billion)

	FY2020 Actual					FY2021 Actual					YOY Change		
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	4Q	2H	Total
Sales	34.6	19.2	17.8	37.0	71.6	39.6	20.9	21.2	42.1	81.7	+3.4	+5.1	+10.1
OP	10.7	6.3	5.4	11.7	22.4	13.2	7.6	6.9	14.5	27.7	+1.5	+2.8	+5.3

### Display Materials

**[2H] Sales up, OP up**

**[Full-Year] Sales up, OP up**

Photo IPS [2H]&[Full-Year] Sales up  
(non-smartphone up)

Rubbing IPS [2H]&[Full-Year] Sales down

VA [2H]&[Full-Year] Sales up

[2H] Fixed cost down ¥0.1 billion

[Full-Year] Fixed cost flat

### Semis Materials

**[2H] Sales up, OP up [Full-Year] Sales up, OP up**

ARC® [2H]&[Full-Year] Sales up

Other semis materials [2H]&[Full-Year] Sales up  
(multi layer materials and other new materials<sup>1</sup> up)

[2H] Semis market overall good performance, fixed cost up ¥0.5 billion  
[Full-Year] Semis market overall good performance,  
fixed cost up ¥0.8 billion

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

### Inorganic Materials

**[2H] Sales up, OP down [Full-Year] Sales up, OP down**

SNOWTEX [2H]&[Full-Year] Sales up  
(non-polishing and polishing up)

Organo/Monomer Sol [2H]&[Full-Year] Sales up

Oilfield materials [2H] Sales down [Full-Year] Flat

[2H] Fixed cost up ¥0.2 billion

[Full-Year] Fixed cost up ¥0.5 billion

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Next, page 36. This is a YoY breakdown of changes to operating profit in the segment in FY2021.

Operating profit increased JPY5.3 billion for the year, with significant gains in Display Materials and Semis Materials and a small decline in Inorganic Materials.

【Full-Year】 Sales up ¥8.2 billion, OP up ¥2.8 billion,  
Fixed cost up ¥1.8 billion in total (including common expenses up ¥0.3 billion)

(¥billion)

	FY2021 Actual					FY2022 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	20.0	19.6	39.6	42.1	81.7	21.2	22.2	43.4	46.5	89.9	+1.2	+2.6	+3.8	+4.4	+8.2
OP	7.0	6.2	13.2	14.5	27.7	7.1	7.4	14.5	16.0	30.5	+0.1	+1.2	+1.3	+1.5	+2.8

【Full-Year】 Sales up, OP down	
Display Materials	Photo IPS Sales up (non-smartphone up)
	Rubbing IPS Sales flat
	VA Sales up
	Fixed cost up ¥0.5 billion

【Full-Year】 Sales up, OP up	
Semis Materials	ARC® Sales up
	Other semis materials Sales up (multi layer materials and other new materials <sup>1</sup> up)
	Semis market overall good performance, fixed cost up ¥0.9 billion
1. other new materials: EUV materials, CMOS image sensor materials, 3D packaging process materials total	

【Full-Year】 Sales up, OP up	
Inorganic Materials	SNOWTEX Sales up (non-polishing and polishing up)
	Organo/Monomer Sol Sales down
	Oilfield materials Sales up
Fixed cost up ¥0.1 billion	

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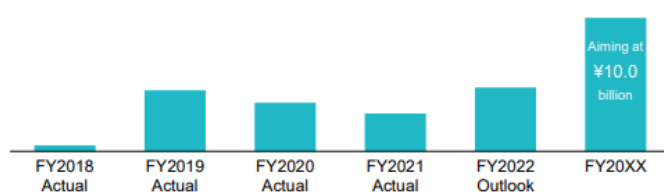
Next, page 38. This is the Outlook for FY2022.

We expect a slight decrease in operating profit for Display Materials, due in part to low price. We forecast a large increase in operating profit for Semis Materials and Inorganic Materials.

**[2H FY2021] Sales YOY +7%, Sales below target [FY2022 Full-Year Outlook] Sales YOY +11%**

Main Products (in order of FY2021 Sales amount)	Types	FY2021 Actual				FY2022 Outlook		
		YOY Change			vs. Outlook as of Feb 2022 (undisclosed)	YOY Change		
		1H	2H	Total		1H	2H	Total
ROUNDUP <sup>1</sup>	Herbicide	+4%	+3%	+3%	Below	+11%	+5%	+8%
Fluralaner	Animal Health products	-9%	-6%	-8%	Below	+31%	+13%	+23%
ALTAIR	Herbicide	-28%	-3%	-9%	Below	+18%	+2%	+5%
TARGA	Herbicide	+20%	+46%	+34%	Above	-7%	-7%	-7%
DITHANE	Fungicide	-	+96%	+203%	Above	+19%	+3%	+9%
PERMIT	Herbicide	+31%	-9%	-3%	Above	+182%	-54%	-4%
LEIMAY	Fungicide	+13%	+12%	+12%	Above	+50%	+54%	+53%
GRACIA	Insecticide	-64%	+17%	-22%	Below	+204%	+30%	+69%
QUINTEC	Fungicide	+115%	+27%	+46%	Below	-56%	+5%	-14%
<b>Total Segment<sup>2</sup></b>	-	<b>-3%</b>	<b>+7%</b>	<b>+3%</b>	Below	<b>+23%</b>	<b>+3%</b>	<b>+11%</b>

### GRACIA Sales



### Reference

- No.1 in the domestic agrochemicals sales ranking (Oct 2019- Sep 2020)

[ROUNDUP Business Briefing](#) (January 22, 2020)

- ROUNDUP AL for general household accounting for 23% of FY2021 ROUNDUP sales
- Total segment sales YOY include discount

We will now move on to the Agrochemicals segment. See page 40.

This slide shows sales figures by item. For the second half of FY2021, sales increased by 7%, with a full-year increase of 3%. So, the result was a little below the Outlook.

For FY2022, we forecast an 11% increase in the segment. This includes the impact of the Fluralaner shipment delays to FY2022 from FY2021, which I mentioned earlier.

【2H】Sales up ¥2.7 billion, OP up ¥0.9 billion, Fixed cost up ¥0.6 billion, Inventory adjustment cost down ¥0.6 billion  
(sales up ¥0.8 billion, OP up ¥0.8 billion due to changes in accounting policies)

【Full-Year】Sales up ¥2.0 billion, OP up ¥0.1 billion, Fixed cost up ¥1.2 billion (including DITHANE amortization ¥0.2 billion),  
Inventory adjustment cost down ¥1.2 billion

(¥billion)

	FY2020 Actual					FY2021 Actual					YOY Change		
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	4Q	2H	Total
Sales	25.7	6.3	31.8	38.1	63.8	25.0	11.9	28.9	40.8	65.8	-2.9	+2.7	+2.0
OP	7.8	-1.3	11.7	10.4	18.2	7.0	3.1	8.2	11.3	18.3	-3.5	+0.9	+0.1

Main products	ROUNDUP(Herbicide)	【2H】 Sales up (ML: sales up due to implementation of price increase from December 2021) 【Full-Year】 Sales up (ML: sales up due to implementation of price increase from December 2021, AL: strong sales)
	Fluralaner(Animal health product)	【2H】&【Full-Year】 Sales down (API: Inventory adjustment, shipment shifted from FY2021 to FY2022, royalties: up)
	ALTAIR(Herbicide)	【2H】 Sales down (domestic: flat, export: down) 【Full-Year】 Sales down (domestic & export: down)
	TARGA(Herbicide)	【2H】&【Full-Year】 Sales up (launch of mixture product for India, strong demand in Brazil and Europe)
	DITHANE(Fungicide)	【2H】&【Full-Year】 Sales up (sales start from 4Q FY2020)
	PERMIT(Herbicide)	【2H】&【Full-Year】 Sales down
	LEIMAY(Fungicide)	【2H】&【Full-Year】 Sales up (export: up)
	GRACIA(Insecticide)	【2H】 Sales up (domestic: sales up due to decrease in distribution inventory and increase pest control needs, export: sales up due to launch in new countries) 【Full-Year】 Sales down (domestic & export: down)
QUINTEC(Fungicide)	【2H】&【Full-Year】 Sales up (shipment shifted from 4Q FY2020 to 1Q FY2021)	

1. FY2021 Actual : including effects of changes in accounting policies

(Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease) (see p72)

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Please continue to page 41. This slide shows FY2021 operating profit from Agrochemicals.

For the year, sales increased by JPY2.0 billion, but operating profit increased only modestly, with an increase of JPY0.1 billion. An increase in the purchase price of intermediates, as well as an increase in fixed costs, all had a downward effect on operating profit.

【4Q】 Sales below target ¥0.7 billion, OP below target ¥1.0 billion,  
Inventory adjustment cost below expectations ¥0.2 billion

(¥billion)

	FY2021 Outlook as of Feb 2022			FY2021 Actual			vs. Outlook
	1-3Q	4Q	Total	1-3Q	4Q	Total	4Q
Sales	36.9	29.6	66.5	36.9	28.9	65.8	-0.7
OP	10.1	9.2	19.3	10.1	8.2	18.3	-1.0

Main products	ROUNDUP(Herbicide)	Sales below target (ML & AL: below target)
	Fluralaner(Animal health product)	Sales below target (API: below target due to shipment shifted from FY2021 to FY2022, royalties above target)
	ALTAIR(Herbicide)	Sales below target
	TARGA(Herbicide)	Sales above target (launch of mixture product for India, shipment shifted from 3Q to 4Q FY2021)
	DITHANE(Fungicide)	Sales above target
	PERMIT(Herbicide)	Sales above target
	LEIMAY(Fungicide)	Sales above target (shipment shifted from 3Q to 4Q FY2021)
	GRACIA(Insecticide)	Sales below target (domestic: above target due to decrease in distribution inventory, export: below target due to distribution inventory adjustment)
	QUINTEC(Fungicide)	Sales below target (shipment shifted from 4Q to 3Q FY2021)

1. FY2021 Actual & Outlook : including effects of changes in accounting policies

(Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease) (see p72)

Next, a comparison with the Outlook. For Q4, shipment of Fluralaner API is partly delayed to FY2022, resulting in a JPY1.0 billion downward revision.

【Full-Year】 Sales up ¥7.1 billion, OP up ¥1.2 billion, Fixed cost up ¥1.8 billion (including NBR cost up ¥0.4 billion), Inventory adjustment cost up ¥0.6 billion

	FY2021 Actual					FY2022 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	13.4	11.6	25.0	40.8	65.8	17.2	13.5	30.7	42.2	72.9	+3.8	+1.9	+5.7	+1.4	+7.1
OP	4.1	2.9	7.0	11.3	18.3	5.7	3.8	9.5	10.0	19.5	+1.6	+0.9	+2.5	-1.3	+1.2

(¥billion)

Main products	FY2021 Actual		FY2022 Outlook		YOY Change		
	1Q	2Q	1H	2H	1Q	2Q	
ROUNDUP(Herbicide)	13.4	11.6	25.0	40.8	17.2	13.5	Sales up (ML & AL: sales up due to higher prices and volume)
Fluralaner(Animal health product)	11.6	2.9	7.0	11.3	3.8	9.5	Sales up (API: up due to shipment shifted from FY2021 to FY2022, end of inventory adjustment royalties: up)
ALTAIR(Herbicide)	25.0	7.0	11.3	18.3	9.5	10.0	Sales up (domestic & export: sales up)
TARGA(Herbicide)	40.8	11.3	18.3	19.5	10.0	19.5	Sales down
DITHANE(Fungicide)	65.8	18.3	19.5	21.4	19.5	21.4	Sales up (domestic & export: sales up)
PERMIT(Herbicide)	17.2	13.5	30.7	42.2	30.7	42.2	Sales down
LEIMAY(Fungicide)	72.9	21.4	42.2	63.6	42.2	63.6	Sales up (export: sales up due to launch of mixture product in Europe)
GRACIA(Insecticide)	+3.8	+1.9	+5.7	+1.4	+5.7	+1.4	Sales up (domestic: sales up due to end of distribution inventory adjustment, export: sales up due to sales expansion in India and sales recovery in Korea)
QUINTEC(Fungicide)	+1.6	+0.9	+2.5	-1.3	+2.5	-1.3	Sales down

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Next, on page 43, is the Agrochemicals FY2022 Outlook.

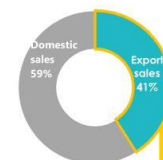
We forecast an increase in sales of JPY7.1 billion and an increase in operating profit of JPY1.2 billion. This includes an increase in fixed costs of JPY1.8 billion. Of this amount, JPY0.4 billion is for the cost of NBR in India, which will become a consolidated subsidiary this fiscal year.



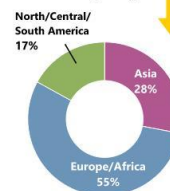
	Launch	Products	Application	Product development type	Notes
Existing products	2002	ROUNDUP	Herbicide	Acquired	Acquired domestic business from Monsanto, continuing to grow
	2008	LEIMAY	Fungicide	In-house	
	2008	STARMITE	Insecticide	In-house	
	2009	PULSOR (THIFLUZAMIDE)	Fungicide	Acquired	Acquired world business from Dow
	2009	PREVATHON	Insecticide	Licensed-in	Licensed from DuPont
	2010	ROUNDUP AL	Herbicide	In-house	For general household shower-type herbicide market, launched ROUNDUP AL II in FY2016 and AL III in FY2017, growing sharply
	2011	ALTAIR	Herbicide	In-house	Launched in Korea in FY2011 and in Japan in FY2012
	2013	Fluralaner	Animal health products	In-house	Started to be supplied to MSD <sup>1</sup> in July as scheduled
	2014	BRAVECTO <sup>2</sup>	Veterinary medical product for companion animals	-	Launched in several countries in EU in April 2014, in the USA in June 2014 and in Japan in July 2015
	2015	TREFANOCIDE	Herbicide	Licensed-in	Acquired by Gowan from Dow, exclusive sales right in Japan transferred to Nissan Chemical
2017	NEXTER	Fungicide	Licensed-in	Licensed from Syngenta	
2017	TRANSFORM™ / EXCEED™ / VIRESCO™	Insecticide	Licensed-in	Licensed from Dow	
2017	EXZOLT <sup>2</sup>	Veterinary medical product for poultry	-	Launched in EU in September for poultry red mites by MSD	
New products - Pipeline	2018	GRACIA	Insecticide	In-house	Effective against a wide range of serious pests, having less negative impact on honeybees. Launched in Korea in FY2018, in Japan in FY2019, and in India and Indonesia in FY2021 (expected peak sales ¥10.0 billion)
	2019	QUINTEC (QUINOXYFEN)	Fungicide	Acquired	Acquired world business from Corteva. Protective fungicide highly effective in controlling powdery mildew in fruits and vegetables
	2020	DITHANE (MANCOZEB)	Fungicide	Acquired	Acquired Japan and Korea business from Corteva in December 2020. Protective fungicide with significant efficacy against various plant diseases in fruits and vegetables
	2024	NC-653(DIMESULFAZET)	Herbicide	In-house	Effective against resistant weeds, having excellent safety to rice (expected peak sales ¥3.5 billion)
	2025	NC-520	Insecticide	Joint development	Insecticide for paddy rice co-developed with other companies. Highly effective against planthoppers (expected peak sales ¥2.5 billion including mixture products)
	2027	NC-656	Herbicide	In-house	Our first foliar application rice herbicide with excellent efficacy against resistant grass weeds (expected peak sales ¥10.0 billion)

1. MSD: MSD Animal Health, the global animal health business unit of Merck 2. BRAVECTO, EXZOLT: the product names developed by MSD, containing the active substance Fluralaner  
3. Including Fluralaner

Export ratio of agrochemicals business (FY2021 Actual)<sup>3</sup>



- Distribution by Region



Expected peak sales of new products  
**¥31.0 billion**

See page 44. The following is a list of major products, some of which have moved in the pipeline. First, NC-241, a fungicide, was removed from the pipeline due to the high cost of raw materials and manufacturing.

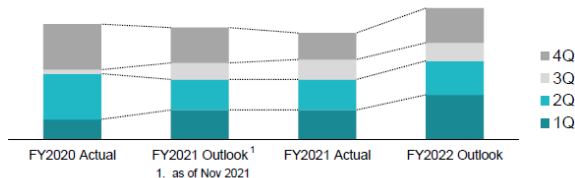
On the other hand, as you can see on the second line from the bottom, we have included NC-520, an insecticide, in our new pipeline and expect peak sales of JPY2.5 billion.

**Nissan Chemical's Revenues are Consisted from Following Two Factors**

- Sales of Fluralaner to MSD as API<sup>1</sup> of BRAVECTO and EXZOLT products
- Running royalties received from MSD

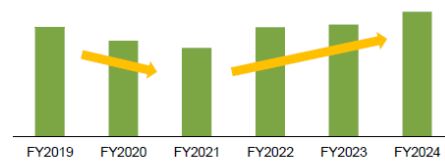
1. API: Active Pharmaceutical Ingredient

**FY2019-FY2022 Fluralaner Quarterly Sales (including royalties)**



Royalties revenue used to be recognized in 2Q and 4Q until FY2020. Due to changes in accounting policies, it has been recognized in each quarter since FY2021 (see p72).

**FY2019-FY2024 Fluralaner Pro-forma Sales Image (including royalties)**



- Inventory adjustments for Fluralaner were completed in FY2021.
- Plan a large sales increase in FY2022, due to the shipments shifted from FY2021 to FY2022. Assumed exchange rate is ¥115/\$.
- Assumed exchange rate for FY2023 and beyond: ¥110/\$.
- The new mid-term plan for FY2027 (see p60) includes the forecast of patent extensions and expirations by country (see p45) and does not include the sales increase associated with the launch of newly developed BRAVECTO series and EXZOLT.

**BRAVECTO series and EXZOLT R&D**

Several pipeline products being developed by MSD (including new type of BRAVECTO for pets and spot-on solution for livestock)

Next, page 46. This slide concerns Fluralaner.

As shown in the green bar graph on the right, we have determined that the inventory adjustment was completed in FY2021. In FY2022, we expect a significant increase in sales due to the completion of inventory adjustments, as well as from the delay of shipment from the previous fiscal year.

The assumed exchange rate is JPY115 to the USD for FY2022. For FY2023 and beyond, we are assuming an exchange rate of JPY110.

In the final year of the new mid-term plan, FY2027, patent extensions and expirations in individual countries are incorporated. However, the forecast does not factor in the increase in sales associated with the launch of newly developed BRAVECTO series and EXZOLT.

Establish an API production site to ensure a stable global supply and reduce manufacturing costs. NBR is added as a consolidated subsidiary from FY2022. Plant construction progresses largely on schedule despite Covid-19.

### Nissan Bharat Rasayan Private Limited (NBR)

Head Office	Gurgaon, Haryana (near New Delhi)
Plant Location	Newly built in Saykha, Gujarat (land leased by Gujarat Industrial Development Corporation)
Opening of Business	April 1, 2020
Business	Manufacturing active ingredients of agrochemicals (GRACIA, LEIMAY, QUINTEC, etc.) and exporting them to Nissan Chemical
Number of Operators	150-200 (assumptions as of 2022)
Plant Operating	2Q FY2022
Shareholders	Nissan Chemical 70%, Bharat Rasayan Ltd (BRL) 30%
Board of Directors	Nissan Chemical 5, BRL 2, Independent1, Total 8

### Bharat Rasayan Ltd (BRL)

Foundation	1989 (one of major Indian agrochemical companies)
Listing	National Stock Exchange of India(NSE), Bombay Stock Exchange (BSE)
Major Shareholders	Founders families including Sat Narain Gupta, Chairman 74.8%
2020 PL	Sales INR 10,920 million, Net Income after Taxes INR 1,639 million
Plant Location	2 plants: (A) Dahej, Gujarat (B) Rohtak, Haryana
Relationship with Nissan Chemical	BRL manufactures active ingredients and intermediates of Nissan Chemical's products. Bharat Insecticides Ltd (BIL), a related company of Bharat group, distributes certain Nissan Chemical's products(TARGA, PULSOR, PERMIT) in India

### Funding Plan

		(¥billion)	
Plant	6.0	Capital	2.3
Working capital and others	2.8	Borrowings provided by Nissan Chemical	6.5
Total required funds	8.8	Total funding plan	8.8

### Expected Net Contribution to Nissan Chemical's Consolidated PL

		(¥billion)				
FY	2021	2022	2023	2024	2025	
OP	-	-0.4	1.0	2.4	2.9	

### Advantages to Nissan Chemical

- Reliable and experienced local partner
- Diversify and secure sources of active ingredients and decrease materials shortage risks
- Lower production costs compared to plants in Japan
- Readily available plant site (official approval process for land lease already completed)
- Much less management and financial risks compared to M&A of an existing local company

See page 48. This is NBR, a joint venture company in India. As you can see in the third line, the construction of the plant is proceeding almost as planned despite the effects of the coronavirus pandemic. For this fiscal year, there will be no shipments from NBR to customers, so there are only outgoings.

### Narrowing down business areas and future focus areas

Focus areas	Our initiatives
Healthcare (HC)	Oligonucleotide Therapeutics <ul style="list-style-type: none"> <li>• Application of our unique oligonucleotide therapeutics technology, 80% of resources invested</li> <li>• Steady promotion of Joint research and development with pharmaceutical companies and strategic alliance with Luxana Biotech Co. (Secured 7 nucleic acid target themes)</li> </ul>
	Small Molecule Therapeutics <p>Collaboration with drug discovery ventures (narrowed down from 10 to 3 themes), introduction of AI</p>
	Medical Materials <p>Biointerface control materials, cosmetic materials, etc.</p>
Custom Chemicals (CC)	In addition to strengthening the existing business model, joint development is also oriented (peptides, etc.)

### Resource allocation

(person, round number)

	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>Researchers</b>	75	15	20	20
HC	65	5	5	5
CC	10	10	15	15
<b>Reference</b> Researchers in Healthcare Business Development Dept. Planning & Development Division	35	90	85	90

(¥billion)

	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>R&amp;D expenses</b>	2.13	0.74	1.03	1.12
HC	1.80	0.31	0.52	0.53
CC	0.33	0.43	0.51	0.59
<b>Reference</b> Impact of transfer to Planning & Development Division (B)	-	1.45	1.26	1.27

### Quantitative Plan

(¥billion)

	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>Sales</b>	6.63	5.94	7.23	11.48
HC Existing	2.42	2.13	1.13	0.90
HC New	0.04	0.00	0.44	2.08
CC Existing	4.17	3.81	5.06	5.79
CC New	0.00	0.00	0.60	2.71
<b>OP (A)</b>	0.95	2.09	2.15	4.29
HC	-1.07	0.53	-0.70	-0.10
CC	2.02	1.56	2.85	4.38
<b>Reference</b> Substantial OP before transfer (A)-(B)	0.95	0.64	0.89	3.02

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Next, please see page 52. This is the Healthcare segment.

In Healthcare, we have identified 7 nucleic acid target themes. We have reduced our focus on small molecules, with a reduction from 10 to 3 themes.

In addition, we will be working on biointerface control materials and cosmetic materials.

Resource allocation is described in the lower left corner. In terms of the number of researchers in FY2021, 75 were in Healthcare and 35 in the Planning and Development Division, giving a total of 110. This is almost the same number as during the mid-term plan period.

R&D expenses will be kept at around the JPY2.4 billion level. This is the combined figure for Healthcare and Drug Discovery research that has been transferred to the Planning and Development Division. The table on the right shows a quantitative plan.

**[2H]** Sales down ¥0.34 billion, OP up ¥0.17 billion

**[Full-Year]** Sales down ¥0.02 billion, OP up ¥0.59 billion

(¥billion)

	FY2020 Actual					FY2021 Actual					YOY Change		
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	4Q	2H	Total
Sales	3.02	1.40	2.23	3.63	6.65	3.34	1.92	1.37	3.29	6.63	-0.86	-0.34	-0.02
Drug Discovery	1.53	0.58	0.77	1.35	2.88	1.41	0.48	0.57	1.05	2.46	-0.20	-0.30	-0.42
Custom Chemicals	1.49	0.82	1.46	2.28	3.77	1.93	1.44	0.80	2.24	4.17	-0.66	-0.04	+0.40
OP	0.03	-0.04	0.37	0.33	0.36	0.45	0.44	0.06	0.50	0.95	-0.31	+0.17	+0.59
Drug Discovery	-0.36	-0.36	-0.21	-0.57	-0.93	-0.44	-0.34	-0.29	-0.63	-1.07	-0.08	-0.06	-0.14
Custom Chemicals	0.39	0.32	0.58	0.90	1.29	0.89	-0.78	0.35	1.13	2.02	-0.23	+0.23	+0.73

1. Figures in p22, p23, p24, p81, p82, p83 may not match the numbers on this page due to rounding.

Drug Discovery	<b>[2H] Sales down, OP down</b>		Custom Chemicals	<b>[2H] Sales down, OP up</b>	
	<b>[Full-Year] Sales down, OP down</b>			<b>[Full-Year] Sales up, OP up</b>	
	LIVALO	<b>[2H]</b> Sales down (domestic and export down) <b>[Full-Year]</b> Sales down (domestic up, export down) <b>[2H]</b> Inventory adjustment cost down ¥0.1 billion		Custom Chemicals	<b>[2H]</b> Sales down (shipment shifted to 1H FY2021) <b>[Full-Year]</b> Sales up (strong sales of generic APIs) <b>[2H]</b> Inventory valuation gain ¥0.1 billion, Inventory adjustment cost down ¥0.2 billion <b>[Full-Year]</b> Inventory valuation gain ¥0.2 billion, Inventory adjustment cost down ¥0.2 billion

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Next, page 53. This is the trend in operating profit in the last fiscal year for Healthcare.

Operating profit increased by JPY0.59 billion. Although sales and operating profit from Drug Discovery declined, this was counteracted by strong performance of Custom Chemicals, positive impact of inventory valuation gain and inventory adjustment. As a result, profit increased.

【Full-Year】 Sales down ¥0.69 billion, OP up ¥1.14 billion

(¥billion)

	FY2021 Actual					FY2022 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	1.07	2.27	3.34	3.29	6.63	1.59	1.42	3.01	2.93	5.94	+0.52	-0.85	-0.33	-0.36	-0.69
Healthcare	0.63	0.78	1.41	1.05	2.46	0.79	0.39	1.18	0.95	2.13	+0.16	-0.39	-0.23	-0.10	-0.33
Custom Chemicals	0.44	1.49	1.93	2.24	4.17	0.80	1.03	1.83	1.98	3.81	+0.36	-0.46	-0.10	-0.26	-0.36
OP	-0.19	0.64	0.45	0.50	0.95	0.62	0.46	1.08	1.01	2.09	+0.81	-0.18	0.63	+0.51	+1.14
Healthcare	-0.29	-0.15	-0.44	-0.63	-1.07	0.33	0.06	0.39	0.14	0.53	+0.62	+0.21	0.83	+0.77	+1.60
Custom Chemicals	0.10	0.79	0.89	1.13	2.02	0.29	0.40	0.69	0.87	1.56	+0.19	-0.39	-0.20	-0.26	-0.46

1. Figures in p22, p23, p24, p81, p82, p83 may not match the numbers on this page due to rounding.

### 【Full-Year】 Sales down, OP up

Healthcare

LIVALO

Sales down (domestic and export down)

Fixed cost down ¥1.8 billion  
(including effects of organizational change)

### 【Full-Year】 Sales down, OP down

Custom Chemicals

Custom Chemicals

Generic APIs sales down

Fixed cost up ¥0.2 billion

### OP impact of organizational change (R&D expenses)<sup>1</sup> (¥billion)

	FY2022 Outlook				
	1Q	2Q	1H	2H	Total
Healthcare	+0.34	+0.38	+0.72	+0.78	+1.50
Custom Chemicals	-0.01	-0.01	-0.02	-0.03	-0.05
Total	+0.33	+0.37	+0.70	+0.75	+1.45

1. Positive figures mean increased profit

55

See page 55. This is the Outlook for FY2022.

We forecast a fall in sales of JPY0.69 billion, and an increase in operating profit of JPY1.14 billion. As I mentioned, JPY1.45 billion in R&D expenses will be transferred to the Planning and Development Division, so if this is taken into account, the actual amount will be negative JPY0.3 billion.

## Mid-Term Plan Vista2021 Stage II (FY2019-2021) announced in May 2019 - (A)



Despite COVID-19, achieved the financial targets (indicated in Mid-Term Plan Vista2021) in FY2021.

### PL<sup>1</sup>

(¥billion)

	FY2018 Actual	FY2021 Actual	FY2021 previous Mid-Term Plan announced in May 2019	vs. previous Mid-Term Plan
				(A)-(B)
Sales	204.9	208.0	235.0	-27.0
Operating Profit	37.1	51.0	43.0	+8.0
Ordinary Income	39.1	53.7	44.0	+9.7
Net Income	29.4	38.8	33.0	+5.8
EPS (¥/share)	197.67	271.88	230.00	+41.88
Dividend (¥/share)	82	122	-	-
FX Rate (¥/\$)	111	112	110	-
Naphtha (¥/kl)	49,700	-	43,000	-
Crude Oil (JCC) (\$/bbl)	-	77	64	-
(Financial Targets)				
OP Margin	18.1%	24.5%	Above 18%	Achieved
ROE	16.6%	19.2%	Above 16%	Achieved
Dividend Payout Ratio	41.5%	44.9%	45%	Achieved
Total Payout Ratio	71.8%	75.6%	75%	Achieved

### Segment<sup>1,2</sup>

(¥billion)

		FY2018 Actual	FY2021 Actual	FY2021 previous Mid-Term Plan announced in May 2019	vs. previous Mid-Term Plan
					(A)-(B)
Chemicals	Sales	35.7	37.6	43.1	-5.5
	OP	3.0	3.8	5.1	-1.3
Performance Materials	Sales	63.0	81.7	75.1	+6.6
	OP	15.0	27.7	17.3	+10.4
Agro-chemicals	Sales	62.7	65.8	70.1	-4.3
	OP	18.4	18.3	21.1	-2.8
Pharmaceuticals	Sales	7.0	6.6	7.5	-0.9
	OP	1.0	0.9	0.7	+0.2
Trading, Others, Adjustment	Sales	36.5	16.3	39.2	-22.9
	OP	-0.3	0.3	-1.2	+1.5
Total	Sales	204.9	208.0	235.0	-27.0
	OP	37.1	51.0	43.0	+8.0

1. FY2021 Actual: Sales include ¥22.9 billion decrease due to changes in accounting policies. This impact is included in "Trading, Others, Adjustment" segment (see p5, p72)

2. Including inter-segment sales/transfers

3. Trading: Nissei Corporation, Others&Adjustment: Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Nihon Hiryo, Planning and Development Division, and others (see p82, p83 for breakdown)

4. Sales and OP for Planning and Development Division in FY2021 actual are disclosed in Mid-term plan materials p33 (announced on May 13, 2022)

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Next are the figures for the mid-term plan. See page 57.

These are the results for FY2021. As shown in the management indicators below, we have achieved our targets for all indicators.

## Mid-Term Plan Vista2027 (FY2022-2027) announced in May 2022 - (A)



- New mid-term plan targets an OP margin of above 20% and ROE of above 18%.
- Continue to emphasize aggressive shareholder returns. Increase dividend payout ratio target to 55% from 45%

### PL

	(¥billion)			
	FY2021	FY2022	FY2024	FY2027
	Actual	Outlook	Mid-Term Plan announced in May 2022	Mid-Term Plan announced in May 2022
Sales	208.0	219.0	255.0	285.0
Operating Profit	51.0	53.5	58.5	67.0
Ordinary Income	53.7	54.1	59.5	68.0
Net Income	38.8	39.6	44.0	50.0
EPS (¥/share)	271.88	280.90	317.64	371.67
Dividend (¥/share)	122	154	-	-
FX Rate (¥/\$)	112	115	110	110
Crude Oil (JCC) (\$/bbl)	77	88	88	88
(Financial Targets)				
OP Margin	24.5%	24.4%	Above 20%	
ROE	19.2%	18.7%	Above 18%	
Dividend Payout Ratio	44.9%	54.8%	55%	
Total Payout Ratio	75.6%	67.4%	75%	

### Segment<sup>1</sup>

		(¥billion)			
		FY2021	FY2022	FY2024	FY2027
		Actual	Outlook	Mid-Term Plan announced in May 2022	Mid-Term Plan announced in May 2022
Chemicals	Sales	37.6	38.6	37.6	40.1
	OP	3.8	2.2	3.5	3.9
Performance Materials	Sales	81.7	89.9	102.9	117.2
	OP	27.7	30.5	32.1	38.0
Agrochemicals	Sales	65.8	72.9	77.8	82.3
	OP	18.3	19.5	21.7	21.0
Healthcare <sup>2</sup>	Sales	6.6	5.9	7.2	11.5
	OP	0.9	2.1	2.1	4.3
Trading, Others, Adjustment	Sales	16.3	11.7	29.5	33.9
	OP	0.3	-0.8	-0.9	-0.2
Total	Sales	208.0	219.0	255.0	285.0
	OP	51.0	53.5	58.5	67.0

1. Including inter-segment sales/transfers
2. Organizational change was implemented in April, 2022. FY2021 Actual figures are based on old segmentation (see p21, p52)
3. Trading: Nissei Corporation, Others&Adjustment: Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Nihon Hiryo, Planning and Development Division, and others (see p82, p83 for breakdown)
4. Sales and OP for Planning and Development Division in FY2021 actual, FY2022, 2024, 2027 outlook are disclosed in mid-term plan materials p33 (announced on May 13, 2022)

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Next, see page 60. This is the new mid-term plan.

Mr. Yagi will present this in detail later, but just to mention a few figures, operating profit is expected to be JPY58.5 billion in FY2024 and JPY67.0 billion in FY2027. Our management targets are to maintain OP margin of at least 20% and ROE of at least 18%.

We continue to emphasize proactive shareholder returns and plan to raise our dividend payout ratio target from 45% to 55%. With a total return ratio of 75%, we believe we can achieve an ROE of 18%.

From page 62 you can see ESG-related information, and page 71 onward lists various reference data.

This concludes my presentation of the financial results. Thank you very much.

We will now move on to a presentation on the new management plan.



## Vista2021 Stage II (FY2019 to FY2021) Financial Results



- Achieved and significantly exceeded all income targets for FY2021 in the mid-term plan formulated prior to COVID-19 (announced in May 2019 ).
- Operating profit reached the record high for 8 consecutive years.
- Achieved the operating profit target “¥50 billion” in the long-term business plan “Progress2030“, 9 years ahead of the plan.

	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Actual)	FY2021 (Plan)	FY2021 (Actual vs. Plan)
	①	②	③	④	⑤	④-⑤
Sales	204.9	206.8	209.1	* 208.0	235.0	* -27.0
Operating Profit	37.1	38.6	42.5	51.0	43.0	+8.0
Ordinary Income	39.1	40.0	43.9	53.7	44.0	+9.7
Net Income	29.4	30.8	33.5	38.8	33.0	+5.8
*Including effects of changes in accounting policies(-¥22.9 billion)						
EPS(¥/share)	197.67	210.09	231.73	271.88	230.00	+41.88
ROE	16.6%	16.9%	17.5%	19.2%	Above16%	+3.2%
FX Rate (¥/\$)	111	109	106	112	110	+2
Crude Oil (JCC) (\$/bbl)	72	68	43	77	64	+13

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**Yagi:** I am Yagi, the Company President. Thank you very much for attending today's financial results and business plan presentation. I will now present the long-term business plan Atelier2050 and the mid-term business plan Vista2027, which started in April this year.

First, a summary of Vista2021 Stage II. Sales for the second half of the three-year period (Stage II) were JPY208.0 billion, JPY27.0 billion below our target in the mid-term plan. Operating profit was JPY51.0 billion, JPY8.0 billion higher than our target in the mid-term plan.

Although net sales fell slightly short, including the negative JPY22.9 billion impact of the changes in accounting policies, we achieved our profit target. In fact, we exceeded it, even though the plan was made prior to the coronavirus pandemic. Furthermore, operating profit exceeded our target of JPY50.0 billion for FY2030, 9 years ahead of schedule.

## Vista2021 Stage II Financial Indicators

- Achieved all targets for FY2021 in the mid-term plan formulated prior to COVID-19 (announced in May 2019 ).

	FY2021 (Actual)	FY2021 (Plan)	
OP Margin	24.5%	Above 18%	Achieved
ROE	19.2%	Above 16%	Achieved
Dividend Payout Ratio	44.9%	45%	Achieved
Total Payout Ratio	75.6%	75%	Achieved
Purchase Costs of Treasury Shares/ Net Income	30.7%	30%	

All of the management indices have also been achieved in accordance with the FY2021 plan.

## Vista2021 Stage II Financial Results by Segment



(¥billion)

		FY2021 (Actual)	FY2021 (Plan)	FY2021 (Actual vs. Plan)
		①	②	①-②
Chemicals	Sales	37.6	43.1	-5.5
	OP	3.8	5.1	-1.3
Performance Materials	Sales	81.7	75.1	+6.6
	OP	27.7	17.3	+10.4
Agro- chemicals	Sales	65.8	70.1	-4.3
	OP	18.3	21.1	-2.8
Pharma- ceuticals	Sales	6.6	7.5	-0.9
	OP	0.9	0.7	+0.2
Others	Sales	16.3	39.2	-22.9
	OP	0.3	-1.2	+1.5
Total	Sales	208.0	235.0	-27.0
	OP	51.0	43.0	+8.0

### Major Difference Factors in Operating Profit

Melamine	- Lower domestic demand, export decrease, etc.
Environmental Related Products	- Sales decrease of HI-LITE, etc.
Photo IPS	- Sales increase due to widening target applications, etc.
ARC®*1	- Sales increase due to increased demand and expansion of market share, etc.
Acquired Agrochemical Products	- Sales increase due to expansion of QUINTEC(QUINOXYFEN) and DITHANE(MANCOZEB)
Fluralaner	- Sales decrease due to inventory adjustments
LIVALO	- Sales increase in domestic market
Custom Chemicals	- Sales decrease of GE API*2 - Delayed plan of peptide CMO
Adjustments etc.	- Effects of changes in accounting policies (-¥22.9 billion is included in sales of "Others")

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\*1: ARC® is a registered trademark of Brewer Science, Inc.  
\*2: Active Pharmaceutical Ingredients

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I would like to provide a per-segment breakdown of this JPY8.0 billion plus in operating profit.

In Chemicals, profit was JPY1.3 billion below target due to lower sales of melamine and environmental related products, changes in business environment, as well as higher raw material and transportation costs.

Performance Materials grew due to the expansion of photo IPS applications.

High sales in the Semis Materials business resulting from growth in global demand and market share expansion, as well as lower fixed costs, all contributed to operating profits JPY10.4 billion above the target in the Performance Materials segment.

Operating profit in Agrochemicals was JPY2.8 billion below the target. Despite growth in DITHANE and QUINTEC, falling sales in Fluralaner, GRACIA, and other products resulted in profits below the target.

Sales of Pharmaceuticals were lower than the target due to a delay in contract production of generic APIs and peptides. However, fixed costs were down, resulting in operating profit JPY0.2 billion above target.

Overall, the increase in operating profit from Performance Materials made a significant contribution.

## Vista2021 Stage II Management Resources Distribution



	R&D Expenses		Capex		Depreciation		Researchers*4	
	Total FY2019-2021		Total FY2019-2021		Total FY2019-2021		FY2021	
	(Actual)	(Plan)	(Actual)*2	(Plan)*3	(Actual)	(Plan)	(Actual)	(Plan)
Chemicals	1.0	1.4	10.3	14.7	6.6	9.4	5	10
Performance Materials	21.7	26.7	12.2	17.8	13.6	17.0	200	210
Agro-chemicals	13.2	14.8	15.8	8.2	7.6	5.5	90	95
Pharmaceuticals	7.0	7.1	1.8	1.7	1.6	1.8	75	90
Others*1	6.8	8.0	2.4	2.3	1.7	3.1	100	75
<b>Total</b>	<b>49.7</b>	<b>58.0</b>	<b>42.5</b>	<b>44.7</b>	<b>31.1</b>	<b>36.8</b>	<b>470</b>	<b>480</b>

R&D Expenses/Sales		Regular Positions*4	
FY2021 (Actual)	FY2021 (Plan)	FY2021 (Actual)	FY2021 (Plan)
7.7%	9.0%	1,175	1,170

\*1: "Others" includes Planning& Development Division, Trading, Others and Adjustment Segment \*2: Acceptance basis  
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In terms of resource allocation, R&D expenses decreased following a careful review of plans. Capital expenditures also decreased due to the revision of plans, as well as some delays in plans.

Researchers decreased slightly.

In page 8 to 11, we also have a chart that shows the sales growth rate from FY2018 to FY2021 for the major products listed by segment in Stage II. Please review those later.

#### Basic Strategy 1.

“Increase  
profitability of  
products that are  
the sources of  
growth”

- Decided to withdraw from melamine business to promote structural reform of Chemicals Business
- Expanded sales and by increasing product lines, widened target applications of photo IPS
- Decided to establish a new NCK plant to increase production capacity of semiconductor materials(Investment amount: ¥8.5 billion(round number), planned completion: July 2023)
- Expanded the agrochemical product portfolio through acquisition of “DITHANE” and “QUINTEC”
- Established Nissan Bharat Rasayan Private Limited (India), the first overseas agrochemical production site, to expand the capacity to supply products

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Next, I will explain the status of implementation of various policies from the basic strategy.

The first is about increasing profitability of products that are the sources of growth.

In Chemicals, we decided to cease production of melamine, which has a nearly 60-year history. We are promoting structural reforms to further shift to high value-added products.

In the area of Performance Materials, sales of Display Materials, especially photo IPS, are expanding due to the expansion of applications.

We decided to build a new plant in Dangjin, Korea to increase production capacity of Semis Materials.

In Agrochemicals, the Company expanded its agrochemical product portfolio through the acquisition of DITHANE and QUINTEC.

In order to respond to the increasing demand for APIs and to establish a stable supply system, we established a joint venture company in India in 2020, Nissan Bharat Rasayan Private Limited. The plant is currently under construction.

Basic Strategy 2.

“Strengthen  
ability to create  
new products”

- Established Planning and Development Division (April 1, 2020)  
Functions were integrated such as theme and market developments, for stronger planning and development abilities.  
[Life Science Materials Development Dept.]  
Materials for cosmetics market and regenerative medicine market, etc.  
[Information & Communication Materials Development Dept.]  
Novel electronic materials for information & communication, etc.  
[Environment & Energy Materials Development Dept.]  
Materials for secondary batteries and solar cells, etc.  
[Innovative Materials Planning Dept.]  
Creation and introduction of new themes and technology
- Invested in a venture capital and considered introducing technology and products from start-up companies
- Promoted joint research and development with pharmaceutical companies and strategic alliance with Luxana Biotech Co. (Secured 7 nucleic acid target themes)

The second strategy is to strengthen ability to create new products.

The Planning and Development Division was established to accelerate the development of new materials. We have established a Life Science Materials Development Department and an Innovative Materials Planning Department to discover new compounds and develop markets in the three areas of information and communications, life sciences, and environment and energy.

As part of this effort, we have invested in venture capital and are considering the introduction of venture technology products. In Pharmaceuticals, we are steadily promoting the implementation of joint drug discovery with pharmaceutical companies and securing research themes through a strategic alliance with Luxana Biotech.

#### Basic Strategy 3.

“Improve ability to adapt to social/market changes”

- Established a Nomination and Remuneration Advisory Committee
- Introduced a Performance-linked Stock Compensation Plan
- Increased the number of outside directors (one each in June 2019 and June 2021, for a total of four outside directors)
- Appointed first female outside director (June 2021)
- Established a long-term target for reducing GHG emissions by at least 30% compared to FY2018 by FY2030 and promoted related measures (such as fuel conversion at Onoda Plant)
- Conducted and published climate change scenario analysis and announced the support for recommendations of TCFD (Task Force on Climate-related Financial Disclosures)
- Established and published a Diversity Statement and Diversity Vision
- Established Health Promotion Office and strengthened the promotion of health management

This was the third strategy. It is about improving ability to adapt to social and market changes.

Society as a whole is shifting toward a greater emphasis on sustainability, and the demands placed on companies continue to change. The Group has also implemented many ESG-related measures and established the relevant structures and systems.

## Vista2021 Stage II

### Sales of Main New Products: FY2021 Plan(Published in May 2019)\*1



	Below ¥0.3 billion	¥0.3 to ¥0.6 billion	Above ¥0.6 billion	Total
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>Fine Chemicals</li> <li>Venus Oilclean</li> </ul>	<ul style="list-style-type: none"> <li>Fine Chemicals</li> <li>New TEPIC (Liquid type)</li> </ul>		<b>¥0.6 billion</b>
<b>Performance Materials</b>	<ul style="list-style-type: none"> <li>Display</li> <li>Alignment materials for LC retarder</li> <li>Inorganic</li> <li>New high refractive materials (IM layer film)</li> </ul>	<ul style="list-style-type: none"> <li>Display</li> <li>Light control film materials</li> <li>Repellant bank layer materials</li> <li>Semis</li> <li>EUV under layer</li> <li>Inorganic</li> <li>Organosol (Insulation CTE)</li> </ul>	<ul style="list-style-type: none"> <li>Display</li> <li>Alignment materials for TV</li> <li>Flexible hard coating materials</li> <li>Hole injection layer materials</li> <li>Semis</li> <li>3D packaging process materials</li> <li>CMOS image sensor materials</li> <li>Inorganic</li> <li>Monomer sol (3D-printing)</li> <li>Oilfield materials</li> </ul>	<b>¥7.9 billion</b>
<b>Agrochemicals</b>	<ul style="list-style-type: none"> <li>Licensed-in</li> <li>NEXTER</li> <li>In-house</li> <li>CLARE</li> <li>ALEILE</li> </ul>		<ul style="list-style-type: none"> <li>In-house</li> <li>GRACIA</li> <li>ROUNDUP AL II / III</li> <li>Licensed-in</li> <li>TRANSFORM™</li> <li>EXCEED™</li> <li>VIRESCO™</li> </ul>	<b>¥7.8 billion</b>
<b>Pharmaceuticals</b>	<ul style="list-style-type: none"> <li>Custom Chemicals</li> <li>New GE API product</li> <li>New GE API product</li> </ul>		<ul style="list-style-type: none"> <li>Custom Chemicals</li> <li>Eldecalcitol</li> <li>Peptide CMO</li> </ul>	<b>¥2.7 billion</b>
<b>New Field</b>	<ul style="list-style-type: none"> <li>Functional cosmetic materials</li> <li>Cell culture medium</li> <li>Biocompatible materials</li> <li>Secondary battery materials</li> </ul>			<b>¥0.6 billion</b>
				<b>¥19.6 billion</b>

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\*1: Including R&D costs deduction due to the sample shipments | 15

As described above, our business performance has been favorable, and we have gleaned the results of the various measures we have taken. On the other hand, looking to the future, we must say that we are lagging behind in the creation and market penetration of new products. This slide shows the FY2021 plan for major new products announced in May 2019.

A total of JPY19.6 billion in new product sales was planned.



## Vista2021 Stage II

### Sales of Main New Products: FY2021 Actual\*1

	Below ¥0.3 billion	¥0.3 to ¥0.6 billion	Above ¥0.6 billion	Total
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>Fine Chemicals</li> <li>New TEPIC (Liquid type)</li> <li>Venus Oilclean</li> </ul>			<b>¥0.0 billion</b>
<b>Performance Materials</b>	<ul style="list-style-type: none"> <li>Display</li> <li>Light control film materials</li> <li>Hole injection layer materials</li> <li>Repellant bank layer materials</li> <li>Semis</li> <li>3D packaging process materials</li> <li>CMOS image sensor materials</li> <li>Inorganic</li> <li>Organosol (Insulation CTE)</li> <li>New high refractive materials (IM layer film)</li> <li>Monomer sol (3D-printing)</li> </ul>	<ul style="list-style-type: none"> <li>Inorganic</li> <li>Oilfield materials</li> </ul>	<ul style="list-style-type: none"> <li>Semis</li> <li>EUV under layer</li> </ul>	<b>¥3.4 billion</b>
<b>Agrochemicals</b>	<ul style="list-style-type: none"> <li>Licensed-in</li> <li>NEXTER</li> <li>TRANSFORM™</li> <li>EXCEED™</li> <li>VIRESCO™</li> <li>In-house</li> <li>CLARE</li> <li>ALEILE</li> </ul>		<ul style="list-style-type: none"> <li>In-house</li> <li>GRACIA</li> <li>ROUNDUP AL II / III</li> <li>Acquisition</li> <li>QUINTEC</li> <li>DITHANE</li> </ul>	<b>¥9.7 billion</b>
<b>Pharmaceuticals</b>	<ul style="list-style-type: none"> <li>Custom Chemicals</li> <li>New GE API product</li> <li>New GE API product</li> </ul>		<ul style="list-style-type: none"> <li>Custom Chemicals</li> <li>Eldecalcitol</li> </ul>	<b>¥1.1 billion</b>
<b>Planning and Development Division</b>	<ul style="list-style-type: none"> <li>Life Science Materials Dept.</li> <li>Cell culture medium</li> </ul>			<b>¥0.0 billion</b>
				<b>¥14.2 billion</b>

In contrast, the actual amount for FY2021 was JPY14.2 billion. Many of the new products have sales of less than JPY0.3 billion and are still in the development stage.

- Further strengthen the development of new products
- Refine business plans
- Enhance and improve business efficiency

- ✓Improve marketing capabilities
- ✓Develop new business areas
- ✓Strengthen the creation and co-creation process of values

**Formulate new business plans to resolve issues  
for even further growth**

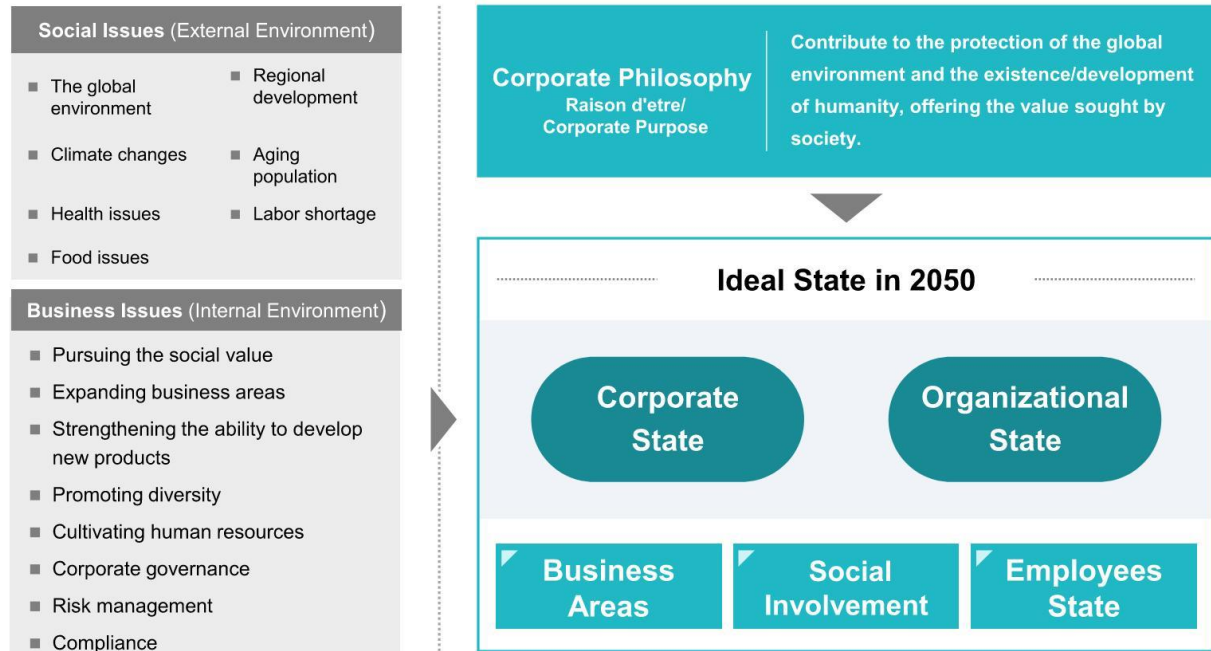
Further expansion of these new products is a major challenge to ensure steady growth in the future.

The reason for the underachievement of new product sales is changes in the business environment, including customers, technology, and markets, were not adequately reflected in our plans in a timely and accurate manner. Therefore, to improve the success rate of development, we will work on improving our marketing capabilities and developing new business area in order to promptly reflect the latest information on customers, technologies, and markets in our plans. We will also work to strengthen the creation and co-creation process of value by improving operational efficiency. In the adjustments in practices during the post-corona period, we are working to promote core operations by reducing non-core operations.

We have formulated a new management plan to resolve these issues and make further progress.

## Positioning of the Business Plan

Considering social and business issues, we have defined the ideal state in 2050, pursuing our corporate philosophy



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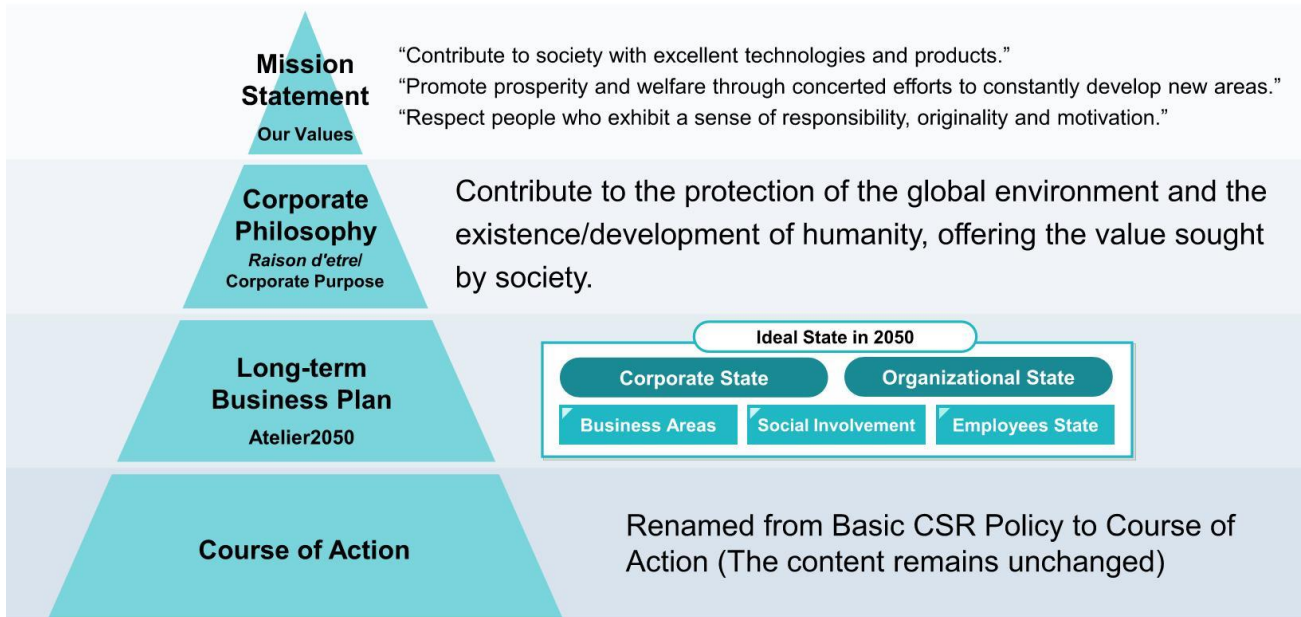
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Next, I would like to discuss our long-term business plan, Atelier2050. The social structure and business environment are undergoing rapid changes, including accelerated efforts to realize a carbon-neutral society triggered by climate change issues.

Based on this business environment, social issues, and management challenges, we have returned to our corporate philosophy and formulated a new growth strategy. The corporate philosophy has been redefined to clarify the direction and raison d'être of our Group. We aim to contribute to the protection of the global environment and the existence and development of humanity, offering the value sought by society.

## Positioning of the Business Plan

We will pursue our corporate philosophy (*raison d'être*/corporate purpose) by promoting our long-term business plan “Atelier2050”.



Based on this, we have established the ideal state of our Group. We will pursue our corporate philosophy by promoting our long-term business plan. Since we will focus on sustainable management as well as CSR, we have renamed the underlying Basic CSR Policy to Course of Action. We will continue to use it as a guideline for making decisions on our actions.



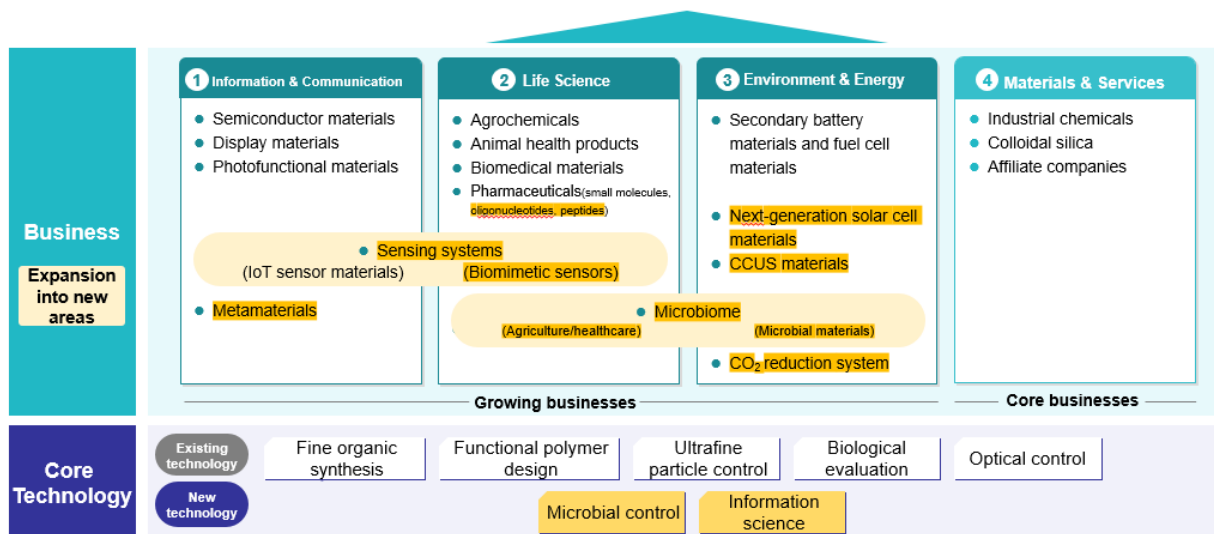
We have set our vision for 2050, as a Corporate State, a “Future-Creating Company” that grows through seeking to enrich people and nature, , and as an Organizational State, “a group of co-creators that face challenges for change with a strong passion”. We also reflect here business areas, social involvement, and employees state.

With regard to our relationship with society, in addition to expanding products and services that contribute to solving social issues, we have become a company that is trusted and valued by society as a whole, including local communities. We will build on this through management that is rooted in reducing our impact on the global environment. We have also established the basic stance of our group employees, who are the driving force behind the creation of the future by realizing the ideal state of our company.

# Atelier2050 Ideal State in 2050: Business Areas

- Besides existing core technologies, we will acquire new technologies and expand into new areas related to the three growing businesses
- We will accelerate growth in each business area by improving and combining core technologies to contribute to solving social issues

<b>Solving Social Issues</b>	-Protect the global environment	-Mitigate climate changes	-Address health issues	
	-Solve food issues	-Achieve a smart society	-Improve quality of life	



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Next, about business areas. We have defined Information & Communication, Life Science, and Environment & Energy as our growth business domains. Materials & Services is defined as a core business domain. By acquiring new technologies in microbial control and information science in addition to the existing core technologies, the Company has entered new areas related to the three growth businesses. By evolving and integrating our core technologies, we will accelerate growth in each of our business areas and contribute to solving social issues.

Three basic strategies have been established to realize the ideal state

<b>1</b> <b>Deeply exploit and expand business areas</b>	<b>2</b> <b>Pursue sustainable management further</b>	<b>3</b> <b>Renovate management and business foundations</b>
<p><b>Expand into new areas related to growing businesses</b></p> <ul style="list-style-type: none"> <li>■ <b>Information &amp; Communication</b> <ul style="list-style-type: none"> <li>• Develop materials for the next-generation display and join that market, and provide materials that are compatible with the evolving semiconductor technologies</li> <li>• Enter into new businesses, such as the sensing area and photo-functional material market</li> </ul> </li> <li>■ <b>Life Science</b> <ul style="list-style-type: none"> <li>• Expand into microbial agrochemicals, and advance into healthcare and environment-related areas with microbial control technology</li> </ul> </li> <li>■ <b>Environment &amp; Energy</b> <ul style="list-style-type: none"> <li>• Develop materials related to batteries/cells that contribute to solving environmental issues, renewable energy materials, and CCUS materials</li> </ul> </li> </ul>	<p><b>Develop business activities that contribute to solving environmental and social issues</b></p> <ul style="list-style-type: none"> <li>■ <b>Attain the “Nissan Chemical Sustainable Agenda” and expand product/service lines specified in the Agenda</b> (See P24, P39 and P40)</li> <li>■ <b>Achieve carbon neutrality (Scope 1+2)</b> (See P25)</li> <li>■ <b>Cultivate a corporate culture where the future is co-created</b></li> </ul>	<p><b>Accelerate the value-creation process by utilizing digital technology</b></p> <ul style="list-style-type: none"> <li>■ <b>Fuse virtual and physical space and strengthen AI analysis</b></li> <li>■ <b>Utilize digitalization, automatization, and robotization to focus on creative work</b></li> </ul>

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Next, I will discuss the basic strategies. Three basic strategies will be established to realize the ideal state.

In “Deeply exploit and expand business areas”, we will focus on acquiring and developing new technologies to expand the scope of growth business domains.

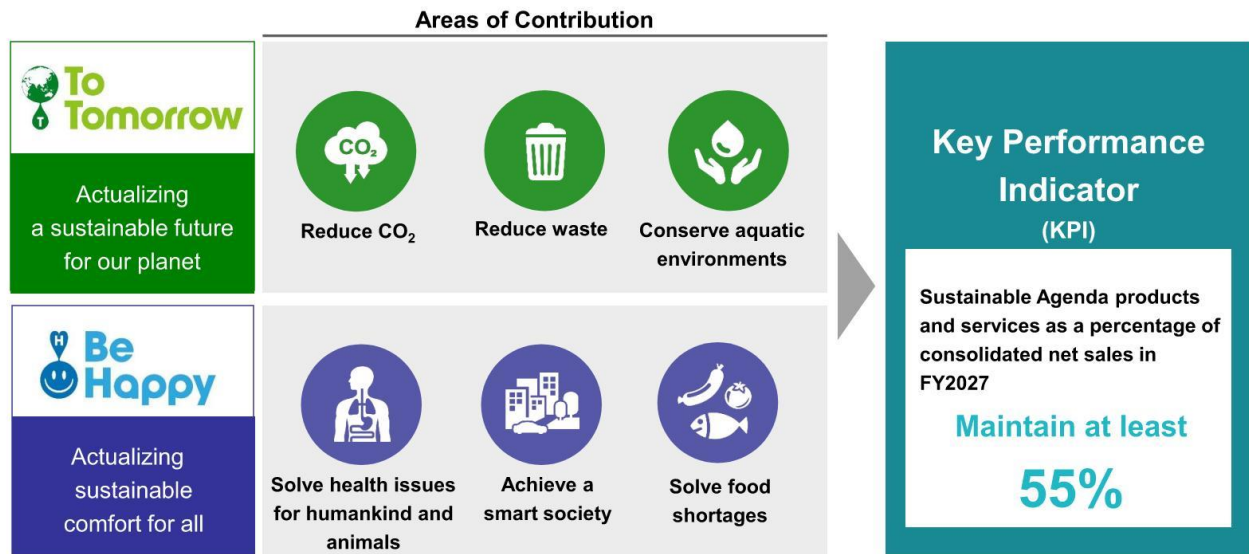
In “Pursue sustainable management further”, we are pursuing and expanding the Nissan Chemical Sustainable Agenda. We aim to achieve carbon neutrality. I will cover these points in more detail later. In “cultivate a corporate culture where the future is co-related”, we will work to develop human resources that will continue to create future-focused businesses, and to build and operate a system infrastructure.

In “Renovate management and business foundations”, the use of digital technology will be used to shift to creative operations and speed up the value creation process.

## Nissan Chemical Sustainable Agenda (Key Performance Indicator(KPI))

-Establish a key performance indicator (KPI) regarding products and services that contribute to solving social issues, “Maintain the rate of Sustainable Agenda products and services at 55% or higher of the consolidated net sales in FY2027”

-Expand the sales of applicable products and services into areas where we can make a contribution, starting from the perspective of what we can for the future of the globe and human



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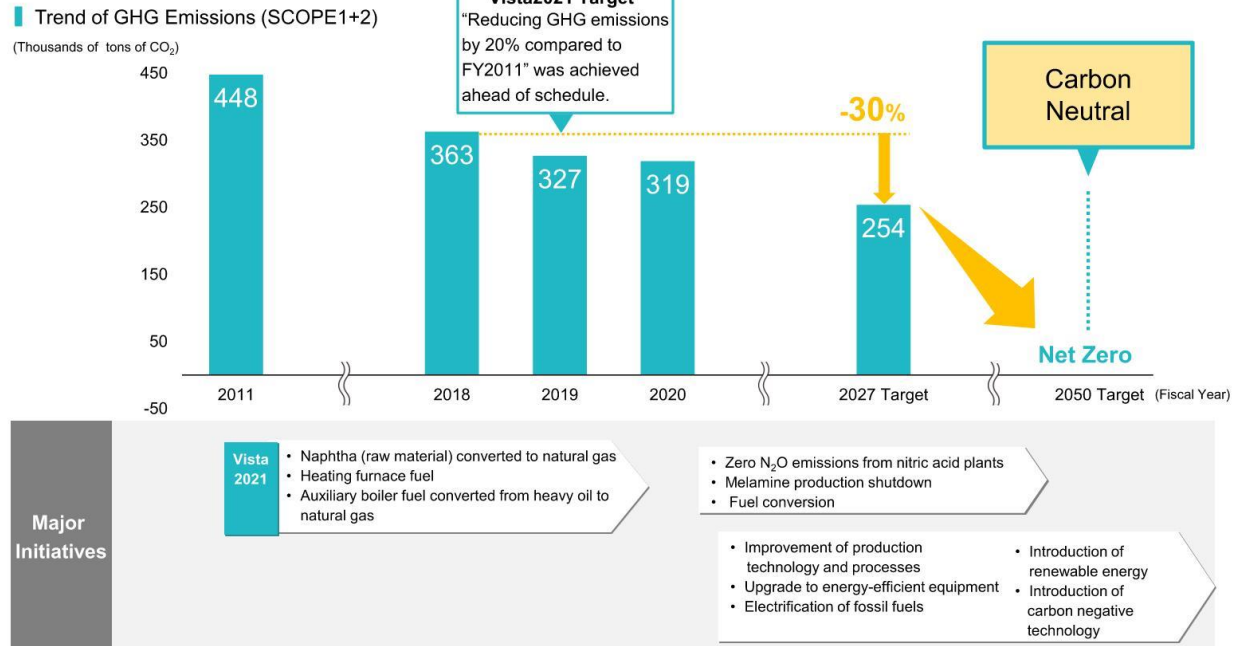
Next, I would like to talk about the Nissan Chemical Sustainable Agenda.

Nissan Chemical has identified products and services that contribute to solving social issues and set KPIs for the Nissan Chemical Sustainability Agenda to maintain the ratio of sales of target products and services at 55% or more of consolidated net sales. We will expand sales of the relevant products toward the area of contribution starting from what we can do for the future of the earth and people. We aim to achieve carbon neutrality by 2050.



# Achieve Carbon Neutrality by 2050

- Achieve the target for FY2030 by FY2027, three years ahead of schedule (planned investment of ¥0.5 billion)
- Focus on improving production technology and adopting renewable energy etc., in addition to conventional efforts to achieve carbon neutrality by 2050



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We will focus on achieving this goal by switching to raw fuel, promoting energy conservation, introducing renewable energy, and introducing carbon-negative technologies.

- Six-year plan starting in FY2022 as the first year (Stage I for the first three fiscal years and Stage II for the second three fiscal years)
- As a milestone on the way to the ideal state set forth in the new long-term business plan “Atelier2050”, we describe our ideal state in 2027 and set a road map for sustainable growth

### Ideal State of the company in 2027

While existing businesses are robustly driving the business performance, new core technologies are consistently acquired for expanding and enhancing business areas.

Organized sustainability-related initiatives are promoted and related information is offered internally and externally.

As the digital foundation is being established, business activities are conducted based on the latest information on clients and markets.

Next, I would like to discuss our mid-term plan, Vista2027.

Vista2027 is a six-year plan starting in FY2022, with the first three years as Stage I and the second three years as Stage II. We will show our ideal image in 2027 as a milestone on the way to the corporate vision set forth in our long-term plan, Atelier2050. We will set a roadmap for sustainable growth.

The ideal state of the Company is as follows: while existing businesses are robustly driving the business performance, new core technologies are consistently acquired for expanding and enhancing business areas. Organized sustainability-related initiatives are promote and related information is offered internally and externally. As the digital foundation is being established, business activities are conducted based on the latest information on clients and markets.

Based on the issues identified in Vista2021 Stage II and the ideal state in 2027, the following basic strategies has been established.

**① Deeply exploit business areas and increase marketing ability**

**② Promote sustainable management**

**③ Strengthen the creation and co-creation process of values**

**④ Expand market shares and profits of existing businesses**  
**(Expansion of existing products as the source of growth and solid development of new products)**

Based on the challenges identified in the previous mid-term business plan and the vision for 2027, we have set four basic strategies: deeply exploit business areas and increase marketing ability. Promote sustainable management. Strengthen the creation and co-creation process of values. Expand market shares and profits of existing businesses, that is, expansion of existing products as the source of growth and solid development of new products.

## Vista2027 Sales and Income Targets

Foster new products that will be the source of growth for the next generation, while keeping current products as the mainstay of growth

(¥billion)

	FY2021 (Actual) ①	FY2022 (Outlook) ②	FY2023 (Plan) ③	FY2027 (Plan) ④	FY2024 vs FY2021 ③-①	FY2027 vs FY2021 ④-①
<b>Sales</b>	208.0	219.0	<b>255.0</b>	<b>285.0</b>	47.0	77.0
<b>Operating Profit</b>	51.0	53.5	<b>58.5</b>	<b>67.0</b>	7.5	16.0
<b>Ordinary Income</b>	53.7	54.1	59.5	68.0	5.8	14.3
<b>Net Income</b>	38.8	39.6	44.0	50.0	5.2	11.2
<b>EPS(¥/share)</b>	271.88	280.90	317.64	371.67	+45.76	+99.79
<b>ROE</b>	19.2%	18.7%	Above18%	Above18%	-	-
<b>FX Rate (¥/\$)</b>	112	115	110	110		
<b>Crude Oil (JCC) (\$/bbl)</b>	77	88	88	88		

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As for numerical targets, we aim to achieve net sales of JPY255.0 billion and operating profit of JPY58.5 billion in FY2024, the final year of Stage I. For FY2027, the final year of Stage II, we forecast net sales of JPY285.0 billion and operating profit of JPY67.0 billion. Comparing FY2027 with FY2021, we plan to achieve an increase in net sales of JPY77.0 billion and an increase in operating profit of JPY16.0 billion.

The exchange rate assumption is JPY110 to the USD for both FY2024 and FY2027. Compared to the current rate, we consider this to be a reasonable assumption.

## Vista2027 Financial and Non-Financial Indicators



	FY2021 (Actual)	FY2022~FY2027 (Plan)
OP Margin	24.5%	Above 20%
ROE	19.2%	Above 18%
Dividend Payout Ratio	44.9%	55%
Total Payout Ratio	75.6%	75%
Purchase Costs of Treasury Shares/Net Income	30.7%	20%
		FY2027 (Plan)
Nissan Chemical Sustainable Agenda (total sales of products and services that contribute to solving social issues/consolidated net sales )		Maintain at least 55%
Reduction of GHG emissions		At least 30% compared to FY2018 (Achieve FY2030 target 3 years ahead of schedule)
Positive response rate in survey of employee attitude on human resource development		At least 65%
Proportion of female researchers		At least 18%

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For key management indicators, non-financial indicators are listed in addition to financial indicators.

First, with regard to financial indicators, the target OP Margin is at least 20% and ROE is at least 18%.

We will continue to emphasize shareholder returns. As a more direct measure to return profits to shareholders, we will raise the target dividend payout ratio from 45% to 55%. We plan to maintain a total return ratio of 75%.

As for non-financial indicators, in the Nissan Chemical Sustainable Agenda, total sales of products and services that contribute to solving social issues will be maintained at least 55%. The GHG emissions target for FY2027 will be reduced at least 30% compared to FY2018 level. This was originally our target for FY2030, and we have brought it forward by three years. As indicators of human resource development, we plan to increase the positive response rate in survey of employee attitude on human resource development at least 65%. From the perspective of promoting diversity, we plan to increase the proportion of female researchers at least 18%.

## Vista2027 Stage I Cash Flows(CF)



(¥billion)

	Total FY2019-FY2021 (Actual)	Total FY2022-FY2024 (Plan, Rounded numbers)
CF from operating activities	117.3	140.0
CF from investing activities	-40.8	-55.0
Free cash flow	76.5	85.0
CF from financing activities	-78.6	-90.0
Total payout to shareholders (dividend & share repurchase)	-73.5	-90.0
Repayment of borrowings	-4.2	0.0

(¥billion)

	2022/3 (Actual)	2025/3 (Plan)
Cash at end of fiscal year	34.7	30.0
Liabilities with interest at the end of fiscal year	22.7	23.0

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Next, cash flow.

The following chart shows the three-year cumulative results for the period from FY2019 to FY2021 and the three-year cumulative plan for the period FY2022 to FY2024. We will continue to invest proactively in investments and shareholder returns.

We plan to return JPY90.0 billion to shareholders over the FY2022 to FY2024 period, an increase of JPY16.5 billion over the preceding three-year cumulative total.

## Vista2027 Stage I Management Resources Distribution



	R&D Expenses		Capex		Depreciation		Researchers*5	
	Total		Total		Total		Total	
	FY2019-2021 (Actual)	FY2022-2024 (Actual)	FY2019-2021 (Actual)*3	FY2022-2024 (Actual)*4	FY2019-2021 (Actual)	FY2022-2024 (Actual)	FY2021 (Actual)	FY2024 (Plan)
Chemicals	1.0	0.8	10.3	9.6	6.6	7.5	5	5
Performance Materials	21.7	25.0	12.2	27.9	13.6	19.2	200	210
Agro-chemicals	13.2	14.5	15.8	12.4	7.6	10.0	90	105
Healthcare*1	7.0	2.6	1.8	1.2	1.6	1.2	75	20
Others*2	6.8	12.1	2.4	4.2	1.7	2.4	100	150
<b>Total</b>	<b>49.7</b>	<b>55.0</b>	<b>42.5</b>	<b>55.3</b>	<b>31.1</b>	<b>40.3</b>	<b>470</b>	<b>490</b>

R&D Expenses/Sales	
FY2021 (Actual)	FY2024 (Plan)
7.7%	7.5%

Regular Positions*5	
FY2021 (Actual)	FY2024 (Plan)
1,175	1,255

\*1: Figures of FY 2019 to F2021 are those of Pharmaceuticals Segment

\*2: "Others" includes Planning& Development Division, Trading, Others, Adjustment Segment

\*3: Acceptance basis \*4: Production commencement basis(partly acceptance basis)

\*5: Parent company only, rounded number

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In terms of resource allocation, we plan to continue to aggressively invest in R&D and Capex to gain a competitive advantage. We are aiming for a total of about JPY110.0 billion planned for FY2022 to FY2024, up from the previous three-year total.

## Vista2027 Sales and Income Targets by Segment

(¥billion)

		FY2021 (Actual)	FY2022 (Outlook)	FY2024 (Plan)	FY2027 (Plan)	FY2024 vs. FY2021	FY2027 vs. FY2021
		①	②	③	④	③-①	④-①
Chemicals	Sales	37.6	38.6	37.6	40.1	0.0	+2.5
	OP	3.8	2.2	3.5	3.9	-0.3	+0.1
Performance Materials	Sales	81.7	89.9	102.9	117.2	+21.2	+35.5
	OP	27.7	30.5	32.1	38.0	+4.4	+10.3
Agrochemicals	Sales	65.8	72.9	77.8	82.3	+12.0	+16.5
	OP	18.3	19.5	21.7	21.0	+3.4	+2.7
Healthcare* <sup>1</sup>	Sales	6.6	5.9	7.2	11.5	+0.6	+4.9
	OP	0.9	2.1	2.1	4.3	+1.2	+3.4
Others	Sales	16.3	11.7	29.5	33.9	+13.2	+17.6
	OP	0.3	-0.8	-0.9	-0.2	-1.2	-0.5
Planning and Development* <sup>2</sup>	Sales	0.0	0.0	1.3	4.4	+1.3	+4.4
	OP	-3.4	-5.2	-4.7	-4.7	-1.3	-1.3
Total	Sales	208.0	219.0	255.0	285.0	+47.0	+77.0
	OP	51.0	53.5	58.5	67.0	+7.5	+16.0

Impact of organizational change regarding Healthcare Div.		FY2022	FY2024	FY2027
R&D expenses (Impact of transfer to Planning & Development Division)		1.5	1.3	1.3

Next, I will discuss sales and operating profit by segment.

Our target operating profit in FY2027 is JPY16.0 billion higher than the FY2021 level. Chemicals are plus JPY0.1 billion. Performance Materials are plus JPY10.3 billion. Agrochemicals are plus JPY2.7 billion. Healthcare is plus JPY3.4 billion. However, the target for healthcare includes the impact of the organizational change we introduced earlier. Excluding this, the plan is for healthcare to be plus JPY1.6 billion.



## ① Deeply exploit business areas and increase marketing ability

- Refine existing core technologies, and deeply exploit and expand development areas
  - (1) Materials for sensors
    - Develop materials that enable advanced sensing
  - (2) Materials for next-generation displays
    - Develop materials corresponding to technological innovations in display
  - (3) Materials for batteries/cells, gas separation membrane materials
    - Develop materials that contribute to reduction of GHG emissions
  
- Incubate new core technologies (microbial control, information science)
  - Acquire microbial control technology, aiming to expand business areas by 2050
    - innovate agriculture and healthcare by controlling microbiome in soil, in intestines, on skin, etc.
    - use microbiome to reduce GHG emissions
  
- Introduce external technologies related to existing and new core technologies
  
- Enhance marketing power and planning ability

This is the first of the basic strategies. Next, deeply exploit business areas and increase marketing ability.

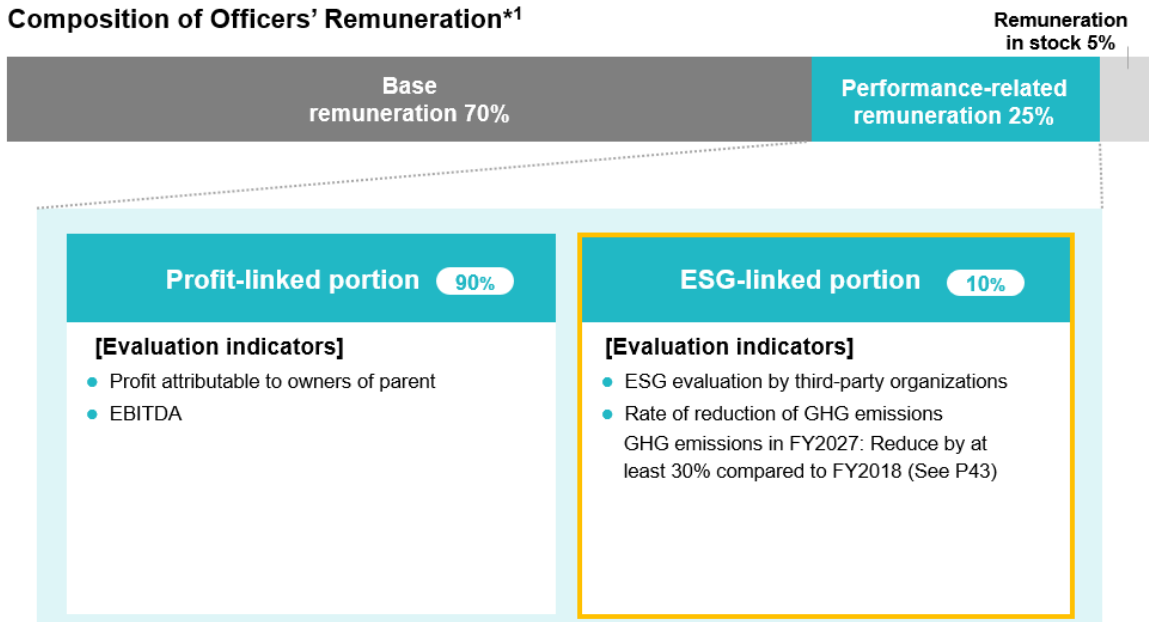
Aiming to expand our business domain by 2050, we will refine our existing core technologies, deeply exploit and expand development areas, and incubate new core technologies. For example, we will master microbial control technology, which we have positioned as a new core technology, with the aim of expanding our business domain by 2050.

This will allow us to expand our business into a wide range of areas by 2050, including the use of microbiomes in agriculture and medicine, and the reduction of GHG emissions. To this end, we will introduce external technologies, strengthen our marketing power and planning ability, and incorporate internal and external technologies and information, aiming for early realization of actual demand.

# Vista2027 Strengthening Corporate Governance

Incorporate the concept of sustainable management into corporate governance and strengthen its effectiveness, by incorporating ESG indicators into the officers' remuneration system (to be resolved at the Board of Directors meeting in May 2022)

## Composition of Officers' Remuneration\*1



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\*1: The ratio of the portions of the composition varies according to the Company's performance | 36

The second basic strategy is to promote sustainable management.

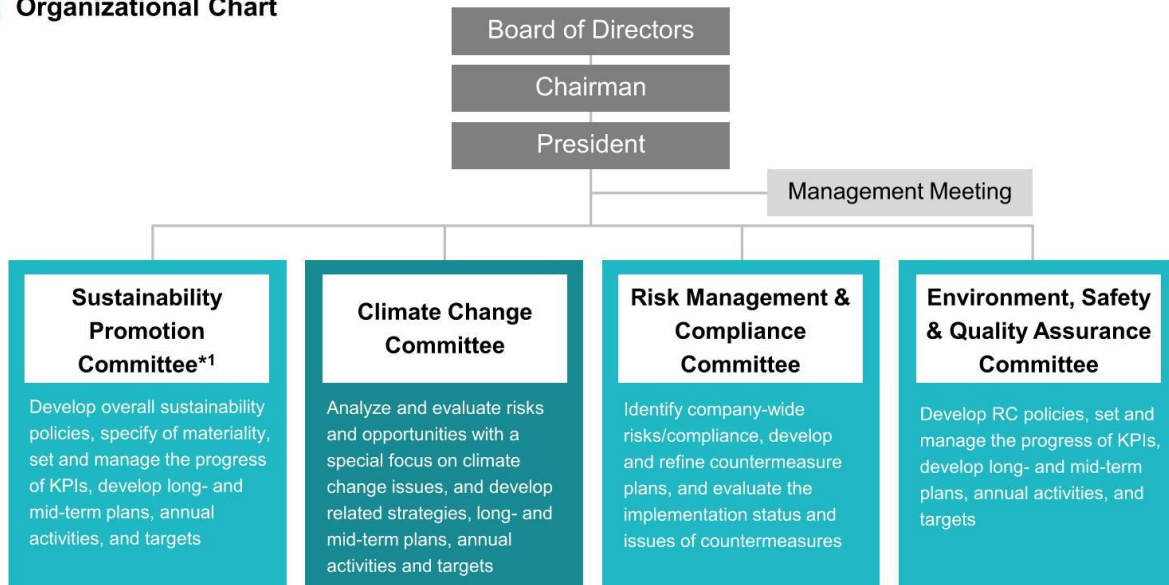
First, to strengthen corporate governance, we will address ESG indicators as well as profit indicators in the compensation system for officers. Specifically, ESG assessment by a third-party organization and GHG emission reduction rate will be added to the evaluation indicators.

We will strive to strengthen the effectiveness of our management plan by achieving both performance and sustainability goals.

# Vista2027 Strengthening Corporate Governance

Establish a Climate Change Committee to accurately identify risks and opportunities that the company faces due to escalating climate change issues, and promptly reflect the risks and opportunities on the company’s strategies (scheduled to be installed in July 2022).

## Organizational Chart



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\*1: Renamed from CSR Committee on April 1, 2022 | 37

In addition, a new Climate Change Action Committee will be established to accurately identify the risks and opportunities posed by the increasingly serious climate change issue and promptly reflect them in our strategies.

- Strengthen cooperation among divisions in charge of the Group major risks and build a strong internal control system
- Establish a new risk countermeasure plan, and improve the effectiveness of the management and countermeasures for each of the set categories

Categories	Overview of Risk	Countermeasure against Risk
Group major risks	Delay/discontinuance of product and technology development	Expanding/reviewing existing businesses and products Evaluating periodically the degree of achievements of strategies established in the mid-term business plan for new businesses and products, and making correction
	Advent of innovative technology	
	Failure of the business portfolio strategy	Taking countermeasures to stabilize procurements based on the nature of the businesses
	Difficulty in procurement of specific raw material	
	Fire/explosion	Establishing and operating a security and disaster prevention management system
	Quality defect/recall, quality falsification	Preventing troubles/misconducts about quality through thorough governance
	Infringements of intellectual property rights	Making continuous improvements of "IP verification process" to reduce the risk of infringing on other companies' patents, and promoting education with and prevailing the process
	Occupational accident	Establishing and promoting an occupational safety management system
Risks to be prioritized	Violation of laws, revision/tightening of laws/regulations Revocation/missing procedures of governmental approvals and licenses/registrations Insufficiency/loss of license/qualification	Optimizing the operation of managements of legal regulations and enhancing education to improve all employees' mind and knowledge
	Torrential rain/flood, earthquake/tsunami, typhoon/tidal wave	Reviewing and strengthening countermeasures to enable early recovery/business continuity
	Cyber attack/information leakage	Considering and promoting countermeasures from the prospective of "prevention", "damage minimization" and "education"
	Insufficient governance of overseas subsidiaries and offices	Establishing rules and systems to strengthen governance of the corporate group
Mid- and long-term risks	Insufficient consideration for CSR at suppliers	Making CSR evaluations of and feedbacks to suppliers and supporting their improvements
	Failure to achieve the target of reducing GHG emissions	Establishing a company-wide organization, promoting initiatives and managing the progress
	Delay in human resource development (cultivation of diverse human resources)	Enhancing programs to strengthen recruiting and education for realizing the ideal organizational state/human resource image
Developed risks	Outbreak of infection/disease in a group	Continuously promoting countermeasures to prevent being infected and the spread of the infection

Strengthened internal coordination of risk measures to anticipate various risks and reduce risk impact with regard to risk management and compliance enhancement. We will improve the effectiveness of planning, implementation, and management, and build a robust internal control system.

## Provision of New Value for Helping to Enrich People's Lives

Provide products and services that contribute to solving social issues through four businesses, with the refining and fostering of core technologies

Materiality Factor	Major Initiatives
<b>Supply of environmental-friendly products and services</b>	<ul style="list-style-type: none"> <li>■ Develop materials that contribute to the expansion of renewable energy</li> <li>■ Develop materials that contribute to the achievement of a circular economy</li> <li>■ Reduce the application amount of agrochemicals</li> <li>■ Introduce recyclable packaging materials</li> <li>■ Supply exhaust gas removal materials</li> <li>■ Supply disinfectants for water purification tanks</li> <li>■ Supply materials that enable reduction of oil and fat waste</li> </ul>
<b>Contribution to smart society</b>	<ul style="list-style-type: none"> <li>■ Supply materials that contribute to higher capacity/speed of data communication and sensing</li> </ul>
<b>Contribution to food issues</b>	<ul style="list-style-type: none"> <li>■ Supply agrochemicals to increase crop yields and conserve agricultural labor in food production</li> <li>■ Contribute to the maintenance of health of livestock</li> </ul>
<b>Contribution to improvement of the quality of life</b>	<ul style="list-style-type: none"> <li>■ Supply disinfectants for drinking water</li> <li>■ Contribute to maintaining the health of companion animals</li> </ul>
<b>Contribution to health issues</b>	<ul style="list-style-type: none"> <li>■ Supply generic drugs</li> <li>■ Offer contracted manufacturing and service for pharmaceuticals</li> <li>■ Develop materials for regenerative medicine market</li> <li>■ Develop drugs for intractable diseases</li> </ul>

We will contribute to solving social issues and strengthen our efforts to address three material issues and materiality in order to realize our ideal vision.

## Provision of New Value for Helping to Enrich People’s Lives

Provide products and services that contribute to solving social issues through four businesses, with the refining and fostering of core technologies

Materiality Factor	Major Products and Services	Target for FY2027 (Compared to FY2021)
Supply of environmental-friendly products and services	<ul style="list-style-type: none"> <li>■ Secondary battery materials</li> <li>■ Photoelectric conversion materials</li> <li>■ CCU and CCUS materials</li> <li>■ ECOPROMOTE</li> <li>■ ROUND NOZZLE ULV5</li> <li>■ GREENDITHANE</li> <li>■ AdBlue®*1</li> <li>■ HI-LITE</li> <li>■ Venus Oilclean</li> </ul>	Net Sales + 10%
Contribution to smart society	<ul style="list-style-type: none"> <li>■ Display materials</li> <li>■ Semiconductor materials</li> <li>■ Sensor materials</li> <li>■ Optical interconnect materials</li> </ul>	Net Sales + 55%
Contribution to food issues	<ul style="list-style-type: none"> <li>■ Agrochemicals</li> <li>■ Fluralaner (for livestock)</li> </ul>	Net Sales + 15%
Contribution to improvement of the quality of life	<ul style="list-style-type: none"> <li>■ HI-LITE (for drinking water)</li> <li>■ Fluralaner (for companion animals)</li> </ul>	Net Sales + 15%
Contribution to health issues	<ul style="list-style-type: none"> <li>■ Maxacalcitol and other generic drugs</li> <li>■ Contracted manufacturing and service for pharmaceuticals</li> <li>■ Oligonucleotide therapeutics</li> <li>■ FCeM series</li> <li>■ Prevelex series</li> </ul>	Net Sales + 5%
Rate of total sales of products and services that contribute to solving social issues in consolidated net sales	<b>Nissan Chemical Sustainable Agenda</b>	<b>Maintain at least 55%</b>

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\*1: AdBlue® is a registered trademark of German Automobile Industry Association (Verband der Automobilindustrie).

In Materiality 1, Provision of new value for helping to enrich people's lives, we aim to provide products and services that contribute to solving social issues are identified by element. We have established FY2027 goals for each.

The sum of each factor is used as the KPI for the Nissan Chemical Sustainable Agenda.

## Strengthening of Nissan Chemical's Business Base

Strengthen our business foundation, including the enhancement of human capital, in order to enhance our response capability to increasingly diverse and sophisticated demands from the market

Materiality Factor	Major Initiatives	Target for FY2027
<b>Enhancement of R&amp;D capability</b>	<ul style="list-style-type: none"> <li>Accelerate R&amp;D through the use of AI</li> <li>Expand core technologies</li> <li>Use open innovation further</li> </ul>	Total number of patent applications (FY2022 to 2027): 2,500
<b>Improvement of product quality</b>	<ul style="list-style-type: none"> <li>Prevent serious complaints</li> <li>Prevent quality fraud and data tampering</li> </ul>	<ul style="list-style-type: none"> <li>Number of serious complaints: Zero</li> <li>Attendance rate of quality training: At least 90%</li> </ul>
<b>Maintenance and improvement of employees' health</b>	<ul style="list-style-type: none"> <li>Promote measures against lifestyle-related diseases</li> <li>Implement mental health measures</li> <li>Conduct awareness activities for employees on maintaining their health</li> <li>Promote female's health</li> </ul>	Rate of employees within appropriate weight*: At least 70% *BMI (body mass index): 18.5 to 25.0
<b>Creation of a comfortable workplace</b>	<ul style="list-style-type: none"> <li>Promote work-life balance</li> <li>Implement measures against harassment</li> <li>Provide support for childcare and nursing care, encourage male employees to take parental leaves</li> </ul>	Utilization rate for annual paid leaves: At least 80%
<b>Personnel retention and trainings</b>	<ul style="list-style-type: none"> <li>Introduce a new personnel system (role evaluation system)</li> <li>Strengthen career development</li> <li>Enhance self-development support programs</li> </ul>	<b>Positive response rate in survey of employee attitude on HR development: At least 65%</b>
<b>Promotion of diversity</b>	<ul style="list-style-type: none"> <li>Promote female's activities</li> <li>Recruit international students</li> <li>Promote employment of persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of females in the regular position: At least 13%</li> <li><b>Proportion of female researchers: At least 18%</b></li> </ul>
<b>Promotion of fair-trading</b>	<ul style="list-style-type: none"> <li>Hold in-house training sessions, and conduct other educational and awareness activities for fair-trading</li> <li>Conduct educational and awareness activities for compliance</li> </ul>	<ul style="list-style-type: none"> <li>Zero violations of antitrust laws</li> <li>Zero bribery of foreign public officials</li> </ul>
<b>Promotion of sustainable procurement</b>	<ul style="list-style-type: none"> <li>Provide feedbacks on results of sustainable procurement survey</li> <li>Provide supports in improvement for suppliers that don't meet the Company's standards</li> </ul>	Provision rate of supports in improvement for suppliers that don't meet the Company's standards: At least 90%
<b>Adaption to climate change</b>	<ul style="list-style-type: none"> <li>Maintain and improve the resilience of business activities in the event of natural disasters</li> </ul>	Update and maintain BCPs for products that account for 50% of ordinary income

Materiality 2 is strengthening of the Company's business base. We will strengthen our business foundation by enhancing our human capital, increasing our ability to respond to increasingly diverse and sophisticated market demands.

Continue our commitment to Responsible Care, with a focus on reducing GHG emissions to achieve carbon neutrality by 2050

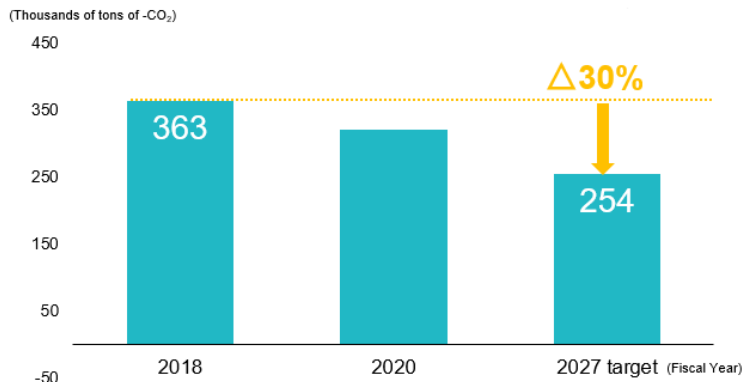
Materiality Factor	Major Initiatives	Target for FY2027
Mitigation of climate change	<ul style="list-style-type: none"> <li>Reduce GHG emissions</li> </ul>	<b>GHG emissions: Reduce by at least 30% compared to FY2018</b> (3 years ahead of the target for FY2030)
Promotion of occupational health and safety	<ul style="list-style-type: none"> <li>Strengthen occupational safety management</li> </ul>	<ul style="list-style-type: none"> <li>Zero accidents requiring staff time off from work</li> <li>Number of occupational accidents: Reduce by half compared to FY2020</li> </ul>
Biodiversity conservation	<ul style="list-style-type: none"> <li>Promote biodiversity conservation activities</li> </ul>	Establish and operate Bio-Parks at Nissan Chemical's plants
Management of chemical substances	<ul style="list-style-type: none"> <li>Comply with laws and regulations regarding the use of chemical substances</li> </ul>	Continue zero serious violations of laws and regulations
Reduction of industrial waste and pollutant emissions	<ul style="list-style-type: none"> <li>Reduce industrial waste and pollutant emissions for final disposal</li> </ul>	Reduce final disposal ratio at Nissan Chemical's plants (compared to FY2020)
Security and disaster prevention	<ul style="list-style-type: none"> <li>Strengthen the management of security and disaster prevention</li> </ul>	<ul style="list-style-type: none"> <li>Zero fires, explosions and chemical spills</li> <li>Zero security accidents</li> </ul>

In Materiality 3, continuous improvement of responsible care activities, we will continue our Responsible Care efforts with a focus on reducing GHG emissions in order to achieve carbon neutrality by 2050.



## Reduction of GHG Emissions

Focus on improving production technology and adopting renewable energy etc., in addition to conventional efforts, to achieve carbon neutrality by 2050



### Comparison of GHG emissions with general chemical manufacturers

FY	(Thousands of tons -CO <sub>2</sub> )			
	2011	2018	2019	2020
Nissan Chemical	448	363	327	318
Average of 4 major general chemical manufacturers (non-consolidated basis)	-	-	5,845	5,581

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### Initiatives in Vista2027

- Zero N<sub>2</sub>O emissions from nitric acid plants (Planned investment of 500 million yen, variable cost of 50 million yen/year)
- Melamine production shutdown
- Converting fuels at Onoda Plant
- Promoting reduction of GHG emissions through full-scale introduction of ICP
- Reduction of CFC equipment
- Upgrade to energy-efficient equipment

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In terms of GHG emissions reduction, we plan to reduce GHG emissions by at least 30% from the FY2018 level by FY2027. We will do this by promoting measures such as improvement of production technology, in addition to existing initiatives.

### 3 Strengthen the creation and co-creation process of values

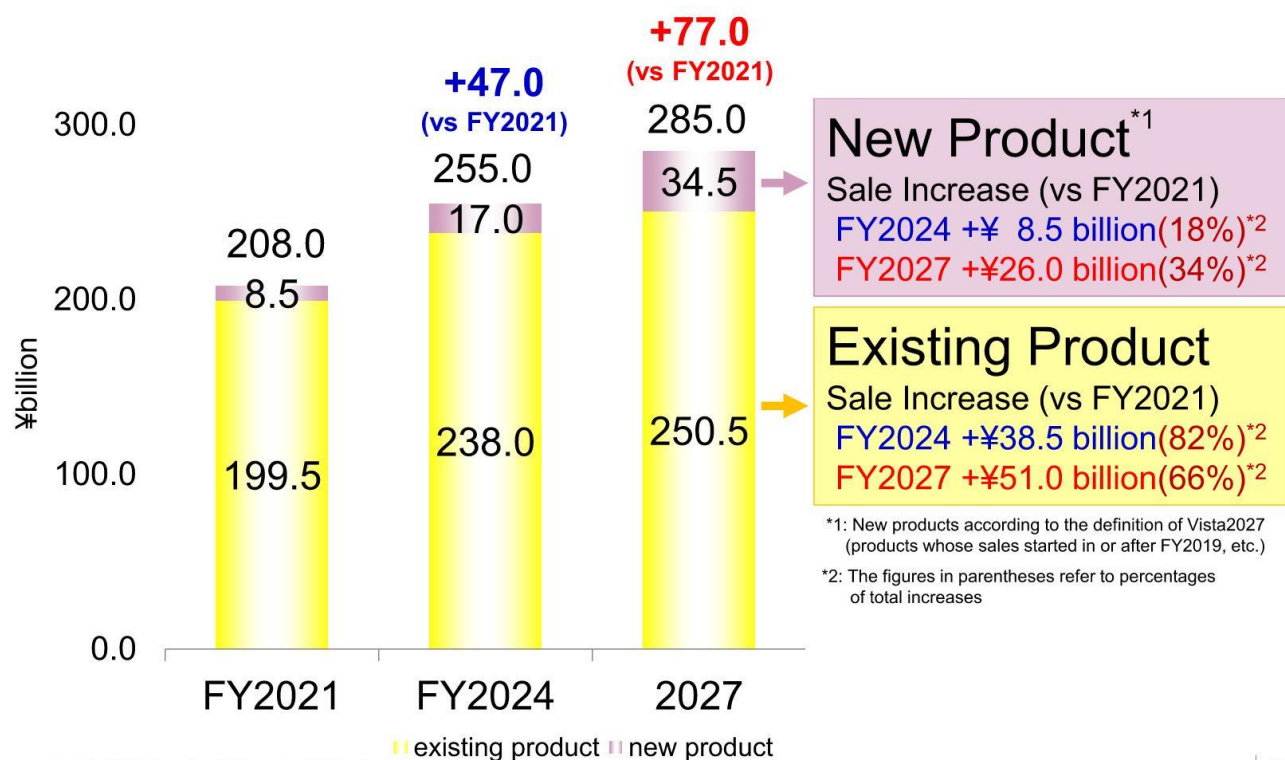
- Revamp the existing personnel system and human resource development for attaining business strategies
- Set up Digital Transformation Department and facilitate digital transformation(DX) and business foundation renovation
  - Promote DX measures such as business DXs and plant DXs, aiming for the creation and co-creation of values through the maximum use of digital technology and data

Basic Strategy 3. In terms of strengthening the creation and co-creation process of values, the Company has revamped the existing personnel system and human resources development for attaining business strategies and established Digital Transformation Department in order to realize its management strategy. We will work to create an infrastructure environment that enables us to focus on creative work by reflecting diverse opinions, including the promotion of DX business infrastructure reforms.

**④ Expand market shares and profits of existing businesses**  
**(Expansion of existing products as the source of growth and solid development of new products)**

Next is Basic Strategy 4. This is the expansion of market shares and profits of existing business.

## Vista2027 Sales Increase and Its Ratio of Existing and New Products Compared to FY2021



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This slide shows the breakdown of sales growth from FY2021 to FY2024 and FY2027, broken down into current products and new products. In FY2024, we plan to increase the sales of new products by JPY8.5 billion and existing products by JPY38.5 billion, for an increase of JPY47.0 billion over sales in FY2021.

In FY2027, we plan to expand by JPY77.0 billion from FY2021 levels. The breakdown is plus JPY26.0 billion for new products and plus JPY51.0 billion for existing products.

## Vista2027 Sources of growth

~Main Growing Existing Products and Main New Products~



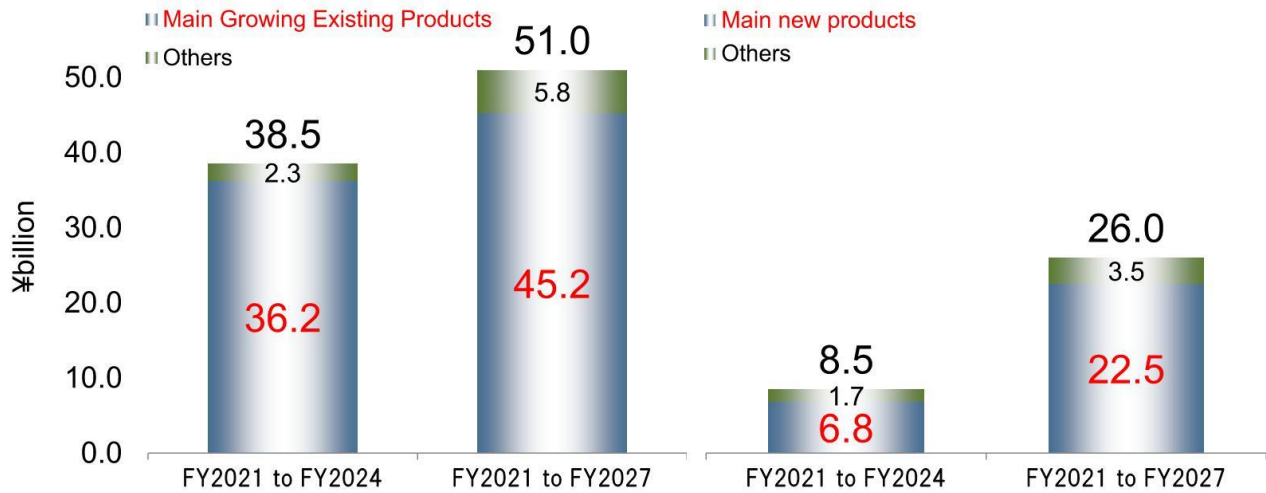
**Main growing existing product** (an existing product whose sales increase is ¥0.5 billion or more)

**Main new product** (a new product whose sales increase is ¥0.5 billion or more)

**should be the source of growth**

### Existing Products

### New Products



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We have positioned existing and new products with sales of JPY0.5 billion in FY2027 compared to FY2021 as a source of growth and will focus on expanding these products.

## Vista2027 Source of the Growth Main Growing Existing Products

(¥billion)

		FY2021 to FY2024	FY2021 to FY2027	Examples of Main Growing Existing Products
Main Growing Existing Products	Chemicals	3.7	4.7	urea/AdBlue <sup>®</sup> *1, sulfuric acid products, environmental related products, etc.
	Performance Materials	17.3	24.0	photo IPS, ARC <sup>®</sup> *2, multi layer materials/ 3D packaging process materials, SNOWTEX, etc.
	Agrochemicals	14.4	15.7	ROUNDUP, Fluralaner, ALTAIR, LEIMAY, GRACIA, etc.
	Healthcare	0.8	0.8	API*3 Manufacturing (Maxacalcitol), etc.
	<b>Total(A)</b>	<b>36.2</b>	<b>45.2</b>	
Total(B) Other existing products whose sales increase is less than ¥0.5 billion		2.3	5.8	
<b>Total((A) + (B))</b>		<b>38.5</b>	<b>51.0</b>	

\*1: AdBlue<sup>®</sup> is a registered trademark of German Automobile Industry Association (Verband der Automobilindustrie).

\*2: ARC<sup>®</sup> is a registered trademark of Brewer Science, Inc.

\*3: Active Pharmaceutical Ingredients

The following table shows current products we anticipate may be growth drivers by segment and by product. We plan to increase sales mainly of Performance Materials and Agrochemicals products.

## Vista2027 Source of the Growth Main New Products

(¥billion)

		FY2021 to FY2024	FY2021 to FY2027	Examples of Main New Products
Main New Products	Performance Materials	4.3	11.3	photo VA, OLED materials, EUV materials, etc.
	Agrochemicals	1.2	5.1	NC-653, NC-520, NC-656, etc.
	Healthcare	0.7	2.9	API* <sup>1</sup> Manufacturing (Eldecalcitol), etc.
	Planning & Development	0.6	3.2	RDL Materials for FOWLP, Optical interconnect materials, materials for LIB (Slurry additive), etc.
<b>Total(A)</b>		<b>6.8</b>	<b>22.5</b>	
Total(B) Other new products whose sales increase is less than ¥0.5 billion		1.7	3.5	
<b>Total((A) + (B))</b>		<b>8.5</b>	<b>26.0</b>	

\*1: Active Pharmaceutical Ingredients

As for major new products, we plan to increase sales of photo VA, OLED materials, and EUV materials in the Performance Materials business, in-house developed products in the Agrochemicals business, and generic drugs in the Healthcare business. We will focus on RDL materials, optical interconnect materials, and other major products in the Planning and Development Division.

## Vista2027 Chemicals Segment

Opportunities and Risks	Main Measures	Sources of Growth
<ul style="list-style-type: none"> <li>- Rising prices of raw materials and fuels</li> <li>- Expansion of semiconductor market</li> <li>- Increasing demand for environment-friendly products</li> <li>- Introduction of carbon pricing</li> </ul>	<ul style="list-style-type: none"> <li>- Improve the profitability of ammonia-related business after the withdrawal from the melamine business</li> <li>- Expand the sales of high purity sulfuric acid</li> <li>- Expand the sales and improve the profitability of cyanuric acid and HI-LITE</li> <li>- Develop the business of Venus Oilclean(a microorganism formulation)</li> </ul>	<ul style="list-style-type: none"> <li>- urea/AdBlue<sup>®</sup>*1</li> <li>- sulfuric acid products</li> <li>- environmental related products</li> <li>-TEPIC for electronic materials</li> </ul>
<b>Major Investment Plans</b>	<ul style="list-style-type: none"> <li>- Engineering work relating to the shutdown of melamine production ¥0.1 billion</li> <li>- Engineering work to reduce GHG emissions at the nitric acid plant ¥0.5 billion</li> </ul>	

	FY2021 Actual	FY2022 Outlook	FY2024 Plan	FY2027 Plan	( $\text{¥billion}$ )	
					FY2024 vs FY2021	FY2027 vs FY2021
Sales	37.6	38.6	37.6	40.1	0.0	+2.5
OP	3.8	2.2	3.5	3.9	-0.3	-0.1
Capex	2.3	3.9	2.9	-	+0.6	-
Depreciation	2.5	2.6	2.5	-	0.0	-
R&D expenses	0.3	0.4	0.2	-	-0.1	-

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Next, I will discuss measures by segment.

In the Chemicals segment, we see rising raw material and fuel prices, growth in the semiconductor market, and increasing demand for environmentally friendly products as both opportunities and risks. We will work to rebuild the ammonia related business after the suspension of melamine production, expand sales of high-purity sulfuric acid, and increase sales and profitability of cyanuric acid.

By executing the necessary investments to promote the measures, we plan to increase revenues for FY2027 even after the suspension of melamine production.



## Vista2027 Chemicals Segment Sales Growth Rates of Main Products

Main Products	FY2022 vs FY2021	FY2024 vs FY2021*2	FY2027 vs FY2021*2
TEPIC	+8%	0%	+5%
Environmental Related Products	+16%	+15%	+20%
FINEOXOCOL	+7%	+5%	+20%
Total Fine Chemicals	+12%	+10%	+25%
Melamine	-62%	-100%	-100%
Urea/AdBlue®*1	+36%	+40%	+40%
High Purity Sulfuric acid	+6%	+20%	+25%
Total Basic Chemicals	-2%	-5%	-5%
Total Segment	+3%	0%	+5%

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Sales growth rates of major products are as shown.

## Vista2027 Performance Materials Segment



Opportunities and Risks	Main Measures	Sources of Growth
<ul style="list-style-type: none"> <li>- OLED market expansion and LCD market contraction</li> <li>- Slowdown of semiconductor miniaturization and progress in 3D packaging technology</li> <li>- Development of a smart society</li> <li>- Intensified competition among companies</li> </ul>	<ul style="list-style-type: none"> <li>- Improve existing products and expand their applications</li> <li>- Reinforce and increase manufacturing facilities and other facilities</li> <li>- Develop and launch new products onto the market</li> <li>- Start the commercial operation of the new NCK plant</li> <li>- Improve profitability of the inorganic material (inorganic colloid) business</li> </ul>	<ul style="list-style-type: none"> <li>- Photo IPS</li> <li>- Photo VA</li> <li>- OLED materials</li> <li>- Semis materials(ARC<sup>®</sup>*1, EUV materials, multi layer materials/ 3D packaging process materials)</li> <li>- SNOWTEX</li> </ul>
Major Investment Plans	<ul style="list-style-type: none"> <li>- Engineering work to strengthen DP3 facility ¥0.5 billion</li> <li>- Installing semiconductor evaluation equipment ¥1.2 billion</li> <li>- Establishing a new NCK plant for semis materials ¥8.5 billion</li> </ul>	

	FY2021 (Actual)	FY2022 (Outlook)	FY2024 (Plan)	FY2027 (Plan)	(¥billion)	
					FY2024 vs. FY2021	FY2027 vs. FY2021
Sales	81.7	89.9	102.9	117.2	+21.2	+35.5
OP	27.7	30.5	32.1	38.0	+4.4	+10.3
Capex	5.7	8.3	13.2	-	+7.5	-
Depreciation	3.9	4.7	8.7	-	+4.8	-
R&D expenses	7.0	7.8	8.9	-	+1.9	-

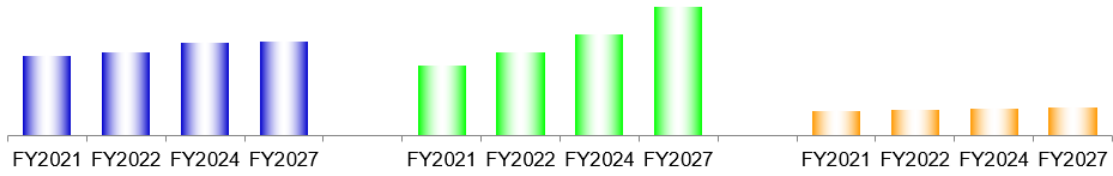
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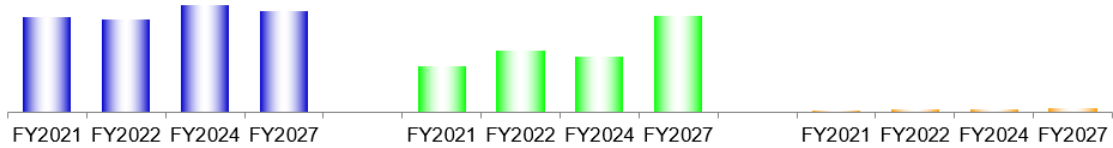
Next, in terms of Performance Materials, the OLED market is expanding and the LCD market is shrinking. With the outlook that semiconductor miniaturization will slow down and 3D packaging technology will advance, we aim to increase sales by JPY35.5 billion in FY2027 compared to FY2021. We will do this by improving existing products, expanding applications, developing and launching new products, and enhancing and upgrading facilities.

# Vista2027 Performance Materials Segment Trends of Sales and Profits

## Sales



## OP



**Display Materials**

**Semis Materials**

**Inorganic Materials (Inorganic Colloids)**

This slide shows net sales and operating profit by sub-segment during the medium-term management plan period. We plan to record stable earnings in the Display Materials business and grow in the Semis Materials business.

## Vista2027 Performance Materials Segment Sales Growth Rates of Main Products

Main Products	FY2022 vs FY2021	FY2024 vs FY2021 <sup>*2</sup>	FY2027 vs FY2021 <sup>*2</sup>
IPS	Increased Sales(+0%~+9%)	Increased Sales(+0%~+9%)	Decreased Sales(-9%~-0%)
VA	Increased Sales(+0%~+9%)	Increased Sales(+20%~+29%)	Increased Sales(+0%~+9%)
Subtotal SUNEVER	+4%	+10%	-5%
OLED Materials	Above +30%	Above +600%	Above +1,800%
Total Display Materials	+4%	+15%	+15%
KrF(ARC <sup>®1</sup> )	+10%	0%	+10%
ArF(ARC <sup>®1</sup> )	+19%	+30%	+50%
Subtotal ARC <sup>®1</sup>	+18%	+25%	+45%
EUV Materials	+29%	+75%	+255%
Multi Layer Materials	+20%	+85%	+140%
3D Packaging Process Materials	+101%	Above +500%	Above +1,000%
Total Semis Materials	+20%	+45%	+85%
SNOWTEX	+6%	+10%	+15%
Total Inorganic Materials	+4%	+5%	+15%
Total Segment	+10%	+25%	+45%

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The following table shows sales growth rates by major products.

We plan to add 85% to the total Semis Materials sales by FY2027. Please review this later.

## Vista2027 Agrochemicals Segment

Opportunities and Risks	Main Measures	Sources of Growth
<ul style="list-style-type: none"> <li>- Labor shortage due to declining domestic population</li> <li>- Growing need for measures to increase food production due to the increase in global population</li> <li>- Growth of bio-based agrochemicals and materials</li> <li>- Expansion of market for companion animals</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to expand the sales of "GRACIA" etc. and to enhance our respective marketing efforts for large-scale farmers and agricultural corporations, and general consumers</li> <li>- Conduct steady development of NC-653 (novel herbicide) and NC-656 (novel herbicide) and create new pipelines</li> <li>- Establish a biological research team</li> <li>- Start the commercial operation of NBR</li> </ul>	<ul style="list-style-type: none"> <li>- ROUNDUP</li> <li>- Fluralaner</li> <li>- ALTAIR</li> <li>- LEIMAY</li> <li>- GRACIA</li> <li>- NC-653(novel herbicide)</li> <li>- NC-520(novel insecticide)</li> <li>- NC-656(novel herbicide)</li> </ul>
Major Investment Plans	<ul style="list-style-type: none"> <li>- Herbicide manufacturing facilities ¥4 billion(rounded number)</li> <li>- Engineering work to enhance production of herbicide ¥0.5 billion</li> <li>- Installing facilities at NBR ¥6 billion(rounded number)</li> </ul>	

	FY2021 (Actual)	FY2022 (Outlook)	FY2024 (Plan)	FY2027 (Plan)	FY2024 vs. FY2021		FY2027 vs. FY2021	
Sales	65.8	72.9	77.8	82.3	+12.0	+16.5		
OP	18.3	19.5	21.7	21.0	+3.4	+2.7		
Capex	1.5	4.1	7.2	-	+5.7	-		
Depreciation	2.7	3.0	3.9	-	+1.2	-		
R&D expenses	4.2	4.5	4.9	-	+0.7	-		

(¥billion)

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In Agrochemicals, seizing opportunities presented by labor shortages due to a declining domestic population, the need to increase food production due to a growing global population, and the growth of environmentally friendly and bio-based agrochemicals and materials against the backdrop of the EU's Farm to Fork strategy and other national policies, we have established a biotechnology research team to steadily develop new products and create a pipeline. By investing in production facilities, we plan to increase sales by JPY16.5 billion in FY2027 compared to FY2021.

See sales growth rates by major product later in this report.

# Vista2027 Agrochemicals Segment

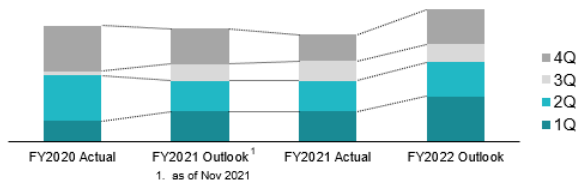
## Fluralaner

### Nissan Chemical's Revenues are Consisted from Following Two Factors

- Sales of Fluralaner to MSD as API\* of BRAVECTO and EXZOLT products
- Running royalties received from MSD

\*API: Active Pharmaceutical Ingredient

### FY2019-FY2022 Fluralaner Quarterly Sales (including royalties)



Royalties revenue used to be recognized in 2Q and 4Q until FY2020. Due to changes in accounting policies, it has been recognized in each quarter since FY2021

### FY2019-FY2024 Fluralaner Pro-forma Sales Image (including royalties)



- Inventory adjustments for Fluralaner were completed in FY2021.
- Plan a large sales increase in FY2022, due to the shipments shifted from FY2021 to FY2022. Assumed exchange rate is ¥115/\$.
- Assumed exchange rate for FY2023 and beyond: ¥110/\$.
- The new mid-term plan for FY2027 includes the forecast of patent extensions and expirations by country and does not include the sales increase associated with the launch of newly developed BRAVECTO series and EXZOLT.

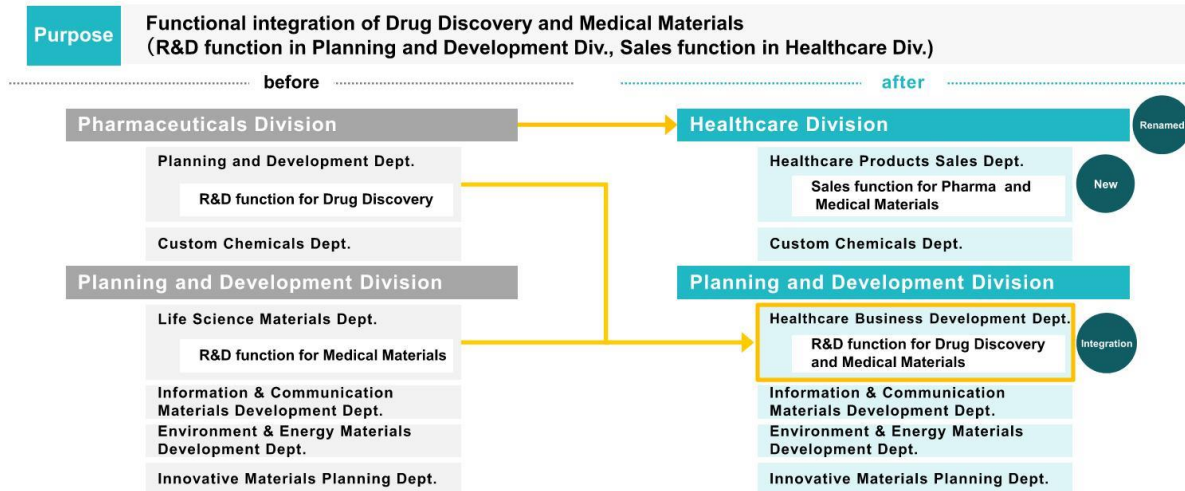
### BRAVECTO series and EXZOLT R&D

Several pipeline products being developed by MSD (including new type of BRAVECTO for pets and spot-on solution for livestock)

Inventory adjustment for Fluralaner was completed in FY2021. We anticipate increasing revenues from FY2022 onward.

The following organizational changes were implemented on April 1, 2022, in order to achieve mid- to long-term growth while appropriately capturing changes in the business environment.

**Organizational Change in “Pharmaceuticals Div.” and “Planning and Development Div.”**



Next is the Healthcare segment. Organizational changes were implemented as of April 1, 2022. We have integrated the research functions of the Pharmaceutical Business Unit and the Planning and Development Division and concentrated resources to achieve mid- to long-term growth.

# Vista2027 Healthcare Segment

## Opportunities and Risks

- Generic pharmaceuticals on the rise
- Expanded efforts in middle molecule drug development
- Aging population and diversification of healthcare
- Intensified competition among companies

## Main Measures

- Healthcare: Concentrate investment in the oligonucleotide therapeutics area; commercialize and expand sales of medical materials (biointerface control materials, cosmetic materials, etc.)
- Custom Chemicals: Strengthen the existing business model, be oriented in joint development (peptides, etc.)

## Sources of Growth

- Maxacalcitol, Eldecalcitol, obtaining new contracts for GE API products
- Obtaining new contracts for peptides

## Resource Allocation

	(person, round number)			
	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>Researchers</b>	75	15	20	20
HC	65	5	5	5
CC	10	10	15	15
<b>Reference</b> Researchers in Healthcare Business Development Dept. Planning & Development Division	35	90	85	90

	¥billion			
	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>R&amp;D expenses</b>	2.13	0.74	1.03	1.12
HC	1.80	0.31	0.52	0.53
CC	0.33	0.43	0.51	0.59
<b>Reference</b> Impact of transfer to Planning & Development Division (B)	-	1.45	1.26	1.27

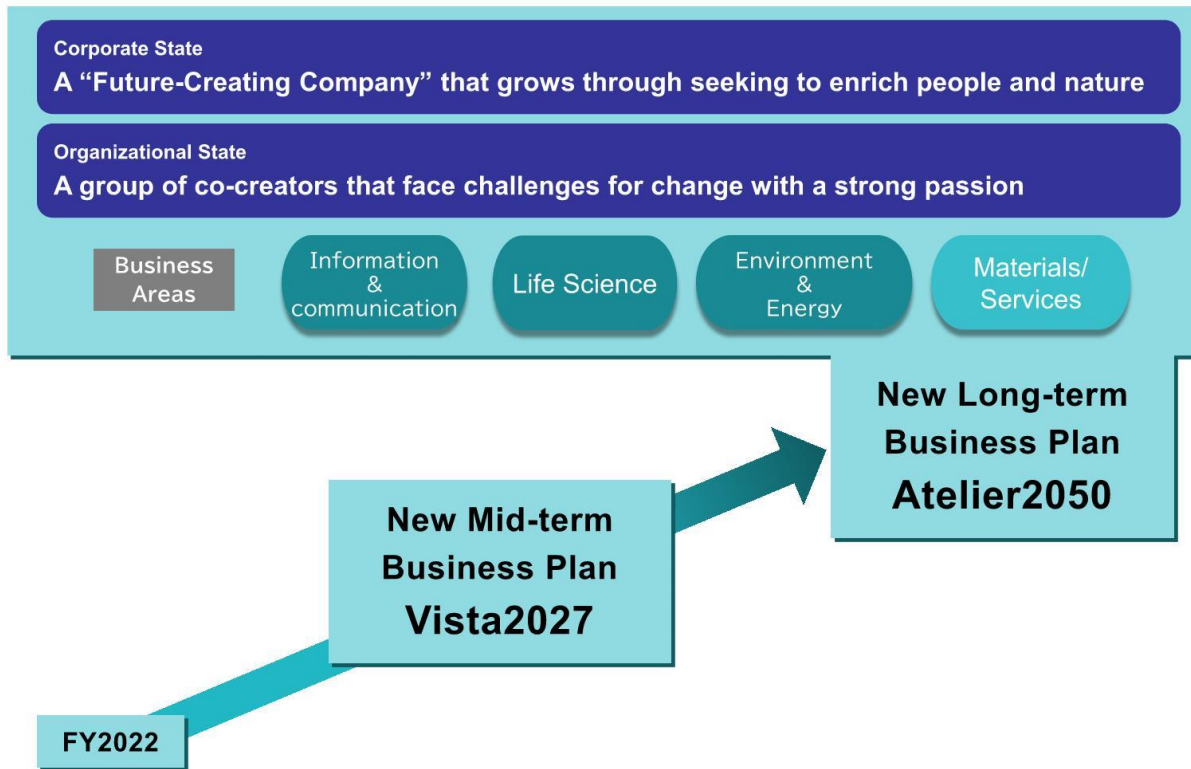
## Quantitative Plan

	¥billion			
	FY2021 Actual	FY2022 Outlook	FY2024 Mid-Term Plan	FY2027 Mid-Term Plan
<b>Sales</b>	6.63	5.94	7.23	11.48
HC Existing	2.42	2.13	1.13	0.90
HC New	0.04	0.00	0.44	2.08
CC Existing	4.17	3.81	5.06	5.79
CC New	0.00	0.00	0.60	2.71
<b>OP (A)</b>	0.95	2.09	2.15	4.29
HC	-1.07	0.53	-0.70	-0.10
CC	2.02	1.56	2.85	4.38
<b>Reference</b> Substantial OP before transfer (A)-(B)	0.95	0.64	0.89	3.02

In the Healthcare segment, we are targeting net sales of JPY11.48 billion for FY2027, an increase of JPY4.9 billion from FY2021. We aim to do this by increasing the number of generic drugs, expanding efforts in the development of middle molecular drugs, making focused investments in the oligonucleotide therapeutics area in light of the aging society and diversification of medical care, increasing actual demand and sales of medical materials, and promoting joint development.

As mentioned in the organizational revision, we will focus on accelerating the selection and concentration of business areas to realize the plan.





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Finally, we recognize that in recent years the Group has earned a certain reputation in the market for its stable performance and proactive shareholder returns.

We will focus on developing new products and new businesses to realize our vision. We hope to continue to develop with society. The Group as a whole will take on the challenge of creating new value that will contribute to solving social issues.

With this in mind, the slogan of our management plan is "To be an enterprise that faces challenges toward the future through co-creation." To realize the vision of our group, we will continue to mobilize knowledge and wisdom from both inside and outside the Company, and take on challenges with passion. We will continue to make concerted efforts to meet the expectations of our stakeholders through the collective efforts of the Group. Thank you for your continued support.

This concludes my presentation.

## Question & Answer

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### <Questioner 1>

**Q:** Regarding the outlook for this fiscal year. In Agrochemicals, the figure is JPY7.1 billion in sales this year, with JPY1.2 billion in operating profit, and about JPY1.8 billion in fixed cost increases. Even with that breakdown, I think the profit growth is a little low relative to the sales growth. Profitability will probably increase, especially as Fluralaner comes out. What else, for example, would make the mix worse or cause concern? Please tell us about the growth in profits relative to the growth in sales this time around.

**A:** One factor is inventory adjustment costs. That is minus JPY0.6 billion, a very large movement when compared to the previous fiscal year. In addition, there are places where the prices of raw materials and intermediates are rising.

**Q:** Will logistics costs, for example, go up considerably? Please let me also confirm whether this will be a factor in increasing costs, especially with regard to exports.

**A:** The cost of shipping containers has increased. This cost has been increasing more than our expectation, we believe it will be a factor that will put pressure on profits during the current fiscal year.

**Q:** Understood. One more question on Agrochemicals. Regarding page 48 of the financial results presentation, the joint venture in India. The contribution to operating profit, which is projected to grow at a very high rate. Please let us know its background.

**A:** The steady growth of items such as GRACIA, LEIMAY and QUINTEC to be manufactured is reason for the increase in operating profit. With regard to GRACIA, the company plans to significantly expand sales in India, other Asian countries, and the Middle East, in addition to South Korea. As for LEIMAY, we have plans to develop a mixture compound with a multinational company in Europe. This could represent a significant upswing. QUINTEC is acquired product. To support this, we plan to use NBR for full production.

**Q:** I have a question about the mid-term plan on page 34. There is mention of strengthening marketing ability. Are you able to give us any more specific details?

**A:** First of all, to select the theme, whether it is a must-have material or not? One thing we have to pursue is the materials that customers cannot function without.

As for human resources, we need to develop employees who can judge for this. In the past, we have developed a variety of themes, but we have ended up with several dropped trends. I believe that we must reflect on that and make early decisions to decide whether take action and move on to the next step.

**Q:** You didn't mention much about M&A this time.

**A:** To proceed with M&A is our fundamental strategy. That remains unchanged.

### <Questioner 2>

**Q:** Regarding page 49 of the mid-term plan. Photo VA and OLED materials are listed as future growth drivers. For the examples listed here, what level of resources are you putting into development? What are your thoughts on this?

**A:** It does not mean that we will specialize in what is written here and concentrate on these areas. We will choose our themes carefully and want to concentrate on them.

**<Questioner 3>**

**Q:** Regarding Display Materials. You commented that you forecast reduced profits in the new fiscal year and that you are firm on prices. Can you tell us a little more about the background behind this?

Also, the growth rate of photo IPS seems to be slowing down. I believe that there were installations of photo-compatible equipment at panel makers at the end of last year. I feel like we can expect a lot in that area.

If you have factored in the impact of the Chinese lockdown, I would appreciate your explanation of that as well. Thank you for your cooperation.

**A:** As for the unit price, first of all, as a premise, we expect a steady expansion on a volume basis, while panel demand will continue to be strong.

Under this premise, the unit price of LCD panels has been on an upward trend amid strong demand for the past several years but has now begun to decline. The forecast of the corresponding decline in the unit price of materials has led to decline in some areas.

As for photo IPS, the trend is the same. We expect the volume to expand due to the increase in customers, as you indicated, but the rate of increase will slow down slightly with some decline in the unit price expected. In addition, there is no impact from the lockdown at this time. The impact of the lockdown has not been factored in the Outlook.

**<Questioner 4>**

**Q:** I'd like to ask about pages 15 and 16 of mid-term plan materials. Why have there been delays in development of major new products in FY2021? An unexpected increase in demand has come in Performance Materials, especially Semis Materials, then, has there been a delay in the development of new products because resources had to be allocated to that side?

**A:** There is no indication that we did not have the resources to develop it on time. Delay of starting up of targeted devices for 3D packaging process materials and CMOS image sensor materials is main reason for the delay.

**Q:** Are you saying that you were thinking that materials would go in a certain direction, but they actually went in a different direction? Or did your competitor develop it first and your company was a little late to the game?

**A:** The major reason is the former. There are some areas where the competitor took the customer first.

**Q:** For example, I think EUV materials, CMOS image sensors materials, and 3D packaging process materials will continue to gain momentum. What kind of strategy do you think you are going to make these a big sales?

**A:** First of all, the materials used for 3D packaging process are used in wafer thinning processes. We are targeting this area where we are expanding our market share. Regarding CMOS image sensor, we are currently in the process of working on where to target again from the marketing.

**Q:** How about EUV? Is everything going well here?

**A:** The EUV is being applied by our customers in a favorable manner. We will proceed with our strategy to maintain and expand our market share with high performance and high quality.

[END]