

For the year ended March 31, 2021

Summary of Financial Results

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for the Year Ending March 31, 2022**
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Summary of Consolidated Financial Results for the Year Ended March 31, 2021

Points of the Full-year Financial Results for the Year Ended March 31, 2021

- The chemical industry showed a continuing recovery trend after the second quarter though the global economy slowed down due to COVID-19 crisis.
 - Demand for our products, particularly for automobile market, recovered after the third quarter. Net sales and operating profit were significantly above our forecasts, which were announced in the first quarter, partially due to contribution of purchases and expenses reduced by stronger yen.
- ◆ **Net sales declined 4.4% Y-o-Y while operating profit increased 12.2%.**
- Orders received from the automobile market, which recovered in the third quarter, remains solid.
 - DX-related demand remains steady in telecommunication and ICT markets.
 - Demand in semiconductor market is also strong due to acceleration of digitalization.
 - For further efficient and competitive business operation, measures to increase the asset efficiency such as business restructuring were executed in the fourth quarter.
(Dissolution of the affiliated company caused temporal expenses of more than 500 million yen)

Consolidated Financial Results for the Year Ended March 31, 2021

(Millions of yen)

| | Year ended March 31, 2020 | Year ended March 31, 2021 | Change | Change rate |
|---|------------------------------|------------------------------|----------------|---------------|
| Net sales | 36,243 | 34,642 | (1,600) | (4.4%) |
| Operating profit | 2,481 | 2,783 | 302 | 12.2% |
| Operating profit percentage | 6.8% | 8.0% | +1.2pt | - |
| Ordinary profit | 2,545 | 2,315 | (230) | (9.0%) |
| Profit | 1,857 | 2,182 | 324 | 17.5% |
| ROE | 5.2% | 5.8% | - | - |
| Net earnings per share (Yen) | 211.21 | 248.11 | - | - |
| Annual dividends per share (Yen) | 70 | 70 | - | - |

Earnings for the Year Ended March 31, 2021, by Business

(Millions of yen)

| | | Year ended March 31, 2020 | Year ended March 31, 2021 | Change |
|----------------------------------|------------------|------------------------------|------------------------------|---------|
| Inorganic Chemicals | Net Sales | 15,509 | 14,257 | (1,252) |
| | Operating Profit | 492 | 434 | (58) |
| Specialty Chemicals | Net Sales | 15,470 | 15,151 | (319) |
| | Operating Profit | 1,280 | 1,517 | 237 |
| Leasing Business | Net Sales | 912 | 913 | 1 |
| | Operating Profit | 532 | 535 | 3 |
| Air- conditioning Business | Net Sales | 3,418 | 3,399 | (18) |
| | Operating Profit | 139 | 182 | 43 |
| Others | Net Sales | 931 | 921 | (10) |
| | Operating Profit | 62 | 68 | 6 |
| Total | Net Sales | 36,243 | 34,642 | (1,600) |
| | Operating Profit | 2,481 | 2,783 | 302 |

Inorganic Chemicals

| | |
|--------------------------------|--|
| Chromium Compounds | Weakness for automobile and steel |
| Silicates and Silica | Weakness for environmental-related |
| Inorganic Phosphorus Compounds | Strongness for LCDs and semiconductors |
| Other Inorganic Chemicals | Weakness in lithium products and cuprous oxide |

Specialty Chemicals

| | |
|----------------------------------|---|
| Phosphine Derivatives | Solidness in catalysts for plants and phosphorus materials for QD |
| Agrochemicals | Solidness |
| Battery Materials | Decline in market prices of raw materials |
| Electronic Ceramic Materials | Weakness for automobile and solidness for communication |
| Circuit Materials | Solidness for major customers |
| High Purity Electronic materials | Strongness for semiconductors and major customers |
| Other Specialty Chemicals | Weakness in barium |

Other

| | |
|---------------------------|--|
| Leasing Business | Solidness in major tenants |
| Air-conditioning Business | Weakness in large-size facilities and strongness in quantum computer |
| Book Store Operation | Solidness |
| Others | Solidness |

Consolidated Balance Sheets - Assets

(Millions of yen)

| [Assets] | As of March 31, 2020 | As of March 31, 2021 | Change |
|---------------------------------------|-------------------------|-------------------------|--------------|
| Current assets | 29,696 | 30,598 | 902 |
| Cash and deposits | 9,392 | 10,004 | 611 |
| Notes and accounts receivable - trade | 10,820 | 11,297 | 476 |
| Inventories | 8,840 | 8,788 | (52) |
| Other | 644 | 509 | (135) |
| Non-current assets | 36,254 | 39,598 | 3,344 |
| Property, plant and equipment | 29,279 | 30,874 | 1,595 |
| Intangible assets | 644 | 589 | (54) |
| Investment securities | 5,735 | 7,044 | 1,309 |
| Other | 596 | 1,091 | 495 |
| Total assets | 65,950 | 70,196 | 4,246 |

Consolidated Balance Sheet - Liabilities & Net assets

(Millions of yen)

| [Liabilities & Net assets] | As of March 31, 2020 | As of March 31, 2021 | Change |
|---|-------------------------|-------------------------|--------|
| Current liabilities | 15,930 | 17,525 | 1,595 |
| Notes and accounts payable - trade | 3,194 | 3,802 | 608 |
| Short-term borrowings | 7,825 | 8,300 | 475 |
| Other | 4,911 | 5,423 | 512 |
| Non-current liabilities | 14,251 | 13,595 | (656) |
| Long-term borrowings | 8,161 | 7,283 | (878) |
| Retirement benefit liability | 1,999 | 1,387 | (612) |
| Deferred tax liabilities | 1,706 | 2,173 | 467 |
| Liability from application of the equity method | - | 424 | 424 |
| Other | 2,384 | 2,326 | (58) |
| Total liabilities | 30,181 | 31,120 | 939 |
| [Net assets] | | | |
| Shareholders' equity | 33,799 | 35,365 | 1,566 |
| Accumulated other comprehensive income | 1,968 | 3,709 | 1,741 |
| Total net assets | 35,768 | 39,075 | 3,307 |
| Total liabilities and net assets | 65,950 | 70,196 | 4,246 |



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(Millions of yen)

Consolidated Statements of Income

| | Year ended March 31, 2020 | Year ended March 31, 2021 | Change | Change rate |
|--|------------------------------|------------------------------|---------|-------------|
| Net sales | 36,243 | 34,642 | (1,600) | (4.4%) |
| Cost of sales | 28,457 | 26,799 | (1,658) | (5.8%) |
| Selling, general and administrative expenses | 5,304 | 5,060 | (244) | (4.6%) |
| Operating profit | 2,481 | 2,783 | 302 | 12.2% |
| Non-operating income | 293 | 288 | (5) | |
| Non-operating expenses | 229 | 755 | 526 | |
| Investment loss on equity method | - | 517 | 517 | |
| Other non-operating expenses | 229 | 238 | 9 | |
| Ordinary profit | 2,545 | 2,315 | (230) | (9.0%) |
| Extraordinary income | 194 | 824 | 630 | |
| Gain on sale of investment securities | 194 | 824 | 630 | |
| Extraordinary losses | 228 | 191 | (37) | |
| Profit before income taxes | 2,511 | 2,948 | 437 | 17.4% |
| Income taxes - current | 624 | 866 | 242 | |
| Income taxes - deferred | 29 | (100) | (129) | |
| Profit | 1,857 | 2,182 | 324 | 17.5% |

Consolidated Statements of Cash Flows

(Millions of yen)

| | Year ended March 31, 2020 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| I Cash flows from operating activities | 4,776 | 5,216 |
| Profit before income taxes | 2,511 | 2,948 |
| Depreciation | 2,657 | 2,875 |
| Changes in inventories | 1,523 | 46 |
| Other | (1,915) | (653) |
| II Cash flows from investing activities | (5,503) | (3,539) |
| Capital expenditure | (5,794) | (4,266) |
| Other | 291 | 727 |
| III Cash flows from financing activities | 842 | (1,024) |
| Changes in loans payable | 1,423 | (402) |
| Cash dividends paid | (570) | (614) |
| Other | (11) | (8) |
| Effect of exchange rate changes on cash and cash equivalents | (5) | (5) |
| Net increase (decrease) in cash and cash equivalents | 109 | 647 |
| Cash and cash equivalents at beginning of period | 9,041 | 9,315 |
| Cash and cash equivalents at end of period | 9,315 | 9,962 |

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

Points of Full-year Forecasts for the Year Ending March 31, 2022

- Growth will turn positive in global economy. Production activities are expected to show continuing recovery due to economic measures and increase in vaccination.
- Impact of shortage of semiconductors on automobile production will be a risk factor, but automobile and steel markets will show a continuing recovery trend. Semiconductor-related is also expected to show continuing growth.
- ◆ **Increasing demand related to digitalization and energy saving will increase net sales, and investment in growth will be maintained to contribute to the society via our products.**
 - Investment in growth: Maintain proactive investment in MLCC materials.
 - Increase sales toward realizing outcome of investment in growing areas for recent years.
 - Promote smartification of plants.
 - Create new value with core technologies.

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

(Millions of yen)

| | Year ended March 31, 2021 Actual results | Year ending March 31, 2022 Forecast | Change | Change rate |
|----------------------------|--|---|--------------|----------------|
| Net sales | 34,642 | 36,000 | 1,358 | 3.9% |
| Operating profit | 2,783 | 2,600 | (183) | (6.6%) |
| Operating profit margin | 8.0% | 7.2% | (0.8pt) | - |
| Ordinary profit | 2,315 | 2,600 | 285 | 12.3% |
| Profit | 2,182 | 1,900 | (282) | (12.9%) |
| Net assets per share (Yen) | 248.11 | 216.01 | - | - |
| Cash dividends (Yen) | 70 | 70 | - | - |
| Capital expenditures | 4,443 | 5,300 | 857 | 19.3% |
| Depreciation | 2,875 | 3,200 | 325 | 11.3% |
| R & D expenses | 1,223 | 1,300 | 77 | 6.3% |

Forecast of Earnings for the Year Ending March 31, 2022, by Business

(Millions of yen)

| | | Year ended March 31, 2021 Actual results | Year ending March 31, 2022 Forecast | Change |
|----------------------------------|------------------|--|---|--------|
| Inorganic Chemicals | Net Sales | 14,257 | 13,635 | (622) |
| | Operating Profit | 434 | 595 | 161 |
| Specialty Chemicals | Net Sales | 15,151 | 16,535 | 1,384 |
| | Operating Profit | 1,517 | 1,230 | (287) |
| Leasing Business | Net Sales | 913 | 913 | 0 |
| | Operating Profit | 535 | 525 | (10) |
| Air- conditioning Business | Net Sales | 3,399 | 3,950 | 551 |
| | Operating Profit | 182 | 195 | 13 |
| Others | Net Sales | 921 | 967 | 46 |
| | Operating Profit | 68 | 55 | (13) |
| Total | Net Sales | 34,642 | 36,000 | 1,358 |
| | Operating Profit | 2,783 | 2,600 | (183) |

Inorganic Chemicals

| | |
|--------------------------------|---|
| Chromium Compounds | Recovery for automobile and steel |
| Silicates and Silica | Decline |
| Inorganic Phosphorus Compounds | Solidness for LCDs and semiconductors |
| Other Inorganic Chemicals | Weakness in lithium products and solidness in cuprous oxide |

Specialty Chemicals

| | |
|----------------------------------|---|
| Phosphine Derivatives | Solidness in catalysts for plants and phosphorus materials for QD |
| Agrochemicals | Solidness |
| Battery Materials | Decline in market prices of raw materials |
| Electronic Ceramic Materials | Steadiness for Automobile and communication |
| Circuit Materials | Solidness for major customers |
| High purity electronic materials | Strongness for semiconductors and major customers |
| Other Specialty Chemicals | Weakness in barium |

Other

| | |
|---------------------------|--------------------------------|
| Leasing Business | Solidness |
| Air-conditioning business | Strongness in quantum computer |
| Book store operation | Weakness |
| Other | Solidness |

3

Medium-Term Business Plan

Review of the Previous Medium-Term Business Plan

The plan was achieved in net sales and profits until the second year, but it was unachieved for the third year.

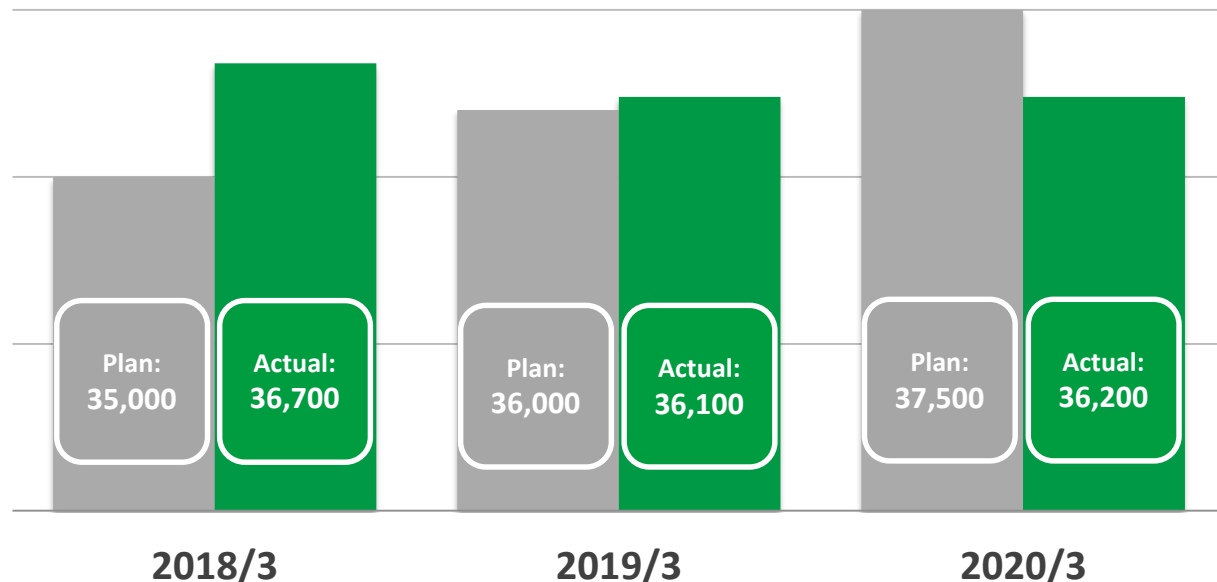
Promotion of aggressive investment increased depreciation, which squeezed profits.

(Millions of yen)

Operating
profit

| Plan: 2,500 | Plan: 2,800 | Plan: 2,900 |
|---------------|---------------|---------------|
| Actual: 4,000 | Actual: 3,000 | Actual: 2,400 |

Net sales





Measures during the Previous Medium-Term Business Plan

The groundwork for realization of sustained and steady profits was executed

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

Execution of investment in growth fields such as MLCC materials and organic electronic materials
Acquisition of Rockgate Corporation and an increase in net sales from quantum computer market

Promotion of overseas expansion for semiconductor market and the next-generation display market
Development and net sales increase of Asian emerging markets

Implementation of strategic net sales increase and various cost-cutting measures
Completed redevelopment of the site for the Nishiyodogawa plant

**Groundwork for
realization of
outcome**

New Medium-Term Business Plan

(Fiscal year ending March 31, 2022 to Fiscal year ending March 31, 2024)

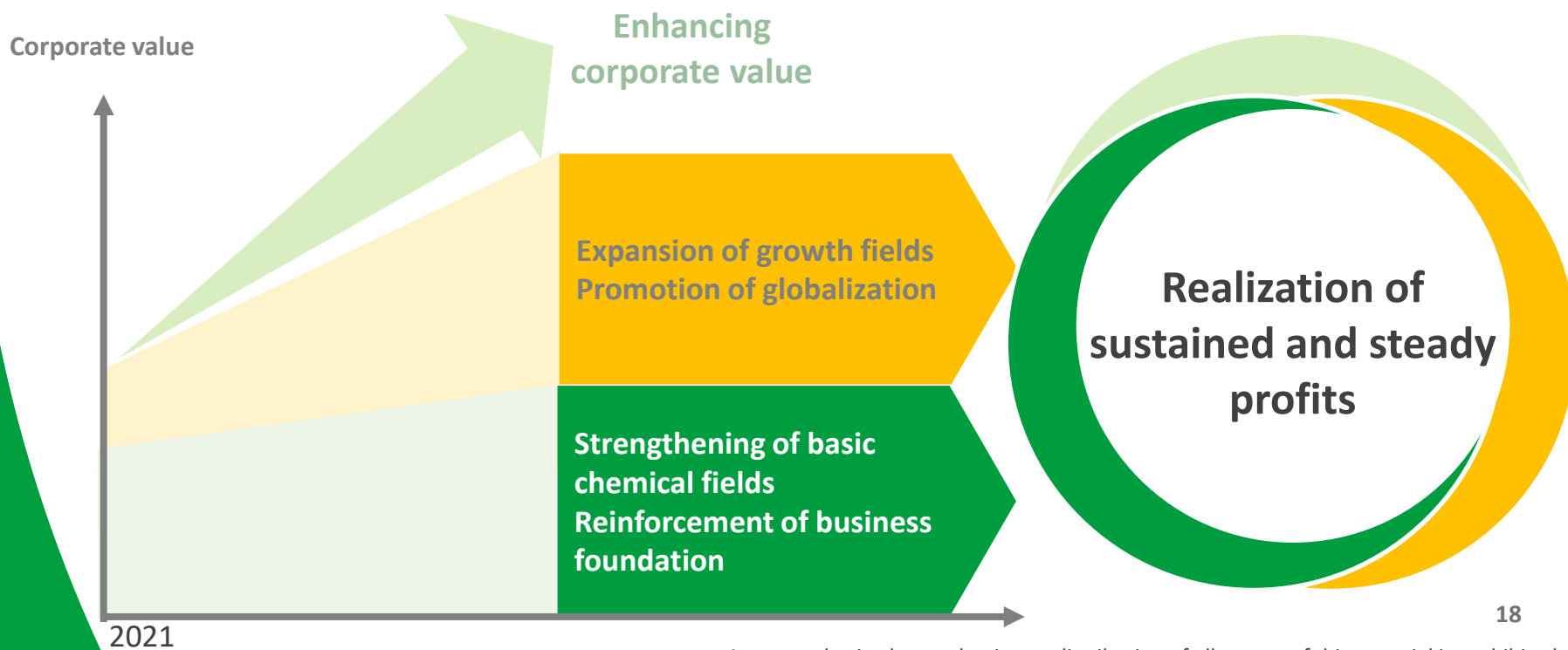
“Promotion and Realization of Outcome of the Growth Strategy”

Basic Policy of the New Medium-Term Business Plan

Promotion and realization of outcome of the growth strategy

We will strive to realize the outcome as a culmination of the groundwork of the previous medium-term business plan.

We will seek to build the new earnings base by continuously strengthening and reinforcing of business foundation and promoting the growth strategy and global strategy.



Numerical Targets of the New Medium-Term Business Plan

Goals for the fiscal year
ending March 31, 2024

Net sales

390

hundred millions of yen

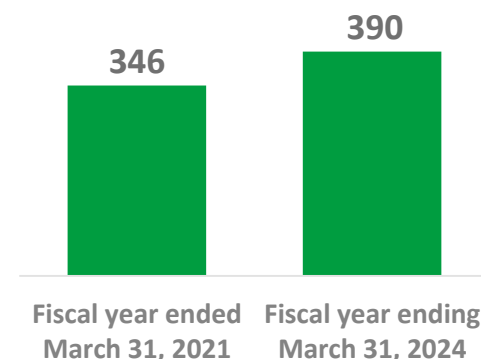
Operating profit

30

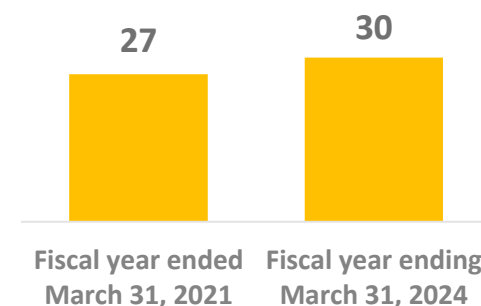
hundred millions of yen

| Numerical Goals | (Hundred millions of yen) | |
|------------------------------|------------------------------|---|
| | Year ended March 31, 2021 | New medium-term business plan Year ending March 31, 2024 |
| Inorganic Chemicals | 142 | + 8% |
| Specialty Chemicals | 151 | + 20% |
| Air-conditioning business | 33 | + 12% |
| Others | 18 | steady |

Net Sales



Operating profit



Strengthening of Basic Chemical Fields

<Examples of basic chemical products and their applications>

Chromium Compounds

Only manufacturer of
Chromium Compound in Japan

Hard chrome plating

Excellence in hardness
and abrasion
resistance

Application: Cylinder,
Piston ring



Fire bricks

They have the
refractoriness of 1790
degree or more.

Application:
metallurgical furnace

Magnetic steel sheet plating

EV drive motor

Silicates and Silica

First producer of Sodium Silicate
in Japan

Removal of ink from used papers

Used to remove stains when regenerating
pulp from used paper and to stabilize
hydrogen peroxide during bleaching.



Soil hardening agents

Liquid agents for injecting to fill cavities voids
and cracks at construction works, and it is used
to curing soft ground.

Inorganic Phosphorus

Largest level of product lineup
in Japan



Food additives

Additives for giving a flavor
to noodles
pH adjusters
Emulsifier



Detergent



Optical glass materials

Giving chemical stabilization
Increase in visible light
transmission

Seeking an increase in profitability and earnings by expanding
the lineup of value-added products and increasing the production

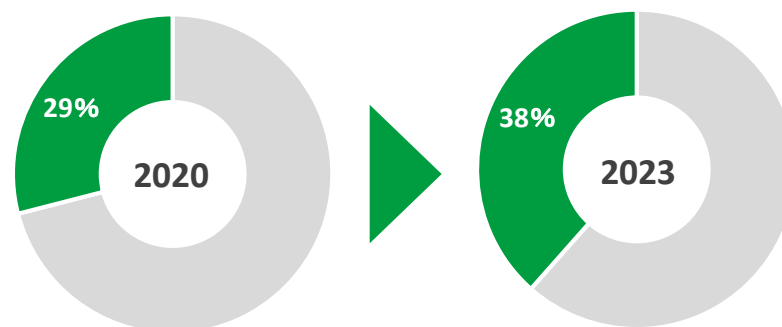
Expansion of Growth Fields

Digitalization and energy saving will contribute to an increase in net sales

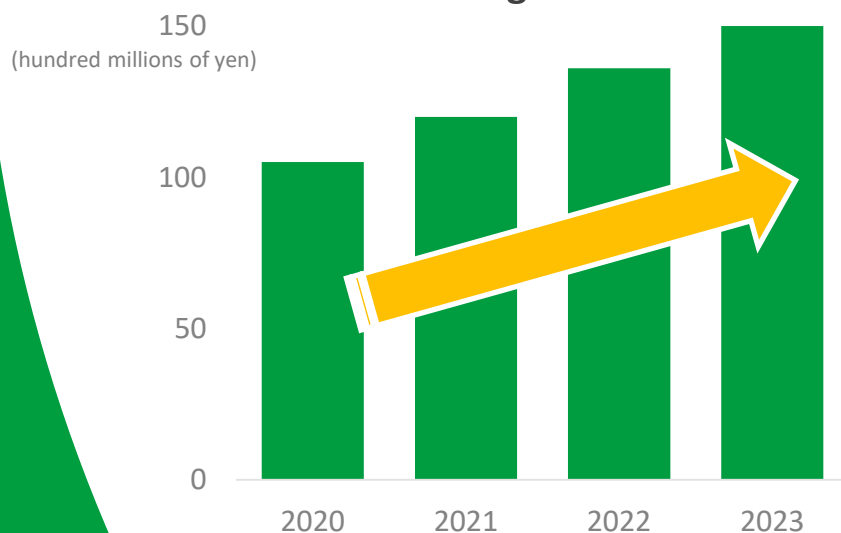
Accelerating growth

- ◆ 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

<Percentage of growth fields in net sales>



<Net sales in growth fields>



Electronic Ceramic Materials

Value added MLCC will structurally increase demand for mid- and long-term

Growth Factors

- ◆ Electrification of Automobiles
(Increase in Automatic Driving, Hybrid and Electronic Vehicles)
- ◆ Infrastructure investment for realization of Society 5.0
(5G base station, sensors, IoT modules)
- ◆ 5G support of Smartphones

Our Strengths

- ◆ **Skilled Synthesizing Technology of Inorganic Chemicals**
→ This enables us to cover functions demanded by customers.
- ◆ **A wide variety of manufacturing methods**
→ Oxalic method, Solid-state method, and Alkoxide method
- ◆ **High-quality Products**
→ Stable composition (Ba/Ti), uniform particle size and high purity

Product application

- Barium Titanate: MLCC Derivative Materials
- High Purity Barium Carbonate: Materials for Barium Titanate

Business Strategy

- ◆ **Strengthening of product supply capability**
- ◆ **Response to BCP (Multiple production bases)**
- ◆ **Development of new products satisfying customer demands**

Completed construction of new production building for barium titanate

- A new production building in Tokuyama Factory, in addition to the existing production site of Fukushima No.1 Factory, was constructed at April 2021.
- The production building will start operation in the first half of 2021.
- We will make a plan to increase production according to expansion of market



New production building
for barium titanate
in Tokuyama

Phosphoric Acid for Semiconductors, High-purity Phosphine Gas and High-purity Red Phosphorus

Digitalization with 5G contributes to demand expansion

Growth Factors

- ◆ Continuing growth of semiconductor market
- ◆ Higher speed and greater capacity of internet communication
 - Increasing demand for light emitting/receiving device materials for optical communications

Product application

- Phosphoric acid: Etching
- High-purity red phosphorus: N-type dopant materials, Compound semiconductor materials (InP-based)
- High-purity phosphine gas: N-type dopant materials

Our Strengths

- ◆ **Product Supply Capacity**
 - Completed production increase of high-purity red phosphorus
- ◆ **High-quality Products**
 - Producing high-purity red phosphorus from phosphine gas

Business Strategy

- ◆ **Development of new grades satisfying customer demands**

Completed construction of new production building for High-purity Red Phosphorus

- The market is expected to grow, supported by the acceleration of digitalization and increasing demand for optical communications.
- A new production building in Fukushima No.2 was constructed and started operation in April 2021.
- Double the production capacity to strengthen the stable supply system.



New production building
for high-purity red phosphorus
In Fukushima

Phosphorus Materials for Quantum Dot (QD)

Upward trend in demand along with a growth in global market

Growth Factors

- ◆ Increasing demand for quantum dot displays
- ◆ Major South Korean display manufacturer makes large-size investment in the next-generation display using Indium Phosphide (InP) –based ink.
→ A steady investment toward rollout in 2022.

Our strengths

- ◆ **Vast amount of technologies and know-how**
→ Provision of a wide variety of compounds based on track record on development and manufacturing of phosphine derivatives for more than 25 years
- ◆ **A wide variety of manufacturing methods**
→ Wide production coverage over main-stream Cd/Se-based materials as well as the next generation InP-based materials
- ◆ **Competitive advantage**
→ Building the relationship with major users from the phase of market set up, provision of materials to and rollout of new products in market



What is Quantum Dot (QD)?

Semiconductor particle with the diameter of 10nm or less

It is mainly divided into cadmium selenide-based and indium phosphide -based.

What is QD television?

It is the quantum dot (QD) embedded next generation television which is penetrated mainly in China and South Korea.

4

Efforts to Social Issues

Corporate Philosophy of Nippon Chemical Industrial

Treating Humanity, Treasuring Technology with Good Care

Nippon Chemical has manufactured high quality products for more than 125 years since its founding while overcoming major changes in society. With these traditions and its achievement passed down to our generation, we look to contribute to an enriched society through better products and services.

New breeze in society

We aim for corporate activities that contribute to the happiness of people from the perspectives of local communities, nations and on a global scale.

New breeze in business areas

We polish our strong areas and characteristic technologies in order to heighten functionality.

New breeze to our customers

We will deepen the connection with customers as people, work hard to capture market needs in advance, and respond with characteristic technologies and foresight.

New breeze in the company

The energy of individuals challenging their limits become the technology to create a comfortable breeze in the workplace.

Nippon Chemical and Social Issues (i)

We are Treating Humanity, Treasuring Technology with Good Care



Nippon Chemical and Social Issues (ii)

Pursuing both a sustainable society and corporate growth



5

Efforts to Research and Development

Concept of Research and Development

Core Technologies

Organic Synthesis technology

Evaluation and Analytical technology

Surface Modification and Coating technology

Crystalline and Structural Control technology

Phosphines technology

Inorganic Synthesis technology

Technologies
For expansion
and enrichment

Nano technology

Polymer technology

Biochemical technology

Composite technology

Improvement of comfort

Piezoelectric Materials
Dielectric Materials
Adsorbents

Energy management

Battery Materials
Negative Thermal expansion materials

Protection of health (life)

Pharmaceutical raw materials
Chiral Phosphine Ligand

Specialty Phosphates for Small All-Solid-State Batteries

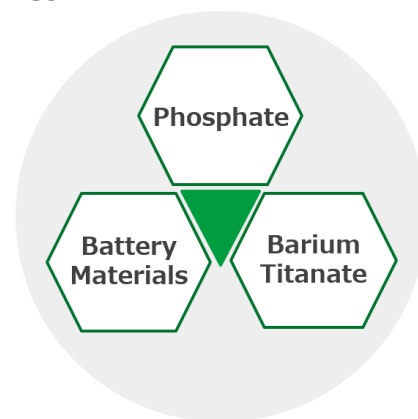
Development of specialty phosphates suitable for active material and solid-state electrolyte for the next-generation batteries

Characteristics

- ◆ Unique, chemical synthesis method combining our core technologies and know-how
 - Know-how on production of phosphoric acid with the history of 100 years
 - Inorganic synthesis technology developed in production of active cathode material for lithium-ion batteries
 - Crystallinity and structure-control technologies making composition ratio uniform on the molecular level
- ◆ Controlling the reaction with lithium, phosphoric acid and a variety of metals
- ◆ “Specialty phosphates” especially suitable for small all-solid-state batteries

Examples of products

- **LATP** : Lithium Aluminum Titanium Phosphate
- **LVP** : Lithium Vanadium Phosphate
- **LCP** : Lithium Cobalt Phosphate



To develop specialty phosphates for small, all-solid-state batteries, we have combined each technology of; Phosphorus manufacturing know-how, which has a 100-year history, inorganic synthesis techniques cultivated in the production of active cathode material for lithium-ion batteries, and crystallinity and structure-control technologies to create uniform composition ratios at the molecular level.



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Cautions:
The forecasts of financial results and business plans included in the materials were based on the information available for us as of now and certain preconditions, and so they do not guarantee our future financial results. Actual financial results, etc., may differ from the forecasts due to a variety of reasons. Please make decisions on investment by user himself or herself.