

**Consolidated Financial Results for the Year Ended March 31, 2023**  
**(JPGAAP)**



May 15, 2023

Name of listed company: Nissan Chemical Corporation  
Code Number: 4021

Stock Exchange: Tokyo  
URL: <https://www.nissanchem.co.jp/>

Representative: YAGI Shinsuke, President

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Scheduled date of annual shareholders' meeting : June 28, 2023 Scheduled dividend payment date : June 29, 2023

Scheduled date of submitting the Annual Securities Report : June 28, 2023

Supplemental information : Yes

Financial results meeting : Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(1) Consolidated Operating Results (% indicates the rate of increase/decrease year on year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	228,065	9.7	52,283	2.6	55,793	3.9	41,087	6.0
Year ended March 31, 2022	207,972	(0.5)	50,959	19.8	53,690	22.3	38,776	15.9

(Note) Comprehensive income: Year ended March 31, 2023 : 41,690 million yen, 14.2%

Year ended March 31, 2022 : 36,511 million yen, (5.6)%

	Basic earnings per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	291.36	—	19.4	19.3	22.9
Year ended March 31, 2022	271.88	—	19.2	19.7	24.5

(Reference) Equity in earnings of affiliates : Year ended March 31, 2023 : 1,485 million yen

: Year ended March 31, 2022 : 950 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	298,715	221,526	73.1	1,557.12
As of March 31, 2022	279,687	208,009	73.6	1,454.01

(Reference) Shareholders' equity: As of March 31, 2023 : 218,419 million yen

As of March 31, 2022 : 205,912 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2023	35,226	(19,643)	(25,030)	29,647
Year ended March 31, 2022	41,949	(12,395)	(27,868)	34,658

**2. Cash Dividends**

	Cash dividends per share					Total cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividend to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2022	—	50.00	—	72.00	122.00	17,306	44.9	8.6
Year ended March 31, 2023	—	70.00	—	94.00	164.00	23,076	56.3	10.9
Year ending March 31, 2024 (Outlook)	—	70.00	—	94.00	164.00		55.1	

**3. Outlook of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)**

(% indicates the rate of increase/decrease against the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2023	108,600	(0.9)	26,100	(7.3)	26,400	(17.5)	19,700	(16.8)	140.74
Year ending March 31, 2024	237,300	4.0	54,700	4.6	55,500	(0.5)	41,500	1.0	297.61

#### 4. Notes

(1) Changes in significant consolidated subsidiaries

(Changes in specified subsidiaries involving changes in scope of consolidation) : Yes  
Newly Included: 1 company (Company name: Nissan Bharat Rasayan Private Limited)

(2) Changes of accounting policies and accounting estimates, and restatement

1. Changes of accounting policies due to revisions of accounting standards : Yes
2. Changes of accounting policies other than the above : None
3. Changes in accounting estimates : None
4. Restatements : None

(Note) Please refer to [4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements  
"(Changes in Accounting Policies)"] on page 15 for further details.

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury shares)

As of March 31, 2023 : 141,300,000 shares  
As of March 31, 2022 : 143,000,000 shares

2. Number of treasury shares

As of March 31, 2023 : 1,029,072 shares  
As of March 31, 2022 : 1,383,611 shares

3. Average number of shares outstanding over the year

As of March 31, 2023 : 141,019,817 shares  
As of March 31, 2022 : 142,624,319 shares

(Note) The Company has introduced "Board Benefit Trust (BBT)" based on the resolution of Board of Directors' meeting held on July 30, 2019. The shares held by the Trust are included in the number of treasury shares at the end of the period, and they are included in the number of treasury shares deducted in calculating the average number of shares outstanding over the period. The number of shares held by the Trust (included in treasury shares) at the end of the period was 152,500 shares. In addition, the average number of shares held by the Trust during the period was 154,679 shares. This is not included in the average number of shares outstanding.

\* Presentation regarding implementation status of audit procedures

This financial release is not subject to audit procedures based on Financial Instruments and Exchange Law in Japan.

Audit procedures of financial statements based on Financial Instruments and Exchange have not been completed at the time of disclosure.

\* Explanations regarding appropriate use of business outlook and other special notes

The business outlook contained in this report is based on information available at the time of disclosure.

Actual operating results may differ materially from the outlook due to various factors.

The prerequisite information of outlook and other items are on page 3 to page 4.

For supplemental information, please refer to our website.

The transcript of financial results briefing will be released on our website as well.

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## 1. Analysis of Business Performance and Financial Position

### (1) Analysis of Business Performance

During the current fiscal year (April 1, 2022 to March 31, 2023), although consumer spending showed a recovery trend due to the relaxation of behavioral restrictions, the domestic economy did not achieve a full-fledged recovery due to soaring raw fuel material prices, inflation, as well as continued weak exports against the backdrop of sluggish overseas economies. Under these circumstances, in the Chemicals Segment, sales of both Basic Chemicals and Fine Chemicals increased. In the Performance Materials Segment, although sales of Display Materials declined, Semiconductor Materials and Inorganic Materials performed well.

In the Agricultural Chemicals Segment, sales increased. In the Healthcare Segment, sales of "Custom Chemicals" (custom manufacturing and solution proposal business for pharmaceutical companies) increased.

As a result, sales, operating income and net income attributable to owners of parent fell short of the forecasts announced in February. However, compared to the same period last year, sales and each income increased. In addition, operating and ordinary income achieved record highs for the ninth consecutive year, and net income attributable to owners of parent for the tenth consecutive year.

(Million yen, amounts rounded down to the nearest million yen)

	FY2021 (Actual)	FY2022 (Actual)	Year-on-year change	FY2022 (Outlook)	Change from Outlook
Sales	207,972	228,065	20,093	229,500	(1,435)
Operating income	50,959	52,283	1,323	53,400	(1,117)
Ordinary income	53,690	55,793	2,103	55,500	293
Net income attributable to owners of parent	38,776	41,087	2,311	42,100	(1,013)

Explanations by segments are as below.

We changed our reporting segments from the first quarter of the current fiscal year. For details, please refer to "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Segment information)."

#### The Chemicals Segment

In Basic Chemicals, sales of urea and AdBlue®\* (high-grade urea solution) increased due to price revisions in response to higher raw material and fuel. Sales of melamine (adhesives agent for particle board) declined as a result of the termination of sales in the third quarter under the structural reforms announced in August 2021.

In Fine Chemicals, sales of "TEPIC" (powder coating agent for paint, sealants, etc.) decreased, but environmental chemicals (sterilizing and disinfecting agents for pools and septic tanks, etc.) and fineoxocol (raw materials for cosmetics, etc.) increased.

As a result, sales of this segment were 39,034 million yen (an increase of 1,385 million yen) and operating income was 1,379 million yen (a decrease of 2,408 million yen). Compared to the outlook, sales were below 0.7 billion yen and operating income was below 0.3 billion yen.

\* AdBlue® is a registered trademark of the Verband der Automobilindustrie (VDA).

#### The Performance Materials Segment

In Display Materials, sales of "SUNEVER" (LCD alignment coating) declined. In Semiconductor Materials, sales of anti-reflective coating for semiconductors (ARC®\*) increased due to strong sales through the first half of the year, however, customer utilization declined from the third quarter of the year. In Inorganic Materials, sales of "SNOWTEX" for polishing electronic materials and hard coating and Oilfield materials (solvents to improve the efficiency of shale oil and gas extraction) were steady.

As a result, sales of this segment were 82,606 million yen (an increase of 941 million yen) and operating income was 25,449 million yen (a decrease of 2,171 million yen). Compared to the outlook, sales were a below 0.9 billion yen and operating income was below 0.8 billion yen.

\* ARC® is registered trademarks of Brewer Science, Inc.

### The Agricultural Chemicals Segment

Sales of Fluralaner (active ingredients for veterinary pharmaceuticals) increased due to the completion of customer inventory adjustments in the previous fiscal year. In Japanese domestic market, sales of "ROUNDUP" (non-selective foliar application herbicide), "ALTAIR" (paddy rice herbicide) and "GRACIA" (insecticide) were firm. In the overseas market, sales increased significantly due to strong sales of "LEIMAY" (fungicide), "GRACIA" and "TARGA" (herbicide).

As a result, sales of this segment were 81,584 million yen (an increase of 15,765 million yen) and operating income was 23,130 million yen (an increase of 5,002 million yen). Compared to the outlook, sales were above 0.2 billion yen and operating income was below 0.4 billion yen.

### The Healthcare Segment

Sales of "LIVALO" (anti-cholesterol drug) were at the same level as the FY2021. In "Custom Chemicals", sales increased due to steady sales of generic active pharmaceutical ingredients.

As a result, sales of this segment were 6,673 million yen (an increase of 83 million yen) and operating income was 2,990 million yen (an increase of 176 million yen). Compared to the outlook, sales were above 0.1 billion yen and operating income was above 0.1 billion yen.

### Trading

Sales of this segment were 99,066 million yen (an increase of 18,629 million yen) and operating income was 3,701 million yen (an increase of 797 million yen). Compared to the outlook, sales were above 0.1 billion yen and operating income was above 0.4 billion yen.

### Others

Sales of this segment were 26,384 million yen (an increase of 2,789 million yen) and operating income was 879 million yen (an increase of 187 million yen).

(Outlook of business result for the next term)

### Outlook of Financial Results

(Billion yen, amounts rounded to the nearest billion yen)

	FY2022 Actual (A)	FY2023 Outlook (B)	Increase or decrease (B-A)	Rate of change (%)
Sales	228.1	237.3	+9.2	+4.0%
Operating income	52.3	54.7	+2.4	+4.6%
Ordinary income	55.8	55.5	(0.3)	(0.5)%
Net income attributable to owners of parent	41.1	41.5	+0.4	+1.0%
Basic earnings per share	291.36 yen	297.61 yen	+6.25 yen	+2.1%
Average U.S. dollar exchange rate	136 yen	128 yen	-	-

## Segment Sales and Operating Income

(Billion yen, amounts rounded to the nearest billion yen)

	Sales		Operating income	
	FY2022 Actual	FY2023 Outlook	FY2022 Actual	FY2023 Outlook
Chemicals	39.0	41.3	1.4	3.2
Performance Materials	82.6	87.5	25.4	26.5
Agricultural Chemicals	81.6	84.2	23.1	23.6
Healthcare	6.7	6.0	3.0	2.3
Trading	99.1	105.3	3.7	3.5
Others	26.4	30.7	0.9	0.9
Adjustment	(107.3)	(117.7)	(5.2)	(5.3)
Total	228.1	237.3	52.3	54.7

We estimate that sales will be 237.3 billion yen, operating income will be 54.7 billion yen, ordinary income will be 55.5 billion yen and net income attributable to owners of parent will be 41.5 billion yen. The above outlook is calculated based on the assumption that the exchange rate will be 128 yen per U.S. dollar.

### (2) Analysis of Financial Position

#### (Position of Assets, Liabilities and Net Assets)

Total assets as of March 31, 2023 were 298,715 million yen (an increase of 19,027 million yen from the previous year). It is mainly due to the increase of merchandise and finished goods, raw materials and supplies and construction in progress.

Total liabilities as of March 31, 2023 were 77,188 million yen (an increase of 5,510 million yen). It is mainly due to the increase of short-term loans payable.

Net assets as of March 31, 2023 were 221,526 million yen (an increase of 13,516 million yen).

As a result of these factors, equity ratio was 73.1% (a decrease of 0.5% from March 31, 2022).

#### (Position of Cash Flow)

Deducting income taxes paid from income before income taxes and non-controlling interests, depreciation and gain and loss in working capital, net cash provided by operating activities for the consolidated fiscal year ended March 31, 2023 was 35,226 million yen (41,949 million yen for the previous year).

Due to investment on plant and equipment, net cash used in investing activities for the consolidated fiscal year ended March 31, 2023 was 19,643 million yen (12,395 million yen for the previous year).

Due to share repurchase, payment for dividends and the decrease in loans payable, net cash used in financing activities for the consolidated fiscal year ended March 31, 2023 was 25,030 million yen (27,868 million yen for the previous year).

Cash and cash equivalents at the end of this year decreased 5,010 million yen from March 31, 2022 after adjusting for the 1,320 million yen effect of exchange rate. Moreover, after adding the 3,116 million yen increase in cash and cash equivalents resulting from change in scope of consolidation, the balance stood at 29,647 million yen (34,658 million yen for the same period of the previous year).

<Reference> The transit of Cash Flow indices

For the year ended

	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Shareholders' equity ratio (%)	73.0	73.7	74.9	73.6	73.1
Shareholders' equity ratio based on market value (%)	303.4	229.7	299.0	366.1	282.0
Debt repayment ratio (year)	0.8	0.7	0.6	0.5	0.8
Interest coverage ratio (times)	288.1	288.5	573.3	571.5	139.6

Shareholders' equity ratio: shareholders' equity / total assets

Shareholders' equity ratio based on market value: market capitalization / total assets

Debt repayment ratio: interest-bearing liabilities / cash flows from operating activities

Interest coverage ratio: cash flows from operating activities / interest payments

Notes: (1) All indicators are calculated based on consolidated financial figures.

(2) Market capitalization is calculated based on the number of shares outstanding, excluding treasury shares.

(3) Cash flows represents operating cash flow.

(4) Interest-bearing liabilities refer to all liabilities recorded in the consolidated balance sheets that incur interest.

(3) Basic Policy on Distribution of Earnings and Dividends for current and next term

The Company's basic policy of profit allocation is returning to shareholders by improving company value through increasing revenue in the medium and long terms.

In medium-term business plan "Vista2027" Stage I launched from April 2022, the company aimed to realize dividend payout ratio to be 55% and total payout ratio to be 75% from FY2022 onward, and they were 56.3% and 78.0%. In FY2023, the company aims to realize dividend payout ratio to be 55% and total payout ratio to be 75%.

The year-end dividend is scheduled to be 94 yen per share. The total annual dividend per share for the current year ended March 31, 2023 will be 164 yen, which was 122 yen in the previous year.

Total annual dividends per share for the year ending March 31, 2024 is planned to be 164 yen (second quarter: 70 yen, year-end: 94 yen).

## 2. Management Policy

### (1) Basic Management Policy

As a group growing with customers, we will strengthen the brand nurtured by our faithful corporate culture and maximize corporate value through productive activities for the society.

### (2) Mid-and Long-term Management Strategies and Issues to be addressed

In April 2022, we, Nissan Chemical Corporation ("Company") and its group companies (collectively "Group") launched our new long-term and mid-term business plans. The former is "Atelier2050", which extends our vision to the year 2050. And the latter is "Vista2027", which indicates the ideal state of the Group in FY2027 as a stepping-stone to attain the long-term plan.

In the drastically changing circumstances, we has set the corporate philosophy "Contribute to the protection of the global environment and the existence/development of humanity, offering the value sought by society." Under that philosophy, we will further strive to solve social issues and enhance corporate value focusing on the sustainable development of the world society, pursuing the realization of people's good life and happiness in harmony with the environment.

In Stage I, the first three years (FY2022 to FY2024) of the medium-term management plan "Vista2027", we sets numerical targets of 255 billion yen in sales and 58.5 billion yen in operating income for FY2024, the final year of the plan. The following four basic strategies have been defined to realize the corporate vision for 2050.

1. Deeply exploit business areas and increase marketing ability
2. Promote sustainable management
3. Strengthen the creation and co-creation process of values
4. Expand market shares and profits of existing businesses

Regarding to the first strategy of "Deeply exploit business areas and increase marketing ability", we launched the Biological Group at the Biological Research Laboratories in April 2022. We are committed to fostering core technologies to create agricultural materials that utilize microorganism existing in the natural world. In addition, we also accelerate product development by using MI (Materials Informatics), a data-driven research methodology based on the development of information technology. The Animal Care Planning Group, which newly established in the Planning and Development Division in April 2023, considers the commercialization of animal health products following the Fluralaner (external antiparasitic drugs for animal), and aims for long-term development in the life sciences business.

Regarding to the second strategy of "Promote sustainable management", we formulate the "Nissan Chemical Sustainable Agenda" to pursue "what we can do for the future of the globe and human". We will provide and expand products and services which help solve social issues to achieve both a contribution to a sustainable society and our sustainable growth. The Climate Change Committee was established in June 2022, in order to conduct cross-organizational activities to address the increasingly serious issue of climate change. The committee identifies, analyses, and assessments risks and opportunities in our businesses and formulates strategies for them. We will continue to work to resolve various climate change-related issues in order to achieve carbon neutrality by 2050.



Regarding to the third strategy of "Strengthen the creation and co-creation process of values", as part of our efforts to achieve this strategy, we revamped our personnel system in 2022. We create a vibrant workplace and maximize human capital by building a system for securing and developing human resources and promoting diversity and active participation of women. In addition, we push ahead with the construction of a DX (Digital Transformation) platform with the goal of maximizing the use of digital technology and data.

Regarding to the fourth strategy of "Expand market shares and profits of existing businesses", we promote the global expansion of "GRACIA" (insecticide) in the Middle East and Africa, in addition to Asian countries such as Japan, South Korea, and India. In the Semiconductor Materials of Performance Materials Segment, in addition to lithography materials, we strengthen research and development of packaging materials such as temporary bonding materials, etc. In Display Materials, we continue to take on the challenge of creating new materials quickly by accurately understanding diverse market needs. In Inorganic Materials, we aim to expand our market shares by promoting sales of "nanoActiv Enhanced", which is solvents to improve the efficiency of oil and gas extraction with increased flexibility in use by our customers. We are also working to strengthen the supply capacity of our main products. In March 2023, we will start commercial production of agrochemical active ingredients created in-house at our joint venture in India, and we have decided to establish a new plant for semiconductor materials in South Korea, which is scheduled to start operation in 2024.

We think of corporate governance as a mechanism that ensures sound, efficient management to provide stakeholders with sustainable, medium- to long-term profits. Based on this idea, we strive to ensure management decisions are made promptly, and work to clarify the management responsibility and responsibility for executing operations. At the same time, we take initiatives for strengthening the management's monitoring function, compliance, risk management, and internal control system under our Board of Directors and Audit & Supervisory Board, whose members include highly independent outside officers. We will do our best to realize a corporate group that is trusted by all stakeholders.

### (3) Target Management Indicator

Our most important objectives are “Return on Equity (ROE)” which represents the efficiency of managing shareholders’ equity and “Operating Profit Margin” which leads to a high-value added company. We will expand our business to increase our revenue.

We aim to realize Return on Equity (ROE) to be above 18% in medium term management plan “Vista2027” Stage I launched in April 2022. We have achieved it in FY2022.

In addition, the medium-term management plan “Vista2027,” which started in April 2022, defines Key Performance Indicators (KPI) as follows.

#### Financial indicators (Plan for FY2022-2027)

OP Margin	Above 20%
ROE	Above 18%
Dividend payout ratio	55% (Increased from 44.9% in FY2021)
Total Payout Ratio	75%

#### Non- financial indicators (Plan for FY2027)

Nissan Chemical Sustainable Agenda (total sales of products and services that contribute to solving social issues/consolidated net sales)	Maintain At least 55%
Reduction of GHG emissions	At least 30% compared to FY2018 (Achieve FY2030 Target 3 years ahead of schedule)
Positive response rate in survey of employee attitude on human resource development	At least 65%
Percentage of female R&D professionals	At least 18%

### 3. Basic Approach to the Selection of Accounting Standards

The Company will research on trend of IFRS in the country and overseas and correspond properly when applying IFRS.

## 4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	34,658	29,647
Notes, accounts receivable - trade and contract assets	79,979	82,670
Merchandise and finished goods	37,664	46,950
Work in process	15	18
Raw materials and supplies	14,496	17,703
Accounts receivable - other	2,824	2,113
Short-term loans receivable	1,541	3,088
Other	4,140	7,305
Allowance for doubtful accounts	(41)	(44)
Total current assets	175,279	189,454
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,443	72,520
Accumulated depreciation and impairment loss	(45,158)	(46,567)
Buildings and structures, net	24,284	25,952
Machinery, equipment and vehicles	145,129	151,653
Accumulated depreciation and impairment loss	(132,567)	(136,861)
Machinery, equipment and vehicles, net	12,561	14,792
Tools, furniture and fixtures	41,345	42,153
Accumulated depreciation and impairment loss	(37,384)	(38,379)
Tools, furniture and fixtures, net	3,960	3,774
Land	8,809	8,817
Leased assets	-	149
Accumulated depreciation	-	(10)
Leased assets, net	-	139
Construction in progress	3,561	11,176
Total property, plant and equipment	53,177	64,653
Intangible assets		
Software	1,736	1,722
Other	10,044	9,813
Total intangible assets	11,780	11,535
Investments and other assets		
Investment securities	30,217	27,322
Long-term loans receivable	3,323	0
Deferred tax assets	918	531
Net defined benefit asset	1,844	2,140
Other	3,256	3,186
Allowance for doubtful accounts	(110)	(110)
Total investments and other assets	39,450	33,071
Total non-current assets	104,408	109,260
<b>Total assets</b>	<b>279,687</b>	<b>298,715</b>

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,043	19,942
Short-term loans payable	20,981	25,327
Current portion of long-term loans payable	552	624
Income taxes payable	8,710	7,879
Provision for bonuses	2,285	2,413
Provision for business structure improvement	-	418
Other	14,398	15,556
Total current liabilities	65,971	72,161
Non-current liabilities		
Long-term loans payable	1,182	1,338
Deferred tax liabilities	69	98
Provision for business structure improvement	698	-
Provision for loss on business of subsidiaries and affiliates	626	626
Provision for share-based remuneration for directors (and other officers)	200	256
Net defined benefit liability	290	377
Other	2,638	2,331
Total non-current liabilities	5,706	5,027
Total liabilities	71,678	77,188
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,613	13,613
Retained earnings	172,393	182,400
Treasury shares	(8,261)	(6,111)
Total shareholders' equity	196,688	208,844
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,304	7,678
Foreign currency translation adjustment	898	1,735
Remeasurements of defined benefit plans	21	159
Total accumulated other comprehensive income	9,223	9,574
Non-controlling interests	2,097	3,107
Total net assets	208,009	221,526
<b>Total liabilities and net assets</b>	<b>279,687</b>	<b>298,715</b>

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income  
- Consolidated Statements of Income

(Million yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net sales	207,972	228,065
Cost of sales	106,883	121,262
Gross profit	101,089	106,803
Selling, general and administrative expenses	50,129	54,519
Operating income	50,959	52,283
Non-operating income		
Interest income	49	203
Dividend income	768	1,323
Equity in earnings of affiliates	950	1,485
Foreign exchange gains	1,134	1,296
Other	918	694
Total non-operating income	3,821	5,004
Non-operating expenses		
Interest expenses	73	252
Loss on disposal of non-current assets	682	817
Loss on sales of non-current assets	116	5
Plant stop losses	108	198
Other	109	220
Total non-operating expenses	1,090	1,493
Ordinary income	53,690	55,793
Extraordinary income		
Gain on sales of investment securities	3,366	1,461
Total extraordinary income	3,366	1,461
Extraordinary losses		
Loss on valuation of investment securities	477	650
Business structure improvement expenses	1,792	-
Loss on business of subsidiaries and affiliates	626	-
Total extraordinary losses	2,896	650
Income before income taxes and non-controlling interests	54,160	56,605
Income taxes - current	14,713	14,554
Income taxes - deferred	312	633
Total income taxes	15,026	15,187
Net income	39,134	41,417
Net income attributable to non-controlling interests	357	329
Net income attributable to owners of parent	38,776	41,087

- Consolidated Statements of Comprehensive Income

(Million yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net income	39,134	41,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,055)	(625)
Foreign currency translation adjustment	875	760
Remeasurements of defined benefit plans, net of tax	(442)	138
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(2,622)	273
Comprehensive income	36,511	41,690
(Comprehensive income attributable to)		
Owners of parent	36,095	41,270
Non-controlling interests	416	420

(3) Consolidated Statements of Changes in Net Assets  
For the Year Ended March 31, 2022(From April 1, 2021 to March 31, 2022)

(Million yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,942	13,613	161,708	(7,340)	186,923
Cumulative effects of changes in accounting policies			(1,548)		(1,548)
Restated balance	18,942	13,613	160,160	(7,340)	185,375
Changes of items during period					
Dividends of surplus			(15,468)		(15,468)
Net income attributable to owners of parent			38,776		38,776
Change in scope of consolidation					-
Share repurchase				(12,003)	(12,003)
Disposal of treasury shares		0		8	8
Cancellation of treasury shares		△0	(11,074)	11,074	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	12,233	(920)	11,313
Balance at end of current period	18,942	13,613	172,393	(8,261)	196,688

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	11,359	81	463	11,904	1,733	200,562
Cumulative effects of changes in accounting policies						(1,548)
Restated balance	11,359	81	463	11,904	1,733	199,013
Changes of items during period						
Dividends of surplus						(15,468)
Net income attributable to owners of parent						38,776
Change in scope of consolidation						-
Share repurchase						(12,003)
Disposal of treasury shares						8
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(3,055)	816	(442)	(2,680)	363	(2,317)
Total changes of items during period	(3,055)	816	(442)	(2,680)	363	8,995
Balance at end of current period	8,304	898	21	9,223	2,097	208,009

For the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,942	13,613	172,393	(8,261)	196,688
Cumulative effects of changes in accounting policies					-
Restated balance	18,942	13,613	172,393	(8,261)	196,688
Changes of items during period					
Dividends of surplus			(20,084)		(20,084)
Net income attributable to owners of parent			41,087		41,087
Change in scope of consolidation			101		101
Share repurchase				(9,002)	(9,002)
Disposal of treasury shares				55	55
Cancellation of treasury shares			(11,097)	11,097	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	10,006	2,150	12,156
Balance at end of current period	18,942	13,613	182,400	(6,111)	208,844

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,304	898	21	9,223	2,097	208,009
Cumulative effects of changes in accounting policies						-
Restated balance	8,304	898	21	9,223	2,097	208,009
Changes of items during period						
Dividends of surplus						(20,084)
Net income attributable to owners of parent						41,087
Change in scope of consolidation						101
Share repurchase						(9,002)
Disposal of treasury shares						55
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(625)	837	138	350	1,009	1,360
Total changes of items during period	(625)	837	138	350	1,009	13,516
Balance at end of current period	7,678	1,735	159	9,574	3,107	221,526



## (4) Consolidated Statements of Cash Flows

(Million yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and non-controlling interests	54,160	56,605
Depreciation and amortization	10,119	10,878
Business structure improvement expenses	1,792	-
Loss on business of subsidiaries and affiliates	626	-
Loss on valuation of investment securities	477	650
Amortization of goodwill	103	101
Interest and dividend income	(817)	(1,527)
Loss (gain) on sales of investment securities	(3,366)	(1,461)
Interest expenses	73	252
Loss (gain) on disposal of non-current assets	682	817
Decrease (increase) in notes and accounts receivable - trade	(5,704)	(2,360)
Decrease (increase) in inventories	(6,230)	(12,382)
Increase (decrease) in notes and accounts payable - trade	2,523	217
Other	(1,163)	(3,057)
Subtotal	53,277	48,734
Interest and dividend income received	1,913	2,153
Interest expenses paid	(73)	(251)
Income taxes paid	(13,168)	(15,408)
Net cash provided by (used in) operating activities	41,949	35,226
<b>Net cash provided by (used in) investing activities</b>		
Purchase of investment securities	(190)	(506)
Proceeds from sales of investment securities	4,248	2,499
Purchase of shares of subsidiaries	(22)	(25)
Purchase of property, plant and equipment	(11,253)	(18,236)
Payments for retirement of property, plant and equipment	(466)	(716)
Purchase of intangible assets	(1,133)	(1,221)
Payments of long-term loans receivable	(3,322)	-
Net decrease (increase) in short-term loans receivable	(262)	(1,505)
Purchase of long-term prepaid expenses	(188)	(282)
Other	196	352
Net cash provided by (used in) investing activities	(12,395)	(19,643)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(345)	3,940
Proceeds from long-term loans payable	550	780
Repayments of long-term loans payable	(552)	(552)
Cash dividends paid	(15,468)	(20,084)
Dividends paid to non-controlling interests	(48)	(105)
Share repurchase	(12,003)	(9,002)
Other	0	(6)
Net cash provided by (used in) financing activities	(27,868)	(25,030)
Effect of exchange rate change on cash and cash equivalents	591	1,320
Net increase (decrease) in cash and cash equivalents	2,277	(8,126)
Cash and cash equivalents at beginning of period	32,380	34,658
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	3,116
Cash and cash equivalents at end of period	34,658	29,647

(5) Notes to Consolidated Financial Statements

(Notes on Assumption of Going Concern)

Not applicable.

(Changes in Accounting Policies)

(Application of "Implementation Guidance on Accounting Standard for Fair Value Measurement")

The company adopted "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the first quarter of the fiscal year ending March 31, 2023. Based on the transitional treatment prescribed in Paragraph 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement", we have decided to apply the new accounting policies set forth by "Implementation Guidance on Accounting Standard for Fair Value Measurement" into the future. This change had no impact on the quarterly consolidated financial statements.

(Additional information)

(Adoption of the group tax sharing system)

The company and some of its domestic subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year ending March 31, 2023. Accordingly, corporate, local corporate income taxes, and tax-effect accounting are accounted for and disclosed in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021. Hereinafter "PITF 42"). In addition, based on Article 32 (1) of PITF 42, the effects of the change in accounting policies due to the adoption of PITF 42 are deemed negligible.

(Segment and Related Information)

Segment Information

1. General Information about reportable segments

The Company's reportable segments are components of the Group that engage in business activities, whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

Divisions by products and services are located in the headquarters, and each division works out a comprehensive strategy applicable to their products and services and carries out their business activities.

The Company consists of segments based on divisions as follows:

Segment	Main Products
Chemicals	Basic chemicals (melamine, sulfuric acid, nitric acid, ammonia, etc.) Fine chemicals (epoxy compound for LED sealants, solder resist and painting, flame retardants, chlorinated cyanuric acid for sterilizing, etc.)
Performance Materials	Display materials (LCD alignment coating, etc.) Semiconductor materials (bottom anti-reflective coating for semiconductors, etc.) Inorganic materials (hard coating materials, electronic information materials, polishing materials, etc.)
Agricultural Chemicals	Agrochemicals (herbicides, insecticides, fungicides, combination fungicide and insecticide, and plant growth regulators) Animal health products
Healthcare	LIVALO (anti-cholesterol drug), etc. Custom Chemicals (custom manufacturing and solution proposal business for pharmaceutical companies)
Trading	Trading, etc.
Others	Fertilizer, Landscaping, Transportation, Engineering, etc.

2. Basis of measurement of reported segment income or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Company's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (loss) are recognized based on current market prices.

### 3. Information Regarding Sales, Income (Loss), and Segment Assets of Reportable Segments

1) For the Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment <sup>2</sup>	Consolidated Total
<b>Net Sales</b>									
Sales to outside customers <sup>1</sup>	26,032	69,664	57,965	6,540	59,644	10,877	230,724	(22,752)	207,972
Intersegment Sales	11,615	12,000	7,853	49	20,792	12,717	65,031	(65,031)	-
<b>Total Sales</b>	<b>37,648</b>	<b>81,665</b>	<b>65,819</b>	<b>6,590</b>	<b>80,437</b>	<b>23,595</b>	<b>295,755</b>	<b>(87,783)</b>	<b>207,972</b>
<b>Segment Income or Loss (Operating Income or Loss)</b>	<b>3,787</b>	<b>27,621</b>	<b>18,127</b>	<b>2,813</b>	<b>2,903</b>	<b>692</b>	<b>55,945</b>	<b>(4,985)</b>	<b>50,959</b>
<b>Segment assets</b>	<b>32,020</b>	<b>55,312</b>	<b>90,770</b>	<b>8,296</b>	<b>31,489</b>	<b>12,175</b>	<b>230,064</b>	<b>49,623</b>	<b>279,687</b>
<b>Other items</b>									
Depreciation and amortization	2,531	3,876	2,593	431	73	299	9,806	312	10,119
Amortization of goodwill	1	-	101	-	-	-	103	-	103
Increase of property, plant and equipment and intangible assets	2,335	5,741	1,520	498	20	614	10,732	219	10,951

1. Sales to outside customers in reportable segments are calculated on a gross basis, including sales that are agent transactions. A reconciliation of gross sales to net sales as agent transactions is made in the Adjustment section.

2. The adjustments are as follows.

- (1) The (22,752) million yen adjustments in sales to outside customers includes (22,807) million yen elimination of agent transactions due to the adoption of Accounting Standard for Revenue Recognition, and 55 million yen sales not allocated to any reporting segments.
- (2) The (4,985) million yen adjustment in segment income includes (72) million yen in intersegment eliminations, 55 million yen sales not attributable to any reporting segment, and (4,969) million yen corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses which do not belong to any segment.
- (3) The 49,623 million yen adjustment in segment assets includes (14,985) million yen in intersegment eliminations and 64,609 million yen in corporate assets not attributable to any reportable segment. The corporate assets are mainly group administrative assets which do not belong to segments.
- (4) The 312 million yen adjustment in depreciation and amortization is corporation expenses.
- (5) The 219 million yen adjustment in increase of property, plant and equipment and intangible assets is corporate assets. The corporate assets are mainly group administrative assets which do not belong to segments.

## 2) For the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment <sup>2</sup>	Consolidated Total
Net Sales									
Sales to outside customers <sup>1</sup>	26,495	66,224	70,266	6,662	75,542	12,052	257,243	(29,177)	228,065
Intersegment Sales	12,538	16,381	11,318	11	23,524	14,332	78,107	(78,107)	-
Total Sales	39,034	82,606	81,584	6,673	99,066	26,384	335,350	(107,285)	228,065
Segment Income or Loss (Operating Income or Loss)	1,379	25,449	23,130	2,990	3,701	879	57,530	(5,247)	52,283
Segment assets	34,332	61,287	103,779	7,693	36,791	13,613	257,497	41,217	298,715
Other items									
Depreciation and amortization	2,477	4,565	2,701	376	65	442	10,628	249	10,878
Amortization of goodwill	-	-	101	-	-	-	101	-	101
Increase of property, plant and equipment and intangible assets	3,659	8,711	6,232	449	66	366	19,485	787	20,272

1. Sales to outside customers in reportable segments are calculated on a gross basis, including sales that are agent transactions. A reconciliation of gross sales to net sales as agent transactions is made in the Adjustment section.

2. The adjustments are as follows.

- (1) The (29,177) million yen adjustments in sales to outside customers includes (29,212) million yen elimination of agent transactions due to the adoption of Accounting Standard for Revenue Recognition, and 34 million yen sales not allocated to any reporting segments.
- (2) The (5,247) million yen adjustment in segment income includes 267 million yen in intersegment eliminations, 34 million yen sales not attributable to any reporting segment, and (5,550) million yen corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses which do not belong to any segment.
- (3) The 41,217 million yen adjustment in segment assets includes (17,921) million yen in intersegment eliminations and 59,138 million yen in corporate assets not attributable to any reportable segment. The corporate assets are mainly group administrative assets which do not belong to segments.
- (4) The 249 million yen adjustment in depreciation and amortization is corporation expenses.
- (5) The 787 million yen adjustment in increase of property, plant and equipment and intangible assets is corporate assets. The corporate assets are mainly group administrative assets which do not belong to segments.

## 4. Matters related to changes in reporting segments

(Changes in reporting segments)

Following the revision to our organizational structure, from April 1, 2022, the Healthcare segment was transferred from the Pharmaceuticals segment, and the company has changed the segment to which some divisions are attributed. Furthermore, the segment information for the previous fiscal year is presented based on the changed reporting segments.

## Related Information

For the Year Ended March 31, 2022(From April 1, 2021 to March 31, 2022)

### (1)Sales by region

(Million yen)

Japan	China	Korea	Other Asia	Europe and the United States	Consolidated Total
99,167	30,191	21,395	28,678	28,537	207,972

Note: Sales are classified to either countries or regions based on customers are located.

### (2) Property, plant and equipment by region

As property, plant and equipment in Japan is more than 90% of the book balance, those records are omitted.

For the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

### (1)Sales by region

(Million yen)

Japan	China	Korea	Other Asia	Europe and the United States	Consolidated Total
105,937	30,547	23,994	29,255	38,330	228,065

Note: Sales are classified to either countries or regions based on customers are located.

### (2)Property, plant and equipment by region

(Million yen)

Japan	Korea	India	Europe and the United States	Consolidated Total
49,858	7,630	6,673	492	64,653

### Information regarding impairment loss on non-current assets by reportable segments

For the Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	775	—	—	—	—	9	784	—	784

For the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	38	—	—	—	—	—	38	—	38

### Information regarding amortization and unamortized balance on goodwill by reportable segments

For the Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2022	—	—	303	—	—	—	303	—	303

For the Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Healthcare	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2023	—	—	201	—	—	—	201	—	201

**(Per Share Information)**

(Yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net assets per share	1,454.01	1,557.12
Net income per share	271.88	291.36

Notes:

- Since residual securities do not exist, diluted net income per share is not presented.
- The Company has introduced "Board Benefit Trust (BBT)" from the second quarter of 2019, and has recorded the shares held by the Trust as treasury shares in the consolidated financial statements. Accordingly, for the purpose of calculating net assets per share, the shares held by the Trust (included in treasury shares) are deducted from the number of shares outstanding at the end of the period. In addition, for the purpose of calculating net income per share, the shares held by the Trust are deducted in calculating the average number of shares outstanding during the period. The number of shares held by the Trust at the end of the period was 152,500 shares, and the average number of shares held by the Trust during the period was 154,679 shares.
- Net income per share is calculated on the following basis.

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net income per share		
Net income attributable to owners of parent (Million yen)	38,776	41,087
Amounts not allocated to ordinary shares (Million yen)	—	—
Net income allocated to ordinary shares (Million yen)	38,776	41,087
Average number of ordinary shares outstanding during each year (shares)	142,624,319	141,019,817

- Net assets per share is calculated on the following basis.

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net asset (Million yen)	208,009	221,526
Amount deducted from net asset (Million yen)	2,097	3,107
(Non-controlling interest) (Million yen)	(2,097)	(3,107)
Net asset as of year end allocated to ordinary shares (Million yen)	205,912	218,419
Number of ordinary shares as of year end used to calculate net asset per share	141,616,389	140,270,928

**(Significant Subsequent Events)**

1. The Company, at the Board of Director's meeting held on April 28, 2023, has decided to cancel its own shares under Article 178 of the Japanese Corporation Act.

- |  |   |
|--|---|
| (1) Class of shares to be cancelled :  | Common shares of company                                      |
| (2) Number of shares to be cancelled : | 700,000 shares (0.50% of issued shares prior to cancellation) |
| (3) Scheduled date of cancellation :   | May 12, 2023  |

Reference

Number of issued shares subsequent to cancellation (including treasury shares) : 140,600,000 shares

2. The Company, at the Board of Director's meeting held on May 12, 2023, has decided to repurchase its shares in the market under Article 156 of the Japanese Corporation Act, as applied pursuant to Article 165, Paragraph 3 of the same Act.

- Purpose of repurchase

To facilitate flexible implementation of capital policy in response to changes in the business environment.

- Details of repurchase

- |                           |   |
|---------------------------|---|
| ① Class of shares:        | Common shares of the company  |
| ② Total number of shares: | Up to 1,250,000 shares (Rate of the maximum shares to be acquired to the total outstanding shares: 0.89%) |

- Total amount
- Up to 5,000,000,000 yen

- Period of repurchase
- From May 16, 2023 to July 28, 2023

Reference

Number of treasury shares as of May 15, 2023

Total number of shares issued (excluding treasury shares) : 141,423,428 shares

Number of treasury shares : 176,572 shares

\* Not including 152,500 shares of treasury shares which the Board Benefit Trust (BBT) has hold.