



Nissan Chemical
CORPORATION

Nissan Chemical Corporation

3Q FY2021 Financial Results Briefing

Presenter:

MIYAZAKI Junichi Director, Senior Executive Vice President & CFO

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3Q FY2021 Financial Summary



3Q	vs. 3Q FY2020	<ul style="list-style-type: none">■ Sales up ¥5.8 billion (+13%)■ OP up ¥7.0 billion (+124%) (Including changes in accounting policies ¥4.0 billion¹)■ Net Income up ¥4.8 billion (+108%)
1-3Q Total ²	vs. 1-3Q FY2020	<ul style="list-style-type: none">■ Sales up ¥3.1 billion (+2%)■ OP up ¥10.3 billion (+44%) (Including changes in accounting policies ¥3.1 billion¹)■ Net Income up ¥7.2 billion (+39%)■ OP, Ordinary Income and Net Income set a new record
3Q	vs. 3Q Outlook as of Nov 2021	<ul style="list-style-type: none">■ Sales above target ¥2.8 billion■ OP above target ¥3.2 billion■ Net Income above target ¥2.0 billion
Shareholder Returns		<ul style="list-style-type: none">■ 1H dividend ¥50(¥4 up vs. 1H FY2020 Actual)■ Completed a ¥7.0 billion share repurchase program in July 2021 (1,262 thousand shares)

1. Effects of changes in accounting policies (see p5, p51) 2. Hereinafter referred to as 1-3Q

| 4

I'm Miyazaki, Vice President. I'd like to get started. Please see page 4. This is a summary of 3Q results.

First, 3Q alone. Sales increased by JPY5.8 billion, operating profit increased by JPY7.0 billion, and net income increased by JPY4.8 billion.

Regarding operating profit. As you can see at the bottom of this page, in the point number one note, please refer to page 51 and page 5. The impact of the change in accounting policies resulted in an increase of JPY4.0 billion. As a result, the actual operating profit was an increase of JPY3.0 billion from the previous fiscal year.

Next is the cumulative total for the first three quarters. Operating profit increased by JPY10.3 billion. Excluding the impact of accounting policies of JPY3.1 billion, the actual operating profit was an increase of JPY7.2 billion. Net income increased by JPY7.2 billion, and the figures for operating profit, ordinary profit, and net income were all record highs for the first three quarters of the fiscal year. The previous high was in December of 2018, so this record was updated.

Compared to the outlook for the 3Q, sales were JPY2.8 billion higher, operating profit was JPY3.2 billion higher, and net income was JPY2.0 billion higher.

Shareholder return for the first three quarters was JPY50 for the interim dividend, an increase of JPY4 from the previous fiscal year. We also conducted a share repurchase of JPY7.0 billion in July.

3Q FY2021 Financial Summary YOY Change

(¥billion)

	FY2020 Actual			FY2021 Actual ¹			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	94.5	43.7	138.2	91.8	49.5	141.3	-2.7 (-3%)	+5.8 (+13%)	+3.1 (+2%)
Operating Profit ²	18.0	5.6	23.6	21.3	12.6	33.9	+3.3 (+19%)	+7.0 (+124%)	+10.3 (+44%)
Non-Operating Income/Expenses	0.2	0.2	0.4	1.0	0.9	1.9	+0.8	+0.7	+1.5
Ordinary Income ²	18.2	5.8	24.0	22.3	13.5	35.8	+4.1	+7.7	+11.8
Extraordinary Income/Loss	1.1	0.0	1.1	0.0	0.2	0.2	-1.1	+0.2	-0.9
Net Income ²⁻³	13.9	4.5	18.4	16.3	9.3	25.6	+2.4	+4.8	+7.2
EBITDA ⁴	22.8	8.3	31.1	26.0	15.2	41.2	+3.2	+6.9	+10.1
EPS (¥/share) ²	95.96	30.97	126.93	113.94	65.64	179.58	+17.98	+34.67	+52.65
OP Margin ²	19.0%	12.9%	17.1%	23.2%	25.5%	24.0%	+4.2%	+12.6%	+6.9%
FX Rate (¥/\$)	107	105	106	110	114	111	-	-	-
Crude Oil (JCC) (\$/bbl) ⁵	36	44	38	70	80	74	-	-	-

1. FY2021 Actual: Including effects of changes in accounting policies (see p51)

2. FY2020 Actual: Amortization expense of the fungicide DITHANE (MANCOZEB) business, which was provisionally calculated with an amortization period of 5 years at that time, was revised to the final value of 15.6 years (weighted average) amortization after the accounting audit. As a result, OP and ordinary income have been revised by about +60 million yen and net income has been revised by about +40 million yen from the figures announced in 3Q FY2020. The only affected segment is Adjustment. Only the breakdown of 3Q and 4Q FY2020 has been revised, and there is no effect on 1H FY2020 and full year FY2020.

3. Net Income = Profit Attributable to Owners of Parent

4. EBITDA = Operating Profit + Depreciation and amortization

5. Based on Trade Statistics of Japan Ministry of Finance

Impact of Changes in Accounting Policies

(YOY Change) (see p51)

(¥billion)

	FY2021 Actual		
	1H	3Q	1-3Q
Sales Impact ⁶	-10.9	-1.7	-12.6
OP Impact ⁷	-0.9	+4.0	+3.1

6. Agent transactions, Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease

7. Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease

5

Next, please see page 5. This is the overall figure.

In the middle of the page, you can see the cumulative results for the first three quarters of FY2021. Sales, operating profit, ordinary profit, and net income were JPY141.3 billion, JPY33.9 billion, JPY35.8 billion, and JPY25.6 billion, respectively.

In 3Q, operating profit was JPY12.6 billion, ordinary profit was JPY13.5 billion, and net income was JPY9.3 billion.

On the right side of the page, compared to the same period last year, sales increased by JPY3.1 billion, operating profit by JPY10.3 billion, and net income by JPY7.2 billion.

As you can see in the second line from the bottom of the table, the exchange rate during this period was JPY110 for 1H of FY2021 and JPY114 for 3Q, resulting in a weighted average of JPY111, which is JPY5 weaker than last year's JPY106.

3Q FY2021 Financial Summary Compared to Outlook



(¥billion)

	FY2021 Outlook		FY2021 Actual ¹		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	46.7	138.5	49.5	141.3	+2.8
Operating Profit	9.4	30.7	12.6	33.9	+3.2
Non-Operating Income/Expenses	0.4	1.4	0.9	1.9	+0.5
Ordinary Income	9.8	32.1	13.5	35.8	+3.7
Extraordinary Income/Loss	0.0	0.0	0.2	0.2	+0.2
Income taxes and non-controlling interests ²	-2.5	-8.5	-4.4	-10.4	-1.9
Net Income ²	7.3	23.6	9.3	25.6	+2.0
EBITDA ²⁻³	-	-	15.2	41.2	-
EPS (¥/share)	-	-	65.64	179.58	-
OP Margin	20.1%	22.2%	25.5%	24.0%	-
FX Rate (¥/\$)	107	109	114	111	-
Crude Oil (JCC) (\$/bbl) ⁵	75	72	80	74	-

1. FY2021 Actual: Including effects of changes in accounting policies (see p5, p51)

2. Income taxes and non-controlling interests in 3Q FY2021 Outlook is revised due to incorrect figures.

3Q FY2021 Outlook before the revision was -1.0 billion yen for 3Q and -7.0 billion yen for 1-3Q.

Net income is revised as well. 3Q FY2021 Outlook before the revision was 8.8 billion yen for 3Q and 25.1 billion yen for 1-3Q.

3. Net Income = Profit Attributable to Owners of Parent 4. EBITDA = Operating Profit + Depreciation and amortization 5. Based on Trade Statistics of Japan Ministry of Finance

6

Please see page 6.

This is a comparison to the outlook. Sales increased by JPY2.8 billion, operating profit increased by JPY3.2 billion, ordinary profit increased by JPY3.7 billion, and net income increased by JPY2.0 billion.

Analysis of Changes in OP

(¥)

	FY2021 Actual	FY2020 Actual	YOY Change	Outlook	vs. Outlook
3Q	12.6 billion	5.6 billion	+7.0 billion (+124%)	9.4 billion	+3.2 billion
Chemicals	YOY Change +0.6 billion	Sales increase in melamine, TEPIC and environmental related products			
	vs. Outlook +0.3 billion	Sales increase in melamine and TEPIC			
Performance Materials	YOY Change +1.3 billion	Sales increase in Display Materials and Semis Materials			
	vs. Outlook +1.0 billion	Sales increase in Display Materials and Semis Materials, and recovery of Inorganic Materials			
Agro	YOY Change +4.4 billion	Effects of changes in accounting policies (Fluralaner royalties recognized and sales discount cost down), sales increase in QUINTEC, DITHANE and GRACIA			
	vs. Outlook +1.1 billion	Fluralaner royalties above target, sales increase in QUINTEC, ROUNDUP and GRACIA			
Pharma	YOY Change +0.4 billion	Custom Chemicals sales increase despite LIVALO sales decrease			
	vs. Outlook +0.1 billion	Custom Chemicals sales above target			
1-3Q	33.9 billion	23.6 billion	+10.3 billion (+44%)		
Chemicals	YOY Change +1.9 billion	Sales increase in melamine, TEPIC and environmental related products			
Performance Materials	YOY Change +3.8 billion	Sales increase in Display Materials and Semis Materials			
Agro	YOY Change +3.6 billion	Effects of changes in accounting policies (Fluralaner royalties sales increase and sales discount cost down), sales increase in QUINTEC and DITHANE			
Pharma	YOY Change +0.9 billion	Custom Chemicals sales increase despite LIVALO sales decrease			

| 7

Next, please see page 7.

This is an analysis of changes in operating profit. Again, it is an increase of JPY7.0 billion compared to the same period last year, but the actual increase was JPY3.0 billion.

Operating profit of Chemicals increased by JPY0.6 billion over the same period last year. In 3Q, we achieved a JPY0.3 billion increase compared to the outlook, with the strong performance of melamine and TEPIC being a major factor.

Operating profit of Performance Materials was JPY1.3 billion higher than the same period last year and JPY1.0 billion higher than the outlook, mainly due to strong sales of Display Materials and Semis Materials.

In the Agrochemicals, the impact of the accounting policies change was concentrated, and the YoY increase was JPY4.4 billion, but the actual increase was JPY0.4 billion because the change in accounting policies resulted in an increase of JPY4.0 billion. Compared to the outlook, we have increased our performance by JPY1.1 billion.

In the Pharmaceuticals, sales of LIVALO decreased, but Custom Chemicals performed well, and operating profit increased by JPY0.4 billion YoY. This is an increase of JPY0.1 billion over the outlook.

Looking at the first three quarters of the fiscal year, operating profit increased by JPY10.3 billion compared to the same period last year, with JPY1.9 billion growth in Chemicals, JPY3.8 billion growth in Performance Materials, JPY3.6 billion growth in Agrochemicals, and JPY0.9 billion growth in Pharmaceuticals.

Excluding the JPY3.1 billion increase in Agrochemicals due to a change in accounting policies, the actual increase was JPY0.5 billion.

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

(¥billion)

	FY2020 Actual			FY2021 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Non-Operating Income	0.95	0.64	1.59	1.36	1.05	2.41	+0.41	+0.41	+0.82
Interest income, dividend income	0.35	0.36	0.71	0.32	0.23	0.55	-0.03	-0.13	-0.16
Foreign exchange gains	0.00	0.00	0.00	0.10	0.21	0.31	+0.10	+0.21	+0.31
Equity in earnings of affiliates, others	0.60	0.28	0.88	0.94	0.61	1.55	+0.34	+0.33	+0.67
Non-Operating Expenses	0.76	0.42	1.18	0.42	0.15	0.57	-0.34	-0.27	-0.61
Interest expense	0.05	0.01	0.06	0.05	0.01	0.06	0.00	0.00	0.00
Foreign exchange losses	0.26	0.19	0.45	0.00	0.00	0.00	-0.26	-0.19	-0.45
Loss on disposal of non-current assets, others	0.45	0.22	0.67	0.37	0.14	0.51	-0.08	-0.08	-0.16
Non-Operating Income/Expenses	0.19	0.22	0.41	0.94	0.90	1.84	+0.75	+0.68	+1.43
Extraordinary Income	1.09	-0.03	1.06	2.82	0.50	3.32	+1.73	+0.53	+2.26
Extraordinary Loss	0.00	0.00	0.00	2.79	0.30	3.09	+2.79	+0.30	+3.09
Extraordinary Income/Loss	1.09	-0.03	1.06	0.03	0.20	0.23	-1.06	+0.23	-0.83

1. 1-3Q FY2020 Actual:

Extraordinary Income ¥1.06 billion (Gain on sales of investment securities ¥1.06 billion, sales amount ¥2.31 billion, sold 13 listed companies shares, sold 100% of our shareholdings of 10 listed companies)

2. 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.

8

Next, please see page 8.

This shows the trend of non-operating income and expenses and extraordinary income and loss.

Looking at non-operating income and expenses for the first three quarters compared to the same period of the previous fiscal year, it increased by JPY1.43 billion.

Extraordinary income was JPY0.5 billion in 3Q due to a gain on the sale of investment securities. In addition, there was an extraordinary loss of JPY0.3 billion due to impairment of unlisted stocks.

Cash Flows

Free cash flow in 1-3Q FY2021 was ¥28.2 billion, an increase of ¥4.5 billion from 1-3Q FY2020

(¥billion)

	FY2020 Actual	FY2021 Actual	YOY Change
	1-3Q	1-3Q	
CF from operating activities	34.6	35.0	+0.4
Income before income taxes & non-controlling interests ¹	25.1	36.0	+10.9
Extraordinary loss (income)	-1.1	-0.2	+0.9
Depreciation & amortization ^{1,2}	7.5	7.3	-0.2
Income taxes paid	-10.8	-12.8	-2.0
Working capital, others ¹	13.9	4.7	-9.2
CF from investing activities	-10.9	-6.8	+4.1
Purchase of PPE	-6.0	-6.2	-0.2
Purchase and sales of investment securities	2.2	4.0	+1.8
Others ³	-7.1	-4.6	+2.5
Free cash flow	23.7	28.2	+4.5
CF from financing activities	-33.8	-35.5	-1.7
Payout to shareholders (dividend)	-13.6	-15.5	-1.9
Payout to shareholders (share repurchase)	-7.0	-7.0	0.0
Borrowings	-13.2	-13.0	+0.2
Others	0.0	0.0	0.0
Effect of exchange rate change on cash & cash equivalents	0.0	0.1	+0.1
Change in cash & cash equivalents	-10.1	-7.2	+2.9
Cash & cash equivalents at end of period	20.6	25.2	+4.6

1. 1-3Q FY2020 Actual: Figures are revised due to the impact of recalculation of DITHANE amortization (see p5) 2. Including amortization of goodwill
 3. 1-3Q FY2020 Actual: Payments for acquisition of the DITHANE business -5.4 , Others -1.7
 1-3Q FY2021 Actual: Payments of long-term loans receivable to NBR -3.3, Others -1.3

9

Page 9, the status of cash flow.

As in the previous year, we have ample cash flow.

Operating cash flow increased by JPY0.4 billion compared to the same period last year, which is an increase in working capital. The increase in operating cash flow was smaller mainly due to a large increase in trade receivables and inventories in Agrochemicals.

On the other hand, cash flow from investments was positive JPY4.1 billion compared to the previous fiscal year. This mainly resulted from the absence of the recording of JPY5.4 billion for the acquisition of DITHANE last year.

Net cash used in financing activities increased by JPY1.7 billion, mainly due to an increase in dividends.

As a result, cash and cash equivalents increased by JPY4.6 billion to JPY25.2 billion at the end of December 2021.

Balance Sheets

	2020/12	2021/3	2021/12	vs. 2021/3		2020/12	2021/3	2021/12	vs. 2021/3
Current assets	130.5	159.6	151.0	-8.6	Liabilities	46.9	64.9	55.3	-9.6
Cash	20.6	32.4	25.2	-7.2	Accounts payable	17.3	16.3	19.6	+3.3
Accounts receivable	47.3	73.9	60.6	-13.3	Borrowings	11.3	22.7	9.8	-12.9
Inventories	54.8	46.7	58.1	+11.4	Others	18.3	25.9	25.9	0.0
Others	7.8	6.6	7.1	+0.5	Net assets	186.9	200.6	199.4	-1.2
Fixed assets	103.3	105.9	103.7	-2.2	Shareholders' equity ³	174.8	186.9	188.6	+1.7
Total PPE	51.5	51.8	51.9	+0.1	Valuation difference on available-for-sale securities	10.8	11.4	8.3	-3.1
Intangible assets	12.3	12.1	11.9	-0.2	Foreign currency translation adjustment	-0.4	0.1	0.1	0.0
Investment securities	34.3	35.9	30.8	-5.1	Non-controlling interests	1.7	1.7	2.0	+0.3
Others	5.2	6.1	9.1	+3.0	Remeasurements of defined benefit plans	0.0	0.5	0.4	-0.1
Total assets	233.8	265.5	254.7	-10.8	Total liabilities & net assets	233.8	265.5	254.7	-10.8

(¥billion)

Breakdown of Investment Securities

	2020/12	2021/3	2021/12	vs. 2021/3
Listed shares¹	23.8	24.4	19.1	-5.3
(Number of stocks held²)	(35)	(31)	(30)	(-1)
Unlisted shares	2.7	2.7	2.5	-0.2
Subsidiaries/Associate shares	7.8	8.8	9.2	+0.4
Total	34.3	35.9	30.8	-5.1

Equity Ratio	79.2%	74.9%	77.5%
D/E Ratio⁴	-5.3%	-5.2%	-8.1%

- 2021/3 24.4 + Acquisition 0 - Sales and valuation difference 5.3 = 2021/12 19.1
- Non-consolidated basis
- Change in shareholders' equity +1.7 = Net Income 25.6 - Dividend and others 23.9
- D/E Ratio = (Borrowings - Cash) / Shareholders' equity
- 2020/12: Figures are revised due to the impact of recalculation of DITHANE amortization (see p5)

| 10

Next, page 10 is the balance sheet.

As for total assets, they were JPY265.5 billion as of the end of March. As of the end of December, they were JPY254.7 billion, which is a decrease of JPY10.8 billion.

Below are investment securities. As you can see in the note on the right side, as a result of the sale of them, et cetera, the amount is JPY19.1 billion, a decrease of JPY5.3 billion from JPY24.4 billion at the end of March 2021.

The number of stocks held has decreased from 35 in December 2020 to 30.

As for the equity ratio, on the right, it was 77.5% at the end of December 2021.

3Q FY2021 Financial Results YOY Change by Segment

(#billion)

		FY2020 Actual			FY2021 Actual			YOY Change		
		1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Chemicals	Sales	14.7	8.3	23.0	17.1	10.5	27.6	+2.4 (+16%)	+2.2 (+26%)	+4.6 (+20%)
	OP	-0.1	0.7	0.6	1.2	1.3	2.5	+1.3 (-)	+0.6 (+81%)	+1.9 (+329%)
Performance Materials	Sales	34.6	19.2	53.8	39.6	20.9	60.5	+5.0 (+14%)	+1.7 (+9%)	+6.7 (+12%)
	OP	10.7	6.3	17.0	13.2	7.6	20.8	+2.5 (+23%)	+1.3 (+21%)	+3.8 (+22%)
Agrochemicals	Sales	25.7	6.3	32.0	25.0	11.9	36.9	-0.7 (-3%)	+5.6 (+92%)	+4.9 (+15%)
	OP	7.8	-1.3	6.5	7.0	3.1	10.1	-0.8 (-10%)	+4.4 (-)	+3.6 (+55%)
Pharmaceuticals	Sales	3.0	1.4	4.4	3.3	2.0	5.3	+0.3 (+10%)	+0.6 (+38%)	+0.9 (+19%)
	OP	0.0	0.0	0.0	0.5	0.4	0.9	+0.5 (-)	+0.4 (-)	+0.9 (-)
Trading	Sales	33.7	17.8	51.5	36.4	22.2	58.6	+2.7	+4.4	+7.1
	OP	1.2	0.7	1.9	1.3	0.8	2.1	+0.1	+0.1	+0.2
Others	Sales	9.4	6.8	16.2	10.4	6.1	16.5	+1.0	-0.7	+0.3
	OP	0.0	0.4	0.4	0.0	0.2	0.2	0.0	-0.2	-0.2
Adjustment	Sales	-26.6	-16.1	-42.7	-40.0	-24.1	-64.1	-13.4	-8.0	-21.4
	OP	-1.6	-1.2	-2.8	-1.9	-0.8	-2.7	-0.3	+0.4	+0.1
Total	Sales	94.5	43.7	138.2	91.8	49.5	141.3	-2.7 (-3%)	+5.8 (+13%)	+3.1 (+2%)
	OP	18.0	5.6	23.6	21.3	12.6	33.9	+3.3 (+19%)	+7.0 (+124%)	+10.3 (+44%)

1. Including inter-segment sales/transfers

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

| 12

3Q FY2021 Financial Results Compared to Outlook by Segment

(#billion)

		FY2021 Outlook		FY2021 Actual		vs. Outlook
		3Q	1-3Q	3Q	1-3Q	3Q
Chemicals	Sales	9.6	26.7	10.5	27.6	+0.9
	OP	1.0	2.2	1.3	2.5	+0.3
Performance Materials	Sales	20.5	60.1	20.9	60.5	+0.4
	OP	6.6	19.8	7.6	20.8	+1.0
Agrochemicals	Sales	11.2	36.2	11.9	36.9	+0.7
	OP	2.0	9.0	3.1	10.1	+1.1
Pharmaceuticals	Sales	1.9	5.2	2.0	5.3	+0.1
	OP	0.3	0.8	0.4	0.9	+0.1
Trading	Sales	20.0	56.4	22.2	58.6	+2.2
	OP	0.6	1.9	0.8	2.1	+0.2
Others	Sales	5.3	15.7	6.1	16.5	+0.8
	OP	0.1	0.1	0.2	0.2	+0.1
Adjustment	Sales	-21.8	-61.8	-24.1	-64.1	-2.3
	OP	-1.2	-3.1	-0.8	-2.7	+0.4
Total	Sales	46.7	138.5	49.5	141.3	+2.8
	OP	9.4	30.7	12.6	33.9	+3.2

1. Including inter-segment sales/transfers

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

| 13

We will now move on to the explanation of the segments.

Page 12 is a summary table of YoY comparisons. Please refer to it later. Page 13 is a table that summarizes the comparison to the outlook.

Chemicals Sales Growth Rate of Main Products 

- Fine Chemicals: [1-3Q]Sales YOY +19%, Sales above target
- Basic Chemicals: [1-3Q]Sales YOY +20%, Sales above target

Main Products		YOY Change		vs. Outlook as of Nov 2021 (undisclosed)
		3Q	1-3Q	
TEPIC	[Features] Epoxy compounds with excellent heat resistance, weather resistance and transparency. World largest manufacturer. [Usage] General applications: powder coating agent for paint Electronic materials: solder resist, LED materials	+20%	+23%	Above
Environmental related products	[Features] Made from chlorinated isocyanuric acid [Usage] Sterilizer, disinfectant for pool and water purification tank	+30%	+16%	Above
Total Fine Chemicals		+27%	+19%	Above

Two products account for 74% of total consolidated subsegment sales (1-3Q FY2021)

Main Products		YOY Change		vs. Outlook as of Nov 2021 (undisclosed)
		3Q	1-3Q	
Melamine	[Features] Resin material with high-grade texture and robust properties [Usage] Adhesive agent for plywood, decorative plate	+99%	+65%	Above
Urea/AdBlue	[Features] Nitrogen oxides (NOX) are decomposed into harmless nitrogen and water when injected into the exhaust gas. Contribute to reduce impact to environment [Usage] High-grade urea solution for purification of diesel vehicle emissions, adhesive agent	+23%	+18%	Above
High purity sulfuric acid	[Features] Domestic largest manufacturer [Usage] Semiconductor cleaners	+8%	+9%	Above
Nitric acid products	[Features] Strongly acidic chemical obtained by oxidizing ammonia and used in a wide range of fields [Usage] Metal dissolution, surface treatment, antifoam agent	+12%	+17%	Above
Total Basic Chemicals		+25%	+20%	Above

Four products account for 56% of total consolidated subsegment sales (1-3Q FY2021)

| 15

Let's start with the Chemicals segment. Please see page 15.

This shows the YoY trend in sales of main products.

As for Fine Chemicals, TEPIC and environmental related products, as you can see from the figures here, the cumulative total for the three quarters increased by 19%, which is higher than our outlook for the 3Q, although we do not provide the figures for each product.

As for Basic Chemicals, the total for the first three quarters of the fiscal year was up 20%, with melamine in particular posting a 65% increase. Also, as for melamine, we have achieved 99% growth for 3Q alone.

All of our main products have exceeded our outlook.

[3Q] Sales up ¥2.2 billion, OP up ¥0.6 billion

[1-3Q] Sales up ¥4.6 billion, OP up ¥1.9 billion

(¥billion)

	FY2020 Actual			FY2021 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	14.7	8.3	23.0	17.1	10.5	27.6	+2.4	+2.2	+4.6
Fine Chemicals	5.4	2.8	8.2	6.2	3.7	9.9	+0.8	+0.9	+1.7
Basic Chemicals	9.3	5.5	14.8	10.9	6.8	17.7	+1.6	+1.3	+2.9
OP	-0.1	0.7	0.6	1.2	1.3	2.5	+1.3	+0.6	+1.9

	[3Q] Sales up, OP up	[1-3Q] Sales up, OP up
Fine Chemicals	TEPIC for general applications	[3Q]&[1-3Q] Sales up (price up)
	TEPIC for electronic materials	[3Q] Sales down (semiconductor shortage) [1-3Q] Sales up
	Environmental related products	[3Q]&[1-3Q] Sales up (isocyanuric acid capacity expansion completed)
		[3Q] Feedstock and raw materials cost up, shipping cost up [1-3Q] Feedstock and raw materials cost up, shipping cost up, fixed cost up
Basic Chemicals	Melamine	[3Q]&[1-3Q] Sales up
	Urea/AdBlue	[3Q]&[1-3Q] Sales up
	High purity sulfuric acid	[3Q]&[1-3Q] Sales up
	Nitric acid products	[3Q]&[1-3Q] Sales up
	[3Q] Feedstock and raw materials cost up	[1-3Q] Feedstock and raw materials cost up, shipping cost up

| 16

Page 16 shows the YoY profit and loss trend.

First of all, Fine Chemicals, in the lower left-hand corner, has increased its sales and profits for 3Q, and for the first three quarters, respectively.

TEPIC for general applications, in particular, has seen a notable increase in price. Sales of TEPIC for electronic materials decreased for 3Q due to the shortage of semiconductors.

Sales of environmental related products increased due to the capacity expansion for isocyanuric acid.

As you can see at the bottom of the page, there were cost factors, such as high feedstock and raw materials and high shipping costs, but we were able to increase profits.

In terms of Basic Chemicals, as I have just explained, all of our main products have increased in sales and profits, despite the high cost of feedstock and raw materials and the increase in shipping costs.

As a result, operating profit increased by JPY1.9 billion in the segment in the first three quarters.

3Q FY2021 Financial Results Compare to Outlook

[3Q] Sales above target ¥0.9 billion, OP above target ¥0.3 billion

(¥billion)

	FY2021 Outlook as of Nov 2021		FY2021 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	9.6	26.7	10.5	27.6	+0.9
Fine Chemicals	3.4	9.6	3.7	9.9	+0.3
Basic Chemicals	6.2	17.1	6.8	17.7	+0.6
OP	1.0	2.2	1.3	2.5	+0.3

[3Q] Sales above target, OP below target

Fine Chemicals	TEPIC for general applications	Sales above target
	TEPIC for electronic materials	Sales below target (semiconductor shortage)
	Environmental related products	Sales above target
	Feedstock and raw materials cost above expectations	

[3Q] Sales above target, OP above target

Basic Chemicals	Melamine	Sales above target
	Urea/AdBlue	Sales above target
	High purity sulfuric acid	Sales above target
	Nitric acid products	Sales above target

| 17

Next, let's move on to page 17.

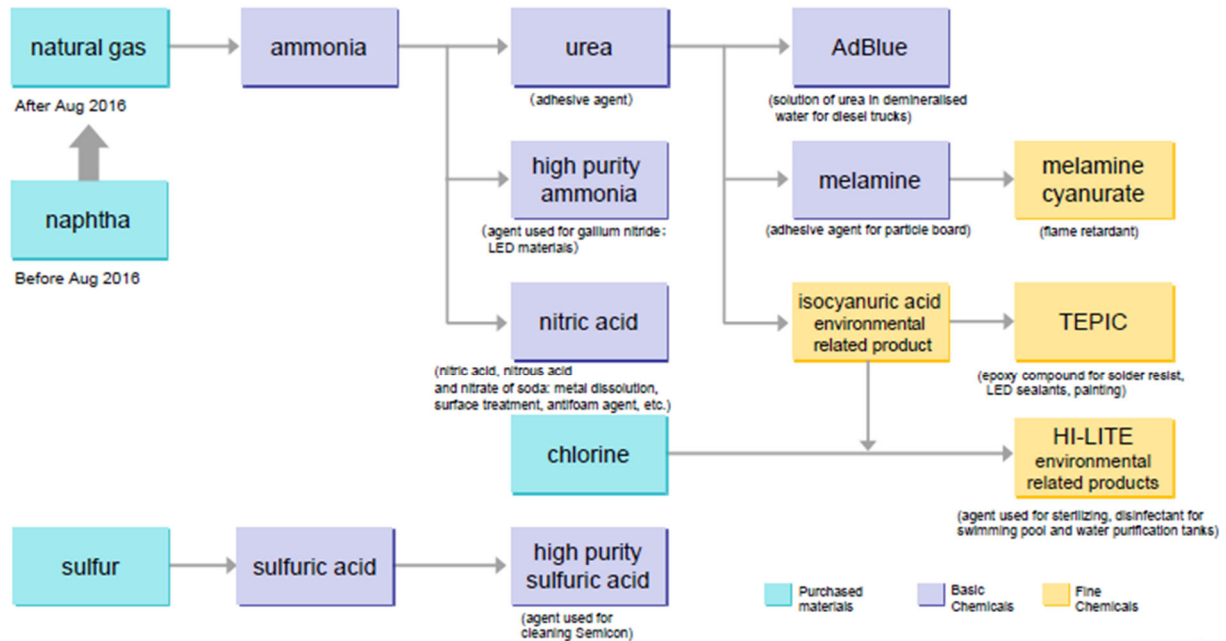
As for the comparison to the outlook for 3Q, sales of Fine Chemicals were up, but the figure was a little lower than the target due to the high cost of feedstock and raw materials.

On the other hand, sales and profits of Basic Chemicals were up due to higher sales of main products.

For the segment as a whole, 3Q saw an upturn in profit of JPY0.3 billion.

Core products are ammonia related products and sulfuric acid related products.

FY2020 ammonia domestic production capacity share 11%. Focus on high value-added products, such as high purity sulfuric acid and TEPIC, instead of pursuing scale.



18

No change from 1Q FY2021 Presentation Materials announced in Aug 2021. From both financial and non-financial benefits, shutdown of melamine plant was decided. Continue to concentrate its management resources on high value-added products and products with a high market share.

1. Sales · OP distribution (Total FY2018-2020)

	Sales	OP	Main products	(¥billion)
Ammonia-related products	67.4 (66%)	0.7 (12%)	ammonia, urea/AdBlue, high purity ammonia, melamine, nitric acid, isocyanuric acid, HI-LITE, TEPIC, melamine cyanurate	
Sulfuric acid-related products	34.5 (34%)	5.1 (88%)	sulfuric acid, purified sulfuric acid, high purity sulfuric acid	
Others			FINEOXOCOL etc.	
Total Chemicals	101.9 (100%)	5.8 (100%)		

*Among ammonia-related products, melamine has the highest sales but is in the red
*Total profit of ammonia-related products other than melamine is in the black

2. Current status and prospects of melamine

Unlikely to secure stable profits in mid-long term, and to expect profit expansion by new investments

- World production capacity is twice of demand (our estimate)
- Domestic production capacity (2 companies including NCC) is 3 times of demand (our estimate)
- Prices are on recovery trend, but always unstable due to cheaper Chinese products (Chinese production capacity accounts for about 70% of the world)

3. Actions to be taken

- (1) Melamine: (A) stop production permanently in June 2022, (B) end sales when inventory eliminated
- (2) Expand sales of Chemicals segment by concentrating on high value and high share products
- (3) Reassign melamine plant operators in Toyama plant
- (4) Continue to sell melamine derivatives by purchasing melamine as raw materials

4. Estimated PL effects of actions

- (1) The effects of related costs were minor as such costs were compensated by gain on sales of investment securities (recorded in 2Q FY2021, see p8)

(2) PL image of Chemicals segment in FY2023

	FY2021 Outlook as of May 2021	Difference between FY2023 Outlook Effects of Melamine stop and countermeasures	FY2023 PL Image
Sales	34.6	+1.6	36.2
OP	2.4	+1.0	3.4

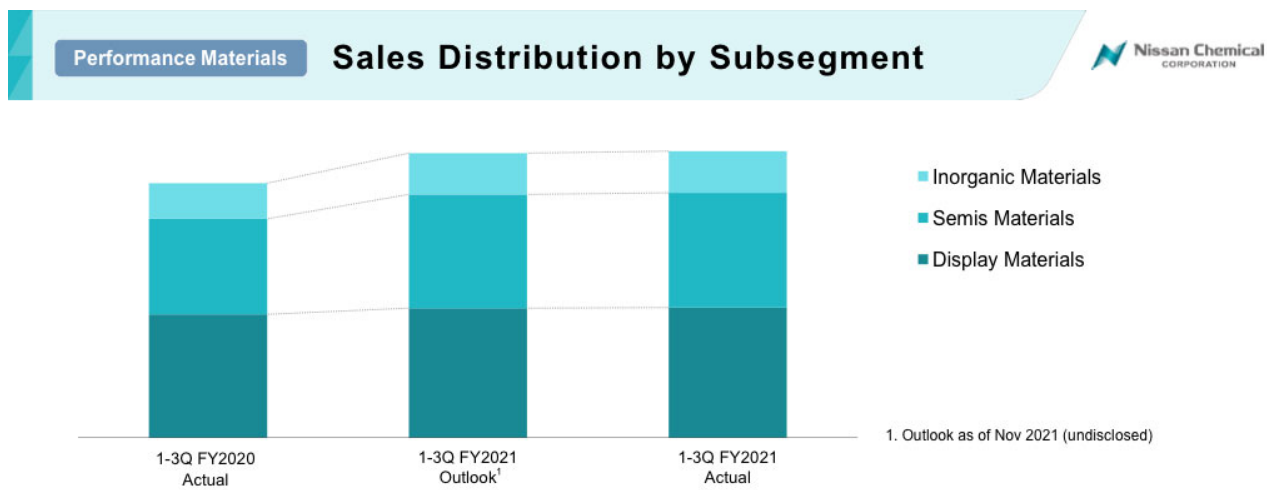
5. ESG

By shutdown of melamine, 26,000 GHG (t-CO₂) or equivalent to about 7% of FY2018 GHG (see p48) estimated to be reduced

19

Next is page 19.

This is about the effect of shutdown of melamine, which was mentioned in the previous presentation materials. The content of the page has not been changed.



Main Products

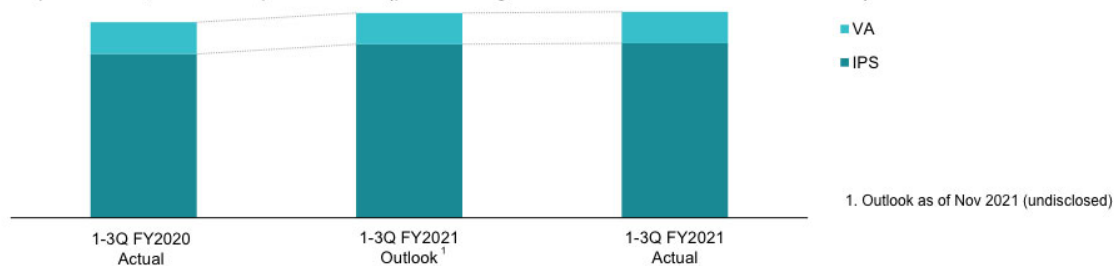
Display Materials		Semis Materials		Inorganic Materials	
SUNEVER	LCD alignment coating	ARC®	Bottom anti-reflective coating for semis	SNOWTEX	Silica sol for polishing materials (silicon wafer, compound semiconductors, semiconductors CMP and etc.) and non-polishing materials (special steel sheet and etc.)
		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, let's move on to Performance Materials.

As you can see in the bar graph on page 21, overall sales increased from the first three quarters of the previous fiscal year. In the first three quarters, sales increased more than the outlook.

Sales increased in IPS mode.

In particular, sales of photo IPS (photo alignment materials for IPS LCDs) increased in IPS mode.



Main Applications

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

Sales Growth Rate by Mode

	YOY Change		vs. Outlook as of Nov 2021 (undisclosed)
	3Q	1-3Q	
VA	+0 ~ +9%	-9 ~ -0%	Above
IPS	+0 ~ +9%	+0 ~ +9%	Above
Total SUNEVER (including TN ²)	+2%	+5%	Above

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

| 22

Let me explain about SUNEVER. Please see page 22.

In 3Q alone, sales were up 2%, and in the first three quarters, sales were up 5%, which is higher than our outlook.

- DP Materials: [1-3Q]Sales YOY +6%, Sales above target
- Semis Materials: [1-3Q]Sales YOY +20%, Sales above target
- Inorganic Materials: [1-3Q]Sales YOY +17%, Sales above target

Main Products	YOY Change		vs. Outlook as of Nov 2021 (undisclosed)	Main Products	YOY Change		vs. Outlook as of Nov 2021 (undisclosed)
	3Q	1-3Q			3Q	1-3Q	
Total SUNEVER	+2%	+5%	Above	SNOWTEX	+10%	+16%	Below
Total Display Materials	+2%	+6%	Above	Organo/Monomer Sol	+7%	+19%	Above
KrF (ARC®)	+25%	+23%	Above	Oilfield Materials	-71%	-16%	Below
ArF (ARC®)	+20%	+21%	Above	Total Inorganic Materials	+6%	+17%	Above
Total ARC®	+22%	+22%	Above				
Other Semis Materials ¹	+14%	+16%	Above				
Total Semis Materials	+20%	+20%	Above				

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

Next, on page 23, you will see the numbers for each sub-segment.

For Display Materials, including SUNEVER I mentioned earlier, sales growth was positive 6% in the first three quarters, which is also higher than our outlook.

Semis Materials, including ARC and other semis materials, increased YoY. It is also up from the outlook.

Inorganic Materials are also performing well, except for Oilfield Materials.

As a result, Inorganic Materials increased by 17% in the first three quarters. On the other hand, Semis Materials increased by 20%.

[3Q] Sales up ¥1.7 billion, OP up ¥1.3 billion,

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

[1-3Q] Sales up ¥6.7 billion, OP up ¥3.8 billion,

Fixed cost up ¥0.7 billion in total (including common expenses up ¥0.1 billion)

(¥billion)

	FY2020 Actual			FY2021 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	34.6	19.2	53.8	39.6	20.9	60.5	+5.0	+1.7	+6.7
OP	10.7	6.3	17.0	13.2	7.6	20.8	+2.5	+1.3	+3.8

Display Materials	[3Q] Sales up, OP up [1-3Q] Sales up, OP up	[3Q] Sales up, OP up [1-3Q] Sales up, OP up
	Photo IPS [3Q] & [1-3Q] Sales up (non-smartphone up)	ARC® [3Q] & [1-3Q] Sales up
	Rubbing IPS [3Q] & [1-3Q] Sales down	Other semis materials [3Q] & [1-3Q] Sales up (multi layer materials and other new materials ¹ up)
	VA [3Q] Sales up [1-3Q] Sales down	[3Q] Semis market overall good performance [1-3Q] Semis market overall good performance, fixed cost up ¥0.4 billion
	[3Q] Fixed cost down ¥0.2 billion [1-3Q] Fixed cost down ¥0.1 billion	1. other new materials: EUV materials, CMOS image sensor materials, 3D packaging process materials total
Inorganic Materials	[3Q] Sales up, OP up [1-3Q] Sales up, OP up	[3Q] Sales up, OP up [1-3Q] Sales up, OP up
	SNOWTEX [3Q] & [1-3Q] Sales up (non-polishing and polishing up)	Organo/Monomer Sol [3Q] & [1-3Q] Sales up
	Oilfield materials [3Q] & [1-3Q] Sales down	[1-3Q] Fixed cost up ¥0.3 billion

| 24

Next is Performance Materials. Please see page 24. It shows the YoY comparison.

First is Display Materials. Photo IPS is performing well in the non-smartphone field, especially in the small- and medium-sized fields, and sales are up in both 3Q and the first three quarters.

As for rubbing IPS, the shift to photo IPS is progressing further, so the figure was negative.

VA sales increased in 3Q alone but declined slightly in the first three quarters, due to the impact of line reductions by customers in South Korea. In terms of revenue, Display Materials sales and profits increased in both 3Q and the first three quarters of the fiscal year.

Next, Semis Materials. ARC and other materials have all been performing very well, resulting in increased sales and profits for 3Q alone as well as for the first three quarters.

Sales of Inorganic Materials also increased, and although Oilfield materials sales were slightly down, overall sales and profits increased.

3Q FY2021 Financial Results Compare to Outlook

【3Q】Sales above target ¥0.4 billion, OP above target ¥1.0 billion, Fixed cost below expectations ¥0.4 billion in total

	FY2021 Outlook as of Nov 2021		FY2021 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	20.5	60.1	20.9	60.5	+0.4
OP	6.6	19.8	7.6	20.8	+1.0

(¥billion)

Display Materials	【3Q】 Sales above target, OP above target		Semis Materials	【3Q】 Sales above target, OP above target	
	Photo IPS	Sales above target (non-smartphone up)		ARC®	Sales above target
	Rubbing IPS	Sales below target		Other semis materials	Sales above target (multi layer materials and other new materials ¹ above target)
	VA	Sales above target		Semis market overall good performance, Fixed cost below expectations ¥0.2 billion	
Fixed cost below expectations ¥0.1 billion			1. other new materials: EUV materials, CMOS image sensor materials, 3D packaging process materials total		
Inorganic Materials	【3Q】 Sales above target, OP above target		【3Q】 Sales above target, OP above target		
	SNOWTEX	Sales below target (non-polishing down, polishing up)			
	Organo/Monomer Sol	Sales above target			
	Oilfield materials	Sales below target			
Fixed cost below expectations ¥0.1 billion					

| 25

On page 25, the comparison to the outlook of Performance Materials.

Overall, operating profit was up by JPY1.0 billion. For Display Materials, photo IPS was also up, reflecting the strong performance of notebooks and others.

Rubbing IPS is on the downswing, and among the rubbing products, large-sized products and smartphones are on the downswing, while small- and medium-sized products are on the upside.

For VA, sales are on the upswing.

Next is Semis Materials. Both sales and profits are on the upswing. ARC and other semis materials are also on the upside.

Inorganic Materials. In SNOWTEX, sales of non-polishing products were slightly down due to inventory adjustments, but sales of polishing products were strong.

Sales of Organo/Monomer Sol were up, while Oilfield Materials were down, and other materials were also up, so overall sales and profits were up.

Sales Growth Rate of Main Products (before discount)

[1-3Q] Sales YOY +11%, Sales above target

Main Products (in order of FY2020 Sales amount)	Types	YOY Change (1-3Q)	vs. Outlook as of Nov 2021 (undisclosed)
ROUNDUP ¹	Herbicide	+9%	Above
Fluralaner	Animal Health products	+15%	Above
ALTAIR	Herbicide	-17%	Above
TARGA	Herbicide	+23%	Below
GRACIA	Insecticide	-32%	Above
PERMIT	Herbicide	+3%	Above
LEIMAY	Fungicide	+4%	Below
QUINTEC	Fungicide	Over +300%	Above
DITHANE	Fungicide	-	Below
Total segment	-	+11%	Above

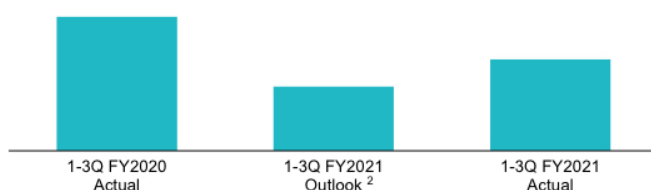
Reference

- No.1 in the domestic agrochemicals sales ranking (Oct 2018- Sep 2019)

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

1. ROUNDUP AL for general household accounting for 30% of 1-3Q FY2021 ROUNDUP sales

GRACIA Sales



Reference

2Q FY2021 Presentation Materials (announced on Nov 11, 2021)
p30 GRACIA Sales Growth forecast

2. Outlook as of Nov 2021 (undisclosed)

Next, Agrochemicals. Please see page 27.

First, let's look at the sales trends of the main products.

The segment as a whole posted a significant increase in sales, with a positive 11% in the first three quarters. This exceeds our outlook.

There are individual factors. TARGA, the fourth, LEIMAY, the seventh, and DITHANE, the lowest, below the targets, while the others exceeded the targets.

As you can see in the bar graph below, sales in GRACIA, in particular, exceeded our outlook by a considerable margin. The original outlook for the first three quarters of the fiscal year was a YoY decline of 52%, but we came to a decline of 32%, so the situation considerably recovered.

[3Q] Sales up ¥5.6 billion, OP up ¥4.4 billion, Fixed cost up ¥0.3 billion

(sales up ¥4.0 billion, OP up ¥4.0 billion due to changes in accounting policies)

[1-3Q] Sales up ¥4.9 billion, OP up ¥3.6 billion, Fixed cost up ¥0.9 billion (including DITHANE amortization ¥0.2 billion)

(sales up ¥3.1 billion, OP up ¥3.1 billion due to changes in accounting policies)

(¥billion)

	FY2020 Actual			FY2021 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	25.7	6.3	32.0	25.0	11.9	36.9	-0.7	+5.6	+4.9
OP	7.8	-1.3	6.5	7.0	3.1	10.1	-0.8	+4.4	+3.6

Main products	Product Name	FY2020 Actual		FY2021 Actual		YOY Change	
		1H	3Q	1-3Q	1H	3Q	1-3Q
	ROUNDUP(Herbicide)						
	Fluralaner(Animal health product)						
	ALTAIR(Herbicide)						
	TARGA(Herbicide)						
	GRACIA(Insecticide)						
	PERMIT(Herbicide)						
	LEIMAY(Fungicide)						
	QUINTEC(Fungicide)						
	DITHANE(Fungicide)						

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

(Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease) (see p51)

| 28

I will explain the status of each product as well as the revenue trend on page 28.

First, ROUNDUP. As for 3Q and the first three quarters, we announced that we would raise prices in December, so there was a rush of demand in 3Q. This was a major factor.

For Fluralaner, the first time we recorded royalties in 3Q alone, due to a change in accounting policies, resulted in a very significant transition. Looking at the first three quarters, sales of APIs decreased, but as I mentioned earlier, the recording of royalties in 3Q was a major factor in the increase.

For ALTAIR, sales increased slightly in 3Q, but for the first three quarters saw, there was an anomaly in FY2020, with very large numbers, and therefore in FY2021, sales normalized and declined.

Then, TARGA. Sales in both 3Q and the first three quarters increased largely due to the launch of a mixture product for India.


Looking at GRACIA in 3Q alone, sales have increased partly because distribution stock has been decreasing and the need for pest control was greater than expected. In terms of exports, the increase in sales from the launch of product for India has made a contribution. However, the first three quarters saw a decline in sales due to the impact of lower sales in 1H.

In terms of PERMIT, sales decreased slightly in 3Q, but increased in the first three quarters.

For LEIMAY, sales decreased slightly in 3Q, but increased in the first three quarters.

In 3Q, QUINTEC had earlier shipments from 4Q, resulting in positive figures. The first three quarters saw also a significant increase in sales due to the positive effects of both shipment shifted from 4Q of FY2020 to 1Q of FY2021 and shipment shifted from 4Q of FY2021 to 3Q of FY2021.

As for DITHANE, sales started in 4Q of last fiscal year, so sales recorded was equal to the increase in sales.

Agrochemicals **3Q FY2021 Financial Results Compare to Outlook** 

[3Q] Sales above target ¥0.7 billion, OP above target ¥1.1 billion, Fixed cost below expectations ¥0.1 billion, Inventory adjustment cost below expectations ¥0.2 billion

	FY2021 Outlook as of Nov 2021		FY2021 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	11.2	36.2	11.9	36.9	+0.7
OP	2.0	9.0	3.1	10.1	+1.1

(¥billion)

Main products	FY2021 Outlook as of Nov 2021		FY2021 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
ROUNDUP(Herbicide)					Sales above target (ML: rush demand following the announcement of price hikes in December)
Fluralaner(Animal health product)					Sales above target (API: in line with target, royalties above target)
ALTAIR(Herbicide)					Sales above target
TARGA(Herbicide)					Sales below target (shipment shifted to 4Q FY2021)
GRACIA(Insecticide)					Sales above target (domestic: above due to decrease in distribution inventory and increase pest control needs, export: due to launch in new countries)
PERMIT(Herbicide)					Sales above target
LEIMAY(Fungicide)					Sales below target (production and shipping delays)
QUINTEC(Fungicide)					Sales above target (shipment shifted from 4Q FY2021)
DITHANE(Fungicide)					Sales below target

1. FY2021 Actual & Outlook : including effects of changes in accounting policies (Fluralaner royalties increase/decrease due to changes in recognized timing and sales discount cost increase/decrease) (see p51)

As for the comparison with the outlook, please see page 29.

Compared to the outlook, operating profit was positive at JPY1.1 billion.

Looking at the products, ROUNDUP has been greatly affected by the rush demand I mentioned earlier.

On the other hand, with regard to Fluralaner, the shipment level of APIs was almost as expected, but the upward swing in royalties led to an upward swing in sales. It is a small upside.

For TARGA, it was below the target due to the fact that shipment shifted to 4Q.

GRACIA, as I mentioned earlier, there was a greater need for pest control than expected, and there were new launches on the market, which led to a positive result.

PERMIT is also up modestly.

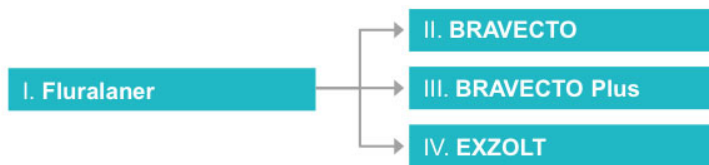
LEIMAY below the target. This is due to the delay in overseas ship delivery.

QUINTEC, on the other hand, is ahead of schedule.

The downside for DITHANE is a small amount.

Agrochemicals **API of Animal Health Product Fluralaner** 

BRAVECTO series and Exzolt, which contains the active pharmaceutical ingredient of fluralaner invented by NCC, are currently available in more than 100 countries.



I. Fluralaner

- Invented by NCC and supplied to MSD¹ as the active pharmaceutical ingredient of BRAVECTO and EXZOLT
- Currently, BRAVECTO series and EXZOLT are available in more than 100 countries
- Compound patent
 - Fluralaner's compound patent expires in March 2025, but many countries have a patent term extension system
 - Some EU countries including UK, France, Germany – already extended to February 2029
 - USA, etc. – applications under examination

II. BRAVECTO

- Developed and launched by MSD
- Veterinary medical products providing 12 weeks of continuous protection for dogs and cats against fleas and ticks with immediate effect, nearly 3 times longer than any monthly products in the market.
- Chewable tablet for dogs
 - April 2014 EU, June 2014 USA, July 2015 Japan, July 2019 China
 - July 2020 monthly chews for puppies in USA
- Spot-on solution for dogs and cats
 - for cats: July 2016 EU, December 2016 USA, June 2018 Japan
 - for dogs: January 2017 USA and EU, January 2021 Japan

III. BRAVECTO Plus

- A broad-spectrum combination spot-on solution for cats to treat internal and external parasite infestations
 - July 2018 EU, December 2019 USA, January 2021 Japan

IV. EXZOLT

- A poultry medicine against red mite launched by MSD (administered via drinking water)
 - September 2017 EU, June 2018 Korea and Middle East etc., July 2021 Japan

1. MSD: MSD Animal Health, the global animal health business unit of Merck

Page 30 is an explanation of Fluralaner.

There are no particular changes from 2Q.

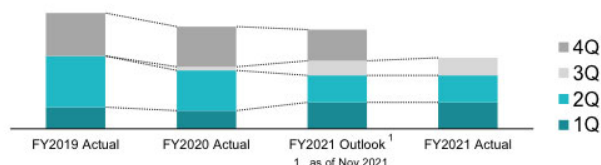
NCC's Revenues are Consisted from Following Two Factors

1. API: Active Pharmaceutical Ingredient

- Sales of Fluralaner to MSD as API¹ of BRAVECTO and EXOLT products
- Running royalties received from MSD

FY2019-FY2021 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.



- Revenue recognition policy changed (see p51)
 - (until FY2020)
 - Royalties revenue on MSD's sales for Jan-Jun: recognized in Aug, Jul-Dec: recognized in Feb
 - (from FY2021)
 - Royalties revenue on MSD's sales for Jan-Mar: recognized in May, Apr-Jun: recognized in Aug, Jul-Sep: recognized in Nov, Oct-Dec: recognized in Feb

FY2019-FY2023 Fluralaner Pro-forma Sales (including royalties) Image (Announced in May 2020)

BRAVECTO sales expected to grow steadily. But NCC's Fluralaner sales expected to decrease until FY2022 due to continuing inventory adjustment and recover in FY2023.



- Although inventory adjustment has been proceeding, no change in the above scenario at this moment.

BRAVECTO and EXZOLT R&D

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

Page 31 shows the sales trend of Fluralaner.

The analysis on this page itself has not changed either. Therefore, as you can see on the right, our view that BRAVECTO's sales will continue to get some adjustment until bottoming out in FY2022 has not changed. However, we are aware that inventory adjustment is progressing.

No change from FY2020 Presentation Materials announced in May 2021.

Expand product portfolio through acquisition and introduction of new pesticides

QUINTEC (QUINOXYFEN)

- QUINTEC is NCC's main product of fungicides containing QUINOXYFEN (active ingredient)
- Acquired the QUINOXYFEN product line of fungicides including QUINTEC brand from Corteva in November 2019
- Started to sell in December 2019
- Distributed as a fungicide for fruit trees and vegetables. Mainly sold in USA
- Protective fungicide highly effective in controlling powdery mildew in fruits (especially grapes) and vegetables

DITHANE (MANCOZEB)

- DITHANE is NCC's main product of fungicides containing MANCOZEB (active ingredient)
- Acquired the MANCOZEB product line of fungicides in Japan and Korea including DITHANE brand from Corteva in December 2020
- Started to sell in January 2021 in Japan
- Protective fungicide with significant efficacy against various plant diseases in fruits (especially apples and citrus) and vegetables. Excellent rain fastness
- Average amortized period fixed at 5 or 16 years(straight-line method)(weighted average 15.6 years) after the accounting audit. (tentatively calculated under the condition of 5-year amortization period before audit)

DITHANE Acquisition's Estimated PL Impact (¥billion)

	OP	OP + Amortization
FY2020	0.3	0.4
FY2021	0.7	1.1
Total FY2022-26	3.6	5.3

32

Page 32 is also from the previous materials, which are an overview of the acquisition of DITHANE and QUINTEC.

No change from FY2019 Presentation Materials announced in May 2020.

Establish an API production site to ensure a stable global supply and reduce manufacturing costs

Nissan Bharat Rasayan Private Limited (NBR)

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

Bharat Rasayan Ltd (BRL)

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

Funding Plan

		(¥billion)	
Plant	4.3	Capital (INR 1.5 billion)	2.3
Working capital and others	2.4	Borrowings provided by NCC	3.3
		Borrowings provided by local banks	1.1
Total required funds	6.7	Total funding plan	6.7

Expected Net Contribution to NCC's Consolidated PL

						(¥billion)	
FY	2021	2022	2023	2024	2025		
OP	-0.3	0.5	1.2	2.0	3.2		

Advantages to NCC

- 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

Page 33, details of the joint venture company in India, is also unchanged.

[3Q] Sales up ¥0.52 billion, OP up ¥0.48 billion

[1-3Q] Sales up ¥0.84 billion, OP up ¥0.90 billion

(¥billion)

	FY2020 Actual			FY2021 Actual			YOY Change		
	1H	3Q	1-3Q	1H	3Q	1-3Q	1H	3Q	1-3Q
Sales	3.02	1.40	4.42	3.34	1.92	5.26	+0.32	+0.52	+0.84
Drug Discovery	1.53	0.58	2.11	1.41	0.48	1.89	-0.12	-0.10	-0.22
Custom Chemicals	1.49	0.82	2.31	1.93	1.44	3.37	+0.44	+0.62	+1.06
OP	0.03	-0.04	-0.01	0.45	0.44	0.89	+0.42	+0.48	+0.90
Drug Discovery	-0.36	-0.36	-0.72	-0.44	-0.34	-0.78	-0.08	+0.02	-0.06
Custom Chemicals	0.39	0.32	0.71	0.89	-0.78	1.67	+0.50	+0.46	+0.96

1. Figures in p12, p13, p40, p41, p56, p57 may not match the numbers on this page due to rounding.

Drug Discovery	[3Q] Sales down, OP up	
	[1-3Q] Sales down, OP down	
	LIVALO	<p>[3Q] Sales down (domestic and export down)</p> <p>[1-3Q] Sales down (domestic up, export down)</p> <p>Inventory adjustment cost down ¥0.1 billion</p>
Custom Chemicals	[3Q] Sales up, OP up	
	[1-3Q] Sales up, OP up	
		<p>[3Q]&[1-3Q] Strong sales of generic APIs,</p> <p>Shipment shifted from 4Q FY2021</p>

Sales Growth Rate of Main Products

	YOY Change		vs. Outlook as of Nov 2021 (undisclosed)
	3Q	1-3Q	
LIVALO	-25%	-12%	Below
Custom Chemicals	+77%	+46%	Above
Total segment	+38%	+19%	Above

| 35

I'll move on to the Pharmaceuticals segment. Please see page 35.

As you can see, Drug Discovery increased by JPY0.02 billion YoY, and decreased JPY0.06 billion for the first three quarters, while Custom Chemicals increased by JPY0.46 billion in 3Q alone and JPY0.96 billion for the first three quarters.

Although LIVALO, which falls under Drug Discovery, recorded a decrease in sales and an increase in profits in 3Q alone, and there was the impact of inventory adjustment, it had a positive effect, resulting in a slight increase in profits.

As for the first three quarters, domestic sales increased while export sales decreased, resulting in a decrease in sales and profit.

On the other hand, Custom Chemicals' profit increased due to strong shipments of generic APIs in 3Q, or the first three quarters, and also due to a slight shifted in shipments.

[3Q] Sales above target ¥0.06 billion, OP above target ¥0.13 billion

(¥billion)

	FY2021 Outlook as of Nov 2021		FY2021 Actual		vs. Outlook
	3Q	1-3Q	3Q	1-3Q	3Q
Sales	1.86	5.20	1.92	5.26	+0.06
Drug Discovery	0.61	2.02	0.48	1.89	-0.13
Custom Chemicals	1.25	3.18	1.44	3.37	+0.19
OP	0.31	0.76	0.44	0.89	+0.13
Drug Discovery	-0.34	-0.78	-0.34	-0.78	0.00
Custom Chemicals	0.65	1.54	0.78	1.67	+0.13

1. Figures in p12, p13, p40, p41, p56, p57 may not match the numbers on this page due to rounding.

[3Q] Sales below target, OP in line with target

Drug Discovery

LIVALO

Sales below target
(domestic below target, export above target)

Fixed cost below expectations ¥0.1 billion

[3Q] Sales above target, OP above target

Custom Chemicals

Generic APIs above target

Please refer to page 36 for the comparison to the outlook.

As for Drug Discovery, operating profit for 3Q was just in line with our outlook, and Custom Chemicals increased JPY0.13 billion, which reflects the strong performance of generic APIs.

Summary of FY2021 Outlook

Full-Year Outlook is Revised Upward (FY2021 OP:¥50.0 billion)

The Outlook is calculated by adding up the results for 1-3Q and the outlook for 4Q based on the figures announced in Nov 2021

Full-Year	vs. FY2020	<ul style="list-style-type: none"> Sales down ¥0.8 billion (-0%) OP up ¥7.5 billion (+18%) Net Income up ¥3.8 billion (+11%) OP and Ordinary Income expected to renew the highest results of a full year for 8 consecutive years. Net Income expected to renew the highest results of a full year for 9 consecutive years. ROE Outlook for FY2021 is 18.6%
Full-Year	vs. Outlook as of Nov 2021	<ul style="list-style-type: none"> Sales above target ¥2.8 billion OP above target ¥2.6 billion Net Income above target ¥0.9 billion

Shareholders Return (Full-Year Outlook)

Revised 2H dividend Outlook to ¥68/share and announced ¥5.0 billion share repurchase (Total Payout Ratio 77.1%)

Dividend	¥118/share (Full-Year) 1H ¥50/share, 2H ¥68/share (Dividend Payout Ratio : 45.1%) [vs. FY2020] 1H up ¥4/share, 2H up ¥10/share [vs. Outlook as of Nov 2021] 2H up ¥4/share
Share Repurchase	¥12.0 billion (Full-Year) <ul style="list-style-type: none"> ¥7.0 billion, 1,262 thousand shares completed in July 2021 ¥5.0 billion, 1,000 thousand shares announced in February 2022 [vs. FY2020] ¥2.0 billion up [vs. Outlook as of Nov 2021] ¥5.0 billion up
Share Cancellation	Cancelled 2.0 million shares in May and August 2021
Total Payout Ratio	77.1% based on ¥118/share dividend and ¥12.0 billion share repurchase (FY2020 Actual: 74.6%)

38

Next, the outlook. Please see page 38.

The full-year outlook for operating profit is JPY50 billion, which is an increase of JPY2.6 billion from the previous outlook, which is an upward revision of operating profit.

We combined the actual results for the first three quarters I have just explained, with the figures based on 4Q outlook used in the announcement of 2Q results to formulate the full-year outlook.

Originally, we do not review Company-wide budget figures in 3Q. For each segment, we roughly looked at the situation of 4Q, and although there may be some ups and downs, we concluded that there is no significant difference that would change our outlook as a whole, so we have not changed our outlook.

One thing I would like to mention is that, in the 4Q outlook, we found an error in the calculation of the consolidated adjustments, so we have subtracted JPY0.6 billion from the previous outlook.

The other difference from the 4Q outlook we announced in November is that, in the November outlook, we included a JPY1.0 billion gain from the sale of securities in 4Q as an extraordinary gain, but we canceled the sale and have factored this into the outlook.

The sale of securities has two purposes. One is to respond to corporate governance and the other is to cover the extraordinary loss, but we have already sold a sufficiently large amount of securities to respond to governance and to cover the extraordinary loss.

In addition, since we cannot sell the shares at our sole discretion, we have decided not to sell the shares in 4Q, while monitoring the progress of negotiations with the investees.

As a result, compared to the same period of the previous fiscal year, operating profit increased by JPY7.5 billion, an increase of 18%. Net income increased by JPY3.8 billion, which is a positive 11%. This will be the eighth consecutive year of record-high operating profit and ordinary profit, and the ninth consecutive year of record-high net income.

ROE is currently expected to be 18.6%. Last year's actual figure was 17.5%, and the expected figure announced in 2Q result was 18.1%. Compared to the previous outlook, operating profit increased by JPY2.6 billion and net income increased by JPY0.9 billion due to the elimination of JPY1.0 billion in extraordinary income.

As for shareholder returns, we have increased the year-end dividend outlook by JPY10 to JPY68. Therefore, the full-year dividend will be JPY118, which is an increase of JPY14 over last year.

In addition, we have announced today that we will conduct share repurchase of JPY5.0 billion. As a result, the Company's total payout ratio is expected to be 77.1%.

Full Year FY2021 Outlook



(¥billion)

	FY2020 Actual					FY2021 Outlook as of Nov 2021					FY2021 Outlook as of Feb 2022				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total
Sales	94.5	43.7	70.9	114.6	209.1	91.8	46.7	67.0	113.7	205.5	91.8	49.5	67.0	116.5	208.3
Operating Profit ¹	18.0	5.6	18.9	24.5	42.5	21.3	9.4	16.7	26.1	47.4	21.3	12.6	16.1	28.7	50.0
Non-Operating Income/Expenses	0.2	0.2	1.0	1.2	1.4	1.0	0.4	0.0	0.4	1.4	1.0	0.9	-0.1	0.8	1.8
Ordinary Income ¹	18.2	5.8	19.9	25.7	43.9	22.3	9.8	16.7	26.5	48.8	22.3	13.5	16.0	29.5	51.8
Extraordinary Income/Loss	1.1	0.0	0.5	0.5	1.6	0.0	0.0	1.0	1.0	1.0	0.0	0.2	0.0	0.2	0.2
Income taxes and non- controlling interests ²	-5.4	-1.3	-5.3	-6.6	-12.0	-6.0	-2.5	-4.9	-7.4	-13.4	-6.0	-4.4	-4.3	-8.7	-14.7
Net Income ¹⁻²⁻³	13.9	4.5	15.1	19.6	33.5	16.3	7.3	12.8	20.1	36.4	16.3	9.3	11.7	21.0	37.3
EBITDA ⁴	22.8	8.3	21.9	30.2	53.0	26.0	-	-	31.9	57.9	26.0	15.2	19.3	34.5	60.5
EPS (¥/share) ¹	95.96	30.97	104.80	135.77	231.73	113.94	-	-	141.16	255.10	113.94	65.64	82.02	147.66	261.60
Dividend (¥/share)	46	-	-	58	104	50	-	-	64	114	50	-	-	68	118
Dividend payout ratio (%)	-	-	-	-	44.9	-	-	-	-	44.7	-	-	-	-	45.1
Total amount of Dividend	6.6	-	-	8.4	15.0	7.1	-	-	9.1	16.2	7.1	-	-	9.7	16.8
OP Margin ¹	19.0%	12.9%	26.7%	21.4%	20.3%	23.2%	20.1%	24.9%	22.9%	23.1%	23.2%	25.5%	24.0%	24.6%	24.0%
ROE	-	-	-	-	17.5%	-	-	-	-	18.1%	-	-	-	-	18.6%
FX Rate (¥/\$)	107	105	106	105	106	110	107	107	107	108	110	114	107	110	110
Crude Oil (JCC) (\$/bbl) ⁵	36	44	56	50	43	70	75	75	75	73	70	80	75	78	74

1. 3Q-4Q FY2020 Actual: figures are revised due to the impact of recalculation of DITHANE amortization (see p5)

2. Income taxes and non-controlling interests announced in Nov 2021 are revised due to incorrect figures in 3Q and 4Q. Net income is revised as well. (see p6)

3. Net income = Profit Attributable to Owners of Parent 4. EBITDA = Operating Profit + Depreciation and amortization 5. Based on Trade Statistics of Japan Ministry of Finance

39

Please see the figures on page 39 for more details.

Operating profit for 4Q was JPY16.7 billion in the November announcement, but we have corrected the error in the calculation of the consolidation adjustment mentioned earlier and set the figure at JPY16.1 billion.

In the extraordinary income section, the November announcement included JPY1.0 billion, but this time it is zero.

FY2021 Financial Outlook YOY Change by Segment



(¥billion)

		FY2020 Actual					FY2021 Outlook as of Feb 2022					YOY Change				
		1H	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total
Chemicals	Sales	14.7	8.3	8.9	17.2	31.9	17.1	10.5	9.7	20.2	37.3	+2.4 (+16%)	+2.2 (+26%)	+0.8 (+10%)	+3.0 (+17%)	+5.4 (+17%)
	OP	-0.1	0.7	0.9	1.6	1.5	1.2	1.3	0.7	2.0	3.2	+1.3 (-)	+0.6 (+81%)	-0.2 (-22%)	+0.4 (+23%)	+1.7 (+116%)
Performance Materials	Sales	34.6	19.2	17.8	37.0	71.6	39.6	20.9	20.8	41.7	81.3	+5.0 (+14%)	+1.7 (+9%)	+3.0 (+16%)	+4.7 (+13%)	+9.7 (+13%)
	OP	10.7	6.3	5.4	11.7	22.4	13.2	7.6	6.5	14.1	27.3	+2.5 (+23%)	+1.3 (+21%)	+1.1 (+20%)	+2.4 (+21%)	+4.9 (+22%)
Agrochemicals	Sales	25.7	6.3	31.8	38.1	63.8	25.0	11.9	29.6	41.5	66.5	-0.7 (-3%)	+5.6 (+92%)	-2.2 (-7%)	+3.4 (+9%)	+2.7 (+4%)
	OP	7.8	-1.3	11.7	10.4	18.2	7.0	3.1	9.2	12.3	19.3	-0.8 (-10%)	+4.4 (-)	-2.5 (-21%)	+1.9 (+18%)	+1.1 (+6%)
Pharmaceuticals	Sales	3.0	1.4	2.3	3.7	6.7	3.3	2.0	1.1	3.1	6.4	+0.3 (+10%)	+0.6 (+38%)	-1.2 (-47%)	-0.6 (-15%)	-0.3 (-4%)
	OP	0.0	0.0	0.4	0.4	0.4	0.5	0.4	-0.3	0.1	0.6	+0.5 (-)	+0.4 (-)	-0.7 (-)	-0.3 (-70%)	+0.2 (+68%)
Trading	Sales	33.7	17.8	18.3	36.1	69.8	36.4	22.2	18.7	40.9	77.3	+2.7	+4.4	+0.4	+4.8	+7.5
	OP	1.2	0.7	0.6	1.3	2.5	1.3	0.8	0.4	1.2	2.5	+0.1	+0.1	-0.2	-0.1	0.0
Others	Sales	9.4	6.8	7.6	14.4	23.8	10.4	6.1	7.8	13.9	24.3	+1.0	-0.7	+0.2	-0.5	+0.5
	OP	0.0	0.4	0.4	0.8	0.8	0.0	0.2	0.5	0.7	0.7	0.0	-0.2	+0.1	-0.1	-0.1
Adjustment	Sales	-26.6	-16.1	-15.8	-31.9	-58.5	-40.0	-24.1	-20.7	-44.8	-84.8	-13.4	-8.0	-4.9	-12.9	-26.3
	OP	-1.6	-1.2	-0.5	-1.7	-3.3	-1.9	-0.8	-0.9	-1.7	-3.6	-0.3	+0.4	-0.4	0.0	-0.3
Total	Sales	94.5	43.7	70.9	114.6	209.1	91.8	49.5	67.0	116.5	208.3	-2.7 (-3%)	+5.8 (+13%)	-3.9 (-6%)	+1.9 (+2%)	-0.8 (0%)
	OP	18.0	5.6	18.9	24.5	42.5	21.3	12.6	16.1	28.7	50.0	+3.3 (+19%)	+7.0 (+124%)	-2.8 (-15%)	+4.2 (+17%)	+7.5 (+18%)

1. Including inter-segment sales/transfers

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

| 40

Page 40 contains the figures for 3Q and 4Q, respectively, by segment.

FY2021 Financial Outlook Compared to Outlook(as of Nov 2021) by Segment



(¥billion)

		FY2021 Outlook as of Nov 2021					FY2021 Outlook as of Feb 2022					vs. Outlook as of Nov 2021
		1H Actual	3Q	4Q	2H	Total	1H Actual	3Q Actual	4Q	2H	Total	Total
Chemicals	Sales	17.1	9.6	9.7	19.3	36.4	17.1	10.5	9.7	20.2	37.3	+0.9
	OP	1.2	1.0	0.7	1.7	2.9	1.2	1.3	0.7	2.0	3.2	+0.3
Performance Materials	Sales	39.6	20.5	20.8	41.3	80.9	39.6	20.9	20.8	41.7	81.3	+0.4
	OP	13.2	6.6	6.5	13.1	26.3	13.2	7.6	6.5	14.1	27.3	+1.0
Agrochemicals	Sales	25.0	11.2	29.6	40.8	65.8	25.0	11.9	29.6	41.5	66.5	+0.7
	OP	7.0	2.0	9.2	11.2	18.2	7.0	3.1	9.2	12.3	19.3	+1.1
Pharmaceuticals	Sales	3.3	1.9	1.1	3.0	6.3	3.3	2.0	1.1	3.1	6.4	+0.1
	OP	0.5	0.3	-0.3	0.0	0.5	0.5	0.4	-0.3	0.1	0.6	+0.1
Trading	Sales	36.4	20.0	18.7	38.7	75.1	36.4	22.2	18.7	40.9	77.3	+2.2
	OP	1.3	0.6	0.4	1.0	2.3	1.3	0.8	0.4	1.2	2.5	+0.2
Others	Sales	10.4	5.3	7.8	13.1	23.5	10.4	6.1	7.8	13.9	24.3	+0.8
	OP	0.0	0.1	0.5	0.6	0.6	0.0	0.2	0.5	0.7	0.7	+0.1
Adjustment	Sales	-40.0	-21.8	-20.7	-42.5	-82.5	-40.0	-24.1	-20.7	-44.8	-84.8	-2.3
	OP	-1.9	-1.2	-0.3	-1.5	-3.4	-1.9	-0.8	-0.9	-1.7	-3.6	-0.2
Total	Sales	91.8	46.7	67.0	113.7	205.5	91.8	49.5	67.0	116.5	208.3	+2.8
	OP	21.3	9.4	16.7	26.1	47.4	21.3	12.6	16.1	28.7	50.0	+2.6

1. Including inter-segment sales/transfers

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

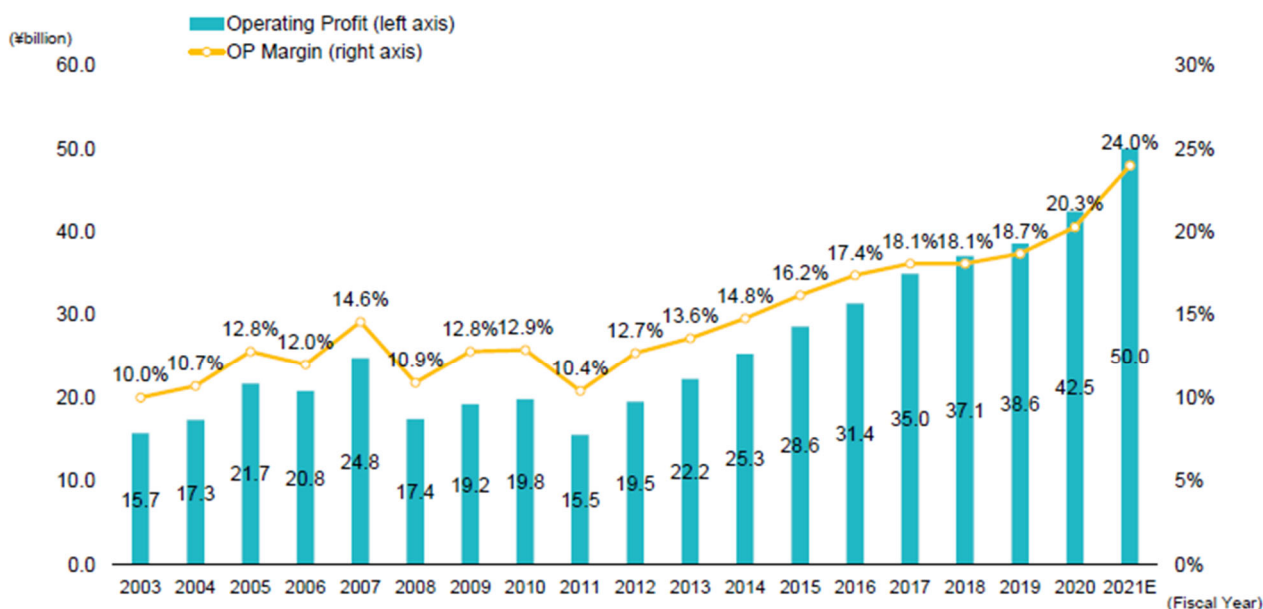
| 41

Please see page 41.

This is a comparison of the previous outlook of segment profit, November, and the current outlook, February. If you look at 4Q vertically, you will see that each segment has not changed. The figure that has changed is the operating profit of the adjustment amount on the third line from the bottom, which has been changed from minus JPY0.3 billion to minus JPY0.9 billion.

OP Margin and EPS Trend

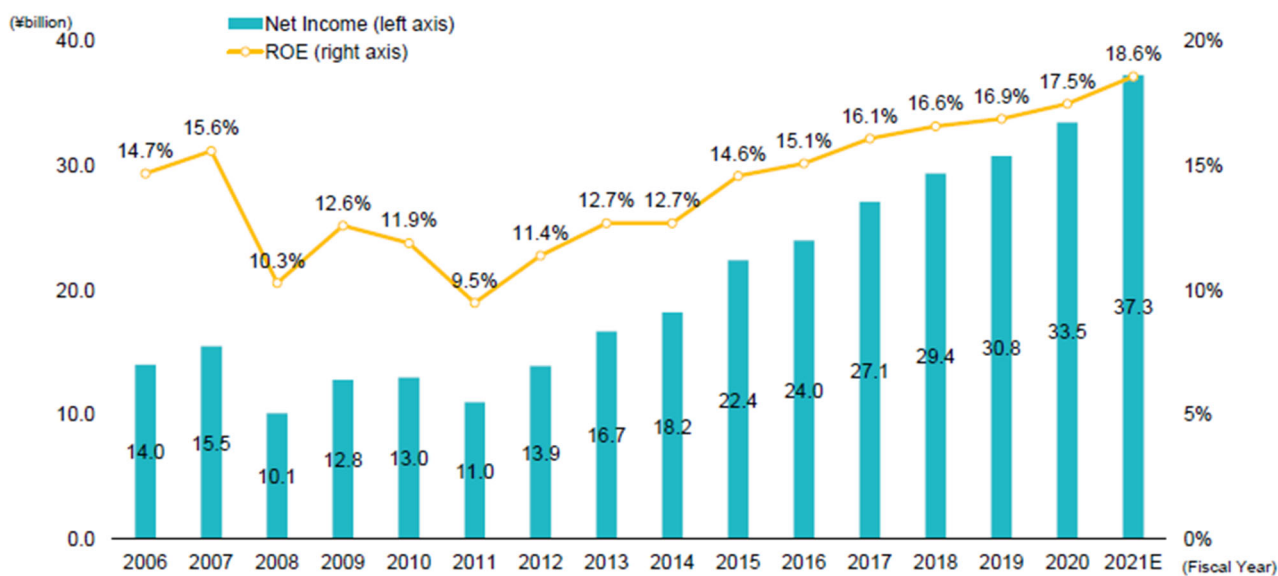
- OP margin has been above 10% for 18 consecutive years (FY2003-2020)
- FY2021 Outlook : 24.0%



| 42

ROE Trend

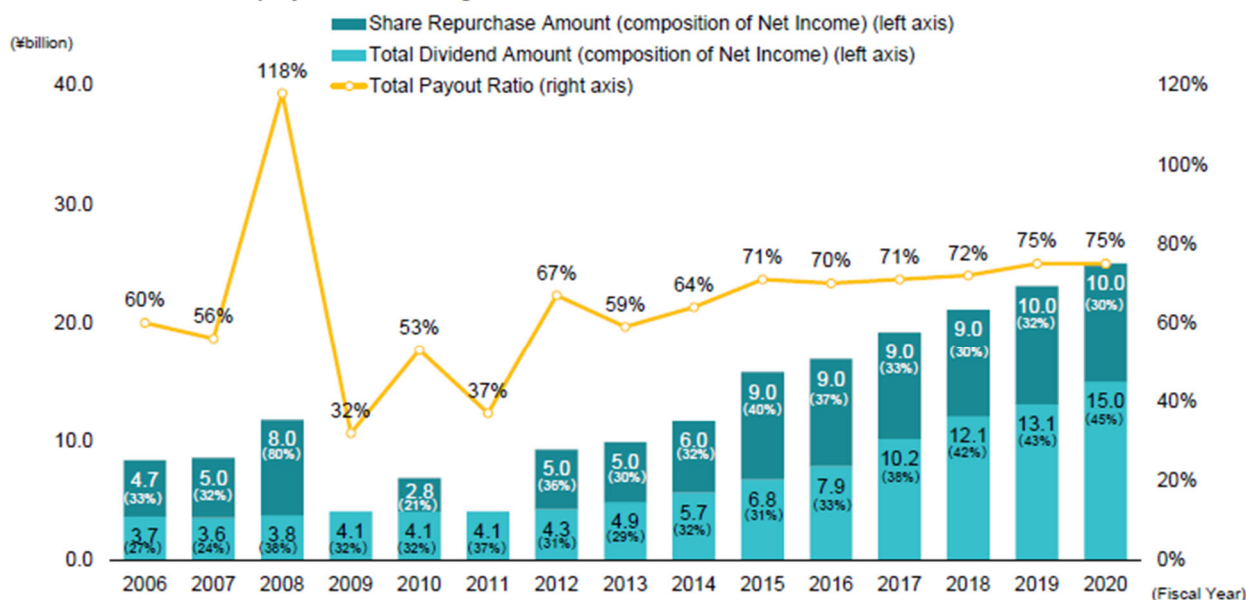
- Position ROE as the most important financial indicator for a long time
- Mid-Term Plan FY2019-2021 Target : Maintain above 16%
⇒ Achieved in FY2019 (16.9%) and FY2020 (17.5%)
- FY2021 Outlook : 18.6%



| 43

Shareholders Return Policy - Total Payout Ratio

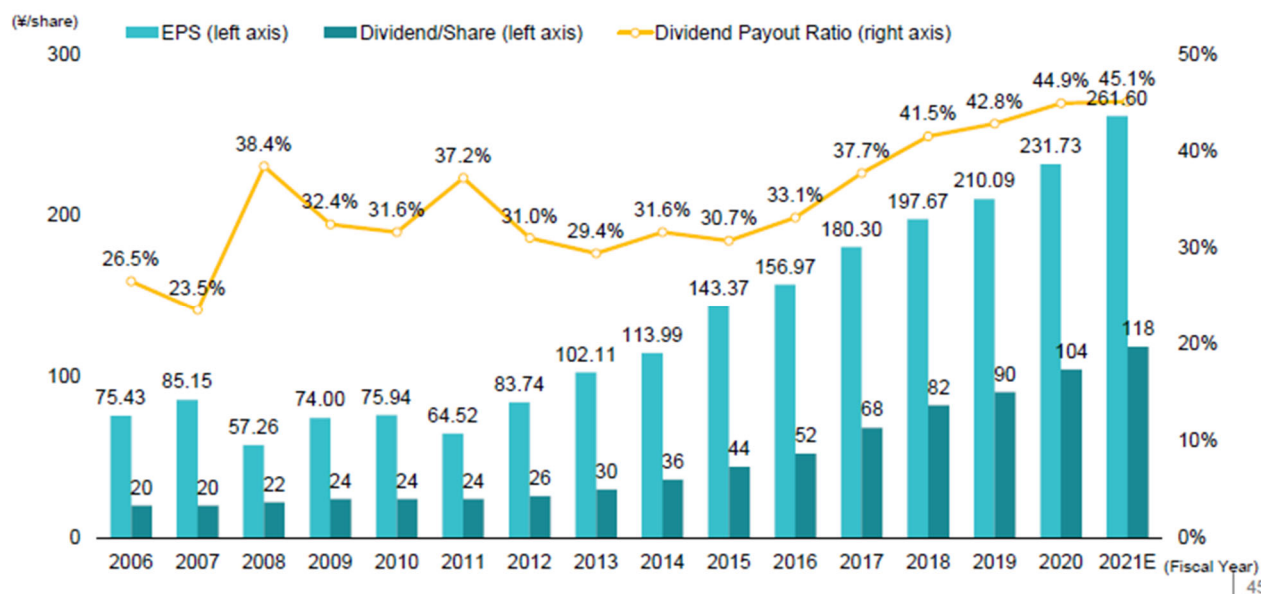
- Maintain an aggressive shareholders return policy
- Mid-Term Plan FY2019-2021 Target : 72.5% in FY2019, 75% after FY2020
⇒ Achieved in FY2019 (75%) and FY2020 (75%)
- FY2021 Total payout ratio target 75%



44

Shareholders Return Policy – Dividend Payout Ratio

- Gradually increased from 30.7% in FY2015 to 41.5% in FY2018
- Mid-Term Plan FY2019-2021 Target : 42.5% in FY2019, 45% after FY2020
⇒ Achieved in FY2019 (42.8%) and FY2020 (44.9%)
- FY2021 Outlook : 45.1%
- Increased dividend/share for 9 consecutive years until FY2020



45

Shareholders Return Policy - Share Repurchase

- Started share repurchase in FY2006 only to enhance ROE
- Repurchased ¥92.5 billion, 42.7 million shares (22.8% of shares issued) in total from FY2006 to FY2020
- Cancelled all repurchased shares
- Continue to strengthen shareholders return through share repurchase

FY2006 - 2020 Shareholders Return

Fiscal Year	2006	2007	2008	2010	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Shares purchased (thousand shares) ¹	3,500	3,399	7,355	2,167	6,372	3,263	2,764	3,333	2,621	2,292	1,682	2,138	1,829	42,715
Purchase costs (billion) ¹	4.7	5.0	8.0	2.8	5.0	5.0	6.0	9.0	9.0	9.0	9.0	10.0	10.0	92.5
Shares cancelled (thousand shares)	3,000	3,635	7,000	3,000	6,000	4,000	3,000	2,000	2,000	3,000	2,000	3,000	1,000	42,635
Shares issued at FY end (million shares)	185	181	174	171	165	161	158	156	154	151	149	146	145	
Treasury shares at FY end (thousand shares) ²	1,367	1,233	1,660	885	1,258	522	287	1,621	2,242	1,535	1,218	523	1,352	
Total payout ratio (dividend + share repurchase) (%)	60	56	118	53	67	59	64	71	70	71	72	75	75	

FY2018-2021 Share Repurchase and Cancel Program

Fiscal Year	2018			2019			2020			2021	
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	From Feb. 7, 2022 to Apr. 28, 2022 ³
Shares purchased (thousand shares) ¹	976	706	1,682	1,270	868	2,138	1,334	495	1,829	1,262	Up to 1,000
Purchase costs (billion) ¹	5.0	4.0	9.0	6.0	4.0	10.0	7.0	3.0	10.0	7.0	Up to 5.0
Shares cancelled (thousand shares)	2,000	0	2,000	2,000	1,000	3,000	1,000	0	1,000	2,000	

1. Excluding share acquisitions for performance-based compensation (166,200 shares) 2. Including share acquisitions for performance-based compensation (166,200 shares)
3. Announced on February 4, 2022 4. No share repurchase in FY2009 and FY2011

Cash Management Policy (Non-consolidated basis)

Level of Target Cash Balance = Minimum required level + 1/3 of annual scheduled long-term borrowings repayment + 1/3 of short-term borrowings outstanding + Contingent risk reserves

46

ESG

E
(Environment)

January 2021

- Established new long-term target for reducing greenhouse gas (GHG) emissions
- Mid-term target in Vista2021(FY2016-2021) :
 - Plan to reduce GHG emissions by 20% from FY2011 levels by FY2021 → Achieved 27% reduction in FY2019 compared to FY2011
- New long-term target: Plan to reduce GHG emissions by 30% from FY2018 levels by FY2030

Fiscal Year	GHG emission (1,000t-CO ₂ e)					
	2011	2018	2019	2020	2021	2030
Mid-term target in Vista2021	-	-	-	-	359	-
Actual	448	363	327	318	-	-
New long-term target	-	-	-	-	-	254
Average of 4 major Japanese chemical companies (non-consolidated basis)	-	-	5,845	5,581	-	-

S
(Social)

April 2021

Announced its Diversity Statement and Diversity Vision

November 2021

Published "[Integrated Report 2021](#)"

June 2022 (plan)

Plan to reduce GHG emissions by melamine production stop (26,000 tons, equivalent to about 7% of FY2018)

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 2021

One female Outside Director added, as a result, the Board of Directors includes 4 Outside Directors out of 10

December 2021

Updated and disclosed "[Corporate Governance Report](#)" including skills matrix for the board

48

ESG Index and Third-party Recognition

Dow Jones Sustainability Asia Pacific Index

- November 2021
Selected as a constituent
for 4 consecutive years



S&P/JPX Carbon Efficient Index

- March 2021
Selected as a constituent
for 3 consecutive years



FTSE4Good Index Series · FTSE Blossom Japan Index

- July 2021
Selected as a constituent
for 2 consecutive years



MSCI Japan Empowering Women (WIN) Select Index

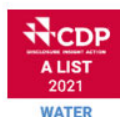
- December 2021
Selected as a constituent

**2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

1. THE INCLUSION OF NISSAN CHEMICAL CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NISSAN CHEMICAL CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

CDP

- December 2021
Listed on Water Security "A List" for 3
consecutive years and Climate Change
"A- List" for 3 consecutive years



Task Force on Climate-related Financial Disclosures (TCFD)

- August 2020
Announced its support for
recommendations



Certified Health & Productivity Management Organization (White 500)

- March 2021
Acquired for 5 consecutive years



Corporate Value Improvement Award hosted by TSE

- January 2020
Selected as one of the 50 candidates among all listed
companies by the Tokyo Stock Exchange for 2
consecutive years

Next, you can skip to page 49.

As for ESG-related changes since the last financial results briefing, first of all, we have been selected as a constituent stock of the Dow Jones Sustainability Asia Pacific Index in the upper left corner for four consecutive years.

As for CDP, on the third left from the top, we were listed on A-list for Water Security for the third year in a row.

And the second from the top on the right, in December, we were selected for constituent in MSCI Japan Empowering Women (WIN) Select Index.

Changes in Accounting Policies (some figures updated since November 2021)

1. **Changes in accounting policies:** Adoption of the Accounting Standard for the Revenue Recognition (ASBJ Statement No.29)
2. **Timing of adoption:** April 1, 2021 (From FY2021)
3. **Major effects on PL, BS due to the changes:**

Impact of Changes in Accounting Policies (YOY Change) (¥billion)

	FY2021 Outlook as of Feb 2022						
	1Q	2Q	1H	3Q	4Q	2H	Total
Sales Impact ¹	-3.5	-7.4	-10.9	-1.7	-8.2	-9.9	-20.8
OP Impact ²	+1.2	-2.1	-0.9	+4.0	-3.2	+0.8	-0.1

1. Total impact of Agent transaction, Royalties based on sales amount and Sales discount subject to change at the selling timing
 2. Total impact of Royalties based on sales amount and Sales discount subject to change at the selling timing

A. Agent transactions

Mainly effected segments	Chemicals, Agrochemicals, Trading
Before adoption	Sales = gross amount from the customer, Sales expenses = amount paid to the supplier
After adoption	Sales = gross amount from the customer - amount paid to the supplier
Estimated impact on FY2021 PL Outlook	Sales and sales expenses down ¥20.7 billion, only deducted from Sales of Adjustment segment No impact on Operating Profit

B. Royalties based on sales amount

Mainly effected segments	Agrochemicals (Fluralaner running royalties)	3. MSD: MSD Animal Health, the global animal health business unit of Merck
Before adoption (until FY2021)	Royalties revenue on MSD ³ 's sales for Jan-June: recognized in Aug, July-Dec: recognized in Feb	
After adoption (from FY2021)	Royalties revenue on MSD ³ 's sales for Jan-Mar: recognized in May, Apr-June: recognized in Aug, July-Sep: recognized in Nov, Oct-Dec: recognized in Feb	

C. Sales discount subject to change at the selling timing

Mainly effected segments	Agrochemicals
Before adoption	Recognized when discount is finally fixed
After adoption	Recognized corresponding to sales period based on reasonable estimation
Estimated impact on FY2021 BS	■ The cumulative effect (¥1.5 billion)(after reflecting tax effect) of retroactively applying (C) is deducted from the beginning FY2021 retained earnings (BS item)

Sales discount amount trend after adoption vs. before adoption: 1Q up(negative impact), 2Q down, 1H up, 2H down, Total almost flat

Before adoption	FY2020	Discount on AY2020*(Oct 2019 – Sep 2020) sales
After adoption	FY2020	Discount on AY2020*(Oct 2019 – Sep 2020) sales + discount for Oct 2020 – Mar 2021 sales = ¥1.5 billion
	FY2021	Discount on Apr 2021 – Mar 2022 sales

AY2020* = Agrochemical Year (from Oct 2019 to Sep 2020)

Finally, on page 51 is a summary of changes in accounting policies, which I hope you will find helpful. That is all.

Comments on the business environment

(Person in charge of each business)

<Chemicals Division>

In general, 3Q and 4Q both continued to see a rise in the price of feedstock and raw materials, and shipping costs, especially the price of ships for export. Also, the difficulty of booking is a factor that is dragging us down.

Amid such situation, 3Q's results compared to the same period of the previous year showed an increase in both sales and profits, thanks to price hikes for melamine and TEPIC exports and an overall increase in volume, which offset the increases in feedstock and raw material costs and shipping costs I just mentioned.

As for 3Q outlook, both sales and profits have increased due to the effect of the price hike of melamine and TEPIC, as well as an increase in volume.

As for 4Q outlook, natural gas is expected to continue to worsen compared to the outlook, and ship prices are rising, making it difficult to make bookings, and exports are moving backward. However, sales of all products are strong, and we expect to achieve the budget for both sales and operating profit, driven by melamine, TEPIC, and AdBlue.

<Display Materials Department, Performance Materials Division>

First is the comparison with the same period of the previous fiscal year for 3Q alone.

While sales of rubbing IPS decreased due to operation adjustments at some customers and the ongoing conversion to photo IPS technology, overall sales and profits increased due to strong VA customer operation and photo IPS conversion from rubbing IPS, in addition to increased demand mainly for notebook PCs.

Compared to the outlook for 3Q, sales of rubbing IPS decreased due to capacity adjustments at some customers, while VA customers operated at high levels. Overall sales and profits increased due to steady sales of photo IPS for IT applications.

Finally, as for 4Q outlook, we expect to meet the outlook figures for each application due to the recovery trend of rubbing IPS from the operation adjustment in 3Q and the continued strong performance of VA and photo IPS.

<Semiconductor Materials Department, Performance Materials Division>

First of all, compared to the same period of the previous year, sales in 3Q increased due to increased production by multiple customers. In order of contribution, China, South Korea, and Taiwan were the largest contributors. By material, the order is ArF, KrF, multilayer process materials, and EUV.

As compared to the outlook for 3Q, sales increased mainly to Chinese customers. This was due to the fact that the supply shortage in 1H of the year was resolved in 3Q, and some shipments for 4Q were shifted to 3Q. Overall Semis Materials sales also saw a slight upturn.

As for 4Q outlook, there is almost no change in the operating volume of each customer from the previous outlook, but we expect a slight decrease in sales due to shifting the shipment planned in 4Q for China to 3Q as mentioned earlier.

<Inorganic Materials Department, Performance Materials Division>

As for the YoY comparisons for 3Q alone, both sales and profits increased compared to the previous fiscal year. Sales of SNOWTEX increased. Last year, we were greatly affected by the COVID-19 pandemic, but this fiscal year, we continue to see steady growth in automotive and semiconductor-related products.

Sales of Organo/Monomer Sol also increased. This was also due to the recovery from the pandemic and strong sales of electronic materials. Sales of Oilfield Materials decreased. The reason for this is that we received orders for large-scale projects last year.

Next is the comparison to the outlook for 3Q alone. Both sales and operating profit were above the targets. Sales of SNOWTEX were below the target. Demand has been strong, but due to the impact of regular repairs, inventories have fallen, and shipments have been adjusted. Sales of Organo/Monomer Sol exceeded the target. This was due to a sharp rise in prices of electronic materials. Sales of Oilfield Materials below the target.

Next, the comparison to the outlook for 4Q alone. We expect to achieve our target for sales. We expect to achieve our targets for SNOWTEX, Organo/Monomer Sol, and Oilfield Materials.

One of the concerns is that we do not have enough ships to transport the raw materials for SNOWTEX from Japan to the US plant. If it is prolonged, there will be concerns about future supply.

<Agrochemicals Division>

First of all, as for the YoY comparison to 3Q alone. In summary, results for all main products exceeded those of the same period of the previous year. Looking at each product category, domestic demand for GRACIA has been increasing due to the relatively high temperature in autumn, in addition to the progress in adjustment of distribution stock. Additionally, we shipped GRACIA to India for the first time.

As for ROUNDUP, we are experiencing temporary demand in anticipation of a price hike in December.

With regard to QUINTEC for overseas, shipments to the US were changed from 4Q to 3Q, resulting in a significant increase over the same period last year.

In the animal health product, sales of APIs were almost the same as the same period of the previous fiscal year, but sales of royalties were significantly higher than the previous fiscal year due to the application of new accounting policies.

Next, as for the comparison to the outlook for 3Q alone. The overall results were above the target. As for TARGA, it was below the target due to a shift in shipments to India from 3Q to 4Q. In terms of LEIMAY, due to delays in manufacturing caused by logistics conditions and other factors, it declined in overseas sales as well, but this was offset by the growth in other main products as mentioned earlier, resulting in an overall increase in sales.

Lastly, the outlook for 4Q alone. At the moment, the outlook for 4Q is expected to be the same as the current outlook. As for ALTAIR, although there will be some impact from distribution inventory and sluggish rice prices, we expect to achieve the same level of performance as the outlook due to the projected growth of new herbicide that will be launched for full-scale sales this year.

Domestic sales of GRACIA will be in line with the outlook due to the progress in sales of distribution inventory, but overseas sales of GRACIA will be lower due to the remaining impact of inventory for Korea. The overall outlook for GRACIA will also be lower.

As for ROUNDUP, we expect a slight downturn due to the temporary demand caused by the price hike I mentioned earlier and the reaction to it. Overseas, while QUINTEC's sales have been affected by earlier shipments, the sales of TARGA to India are expected to be realized in 4Q, which was delayed from 3Q. We are forecasting to exceed the outlook due to the launch of TARGA mixture product in India, which is expected to expand sales.

Finally, in the animal health products, sales of APIs will be slightly down. We are forecasting a slight upturn in sales of royalties, and a slight downturn in sales of the animal health products as a whole.

<Pharmaceuticals Division>

First of all, the Drug Discovery business saw a decline in 3Q alone compared to the previous fiscal year due to early shipments of LIVALO in 1H. In Custom Chemicals, shipments of Eldecacitol were concentrated in 2Q and 3Q, resulting in positive results. Overall, sales of Pharmaceuticals were positive.

Next, the comparison with the outlook for 3Q alone. In Drug Discovery, profit was in line with the outlook due to lower fixed costs, although LIVALO was below the target. Custom Chemicals sales and profits were above the target. Overall profits for Pharmaceuticals exceeded the outlook.

Finally, the outlook for 4Q alone. In Drug Discovery, LIVALO will be pushed back from 3Q. Custom Chemicals expects to achieve the budget for the entire Pharmaceutical business due to an increase in sales of Maxacacitol.

Question & Answer

<Questioner 1>

Q: The first is about photo IPS of SUNEVER, this year, the market itself has been strong and there has been a shift from rubbing. I would like to know if there is still room for growth from here on for the next fiscal year.

A: As for photo IPS, we expect that demand will continue to increase in the next fiscal year as the shift to photo IPS for IT applications progresses. The reason behind this is that each of our customers is planning to further increase their photo IPS production capacity, and we expect to increase our sales in the next fiscal year to accommodate their production.

Q: Thank you very much. Next in the area of Agrochemicals, GRACIA significantly fell short of the outlook during 1H of the fiscal year and exceeded the outlook in 3Q. Is it correct that this does not mean that you have lowered the outlook of 2H of the fiscal year considerably as of 1H of the year, but that it has come back?

Also, it looks like you have quite a lot of inventories in Agrochemicals in general and in your company as a whole. Are they composed mainly of Agrochemicals and is this okay because you can sell them in 4Q?

A: As for GRACIA, the inventories are expected to have a considerable impact. However, the high temperature in the fall in 3Q led to a considerable increase in the number of insect pests, which resulted in higher demand and better inventory clearance than we had predicted.

As for inventories, as you mentioned, the demand periods are just around the corner. We are assuming that we can almost sell them in 4Q.

Q: Is it correct to say that there is no particular segment other than Agrochemicals where profits have been higher than expected in 3Q due to the increase in inventories?

A: There is nothing special about that.

<Questioner 2>

Q: I first would like to ask you about Semis Materials in Performance Materials. Can you tell us what the situation will be like in 3Q and 4Q for this segment?

A: The situation is expected to be the same in 3Q and 4Q. However, as I explained earlier, we are projecting that there will be a negative impact from a shift in shipments, which will be caused by the early shipments to Chinese customer made in 3Q.

Q: Which products were for the earlier shipments to China?

A: We shipped all main products equally, considering the impact of the Chinese New Year.

Q: I understand. Excluding that, roughly from 3Q to 4Q, will KrF, ArF, and others maintain roughly at the same level? Is there any adjustment in the Semis Materials at the moment?

A: Yes we see the same level and there are no adjustments to be made.

Q: I understand. There's one more thing to ask, which is about Fluralaner. You said that you forecasted a negative 3% in the full-year, but I wonder if you have changed your view on this.

In the explanation earlier, you seem to have mentioned that 4Q will be slightly below the outlook. I think this is probably just for 4Q, so if you look at the full year, will this minus 3% change?

A: What I was talking about earlier was a little bit of a downswing in 4Q. It was just for 4Q, and I think we're seeing a slight uptick overall.

Q: Thank you. Also, It was explained that FY2022 is the bottom, but specifically, for example, will the market bottom out to some extent in 1H of FY2022, or will it continue to adjust throughout the rest of the fiscal year?

A: It is hard to say where the bottom will be in FY2022, because we are not looking at it that closely. Also, we will announce the financial result in May 2022, so I think it will be a little clearer at that time.

<Questioner 3>

Q: The first question is about Performance Materials on page 25. In this 3Q, while sales exceeded the target by JPY0.4 billion, operating profit exceeded the target by JPY1.0 billion, could you please tell me the reason of this gap?

A: As for the reasons for the increase in profit, the main factors are the JPY0.4 billion decrease in fixed costs and the large increase in photo IPS sales in the Display Materials.

Q: I see. The second question is about fixed costs. In the 3Q results, there was a profit increase of JPY0.4 billion in the Performance Materials, and I think there was a profit increase of JPY0.1 billion in Agrochemicals also. I think the plan for 2H of the fiscal year originally factored in the increase in travel and transportation expenses due to the control of the COVID-19 infection, so if the current situation continues in 4Q, is it likely that the fixed costs will be less used? Or should we not be so optimistic about the fixed costs in 4Q, as some of the expenses will be postponed from 3Q to 4Q? Can you tell us more about the fixed cost situation?

A: We have not budgeted that much for travel and transportation expenses, so we do not expect to see a large saving in 4Q. The unaccounted for fixed costs in 3Q was partly due to the delay in R&D expenses.

Q: I understand. Is that R&D expenses going to be pushed back from 3Q to 4Q and be digested in 4Q? Are there almost no expenses to be getting pushed back?

A: Yes, there is such tendency for R&D expenses. Other than that, there are no such expenses.

<Questioner 4>

Q: The first question is about photo IPS. I think there has been more momentum than ever before to introduce photo alignment materials for medium-sized panels in China. About the outlook for the photo IPS ratio, is it likely that the adoption ratio will increase linearly, or is it likely that the photo IPS ratio will increase significantly in FY2022, given the recent conversion of customers' equipment? Could you please explain the time frame as well?

A: As for the penetration ratio of photo IPS, future expansion is expected to be linear in terms of annual growth.

Q: I understand. Thank you. The second point is about the capacity expansion of Agrochemicals at the Onoda Plant, which was reported in some industry magazines. Could you please explain the background to the capacity expansion?

A: One of the objectives of the expansion of Onoda plant is that the current capacity of the plant has reached the upper end for manufacturing existing products.

One more thing is to reinforce the plants for the new herbicides, especially the two herbicides that will be released in the future.

In order to respond to the increasing demand, we are currently working not only on Onoda, but also on our plant in India, which is establishing now.

<Questioner 5>

Q: The first is about Fluralaner. Based on your explanation earlier, on an annual basis, does Fluralaner exceed the outlook?

A: That's right.

Q: So, you said earlier that you have not changed your outlook that the bottom will be reached in FY2022, but is it okay to think that the upward portion is due to the fact that inventories are cleared more than in the original scenario?

A: Yes, that's right. The inventory situation has improved from the original scenario.

Q: I understand. Also, regarding Agrochemicals, aside from Fluralaner, GRACIA is probably the most difficult one to forecast for the next fiscal year. Looking at GRACIA over the past couple of years, it's been fluctuating significantly and predictions haven't come true at all. Do you think you will be able to make a correct assumption from your accumulated experiences?

A: It is true that the outlook of GRACIA is not correct. However, as I mentioned earlier, the inventory clearance is progressing more than we expected, so we are now at the starting line.

As for GRACIA, insecticides, the amount of pesticides used, especially depending on the climate and the occurrence of insect pests, can vary by as much as double or even 1/2 the amount we predict. Now that the inventory is relatively cleared, which is the start line, we would be able to show the results in line with our outlook if it is a normal occurrence. However, with less occurrence, we will certainly not meet the outlook. If there are a lot of pests, we will considerably exceed the outlook.

Q: One last thing. Custom Chemicals has a very good figure during this current fiscal year, but will it be able to keep up this pace next fiscal year and beyond?

A: As for Custom Chemicals, I believe that the demand environment has not changed significantly, as I expect the results to be about the same next fiscal year as well.

Q: When you say the same, you mean the absolute value is the same. Not the growth rate.

A: That's right. We expect the growth rate as well to flat around the same level in the next fiscal year.

[End]