

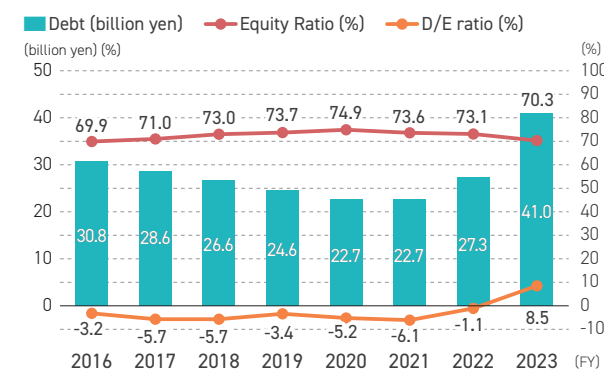
Financial Capital and Manufacturing Capital

Financial Capital

Financial Standing

Financial capital is essential for conducting business activities. Nissan Chemical has built up a robust financial base, having given careful consideration to a balance between shareholders' equity and debt. Our equity ratio remains at a high level, while our debt is falling. As a result, the D/E ratio, one of the key indicators of financial soundness, keeps low level (Lower D/E ratio is preferable). We are in a very favorable state in terms of cash flow and can continue to utilize this cash for investment and shareholder returns as needed.

Debt: Equity ratio: D/E ratio

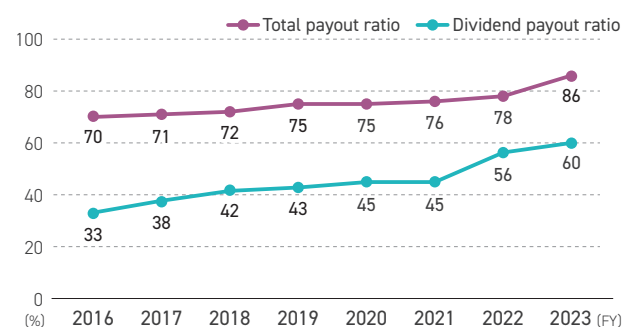


©Related Information: Message from the CFO P19-22, Financial Review P95-102

Shareholder Returns

Nissan Chemical emphasizes ROE, an indicator of earnings power, while aiming to take full advantage of shareholders' equity. Nissan Chemical's ROE always exceeds the Tokyo Stock Exchange Prime Market average, 17.1% in FY2023. The dividend payout ratio has been gradually increasing from 30.7% in FY2015, and the result for FY2023 was 60.1%. The total shareholder payout ratio has also been at a high level, hovering above 70% since FY2015. Our proactive approach to returning profits to shareholders, which combines dividends and share repurchase, has attracted long-term capital investment and contributed to the enhancement of shareholders' equity.

Total payout ratio / Dividend payout ratio



©Related Information: Corporate Information P103-106

Manufacturing Capital

Our plants are located in five prefectures in Japan, and while the stone-built facilities, which have been designated as a chemical heritage, still remain, state-of-the-art equipment and facilities are being steadily introduced. With a history of over 130 years, we are still moving forward focused on the stable manufacture of products.

● The Sodegaura Plant (Chiba Prefecture)

Located in the petroleum complex in Chiba Prefecture, the Sodegaura Plant is a core plant of our Specialty Chemicals business. It engages in production of inorganic materials and electronic materials used in a wide range of industrial fields, including the cutting-edge information and electronics industries. The plant is a development-oriented plant that works closely with research laboratories.

● The Saitama Plant (Saitama Prefecture)

Located in the rich natural environment of northwestern Saitama Prefecture, the Saitama Plant produces herbicides for paddy rice, insecticides and fungicides, and contributes to agriculture in Japan and around the world.

● The Toyama Plant (Toyama Prefecture)

Located in the central part of Toyama Prefecture, the Toyama Plant has developed into one of Japan's leading integrated ammonia

chemical plants, backed by abundant water and electricity. The plant is still manufacturing many derivatives. In recent years, the plant has also made inroads into the field of electronic materials, contributing greatly to the advancement of the global semiconductor industry and IT technology. The plant has research laboratory, which enables us to respond quickly to next-generation needs.

● The Nagoya Plant (Aichi Prefecture)

Facing the Port of Nagoya, the Nagoya Plant has developed mainly through the production of sulfuric acid, and has developed products ranging from industrial use to high-grade products for semiconductor cleaning in response to the needs of the times. The plant currently produces refined sulfuric acid, high purity sulfuric acid, sodium bisulfite, and AdBlue®, a high-grade urea solution for purifying emissions from diesel vehicles.

● The Onoda Plant (Yamaguchi Prefecture)

Located in the southwestern part of Yamaguchi Prefecture, the Onoda Plant has a history of more than 130 years, having produced Japan's first agrochemicals in 1910. It currently produces veterinary drugs and agrochemicals such as insecticides, acaricides, and herbicides, as well as pharmaceuticals such as hyperlipidemia treatments, and organic fine chemical products.

Social Capital and Natural Capital

Social Capital

The relationships of trust that we have cultivated over a long period of time with a variety of stakeholders, including investors, local communities and NPO/NGOs, form the basis for supporting our business activities. With the Nissan Chemical Group's sites as the foundation for social contribution, we are engaged in a variety of social contribution activities as a corporate citizen, focusing on the four areas: promotion of education, science, and culture; contribution to local communities; conservation of the global environment; and promotion of health and welfare and promotion of sports.

Interaction with Local Residents

We hold plant tours and explanatory meetings on regular basis for local residents and schools. In addition to explaining the main

Web Contribution to Communities and Society

https://www.nissanchem.co.jp/eng/csr_info/communication/community.html

Biodiversity Conservation

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/conservation.html

equipment, we also explain our efforts in disaster prevention and the environment, striving to instill understanding that our factories are safe and secure. In addition, we also participate in local beautification activities such as cleaning of public roads and nearby stations around the plants, and planting flowers together with local residents. In FY2023, we conducted plant tours at our Saitama, Toyama, and Onoda plants.



Plant tour (at Saitama Plant)

Natural Capital

In manufacturing products, it is difficult to avoid placing burdens on the environment, such as the use of energy, water and raw materials as well as greenhouse gas (GHG) emissions. We identified "Continuous improvement of responsible care activities" as one of our materialities. We have identified the mitigation of climate change and reduction of industrial waste and pollutant emissions as key materiality factors, and are striving to reduce our environmental impact through responsible care activities that consider the environment, health, and safety.

Supply of environmentally friendly products and services

We define environmentally friendly products as those which reduce our environmental impact or play a major role in achieving this objective, in each of our processes, including manufacturing, distribution, use, and disposal. By increasing the percentage of our products that are environmentally friendly, we aim to contribute to society in harmony with the environment.

Web Responsible Care Management

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/management.html

Mitigation of Climate Change

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/reduction.html

Reduction of Industrial Waste and Pollutant Emissions

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/management.html

Management of Chemical Substances

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/chemical.html

Water Resources Conservation

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/environment/effective.html

Biodiversity Conservation

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/conservation.html

Supply of environmentally friendly products and services

https://www.nissanchem.co.jp/eng/csr_info/contribution/environment.html

©Related Information: Responsible Care P71-73

Initiatives to Reduce GHG Emissions

At the Toyama Plant and the Onoda Plant, we have significantly reduced CO₂ emissions by converting naphtha that is raw material and fuel for ammonia, and heavy oil that is fuel for boilers into natural gas. The Company's carbon efficiency (GHG emission rate) is relatively good in the chemical industry due to the low-carbon investments it has made to date and the characteristics of its products.

Carbon efficiency

