

For the year ended March 31, 2022

Summary of Financial Results

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for the Year Ended March 31, 2022**
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for the Year Ending March 31, 2023**
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May 27, 2022

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1

Summary of Consolidated Financial Results for the Year Ended March 31, 2022

Points of the Full-year Financial Results for the Year Ended March 31, 2022

Uncertain outlook has been unchanged because of infection resurgence caused by the new variant strain, rising raw material prices, troubled logistics, and the effect of the international situation, despite a continuing gradual recovery trend from COVID-19 crisis.

◆ **Net sales increased 7.6% Y-o-Y while operating profit increased 40.9%.**

- Demand was strong in relation to digitalization and energy saving. This contributed to an improvement in profitability.
- Development of new markets was actively advanced through tighter cooperation with overseas sales bases. (Materials for next-generation display and paste for RFID tags)
- Because of rising raw material prices, related products were repriced.
- Business portfolio was reviewed for optimum allocation of managerial resources. (Sales of air-conditioning business)
- The stable supply system was strengthened for growth areas where demand expands. (Electronic ceramic materials, phosphine derivatives, and high-purity electronic materials)

Consolidated Financial Results for the Year Ended March 31, 2022

(Millions of yen)	Year ended March 31, 2021	Year ended March 31, 2022	Change	Change rate
Net sales	34,642	37,275	2,632	7.6%
Operating profit	2,783	3,921	1,138	40.9%
Operating profit percentage	8.0%	10.5%	+2.5pt	
Ordinary profit	2,315	3,864	1,549	66.9%
Profit	2,182	3,735	1,552	71.2%
ROE	5.8%	9.2%	+3.4pt	
Earnings per share (Yen)	248.11	424.47	-	-
Annual dividends per share (Yen)	70	85	-	-

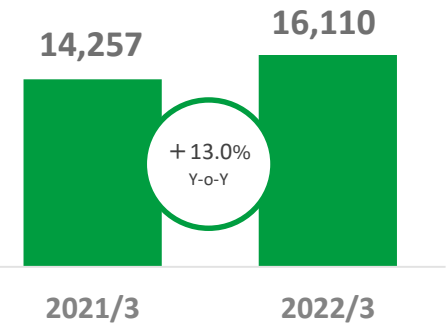
Earnings for the Year Ended March 31, 2022, by Business

(Millions of yen)		Year ended March 31, 2021	Year ended March 31, 2022	Change	Change rate
Inorganic Chemicals	Net Sales	14,257	16,110	1,853	13.0%
	Operating Profit	434	950	516	118.9%
Specialty Chemicals	Net Sales	15,151	17,426	2,274	15.0%
	Operating Profit	1,517	2,075	558	36.8%
Leasing Business	Net Sales	913	913	0	0.0%
	Operating Profit	535	537	2	0.4%
Air-conditioning Business	Net Sales	3,399	1,926	(1,472)	(43.3%)
	Operating Profit	182	258	76	41.8%
Other	Net Sales	921	898	(23)	(2.5%)
	Operating Profit	68	95	27	39.7%
Total	Net Sales	34,642	37,275	2,632	7.6%
	Operating Profit	2,783	3,921	1,138	40.9%

Net Sales in Inorganic Chemicals for the Year Ended March 31, 2022

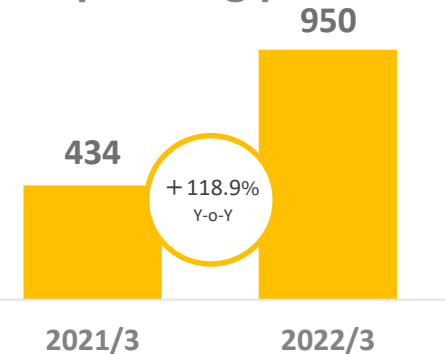
(Millions of yen)	2021/3	2022/3	Change	Change rate
Chromium Compounds	4,104	4,679	575	14.0%
Silicates and silica	2,606	2,078	(528)	(20.3%)
Inorganic Phosphorus Compounds	4,529	6,222	1,693	37.4%
Other	3,017	3,131	114	3.8%
Total	14,257	16,110	1,853	13.0%

Net sales



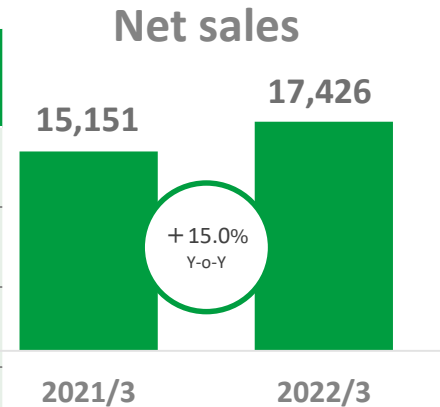
- ◆ **Chromium Compounds:** Strong growth for plating and refractory
- ◆ **Silicates and Silica:** Sharp decline as a result of a review of the supply chain
- ◆ **Inorganic Phosphorus Compounds:** Strong growth for the general industry as well as for LCDs and semiconductors

Operating profit

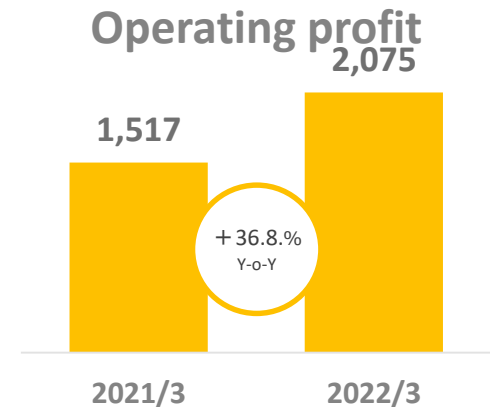


Net Sales in Specialty Chemicals for the Year Ended March 31, 2022

(Millions of yen)	2021/3	2022/3	Change	Change rate
Electronic Ceramic Materials	7,310	7,911	601	8.2%
Organic Functional Materials	2,466	3,349	883	35.8%
Battery and Electronic Device Materials	3,716	4,075	359	9.7%
Other	1,655	2,089	434	26.2%
Total	15,151	17,426	2,274	15.0%



- ◆ **Electronic Ceramic Materials:** Strongness for automobiles
- ◆ **Organic Functional Materials**
 - **Phosphine Derivatives:** Strong growth for overseas and Quantum Dot
 - **Agrochemicals:** Strongness
- ◆ **Battery and Electronic Device Materials**
 - **Battery Materials:** A sharp decline as a result of a decline in raw material prices
 - **Circuit Materials:** Strongness for anisotropic conductive materials
 - **High-Purity Electronic Materials:** Strong growth for semiconductors



Net Sales in Leasing Business and Others for the Year Ended March 31, 2022

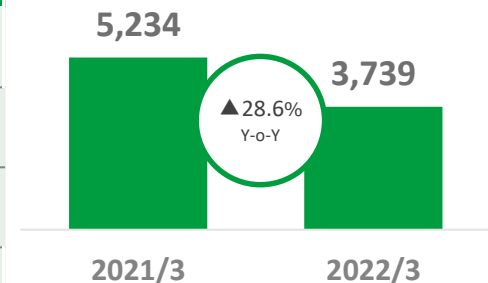
(Millions of yen)	2021/3	2022/3	Change	Change rate
Leasing Business	913	913	0	0.0%
Air-conditioning Business	3,399	1,926	(1,472)	(43.3%)
Book Store Operation	662	619	(43)	(6.5%)
Other	260	281	21	8.1%
Total	5,234	3,739	(1,495)	(28.6%)

◆ **Leasing Business:** Solidness in major tenants

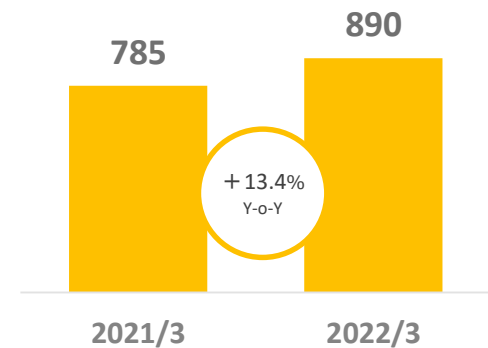
◆ **Air-conditioning Business:** The business was outside the scope of consolidation from the 3Q of the year ended March 31, 2022, because of sales of the business.

◆ **Book Store Operation:** Weakness

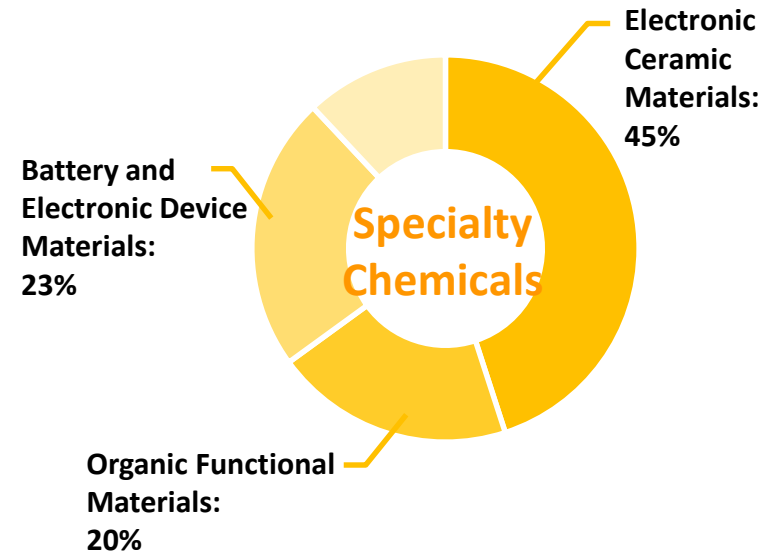
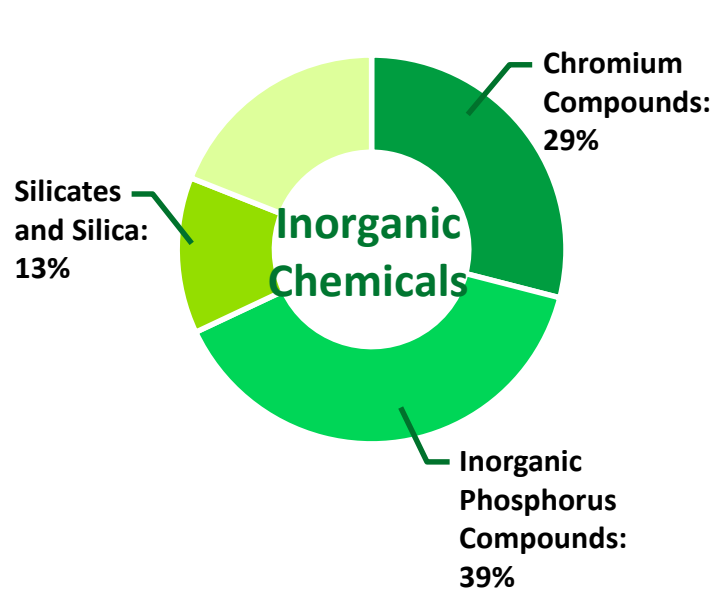
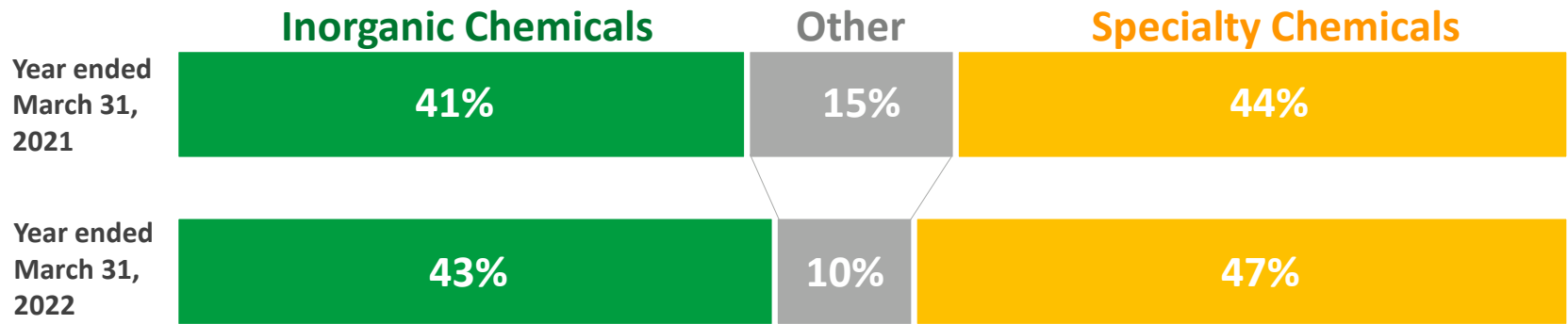
Net sales



Operating profit



Composition of Net Sales



Consolidated Balance Sheets - Assets

(Millions of yen)

[Assets]	As of March 31, 2021	As of March 31, 2022	Change
Current assets	30,598	30,718	120
Cash and deposits	10,004	9,012	(991)
Notes and accounts receivable - trade	11,297	10,995	(302)
Inventories	8,788	9,802	1,014
Other	509	909	400
Non-current assets	39,598	39,712	114
Property, plant and equipment	30,874	31,864	989
Intangible assets	589	448	(141)
Investment securities	7,044	6,385	(658)
Other	1,091	1,015	(76)
Total assets	70,196	70,431	234



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(Millions of yen)

Consolidated Balance Sheet - Liabilities & Net assets

[Liabilities & Net assets]	As of March 31, 2021	As of March 31, 2022	Change
Current liabilities	17,525	17,706	181
Notes and accounts payable - trade	3,802	3,390	(412)
Short-term borrowings	8,300	8,886	585
Other	5,423	5,430	7
Non-current liabilities	13,595	10,857	(2,738)
Long-term borrowings	7,283	7,033	(249)
Retirement benefit liability	1,387	1,093	(293)
Deferred tax liabilities	2,173	610	(1,562)
Liabilities from application of the equity method	424	-	(424)
Other	2,326	2,118	(208)
Total liabilities	31,120	28,563	(2,557)
[Net assets]			
Shareholders' equity	35,365	38,499	3,134
Accumulated other comprehensive income	3,709	3,368	(341)
Total net assets	39,075	41,867	2,791
Total liabilities and net assets	70,196	70,431	234

Consolidated Statements of Income



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(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Change	Change rate
Net sales	34,642	37,275	2,632	7.6%
Cost of sales	26,799	28,229	1,430	5.3%
Selling, general and administrative expenses	5,060	5,124	64	1.3%
Operating profit	2,783	3,921	1,138	40.9%
Non-operating income	288	295	7	
Non-operating expenses	755	351	(404)	
Share of loss of entities accounted for using equity method	517	32	(485)	
Other non-operating expenses	238	319	81	
Ordinary profit	2,315	3,864	1,549	66.9%
Extraordinary income	824	643	(181)	
Gain on sale of shares of subsidiaries and associates	-	551	551	
Gain on sale of investment securities	824	91	(733)	
Extraordinary losses	191	1,326	1,135	
Loss on retirement of non-current assets	149	1,326	1,177	
Loss on disaster	42	-	(42)	
Profit before income taxes	2,948	3,182	234	7.9%
Income taxes - current	866	1,055	189	
Income taxes - deferred	(100)	(1,608)	(1,508)	
Profit	2,182	3,735	1,552	71.2%



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Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
I Cash flows from operating activities	5,216	1,975
Profit before income taxes	2,948	3,182
Depreciation	2,875	3,061
Loss (Gain) on sales of shares of subsidiaries and associates	-	(551)
Loss on retirement of non-current assets	149	1,326
Changes in inventories	46	(1,443)
Income taxes paid	(512)	(1,333)
Other	(290)	(2,267)
II Cash flows from investing activities	(3,539)	(3,082)
Capital expenditure	(4,266)	(5,011)
Other	727	1,929
III Cash flows from financing activities	(1,024)	120
Changes in loans payable	(402)	739
Dividends paid	(614)	(614)
Other	(8)	(5)
Effect of exchange rate change on cash and cash equivalents	(5)	26
Net increase (decrease) in cash and cash equivalents	647	(960)
Cash and cash equivalents at beginning of period	9,315	9,962
Cash and cash equivalents at end of period	9,962	9,002

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Forecast of Consolidated Financial Results for the Year Ending March 31, 2022

Points of the Full-year Forecasts for the Year Ending March 31, 2023

The economy is expected to show a recovery due to an improvement in the global economy while the assumed downside risks include a further increase in raw material prices, lengthening of troubled logistics, and fluctuations in the financial and capital markets.

- ◆ **Net sales will increase 2% Y-o-Y while operating profits will decrease 46%.**
 - Demand will be continuously strong in relation to digitalization and energy saving.
 - Seek business opportunities in the overseas markets.
 - Continue to actively promote growth investment.
 - Focus on expansion of earnings base and creation of value in anticipation of mid- and long-term growth despite a temporary and sharp decline in profitability.
 - Allocate managerial resources mainly to growth areas, overseas expansion, and product development. Continuously optimize the business portfolio.

Forecast of Consolidated Financial Results for the Year Ending March 31, 2023

(Millions of yen)	Year ending March 31, 2022 Actual results	Year ending March 31, 2023 Forecast	Change	Change rate
Net sales	37,275	38,000	725	1.9%
Operating profit	3,921	2,100	(1,821)	(46.4%)
Operating profit percentage	10.5%	5.5%	(5.0pt)	
Ordinary profit	3,864	2,200	(1,664)	(43.1%)
Profit	3,735	1,400	(2,335)	(62.5%)
ROE	9.2%	3.3%	(5.9pt)	
Earnings per share (Yen)	424.47	159.06	-	-
Annual dividends per share (Yen)	Interim : 35 Year-end : 50 Annual : 85	Interim : 35 Year-end : 35 Annual : 70	-	-
Capital expenditures	4,407	4,900	493	11.2%
Depreciation	3,061	3,500	439	14.3%
R & D expenses	1,326	1,400	74	5.6%

Forecast of Earnings for the Year Ending March 31, 2023, by Business

(Millions of yen)		Year ending March 31, 2022 Actual results	Year ending March 31, 2023 Forecast	Change	Change rate
Inorganic Chemicals	Net Sales	16,110	19,255	3,145	19.5%
	Operating Profit	950	1,040	90	9.5%
Specialty Chemicals	Net Sales	17,426	16,985	(441)	(2.5%)
	Operating Profit	2,075	480	(1,595)	(76.9%)
Leasing Business	Net Sales	913	913	0	0.0%
	Operating Profit	537	525	(12)	(2.2%)
Air-conditioning Business	Net Sales	1,926	-	(1,926)	-
	Operating Profit	258	-	(258)	-
Other	Net Sales	898	847	(51)	(5.7%)
	Operating Profit	95	55	(40)	(42.1%)
Total	Net Sales	37,275	38,000	725	1.9%
	Operating Profit	3,921	2,100	(1,821)	(46.4%)

Forecast of Net Sales in Inorganic Chemicals for the Year Ending March 31, 2023

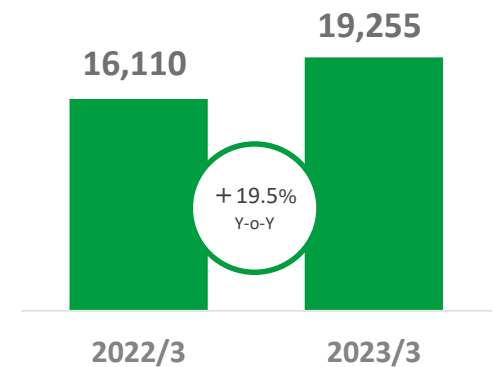
(Millions of yen)	2022/3 Actual results	2023/3 Forecast	Change	Change rate
Chromium Compounds	4,679	4,845	166	3.5%
Silicates and silica	2,078	2,225	147	7.1%
Inorganic Phosphorus Compounds	6,222	8,510	2,288	36.8%
Other	3,131	3,675	544	17.4%
Total	16,110	19,255	3,145	19.5%

◆ **Chromium Compounds:** Repricing despite the effect of automobile production cut

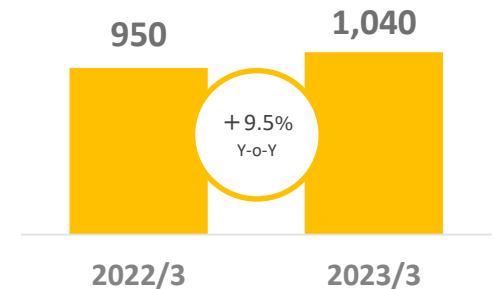
◆ **Silicates and Silica:** Demand recovery and repricing

◆ **Inorganic Phosphorus Compounds:** Strong growth for LCDs and semiconductors as well as repricing

Net sales

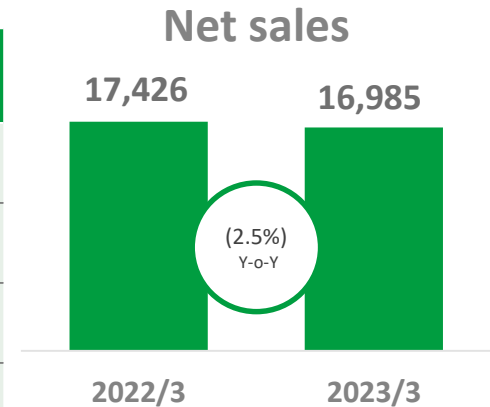


Operating profit



Forecast of Net Sales in Specialty Chemicals for the Year Ending March 31, 2023

(Millions of yen)	2022/3 Actual results	2023/3 Forecast	Change	Change rate
Electronic Ceramic Materials	7,911	7,700	(211)	(2.7%)
Organic Functional Materials	3,349	3,195	(154)	(4.6%)
Battery and Electronic Device Materials	4,075	4,420	345	8.5%
Other	2,089	1,670	(419)	(20.1%)
Total	17,426	16,985	(441)	(2.5%)



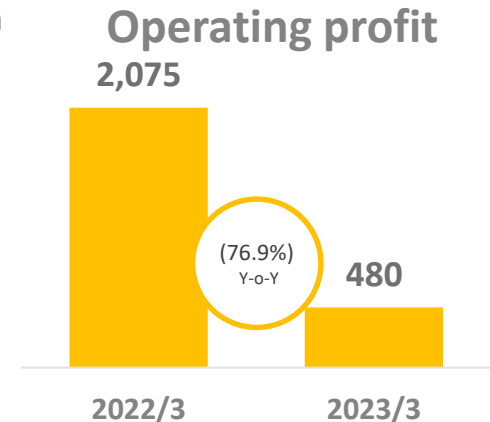
◆ **Electronic Ceramic Materials:** Solidness for automobiles and communication
Weakness in high purity barium carbonate

◆ **Organic Functional Materials**

- **Phosphine Derivatives:** Strong growth in Quantum Dot
- **Agrochemicals:** A sharp decline as a result of the end of production in some grades

◆ **Battery and Electronic Device Materials**

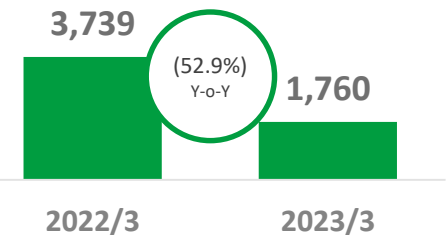
- **Battery Materials :** Solidness
- **Circuit materials:** Strongness for anisotropic conductive materials
- **High-Purity Electronic Materials:** Strong growth for semiconductors



Forecast of Net Sales in Leasing Business and Others for the Year Ending March 31, 2023

(Millions of yen)	2022/3 Actual results	2023/3 Forecast	Change	Change rate
Leasing Business	913	913	0	0.0%
Air-conditioning Business	1,926	-	(1,926)	-
Book Store Operation	619	582	(37)	(6.0%)
Other	279	265	(14)	(5.0%)
Total	3,739	1,760	(1,979)	(52.9%)

Net sales

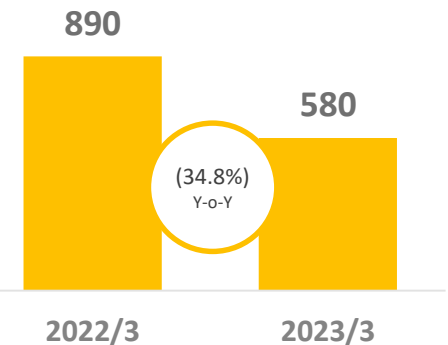


◆ **Leasing business:** Solidness for major tenants

◆ **Air-conditioning Business:** The business was outside the scope of consolidation from the 3Q of the year ended March 31, 2022, because of sales of the business.

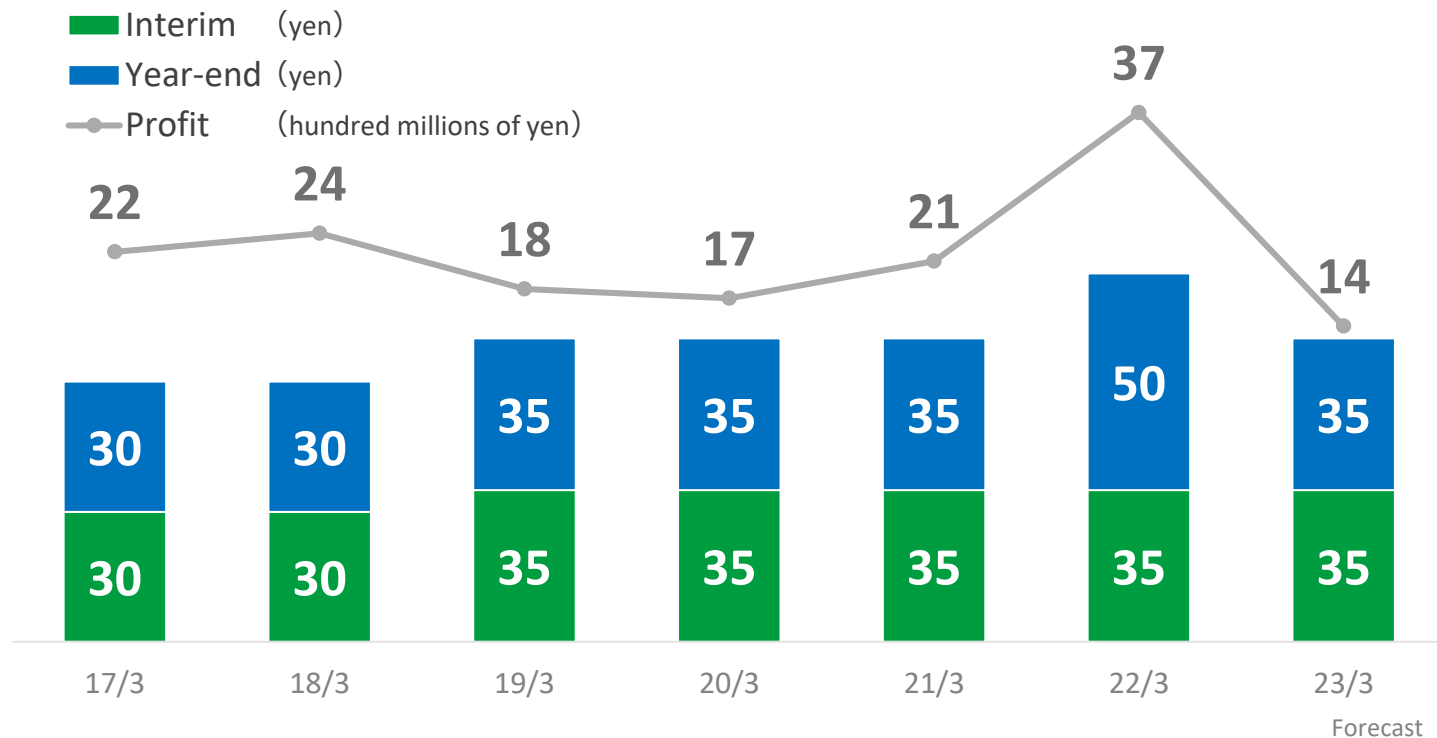
◆ **Book Store Operation:** Weakness

Operating profit



Return to Shareholders

- ◆ Focus on stable and continuous dividend
- ◆ Increase and effectively use internal reserve to increase shareholder value



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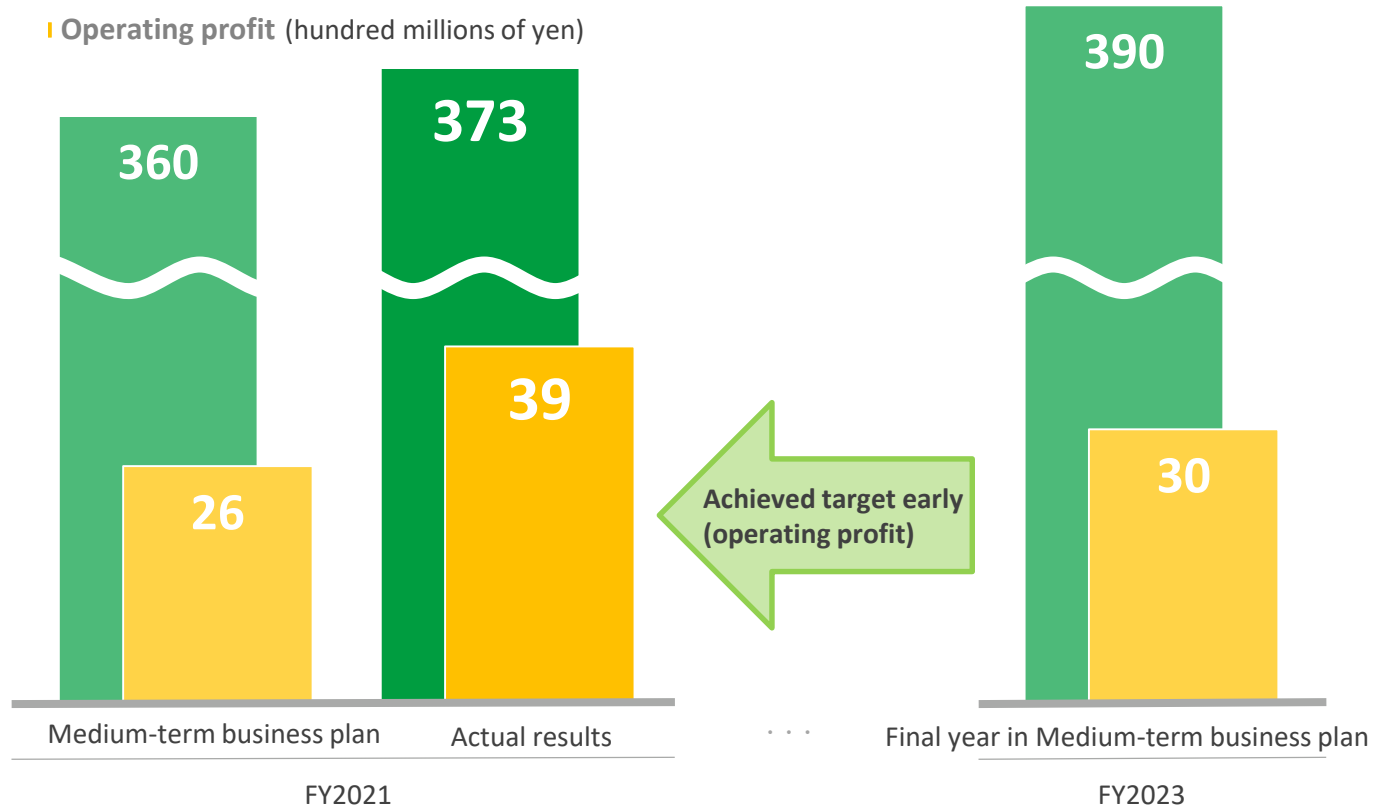
Medium-Term Business Plan

Status of Achievement of Numerical Targets

Achieved revenues and profits exceeding those for the first year in the plan.
Achieved the target of operating profits for the final year in the plan early

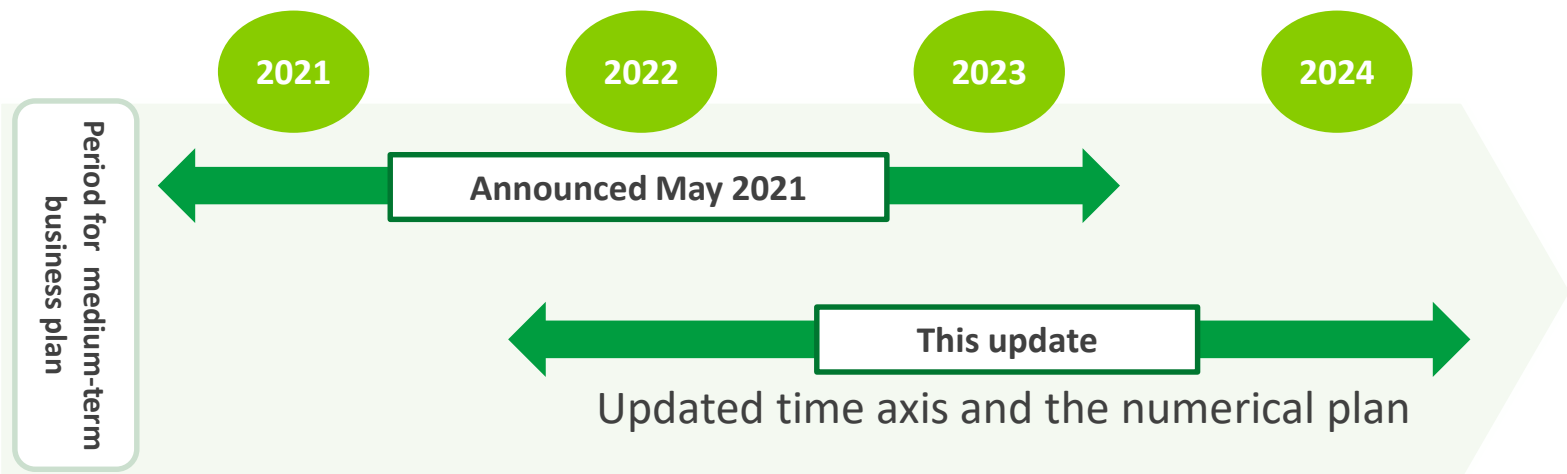
■ Net sales (hundred millions of yen)

■ Operating profit (hundred millions of yen)



Points of Review of Medium-term Business Plan

- (i) Updated the business plan in response to changes in the business portfolio**
Implemented reviews of the business portfolio by selling subsidiaries
- (ii) Updated the business plan in response to changes in external environment**
Reflected the effect of higher raw material prices
Corrected assumptions of demand for final products and our business results
- (iii) Adopted EBITDA and ROE as key management indicators**
- (iv) Updated the period for medium-term business plan to three years from FY 2022**

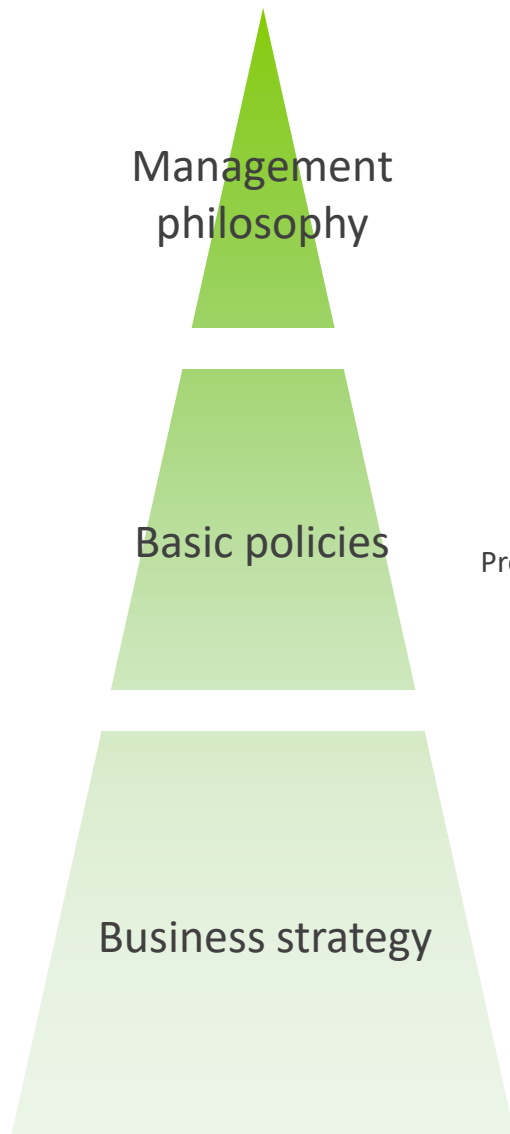


New Medium-Term Business Plan

(FY 2022 to FY 2024)

“Promotion and Realization of Outcome of the Growth Strategy”

Corporate Philosophy System



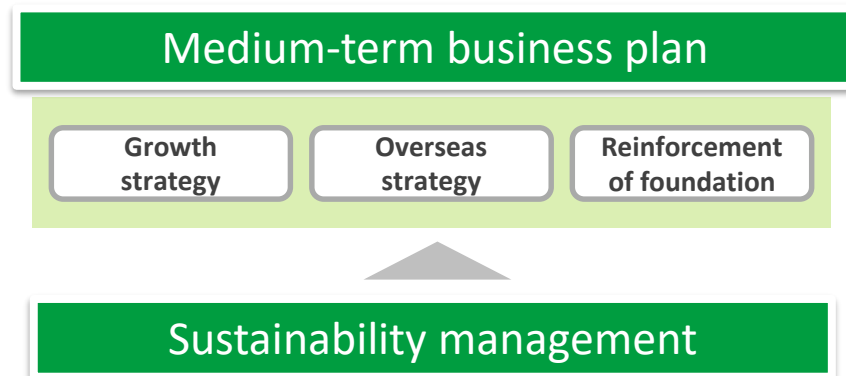
We are Treating Humanity Treasuring Technology With Good Care
Enrich society by balancing humanity and technology

Highly profitable company

Realize highly profitable company at any time of changing market environment

Value creation company

Provide high quality products and services through humanity and technology and continue to pursue the realization of a value creation company.



Policies and Priority Measures in the Medium-Term Business Plan

The previous medium-term business plan

- ✓ Concentrated investment in priority areas
- ✓ Aggressive development of overseas strategies
- ✓ Reinforcement of business foundation

The new medium-term business plan

2022-2024

“Promotion and Realization of Outcome of the Growth Strategy”

Enhancing corporate value

Priority measures

(i)

Expansion of growth fields

- ◆ Basic fields: Focus on increasing profitability and earnings
- ◆ Growth fields: Continue strategic investment and follow the rapidly expanding market
- ◆ R&D: Conduct highly efficient development of new products responsive to changes in markets

(ii)

Promotion of globalization

- ◆ Advance overseas expansion on the axis of differentiated products
- ◆ Strengthen cooperation among group companies
- ◆ Obtain business opportunities in the growth market of Southeast Asia

(iii)

Reinforcement of business foundation

- ◆ Increase human resources and diversify working styles
- ◆ Effectively allocate managerial resources
- ◆ Establish the resilient system for raw material procurement

Numerical Targets

Targets for FY 2024

Net sales
40 billion yen

Operating profit
3.5 billion yen

Key performance indicators

Profitability

EBITDA^{※1}

7.5 billion yen

Shareholder value

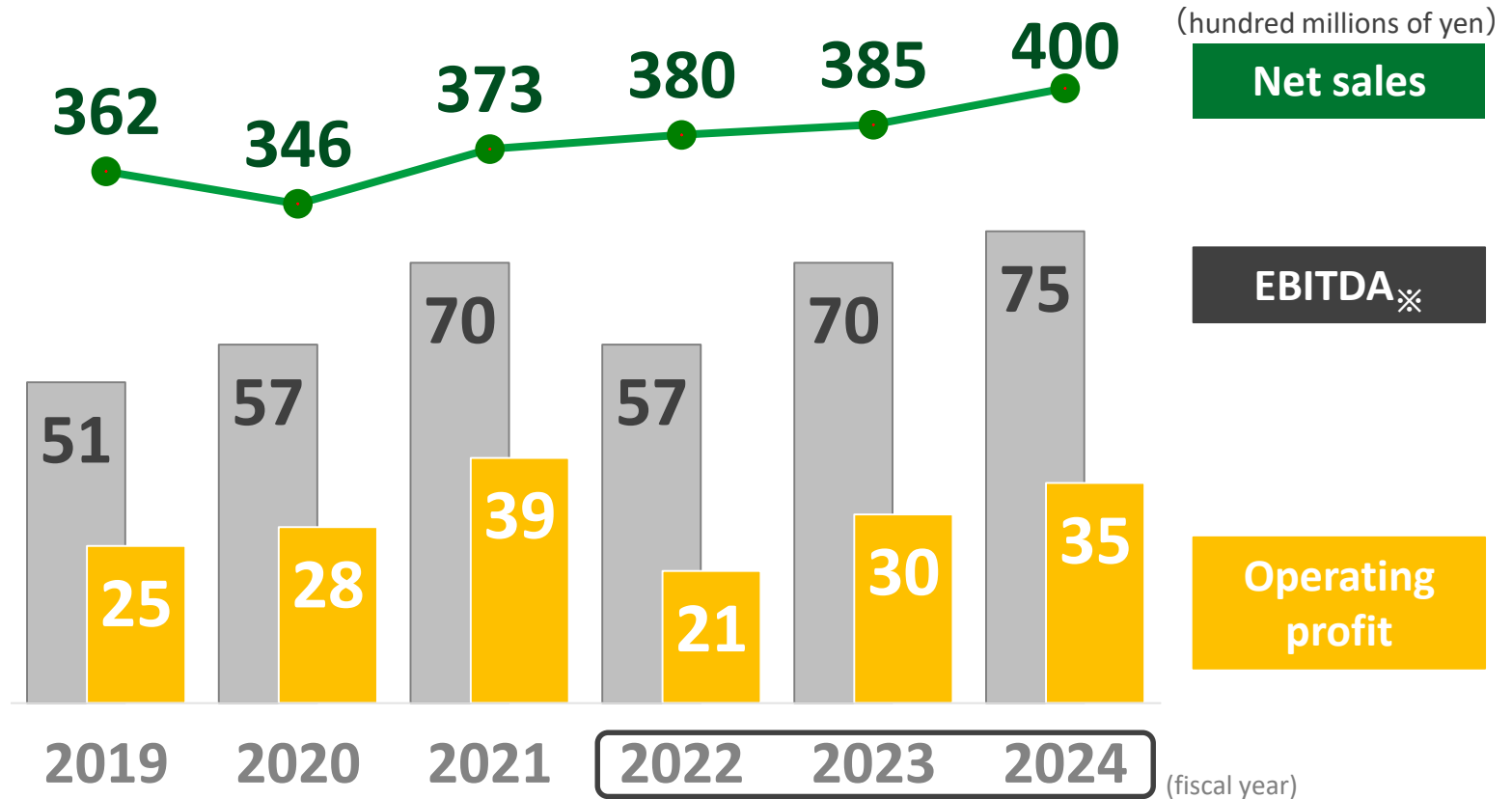
ROE^{※2}

6.0%

※1 Brief version of EBITDA (operating profit + depreciation) is used.

※2 ROE = Net income / Average shareholders' equity

Numerical Targets



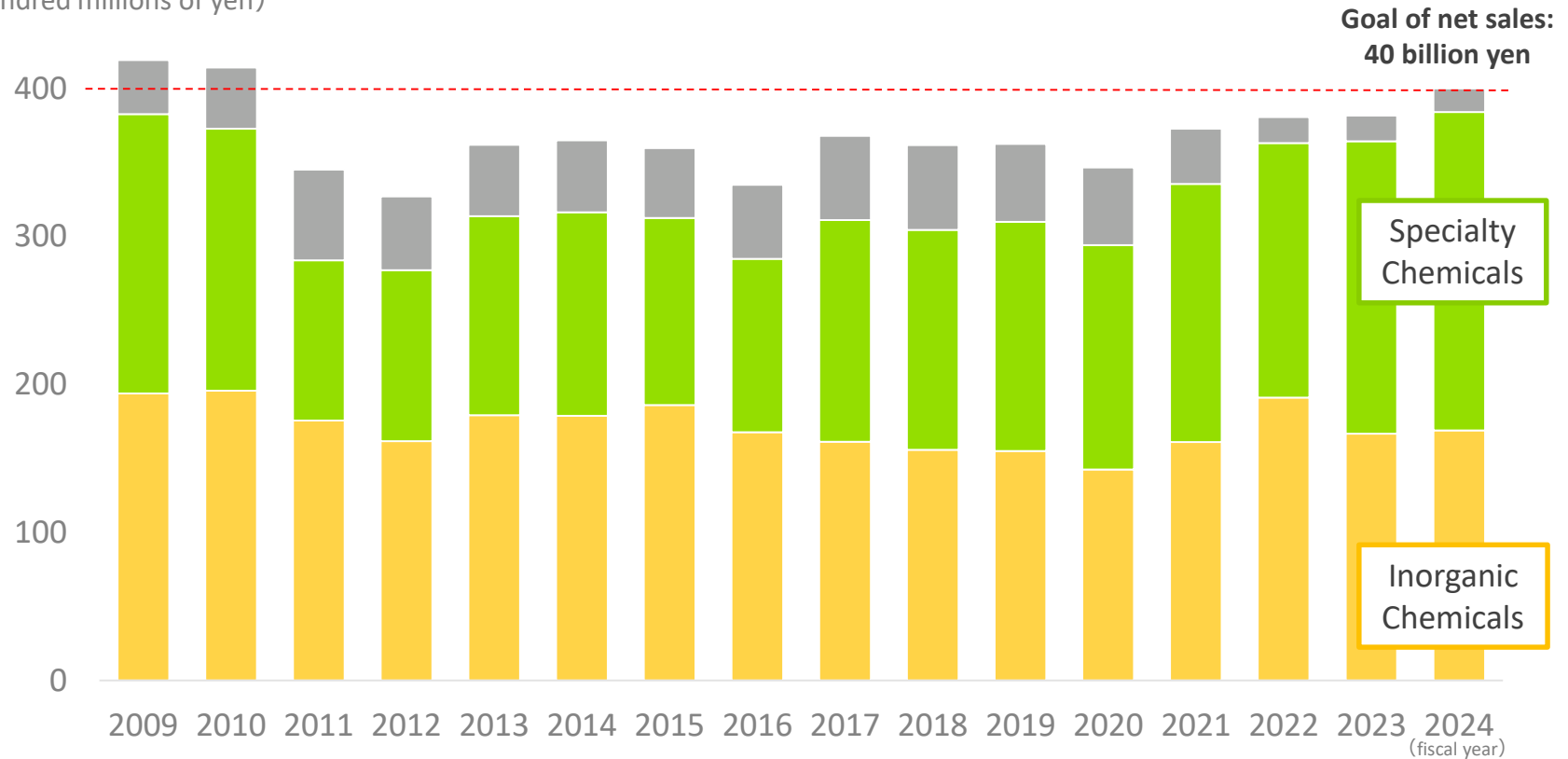
※ Brief version of EBITDA (operating profit + depreciation) is used 29

Sales Plan

Net sales had remained at a level below 40 billion yen since the year ended FY 2010.

We seek **a return to a level of 40 billion yen** by actively executing the growth strategy and strengthening of highly profitable structure during the medium-term business plan.

(hundred millions of yen)



Expansion of Growth Fields

(i) Strengthening Basic Chemical Fields

Focus on increasing profitability and earnings

- Expand the lineup of differentiated products
- Increase earnings by improving production efficiency
- Increase profitability of less profitable products and business

Chromium Compounds

Only manufacturer of
Chromium Compound in Japan

Silicates and Silica

First producer of Sodium Silicate
in Japan

Inorganic Phosphorus

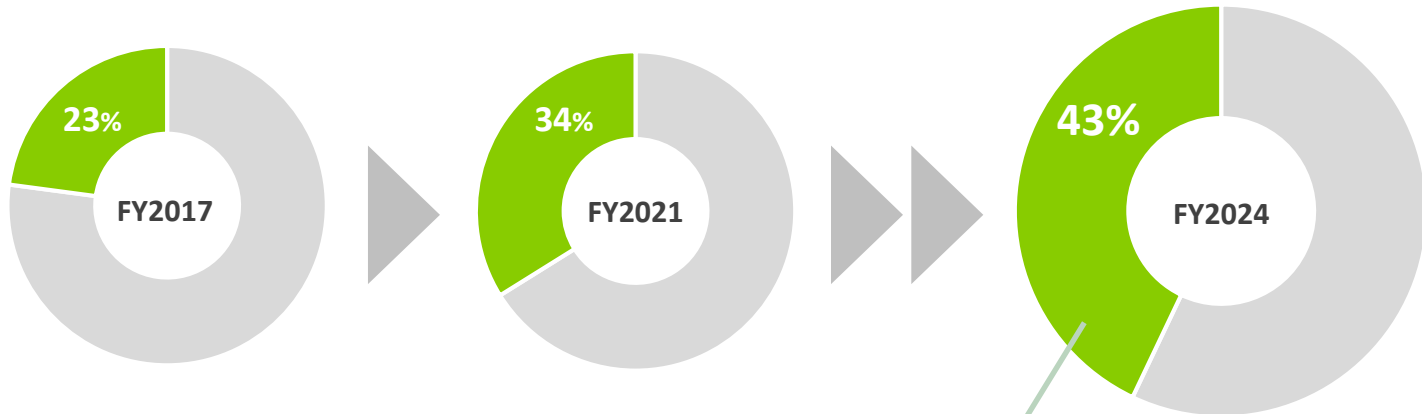
Largest level of product lineup
in Japan

Expansion of Growth Fields

(ii) Expansion of Growth Areas


**Increase above 40% by 2025
of the percentage of net sales in growth areas**

<Percentage of growth areas in total net sales>



Products in Growth Areas

- ◆ Electronic ceramic materials
- ◆ Phosphoric acid for LCDs and semiconductors
- ◆ High-purity red phosphorus
- ◆ High-purity phosphine gas
- ◆ Phosphorus materials for Quantum Dot
- ◆ Organic electronic materials



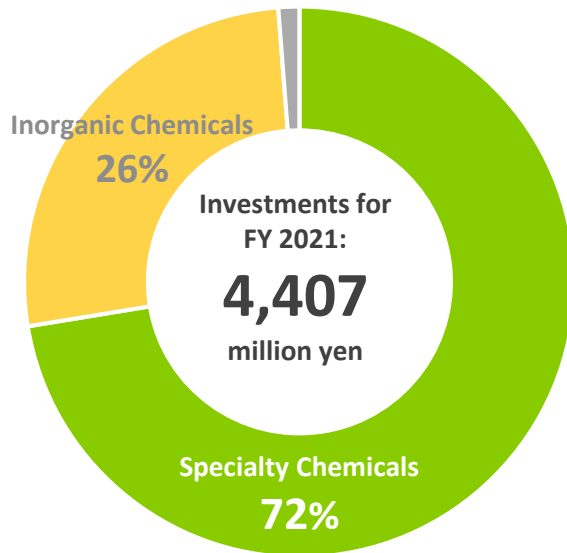
Expansion of Growth Fields

(iii) Capital Investment

Shift to the portfolio centering on growth fields

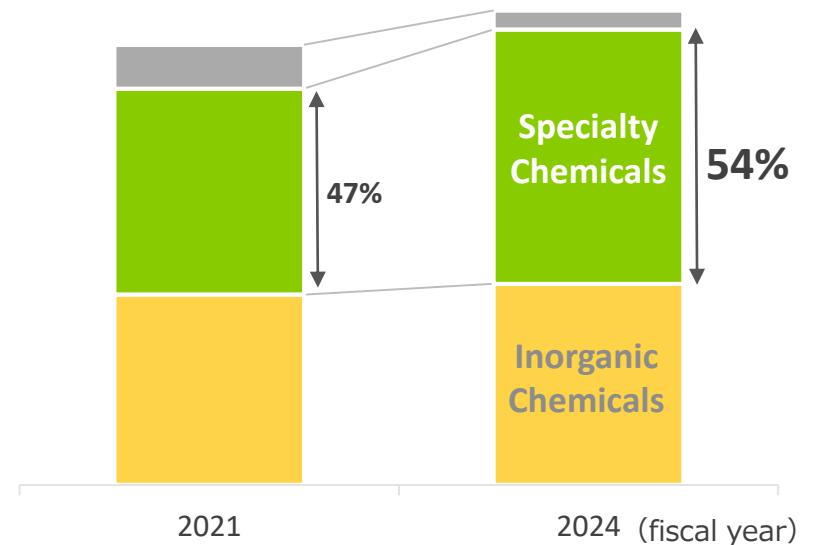
Breakdown of capital investment

Allocated 70% of capital investment to Specialty Chemicals



Breakdown of net sales

Increase the percentage of net sales of Specialty Chemicals above 50% by 2025

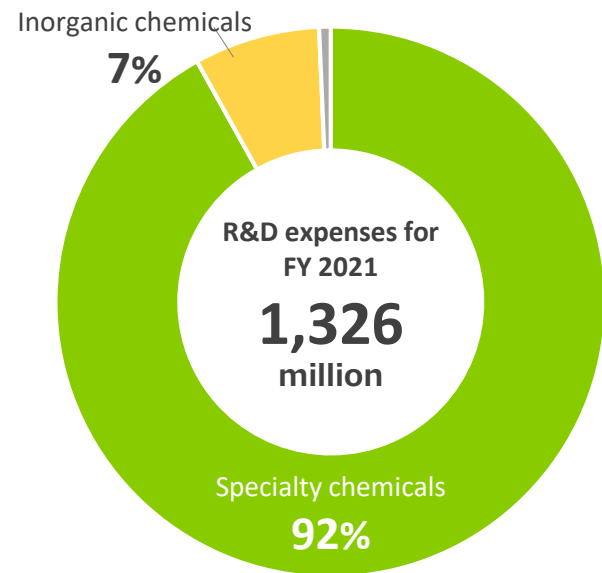
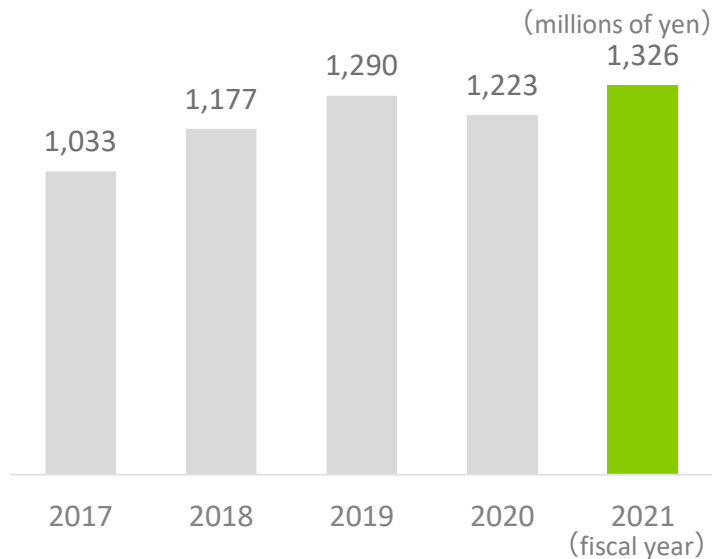


Expansion of Growth Fields

(iv) Research and Development

Make highly efficient research and development

Trend in R&D expenses



Promotion of Globalization

Obtain and expand growth opportunities in the global market

Obtain business opportunities in Southeast Asia

- Obtain business opportunities in the growth market of Southeast Asia
- Seek an alliance with overseas local companies and the possibility of overseas expansion of the group companies

Strengthen cooperation among group companies

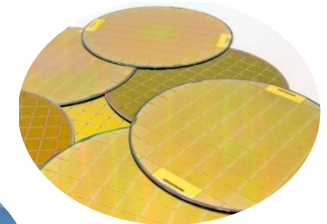
- Optimize and maximize the value and build a new business model through domestic and overseas cooperation among group companies.

Increase overseas net sales

- Promote overseas expansion on the axis of differentiated functional products
- Expand sales in emerging countries where the growth is expected



For the next-generation display



For semiconductors



For RFID tags



Reinforcement of Business Foundation

Reinforce business foundation to support corporate management



Build the sustainable and robust business structure

- Establish the procurement system of raw materials to deal with a variety of potential disasters, infections, and country risks
- Effectively allocate managerial resources

Increase human resources and diversify working styles

- Develop leaders building the future of the company
- Diversify recruiting and secure human resources with a variety of skills
- Execute flexible operational reform to maintain corporate activities in the post-COVID-19 world

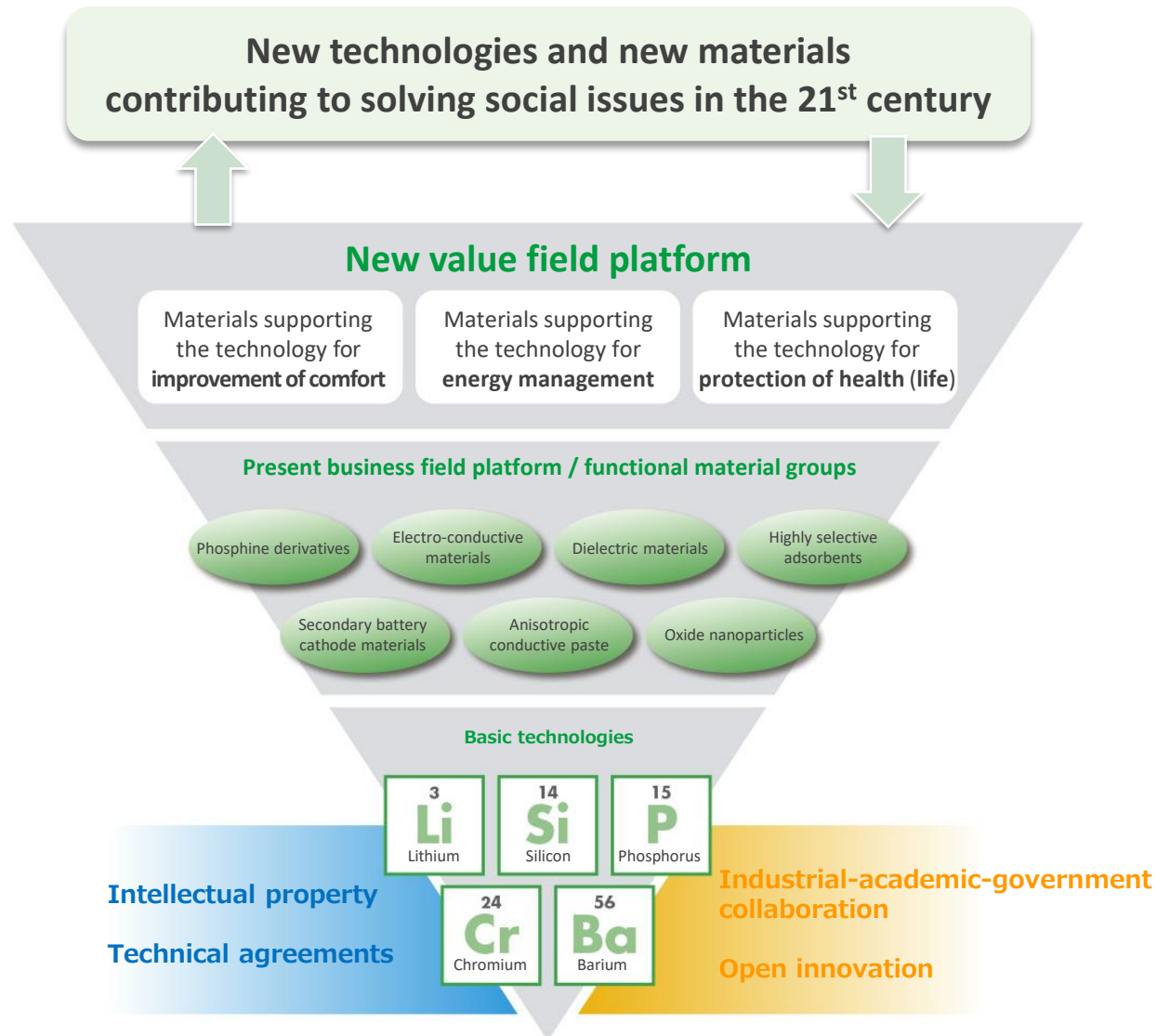
Deepen and implement succession of production technology

- Clarify inherent technologies and implement succession of production technologies and expertise
- Ensure the security in production sites and build a stable production system
- Realize stable operation by advancing digitalization of plants and visualizing production data

4

Research and Development

Concept of Research and Development



Products Developed for the RFID Market

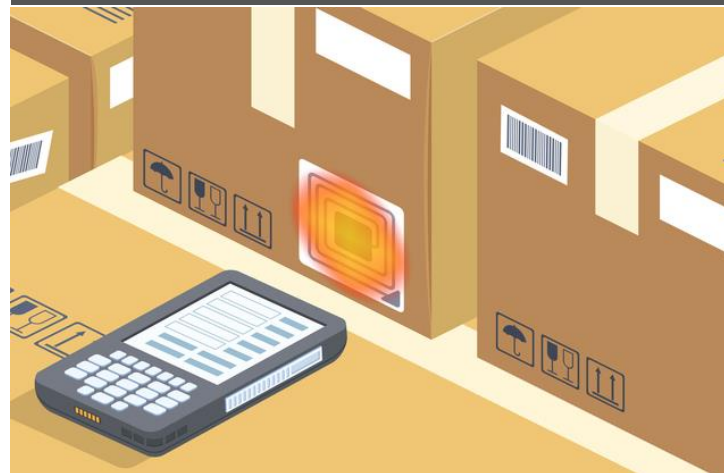
RFID

RFID is the automatic recognition technology that enables contactless reading and writing of IC information via radio waves. The technology enables batch reading of several targets several meter distant and contributes to an increase in efficiency, a reduction in workers, and unmanned operations.

Market

RFID is used mainly for logistic and inventory management of products, self-checkout, and material management of production sites. Increasing demand is also supported by the needs for contactless.

The increase in uses is expected, including logistic and inventory management and self-checkout.



SMERF[®] Anisotropic Conductive Paste

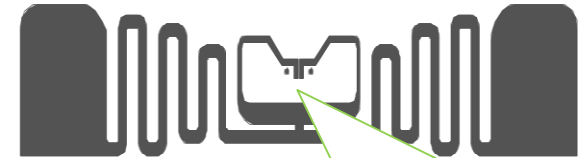
Characteristics

- ◆ **Fast curing**
Curing one second at the earliest
→ 90% time-saving compared to the conventional products
※compared to our conventional products
- ◆ **High adhesion**
Shortening curing time and maintaining the high performance
- ◆ **Versatility for base materials**
Contribution to needs for environmental friendliness
(PET → paper)

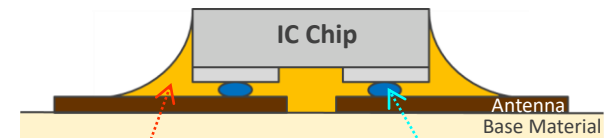
Business Strategy

- ◆ **Integrated production from conductive particles**
Provide optimum solution at the earliest
- ◆ **Response to market demand for high quality**
Focus on the fast and low-temperature curing
- ◆ **Expansion to downstream products**
Expand downstream products using production expertise of BRIGHT[®]

General structure of RFID tag



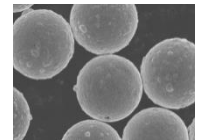
Connection between antenna and IC chip
(picture of the cross section)



Anisotropic conductive paste
SMERF[®]
(self-developed product)



Electro-conductive powders
BRIGHT[®]
(our product)



Curelight[®] Copper Oxide Paste for Photo Sintering

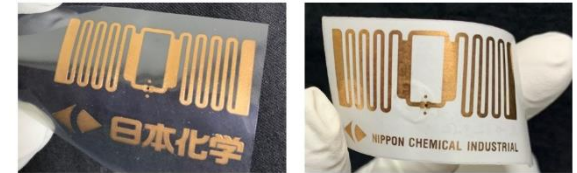
Characteristics

- ◆ **Flash sintering under the air atmosphere**
Photo sintering makes the high-temperature process unnecessary
- ◆ **Cost reduction effect**
Response to replacement demand from silver paste
- ◆ **Versatility for base materials**
Contribution to needs for environmental friendliness
(PET → paper)

Business Strategy

- ◆ **Flexibly response to requests from customers**
Possible to adjust the viscosity suitable to printing methods
- ◆ **Contribution to low carbon society**
Energy reduction in the production process
- ◆ **Expansion to downstream products**
Expand downstream products using production expertise of copper oxide

Picture after photo sintering of antenna with Curelight[®]



PET films

Papers

Target markets

Provide new value to printed electronics market



Sensors



Automobile line



RFID

Printed electronics

Printing technology for building electronic circuits and elements on the base material including films.



日本化学

The forecasts of financial results and business plans included in the materials were based on currently available information available and certain preconditions, and so the forecasts do not guarantee future financial results. Actual financial results may differ from the forecasts for to a variety of reasons.

Please make your own decisions on investments.