

New Medium-Term Business Plan

INNOVATION 25

(2021 to 2025)

NICCA Chemical Co., Ltd.

(Securities code: 4463)

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President

February 26, 2021

1. General overview of INNOVATION 19,
the previous medium-term business plan --- P. 3
2. Review of FY2020 --- P. 12
3. The INNOVATION 25 medium-term business plan --- P. 14
4. Appendix --- P. 29

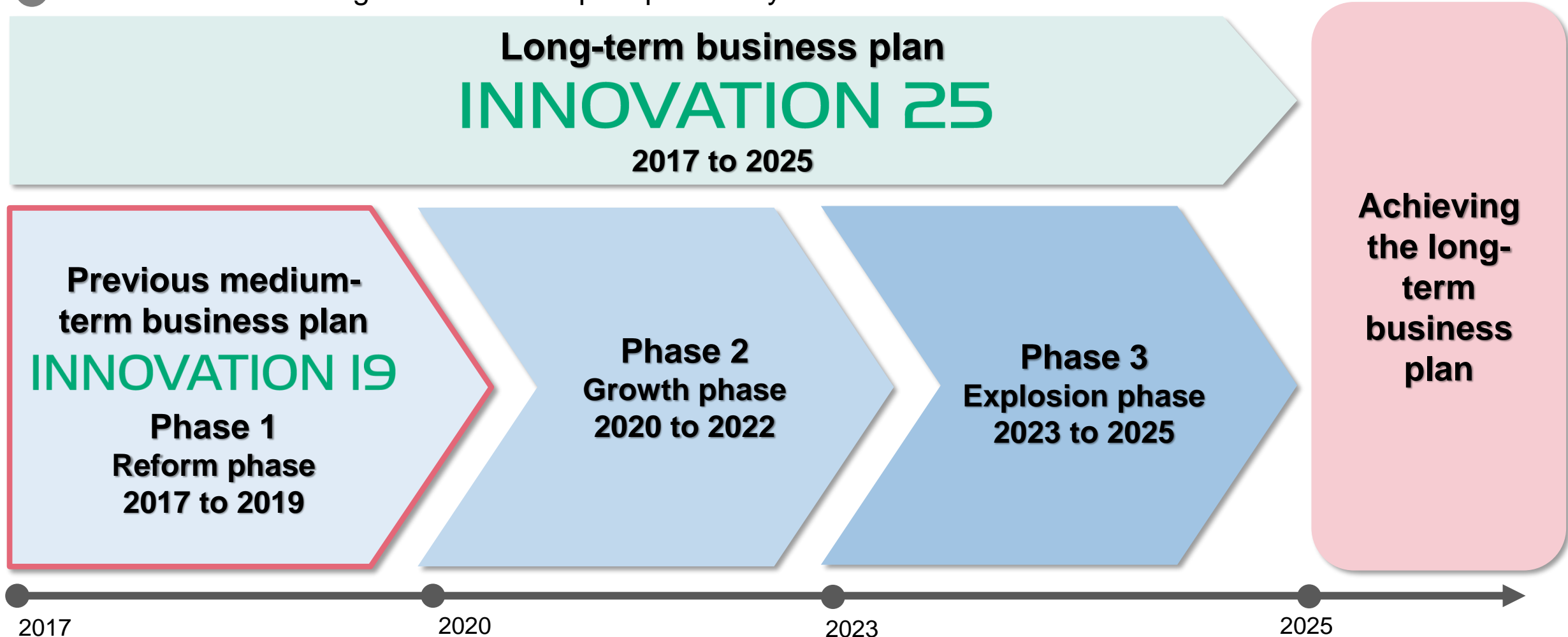


The background is a collage of four images: top-left shows the exterior of a modern building with vertical slats and the NICCA logo; top-right shows a close-up of a ceiling with horizontal light fixtures; bottom-left shows a view of the building's facade from a lower angle; bottom-right shows an interior view of a modern office space with desks, chairs, and a glass railing.

General Overview of INNOVATION 19, the Previous Medium-term Business Plan

The three-year period of the previous medium-term business plan (2017 to 2019) was positioned as a reform phase for the construction of a solid business foundation to ensure growth from 2020.

- The medium- and long-term business plan previously announced



Slogan

INNOVATION 19

Open Innovation and Reform

Goals (Consolidated)

- ❑ **Net sales:** JPY 50.0 billion
- ❑ **Operating profit:** JPY 2.5 billion
- ❑ **EBITDA:** JPY 5.0 billion or more
- ❑ **ROE (Net income):** 5% or higher
- ❑ **Amount of growth investment during the three years:** JPY 14.0 billion

EBITDA = Operating profit + depreciation cost (including the amortization of goodwill)

Company-wide Management Strategy

● Promoting innovation

Take the opportunity of the beginning of operations at the NICCA Innovation Center to promote open innovation and accelerate new product development and the creation of new businesses.

● Strengthening and expanding the global network

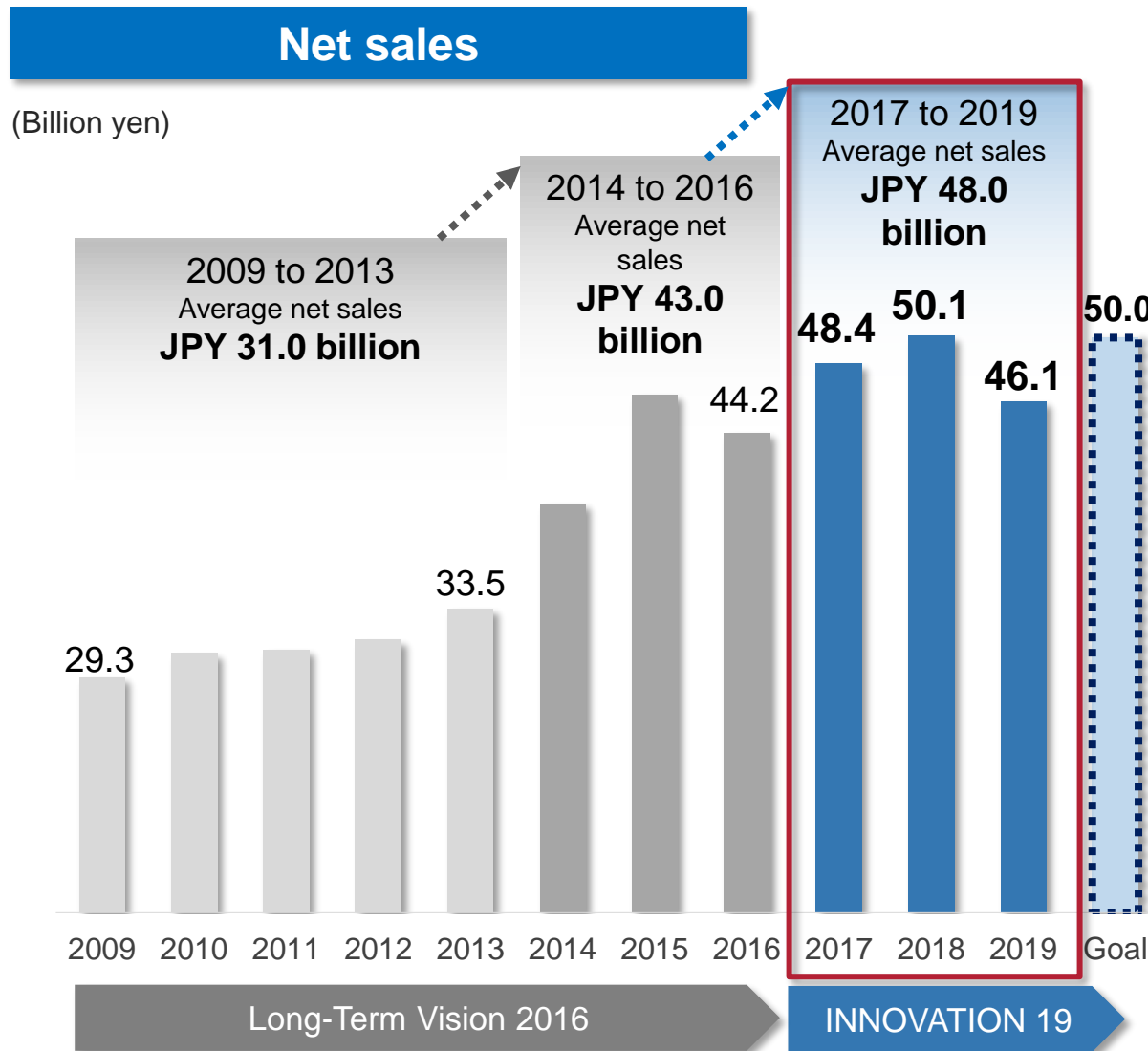
Strengthen and expand the global network by building solid partnerships with customers, mainly in Asia, and aggressively expanding business in new areas such as emerging countries.

● Establishing a business foundation that will enable us to keep on winning

Improve management efficiency to transform our business structure so that it is unaffected by environmental changes and build a business foundation that will enable us to keep on winning.

- Integrate the Kashima Factory and the Kanto Factory to consolidate production
- Integrate bases in China (Zhejiang and Shanghai) to improve business efficiency.
- Strategically leverage the Group's IT infrastructure to improve profitability
- Effectively use the Group's cash to invest, etc.
- Take thorough cost reduction measures.
- Reform the personnel system.

We achieved JPY 50.0 billion in 2018, a year earlier than planned, which resulted in steady growth of the three-year net sales average.



Highlights of the previous plan

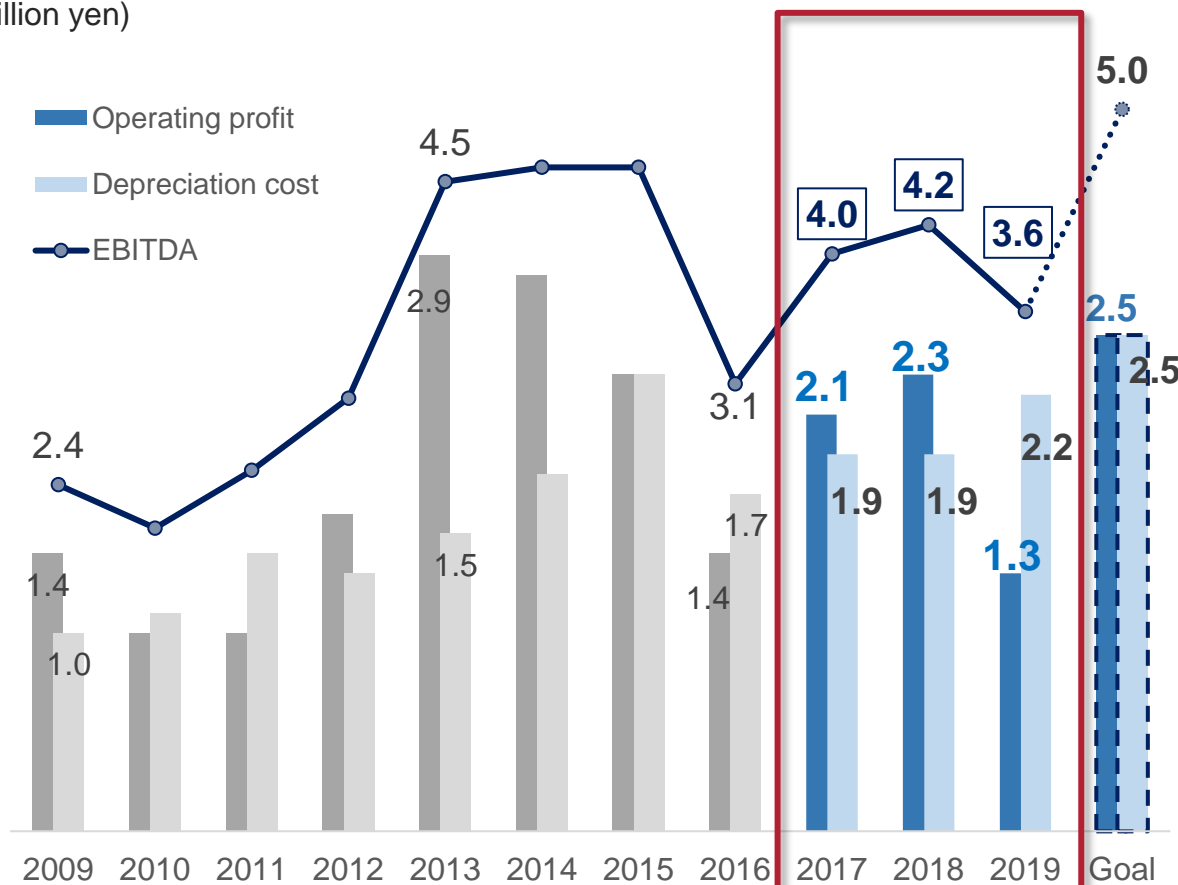
- Overseas textile chemicals business expanded steadily, mainly in Vietnam and other Asian countries.
- The cosmetics ODM business grew significantly as the second pillar of the cosmetics business.
- Ohtomo Chemical Ins., Corp., which we acquired in 2015, achieved a greater than 30% increase in sales.
- On the other hand, large-scale contract manufacturing projects expanded rapidly in both chemicals and cosmetics, which resulted in an unbalanced business portfolio.
- Sales decreased significantly in 2019, resulting in a failure to achieve the medium-term goal, mainly reflecting the intensified U.S.-China trade conflict, two consecutive warm winters, and the reduction of the number of large-scale contract manufacturing projects.

Consolidated Performance (Operating Profit & EBITDA)

However, profitability issues remained due to an increase in fixed costs including depreciation cost for large investments.

Operating profit & EBITDA

(Billion yen)



Long-Term Vision 2016

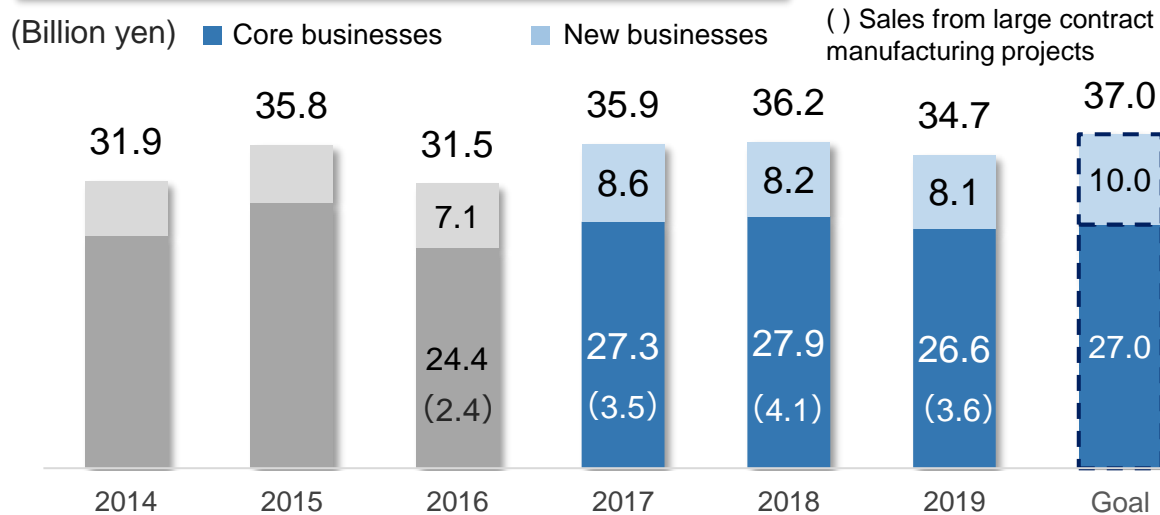
INNOVATION 19

Highlights of the previous plan

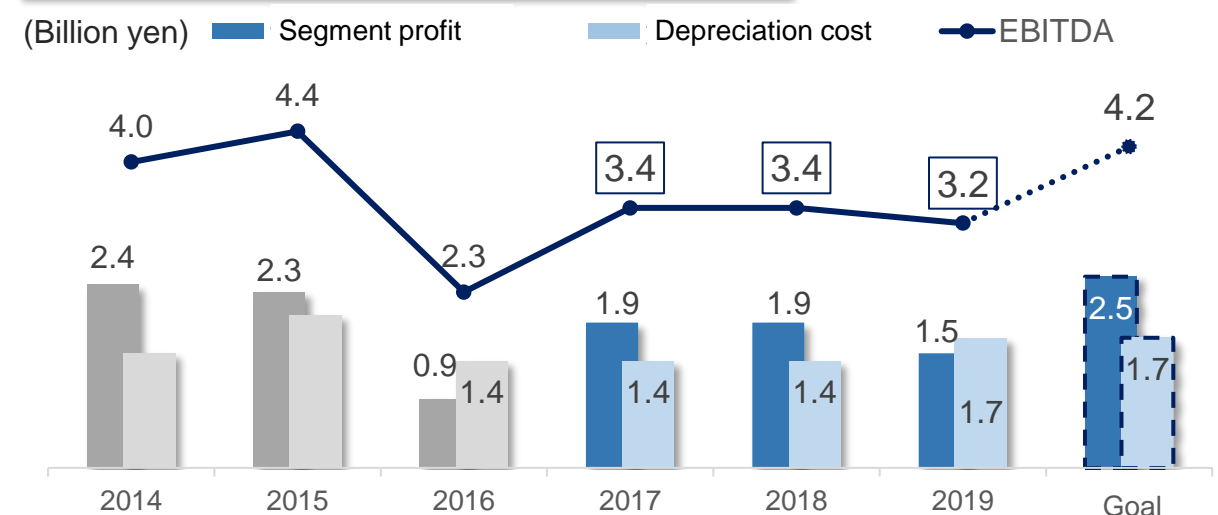
- Intensive growth investment.
- Aggressive investment in R&D to create new businesses, in addition to large investments such as the establishment of a new research center, the construction of a new factory, and others.
- Expenses increased in tandem with the increase of sales, leaving fundamental cost improvements half done.
- Profit was also affected significantly by changes in the number of large contract-manufacturing projects.
- Profit decreased in 2019 due to a significant increase in depreciation cost, attributed in part to the large three-year investment, and also to a decline in net sales.

While net sales grew steadily in both core businesses and new businesses, profit from new businesses was far below the goal, and profit declined due to depreciation cost and aggressive spending. The profitability of this segment is an issue to address.

Net sales



Segment profit & EBITDA



Major achievements

- Double-digit growth was achieved in textile chemicals business in **Vietnam and Bangladesh**.
- **Ohtomo Chemical** increased net sales by more than 30%, due mainly to new business development.
- **The special resin business** developed greatly as a new growth business.
- **The new Kashima Factory** was completed, enabling increased production of waterborne polyurethane resin.
- **The new NICCA KOREA factory** is completed, and the production of active ingredients for water repellents, etc. has begun to increase.

Tasks in the next term

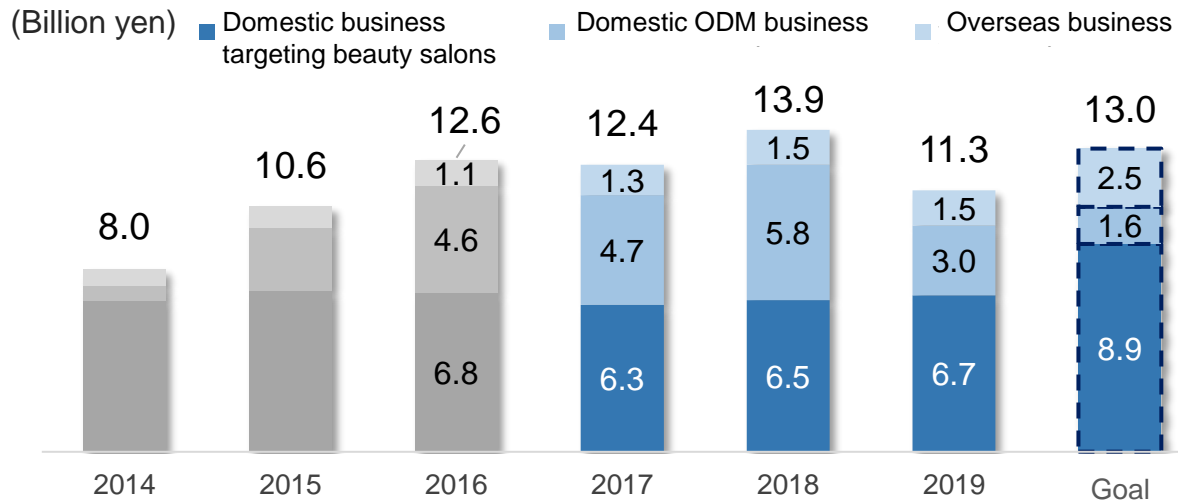
- Transformation of the business portfolio
 - Improving business profitability
 - Breaking away from a structure dependent on seasonal fluctuations and specific factors and industries
- Accelerating the creation and development of new businesses in growth markets
- Optimizing the balance sheet, including inventory assets, and improving cash flows

Chemicals include other businesses.

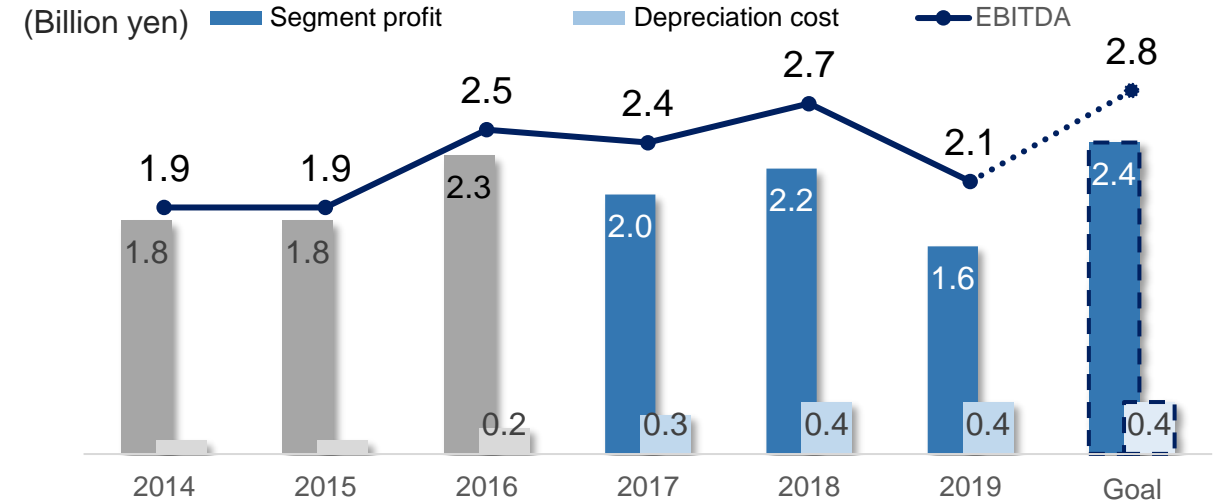
In the previous announcement, the operating profit and EBITDA goals were set including some costs, such as the cost for new research facilities, in "Company-wide, etc."

The growth of the domestic ODM business was achieved through the diversification strategy and the growth of overseas business was achieved through the global expansion strategy, but the domestic business targeting beauty salons remained flat. The tasks for the next term will again be to achieve the growth of the domestic business targeting beauty salons, and also to expand domestic and overseas ODM businesses.

Net sales



Segment profit & EBITDA



Major achievements

- **FLOWDIA**, the mainstay haircare products, became a big brand exceeding JPY 1.0 billion.
- **Domestic ODM business** expanded significantly thanks in part to large contract manufacturing projects.
- **Overseas business** grew mainly in South Korea, exceeding JPY 1.5 billion.
- Acquired Rella Cosmetique K.K., making progress in the **building of a system for increasing production**.
- All cosmetics factories acquired **ISO 22716** certification, with an improved level of management.

Tasks in the next term

- Again, achieve growth of domestic business targeting beauty salons
- Expand domestic and overseas ODM businesses
- Promote the diversification strategy, including alcohol hand sanitizer
- Move forward with digital promotion
- Improve productivity through manufacturing and operational reforms

Steadily implemented major investments necessary for future growth while curbing the increase of interest-bearing debt

Major medium-term achievements



Growth investments

- **Equipment investment and capital investment**
Investments necessary for future growth were made on the largest-ever scale over the three years.
 - Completion of the NICCA Innovation Center, a new research facility (2017)
 - Began operations at the new Kashima Factory, enabling an increase of the production of urethane resin (2019)
 - Completion of the new NICCA KOREA factory for fluorine chemical products (2019)
 - Acquisition of Rella Cosmetique K.K. stock (2019)
- **Growth investment during the three years and interest-bearing debt**
We made it possible to invest in growth while curbing debt by improving the efficiency of fund operations.
 - Amount invested in growth during the three years: **Approx. JPY 14.0 billion**
 - Outstanding interest-bearing debt
 - End of 2016: **JPY 17.3 billion**
 - End of 2019: **JPY 19.5 billion** → **Up approx. JPY 2.2 billion in the three years**



(From left): NICCA Innovation Center, Kashima Factory No.2, new NICCA KOREA factory

Company-wide goals

Consolidated (Billion yen)	2016	Term of the previous medium-term management plan			
		2017	2018	2019	
	Results	Results	Results	Plan	Results
Net sales	44.2	48.4	50.1	50.0	46.1
Operating profit	1.4	2.1	2.3	2.5	1.3
EBITDA	3.1	4.0	4.2	5.0	3.6
ROS (Operating profit)	3.3%	4.4%	4.6%	5.0%	3.0%
ROE (Profit)	2.0%	7.8%	12.6%	5.0%	4.5%
Interest-bearing debt	17.3	19.1	17.8	-	19.5
Exchange rate: JPY/USD	110.29	112.38	110.56	100.00	109.37

Chemicals include other businesses.

EBITDA = Operating profit + depreciation cost (including goodwill amortization)

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Segment-specific goals

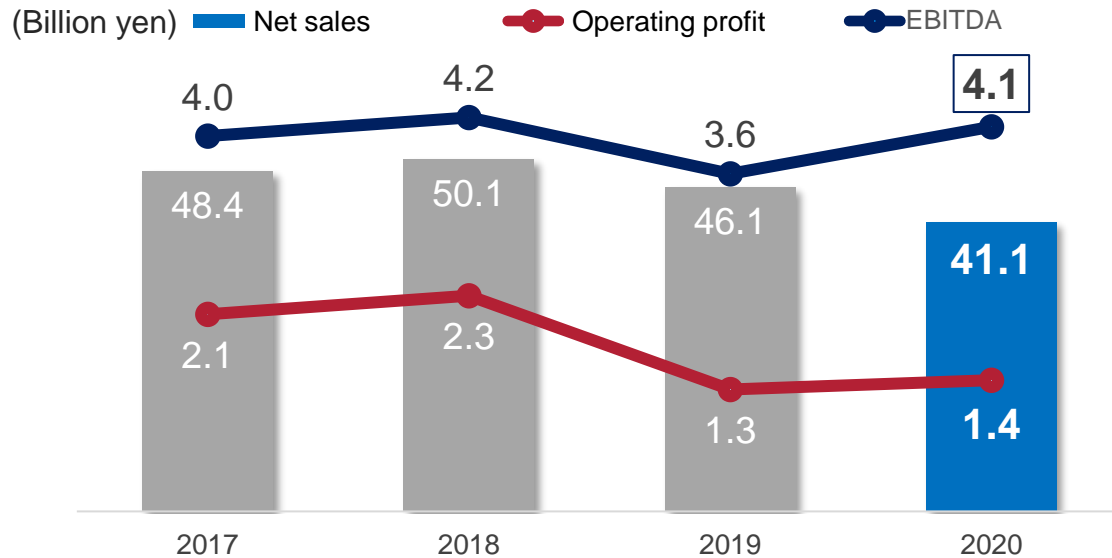
Consolidated (Billion yen)	2016	Term of the previous medium-term management plan			
		2017	2018	2019	
	Results	Results	Results	Plan	Results
Net sales	44.2	48.4	50.1	50.0	46.1
Chemicals	31.5	35.9	36.2	37.0	34.7
Domestic	13.8	15.2	15.1	16.5	15.2
Overseas	17.6	20.7	21.0	20.5	19.5
Cosmetics	12.6	12.4	13.9	13.0	11.3
Domestic	11.6	11.2	12.5	10.5	10.0
Overseas	1.0	1.2	1.4	2.5	1.3
Segment profit	1.4	2.1	2.3	2.5	1.3
Chemicals	0.9	1.9	1.9	2.5	1.5
Cosmetics	2.3	2.0	2.2	2.4	1.6
Corporate and eliminations	-1.8	-1.9	-1.9	-2.4	-1.8
EBITDA	3.1	4.0	4.2	5.0	3.6
Chemicals	2.3	3.4	3.4	4.2	3.2
Cosmetics	2.5	2.4	2.7	2.8	2.1
Corporate and eliminations	-1.7	-1.8	-1.8	-2.0	-1.7

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Review of FY2020

We faced difficult conditions and a drastic change in the business environment. However, many reforms made progress during the fiscal year.

Net sales and operating profit



Results

- **Decrease in sales and increase in profit**


While sales declined 10% year on year, operating profit increased thanks to Group-wide operations improvement and uncompromising cost reductions.

- **Improved financial structure**

We posted a record-high cash flows from operating activities of JPY 6.4 billion and reduced interest-bearing debt by JPY 3.2 billion year on year, due in part to balance sheet optimization including the reduction of inventory assets.

What we gained in the difficult environment

- A new break-even point was established through uncompromising cost-cutting activities and a fundamental review of the cost structure.
- Company-wide introduction of remote working significantly improved business efficiency, increased frequency of communication with overseas people, diversified workstyles and prevented infection.
- Interest-bearing debt was reduced due in part to the optimization of operating funds, reduction of unwanted assets, and other results of the review of inventory assets.
- Hints and a catalyst for the further evolution of the new target management evaluation system for personnel evaluations were acquired due to the increased utilization of remote working and working from home.

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Medium-term Business Plan
INNOVATION 25

In the long term, our goal is to become the innovation company most trusted by customers all over the world through three key management strategies.

Company-wide long-term vision

The innovation company most trusted by customers all over the world

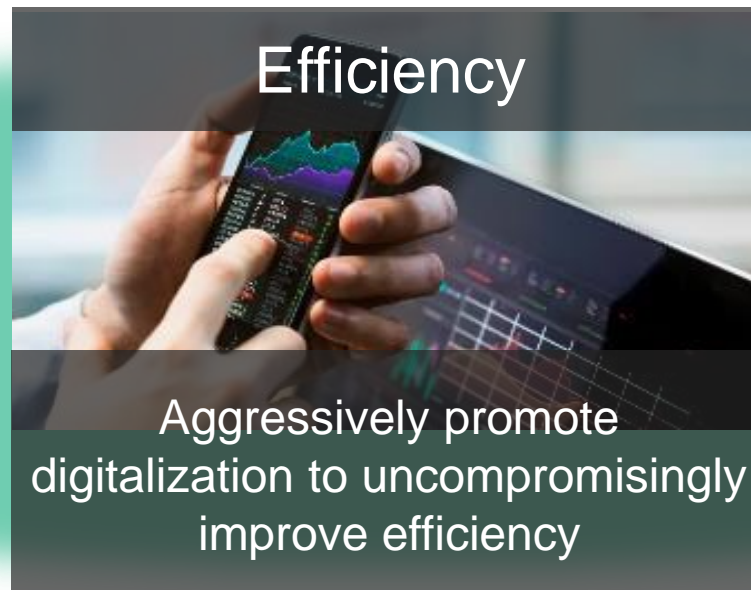
3 key management strategies

Innovation



Innovate to solve new social issues

Efficiency



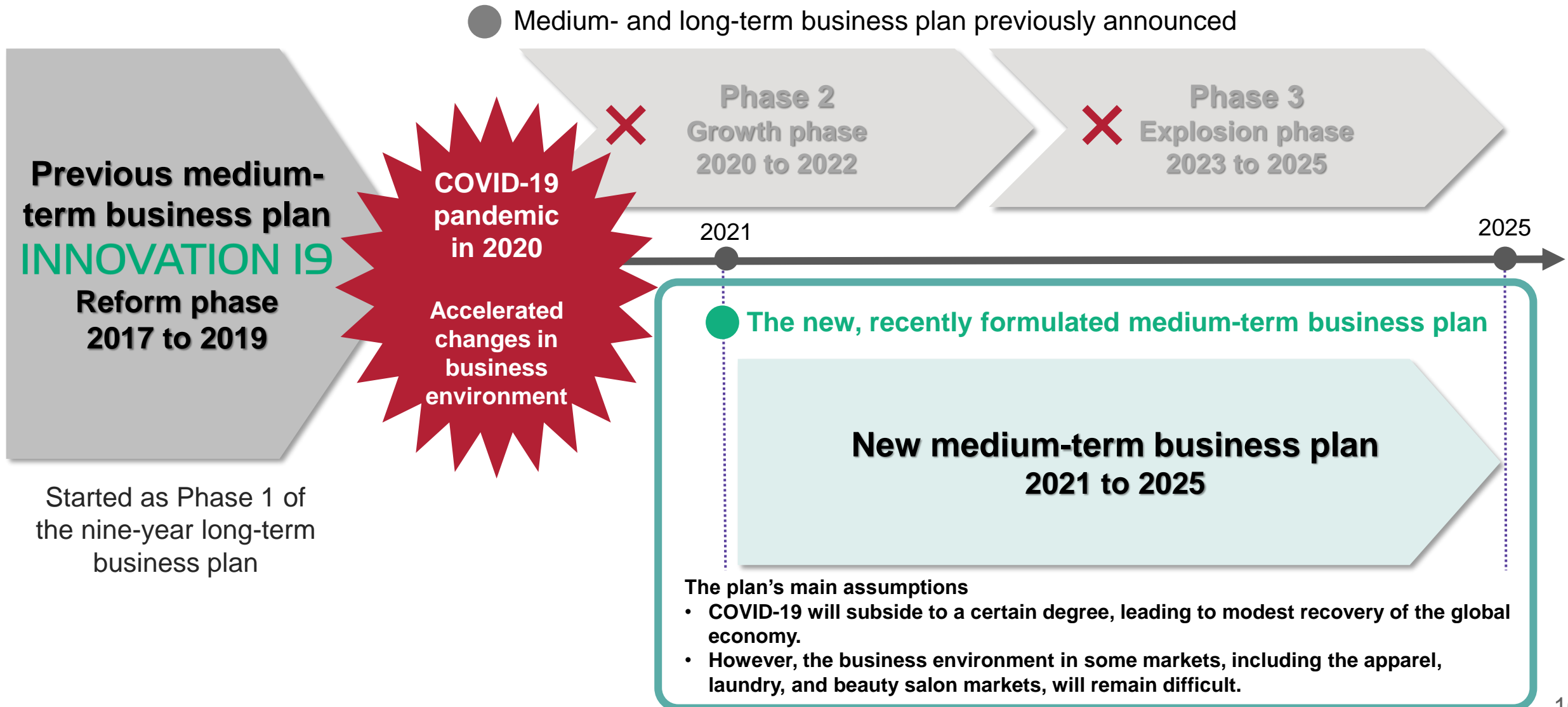
Aggressively promote digitalization to uncompromisingly improve efficiency

Sustainability



Become a strong, vigorous corporate group contributing to a sustainable society

We developed a new five-year medium-term business plan that is not a continuation of the previous plans, reflecting the significant change in the business environment.



The business environment is experiencing significant, rapid change

View of the business environment

The new normal caused by the pandemic

- Rising awareness of health and hygiene
- Penetration and continuation of infection control
- Changes in consumer behaviors (e-commerce/consumption at home)
- Acceleration of digitalization of society reflecting teleworking and remote communication



Climate change and environmental policy

- Decarbonization and solutions to the marine plastic problem
- Shift to a green society and a circular economy
- Momentum increasing globally toward the realization of a sustainable society (SDGs)

Super-smart society

- Arrival of Society 5.0
- Accelerated development of technologies for EVs and next-generation mobility
- Growing demand for semiconductors, optical products, etc. reflecting the shift to next-generation communication standards and the growing use of digital equipment

DX and workstyle reform

- Dramatic efficiency improvement using AI, 5G, robotics, etc.
- Declining birth rate, aging population, and improvement of per-capita productivity
- Diversification of workstyles and collapse of traditional Japanese employment practices
- Promotion of diversity

In the new medium-term business plan, **INNOVATION 25**, we have laid out five company-wide basic strategies to achieve transformation and steady growth even in a business environment that is extremely uncertain.

Name of the new plan

INNOVATION 25

Company-wide basic strategies

1	Major transformation of business structure:	Focus efforts on the areas of the Environment, Health, and Digital (advanced materials).	Innovation
2	Productivity reform:	Aggressively promote DX.	Efficiency
3	Reinforcement of the financial foundation:	Build a firm financial foundation which enables stable growth investment.	Efficiency
4	Promotion of sustainable management:	Contribute to a sustainable society.	Sustainability
5	Evolution of the extended family policy:	Promote diversity and improve the job satisfaction of all employees.	Sustainability

Reflecting the uncertain business environment, we have first set quantifiable 3-year business performance goals to be achieved in FY2023, the final fiscal year of the plan.

3-year business performance goals

(FY2023 consolidated business performance targets)

- ❑ **Net sales:** **JPY 50.0 bn** (Chemicals: 37.0 bn./Cosmetics: 13.0 bn)
- ❑ **Operating profit:** **JPY 2.5 bn** (Chemicals: 2.1 bn/ Cosmetics: 2.4 bn/ Company-wide, etc.: -2.0 bn)
- ❑ **EBITDA:** **JPY 5.0 bn** (Chemicals: 3.9 bn/ Cosmetics: 2.9 bn/ Company-wide, etc.: -1.8 bn)
- ❑ **ROS (Operating profit):** **5% or higher**
- ❑ **ROE (Profit):** **5% or higher**
- ❑ **ROA (Operating profit):** **4.5% or higher**

Reference: FY2020 consolidated business performance

- ❑ **Net sales:** **JPY 41.1 bn**
- ❑ **Operating profit:** **JPY 1.4 bn**
- ❑ **EBITDA:** **JPY 4.1 bn**
- ❑ **ROS (Operating profit):** **3.4%**
- ❑ **ROE (Profit):** **5.1%**
- ❑ **ROA (Operating profit):** **2.6%**

Assumed exchange rate: JPY 105/USD

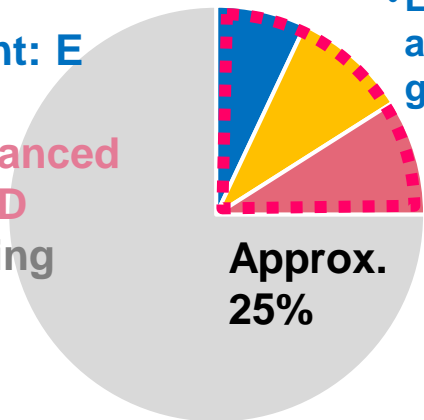
Chemicals include other businesses.
EBITDA = Operating profit+ depreciation cost (including amortization of goodwill)

To contribute to solutions to social issues, we will embark upon a major a major transformation of our business structure focusing on three business domains, the Environment, Health, and Digital (advanced materials) (the EHD businesses).

- The themes of all new product development projects in Japan shall be associated with EHD businesses, with efforts focused on the development of high added-value products and technologies.
- Increase the ratio of sales from EHD businesses to consolidated net sales from the current 25% to **50%** by 2025.

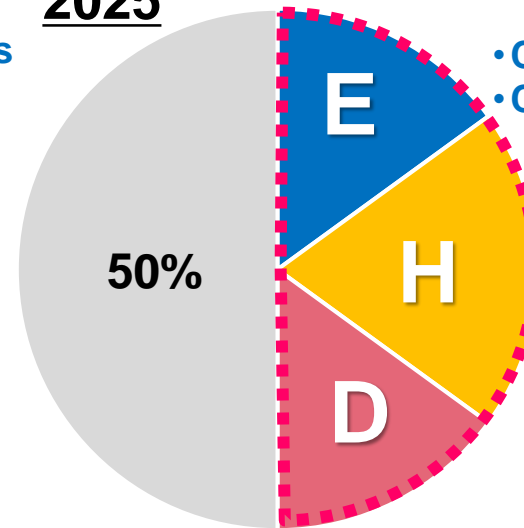
2019

- Environment: E
- Health: H
- Digital (advanced materials): D
- Other existing businesses



• EHD businesses are already growing.

2025

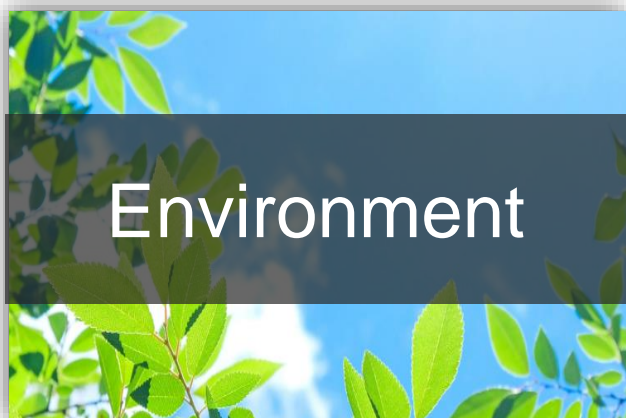


- Current products will be replaced.
- Cater to needs in new fields.

Aim for 100% in the future.

- **EHD sales ratio: Approx. 25%**
(Approx. JPY 11.0 billion)
- **EHD profit ratio: Approx. 30%**
(Approx. JPY 400 million)

Increase the ratio of sales from EHD businesses to 50% (sales and profit).

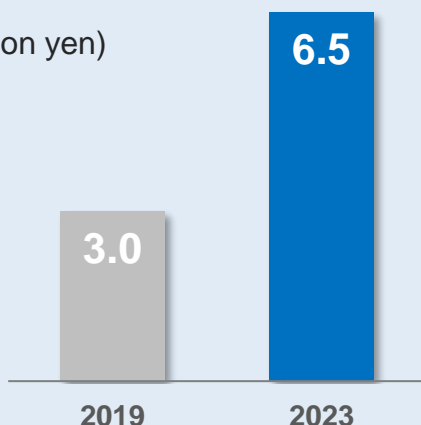


Environment

Net sales

2019 to 2023
CAGR: 21.3%

(Billion yen)



Basic policy, technology base, and specific initiatives

- Focus efforts on businesses which solve social issues related to the global environment to contribute to the realization of a sustainable society and a circular economy.
- Apply technologies related to (low molecular and high molecular) synthesis and manufacturing processes and technologies for anti-aging and cosmetic formulations.
- Focus efforts on the development of products using natural ingredients, natural materials, or biomaterials and products which contribute to the reduction of CO₂ emissions. Proactively promote the use of environmentally friendly containers and packaging materials.

Waterborne polyurethane for artificial leather

EVAFANOL series
Car seats, sofas, shoes, medical gloves



- Reducing environmental impact and switching to very safe substances
- Selected for inclusion in the Ministry of Economy, Trade and Industry's 2020 Global Niche Top Companies Selection 100

Fluorine-free water repellent agents

NEOSEED series
High functional apparel and sports brand clothing, etc.



- Environmentally friendly water repellent agents for textile processing
- Won U.S. R&D World Magazine's 2020 R&D 100 Award.
- Won the Ministry of Education, Culture, Sports, Science and Technology award program's Minister of Education, Culture, Sports, Science and Technology award recognizing inventions in Kinki area

EraL Beauty & Sustainable

Comprehensive rebranding of EraL
Cosmetics sold exclusively at beauty salons



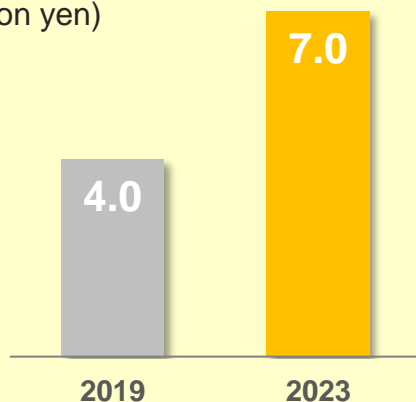
- Environmentally friendly containers and materials
- Functional formulations using plants and science
- Leading-edge research into aging care
- Contributing to the future of beauty salons



Net sales

2019 to 2023
CAGR: 15.0%

(Billion yen)

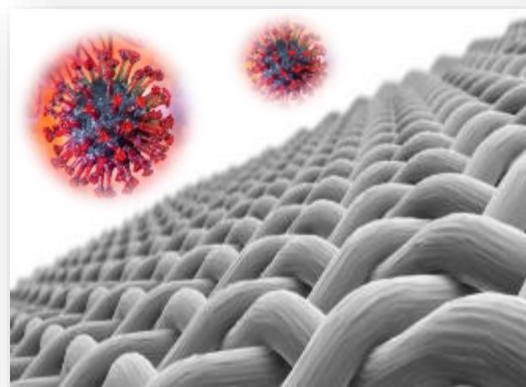


Basic policy, technology base, and specific initiatives

- Quickly advance development and commercialization of hygiene products, for which social needs have been increasing due to the COVID-19 pandemic. Specify next-generation medicine and infection control as areas of focus, to contribute to the health and prosperity of people all over the world.
- Apply antibacterial and antiviral research and technology for pathological and cell examinations, including precision organic synthesis and precision polymerization technologies.
- Established the Life and Environmental Hygiene Business Development Division in 2020 to powerfully promote businesses related to life, the environment, and hygiene under an organizational structure beyond the boundaries of the business divisions.

Antibacterial and antiviral agents

NICCANON and ORRIS series
Textile products, films, coating materials,
and laundry



- 99.9% reduction of viruses
- Antiviral effects ensured for any material
- Business expansion to films, coating materials, and other areas
- Expand applications riding on the strengths of its quick effect and transparency.

Hair science for healthy, beautiful hair

FLOWDIA, UTAU, etc.
Hair care, scalp care, and styling



- Repairing damaged hair efficiently with an innovative technology developed from a medical perspective
- Keeping skin and hair healthy and beautiful using plant-derived ingredients

Next-generation in-vitro diagnostic kit

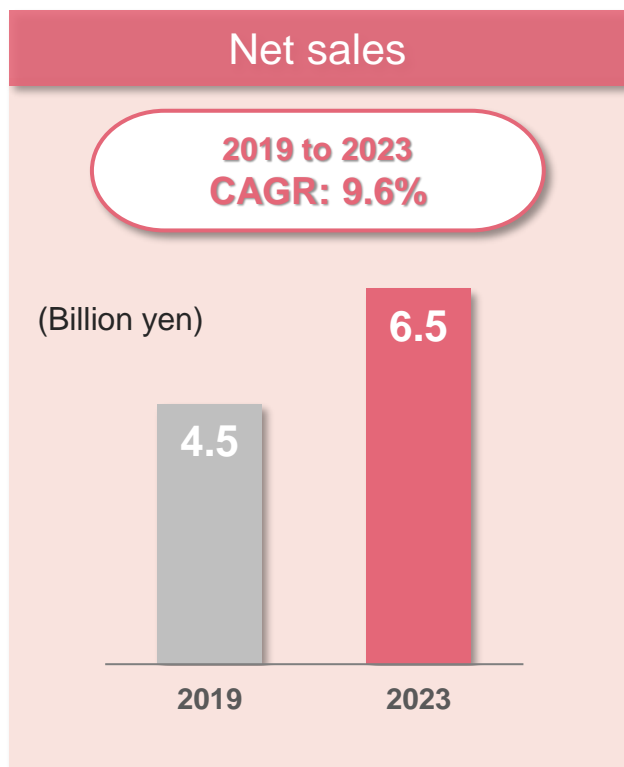
- Develop an in-vitro diagnostic kit that uses functional artificial nucleic acid, for next-generation customized medicine.

Expanding the area of cleaning in the field of medicine

- Accelerate business expansion from the areas of medical equipment cleaning and sterilization at the Central Material Office to specimen tests, dialysis, etc.

Hand sanitizer containing moisturizing ingredients

- A quasi-drug, which means it is reliable
- Use of natural ethanol made in Japan
- Containing four moisturizing ingredients
- Smooth, non-greasy texture



Basic policy, technology base, and specific initiatives

- Create and develop new businesses in the domains of **technologies and materials that are necessary in the area of advanced information technologies** and transform the business related to advanced materials into the third pillar while the demand for digital devices and semiconductors continues to grow due to the acceleration of the digitalization of society.
- Apply **monomer derivation technology, polymer synthesis technology, AO addition technology, fluorine-related synthesis and manufacturing process technologies**, and other technologies that are our strengths.
- Established the **Specialty Chemicals Division** as a new division in 2021 to powerfully promote business related to advanced materials.

Highly functional, fluorinated polymer materials

Low-dielectric, high-frequency materials for next-generation communication, fluorinated materials, capacitor materials, etc.



- Enables miniaturization and lamination of semiconductors
- Grease with high radiation performance and end-face processing agent
- High antifouling performance
- Our strengths in superior surface control technology

Chemicals for processing silicon wafers for semiconductors

Water-soluble coolant for cutting silicon wafers for semiconductors, etc.



- Growing demand for silicon wafers for semiconductors
- Environmentally friendly, water-soluble agent
- Implementation of a resource-recycling business model
- Have supplied an agent to a world-class silicon wafer manufacturer

Special resin materials

Optical parts, sensing devices, drones, next-generation mobility, etc.



- Growing demand for optical products
- Anchoring agent and antifoulant for optical films
- Development of highly functional special resin material
- AO addition technology (AO modification)

Improve per-capita productivity significantly by aggressively promoting digitalization in all operations.

- **Aggressively invest in digitalization technologies** such as AI and RPA **to improve per-capita productivity (added value) 30% or more** (compared to the FY2020 level) by 2025.
- Drastically improve the efficiency of existing operations to work on **new operations for the promotion of EHD businesses**.
- **Accelerate innovation through significant quality improvement and the increase of communications with customers**.
- **Improve by setting related key indicators** on a department-by-department basis.
E.g., R&D: Research and development efficiency, ratio of development projects related to EHD businesses, etc.



Agilely invest in growth, even in a highly uncertain environment, while maintaining the financial standing that was improved in 2020.

Basic policies

● Strengthen financial standing and foundation.

Stabilize financial foundation by improving profitability and shrinking balance sheet.

- Improve business profitability by promoting EHD businesses.
- Continue to improve per-capita productivity and optimize cost.
- Optimize operating fund and reduce interest-bearing debt.
- Integrate and consolidate overseas bases in accordance with business strategies.

● Invest in growth

Transition from the large investment phase to the phase recovering investments through earnings

- Invest in growth related to EHD businesses (R&D, equipment, etc.).
- Invest to promote DX to improve efficiency.
- Conduct M&A activities and establish bases, aiming for synergy between businesses.

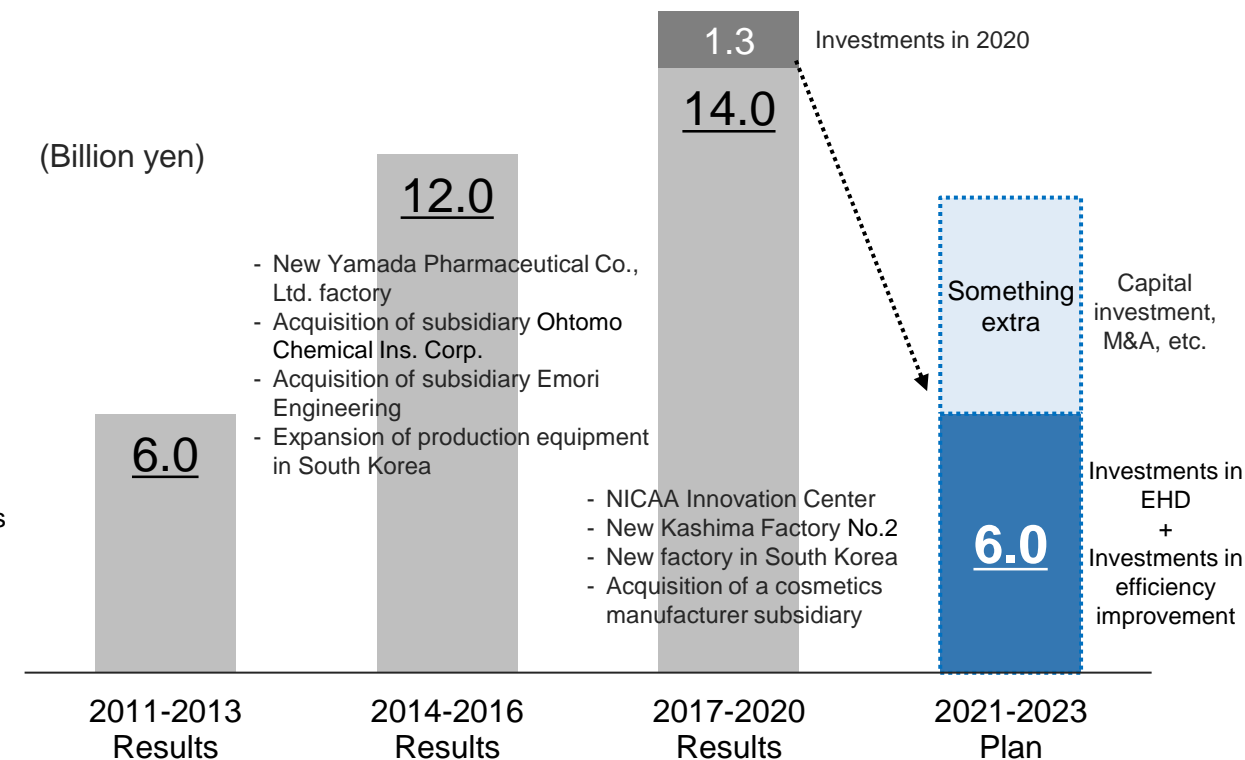
3-year business performance goals

(FY2023 consolidated business performance targets)

- Improving profitability: **ROS and ROE at 5% or higher**
- Reinforcing financial foundation: **ROA at 4.5% or higher**

● Amount to be invested in growth (2021 to 2023): **Approx. JPY 6.0 billion**

- Investments related to EHD businesses: Approx. JPY 3.0 billion
- Investments to improve efficiency through DX: Approx. JPY 1.0 billion



Add the new goal of **Reducing brake-specific CO₂ emissions** of the overall Group **by 30%** (compared to the 2018 level) by 2030 to contribute to the realization of a sustainable society.

Specific initiatives

Environment

For a cleaner global environment



Life

For better lives



Society

For a wealthier society



External evaluations

Major initiatives taken so far

- Joined ZDHC (first in Japan)
- Certified bluesign® system partner (first textile processing chemical manufacturer in Japan)
- NICCA Innovation Center certified as a project leading sustainable architecture, etc. (project leading CO₂ reduction) in a Ministry of Land, Infrastructure, Transport and Tourism subsidy program
- Promoted acquisition of ISO 14001 certification

- Contributed to infection control using antibacterial and antiviral products
- Provided products that contribute to healthy, clean living, such as the processing of sports apparel products to add functionality and laundry agents
- Developed an innovative cosmetic product in pursuit of the health and beauty of hair
- Promoted acquisition of ISO 9001 and ISO 22716 certifications

- Donated to aid the development of the textile industry in Bangladesh
- Held a seminar on drainage measures in Indonesia
- Carried out activities to make towns more comfortable to live in, including neighborhood cleaning and a private fire brigade
- Supported international students from emerging countries and helped people with physical disabilities receive education
- Acquired ISO 45001 certification (occupational health and safety)



Initiatives to advance further

Reducing brake-specific CO₂ emissions by 30%

- Reducing power consumption
- Switching to renewable energy
- Developing products with low environmental impact

Achieving the growth of EHD businesses

- Providing environmentally friendly dyeing solutions to the apparel industry
- Developing products for hygienic living environments
- Promoting sustainable packaging
- Using raw materials which are friendly to the global environment

Promoting diversity

- Creating opportunities and systems for the active participation of female employees and local employees in emerging countries
- Creating diverse workstyles enabling the active participation of senior employees
- Reforming workstyles to enable employees to work without time and space constraints

Enable the extended family policy to evolve to attract diverse human resources and give them the opportunities and motivation to fully display their abilities.

Increase diversity

● Diversity of human resources

- **Women:** Give highly motivated and talented women the opportunities to proactively develop their careers.
- **Seniors:** Give them workstyle options.
- **Talented foreigners:** Select and develop candidates for the next-generation local management team members.

● Diversity of workstyles

- **Place:** Continue to proactively promote remote working. Significantly improve efficiency.
- **Time:** Establish a system that enables employees to choose when to work according to their lifestyles.
- **Self-development opportunities:** Provide employees with opportunities to proactively improve their business and interpersonal skill outside the company as well.



Extended family policy that is strict but warm



Improve employees' job satisfaction

● Improve job satisfaction in 3 ways

Motivation of all employees

- EHD businesses featuring a high level of social contribution
- Many incentive award programs

Satisfaction of employees that contribute significantly

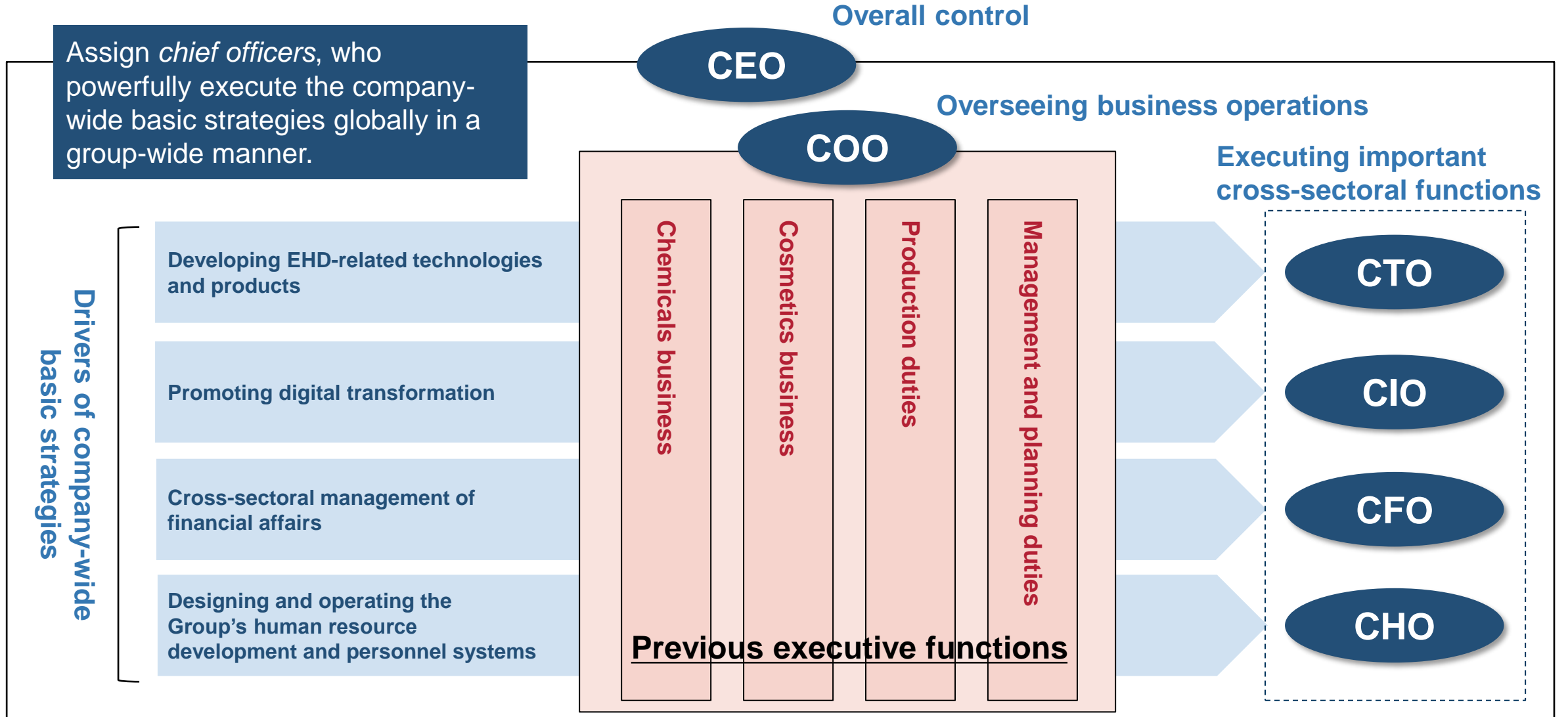
- Fair evaluation and reward allocation

Challenges to be taken on aggressively by highly motivated human resources

- Offering various posts, recruiting internal project members, etc.

New Executive Structure

Introduce the chief officer system and implement the company-wide basic strategies to powerfully promote the new medium-term business plan.



A semi-transparent blue rectangular box containing the word "Appendix" in a white, sans-serif font, centered within the box. The box is overlaid on a background image of a modern building's exterior and interior.

3-year business performance goals (Consolidated) FY2023

Consolidated (Billion yen)	2016	2017	2018	2019	2020	2021	2023	Increase (decrease) from 2020
	Results	Results	Results	Results	Results	Plan		
Net sales	44.2	48.4	50.1	46.1	41.1	43.5	50.0	+8.9
Operating profit	1.4	2.1	2.3	1.3	1.4	1.5	2.5	+1.1
Profit attributable to owners of parent	0.3	1.3	2.4	0.9	1.0	1.3	1.5	+0.5
EBITDA	3.1	4.0	4.2	3.6	4.1	4.1	5.0	+0.9
ROA (Operating profit)	2.9%	4.0%	4.1%	2.5%	2.6%	-	4.5% or higher	-
ROS (Operating profit)	3.3%	4.4%	4.6%	3.0%	3.4%	3.4%	5% or higher	-
ROE (Profit)	2.0%	7.8%	12.6%	4.5%	5.1%	-	5% or higher	-
Depreciation cost (Including goodwill amortization)	1.7	1.9	1.9	2.2	2.7	2.6	2.5	-0.2
Assumed exchange rate (JPY/USD)	110.29	112.38	110.56	109.37	106.67	105.00	105.00	-
Ratio of EHD businesses	-	-	-	25%	-	-	40%	-

Business goals by business segment (consolidated)

Consolidated (Billion yen)	2016	2017	2018	2019	2020	2021	2023	Increase (decrease) from 2020
	Results	Results	Results	Results	Results	Plan	Plan	
Net sales	44.2	48.4	50.1	46.1	41.1	43.5	50.0	8.9
Chemicals	31.5	35.9	36.2	34.7	29.0	31.5	37.0	8.0
Textile Chemicals	22.3	25.2	25.8	24.4	19.2	-	22.2	3.0
Specialty	6.5	7.5	7.1	6.8	6.8	-	10.8	4.0
Laundry & Infection Control	2.3	2.4	2.5	2.5	2.3	-	3.0	0.7
Others	0.2	0.7	0.7	0.9	0.5	-	1.0	0.5
Cosmetics	12.6	12.4	13.9	11.3	12.1	12.0	13.0	0.9
Domestic business targeting beauty salons	6.8	6.3	6.5	6.7	6.5	-	7.5	1.0
Domestic ODM, etc.	4.6	4.7	5.8	3.0	4.1	-	3.5	(0.6)
Overseas business	1.1	1.3	1.5	1.5	1.4	-	2.0	0.6
Segment profit	1.4	2.1	2.3	1.3	1.4	1.5	2.5	1.1
Chemicals	0.9	1.9	1.9	1.5	0.8	1.1	2.1	1.3
Cosmetics	2.3	2.0	2.2	1.6	2.2	2.1	2.4	0.2
Corporate and eliminations	(1.8)	(1.9)	(1.9)	(1.8)	(1.7)	(1.7)	(2.0)	(0.3)
EBITDA	3.1	4.0	4.2	3.6	4.1	4.1	5.0	0.9
Chemicals	2.3	3.4	3.4	3.2	3.0	-	3.9	0.9
Cosmetics	2.5	2.4	2.7	2.1	2.7	-	2.9	0.2
Corporate and eliminations	(1.7)	(1.8)	(1.8)	(1.7)	(1.6)	-	(1.8)	(0.2)
Segment profit rate	3.3%	4.4%	4.6%	3.0%	3.4%	3.4%	5%以上	-
Chemicals	3.0%	5.4%	5.4%	4.4%	3.1%	3.5%	5.7%	-
Cosmetics	18.6%	16.5%	16.4%	14.8%	18.5%	17.5%	18.5%	-

Business goals by geographical segment (consolidated)

Consolidated (Billion yen)	2016	2017	2018	2019	2020	2021	2023	Increase (decrease) from 2020
	Results	Results	Results	Results	Results	Plan	Plan	
Net sales	44.2	48.4	50.1	46.1	41.1	43.5	50.0	8.9
Domestic Chemicals	13.8	15.2	15.1	15.2	13.1	-	17.6	4.5
Domestic Cosmetics	11.6	11.2	12.5	10.0	10.8	-	11.4	0.6
Overseas Chemicals	17.6	20.7	21.0	19.5	15.8	-	19.3	3.5
Overseas Cosmetics	1.0	1.2	1.4	1.3	1.3	-	1.6	0.3
Net sales	44.2	48.4	50.1	46.1	41.1	43.5	50.0	8.9
Japan	25.4	26.4	27.6	25.2	23.9	-	29.0	5.1
China	5.7	6.3	6.6	6.1	5.3	-	6.1	0.8
Korea & Taiwan	7.5	10.0	9.9	8.7	7.1	-	7.9	0.8
ASEAN	3.7	3.8	4.0	4.1	3.3	-	4.2	0.9
Southwest Asia	0.3	0.3	0.3	0.4	0.4	-	1.1	0.7
North America	1.3	1.4	1.5	1.2	0.9	-	1.5	0.6

Chemicals include other businesses.

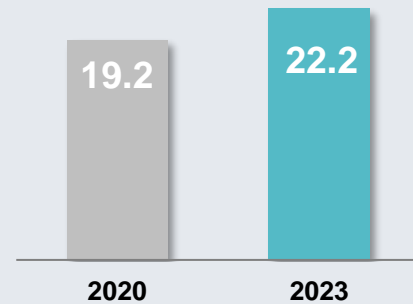
Textile Chemicals



Net sales

2020 to 2023
CAGR: 5.0%

(Billion yen)



View of the business environment

- Mass production, mass consumption, and mass disposal in the apparel industry have been a social problem, and have led to growing demand for environmental considerations and resource recycling.
- Apparel consumption decreased due to a drastic change in lifestyles attributed to COVID-19, which has accelerated the shift from purchases at brick-and-mortar stores to online shopping.

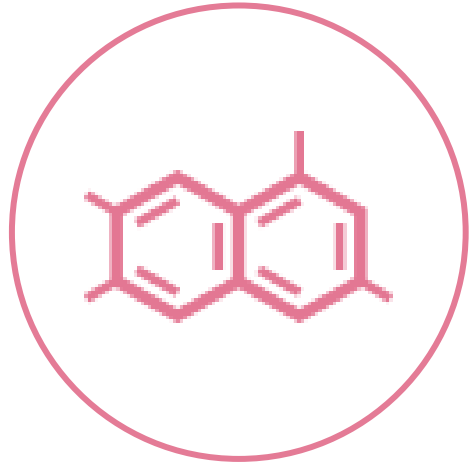
Basic strategies

- (1) Expand development and sale of products which contribute to reducing the environmental impact of the entire apparel industry.
- (2) Expand business in new overseas areas and reinforce the global development system.
- (3) Expand business in new business domains (non-apparel domains and domains adjacent to textiles).

Priority measures

- (1) Expand sale of products that help to reduce impact on humans and the environment.
 - Fluorine-free water repellent agents used by a global high functional sports apparel manufacturer
 - Agent for antibacterial/antiviral textiles which reduces SARS-CoV-2 and other enveloped viruses on fibers by 99.9%
 - Smart Dying Process, our proposed unique environmental solution that contributes to the creation of a sustainable society
- (2) Expand business in new overseas areas and reinforce the global development system.
 - Expand business in the Southwest Asian market and improve approach to global brands in Europe and United States, building on a new company in India.
 - A system for prompt development matching the markets in Japan (new functional processing), China (synthetic fiber), and Indonesia (cotton)
- (3) Expand business in new business domains (non-apparel domains and domains adjacent to textiles).
 - Expand applications for waterborne urethane resins, which are very safe for humans and the environment, to industrial materials including artificial leather and PVC.
 - Establish the Materials Development Department to promote business in new domains and develop businesses related to nonwoven cloth, urethanes, and films.

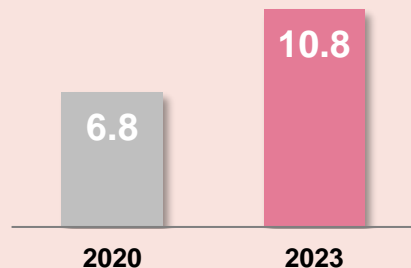
Specialty Chemicals



Net sales

2020 to 2023
CAGR: 16.7%

(Billion yen)



View of the business environment

- Explosive increase of digital sensing devices has led to growing demand for advanced materials related to semiconductors and optical products.
- Demand for polymer materials and special resin materials increased due to the shift to the next generation of communication standards and the growing use of extremely small, multi-layered semiconductors.

Basic strategies

- (1) Expand the advance materials business, which is experiencing growing demand in the area of advanced information technologies.
- (2) Strengthen technologies which reduce environmental impact.
- (3) Create and develop incubation businesses which will be growth drivers in the future.

Priority measures

- (1) Expand the advance materials business, which is experiencing growing demand in the area of advanced information technologies.
 - Expand sales of special resin materials used for digital sensing devices and others.
 - Highly functional, fluorinated polymer materials as high-frequency, low-dielectric materials for which demand is growing due to the shift to the next generation of communication standards
- (2) Strengthen technologies which reduce environmental impact.
 - Aim to increase global market share through water-soluble processing chemicals from Ohtomo Chemical Ins. Corp., whose product has been adopted by a world-class silicon wafer manufacturer and which has established a resource-recycling system enabling recycling in the semiconductor processing process.
 - Sell sustainable processing chemicals which contribute to the improvement of the productivity of the paper pulping process and reduce energy consumption in the process.
 - Aim to have the largest share of the domestic market with the world's first deinking agent capable of removing UV-curable ink, which promotes the reuse of resources.
- (3) Create and foster incubation businesses which will be growth drivers in the future.
 - Developing materials for next-generation mobility: Application of solid dispersion technology, composite materials, coating-related areas

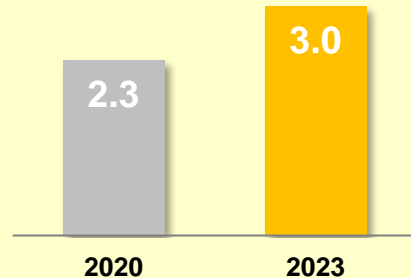
Laundry & Infection Control



Net sales

2020 to 2023
CAGR: 9.3%

(Billion yen)



View of the business environment

- The hygiene business has expanded rapidly due to rising awareness of health and hygiene and infection control behaviors that have become habitual.
- Demand from inbound tourists declined due to COVID-19. Demand for laundry services decreased due in part to increase of people working from home.

Basic strategies

- (1) Maintain the largest share of the domestic market, increase the market share, and expand the business into new domestic markets.
- (2) Improve measures for overseas business expansion.
- (3) Create and develop businesses in the areas of advanced medicine and next-generation medicine.

Priority measures

- (1) Maintain the largest share of the domestic market, increase the market share, and expand the business into new domestic markets.
 - Increase share of the in-store market among top companies in the areas of home cleaning and linen supply, which have room for expansion,
 - Expand business in the laundromat market, which is a new market, by improving collaborations with machine manufacturers and franchisers.
- (2) Enhance measures for overseas business expansion.
 - Cultivate a market in Korea, where our market share is small, through intensive sales activities targeting major home cleaning companies in the country.
 - Start research into the Chinese laundry market, which is expected to grow significantly in the future.
- (3) Create and develop businesses in the areas of medicine and welfare.
 - Increase development with partners collaborating on highly functional cleaning agents for advanced medical equipment.
 - Develop a next-generation diagnostic testing kit for customized medicine applying functional artificial nucleic acid.
 - Sell alcohol hand sanitizer, which is expected to be in demand continuously due to infection control behaviors that have become habit.

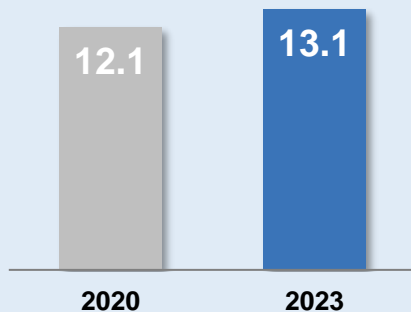
Cosmetics



Net sales

2020 to 2023
CAGR: 2.4%

(Billion yen)



View of the business environment

- Online consumption is increasing while people visit beauty salons less frequently than before due to COVID-19.
- New hygiene habits, including the use of alcohol hand sanitizers, have been established.
- There is growing concern about climate change, ethical consumption, and similar issues.

Basic strategies

- (1) Strengthen business targeting beauty salons in Japan (DEMI and EraL).
- (2) Strengthen domestic and overseas ODM businesses (diversification and global expansion)
- (3) Enhance SDG initiatives through business activities.

DEMI

EraL

Priority measures

- (1) Strengthen business targeting beauty salons in Japan.
 - Strengthen the DEMI brand by accelerating new product development and planning, in addition to expanding sales of FLOWDIA, the mainstay hair care product.
 - Comprehensively rebrand EraL to make it a sustainable brand.
 - Enhance e-commerce websites and strengthen digital promotion in response to the diversification of beauty salon channels.
- (2) Strengthen domestic and overseas ODM businesses.
 - Aggressively expand ODM business, whose strength is unique functional formulations, in Japan and other countries as the second mainstay business.
 - Expand business in overseas markets such as Korea and China.
- (3) Improve SDGs initiatives through business activities.
 - Promote SDG-related initiatives, including reduction of environmental impact, support for beauty salons for their futures, and support for young people desiring to work in the beauty industry, through the EraL business under the concept, "EraL Beauty & Sustainability."
 - Use environmentally friendly packaging, including refill packs using plant-derived materials and containers using biomass PET.

Enable EraL to evolve into brand for beauty and sustainability under the concept of “EraL Beauty & Sustainability”



Environmentally friendly containers and materials reflecting awareness of beauty in the world



Supporting the futures of beauty salons and supporting young people who want to work in the beauty industry

ECO

Biomass PET
Smart eco pack
FSC-certified paper



EraL Beauty & Sustainability

Digital/Education

Providing Headcure training (EraL’s unique scalp care program) through an e-learning program
Providing Headcure classes at beauty schools
Establishing an EraL scholarship program



Helping solve the problems of each individual with functional formulations combining plants and science

WELLNESS

Scalp care for the enjoyment of hair design
Ingredients selected to realize a healthy scalp



Leading-edge aging care research to keep women bright and beautiful



AGING CARE

Controlling the aging of cells
Maintaining youthfulness with Headcure

Corporate Governance

Corporate Governance Policy

At the NICCA Chemical Group, we have established a management philosophy that includes our company motto and guiding principles based on the spirit of our founder. We strive to ensure that this management philosophy, “Always aim to be a respectable individual, worthy of being chosen by customers, employees, shareholders, and society,” takes root among our officers and employees in our efforts to improve our medium- and long-term corporate value and achieve sustainable growth.

Therefore, we have positioned corporate governance as an important management issue and implement initiatives to improve the speed, transparency, and fairness of management, such as the building of structures for prompt, appropriate decision-making, the execution of business and appropriate supervision.

Governance structure and committees

Outside Directors and Independent Officers

- Number of Outside Directors: 3 (30% of all Directors)
- Number of Outside Audit & Supervisory Board Members: 2 (50% of all Audit & Supervisory Board Members)
- Number of Independent Officers: 5 (36% of the 14 Directors and Audit & Supervisory Board Members)

Committees established voluntarily

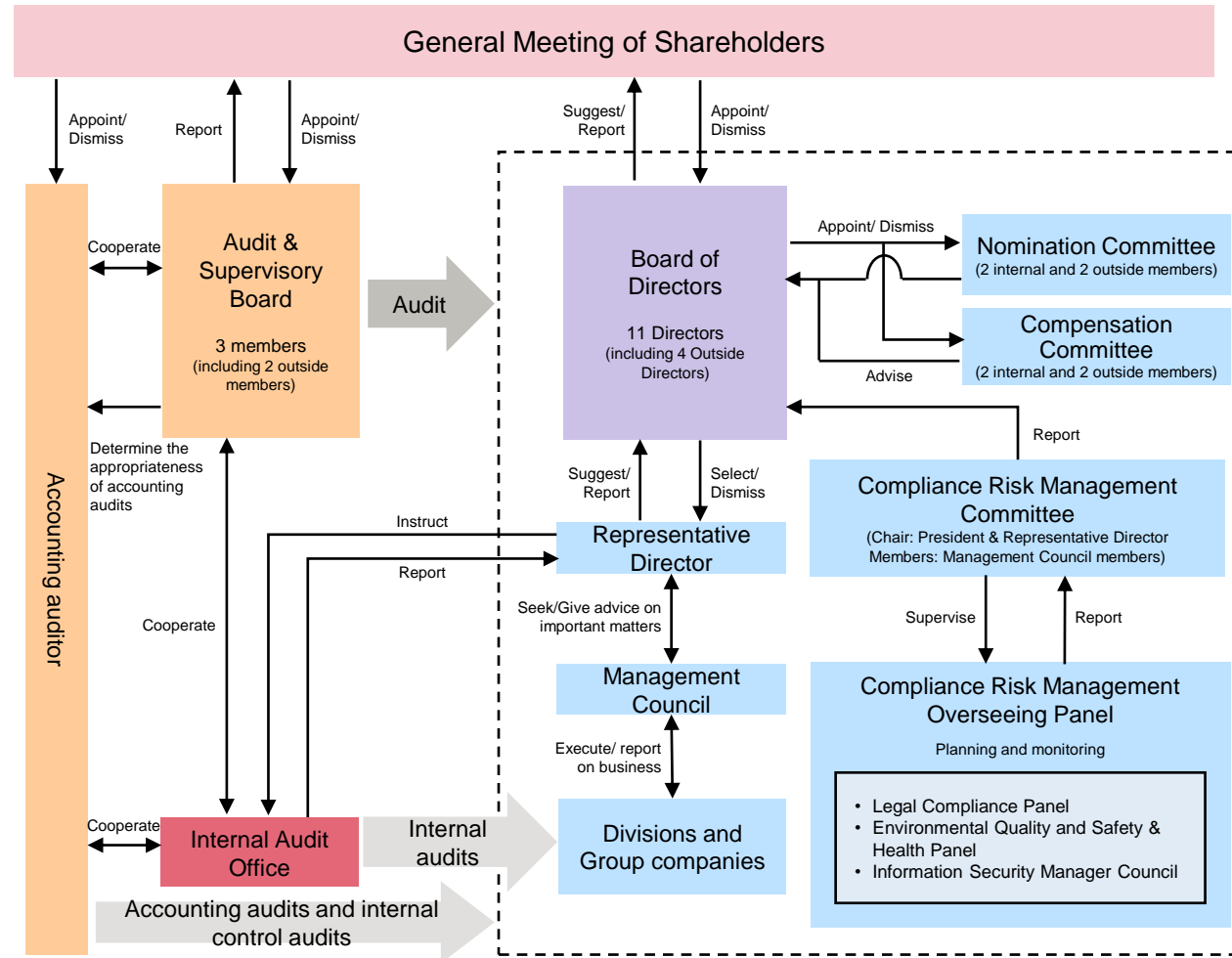
- Nomination Committee: 4 members including 2 Independent Officers (Outside Director and Audit & Supervisory Board Member)
- Compensation Committee: 4 members including 2 Independent Officers (Chaired by an Outside Director)
- Compliance Risk Management Committee: Chaired by the President and Representative Director
- Compliance Risk Management Overseeing Panel: Consists of five panels

Other supervising functions

- Annual evaluation of the Board of Directors’ effectiveness and external disclosure of its results and measures
- Regular meetings of the Outside Directors and the Audit & Supervisory Board members exclusively for the exchange of opinions.

Organizational chart

Corporate governance structure



Shareholder Return Policy

Basic policy on shareholder returns

We continue to pay dividends stably to our shareholders and decide to pay dividends from retained earnings after comprehensive consideration of our business performance in each fiscal year, the investments necessary for future growth, future business development and other factors.

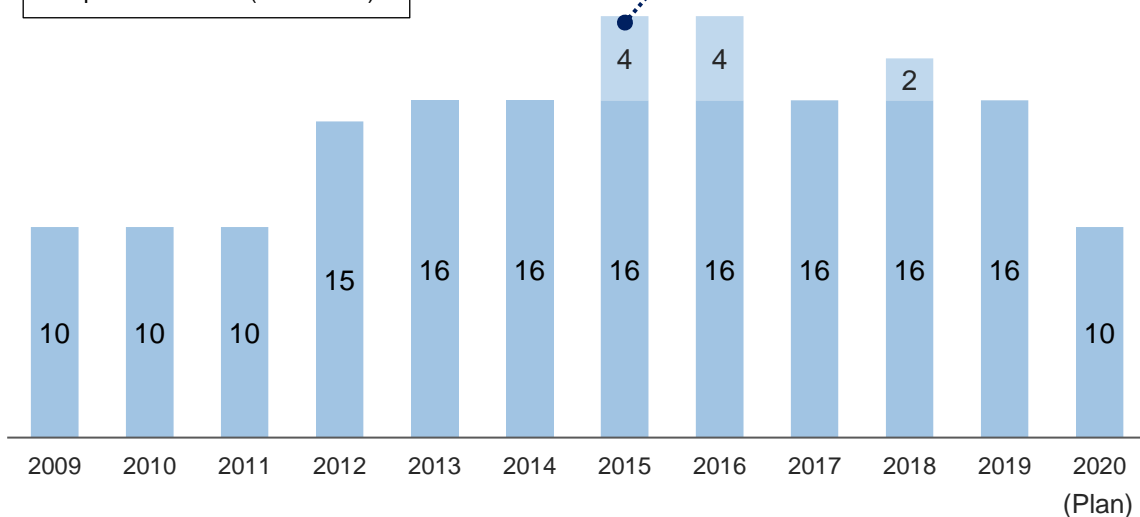
Going forward, we will continue to strive to enhance measures for returning profits to shareholders, strengthen our financial position and effectively and strategically utilize capital to improve profitability in a well-balanced manner.

Dividends paid

Dividend per share

- Ordinary dividend (JPY/share)
- Special dividend (JPY/share)

2015
Acquired 10.8% of shares
as treasury shares

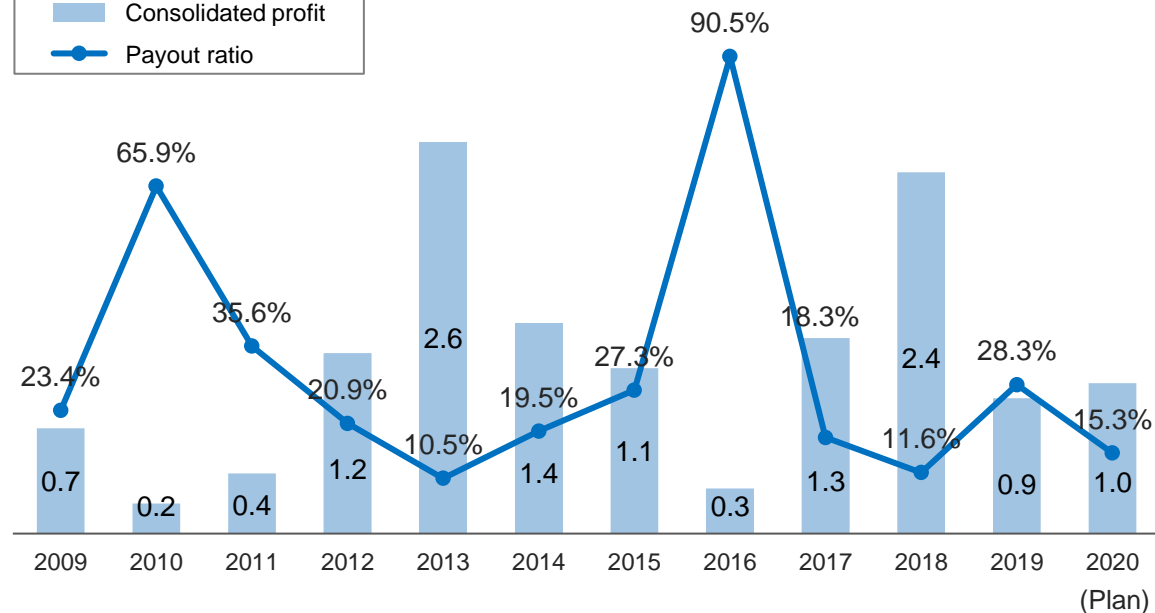


Consolidated dividend payout ratio

(Billion yen)

Consolidated dividend payout ratio

- Consolidated profit
- Payout ratio



Disclaimer Regarding Forward-Looking Statements

All of the statements regarding our future plans, goals, and similar statements that are included in this document were created based on the information available to the Company as of the date of publication and any assumptions that the Company believes are reasonable. Actual results may differ from those in forward-looking statements due to changes in the economic environment and other uncertain factors.

Inquiries: IR Staff, Corporate Planning Division

<https://www.nicca.co.jp>



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 **NICCA CHEMICAL CO.,LTD.**