

May 28, 2021

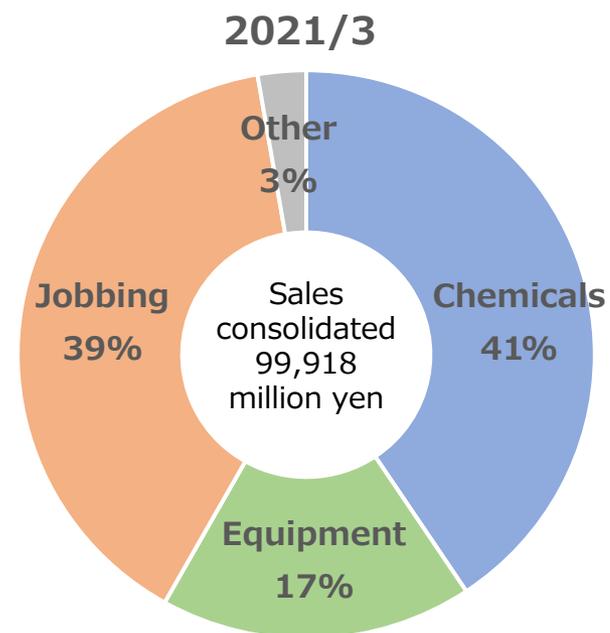
FY2021 ended March 31,2021
Financial Results Briefing



- Overview of FY2021 ended March 31,2021
 - Business segment and sales composition ratios
 - Consolidated Business Results
 - Consolidated quarterly trend
 - Consolidated income statement
 - Financial results of business segments by area
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- Progress of third mid-term management plan
- Supplementary information
 - Consolidated financial highlights
 - Subsidiaries and affiliated companies



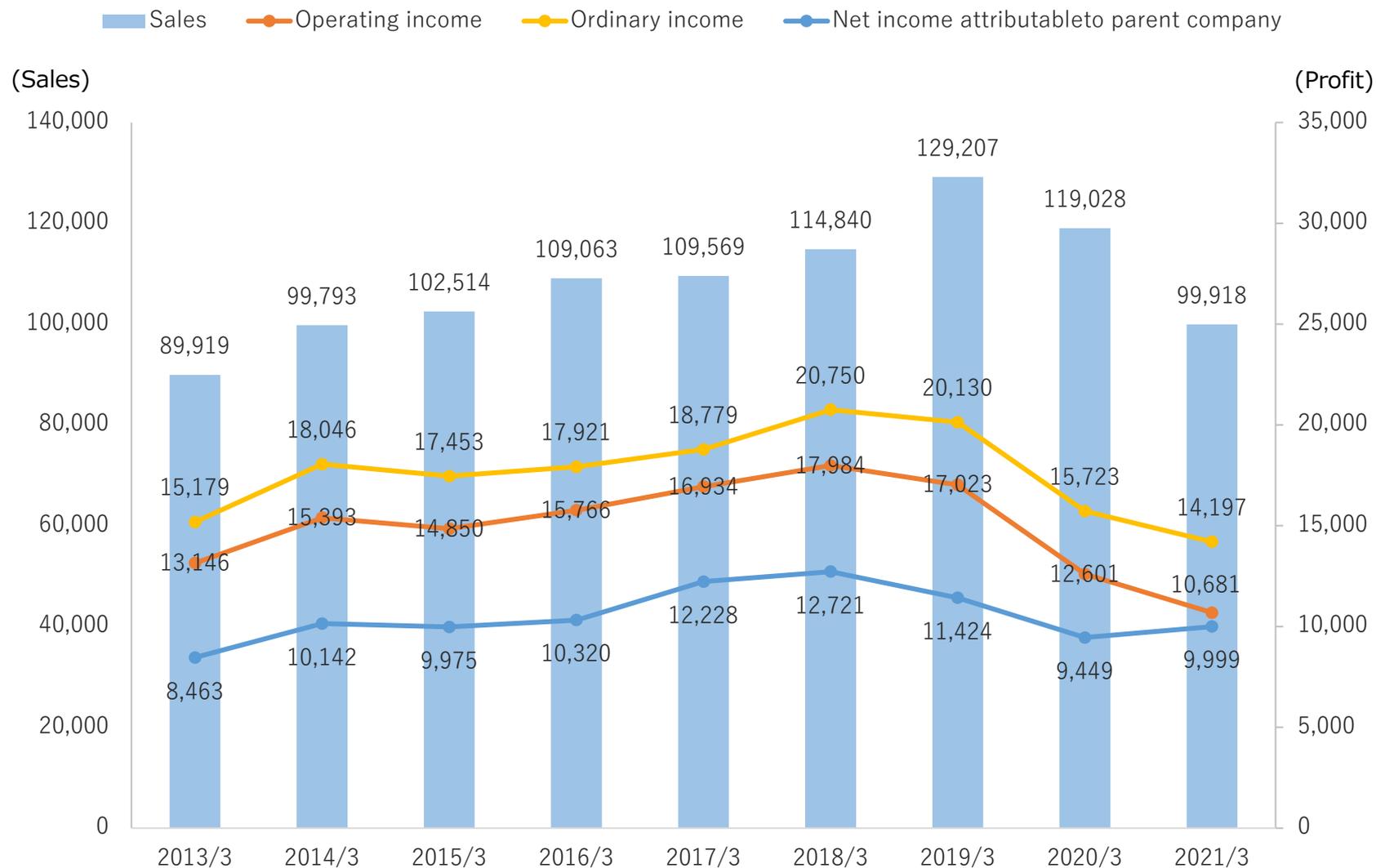
Chemicals	<ul style="list-style-type: none"> ● Surface treatment chemicals for adding corrosion resistance, creating a paint base, providing lubrication, cleaning substrates, design features and other various purpose. ● Rust proof oil and packaging material ● Rolling oil and lubricants ● Electroless plating solution (KANIGEN PLATING) ● Other products
Equipment	<ul style="list-style-type: none"> ● Plant for automotive industries ● Pretreatment, E-coat equipment for general industries ● Powder Coating Equipment (PARKER IONICS) ● Wet booths and Dry booths
Jobbing	<ul style="list-style-type: none"> ● Rust proof coating ● Salt-Bath Nitriding (ISONITE) ● Gas carburizing, carbonitriding, low temperature carbonitriding ● Gas nitrocarburizing ● Electroless plating process (KANIGEN PLATING) ● Other various surface treatment
Other	<ul style="list-style-type: none"> ● Building maintenance ● Others



Consolidated Business Results



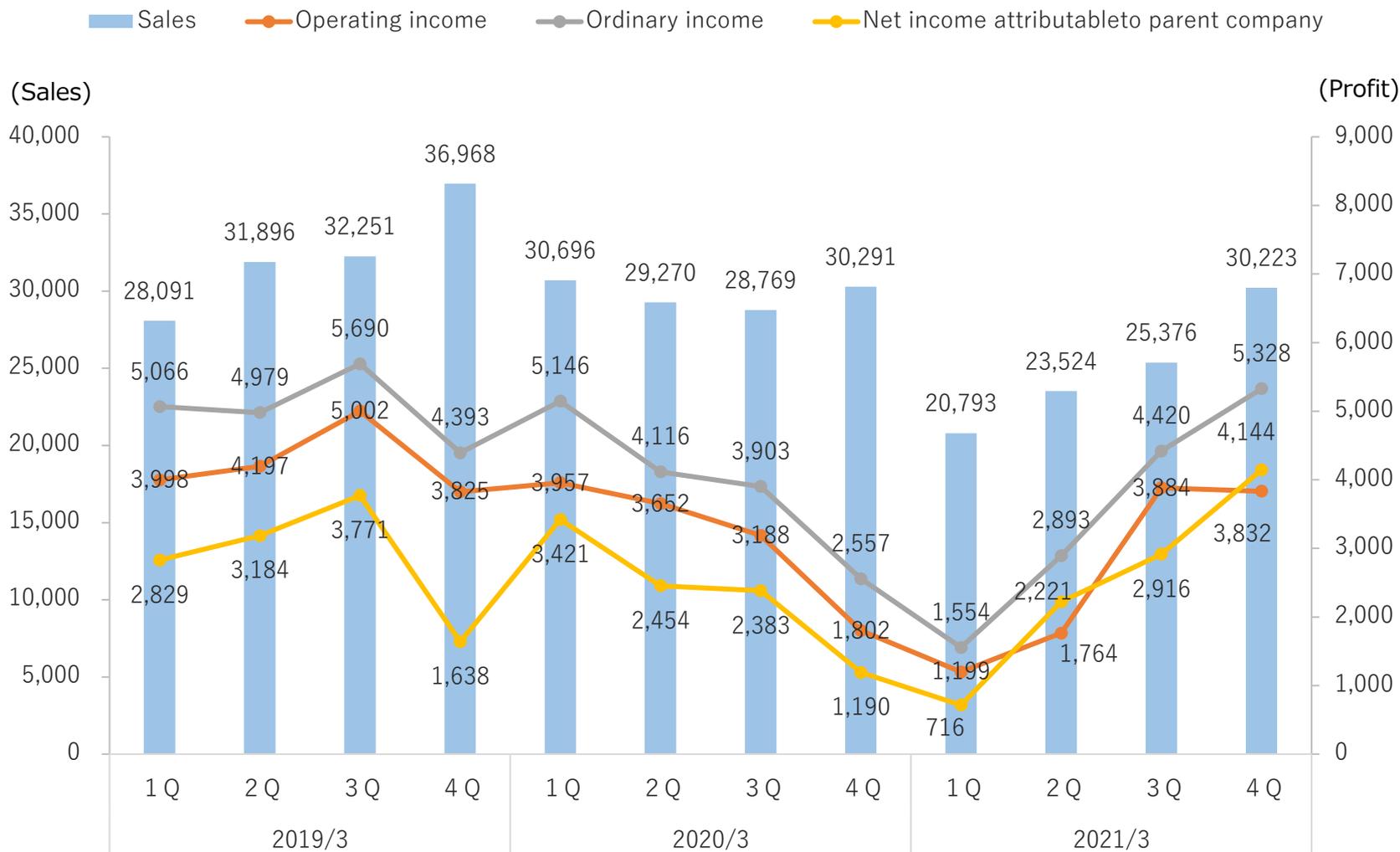
(Unit: million yen)



Consolidated quarterly trend



(Unit: million yen)



Consolidated income statement



(Unit: million yen)

	2019/3	2020/3	Change	% Change	
Net Sales	119,028	99,918	▲19,110	▲16.1%	Decreased due to the effects of COVID-19.
Operating income	12,601	10,681	▲1,920	▲15.2%	
Ordinary income	15,723	14,197	▲1,526	▲9.7%	Non-operating income 4,187 Non-operating expenses 671
Net income attributable to parent company shareholders	9,449	9,999	549	5.8%	Extraordinary gain 3,865 Extraordinary loss 1,600
Net income per share	78.87円	84.75円	-	-	
Ratio of ordinary income to total assets	7.2%	6.5%	-	-	
Return on equity (ROE)	6.7%	6.8%	-	-	
The average exchange rate (USD)	109.05円	106.82円	-	-	

- Overseas sales ratio 42.2% (※Including exports from japan)
- Foreign currency translation effect:
Sales approx. ▲1,157 million yen, Operating income approx. ▲71 million yen

Financial results of business segments by area



(Unit: million yen)

	Net sales			Operating income		
	2019/3	2020/3	Changes	2019/3	2020/3	Changes
Chemicals	47,355	41,575	▲5,779	7,696	6,380	▲1,316
Japan	29,822	26,286	▲3,536	4,414	3,589	▲825
Asia	15,339	13,540	▲1,799	2,407	2,011	▲396
Europe and North America	907	778	▲128	257	205	▲52
Inter-segment	1,285	969	▲315	616	574	▲42
Equipment	24,649	17,860	▲6,788	618	430	▲187
Japan	10,338	7,783	▲2,554	344	▲98	▲442
Asia	12,754	9,165	▲3,588	▲159	241	400
Europe and North America	825	561	▲264	95	▲38	▲133
Inter-segment	730	349	▲381	338	326	▲12
Jobbing	45,483	39,153	▲6,329	7,340	5,206	▲2,133
Japan	26,941	23,691	▲3,250	5,204	4,352	▲852
Asia	11,305	9,013	▲2,292	1,766	920	▲846
Europe and North America	7,177	6,391	▲785	167	▲309	▲477
Inter-segment	58	57	▲1	200	243	42
Others	3,985	2,783	▲1,202	▲1,250	39	1,289
Adjustments and Eliminations	▲2,444	▲1,454	990	▲1,803	▲1,376	427
Total	119,028	99,918	▲19,110	12,601	10,681	▲1,920

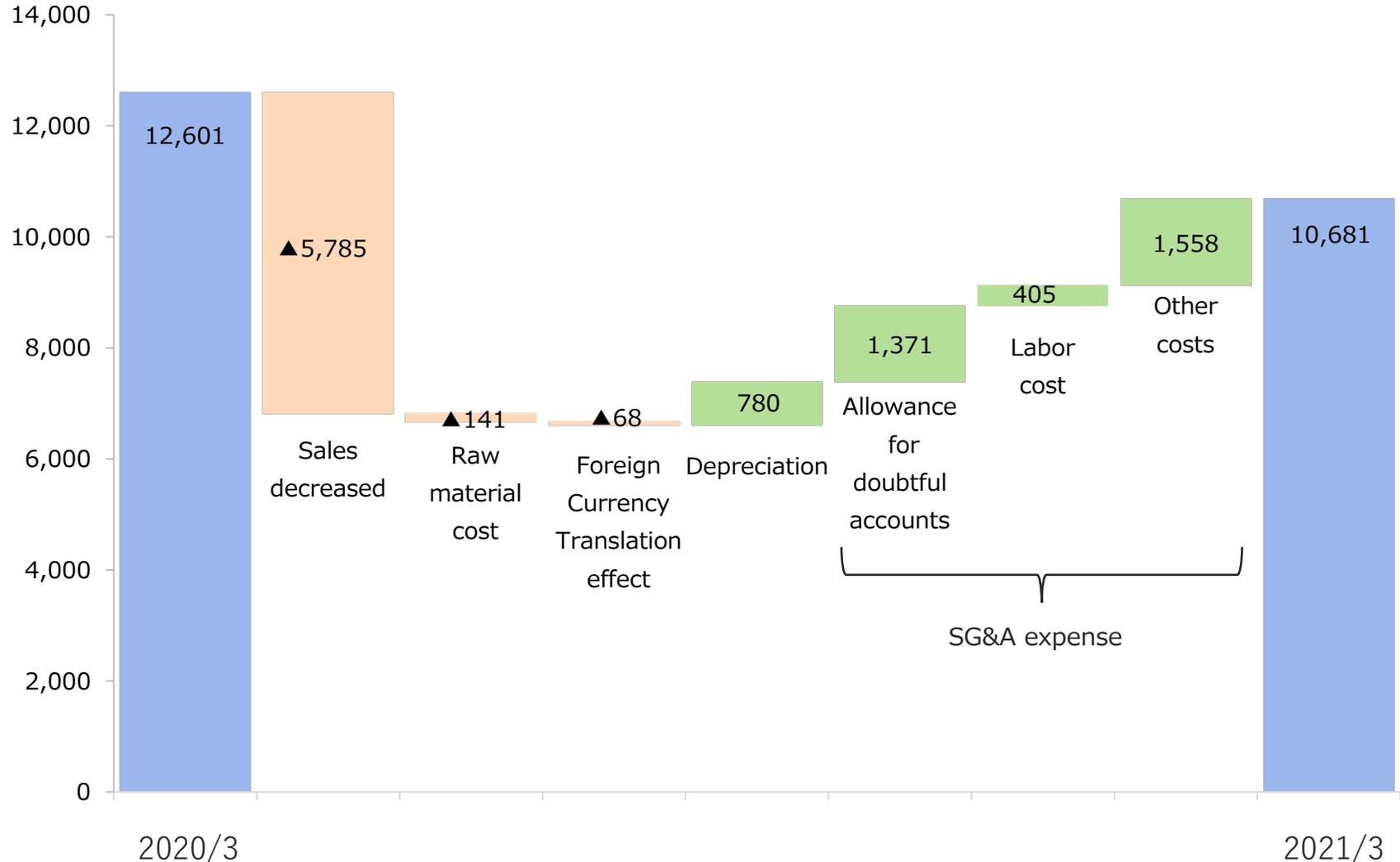
(Note)

- Sales and profit of each segment include internal sales and transfers between segments.
 - From this year, we changed the segment classification method. As a result, we changed some equipment sales, logistics services and metal test piece sales included in other business to the Chemicals segment. And we have changed some chemicals sales to the Jobbing segment. The segment information for the previous year was created by the new classification method.
- Due to the economic downturn caused by COVID-19 infection, sales and profits decreased in all segments.
- As a result of all Group companies doing to reduce costs, we earned operating income of 10,681 million yen.

Variation analysis of operating income



(Unit: million yen)



Non-operating income and Extraordinary gain or loss



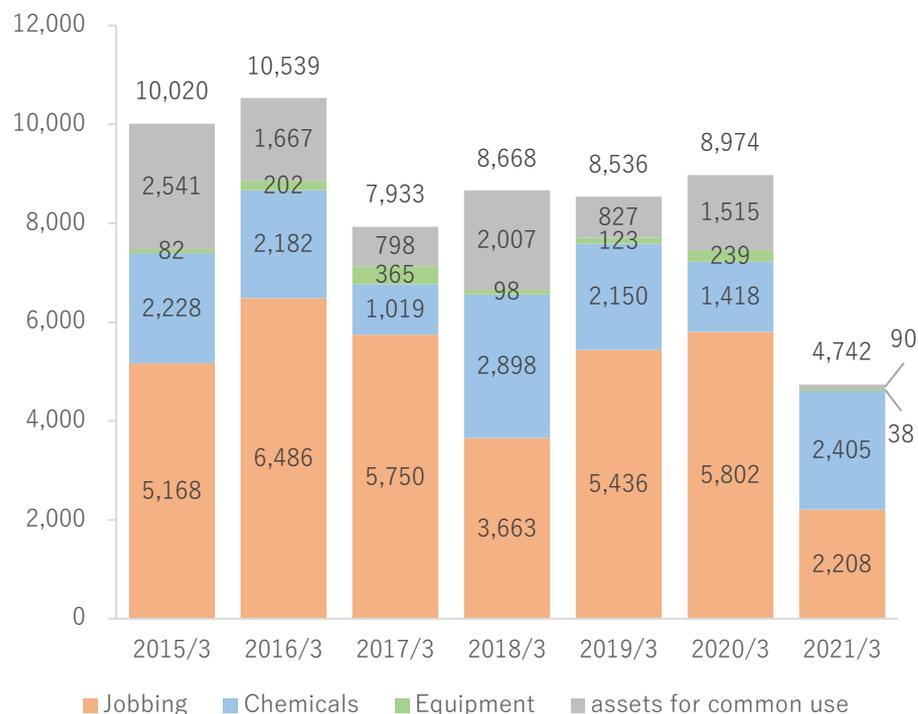
- As a result of gaining interest income, dividend income, equity method in earnings of affiliates, technical fees received, etc., ordinary income was 14,197 million yen.
- Extraordinary income was 3,865 million yen (including gain on contribution of securities to retirement benefit trust of 3,010 million yen), extraordinary loss was 1,600 million yen (including impairment loss of 1,211 million yen). As a result, net income attributable to the parent company shareholders was 9,999 million yen.

(Unit: million yen)

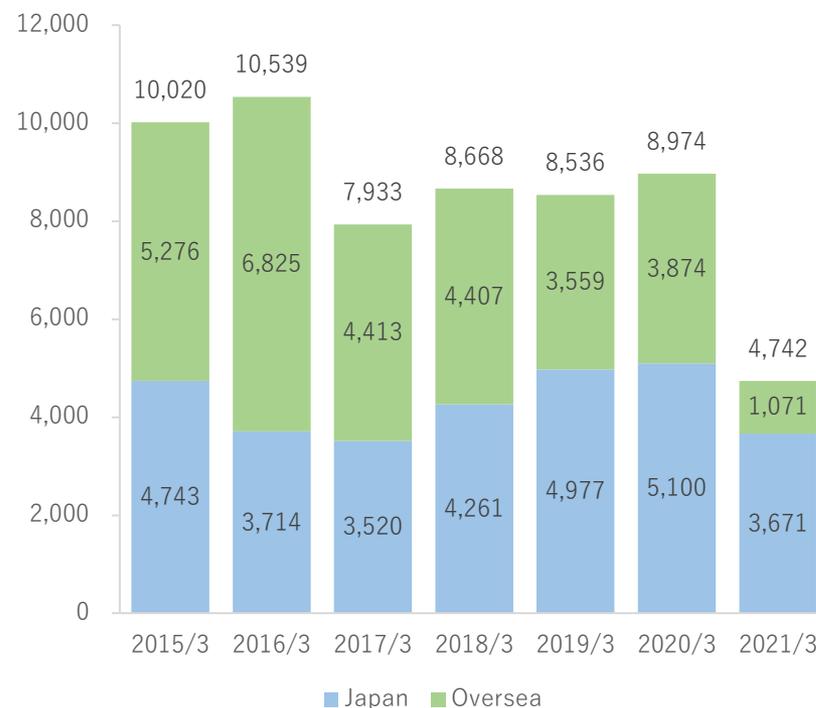
	2020/3	2021/3	Changes
Operating income	12,601	10,681	▲1,920
Non-operating profit	4,096	4,187	+91
Interest income	418	346	▲72
Dividend income	680	580	▲100
License royalty	426	706	+280
Equity in earnings of affiliates	1,321	652	▲669
Other income	1,248	1,902	+653
Non-operating expenses	974	671	▲302
Interest expense	38	29	▲9
Other expense	935	642	▲293
Ordinary income	15,723	14,197	▲1,526
Extraordinary income	589	3,865	+3,275
Extraordinary loss	752	1,600	+847
Income before income taxes	15,560	16,462	+902
Income taxes	4,143	5,078	+934
Net income attributable to non-controlling interests	1,967	1,384	▲582
Net income attributable to parent company shareholders	9,449	9,999	+549

(Unit: million yen)

By segment



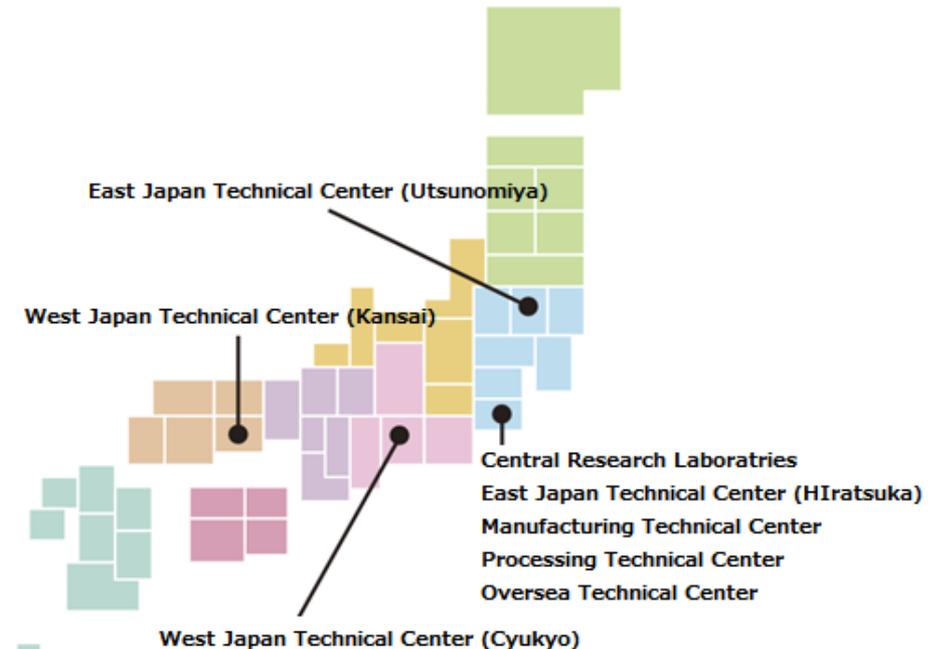
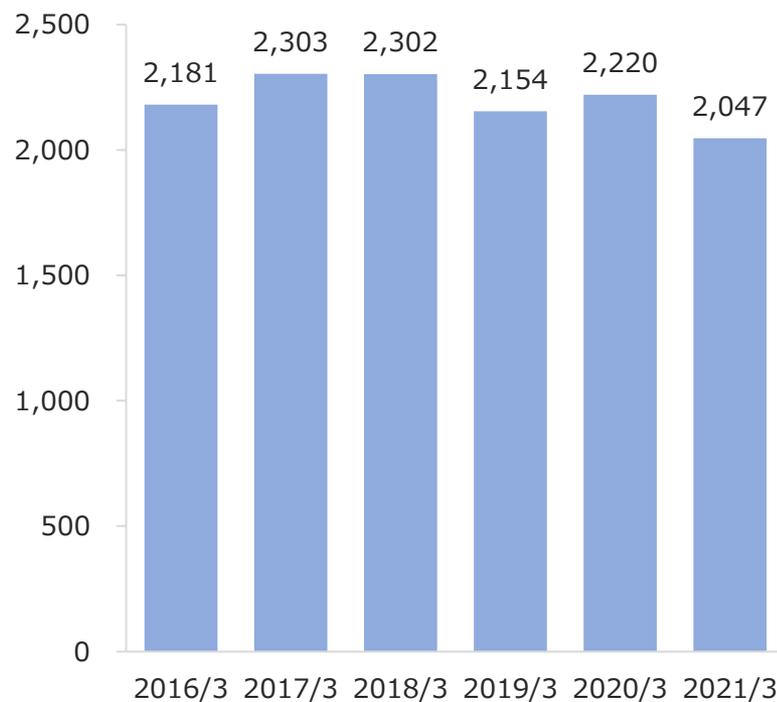
By area



(Notes) Since it is difficult to classify capital investment in R & D by segment, it is included in common and others.

- In the fiscal year ending March 2021, capital investment in the processing business decreased significantly due to the impact of COVID-19.
- From the fiscal year ending March 2022, we are planning to maintain and renew manufacturing and processing plants, will expand research centers, etc., and will continue to make capital investment for future growth.

(Unit: million yen)



- In the fiscal year ended March 2021, R & D expenses decreased by 172 million yen from the previous year, mainly due to the influence of COVID-19. However, we will continue to invest in R&D to develop new fields for long-term growth.
- More than 130 people work at the central research laboratory. In addition to improvements to the corrosion prevention and tribological characteristics, we are engaged in the development of technology for adding a variety of properties to surfaces, including insulation, conductivity, hydrophilicity, water repellence, heat dissipation, thermal insulation properties, and among others.



- Conducting R&D to expand and develop new markets
 - ✓ Technology development for the realization of a sustainable society such as carbon neutral (energy saving, resource saving, high efficiency, etc.)
 - ✓ Meeting needs such as environmental needs (chrome-free, phosphate-free, sludge-free, etc.)
 - ✓ Developing technologies for next generation vehicles.
 - ✓ Developing technologies for new markets. (medical parts, health care, electronic parts, aerospace, etc.)
 - ✓ In addition to rust prevention, creating diverse functions (insulation, conductivity, hydrophilicity, anti-finger print, design, etc.)
 - ✓ nonmetallic material (textile, glass, resin, etc.)
 - ✓ Adhesive or joining between metal and different materials.

Function	Applications
heat radiation ⇔ insulation	Heat sink, Engine parts, Roof panel material
electric insulation ⇔ conductive	Motor parts, Electromagnetic shielding material, Electrical component
adhesive ⇔ non-stickiness	Rubber-resin-metal composite material, Seal material, Laminate material
hydrophilic ⇔ water-repellent, oil repellent	Heat exchanger, Antifouling material
low friction ⇔ high friction	Power train, Clutch, Slide rail
hardening ⇔ softening	Sliding parts, Plastic working parts
stable rust layer ⇔ rust proof coating	Weathering steel, Repair of building materials
other	Fingerprint-resistant steel sheet

Consolidated balance sheet



(Unit: million yen)

Main factor of change

	2020/3	2021/3	増減
Current assets	111,034	114,788	+3,754
Fixed assets	105,739	105,421	▲317
Tangible and Intangible assets	62,476	58,895	▲3,660
Investments and other assets	40,773	44,115	+3,342
Total assets	216,773	220,210	+3,436
Current liabilities	31,384	31,978	+594
Fixed liabilities	14,441	11,563	▲2,877
Total liabilities	45,826	43,542	▲2,283
Total net assets	170,947	176,667	+5,719
Shareholders' equity	136,183	142,025	+5,842
Accumulated other comprehensive profit	7,051	9,473	+2,422
Non-controlling interests	27,713	25,168	▲2,545
Total liabilities and net assets	216,773	220,210	+3,436
Shareholders' equity ratio	66.1%	68.8%	

Cash and deposits	+6,596
Short-term investment securities	▲2,109
Acquisition	+4,742
Depreciation	▲5,622
Securities	+3,761
Retirement benefit obligation	▲4,110
Current profit	+9,999
Cash dividends paid	▲2,959
Purchase of treasury shares	▲1,381
Valuation difference on available-for-sale securities	+3,313
Translation adjustment	▲1,110

※Shareholders' equity ratio = ("Total net assets" - "Non-controlling interests") / Total liabilities and net assets

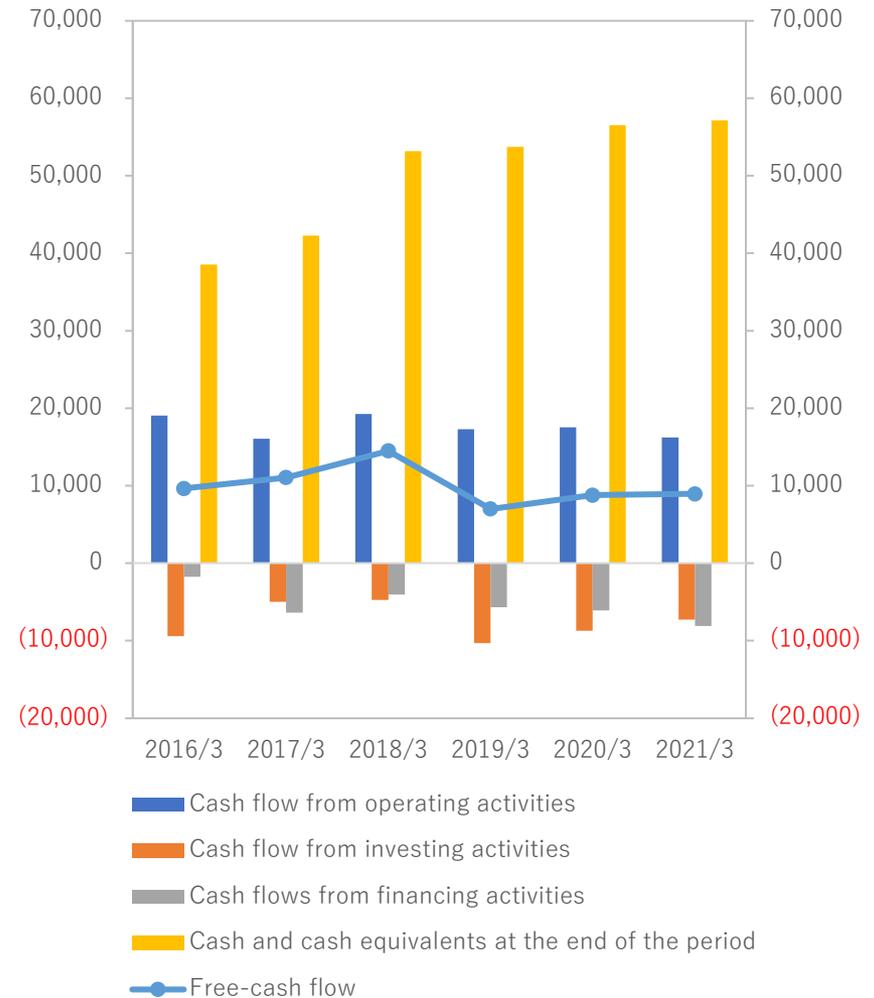
➤ Shareholders' equity ratio is stable.

Consolidated cash flow



(Unit: million yen)

	2020/3	2021/3
Net cash provided by operating activities	+17,514	+16,212
Profit before income taxes	+15,560	16,462
Depreciation and amortization	+6,516	+5,622
Others	▲4,561	▲5,872
Net cash used in investing activities	▲8,732	▲7,263
Purchase of property, plant and equipment	▲9,171	▲4,908
Others	438	▲2,355
Net cash used in financing activities	▲6,109	▲8,106
Cash dividends paid	▲2,704	▲3,023
Purchase of treasury shares	▲1,824	▲1,487
Others	▲1,580	▲3,595
Effect of exchange rate change on cash and cash equivalents	+109	▲241
Net increase (decrease) in cash and cash equivalents	+2,781	+600
Cash and cash equivalents at beginning of the fiscal year	53,726	56,507
Cash and cash equivalents at end of the fiscal year	56,507	57,108



➤ Free cash flow (“Operating cash flow”-“Cash flow from investing activities”) is positive.

Forecast for FY2022 ended March 31, 2022



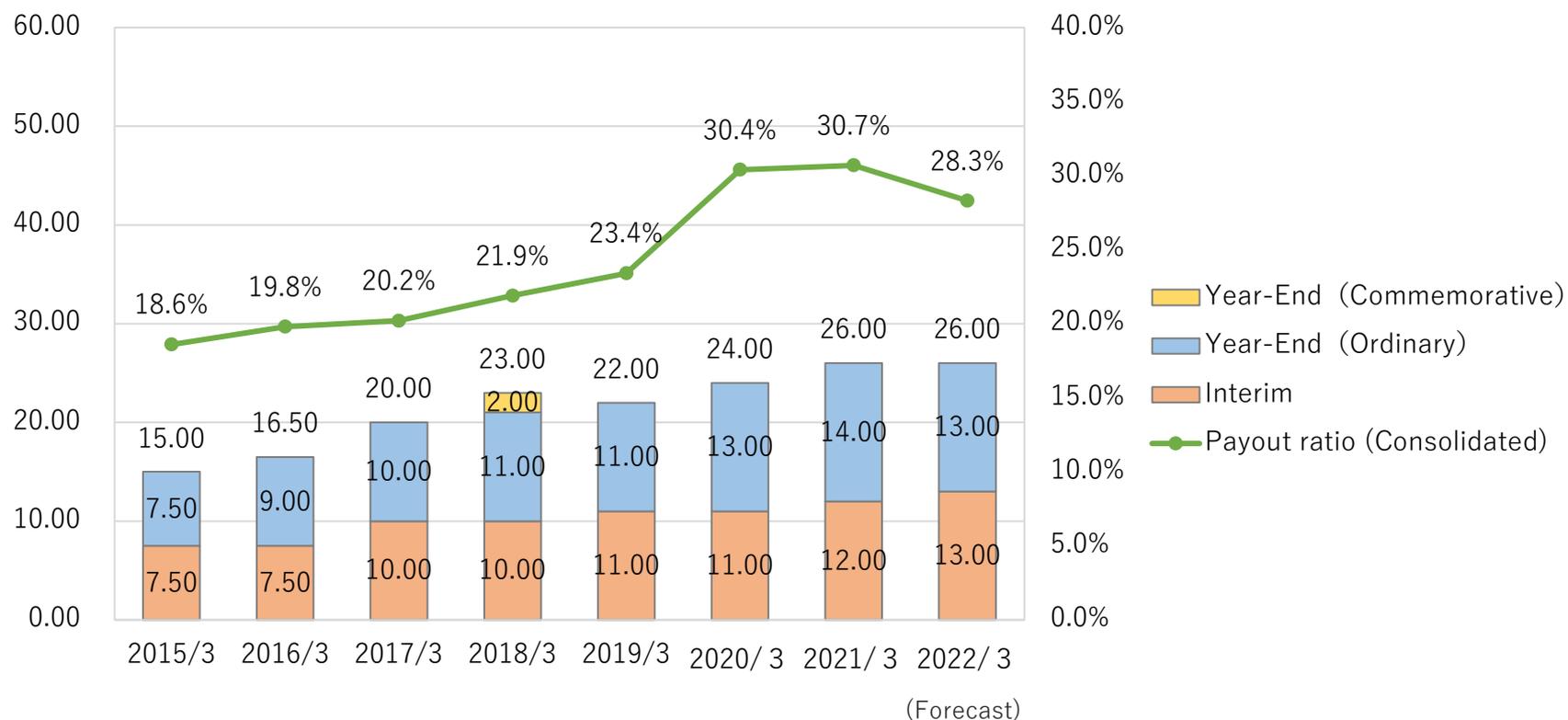
(Unit: million yen)

	2021/3 Actual	2022/3 Forecast	Change	% Change
Net Sales	99,918	118,000	+18,081	+18.1%
Operating income	10,681	15,000	+4,318	+40.4%
Ordinary income	14,197	17,700	+3,502	+24.7%
Net income attributable to parent company shareholders	9,999	10,800	+800	+8.0%
The average exchange rate (USD)	106.82円	106.00円		

- Sales are gradually recovering. However, we anticipate that it will take some time for the economy to recover.

➤ Dividend policy

- ✓ Taking into consideration consolidated business results, retained earnings required for future business development, we will determine the amount of dividends based on a target payout ratio of 25% on a consolidated basis.
- ✓ For the fiscal year ending March 2022, we plan to pay an annual dividend of 26 yen for the same amount as the current fiscal year.



(Unit: million yen)

	A	B	C	D	C-D
	2020/3	2021/3	2022/3	2022/3	Difference
	Actual	Actual	Forecast	Mid-term plan	
S a l e s	119,028	99,918	118,000	133,500	▲15,500
O p e r a t i n g i n c o m e	12,601	10,681	15,000	19,000	▲4,000
O r d i n a r y i n c o m e	15,723	14,197	17,700	22,000	▲4,300

- In the fiscal year ended March 2021, sales and profits decreased significantly due to COVID-19 infection. In the fiscal year ending March 2022, although business performance is gradually recovering, It is difficult to achieve the third medium-term management plan target.



We have created a new Vision.

Vision 2030

Change various surfaces with science

We will contribute to the creation of a sustainable society by creating new value for resources through surface modification of a variety of materials.

- Towards the 100th anniversary of our founding in 2028 and the future ahead, expanding existing fields and developing new fields globally. Looking to the future after the end of COVID-19, in addition to strengthening the profitability of existing businesses, we will strengthen research and development to contribute to the realization of a sustainable society, such as technological development for the realization of carbon neutrality.

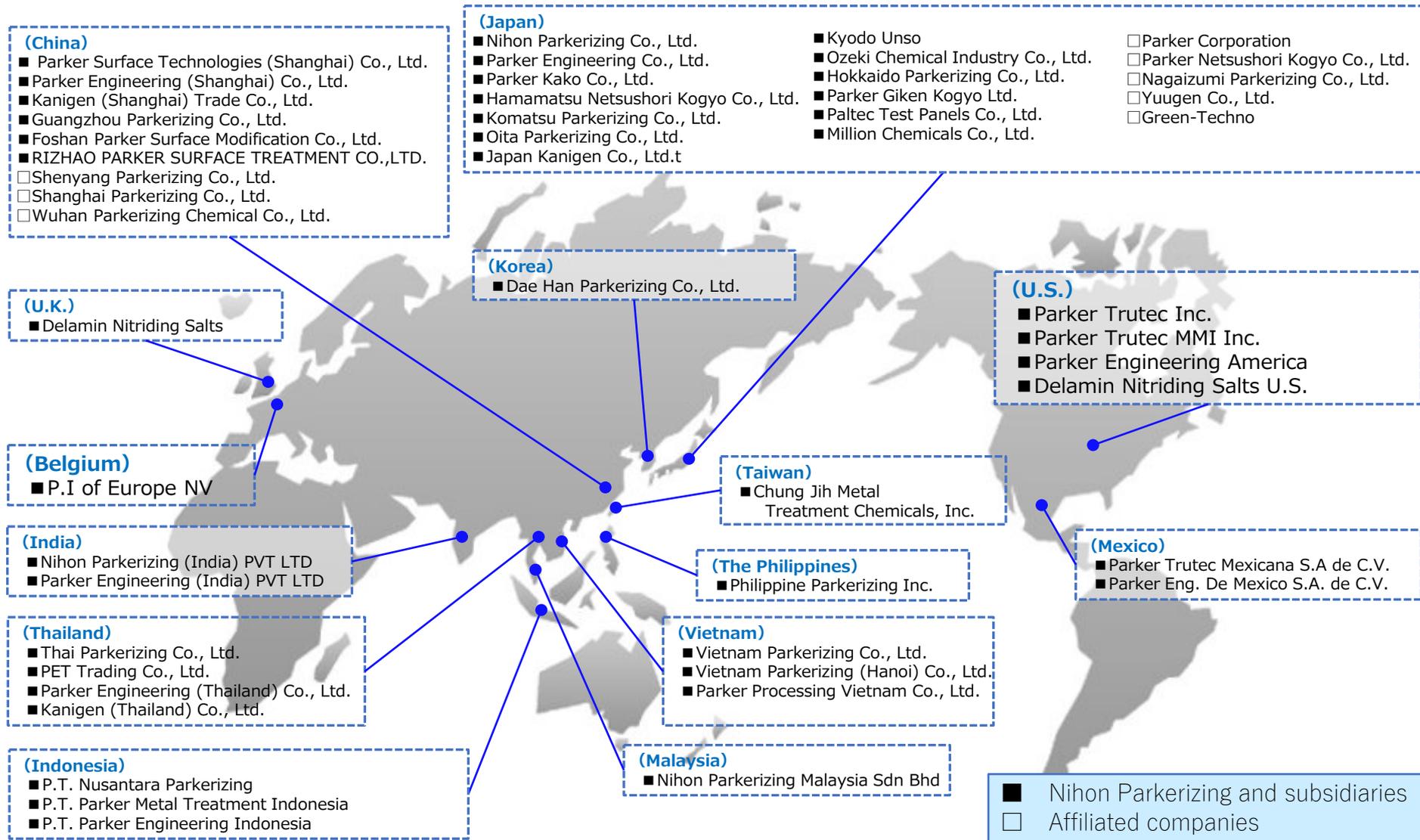
■ Consolidated financial highlights



(Unit: million yen)

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Net Sales	109,063	109,569	114,840	129,207	119,028	99,918
Operating income	15,766	16,934	17,984	17,023	12,601	10,681
Ordinary income	17,921	18,779	20,750	20,130	15,723	14,197
Net income attributable to parent company shareholders	10,320	12,228	12,721	11,424	9,449	9,999
Operating profit margin	14.5%	15.5%	15.7%	13.2%	10.6%	10.7%
Sales ordinary income ratio	16.4%	17.1%	18.1%	15.6%	13.2%	14.2%
Ratio of ordinary income to total assets	9.5%	9.7%	10.0%	9.2%	7.2%	6.5%
Return on equity (ROE)	8.9%	10.2%	9.7%	8.2%	6.7%	6.8%
Shareholders' equity ratio	61.5%	62.5%	62.9%	64.2%	66.1%	68.8%

■ Main subsidiaries and affiliated companies (As of 31st March 2021)



The forward-looking statements such as forecast of financial consolidated results contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from these forecast due to various factors.

Significant factors which may affect actual results include but are not limited to; a)state of the economy b)fluctuations in exchange rates c)product competitiveness, d)regulations and e)limits of intellectual property protection.

The information in this document is not intended to solicit investment.
Please make investment decisions at your own discretion.