February 3, 2015

Nissan Chemical Industries, Ltd.

To Whom It May Concern

Change in Feedstock for Ammonia and Posting Extraordinary Loss

Nissan Chemical Industries (“Nissan Chemical”) announces that as part of structural reform of its ammonia business, it has decided to change the feedstock used to manufacture ammonia from naphtha to natural gas at its Toyama Plant, and it has posted an extraordinary loss in association with the move, as follows.

1. Change in feedstock

The Toyama Plant began manufacturing ammonia by utilizing water electrolysis in 1928 and has since then dealt with changes in the business environment by successively adopting coal, heavy oil and crude oil as the feedstock for the manufacturing method. Due to the surge in demand for ammonia in the 1960s, Nissan Chemical switched to the current manufacturing method of using naphtha in 1967 in a bid to create a larger facility and rationalize its operations. Naphtha, which is the feedstock for this process, is received through a pipeline constructed by Nissan Chemical that stretches some 14 kilometers from Toyama port to the Toyama Plant.

Nissan Chemical decided on a change in the feedstock for ammonia given that a steady procurement of natural gas can now be achieved. Nissan Chemical will pursue stable profitability from ammonia as well as urea, melamine, nitric acid and other derivative products by using natural gas, which does not fluctuate as greatly in price as naphtha, as the feedstock.

2. Impact on earnings

The cumulative amount for construction associated with the change in the feedstock totals 1,090 million yen, with work slated for completion in August 2016.

The naphtha pipeline that is currently being used will be dismantled as it will be deemed obsolete after the construction is complete, with an approximate cost of 704 million yen to be posted as an extraordinary loss during the third quarter of the year ending in March 2015.

The impact of the move on earnings for the fiscal year is as per above, and a notice will be sent swiftly if revisions to earnings projections are needed.