

# Consolidated Financial Results for the Year Ended March 31, 2021 (JPGAAP)



May 14, 2021

Name of listed company: Nissan Chemical Corporation

Code Number: 4021

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Scheduled date of annual shareholders' meeting : June 25, 2021

Scheduled dividend payment date : June 28, 2021

Scheduled date of submitting the Annual Securities Report : June 25, 2021

Supplemental information : Yes

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

Stock Exchange: Tokyo

URL: <http://www.nissanchem.co.jp/>

(Amounts rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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, 2021	209,121	1.1	42,530	10.0	43,893	9.7	33,470	8.7
Year ended March 31, 2020	206,837	0.9	38,647	4.2	40,003	2.3	30,779	4.8

(Note) Comprehensive income: Year ended March 31, 2021 : 38,663 million yen, 44.7%

Year ended March 31, 2020 : 26,726 million yen, 2.0%

	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, 2021	231.73	—	17.5	17.0	20.3
Year ended March 31, 2020	210.09	—	16.9	16.1	18.7

(Reference) Equity in earnings of affiliates : Year ended March 31, 2021 : 1,123 million yen

: Year ended March 31, 2020 : 945 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, 2021	265,509	200,562	74.9	1,384.13
As of March 31, 2020	249,522	185,528	73.7	1,264.23

(Reference) Shareholders' equity: As of March 31, 2021: 198,828 million yen

As of March 31, 2020: 183,917 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, 2021	39,939	(12,854)	(25,629)	32,380
Year ended March 31, 2020	35,550	(15,624)	(25,186)	30,639

## 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, 2020	—	42.00	—	48.00	90.00	13,144	42.8	7.2
Year ended March 31, 2021	—	46.00	—	58.00	104.00	14,979	44.9	7.9
Year ending March 31, 2022 (Outlook)	—	48.00	—	60.00	108.00		45.2	

## 3. Outlook of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% 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, 2021	76,500	(19.0)	17,700	(1.6)	18,000	(1.0)	14,000	0.7	98.03
Year ending March 31, 2022	172,500	(17.5)	43,600	2.5	44,900	2.3	34,100	1.9	239.18

(Note) The Company determined to apply the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29) from FY 2021.

As a result, the above earnings outlook is the amount after applying the relevant accounting standards. For supplemental information, please refer to "(Outlook of business result for the next term)" on page 3 to page 4.

#### 4. Notes

(1) Changes in significant consolidated subsidiaries

(Changes in specified subsidiaries involving changes in scope of consolidation) : None

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

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

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury shares)

As of March 31, 2021 : 145,000,000 shares

As of March 31, 2020 : 146,000,000 shares

2. Number of treasury shares

As of March 31, 2021 : 1,351,888 shares

As of March 31, 2020 : 522,578 shares

3. Average number of shares outstanding over the year

As of March 31, 2021 : 144,438,465 shares

As of March 31, 2020 : 146,511,438 shares

(Note) The Company has introduced "Board Benefit Trust (BBT)" from the second quarter of the previous fiscal year.

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 165,800 shares.

In addition, the average number of shares held by the Trust during the period was 165,892 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

In the current fiscal year (April 1, 2020 to March 31, 2021), the domestic economy recorded significant negative growth due to the spread of the COVID-19. Though exports have been partially picked up towards the latter half of the year, the severe situation continued such as prolonged stagnation of consumer spending. Under these circumstances, sales of Basic Chemicals decreased in the Chemicals Segment. In the Performance Materials Segment, Display Materials and Semiconductor Materials performed well. Sales of the Agricultural Chemicals Segment were unchanged from the previous fiscal year. In the Pharmaceuticals Segment, although sales of "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) increased, sales of drug discovery decreased.

As a result, operating and ordinary income achieved record highs for the seventh consecutive year and net income attributable to owners of parent for the eighth consecutive year, exceeding the earnings outlook announced in November.

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

	FY2019 (Actual)	FY2020 (Actual)	Year-on-year change	FY2020 (Outlook)	Change from Outlook
Net sales	206,837	209,121	+2,283	209,500	(379)
Operating income	38,647	42,530	+3,883	40,300	+2,230
Ordinary income	40,003	43,893	+3,889	41,100	+2,793
Net income attributable to owners of parent	30,779	33,470	+2,690	31,400	+2,070

Explanations by segments are as below.

## The Chemicals Segment

In Basic Chemicals, although sales of high purity sulfuric acid (agent used for cleaning semiconductor) increased, sales of melamine (adhesives agent for particle board) declined due to market conditions. In Fine Chemicals, sales of "TEPIC" (powder coating agent for paint, sealants, etc.) were basically unchanged from the previous fiscal year, while sales for environmental chemicals (sterilizing and disinfecting agents for pools and septic tanks, etc.) decreased.

As a result, sales of this segment were 31,908 million yen (a decrease of 2,427 million yen) and operating income was 1,482 million yen (an increase of 186 million yen). Compared to the outlook, net sales were above 0.2 billion yen and operating income was above 0.3 billion yen.

## The Performance Materials Segment

In Display Materials, sales of "SUNEVER" (LCD alignment coating) for tablets and notebook PCs performed well. In Semiconductor Materials, sales of anti-reflection coating materials for semiconductors (ARC®) and multilayer materials (OptiStack®) increased, reflecting the strong operation of customers. In Inorganic materials, sales of Organo / Monomer sol (various kinds of coating materials, resin additive) decreased, while sales of "SNOWTEX" for polishes for electronic materials were firm.

As a result, sales of this segment were 71,648 million yen (an increase of 6,187 million yen) and operating income was 22,416 million yen (an increase of 5,429 million yen). Compared to the outlook, net sales were above 1.8 billion yen and operating income was above 1.8 billion yen.

\* ARC® and OptiStack® are registered trademarks of Brewer Science, Inc.

### The Agricultural Chemicals Segment

Sales of Fluralaner (active ingredients for veterinary pharmaceuticals) decreased due to the impact of inventories of customers. In the domestic agrochemicals segment, sales of "ALTAIR" (paddy rice herbicide) and "DITHANE" (fungicide) acquired in the third quarter of FY 2020 contributed to sales. On the other hand, sales of "ROUNDUP" (non-selective leaf treatment herbicide) were firm, and shipments of "GRACIA" (insecticide) declined due to moderate insect pests outbreaks. In the overseas agrochemicals segment, sales of "GRACIA", "ALTAIR" and "PERMIT" (herbicide) were robust.

As a result, sales of this segment were 63,848 million yen (a decrease of 189 million yen) and operating income was 18,202 million yen (a decrease of 1,050 million yen). Compared to the outlook, net sales were below 0.8 billion yen and operating income was below 0.5 billion yen.

### The Pharmaceuticals Segment

Sales of "LIVALO" (anti-cholesterol drug) declined due to increased sales of generic drugs. In "Custom Chemicals", sales of active pharmaceutical ingredients (generics) increased.

As a result, sales of this segment were 6,652 million yen (a decrease of 310 million yen) and operating income was 357 million yen (a decrease of 575 million yen). Compared to the outlook, net sales were below 0.1 billion yen and operating income was below 0.2 billion yen.

### Trading

Sales of this segment were 69,820 million yen (an increase of 1,912 million yen) and operating income was 2,498 million yen (an increase of 385 million yen). Compared to the outlook, net sales were above 0.7 billion yen and operating income was above 0.4 billion yen.

### Others

Sales of this segment were 23,763 million yen (an increase of 1,369 million yen) and operating income was 831 million yen (an increase of 146 million yen).

(Note) From FY2020, we have changed the method of totaling operating income by segments. Year-on-year comparisons are calculated using figures compiled using the same method. Under the new method, consolidation adjustments (such as unrealized gains on inventories and non-current assets) previously allocated to individual segments are collectively processed with the adjustments for the entire company. The impact of this change is minor.

(Outlook of business result for the next term)

### Outlook of Financial Results

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

	FY2020 Actual (A)	FY2021 Outlook (B)	Increase or decrease (B-A)	Rate of change (%)
Net sales	209.1	172.5	(36.6)	(18)%
Operating income	42.5	43.6	+1.1	+3%
Ordinary income	43.9	44.9	+1.0	+2%
Net income attributable to owners of parent	33.5	34.1	+0.6	+2%
Basic earnings per share	231.73 yen	239.18 yen	+7.45 yen	+3%
Average U.S. dollar exchange rate	106 yen	107 yen	-	-

# Segment Sales and Operating Income

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

	Net sales		Operating income	
	FY2020 Actual	FY2021 Outlook	FY2020 Actual	FY2021 Outlook
Chemicals	31.9	34.6	1.5	2.4
Performance Materials	71.6	75.8	22.4	23.8
Agricultural Chemicals	63.8	66.2	18.2	17.6
Pharmaceuticals	6.7	6.1	0.4	0.3
Trading	69.8	70.1	2.5	2.2
Other	23.8	23.4	0.8	0.7
Adjustment	(58.5)	(103.7)	(3.3)	(3.4)
Total	209.1	172.5	42.5	43.6

As outlook of business result for the next term, we assume net sales will be 172.5 billion yen, operating income will be 43.6 billion yen, ordinary income will be 44.9 billion yen and net income attributable to owners of parent will be 34.1 billion yen. The above outlook is calculated on the assumption that the exchange rate will be 107 yen per dollar.

Also, the Company will apply "Accounting Standards for Revenue Recognition" from FY2021, and the outlook is based on the standards. The amount of financial impact is as below.

(Outlook of consolidated financial results for six months ending September 30, 2021)

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

	Net sales	Operating income	Ordinary income	Net income attribute to owners of parent
After application (A) (1)	76.5	17.7	18.0	14.0
Before application (B) (2)	98.1	18.7	19.0	14.7
Amount of financial impact (A-B)	(21.6)	(1.0)	(1.0)	(0.7)

(Outlook of consolidated financial results for the fiscal year ending March 31, 2022)

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

	Net sales	Operating income	Ordinary income	Net income attribute to owners of parent
After application (A) (1)	172.5	43.6	44.9	34.1
Before application (B) (2)	217.1	43.6	44.9	34.1
Amount of financial impact (A-B)	(44.6)	-	-	-

(Notes 1) Outlook after application of "Accounting Standards for Revenue Recognition"

(Notes 2) Outlook before application of "Accounting Standards for Revenue Recognition"

## (2) Analysis of Financial Position

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

Total assets as of March 31, 2021 were 265,509 million yen (an increase of 15,987 million yen from the previous year). It is mainly due to the increase of merchandise and finished goods, intangible assets, and investment securities.

Total liabilities as of March 31, 2021 were 64,947 million yen (an increase of 953 million yen). It is mainly due to the increase of deferred tax liabilities.

Net assets as of March 31, 2021 were 200,562 million yen (an increase of 15,033 million yen).

As a result of these factors, equity ratio was 74.9% (an increase of 1.2% from March 31, 2020).

### (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, 2021 was 39,939 million yen (35,550 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, 2021 was 12,854 million yen (15,624 million yen for the previous year).

Due to share repurchase, payment for dividends and of long-term loans payable, net cash used in financing activities for the consolidated fiscal year ended March 31, 2021 was 25,629 million yen (25,186 million yen for the previous year).

As a result of these factors, cash and cash equivalents for the consolidated fiscal year ended March 31, 2021 were 32,380 million yen (30,639 million yen for the previous year), reflecting exchange of 284 million yen. It increased by 1,741 million yen compared to the previous year.

### <Reference> The transit of Cash Flow indices

	For the year ended				
	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Shareholders' equity ratio (%)	69.9	71.0	73.0	73.7	74.9
Shareholders' equity ratio based on market value (%)	212.2	268.5	303.4	229.7	299.0
Debt repayment ratio (year)	0.9	0.8	0.8	0.7	0.6
Interest coverage ratio (times)	208.0	299.3	288.1	288.5	573.3

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.

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

(Notes 3) Cash flows represents operating cash flow.

(Notes 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 "Vista2021" Stage II launched from April 2019, the company aimed to realize dividend payout ratio to be 45% and total payout ratio to be 75% in FY2020, and they were 44.9% and 74.6%. In FY2021, the company aims to realize dividend payout ratio to be 45% and total payout ratio to be 75%.

The year-end dividend is expected to be 58 yen per share. Accordingly, the total annual dividend per share for the current year ended March 31, 2021 will become 104 yen, which was 90 yen in the previous year.

Total annual dividends per share for the year ending March 31, 2022 is scheduled to be 108 yen (second quarter: 48 yen, year-end: 60 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) Target Management Indicator

Our most important objectives are "Return on Equity (ROE)" which represents the efficiency of managing shareholders' equity and "Ratio of operating income to net sales" 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 16% in medium term business plan "Vista 2021" Stage II launched in April 2019. We have achieved it in FY2019 and FY2020.

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

In April 2019, we launched "Vista 2021" Stage II (FY2019 to FY2021) later three years of our medium-term business plan that sets out our vision for FY2021. In FY2020, the second year of the plan, we achieved record-high operating income for the seventh consecutive year, and maintained an upward trend in both sales and profits, even in the COVID-19 crisis.

Looking ahead, we will continue to steadily implement measures based on the basic strategy and take every possible measure to prepare for all possible risks that could threaten the survival of our business. By responding to rapid changes in the business environment, we aim to establish a stronger incomes basis and further increase our corporate value.

Regarding to the first strategy set in Vista2021 Stage II of "Increase profitability of products that are source of growth", "SUNEVER" continued to achieve higher sales thanks to the contribution of increased demand for monitors in the Performance Materials Segment. Also, sales of ARC®, an anti-reflection coating material for semiconductors, grew significantly due to favorable market conditions such as stay-at-home demand and 5G developments, as well as an increase in the number of applicable layers and the achievement of increased market shares. In the Chemicals segment, we expanded our cyanuric acid production facilities. Accordingly, we will focus on expanding sales of products such as cyanuric acid and "TEPIC" made from cyanuric acid. In the Agricultural Chemicals segment, we acquired Quinoxifen fungicide product line in November 2019 and Mancozeb fungicide product line in December 2020 with the purpose of expanding our portfolio of agrochemicals products. As a medium-term measure, we established Nissan Bharat Rasayan Private Limited in India as our first overseas agrochemicals manufacturing base to meet the growing demand for our agrochemicals worldwide. We are planning to produce "LEIMAY" materials, "GRACIA" materials, and other products, and will further boost our profitability.

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

Regarding to the second strategy of "Strengthen ability to create new products", we are strengthening our R&D foundation, including technological development with an eye on new domains. With our joint research with PeptiDream Inc., we have succeeded in developing innovative peptide production technologies that reduce manufacturing costs and environmental impact. The technology is highly regarded as an important new technology in chemical industry journals. In the



Pharmaceuticals segment, we invested in Luxna Biotech Co., Ltd., a partner in joint research, with the aim of nurturing oligonucleotides into future mainstay drug discovery research areas. We also looking for continuously expanding our development pipeline and shortening the time to launch. In addition, in order to intensively allocate management resources to more promising research and strengthen exploratory research in new domains, we are selecting and concentrating research themes with an eye on the market and reviewing personnel allocation.

With regard to the third strategy of "Improve ability to adapt to social/market changes", we are steadily advancing initiatives for the 19-element materiality (important issues). For example, under the heading "Provision of new value for helping to enrich people's lives", we are planning an 18% increase in agrochemicals net sales in FY2021 compared to FY2018 in order to contribute to food issues. Under the heading "Strengthening of Nissan Group's business base", we propelled health promotion measures with the purpose of maintaining and improving the health of our employees. As a consequence, in March 2021 we were selected for the fifth consecutive year as a "Health and Productivity Management Organization (White 500)". In the item "Continuous improvement of responsible care activities", we set a long-term target of reducing greenhouse gas emissions by 30% from FY2018 level by 2030. In order to respond to rapid changes in the business environment, in July 2020 we established the Digital Technology Promotion Office to accelerate digital transformation, improve profitability in established businesses, and provide an environment in which employees can maximize their strengths through telework and other means.

To strengthen corporate governance, we will increase the number of outside directors by 1 to 4 by the resolution of the Ordinary General Shareholders' Meeting in June of this year. In this way, we will further enhance the effectiveness of independent and objective management oversight by the Board of Directors in order to increase corporate value over the medium to long term.

As described above, various measures under the Medium-Term Management Plan Vista2021 are progressing steadily.

In FY2021, the final year of the plan, we will strive to achieve our goals. Over the next year, we will work to formulate the next medium-term management plan and a new long-term management plan that will raise our perspective by 2050. We will aim to establish a more robust business portfolio by drawing up a growth strategy that looks ahead to the future of transformation, including global-scale fluctuations such as measures to combat global warming and population issues, the arrival of digital society, and the values of people who are becoming increasingly diverse. In addition, we will establish a path for the future for our group by aggressively promoting corporate social responsibility (CSR) management and thoroughly pursuing measures to increase corporate value.

Based on our corporate philosophy of "We contribute to society in harmony with the environment, based on our excellent technologies, products and services", we will more vigorously promote sound and transparent management, thorough compliance, further consideration for the environment, and social contribution activities. We will continue to make a concerted effort to become a corporate group that is trusted by all stakeholders.

### **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, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	30,639	32,380
Notes and accounts receivable - trade	72,509	73,937
Merchandise and finished goods	33,131	33,774
Work in process	153	23
Raw materials and supplies	10,590	12,853
Accounts receivable - other	2,765	2,534
Short-term loans receivable	2,045	1,223
Other	2,387	2,892
Allowance for doubtful accounts	(26)	(31)
Total current assets	154,196	159,588
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,110	68,438
Accumulated depreciation and impairment loss	(42,260)	(43,601)
Buildings and structures, net	24,850	24,837
Machinery, equipment and vehicles	135,476	140,790
Accumulated depreciation and impairment loss	(123,035)	(128,053)
Machinery, equipment and vehicles, net	12,440	12,736
Tools, furniture and fixtures	39,625	39,775
Accumulated depreciation and impairment loss	(35,829)	(36,742)
Tools, furniture and fixtures, net	3,796	3,033
Land	8,995	8,996
Construction in progress	1,499	2,233
Total property, plant and equipment	51,581	51,837
Intangible assets		
Software	566	548
Other	6,812	11,581
Total intangible assets	7,379	12,129
Investments and other assets		
Investment securities	30,873	35,894
Deferred tax assets	721	205
Net defined benefit asset	1,609	2,478
Other	3,244	3,485
Allowance for doubtful accounts	(84)	(110)
Total investments and other assets	36,364	41,953
Total non-current assets	95,325	105,921
Total assets	249,522	265,509

(Million yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,876	16,298
Short-term loans payable	22,898	20,937
Current portion of long-term loans payable	640	552
Income taxes payable	6,167	7,113
Provision for bonuses	2,151	2,250
Provision for directors' bonuses	26	7
Other	11,254	12,585
Total current liabilities	60,015	59,744
Non-current liabilities		
Long-term loans payable	1,076	1,184
Deferred tax liabilities	76	1,310
Provision for business structure improvement	284	171
Provision for loss on business of subsidiaries and affiliates	309	-
Provision for share-based remuneration for directors (and other officers)	46	91
Net defined benefit liability	208	249
Other	1,976	2,196
Total non-current liabilities	3,978	5,202
Total liabilities	63,993	64,947
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,613	13,613
Retained earnings	146,997	161,708
Treasury shares	(2,470)	(7,340)
Total shareholders' equity	177,082	186,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,782	11,359
Foreign currency translation adjustment	(896)	81
Remeasurements of defined benefit plans	(51)	463
Total accumulated other comprehensive income	6,834	11,904
Non-controlling interests	1,610	1,733
Total net assets	185,528	200,562
Total liabilities and net assets	249,522	265,509

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

## - Consolidated Statements of Income

(Million yen)

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net sales	206,837	209,121
Cost of sales	122,379	121,376
Gross profit	84,458	87,745
Selling, general and administrative expenses	45,810	45,214
Operating income	38,647	42,530
Non-operating income		
Interest income	26	16
Dividend income	785	981
Equity in earnings of affiliates	945	1,123
Other	852	668
Total non-operating income	2,609	2,790
Non-operating expenses		
Interest expenses	123	69
Loss on disposal of non-current assets	443	696
Plant stop losses	298	177
Foreign exchange losses	235	52
Other	151	431
Total non- operating expenses	1,252	1,427
Ordinary income	40,003	43,893
Extraordinary income		
Gain on sales of investment securities	1,834	1,588
Total extraordinary income	1,834	1,588
Extraordinary losses		
Licensing arrangement fee	834	-
Total extraordinary losses	834	-
Income before income taxes and non-controlling interests	41,003	45,481
Income taxes - current	10,102	12,037
Income taxes - deferred	36	(50)
Total income taxes	10,138	11,986
Net income	30,864	33,495
Net income attributable to non-controlling interests	84	25
Net income attributable to owners of parent	30,779	33,470

- Consolidated Statements of Comprehensive Income

(Million yen)

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net income	30,864	33,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,851)	3,575
Foreign currency translation adjustment	(976)	1,075
Remeasurements of defined benefit plans, net of tax	(309)	514
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	(4,137)	5,167
Comprehensive income	26,726	38,663
(Comprehensive income attributable to)		
Owners of parent	26,733	38,540
Non-controlling interests	(6)	122

(3) Consolidated Statements of Changes in Net Assets  
For the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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	143,200	(6,291)	169,464
Changes of items during period					
Dividends of surplus			(12,360)		(12,360)
Net income attributable to owners of parent			30,779		30,779
Share repurchase				(10,801)	(10,801)
Disposal of treasury shares			(0)	0	0
Cancellation of treasury shares			(14,622)	14,622	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,797	3,821	7,618
Balance at end of current period	18,942	13,613	146,997	(2,470)	177,082

	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	10,634	(11)	258	10,880	1,728	182,074
Changes of items during period						
Dividends of surplus						(12,360)
Net income attributable to owners of parent						30,779
Share repurchase						(10,801)
Disposal of treasury shares						0
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(2,851)	(884)	(309)	(4,046)	(117)	(4,164)
Total changes of items during period	(2,851)	(884)	(309)	(4,046)	(117)	3,454
Balance at end of current period	7,782	(896)	(51)	6,834	1,610	185,528

For the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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	146,997	(2,470)	177,082
Changes of items during period					
Dividends of surplus			(13,629)		(13,629)
Net income attributable to owners of parent			33,470		33,470
Share repurchase				(10,002)	(10,002)
Disposal of treasury shares				1	1
Cancellation of treasury shares			(5,130)	5,130	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	14,710	(4,870)	9,840
Balance at end of current period	18,942	13,613	161,708	(7,340)	186,923

	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	7,782	(896)	(51)	6,834	1,610	185,528
Changes of items during period						
Dividends of surplus						(13,629)
Net income attributable to owners of parent						33,470
Share repurchase						(10,002)
Disposal of treasury shares						1
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	3,577	978	514	5,070	123	5,193
Total changes of items during period	3,577	978	514	5,070	123	15,033
Balance at end of current period	11,359	81	463	11,904	1,733	200,562

## (4) Consolidated Statements of Cash Flows

(Million yen)

	Year Ended March 31, 2020	Year Ended March 31, 2021
Cash flows from operating activities		
Income before income taxes and non-controlling interests	41,003	45,481
Depreciation and amortization	10,516	10,346
Amortization of goodwill	28	78
Interest and dividend income	(811)	(997)
Loss (gain) on sales of investment securities	(1,834)	(1,588)
Interest expenses	123	69
Loss (gain) on disposal of non-current assets	443	696
Decrease (increase) in notes and accounts receivable - trade	(3,656)	(1,016)
Decrease (increase) in inventories	(2,352)	(2,398)
Increase (decrease) in notes and accounts payable - trade	(715)	(842)
Other	(263)	(671)
Subtotal	42,481	49,159
Interest and dividend income received	1,565	1,925
Interest expenses paid	(123)	(69)
Income taxes paid	(8,373)	(11,076)
Net cash provided by (used in) operating activities	35,550	39,939
Cash flows from investing activities		
Purchase of investment securities	(657)	(159)
Proceeds from sales of investment securities	3,206	3,063
Purchase of shares of subsidiaries	(330)	(1,209)
Purchase of property, plant and equipment	(8,904)	(8,254)
Payments for retirement of property, plant and equipment	(391)	(598)
Purchase of intangible assets	(285)	(688)
Payments for transfer of business	(6,335)	(5,384)
Net decrease (increase) in short-term loans receivable	(1,538)	522
Purchase of long-term prepaid expenses	(645)	(222)
Other	256	77
Net cash provided by (used in) investing activities	(15,624)	(12,854)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(653)	(2,017)
Proceeds from long-term loans payable	600	660
Repayments of long-term loans payable	(1,860)	(640)
Cash dividends paid	(12,360)	(13,629)
Dividends paid to non-controlling interests	(111)	-
Share repurchase	(10,801)	(10,002)
Other	0	-
Net cash provided by (used in) financing activities	(25,186)	(25,629)
Effect of exchange rate change on cash and cash equivalents	(283)	284
Net increase (decrease) in cash and cash equivalents	(5,544)	1,741
Cash and cash equivalents at beginning of period	36,183	30,639
Cash and cash equivalents at end of period	30,639	32,380



**(Going Concern Assumption)**

Not applicable.

**(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
Pharmaceuticals	LIVALO (anti-cholesterol drug), etc. Custom Chemicals (custom manufacturing and process researching services 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, 2020 (From April 1, 2019 to March 31, 2020)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	24,893	57,831	58,693	6,905	48,235	10,265	206,824	13	206,837
Intersegment	9,443	7,629	5,345	56	19,672	12,128	54,276	(54,276)	—
Total sales	34,336	65,460	64,038	6,962	67,907	22,394	261,100	(54,262)	206,837
Operating income (loss)	1,296	16,987	19,253	932	2,113	685	41,269	(2,621)	38,647
Segment assets	27,711	50,172	73,909	10,555	25,243	11,976	199,569	49,952	249,522
Other items									
Depreciation and amortization	1,940	5,202	2,296	598	85	187	10,311	204	10,516
Amortization of goodwill	1	—	27	—	—	—	28	—	28
Increase of property, plant and equipment and intangible assets	3,134	3,276	7,902	597	104	366	15,381	327	15,709

(Notes 1) The adjustments are as follows:

(1) The (2,621) million yen adjustment in segment income includes 275 million yen in intersegment eliminations, 13 million yen sales not attributable to any reporting segment, and (2,909) million yen corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

(2) The 49,952 million yen adjustment in segment assets includes (11,924) million yen in intersegment eliminations and 61,877 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.

(3) The 204 million yen adjustment in depreciation and amortization is corporation expenses.

(4) The 327 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, 2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	21,867	62,600	57,541	6,609	50,833	9,657	209,109	12	209,121
Intersegment	10,041	9,047	6,306	43	18,987	14,106	58,533	(58,533)	—
Total sales	31,908	71,648	63,848	6,652	69,820	23,763	267,642	(58,521)	209,121
Operating income (loss)	1,482	22,416	18,202	357	2,498	831	45,790	(3,260)	42,530
Segment assets	30,763	51,014	82,822	9,646	26,205	12,789	213,241	52,268	265,509
Other items									
Depreciation and amortization	2,241	4,477	2,527	517	80	311	10,155	191	10,346
Amortization of goodwill	1	—	77	—	—	—	78	—	78
Increase of property, plant and equipment and intangible assets	4,903	3,174	6,426	475	137	388	15,504	296	15,800

(Notes 1) The adjustments are as follows:

(1) The (3,260) million yen adjustment in segment income includes 33 million yen in intersegment eliminations, 12 million yen sales not attributable to any reporting segment, and (3,305) million yen corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

(2) The 52,268 million yen adjustment in segment assets includes (12,958) million yen in intersegment eliminations and 65,226 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.

(3) The 191 million yen adjustment in depreciation and amortization is corporation expenses.

(4) The 296 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 reportable segment, etc.

(Change of calculation method for profit (loss) and depreciation and amortization by reportable segment)

In order to evaluate and manage the performance of each reportable segment more appropriately, the Company reviewed the method of adjusting intersegment transactions and has changed the method of calculation for profit or loss and depreciation and amortization of each reportable segment.

Segment information for the previous consolidated fiscal year is based on the revised method.

## Related Information

For the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Sales by region

(Million yen)

Japan	China	Korea	Other Asia	Europe and the United States	Consolidated Total
109,217	22,840	19,829	24,395	30,554	206,837

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

For the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

Sales by region

(Million yen)

Japan	China	Korea	Other Asia	Europe and the United States	Consolidated Total
108,443	26,476	21,481	25,175	27,554	209,121

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

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

For the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Not applicable.

For the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	—	—	—	—	—	11	11	—	11

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

For the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2020	3	—	298	—	—	—	301	—	301

For the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2021	1	—	404	—	—	—	406	—	406

**(Per Share Information)**

(Yen)

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net assets per share	1,264.23	1,384.13
Net income per share	210.09	231.73

Notes:

1. Since residual securities do not exist, diluted net income per share is not presented.
2. The Company has introduced "Board Benefit Trust (BBT)" from the second quarter of the previous fiscal year, 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 165,800 shares, and the average number of shares held by the Trust during the period was 165,892 shares.
3. Net income per share is calculated on the following basis.

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net income per share		
Net income attributable to owners of parent (Million yen)	30,779	33,470
Amounts not allocated to ordinary shares (Million yen)	—	—
Net income allocated to ordinary shares (Million yen)	30,779	33,470
Average number of ordinary shares outstanding during each year (shares)	146,511,438	144,438,465

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

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net asset (Million yen)	185,528	200,562
Amount deducted from net asset (Million yen)	1,610	1,733
(Non-controlling interest) (Million yen)	(1,610)	(1,733)
Net asset as of year end allocated to ordinary shares (Million yen)	183,917	198,828
Number of ordinary shares as of year end used to calculate net asset per share	145,477,422	143,648,112

**(Significant Subsequent Events)**

1. The Company, at the Board of Director's meeting held on April 23, 2021, 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 : | 1,000,000 shares (0.69% of issued shares prior to cancellation) |
| (3) Scheduled date of cancellation :   | May 10, 2021  |

Reference

Number of issued shares subsequent to cancellation (including treasury shares) : 144,000,000 shares

2. The Company, at the Board of Director's meeting held on May 14, 2021, 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.

- (1) Purpose of repurchase

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

- (2) Details of repurchase

- |                           |   |
|---------------------------|---|
| ① Class of shares:        | Common shares of the company  |
| ② Total number of shares: | Up to 1,800,000 shares (Rate of the maximum shares to be acquired to the total outstanding shares: 1.25%) |

- (3) Total amount

Up to 7,000,000,000 yen

- (4) Period of repurchase

From May 17, 2021 to August 31, 2021

Reference

Number of treasury shares as of May 10, 2021

Total number of shares issued (excluding treasury shares) : 143,813,788 shares

Number of treasury shares : 186,212 shares

\* Not including 164,800 shares of treasury shares which the Board Benefit Trust (BBT) has hold.