



Nissan Chemical
CORPORATION

Nissan Chemical Corporation

1Q FY2022 Financial Results Briefing

Presenter:

DAIMON Hideki Director, Managing Executive Officer & CFO

August 8, 2022

1Q

vs. 1Q FY2021

- Sales up ¥11.8 billion (+25%)
- OP up ¥5.4 billion (+45%)
- Net Income up ¥5.1 billion (+57%)
- **OP, Ordinary Income and Net Income set a new record for 2 consecutive years**

1Q

vs. 1Q Outlook
as of May 2022

- Sales above target ¥5.9 billion
- OP above target ¥2.7 billion
- Net Income above target ¥2.7 billion

Shareholder Returns

- Completed a ¥5.0 billion share repurchase program (period: May - June 2022, 683 thousand shares)

Revision of Outlook

- Revised upward FY2022 Outlook announced in May 2022 (see p42)

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Daimon: I am Daimon of Nissan Chemical Corporation. Thank you all for taking time out of your busy schedules to join us. From this time on, I will be in charge of explaining the financial results. Thank you for your cooperation.

I will now begin with page four of the presentation materials, 1Q FY2022 financial summary.

As stated here, compared to the same period last year, sales increased by JPY11.8 billion and operating profit increased by JPY5.4 billion, which translates to an increase of 45%, and net income increased by JPY5.1 billion, or 57%.

Operating profit, ordinary income, and net income reached record highs for the second consecutive year.

Compared to earnings outlook, sales were JPY5.9 billion higher and operating profit was JPY2.7 billion higher, or about 18%. Net income was also JPY2.7 billion higher, or 24%.

As for shareholder returns, as already announced in our press release, we have completed the acquisition of JPY5 billion of treasury stock from May to June.

Furthermore, we have revised our earnings outlooks, and today we are announcing upward revisions to the figures announced in May, for 1H and full year, which will be explained later.

1Q FY2022 Financial Summary YOY Change

(¥billion)

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
Sales	46.5	58.3	+11.8 (+25%)
Operating Profit	11.9	17.3	+5.4 (+45%)
Non-Operating Income/Expenses	0.4	2.2	+1.8
Ordinary Income	12.3	19.5	+7.2 (+58%)
Extraordinary Income/Loss	0.0	0.0	0.0
Net Income ¹	8.8	13.9	+5.1 (+57%)
EBITDA ²	14.2	19.7	+5.5
EPS (¥/share)	61.73	98.13	+36.40
OP Margin	25.5%	29.6%	+4.1pt
FX Rate (¥/\$)	110	130	-
Crude Oil (JCC) (\$/bbl) ³	67	111	-

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

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

In the middle, you will find 1Q FY2022. Sales were JPY58.3 billion, operating profit was JPY17.3 billion, non-operating income was JPY2.2 billion, which I will explain later, ordinary income was JPY19.5 billion, and there were no extraordinary items. As a result, net income was JPY13.9 billion.

The exchange rate was JPY130 for 1Q FY2022. The JCC's figure for crude oil for the April to June period was USD111.

1Q FY2022 Financial Summary Compared to Outlook

(¥billion)

	1Q FY2022 Outlook	1Q FY2022 Actual	vs. Outlook
Sales	52.4	58.3	+5.9
Operating Profit	14.6	17.3	+2.7
Non-Operating Income/Expenses	0.6	2.2	+1.6
Ordinary Income	15.2	19.5	+4.3
Extraordinary Income/Loss	0.3	0.0	-0.3
Net Income ¹	11.2	13.9	+2.7
EBITDA ²	-	19.7	-
EPS (¥/share)	-	98.13	-
OP Margin	27.9%	29.6%	+1.7pt
FX Rate (¥/\$)	115	130	-
Crude Oil (JCC) (\$/bbl) ³	88	111	-

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

Next, please see page six. This is a comparison with the earnings outlook announced in May.

The figures are the same as before, but if you look at the elements below, the exchange rate forecast was JPY115 as of May. Meanwhile, the actual rate was JPY130. As for JCC crude oil price, we had forecasted it at USD88 at the beginning of the period.

Analysis of Changes in OP

		FY2022 Actual	FY2021 Actual	YOY Change	Outlook	vs. Outlook
		17.3 billion	11.9 billion	+5.4 billion(+45%)	14.6 billion	+2.7 billion
1Q	Chemicals	YOY Change +0.4 billion	Sales increase in melamine and TEPIC due to price up			
		vs. Outlook +0.1 billion	Sales increase in melamine and TEPIC due to price up			
	Performance Materials	YOY Change +1.0 billion	Sales increase in Semis Materials			
		vs. Outlook +0.8 billion	OP increase due to fixed cost below expectations and sales increase in Semis Materials			
	Agro	YOY Change +2.8 billion	Sales increase in Fluralaner (API and royalties), ROUNDUP, TARGA and GRACIA			
		vs. Outlook +1.1 billion	OP increase due to fixed cost below expectations and sales increase in TARGA, ROUNDUP, and DITHANE			
	Healthcare	YOY Change +0.5 billion	Sales increase in LIVALO and Custom Chemicals			
		vs. Outlook +0.2 billion	Sales increase in LIVALO and Custom Chemicals			

(¥)

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Next, please see page seven. This is an analysis of changes in operating profit by segment.

First, for Chemicals, as you can see in the comments, sales of melamine and TEPIC increased and exceeded the outlook due to higher sales prices, resulting in an increase of JPY0.4 billion over the same period last year, which was JPY0.1 billion higher than the outlook.

For Performance Materials, operating profit increased JPY1.0 billion from the same period of the previous year as a result of a large increase in Semis sales, while Display profit remained unchanged. The profit was also higher than the outlook by JPY0.8 billion, due in part to the favorable performance of Semis and fixed costs being lower than the expectations by about JPY0.3 billion.

In the Agrochemicals business, we saw a large increase in profit of JPY2.8 billion due to factors including the increase in sales of Fluralaner, ROUNDUP, TARGA, and GRACIA.

In addition to the higher sales of TARGA, ROUNDUP, and DITHANE, fixed costs were lower, which was a positive factor in the profit increase of about JPY0.4 billion, resulting in the profit exceeding the outlook by JPY1.1 billion.

Lastly, for Healthcare, there was an increase of JPY0.5 billion in sales compared to the same period last year, on the back of sales increase in LIVALO and Custom Chemicals, while the sales of Custom Chemicals were slightly skewed to 1Q. The profit for Healthcare was JPY0.2 billion higher than the outlook.

Therefore, the profits in all segments were higher than those for the same period last year and exceeded the outlook.

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

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change	(¥billion) 1Q FY2022 Outlook as of May 2022 (undisclosed)
Non-Operating Income	0.63	2.42	+1.79	0.76
Interest income, dividend income	0.27	0.31	+0.04	0.30
Foreign exchange gains	0.00	1.69	+1.69	0.00
Equity in earnings of affiliates, others	0.36	0.42	+0.06	0.46
Non-Operating Expenses	0.19	0.19	0.00	0.16
Interest expense	0.03	0.04	+0.01	0.03
Foreign exchange losses	0.01	0.00	-0.01	0.00
Loss on disposal of non-current assets, others	0.15	0.15	0.00	0.13
Non-Operating Income/Expenses	0.44	2.23	+1.79	0.60
Extraordinary Income	0.00	0.00	0.00	0.25
Extraordinary Loss	0.00	0.00	0.00	0.00
Extraordinary Income/Loss¹	0.00	0.00	0.00	0.25

1. 1Q FY2022 Outlook:
Extraordinary Income ¥0.25 billion (Gain on sales of investment securities ¥0.25 billion)

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Next, please see page eight. This is the breakdown of non-operating income/expenses and extraordinary income/loss.

As I mentioned earlier, the actual result for 1Q FY2022, in terms of non-operating income/loss, was JPY2.23 billion as shown in the line near the bottom, and if you look at the YoY comparison, the figure next to it shows an increase of about JPY1.8 billion.

The third line from the top shows the foreign exchange gains, which amounted to about JPY1.7 billion, which was zero in the previous year. A large figure was recorded for 1Q FY2022.

The outlook figures for 1Q announced in May are shown in the rightmost column for your reference.

As for extraordinary gains and losses, we initially expected JPY0.25 billion in gains on sales of investment securities in 1Q, but since there were no actual sales in 1Q, the amount is zero.

Cash Flows

Free cash flow in 1Q FY2022 was ¥8.8 billion, an increase of ¥0.3 billion from 1Q FY2021

(¥billion)

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
CF from operating activities	11.8	13.1	+1.3
Income before income taxes & non-controlling interests	12.3	19.5	+7.2
Extraordinary loss (income)	0.0	0.0	0.0
Depreciation & amortization ¹	2.2	2.5	+0.3
Income taxes paid	-7.1	-7.5	-0.4
Working capital, others	4.4	-1.4	-5.8
CF from investing activities	-3.3	-4.3	-1.0
Purchase of PPE	-2.8	-3.4	-0.6
Purchase and sales of investment securities	-0.1	-0.4	-0.3
Others	-0.4	-0.5	-0.1
Free cash flow	8.5	8.8	+0.3
CF from financing activities	-23.8	-18.0	+5.8
Payout to shareholders (dividend)	-8.3	-10.2	-1.9
Payout to shareholders (share repurchase)	-4.8	-5.0	-0.2
Borrowings	-8.4	-2.7	+5.7
Others	-2.3	-0.1	+2.2
Effect of exchange rate change on cash & cash equivalents	0.0	0.8	+0.8
Change in cash & cash equivalents	-15.3	-8.4	+6.9
Increase in cash and cash equivalents resulting from change in scope of consolidation	0.0	3.1	+3.1
Cash & cash equivalents at end of period	17.1	29.4	+12.3

1. Including amortization of goodwill

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Please continue to cash flow, on page nine.

In the middle column, you will see the FY2022 actual numbers for this 1Q. Next to it is the YoY comparison.

First, as for cash flow from operating activities, income before income taxes increased significantly, resulting in a net cash increase of JPY7.2 billion. On the other hand, the increase in working capital has had a negative impact. As a result, net cash from operating activities increased JPY1.3 billion compared to the same period last year.

As for cash flow from investing activities, cash decreased by about JPY1.0 billion, as purchase of PPE increased slightly.

As a result, free cash flow for this 1Q was JPY8.8 billion, a YoY increase of JPY0.3 billion.

The cash flow from financing activities shows a JPY18.0 billion cash outflow in 1Q.

First, regarding dividends, the year-end dividend paid in June was JPY10.2 billion, an increase of JPY1.9 billion over the same period last year, due to an increase in the dividend compared to the previous period.

As I mentioned earlier, the JPY5.0 billion in share repurchases completed in June was recorded as cash outflow, while the previous year, FY2021, the Company made a purchase of JPY7 billion for 1H of the year.

However, as of the end of June 2021, the cash outflow for the share buyback was JPY4.8 billion, and the portion not yet completed is shown in the "others" section below, resulting in this discrepancy.

Regarding changes in borrowings, cash outflows amounted to JPY2.7 billion. There was a large repayment, in July 2022, not in June.

As a result, the balance of cash and cash equivalents was JPY29.4 billion, as shown in the last line at the bottom.

One line above, there is an increase of JPY3.1 billion in cash and cash equivalents resulting from change in scope of consolidation, which is due to the consolidation of NBR, a joint venture in India, from this fiscal year.

Balance Sheets



	2021/6	2022/3	2022/6	vs. 2022/3		2021/6	2022/3	2022/6	vs. 2022/3
Current assets	142.2	175.3	172.6	-2.7	Liabilities	52.7	71.7	67.5	-4.2
Cash	17.1	34.7	29.4	-5.3	Accounts payable	15.7	19.0	18.5	-0.5
Accounts receivable	66.4	80.0	80.0	0.0	Borrowings	14.2	22.7	20.6	-2.1
Inventories	49.8	52.2	55.8	+3.6	Others	22.8	30.0	28.4	-1.6
Others	8.9	8.4	7.4	-1.0	Net assets	193.9	208.0	209.7	+1.7
Fixed assets	104.4	104.4	104.6	+0.2	Shareholders' equity ²	181.1	196.7	195.5	-1.2
Total PPE	51.5	53.2	56.9	+3.7	Valuation difference on available-for-sale securities	10.5	8.3	8.6	+0.3
Intangible assets	12.2	11.8	12.0	+0.2	Foreign currency translation adjustment	0.1	0.9	2.2	+1.3
Investment securities	34.9	30.2	29.8	-0.4	Non-controlling interests	1.8	2.1	3.0	+0.9
Others	5.8	9.2	5.9	-3.3	Remeasurements of defined benefit plans	0.4	0.0	0.4	+0.4
Total assets	246.6	279.7	277.2	-2.5	Total liabilities & net assets	246.6	279.7	277.2	-2.5

Breakdown of Investment Securities

	2021/6	2022/3	2022/6	vs. 2022/3
Listed shares¹ (Number of stocks held, Non-consolidated basis)	23.1 (31)	18.9 (30)	19.3 (30)	+0.4 (0)
Unlisted shares	2.8	2.6	3.1	+0.5
Subsidiaries/Associate shares	9.0	8.7	7.4	-1.3
Total	34.9	30.2	29.8	-0.4

Strategic shareholdings on net assets⁴	12.2%	9.5%	9.9%
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Equity Ratio	77.9%	73.6%	74.5%
D/E Ratio³	-1.6%	-6.1%	-4.5%

- 2022/3 18.9 + Acquisition 0.0 + Sales and valuation difference 0.4 = 2022/6 19.3
- Change in shareholders' equity -1.2 = Net Income 13.9 - Dividend and others 15.1
- 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): 2021/6 23.7, 2022/3 19.8, 2022/6 20.7

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Please continue on to page 10, the balance sheet.

The upper left table shows the asset side. The total assets decreased by JPY2.5 billion compared to the end of the previous quarter, which is the end of March.

Cash decreased JPY5.3 billion from the end of March, but there was a slight increase in inventories.

On the right side, liabilities decreased JPY4.2 billion, while net assets increased JPY1.7 billion. There were no major changes, while there were slight movements.

As a result, as shown on the lower right, the equity ratio was 74.5% at the end of June.

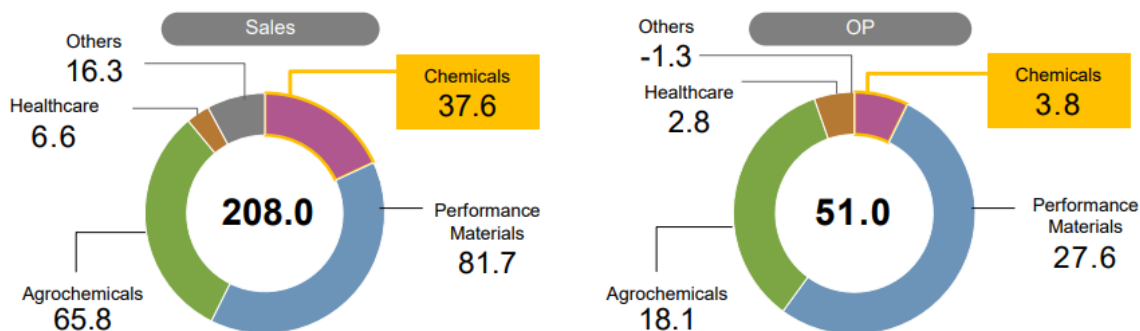
Please see the breakdown of investment securities in the lower left-hand corner. The total column shows a decrease of JPY0.4 billion compared to the end of the previous quarter. The number of listed stocks held on a non-consolidated basis has not changed since the end of March, but the increase in market value has resulted in an increase of JPY0.4 billion.

The bottom line shows the percentage of strategic shareholdings in consolidated net assets on a non-consolidated basis. One year ago, at the end of June 2021, the figure was over 10%, at 12.2%, but now the figure is slightly below 10%.

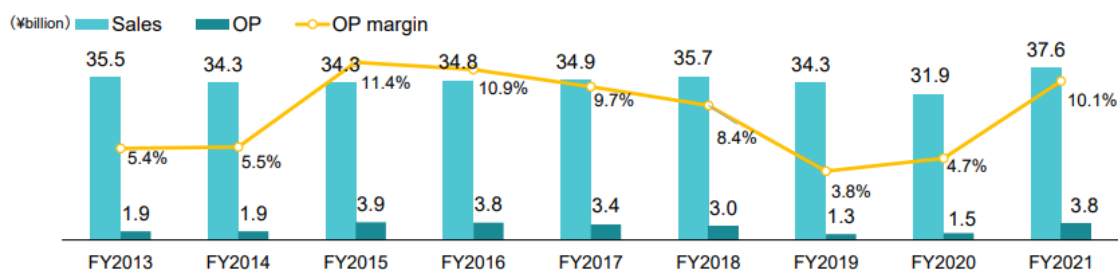
Chemicals Overview



FY2021 Actual by Segment (¥billion)¹



Chemicals – Recent Financial Performance



1. Organizational changes were implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

- Fine Chemicals: [1Q]Sales YOY +30%, Sales above target
- Basic Chemicals: [1Q]Sales YOY +11%, Sales below target

Main Products	1Q FY2022 Actual	
	YOY Change	vs. Outlook as of May 2022 (undisclosed)
TEPIC	+43%	Above
Environmental related products	+10%	Below
FINEOXOCOL	+44%	Above
Total Fine Chemicals¹	+30%	Above
Melamine	+50%	Above
Urea/AdBlue [®]	+53%	Above
High purity sulfuric acid	+2%	In line
Nitric acid products ²	-33%	Below
Total Basic Chemicals³	+11%	Below
Total Segment	+18%	Above

1. TEPIC, Environmental related products, and FINEOXOCOL account for 88% of total Fine Chemicals sales (1Q FY2022 Actual)

2. From April to June 2022, Nitric acid plant temporarily shutdown due to mechanical troubles, and restarted deliveries from June 17, 2022 (Estimated impact) (1Q FY2022) OP down ¥0.67 billion, (2Q) OP down ¥0.32 billion (1H) OP down ¥0.99 billion

3. Melamine, Urea/AdBlue[®], High purity sulfuric acid, and Nitric acid products account for 59% of total Basic Chemical sales (1Q FY2022 Actual)

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Let me skip a little bit to the segment overview and start with the Chemicals segment on page 15. This shows the sales growth rate of our main products.

As for Fine Chemicals, sales increased 30% YoY in 1Q FY2022 and were higher compared to the earnings outlook.

As for Basic Chemicals, sales increased 11% YoY in 1Q FY2022, but were short of the outlook.

This is explained in two of the footnotes. The second line from the bottom explains that from April to June 2022, there was a temporary shutdown of a nitric acid plant due to mechanical troubles. As you can see here, the estimated loss for 1Q FY2022 was approximately JPY0.67 billion, and the estimated loss for 2Q is JPY0.32 billion, for a total loss of JPY0.99 billion for 1H of the year.

In relation to this, the third line of the table from the bottom shows that sales of nitric acid products decreased by 33% compared to the same period of the previous year, and also fell short of the outlook.

[1Q] Sales up ¥1.6 billion, OP up ¥0.4 billion

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
Sales	8.8	10.4	+1.6
Fine Chemicals	3.2	4.2	+1.0
Basic Chemicals	5.6	6.2	+0.6
OP	1.3	1.7	+0.4

(¥billion)

1. 1Q FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

	[1Q] Sales up, OP up
Fine Chemicals	TEPIC for general applications Sales up (price up)
	TEPIC for electronic materials Sales down
	Environmental related products Sales up (price up)
	FINEOXOCOL Sales up (cosmetic use recovery)
	Feedstock and raw materials cost up, shipping cost up
Basic Chemicals	[1Q] Sales up, OP up
	Melamine Sales up (price up)
	Urea/AdBlue® Sales up (price up)
	High purity sulfuric acid Sales up
	Nitric acid products Sales down (nitric acid plant troubles, see p15)
	Feedstock and raw materials cost up, shipping cost down, fixed cost up ¥0.3 billion, inventory adjustment cost down ¥0.3 billion

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Next, please see page 16. This is a YoY comparison for the Chemicals segment.

As shown in the table, sales increased by JPY1.6 billion YoY, of which Fine Chemicals sales increased by JPY1 billion and Basic Chemicals sales increased by JPY0.6 billion.

Operating profit increased JPY0.4 billion YoY.

As you can see in the comments below, both sales and profit increased for Fine Chemicals. The sales of TEPIC for general applications increased greatly due to an increase in sales prices.

On the other hand, sales of TEPIC for electronic materials decreased. This was due to the shortage of semiconductors, which affected those for automotive applications. There were also some impacts from the lockdown in Shanghai.

As for environmental related products, sales also increased due to higher sales prices. As for FINEOXOCOL, sales of cosmetics use recovered, resulting in a relatively large increase in sales here as well.


In addition, the high cost of raw materials and fuel, as well as the soaring shipping cost, were factors in the decrease in profit for this fiscal year, as shown here. The final result for Fine Chemicals; however, was an increase in profit even with these factors compensated for.

The right-hand side shows Basic Chemicals, which showed a YoY increase in both sales and profit in 1Q FY2022.

Sales of melamine increased due to higher prices. The same was true for Urea/AdBlue. Sales of high purity sulfuric acid also increased, albeit by 2%. On the other hand, nitric acid products are as I mentioned earlier.

Meanwhile, raw material and fuel costs and shipping costs decreased, so there is a slight mix of factors contributing to decrease and increase in profits, but in total they ended up being factors for lower profits.

In addition, the increase in fixed costs, as I mentioned earlier, was due to an increase of over JPY0.2 billion in repair costs resulting from trouble with nitric acid facilities, and this was a factor for the decrease in profit. However, this was offset in the short term by the impact of inventory adjustment, which was almost the same amount of JPY0.3 billion, as shown here.

Chemicals **1Q FY2022 Financial Results Compared to Outlook** 

【1Q】 Sales above target ¥0.2 billion, OP above target ¥0.1 billion
OP above target despite nitric acid plant troubles

	1Q FY2022 Outlook as of May 2022	1Q FY2022 Actual	vs. Outlook
Sales	10.2	10.4	+0.2
Fine Chemicals	3.7	4.2	+0.5
Basic Chemicals	6.5	6.2	-0.3
OP	1.6	1.7	+0.1

【1Q】 Sales above target, OP above target

Fine Chemicals	Product	Performance
Fine Chemicals	TEPIC for general applications	Sales above target (price up)
	TEPIC for electronic materials	Sales below target
	Environmental related products	Sales below target (influence of nitric acid plant troubles, see p15)
	FINEOXOCOL	Sales above target (cosmetic use strong)
Feedstock and raw materials cost above expectations		

【1Q】 Sales below target, OP below target

Basic Chemicals	Product	Performance
Basic Chemicals	Melamine	Sales above target (price up)
	Urea/AdBlue®	Sales above target (price up)
	High purity sulfuric acid	Sales in line with target
	Nitric acid products	Sales below target (nitric acid plant troubles, see p15)
	Feedstock and raw materials cost above expectations, shipping cost below expectations, fixed cost above expectations ¥0.3 billion	

Page 17 shows the comparison to earnings outlook for the Chemicals segment.

Net sales were JPY0.2 billion higher and operating profit was JPY0.1 billion higher, which means that despite the nitric acid plant trouble I mentioned earlier, profits exceeded the earnings outlook.

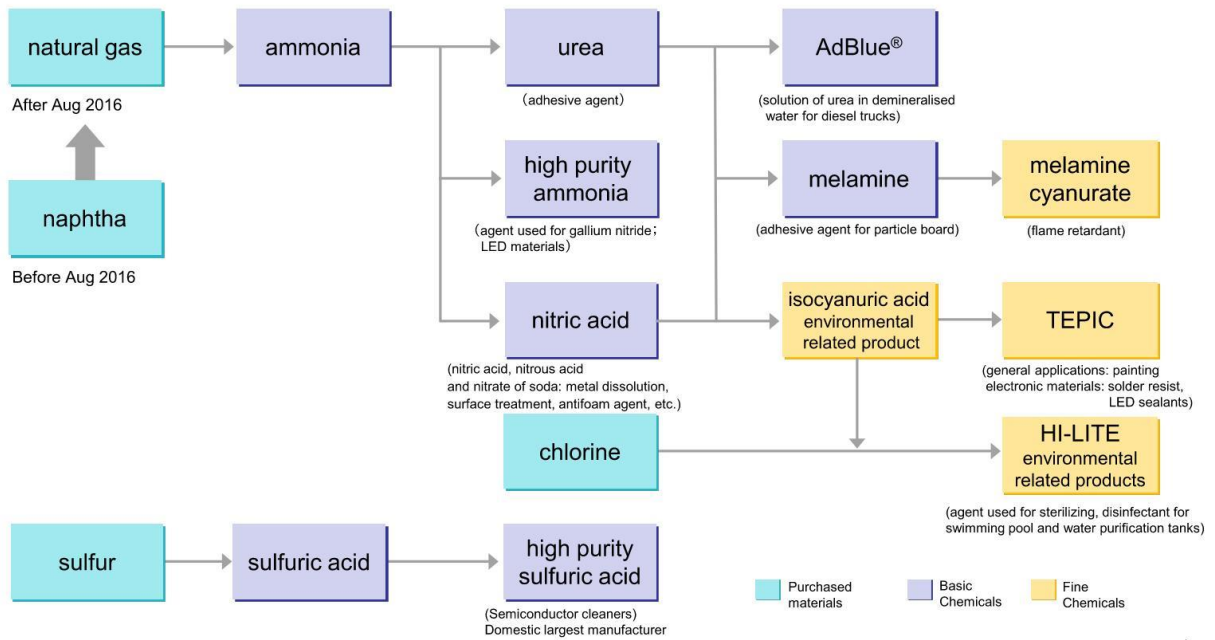
Although I will not explain all the comments, in 1Q FY2022, as for Fine Chemicals, both sales and operating profits were higher.

On the other hand, for Basic Chemicals, as I mentioned earlier, sales and operating profits were both lower due to the nitric acid plant trouble.

In the lower right-hand corner, the JPY0.3 billion portion of the fixed costs above the expectations was due to an increase in nitric acid facility repair expenses, as mentioned earlier.

Flow Chart of Selected Basic and Fine Chemicals Products

- Core products are ammonia related products and sulfuric acid related products
- FY2021 ammonia domestic production capacity share 11%
- Focus on high value-added products, such as high purity sulfuric acid and TEPIC, instead of pursuing scale



Page 18 shows the manufacturing flow of main products.

Compared to the previous flowchart, we have provided a little more detail, and there is a horizontal arrow from the middle, middle row, from the nitric acid. The nitric acid problem affected not only some Basic Chemicals, but also some Fine Chemicals, such as isocyanuric acid and TEPIC.

Restructure based on Shutdown of Melamine Plant

- As announced in August 2021, the production of melamine terminated in June 2022
- We will concentrate its management resources on high value-added products and products with a high market share

1. Sales・OP distribution (Total FY2018-2021)

(¥billion)

	Sales	OP	Main products
Ammonia-related products	92.5(66%)	1.9(20%)	ammonia, urea/AdBlue®, high purity ammonia, melamine, nitric acid, isocyanuric acid, Hi-LITE, TEPIC, melamine cyanurate
Sulfuric acid-related products	47.0(34%)	7.7(80%)	sulfuric acid, purified sulfuric acid, high purity sulfuric acid
Others			FINEOXOCOL etc.
Total Chemicals	139.5(100%)	9.6(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 Nissan Chemical) 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. Restructuring costs

Melamine plant shutdown related costs (extraordinary loss of 1.79 billion yen) were compensated by gain on sales of investment securities (recorded in 2Q FY2021)

5. ESG

By shutdown of melamine, 26,000 GHG (t-CO₂) or equivalent to about 7% of FY2018 GHG (see p47) estimated to be reduced

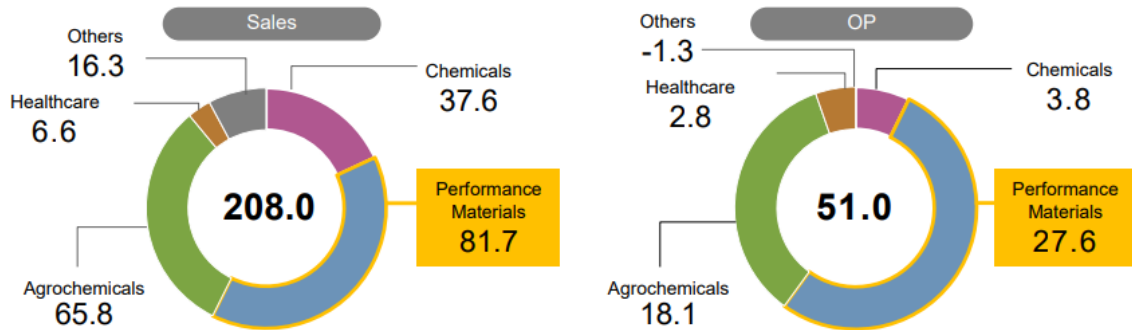
| 19

Continuing on page 19, this is the page on restructuring due to the shutdown of melamine production, which was announced last August.

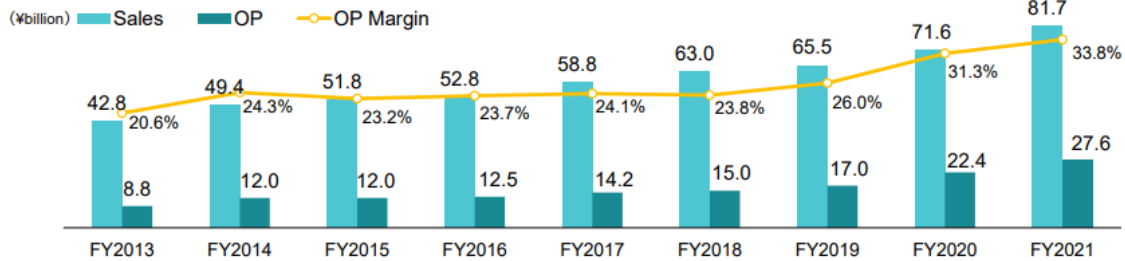
As planned, the production of melamine terminated in June 2022.

These have been for Chemicals, and now let us move on to the Performance Materials segment.

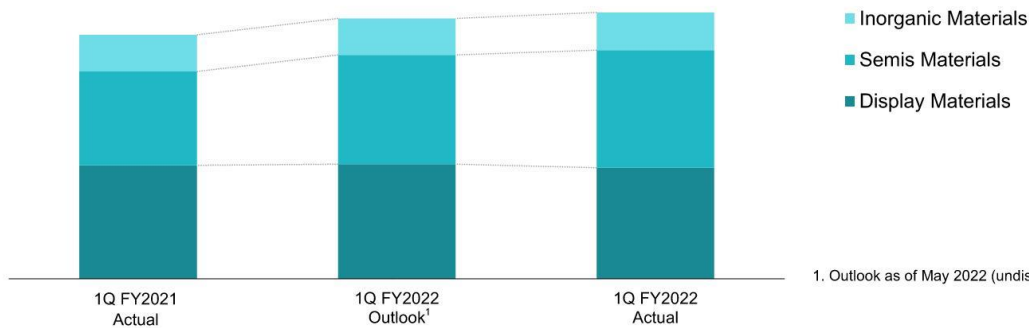
FY2021 Actual by Segment (¥billion)¹



Performance Materials – Recent Financial Performance



1. Organizational change was implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)



1. Outlook as of May 2022 (undisclosed)

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

Please skip to page 21. Here is an image of sales for each of the sub-segments of the Performance Materials segment: Display Materials, Semis Materials, and Inorganic Materials.

- DP Materials: [1Q]Sales YOY -2%, Sales below target
- Semis Materials: [1Q]Sales YOY +25%, Sales above target
- Inorganic Materials: [1Q]Sales YOY +2%, Sales above target

Main Products	1Q FY2022 Actual	
	YOY Change	vs. Outlook as of May 2022 (undisclosed)
SUNEVER	-2%	Below
Total Display Materials	-2%	Below
KrF (ARC®)	+10%	In line
	+31%	Above
Total ARC®	+25%	Above
Other Semis Materials ¹	+26%	Above
Total Semis Materials	+25%	Above
SNOWTEX	+2%	Above
Organo/Monomer Sol	+3%	Above
Oilfield Materials	+47%	Above
Total Inorganic Materials	+2%	Above
Total Segment	+9%	Above

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

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Continuing on page 22, this is the sales growth rates for the major products in 1Q FY2022.

As mentioned in the opening comments, sales of Display Materials decreased 2% in 1Q FY2022 and were slightly below the outlook.

Meanwhile, Semis Materials showed a large increase by 25% in sales in 1Q FY2022, which exceeded the earnings outlook.

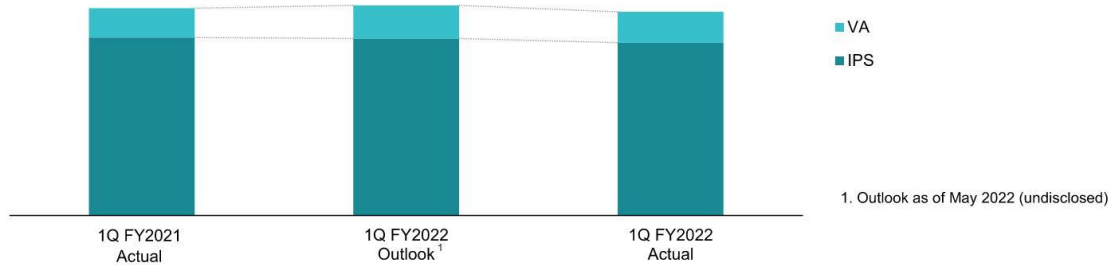
Inorganic Materials sales increased by 2% in 1Q FY2022, which is also an increase compared to the earnings forecast.

Details for each product are as shown below, and as for SUNEVER, as I mentioned, sales declined by 2% YoY and were slightly lower than the outlook.

On the other hand, sales in Semis Materials and ARC increased 25% YoY, and other Semis Materials also showed a similarly large 26% YoY increase in sales.

Photo IPS (photo alignment materials for IPS LCDs) : Sales YOY up, Sales above target

Total SUNEVER : Sales YOY -2%, Sales below target



1. Outlook as of May 2022 (undisclosed)

Main Applications

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

Sales Growth Rate by Mode

	1Q FY2022 Actual	
	YOY Change	vs. Outlook as of May 2022 (undisclosed)
VA	Up(+0 ~ +9%)	Below
IPS	Down(-0 ~ -9%)	Below
Total SUNEVER (including TN ²)	-2%	Below

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

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Continuing on page 23, this shows sales distribution of SUNEVER by mode in the Display Materials business.

If you look at the table here below, you will see that in 1Q FY2022, sales for VA increased compared to the same period of the previous year but fell short of the outlook.

IPS, which includes both photo IPS and rubbing IPS, showed a YoY decrease in sales which was also lower than the outlook.

As mentioned at the top, sales of photo IPS increased compared to the same period of the previous year and also exceeded the outlook.

[1Q] Sales up ¥1.8 billion, OP up ¥1.0 billion

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
Sales	20.0	21.8	+1.8
OP	6.9	7.9	+1.0

(¥billion)

1. 1Q FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

Display Materials [1Q] Sales down, OP flat

Photo IPS	Sales up (non-smartphone up)
Rubbing IPS	Sales down
VA	Sales up

Semis Materials [1Q] Sales up, OP up

ARC®	Sales up
Other semis materials	Sales up (multi layer materials and other new materials ¹ up)
Semis market overall good performance, fixed cost up ¥0.1 billion	

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

Inorganic Materials [1Q] Sales up, OP up

SNOWTEX	Sales up (non-polishing and polishing up)
Organo/Monomer Sol	Sales up
Oilfield materials	Sales up
Fixed cost down ¥0.1 billion	

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Continuing on page 24, this is the YoY comparison for the Performance Materials segment.

Sales increased JPY1.8 billion and operating profit increased JPY1.0 billion.

First of all, as you can see on the lower left, sales of Display Materials decreased in 1Q FY2022, while profits remained flat. In particular, sales of Photo IPS increased due to the continued strong performance of the non-smartphone portion.

On the other hand, sales decreased for rubbing IPS and increased for VA.

As for Semis Materials, sales and profits increased in 1Q FY2022. As I indicated earlier, sales of ARC and other Semis Materials increased significantly, and the market in general was favorable, but fixed costs increased by JPY0.1 billion.

Sales and profits of Inorganic Materials also increased, as did those of SNOWTEX, Organo/Monomer Sol, and Oilfield Materials.

The decrease in fixed costs also came out on the profit side, which is also recorded a positive JPY0.1 billion.

1Q FY2022 Financial Results Compared to Outlook

【1Q】Sales above target ¥0.6 billion, OP above target ¥0.8 billion,
Fixed cost below expectations ¥0.3 billion in total

	1Q FY2022 Outlook as of May 2022	1Q FY2022 Actual	vs. Outlook
Sales	21.2	21.8	+0.6
OP	7.1	7.9	+0.8

(¥billion)

Display Materials	<p>【1Q】 Sales below target, OP above target</p> <ul style="list-style-type: none"> Photo IPS Sales above target Rubbing IPS Sales below target VA Sales below target <p>Fixed cost below expectations ¥0.1 billion</p>	Semis Materials	<p>【1Q】 Sales above target, OP above target</p> <ul style="list-style-type: none"> ARC® Sales above target Other semis materials Sales above target (multi layer materials and other new materials¹ above target) <p>Semis market overall good performance, fixed cost below expectations ¥0.2 billion</p> <p><small>1. other new materials: EUV materials, CMOS image sensor materials, 3D packaging process materials total</small></p>
		Inorganic Materials	<p>【1Q】 Sales above target, OP above target</p> <ul style="list-style-type: none"> SNOWTEX Sales above target (non-polishing and polishing up) Organo/Monomer Sol Sales above target Oilfield materials Sales above target

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Continuing on page 25, this is a comparison with the earnings outlook.

As mentioned at the top, sales were JPY0.6 billion higher, and operating profit was JPY0.8 billion higher.

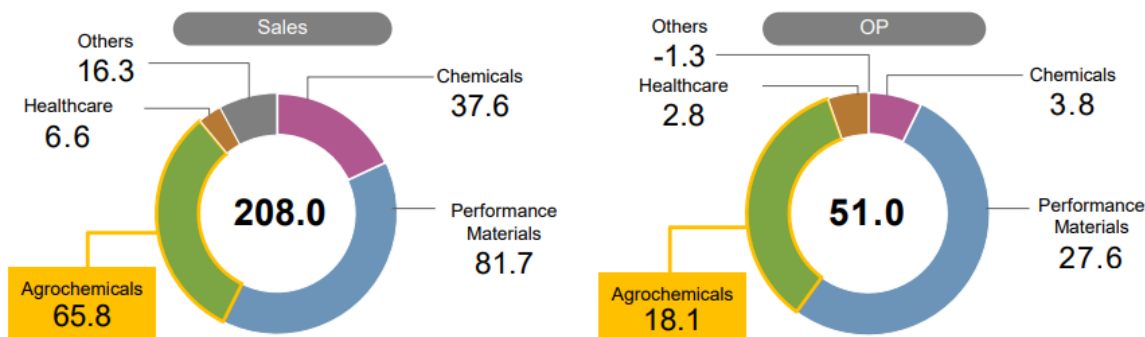
In addition, the fixed costs being JPY0.3 billion lower in total was a factor for the increase in the profits. As a breakdown of the lower fixed cost, JPY0.1 billion was in Display Materials and approximately JPY0.2 billion was in Semis Materials.

As a brief comment on each of the sub-segments, as shown on the lower left, for Display Materials, sales were lower and operating profit was higher.

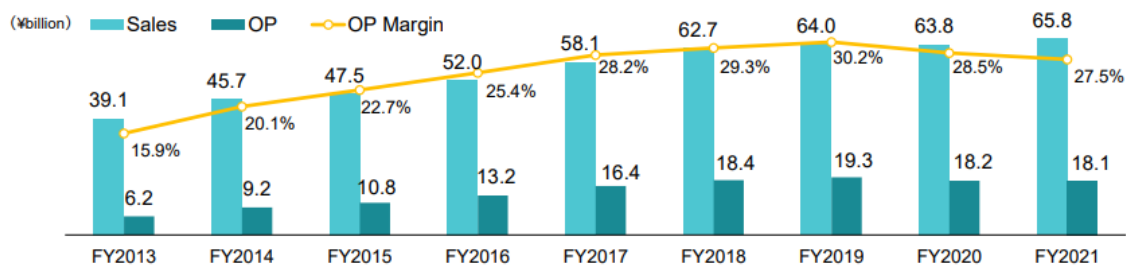
Sales of Photo IPS were higher, while those of rubbing IPS and VA were lower compared to the outlook, as I mentioned earlier.

On the other hand, for the Semis Materials, both sales and operating profit were higher. For Inorganic Materials, both sales and operating profits were higher as well.

FY2021 Actual by Segment (¥billion)¹



Agrochemicals – Recent Financial Performance



1. Organizational change was implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

Sales Growth Rate of Main Products (before discount)

[1Q] Sales YOY +47%, Sales above target

Main Products (in order of FY2021 Sales amount)	Types	YOY Change (1Q)	vs. Outlook as of May 2022 (undisclosed)
ROUNDUP ¹	Herbicide	+22%	Above
Fluralaner	Animal health product	+55%	Above
ALTAIR	Herbicide	+27%	Above
TARGA	Herbicide	+89%	Above
DITHANE	Fungicide	+37%	Above
PERMIT	Herbicide	+59%	Above
LEIMAY	Fungicide	+208%	Above
GRACIA	Insecticide	+216%	Above
QUINTEC	Fungicide	-97%	Below
Total segment²	-	+47%	Above

Reference

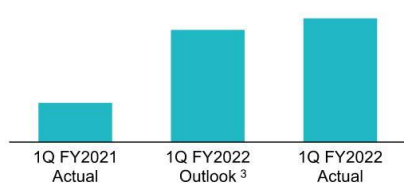
■ No.1 in the domestic agrochemicals sales ranking (Oct 2019- Sep 2020)

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

1. ROUNDUP AL for general household accounting for 32% of 1Q FY2022 ROUNDUP sales

2. Total segment sales YOY include discount

GRACIA Sales



Reference

FY2021 Presentation Materials (announced on May 13, 2022) p40 GRACIA Sales Growth forecast

3. Outlook as of May 2022 (undisclosed)

This is followed by Agrochemicals. Please skip to page 27. This shows the sales growth rate of our main products.

As noted here, sales increased 47% in 1Q FY2022 and exceeded the forecast.

First, as for ROUNDUP, sales increased 22% from the same period last year and were higher than the outlook.

For the animal health product Fluralaner, sales also increased 55%. The sales also exceeded the outlook.

Almost all of the following products, including ALTAIR, TARGA, DITHANE, PERMIT, and others reported sales being higher YoY and above the outlook, but only QUINTEC reported sales being lower YoY and below the outlook, due to the shipment shifted from 1Q to 2Q.

This is an image of GRACIA sales. It is shown as bar charts at lower left. For this 1Q, the YoY growth was substantial. The sales were also higher than the May outlook.

Agrochemicals **1Q FY2022 Financial Results YOY Change** 

[1Q] Sales up ¥6.3 billion, OP up ¥2.8 billion,
Fixed cost up ¥0.3 billion, Inventory adjustment cost down ¥0.7 billion

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
Sales	13.4	19.7	+6.3
OP	4.0	6.8	+2.8

1. 1Q FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

Main products	Product	Description
	ROUNDUP(Herbicide)	Sales up (ML & AL: price & volume up)
	Fluralaner(Animal health product)	Sales up (API: up due to shipment shifted from 4Q FY2021 to 1Q FY2022, end of inventory adjustment, royalties: up)
	ALTAIR(Herbicide)	Sales up (domestic & export: up)
	TARGA(Herbicide)	Sales up (partial shipment shifted from 2Q to 1Q FY2022, demand increase)
	DITHANE(Fungicide)	Sales up (export up)
	PERMIT(Herbicide)	Sales up
	LEIMAY(Fungicide)	Sales up (export: sales up for mixture product application in Europe)
	GRACIA(Insecticide)	Sales up (domestic: sales up due to end of distribution inventory adjustment, export: sales up due to sales expansion in India & Indonesia and sales recovery in Korea)
	QUINTEC(Fungicide)	Sales down (shipment shifted from 1Q to 2Q FY2022)

Continuing on page 28, here is the YoY comparison for 1Q FY2022.

Sales were JPY6.3 billion higher and operating profit was JPY2.8 higher.

In addition, an increase in fixed costs was a factor in the decrease in profit of JPY0.3 billion, while the impact of inventory adjustment was a factor in the increase in income of JPY0.7 billion.

Details for the main products are as written in the lower left. As for ROUNDUP, we raised the prices of both ML and AL last year, but sales volume also increased, resulting in an increase in sales.

As for the animal health product Fluralaner, as described here, there was the growth of the APIs due to some effects of the postponement of some API shipments from FY2021 to this 1Q, as well as the end of inventory adjustment at the customer Merck. Royalties revenue was also firm.

TARGA sales increased significantly, partly due to accelerated shipments from 2Q, but also supported by increased demand. As for LEIMAY, exports increased due to sales for mixture product applications in Europe, which also led to an increase in sales.

As for GRACIA, domestic sales increased due to the almost complete elimination of channel inventory. Export sales also increased due to sales expansion in India and Indonesia, where shipments began in 2H of the previous fiscal year, and sales recovery in South Korea.

QUINTEC, as I mentioned earlier, experienced a decline in sales due to the postponement of shipments to 2Q.

Agrochemicals

1Q FY2022 Financial Results Compared to Outlook



[1Q] Sales above target ¥2.5 billion, OP above target ¥1.1 billion,
Fixed cost below expectations ¥0.4 billion, Inventory adjustment cost below expectations ¥0.2 billion

	1Q FY2022 Outlook as of May 2022	1Q FY2022 Actual	vs. Outlook
Sales	17.2	19.7	+2.5
OP	5.7	6.8	+1.1

(¥billion)

Main products	Product	Description
	ROUNDUP(Herbicide)	Sales above target (ML: above target, AL: in line with target)
	Fluralaner(Animal health product)	Sales above target (royalties above target)
	ALTAIR(Herbicide)	Sales above target
	TARGA(Herbicide)	Sales above target (partial shipment shifted from 2Q to 1Q FY2022, demand increase)
	DITHANE(Fungicide)	Sales above target (partial shipment shifted from 4Q FY2021 to 1Q FY2022)
	PERMIT(Herbicide)	Sales above target
	LEIMAY(Fungicide)	Sales above target (partial shipment shifted from 4Q FY2021 to 1Q FY2022, demand increase)
	GRACIA(Insecticide)	Sales above target (sales expansion in India and Indonesia)
	QUINTEC(Fungicide)	Sales below target (shipment shifted from 1Q to 2Q FY2022)

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Please see page 29.

As stated, compared to the outlook, sales were higher by JPY2.5 billion operating profit was JPY1.1 billion higher.

In addition, fixed costs were JPY0.4 billion lower. The impact of the inventory adjustment was also JPY0.2 billion, both of which are factors contributing to the increase in profit.

Each of the major products is listed there.

- Establish an API production site to ensure a stable global supply and reduce manufacturing costs
- NBR is added as a consolidated subsidiary from FY2022
- Plant is scheduled to start operation in 4Q FY2022 (changed from the initial plan of 2Q FY2022 due to delay in delivery of some equipment)

Nissan Bharat Rasayan Private Limited (NBR)

Head Office	Gurgaon, Haryana (near New Delhi)
Plant Location	Newly built in Saykha, Gujarat (land leased by Gujarat Industrial Development Corporation)
Opening of Business	April 1, 2020
Business	Manufacturing active ingredients of agrochemicals (GRACIA, LEIMAY, QUINTEC, etc.) and exporting them to Nissan Chemical
Number of Operators	150-200 (assumptions as of 2022)
Plant Operating	4Q FY2022
Shareholders	Nissan Chemical 70%, Bharat Rasayan Ltd (BRL)30%
Board of Directors	Nissan Chemical 5, BRL 2, Independent1, Total 8

Bharat Rasayan Ltd (BRL)

Foundation	1989 (one of major Indian agrochemical companies)
Listing	National Stock Exchange of India(NSE), Bombay Stock Exchange (BSE)
Major Shareholders	Founders families including Sat Narain Gupta, Chairman 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

Expected Net Contribution to Nissan Chemical's Consolidated PL

						(¥billion)
FY	2021	2022	2023	2024	2025	
OP	-	-0.2	1.0	2.4	2.9	

Advantages to Nissan Chemical

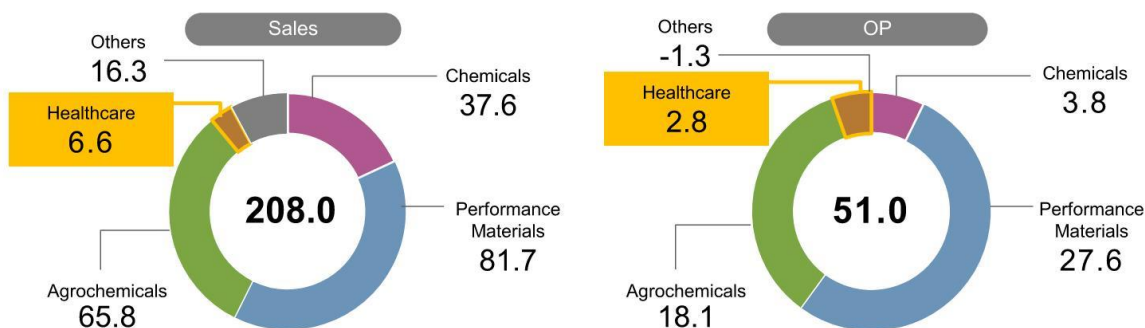
- Reliable and experienced local partner
- Diversify and secure sources of active ingredients and decrease materials shortage risks
- Lower production costs compared to plants in Japan
- Readily available plant site (official approval process for land lease already completed)
- Much less management and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

Next, please skip to page 34, where you will see a slight change from the explanation given in May regarding the joint venture company in India.

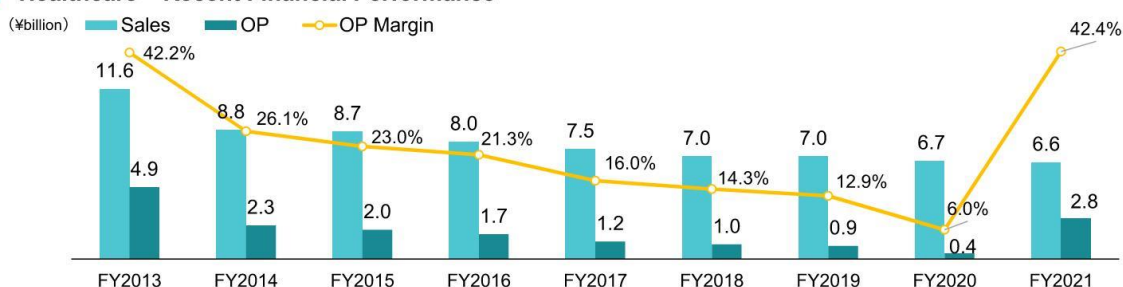
As you can see in the comment on the third line from the top, our original plan was to start operation of the plant in 2Q of FY2022, but due to delays in the delivery of some equipment, we have decided to push back the start of the plant to 4Q FY2022.

The forecast for the contribution to our consolidated operating profit is as shown in the lower right-hand corner of the table, and remains almost unchanged, but has been revised up slightly for the current fiscal year.

FY2021 Actual by Segment (¥billion)¹



Healthcare – Recent Financial Performance



1. Organizational change was implemented in April, 2022. FY2013-2020 Actual figures are based on old segmentation. FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

Finally, the Healthcare segment. See page 35.

Here, the broken line on the bar chart below shows the operating margin, which jumped considerably in FY2021.

This is an area that requires some explanation, and I will explain the specific figures later, but as you can see, the Healthcare segment is undergoing organizational change starting in April 2022. In accordance with the accounting standard for the disclosure of segment information, the segment information for FY2021, the year prior to the organizational change, has been revised to the current year's classification method and is disclosed here.

【1Q】Sales up ¥0.58 billion, OP up ¥0.46 billion

(¥billion)

	1Q FY2021 Actual	1Q FY2022 Actual	YOY Change
Sales	1.07	1.65	+0.58
Healthcare	0.63	0.83	+0.20
Custom Chemicals	0.44	0.82	+0.38
OP	0.30	0.76	+0.46
Healthcare	0.20	0.39	+0.19
Custom Chemicals	0.10	0.37	+0.27

1. Figures in p12, p13, p44, p45, p66, p67 may not match the numbers on this page due to rounding
2. 1Q FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

Healthcare

【1Q】Sales up, OP up

LIVALO Sales up (domestic & export up)

Custom Chemicals

【1Q】Sales up, OP up

Sales up due to shipment skewed to 1Q FY2022

Sales Growth Rate of Main Products

	1Q FY2022 Actual	
	YOY Change	vs. Outlook as of May 2022 (undisclosed)
LIVALO	+37%	Above
Custom Chemicals	+86%	Above
Total segment	+55%	Above

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On page 36, this is the YoY comparison for 1Q FY2022.

As shown in the figures here, sales increased approximately JPY0.6 billion and operating profit increased slightly less than JPY0.5 billion, representing increases in both sales and profit.

As you can see in the comments below, LIVALO's sales increased in 1Q FY2022 both in Japan and exports, while sales for Custom Chemicals were slightly skewed toward 1Q of this fiscal year.

1Q FY2022 Financial Results Compared to Outlook

[1Q] Sales above target ¥0.06 billion, OP above target ¥0.14 billion

(¥billion)

	1Q FY2022 Outlook as of May 2022	1Q FY2022 Actual	vs. Outlook
Sales	1.59	1.65	+0.06
Healthcare	0.79	0.83	+0.04
Custom Chemicals	0.80	0.82	+0.02
OP	0.62	0.76	+0.14
Healthcare	0.33	0.39	+0.06
Custom Chemicals	0.29	0.37	+0.08

1. Figures in p12, p13, p44, p45, p66, p67 may not match the numbers on this page due to rounding

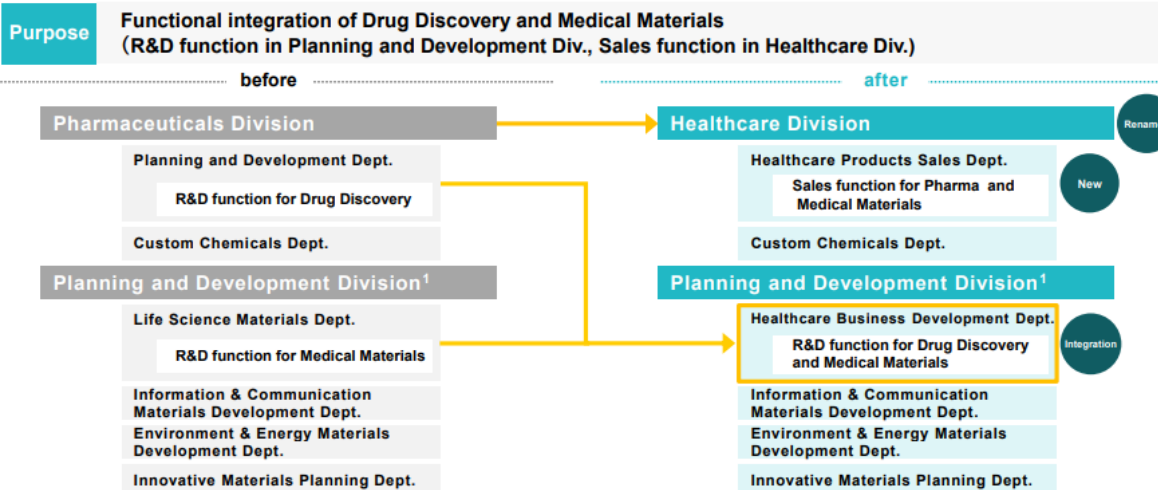
Healthcare	[1Q] Sales above target, OP above target	Custom Chemicals	[1Q] Sales above target, OP above target
	LIVALO		Generic APIs above target
	Sales above target (domestic below target, export above target)		

Page 37 shows the comparison to the outlook for the Healthcare segment.

The figures were as explained earlier, with both sales and operating profit being slightly above the outlook.

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

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



1. Planning and Development Division is included in “Adjustment” segment.

Sales and OP for Planning and Development Division in FY2021 actual, FY2022, 2024, 2027 Outlook are disclosed in p56

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(¥billion)

	FY2021 Actual (Before organizational change)					FY2021 Actual (After organizational change)					Change				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Chemicals	1.3	-0.1	1.3	1.3	3.8	1.3	-0.1	1.3	1.3	3.8	0.0	0.0	0.0	0.0	0.0
Performance Materials	7.0	6.2	7.6	6.9	27.7	6.9	6.2	7.6	6.9	27.6	-0.1	0.0	0.0	0.0	-0.1
Agrochemicals	4.1	2.9	3.1	8.2	18.3	4.0	2.9	3.0	8.2	18.1	-0.1	0.0	-0.1	0.0	-0.2
Healthcare	-0.2	0.7	0.4	0.0	0.9	0.3	1.1	0.9	0.5	2.8	+0.5	+0.4	+0.5	+0.5	+1.9
Healthcare	-0.3	-0.2	-0.3	-0.3	-1.1	0.2	0.2	0.2	0.2	0.8	+0.5	+0.4	+0.5	+0.5	+1.9
Custom Chemicals	0.1	0.8	0.8	0.3	2.0	0.1	0.8	0.8	0.3	2.0	0.0	0.0	0.0	0.0	0.0
Trading	0.7	0.6	0.8	0.8	2.9	0.7	0.6	0.8	0.8	2.9	0.0	0.0	0.0	0.0	0.0
Others	0.1	-0.1	0.2	0.5	0.7	0.1	-0.1	0.2	0.5	0.7	0.0	0.0	0.0	0.0	0.0
Adjustment	-1.1	-0.8	-0.8	-0.6	-3.3	-1.4	-1.2	-1.2	-1.1	-4.9	-0.3	-0.4	-0.4	-0.5	-1.6
Total	11.9	9.4	12.6	17.1	51.0	11.9	9.4	12.6	17.1	51.0	0.0	0.0	0.0	0.0	0.0

1. Figures of Healthcare for FY2021(Before organizational change) are for old segmentation

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

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

Adjustment: Planning & Development Division and others

4. Sales and OP for Planning & Development Division in FY2021 actual, FY2022 Outlook(as of August, 2022) are disclosed in p56

5. No impact of organizational changes on sales

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Next, please see page 39. As I mentioned earlier, we have shown the impact of the organizational change from April 2022 on operating profit by segment for the previous fiscal year, FY2021.

The leftmost box shows the figures before the organizational change, which were previously presented as FY2021 results, and the middle box shows the revised figures after the organizational change.

As you can see on the right-hand side, the difference between before and after the change in the Healthcare segment was about as an increase of about JPY1.9 billion for the full year in terms of operating profit.

The majority of this amount has been transferred to the adjustment segment, which is detailed in note three of the footnotes below, and the amount transferred to the planning & development division is JPY1.6 billion. In the other segments, specifically Performance Materials and Agrochemicals, the figures are shown as factors for a decrease in profit of JPY0.1 billion or JPY0.2 billion due to changes in the allocation of overheads and other factors, but these are the figures for the previous years.

Summary of FY2022 Outlook



1H and Full-Year Outlook is Revised Upward

The Outlook is calculated by adding up the results for 1Q and the outlook for 2-4Q announced in May 2022

(However, Display Materials in 2Q are revised down by Sales: ¥1.6 billion, OP: ¥1.1 billion,

Extraordinary Income (Gain on sales of investment securities) ¥0.3 billion originally planned for 1Q has been revised to be recorded in 2H)

1H	vs. 1H FY2021	<ul style="list-style-type: none"> Sales up ¥13.6 billion (+15%) OP up ¥6.3 billion (+29%), Net Income up ¥4.9 billion (+30%) OP, Ordinary Income and Net Income expected to renew the highest results for 2 consecutive years.
Full-Year	vs. FY2021	<ul style="list-style-type: none"> Sales up ¥15.3 billion (+7%) OP up ¥4.1 billion (+8%), Net Income up ¥2.9 billion (+8%) OP and Ordinary Income expected to renew the highest results of a full year for 9 consecutive years. Net Income expected to renew the highest results of a full year for 10 consecutive years. ROE Outlook for FY2022 is 19.6%
1H and Full-Year	vs. Outlook as of May 2022	<ul style="list-style-type: none"> Sales above target ¥4.3 billion OP above target ¥1.6 billion, Net Income above target ¥2.1 billion

Shareholders Return (Full-Year Outlook)

- Based on Mid-Term Plan announced in May 2022, Total Payout Ratio Target is 75% and Dividend Payout Ratio Target is 55%
- Completed a ¥5.0 billion share repurchase (period: May - June 2022)
- Annual dividend increased to ¥162/share from the previous outlook of ¥154/share (Both 1H and Full-Year dividends increased by ¥4/share each)

Dividend	¥162/share (Full-Year) 1H ¥70/share, 2H ¥92/share (Dividend Payout Ratio : 54.8%) [vs. FY2021] 1H up ¥20/share, 2H up ¥20/share [vs. Outlook as of May 2022] 1H up ¥4/share, 2H up ¥4/share
Share Repurchase	Completed ¥5.0 billion, 683 thousand shares (period: May - June 2022) (FY2021 Actual: ¥12.0 billion, 2,033 thousand shares)
Share Cancellation	Cancelled 1.0 million shares in May 2022
Total Payout Ratio Target	75% (66.7% based on ¥162/share dividend and ¥5.0 billion share repurchase)

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Continued on page 42, this is a summary of the full-year outlook for the current fiscal year.

Originally, we do not review company-wide budgets at the time when 1Q results are available. However, the large 1Q upswing has led us to revise our 1H and full-year results upward.

The idea is as shown here in blue. This outlook is calculated by adding up the results for 1Q and the outlook for 2Q to 4Q announced in May 2022.

Therefore, we have not changed the assumed level of exchange rates, crude oil and other parameters for 2Q and beyond.

However, for Display Materials in 2Q, we have made downward revisions of JPY1.6 billion in sales and JPY1.1 billion in operating profit, in light of the current market and customer trends.

In addition, the extraordinary income, gain on sales of investment securities, originally planned for 1Q was JPY0.3 billion (JPY0.25 billion to be exact), but this was revised to be recorded in 2H FY2022, since the securities are not expected to be sold in 1H.

As a result of this earnings revision, for 1H, as written there, we expect sales to increase by JPY13.6 billion, operating profit by JPY6.3 billion, and net income JPY4.9 billion compared to the same period last year. Looking at the full-year YoY comparison, we expect sales to increase by JPY15.3 billion, representing an increase of 7%, operating profit by JPY4.1 billion or 8%, and net income by JPY2.9 billion or 8%, all compared to the same period of the previous year.

As a result, operating profit and ordinary income are expected to reach record highs for the ninth consecutive year, and net income for the tenth consecutive year.

The ROE outlook is 19.6%. At the beginning of the year, the outlook was 18.7%, and in the previous year, FY2021, the figure was 19.2%.

In terms of comparison with the previous outlook, as written there, the outlook for sales is revised up by JPY4.3 billion, the outlook for operating profit by JPY1.6 billion, and the outlook for net income by JPY2.1 billion.

As for the shareholder return outlook, as stated here, there is no change from the May announcement of the mid-term plan target of a 75% total payout ratio and a 55% dividend payout ratio.

As a result of the upward revision mentioned earlier, the annual dividend outlook is JPY162 per share, compared to the previous outlook of JPY154. The outlook for both the interim and year-end dividends is JPY4 higher, as shown in the blue text.

Specifically, the interim dividend outlook is JPY70, and the year-end dividend outlook is JPY92, maintaining a payout ratio of 55%.

As for the total payout ratio, as written in the bottom line, the current figure is 66.7% after taking into account the JPY5 billion share repurchase completed in June, but the target of 75% has not been changed.

Full Year FY2022 Outlook

(¥billion)

	FY2021 Actual					FY2022 Outlook as of May 2022					FY2022 Outlook as of Aug 2022				
	1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H	Total	1Q Actual	2Q	1H	2H	Total
Sales	46.5	45.3	91.8	116.2	208.0	52.4	48.7	101.1	117.9	219.0	58.3	47.1	105.4	117.9	223.3
Operating Profit	11.9	9.4	21.3	29.7	51.0	14.6	11.4	26.0	27.5	53.5	17.3	10.3	27.6	27.5	55.1
Non-Operating Income/Expenses	0.4	0.6	1.0	1.7	2.7	0.6	-0.3	0.3	0.3	0.6	2.2	-0.3	1.9	0.3	2.2
Ordinary Income	12.3	10.0	22.3	31.4	53.7	15.2	11.1	26.3	27.8	54.1	19.5	10.0	29.5	27.8	57.3
Extraordinary Income/Loss	0.0	0.0	0.0	0.5	0.5	0.3	0.0	0.3	0.2	0.5	0.0	0.0	0.0	0.5	0.5
Net Income ¹	8.8	7.5	16.3	22.5	38.8	11.2	8.1	19.3	20.3	39.6	13.9	7.3	21.2	20.5	41.7
EBITDA ²	14.2	11.8	26.0	35.2	61.2	-	-	31.2	33.9	65.1	19.7	13.1	32.8	33.9	66.7
EPS (¥/share)	61.73	52.21	113.94	157.94	271.88	-	-	136.77	144.13	280.90	98.13	51.99	150.12	145.71	295.83
Dividend (¥/share)	-	-	50	72	122	-	-	66	88	154	-	-	70	92	162
Dividend payout ratio (%)	-	-	-	-	44.9%	-	-	-	-	54.8%	-	-	-	-	54.8%
Total amount of Dividend	-	-	7.1	10.2	17.3	-	-	9.3	12.4	21.7	-	-	9.9	12.9	22.8
OP Margin	25.5%	20.9%	23.2%	25.5%	24.5%	27.9%	23.4%	25.7%	23.3%	24.4%	29.6%	21.9%	26.2%	23.3%	24.7%
ROE	-	-	-	-	19.2%	-	-	-	-	18.7%	-	-	-	-	19.6%
FX Rate (¥/\$)	110	110	110	115	112	115	115	115	115	115	130	115	115	115	115
Crude Oil (JCC) (\$/bbl) ³	67	73	70	83	77	88	88	88	88	88	111	88	88	88	88

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

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Please see page 43 for specific figures.

The middle portion of this table shows the outlook figures we announced in May. In contrast, the revised version is shown in blue shaded area on the far right.

As for the assumptions, as I mentioned earlier, there has been no change in the exchange rate, which we maintain at JPY115 and at USD88 for crude oil from 2Q onwards.

FY2022 Financial Outlook YOY Change by Segment

(¥billion)

		FY2021 Actual					FY2022 Outlook as of Aug 2022					YOY Change				
		1Q	2Q	1H	2H	Total	1Q Actual	2Q	1H	2H	Total	1Q Actual	2Q	1H	2H	Total
Chemicals	Sales	8.8	8.3	17.1	20.5	37.6	10.4	9.1	19.5	19.3	38.8	+1.6 (+18%)	+0.8 (+10%)	+2.4 (+14%)	-1.2 (-6%)	+1.2 (+3%)
	OP	1.3	-0.1	1.2	2.6	3.8	1.7	-0.2	1.5	0.8	2.3	+0.4 (+36%)	-0.1 (-)	+0.3 (+24%)	-1.8 (-68%)	-1.5 (-40%)
Performance Materials	Sales	20.0	19.6	39.6	42.1	81.7	21.8	20.6	42.4	46.5	88.9	+1.8 (+9%)	+1.0 (+5%)	+2.8 (+7%)	+4.4 (+10%)	+7.2 (+9%)
	OP	6.9	6.2	13.1	14.5	27.6	7.9	6.3	14.2	16.0	30.2	+1.0 (+14%)	+0.1 (+2%)	+1.1 (+8%)	+1.5 (+10%)	+2.6 (+9%)
Agrochemicals	Sales	13.4	11.6	25.0	40.8	65.8	19.7	13.5	33.2	42.2	75.4	+6.3 (+47%)	+1.9 (+17%)	+8.2 (+33%)	+1.4 (+3%)	+9.6 (+15%)
	OP	4.0	2.9	6.9	11.2	18.1	6.8	3.8	10.6	10.0	20.6	+2.8 (+69%)	+0.9 (+37%)	+3.7 (+56%)	-1.2 (-12%)	+2.5 (+14%)
Healthcare	Sales	1.1	2.2	3.3	3.3	6.6	1.7	1.4	3.1	2.9	6.0	+0.6 (+55%)	-0.8 (-37%)	-0.2 (-8%)	-0.4 (-10%)	-0.6 (-9%)
	OP	0.3	1.1	1.4	1.4	2.8	0.8	0.5	1.3	1.0	2.3	+0.5 (+153%)	-0.6 (-58%)	-0.1 (-12%)	-0.4 (-29%)	-0.5 (-21%)
Trading, Others, Adjustment	Sales	3.2	3.6	6.8	9.5	16.3	4.7	2.5	7.2	7.0	14.2	+1.5	-1.1	+0.4	-2.5	-2.1
	OP	-0.6	-0.7	-1.3	0.0	-1.3	0.1	-0.1	0.0	-0.3	-0.3	+0.7	+0.6	+1.3	-0.3	+1.0
Total	Sales	46.5	45.3	91.8	116.2	208.0	58.3	47.1	105.4	117.9	223.3	+11.8 (+25%)	+1.8 (+4%)	+13.6 (+15%)	+1.7 (+2%)	+15.3 (+7%)
	OP	11.9	9.4	21.3	29.7	51.0	17.3	10.3	27.6	27.5	55.1	+5.4 (+45%)	+0.9 (+9%)	+6.3 (+29%)	-2.2 (-7%)	+4.1 (+8%)

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 p66,67 for breakdown)

3. Sales and OP for Planning & Development Division in FY2021 Actual, FY2022 Outlook as of Aug 2022 are disclosed on p56

4. FY2021 actual has been revised to reflect organizational change in April 2022 (see p38, p39)

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As a result, on page 44, the YoY comparison is shown in the square on the far right for 1H and the full year.

In the bottom line, we expect operating profit to increase by JPY6.3 billion in 1H of the year and by JPY4.1 billion for the full year.

In particular, in the area of Performance Materials, as I mentioned earlier, for 2Q, we have slightly lowered the figures for Display Materials, we expect a YoY increase of JPY0.1 billion in operating profit for 2Q.

At the beginning of the year, we had included a 2Q operating profit figure of JPY7.4 billion, but this has now been lowered by JPY1.1 billion to JPY6.3 billion.

FY2022 Financial Outlook Compared to Outlook (as of May 2022) by Segment

(¥billion)

		FY2022 Outlook as of May 2022					FY2022 Outlook as of Aug 2022					vs. Outlook as of May 2022
		1Q	2Q	1H	2H	Total	1Q Actual	2Q	1H	2H	Total	1H · Total
Chemicals	Sales	10.2	9.1	19.3	19.3	38.6	10.4	9.1	19.5	19.3	38.8	+0.2
	OP	1.6	-0.2	1.4	0.8	2.2	1.7	-0.2	1.5	0.8	2.3	+0.1
Performance Materials	Sales	21.2	22.2	43.4	46.5	89.9	21.8	20.6	42.4	46.5	88.9	-1.0
	OP	7.1	7.4	14.5	16.0	30.5	7.9	6.3	14.2	16.0	30.2	-0.3
Agrochemicals	Sales	17.2	13.5	30.7	42.2	72.9	19.7	13.5	33.2	42.2	75.4	+2.5
	OP	5.7	3.8	9.5	10.0	19.5	6.8	3.8	10.6	10.0	20.6	+1.1
Healthcare	Sales	1.6	1.4	3.0	2.9	5.9	1.7	1.4	3.1	2.9	6.0	+0.1
	OP	0.6	0.5	1.1	1.0	2.1	0.8	0.5	1.3	1.0	2.3	+0.2
Trading, Others, Adjustment	Sales	2.2	2.5	4.7	7.0	11.7	4.7	2.5	7.2	7.0	14.2	+2.5
	OP	-0.4	-0.1	-0.5	-0.3	-0.8	0.1	-0.1	0.0	-0.3	-0.3	+0.5
Total	Sales	52.4	48.7	101.1	117.9	219.0	58.3	47.1	105.4	117.9	223.3	+4.3
	OP	14.6	11.4	26.0	27.5	53.5	17.3	10.3	27.6	27.5	55.1	+1.6

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 p66,67 for breakdown)

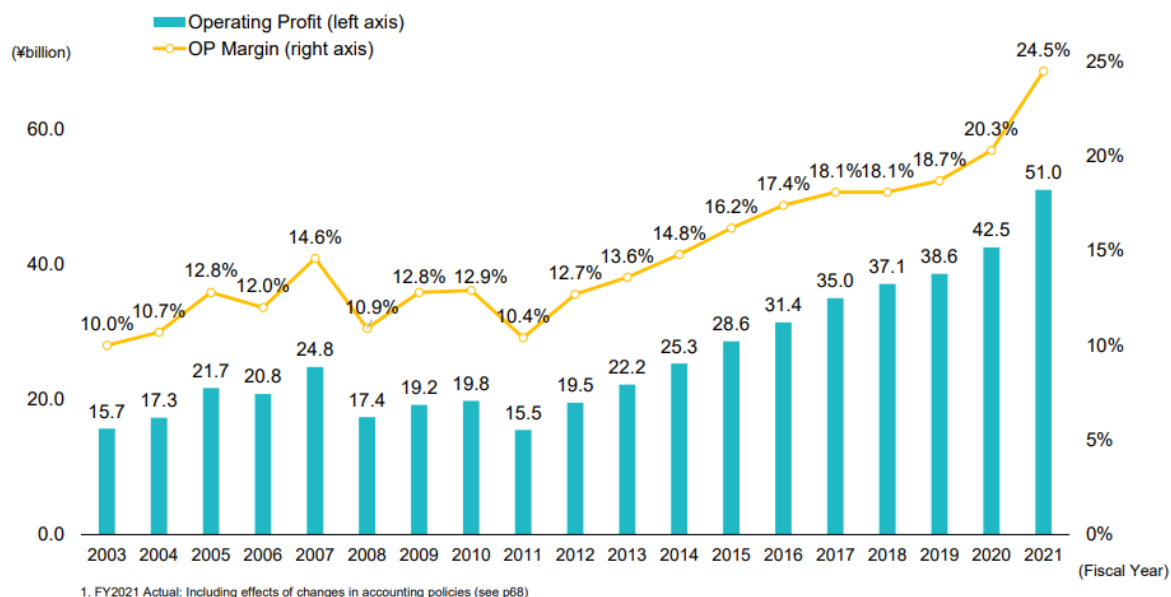
3. Sales and OP for Planning & Development Division in FY2021 Actual, FY2022 Outlook as of Aug 2022 are disclosed on p56

Also, the figures seen in comparison to the previous outlook are shown on page 45.

As shown in the bold frame on the far right, sales of Performance Materials for both 1H and the full year are JPY1.0 billion lower and operating profit is JPY0.3 billion lower than the figures presented in May, but as you can see at the bottom of the page, we expect an increase in sales and operating profit of agrochemicals and other products. Therefore, we are projecting an increase of JPY4.3 billion in sales and JPY1.6 billion in operating profit.

OP Margin Trend

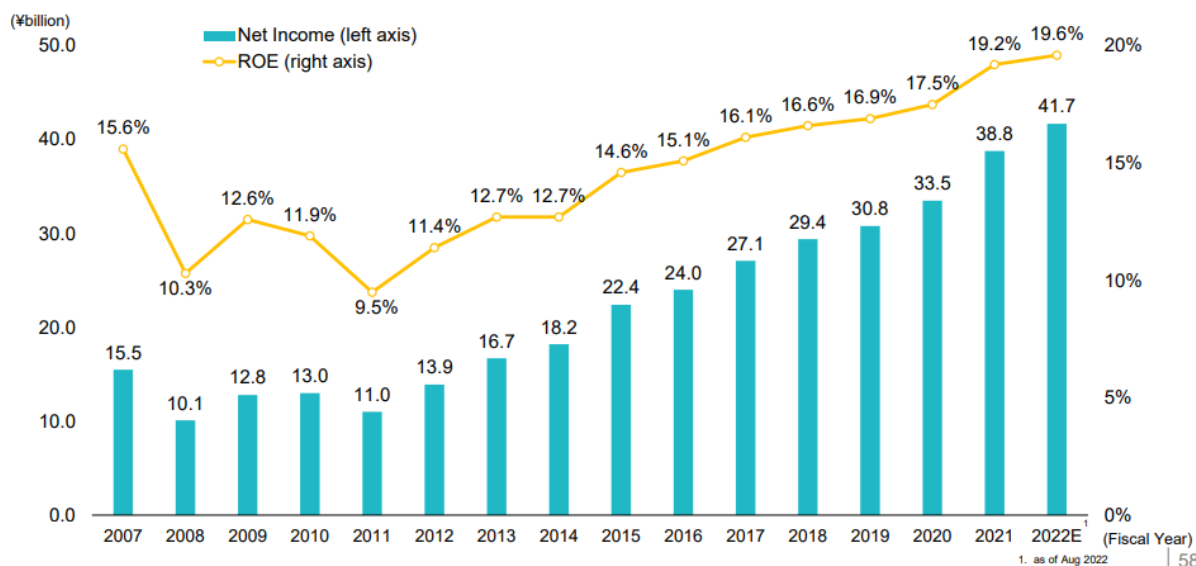
- OP margin has been above 10% for 19 consecutive years (FY2003-2021)
- FY2021 Actual : 24.5%



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ROE Trend

- Position ROE as the most important financial indicator for a long time
- Mid-Term Plan FY2019-2021 Target : Maintain above 16% ⇒ Achieved
- New Mid-Term Plan FY2022-2027 Target: above 18%
- FY2022 Outlook: 19.6%



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The following pages are for reference. Pages 57 and 58 show graphs of changes in ratio of OP margin trend and ROE trend, respectively. This concludes my presentation.

Question & Answer

<Questioner 1>

Q: I would like to know the factors behind the downward revision of the Display Materials business in 2Q.

A: As for the reasons for the downward revision, each customer has entered a phase of capacity utilization adjustment amid declining demand in all applications and excess panel inventories. Among these, Photo IPS has been performing well as a result of the switch from rubbing IPS and others.

Q: How long do you expect this inventory adjustment to continue?

A: At this point, there are some uncertainties, but we expect that inventory consumption will be largely completed in 2Q, and that the operation will recover in stages from 2H of the year.

Q: Regarding semiconductor materials, I think that production adjustments will be made to memories in the future, so could you please explain your thinking in this area?

A: As for the future outlook for semiconductor memory, we are currently gathering various information, and at this point we do not see any major production adjustments at this stage. We see this as somewhat of a delay in investment.

Q: Next, in the Agrochemicals, there have been comments that the overall business is doing quite well and exceeding the expectation and that shipments were shifted to 1Q, but you have not made any changes for 2Q from the current environment. What are your thoughts?

A: As you mentioned, a certain percentage of the sales were concentrated in 1Q due to shipment shifted from 2Q, but in our view, various other factors other than the impact of that also contributed to the increase in sales that exceeded our outlook.

We believe there will be no major impact, although there may be some negative effects in 2Q due to shipment shifted to 1Q from 2Q.

Q: What factors contributed to the strong sales in 1Q?

A: As for GRACIA, the elimination of channel inventories is progressing in a slightly better way than we had expected. Demand for TARGA and other products for overseas markets was strong, including for mixture products, and this is why our results were higher than we had expected.

<Questioner 2>

Q: In the area of Agrochemicals, 1Q results were significantly higher than forecast. I would like to ask you to divide this increase into price increase and volume increase.

A: Among the factors contributing to the upward swing, the price increase has had an effect on some products, such as ROUNDUP, but the most significant factor is the increase in the volume. We have just arrived at the

table for negotiations on price increases for domestic agricultural chemicals other than ROUNDUP, so we do not expect to see the results of these negotiations until December.

Q: As for Fluralaner, The 1Q YoY figures are strong compared to the original plan for full year, but the current feeling is that it is likely to be above the original plan when viewed on a full year?

A: Regarding the 1Q results of Fluralaner, shipments of APIs were almost in line with our expectations. Royalties slightly exceeded the initial forecast. Since a strong YOY growth rate was originally expected in 1Q, there were no major surprises, and at this point there are no changes to the full-year forecast. We will present an updated outlook in the November interim announcement and elsewhere as we revise our second-half forecasts.

Q: As another question, since the exchange rate assumption has been unchanged for 2Q and beyond this time, could you tell us about the exchange rate sensitivity?

A: Regarding exchange rate sensitivity, on an annual basis, the so-called imbalance portion of exports minus imports is about USD0.3 billion for the company as a whole. Therefore, a JPY1 depreciation against USD will have an effect of JPY0.3 billion in the direction of profits for the full-year.

<Questioner 3>

Q: With regard to chemicals, despite the impact of the loss from the nitric acid plant trouble, the results were JPY0.1 billion higher than the outlook. Did the increase in sales prices of each product contribute significantly to the results?

A: The increase in sales price contributed considerably to the overall increase in operating profit, which more than covered the nitric acid plant trouble that occurred, as you mentioned.

Q: How do you see the continuity of the high prices of the ammonia related products?

A: For ammonia related products, we expect sales prices to remain at high levels in the future.

Q: Regarding Display Materials, can you explain a little more about the reasons for the upswing in Photo IPS despite the difficult business environment?

A: In terms of the results for 1Q, I think the rate of penetration is gradually progressing as initially expected, or even better.

<Questioner 4>

Q: Could you explain the future outlook for agrochemicals price trends?

A: First of all, regarding domestic price trends, one thing to note is that negotiations have just begun.

We have also received information that the industry as a whole is experiencing a large number of price increases, not only from our company but also from other pesticide manufacturers. Usually, the price is determined around October, but this year, the price will take longer than usual to be determined due to the large number of cases. However, we are looking at new prices starting at the end, December.

As for ROUNDUP, we have already raised the price for this year, but we will further review the price if necessary.

As for overseas, we have already proceeded with the price increases in several cases for the major items, and we are planning to do so for those items, regions, and countries where we have not dealt with the price increase.

Q: I understood that among domestic pesticide manufacturers, your company, with the exception of Fluralaner, has a particularly high ratio of products for the domestic market; is that correct?

A: Yes, that's right.

<Questioner 5>

Q: Regarding Agrochemicals, I think there was a significant increase in LEIMAY in 1Q. Will it continue to be strong for the full year? What is your current outlook?

A: The supply of raw materials for LEIMAY has been favorable due to various factors, and we have been particularly successful in expanding sales in Australia, India, Vietnam, etc. We expect that LEIMAY will continue to do well throughout the year.

Q: As for TARGA, since this was brought forward from 2Q to 1Q, will there be a slight drop in 2Q?

A: For TARGA, although the shipment shifted, we currently believe that we will be able to achieve our annual forecast. We are working hard to expand sales, especially in foreign countries such as India, some EU countries, Slovakia, and the Baltic countries.

Q: In that sense, is it correct to say that although the outlook has been left unchanged for 2Q beyond, we can actually expect an uptick in LEIMAY or something like that?

A: Yes. We recognize that some of this is to be expected.

Q: Next, in Display Materials, I understand that you have reduced your full-year outlook this time. What part of this is a fairly large adjustment that you are looking at with respect to the applications.

A: In terms of applications, we see the downward revision as having a significant impact mainly on smartphones and large-screen TVs.

[END]