

May 31, 2022

FY2022 ended March 31, 2022

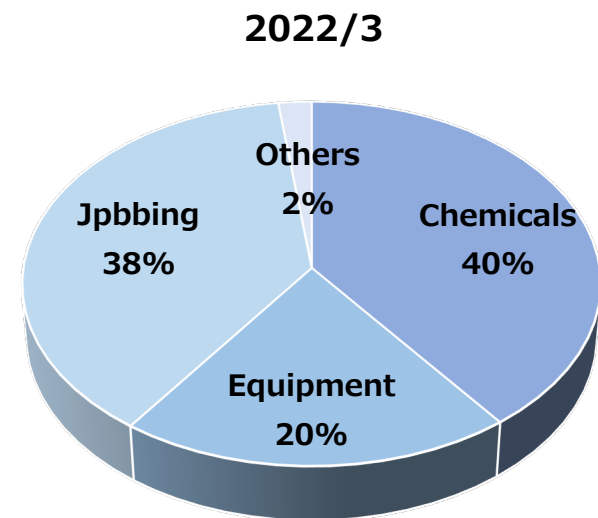
Financial Results Briefing

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Business segment and sales composition ratios

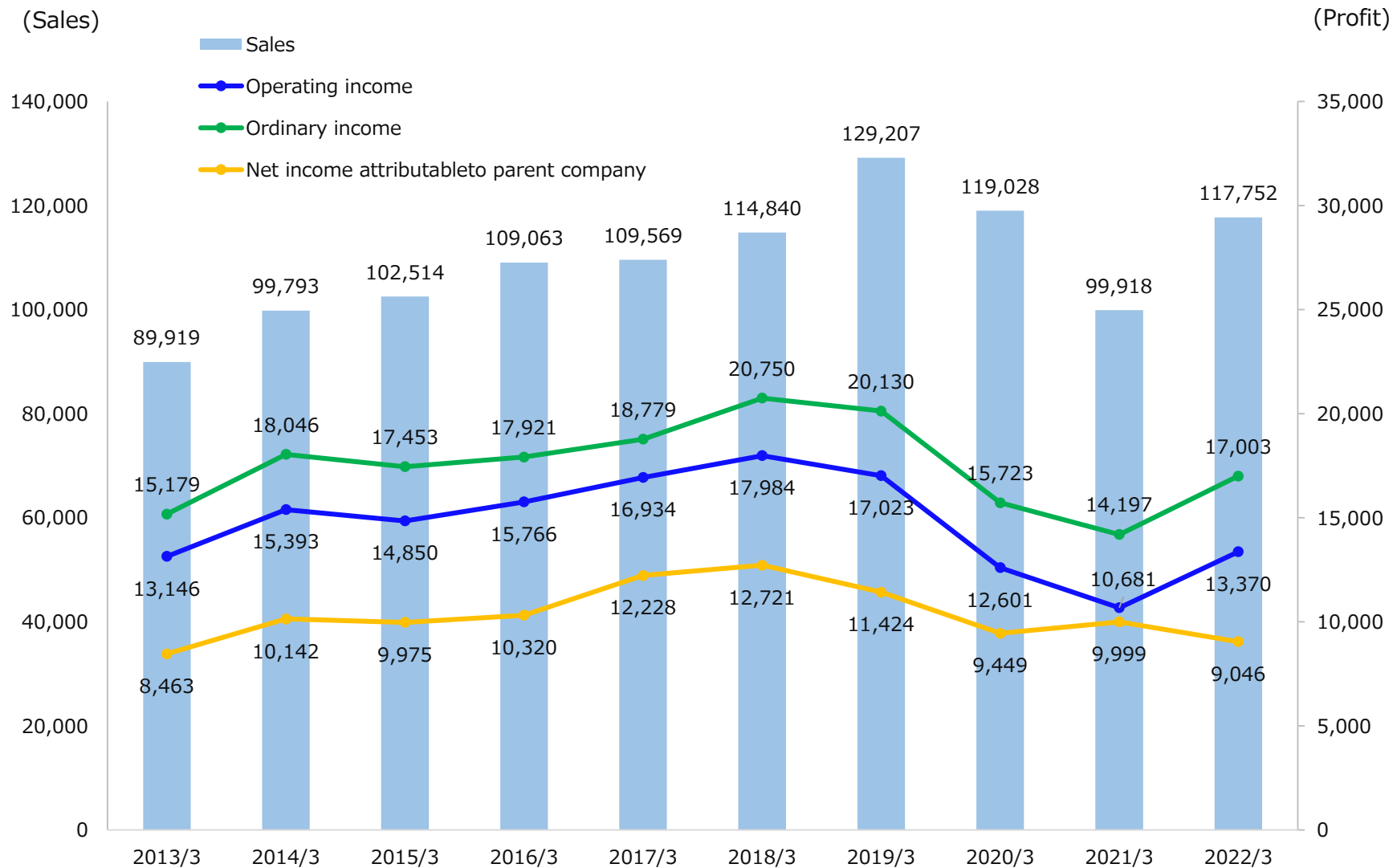
Business segment	Main business
Chemicals	<ul style="list-style-type: none"> ● Surface treatment chemicals for adding corrosion resistance, creating a paint base, providing lubrication ● Rolling oil and lubricants ● Rust proof oil ● Electroless plating solution (KANIGEN PLATING) ● Other products for design features and other various purpose
Equipment	<ul style="list-style-type: none"> ● Pretreatment, E-coat equipment ● Wastewater treatment ● Paint application and Robots ● Paint Booth and Air Supply Unit ● Powder Coating Equipment (PARKER IONICS) ● Conveyors ● Wet booths and Dry booths, etc.
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) ● Solid lubrication ● Other various surface treatment
Other	<ul style="list-style-type: none"> ● Building maintenance ● Others



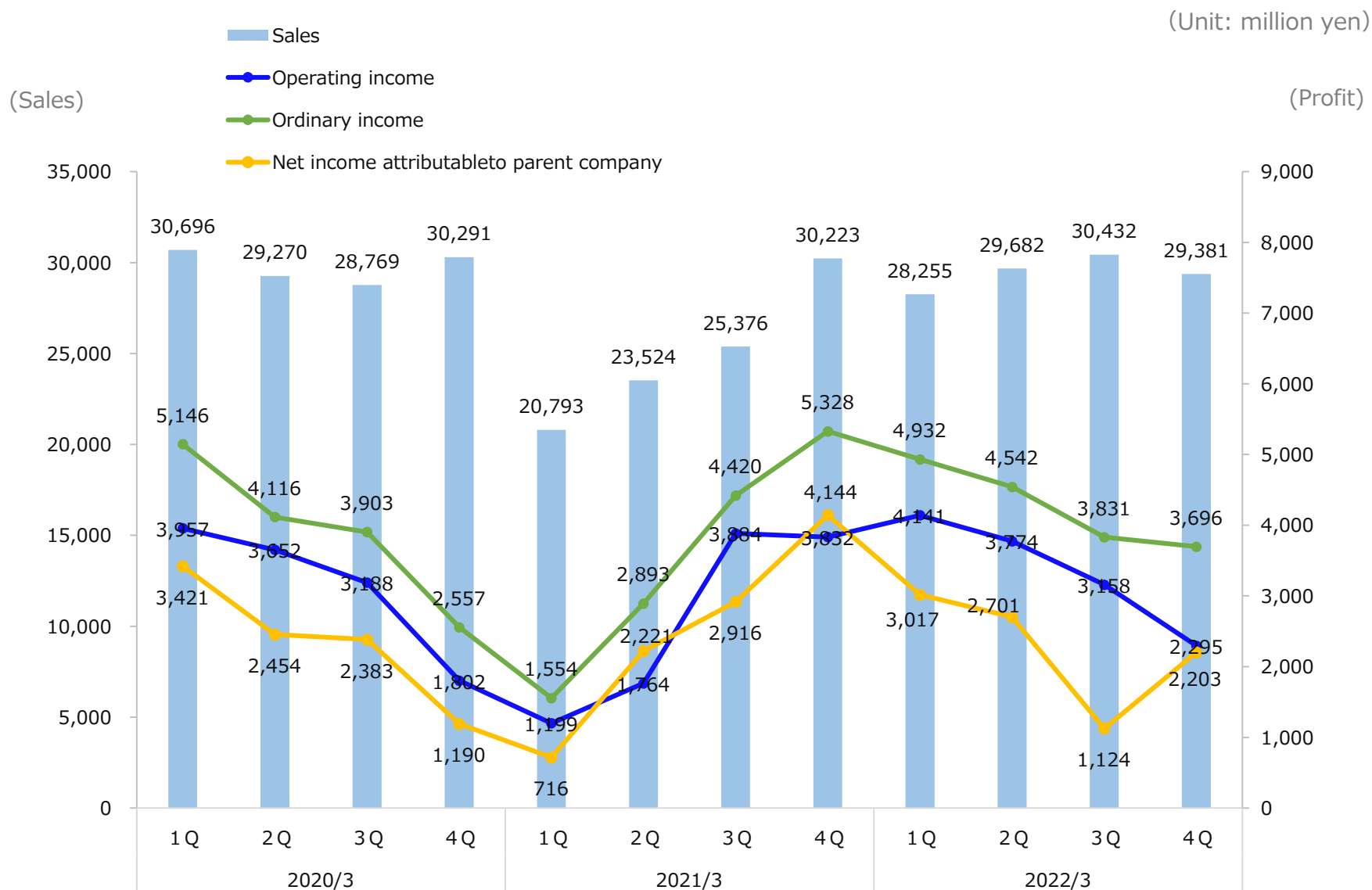
Sales consolidated
117,752
million yen

Consolidated Business Results

(Unit: million yen)



Consolidated quarterly trend



Consolidated income statement

(Unit: million yen)

項 目	2019/3	2020/3	Change	% Change	
Net Sales	99,918	117,752	+17,834	+17.8%	The effects of COVID-19 have diminished, and the economy has gradually recovered.
Operating income	10,681	13,370	+2,689	+25.2%	
Ordinary income	14,197	17,003	+2,806	+19.8%	Non-operating income 4,242 Non-operating expenses 610
Net income attributable to parent company shareholders	9,999	9,046	-952	-9.5%	Extraordinary gain 287 Extraordinary loss 1,445
Net income per share	84.75円	76.93円	-	-	
Ratio of ordinary income to total assets	6.5%	7.6%	-	-	
Return on equity (ROE)	6.8%	5.8%	-	-	
The average exchange rate (USD)	106.82円	109.80円	-	-	

- Overseas sales ratio 45.5% (※Including exports from japan)
- Foreign currency translation effect:
Sales approx. +2,299 million yen, Operating income approx. +182 million yen

Financial results of business segments by area

(Unit: million yen)

	Net sales			Operating income		
	2021/3	2022/3	増減	2021/3	2022/3	増減
Chemicals	41,575	47,691	+6,116	6,380	7,656	+1,276
Japan	26,286	28,519	+2,233	3,589	3,862	+273
Asia	13,540	17,174	+3,633	2,011	2,910	+898
Europe and North America	778	937	+158	205	246	+41
Inter-segment	969	1,060	+90	574	637	+63
Equipment	17,860	24,574	+6,713	430	151	-278
Japan	7,783	8,470	+687	-98	-15	+82
Asia	9,165	14,738	+5,572	241	120	-120
Europe and North America	561	704	+143	-38	-173	-135
Inter-segment	349	659	+310	326	220	-105
Jobbing	39,153	44,856	+5,702	5,206	6,781	+1,575
Japan	23,691	26,456	+2,764	4,352	5,352	+1,000
Asia	9,013	11,612	+2,599	920	2,067	+1,146
Europe and North America	6,391	6,750	+359	-309	-852	-542
Inter-segment	57	36	-21	243	214	-29
Others	2,783	2,457	-325	39	29	-9
Adjustments and Eliminations	-1,454	-1,825	-371	-1,376	-1,249	126
Total	99,918	117,752	+17,834	10,681	13,370	+2,689

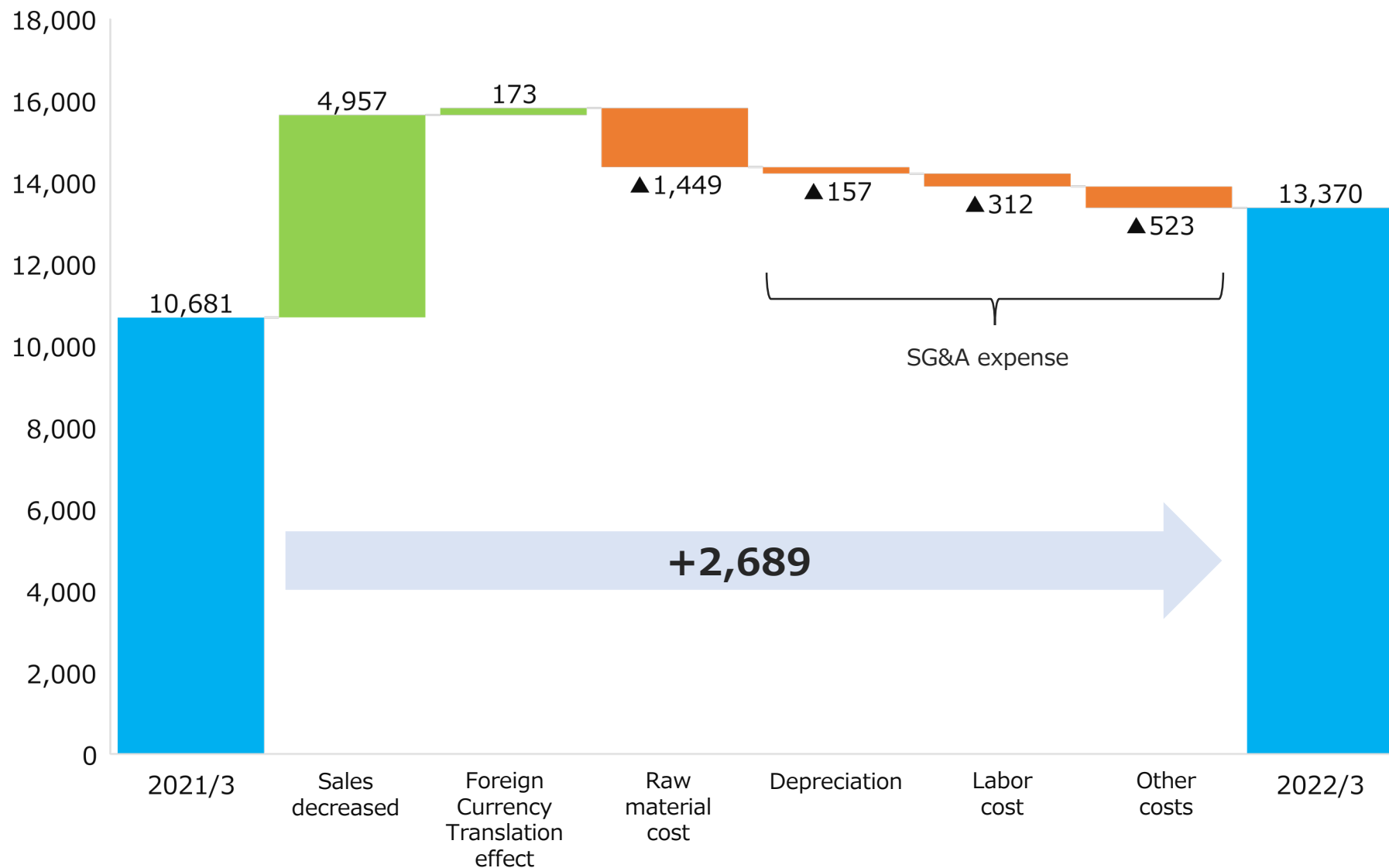
(Note)

- Sales and profit of each segment include internal sales and transfers between segments.

- In the second half, the pace of recovery slowed due to automobile production adjustments due to a shortage of semiconductors. However, annual sales increased in all segments as the economic measures and vaccination has carried out and the normalization of economic and social activities has progressed gradually in each country.
- Although it was affected by soaring raw material prices, a sharp depreciation of the yen, and rising energy prices, operating income increased from the previous fiscal year.

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 17,003 million yen.
- Extraordinary income was 287 million yen (including profit on sale of securities 198 million yen), extraordinary loss was 1,445 million yen (including impairment loss of 1,260 million yen).

As a result, net income attributable to the parent company shareholders was 9,046 million yen.

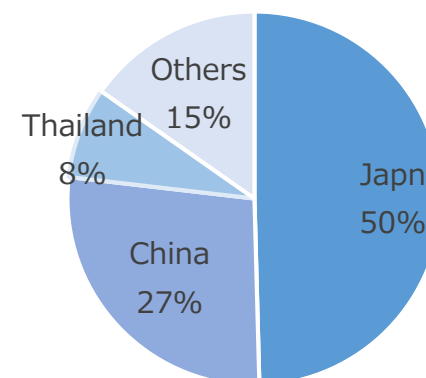
(Unit: million yen)

	2021/3	2022/3	Changes
Operating income	10,681	13,370	+2,689
Non-operating profit	4,187	4,242	+54
Interest income	346	348	+2
Dividend income	580	480	-99
Technical support fee	706	576	-130
Equity in earnings of affiliates	652	913	+261
Other income	1,902	1,923	+21
Non-operating expenses	671	610	-61
Interest expense	29	30	+0
Other expense	642	579	-62
Ordinary income	14,197	17,003	+2,806
Extraordinary income	3,865	287	-3,578
Extraordinary loss	1,600	1,445	-155
Income before income taxes	16,462	15,845	-617
Income taxes	5,078	4,403	-674
Net income attributable to non-controlling interests	1,384	2,394	+1,009
Net income attributable to parent company shareholders	9,999	9,046	-952

Revenue from China area (Profits from subsidiaries and affiliates)

	2021/3	2022/3	change
Operating income	1,206	1,265	+59
Technical support fee	176	209	+33
Equity in earnings of affiliates	316	386	+70
合計	1,699	1,861	+162

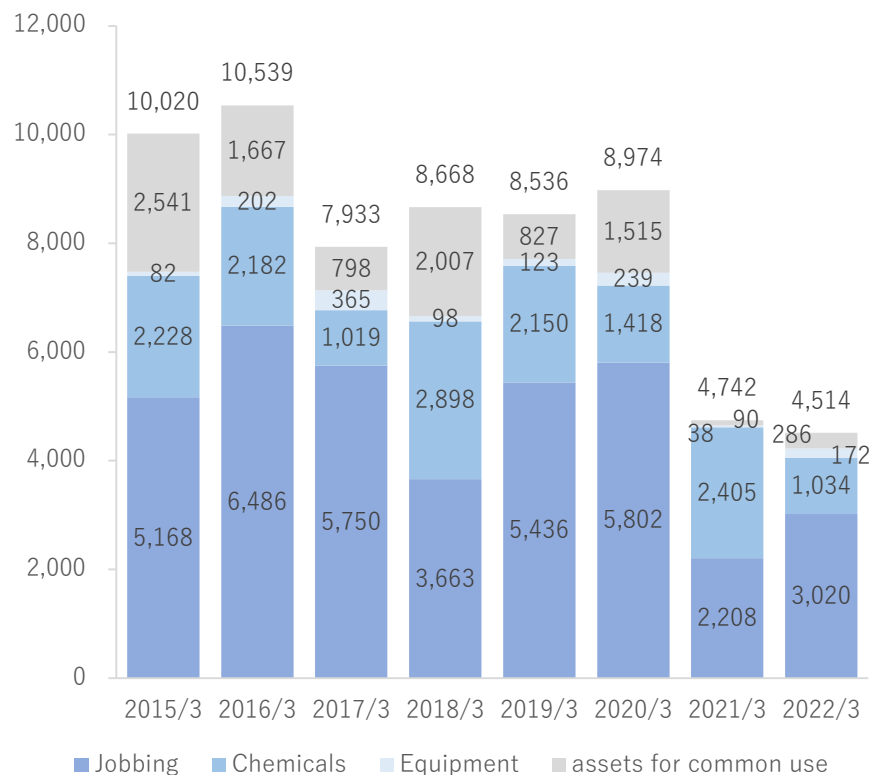
Sales ratio by region of chemicals business (Including sales of affiliated companies.)(*estimate)



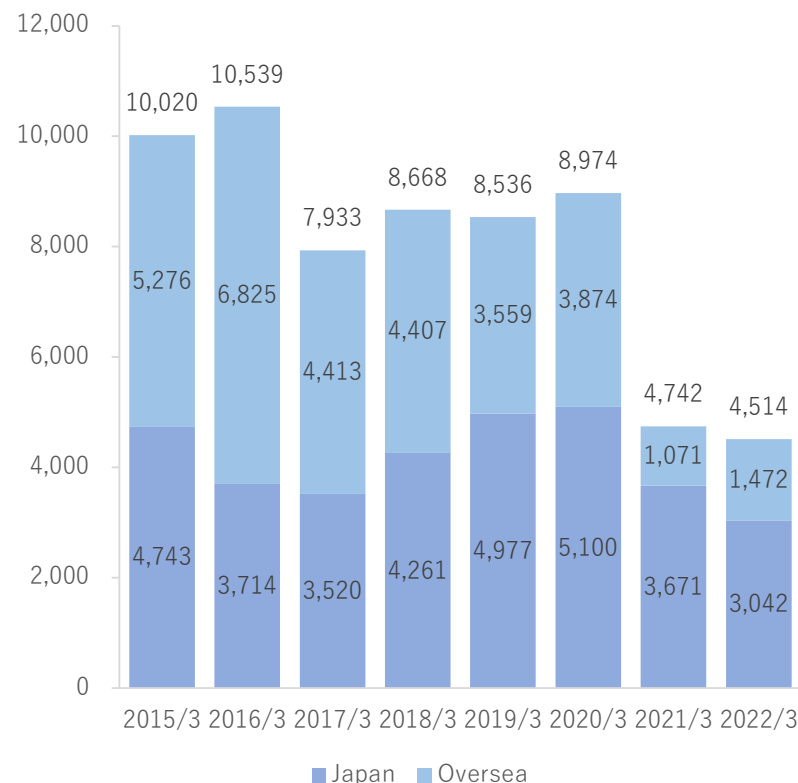
Capital investment

(Unit: million yen)

By segment



By area

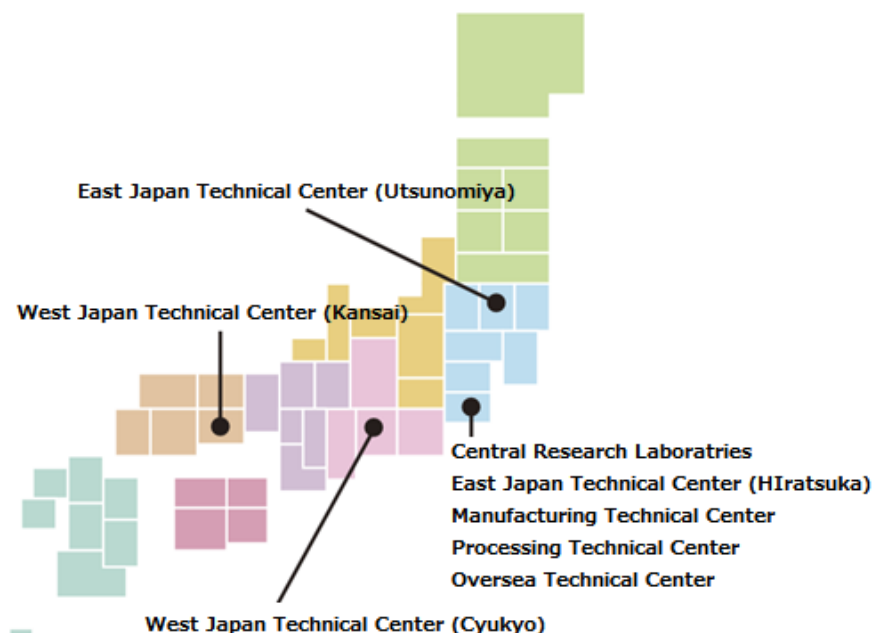
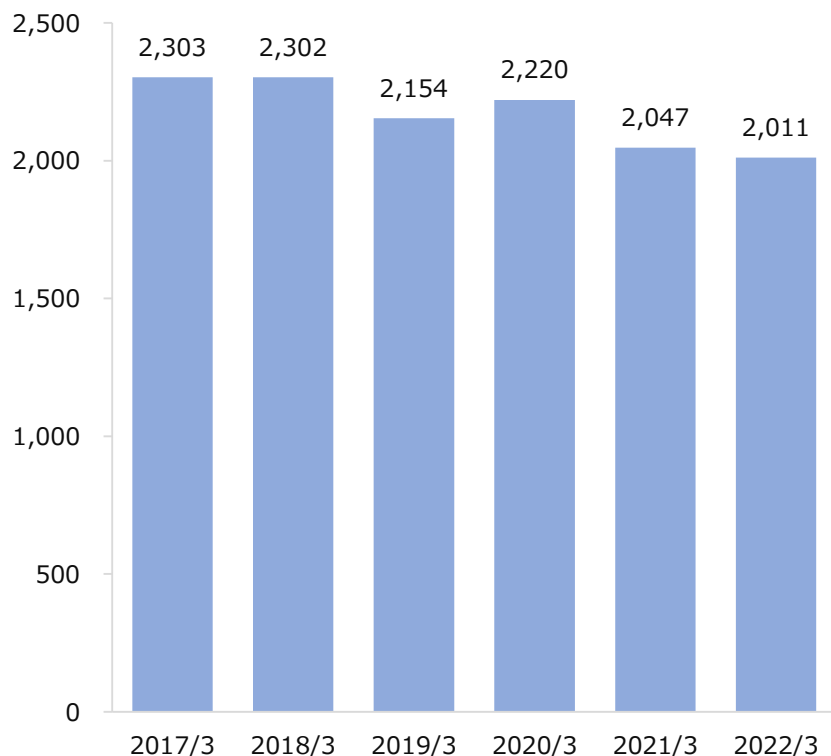


(Notes) Since it is difficult to classify capital investment in R&D by segment, it is included in common and others.

- In the fiscal years ending March 2021 and 2022, capital investment decreased significantly due to the impact of COVID-19.
- From the fiscal year ending March 2023, 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.

Research and Development (1/2)

(Unit: million yen)



- More than 130 people work at the central research laboratory and we will continue to invest in R&D to develop new fields for long-term growth.
- 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.
- We are committed to environmental preservation by developing products friendly to the earth and promoting to reduction of harmful substances and zero emission, etc.

Research and Development (2/2)

- 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

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Electronics



Aerospace



Non-Ferrous



Transport
equipment
Machinery



Building
material



Metal
Processing
Rust prevention



Steel



Medical

Consolidated balance sheet

(Unit: million yen)

Main factor of change

	2020/3	2021/3	%change	
Current assets	114,788	126,258	+11,469	Cash and deposits +8,869
Fixed assets	105,421	102,724	-2,697	
Tangible and Intangible assets	61,306	60,511	-794	Acquisition +4,514 Depreciation -5,912
Investments and other assets	44,115	42,212	-1,902	Securities -3,701
Total assets	220,210	228,982	+8,772	Retirement benefit obligation -1,584
Current liabilities	31,978	31,599	-378	
Fixed liabilities	11,563	9,709	-1,854	
Total liabilities	43,542	41,309	-2,233	
Total net assets	176,667	187,673	+11,005	Current profit +9,046 Cash dividends paid -3,180
Shareholders' equity	142,025	147,736	+5,710	
Accumulated other comprehensive profit	9,473	12,557	+3,083	Valuation difference on available-for-sale securities -1,772 Translation adjustment +3,784
Non-controlling interests	25,168	27,379	+2,211	
Total liabilities and net assets	220,210	228,982	+8,772	
Shareholders' equity ratio	68.8%	70.0%		

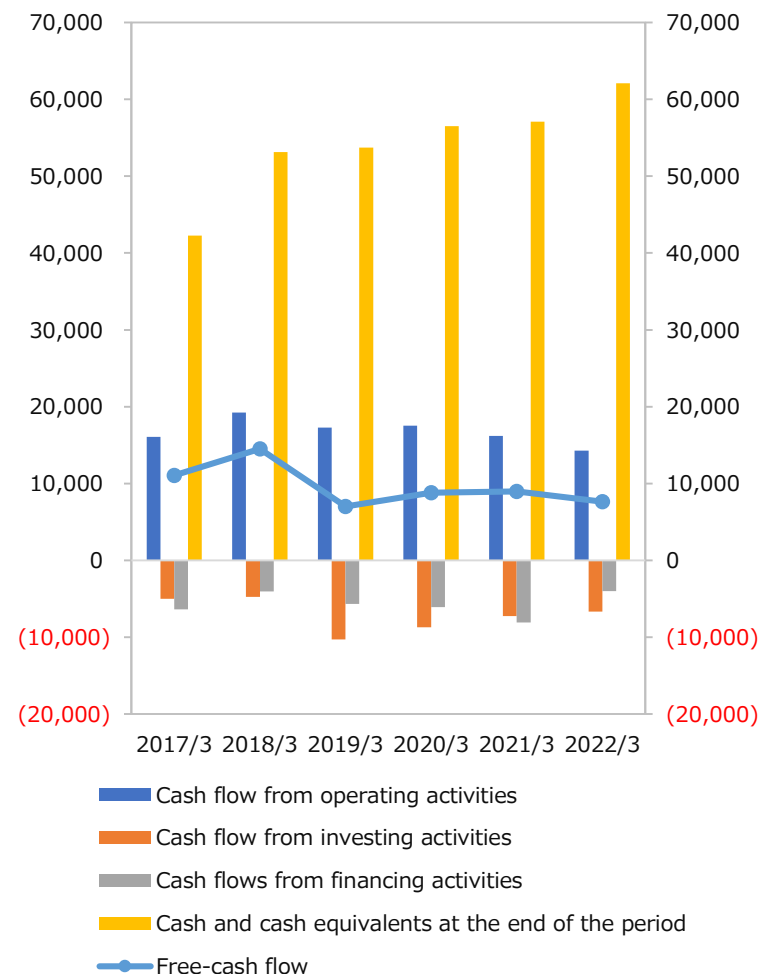
※Shareholders' equity ratio = ("Total net assets" - "Non-controlling interests") / Total liabilities and net assets

➤ Shareholders' equity ratio is stable.

Consolidated cash flow

(Unit: million yen)

	2021/3	2022/3
Net cash provided by operating activities	+16,212	+14,281
Profit before income taxes	16,462	15,845
Depreciation and amortization	+5,622	5,912
Others	-5,872	-7,476
Net cash used in investing activities	-7,263	-6,655
Purchase of property, plant and equipment	-4,908	-4,232
Others	-2,355	-2,422
Net cash used in financing activities	-8,106	-4,105
Cash dividends paid	-3,023	-3,242
Purchase of treasury shares	-1,487	-0
Others	-3,595	-862
Effect of exchange rate change on cash and cash equivalents	-241	1,455
Net increase (decrease) in cash and cash equivalents	+600	+4,975
Cash and cash equivalents at beginning of the fiscal year	56,507	57,108
Cash and cash equivalents at end of the fiscal year	57,108	62,083



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

Forecast for FY2023 ended March 31, 2023

(Unit: million yen)

	2022/3 Actual	2023/3 Forecast	Change	% Change
N e t S a l e s	117,752	120,000	+2,248	+1.9%
O p e r a t i n g i n c o m e	13,370	15,000	+1,630	+12.2%
O r d i n a r y i n c o m e	17,003	18,000	+997	+5.9%
Net income attributable to parent company shareholders	9,046	10,000	+954	+10.5%
The average exchange rate (USD)	109.80yen	116yen		

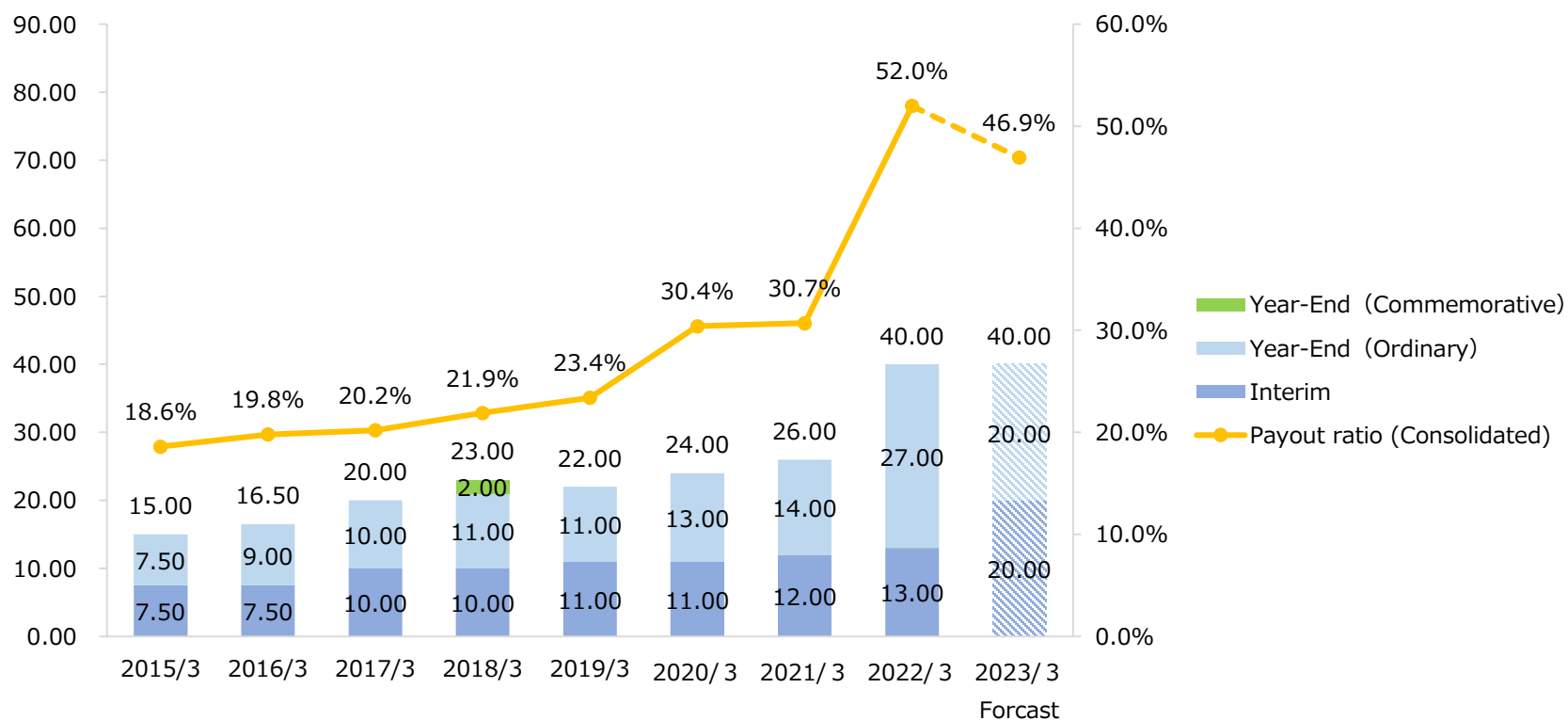
- Forecast was made on the assumption that emerging-market currencies move according to the influence of US \$.

Dividend policy and shareholder return

- We will pay stable dividends to shareholders on an ongoing basis and commit to enhancing shareholder value by utilizing retained earnings effectively.
- Taking into consideration consolidated business results and retained earnings required for future business development, we will determine the dividends based on a target payout ratio of 30% on a consolidated basis.

In addition, since both the investment funds for growth and security of the financial base have reserved to a certain extent, we will pay dividends exceeding our target ratio for the time being.

- We will repurchase stock as a measure to improve capital efficiency and future ROE.

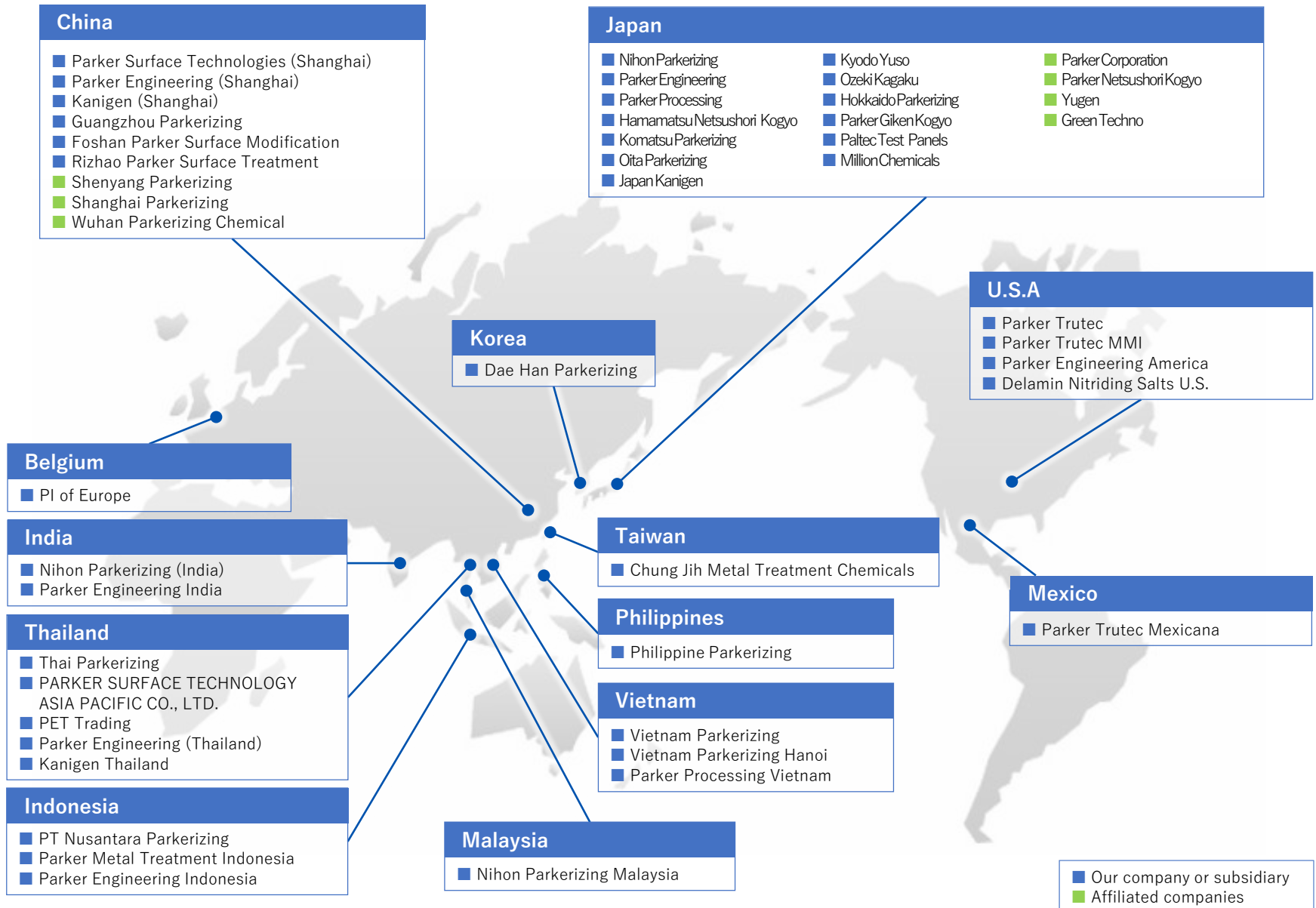


Consolidated financial highlights

(Unit: million yen)

	Year Ended March 31,						
	2016	2017	2018	2019	2020	2021	2022
Net Sales	109,063	109,569	114,840	129,207	119,028	99,918	117,752
Operating income	15,766	16,934	17,984	17,023	12,601	10,681	13,370
Ordinary income	17,921	18,779	20,750	20,130	15,723	14,197	17,003
Net income attributable to parent company shareholders	10,320	12,228	12,721	11,424	9,449	9,999	9,046
Operating profit margin	14.5%	15.5%	15.7%	13.2%	10.6%	10.7%	11.4%
Sales ordinary income ratio	16.4%	17.1%	18.1%	15.6%	13.2%	14.2%	14.4%
Ratio of ordinary income to total assets	9.5%	9.7%	10.0%	9.2%	7.2%	6.5%	7.6%
Return on equity (ROE)	8.9%	10.2%	9.7%	8.2%	6.7%	6.8%	5.8%
Shareholders' equity ratio	61.5%	62.5%	62.9%	64.2%	66.1%	68.8%	70.0%

Main affiliated companies (As of March 31, 2022)



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.

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Please make investment decisions at your own discretion.

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