



Nissan Chemical
CORPORATION

Nissan Chemical Corporation

3Q FY2022 Financial Results Briefing

Presenter:

DAIMON Hideki Director, Managing Executive Officer & CFO

February 10, 2023

3Q	vs. 3Q FY2021	<ul style="list-style-type: none"> ■ Sales up ¥0.2 billion (+0%) ■ OP down ¥2.0 billion (-16%) ■ Net Income down ¥2.2 billion (-24%)
1-3Q Total ¹	vs. 1-3Q FY2021	<ul style="list-style-type: none"> ■ Sales up ¥17.9 billion (+13%) ■ OP up ¥4.9 billion (+14%) ■ Net Income up ¥5.2 billion (+20%) ■ OP, Ordinary Income and Net Income set a new record for 2 consecutive years
3Q	vs. 3Q Outlook as of Nov 2022	<ul style="list-style-type: none"> ■ Sales in line with target ■ OP above target ¥0.7 billion ■ Net Income in line with target
Shareholder Returns		<ul style="list-style-type: none"> ■ Dividend 1H ¥70/share (¥20/share up vs. 1H FY2021) ■ Completed a ¥5.0 billion share repurchase program (period: May – June 2022, 683 thousand shares)

1. Hereinafter referred to as 1-3Q.

Daimon: I am Daimon of Nissan Chemical Corporation. Thank you for taking time out of your busy schedules to join us today.

Now, let's get started.

First, please see page four of the presentation material on the financial results briefing. This is a summary of the financial results for 3Q.

At the top, here are the results for the October-December period, 3Q, three months, compared to the same period of the previous year. Sales increased by JPY0.2 billion and operating profit decreased by JPY2 billion, or down 16%. Net income decreased by JPY2.2 billion, or down 24%.

Next is the cumulative results for the period from 1Q to 3Q. Compared to the same period last year, net sales increased by 13% to JPY17.9 billion, operating profit increased by 14% to JPY4.9 billion, and net income increased by 20% to JPY5.2 billion. Regarding the cumulative results for the period from 1Q to 3Q, operating profit, ordinary income, and net income were the highest ever for two consecutive years.

On the other hand, this is a comparison with the outlook presented in November. Net sales were largely in line with outlook, operating profit increased by JPY0.7 billion, and net income was in line with outlook.

Regarding shareholder returns, there has been no change in the situation through December from the previous announcement. The interim dividend was JPY70 per share, and JPY5 billion share repurchases were completed in 1Q.

3Q FY2022 Financial Summary YOY Change

(¥billion)

	FY2021 Actual			FY2022 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	91.8	49.5	141.3	109.5	49.7	159.2	+17.7 (+19%)	+0.2 (0%)	+17.9 (+13%)
Operating Profit	21.3	12.6	33.9	28.2	10.6	38.8	+6.9 (+32%)	-2.0 (-16%)	+4.9 (+14%)
Non-Operating Income/Expenses	1.0	0.9	1.9	3.8	-1.3	2.5	+2.8	-2.2	+0.6
Ordinary Income	22.3	13.5	35.8	32.0	9.3	41.3	+9.7 (+44%)	-4.2 (-31%)	+5.5 (+16%)
Extraordinary Income/Loss	0.0	0.2	0.2	0.0	0.0	0.0	0.0	-0.2	-0.2
Net Income ¹	16.3	9.3	25.6	23.7	7.1	30.8	+7.4 (+45%)	-2.2 (-24%)	+5.2 (+20%)
EBITDA ²	26.0	15.2	41.2	33.3	13.5	46.8	+7.3	-1.7	+5.6
EPS (¥/share)	113.94	65.64	179.58	167.74	50.25	217.99	+53.80	-15.39	+38.41
Dividend (¥/share)	50	-	50	70	-	70	+20	-	+20
Total amount of Dividend	7.1	-	7.1	9.9	-	9.9	+2.8	-	+2.8
OP Margin	23.2%	25.5%	24.0%	25.7%	21.4%	24.4%	+2.5pt	-4.1pt	+0.4pt
FX Rate (¥/\$)	110	114	111	134	141	137	-	-	-
Crude Oil (JCC) (\$/bbl) ³	70	80	74	112	100	108	-	-	-

1. Net Income = Profit Attributable to Owners of Parent

2. EBITDA = Operating Profit + Depreciation and amortization

3. Based on Trade Statistics of Japan Ministry of Finance

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Next, page five. This is a summary of 3Q results compared to the same period last year.

In the middle of the chart are the results for FY2022, including 1H results, the 3Q results, and the cumulative total for the period from 1Q to 3Q.

The right-most area shows YoY comparisons. As I mentioned earlier, operating profit increased by JPY4.9 billion, while non-operating income/expenses decreased by JPY1.3 billion in the 3Q results. Of this amount, as I will explain later, foreign exchange gains and losses amounted to minus JPY2.1 billion in 3Q alone.

Net income, as I mentioned earlier, is plus JPY5.2 billion.

The second line from the bottom shows the exchange rate for 1H, JPY134, which was the average during the period. For 3Q, the dollar is JPY141, which is about JPY7 higher than the dollar.

Comparing the exchange rates at the end of each month, the rate at the end of September was JPY145, while the rate at the end of December was JPY133 due to the sharp appreciation of the yen at the end of October. The difference of about JPY12 from the appreciation of the yen here is the reason for the foreign exchange loss of about JPY2.1 billion in non-operating income/expenses that I mentioned earlier.

3Q FY2022 Financial Summary Compared to Outlook

(¥billion)

	FY2022 Outlook as of Nov 2022		FY2022 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	49.7	159.2	49.7	159.2	0.0
Operating Profit	9.9	38.1	10.6	38.8	+0.7
Non-Operating Income/Expenses	-0.1	3.7	-1.3	2.5	-1.2
Ordinary Income	9.8	41.8	9.3	41.3	-0.5
Extraordinary Income/Loss	0.0	0.0	0.0	0.0	0.0
Net Income ¹	7.1	30.8	7.1	30.8	0.0
EBITDA ²	-	-	13.5	46.8	-
EPS (¥/share)	-	-	50.25	217.99	-
Dividend (¥/share)	-	70	-	70	0
Total amount of Dividend	-	9.9	-	9.9	0.0
OP Margin	19.9%	23.9%	21.4%	24.4%	-
FX Rate (¥/\$)	135	134	141	137	-
Crude Oil (JCC) (\$/bbl) ³	110	111	100	108	-

1. Net Income = Profit Attributable to Owners of Parent

2. EBITDA = Operating Profit + Depreciation and amortization

3. Based on Trade Statistics of Japan Ministry of Finance

Page six is the financial summary compared to outlook as I explained earlier.

Please check this later.

Analysis of Changes in OP

	FY2022 Actual	FY2021 Actual	YOY Change	Outlook	vs. Outlook
3Q	10.6 billion	12.6 billion	-2.0 billion (-16%)	9.9 billion	+0.7 billion
Chemicals	YOY Change -0.9 billion	Sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up		vs. Outlook -0.5 billion	Sales decrease in TEPIC and environmental related products, feedstock and raw materials cost up
Performance Materials	YOY Change -0.7 billion	Sales decrease in Display Materials and fixed cost up		vs. Outlook -1.2 billion	Sales decrease in Semis Materials
Agro	YOY Change +0.1 billion	Sales increase in Fluralaner and GRACIA		vs. Outlook +1.5 billion	Sales increase in Fluralaner(shipment shifted from 4Q and royalties above target), GRACIA and PERMIT
Healthcare	YOY Change -0.3 billion	Sales decrease in LIVALO and Custom Chemicals		vs. Outlook -0.1 billion	Sales decrease in Custom Chemicals
1-3Q	38.8 billion	33.9 billion	+4.9 billion (+14%)		
Chemicals	YOY Change -1.0 billion	Sales decrease in melamine(end of sales), feedstock and raw materials cost up			
Performance Materials	YOY Change +0.1 billion	OP increase due to strong sales in Semis Materials until 1H despite sales decrease in Display Materials and fixed cost up			
Agro	YOY Change +5.3 billion	Sales increase due to strong sales of main products			
Healthcare	YOY Change -0.2 billion	Sales decrease in LIVALO and Custom Chemicals			

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Next, page seven is the analysis of changes in operating profit by segment.

The upper row is for 3Q as I mentioned earlier, and operating profit for the Company as a whole will be minus JPY2 billion. On the other hand, compared to the outlook, there is an upward swing of JPY0.7 billion.

Let's take a look at a few in turn. Chemicals showed a minus JPY0.9 billion decrease in profit compared to the same period last year. The end of sales of melamine, the decrease in sales of TEPIC, and the high cost of raw materials and fuels also had a negative impact.

Against the outlook, the result was down JPY0.5 billion, reflecting the impact of TEPIC and other products, as well as the high cost of raw materials and fuels.

Regarding Performance Materials, the YoY change was minus JPY0.7 billion. In terms of sales, Semis Materials sales remained flat, but sales in the Display Materials declined. There was also an increase in fixed costs of about JPY0.5 billion, which I will discuss later.

Against the outlook, the result was minus JPY1.2 billion. In this period, the Display Materials was almost in line with our expectations, but the Semis Materials was on the downswing due to the slowdown in the semis market.

Next, Agrochemicals. The total amount is JPY0.1 billion higher than the previous fiscal year, and JPY1.5 billion higher than the outlook. There was also an advance in the shipment of API for Fluralaner from 4Q4Q to 3Q. This was also the result of an upswing in royalties, as well as an upswing in the GRACIA and PERMIT.

Healthcare is as described here.

The cumulative total for the nine months from 1Q to 3Q is shown below. As I mentioned earlier, the Company as a whole increased its profit by JPY4.9 billion, with a negative JPY1 billion in Chemicals, almost the same level as the previous year in Performance Materials, and a positive JPY5.3 billion in Agrochemicals, a significant increase here.

Breakdown of Non-Operating Income/Expenses and Extraordinary Income/Loss



(¥billion)

	FY2021 Actual			FY2022 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Non-Operating Income	1.36	1.05	2.41	4.43	-0.87	3.56	+3.07	-1.92	+1.15
Interest income, dividend income	0.32	0.23	0.55	0.45	0.31	0.76	+0.13	+0.08	+0.21
Foreign exchange gains	0.10	0.21	0.31	3.02	-2.11	0.91	+2.92	-2.32	+0.60
Equity in earnings of affiliates, others	0.94	0.61	1.55	0.96	0.93	1.89	+0.02	+0.32	+0.34
Non-Operating Expenses	0.42	0.15	0.57	0.60	0.43	1.03	+0.18	+0.28	+0.46
Interest expense	0.05	0.01	0.06	0.09	0.08	0.17	+0.04	+0.07	+0.11
Foreign exchange losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss on disposal of non-current assets, others	0.37	0.14	0.51	0.51	0.35	0.86	+0.14	+0.21	+0.35
Non-Operating Income/Expenses	0.94	0.90	1.84	3.83	-1.30	2.53	+2.89	-2.20	+0.69
Extraordinary Income	2.82	0.50	3.32	0.00	0.00	0.00	-2.82	-0.50	-3.32
Extraordinary Loss	2.79	0.30	3.09	0.00	0.00	0.00	-2.79	-0.30	-3.09
Extraordinary Income/Loss¹	0.03	0.20	0.23	0.00	0.00	0.00	-0.03	-0.20	-0.23

1. 1-3Q FY2021 Actual:

Extraordinary Income ¥3.32 billion (Gain on sales of investment securities ¥3.32 billion, sales amount ¥4.25 billion, sold 7 listed companies shares, sold 100% of our shareholdings of 1 listed company)

Extraordinary Loss ¥3.09 billion (melamine restructuring costs ¥2.16 billion, plant equipment removal cost of Nippon Phosphoric Acid* ¥0.63 billion, Impairment loss of unlisted stock ¥0.3 billion)

*Nippon Phosphoric Acid: affiliated company (our share: 35%), Manufacturing and selling sulfuric acid and phosphoric acid liquid.

In accordance with the decision to stop the production of phosphoric acid liquid, the company will bear the costs of removing facilities according to its investment ratio.

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Moving on to page eight. This is a breakdown of non-operating income/expenses and extraordinary income/loss.

The third line from the top shows the foreign exchange gains, and as I mentioned earlier, the figure in the middle, shows a minus JPY2.1 billion in 3Q results for FY2022. This is due to the sharp appreciation of the yen toward the end of December, as I mentioned earlier.

As for extraordinary income/loss, as shown in the table, there is none for FY2022.

Free cash flow in 1-3Q FY2022 was ¥24.3 billion, a decrease of ¥3.9 billion from 1-3Q FY2021

(¥billion)

	FY2021 Actual	FY2022 Actual	YOY Change
	1-3Q	1-3Q	
CF from operating activities	35.0	37.8	+2.8
Income before income taxes & non-controlling interests	36.0	41.3	+5.3
Extraordinary loss (income)	-0.2	0.0	+0.2
Depreciation & amortization ¹	7.3	8.0	+0.7
Income taxes paid	-12.8	-15.0	-2.2
Working capital, others	4.7	3.5	-1.2
CF from investing activities	-6.8	-13.5	-6.7
Purchase of PPE	-6.2	-11.8	-5.6
Purchase and sales of investment securities	4.0	0.0	-4.0
Others ²	-4.6	-1.7	+2.9
Free cash flow	28.2	24.3	-3.9
CF from financing activities	-35.5	-37.5	-2.0
Payout to shareholders (dividend)	-15.5	-20.1	-4.6
Payout to shareholders (share repurchase)	-7.0	-5.0	+2.0
Borrowings	-13.0	-12.3	+0.7
Others	0.0	-0.1	-0.1
Effect of exchange rate change on cash & cash equivalents	0.1	1.4	+1.3
Change in cash & cash equivalents	-7.2	-11.8	-4.6
Increase in cash and cash equivalents resulting from change in scope of consolidation	0.0	3.1	+3.1
Cash & cash equivalents at end of period	25.2	25.9	+0.7

1. Including amortization of goodwill 2. 1-3Q FY2021 Actual: Payments of long-term loans receivable to NBR -3.3, Others-1.3

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Please see page nine. Cash flows. The YoY comparisons are shown on the far right, and cash flow of 1Q to 3Q cumulative periods are shown.

Cash flow from operating activities was positive JPY2.8 billion, a cash inflow. As for cash flow from investing activities, we reported a net cash outflow of JPY6.7 billion, which represents an increase in capital investment in India and South Korea, where we are currently expanding our facilities, as I mentioned before.

On the other hand, in the area of investment securities, we sold some shares in FY2021 but did not sell any this fiscal year, resulting in a cash outflow of minus JPY4.0 billion.

This is followed by cash flow from financing activities, which shows a cash outflow of JPY2 billion. As announced, the dividend payout ratio has been 55% since FY2022, which is 10 points higher than the previous year. The dividend was a net cash outflow of JPY4.6 billion.

On the other hand, the portion of treasury stock within the shareholder return is decreased, so it is a cash inflow.

Borrowings have been a slight cash inflow, and regarding the final line for cash and cash equivalents, balances are almost on par with the previous period, so I think we can say that cash flow continues to be ample.

Balance Sheets

	2021/12	2022/3	2022/12	vs. 2022/3		2021/12	2022/3	2022/12	vs. 2022/3
Current assets	151.0	175.3	167.4	-7.9	Liabilities	55.3	71.7	60.4	-11.3
Cash	25.2	34.7	25.9	-8.8	Accounts payable	19.6	19.0	23.8	+4.8
Accounts receivable	60.6	80.0	61.2	-18.8	Borrowings	9.8	22.7	10.8	-11.9
Inventories	58.1	52.2	70.2	+18.0	Others	25.9	30.0	25.8	-4.2
Others	7.1	8.4	10.1	+1.7	Net assets	199.4	208.0	216.2	+8.2
Fixed assets	103.7	104.4	109.2	+4.8	Shareholders' equity ²	188.6	196.7	202.5	+5.8
Total PPE	51.9	53.2	62.0	+8.8	Valuation difference on available-for-sale securities	8.3	8.3	8.3	0.0
Intangible assets	11.9	11.8	11.8	0.0	Foreign currency translation adjustment	0.1	0.9	2.0	+1.1
Investment securities	30.8	30.2	29.6	-0.6	Non-controlling interests	2.0	2.1	3.0	+0.9
Others	9.1	9.2	5.8	-3.4	Remeasurements of defined benefit plans	0.4	0.0	0.4	+0.4
Total assets	254.7	279.7	276.6	-3.1	Total liabilities & net assets	254.7	279.7	276.6	-3.1
					Equity Ratio	77.5%	73.6%	77.1%	
					D/E Ratio³	-8.1%	-6.1%	-7.5%	

Breakdown of Investment Securities

	2021/3	2021/12	2022/3	2022/12	vs. 2022/3
Listed shares¹ (Number of stocks held, Non-consolidated basis)	24.4 (31)	19.1 (30)	18.9 (30)	18.3 (29)	-0.6 (-1)
Unlisted shares	2.7	2.5	2.6	3.0	+0.4
Subsidiaries/Associate shares	8.8	9.2	8.7	8.3	-0.4
Total	35.9	30.8	30.2	29.6	-0.6
Strategic shareholdings on net assets⁴	12.4%	9.9%	9.5%	9.1%	

- 2022/3 18.9 + Acquisition 0.0 - Sales and valuation difference 0.6 = 2022/12 18.3
- Change in shareholders' equity +5.8 = Net Income 30.8 - Dividend and others 25.0
- D/E Ratio = (Borrowings - Cash) / Shareholders' equity
- Strategic shareholdings on net assets = strategic shareholdings (Non-consolidated basis, Listed shares + Unlisted shares) / Net assets (Consolidated basis)
Strategic shareholdings (Non-consolidated basis, ¥billion): 2021/3 24.8, 2021/12 19.8, 2022/3 19.8, 2022/12 19.7

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Moving on to the balance sheet on page 10.

The upper left-hand corner shows total assets, and the last line shows the comparison with the end of the previous fiscal year. This is a slight decrease of JPY3.1 billion in assets.

On the other hand, on the liabilities side, repayment of borrowings has progressed by about JPY12 billion compared to the end of the previous fiscal year or the end of March, but compared to the end of December 2021, the level is almost the same as shown here.

As a result, the equity ratio was 77.1%, as shown in the lower right-hand corner, and we believe that we continue to have a strong financial position.

I will talk about the bottom left, which is the breakdown of investment securities. In the column for listed shares, the first line shows that the number of shares held decreased by 1 from the end of the previous period. By the end of December, the sale of 1 issue as a whole was completed, but it was not a large amount.

In terms of the ratio of strategic shareholdings to net assets, it is at a level of 9.1%.

Summary of FY2022 Outlook

Full-Year Outlook is Revised downward (FY2022 OP:¥53.4 billion)

The Outlook is revised based on 1-3Q results and current 4Q outlook

Full-Year	vs. FY2021	<ul style="list-style-type: none"> Sales up ¥21.5 billion (+10%) OP up ¥2.4 billion (+5%), Net Income up ¥3.3 billion (+9%) 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 19.7%
Full-Year	vs. Outlook as of Nov 2022	<ul style="list-style-type: none"> Sales below target ¥4.7 billion (-2%) OP below target ¥2.1 billion (-4%) Net Income in line with target
2H	vs. 2H FY2021	<ul style="list-style-type: none"> Sales up ¥3.8 billion (+3%) OP down ¥4.5 billion (-15%), Net Income down ¥4.1 billion (-18%)
2H	vs. 2H Outlook as of Nov 2022	<ul style="list-style-type: none"> Sales below target ¥4.7 billion (-4%) OP below target ¥2.1 billion (-8%), Net Income in line with target

Shareholders Return

- Based on Mid-Term Plan, Total Payout Ratio Target is 75% and Dividend Payout Ratio Target is 55% (unchanged from May 2022)
- Announced a ¥4.0 billion share repurchase (Total Payout Ratio 76.1%)**

Dividend	¥164/share (Full-Year) 1H ¥70/share, 2H ¥94/share (Dividend Payout Ratio : 54.9%) [vs. FY2021]1H up ¥20/share, 2H up ¥22/share [vs. Outlook as of Nov 2022] 2H no change
Share Repurchase	¥9.0 billion (Full-Year) (FY2021 Actual: ¥12.0 billion, 2,033 thousand shares) <ul style="list-style-type: none"> ¥5.0 billion, 683 thousand shares (period: May – June 2022) ¥4.0 billion, 1,000 thousand shares (period: February – April 2023) [vs. FY2021]¥3.0 billion down [vs. Outlook as of Nov 2022]¥4.0 billion up
Share Cancellation	Cancelled 1.7 million shares in May and August 2022
Total Payout Ratio	76.1% based on ¥164/share dividend and ¥9.0 billion share repurchase (FY2021 Actual: 75.6%)

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Next, I would like to explain our full-year outlook for the current fiscal year. Please see page 12.

As stated at the beginning of this report, we have revised downward our full-year outlook. In terms of operating profit, the new outlook is JPY53.4 billion for the current fiscal year. The concept is that we have changed the previous outlook based on the cumulative 3Q results and the 4Q4Q outlook.

On a full-year basis, sales are expected to increase by JPY21.5 billion, or 10%, compared to the same period last year, as shown in the upper row. Operating profit is expected to increase by JPY2.4 billion, or 5%. Net income increased by JPY3.3 billion, or 9%.

As a result, operating profit and ordinary income are expected to reach record highs for 9 consecutive years, and net income for 10 consecutive years. ROE is assumed to be 19.7%.

Below that is a comparison with the previous outlook for the full year, with the figures we presented in November. The sales and operating profit figures here show a downward swing of JPY4.7 billion and JPY2.1 billion, respectively.

Since I mentioned earlier that there was an upward swing of JPY0.7 billion in 3Q, this means that there was a downward swing of minus JPY2.8 billion in 4Q4Q. Net income is in line with the previous outlook.

The following is a description of 2H of the fiscal year.

The bottom line is the outlook for shareholder return. As indicated in blue, we have already announced a share buyback of JPY4 billion today. As a result, the total return ratio will be 76.1%, slightly higher than the target of 75%.

As for dividends, as announced in November, we will pay JPY164 for the full year, with an interim dividend of JPY70 already paid, and a year-end dividend of JPY94, including the dividend payout ratio, which remains unchanged.

FY2022 Financial Summary YOY Change

Nissan Chemical CORPORATION

(¥billion)

	FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	91.8	49.5	66.7	116.2	208.0	109.5	49.7	70.3	120.0	229.5	+17.7 (+19%)	+0.2 (0%)	+3.6 (+5%)	+3.8 (+3%)	+21.5 (+10%)
Operating Profit	21.3	12.6	17.1	29.7	51.0	28.2	10.6	14.6	25.2	53.4	+6.9 (+32%)	-2.0 (-16%)	-2.5 (-14%)	-4.5 (-15%)	+2.4 (+5%)
Non-Operating Income/Expenses	1.0	0.9	0.8	1.7	2.7	3.8	-1.3	-0.4	-1.7	2.1	+2.8	-2.2	-1.2	-3.4	-0.6
Foreign exchange Gains/Losses	0.1	0.2	0.8	1.0	1.1	3.0	-2.1	-1.2	-3.3	-0.3	+2.9	-2.3	-2.0	-4.3	-1.4
Ordinary Income	22.3	13.5	17.9	31.4	53.7	32.0	9.3	14.2	23.5	55.5	+9.7 (+44%)	-4.2 (-31%)	-3.7 (-21%)	-7.9 (-25%)	+1.8 (+3%)
Extraordinary Income/Loss	0.0	0.2	0.3	0.5	0.5	0.0	0.0	1.5	1.5	1.5	0.0	-0.2	+1.2	+1.0	+1.0
Net Income¹	16.3	9.3	13.2	22.5	38.8	23.7	7.1	11.3	18.4	42.1	+7.4 (+45%)	-2.2 (-24%)	-1.9 (-14%)	-4.1 (-18%)	+3.3 (+9%)
EBITDA²	26.0	15.2	20.0	35.2	61.2	33.3	13.5	18.1	31.6	64.9	+7.3	-1.7	-1.9	-3.6	+3.7
EPS (¥/share)	113.94	65.64	92.30	157.94	271.88	167.74	50.25	80.62	130.87	298.61	+53.80	-15.39	-11.68	-27.07	+26.73
Dividend (¥/share)	50	-	-	72	122	70	-	-	94	164	+20	-	-	+22	+42
Dividend Payout Ratio (%)	-	-	-	-	44.9%	-	-	-	-	54.9%	-	-	-	-	+10.0pt
Total amount of Dividend	7.1	-	-	10.2	17.3	9.9	-	-	13.2	23.1	+2.8	-	-	+3.0	+5.8
OP Margin	23.2%	25.5%	25.5%	25.5%	24.5%	25.7%	21.4%	20.8%	21.0%	23.3%	+2.5pt	-4.1pt	-4.7pt	-4.5pt	-1.2pt
ROE	-	-	-	-	19.2%	-	-	-	-	19.7%	-	-	-	-	+0.5pt
FX Rate (¥/\$)	110	114	116	115	112	134	141	130	136	135	-	-	-	-	-
Crude Oil (JCC) (\$/bbl)³	70	80	86	83	77	112	100	100	100	106	-	-	-	-	-

1. Net Income = Profit Attributable to Owners of Parent 2. EBITDA = Operating Profit + Depreciation and amortization 3. Based on Trade Statistics of Japan Ministry of Finance

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Next, page 13, shows the specific figures.

This is based on a YoY change in the outlook of business performance.

As shown in the rightmost column, in the yellow box. On an annual basis, as I mentioned earlier, operating profit will increase by 5% to JPY2.4 billion, and ordinary income will increase by JPY1.8 billion.

On the other hand, as for extraordinary gains/losses, the figure for 4Q is JPY1.5 billion. We plan to proceed with the sale of strategic shares. As a result, net income will increase by JPY3.3 billion, up 9% on an annual basis.

The second line from the bottom is the exchange rate. I have previously mentioned the figures up to 3Q. For 4Q, we are assuming JPY130 per dollar, but this is a 3-month average figure, and we expect the yen to appreciate slightly more at the end of March.

On the other hand, the 4Q outlook for crude oil is USD100 per barrel, which is expected to be almost the same as the 3Q results.

FY2022 Financial Summary Compared to Outlook as of Nov 2022



(Billion)

	FY2022 Outlook as of Nov 2022					FY2022 Outlook as of Feb 2023					vs. Outlook as of Nov 2022		
	1H Actual	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	3Q	4Q	2H-Total
Sales	109.5	49.7	75.0	124.7	234.2	109.5	49.7	70.3	120.0	229.5	0.0	-4.7	-4.7
Operating Profit	28.2	9.9	17.4	27.3	55.5	28.2	10.6	14.6	25.2	53.4	+0.7	-2.8	-2.1
Non-Operating Income/Expenses	3.8	-0.1	-0.9	-1.0	2.8	3.8	-1.3	-0.4	-1.7	2.1	-1.2	+0.5	-0.7
Foreign exchange Gains/Losses	3.0	-1.0	-1.0	-2.0	1.0	3.0	-2.1	-1.2	-3.3	-0.3	-1.1	-0.2	-1.3
Ordinary Income	32.0	9.8	16.5	26.3	58.3	32.0	9.3	14.2	23.5	55.5	-0.5	-2.3	-2.8
Extraordinary Income/Loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5	1.5	0.0	+1.5	+1.5
Net Income ¹	23.7	7.1	11.3	18.4	42.1	23.7	7.1	11.3	18.4	42.1	0.0	0.0	0.0
EBITDA ²	33.3	-	-	33.7	67.0	33.3	13.5	18.1	31.6	64.9	-	-	-2.1
EPS (¥/share)	167.74	-	-	130.85	298.59	167.74	50.25	80.62	130.87	298.61	-	-	+0.02
Dividend (¥/share)	70	-	-	94	164	70	-	-	94	164	-	0	0
Dividend payout ratio (%)	-	-	-	-	54.9%	-	-	-	-	54.9%	-	-	-
Total amount of Dividend	9.9	-	-	13.2	23.1	9.9	-	-	13.2	23.1	-	-	-
OP Margin	25.7%	19.9%	23.2%	21.9%	23.7%	25.7%	21.4%	20.8%	21.0%	23.3%	-	-	-
ROE	-	-	-	-	19.7%	-	-	-	-	19.7%	-	-	-
FX Rate (¥/\$)	134	135	135	135	135	134	141	130	136	135	-	-	-
Crude Oil (JCC) (\$/bbl) ³	112	110	110	110	110	112	100	100	100	106	-	-	-

1. Net Income = Profit Attributable to Owners of Parent 2. EBITDA = Operating Profit + Depreciation and amortization 3. Based on Trade Statistics of Japan Ministry of Finance

Page 14 shows comparisons with the previous outlook.

The rightmost column shows the comparison with the forecast, and the figure minus JPY2.8 billion for operating profit in 4Q is shown.

Analysis of Changes in OP

		FY2022 Outlook as of Feb 2023	FY2021 Actual	YOY Change	Outlook as of Nov 2022	vs. Outlook
		25.2 billion	29.7 billion	-4.5 billion(-15%)	27.3 billion	-2.1 billion
2H	Chemicals	YOY Change -2.0 billion	Sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up			
		vs. Outlook -0.8 billion	Sales decrease in high purity sulfuric acid, TEPIC and environmental related products			
	Performance Materials	YOY Change -2.2 billion	Sales decrease in Display Materials and fixed cost up			
		vs. Outlook -4.1 billion	Sales decrease in Display Materials and Semis Materials			
	Agro	YOY Change +0.2 billion	Sales increase due to strong sales of main products			
		vs. Outlook +1.6 billion	Sales increase due to strong sales of main products and fixed cost down			
	Healthcare	YOY Change flat				
		vs. Outlook +0.1 billion	Sales increase in Custom Chemicals			
		FY2022 Outlook as of Feb 2023	FY2021 Actual	YOY Change		
		53.4 billion	51.0 billion	+2.4 billion(+5%)		
Full-Year	Chemicals	YOY Change -2.1 billion	Sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up			
	Performance Materials	YOY Change -1.4 billion	Sales decrease in Display Materials and fixed cost up			
	Agro	YOY Change +5.4 billion	Sales increase due to strong sales of main products			
	Healthcare	YOY Change +0.1 billion	Sales increase in Custom Chemicals			

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Continued on page 15, analysis of changes in operating profit by segment.

The upper row, 2H, shows a decrease of JPY4.5 billion. This is also a downward revision of JPY2.1 billion from the previous outlook as of November.

Specifically, in the Chemicals segment, we expect a decrease of JPY2 billion YoY in operating profit, due to the end of sales of melamine, lower sales of TEPIC, and higher raw material and fuel prices, as in 3Q. This is also a downward revision of JPY0.8 billion compared to the outlook.

For Performance Materials, operating profit decreased by JPY2.2 billion YoY. We expect sales of Semis Materials to increase, but we are seeing a decline in sales of Display Materials here. There has also been a considerable increase in fixed costs, which I will discuss later. This is a decrease of JPY4.1 billion from the previous outlook, and we assume that this figure is the result of a decline in sales of both Display Materials and Semis Materials.

The Agrochemicals shows an increase of JPY0.2 billion YoY and an upward swing of JPY1.6 billion from the outlook. The strong sales of our main products and the downward swing in fixed costs of about JPY0.4 billion, which also contributed to the upward swing in profit.

For Healthcare, the figures are almost flat.

The bottom row shows the figures for the full year. As I mentioned earlier, the increase in profit was JPY2.4 billion, and as you can see here, the Agrochemicals led the overall increase.

FY2022 Financial Outlook YOY Change by Segment

(¥billion)

		FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
		1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Chemicals	Sales	17.1	10.5	10.0	20.5	37.6	19.8	10.1	9.8	19.9	39.7	+2.7 (+16%)	-0.4 (-4%)	-0.2 (-2%)	-0.6 (-3%)	+2.1 (+5%)
	OP	1.2	1.3	1.3	2.6	3.8	1.1	0.4	0.2	0.6	1.7	-0.1 (-9%)	-0.9 (-67%)	-1.1 (-84%)	-2.0 (-76%)	-2.1 (-55%)
Performance Materials	Sales	39.6	20.9	21.2	42.1	81.7	42.0	20.6	20.9	41.5	83.5	+2.4 (+6%)	-0.3 (-1%)	-0.3 (-1%)	-0.6 (-1%)	+1.8 (+2%)
	OP	13.1	7.6	6.9	14.5	27.6	13.9	6.9	5.4	12.3	26.2	+0.8 (+6%)	-0.7 (-8%)	-1.5 (-22%)	-2.2 (-15%)	-1.4 (-5%)
Agrochemicals	Sales	25.0	11.9	28.9	40.8	65.8	35.7	13.1	32.6	45.7	81.4	+10.7 (+43%)	+1.2 (+10%)	+3.7 (+13%)	+4.9 (+12%)	+15.6 (+24%)
	OP	6.9	3.0	8.2	11.2	18.1	12.1	3.1	8.3	11.4	23.5	+5.2 (+75%)	+0.1 (+3%)	+0.1 (+1%)	+0.2 (+2%)	+5.4 (+30%)
Healthcare	Sales	3.3	2.0	1.3	3.3	6.6	3.2	1.6	1.8	3.4	6.6	-0.1 (-3%)	-0.4 (-17%)	+0.5 (+35%)	+0.1 (+4%)	0.0 (+1%)
	OP	1.4	0.9	0.5	1.4	2.8	1.5	0.6	0.8	1.4	2.9	+0.1 (+5%)	-0.3 (-27%)	+0.3 (+45%)	0.0 (-2%)	+0.1 (+2%)
Trading, Others, Adjustment	Sales	6.8	4.2	5.3	9.5	16.3	8.8	4.3	5.2	9.5	18.3	+2.0 (+3%)	+0.1 (0%)	-0.1 (-2%)	0.0 (+4%)	+2.0 (+10%)
	OP	-1.3	-0.2	0.2	0.0	-1.3	-0.4	-0.4	-0.1	-0.5	-0.9	+0.9 (+32%)	-0.2 (-16%)	-0.3 (-14%)	-0.5 (-15%)	+0.4 (+5%)
Total	Sales	91.8	49.5	66.7	116.2	208.0	109.5	49.7	70.3	120.0	229.5	+17.7 (+19%)	+0.2 (0%)	+3.6 (+5%)	+3.8 (+3%)	+21.5 (+10%)
	OP	21.3	12.6	17.1	29.7	51.0	28.2	10.6	14.6	25.2	53.4	+6.9 (+32%)	-2.0 (-16%)	-2.5 (-14%)	-4.5 (-15%)	+2.4 (+5%)

1. Including inter-segment sales/transfers

2. Trading: Nissei Corporation, Others: Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Nihon Hiryo, and others
Adjustment: Planning & Development Division and others (see p65, p66 for breakdown)

3. Sales and OP for Planning & Development Division in FY2021 Actual, FY2022 Outlook as of Feb 2023 are disclosed on p55

4. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

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Continuing on, specific figures by segment, page 17.

This shows a YOY comparison, and the yellow box on the far right shows the numbers I mentioned earlier.

We are also disclosing 4Q figures by sales and operating profit, and by segment, as forecast figures.

FY2022 Financial Outlook Compared to Outlook as of Nov 2022 by Segment



(¥billion)

		FY2022 Outlook as of Nov 2022					FY2022 Outlook as of Feb 2023					vs. Outlook as of Nov 2022		
		1H Actual	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	3Q	4Q	2H+ Total
Chemicals	Sales	19.8	11.0	11.6	22.6	42.4	19.8	10.1	9.8	19.9	39.7	-0.9	-1.8	-2.7
	OP	1.1	0.9	0.5	1.4	2.5	1.1	0.4	0.2	0.6	1.7	-0.5	-0.3	-0.8
Performance Materials	Sales	42.0	22.7	24.5	47.2	89.2	42.0	20.6	20.9	41.5	83.5	-2.1	-3.6	-5.7
	OP	13.9	8.1	8.3	16.4	30.3	13.9	6.9	5.4	12.3	26.2	-1.2	-2.9	-4.1
Agrochemicals	Sales	35.7	11.3	32.2	43.5	79.2	35.7	13.1	32.6	45.7	81.4	+1.8	+0.4	+2.2
	OP	12.1	1.6	8.2	9.8	21.9	12.1	3.1	8.3	11.4	23.5	+1.5	+0.1	+1.6
Healthcare	Sales	3.2	1.7	1.7	3.4	6.6	3.2	1.6	1.8	3.4	6.6	-0.1	+0.1	0.0
	OP	1.5	0.7	0.6	1.3	2.8	1.5	0.6	0.8	1.4	2.9	-0.1	+0.2	+0.1
Trading, Others, Adjustment	Sales	8.8	3.0	5.0	8.0	16.8	8.8	4.3	5.2	9.5	18.3	+1.3	+0.2	+1.5
	OP	-0.4	-1.4	-0.2	-1.6	-2.0	-0.4	-0.4	-0.1	-0.5	-0.9	+1.0	+0.1	+1.1
Total	Sales	109.5	49.7	75.0	124.7	234.2	109.5	49.7	70.3	120.0	229.5	0.0	-4.7	-4.7
	OP	28.2	9.9	17.4	27.3	55.5	28.2	10.6	14.6	25.2	53.4	+0.7	-2.8	-2.1

1. Including inter-segment sales/transfers

2. Trading: Nissei Corporation, Others: Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Nihon Hiryo, and others

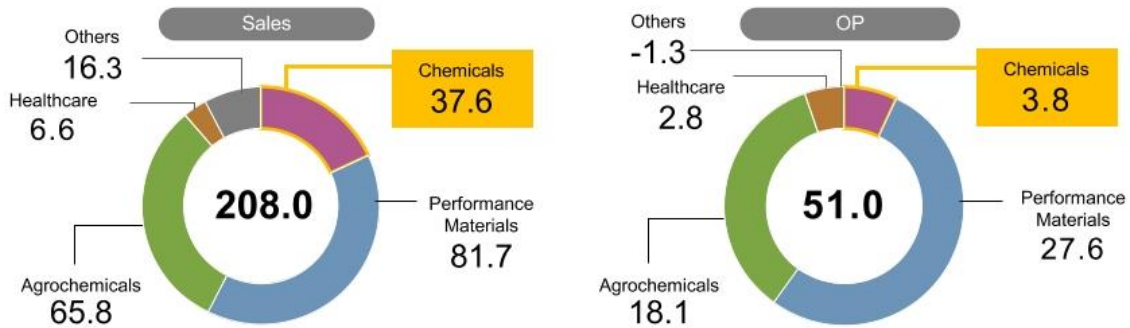
Adjustment: Planning & Development Division and others (see p65, p66 for breakdown)

3. Sales and OP for Planning & Development Division in FY2022 Outlook as of Nov 2022 are disclosed on p69 of the Presentation for Investors for 2Q FY2022 (announced on Nov 11, 2022)
FY2022 Outlook as of Feb 2023 are disclosed on p55

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On page 18, we present the comparison with the previous forecast in November. Please check this later.

FY2021 Actual by Segment (¥billion)¹



Chemicals – Recent Financial Performance



1. Organizational changes were implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)
 2. Outlook as of Feb 2023

I will now give you a brief overview of the Chemicals segment. Page 19.

As shown in the graph below, we will see an increase in sales and a decrease in profit for the current fiscal year.

FY2022 Financial Outlook

Sales Growth Rate of Main Products

- Fine Chemicals: [2H Outlook] Sales YOY -5%, Sales below target [Full-Year Outlook] Sales YOY +8%
- Basic Chemicals: [2H Outlook] Sales YOY -2%, Sales below target [Full-Year Outlook] Sales YOY +4%

Main Products	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023				
	YOY Change			YOY Change				
	1H Actual	2H	Total	3Q Actual	1-3Q Actual	4Q	2H	Total
TEPIC	+25%	+22%	+23%	-33%	+2%	-24%	-29%	-4%
Environmental related products	+17%	+36%	+26%	+4%	+13%	+29%	+17%	+17%
FINEOXOCOL	+36%	-4%	+13%	+8%	+25%	-28%	-10%	+10%
Total Fine Chemicals ¹	+23%	+24%	+24%	-8%	+12%	0%	-5%	+8%
Melamine ²	+28%	-96%	-51%	-85%	-27%	-100%	-92%	-49%
Urea/AdBlue [®]	+56%	+75%	+67%	+70%	+62%	+65%	+68%	+63%
High purity sulfuric acid	+1%	+8%	+4%	-10%	-3%	-10%	-10%	-5%
Nitric acid products	-14%	+24%	+6%	+15%	-4%	+13%	+14%	+1%
Total Basic Chemicals ^{3,4}	+11%	+3%	+7%	0%	+6%	-2%	-2%	+4%
	(+8%)	(+28%)	(+19%)	(+22%)	(+13%)	(+21%)	(+21%)	(+15%)
Total Segment ³	+16%	+10%	+13%	-4%	+8%	-2%	-3%	+5%
	(+14%)	(+27%)	(+21%)	(+10%)	(+13%)	(+12%)	(+11%)	(+13%)

1. TEPIC, Environmental related products, and FINEOXOCOL account for 85% of total Fine Chemicals sales (1-3Q FY2022 Actual)

2. The production of melamine terminated in June 2022 (see p24, Restructure based on Shutdown of Melamine Plant)

3. Growth rate in parentheses excludes melamine for both FY2021 Actual and FY2022 Outlook.

4. Melamine, Urea/AdBlue[®], High purity sulfuric acid, and Nitric acid products account for 54% of total Basic Chemical sales (1-3Q FY2022 Actual)

This is the growth of the main products in terms of specific sales, please see page 20.

As you can see here, sales of Fine Chemicals will decrease by 5% in 2H. It is also lower than the previous outlook. This is where the slowdown in TEPIC sales and other factors are having an impact. The annual outlook is for an 8% increase in sales.

In Basic Chemicals, sales in 2H are expected to decline by 2% YoY. However, excluding melamine, which was discontinued in 3Q, sales would have increased by 21%, as shown in the bracketed figures in the table below. This is a downward swing from the previous outlook, and also a 4% increase in the full-year outlook, and a 15% increase in sales excluding this melamine.

[3Q Actual] Sales down ¥0.4 billion (melamine sales down ¥1.3 billion), OP down ¥0.9 billion

[2H Outlook] Sales down ¥0.6 billion (melamine sales down ¥2.6 billion), OP down ¥2.0 billion

(¥billion)

	FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	17.1	10.5	10.0	20.5	37.6	19.8	10.1	9.8	19.9	39.7	+2.7	-0.4	-0.2	-0.6	+2.1
Fine Chemicals	6.2	3.7	3.2	6.9	13.1	7.7	3.3	3.2	6.5	14.2	+1.5	-0.4	0.0	-0.4	+1.1
Basic Chemicals	10.9	6.8	6.8	13.6	24.5	12.1	6.8	6.6	13.4	25.5	+1.2	0.0	-0.2	-0.2	+1.0
OP	1.2	1.3	1.3	2.6	3.8	1.1	0.4	0.2	0.6	1.7	-0.1	-0.9	-1.1	-2.0	-2.1

1. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

	[3Q] Sales down, OP down [2H] Sales down, OP down		[3Q] Sales flat, OP down [2H] Sales down, OP down	
Fine Chemicals	TEPIC for general applications	[3Q]&[2H] Sales down (demand decrease)	Melamine	[3Q]&[2H] Sales down (end of sales (see p24))
	TEPIC for electronic materials	[3Q]&[2H] Sales down	Urea/AdBlue®	[3Q]&[2H] Sales up (price up)
	Environmental related products	[3Q]&[2H] Sales up (price up)	High purity sulfuric acid	[3Q]&[2H] Sales down (semis market slowdown)
	FINEOXOCOL	[3Q] Sales up (price up) [2H] Sales down	Nitric acid products	[3Q]&[2H] Sales up (price up)
	[3Q] Feedstock and raw materials cost up [2H] Feedstock and raw materials cost up		[3Q] Feedstock and raw materials cost up [2H] Feedstock and raw materials cost up	

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On page 21, we show the specific figures for the YoY change for 3Q and 2H of the fiscal year, as well as for the full fiscal year.

As shown in the yellow box on the right, in 2H of the fiscal year, we expect net sales of chemical products to decrease by JPY0.6 billion YoY, and operating profit to decline by JPY2 billion.

There are a few comments below. In terms of Fine Chemicals, as you can see here, for TEPIC for general applications, there has been an influx of inexpensive Chinese products, and in terms of demand, there has been a decrease in sales due to the buildup of some inventories at customers. TEPIC for electronic materials also saw a decline in sales due to lower demand.

On the right side of Basic Chemicals, sales of Urea/AdBlue and nitric acid products increased, but as I mentioned earlier, sales of melamine ended in December, so sales will decrease on a YoY basis.

Sales of high purity sulfuric acid also declined due to the sluggish semis market.

FY2022 Financial Outlook Compared to Outlook as of Nov 2022

[3Q Actual] Sales below target ¥0.9 billion (melamine sales above target ¥0.1 billion),
OP below target ¥0.5 billion

[2H Outlook] Sales below target ¥2.7 billion (melamine sales above target ¥0.1 billion),
OP below target ¥0.8 billion

(¥billion)

	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023			vs. Outlook as of Nov 2022		
	3Q	4Q	2H	3Q Actual	4Q	2H	3Q	4Q	2H
Sales	11.0	11.6	22.6	10.1	9.8	19.9	-0.9	-1.8	-2.7
Fine Chemicals	4.0	4.6	8.6	3.3	3.2	6.5	-0.7	-1.4	-2.1
Basic Chemicals	7.0	7.0	14.0	6.8	6.6	13.4	-0.2	-0.4	-0.6
OP	0.9	0.5	1.4	0.4	0.2	0.6	-0.5	-0.3	-0.8

[3Q] Sales below target, OP below target	
[2H] Sales below target, OP below target	
Fine Chemicals	TEPIC for general applications [3Q]&[2H] Sales below target (demand decrease)
	TEPIC for electronic materials [3Q]&[2H] Sales below target
	Environmental related products [3Q]&[2H] Sales below target
	FINEOXOCOL [3Q] Sales above target (price up) [2H] Sales below target
	[3Q]&[2H] Feedstock and raw materials cost above expectations

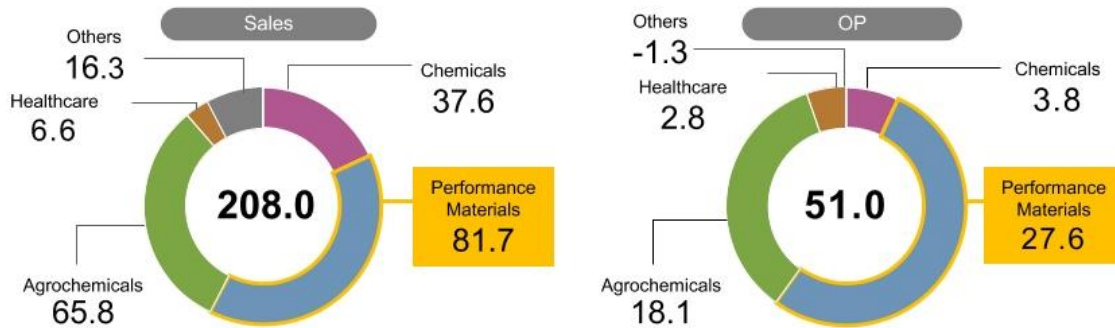
[3Q] Sales below target, OP below target	
[2H] Sales below target, OP below target	
Basic Chemicals	Melamine [3Q]&[2H] Sales above target (postponement of the end of sales)
	Urea/AdBlue® [3Q]&[2H] Sales below target
	High purity sulfuric acid [3Q]&[2H] Sales below target (semis market slowdown)
	Nitric acid products [3Q]&[2H] Sales below target

Page 22 shows the FY2022 financial outlook compared to the outlook as of November.

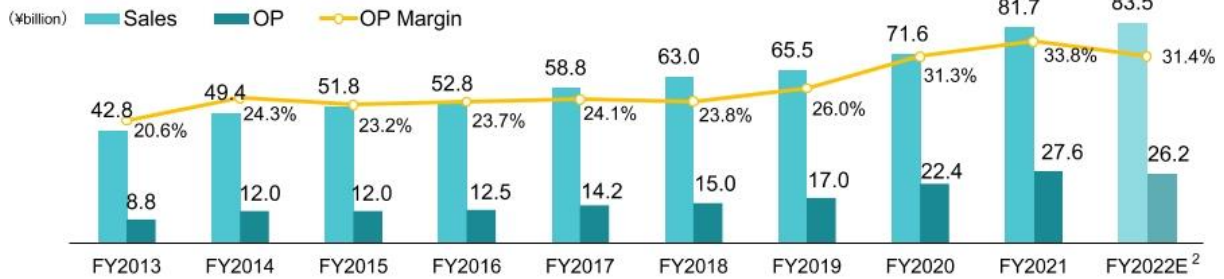
If you look at the 2H outlook on the far right, there is a JPY2.7 billion drop in sales and a JPY0.8 billion drop in operating profit.

There is a particular JPY2.1 billion downturn in sales in Fine Chemicals, of which more than 70% is attributable to TEPIC's sales decline.

FY2021 Actual by Segment (¥billion)¹



Performance Materials – Recent Financial Performance



1. Organizational changes were implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation.

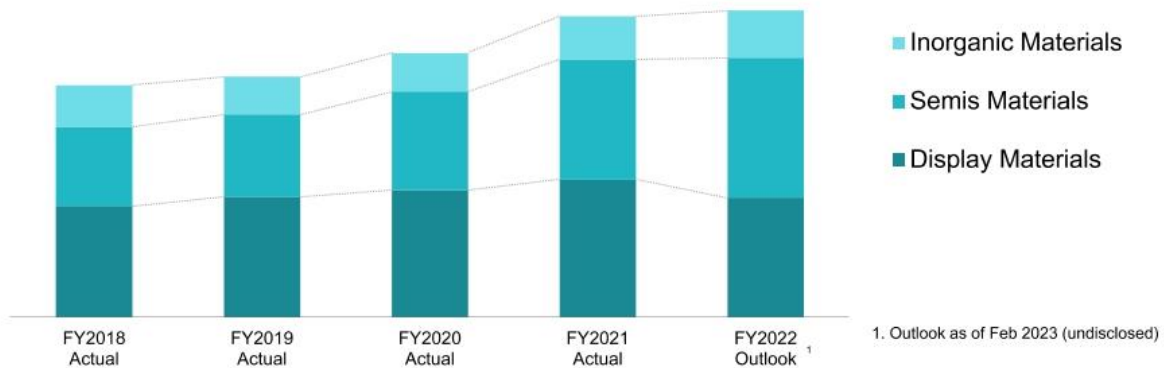
FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

2. Outlook as of Feb 2023

Next, for Performance Materials, skip to page 25.

As shown in the graph at the bottom of this page, the rightmost graph shows an increase in sales and a decrease in profit. Sales are expected to increase by 2% and operating profit is expected to be JPY26.2 billion, a decrease of 5%.

However, the OP margin is 31.4% and is expected to remain in the 30% range, although it will be slightly lower.



Main Products

Display Materials		Semis Materials		Inorganic Materials	
SUNEVER	LCD alignment coating	ARC®	Bottom anti-reflective coating for semis	SNOWTEX	Silica sol for polishing materials (silicon wafer, compound semiconductors, semiconductors CMP and etc.) and non-polishing materials (special steel sheet and etc.)
		Multi layer process materials	Multi layer process materials for Semis (OptiStack®)	Organo/Monomer Sol	Film surface treatment for electronic devices, resin additive
		Other new materials	EUV materials, 3D packaging process materials, CMOS image sensor materials	Oilfield materials	For enhancing oil recovery

Next, on page 26 is sales by subsegment.

If you look at this bar graph, the rightmost one, the outlook for the current fiscal year, the Semis Materials, the blue one in the middle, we are forecasting a sales increase by 16% YoY.

On the other hand, as you can see from this graph, sales of Displays Materials decreased by 13%, but we expect a recovery trend in 2H from the bottom in 2Q.

FY2022 Outlook Sales Growth Rate of Main Products

- DP Materials: [2H Outlook] Sales YOY -14%, Sales below target [Full-Year Outlook] Sales YOY -13%
- Semis Materials: [2H Outlook] Sales YOY +7%, Sales below target [Full-Year Outlook] Sales YOY +16%
- Inorganic Materials: [2H Outlook] Sales YOY +11%, Sales below target [Full-Year Outlook] Sales YOY +10%

Main Products	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023				
	YOY Change			YOY Change				
	1H Actual	2H	Total	3Q Actual	1-3Q Actual	4Q	2H	Total
Total SUNEVER	-12%	-2%	-7%	-6%	-10%	-19%	-13%	-12%
Total Display Materials	-13%	-2%	-7%	-7%	-11%	-20%	-14%	-13%
KrF (ARC®)	+8%	+11%	+10%	-16%	0%	-6%	-11%	-2%
ArF (ARC®)	+26%	+24%	+25%	-2%	+16%	+17%	+7%	+16%
Total ARC®	+23%	+21%	+22%	-5%	+13%	+10%	+3%	+12%
Other Semis Materials ¹	+35%	+37%	+36%	+10%	+26%	+26%	+18%	+26%
Total Semis Materials	+26%	+26%	+26%	0%	+17%	+15%	+7%	+16%
SNOWTEX	+6%	+27%	+16%	+17%	+9%	+18%	+17%	+11%
Organo/Monomer Sol	+10%	-9%	0%	-13%	+2%	-1%	-7%	+1%
Oilfield Materials	+94%	+18%	+52%	+182%	+122%	+19%	+83%	+88%
Total Inorganic Materials	+9%	+17%	+13%	+9%	+9%	+13%	+11%	+10%
Total Segment	+6%	+12%	+9%	-1%	+3%	-1%	-1%	+2%

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

| 27

On page 27, here are the YoY sales growth figures for the main products in the Performance Materials segment. The table in the middle shows the 3Q results, the 1Q to 3Q results, the 4Q outlook, and the outlook for 2H and the full year.

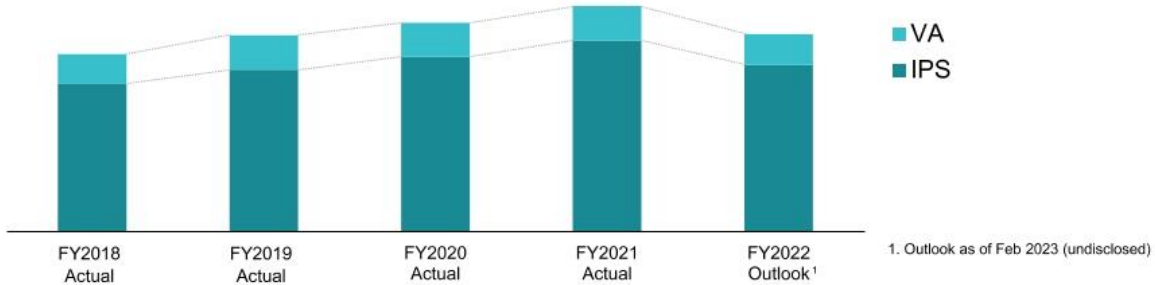
First of all, for Display Materials, it is to be decreased by 14% in 2H and lower than the previous outlook. We also expect a 13% decrease in sales for the full-year. However, since the bottom was reached in 2Q, we expect a recovery trend in 2H. In addition, in terms of the comparison between 1H and 2H of FY2022, we are projecting a 5% increase in sales, although the table is not shown here.

Next is Semis Materials, which will see a 7% increase in sales in 2H, a downward swing from the previous forecast. For the full-year, we expect sales to increase by 16%, as I mentioned earlier.

For Inorganic Materials, we expect an 11% increase in sales in 2H, and a 10% increase for the full year.

In the area of Semis Materials, we expect demand for EUV to continue to be very strong, with a YoY increase of 40% in 2H of the current fiscal year and an annual increase of 49%.

In FY2022 Full-Year outlook, SUNEVER sales -12%, and below target compared to outlook as of Nov 2022. The shift from other modes (rubbing IPS, etc.) to photo IPS is progressing steadily.



Main Applications

- VA (Vertical Alignment) TV
- IPS (In-Plane Switching) Smartphone, Tablet, PC, Monitor, Automobile

Sales Growth Rate by Mode

	FY2022 Full-year Outlook as of Nov 2022	FY2022 Full-year Outlook as of Feb 2023
	YOY Change	YOY Change
VA	Down(-10 ~ -19%)	Down(-10 ~ -19%)
IPS	Down(-0 ~ -9%)	Down(-10 ~ -19%)
Total SUNEVER (including TN ²)	-7%	-12%

2. TN (Twisted Nematic) main applications is PC, Monitor

On page 28, here are SUNEVER sales by mode.

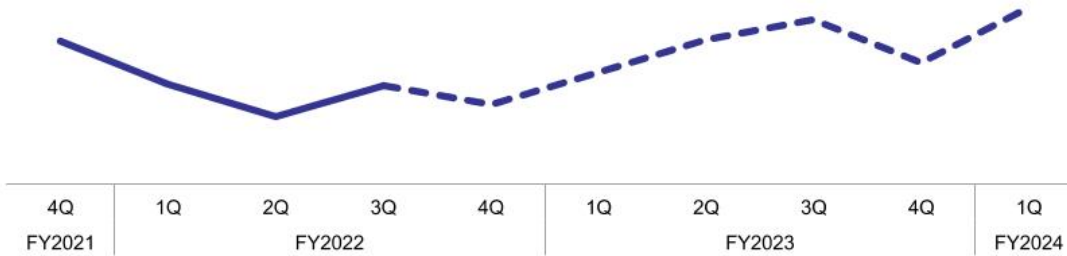
As stated in the opening sentence, the annual decrease is 12%. The previous forecast was for YoY decline of 7%, so this is a downward revision from the previous forecast. However, we are aware that the conversion from other modes such as rubbing IPS to photo IPS is progressing well.

The sales growth rate by mode is shown below, and I am sorry to say that the range is a little wide, but in terms of the revised full-year outlook, VA sales will decrease in YoY, and IPS sales as a whole, which is the sum of rubbing IPS and photo IPS, will also decrease. The total is minus 12% at SUNEVER.

Displays Market Forecast Image

Recovery expected from 1H FY2023.

The shift from other modes (rubbing IPS, etc.) to photo IPS is progressing steadily.

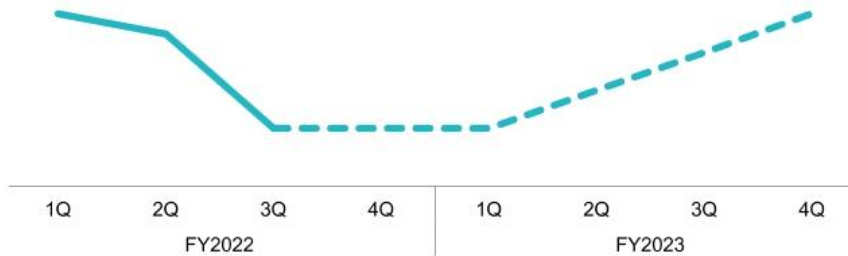


Source: Omdia (Jan 2023), area base

Semis Market Forecast Image

Recovery expected from 1H FY2023.

No change in being a growth market in the medium to long term.



Source: Nissan Chemical estimates based on various surveys

Continuing on page 29, we have included a few images of the outlook for the display and semis markets.

The upper graph, here is the outlook for the display market, and as noted in small print in the source section, these are figures from an outside research firm as of January. The figures are based on area.

As you can see, it is expected to bottom out in 2Q of FY2022 and gradually recover. As you can see, we expect recovery from 1H of FY2023. We also recognize that the conversion to photo IPS is expected to proceed smoothly as before.

Also, the outlook for the semis market is shown in the bottom row. This is our own forecast based on various surveys. As you can see, we entered a rather sharp adjustment phase from 2Q to 3Q, but we expect a recovery from the beginning of FY2023, mainly in 1H. In the medium to long term, there is no change in the fact that this is a growing market for us.

The above is a temporary adjustment due to current market environment factors, but we believe that growth will return in the future.

[3Q Actual] Sales down ¥0.3 billion, OP down ¥0.7 billion, Fixed cost up ¥0.5 billion in total

[2H Outlook] Sales down ¥0.6 billion, OP down ¥2.2 billion,

Fixed cost up ¥1.6 billion in total (including common expenses up ¥0.1 billion)

(¥billion)

	FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	39.6	20.9	21.2	42.1	81.7	42.0	20.6	20.9	41.5	83.5	+2.4	-0.3	-0.3	-0.6	+1.8
OP	13.1	7.6	6.9	14.5	27.6	13.9	6.9	5.4	12.3	26.2	+0.8	-0.7	-1.5	-2.2	-1.4

1. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

Display Materials	[3Q] Sales down, OP down [2H] Sales down, OP down		[3Q] Sales flat, OP down [2H] Sales up, OP up
	Photo IPS	[3Q] Sales flat (shipment shifted from 4Q to 3Q FY2022) [2H] Sales down	ARC® [3Q] Sales down [2H] Sales up
	Rubbing IPS	[3Q]&[2H] Sales down	Other semis materials [3Q]&[2H] Sales up (multi layer materials and EUV materials up) EUV Under Layer: steady growth and market share expansion
	VA	[3Q]&[2H] Sales down	[3Q] Fixed cost up ¥0.3 billion [2H] Fixed cost up ¥0.9 billion
	[3Q] Display market slowdown, Fixed cost up ¥0.1 billion [2H] Display market slowdown, Fixed cost up ¥0.3 billion		[3Q] Sales up, OP up [2H] Sales up, OP down
			SNOWTEX [3Q]&[2H] Sales up (non-polishing and polishing up)
			Organo/Monomer Sol [3Q]&[2H] Sales down
			Oilfield materials [3Q]&[2H] Sales up
			[3Q] Fixed cost up ¥0.1 billion [2H] Fixed cost up ¥0.3 billion

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Specific numbers are provided on page 30.

As shown in the box on the far right, this shows outlook for sales and operating profit for 2H and for the full year on a YOY basis.

In 3Q, sales decreased by JPY0.3 billion and operating profit decreased by JPY0.7 billion. Of this amount, fixed costs increased by JPY0.5 billion. In 2H, sales will decrease by JPY0.6 billion and operating profit will decrease by JPY2.2 billion, of which fixed costs will increase by JPY1.6 billion.

Below you will find a few comments on Display Materials, Semis Materials, and Inorganic Materials, respectively.

As I mentioned earlier, sales of photo IPS were flat in 3Q, almost in line with expectations, but some shipments were accelerated from 4Q to 3Q.

Rubbing IPS, sales here declined in both 3Q and 2H, and the same is true for VA. As for the increase in fixed costs, as written below, the slowdown in the display market has led to a YoY decrease in customer utilization, which can be seen here.

On the right side, Semis Materials, sales remained flat in 3Q. Although the decrease in profit was only a slight range, we expect an increase in both sales and profit in 2H of the fiscal year.

As mentioned in the other semis materials section, sales of multilayer materials and EUV materials have increased, and in particular, the market share of EUV under layer continues to expand.

On the other hand, for 2H, fixed costs will increase, and the figure here is JPY0.9 billion.

For Inorganic Materials, as described here, in 2H, there will be an increase in sales and a decrease in profit, as well as a JPY0.3 billion increase in fixed costs.

		FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023			vs. Outlook as of Nov 2022		
		3Q	4Q	2H	3Q Actual	4Q	2H	3Q	4Q	2H
Sales		22.7	24.5	47.2	20.6	20.9	41.5	-2.1	-3.6	-5.7
OP		8.1	8.3	16.4	6.9	5.4	12.3	-1.2	-2.9	-4.1

(¥billion)

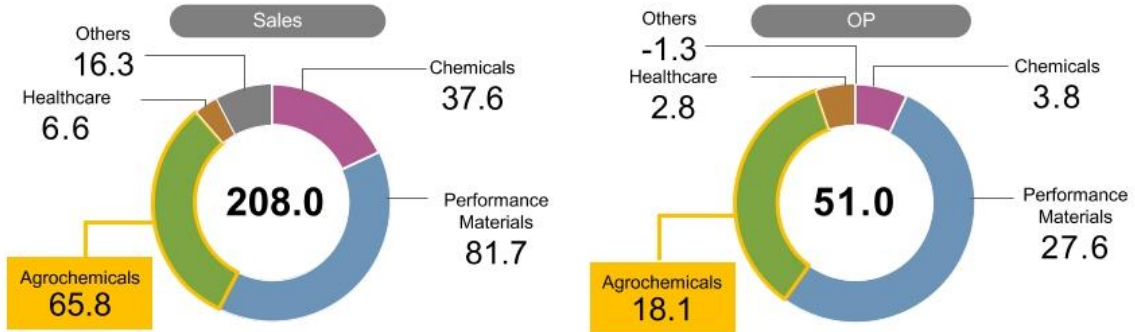
Display Materials		[3Q] Sales below target, OP in line with target [2H] Sales below target, OP below target
	Photo IPS	[3Q] Sales in line with target (shipment shifted from 4Q to 3Q FY2022) [2H] Sales below target
	Rubbing IPS	[3Q]&[2H] Sales below target
	VA	[3Q]&[2H] Sales above target
	[3Q] Fixed cost below expectations ¥0.1 billion [2H] Fixed cost below expectations ¥0.1 billion	
Semis Materials		[3Q] Sales below target, OP below target [2H] Sales below target, OP below target
	ARC®	[3Q]&[2H] Sales below target
	Other semis materials	[3Q] Sales below target (multi layer materials below target, EUV materials in line with target) [2H] Sales below target (multi layer materials and EUV materials below target)
	[3Q] Fixed cost below expectations ¥0.1 billion [2H] Fixed cost above expectations ¥0.2 billion	
Inorganic Materials		[3Q] Sales below target, OP below target [2H] Sales below target, OP below target
	SNOWTEX	[3Q] Sales below target (non-polishing down, polishing up) [2H] Sales below target (non-polishing down, polishing flat)
	Organo/Monomer Sol	[3Q] Sales below target (shipment shifted from 3Q to 4Q FY2022) [2H] Sales above target
	Oilfield materials	[3Q]&[2H] Sales above target
	[3Q] Fixed cost in line with expectations [2H] Fixed cost in line with expectations	

Continuing on page 31, this page shows the FY2022 financial outlook compared to outlook as of Nov 2022.

As you can see on the right, sales and operating profit will decrease by JPY5.7 billion and JPY4.1 billion, respectively, in 2H of the fiscal year. There was no significant change in fixed costs.

It is just as described here, so I will omit individual explanations.

FY2021 Actual by Segment (¥billion)¹



Agrochemicals – Recent Financial Performance



1. Organizational change was implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)
 2. Outlook as of Feb 2023

Next, page 32 is for Agrochemicals.

As shown in the bottom graph on the far right, we are projecting a significant increase in both sales and profit. This represents a 24% increase in sales and a 30% increase in operating profit.

【2H Outlook】 Sales YOY +12%, Sales above target 【Full-Year Outlook】 Sales YOY +24%

Main Products (in order of FY2021 Sales amount)	Types	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023				
		YOY Change			YOY Change				
		1H Actual	2H	Total	3Q Actual	1-3Q Actual	4Q	2H	Total
ROUNDUP ¹	Herbicide	+16%	+3%	+9%	-28%	+7%	+18%	+9%	+12%
Fluralaner	Animal Health products	+42%	+32%	+38%	+62%	+47%	+5%	+29%	+37%
ALTAIR	Herbicide	+31%	+10%	+14%	+18%	+26%	+8%	+9%	+13%
TARGA	Herbicide	+30%	-1%	+13%	+7%	+26%	+8%	+8%	+18%
DITHANE	Fungicide	+38%	+3%	+15%	+24%	+33%	+24%	+24%	+29%
PERMIT	Herbicide	+190%	-45%	+4%	-22%	+45%	-36%	-28%	+18%
LEIMAY	Fungicide	+144%	+71%	+92%	+25%	+110%	+87%	+78%	+97%
GRACIA	Insecticide	+199%	+47%	+81%	+105%	+145%	+25%	+55%	+87%
QUINTEC	Fungicide	+121%	-97%	-26%	-97%	-9%	-96%	-97%	-26%
Total segment²	-	+43%	+6%	+20%	+10%	+32%	+13%	+12%	+24%

GRACIA Sales



Reference

- No.1 in the domestic agrochemicals sales ranking (Oct 2020- Sep 2021)

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

1. ROUNDUP AL for general household account for 28% of total ROUNDUP sales (1-3Q FY2022 Actual)
2. Total segment sales YOY include discount

Specific numbers, page 33.

As with the Performance Materials mentioned earlier, in the blue area in the middle, we have included YoY sales growth rates for each of the major products: 3Q results, 1Q to 3Q total, 4Q, 2H, and full-year forecast.

As you can see, there are mostly positive numbers. If you look at the full-year as a whole, there is a 24% increase in sales. ROUNDUP, Fluralaner, ALTAIR, etc., all had double-digit increases, while QUINTEC was minus 26%, but this is because sales in FY2021 were slightly higher than our ability due to some shifts from 2H of FY2020. Therefore, this is a minus 26%.

Sales in GRACIA have also recovered considerably, and as shown in the graph on the lower left, the forecast for FY2022 assumes a considerable jump from FY2021.

【3Q Actual】 Sales up ¥1.2 billion, OP up ¥0.1 billion, Fixed cost up ¥0.2 billion

【2H Outlook】 Sales up ¥4.9 billion, OP up ¥0.2 billion, Fixed cost up ¥0.6 billion

(¥billion)

	FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	25.0	11.9	28.9	40.8	65.8	35.7	13.1	32.6	45.7	81.4	+10.7	+1.2	+3.7	+4.9	+15.6
OP	6.9	3.0	8.2	11.2	18.1	12.1	3.1	8.3	11.4	23.5	+5.2	+0.1	+0.1	+0.2	+5.4

1. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

Main products	ROUNDUP(Herbicide)	【3Q】 Sales down (ML: shipment shifted from 3Q to 4Q FY2022, AL: sales down) 【2H】 Sales up (ML: volume & price up, AL: sales up)
	Fluralaner(Animal health product)	【3Q】 Sales up (API: shipment shifted from 4Q to 3Q FY022, royalties: up) 【2H】 Sales up (API & royalties: up)
	ALTAIR(Herbicide)	【3Q】 Sales up (domestic: rush demand following the price hikes in December) 【2H】 Sales up (domestic: price up)
	TARGA(Herbicide)	【3Q】&【2H】 Sales up (mainly up for export)
	DITHANE(Fungicide)	【3Q】 Sales up (mainly up for export) 【2H】 Sales up (domestic: price hikes in December, export: shipment shifted from 2H FY2021 to FY2022)
	PERMIT(Herbicide)	【3Q】&【2H】 Sales down (shipment skewed to 3Q in FY2021)
	LEIMAY(Fungicide)	【3Q】&【2H】 Sales up (export: sales up for mixture product application in Europe)
	GRACIA(Insecticide)	【3Q】&【2H】 Sales up (domestic: sales up due to end of distribution inventory adjustment, export: sales expansion due to newly launched countries)
QUINTEC(Fungicide)	【3Q】&【2H】 Sales down (shipment skewed to 1H in FY2022)	

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Page 34 shows the YoY changes in the FY2022 financial outlook.

For the full-year, sales are expected to increase by JPY15.6 billion and operating profit is expected to increase by JPY5.4 billion.

The second line from the top shows our main product, Fluralaner. As I mentioned earlier, in 3Q, some shipments of API were accelerated from 4Q to 3Q. Royalties were also strong.

As you can see the description stating sales down, regarding PERMIT and QUINTEC, there was a slight delay in shipments during the fiscal year.

FY2022 Financial Outlook Compared to Outlook as of Nov 2022

【3Q Actual】 Sales above target ¥1.8 billion, OP above target ¥1.5 billion,
Fixed cost below expectations ¥0.3 billion

【2H Outlook】 Sales above target ¥2.2 billion, OP above target ¥1.6 billion,
Fixed cost below expectations ¥0.4 billion

	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023			vs. Outlook as of Nov 2022		
	3Q	4Q	2H	3Q Actual	4Q	2H	3Q	4Q	2H
Sales	11.3	32.2	43.5	13.1	32.6	45.7	+1.8	+0.4	+2.2
OP	1.6	8.2	9.8	3.1	8.3	11.4	+1.5	+0.1	+1.6

(¥billion)

Main products	Product Name	Outlook	
		3Q	2H
	ROUNDUP(Herbicide)	[3Q] Sales in line with target (ML: above target, AL: below target) [2H] Sales above target (ML: price up, AL: in line with target)	
	Fluralaner(Animal health product)	[3Q] Sales above target (API: shipment shifted from 4Q to 3Q FY2022, royalties: above target) [2H] Sales below target (API: in line with target, royalties: slightly below target)	
	ALTAIR(Herbicide)	[3Q] Sales below target (domestic: shipment shifted from 3Q to 4Q) [2H] Sales in line with target	
	TARGA(Herbicide)	[3Q]&[2H] Sales above target (mainly up for export)	
	DITHANE(Fungicide)	[3Q]&[2H] Sales above target (domestic: price hikes in December)	
	PERMIT(Herbicide)	[3Q]&[2H] Sales above target (demand increase)	
	LEIMAY(Fungicide)	[3Q] Sales below target (shipment shifted from 3Q to 4Q FY2022) [2H] Sales above target (export: sales up for mixture product application in Europe)	
	GRACIA(Insecticide)	[3Q] Sales above target (export: shipment shifted from 4Q to 3Q FY2022) [2H] Sales above target (domestic: sales up due to end of distribution inventory adjustment)	
	QUINTEC(Fungicide)	[3Q]&[2H] Sales in line with target	

Page 35 shows the FY2022 financial outlook compared to outlook as of Nov 2022.

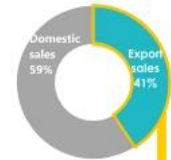
This is 2H of the fiscal year, and looking at the rightmost part of the outlook, the operating profit will be JPY1.6 billion higher than the previous forecast. As you can see here, there is an upward swing in each of these figures, but for Fluralaner, although it is written as a downward swing in sales in 2H of the fiscal year, the amount is very small.

API shipment is in line with expectations, with a slight downward swing in royalties. This is just an outlook.

Launch	Products	Application	Product development type	Notes
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 ALIII in FY2017, growing sharply
2011	ALTAIR	Herbicide	In-house	Launched in Korea in FY2011 and in Japan in FY2012
2013	Fluralaner	Animal health product	In-house	Started to be supplied to MSD ¹ in July as scheduled
2014	BRAVECTO ²	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 ²	Veterinary medical product for poultry	-	Launched in EU in September for poultry red mites by MSD
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 (IPTRIAZOPYRID)	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)³



- Distribution by Region



Expected peak sales of new products
¥31.0 billion

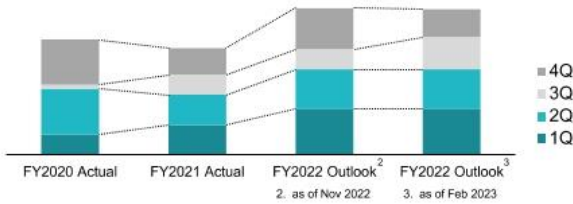
Page 36, this is a list of major products, unchanged from the last time we showed it in November.

We are on track to bring out major new pipelines during the period of this mid-term plan.

Nissan Chemical's Revenues are Consisted from Following Two Factors

- Sales of Fluralaner to MSD as API¹ of BRAVECTO and EXZOLT products
 - Running royalties received from MSD
1. API: Active Pharmaceutical Ingredient

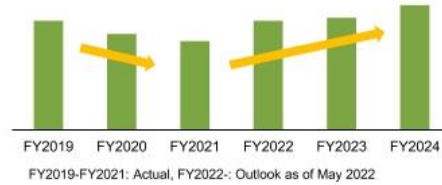
FY2020-FY2022 Fluralaner Quarterly Sales (including royalties)



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 p67).

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

(No change from FY2021 Presentation Materials announced in May 2022)



- 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/\$(as of May 2022).
- Assumed exchange rate for FY2023 and beyond: ¥110/\$.
- The mid-term plan for FY2027 includes the forecast of patent extensions and expirations by country (see p37) and does not include the sales increase associated with the launch of newly developed BRAVECTO series and EXZOLT.

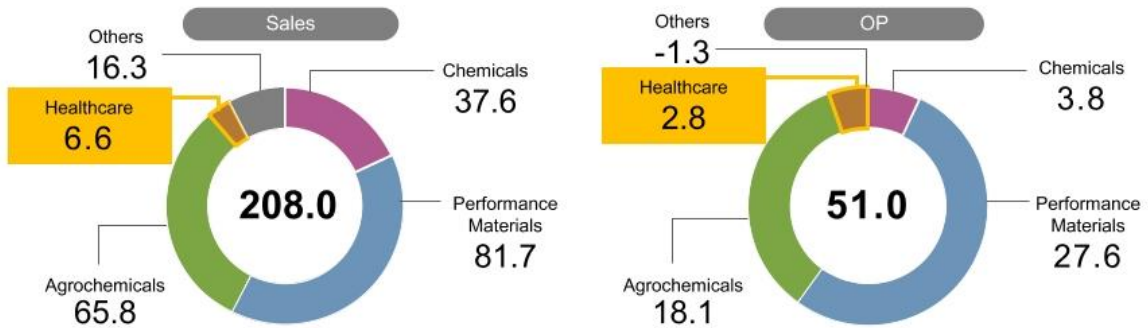
BRAVECTO series and EXZOLT R&D

MSD is developing several pipeline products which contain the API of Fluralaner (including new type of BRAVECTO for pets and spot-on solution for livestock)

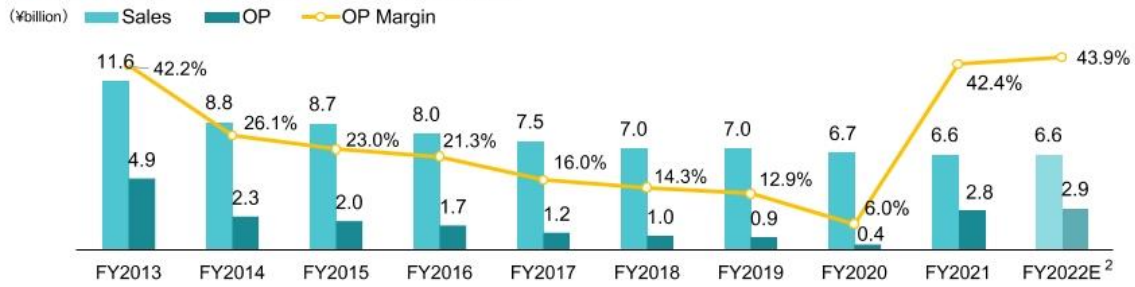
Continuing on, please skip to page 38 for the Fluralaner sales trend.

The vertical bar graph on the left shows the updated figures as FY2022 Outlook on the far right. Please check this later.

FY2021 Actual by Segment (¥billion)¹



Healthcare – Recent Financial Performance



1. Organizational changes were implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)
 2. Outlook as of Feb 2023

Next, is the Healthcare segment. Please see page 41.

Sales were almost flat, with a slight increase of 2% in profit.

LIVALO Anti-hyperlipidemia drug launched by Kowa in 2003. Currently sold in 30 countries around the world.

Sales	(¥billion)				
	FY2013 Actual ¹	FY2020 Actual ²	FY2021 Actual	FY2022 Outlook as of Nov 2022	FY2022 Outlook as of Feb 2023
Our Domestic and Export API Sales	10.2	2.8	2.3	2.3	2.3
API Sales YoY Change	-2%	-30%	-17%	0%	-1%
Domestic YoY Change	-2%	+6%	+30%	-17%	-17%
Export YoY Change	-1%	-35%	-28%	+8%	+5%

1. August 2013, domestic compound patent expired 2. August 2020, market exclusivity expired in EU

Custom Chemicals

- Custom manufacturing and solution proposal business for new drug pharmaceutical ingredients and intermediates from pre-clinical to commercial production stages
- In addition, focusing on obtaining new contracts mainly for high potent and high-valued added GE API products

■ High-valued added GE API products

Launch	API	Indication
2016	Maxacalcitol	Psoriasis vulgaris / Secondary hyperparathyroidism
2017	Eldecacitol	Osteoporosis

■ Custom Chemicals Sales Growth (FY2013-2022)

									(¥billion)	
FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Outlook as of Nov	FY2022 Outlook as of Feb	
1.8	2.3	2.4	2.5	2.6	2.9	3.8	4.2	4.2	4.3	

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On page 42, here are the figures for LIVALO.

The YoY growth rate is on the far right. Upper table. The LIVALO sales is expected to decrease by 1%. Domestic sales will decrease, while overseas sales will increase slightly compared to the previous year.

Custom Chemicals sales will see a slight increase in sales, as shown in the table at the bottom.

[3Q Actual] Sales down ¥0.33 billion, OP down ¥0.26 billion

[2H Outlook] Sales up ¥0.14 billion, OP down ¥0.03 billion

(¥billion)

	FY2021 Actual					FY2022 Outlook as of Feb 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	3.34	1.92	1.33	3.25	6.59	3.25	1.59	1.80	3.39	6.64	-0.09	-0.33	+0.47	+0.14	+0.05
Healthcare	1.41	0.48	0.53	1.01	2.42	1.42	0.35	0.57	0.92	2.34	+0.01	-0.13	+0.04	-0.09	-0.08
Custom Chemicals	1.93	1.44	0.80	2.24	4.17	1.83	1.24	1.23	2.47	4.30	-0.10	-0.20	+0.43	+0.23	+0.13
OP	1.38	0.92	0.51	1.43	2.81	1.46	0.66	0.74	1.40	2.86	+0.08	-0.26	+0.23	-0.03	+0.05
Healthcare	0.52	0.15	0.17	0.32	0.84	0.63	0.10	0.12	0.22	0.85	+0.11	-0.05	-0.05	-0.10	+0.01
Custom Chemicals	0.86	0.77	0.34	1.11	1.97	0.83	0.56	0.62	1.18	2.01	-0.03	-0.21	+0.28	+0.07	+0.04

- Figures in p17, p18, p64, p65, p66 may not match the numbers on this page due to rounding.
- FY2021 actual has been revised to reflect organizational change in April 2022 (see p68, p69)

Healthcare

[3Q]Sales down, OP down

[2H]Sales down, OP down

LIVALO

[3Q] Sales down (domestic up, export down)
[2H] Sales down (domestic down, export up)

Custom
Chemicals

[3Q]Sales down, OP down

[2H]Sales up, OP up

[3Q]Sales down due to shipment skewed to 4Q in FY2022
in some products
[2H]Sales up

FY2022 Financial Outlook Compared to Outlook as of Nov 2022

[3Q Actual] Sales below target ¥0.09 billion, OP in line with target

[2H Outlook] Sales above target ¥0.08 billion, OP above target ¥0.06 billion

(¥billion)

	FY2022 Outlook as of Nov 2022			FY2022 Outlook as of Feb 2023			vs. Outlook as of Nov 2022		
	3Q	4Q	2H	3Q Actual	4Q	2H	3Q	4Q	2H
Sales	1.68	1.63	3.31	1.59	1.80	3.39	-0.09	+0.17	+0.08
Healthcare	0.43	0.53	0.96	0.35	0.57	0.92	-0.08	+0.04	-0.04
Custom Chemicals	1.25	1.10	2.35	1.24	1.23	2.47	-0.01	+0.13	+0.12
OP	0.66	0.68	1.34	0.66	0.74	1.40	0.00	+0.06	+0.06
Healthcare	0.17	0.12	0.29	0.10	0.12	0.22	-0.07	0.00	-0.07
Custom Chemicals	0.49	0.56	1.05	0.56	0.62	1.18	+0.07	+0.06	+0.13

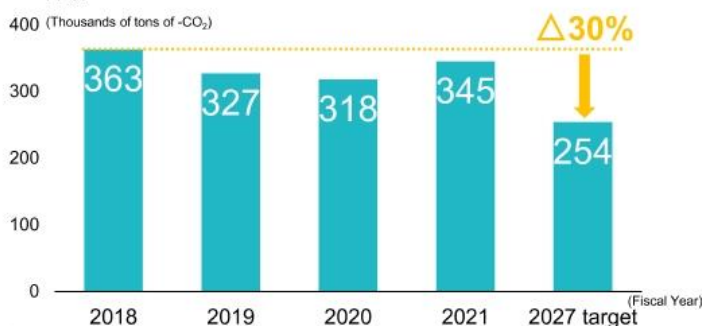
1. Figures in p17, p18, p64, p65, p66 may not match the numbers on this page due to rounding.

Healthcare	[3Q]Sales below target, OP below target	Custom Chemicals	[3Q]Sales in line with target, OP above target
	[2H]Sales below target, OP below target		[2H]Sales above target, OP above target
LIVALO	[3Q]Sales below target (domestic above target, export below target) [2H]Sales below target (domestic in line with target, export below target)		[3Q]Sales in line with target [2H]Sales Generic APIs above target

Page 43 and page 44 below show specific figures for your reference.

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
- GHG emissions in FY2021 increased by 27,000 tons-CO₂ compared to FY2020 (Factors for increase)
 - Increase in production of ammonia related products (Increase in CO₂ emissions, natural gas consumption, and electricity consumption during production)
 - Increase in production of nitric acid products (Increase in N₂O emissions during production)
 - Increase in use of non-renewable electricity due to construction work of Toyama Kyodo Jikahatsuden (decrease in hydroelectric power supply)



Comparison of GHG emissions with general chemical manufacturers

FY	(Thousands of tons -CO ₂)				
	2011	2018	2019	2020	2021
Nissan Chemical	448	363	327	318	345
Average of 4 major general chemical manufacturers (non-consolidated basis)	-	-	5,845	5,581	-

Initiatives in Mid-Term Plan Vista2027 (FY2022-2027)

- Zero N₂O 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

Regarding ESG, there are no major changes from November 2022.

Please skip to page 53. In terms of reducing GHG emissions, we have not changed our 2027 target of 254,000 tons compared to 2021.

We will continue to steadily implement various measures, as described on the right.

That's all from me, but I would like to make a few closing comments.

As we have just explained, we recognize that the temporary market environment for displays and semiconductors was a factor in the downward swing in 4Q or 2H.

On the other hand, as I explained, Agrochemicals is steadily expanding, and as a result, we expect to record the highest profit this fiscal year.

Future growth drivers are progressing well. In terms of Performance Materials, we are making good progress in EUV under layers and the conversion to photo IPS.

In Agrochemicals, veterinary drugs, as we have informed you, have been recovering steadily this fiscal year, as inventory adjustments on the Merck side were completed last fiscal year.

In addition, we are also seeing a return to growth in GRACIA, and steady progress in the development of our agrochemical pipeline.

In addition, we are making steady progress toward the expansion of our production facilities for Semis Materials and agrochemicals in South Korea and India, and we are carrying out these projects while ensuring robust financial discipline.

As a result, we expect to achieve shareholder returns, dividends, and treasury stock as per our November commitment, and we hope that everyone will have high expectations not only for the immediate short-term, but also for medium- and long-term growth.

That is all from me.

Question & Answer

<Questioner 1>

Q: The CFO mentioned the medium- to long-term outlook at the end of the presentation, and I think that the current revision is also a return to the initial outlook. I would like to ask if there has been any change in your view of the medium-term plan for the next three years, and about your confidence in your ability to increase profits in the next fiscal year. I am a little concerned about the high inventory, so I wonder if you could comment on this area and your perspective for the next fiscal year, including any adjustments in that area.

A: As for the medium-term plan, this is the first year of the plan, and as you mentioned, we will return to the JPY53.5 billion in operating profit that we set at the beginning of the fiscal year.

We will present specific figures for the next fiscal year in May, but we are assuming that the current market environment for Performance Materials, especially Display Materials and Semis Materials, will recover in the manner I have just described. I don't think we need to worry too much about that.

Also, in terms of the inventory, Sales of Agrochemicals in particular have increased, so the amount of inventory itself has certainly increased. However, when analyzed on a turnover period basis, the increase is not that significant. I don't think we need to worry too much about that at this point in time.

Q: So you are saying that pesticides are the main cause of the increase in the inventory, including seasonal ones.

A: Yes, that's right. Your understanding is correct.

Q: The second question is also about Performance Materials. On page 29 there is a discussion of outside forecast data and your forecast in Semis Market. Could you comment more on the degree of adjustment in this area? For displays, there will be a slight upward movement and then another adjustment.

I would also appreciate it if you could comment on the semiconductor adjustment, or if you say it is as per this line, but I would appreciate it if you could comment on some more details. Thank you.

A: As you pointed out, the outside forecast expects a slight decrease in 4Q of FY2022 due to inventory adjustments by set makers for notebook PCs and other factors, as well as demand that has yet to fully recover.

After recovery, the forecast is for a slight downturn in 4Q of FY2023, but looking at the market trends over the years, the outlook shows a declining trend in 4Q because it is the off-season.

The graph on page 29 shows a forecast based on area shipped by panel makers. In terms of panel manufacturers' production and inventory, which correlate with our sales and profit, we do not expect any major negative impact on our sales, as our customers will secure inventories of components and raise utilization in the recovery toward 1Q of FY2024.

Q: When do you expect your company's sales to recover?

A: In correlation with our forecast, we expect recovery to begin in 1Q of FY2023.

A: For Semis market, currently the amount of usage by customers is decreasing, as is the general decline in operation. The order of recovery is expected to be Logic, DRAM, and NAND, in that order, with the timing of recovery expected to be around June or July 2023.

<Questioner 2>

Q: In the graph on page 29, I would like to know more about the outlook image of semiconductors. Comparing the situation in FY2022 and FY2023, 1H of the current fiscal year and 2H of the next fiscal year are roughly the same in terms of level, and 4Q is roughly flat, so looking at this, is it safe to assume that we cannot expect much recovery or growth in the Semis Materials in the next fiscal year?

Or, are you saying that you can make it grow more than the market, especially with your company's EUV under layer, etc.?

A: As you have commented, our current forecast is that 1H of FY2022 and 2H of FY2023 will be almost the same, and we do not expect a large increase in FY2023. As for our expectations, since the application of EUV to DRAM has begun in the area of advanced technologies, we believe that if the input and production volumes of these advanced wafers increase, there could be a slight upward swing in our outlook.

Q: I see. In ARC, for example, can we assume that ArF will grow more than KrF? In the area of other semis materials, should we take the view that this area will still grow significantly in the next fiscal year?

A: Well. It is difficult to determine whether KrF or ArF will increase, differences in the composition of the devices produced by our customers can have a significant impact. It is not easy to scrutinize. We believe that demand for the older generation will also increase, so both KrF and ArF will recover.

We are also currently promoting 3D packing process materials to our customers, so we are hoping to see results in that area as well.

Q: I understand. In terms of Semis Materials for the next fiscal year, which do you expect most from KrF, ArF, or other semis materials?

A: As for the growth rate, I expect EUV in other semis materials.

Q: I have another question. Please tell about Agrochemicals. Please explain in more detail the factors behind the JPY1.8 billion increase in sales and JPY1.5 billion increase in operating income in the 3Q compared to the previous forecast on page 35. You mentioned earlier that Fluralaner shipment is moving forward from 4Q, can we assume that this is a major contribution, or are there other agrochemicals that have grown more than expected?

A: As for agrochemicals, both sales and profits will be smaller in the 3Q than in the 4Q due to seasonality. In this context, a large portion of the 1.8 billion yen increase in sales in the 3Q over the forecast is due to the increase in Fluralaner. As stated in the materials, some of the increase is due to the advance of shipments of Fluralaner from the 4Q. Also, sales of agrochemicals other than Fluralaner also showed an upward swing compared to the forecast.

Q: On the other hand, looking at the 4Q, the forecast is almost unchanged from the previous forecast. Is this a reactionary decline from the advance to the 3Q, or are you taking a conservative view?

A: In 4Q, shipments of Fluralaner were brought forward from 4Q to 3Q, so there will be a reactionary decline in 4Q, but we expect a commensurate increase in sales of agrochemicals other than Fluralaner. We are assuming that the price increase for domestic agrochemicals will take effect mainly in Q4 from January to March, since the price increase for domestic agrochemicals was effective from December.

Q: As for the price increase for the domestic agrochemicals, is it correct to say that the price has gone up more than expected?

A: We believe that we were able to raise domestic prices slightly more than expected.

<Questioner 3>

Q: My first question is also about Performance Materials on page 29.

In your image of the industry and the market as a whole as shown here, how is your company performing in terms of sales? Can you tell us the direction of sales from 2Q to 3Q and from 3Q to 4Q?

A: In the Display Materials, SUNEVER sales increased from 2Q to 3Q, and sales of photo IPS alone also increased. For 4Q from 3Q, SUNEVER sales are expected to decline slightly and photo IPS sales are also expected to decrease.

As for Semis Materials, sales decreased from 2Q to 3Q, and sales are expected to increase from 3Q to 4Q.

Q: With regard to Semis Materials, the movement toward 4Q seems to be a little different from the market movement, but does this mean that there is a buildup of inventory on the customer side?

Or is it likely to be able to outperform to the market because the adoption of EUV under layers is becoming much more advanced? Could you please explain a little more about this?

A: For Semis Materials, we expect an increase in sales from 3Q to 4Q, but most of the increase in sales is attributable to the increase in inventory levels at our customers.

Q: If so, is there a risk of sluggish sales for your Semis Materials in 1Q of the next fiscal year, since inventory levels will start out relatively high? How about a look beyond that?

A: We are aware that the risk is low because our customers want to maintain the inventory levels built up in 4Q.

Q: Regarding the second question, for 2H, SUNEVER has been falling short of your plan of three months ago. I am looking at page 31. I understand that photo IPS and rubbing IPS are on the downside, but can you please explain to the extent possible what applications or regions in particular are on the downside?

A: In terms of the comparison to the previous forecast in 2H, the largest downward swing is seen in rubbing IPS, especially in applications of monitors and notebook PCs. Photo IPS does not go that far. As for photo IPS, we expect the sales of large monitors to remain flat and the sales of notebook PCs, tablets, and automobiles to decline. For smartphones, we expect a downward swing by pre-single-digit percentage range. On the other hand, for VA, we are looking at an upward swing with the assumption of a slight positive here.

<Questioner 4>

Q: My first question is in the area of Performance Materials.

As for the segment as a whole, you forecast that sales will remain flat from 3Q to 4Q, but profit will decrease by about JPY1.5 billion. Can you explain the factors behind this, such as an increase in fixed costs?

A: Sales will increase by about JPY0.3 billion, but profit will decrease by JPY1.5 billion from 3Q to 4Q, and we expect fixed costs to increase by more than JPY1 billion. In particular, semiconductors fixed costs account for about 60% of the total. One reason for the increase is the rise in testing costs.

Q: Second, I would like to ask about the Fluralaner. I think Merck's October to December was a little weak, and I think the Merck situation from October to December is reflected in your company's royalties for the January to March period, so I imagine that the slight downward swing in royalties is partly due to that.

Regarding a slight downward swing, is this also affected by the fact that the exchange rates from October to December will be much more effective on the positive side than originally assumed? As for API, can you confirm whether there has been any change in Merck's procurement situation, except for a delivery period gap, and whether there has been any change in the order?

A: I am, of course, aware of Merck's disclosure of their 4Q figures this time, but I think the figures were for companion animals as a whole.

We are not in a position to respond to BRAVECTO sales, which affect our royalty income, because it is naturally undisclosed. Foreign exchange has a small but positive effect.

As for shipments of API, although some shipments were brought forward from 4Q to 3Q, there was no particular movement in 2H as a whole, and we are now aware that shipments are proceeding as expected.

<Questioner 5>

Q: This is about the market share at the Display Materials and Semis Materials. I think both originally have a high market share, but is there any market share fluctuation in this 3Q and 4Q?

Also, can you envision a scenario in which your company's sales and shipments recover one step further than the overall return of the market by expanding market share one more step in the phase of returning demand? Please let me confirm about the share.

A: There is no change in market share. If the demand returns in the future, I don't think there will be any major changes in the current market share, but in terms of some Display Materials, I hope that our products for VA will be highly evaluated, and replacement will progress further.

[END]