



Nissan Chemical
CORPORATION

Nissan Chemical Corporation

4Q FY2022 Financial Results Briefing

Presenter:

YAGI Shinsuke Representative Director, President & COO

DAIMON Hideki Director, Senior Managing Executive Officer & CFO

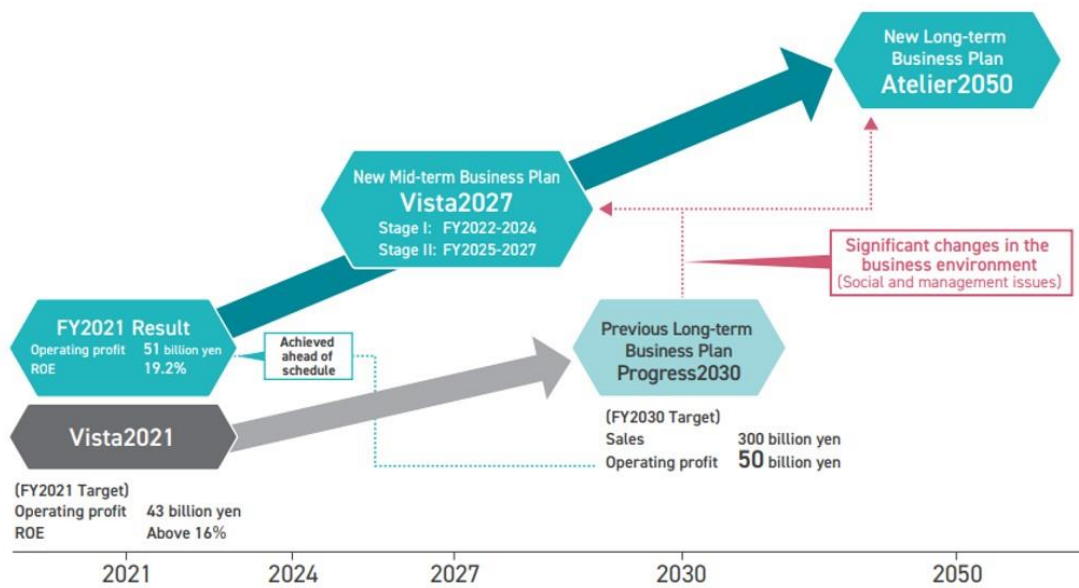
May 15, 2023

Presentation

Long-term Business Plan“Atelier2050” and Mid-term Business Plan“Vista2027”



As the business environment drastically changed from the time Progress 2030 was formulated, we formulated “Vista 2027” as a backcast, discussing social issues and changes anticipating 2050.



Yagi: Hello, everyone. I am Yagi, the president. Thank you very much for participating in our financial results briefing today while you are busy.

I would like to begin by explaining the progress of our mid-term business plan, Vista2027, which was launched last April.

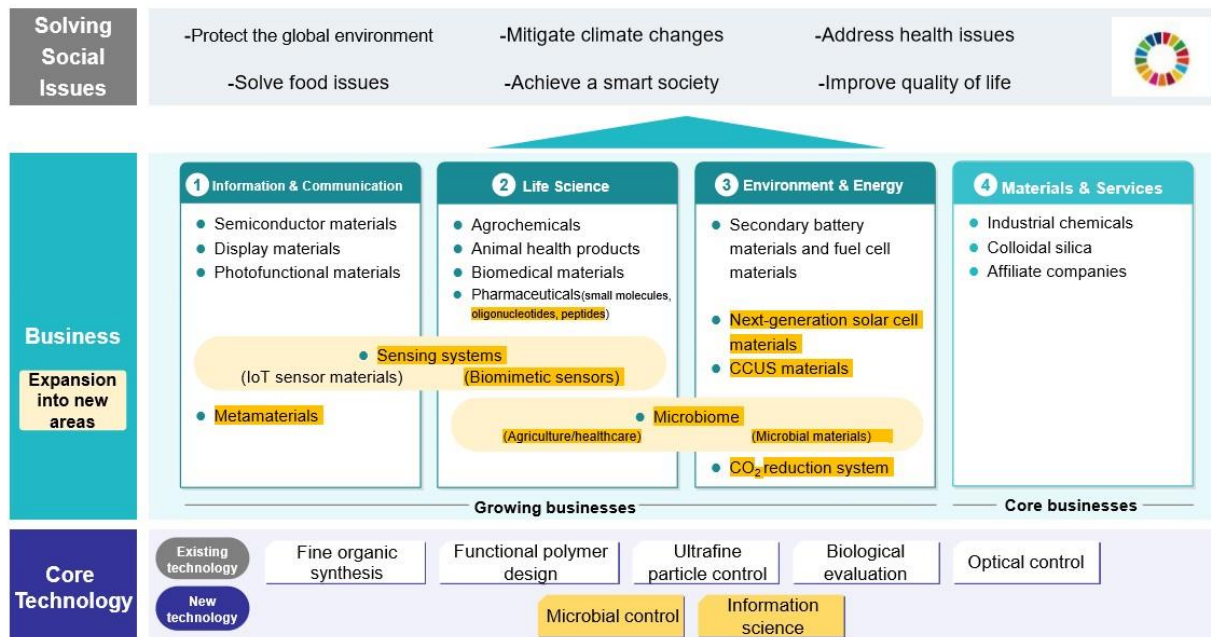
First, we would like to explain how we formulated Vista2027 and our long-term business plan Atelier2050.

We launched our previous long-term business plan, Progress2030, in 2016. However, the environment surrounding our business has changed significantly since Progress 2030 was formulated, and we have reexamined social issues and social changes with an eye toward 2050 and formulated Atelier 2050, which takes a more focused view toward 2050. From there, we formulated Vista 2027 as a passage to the view set forth in Atelier 2050 by backcasting.

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



| 3

Under Atelier 2050, we have defined our business domains as the growth business domains of Information & Communication, Life Sciences, and Environment & Energy, and the core business domain of Materials & Services, as our vision for the year 2050.

In addition to the existing core technologies, the Company will enter new areas related to the 3 growth businesses by acquiring new technologies in microbial control and information science.

We aim to accelerate growth in each business area through the evolution and fusion of core technologies and contribute to solving social issues.

Our ideal State 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

Sales and Income Target in 2027, Financial and Non-Financial Indicators

Sales: 285.0 billion yen
Operating Profit: 67.0 billion yen
Financial Indicator: ROE above 18%
Non-Financial Indicator: Nissan Chemical Sustainable Agenda maintain at least 55%

Vista2027 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

| 4

In Vista2027, we define our ideal state in 2027 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 promoted, and related information is offered internally and externally”, and “as the digital foundation is being established, business activities are conducted based on the latest information on clients and markets”. We also set the target for 2027 of JPY285.0 billion in sales and JPY67.0 billion in operating profit.

Based on the challenges identified in the previous mid-term business plan, Vista 2021, and our 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”, and “expand market shares and profits of existing businesses”.

Progress

- Incubate new core technology - microbial control -
 - Founded Biological Group in Biological Research Laboratories (April 1, 2022)
 - Consider developing animal health care drug and building a sales system
 - Newly founded Animal Care Planning Group in Planning and Development Division (April 1, 2023)
 - Promote R&D by utilizing digital technology
 - Verify MI (Materials Informatics) in real theme
 - Adopt new material technology
 - Start collaboration with Arieca Inc. (invest to Arieca Inc. and adopt its TIM¹ technology)
1. TIM: High-performance heat conductive material (Thermal Interface Material)

| 5

From this page, we will explain the progress of various measures based on each strategy.

For the first strategy of “deeply exploit business areas and increase marketing ability”, in April last year, we established the Biological Group in the Biological Research Laboratories in order to develop new core technologies of microbial control.

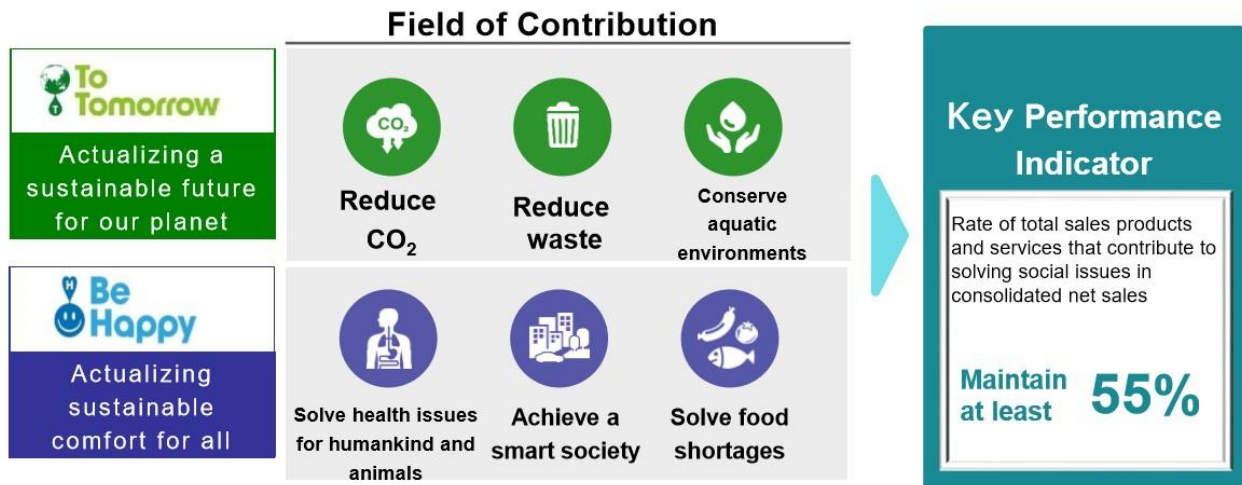
In April of this year, the Animal Care Planning Group was established in Planning and Development Division to consider developing animal healthcare drugs and building a sales system.

For promoting R&D by utilizing digital technology, we verified MI, Materials Informatics, in a real theme.

In terms of technology introduction from outside the Company, in April last year, we started a collaboration with Arieca Inc. and adopted its TIM technology.

Nissan Chemical Sustainable Agenda

A plan to pursue “what we can do for the future of the globe and human” by providing products and services that contribute to solving social issues.



For the second strategy of “promote sustainable management”, we launched the Nissan Chemical Sustainable Agenda. The goal for each year of the mid-term business plan is to maintain the ratio of sales of products and services that contribute to solving social issues at 55% or more of total sales.

Progress

- Start Nissan Chemical Sustainable Agenda
(A plan to pursue “what we can do for the future of the globe and human”
by providing products and services that contribute to solving social issues)
 - FY2022 rate of total sales of products and services in total net sales :
Maintain at least 55%
- Deal with Climate Change Countermeasures
 - Founded Climate Change Committee (June 2022)
 - Settle and utilize ICP (Internal Carbon Pricing)

| 7

These are the results for the last fiscal year.

Sales of products and services covered by the Nissan Chemical Sustainable Agenda accounted for more than 55% of total sales.

In the promotion of sustainable management, a Climate Change Committee was established in June last year to study the use of ICP as a measure to combat climate change.

Progress

- Revise Personnel System and Develop Human Resources
 - Adopt Role Grade System (more efficient allocation of human resources based on potentiality and engagement of every workforce rather than seniority)
 - Aim to implement career development system (enhance human resource development)
- Promote Management and Operation Restructuring
 - Newly founded Digital Transformation Department (April 1, 2022)
 - Prepare company-wide digital transformation platform (organize person in charge, rule and digital environment)

| 8

For the third strategy, “strengthen the creation and co-creation process of values”, we reformed the personnel system and introduced a Role Grade System to realize more efficient allocation of human resources based on potentiality and engagement of every workforce rather than seniority.

We are also studying the creation of a career development system to strengthen human resource development.

To promote management and operation restructuring, in April last year, the Digital Transformation Department was established. In preparation for the data-driven structure in Stage II, the latter 3 years of Vista2027, we have started preparing a company-wide digital transformation platform.

Existing core products should be the source of growth, while developing new products that should be the source of growth in the next generation

Progress

- Chemicals
 - Promote measures to improve profitability of ammonia-related products as a structural reform after shutting down melamine
 - VOC: Participate to project such as biofuel which will reduce CO₂ VOC:Venus®Oilclean
- Performance Materials -Display Materials-
 - Photo IPS : Maintain market share
 - Rubbing IPS : Aim to be adopted in large size TV
 - Enforce development of next generation display
- Performance Materials -Semiconductor Materials-
 - Enforce development of EUV materials
 - Expand development and sales of Multi Layer Materials and Packaging Process Materials to increase shares
 - Construction of NCK Dangjin factory is on schedule
 - Newly founded NCK R&D center semiconductor group (April 1, 2023)

| 9

For the fourth strategy of “expand market shares and profits of existing businesses”, aiming to accomplish the goal in FY2027, we will develop new products that should be the source of growth in the next generation, with the existing core products as the source of growth.

First, for Chemicals, we will promote measures to improve the profitability of ammonia-related products as a structural reform after shutting down melamine.

For Venus®Oilclean, a microbial formulation, in addition to developing the market for use in the treatment of oil and fat wastewater, we have also participated in a project designed to reduce CO2 emissions.

For Performance Display Materials, in addition to maintaining the market share of Photo IPS and adopting large-size TV for rubbing IPS, we have strengthened the development of next-generation displays.

For Performance Semis Materials, we strengthened our development capabilities for EUV materials, which are expected to grow, and made progress in expanding the development and sales of multi-layer materials and packaging process materials to increase shares.

At NCK Korea, the construction of the Dangjin factory to strengthen the supply system for semiconductor materials progressed smoothly. And in April of this year, we newly established NCK R&D center semiconductor group.

Progress

- Performance Materials -Inorganic Materials-
 - Expand sales of Oilfield materials
 - Develop CCS Materials and start joint research
- Agrochemicals
 - NBR (Nissan Bharat Rasayan) started commercial operation (March 2023)
 - GRACIA : Promote global expansion
 - ROUNDUP : Expand sales through dedicated nozzle ULV5 and social media promotion
 - Construction of novel herbicide NC-653 Plant in Onoda is on schedule
- Healthcare
 - Oligonucleotide therapeutics : Started non-GLP experiments with development candidate compounds
 - Biomedical Materials : Heartseed Inc. (cardiac regenerative medical company) used prevelex® to create spheroid for clinical trial

| 10

In the area of Performance Inorganic Materials, certain progress was made in expanding sales of oilfield materials and starting joint research on CCS materials.

In Agrochemicals, an NBR plant was completed and started commercial operation in March this year.

For GRACIA, we promoted global expansion. For ROUNDUP, we expanded sales through dedicated nozzle ULV5 and social media promotion. In addition, the construction of a new novel herbicide NC-653 Plant, which will serve as a growth engine for the future, is on schedule.

In Healthcare, we started non-GLP experiments with the development of candidate compounds of oligonucleotide, therapeutics were initiated.

For biomedical materials, we have seen certain progress with Heartseed Inc. using our material in their cardiac regeneration for clinical trials.

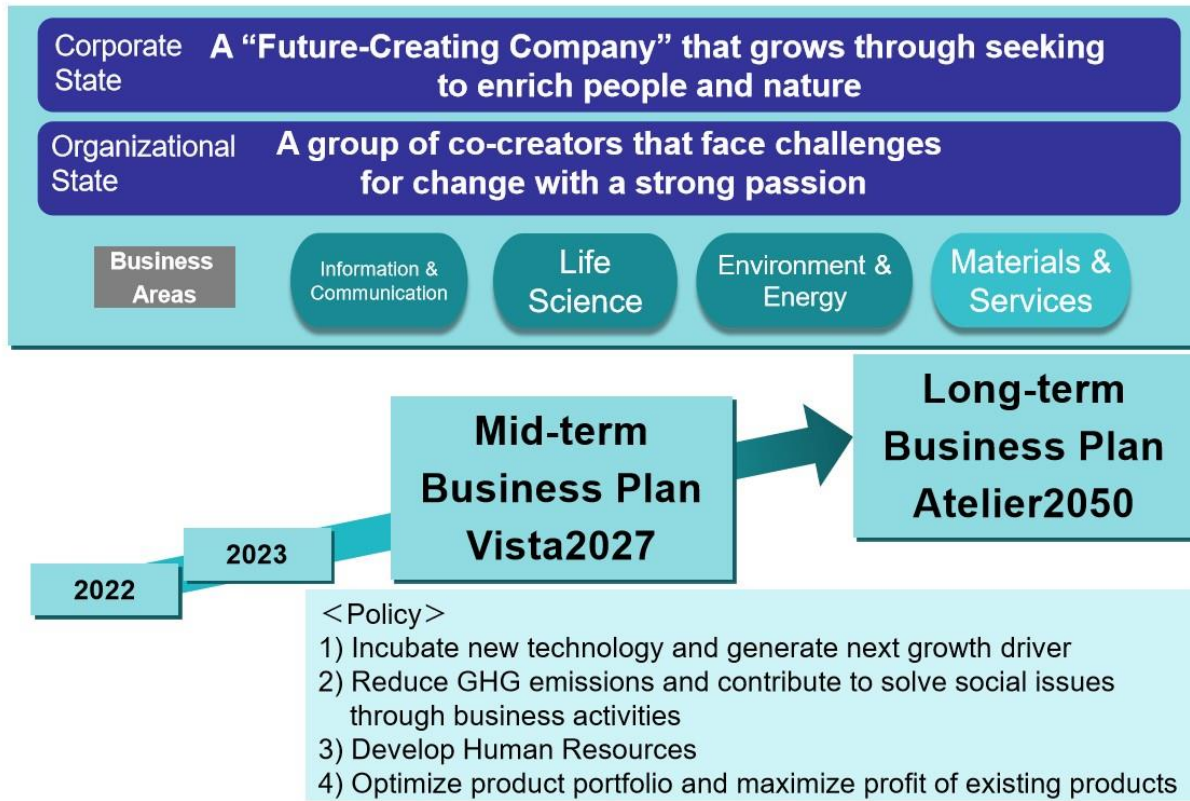


Newly constructed Agrochemical manufacturing plant by NBR in India

| 11

The photo shown here is an overall view of the Indian NBR, which began commercial operations this past March.

As explained above, the management plan that started in April last year is steadily advancing various measures based on each strategy.



Based on its corporate philosophy of contributing to the protection of the global environment and the survival and development of humankind by providing the value society seeks, the Group has formulated Atelier 2050 and Vista2027, and has been implementing various measures based on each strategy.

In order to achieve our management plan, we will continue to steadily implement measures based on our policy of nurturing core technologies and creating new products that will be the next growth engine, reducing greenhouse gas emissions and contributing to solving social issues through our business activities, developing human resources, and optimizing our product portfolio and maximizing profits from our existing products.

That is all from me.

Full-Year FY2022 Financial Summary



2H vs. 2H FY2021

- Sales up ¥2.4 billion (+2%)
- OP down ¥5.6 billion (-19%)
- Net Income down ¥5.1 billion (-23%)

Full-Year vs. FY2021

- Sales up ¥20.1 billion (+10%)
- OP up ¥1.3 billion (+3%)
- Net Income up ¥2.3 billion (+6%)
- **OP and Ordinary Income set the highest results of a full year for 9 consecutive years. Net Income set the highest results of a full year for 10 consecutive years.**

Full-Year vs. Outlook¹ as of Feb 2023

- Sales below target ¥1.4 billion
- OP below target ¥1.1 billion
- Net Income below target ¥1.0 billion

1. Comparison with outlook as of Feb 2023 = comparison with 4Q outlook

Shareholder Returns

- Dividend ¥164 (¥42 up vs. FY2021), increased for 11 consecutive years
- Completed a ¥9.0 billion share repurchase program (1,356 thousand shares)
- Dividend Payout Ratio 56.3%, Total Payout Ratio 78.0% (Mid-Term Target: Dividend Payout Ratio 55%, Total Payout Ratio 75%)

| 4

Daimon: Now, I will give you part 2, which is an explanation in line with the financial figures.

I will explain from page 4 of the document. This is the FY2022 full-year financial summary. Starting with the YoY comparison for 2H of the fiscal year.

As you can see in the upper row, net sales increased JPY2.4 billion, or 2%. Net income decreased by JPY5.6 billion, down 19%. This is mainly in Chemicals and Performance Materials. Net income also decreased by JPY5.1 billion.

Moving onto the full-year results. Compared to the same period last year, net sales increased by 10%, or JPY20.1 billion. Operating profit increased by an additional 3%, or JPY1.3 billion. Net income increased by 6%, or JPY2.3 billion. As indicated by the blue letters, operating profit, and ordinary income reached record highs for the 9th consecutive year, while net income reached record highs for the 10th consecutive year.

The third box shows the ratio to the earnings forecast. This is a comparison with the figures recently announced in February. Specifically, this is in comparison with the forecast for the 3 months from January to March.

Sales are less JPY1.4 billion and operating profit is less JPY1.1 billion than the forecast. This is mainly due to the decrease in the performance of Semis Materials. Net income was less than JPY1.0 billion from the forecast.

Lastly, I would like to talk about shareholder returns. The full-year dividend is JPY164, up JPY42 from the previous year, as announced in February. This marks the 11th consecutive year of dividend increases. In addition, we have already repurchased JPY9.0 billion of our own shares as announced in February. As a result,

the dividend payout ratio was 56.3%, slightly exceeding the mid-term target of 55%, and the total return was 78%.

FY2022 Financial Summary YOY Change



(¥billion)

	FY2021 Actual					FY2022 Actual					YOY Change				
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	91.8	49.5	66.7	116.2	208.0	109.5	49.7	68.9	118.6	228.1	+17.7 (+19%)	+0.2 (0%)	+2.2 (+3%)	+2.4 (+2%)	+20.1 (+10%)
Operating Profit	21.3	12.6	17.1	29.7	51.0	28.2	10.6	13.5	24.1	52.3	+6.9 (+32%)	-2.0 (-16%)	-3.6 (-21%)	-5.6 (-19%)	+1.3 (+3%)
Non-Operating Income/Expenses	1.0	0.9	0.8	1.7	2.7	3.8	-1.3	1.0	-0.3	3.5	+2.8	-2.2	+0.2	-2.0	+0.8
Foreign exchange Gains/Losses	0.1	0.2	0.8	1.0	1.1	3.0	-2.1	0.4	-1.7	1.3	+2.9	-2.3	-0.4	-2.7	+0.2
Ordinary Income	22.3	13.5	17.9	31.4	53.7	32.0	9.3	14.5	23.8	55.8	+9.7 (+44%)	-4.2 (-31%)	-3.4 (-19%)	-7.6 (-24%)	+2.1 (+4%)
Extraordinary Income/Losses	0.0	0.2	0.3	0.5	0.5	0.0	0.0	0.8	0.8	0.8	0.0	-0.2	+0.5	+0.3	+0.3
Net Income¹	16.3	9.3	13.2	22.5	38.8	23.7	7.1	10.3	17.4	41.1	+7.4 (+45%)	-2.2 (-24%)	-2.9 (-21%)	-5.1 (-23%)	+2.3 (+6%)
EBITDA²	26.0	15.2	20.0	35.2	61.2	33.3	13.5	16.5	30.0	63.3	+7.3	-1.7	-30.5	-5.2	+2.1
EPS (¥/share)	113.94	65.64	92.30	157.94	271.88	167.74	50.25	73.37	123.62	291.36	+53.80	-15.39	-18.93	-34.32	+19.48
Dividend (¥/share)	50	-	-	72	122	70	-	-	94	164	+20	-	-	+22	+42
Dividend payout ratio	-	-	-	-	44.9%	-	-	-	-	56.3%	-	-	-	-	+11.4pt
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%	19.6%	20.4%	22.9%	+2.5pt	-4.1pt	-5.9pt	-5.1pt	-1.6pt
ROE	-	-	-	-	19.2%	-	-	-	-	19.4%	-	-	-	-	+0.2pt
FX Rate (¥/\$)	110	114	116	115	112	134	141	132	137	136	-	-	-	-	-
Crude Oil (JCC) (\$/bbl)³	70	80	86	83	77	112	100	87	94	103	-	-	-	-	-

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

5

Next, please see page 5.

Here are some specific numbers. In particular, you can see the full-year results in the middle, the FY2022 actuals, in white letters on the blue background. Net sales were JPY228.1 billion, operating profit was JPY52.3 billion, and non-operating income and expenses totaled JPY3.5 billion, of which foreign exchange gains and losses accounted for JPY1.3 billion.

As a result, ordinary income was JPY55.8 billion, while extraordinary gains and losses were JPY0.8 billion, resulting in a net income of JPY41.1 billion.

As I mentioned earlier, the dividend was increased by JPY42 to JPY164, the dividend payout ratio was 56.3%, and the OP margin as a whole was 22.9%. ROE was 19.4%, meeting the mid-term goal of 18%.

The exchange rate for the full year was JPY136. Crude oil JCC is at USD103 as you can see. Procurement costs have increased considerably.

FY2022 Financial Summary Compared to Outlook

(¥billion)

	FY2022 Outlook as of Feb 2023			FY2022 Actual			vs. Outlook
	1-3Q	4Q	Total	1-3Q	4Q	Total	4Q
Sales	159.2	70.3	229.5	159.2	68.9	228.1	-1.4
Operating Profit	38.8	14.6	53.4	38.8	13.5	52.3	-1.1
Non-Operating Income/Expenses	2.5	-0.4	2.1	2.5	1.0	3.5	+1.4
Foreign exchange Gains/Losses	0.9	-1.2	-0.3	0.9	0.4	1.3	+1.6
Ordinary Income	41.3	14.2	55.5	41.3	14.5	55.8	+0.3
Extraordinary Income/Losses	0.0	1.5	1.5	0.0	0.8	0.8	-0.7
Net Income ¹	30.8	11.3	42.1	30.8	10.3	41.1	-1.0
EBITDA ²	46.8	18.1	64.9	46.8	16.5	63.3	-1.6
EPS (¥/share)	217.99	80.62	298.61	217.99	73.37	291.36	-7.25
Dividend (¥/share)	70	94	164	70	94	164	0
Total amount of Dividend	9.9	13.2	23.1	9.9	13.2	23.1	0.0
OP Margin	24.4%	20.8%	23.3%	24.4%	19.6%	22.9%	-0.4pt
ROE	-	-	19.7%	-	-	19.4%	-0.3pt
FX Rate (¥/\$)	137	130	135	137	132	136	-
Crude Oil (JCC) (\$/bbl) ³	108	100	106	108	87	103	-

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 6 shows comparisons with the previous outlook.

Please check this later.

Analysis of Changes in OP

1. Comparison with previous outlook = comparison with 4Q outlook (¥)

	FY2022 Actual	FY2021 Actual	YOY Change	Outlook	vs. Outlook ¹
Full-Year	52.3 billion	51.0 billion	+1.3 billion(+3%)	53.4 billion	-1.1 billion
Chemicals	YOY Change -2.4 billion	Sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up			
	vs. Outlook -0.3 billion	Sales decrease in TEPIC, feedstock and raw materials cost up			
Performance Materials	YOY Change -2.2 billion	Sales decrease in Display Materials and fixed cost up			
	vs. Outlook -0.8 billion	Sales decrease in Semis Materials, Sales flat in Display Materials			
Agro	YOY Change +5.0 billion	Sales increase due to strong sales of main products			
	vs. Outlook -0.4 billion	OP decrease due to Inventory adjustment cost up			
Healthcare	YOY Change +0.2 billion	Sales increase in Custom Chemicals			
	vs. Outlook +0.1 billion	OP increase due to fixed cost down			
2H	24.1 billion	29.7 billion	-5.6 billion(-19%)		
Chemicals	YOY Change -2.3 billion	Sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up			
Performance Materials	YOY Change -3.0 billion	Sales decrease in Display Materials and fixed cost up			
Agro	YOY Change -0.2 billion	OP decrease due to fixed cost up despite sales increase in main products			
Healthcare	YOY Change +0.1 billion	Sales increase in Custom Chemicals			

| 7

Moving onto page 7. This shows an analysis of changes in operating profit by segment.

I will spare you a few comments, but the upper row is for the full year.

First, Chemicals. Profits declined by JPY2.4 billion YoY. Details can be found here. It is less than JPY0.3 million than the forecast.

Performance Materials also saw a decrease of JPY2.2 billion in profit YoY. This is due to the decrease of 12% in sales of Display Materials in addition to the increase in fixed costs.

The profit is JPY0.8 billion less than the forecast announced in February. This was mainly in Semis Materials. The Display Materials were almost as expected.

Profit in Agrochemicals increased by JPY5.0 billion YoY. This was a major driving force. On the other hand, this is JPY0.4 billion less than the forecast.

Healthcare is as described here.

YoY in 2H of the year in the lower row is also as stated. Please check this later.

Summary of FY2023 Outlook

FY2023 Full-Year Outlook



- Sales down ¥0.9 billion (-1%)
- OP down ¥2.1 billion (-7%) (1Q: OP down ¥2.8 billion)
- Net Income down ¥4.0 billion (-17%) (Foreign exchange gains/losses (Non-Operating Income/Expenses) down ¥3.0 billion¹)

1. see p12



- Sales up ¥9.2 billion (+4%)
- OP up ¥2.4 billion (+5%)
- Net Income up ¥0.4 billion (+1%)
- OP expected to renew the highest results of a full year for 10 consecutive years. Net Income expected to renew the highest results of a full year for 11 consecutive years.
- ROE Outlook for FY2023 is 18.6%

Shareholders Return

- Based on Mid-Term Plan, Total Payout Ratio Target is 75% and Dividend Payout Ratio Target is 55%
- Announced a ¥5.0 billion share repurchase

Dividend	¥164/share (Full-Year) 1H ¥70/share, 2H ¥94/share (Dividend Payout Ratio : 55.1%) [vs. FY2022] flat
Share Repurchase	¥5.0 billion ● ¥5.0 billion, announced on May 15, 2023 (Period: May - July 2023) (¥9.0 billion, 1,356 thousand shares in FY2022 actual)
Share Cancellation	Cancelled 0.7 million shares in May 2023
Total Payout Ratio Target	75% (67.1% based on ¥164/share dividend and ¥5.0 billion share repurchase)

9

Next on page 9 is a summary of the full-year earnings outlook for FY2023.

Please see the YoY comparison of 1H shown in the upper row. Sales are expected to decrease by JPY0.9 billion, and operating profit is expected to decrease by 7% or JPY2.1 billion. As indicated in the parentheses, the profit will decline by JPY2.8 billion in 1Q.

Net income is expected to decrease by JPY4.0 billion. As indicated in parentheses, non-operating income/loss, especially foreign exchange gains/losses, will decrease by JPY3.0 billion YoY. I will explain this later on page 12.

On the other hand, for the full year, net sales are expected to increase by JPY9.2 billion, and operating profit is expected to increase by 5%, or JPY2.4 billion. Net income will increase by JPY0.4 billion. We expect operating profit to reach a record high for the 10th consecutive year, and net income for the 11th consecutive year. Ordinary income is projected to decrease by JPY0.3 billion. We expect ROE to be 18.6%.

Next, we will discuss shareholder returns. As announced today, the Company will repurchase JPY5.0 billion of its own shares in the future. As indicated in the blue text below, the dividend will be JPY164 per share for the full year, unchanged from the previous year.

This is a cancellation of treasury stock. 0.7 million shares have already been canceled on May 12. As a result, the total return target ratio is 75%, as originally promised. At this point, if we add the total of the JPY5.0 billion share buyback to the JPY164 dividend, the total payout ratio is 67.1% currently.

FY2023 Outlook Summary YOY Change

(¥billion)

	FY2022 Actual					FY2023 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	58.3	51.2	109.5	118.6	228.1	54.8	53.8	108.6	128.7	237.3	-3.5 (-6%)	+2.6 (+5%)	-0.9 (-1%)	+10.1 (+9%)	+9.2 (+4%)
Operating Profit	17.3	10.9	28.2	24.1	52.3	14.5	11.6	26.1	28.6	54.7	-2.8 (-16%)	+0.7 (+6%)	-2.1 (-7%)	+4.5 (+19%)	+2.4 (+5%)
Non-Operating Income/Expenses	2.2	1.6	3.8	-0.3	3.5	0.7	-0.4	0.3	0.5	0.8	-1.5	-2.0	-3.5	+0.8	-2.7
Foreign exchange Gains/Losses	1.7	1.3	3.0	-1.7	1.3	0.0	0.0	0.0	0.0	0.0	-1.7	-1.3	-3.0	+1.7	-1.3
Ordinary Income	19.5	12.5	32.0	23.8	55.8	15.2	11.2	26.4	29.1	55.5	-4.3 (-22%)	-1.3 (-10%)	-5.6 (-17%)	+5.3 (+22%)	-0.3 (-1%)
Extraordinary Income/Losses	0.0	0.0	0.0	0.8	0.8	0.0	0.6	0.6	0.6	1.2	0.0	+0.6	+0.6	-0.2	+0.4
Net Income¹	13.9	9.8	23.7	17.4	41.1	10.9	8.8	19.7	21.8	41.5	-3.0 (-21%)	-1.0 (-10%)	-4.0 (-17%)	+4.4 (+25%)	+0.4 (+1%)
EBITDA²	19.7	13.6	33.3	30.0	63.3	-	-	31.9	35.7	67.6	-	-	-1.4	+5.7	+4.3
EPS (¥/share)	98.13	69.61	167.74	123.62	291.36	-	-	140.74	156.87	297.61	-	-	-27.00	+33.25	+6.25
Dividend (¥/share)	-	-	70	94	164	-	-	70	94	164	-	-	0	0	0
Dividend Payout Ratio (%)	-	-	-	-	56.3%	-	-	-	-	55.1%	-	-	-	-	-1.2pt
Total amount of Dividend	-	-	9.9	13.2	23.1	-	-	9.8	13.1	22.9	-	-	-0.1	-0.1	-0.2
OP Margin	29.6%	21.3%	25.7%	20.4%	22.9%	26.5%	21.6%	24.0%	22.2%	23.1%	-3.1pt	+0.3pt	-1.7pt	+1.8pt	+0.2pt
ROE	-	-	-	-	19.4%	-	-	-	-	18.6%	-	-	-	-	-0.8pt
FX Rate (¥/\$)	130	138	134	137	136	128	128	128	128	128	-	-	-	-	-
Crude Oil (JCC) (\$/bbl)³	111	113	112	94	103	92	92	92	92	92	-	-	-	-	-

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

| 10

Specific numbers are on page 10.

Similarly, if you look at the FY2023 highlighted in yellow in the middle row, net sales will be JPY237.3 billion, operating profit will be JPY54.7 billion, and foreign exchange gains/losses are set at zero at the beginning of the period, and non-operating income will be JPY0.8 billion.

As a result, we are expecting an ordinary income of JPY55.5 billion and extraordinary gains and losses of JPY1.2 billion, which I will discuss later. As a result, a net income of JPY41.5 billion is assumed.

EBITDA is expected to increase by JPY4.3 billion to JPY67.6 billion, as shown on the right. OP margin is assumed to be 23.1%, and the exchange rate is assumed to be JPY128 for the full year. Crude oil JCC will be slightly lower cost at USD92.

Analysis of Changes in OP

		(¥)		
		FY2023 Outlook	FY2022 Actual	YOY Change
1H		26.1 billion	28.2 billion	-2.1 billion(-7%)
	Chemicals	YOY Change +0.1 billion	OP increase due to fixed cost down and inventory adjustment cost down, despite sales decrease in melamine (end of sales) and feedstock and raw materials cost up	
	Performance Materials	YOY Change -1.2 billion	Sales decrease in Semis Materials and fixed cost up	
	Agro	YOY Change -0.1 billion	OP decrease due to fixed cost up despite sales increase in GRACIA and ROUNDUP	
	Healthcare	YOY Change flat		

		FY2023 Outlook	FY2022 Actual	YOY Change
Full-Year		54.7 billion	52.3 billion	+2.4 billion(+5%)
	Chemicals	YOY Change +1.8 billion	Sales increase in urea/AdBlue®, nitric acid products, and environmental related products, despite sales decrease in melamine (end of sales)	
	Performance Materials	YOY Change +1.1 billion	Sales increase in Display Materials and Inorganic Materials	
	Agro	YOY Change +0.5 billion	Sales increase in GRACIA, ALTAIR, and ROUNDUP	
	Healthcare	YOY Change -0.7 billion	Sales decrease in LIVALO and Custom Chemicals	

Next, page 11, is the analysis of changes in operating profit by segment.

The upper row is for the YoY comparison of 1H. It is a decrease of JPY2.1 billion as a company. Performance Materials are expected to see a decrease of JPY1.2 billion. We expect a decrease in sales, especially of Semis Materials, as well as an increase in fixed costs.

Moving onto the full-year figures.

As you can see from the bottom row, we expect YoY increases in profits for Chemicals, Performance Materials, and Agrochemicals, respectively.

As we will discuss later, we assume that Performance Materials will recover from 2H of the year for Display Materials and Semis Materials as well. We assume that Healthcare profit will decrease by JPY0.7billion in the current fiscal year.

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



(¥billion)

	FY2021 Actual			FY2022 Actual			YOY Change			FY2022 Outlook ⁴ Total	FY2023 Outlook		
	1H	2H	Total	1H	2H	Total	1H	2H	Total		1H	2H	Total
Interest income, dividend income	0.32	0.50	0.82	0.45	1.08	1.53	+0.13	+0.58	+0.71	1.46	0.36	0.74	1.10
Equity in earnings of affiliates	0.46	0.49	0.95	0.62	0.87	1.49	+0.16	+0.38	+0.54	1.77	0.65	0.45	1.10
Foreign exchange gains/losses ¹	0.10	1.03	1.13	3.02	-1.72	1.30	+2.92	-2.75	+0.17	-0.31	0.00	0.00	0.00
Interest expense	-0.05	-0.02	-0.07	-0.09	-0.16	-0.25	-0.04	-0.14	-0.18	-0.25	-0.28	-0.25	-0.53
Loss on disposal of non-current assets, others	0.11	-0.21	-0.10	-0.17	-0.39	-0.56	-0.28	-0.18	-0.46	-0.62	-0.51	-0.38	-0.89
Non-Operating Income/Expenses	0.94	1.79	2.73	3.83	-0.32	3.51	+2.89	-2.11	+0.78	2.05	0.22	0.56	0.78
Extraordinary Income	2.82	0.55	3.37	0.00	1.46	1.46	-2.82	+0.91	-1.91	1.50	0.60	0.60	1.20
Extraordinary Losses	-2.79	-0.11	-2.90	0.00	-0.65	-0.65	+2.79	-0.54	+2.25	0.00	0.00	0.00	0.00
Extraordinary Income/Losses²⁻³⁻⁴⁻⁵	0.03	0.44	0.47	0.00	0.81	0.81	-0.03	+0.37	+0.34	1.50	0.60	0.60	1.20

1. FX Rate (¥/\$): 2021/3 110.72, 2021/9 111.95, 2022/3 122.41, 2022/9 144.81, 2023/3 133.54

2. FY2021 Actual:

Extraordinary Income ¥3.37 billion (Gain on sales of investment securities ¥3.37 billion, sales amount ¥4.33 billion, sold 9 companies shares, sold 100% of our shareholdings of 3 companies, including unlisted shares)

Extraordinary Losses ¥2.90 billion (melamine restructuring costs ¥1.79 billion, plant equipment removal cost of Nippon Phosphoric Acid* ¥0.63 billion, impairment loss of unlisted stock ¥0.48 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, companies bear the costs of removing facilities according to its investment ratio facilities according to its investment ratio.

3. FY2022 Actual:

Extraordinary Income ¥1.46 billion (Gain on sales of investment securities ¥1.46 billion, sales amount ¥2.53 billion, sold 7 companies shares, sold 100% of our shareholdings of 4 companies, including unlisted shares)

Extraordinary Losses ¥0.65 billion (impairment loss of unlisted stock ¥0.65 billion)

4. FY2022 Outlook as of Feb 2023: Extraordinary Income ¥1.50 billion (Gain on sales of investment securities ¥1.50 billion)

5. FY2023 Outlook: Extraordinary Income ¥1.20 billion (Gain on sales of investment securities ¥1.20 billion)

| 12

Moving onto page 12.

This is the non-operating gains and losses that I mentioned a little bit earlier.

The third line from the top, foreign exchange gains/losses, for 1H of FY2022 show a large gain of JPY3.02 billion. In contrast, as shown in the third row from the far right, it is zero in the forecast for 1H of FY2023. This is a decline of JPY3.02 billion YoY in 1H.

There is a note with an asterisk below for the US dollar-yen exchange rates at the end of March and at the end of September. As you can see, the dollar appreciated significantly from the end of March 2022 to the end of September 2022 and then returned to JPY133 at the end of March 2023. Please understand that this trend is shown in the numbers above.

Please see an extraordinary gain or loss. As I mentioned earlier, it is JPY0.81 billion for FY2022. Extraordinary gains totaled JPY1.46 billion, mainly from the sale of strategic shareholdings, while extraordinary losses totaled JPY0.65 billion. This is described in a little more detail in asterisk 3.

Impairment loss on shares held in a non-listed company in which the Company has invested has occurred. As you can see on the right, we do not expect to record any extraordinary losses this fiscal year, and plan to post extraordinary gains of JPY1.20 billion in the sale of strategic shareholdings.

Cash Flows

Free cash flow in FY2022 was ¥15.5 billion, a decrease of ¥14.0 billion from FY2021, due to an increase in working capital and purchase of PPE

	FY2021 Actual	FY2022 Actual	YOY Change	FY2022 Outlook as of Nov 2022	FY2023 Outlook
					(¥billion)
CF from operating activities	41.9	35.2	-6.7	45.4	45.2
Income before income taxes & non-controlling interests	54.2	56.6	+2.4	58.3	56.2
Extraordinary losses (income)	-0.5	-0.8	-0.3	0.0	-1.2
Depreciation & amortization ¹	10.2	11.0	+0.8	11.5	12.9
Income taxes paid	-13.2	-15.4	-2.2	-14.3	-14.9
Working capital, others	-8.8	-16.2	-7.4	-10.1	-7.8
CF from investing activities	-12.4	-19.7	-7.3	-23.2	-20.8
Purchase of PPE	-11.3	-18.2	-6.9	-21.1	-20.9
Purchase and sales of investment securities	4.1	2.0	-2.1	-0.5	1.9
Others	-5.2	-3.5	+1.7	-1.6	-1.8
Free cash flow	29.5	15.5	-14.0	22.2	24.4
CF from financing activities	-27.8	-25.0	+2.8	-25.0	-26.9
Payout to shareholders (dividend)	-15.5	-20.1	-4.6	-29.1	-32.0
Payout to shareholders (share repurchase)	-12.0	-9.0	+3.0		
Borrowings	-0.3	4.2	+4.5	4.1	5.1
Others	0.0	-0.1	-0.1	0.0	0.0
Effect of exchange rate change on cash & cash equivalents	0.6	1.3	+0.7	0.0	0.0
Change in cash & cash equivalents	2.3	-8.2	-10.5	-2.8	-2.5
Increase in cash and cash equivalents resulting from change in scope of consolidation	0.0	3.1	+3.1	3.1	0.0
Cash & cash equivalents at end of period	34.7	29.6	-5.1	35.0	27.1

1. Including amortization of goodwill

| 13

Continuing onto cash flow on page 13.

Please see the results for FY2022 in the third column from the left. Due to an increase in working capital or capital expenditures, free cash flow in FY2022 was JPY15.5 billion, a decrease of JPY14.0 billion YoY. The final cash and cash equivalents balance is JPY29.6 billion, as shown in the last line of the report, and we continue to have a surplus.

On the other hand, the forecast for FY2023 is as written in the rightmost column.

Free cash flow will be restored, and shareholder returns will also incorporate what I have just mentioned.

Balance Sheets

	2022/3	2023/3	vs. 2022/3
Current assets	175.3	189.4	+14.1
Cash	34.7	29.6	-5.1
Accounts receivable	80.0	82.7	+2.7
Inventories	52.2	64.7	+12.5
Others	8.4	12.4	+4.0
Fixed assets	104.4	109.3	+4.9
Total PPE	53.2	64.7	+11.5
Intangible assets	11.8	11.5	-0.3
Investment securities	30.2	27.3	-2.9
Others	9.2	5.8	-3.4
Total assets	279.7	298.7	+19.0

(¥billion)

	2022/3	2023/3	vs. 2022/3
Liabilities	71.7	77.2	+5.5
Accounts payable	19.0	19.9	+0.9
Borrowings	22.7	27.3	+4.6
Others	30.0	30.0	0.0
Net assets	208.0	221.5	+13.5
Shareholders' equity ²	196.7	208.8	+12.1
Valuation difference on available-for-sale securities	8.3	7.7	-0.6
Foreign currency translation adjustment	0.9	1.7	+0.8
Non-controlling interests	2.1	3.1	+1.0
Remeasurements of defined benefit plans	0.0	0.2	+0.2
Total liabilities & net assets	279.7	298.7	+19.0

Equity Ratio	73.6%	73.1%
D/E Ratio ³	-6.1%	-1.1%

Breakdown of Investment Securities

	2021/3	2022/3	2023/3	vs. 2022/3
Listed shares¹ (Number of stocks held, Non-consolidated basis)	24.4 (31)	18.9 (30)	16.9 (26)	-2.0 (-4)
Unlisted shares	2.7	2.6	2.4	-0.2
Subsidiaries/Associate shares	8.8	8.7	8.0	-0.7
Total	35.9	30.2	27.3	-2.9

Strategic shareholdings on net assets ⁴	12.4%	9.5%	7.9%
--	-------	------	------

- 2022/3 18.9 + Acquisition 0.0 – Sales and valuation difference 2.0 = 2023/3 16.9
- Change in shareholders' equity +12.1 = Net Income 41.1 - Dividend and others 29.0
- 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, 2022/3 19.8, 2023/3 17.5

Moving on to the balance sheet on page 14. Let me explain this briefly.

As shown in the upper left-hand corner, the total asset is expected to increase JPY19.0 billion from the end of March 2022 to that in 2023. This increase is mainly due to the increase of about JPY12.5 billion in inventories. Half of these are Agrochemicals.

Since sales have increased considerably in Agrochemicals, we do not see any increase in the number of days of holding inventories in comparison to sales, and we believe that this is a level that is of no concern.

On the other hand, tangible fixed assets have also increased due to the progress of capital investment in South Korea and India, as explained earlier by President Yagi.

In the upper right-hand corner, net assets increased by JPY13.5 billion. As a result, we continue to maintain a sound financial position with an equity ratio of 73.1%.

Below left is a breakdown of investment securities. The number of listed stocks held has been reduced by 4, to 26. As a result, the ratio of strategic shareholdings to net assets was 7.9%, as shown below.

FY2022 Financial Results YOY Change by Segment

(¥billion)

		FY2021 Actual					FY2022 Actual					YOY Change				
		1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Chemicals	Sales	17.1	10.5	10.0	20.5	37.6	19.8	10.1	9.1	19.2	39.0	+2.7 (+16%)	-0.4 (-4%)	-0.9 (-9%)	-1.3 (-6%)	+1.4 (+4%)
	OP	1.2	1.3	1.3	2.6	3.8	1.1	0.4	-0.1	0.3	1.4	-0.1 (-9%)	-0.9 (-67%)	-1.4 (-108%)	-2.3 (-88%)	-2.4 (-63%)
Performance Materials	Sales	39.6	20.9	21.2	42.1	81.7	42.0	20.6	20.0	40.6	82.6	+2.4 (+6%)	-0.3 (-1%)	-1.2 (-5%)	-1.5 (-4%)	+0.9 (+1%)
	OP	13.1	7.6	6.9	14.5	27.6	13.9	6.9	4.6	11.5	25.4	+0.8 (+6%)	-0.7 (-8%)	-2.3 (-33%)	-3.0 (-20%)	-2.2 (-8%)
Agrochemicals	Sales	25.0	11.9	28.9	40.8	65.8	35.7	13.1	32.8	45.9	81.6	+10.7 (+43%)	+1.2 (+10%)	+3.9 (+13%)	+5.1 (+12%)	+15.8 (+24%)
	OP	6.9	3.0	8.2	11.2	18.1	12.1	3.1	7.9	11.0	23.1	+5.2 (+75%)	+0.1 (+3%)	-0.3 (-3%)	-0.2 (-2%)	+5.0 (+28%)
Healthcare	Sales	3.3	2.0	1.3	3.3	6.6	3.2	1.6	1.9	3.5	6.7	-0.1 (-3%)	-0.4 (-17%)	+0.6 (+38%)	+0.2 (+5%)	+0.1 (+1%)
	OP	1.4	0.9	0.5	1.4	2.8	1.5	0.6	0.9	1.5	3.0	+0.1 (+5%)	-0.3 (-27%)	+0.4 (+69%)	+0.1 (+8%)	+0.2 (+6%)
Trading, Others, Adjustment	Sales	6.8	4.2	5.3	9.5	16.3	8.8	4.3	5.1	9.4	18.2	+2.0	+0.1	-0.2	-0.1	+1.9
	OP	-1.3	-0.2	0.2	0.0	-1.3	-0.4	-0.4	0.2	-0.2	-0.6	+0.9	-0.2	0.0	-0.2	+0.7
Total	Sales	91.8	49.5	66.7	116.2	208.0	109.5	49.7	68.9	118.6	228.1	+17.7 (+19%)	+0.2 (0%)	+2.2 (+3%)	+2.4 (+2%)	+20.1 (+10%)
	OP	21.3	12.6	17.1	29.7	51.0	28.2	10.6	13.5	24.1	52.3	+6.9 (+32%)	-2.0 (-16%)	-3.6 (-21%)	-5.6 (-19%)	+1.3 (+3%)

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 p72, p73 for breakdown)

3. Sales and OP for Planning & Development Division in FY2021 and FY2022 are disclosed on p62

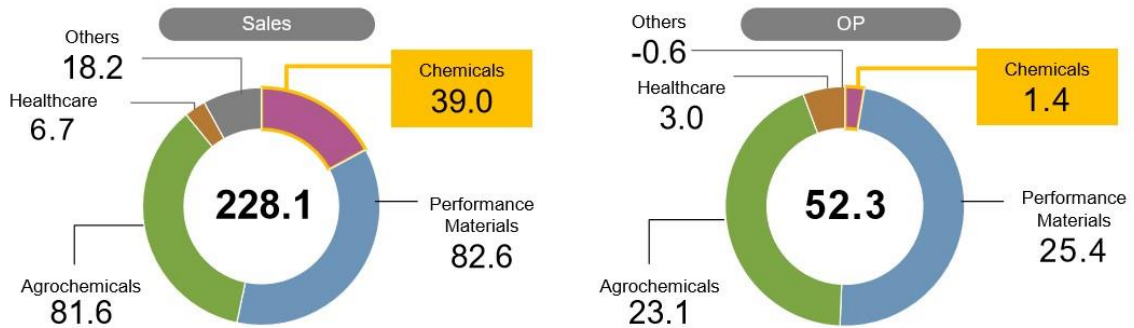
4. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

| 19

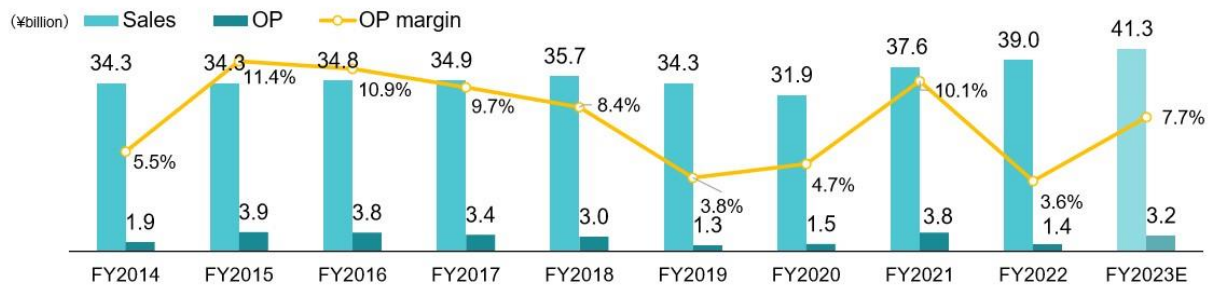
Please skip some pages to page 19, where a comparison of sales and operating profit by segment starts.

Although a bit detailed, I will explain the actual results and the forecast for this fiscal year by segment.

FY2022 Actual by Segment (¥billion)



Chemicals – Recent Financial Performance¹



1. Organizational changes were implemented in April 2022. FY2014-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

First, chemicals on page 22.

As shown in the graph below, operating profit for FY2022 was JPY1.4 billion, a considerable decrease from the previous year.

For FY2023, this fiscal year, we expect it to increase by JPY1.8 billion to JPY3.2 billion.

- Fine Chemicals: [2H FY2022] Sales YOY -11% [FY2023 Full-Year Outlook] Sales YOY +6%
- Basic Chemicals: [2H FY2022] Sales YOY -4% [FY2023 Full-Year Outlook] Sales YOY +6%

Main Products	FY2022 Actual					FY2023 Outlook				
	YOY Change					YOY Change				
	1H	3Q	4Q	2H	Total	1Q	2Q	1H	2H	Total
TEPIC	+25%	-33%	-56%	-44%	-12%	-61%	-26%	-47%	+91%	+1%
Environmental related products	+17%	+4%	+28%	+17%	+17%	+15%	+14%	+14%	+17%	+16%
FINEOXOCOL	+36%	+8%	-5%	+2%	+16%	-19%	-3%	-11%	+2%	-5%
Total Fine Chemicals ¹	+23%	-8%	-14%	-11%	+5%	-26%	-3%	-15%	+33%	+6%
Melamine ²	+28%	-85%	-100%	-92%	-49%	-100%	-100%	-100%	-100%	-100%
Urea/AdBlue®	+56%	+70%	+54%	+62%	+60%	+40%	+35%	+38%	+3%	+17%
High purity sulfuric acid	+1%	-10%	-15%	-12%	-6%	-12%	-9%	-11%	+16%	+2%
Nitric acid products	-14%	+15%	+6%	+10%	-1%	+83%	+25%	+49%	+12%	+27%
Total Basic Chemicals ³⁻⁴	+11%	0%	-7%	-4%	+3%	+1%	+9%	+5%	+6%	+6%
	(+8%)	(+22%)	(+15%)	(+19%)	(+14%)	(+30%)	(+22%)	(+26%)	(+8%)	(+16%)
Total Segment ³	+16%	-4%	-9%	-6%	+4%	-10%	+5%	-3%	+15%	+6%
	(+14%)	(+10%)	(+4%)	(+7%)	(+10%)	(+4%)	(+12%)	(+8%)	(+16%)	(+12%)

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

2. The production of melamine terminated in June 2022 (see p27, Restructure based on Shutdown of Melamine Plant)

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

4. Melamine, Urea/AdBlue®, High purity sulfuric acid, and Nitric acid products account for 52% of total Basic Chemical sales (FY2022 Actual)

| 23

First, let's look at sales of our main products. We have the usual table of growth rates on page 23.

There are 1H, 3Q, 4Q, 2H, and full year of FY2022 results. Then the one next to it is the 1Q, 2Q, 1H, 2H, and full-year forecast for the current fiscal year. All of these are YoY growth rates.

As noted at the beginning of this report, sales of Fine Chemicals declined 11% in 2H of FY2022. The decline in TEPIC revenues had a significant impact. For total Fine Chemicals, sales increased 5% full year in FY2022, and we expect a 6% increase in sales for the current fiscal year.

Moving onto Basic Chemicals.

Sales decreased by 4% in 2H of FY2022. This is partly due to reduced sales of melamine, whose production has been discontinued. Sales for full year in FY2022 increased 3%, and we expect a 6% increase in sales for FY2023.

[2H] Sales down ¥1.3 billion (melamine sales down ¥2.6 billion), OP down ¥2.3 billion

[Full-Year] Sales up ¥1.4 billion (melamine sales down ¥2.1 billion), OP down ¥2.4 billion

(¥billion)

	FY2021 Actual					FY2022 Actual					YOY Change				
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	17.1	10.5	10.0	20.5	37.6	19.8	10.1	9.1	19.2	39.0	+2.7	-0.4	-0.9	-1.3	+1.4
Fine Chemicals	6.2	3.7	3.2	6.9	13.1	7.7	3.3	2.8	6.1	13.8	+1.5	-0.4	-0.4	-0.8	+0.7
Basic Chemicals	10.9	6.8	6.8	13.6	24.5	12.1	6.8	6.3	13.1	25.2	+1.2	0.0	-0.5	-0.5	+0.7
OP	1.2	1.3	1.3	2.6	3.8	1.1	0.4	-0.1	0.3	1.4	-0.1	-0.9	-1.4	-2.3	-2.4

1. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

Fine Chemicals	[2H] Sales down, OP down [Full-Year] Sales up, OP down	
	TEPIC for general applications	[2H]&[Full-Year] Sales down (demand decrease)
	TEPIC for electronic materials	[2H]&[Full-Year] Sales down
	Environmental related products	[2H]&[Full-Year] Sales up (price up)
	FINEOXOCOL	[2H]&[Full-Year] Sales up (price up)
	[2H] Feedstock and raw materials cost up [Full-Year] Feedstock and raw materials cost up, Shipping cost up	
Basic Chemicals	[2H] Sales down, OP down [Full-Year] Sales up, OP down	
	Melamine	[2H]&[Full-Year] Sales down (end of sales (see p27))
	Urea/AdBlue®	[2H]&[Full-Year] Sales up (price up)
	High purity sulfuric acid	[2H]&[Full-Year] Sales down (semis market slowdown)
	Nitric acid products	[2H] Sales up (price up) [Full-Year] Sales flat (nitric acid plant troubles in 1H FY2022)
	[2H] Fixed cost up ¥0.3 billion, Feedstock and raw materials cost up [Full-Year] Fixed cost up ¥0.5 billion, Feedstock and raw materials cost up	

| 24

Page 24 shows the FY2022 actual YoY comparison of sales and operating profit. Please refer to the table later, including comments.

Annual sales increased by JPY1.4 billion, but operating profit decreased by JPY2.4 billion.

There are many factors. In terms of sales, the suspension of melamine has had a JPY2.1 billion effect. In addition, the rising costs of feedstock and raw materials have also had an effect on cost increases during this period. Fixed costs also increased by several hundred million yen.

【Full-Year】 Sales up ¥2.3 billion, OP up ¥1.8 billion

	FY2022 Actual					FY2023 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	10.4	9.4	19.8	19.2	39.0	9.4	9.8	19.2	22.1	41.3	-1.0	+0.4	-0.6	+2.9	+2.3
Fine Chemicals	4.2	3.5	7.7	6.1	13.8	3.1	3.4	6.5	8.2	14.7	-1.1	-0.1	-1.2	+2.1	+0.9
Basic Chemicals	6.2	5.9	12.1	13.1	25.2	6.3	6.4	12.7	13.9	26.6	+0.1	+0.5	+0.6	+0.8	+1.4
OP	1.7	-0.6	1.1	0.3	1.4	0.9	0.3	1.2	2.0	3.2	-0.8	+0.9	+0.1	+1.7	+1.8

(¥billion)

【Full-Year】 Sales up, OP up		
Fine Chemicals	TEPIC for general applications	Sales flat
	TEPIC for electronic materials	Sales up (recovery in 2H FY2023)
	Environmental related products	Sales up (volume up)
	FINEOXOCOL	Sales down

【Full-Year】 Sales up, OP up		
Basic Chemicals	Melamine	Sales down (end of sales (see p27))
	Urea/AdBlue®	Sales up (shutdown of melamine plant, price up)
	High purity sulfuric acid	Sales up (price up)
	Nitric acid products	Sales up (volume & price up) (nitric acid plant troubles in FY2022)

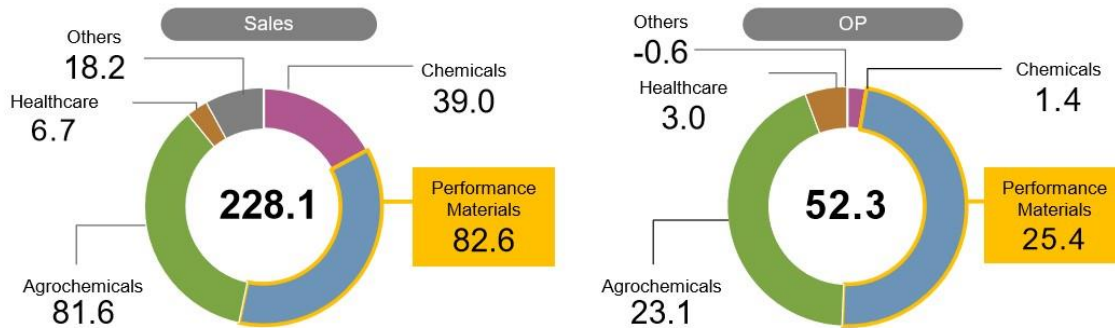
| 25

The forecast for this fiscal year is shown on page 25.

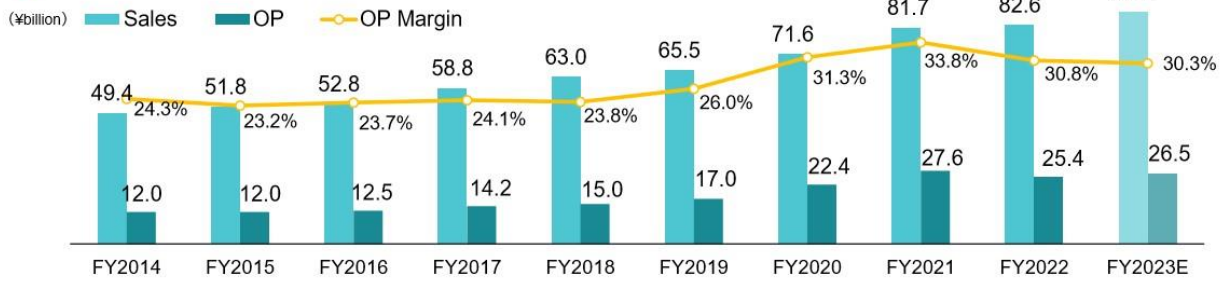
We expect net sales to increase by JPY2.3 billion YoY and operating profit by JPY1.8 billion.

In 2H of the year, we expect a recovery, especially for TEPIC.

FY2022 Actual by Segment (¥billion)



Performance Materials – Recent Financial Performance¹



1. Organizational changes were implemented in April 2022. FY2014-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

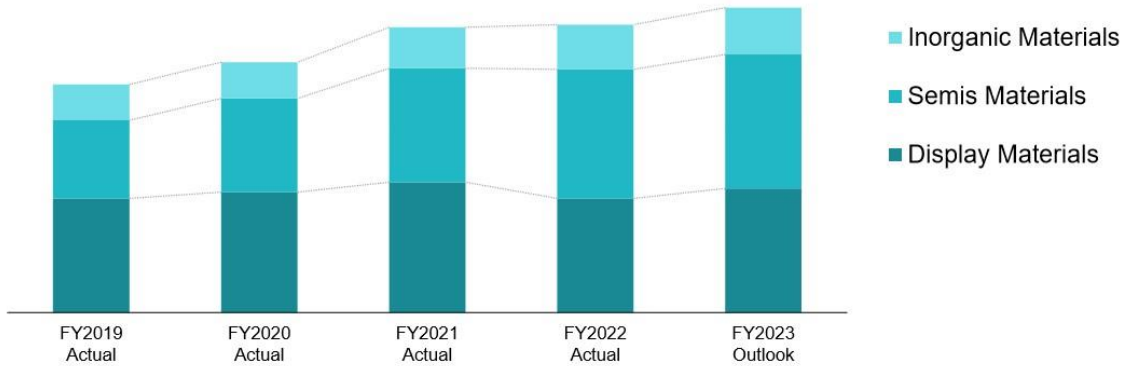
Reference [Presentation for R&D of Performance Materials](#) (June 21, 2022)

Please move on to page 28 for Performance Materials.

As shown in the graph below, the FY2022 profit was JPY25.4 billion, a decrease compared to the previous year.

Operating profit for the current fiscal year is expected to be JPY26.5 billion, an increase of JPY1.1 billion.

In terms of operating profit margin, we expect to maintain the 30% level.



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
		EUV materials	EUV process materials	Oilfield materials	For enhancing oil recovery

On page 29, you will find the usual sales images by sub-segment.

- DP Materials: [2H FY2022] Sales YOY -12% [FY2023 Full-Year Outlook] Sales YOY +9%
- Semis Materials: [2H FY2022] Sales YOY +1% [FY2023 Full-Year Outlook] Sales YOY +4%
- Inorganic Materials: [2H FY2022] Sales YOY +9% [FY2023 Full-Year Outlook] Sales YOY +5%

Main Products	FY2022 Actual					FY2023 Outlook				
	YOY Change					YOY Change				
	1H	3Q	4Q	2H	Total	1Q	2Q	1H	2H	Total
SUNEVER	-12%	-6%	-16%	-11%	-12%	-7%	+28%	+8%	+8%	+8%
Total Display Materials	-13%	-7%	-17%	-12%	-12%	-7%	+28%	+8%	+9%	+9%
ARC®	+23%	-5%	-3%	-4%	+9%	-11%	-6%	-8%	+18%	+4%
Multi layer process materials	+31%	+6%	+15%	+10%	+20%	-4%	-19%	-12%	+9%	-2%
EUV materials¹	+60%	+47%	+11%	+28%	+43%	-6%	+4%	-1%	+45%	+21%
Total Semis Materials	+26%	0%	+3%	+1%	+13%	-9%	-8%	-9%	+18%	+4%
SNOWTEX	+6%	+17%	+8%	+12%	+9%	+7%	+7%	+7%	+12%	+10%
Organo/Monomer Sol	+10%	-13%	-20%	-17%	-4%	+18%	-15%	+1%	+11%	+6%
Oilfield Materials	+94%	+182%	+98%	+131%	+114%	+21%	+5%	+12%	-16%	-5%
Total Inorganic Materials	+9%	+9%	+9%	+9%	+9%	+8%	0%	+4%	+6%	+5%
Total Segment	+6%	-1%	-5%	-4%	+1%	-6%	+5%	-1%	+13%	+6%

1. EUV materials: Total of Under Layer and Si-HM for EUV

| 30

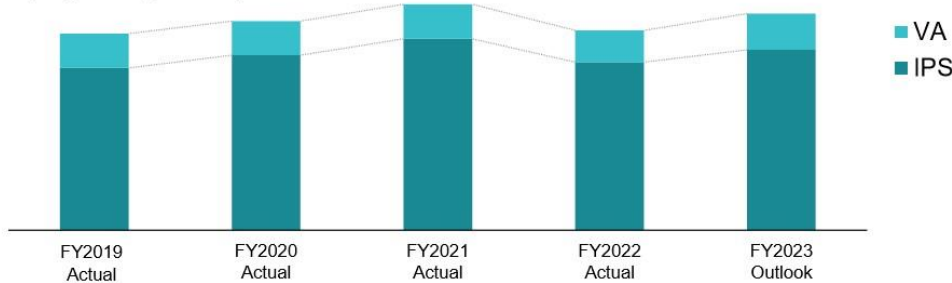
On page 30, you can see YoY growth in sales of each major Performance Materials products.

First, Display Materials showed a 12% decrease in sales in 2H of FY2022. The same 12% decline in sales was seen in full year of FY2022, but we expect a 9% increase in sales this fiscal year.

For Semis Materials, sales increased by 1% in 2H of FY2022 but increased by 13% for the full year of FY2022. For the current fiscal year, we expect sales to recover mainly from 2H of the year and forecast a 4% increase for the year.

Inorganic Materials sales increased 9% in 2H of FY2022, increased 9% for the full year of FY2022, and are expected to increase 5% full year of FY2023.

- FY2022: SUNEVER sales above target although sales YOY -12% due to slowdown of Display market
- FY2023: SUNEVER sales YOY +8%, 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 Actual		FY2023 Outlook
	YOY Change	vs. Outlook as of Feb 2023	YOY Change
VA	Down(-0 ~ -9%)	Above	Up(+10 ~ +19%)
IPS	Down(-10 ~ -19%)	Above	Up(+0 ~ +9%)
Total SUNEVER (including TN ¹)	-12%	Above	+8%

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

SUNEVER sales is shown on page 31.

As stated at the beginning of this report, as I mentioned earlier, due to the slowdown in the display market, sales for FY2022 were down 12% for the year.

This 4Q is above the previous forecast.

In FY2023, we forecast an 8% annual increase in sales and assume that the conversion of photo IPS will continue to progress steadily.

【2H】 Sales down ¥1.5 billion, OP down ¥3.0 billion,

Fixed cost up ¥1.8 billion in total (including common expenses up ¥0.1 billion)

【Full-Year】 Sales up ¥0.9 billion, OP down ¥2.2 billion,

Fixed cost up ¥2.8 billion in total¹ (including common expenses up ¥0.2 billion)

(¥billion)

	FY2021 Actual ²					FY2022 Actual					YOY Change				
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	39.6	20.9	21.2	42.1	81.7	42.0	20.6	20.0	40.6	82.6	+2.4	-0.3	-1.2	-1.5	+0.9
OP	13.1	7.6	6.9	14.5	27.6	13.9	6.9	4.6	11.5	25.4	+0.8	-0.7	-2.3	-3.0	-2.2

1. Changed the method of aggregating fixed costs, FY2021 results were recalculated retroactively

2. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

Display Materials	【2H】 Sales down, OP down 【Full-Year】 Sales down, OP down	Semis Materials	【2H】 Sales up, OP down 【Full-Year】 Sales up, OP up		
	Photo IPS		[2H]&[Full-Year] Sales down	ARC®	[2H] Sales down [Full-Year] Sales up
	Rubbing IPS		[2H]&[Full-Year] Sales down	Multi layer process materials	[2H] Sales up (Inventory buildup at a certain customer) [Full-Year] Sales up
	VA		[2H]&[Full-Year] Sales down	EUV materials	[2H]&[Full-Year] Sales up EUV Under Layer: steady growth and market share expansion
	[2H] Display market slowdown, Fixed cost up ¥0.2 billion [Full-Year] Display market slowdown, Fixed cost up ¥0.3 billion		[2H] Fixed cost up ¥1.1 billion [Full-Year] Fixed cost up ¥1.8 billion		
		Inorganic Materials	【2H】 Sales up, OP down 【Full-Year】 Sales up, OP flat		
			SNOWTEX	[2H]&[Full-Year] Sales up (non-polishing and polishing up)	
			Organo/Monomer Sol	[2H]&[Full-Year] Sales down	
			Oilfield materials	[2H]&[Full-Year] Sales up	
			[2H] Fixed cost up ¥0.4 billion [Full-Year] Fixed cost up ¥0.5 billion		

| 32

Please see page 32 for Performance Materials figures. It is as shown.

I will not comment on each of them, but for the year, operating profit decreased by JPY2.2 billion.

Although profits increased in Semis Materials, the decrease in profits in Display Materials exceeded the increase in profits from Semis Materials. In addition, fixed costs increased by JPY2.8 billion.

【Full-Year】 Sales up ¥4.9 billion, OP up ¥1.1 billion,
Fixed cost up ¥2.3 billion in total¹ (including common expenses up ¥0.1 billion)

	FY2022 Actual					FY2023 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	21.8	20.2	42.0	40.6	82.6	20.5	21.2	41.7	45.8	87.5	-1.3	+1.0	-0.3	+5.2	+4.9
OP	7.9	6.0	13.9	11.5	25.4	6.6	6.1	12.7	13.8	26.5	-1.3	+0.1	-1.2	+2.3	+1.1

(¥billion)

1. Changed the method of aggregating fixed costs

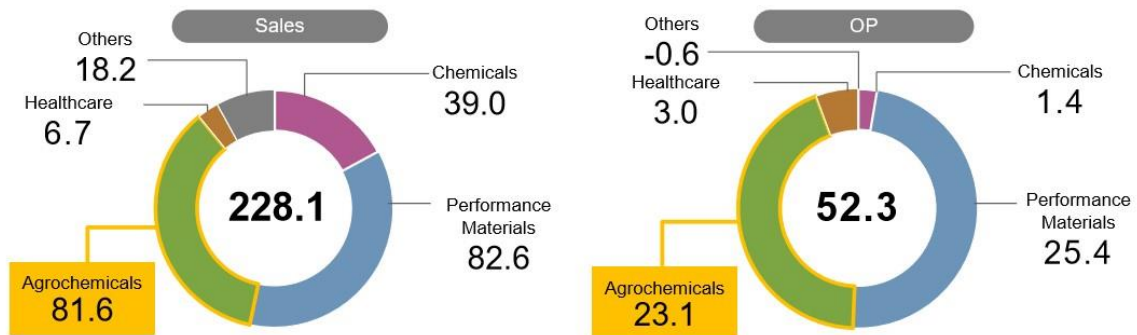
Display Materials	【Full-Year】 Sales up, OP up		Semis Materials	【Full-Year】 Sales up, OP down	
	Photo IPS	Sales up (both smartphone & non-smartphone up)		ARC®	Sales up
	Rubbing IPS	Sales up slightly		Multi layer process materials	Sales down slightly
	VA	Sales up (partly market share up)		EUV materials	Sales up EUV Under Layer: steady growth and market share expansion
Display market recovery, Fixed cost up ¥0.4 billion		Semis market recovery, fixed cost up ¥1.7 billion			
Inorganic Materials	【Full-Year】 Sales up, OP up				
	SNOWTEX	Sales up (non-polishing and polishing up)			
	Organo/Monomer Sol	Sales up			
	Oilfield materials	Sales down			
Fixed cost up ¥0.1 billion					

| 33

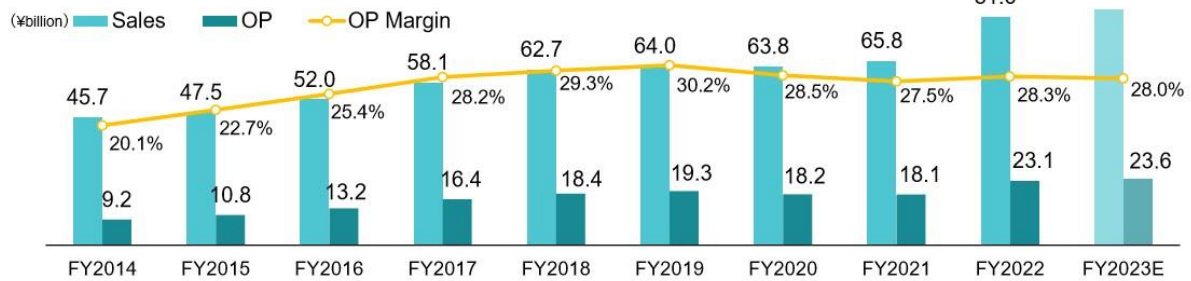
Page 33, the forecast for the current fiscal year. As stated at the beginning of this report, net sales are expected to increase by JPY4.9 billion and operating profit by JPY1.1 billion. This includes an overall segment cost increase of JPY2.3 billion due to higher fixed costs.

Although I will not discuss them individually, we expect an increase in sales and profit from the Display Materials. For Semis Materials, sales will increase, but with the increase of fixed cost of JPY1.7 billion, profit is expected to decrease. Inorganic Materials sales and profits are expected to increase. We assume that the increase in sales will affect us directly.

FY2022 Actual by Segment (¥billion)



Agrochemicals – Recent Financial Performance¹



1. Organizational changes was implemented in April 2022. FY2014-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

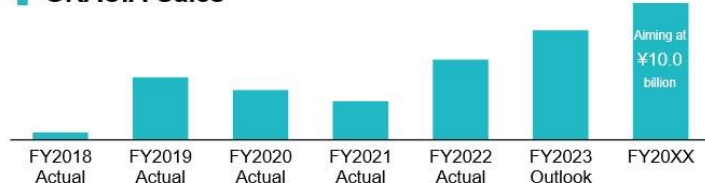
Next, page 34 is for the Agrochemicals segment.

As shown in the graph on the lower right, the profit increased significantly by JPY5.0 billion in FY2022. We expect it to increase by another JPY0.5 billion in the current fiscal year.

【2H FY2022】 Sales YOY +12% 【FY2023 Full-Year Outlook】 Sales YOY +3%

Main Products (Agro: in order of FY2022 Sales amount)	Types	FY2022 Actual					FY2023 Outlook				
		YOY					YOY				
		1H	3Q	4Q	2H	Total	1Q	2Q	1H	2H	Total
ROUNDUP ¹	Herbicide	+16%	-28%	+16%	+7%	+11%	+2%	+13%	+7%	+6%	+6%
ALTAIR	Herbicide	+31%	+18%	+7%	+8%	+12%	+12%	+17%	+13%	+9%	+10%
TARGA	Herbicide	+30%	+7%	+3%	+4%	+16%	-17%	-25%	-20%	-9%	-14%
LEIMAY	Fungicide	+144%	+25%	+87%	+77%	+97%	-46%	+72%	-6%	+4%	+1%
GRACIA	Insecticide	+199%	+105%	+70%	+82%	+108%	+58%	+84%	+70%	+21%	+37%
DITHANE	Fungicide	+38%	+24%	+19%	+20%	+26%	-23%	+3%	-12%	-1%	-5%
PERMIT	Herbicide	+190%	-22%	-29%	-25%	+20%	-4%	+51%	+36%	-36%	0%
Animal Health Fluralaner	Animal Health products	+42%	+62%	+5%	+29%	+37%	-3%	-1%	-2%	+10%	+3%
Total Segment²	-	+43%	+10%	+13%	+12%	+24%	-3%	+10%	+3%	+3%	+3%

GRACIA Sales



Reference

- No.1 in the domestic agrochemicals sales ranking (Oct 2020- Sep 2021)
[ROUNDUP Business Briefing](#) (January 22, 2020)
[Agrochemicals Business Briefing](#) (September 28, 2022)

1. ROUNDUP AL for general household account for 20% of total ROUNDUP sales (FY2022 Actual)
 2. Total segment sales YOY include discount

See page 35 for sales growth rates of major products.

As noted at the beginning of this report, total segment sales increased by 12% in 2H of FY2022. Combined with a 43% increase in sales in 1H of the year, this resulted in a significant 24% increase in sales for the year as a whole. For the current fiscal year, we expect a mild 3% increase in sales.

As shown in the graph on the lower left, sales in GRACIA bottomed out in FY2021 and increased in FY2022 with an expectation to continue to increase in FY2023 considerably.

As shown in the second to last line of the table, sales of Fluralaner in Animal Health increased by 37% in the previous fiscal year. We assume a 3% increase in sales for the current fiscal year.

As explained previously, the previous year's figures are due to the backward movement of APIs shipments from the 4Q of FY2021 to the 1H of FY2022.

【2H】 Sales up ¥5.1 billion, OP down ¥0.2 billion, Fixed cost up ¥1.0 billion¹

【Full-Year】 Sales up ¥15.8 billion, OP up ¥5.0 billion, Fixed cost up ¥1.8 billion¹

(¥billion)

	FY2021 Actual ²					FY2022 Actual					YOY Change				
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	25.0	11.9	28.9	40.8	65.8	35.7	13.1	32.8	45.9	81.6	+10.7	+1.2	+3.9	+5.1	+15.8
OP	6.9	3.0	8.2	11.2	18.1	12.1	3.1	7.9	11.0	23.1	+5.2	+0.1	-0.3	-0.2	+5.0

1. Changed the method of aggregating fixed costs, FY2021 results were recalculated retroactively

2. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

Main products	ROUNDUP(Herbicide)	【2H】 Sales up (ML: price up, AL: sales down) 【Full-Year】 Sales up (ML: price up, AL: sales flat)
	ALTAIR(Herbicide)	【2H】 Sales up (domestic: price up) 【Full-Year】 Sales up (domestic: price up & sales expansion)
	TARGA(Herbicide)	【2H】 Sales up 【Full-Year】 Sales up (export: favorable weather, sales expansion of mixture products)
	LEIMAY(Fungicide)	【2H】&【Full-Year】 Sales up (demand increase for mixture product application in Europe)
	GRACIA(Insecticide)	【2H】&【Full-Year】 Sales up (domestic: sales up due to end of distribution inventory adjustment, export: sales expansion in newly launched countries)
	DITHANE(Fungicide)	【2H】 Sales up (domestic: price up, export: sales up) 【Full-Year】 Sales up (domestic: price up, export: sales up due to shipment shifted from 2H FY2021 to FY2022)
	PERMIT(Herbicide)	【2H】 Sales down (shipment skewed to 2H in FY2021) 【Full-Year】 Sales up (mainly up for export)
	Fluralaner(Animal health product)	【2H】 Sales up (API & royalties: up) 【Full-Year】 Sales up (API: shipment shifted from FY2021 to FY2022, end of inventory adjustment, royalties: up)

| 36

Specific numbers are shown on page 36.

This is the FY2022 results, with comments for each of the major products.

Overall, net sales increased by JPY15.8 billion YoY and operating profit increased by JPY5.0 billion.

【Full-Year】 Sales up ¥2.6 billion, OP up ¥0.5 billion, Fixed cost up ¥1.1 billion¹

(¥billion)

	FY2022 Actual					FY2023 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	19.7	16.0	35.7	45.9	81.6	19.2	17.6	36.8	47.4	84.2	-0.5	+1.6	+1.1	+1.5	+2.6
OP	6.8	5.3	12.1	11.0	23.1	6.6	5.4	12.0	11.6	23.6	-0.2	+0.1	-0.1	+0.6	+0.5

1. Changed the method of aggregating fixed costs

Main products	ROUNDUP(Herbicide)	Sales up (ML: price up, AL: volume up)
	ALTAIR(Herbicide)	Sales up (domestic: price up, sales expansion)
	TARGA(Herbicide)	Sales down (export: good sales in India in FY2022 due to favorable weather)
	LEIMAY(Fungicide)	Sales flat
	GRACIA(Insecticide)	Sales up (domestic: sales up, export: sales expansion in Asia, newly launch of mixture products)
	DITHANE(Fungicide)	Sales down (export: sales down due to shipment shifted from 2H FY2021 to FY2022)
	PERMIT(Herbicide)	Sales flat
	Fluralaner(Animal health product)	Sales up (API & royalties: up)

As you can see on page 37, our forecast for FY2023 is a JPY2.6 billion increase in net sales and a JPY0.5 billion increase in operating profit. Comments on major products are as noted.

	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 I 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 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 Gowon 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	
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 (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 (FY2022 Actual)³



- Distribution by Region



Expected peak sales of new products
¥31.0 billion

The pipeline on page 38 remains unchanged.

Nissan Chemical's Revenues are Consisted from Following Two Factors

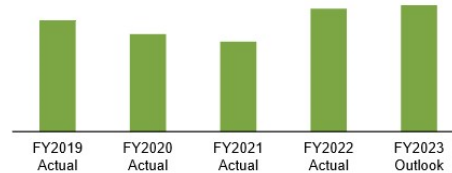
- Sales of Fluralaner to MSD as API¹ of BRAVECTO[®] and EXZOLT[®] products
 - Running royalties received from MSD
1. API: Active Pharmaceutical Ingredient

FY2020-FY2023 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 p74).

FY2019-FY2023 Fluralaner Sales Image (including royalties)



- Inventory adjustments for Fluralaner were completed in FY2021.
- A large sales increase in FY2022 due to the shipments shifted from FY2021 to FY2022 and JPY depreciation. Actual exchange rate is ¥136/\$.
- Assumed exchange rate for FY2023 is ¥128/\$.

BRAVECTO[®] series and EXZOLT[®] R&D

- MSD is developing several pipeline products which contain the API of Fluralaner (including new types of BRAVECTO[®] for pets and spot-on solution for livestock)
- May 2023, BRAVECTO Quantum[™] injectable solution for dogs was approved in AUS (feature: providing 12 months¹ of continuous protection)

1. 11 months for *Rhipicephalus sanguineus* ticks

Next, please see page 40.

As usual, here are the sales figures for Fluralaner. We have added a few more descriptions this time.

The assumed exchange rate in the green graph on the right is JPY128 for this fiscal year, the figure I mentioned at the beginning of this presentation.

The last line describes the status of Merck's development. This past May, an external parasite injection for dogs was approved in Australia. Injectables in external parasitic drugs are very rare. It lasts 12 months as an effect.

- New API production site to ensure a stable global supply and reduce manufacturing costs
- Completed establishment as planned, NBR is added as a consolidated subsidiary from FY2022.
- Started commercial operation (March 2023)

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, etc.) and exporting them to Nissan Chemical
Number of Operators	About 120 (as of April 1, 2023)
Plant Operating	Started from 4Q FY2022
Shareholders	Nissan Chemical 70%, Bharat Rasayan Ltd (BRL) 30%
Board of Directors	Nissan Chemical 5, BRL 2, Independent 1, 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 75.05%
2021 PL	Sales INR 13,012 million, Net Income after Taxes INR 1,760 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 Certis Agriscience, a related company of Bharat group, distributes certain Nissan Chemical's products(TARGA, PULSOR, PERMIT) in India

Funding Plan (as of May 2022)

		(¥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

Advantages to Nissan Chemical

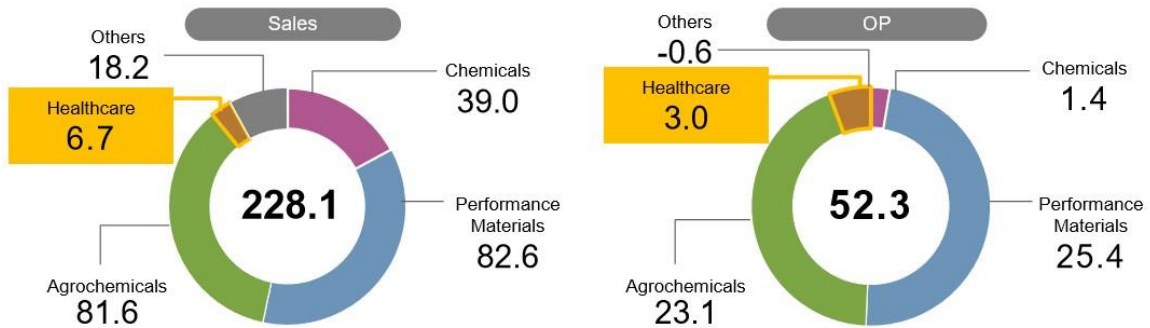
- Reliable and experienced local partner
- Diversify and secure sources of active ingredients and decrease materials shortage risks
- Lower production costs compared to plants in Japan
- Readily available plant site (official approval process for land lease already completed)
- Much less management and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

Next, please see page 42.

As President Yagi briefly mentioned earlier, this joint venture, NBR, has already been a consolidated subsidiary since FY2022.

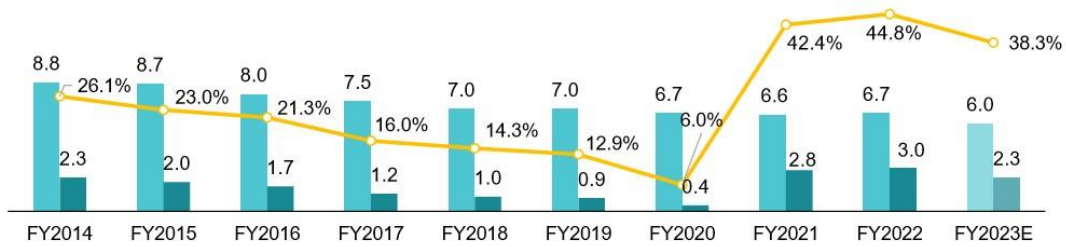
Commercial operations began in March 2023.

FY2022 Actual by Segment (¥billion)



Healthcare – Recent Financial Performance¹

(¥billion) Sales OP OP Margin



1. Organizational changes was implemented in April 2022. FY2014-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

Finally, on page 43 is the Healthcare segment.

In FY2022, profit increased by JPY0.2 billion from FY2021.

We expect a decrease of JPY0.7 billion in profit for the current fiscal year.

Please see pages 46 and 47 for specific numbers.

[2H] Sales up ¥0.17 billion, OP up ¥0.10 billion

[Full-Year] Sales up ¥0.08 billion, OP up ¥0.18 billion

(¥billion)

	FY2021 Actual					FY2022 Actual					YOY Change				
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	3.34	1.92	1.33	3.25	6.59	3.25	1.59	1.83	3.42	6.67	-0.09	-0.33	+0.50	+0.17	+0.08
Healthcare	1.41	0.48	0.53	1.01	2.42	1.42	0.35	0.58	0.93	2.35	+0.01	-0.13	+0.05	-0.08	-0.07
Custom Chemicals	1.93	1.44	0.80	2.24	4.17	1.83	1.24	1.25	2.49	4.32	-0.10	-0.20	+0.45	+0.25	+0.15
OP	1.38	0.92	0.51	1.43	2.81	1.46	0.66	0.87	1.53	2.99	+0.08	-0.26	+0.36	+0.10	+0.18
Healthcare	0.52	0.15	0.17	0.32	0.84	0.63	0.10	0.20	0.30	0.93	+0.11	-0.05	+0.03	-0.02	+0.09
Custom Chemicals	0.86	0.77	0.34	1.11	1.97	0.83	0.56	0.67	1.23	2.06	-0.03	-0.21	+0.33	+0.12	+0.09

- Figures in p19, p20, p21, p71, p72, p73 may not match the numbers on this page due to rounding.
- FY2021 actual has been revised to reflect organizational changes in April 2022 (see p75, p76)

Healthcare	[2H] Sales down, OP flat	LIVALO	[2H] Sales down (domestic down, export up) [Full-Year] Sales flat (domestic down, export up) [2H]&[Full-Year] Fixed cost down
	[Full-Year] Sales down, OP up		

Custom Chemicals	[2H] Sales up, OP up	[2H]&[Full-Year] Sales up
	[Full-Year] Sales up, OP up	

| 46

[Full-Year] Sales down ¥0.63 billion, OP down ¥0.68 billion

(¥billion)

	FY2022 Actual					FY2023 Outlook					YOY Change				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total
Sales	1.65	1.60	3.25	3.42	6.67	1.88	1.37	3.25	2.79	6.04	+0.23	-0.23	0.00	-0.63	-0.63
Healthcare	0.83	0.59	1.42	0.93	2.35	0.61	0.56	1.17	1.06	2.23	-0.22	-0.03	-0.25	+0.13	-0.12
Custom Chemicals	0.82	1.01	1.83	2.49	4.32	1.27	0.81	2.08	1.73	3.81	+0.45	-0.20	+0.25	-0.76	-0.51
OP	0.76	0.70	1.46	1.53	2.99	0.97	0.55	1.52	0.79	2.31	+0.21	-0.15	+0.06	-0.74	-0.68
Healthcare	0.39	0.24	0.63	0.30	0.93	0.27	0.21	0.48	0.26	0.74	-0.12	-0.03	-0.15	-0.04	-0.19
Custom Chemicals	0.37	0.46	0.83	1.23	2.06	0.70	0.34	1.04	0.53	1.57	+0.33	-0.12	+0.21	-0.70	-0.49

- Figures in p19, p20, p21, p71, p72, p73 may not match the numbers on this page due to rounding.

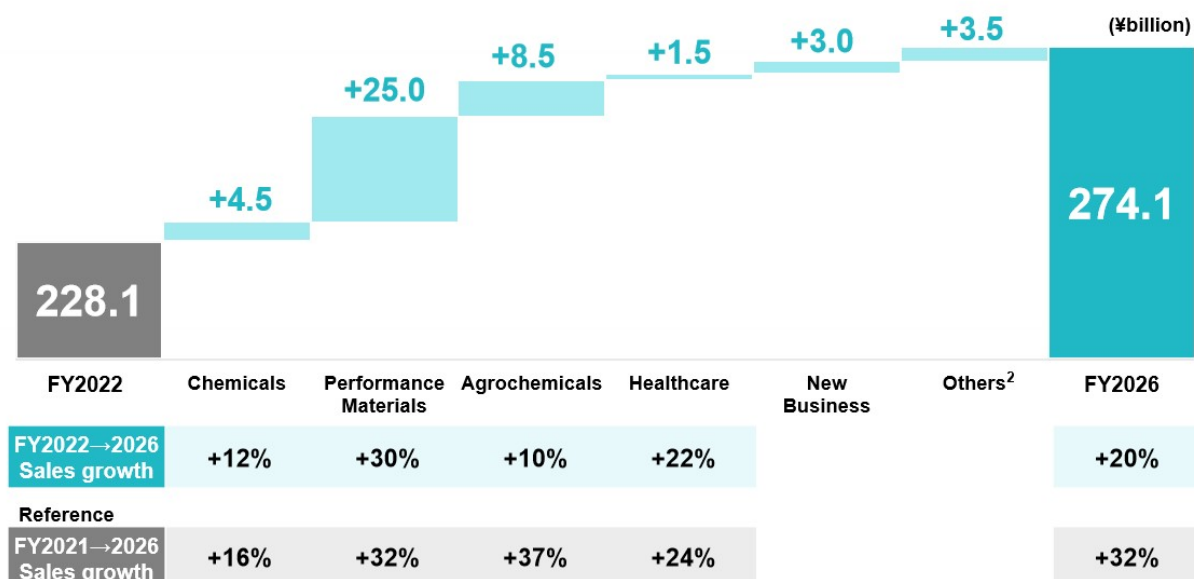
Healthcare	[Full-Year] Sales down, OP down
	LIVALO Sales down (domestic down, export flat)

Custom Chemicals	[Full-Year] Sales down, OP down
	Sales down (customer inventory adjustment of contracted products, price adjustment of generic APIs)

| 47

Rough Image of FY2026 Sales - Overall

Company total sales are expected to increase by 20% to ¥274.1 billion in FY2026, compared to ¥228.1 billion in FY2022.



1. Changes are rounded off to the nearest 0.5 billion yen
2. Trading, Others, Adjustment

I will explain a little more about the sales image for FY2026 starting on page 49.

Although we have not reviewed the mid-term business plan, we are presenting an image of sales in FY2026, which is 4 years from now, including this year, in comparison with FY2022. Since this is an image, it is shown in JPY0.5 billion increments.

As shown here, from JPY228.1 billion in FY2022, sales in Chemicals are expected to increase by 12% in the next 4 years.

Sales of Performance Materials will increase by 30% to JPY25.0 billion. Sales in Agrochemicals will increase by 10% to JPY8.5 billion. Sales in Healthcare will increase by 22%.

Altogether, we expect the Company as a whole to achieve a 4-year growth rate of 20% per annum.

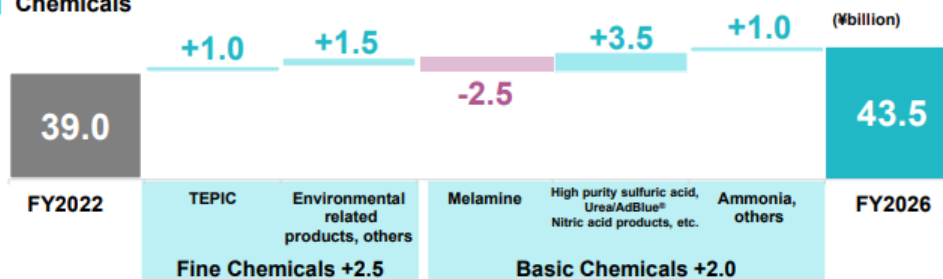
For reference, one line below shows the growth for the 5 years from FY2021.

As we have mentioned earlier, the figures for Agrochemicals show a significant increase in sales in FY2022.

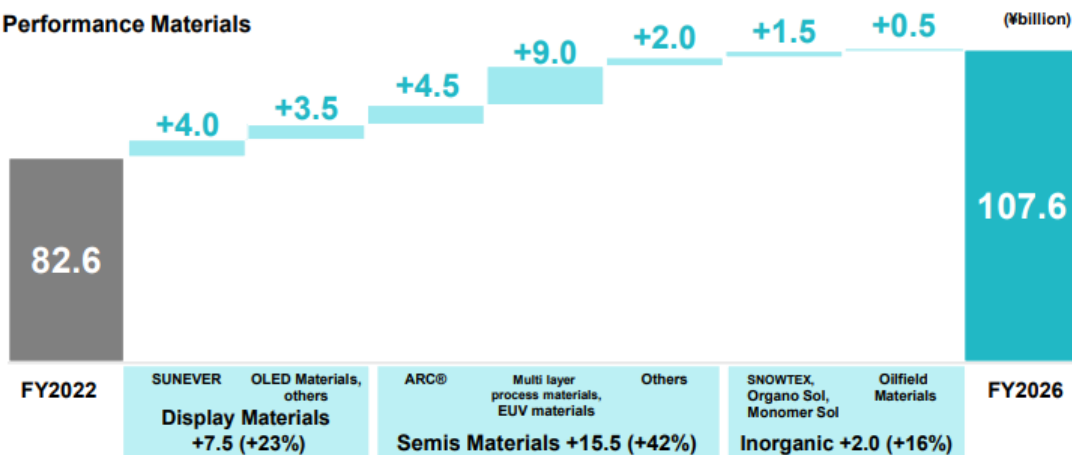
I will explain the growth by segment.

Rough Image of FY2026 Sales – Chemicals and Performance Materials

Chemicals



Performance Materials



1. Changes are rounded off to the nearest 0.5 billion yen
2. Percentage change in Performance Materials sub-segment is 4 year sales growth rate

First, please see page 50. Now let me explain it briefly.

Sales in Chemicals in the upper row totaled JPY39.0 billion and are expected to increase to JPY43.5 billion in FY2026.

Fine Chemicals are shown left, with an expected increase in sales of TEPIC or environmental-related products.

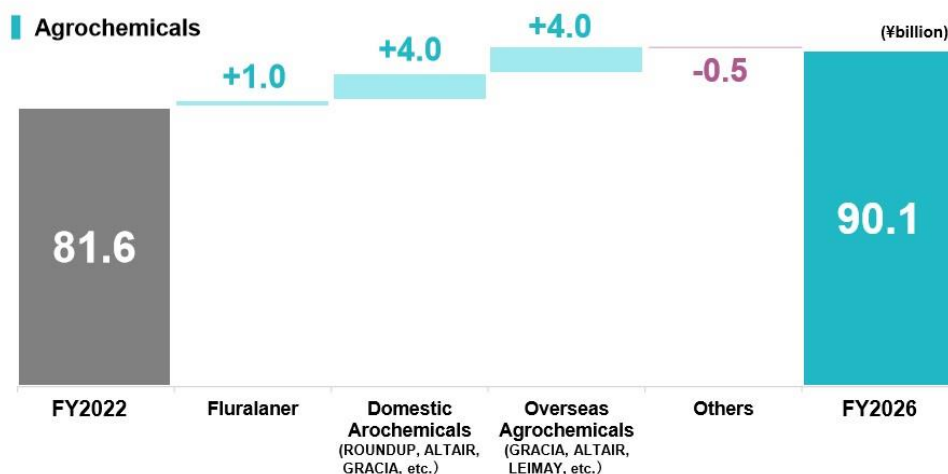
In Basic Chemicals, we plan to cover the JPY2.5 billion decrease in sales due to the suspension of melamine production and expect the figures as shown here.

Performance Materials are in the lower row. The sales were JPY82.6 billion in FY2022.

In the Display Materials, sales are expected to increase 23% over the next 4 years, and in the Semis Materials, sales are expected to increase 42% over the next 4 years, or JPY15.5 billion, based on the assumption that double-digit growth will continue over the medium to long term, although the Semis business is currently in an adjustment phase.

Sales of Inorganic Materials are also expected to increase by 16%.

Rough Image of FY2026 Sales – Agrochemicals, Healthcare, and New Business



Healthcare



New Business (sales up ¥3.0 billion in total)

Field	Products
Information & Communication	RDL Materials for FOWLP Optical Interconnect Materials
Environment & Energy	Secondary Battery Materials

1. Changes are rounded off to the nearest 0.5 billion yen

| 51

The next page 51 is for Agrochemicals.

As shown in the upper row, sales increased quite substantially from FY2021 to FY2022. With FY2022 as the launch pad, sales will increase by JPY1.0 billion for Fluralaner, and domestic agrochemicals will increase by JPY4.0 billion with ROUNDUP, ALTAIR, GRACIA, etc. Similar amounts of growth are expected for overseas agrochemicals. We plan to increase sales of GRACIA, ALTAIR, LEIMAY, and others.

Finally, we discuss the Healthcare Segment. We assume a sales increase of JPY1.5 billion to JPY8.2 billion. I believe that a reduction in sales in LIVALO is inevitable. In contrast, we plan to increase sales of medical materials in the Healthcare segment and for Custom Chemicals, we expect sales to increase in the items described.

As you can see on the right, we plan to generate JPY 3.0 billion in New Businesses by combining some products in the Information & Communication and Environmental & Energy fields.

I explained this time because I wanted to present an image of a portfolio that can grow sufficiently in the future, despite the slowdown in Performance Materials since 2H of last year, and the situation with the veterinary drug, Fluralaner.

E (Environment)	April 2021	Announced its Diversity Statement and Diversity Vision
	May 2022	Decided to work on realization of carbon neutrality by 2050 Established new long-term target for reducing greenhouse gas (GHG) emissions(see p60)
	June 2022	Reduced GHG emissions by melamine production stop (26,000 tons, equivalent to about 7% of FY2018)
	June 2022	Established Climate Change Committee
S (Social)	October 2022	Published " Integrated Report 2022 "
G (Governance)	April 2019	Established Nomination and Remuneration Advisory Committee as an optional advisory body of the Board of Directors
	June 2019	Introduced a performance-linked stock compensation plan called a Board Benefit Trust for Board of Directors, etc.
	June 2022	Announced incorporating ESG indicators into the officers' remuneration system (65% base remuneration, 28% performance-related remuneration, 7% remuneration in stock. Out of the 28% performance-related remuneration, 90% is profit-linked and 10% is ESG-linked.)
	June 2022	Updated and disclosed " Corporate Governance Report " including skills matrix for the board
	June 2023 (to be resolved)	Two female Outside Director appointed, as a result, the Board of Directors includes 4 Outside Directors out of 10

Finally, the ESG topic, page 53.

As indicated in the last line, one female outside director will be added to the current number of outside directors, making a total of 2, subject to approval at the General Meeting of Shareholders in June.

That's all from me.

Question & Answer

<Questioner 1>

Q: You explained earlier about Vista 2027. What is your sense of the progress toward the JPY58.5 billion in operating profit planned for FY2024 and JPY67.0 billion for FY2027? In the fiscal year just ended, there was a slight downturn in performance due to a shortfall of profit in Semis Materials. What is your outlook for this area?

A: Performance Materials are expected to exceed the forecast going forward. In addition, there are next products in the pipeline for Agrochemicals, and basically, the outlook is that Performance Materials and Agrochemicals will drive the profit. And, new products are being developed and are expected to be launched during this mid-term business plan.

Q: Secondly, you mentioned earlier the 2 technologies of microbial control and information science, and you have just explained the movement of sales up to FY2026. Can you give us some concrete products of what we can expect from these 2 technologies?

A: For microbial control, it is not in a situation to be launched in this mid-term business plan period, we are in a situation where we are firmly building up our technology and sowing the seeds for the launch of the product during this mid-term business plan period. However, we have begun some tests involving microbial materials, and we would like to grow them well in the future.

<Questioner 2>

Q: The first question is related to Chemicals. Since the suspension of melamine production last June, do you intend to further promote structural reforms in the future? You mentioned earlier that you are promoting measures to improve the profitability of the ammonia-based business. Are there any possibility that you might consider revising your product portfolio or production capacity in the Chemicals business? Looking at other domestic materials industries, I believe that there has been a noticeable trend toward a reduction in production capacity. Can you comment on this topic?

A: First, cyanuric acid, which is related to ammonia derivatives, and beyond that, TEPIK which would be affected by Chinese companies moving, we want to secure production capacity here, and would also like to aim for further price increases and sales expansion. And, in Chemicals, we would like to expand the products for semiconductor materials, such as high-purity related products like high purity sulfuric acid. And we do not have a direction for reduction at this time.

Q: The second question is about the establishment of the Animal Care Planning Group in April as you explained earlier. I think that you have been relied on Fluralaner in veterinary medicine for a while. Can you more aggressively pursue the development of even different APIs? Can you comment on what changes are likely to occur with respect to veterinary drug initiatives, including the possibility of acquiring drugs from other companies through M&A?

A: For veterinary drugs, one thing we want to do is to develop the next API after the current Fluralaner. We would also like to discuss with our partner Merck, including joint research on new drugs, with all possibilities, and we would like to explore various ways to develop veterinary drugs as the next pipeline. This is the direction we are moving in.

<Questioner 3>

Q: First, please think in terms of the year 2050. Should the Trading business be positioned as a continuous business, or is there an option to focus resources on its function as a manufacturer? Please explain the future direction of the Trading business and the continuity of the business.

A: Trading is a very important function for us. We are of the opinion that we will continue the business, including further sales expansion.

Q: The second one is about the Healthcare business. In terms of the scale of sales and operating profit, I think it is a little less powerful than the scale of sales and profit of other Agrochemicals and Performance Materials. I think that until FY2026, there will not be that big a leap in profit. What is the story from there, and will the Healthcare business grow from here? Please tell us what issues you are aware of.

A: First of all, the current LIVALO is gradually decreasing. This has been decreasing with the progress of generics. We would like to explore new uses with our partners and increase what we can.

In addition, we are proceeding with the research and development of oligonucleotide therapeutics. However, as you know, it takes 10 to 15 years from the discovery of a compound to its launch in the market. Aiming for this target, we are currently focusing our resources on oligonucleotide therapeutics in our development research. We have an expectation for this project.

<Questioner 4>

Q: The first question concerns the outlook for Agrochemicals in the new fiscal year. The forecast is given on page 37. There are factors, such as that the price hike in Japan was approved last December and that there is the effect of the new plant in India to reduce costs. Could you please explain a little more about the factors that led to only a JPY0.5 billion increase in profit on a JPY2.6 billion increase in net sales? Could you also briefly mention the change in the way fixed costs are aggregated?

A: One of the major causes is the increase in fixed costs, as you mentioned. To be more specific about the change in the method of aggregating fixed costs, we have once again scrutinized some of the figures that were previously aggregated and included in fixed costs for overseas subsidiaries. Since the operations of overseas subsidiaries are gradually becoming larger and larger, we have removed from the fixed cost total those items that are not pure fixed costs, specifically those that include inventory changes, etc., and reclassified them into other items such as inventory adjustment, etc. The impact is not so large for Agrochemicals.

The other is a veterinary drug called Fluralaner. In terms of sales, this fiscal year's figures are quite mild, with a 3% increase in sales. As you know, in FY2022, as inventory adjustments up to FY2021 were completed, APIs shipments increased considerably. In addition, there was also a shipment delay from the 4Q of FY2021 to the 1H of FY2022. In comparison to this, the figures are quite mild.

In any case, as stated in page 37, we will also continue to strive to increase sales of ROUNDUP, ALTAIR, and GRACIA.

As you know, the price of domestic general pesticides has been raised since last December. We are also expecting an increase from this to a certain degree. The part of the business that has already raised prices since last December, especially Agrochemicals, will generate fairly large sales in 2H of the year. We assume that the increase there is quite limited.

Q: Can you comment on the contribution of NBR?

A: NBR will start commercial production in this March. Although we expect a certain amount of profit contribution from this area on a consolidated basis, we have left our assumptions fairly conservative, as commercial production has just started.

Q: The second question is about the Performance Materials business. Could you please tell us the direction of sales for Display Materials and Semis Materials?

A: We expect Display Materials sales to increase QoQ both in 1Q and 2Q of FY2023. In addition, in terms of HoH, sales of 2H of FY2023 will increase compare to 1H of FY2023. In Semis Materials, sales are expected to slightly increase QoQ in 1Q of FY2023 and increase in 2Q of FY2023. On HoH, sales in 2H are expected to double-digit% increase from 1H of FY2023.

Q: Do you have a feeling that your customers are accumulating inventories of your materials? Can you also comment on whether you are seeing some recovery in the 2Q in terms of actual inquiries?

A: It is our understanding that the inventory held on the customer side is not accumulating at a level higher than expected. Then, regarding the curves for the 1Q and 2Q, the Display Materials will grow at about the same speed in both 1Q and 2Q. This bottomed out in 2Q of FY2022 last year and has been gradually recovering from there, and we do not expect such a trend to change.

For Semis Materials, sales will grow in 2Q from 1Q. We assume that the recovery will start gradually, first with logic, and then gradually, with full-fledged recovery beginning in 2H of the year.

Q: Have you confirmed any actual increase in inquiries for your company in Semis Materials at this time?

A: At this point in time, we have presented the figures on our material that was assumed at the time when our budget was formulated, which was around February of this year. Currently, we are in the process of closely examining customer trends.

<Questioner 5>

Q: First, I would like to ask about the Fluralaner. It was my understanding that the extension of the US patent itself has been decided, but how long it will be extended has not yet been determined. Have there been any updates since then?

A: Regarding the US patent, as stated on page 39, an extension is currently under examination, and there is no specific update after that.

Q: The second point concerns Semis Materials. I would appreciate your comments on the certainty of a recovery in 2H of the year and any factor that the business will outperform the market such as signs of market share expansion.

A: As for our outlook for 2H of the year, it is difficult to say what will suddenly outperform because of the complexity of the process at the leading edge of the industry. We assume that we will maintain our market share as the business recovers along with the recovery of the market.

Q: I heard earlier that sales are expected to increase QoQ slightly in the 1Q, on the other hand, the largest memory manufacturers started to reduce production around April. How about the certainty of that forecast?

A: For Semis Material as a whole, sales are expected to grow slightly in this 1Q. At the time we made a forecast, we estimated that we expected this level of figures. We are now closely examining the numbers, including the progress of the actual sale.

Q: At the time you formulated your plan, the largest memory manufacturers had not yet announced production cuts, is that correct?

A: Yes, that's correct.

[END]