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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (under Japanese GAAP)

May 12, 2022

Company name: **Sanyo Chemical Industries, Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 4471
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 Scheduled date of ordinary general meeting of shareholders: June 17, 2022
 Scheduled date to commence dividend payments: June 1, 2022
 Scheduled date to file securities report: June 20, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2022	162,526	12.3	11,868	(0.5)	12,771	6.4	6,699	(8.0)
March 31, 2021	144,757	(6.9)	11,932	(4.1)	11,999	(5.6)	7,282	(5.0)

Note: Comprehensive income: Fiscal year ended March 31, 2022 ¥8,082 million [(47.1)%]
 Fiscal year ended March 31, 2021 ¥15,272 million [601.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	303.76	—	4.7	6.5	7.3
March 31, 2021	330.34	—	5.4	6.4	8.2

Reference: Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2022 ¥(1,104) million
 Fiscal year ended March 31, 2021 ¥(963) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2022	200,194	147,032	72.2	6,549.60
March 31, 2021	195,723	142,951	71.8	6,371.77

Reference: Equity: As of March 31, 2022 ¥144,479 million
 As of March 31, 2021 ¥140,474 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	11,328	(11,704)	(5,979)	18,171
March 31, 2021	22,300	(12,498)	(4,146)	23,647

2. Cash dividends

	Cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q (as of June 30)	2Q (as of Sept. 30)	3Q (as of Dec. 31)	4Q (as of Mar. 31)	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	70.00	–	80.00	150.00	3,317	45.4	2.5
Fiscal year ended March 31, 2022	–	85.00	–	85.00	170.00	3,759	56.0	2.6
Fiscal year ending March 31, 2023 (Forecast)	–	85.00	–	85.00	170.00		44.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023

(from April 1, 2022 to March 31, 2023)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	98,500	27.1	5,500	(7.1)	5,700	(16.9)	3,700	(16.3)	167.73
Fiscal year ending March 31, 2023	206,000	26.7	12,500	5.3	13,000	1.8	8,500	26.9	385.32

* **Notes**

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatements

- a. Changes in accounting policies associated with revised accounting standards, etc.: Yes
 b. Changes in accounting policies other than a. above: None
 c. Changes in accounting estimates: None
 d. Restatements: None

Note: See page 16, “4. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Changes in accounting policies” for more information.

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	23,534,752 shares
As of March 31, 2021	23,534,752 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022	1,475,417 shares
As of March 31, 2021	1,488,441 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2022	22,054,766 shares
For the fiscal year ended March 31, 2021	22,045,833 shares

Note: Shares of Sanyo Chemical Industries, Ltd. (the “Company”) owned by the trust whose beneficiaries are directors, etc. of the Company are included in the treasury shares that are excluded in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(% indicates year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	109,104	18.2	7,094	5.9	10,207	11.3	6,405	19.9
March 31, 2021	92,329	(11.1)	6,698	(26.1)	9,173	(9.5)	5,341	10.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	290.44	—
March 31, 2021	242.31	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	167,171	124,183	74.3	5,629.52
March 31, 2021	162,613	122,803	75.5	5,570.27

Reference: Equity: As of March 31, 2022 ¥124,183 million
 As of March 31, 2021 ¥122,803 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

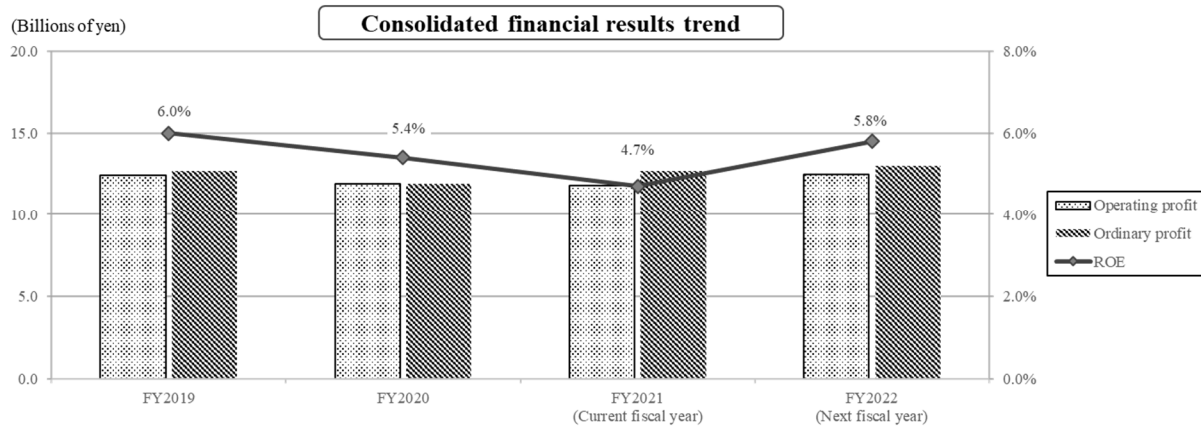
* Appropriate use of earnings forecasts and other special items

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual earnings may differ significantly due to various factors. See page 2, "1. Analysis of results of operations and financial position, (1) Qualitative information regarding operating results" for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

<Reference> Consolidated financial results trend and the feature

(Millions of yen)

	FY2019 (Fiscal year ended March 31, 2020)		FY2020 (Fiscal year ended March 31, 2021)		FY2021 (Fiscal year ended March 31, 2022)		FY2022 (Fiscal year ending March 31, 2023)		Changed amount	
	Amount	YoY change	Amount	YoY change	Amount	YoY change	Amount	YoY change	FY2022 – FY2021	FY2023 – FY2022
Net sales	155,503	(3.8)%	144,757	(6.9)%	162,526	12.3%	206,000	26.7%	17,769	43,474
Operating profit	12,439	(3.7)%	11,932	(4.1)%	11,868	(0.5)%	12,500	5.3%	(64)	632
Ordinary profit	12,704	(16.4)%	11,999	(5.6)%	12,771	6.4%	13,000	1.8%	772	229
Profit attributable to owners of parent	7,668	43.4%	7,282	(5.0)%	6,699	(8.0)%	8,500	26.9%	(583)	1,801
Share of profit of entities accounted for using equity method	231		(963)		(1,104)		(350)		(140)	754
Profit attributable to non-controlling interests	84		456		458		500		1	42
Net assets	130,097	(1.9)%	142,951	9.9%	147,032	2.9%	150,720	2.5%	4,080	3,688
Total assets	178,873	(7.6)%	195,723	9.4%	200,194	2.3%	207,270	3.5%	4,470	7,076
ROE (Return on equity)		6.0%		5.4%		4.7%		5.8%	Percentage points (0.7)	Percentage points 1.1



Feature of the fiscal year ended March 31, 2022 (FY2021) (Comparison with the previous fiscal year)

- ◎ Net sales increased due to appropriate sales price revision to respond to a rise in raw material costs.
 Operating profit fell slightly, and ordinary profit increased with the increase in foreign exchange gains.

(Billions of yen)

			Main factors
Net sales	17.7	(Increased sales)	• Appropriate price revision to respond to a rise in raw material costs
Operating profit	(0.0)	(Slight decrease)	• Maintained spread between sales and purchase
Ordinary profit	0.7	(Increased profit)	• Increase in foreign exchange gains
Profit attributable to owners of parent	(0.5)	(Decreased profit)	• Worsening extraordinary losses This period: Loss on valuation of investment securities (0.9), etc., Total (2.0) Previous period: Total (1.4)

Feature of the fiscal year ending March 31, 2023 (FY2022) (Comparison with current fiscal year)

- ◎ Net sales increased due to appropriate sales price revision to respond to a rise in raw material costs.
 Profit increased due to expanded sales that maintained the spread between sales and purchase.

(Billions of yen)

			Main factors
Net sales	43.4	(Increased sales)	• Appropriate price revision to respond to a rise in raw material costs
Operating profit	0.6	(Increased profit)	• Expanded sales that maintained the spread between sales and purchase
Ordinary profit	0.2	(Increased profit)	• Improvement in share of profit of entities accounted for using equity method and decrease in foreign exchange gains
Profit attributable to owners of parent	1.8	(Increased profit)	• Decrease in extraordinary losses

Attached Material Index

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1. Analysis of results of operations and financial position

(1) Qualitative information regarding operating results

During the fiscal year ended March 31, 2022, the Japanese economy showed signs of normalizing as vaccination against COVID-19 progressed; however, since the end of 2021, a resurgence of COVID-19 infections has led to fluctuations in individual consumption. In exports, dark signs have replaced the earlier rising trend, and a harsh environment continues to persist with inbound demand remaining low among other factors. In the global economy, the expansion of the Chinese economy appears to be reaching its peak, while the outlook of the US and European economies remains unclear due to the impact of Russia's invasion of Ukraine, in spite of economic recovery due to the normalization of economic activities.

In the chemical industry, the forex market is experiencing a trend of rapid yen depreciation mainly due to interest rate rises being observed in the US, and raw material costs, which were already rising due to supply being unable to keep pace with the recovery in demand, have now risen further due to the emergence of geopolitical risks. Amid these conditions, the business environment requires ongoing vigilance.

Under these circumstances, net sales for the fiscal year under review increased by 12.3% year on year, to ¥162,526 million. In terms of profit, operating profit was ¥11,868 million (a decrease of 0.5% year on year), and ordinary profit was ¥12,771 million (an increase of 6.4% year on year) mainly due to an increase in foreign exchange gains. Profit attributable to owners of parent was ¥6,699 million (a decrease of 8.0% year on year) mainly due to recording of loss on valuation of investment securities.

1) Business performance

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	
			(Amount)	(Change)
Net sales	144,757	162,526	17,769	12.3%
Operating profit	11,932	11,868	(64)	(0.5)%
Ordinary profit	11,999	12,771	772	6.4%
Profit attributable to owners of parent	7,282	6,699	(583)	(8.0)%
Basic earnings per share	¥330.34	¥303.76	¥(26.58)	(8.0)%
ROA (Return on assets*)	6.4%	6.5%		0.1 percentage point
ROE (Return on equity)	5.4%	4.7%		(0.7) percentage point
Currency exchange (US\$, CNY)	US\$=¥106.11	US\$=¥112.40		¥6.29
	CNY=¥15.68	CNY=¥17.52		¥1.84
Naphtha price in Japan	¥31,300/kl	¥56,600/kl		¥27,500/kl

*ROA (Return on assets) is calculated based on ordinary profit.

2) Business performance by segment

Results by product group (segment) were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Toiletries and Health Care	54,302	3,195	54,922	1,708	620	(1,487)
Petroleum and Automotives	37,316	3,365	42,540	3,265	5,224	(100)
Plastics and Textiles	20,802	2,705	25,466	3,346	4,664	640
Information and Electrics/Electronics	17,096	1,439	20,989	2,110	3,892	671
Environmental Protection, Construction and Others	15,239	1,226	18,607	1,437	3,367	210

<Toiletries and Health Care>

In the Toiletries segment, sales were strong due to a surge in sales of polyethyleneglycol both in Japan and overseas and a recovery in papermaking chemicals.

In the Health Care segment, sales were flat. Although there was a temporary drop in sales of superabsorbent polymers in the mainstay Chinese market due to a rapid production adjustment resulting from energy shortages, this was followed by a track of recovery.

As a result, total net sales in this segment increased by 1.1% year on year, to ¥54,922 million. Operating profit was ¥1,708 million (a decrease of 46.5% year on year).

<Petroleum and Automotives>

In the Petroleum and Automotives segment, sales experienced a large increase. This was due to strong sales of raw materials for polyurethane foams used in automobile seats and other applications, and lubricant additives, despite flat sales of thermoplastic polyurethane beads for interior parts of automobiles.

As a result, total net sales in this segment increased by 14.0% year on year, to ¥42,540 million. Operating profit was ¥3,265 million (a decrease of 3.0% year on year).

<Plastics and Textiles>

In the Plastics segment, sales experienced a large increase due to continued strong sales of our mainstay permanent antistatic agents and a recovery in overseas demand for paint coating agents and additives as well as resin modifiers used as paint binders.

The Textiles segment experienced a large increase in sales, as sales of chemicals for carbon fibers increased and sales of polyurethane resins for synthetic leather and elastomer fiber used in automobiles and the spin finish oil used in the manufacturing process of tire cord yarns and other items were strong.

As a result, total net sales in this segment increased by 22.4% year on year, to ¥25,466 million. Operating profit was ¥3,346 million (an increase of 23.7% year on year).

<Information and Electrics/Electronics>

In the Information segment, sales experienced a large increase. This was mainly due to recovery of office printing demand, which had stagnated due to the COVID-19 pandemic, as well as strong sales of polyester beads as a core component of polymerization toners and toner resins for pulverized toners.

In the Electrics/Electronics segment, sales were strong due to ongoing positive sales of raw materials for resists used in semiconductors against the backdrop of continued strong demand for semiconductors and a large increase in sales of UV resins used in displays.

As a result, total net sales in this segment increased by 22.8% year on year, to ¥20,989 million. Operating profit was ¥2,110 million (an increase of 46.6% year on year).

<Environmental Protection, Construction and Others>

In the Environmental Protection segment, sales experienced a large increase due to a strong increase in sales of cationic monomer for polymer flocculants for overseas markets.

In the Construction segment, sales experienced a large increase. This was due to strong sales for both raw materials for building sealants and raw materials for polyurethane foams mainly used in furniture and heat insulating materials.

As a result, total net sales in this segment increased by 22.1% year on year, to ¥18,607 million. Operating profit was ¥1,437 million (an increase of 17.2% year on year).

<Forecast for the fiscal year ending March 31, 2023>

During the fiscal year ended March 31, 2022, the Japanese economy showed signs of normalizing as vaccination against COVID-19 progressed; however, since the end of 2021, a resurgence of COVID-19 infections has led to fluctuations in individual consumption. In exports, dark signs have replaced the earlier rising trend, and a harsh environment continues to persist with inbound demand remaining low among other factors.

While we hope that the impact of COVID-19 on social and economic activities will gradually diminish in the fiscal year ending March 31, 2023, conditions including trends in raw material prices and foreign exchange caused by the emergence of geopolitical risk remain extremely unpredictable.

Under these circumstances, for the Group's consolidated earnings forecasts for the fiscal year ending March 31, 2023, mainly due to expanded sales for high-value-added products, we forecast net sales of

¥206,000 million, operating profit of ¥12,500 million, ordinary profit of ¥13,000 million, and profit attributable to owners of parent of ¥8,500 million.

(2) Analysis of financial position

Total assets as of the end of the fiscal year under review increased by ¥4,470 million compared with the end of the previous fiscal year, amounting to ¥200,194 million. Current assets increased by ¥4,423 million from the end of the previous fiscal year to ¥93,764 million mainly due to a ¥4,704 million increase in notes and accounts receivable - trade, a ¥2,308 million increase in merchandise and finished goods, and a ¥1,813 million increase in raw materials and supplies, despite a ¥5,475 million decrease in cash and deposits. Non-current assets increased by ¥47 million from the end of the previous fiscal year to ¥106,429 million mainly due to a ¥1,663 million increase in intangible assets and a ¥1,074 million increase in long-term loans receivable, despite a ¥2,524 million decrease in investment securities.

Current liabilities increased by ¥1,681 million from the end of the previous fiscal year to ¥47,904 million mainly due to a ¥2,671 million increase in accounts payable - trade, despite a ¥550 million decrease in current portion of long-term borrowings. Non-current liabilities decreased by ¥1,291 million from the end of the previous fiscal year to ¥5,257 million mainly due to a ¥850 million decrease in long-term borrowings and a ¥331 million decrease in deferred tax liabilities.

Net assets as of the end of the fiscal year under review increased by ¥4,080 million from the end of the previous fiscal year, to ¥147,032 million. Equity ratio rose by 0.4 percentage points to 72.2% from 71.8% as of the end of the previous fiscal year. Net assets per share increased by ¥177.83 to ¥6,549.60 from ¥6,371.77 as of the end of the previous fiscal year.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Cash flows from operating activities	22,300	11,328	(10,971)
Cash flows from investing activities	(12,498)	(11,704)	794
Cash flows from financing activities	(4,146)	(5,979)	(1,833)
Effect of exchange rate change on cash and cash equivalents	523	878	355
Net increase (decrease) in cash and cash equivalents	6,179	(5,475)	(11,655)
Cash and cash equivalents at end of period	23,647	18,171	(5,475)

Cash and cash equivalents (“cash”) as of the end of the fiscal year under review amounted to ¥18,171 million. This marked a decrease of ¥5,475 million compared with the end of the previous fiscal year.

The cash flow movements during the period under review and the factors influencing them were as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥11,328 million (compared to ¥22,300 million in net cash provided during the previous fiscal year). This result was mainly due to the cash inflow from profit before income taxes of ¥10,734 million and depreciation of ¥9,662 million, which outweighed the cash outflow mainly from the increase in trade receivable of ¥4,052 million, the increase in inventories of ¥4,101 million, and income taxes paid of ¥2,984 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥11,704 million (compared to ¥12,498 million in net cash used during the previous fiscal year). This result was mainly due to a cash outlay of ¥8,597 million for purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥5,979 million (compared to ¥4,146 million in net cash used during the previous fiscal year). This result was mainly due to the cash outflow from dividends paid of ¥3,634 million and repayments of long-term borrowings of ¥1,400 million.

Trends in Sanyo Chemical Group's cash flow indicators are as follows.

	Fiscal year ended March 31,				
	2018	2019	2020	2021	2022
Equity ratio (%)	65.3	66.8	71.4	71.8	72.2
Equity ratio on a market value basis (%)	55.2	58.3	48.7	63.1	55.5
Cash flows / interest-bearing debt ratio (years)	0.7	0.8	0.6	0.4	0.7
Interest coverage ratio (times)	126.8	124.5	164.0	423.7	233.3

Equity ratio: Equity / Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Cash flows / interest-bearing debt ratio: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

* All indicators are calculated based on consolidated financial statements.

* Market capitalization is (Closing price at period end) × (Number of outstanding shares at period end [less treasury shares]).

* Net cash provided by operating activities is as reported on the consolidated statements of cash flows. Interest payments are reported under interest paid on the consolidated statements of cash flow.

- (3) Basic policy on appropriation of profits and dividend payment for the current fiscal year and the next
- We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as our important management issue. We aim to improve our dividend payout in the medium- to long-term, targeting a consolidated payout ratio of 30% or higher. Furthermore, we intend to use our internal reserves for investment in future growth.

The Company plans to pay the year-end dividend of ¥85 per share (an annual dividend of ¥170 per share) for the fiscal year ended March 31, 2022.

(This year-end dividend will be decided officially at the Board of Directors meeting in mid-May after receiving the Audit Report by the accounting auditor and the Audit & Supervisory Board.)

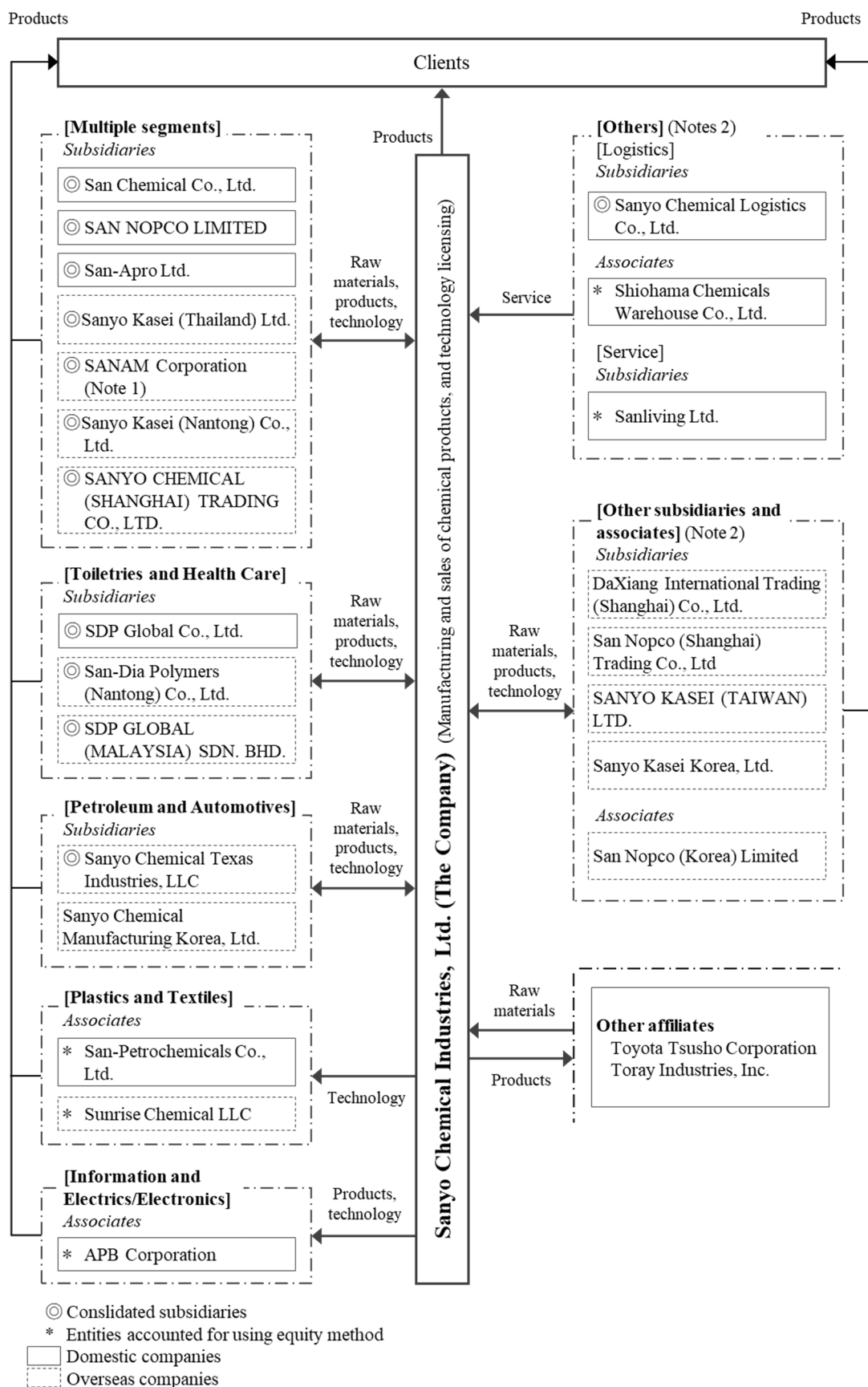
In addition, we forecast an interim and year-end dividend in the next fiscal year of ¥85 each, for an annual dividend of ¥170 per share.

<Consolidated dividends per share & payout ratio trend>

	Fiscal year ended March 31,				Fiscal year ending March 31, 2023 Next fiscal year (forecast)
	2019	2020	2021	2022 Current fiscal year	
Interim	¥60.0	¥70.0	¥70.0	¥85.0	¥85.0
Year-end	¥65.0	¥70.0	¥80.0	¥85.0	¥85.0
Annual	¥125.0	¥140.0	¥150.0	¥170.0	¥170.0
Payout ratio	51.5%	40.2%	45.4%	56.0%	44.1%

2. Status of the corporate group

An organizational chart of the businesses of the Group's main companies is provided below.



- Notes:
1. On April 1, 2022, SANAM Corporation changed its trade name to Sanyo Chemical America Incorporated.
 2. These companies have not been classified by segment.

3. Basic policy on selection of accounting standards

Sanyo Chemical Group prepares its consolidated financial statements in accordance with the Japanese accounting standards taking into consideration the comparability between consolidated financial statements over different accounting periods and of different companies.

The Group considers the application of the International Financial Reporting Standards (IFRS) in the future.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	23,647	18,171
Notes and accounts receivable - trade	40,144	44,849
Electronically recorded monetary claims - operating	1,370	1,509
Merchandise and finished goods	14,253	16,561
Semi-finished goods	3,693	4,314
Work in process	386	596
Raw materials and supplies	4,301	6,115
Other	1,576	1,681
Allowance for doubtful accounts	(33)	(35)
Total current assets	89,340	93,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,385	48,608
Accumulated depreciation	(29,616)	(30,541)
Buildings and structures, net	17,768	18,066
Machinery, equipment and vehicles	158,445	162,395
Accumulated depreciation	(130,180)	(134,496)
Machinery, equipment and vehicles, net	28,264	27,898
Land	8,832	8,853
Construction in progress	3,724	3,635
Other	13,796	14,610
Accumulated depreciation	(11,130)	(11,674)
Other, net	2,666	2,936
Total property, plant and equipment	61,255	61,389
Intangible assets		
Software	1,330	1,283
Other	2,254	3,965
Total intangible assets	3,585	5,248
Investments and other assets		
Investment securities	31,798	29,274
Long-term loans receivable	2,937	4,012
Deferred tax assets	368	378
Retirement benefit asset	2,270	2,337
Other	4,195	3,819
Allowance for doubtful accounts	(29)	(30)
Total investments and other assets	41,541	39,791
Total non-current assets	106,382	106,429
Total assets	195,723	200,194

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	17,903	20,575
Electronically recorded obligations - operating	4,448	4,539
Short-term borrowings	6,874	6,887
Current portion of long-term borrowings	1,400	850
Accrued expenses	4,376	4,247
Income taxes payable	1,352	1,892
Provision for bonuses	2,178	2,117
Provision for bonuses for directors (and other officers)	100	121
Electronically recorded obligations - non-operating	952	945
Provision for loss on factory closing	167	12
Other	6,468	5,713
Total current liabilities	46,222	47,904
Non-current liabilities		
Long-term borrowings	1,000	150
Deferred tax liabilities	3,682	3,350
Provision for stock-based compensation	315	376
Retirement benefit liability	28	38
Other	1,522	1,341
Total non-current liabilities	6,548	5,257
Total liabilities	52,771	53,161
Net assets		
Shareholders' equity		
Share capital	13,051	13,051
Capital surplus	13,243	13,243
Retained earnings	106,662	109,713
Treasury shares	(5,848)	(5,781)
Total shareholders' equity	127,109	130,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,069	9,623
Foreign currency translation adjustment	1,802	4,093
Remeasurements of defined benefit plans	493	537
Total accumulated other comprehensive income	13,364	14,253
Non-controlling interests	2,477	2,552
Total net assets	142,951	147,032
Total liabilities and net assets	195,723	200,194

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	144,757	162,526
Cost of sales	111,299	127,749
Gross profit	33,458	34,777
Selling, general and administrative expenses		
Freight and storage charges	5,787	6,104
Salaries and compensations	3,657	3,807
Employees' bonuses	1,319	1,300
Retirement benefit expenses	247	250
Welfare expenses	1,103	1,195
Depreciation	438	491
Research and development expenses	5,384	5,650
Other	3,587	4,107
Total selling, general and administrative expenses	21,526	22,908
Operating profit	11,932	11,868
Non-operating income		
Interest income	123	148
Dividend income	594	760
Rental income from real estate	139	133
Foreign exchange gains	606	1,560
Other	227	262
Total non-operating income	1,691	2,866
Non-operating expenses		
Interest expenses	52	48
Rental costs on real estate	53	58
Loss on abandonment of inventories	147	285
Share of loss of entities accounted for using equity method	963	1,104
Compensation expenses	149	266
Other	257	199
Total non-operating expenses	1,624	1,963
Ordinary profit	11,999	12,771
Extraordinary income		
Gain on sale of investment securities	69	17
Insurance claim income	35	31
Gain on change in equity	*1 1,446	–
Total extraordinary income	1,551	48
Extraordinary losses		
Loss on valuation of investment securities	–	863
Loss on sale of non-current assets	35	–
Loss on retirement of non-current assets	1,556	936
Impairment losses	*2 347	–
Loss on cancellation of integration	*3 838	–
Loss on suspension of operation	–	*4 279
Other	135	7
Total extraordinary losses	2,913	2,086
Profit before income taxes	10,638	10,734
Income taxes - current	2,975	3,437
Income taxes - deferred	(75)	138
Total income taxes	2,899	3,576
Profit	7,738	7,157
Profit attributable to non-controlling interests	456	458
Profit attributable to owners of parent	7,282	6,699

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,738	7,157
Other comprehensive income		
Valuation difference on available-for-sale securities	4,947	(1,446)
Foreign currency translation adjustment	1,661	2,326
Remeasurements of defined benefit plans, net of tax	924	43
Total other comprehensive income	7,533	924
Comprehensive income	15,272	8,082
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,765	7,587
Comprehensive income attributable to non-controlling interests	506	494

(3) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,051	11,246	103,033	(5,858)	121,473
Changes during period					
Dividends of surplus			(3,096)		(3,096)
Profit attributable to owners of parent			7,282		7,282
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		–		12	12
Change in fiscal year-end of consolidated subsidiaries			8		8
Change in scope of consolidation		1,997	(565)		1,432
Net changes in items other than shareholders' equity					–
Total changes during period	–	1,997	3,629	9	5,635
Balance at end of period	13,051	13,243	106,662	(5,848)	127,109

	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 period	6,122	471	(431)	6,161	2,462	130,097
Changes during period						
Dividends of surplus						(3,096)
Profit attributable to owners of parent						7,282
Purchase of treasury shares						(3)
Disposal of treasury shares						12
Change in fiscal year-end of consolidated subsidiaries						8
Change in scope of consolidation						1,432
Net changes in items other than shareholders' equity	4,947	1,331	924	7,203	14	7,217
Total changes during period	4,947	1,331	924	7,203	14	12,853
Balance at end of period	11,069	1,802	493	13,364	2,477	142,951

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,051	13,243	106,662	(5,848)	127,109
Changes during period					
Dividends of surplus			(3,649)		(3,649)
Profit attributable to owners of parent			6,699		6,699
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		72	72
Change in fiscal year-end of consolidated subsidiaries			-		-
Change in scope of consolidation		-	-		-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	3,050	66	3,117
Balance at end of period	13,051	13,243	109,713	(5,781)	130,226

	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 period	11,069	1,802	493	13,364	2,477	142,951
Changes during period						
Dividends of surplus						(3,649)
Profit attributable to owners of parent						6,699
Purchase of treasury shares						(5)
Disposal of treasury shares						72
Change in fiscal year-end of consolidated subsidiaries						-
Change in scope of consolidation						-
Net changes in items other than shareholders' equity	(1,446)	2,290	43	888	75	963
Total changes during period	(1,446)	2,290	43	888	75	4,080
Balance at end of period	9,623	4,093	537	14,253	2,552	147,032

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	10,638	10,734
Depreciation	9,678	9,662
Loss on retirement of non-current assets	1,556	936
Impairment losses	347	–
Increase (decrease) in provision for bonuses	234	(72)
Changes in retirement benefit asset and liability	45	4
Increase (decrease) in provision for bonuses for directors (and other officers)	(7)	21
Increase (decrease) in provision for stock-based compensation	137	133
Interest and dividend income	(717)	(909)
Interest expenses	52	48
Share of loss (profit) of entities accounted for using equity method	963	1,104
Loss (gain) on sale of investment securities	(69)	(17)
Gain on change in equity	(1,446)	–
Loss (gain) on valuation of investment securities	–	863
Decrease (increase) in trade receivables	1,765	(4,052)
Decrease (increase) in inventories	1,707	(4,101)
Increase (decrease) in trade payables	(472)	2,020
Other, net	(481)	(2,924)
Subtotal	23,931	13,452
Interest and dividends received	756	909
Interest paid	(52)	(48)
Income taxes paid	(2,334)	(2,984)
Net cash provided by (used in) operating activities	22,300	11,328
Cash flows from investing activities		
Purchase of non-current assets	(7,626)	(8,597)
Proceeds from sale of property, plant and equipment	17	–
Purchase of investment securities	(1,005)	(1,061)
Proceeds from sale of investment securities	103	28
Long-term loan advances	(764)	(1,125)
Proceeds from collection of long-term loans receivable	21	372
Payment for other investment activities	(3,275)	(1,730)
Proceeds from other investment activities	31	408
Net cash provided by (used in) investing activities	(12,498)	(11,704)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	874	(390)
Repayments of long-term borrowings	(1,400)	(1,400)
Net decrease (increase) in treasury shares	(3)	(4)
Dividends paid	(3,083)	(3,634)
Dividends paid to non-controlling interests	(420)	(419)
Other, net	(113)	(130)
Net cash provided by (used in) financing activities	(4,146)	(5,979)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Effect of exchange rate change on cash and cash equivalents	523	878
Net increase (decrease) in cash and cash equivalents	6,179	(5,475)
Cash and cash equivalents at beginning of period	18,009	23,647
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of consolidated subsidiaries	(652)	–
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	111	–
Cash and cash equivalents at end of period	23,647	18,171

(5) Notes to consolidated financial statements

Notes to going concern assumptions

None

Changes in accounting policies

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the fiscal year under review, and it has applied the new accounting policy set forth by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The application of this standard, etc. does not have an effect on the consolidated financial statements.

Consolidated statements of income

*1 Gain on change in equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

This is due to a capital increase of APB Corporation through third-party allotment.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

None

*2 Impairment losses

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

The Group recorded impairment losses on the following asset groups.

Location	Main use	Class
Kyoto-shi, Kyoto	Facilities related to Petroleum and Automotives	Machinery, etc.

In principle, the Group conduct asset grouping by factory.

Regarding facilities related to Petroleum and Automotives, with production stops due to changes in our sales strategy for certain products, we recorded total losses of ¥347 million for the book value of parts that could not be converted to other applications. The breakdown of these losses was ¥6 million for buildings and structures and ¥340 million for machinery, equipment and vehicles.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

None

*3 Loss on cancellation of integration

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Loss resulting from the cancellation of the business integration by way of joint share transfer between the Company and Nippon Shokubai Co., Ltd.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

None

*4 Loss on suspension of operation

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

None

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

These are fixed costs associated with a period of suspended operations due to an accident that occurred on January 15, 2022 at a factory of the Company’s consolidated subsidiary SDP Global Co., Ltd.

Segment information

[Segment information]

1. Overview of reportable segments

We can acquire isolated data for each of the Group's reportable segments, which have been linked to the market domains that form the foundation of the Group's research and development and strategy formulation. Furthermore, the Group's reportable segments are composed of product categories based on the uses of the Group's products. There are five reportable segments: "Toiletries and Health Care," "Petroleum and Automotives," "Plastics and Textiles," "Information and Electrics/Electronics," and "Environmental Protection, Construction and Others."

The "Toiletries and Health Care" segment manufactures and sells surfactants for detergents, surfactants for toiletries, pharmaceutical additives, and superabsorbent polymers. The "Petroleum and Automotives" segment manufactures and sells thermoplastic polyurethane beads for interior parts of automobiles, polyurethane foam raw materials, and lubricant additives. The "Plastics and Textiles" segment manufactures and sells permanent antistatic agents, chemicals for carbon fibers and fiberglass agents. The "Information and Electrics/Electronics" segment manufactures and sells core components of polymerization toners, toner resins, and electrolytes for aluminum electrolytic capacitors. The "Environmental Protection, Construction, and Others" segment manufactures and sells polymer flocculants for wastewater treatment and polyurethane insulation raw materials.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting treatment methods used for the reportable segments are the same as those listed in the "Significant matters forming the basis of preparing consolidated financial statements."

Figures for profits for the reportable segments use an operating profit base.

Market prices and other factors are considered in deciding internal sales and transfer among segments.

3. Information regarding net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	54,302	37,316	20,802	17,096	15,239	144,757	–	144,757
Intersegment sales/transfers	–	–	–	–	82	82	(82)	–
Total	54,302	37,316	20,802	17,096	15,321	144,839	(82)	144,757
Segment profit	3,195	3,365	2,705	1,439	1,226	11,932	–	11,932
Segment assets	40,272	33,301	23,108	26,598	12,192	135,472	60,251	195,723
Other items								
Depreciation	2,718	2,342	1,457	2,370	679	9,569	–	9,569
Investments in entities accounted for using equity method	–	–	3,747	2,839	376	6,962	–	6,962
Increase in property, plant and equipment and intangible assets	1,874	2,822	2,375	2,152	847	10,073	–	10,073

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to external customers	54,922	42,540	25,466	20,989	18,607	162,526	–	162,526
Intersegment sales/transfers	–	–	–	–	81	81	(81)	–
Total	54,922	42,540	25,466	20,989	18,688	162,608	(81)	162,526
Segment profit	1,708	3,265	3,346	2,110	1,437	11,868	–	11,868
Segment assets	43,601	36,251	27,936	26,041	14,534	148,364	51,829	200,194
Other items								
Depreciation	2,674	2,545	1,474	2,146	692	9,533	–	9,533
Investments in entities accounted for using equity method	–	–	5,409	553	331	6,295	–	6,295
Increase in property, plant and equipment and intangible assets	1,802	2,844	2,299	1,971	929	9,847	–	9,847

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

The total amount of segment profit matches operating profit in the consolidated statement of income, and totals for other items match the amounts recorded in the consolidated financial statement.

(Millions of yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	144,839	162,608
Intersegment eliminations	(82)	(81)
Net sales in the consolidated financial statements	144,757	162,526

(Millions of yen)

Assets	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	135,472	148,364
Intersegment eliminations	–	–
Corporate assets (Note)	60,251	51,829
Total assets in the consolidated financial statements	195,723	200,194

Note: The corporate assets are mainly cash and deposits, investment securities, etc. that have not been attributed to a reportable segment.

[Information regarding impairment losses of non-current assets by reportable segment]
Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Total
Impairment losses	–	347	–	–	–	347

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

None

<Reference>

[Information by geographic segment]

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
I. Net sales and operating profit (loss)							
Net sales							
(1) Sales to external customers	104,469	5,908	26,521	7,858	144,757	–	144,757
(2) Intersegment sales/transfers	6,364	46	1,922	450	8,783	(8,783)	–
Total	110,833	5,954	28,443	8,309	153,541	(8,783)	144,757
Operating expenses	100,281	5,590	26,901	8,887	141,660	(8,835)	132,825
Operating profit (loss)	10,552	364	1,541	(577)	11,880	52	11,932
II. Assets	181,820	5,395	19,598	11,832	218,647	(22,923)	195,723

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or common assets	Consolidated total
I. Net sales and operating profit (loss)							
Net sales							
(1) Sales to external customers	120,342	6,894	23,558	11,730	162,526	–	162,526
(2) Intersegment sales/transfers	8,042	17	1,608	394	10,063	(10,063)	–
Total	128,385	6,912	25,167	12,125	172,590	(10,063)	162,526
Operating expenses	116,939	6,641	24,461	12,685	160,728	(10,070)	150,658
Operating profit (loss)	11,445	270	705	(560)	11,861	6	11,868
II. Assets	184,185	6,817	20,912	13,637	225,553	(25,359)	200,194

[Overseas net sales]

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	53,640	[34,516]	6,886	3,040	63,567
II. Consolidated net sales	–	[–]	–	–	144,757
III. Percentage of overseas net sales to consolidated net sales (%)	37.0	[23.8]	4.8	2.1	43.9

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Asia	[Of which, China]	Americas	Other	Total
I. Overseas net sales	56,835	[33,653]	7,900	5,168	69,903
II. Consolidated net sales	–	[–]	–	–	162,526
III. Percentage of overseas net sales to consolidated net sales (%)	35.0	[20.7]	4.9	3.2	43.0

Notes: 1. The term “overseas net sales” refers to net sales of the Company (non-consolidated) and its consolidated subsidiaries registered in countries and regions outside Japan.

2. Areas included in each country or region are determined based on their degree of proximity.

3. Main countries or regions included in each geographic segment

(1) Asia: South Korea, China, Indonesia, India, Thailand, etc.

(2) Americas: USA, Mexico, Brazil, etc.

(3) Other: Australia, Europe, Russia, the Middle East, etc.

Per share information

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	¥6,371.77	¥6,549.60
Basic earnings per share	¥330.34	¥303.76

Notes: 1. Diluted earnings per share is not provided because the Company had no potential dilutive shares.

2. Shares of the Company owned by the trust whose beneficiaries are directors, etc. that were recorded as treasury shares in shareholders’ equity are included in the treasury shares that are excluded from the total number of treasury shares issued at the end of the period in calculating net assets per share (70,500 shares in the previous fiscal year and 56,600 shares in the current fiscal year).

3. Shares of the Company owned by the trust whose beneficiaries are directors, etc. that were recorded as treasury shares in shareholders’ equity are included in the treasury shares that are excluded in calculating the average number of shares outstanding during the period in calculating the basic earnings per share (71,369 shares in the previous fiscal year and 61,638 shares in the current fiscal year).

4. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (Millions of yen)	7,282	6,699
Amount not attributed to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	7,282	6,699
Average number of shares of common stock outstanding during the period (Thousand shares)	22,045	22,054

Significant subsequent events

None

5. Supplementary information

1. Trend of quarterly consolidated earnings

Fiscal year ended March 31, 2021

(Millions of yen)

	1Q	2Q	3Q	4Q	Total
	April 2020 to June 2020	July 2020 to September 2020	October 2020 to December 2020	January 2021 to March 2021	April 2020 to March 2021
Net sales	32,813	33,119	40,399	38,425	144,757
Operating profit	2,453	2,146	4,251	3,082	11,932
Ordinary profit	2,608	1,765	4,440	3,184	11,999
Profit attributable to owners of parent	1,490	839	2,047	2,905	7,282
Comprehensive income	3,322	1,238	4,471	6,240	15,272

Fiscal year ended March 31, 2022

(Millions of yen)

	1Q	2Q	3Q	4Q	Total
	April 2021 to June 2021	July 2021 to September 2021	October 2021 to December 2021	January 2022 to March 2022	April 2021 to March 2022
Net sales	38,057	39,461	43,327	41,680	162,526
Operating profit	3,091	2,826	3,681	2,268	11,868
Ordinary profit	3,581	3,280	4,511	1,398	12,771
Profit attributable to owners of parent	2,193	2,224	3,083	(802)	6,699
Comprehensive income	1,837	2,402	3,689	152	8,082

2. Investment in plant and equipment

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2022	9,847	7,603
Fiscal year ended March 31, 2021	10,073	7,422

3. Depreciation and amortization

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2022	9,533	6,449
Fiscal year ended March 31, 2021	9,569	6,577

4. Research and development expenses

(Millions of yen)

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2022	5,650	4,748
Fiscal year ended March 31, 2021	5,384	4,679

5. Number of employees

	Consolidated	Non-consolidated
Fiscal year ended March 31, 2022	2,106	1,350
Fiscal year ended March 31, 2021	2,096	1,383