



Nissan Chemical
CORPORATION

Nissan Chemical Corporation

2Q FY2023 Financial Results Briefing

Presenter:

DAIMON Hideki Director, Senior Managing Executive Officer & CFO

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1H	vs. 1H FY2022	<ul style="list-style-type: none">■ Sales down ¥3.8 billion (-4%) (2Q down ¥0.4 billion)■ OP down ¥4.1 billion (-14%) (2Q down ¥1.8 billion)■ Net Income down ¥4.2 billion (-18%) (2Q down ¥2.5 billion)
1H	vs. 1H Outlook as of May 2023	<ul style="list-style-type: none">■ Sales below target ¥2.9 billion (2Q below ¥3.0 billion)■ OP below target ¥2.0 billion (2Q below ¥2.5 billion)■ Net Income below target ¥0.2 billion (2Q below ¥1.5 billion)
Shareholder Returns		<ul style="list-style-type: none">■ Dividend 1H ¥70/share (unchanged vs. 1H FY2022)■ Completed a ¥5.0 billion share repurchase program (period: May - June 2023, 805 thousand shares)
Revision of Outlook		<ul style="list-style-type: none">■ Revised downward FY2023 Outlook announced in May 2023 (see p9,10)

Daimon: I am Daimon of Nissan Chemical. Thank you all for taking time out of your busy schedules to join us today. Let me begin the explanation.

Please take a look at page four of the presentation materials for this financial results briefing.

This page shows a financial summary for 1H, and I will explain four points.

First of all, in 1H, as compared to the same period of the previous fiscal year, sales decreased by JPY3.8 billion, or down 4%, as indicated here.

Operating profit was decreased by JPY4.1 billion, or down 14%, and net income was decreased by JPY4.2 billion, or down 18%.

However, in 1H of the last year, FY2022, we saw a particularly large increase, and compared to 1H of FY2021, operating profit in FY2022 was up approximately 32%.

At the same time, you can see comparisons to the 1H outlook figures initially announced in May 2023. As described here, sales were below the target by JPY2.9 billion with JPY3.0 billion lower in 2Q, operating profit was below the target by JPY2.0 billion with JPY2.5 billion lower in 2Q, and net income was below the target by JPY0.2 billion with JPY1.5 billion lower in 2Q.

As for shareholder returns, the interim dividend of JPY70 was unchanged from the previous year. In addition, share buybacks of JPY5.0 billion have already been completed by June.

Here is also a revision of outlook. We will revise downward our initial outlook for the full year, announced in May, as I will explain later.

1H FY2023 Financial Summary YOY Change



(¥billion)

	FY2022 Actual			FY2023 Actual			YOY Change		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Sales	58.3	51.2	109.5	54.9	50.8	105.7	-3.4 (-6%)	-0.4 (-1%)	-3.8 (-4%)
Operating Profit	17.3	10.9	28.2	15.0	9.1	24.1	-2.3 (-13%)	-1.8 (-16%)	-4.1 (-14%)
Non-Operating Income/Expenses	2.2	1.6	3.8	2.0	0.1	2.1	-0.2	-1.5	-1.7
Foreign exchange Gains/Losses	1.7	1.3	3.0	1.5	0.4	1.9	-0.2	-0.9	-1.1
Ordinary Income	19.5	12.5	32.0	17.0	9.2	26.2	-2.5 (-13%)	-3.3 (-27%)	-5.8 (-18%)
Extraordinary Income/Losses	0.0	0.0	0.0	0.0	0.6	0.6	0.0	+0.6	+0.6
Net Income¹	13.9	9.8	23.7	12.2	7.3	19.5	-1.7 (-12%)	-2.5 (-26%)	-4.2 (-18%)
EBITDA²	19.7	13.6	33.3	17.8	12.2	30.0	-1.9	-1.4	-3.3
EPS (¥/share)	98.13	69.61	167.74	87.40	52.15	139.55	-10.73	-17.46	-28.19
Dividend (¥/share)	-	-	70	-	-	70	-	-	0
Total amount of Dividend	-	-	9.9	-	-	9.8	-	-	-0.1
OP Margin	29.6%	21.3%	25.7%	27.3%	17.9%	22.8%	-2.3pt	-3.4pt	-2.9pt
FX Rate (¥/\$)	130	138	134	137	145	141	-	-	-
Crude Oil (JCC) (\$/bbl)³	111	113	112	83	83	83	-	-	-

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

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Next, specific numbers are shown on page five.

These are YoY figures for 1H. If you look at the section of 1H, a little to the right of the center, you can see sales of JPY105.7 billion, operating profit of JPY24.1 billion, and net income of JPY19.5 billion.

The exchange rate was JPY141 for this 1H.

The price of crude oil was USD83 per barrel in JCC.

1H FY2023 Financial Summary Compared to Outlook

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Actual			vs. Outlook		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Sales	54.8	53.8	108.6	54.9	50.8	105.7	+0.1	-3.0	-2.9
Operating Profit	14.5	11.6	26.1	15.0	9.1	24.1	+0.5	-2.5	-2.0
Non-Operating Income/Expenses	0.7	-0.4	0.3	2.0	0.1	2.1	+1.3	+0.5	+1.8
Foreign exchange Gains/Losses	0.0	0.0	0.0	1.5	0.4	1.9	+1.5	+0.4	+1.9
Ordinary Income	15.2	11.2	26.4	17.0	9.2	26.2	+1.8	-2.0	-0.2
Extraordinary Income/Losses	0.0	0.6	0.6	0.0	0.6	0.6	0.0	0.0	0.0
Net Income ¹	10.9	8.8	19.7	12.2	7.3	19.5	+1.3	-1.5	-0.2
EBITDA ²	-	-	31.9	17.8	12.2	30.0	-	-	-1.9
EPS (¥/share)	-	-	140.74	87.40	52.15	139.55	-	-	-1.19
Dividend (¥/share)	-	-	70	-	-	70	-	-	0
Total amount of Dividend	-	-	9.8	-	-	9.8	-	-	0.0
OP Margin	26.5%	21.6%	24.0%	27.3%	17.9%	22.8%	+0.8pt	-3.7pt	-1.2pt
FX Rate (¥/\$)	128	128	128	137	145	141	-	-	-
Crude Oil (JCC) (\$/bbl) ³	92	92	92	83	83	83	-	-	-

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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The next page six shows a comparison against the 1H outlook announced in May.

As I mentioned earlier, if you look at the figures with a background color of blue, slightly to the right of the middle, we were expecting the exchange of JPY128 to the US dollar at the beginning of the year, against JPY141 this 1H actual. As for crude oil, we were expecting USD92 per barrel, but the actual price was USD83 per barrel.

Analysis of Changes in OP

		FY2023 Actual	FY2022 Actual	YOY Change	Outlook as of May 2023	vs. Outlook
		24.1 billion	28.2 billion	-4.1 billion (-14%) (Semis Materials -3.9 billion)	26.1 billion	-2.0 billion
1H	Chemicals	YOY Change -1.2 billion vs. Outlook -1.3 billion	OP decrease due to sales decrease in melamine(end of sales) and TEPIC, feedstock and raw materials cost up OP decrease due to sales decrease in main products and inventory adjustment cost up			
	Performance Materials	YOY Change -2.8 billion vs. Outlook -1.6 billion	OP decrease due to sales decrease in Semis Materials and fixed cost up(¥1.8 billion in total) despite sales and OP increase in Display Materials Sales decrease in Semis Materials and Inorganic Materials despite sales increase in Display Materials			
	Agro	YOY Change -0.5 billion vs. Outlook -0.4 billion	OP decrease due to sales decrease in ROUNDUP and ALTAIR etc. and fixed cost up(¥0.8 billion) despite sales increase in GRACIA Sales decrease in ROUNDUP and ALTAIR etc. despite sales increase in GRACIA and TARGA			
	Healthcare	YOY Change +0.3 billion vs. Outlook +0.3 billion	Sales increase in Custom Chemicals Sales increase in Custom Chemicals			
Reference		FY2023 Actual	FY2022 Actual	YOY Change	Outlook as of May 2023	vs. Outlook
		9.1 billion	10.9 billion	-1.8 billion (-16%) (Semis Materials -2.6 billion)	11.6 billion	-2.5 billion
2Q	Chemicals	YOY Change -0.4 billion vs. Outlook -1.3 billion				
	Performance Materials	YOY Change -1.4 billion (fixed cost up 1.0 billion) vs. Outlook -1.5 billion				
	Agro	YOY Change -0.3 billion (fixed cost up 0.6 billion) vs. Outlook -0.4 billion				
	Healthcare	YOY Change flat vs. Outlook +0.2 billion				

Next, please move on to page seven.

This is an analysis of changes in operating profit by segment for 1H.

As shown in the figures in bold at the top of this page, profit was down JPY4.1 billion YoY, or down 14%, of which semis materials accounted for negative JPY3.9 billion.

As I mentioned earlier, the result was down over the outlook by JPY2.0 billion. I will explain this by segment. As for Chemicals, in 1H, profit decreased by JPY1.2 billion YoY due to the end of sales of melamine, lower sales of TEPIC, and higher costs of feedstock and raw materials.

This segment also recorded a decrease of JPY1.3 billion against the outlook. In addition to lower sales of main products, the impact of inventory adjustments was a factor in the decrease in profit, which I will explain later.

In Performance Materials, profits declined sharply by JPY2.8 billion YoY.

As a breakdown of the results, as described in the comments, sales and profits increased in Display Materials, but in Semis Materials, where sales were very strong in 1H of FY2022, sales decreased YoY, and fixed costs increased by about JPY1.8 billion YoY for Performance Materials as a whole, resulting in a total decrease in profits.

The segment also recorded a decrease of JPY1.6 billion over the outlook. As you can see from the comments, Display Materials have increased profits, but Semis Materials have decreased, which accounts for a significant portion of the downward swing.

Next, Agrochemicals decreased profit by JPY0.5 billion. While sales of GRACIA increased significantly, sales of ROUNDUP, ALTAIR, and other domestic agrochemicals declined, and fixed costs also increased. The JPY0.4 billion downward compared to the outlook is also shown here.

Finally, as for Healthcare, the 1H results showed an increase of JPY0.3 billion, or an upward swing.

For your reference, we have included segment-by-segment figures for 2Q, or the three months from July to September, below, which I hope you will see later.

Summary of FY2023 Outlook OP Nissan Chemical CORPORATION

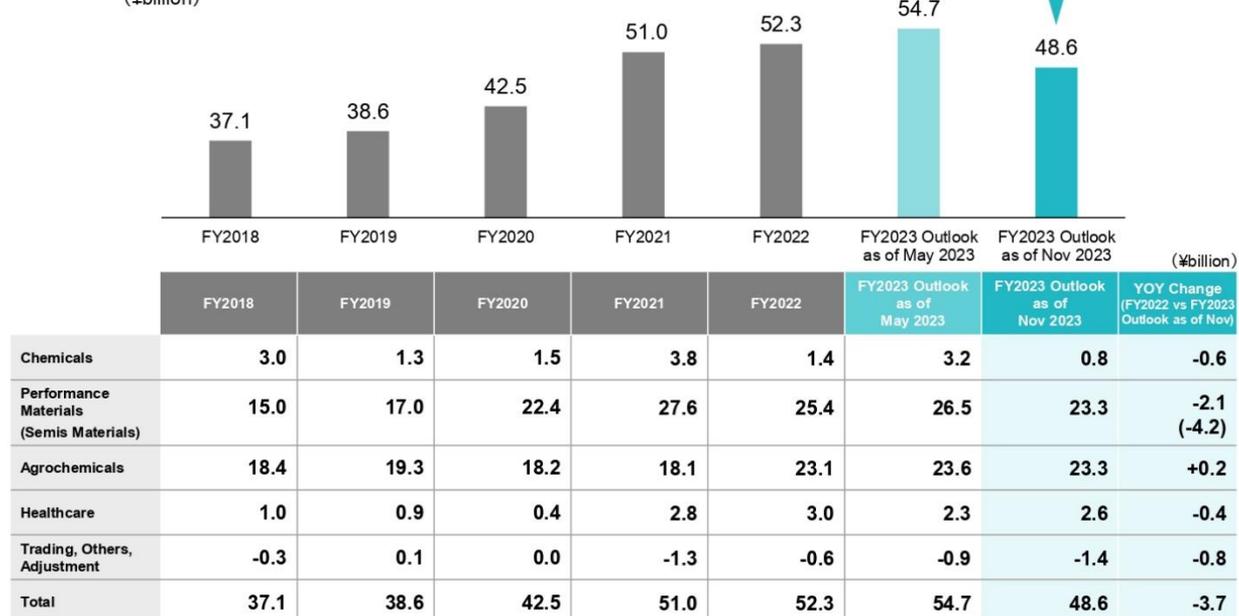
Full-Year Outlook is Revised Downward (FY2023 OP : ¥48.6 billion)

The Outlook is revised based on 1H results and current 2H outlook

¥3.7 billion YoY decrease due to semis market slowdown and increase capital investment and R&D in Semis Materials in FY2023

OP Performance

(¥billion)



1. FY2019- : New OP method (details are on p75)

2. Organizational changes were implemented in April, 2022. Until FY2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022 (see p79, p80)

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Please turn to page nine. This is the outlook for the full year.

This page focuses on operating profits, showing the figures from the past. In conclusion, based on the 1H results explained so far and the 2H outlook, we have revised our previously announced outlook. For the full year, we would like to set the operating profit at JPY48.6 billion.

The graph below, including the table, shows the changes since FY2018. The revised figure, JPY48.6 billion in operating profit, is shown in the second column from the right.

As shown in the balloon in the upper right corner, we expect a JPY3.7 billion YoY decrease in profit for the Company as a whole in FY2023, due to the sluggish semiconductor market, as well as increased capital investment and research and development.

Of this JPY3.7 billion, the Semis segment's profit decline is JPY4.2 billion as shown in the figure in parentheses in the rightmost column.

Summary of FY2023 Outlook

FY2023 Full-Year Outlook

Full-Year	vs. FY2022	<ul style="list-style-type: none"> Sales down ¥0.6 billion (-0%) OP down ¥3.7 billion (-7%), Net Income down ¥2.7 billion (-7%) ROE Outlook for FY2023 is 17.1%
Full-Year	vs. Outlook as of May 2023	<ul style="list-style-type: none"> Sales below target ¥9.8 billion OP below target ¥6.1 billion, Net Income below target ¥3.1 billion
2H	vs. Outlook as of May 2023	<ul style="list-style-type: none"> Sales below target ¥6.9 billion OP below target ¥4.1 billion, Net Income below target ¥2.9 billion

Shareholders Return (Full-Year Outlook)

- Based on Mid-Term Plan, Total Payout Ratio Target is 75% and Dividend Payout Ratio Target is 55% (unchanged from May 2023)
- Completed a ¥5.0 billion share repurchase (period: May - June 2023)
- Annual dividend is ¥164/share (unchanged from May 2023)**

Dividend	¥164/share (Full-Year) 1H ¥70/share, 2H ¥94/share (Dividend Payout Ratio : 59.6%) [vs. FY2022] unchanged [vs. Outlook as of May 2023] unchanged
Share Repurchase	Completed ¥5.0 billion, 805 thousand shares (period: May - June 2023) (FY2022 Actual: ¥9.0 billion, 1,356 thousand shares)
Share Cancellation	Cancelled 1.5 million shares in May and August 2023
Total Payout Ratio Target	75% (72.5% based on ¥164/share dividend and ¥5.0 billion share repurchase)

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The next page 10 shows a summary of this outlook.

The revised outlook for the full year is a JPY 0.6 billion decrease YoY in sales, a JPY3.7 billion or 7% decrease YoY in operating profit, and a JPY2.7 billion or 7% decrease YoY in net income. The ROE outlook is 17.1% for the full year, which is 1% below the current mid-term plan target of 18%.

Compared to the May outlook for the full year, sales decreased by JPY9.8 billion, operating profit decreased by JPY6.1 billion, or about 11% down, and net income decreased by JPY3.1 billion, or about 7% down. As for 2H, a comparison to the outlook is as stated here.

Next is shareholder returns. As indicated in the lower part, there has been no change since the announcement in May with a total payout ratio target of 75% and a dividend payout ratio target of 55%, based on the mid-term targets. Accordingly, the annual dividend will remain unchanged from the previous outlook of JPY164, which is shown in blue. The breakdown is JPY70 for the interim period and JPY94 for the year-end period, as I mentioned earlier, resulting in a dividend payout ratio of 59.6%, slightly higher than the mid-term target. The total payout ratio target, as stated in the bottom line, is 75%, which remains unchanged.

FY2023 Outlook Summary YOY Change

(¥billion)

	FY2022 Actual					FY2023 Outlook as of Nov 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	109.5	49.7	68.9	118.6	228.1	105.7	48.0	73.8	121.8	227.5	-3.8 (-4%)	-1.7 (-3%)	+4.9 (+7%)	+3.2 (+3%)	-0.6 (0%)
Operating Profit	28.2	10.6	13.5	24.1	52.3	24.1	7.9	16.6	24.5	48.6	-4.1 (-14%)	-2.7 (-26%)	+3.1 (+23%)	+0.4 (+2%)	-3.7 (-7%)
Non-Operating Income/Expenses	3.8	-1.3	1.0	-0.3	3.5	2.1	0.2	0.4	0.6	2.7	-1.7	+1.5	-0.6	+0.9	-0.8
Foreign exchange Gains/Losses	3.0	-2.1	0.4	-1.7	1.3	1.9	0.0	0.0	0.0	1.9	-1.1	+2.1	-0.4	+1.7	+0.6
Ordinary Income	32.0	9.3	14.5	23.8	55.8	26.2	8.1	17.0	25.1	51.3	-5.8 (-18%)	-1.2 (-13%)	+2.5 (+18%)	+1.3 (+5%)	-4.5 (-8%)
Extraordinary Income/Losses	0.0	0.0	0.8	0.8	0.8	0.6	0.0	0.6	0.6	1.2	+0.6	0.0	-0.2	-0.2	+0.4
Net Income ¹	23.7	7.1	10.3	17.4	41.1	19.5	6.2	12.7	18.9	38.4	-4.2 (-18%)	-0.9 (-12%)	+2.4 (+23%)	+1.5 (+9%)	-2.7 (-7%)
EBITDA ²	33.3	13.5	16.5	30.0	63.3	30.0	-	-	33.0	63.0	-3.3	-	-	+3.0	-0.3
EPS (¥/share)	167.74	50.25	73.37	123.62	291.36	139.55	-	-	135.87	275.42	-28.19	-	-	+12.25	-15.94
Dividend (¥/share)	70	-	-	94	164	70	-	-	94	164	0	-	-	0	0
Dividend Payout Ratio (%)	-	-	-	-	56.3%	-	-	-	-	59.6%	-	-	-	-	+3.3pt
Total amount of Dividend	9.9	-	-	13.2	23.1	9.8	-	-	13.1	22.9	-0.1	-	-	-0.1	-0.2
OP Margin	25.7%	21.4%	19.6%	20.4%	22.9%	22.8%	16.5%	22.5%	20.1%	21.4%	-2.9pt	-4.9pt	+2.9pt	-0.3pt	-1.5pt
ROE	-	-	-	-	19.4%	-	-	-	-	17.1%	-	-	-	-	-2.3pt
FX Rate (¥/\$)	134	141	132	137	136	141	142	142	142	142	-	-	-	-	-
Crude Oil (JCC) (\$/bbl) ³	112	100	87	94	103	83	88	88	88	86	-	-	-	-	-

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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I will continue with the specific figures on page 11.

First, this is a YoY comparison, and the middle column shows the figures after the current revision. There are 1H results, and then the 3Q, 4Q, 2H, and the full year figures.

In terms of operating profit, in the second line from the top, 1H results were JPY24.1 billion, as mentioned earlier, and the 2H figures are JPY24.5 billion, and JPY48.6 billion for the full year.

In terms of ordinary income, the annual figure is JPY51.3 billion, and net income is 38.4 JPY billion.

EBITDA is JPY63.0 billion, which is not much changed from the previous year, due to an increase in depreciation against a decrease in operating profit.

As a result, ROE is 17.1%, as indicated in the third line from the bottom.

The exchange rate for 2H is JPY142. Since in 1H it was JPY141, so the US dollar-yen exchange rate is expected to be almost the same as 1H.

Crude oil is assumed to be USD88 per barrel.

FY2023 Financial Summary Compared to Outlook as of May 2023



(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Sales	108.6	128.7	237.3	105.7	121.8	227.5	-2.9	-6.9	-9.8
Operating Profit	26.1	28.6	54.7	24.1	24.5	48.6	-2.0	-4.1	-6.1
Non-Operating Income/Expenses	0.3	0.5	0.8	2.1	0.6	2.7	+1.8	+0.1	+1.9
Foreign exchange Gains/Losses	0.0	0.0	0.0	1.9	0.0	1.9	+1.9	0.0	+1.9
Ordinary Income	26.4	29.1	55.5	26.2	25.1	51.3	-0.2	-4.0	-4.2
Extraordinary Income/Losses	0.6	0.6	1.2	0.6	0.6	1.2	0.0	0.0	0.0
Net Income ¹	19.7	21.8	41.5	19.5	18.9	38.4	-0.2	-2.9	-3.1
EBITDA ²	31.9	35.7	67.6	30.0	33.0	63.0	-1.9	-2.7	-4.6
EPS (¥/share)	140.74	156.87	297.61	139.55	135.87	275.42	-1.19	-21.00	-22.19
Dividend (¥/share)	70	94	164	70	94	164	0	0	0
Dividend Payout Ratio (%)	-	-	55.1%	-	-	59.6%	-	-	+4.5pt
Total amount of Dividend	9.8	13.1	22.9	9.8	13.1	22.9	0.0	0.0	0.0
OP Margin	24.0%	22.2%	23.1%	22.8%	20.1%	21.4%	-1.2pt	-2.1pt	-1.7pt
ROE	-	-	18.6%	-	-	17.1%	-	-	-1.5pt
FX Rate (¥/\$)	128	128	128	141	142	142	-	-	-
Crude Oil (JCC) (\$/bbl) ³	92	92	92	83	88	86	-	-	-

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 | 12

Page 12, as the second part of the outlook summary, shows a comparison to the previous outlook announced in May.

I would like you to see the figures here later, but in the second line from the bottom, as for the exchange rate, in May it was set at JPY128 as we expected a slightly stronger yen, but this time, as I mentioned earlier, it is assumed to be JPY142 for 2H and JPY142 for the full year as well.

Analysis of Changes in OP

(¥)

	FY2023 Outlook as of Nov 2023	FY2022 Actual	YOY Change	Outlook as of May 2023	vs. Outlook
2H	24.5 billion	24.1 billion	+0.4 billion(+2%)	28.6 billion	-4.1 billion
Chemicals	YOY Change +0.6 billion		OP increase due to sales increase in main products despite sales decrease in melamine(end of sales)		
	vs. Outlook -1.1 billion		Sales decrease in TEPIC, inventory adjustment cost up		
Performance Materials	YOY Change +0.7 billion		OP increase due to sales increase in Display Materials despite sales decrease in Semis Materials and fixed cost up(actual impact ¥1.1 billion in total)		
	vs. Outlook -1.6 billion		OP decrease due to sales decrease in Semis Materials and fixed cost up(actual impact ¥0.5 billion in total) despite sales and OP increase in Display Materials		
Agro	YOY Change +0.7 billion		OP increase due to sales increase in GRACIA and Fluralaner despite fixed cost up(¥0.8 billion)		
	vs. Outlook +0.1 billion		OP increase due to sales increase in GRACIA and Fluralaner despite fixed cost up(¥0.8 billion)		
Healthcare	YOY Change -0.7 billion		Sales decrease in Custom Chemicals		
	vs. Outlook in line				
Full-Year	48.6 billion	52.3 billion	-3.7 billion(-7%) (Semis Materials -4.2 billion)		
Chemicals	YOY Change -0.6 billion		Sales decrease in melamine(end of sales) and TEPIC, inventory adjustment cost up		
Performance Materials	YOY Change -2.1 billion		OP decrease due to sales decrease in Semis Materials and fixed cost up(actual impact ¥2.9 billion in total) despite sales and OP increase in Display Materials		
Agro	YOY Change +0.2 billion		OP increase due to sales increase in GRACIA and Fluralaner despite fixed cost up(¥1.6 billion)		
Healthcare	YOY Change -0.4 billion		Sales decrease in Custom Chemicals		

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I will continue on page 13, where is the analysis of changes in operating profit by segment.

The upper part shows YoY figures and comparisons to the outlook figures for 2H, and the lower part shows YoY figures for the full year.

For 2H, we expect a slight increase of JPY0.4 billion in profit YoY. On the other hand, the 2H profit is JPY4.1 billion lower than the outlook.

From the top, Chemicals is up JPY0.6 billion YoY due to the increase in sales of main products, but down JPY1.1 billion from the outlook. The impact of inventory adjustment, which will be discussed later, is also a factor in the decrease in profit, in addition to the lower-than-expected sales in TEPIC.

In Performance Materials, a YoY increase of JPY0.7 billion is expected, and although there is a decrease in sales of Semis Materials and an increase in fixed costs, the increase in sales and profit of Display Materials is expected to ensure an overall increase in profit YoY. On the other hand, compared to the outlook, profit is below the outlook by JPY1.6 billion. While we expect an increase for Display Materials, we estimate a decrease for Semis Materials, where sales are expected to decrease by 10% over the initial outlook. Also, fixed costs will increase, resulting in a decrease of JPY1.6 billion, the majority of which is attributable to Semis Materials.

In Agrochemicals, profit is expected to increase by JPY0.7 billion YoY, mainly due to an increase in sales in GRACIA and Fluralaner. Compared to the outlook, it is almost in line with the target.

In Healthcare, the profit over the outlook is in line with expectations, but in terms of YoY, the decrease in Custom Chemicals sales due to the postponement of some sales to the next fiscal year will result in a decrease of JPY0.7 billion in profit.

These are for 2H, and the lower part shows the figures for the full year.

As I mentioned earlier, the profit will decrease by JPY3.7 billion, of which JPY4.2 billion is attributable to Semis Materials.

Below that are a decrease of JPY0.6 billion in Chemicals, a decrease of JPY2.1 billion in Performance Materials, an increase of JPY0.2 billion in Agrochemicals, and a decrease of JPY0.4 billion in Healthcare.

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



(¥billion)

	FY2022 Actual			FY2023 Outlook as of Nov 2023			YOY Change		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Interest income, dividend income	0.45	1.08	1.53	0.44	1.11	1.55	-0.01	+0.03	+0.02
Equity in earnings of affiliates	0.62	0.87	1.49	0.40	0.28	0.68	-0.22	-0.59	-0.81
Foreign exchange gains/losses ¹	3.02	-1.72	1.30	1.88	0.00	1.88	-1.14	+1.72	+0.58
Interest expense	-0.09	-0.16	-0.25	-0.26	-0.40	-0.66	-0.17	-0.24	-0.41
Loss on disposal of non-current assets, others	-0.17	-0.39	-0.56	-0.36	-0.43	-0.79	-0.19	-0.04	-0.23
Non-Operating Income/Expenses	3.83	-0.32	3.51	2.10	0.56	2.66	-1.73	+0.88	-0.85
Extraordinary Income	0.00	1.46	1.46	0.60	0.60	1.20	+0.60	-0.86	-0.26
Extraordinary Losses	0.00	-0.65	-0.65	0.00	0.00	0.00	0.00	+0.65	+0.65
Extraordinary Income/Losses²⁻³	0.00	0.81	0.81	0.60	0.60	1.20	+0.60	-0.21	+0.39

1. FX Rate (¥/\$): 2022/3 122.41, 2022/9 144.81, 2023/3 133.54, 2023/6 144.99, 2023/9 149.58

2. FY2022 Actual:

Extraordinary Income ¥1.46 billion (Gain on sales of investment securities ¥1.46 billion)

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

3. FY2023 Outlook as of Nov 2023:

Extraordinary Income ¥1.20 billion (Gain on sales of investment securities ¥1.20 billion)

| 14

On page 14, here is a breakdown of non-operating income/expenses and extraordinary income/loss. First, I will talk about YoY changes.

The middle column, in blue, shows the results for 1H and the figures for the full year, and the rightmost column shows the YoY changes. We expect a slight positive foreign exchange gain or loss for the year.

As for extraordinary income or losses, there is no change from the previous forecast made in May, and for 1H, we have already recorded an extraordinary income of JPY0.6 billion, which is a gain on sales of securities, as planned. The annual plan of JPY1.2 billion remains unchanged.

Breakdown of Non-Operating Income/Expenses and Extraordinary Income/Loss Compared to Outlook as of May 2023

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Interest income, dividend income	0.36	0.74	1.10	0.44	1.11	1.55	+0.08	+0.37	+0.45
Equity in earnings of affiliates	0.65	0.45	1.10	0.40	0.28	0.68	-0.25	-0.17	-0.42
Foreign exchange gains/losses ¹	0.00	0.00	0.00	1.88	0.00	1.88	+1.88	0.00	+1.88
Interest expense	-0.28	-0.25	-0.53	-0.26	-0.40	-0.66	+0.02	-0.15	-0.13
Loss on disposal of non-current assets, others	-0.51	-0.38	-0.89	-0.36	-0.43	-0.79	+0.15	-0.05	+0.10
Non-Operating Income/Expenses	0.22	0.56	0.78	2.10	0.56	2.66	+1.88	0.00	+1.88
Extraordinary Income	0.60	0.60	1.20	0.60	0.60	1.20	0.00	0.00	0.00
Extraordinary Losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Extraordinary Income/Losses²	0.60	0.60	1.20	0.60	0.60	1.20	0.00	0.00	0.00

1. FX Rate (¥/\$): 2022/3 122.41, 2022/9 144.81, 2023/3 133.54, 2023/6 144.99, 2023/9 149.58

2. FY2023 Outlook as of Nov 2023: (unchanged from May 2023)

Extraordinary Income ¥1.20 billion (Gain on sales of investment securities ¥1.20 billion)

| 15

Please see page 15, which shows comparisons of non-operating income/expenses and extraordinary income/loss to the outlook as of May. I hope you will look at this later.

One point I would like to touch on is that the rightmost column of non-operating income/expenses shows an increase of about JPY1.9 billion from the previous forecast for the full year. Normally, foreign exchange gains/losses are set flat at zero at the beginning of the year, but the appreciation of the US dollar in 1H has resulted in a gain of about JPY1.9 billion. Extraordinary gains/losses remain unchanged.

Cash Flows

Free cash flow in FY2023 Outlook is ¥15.2 billion, a decrease of ¥0.3 billion from FY2022

	FY2022 Actual		FY2023 Outlook as of Nov 2023		YOY Change	FY2023 Total Outlook as of May 2023
	1H	Total	1H Actual	Total	Total	
CF from operating activities	43.3	35.2	36.0	35.1	-0.1	45.2
Income before income taxes & non-controlling interests	32.0	56.6	26.8	52.5	-4.1	56.2
Extraordinary loss (income)	0.0	-0.8	-0.6	-1.2	-0.4	-1.2
Depreciation & amortization ¹	5.1	11.0	5.9	14.4	+3.4	12.9
Income taxes paid	-8.5	-15.4	-8.6	-16.0	-0.6	-14.9
Working capital, others	14.7	-16.2	12.5	-14.6	+1.6	-7.8
CF from investing activities	-9.6	-19.7	-8.5	-19.9	-0.2	-20.8
Purchase of PPE ²	-9.0	-19.4	-11.0	-22.5	-3.1	-22.5
Purchase and sales of investment securities	-0.5	2.0	0.7	1.6	-0.4	1.9
Others	-0.1	-2.3	1.8	1.0	+3.3	-0.2
Free cash flow	33.7	15.5	27.5	15.2	-0.3	24.4
CF from financing activities	-29.2	-25.0	-36.2	-18.8	+6.2	-26.9
Payout to shareholders (dividend)	-10.2	-20.1	-13.2	-29.0	+0.1	-32.0
Payout to shareholders (share repurchase)	-5.0	-9.0	-5.0			
Borrowings	-13.9	4.2	-18.0	10.2	+6.0	5.1
Others	-0.1	-0.1	0.0	0.0	+0.1	0.0
Effect of exchange rate change on cash & cash equivalents	1.6	1.3	0.3	0.0	-1.3	0.0
Change in cash & cash equivalents	6.1	-8.2	-8.4	-3.6	+4.6	-2.5
Increase in cash and cash equivalents resulting from change in scope of consolidation	3.1	3.1	0.0	0.0	-3.1	0.0
Cash & cash equivalents at end of period	43.9	29.6	21.2	26.0	-3.6	27.1

1. Including amortization of goodwill 2. Including intangible assets

16

Page 16 shows cash flows.

A little to the right of the middle, you will see the total in the November 2023 announcement. The column to the left is 1H results, and if you compare it YoY, as indicated to the right of it, you will see that free cash flow remained almost unchanged YoY.

Cash flow from operating activities is JPY35.1 billion, while cash flow from investing activities is an outflow of about JPY20.0 billion. As for cash flow from financing activities, due to payout to shareholders and a slight cash-in in borrowings, we expect to have JPY26.0 billion in cash and cash equivalents at the end of the fiscal year, which will indicate continuously sufficient cash flow.

Balance Sheets

(¥billion)

	2022/9	2023/3	2023/9	vs. 2023/3
Current assets	171.8	189.4	172.2	-17.2
Cash	43.9	29.6	21.2	-8.4
Accounts receivable	60.8	82.7	68.3	-14.4
Inventories	58.8	64.7	73.8	+9.1
Others	8.3	12.4	8.9	-3.5
Fixed assets	108.4	109.3	119.9	+10.6
Total PPE	60.7	64.7	75.9	+11.2
Intangible assets	11.8	11.5	11.3	-0.2
Investment securities	29.9	27.3	27.0	-0.3
Others	6.0	5.8	5.7	-0.1
Total assets	280.2	298.7	292.1	-6.6

	2022/9	2023/3	2023/9	vs. 2023/3
Liabilities	60.8	77.2	66.2	-11.0
Accounts payable	19.0	19.9	19.8	-0.1
Borrowings	9.7	27.3	12.0	-15.3
Others	32.1	30.0	34.4	+4.4
Net assets	219.4	221.5	225.9	+4.4
Shareholders' equity ¹	205.3	208.8	210.2	+1.4
Valuation difference on available-for-sale securities	8.7	7.7	8.3	+0.6
Foreign currency translation adjustment	1.9	1.7	3.8	+2.1
Non-controlling interests	3.1	3.1	3.5	+0.4
Remeasurements of defined benefit plans	0.4	0.2	0.1	-0.1
Total liabilities & net assets	280.2	298.7	292.1	-6.6
Equity Ratio	77.2%	73.1%	76.1%	
D/E Ratio²	-16.7%	-1.1%	-4.4%	

Breakdown of Investment Securities

	2022/9	2023/3	2023/9	vs. 2023/3
Listed shares³	19.3	16.9	17.4	+0.5
(Number of stocks held, Non-consolidated basis)	(30)	(26)	(26)	(0)
Unlisted shares	3.2	2.4	2.6	+0.2
Subsidiaries/Associate shares	7.4	8.0	7.0	-1.0
Total	29.9	27.3	27.0	-0.3
Strategic shareholdings on net assets⁴	9.5%	7.9%	8.0%	

Reference

2018/3
30.0
(55)
1.7
6.8
38.5
17.0%

1. Change in shareholders' equity +1.4 = Net Income 19.5 – Dividend and others 18.1

3. 2023/3 16.9 + Acquisition 0.0 + Sales and valuation difference 0.5 = 2023/9 17.4

4. Strategic shareholdings on net assets = strategic shareholdings (Non-consolidated basis, Listed shares + Unlisted shares) / Net assets (Consolidated basis)

2. D/E Ratio = (Borrowings - Cash) / Shareholders' equity

Page 17 is the balance sheets.

If I explain it briefly, inventories have increased by about JPY9.0 billion compared to the end of March, as shown in the asset section in the upper left-hand side.

In addition, PPE has increased at NCK, the Semis Materials plant in Korea, but accounts receivables have decreased because 1H is the collection period as usual. As a result, the Company's assets decreased by about JPY6.0 billion.

On the other hand, with regard to the liabilities side and net assets on the right, borrowings decreased by JPY15.3 billion from the end of March, but this is also a normal operation in that we are reducing borrowings in accordance with collections of accounts receivable. As a result, equity ratio was 76.1% at the end of September.

In the lower left-hand corner, the breakdown of investment securities shows that as of the end of September this year, the strategic shareholdings on net assets were 8%, and as you can see, this has almost halved from the figure at the end of March 2018.

Capex/Depreciation/R&D by Segment

R&D expenses decreased in FY2020 and FY2021 due to reduced business travel activities caused by COVID-19. Expected to recover in FY2022 and FY2023

(¥billion)

	Capex ¹					Depreciation ²						R&D expenses					
	2019	2020	2021	2022	2023E as of Nov 2023	2019	2020	2021	2022	2023E as of May 2023	2023E as of Nov 2023	2019	2020	2021	2022	2023E as of May 2023	2023E as of Nov 2023
Chem	2.9	3.3	4.3	2.8	5.0	1.9	2.2	2.5	2.5	2.8	2.7	0.4	0.3	0.3	0.3	0.2	0.2
Performance M. ³	3.7	3.0	5.4	9.0	9.6	5.2	4.5	3.9	4.6	5.4	6.6	7.7	7.0	7.0	7.6	7.6	7.9
Agro ⁴	7.8	6.4	1.7	5.9	5.5	2.3	2.6	2.7	2.8	3.5	3.4	4.6	4.4	4.2	4.3	4.8	4.2
Healthcare ⁵	0.7	0.3	0.7	0.5	0.4	0.6	0.5	0.4	0.4	0.4	0.4	2.5	2.4	0.6	0.4	0.4	0.4
Trading	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.3	1.1	0.3	1.1	1.9	0.4	0.5	0.6	0.7	0.7	1.2	2.0	2.4	3.9	4.2	4.4	4.3
Total	15.5	14.3	12.4	19.4	22.5	10.5	10.4	10.2	11.0	12.9	14.4	17.2	16.5	16.0	16.8	17.4	17.0

1. Capex: Cash flows basis

2. Depreciation Method

SUNEVER, ARC®, Multi layer process materials : 4 year declining balance method (50.0% of initial capex amount in the 1st year)
Other products : 8 year declining balance method (25.0% of initial capex amount in the 1st year)

3. FY2022: including NCK Semis new plant (¥2.7 billion)

FY2023E as of Nov 2023: including NCK Semis new plant (¥6.2 billion)

4. FY2019: including the acquisitions of QUINTEC in FY2019 (¥6.3 billion), FY2020: including the acquisitions of DITHANE in FY2020 (¥5.4 billion)

FY2022: including NBR 1st phase construction (¥4.3 billion)

FY2023E as of Nov 2023: including production facilities (¥2.6 billion)

5. Organizational changes were implemented in April 2022. (see p79, p80)

Capex: FY2019-2021 figures are based on old segmentation

Depreciation, R&D expenses: FY2019-2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022.

| 18

I would like you to see page 18 later, but as you will see in the footnote for *1 Capex, we have changed the way we tabulate the figures this time to be based on cash flow.

Main Capex Items¹

(¥billion)

FY2020 Actual		FY2021 Actual		FY2022 Actual		FY2023 Outlook as of Nov 2023	
Items	Expenses	Items	Expenses	Items	Expenses	Items	Expenses
Materials Research Lab. (Instruments)	1.4	Agro (Production facilities)	4.3	NBR Agro ² (Production facilities)	4.3	NCK Semis ³ (Production facilities)	6.2
Digital Transformation related	1.1	Digital Transformation related	1.3	NCK Semis ³ (Production facilities)	2.7	Digital Transformation related	1.7
Agro (Production facilities)	0.9	Chemical Research Lab. (Instruments)	0.7	Digital Transformation related	1.5	SNOWTEX (Production facilities)	1.2
Semis (Analysis instruments)	0.8	Materials Research Lab. (Instruments)	0.5	Chemical Research Lab. (Instruments)	0.9	Agro (Production facilities)	1.2
Chemical Research Lab. (Instruments)	0.7	Display (Production facilities)	0.3	Materials Research Lab. (Instruments)	0.7	Chemical Research Lab. (Instruments)	1.0
NCK Semis (Production facilities)	0.4	Biological Research Lab. (Instruments)	0.3	Display (Production facilities)	0.5	Materials Research Lab. (Instruments)	0.6
Biological Research Lab. (Instruments)	0.2			Biological Research Lab. (Instruments)	0.4	Biological Research Lab. (Instruments)	0.3

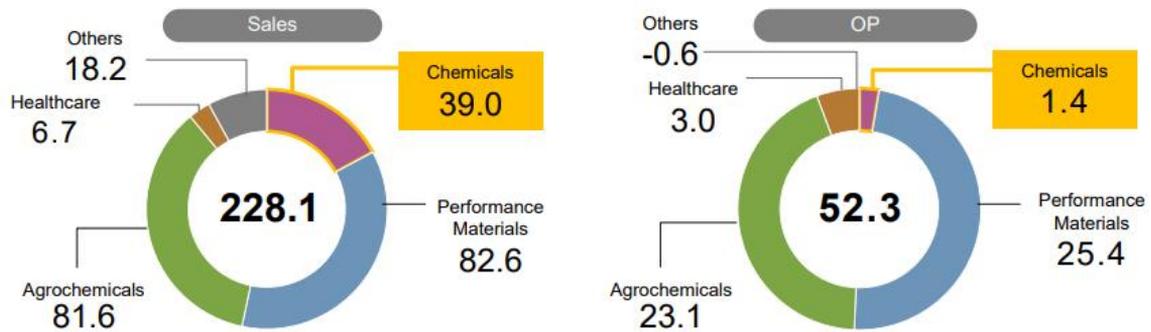
1. Main capex : Approval basis except the ones noted
2. NBR 1st phase construction (cash flows basis)
3. NCK Semis new plant (cash flows basis)

| 19

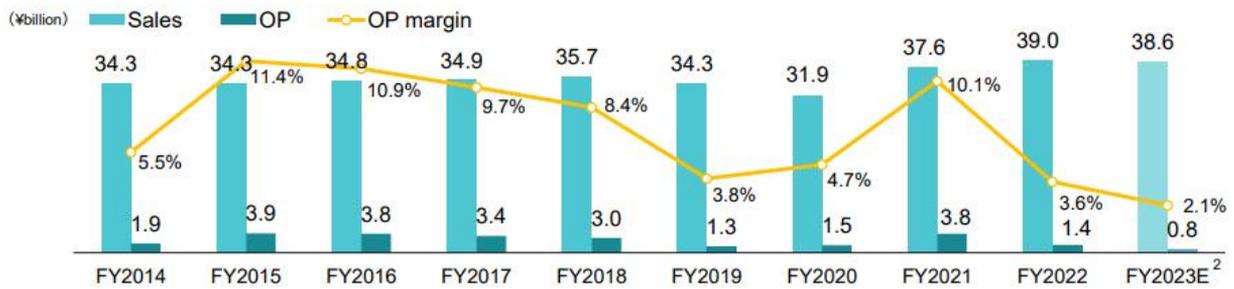
Please see page 19 later as well.

From page 20, we provide a series of numbers as segment performance. Pages 21 and 22 show the 1H YoY change and comparison to outlook by segment, while pages 23 and 24 show the YoY change and comparison to outlook for the full year. Please refer to them later.

FY2022 Actual by Segment (¥billion)



Chemicals – Recent Financial Performance¹



1. Organizational changes were implemented in April 2022. FY2014-2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022 (see p79, p80)

2. Outlook as of Nov 2023

| 25

Now, I will briefly explain the 1H results and the revised outlook for FY2023 for each segment.

The first is Chemicals, which is on page 25 for overview.

- Fine Chemicals: [1H]Sales YOY -22%, Sales below target, [Full-Year Outlook] Sales YOY -4%
- Basic Chemicals: [1H]Sales YOY -1%, Sales below target, [Full-Year Outlook] Sales YOY +1%

Main Products	FY2023 Outlook as of May 2023					FY2023 Outlook as of Nov 2023				
	YOY Change					YOY Change				
	1Q	2Q	1H	2H	Total	1Q Actual	2Q Actual	1H Actual	2H	Total
TEPIC	-61%	-26%	-47%	+91%	+1%	-66%	-33%	-52%	+32%	-23%
Environmental related products	+15%	+14%	+14%	+17%	+16%	+16%	-9%	+4%	+19%	+11%
FINEOXOCOL	-19%	-3%	-11%	+2%	-5%	-25%	-14%	-20%	+12%	-4%
Total Fine Chemicals ¹	-26%	-3%	-15%	+33%	+6%	-29%	-15%	-22%	+18%	-4%
Melamine ²	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%
Urea/AdBlue [®]	+40%	+35%	+38%	+3%	+17%	+33%	+13%	+23%	0%	+9%
High purity sulfuric acid	-12%	-9%	-11%	+16%	+2%	-13%	-10%	-12%	+23%	+5%
Nitric acid products	+83%	+25%	+49%	+12%	+27%	+71%	+12%	+36%	+11%	+21%
Total Basic Chemicals ^{3,4}	+1% (+30%)	+9% (+22%)	+5% (+26%)	+6% (+8%)	+6% (+16%)	-2% (+26%)	-1% (+11%)	-1% (+18%)	+3% (+5%)	+1% (+11%)
Total Segment ³	-10% (+4%)	+5% (+12%)	-3% (+8%)	+15% (+16%)	+6% (+12%)	-13% (+1%)	-6% (+1%)	-10% (+1%)	+7% (+9%)	-1% (+5%)

1. TEPIC, Environmental related products, and FINEOXOCOL account for 83% of total Fine Chemicals sales (1H FY2023 Actual)

2. The production of melamine terminated in June 2022 and sales ended in December 2022 (see p33, Restructure based on Shutdown of Melamine Plant)

3. Growth rate in parentheses excludes melamine for both FY2022 Actual and FY2023 Outlook.

4. Melamine, Urea/AdBlue[®], High purity sulfuric acid, and Nitric acid products account for 48% of total Basic Chemicals sales (1H FY2023 Actual)

On page 26, these are the growth rate figures for sales in main products. The left-hand side shows the previous outlook announced in May, and the right-hand side shows the revised outlook in blue.

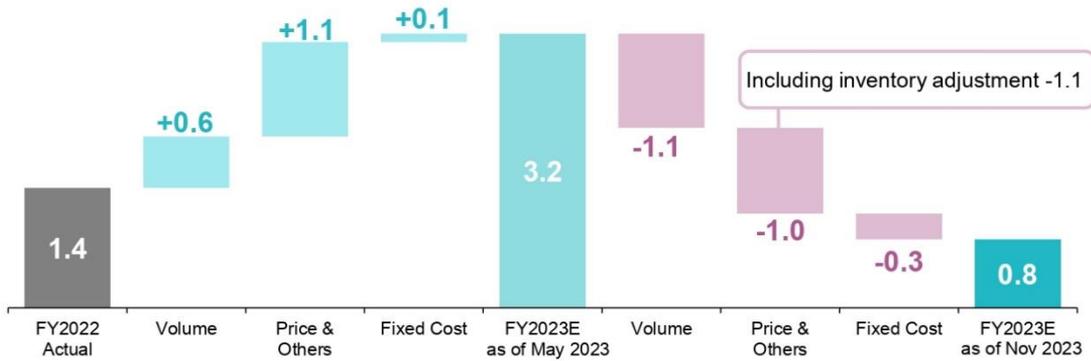
In Fine Chemicals, 1H sales declined 22% and are below the outlook, because sales of TEPIC declined. For 2H, the figures have been downwardly revised mainly in TEPIC, which results in an expectation of 4% decrease for FY2023 full year.

For Basic Chemicals, we saw a 1% sales decline in 1H and a downward swing compared to our outlook, as we expect a 1% increase in sales for the full year.

The result would be an overall 1% decrease in sales for the full year.

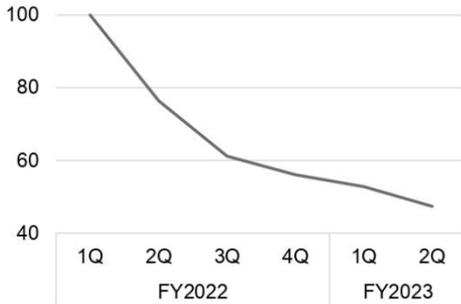
Analysis of Changes in OP, Market price of TEPIC and Urea

■ Analysis of Changes in OP (¥billion)



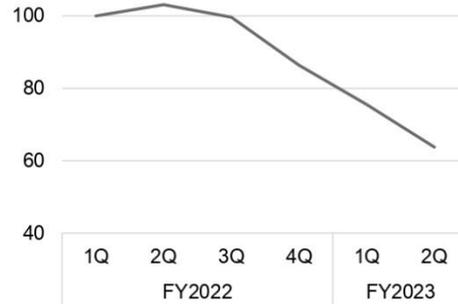
■ Market price of TEPIC (Chinese product)

(The price of 1Q FY2022 is set as 100)



■ Market price of Urea (Chinese product)

(The price of 1Q FY2022 is set as 100)



The next page, page 27, is an analysis of the increase/decrease in Chemicals, which has seen a large downward revision in operating profit. This is shown as the upper graph.

As you can see in the graph, the volume and price increases seen at the beginning of the year were offset by a decrease in the volume of TEPIC and the impact of inventory adjustments, resulting in the downward swing shown on the far right.

The graphs below show the inflows of Chinese products at low prices into the market, and as for TEPIC, the left graph shows the market price of competing Chinese products from 1Q of FY2022 to 2Q of this fiscal year, with 1Q of FY2022 as 100.

Also, on the right side, the market price of competing products in China for Urea is shown.

As you can see, there was about a 50% reduction in TEPIC on the left, and about a 40% reduction in Urea on the right. Against this backdrop, the revision to Chemicals, has incorporated the downward swing in both volume and the impact of inventory adjustments.

[1H] Sales down ¥1.9 billion, OP down ¥1.2 billion

(¥billion)

	FY2022 Actual			FY2023 Actual			YOY Change	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	10.4	9.4	19.8	9.1	8.8	17.9	-0.6	-1.9
Fine Chemicals	4.2	3.5	7.7	3.0	3.0	6.0	-0.5	-1.7
Basic Chemicals	6.2	5.9	12.1	6.1	5.8	11.9	-0.1	-0.2
OP	1.7	-0.6	1.1	0.9	-1.0	-0.1	-0.4	-1.2

[1H] Sales & OP down

Fine Chemicals	TEPIC for general applications	Sales down (demand decrease)
	TEPIC for electronic materials	Sales down
	Environmental related products	Sales up
	FINEOXOCOL	Sales down
Feedstock and raw materials cost up (negative impact), Inventory adjustment cost up ¥0.2 billion (negative impact)		

[1H] Sales down, OP up

Basic Chemicals	Melamine	Sales down (end of sales, see p33)
	Urea/AdBlue®	Sales up (volume up due to shutdown of melamine plant)
	High purity sulfuric acid	Sales down (Semis market slowdown)
	Nitric acid products	Sales up (both volume and price up) (nitric acid plant troubles in FY2022)

| 28

The following pages are a brief description of the situation and figures for each major product in Chemicals, for 1H from pages 28 to 29, and for the full year and 2H from pages 30 and 31. Please take a look at them later.

Page 28 is 1H actual YOY change.

1H FY2023 Financial Results Compared to Outlook

【1H】 Sales below target ¥1.3 billion, OP below target ¥1.3 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Actual			vs. Outlook	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	9.4	9.8	19.2	9.1	8.8	17.9	-1.0	-1.3
Fine Chemicals	3.1	3.4	6.5	3.0	3.0	6.0	-0.4	-0.5
Basic Chemicals	6.3	6.4	12.7	6.1	5.8	11.9	-0.6	-0.8
OP	0.9	0.3	1.2	0.9	-1.0	-0.1	-1.3	-1.3

【1H】 Sales & OP below target	
Fine Chemicals	TEPIC for general applications Sales below target (volume down)
	TEPIC for electronic materials Sales below target
	Environmental related products Sales below target (volume down)
	FINEOXOCOL Sales below target
Inventory adjustment cost up ¥0.4 billion (negative impact)	

【1H】 Sales & OP below target	
Basic Chemicals	Urea/AdBlue® Sales below target (price down)
	High purity sulfuric acid Sales in line with target
	Nitric acid products Sales below target
Inventory adjustment cost up ¥0.2 billion (negative impact)	

Page 29 is a 1H comparison with the outlook.

【Full-Year】 Sales down ¥0.4 billion, OP down ¥0.6 billion

(¥billion)

	FY2022 Actual					FY2023 Outlook as of Nov 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	19.8	10.1	9.1	19.2	39.0	17.9	10.5	10.2	20.7	38.6	-1.9	+0.4	+1.1	+1.5	-0.4
Fine Chemicals	7.7	3.3	2.8	6.1	13.8	6.0	3.7	3.5	7.2	13.2	-1.7	+0.4	+0.7	+1.1	-0.6
Basic Chemicals	12.1	6.8	6.3	13.1	25.2	11.9	6.8	6.7	13.5	25.4	-0.2	0.0	+0.4	+0.4	+0.2
OP	1.1	0.4	-0.1	0.3	1.4	-0.1	0.4	0.5	0.9	0.8	-1.2	0.0	+0.6	+0.6	-0.6

【Full-Year】 Sales & OP down

Fine Chemicals	TEPIC for general applications	Sales down (demand decrease)
	TEPIC for electronic materials	Sales down
	Environmental related products	Sales up (volume up)
	FINEOXOCOL	Sales down
Inventory adjustment cost up ¥0.8 billion (negative impact)		

【Full-Year】 Sales & OP up

Basic Chemicals	Melamine	Sales down (end of sales, see p33)
	Urea/AdBlue®	Sales up (volume up due to shutdown of melamine plant)
	High purity sulfuric acid	Sales up (price up)
	Nitric acid products	Sales up (both volume and price up) (nitric acid plant troubles in FY2022)
Feedstock and raw materials cost down (positive impact), Inventory adjustment cost up ¥0.2 billion (negative impact)		

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Page 30 is a full year YOY change.

[2H] Sales below target ¥1.4 billion, OP below target ¥1.1 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Sales	19.2	22.1	41.3	17.9	20.7	38.6	-1.3	-1.4	-2.7
Fine Chemicals	6.5	8.2	14.7	6.0	7.2	13.2	-0.5	-1.0	-1.5
Basic Chemicals	12.7	13.9	26.6	11.9	13.5	25.4	-0.8	-0.4	-1.2
OP	1.2	2.0	3.2	-0.1	0.9	0.8	-1.3	-1.1	-2.4

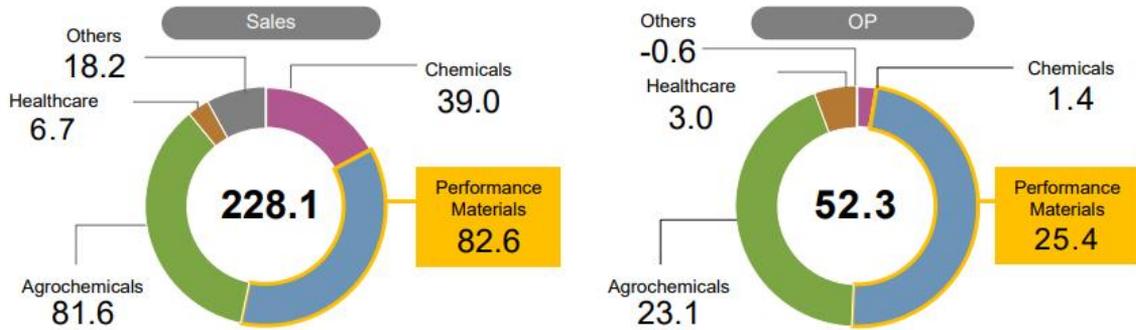
Fine Chemicals [2H] Sales & OP below target

TEPIC for general applications	Sales below target (volume down)
TEPIC for electronic materials	Sales below target
Environmental related products	Sales in line with target
FINEOXOCOL	Sales above target (price up)
Inventory adjustment cost up	¥1.0 billion (negative impact)

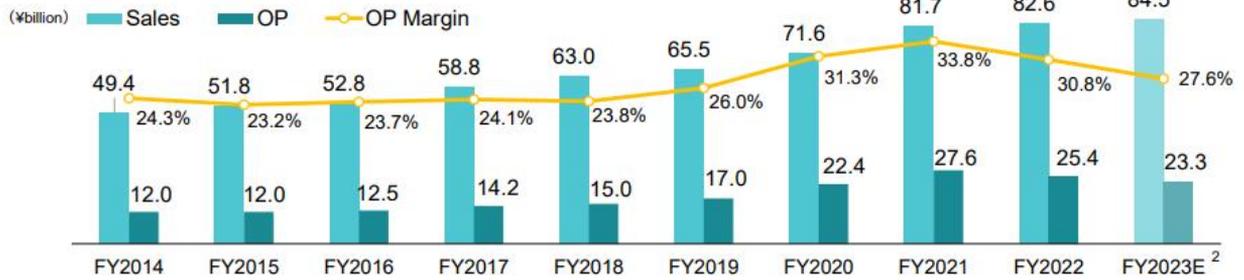
Basic Chemicals [2H] Sales below target, OP above target

Urea/AdBlue®	Sales below target (price down)
High purity sulfuric acid	Sales above target (price up)
Nitric acid products	Sales in line with target
Inventory adjustment cost down	¥0.5 billion (positive impact)

FY2022 Actual by Segment (¥billion)



Performance Materials – Recent Financial Performance¹



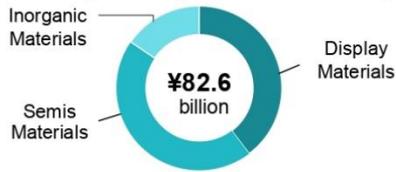
1. Organizational changes were implemented in April 2022. FY2014-2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022 (see p79, p80)

2. Outlook as of Nov 2023

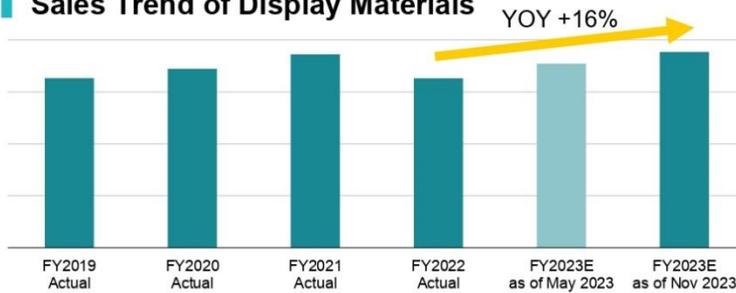
Reference [Presentation for R&D of Performance Materials](#) (June 21, 2022)

Next is Performance Materials. On page 34, this is a segment overview.

Sales by subsegment (FY2022 Actual)

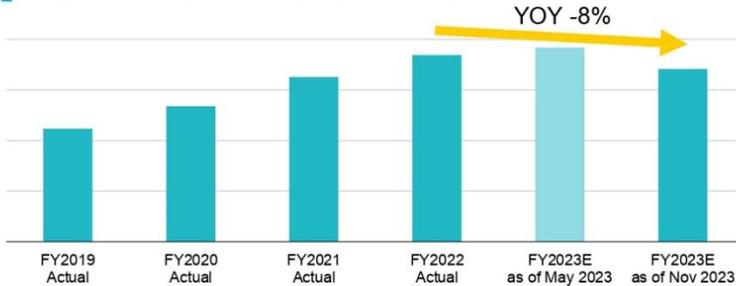


Sales Trend of Display Materials



- Market Recovering after bottom-out in FY2022
- The shift from other modes (rubbing IPS, etc.) to photo IPS is progressing steadily

Sales Trend of Semis Materials



- Growth trend in mid-long terms is still unchanged despite the current temporary adjustment in FY2023
- Sales growth of EUV materials due to increased customer production

Please skip to page 35 to see the sales trend, focusing on Display materials and Semis materials.

Incidentally, the three subsegments as a percentage of Performance Materials sales in FY2022 are shown in this doughnut-shaped chart.

The graph in the middle shows the sales trend of Display Materials from FY2019 to FY2023. As you can see, we expect a 16% growth this fiscal year compared to the FY2022 results. This is a 6% increase over the May outlook. The market bottomed out in FY2022 and is now showing signs of recovery. We also believe that the conversion from other modes to photo IPS will proceed smoothly.

The bottom graph shows the sales trend of Semis Materials. As this graph shows, we assume an 8% decrease in sales this fiscal year compared to the FY2022 results. At the beginning of the year, we had planned a 4% increase over the FY2022, but in light of the current situation, we have decided to set the YoY figure at minus 8%. However, while FY2023 is a temporary adjustment phase, we recognize that the medium- to long-term growth trend will remain unchanged.

In addition, EUV materials, in particular, have been growing due to customers' production and other factors even during this adjustment phase.

- DP Materials: [1H] Sales YOY +17%, Sales above target 【Full-Year Outlook】 Sales YOY +16%
- Semis Materials: [1H] Sales YOY -19%, Sales below target 【Full-Year Outlook】 Sales YOY -8%
- Inorganic Materials: [1H] Sales YOY -6%, Sales below target 【Full-Year Outlook】 Sales YOY -3%

Main Products	FY2023 Outlook as of May 2023					FY2023 Outlook as of Nov 2023				
	YOY Change					YOY Change				
	1Q	2Q	1H	2H	Total	1Q Actual	2Q Actual	1H Actual	2H	Total
SUNEVER	-7%	+28%	+8%	+8%	+8%	+4%	+35%	+17%	+14%	+15%
Total Display Materials	-7%	+28%	+8%	+9%	+9%	+3%	+35%	+17%	+15%	+16%
ARC®	-11%	-6%	-8%	+18%	+4%	-18%	-26%	-22%	+1%	-11%
Multi layer process materials	-4%	-19%	-12%	+9%	-2%	-15%	-32%	-24%	+9%	-9%
EUV materials ¹	-6%	+4%	-1%	+45%	+21%	+15%	+14%	+15%	+39%	+27%
Total Semis Materials	-9%	-8%	-9%	+18%	+4%	-15%	-23%	-19%	+6%	-8%
SNOWTEX	+7%	+7%	+7%	+12%	+10%	0%	-8%	-4%	+2%	-1%
Organo/Monomer Sol	+18%	-15%	+1%	+11%	+6%	-7%	-17%	-12%	+8%	-3%
Oilfield Materials	+21%	+5%	+12%	-16%	-5%	+49%	-46%	-3%	+3%	0%
Total Inorganic Materials	+8%	0%	+4%	+6%	+5%	+3%	-14%	-6%	-1%	-3%
Total Segment	-6%	+5%	-1%	+13%	+6%	-4%	-3%	-4%	+8%	+2%

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

| 36

The next page 36 shows the growth rate of sales of main products in Performance Materials.

In the table below, the blue area shows the figures after the current review. Display Materials recorded a 17% YoY increase in sales for a 1H, and an increase compared to the outlook. For the FY2023 annual period, as I mentioned earlier, we expect a 16% increase in sales.

On the other hand, sales in Semis Materials fell 19% in a 1H, and will be also lower than our outlook, with an 8% decline for the full year, as I mentioned earlier. I think the results in 1H of FY2023 would be the bottom.

Finally, Inorganic Materials are as described here.

[1H] Sales down ¥1.5 billion, OP down ¥2.8 billion,
Fixed cost up ¥1.8 billion in total (including common expenses up ¥0.1 billion)

(¥billion)

	FY2022 Actual			FY2023 Actual			YOY Change	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	21.8	20.2	42.0	20.8	19.7	40.5	-0.5	-1.5
OP	7.9	6.0	13.9	6.5	4.6	11.1	-1.4	-2.8

Display Materials **[1H] Sales & OP up**

Photo IPS	Sales up (smartphone, large monitor, and automobile up)
Rubbing IPS	Sales up
VA	Sales up (partly market share up)
Display market recovering, Fixed cost up ¥0.1 billion	

Semis Materials **[1H] Sales & OP down**

ARC®	Sales down
Multi layer process materials	Sales down
EUV materials	Sales up (EUV Under Layer: sales up due to increased customer production)
Semis market slowdown, Fixed cost up ¥1.4 billion (mainly at NCK)	

Inorganic Materials **[1H] Sales down, OP up**

SNOWTEX	Sales down (non-polishing flat, polishing down)
Organo/Monomer Sol	Sales down
Oilfield materials	Sales down
Fixed cost up ¥0.2 billion	

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For a 1H, as you can see at the top of this page 37, there was an increase of JPY1.8 billion in fixed costs for Performance Materials as a whole. Among them, Semis Materials, as you can see in the lower right-hand corner, account for the majority of the increase, or JPY1.4 billion up. This is primarily a cost increase in NCK, our subsidiary in Korea.

1H FY2023 Financial Results Compared to Outlook

[1H] Sales below target ¥1.2 billion, OP below target ¥1.6 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Actual			vs. Outlook	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	20.5	21.2	41.7	20.8	19.7	40.5	-1.5	-1.2
OP	6.6	6.1	12.7	6.5	4.6	11.1	-1.5	-1.6

[1H] Sales & OP above target

Display Materials	Photo IPS	Sales above target (smartphone and large monitor above target)
	Rubbing IPS	Sales above target
	VA	Sales above target
	Display market recovering	

[1H] Sales & OP below target

Semis Materials	ARC®	Sales below target
	Multi layer process materials	Sales below target
	EUV materials	Sales above target
	Semis market slowdown	

[1H] Sales & OP below target

Inorganic Materials	SNOWTEX	Sales below target (both non-polishing and polishing below target)
	Organo/Monomer Sol	Sales below target
	Oilfield materials	Sales below target

Page 38 is a 1H comparison with the outlook.

【Full-Year】 Sales up ¥1.9 billion, OP down ¥2.1 billion,
Fixed cost up (actual impact) ¥2.9 billion in total

(¥billion)

	FY2022 Actual					FY2023 Outlook as of Nov 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	42.0	20.6	20.0	40.6	82.6	40.5	21.2	22.8	44.0	84.5	-1.5	+0.6	+2.8	+3.4	+1.9
OP	13.9	6.9	4.6	11.5	25.4	11.1	5.8	6.4	12.2	23.3	-2.8	-1.1	+1.8	+0.7	-2.1

【Full-Year】 Sales & OP up	
Display Materials	Photo IPS Sales up (smartphone, large monitor, and automobile up)
	Rubbing IPS Sales up
	VA Sales up (partly market share up)
Display market recovering, Fixed cost up ¥0.4 billion	

【Full-Year】 Sales & OP down	
Semis Materials	ARC® Sales down
	Multi layer process materials Sales down
	EUV materials Sales up (EUV Under Layer: sales up due to increased customer production)
Semis market slowdown, Fixed cost up (actual impact) ¥2.1 billion (mainly at NCK)	

【Full-Year】 Sales & OP down	
Inorganic Materials	SNOWTEX Sales flat (non-polishing up, polishing down)
	Organo/Monomer Sol Sales down
	Oilfield materials Sales flat
Fixed cost up ¥0.4 billion	

| 39

Next, page 39 is also about fixed costs, and as you can see at the beginning of this page, the annual increase in fixed costs is JPY2.9 billion, which is the overall figure for Performance Materials. Of this amount, JPY2.1 billion is attributable to Semis Materials in an increase in fixed costs.

FY2023 Financial Outlook Compared to Outlook as of May 2023

[2H] Sales below target ¥1.8 billion, OP below target ¥1.6 billion,
Fixed cost above expectations (actual impact) ¥0.5 billion in total

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Sales	41.7	45.8	87.5	40.5	44.0	84.5	-1.2	-1.8	-3.0
OP	12.7	13.8	26.5	11.1	12.2	23.3	-1.6	-1.6	-3.2

[2H] Sales & OP above target	
Display Materials	Photo IPS Sales above target (smartphone and large monitor above target)
	Rubbing IPS Sales above target
	VA Sales above target
Display market recovering Fixed cost above expectations ¥0.1 billion	

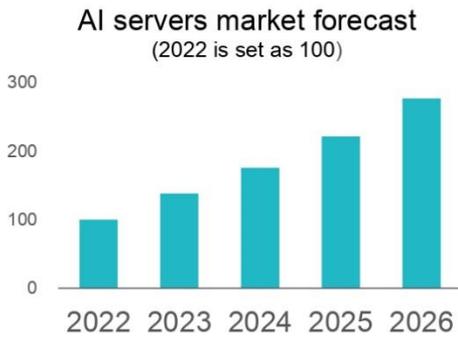
[2H] Sales & OP below target	
Semis Materials	ARC® Sales below target
	Multi layer process materials Sales in line with target
	EUV materials Sales below target
Semis market slowdown Fixed cost above expectations (actual impact) ¥0.2 billion	

[2H] Sales & OP below target	
Inorganic Materials	SNOWTEX Sales below target (non-polishing and polishing below target)
	Organo/Monomer Sol Sales below target
	Oilfield materials Sales above target
Fixed cost above expectations ¥0.2 billion	

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Please see page 40 later for a comparison to the outlook.

3D packaging process materials (Temporary adhesive materials)



Growing demand for Generative AI (Artificial Intelligence)

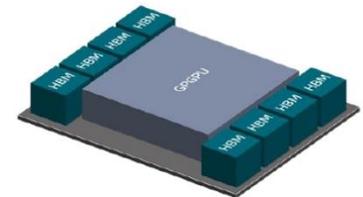
↓

Growing demand for HBM in servers and data centers¹

↓

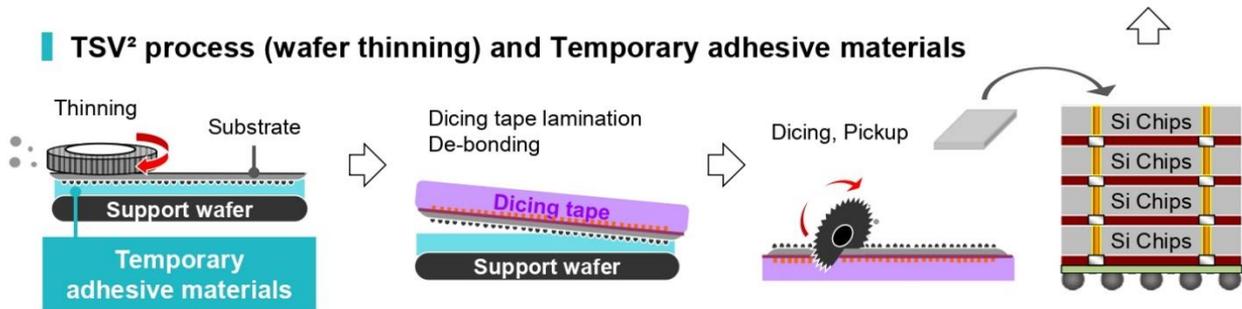
Sales of our temporary adhesive materials for HBM also increasing with market growth

Image of HBM3 DRAM installed in a GPGPU for Generative AI



1. Expansion of Generative AI requires high-spec memory to process large amounts of data at once

TSV² process (wafer thinning) and Temporary adhesive materials



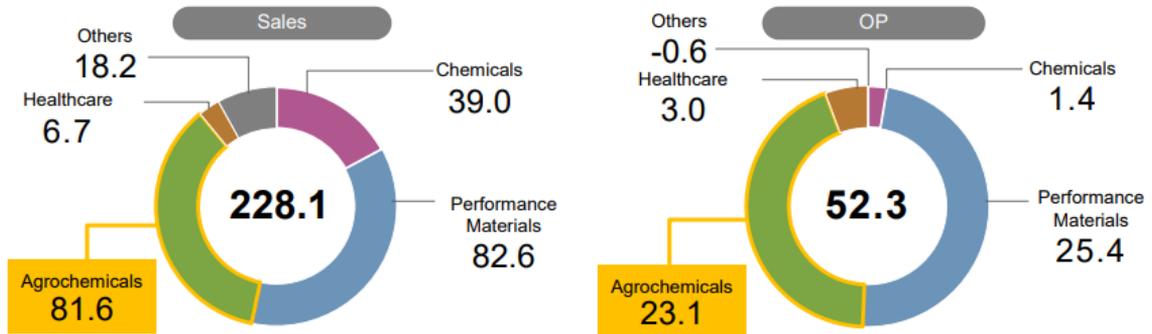
2. TSV (Through Silicon Via)

Finally, regarding Performance Materials, especially Semis Materials, one of the materials that we are focusing on for the future is 3D packaging process materials or temporary adhesive materials.

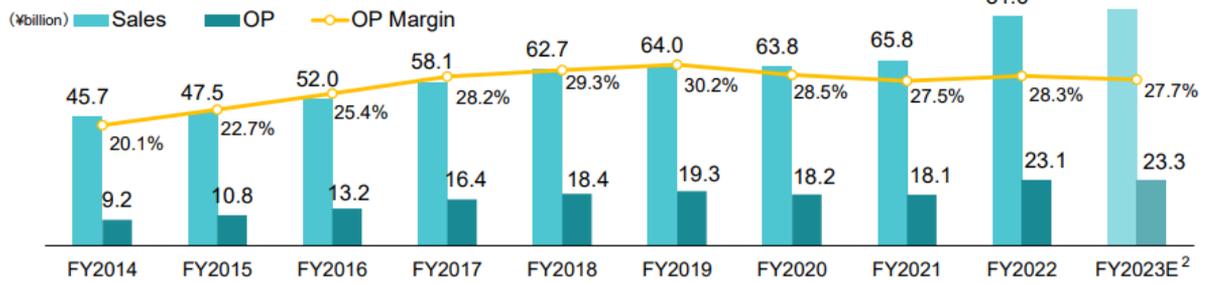
As shown in the upper part, the forecast for the AI server market indicates that it will grow considerably. In this context, it is natural to expect an increase in demand for generative AI. We expect that sales of temporary adhesive materials for HBM will increase along with the growth of the market. We expect a growth of demand for HBM in servers and data centers, where they need high-spec memories that can handle large amounts of data at once.

The details of our materials are shown in the pictures below.

FY2022 Actual by Segment (¥billion)



Agrochemicals – Recent Financial Performance¹



1. Organizational changes were implemented in April 2022. FY2014-2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022 (see p79, p80)
 2. Outlook as of Nov 2023

Next is Agrochemicals. On page 42, this is a segment overview.

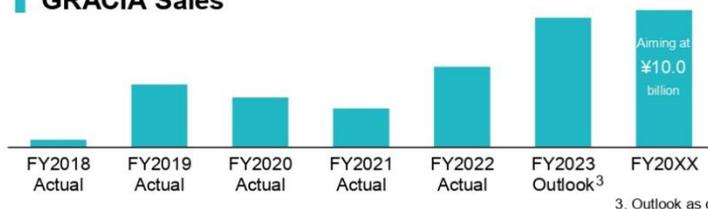
Sales Growth Rate of Main Products (before discount)

【1H】 Sales YOY -1%, Sales below target 【Full-Year Outlook】 Sales YOY +3%

(Reference) Domestic agrochemical market YOY decreased in Apr - Aug 2023 (JCPA)

Main Products (Agro: in order of FY2022 Sales amount)	Types	FY2023 Outlook as of May 2023					FY2023 Outlook as of Nov 2023					
		YOY					YOY					
		1Q	2Q	1H	2H	Total	1Q Actual	2Q Actual	1H Actual	2H	Total	
Agro	ROUNDUP ¹	Herbicide	+2%	+13%	+7%	+6%	+6%	-14%	-3%	-10%	+5%	-2%
	ALTAIR	Herbicide	+12%	+17%	+13%	+9%	+10%	-7%	-57%	-17%	+1%	-3%
	TARGA	Herbicide	-17%	-25%	-20%	-9%	-14%	+10%	-15%	+1%	-3%	-1%
	LEIMAY	Fungicide	-46%	+72%	-6%	+4%	+1%	-60%	-22%	-47%	0%	-17%
	GRACIA	Insecticide	+58%	+84%	+70%	+21%	+37%	+87%	+142%	+113%	+36%	+61%
	DITHANE	Fungicide	-23%	+3%	-12%	-1%	-5%	-21%	+20%	-3%	+6%	+3%
	PERMIT	Herbicide	-4%	+51%	+36%	-36%	0%	+9%	+36%	+28%	-26%	+1%
Animal Health	Fluralaner	Animal Health products	-3%	-1%	-2%	+10%	+3%	-4%	+15%	+5%	+14%	+9%
Total Segment²		-	-3%	+10%	+3%	+3%	+3%	-5%	+3%	-1%	+6%	+3%

GRACIA Sales



Reference

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

[Agrochemicals Business Briefing](#) ✓
(September 28, 2022)

1. ROUNDUP AL for general household account for 32% of total ROUNDUP sales (1H FY2023 Actual)
2. Total segment sales YOY include discount

3. Outlook as of Nov 2023

On page 43, this shows the sales growth rate of our main products as always. In 1H, sales decreased 1% YoY. They were also lower than the outlook.

On the other hand, we are forecasting a 3% increase in sales for the full year of FY2023, which is unchanged from our May outlook.

If you look at the details, domestic sales of ROUNDUP and ALTAIR, in the upper rows, showed a relatively large decrease in 1H. As a reference, the data from the Japan Crop Protection Association shows that shipments in the domestic agrochemical market from April to August were below the previous year's level, which means that we are also affected by the overall market's YoY decline.

On the other hand, in GRACIA, as shown in the bar graph on the lower left, we are planning steady growth for the current fiscal year. We revised upward with a 61% increase YoY.

As for the Animal Health products, Fluralaner, at the beginning of the year, we assumed an annual growth rate of 3%. In fact, the 1H results were up 5% YoY. In 2H, it is also expected to be positive, so the annual growth rate is expected to be 9%.

【1H】 Sales down ¥0.4 billion, OP down ¥0.5 billion, Fixed cost up ¥0.8 billion

(¥billion)

	FY2022 Actual			FY2023 Actual			YOY Change	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	19.7	16.0	35.7	18.8	16.5	35.3	+0.5	-0.4
OP	6.8	5.3	12.1	6.6	5.0	11.6	-0.3	-0.5

Main products	ROUNDUP(Herbicide)	Sales down (ML&AL: volume down due to unfavorable weather and distribution inventory adjustment)
	ALTAIR(Herbicide)	Sales down (domestic: sales flat, export: sales down in Korea)
	TARGA(Herbicide)	Sales flat
	LEIMAY(Fungicide)	Sales down (export: sales down in Europe due to distribution inventory adjustment)
	GRACIA(Insecticide)	Sales up (domestic: sales up, export: sales expansion in Asia)
	DITHANE(Fungicide)	Sales down
	PERMIT(Herbicide)	Sales up (export: sales up due to shipment skewed to 1H in FY2023)
	Fluralaner(Animal health product)	Sales up (API sales: flat, royalties: sales up, partially affected by JPY depreciation)

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As in the past, the figures for Agrochemicals for 1H and full year are shown on pages 44, 45, 46, and 47, with comments for each main products. Page 44 is a 1H YoY.

【1H】 Sales below target ¥1.5 billion, OP below target ¥0.4 billion,
Fixed cost below expectations ¥0.3 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Actual			vs. Outlook	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	19.2	17.6	36.8	18.8	16.5	35.3	-1.1	-1.5
OP	6.6	5.4	12.0	6.6	5.0	11.6	-0.4	-0.4

Main products	ROUNDUP(Herbicide)	Sales below target (ML & AL: volume down due to unfavorable weather and distribution inventory adjustment)
	ALTAIR(Herbicide)	Sales below target (domestic: below target due to distribution inventory adjustment, export: below target in Korea)
	TARGA(Herbicide)	Sales above target (export: good sales in Europe)
	LEIMAY(Fungicide)	Sales below target (domestic: below target, export: below target in Europe due to distribution inventory adjustment)
	GRACIA(Insecticide)	Sales above target (export: sales expansion in Asia)
	DITHANE(Fungicide)	Sales above target
	PERMIT(Herbicide)	Sales below target (export: below target due to distribution inventory adjustment)
	Fluralaner(Animal health product)	Sales above target (API sales & royalties: sales above target, partially affected by JPY depreciation)

Page 45 is a 1H comparison with the outlook.

【Full-Year】 Sales up ¥2.4 billion, OP up ¥0.2 billion, Fixed cost up ¥1.6 billion

(¥billion)

	FY2022 Actual					FY2023 Outlook as of Nov 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	35.7	13.1	32.8	45.9	81.6	35.3	13.9	34.8	48.7	84.0	-0.4	+0.8	+2.0	+2.8	+2.4
OP	12.1	3.1	7.9	11.0	23.1	11.6	2.9	8.8	11.7	23.3	-0.5	-0.2	+0.9	+0.7	+0.2

Main products	Product Name	Description
	ROUNDUP(Herbicide)	Sales down (ML: volume down due to unfavorable weather and distribution inventory adjustment, AL: sales flat)
	ALTAIR(Herbicide)	Sales down (domestic: sales flat, export: sales down in Korea)
	TARGA(Herbicide)	Sales flat
	LEIMAY(Fungicide)	Sales down (export: sales down in Europe due to distribution inventory adjustment)
	GRACIA(Insecticide)	Sales up (domestic: sales up, export: sales expansion in Asia)
	DITHANE(Fungicide)	Sales up (export: sales up in Korea)
	PERMIT(Herbicide)	Sales flat
	Fluralaner(Animal health product)	Sales up (API sales & royalties: sales up, partially affected by JPY depreciation)

On page 46, this shows a full year outlook YoY.

FY2023 Financial Outlook Compared to Outlook as of May 2023

[2H] Sales above target ¥1.3 billion, OP above target ¥0.1 billion,
Fixed cost above expectations ¥0.8 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Sales	36.8	47.4	84.2	35.3	48.7	84.0	-1.5	+1.3	-0.2
OP	12.0	11.6	23.6	11.6	11.7	23.3	-0.4	+0.1	-0.3

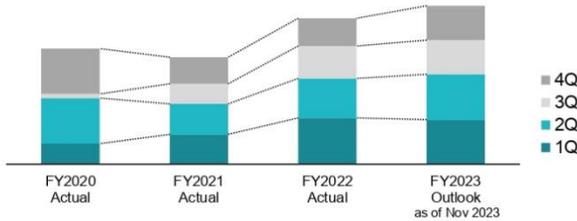
Main products	ROUNDUP(Herbicide)	Sales in line with target
	ALTAIR(Herbicide)	Sales below target (domestic: below target)
	TARGA(Herbicide)	Sales above target (export: above target in India)
	LEIMAY(Fungicide)	Sales below target (export: below target in Europe due to distribution inventory adjustment)
	GRACIA(Insecticide)	Sales above target (domestic: above target, export: sales expansion in Asia)
	DITHANE(Fungicide)	Sales above target (domestic: in line with target, export: above target in Korea)
	PERMIT(Herbicide)	Sales above target (export: above target)
	Fluralaner(Animal health product)	Sales above target (API sales: in line with target, royalties: above target, partially affected by JPY depreciation)

Page 47 is a 2H comparison with the previous outlook.

Nissan Chemical's Revenues are Consisted from Following Two Factors

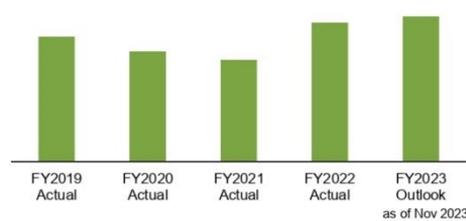
- Sales of Fluralaner to MSD as API¹ of BRAVECTO[®] and EXZOLT[®] products
 - Running royalties received from MSD
1. API: Active Pharmaceutical Ingredient

FY2020-FY2023 Fluralaner Quarterly Sales (including royalties)



Royalties revenue used to be recognized in 2Q and 4Q until FY2020. Due to changes in accounting policies, it has been recognized in each quarter since FY2021 (see p78).

FY2019-FY2023 Fluralaner Sales Image (including royalties)



- Inventory adjustments for Fluralaner were completed in FY2021.
- A large sales increase in FY2022 due to the shipments shifted from FY2021 to FY2022 and JPY depreciation. Actual exchange rate is ¥136/\$.
- Assumed exchange rate for FY2023 is ¥142/\$.

BRAVECTO[®] series and EXZOLT[®] R&D

- MSD is developing several pipeline products which contain the API of Fluralaner (including new types of BRAVECTO[®] for pets)
 - May 2023, BRAVECTO Quantum™ injectable solution for dogs was approved in AUS (feature: providing 12 months¹ of continuous protection)
1. 11 months for *Rhipicephalus sanguineus* ticks

If you skip down to page 51, you will see the sales trend of Fluralaner. We have updated the FY2023 outlook on the left side to the figures announced in November. We have updated the green bar graph on the right as well.

- New API production site to ensure a stable global supply and reduce manufacturing costs
- Completed establishment as planned, NBR is added as a consolidated subsidiary from FY2022
- Started commercial operation (March 2023)
- NBR is expected to be profitable on non-consolidated basis in FY2023 as assumed

Nissan Bharat Rasayan Private Limited (NBR)

Head Office	Gurgaon, Haryana (near New Delhi)
Plant Location	Newly built in Saykha, Gujarat (land leased by Gujarat Industrial Development Corporation)
Opening of Business	April 1, 2020
Business	Manufacturing active ingredients of agrochemicals (GRACIA, LEIMAY, etc.) and exporting them to Nissan Chemical
Number of Operators	About 120 (as of April 1, 2023)
Plant Operating	Started from 4Q FY2022
Shareholders	Nissan Chemical 70%, Bharat Rasayan Ltd (BRL) 30%
Board of Directors	Nissan Chemical 5, BRL 2, Independent 1, Total 8

Bharat Rasayan Ltd (BRL)

Foundation	1989 (one of major Indian agrochemical companies)
Listing	National Stock Exchange of India(NSE), Bombay Stock Exchange (BSE)
Major Shareholders	Founders families including Sat Narain Gupta, Chairman 74.99%
2022 PL	Sales INR 12,343 million, Net Income after Taxes INR 1,246 million
Plant Location	2 plants: (A) Dahej, Gujarat (B) Rohtak, Haryana
Relationship with Nissan Chemical	BRL manufactures active ingredients and intermediates of Nissan Chemical's products. Bharat Certis Agriscience, a related company of Bharat group, distributes certain Nissan Chemical's products(TARGA, PULSOR, PERMIT) in India

Funding Plan (as of May 2022)

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

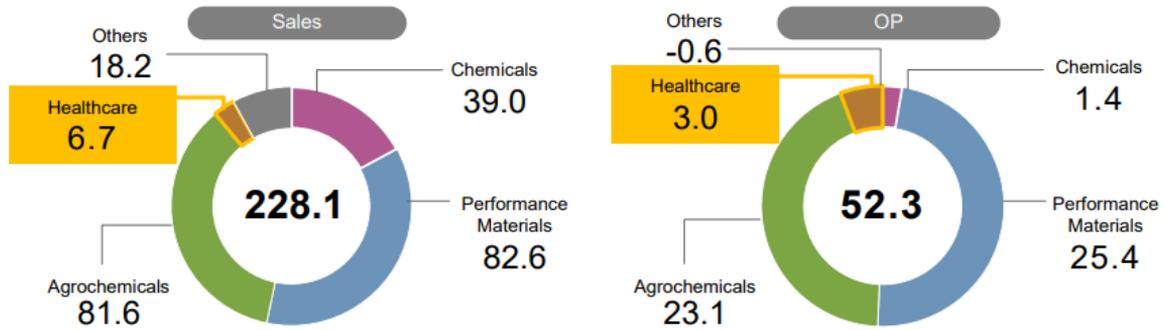
Advantages to Nissan Chemical

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

On page 52, we have updated the status of NBR, our joint venture company in India.

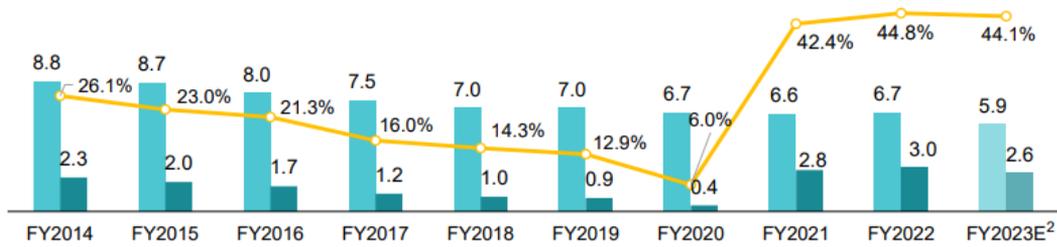
NBR was added to consolidated subsidiaries in FY2022, but there is no change in the fact that commercial operation started in March of this year. In FY2023, we expect to be profitable on non-consolidated basis, as we have assumed.

FY2022 Actual by Segment (¥billion)



Healthcare – Recent Financial Performance¹

(¥billion) Sales OP OP Margin



1. Organizational changes were implemented in April 2022. FY2014-2020 figures are based on old segmentation, FY2021 has been revised to reflect organizational changes in April 2022 (see p79, p80)

2. Outlook as of Nov 2023

Next, here is the Healthcare segment. Page 53 is a segment overview.

[1H]Sales up ¥0.30 billion, OP up ¥0.35 billion

(¥billion)

	FY2022 Actual			FY2023 Actual			YOY Change	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	1.65	1.60	3.25	1.95	1.60	3.55	0.00	+0.30
Healthcare	0.83	0.59	1.42	0.61	0.68	1.29	+0.09	-0.13
Custom Chemicals	0.82	1.01	1.83	1.34	0.92	2.26	-0.09	+0.43
OP	0.76	0.70	1.46	1.09	0.72	1.81	+0.02	+0.35
Healthcare	0.39	0.24	0.63	0.28	0.29	0.57	+0.05	-0.06
Custom Chemicals	0.37	0.46	0.83	0.81	0.43	1.24	-0.03	+0.41

1. Figures in p21, p22, p23, p24, p76, p77 may not match the numbers on this page due to rounding.

[1H]Sales & OP down

Healthcare LIVALO Sales down (domestic and export down)

[1H]Sales & OP up

Custom Chemicals Sales up due to shipment skewed to 1H in FY2023

1H FY2023 Financial Results Compared to Outlook

[1H] Sales above target ¥0.30 billion, OP above target ¥0.29 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Actual			vs. Outlook	
	1Q	2Q	1H	1Q	2Q	1H	2Q	1H
Sales	1.88	1.37	3.25	1.95	1.60	3.55	+0.23	+0.30
Healthcare	0.61	0.56	1.17	0.61	0.68	1.29	+0.12	+0.12
Custom Chemicals	1.27	0.81	2.08	1.34	0.92	2.26	+0.11	+0.18
OP	0.97	0.55	1.52	1.09	0.72	1.81	+0.17	+0.29
Healthcare	0.27	0.21	0.48	0.28	0.29	0.57	+0.08	+0.09
Custom Chemicals	0.70	0.34	1.04	0.81	0.43	1.24	+0.09	+0.20

1. Figures in p21, p22, p23, p24, p76, p77 may not match the numbers on this page due to rounding.

Healthcare	[1H]Sales & OP above target	
	LIVALO	Sales above target (domestic above target, export below target)

Custom Chemicals	[1H]Sales & OP above target	
	Sales above target due to shipment shifted from 2H FY2023 to 1H FY2023 in some products	

【Full-Year】 Sales down ¥0.73 billion, OP down ¥0.40 billion

(¥billion)

	FY2022 Actual					FY2023 Outlook as of Nov 2023					YOY Change				
	1H	3Q	4Q	2H	Total	1H Actual	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total
Sales	3.25	1.59	1.83	3.42	6.67	3.55	1.06	1.33	2.39	5.94	+0.30	-0.53	-0.50	-1.03	-0.73
Healthcare	1.42	0.35	0.58	0.93	2.35	1.29	0.58	0.29	0.87	2.16	-0.13	+0.23	-0.29	-0.06	-0.19
Custom Chemicals	1.83	1.24	1.25	2.49	4.32	2.26	0.48	1.04	1.52	3.78	+0.43	-0.76	-0.21	-0.97	-0.54
OP	1.46	0.66	0.87	1.53	2.99	1.81	0.33	0.45	0.78	2.59	+0.35	-0.33	-0.42	-0.75	-0.40
Healthcare	0.63	0.10	0.20	0.30	0.93	0.57	0.20	0.06	0.26	0.83	-0.06	+0.10	-0.14	-0.04	-0.10
Custom Chemicals	0.83	0.56	0.67	1.23	2.06	1.24	0.13	0.39	0.52	1.76	+0.41	-0.43	-0.28	-0.71	-0.30

1. Figures in p21, p22, p23, p24, p76, p77 may not match the numbers on this page due to rounding.

Healthcare **【Full-Year】 Sales & OP down**
LIVALO Sales down (domestic and export down)

Custom Chemicals **【Full-Year】 Sales & OP down**
Sales down due to shipment shifted from FY2023 to FY2024

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On the page 58, the figures on the far right, in the yellow box, in the bold line, show a decrease of JPY0.4 billion in operating profit for the full year.

However, as noted in the lower right-hand corner, there is some impact in that shipments have been shifted to FY2024.

[2H] Sales below target ¥0.40 billion, OP below target ¥0.01 billion

(¥billion)

	FY2023 Outlook as of May 2023			FY2023 Outlook as of Nov 2023			vs. Outlook as of May 2023		
	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total
Sales	3.25	2.79	6.04	3.55	2.39	5.94	+0.30	-0.40	-0.10
Healthcare	1.17	1.06	2.23	1.29	0.87	2.16	+0.12	-0.19	-0.07
Custom Chemicals	2.08	1.73	3.81	2.26	1.52	3.78	+0.18	-0.21	-0.03
OP	1.52	0.79	2.31	1.81	0.78	2.59	+0.29	-0.01	+0.28
Healthcare	0.48	0.26	0.74	0.57	0.26	0.83	+0.09	0.00	+0.09
Custom Chemicals	1.04	0.53	1.57	1.24	0.52	1.76	+0.20	-0.01	+0.19

1. Figures in p21, p22, p23, p24, p76, p77 may not match the numbers on this page due to rounding.

[2H] Sales below target, OP in line with target

Healthcare
LIVALO Sales below target
(domestic and export below target)

[2H] Sales & OP below target

Custom Chemicals
Sales below target due to shipment shifted from
FY2023 to FY2024

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On the other hand, compared to the outlook at the beginning of the year, as shown on page 59, the annual profit will be higher by slightly less than JPY0.3 billion.

ESG Index and Third-party Recognition

Dow Jones Sustainability Asia Pacific Index

- December 2022 Selected as a constituent for 5 consecutive years



FTSE

- June 2023: Selected as a constituent of FTSE4Good Index Series, FTSE Blossom Japan Index for 4 consecutive years
- June 2023: Selected as a constituent of FTSE Blossom Japan Sector Relative for 2 consecutive years

1. FTSE Russell confirms that Nissan Chemical has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



Certified Health & Productivity Management Organization (White 500)

- March 2023 Acquired for 7 consecutive years



Integrated Report selected by GPIF's Asset Managers

- February 2022 Selected as "Excellent Integrated Report" for 2 consecutive years
- February 2023 Selected as "Highly Improved Integrated Report"

Task Force on Climate-related Financial Disclosures (TCFD)

- August 2020 Announced its support for recommendations



S&P/JPX Carbon Efficient Index

- June 2023 Selected as a constituent for 5 consecutive years



MSCI

- June 2023: Selected as a constituent for 4 consecutive terms (Japan Empowering Women (WIN) Select Index)
- June 2023: Upgraded from BBB to A (MSCI ESG Rating)

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2. 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.

Morningstar

- March 2023 Selected as a constituent of Japan ex-REIT Gender Diversity Tilt Index

"Childcare Support Company" Kurumin

- January 2023 Acquired for 2 consecutive years



GX League

- February 2023 Announced its support for recommendations
- April 2023 Announced its participation

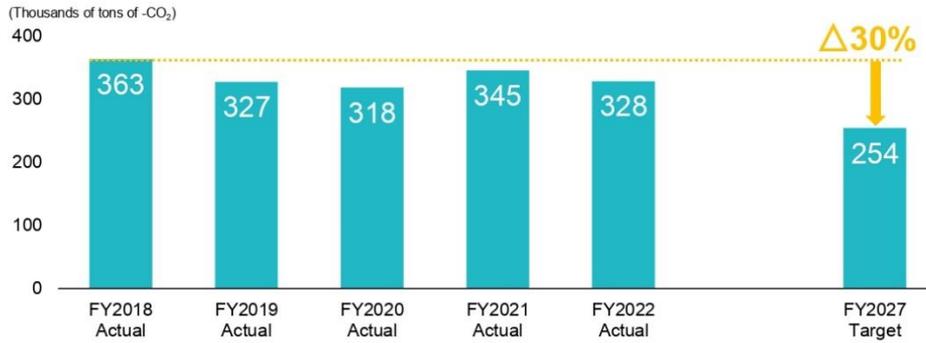


Finally, on the ESG topics, if you skip to page 62, you will see that we have updated some of the information here. As for the S&P Carbon Efficient Index in the upper right corner, the Company has been selected as a constituent for 5 consecutive years in June.

As for MSCI, in June, our ESG rating was upgraded by one notch, although it is still a single A rating.

Reduction of GHG Emissions

- Focus on improving production technology and adopting renewable energy etc., in addition to conventional efforts, to achieve carbon neutrality by 2050
- GHG emissions target for FY2027: Reduce by at least 30% compared to FY2018 (SCOPE1+2)



Comparison of GHG emissions with general chemical manufacturers

(Thousands of tons -CO₂)

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

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

- Zero N₂O emissions from nitric acid plants (Planned investment of 500 million yen, variable cost of 50 million yen/year)
- Melamine production shutdown
- Converting fuels at Onoda Plant
- Promoting reduction of GHG emissions through full-scale introduction of ICP
- Reduction of CFC equipment
- Upgrade to energy-efficient equipment

Page 64 is about reducing GHG emissions, and we have not changed this section from the previous description we presented.

This is all I have to say.

Question & Answer

<Questioner 1>

Q: The overall performance of the Company, unfortunately, was a bit of a break in the continuous increase in profit, and the target of the mid-term plan is JPY58.5 billion in operating profit in FY2024, and JPY67.0 billion in FY2027, which seems to be quite far away. What measures would you like to take?

A: At this point, we do not think it is necessary to change these figures in our mid-term plan, but the business environment has changed considerably from the time the assumptions were made. At the same time, this adjustment phase in semiconductors market will not continue into the future, so we would like to continuously discuss this matter in line with these changes and forecasts.

Q: Inventory levels as a whole seem to be a bit high, but aren't you concerned that they might drop all at once and become even worse profit?

A: Regarding inventories, as you pointed out, there was a considerable increase at the end of September compared to a year ago, especially in the Agrochemicals. We are also considering this as a temporary situation as a new factory, such as NBR, is being launched as a future sales strategy.

I don't think it will drop all at once. In any case, we will operate our businesses in light of the appropriate inventories and impacts on operating profit.

Q: I understand. Thank you very much.

<Questioner 2>

Q: First, in Chemicals, you have reduced profits more than expected. What are the measures for improvement in the future? The market price for TEPIC and Urea in particular have declined. In terms of price competition with Chinese manufacturers, it is probably not a temporary situation and will continue, so please tell me about your improvement measures in this area.

A: For general applications, TEPIC is widely used as a material for powder coating, and is widely used in China and North America. This is greatly affected by construction demand.

On the other hand, for electronic materials, TEPIC is used in solder resist ink and LED sealants, which is relatively linked to the demand for electric materials and semiconductors.

For general applications, in China, there are many rival manufacturers, but a large number of products have been consumed in China.

However, with construction demand declining, perhaps due to a significant drop in domestic demand for TEPIC, there is now a phenomenon of many TEPIC made in China being sold at low prices outside of China. It is difficult to say how much longer this will continue, but we expect prices to pick up somewhat in response to changes in construction demand in China.

In addition, we are in the process of examining ways to reduce costs within the plant and to switch to less expensive raw materials, assuming that the situation will actually continue for a long period.

Q: In terms of intensified competition with Chinese products, in terms of TEPIC, have Chinese manufacturers entered the market for both general applications and electronic materials?

A: Yes, that is right.

Q: I understand. With regard to what you just said, it seems to me that nothing will change unless the economy in China recovers and consumption in China increases. Can we expect an improvement of profits through cost reduction or other measures?

A: We are currently studying the possibility of slightly modifying the raw materials, and we are also making adjustments to how to reduce costs by adjusting operations.

Q: One more point, please. As for Semis Materials, if we look at it in terms of quarters, do you expect a recovery from around 3Q, or do you expect a delay until 4Q with 3Q as being on par with 2Q? What is the status of recovery at the semiconductor market?

A: In terms of QoQ, in 3Q it is expected to be up by low double-digit percentages compared to 2Q for semiconductors as a whole, and then in 4Q it is expected to be up by high single-digit percentages compared to 3Q on a QoQ basis.

Q: So, are you saying that the growth rate is higher from 2Q to 3Q?

A: 2Q results were tough, so that would be the result.

Q: I understand. Thank you very much.

<Questioner 3>

Q: I would also like to ask two questions. The first question is about Fluralaner, I was a little concerned about the performance of Fluralaner because Merck's financial results showed a decline in sales for BRAVECTO in the July-September period, but from what you said today, your company's Fluralaner has been revised upward from the initial plan and appears to be doing well.

Does this mean that you have received some production plans from Merck and that they are better than the initial estimates with a high degree of certainty?

A: As you pointed out, Merck's figures for the July-September period were slightly down, but our sales of Fluralaner are expected to increase slightly.

There are positive factors such as the start of sales of some products for cattle, with competition for internal and external parasites having settled down to some extent, sales of BRAVECTO are becoming more stable.

Q: Thank you very much. I think development has been accelerated with the establishment of a new Animal Care Planning Group. Do you have any updates in that area?

A: The Animal Care Planning Group is considering advancing comprehensive agreements, such as joint research, to advance research. However, we do not expect it to show up as a number in a few years, so we believe that the most important thing is to expand Fluralaner first.

There are topics such as the registration of injectable drugs in Australia, and we are hoping that this will spread to other countries.

Q: You mentioned products for cattle, but compared to the past, is there a certain amount of increase in EXZOLT for livestock animals, and can you give us some idea of what the ratio has been for dogs, cats, and livestock in the recent past?

A: Compared to BRAVECTO for dogs and cats, the number of EXZOLT products themselves is still far fewer. We are still in the process of spreading the use of these products. I would like you to understand that the overwhelming majority of these products are for dogs and cats.

Q: Secondly, I would like to ask you about Agrochemicals. The demand environment is becoming very tough globally. Regarding the domestic market, however, three months ago, you said that the distribution inventory had been cleared by the end of June. How do you see about the current distribution inventory? Also, could you explain the factors behind the movements by product, especially on GRACIA, ALTAIR, ROUNDUP, and LEIMAY?

A: The global demand for agrochemicals has been sluggish overall, with North America being the hardest, but I think there is a slight upward trend in Brazil and other countries.

In the domestic market, the inventory situation has been affected by producers' reluctance to buy due to last year's price hike. Our sales have been influenced. However, the current inventory level from our point of view is quite low at the user level, and the inventory level of our customers is not so high either, so I think that the impact from the reluctance to buy on users is large.

This is especially true in the field of rice herbicides such as ALTAIR. As for GRACIA, sales have been strong, and the inventory level has been very low as users are very positive.

As for ROUNDUP, due to a series of typhoons and other things like rain that seemed to target holidays, sales did not grow. In addition, this also occurred in 1Q, but the hot August and September heat waves caused a decline in customer traffic to home centers, and this had a significant impact on sales. The level of inventory in the distribution channel has decreased, and we intend to promote the performance of ROUNDUP and large scale products in ROUNDUP in order to achieve a recovery in 2H.

As for LEIMAY, the impact was more significant overseas than in Japan, as the summer in Europe was extremely hot and dry, and the use for potatoes decreased significantly, resulting in a decrease in sales.

Q: Can you also comment a little more on the factors behind the upward revision of GRACIA?

A: The upward revision in GRACIA is due to the fact that most of the domestic distribution inventory has been cleared, and although new competing agents have been introduced, GRACIA has been highly evaluated for its effectiveness, as well as the sales boost from the launch of new packages.

In South Korea, the distribution inventory was temporarily high, but it has been cleared and sales increased. In India, the product has been very effective and highly evaluated, and in addition, we were able to launch a mixed product this year.

Q: I understand. Thank you very much.

<Questioner 4>

Q: As for Semis Materials, is there some specificity to the fact that you are moving toward recovery in 2H, based on the inquiries from customers? In the area of Displays, with panel makers' utilization rates also declining, could you comment on the probability of achieving the plan?

A: We recognize that what we should do in times of economic downturn is to firmly maintain, secure, and increase our market share, and we have been taking sufficient measures to achieve this. Consequently, we believe that we will be able to achieve our outlook for 2H if the market recovery proceeds as expected.

As for Displays, I think that accurate information is difficult to obtain in this area. The unit price of panels is currently on a slight downward trend, and the utilization rate is slightly declining, but we have set the 2H budget based on our expectation that we will be able to maintain the 1H figure or add on top of the figures of 1H.

Q: Thank you very much. The second point is also related to Performance Materials, and I understand that you have increased fixed costs for full year. Could you explain this part in detail?

A: We are assuming that fixed costs for Performance Materials as a whole will actually be about JPY0.6 billion higher than the outlook at the beginning of the year. This includes, in particular, costs in Semis Materials, which account for more than half of the total, such as increased costs for research laboratories and increased amortization of plant and equipment.

Q: In the past, your company's fixed costs have tended to be lower than initial estimates, and it seems quite unusual to see an increase in fixed costs. I would appreciate it if you could give me some more details on the background. Are there, for example, strong inquiries for EUV or something?

A: As I just mentioned, the increase in fixed costs for research laboratories and other items is a figure that emerged as we review our research activities on a daily basis, and we think that this level of increase is likely.

Q: I understand. Thank you very much.

<Questioner 5>

Q: As for the balance sheets, the inventory is building up. Could you please explain this? Also, what are your thoughts on the risk of inventory write-offs or losses at the end of the fiscal year?

A: Regarding the inventories, as you pointed out, they have increased compared to the end of March and compared to a year ago, and the majority of this increase is in Agrochemicals.

One of the reasons for this increase is that, for example, we are currently establishing new production bases for NBR in India, and in such case it is necessary to purchase various raw materials in advance. As I mentioned earlier, there is a part of our sales strategy to prepare for future sales expansion by acquiring inventories of major products for the domestic and overseas markets ahead of schedule, so this is a temporary situation and we are not worried about it.

As for whether there will be inventory write-offs or losses at the end of the fiscal year, we believe that there will be no such possibility.

Q: Is there any kind of inventory buildup in the Chemicals area, such as TEPIK?

A: In Chemicals, we have conversely been reducing production considerably, and the year-end inventory is planned to be considerably lower than at the beginning of the period.

Q: I understand. Thank you very much. That is all.

[END]