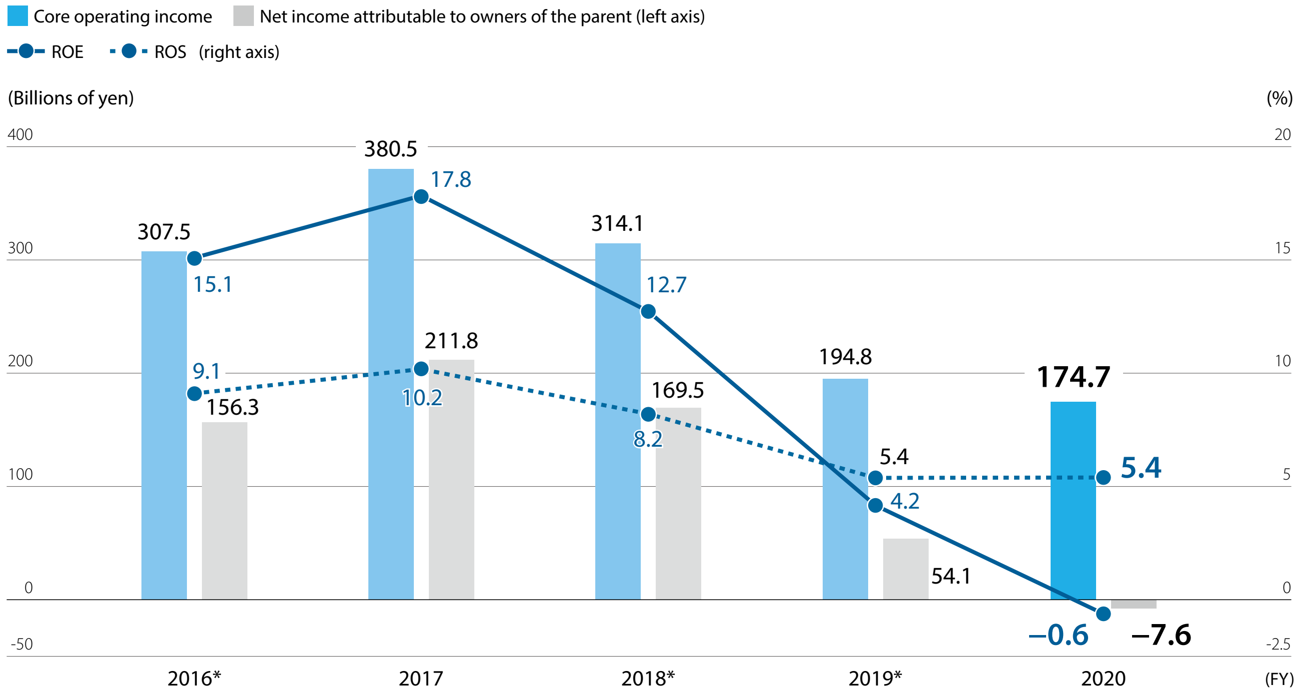
Financial Indicators

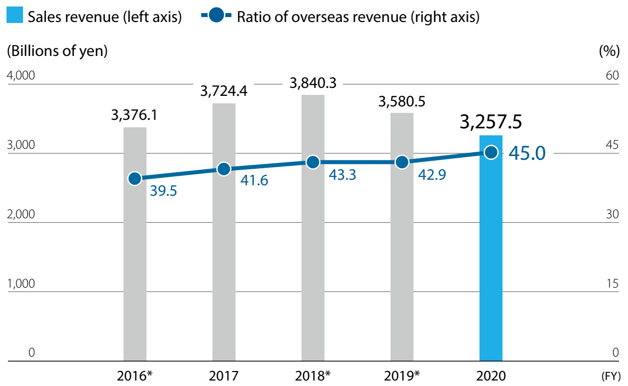
Figures for years indicated with (*) do not include results from discontinued operations.

Net income and ROS/ROE



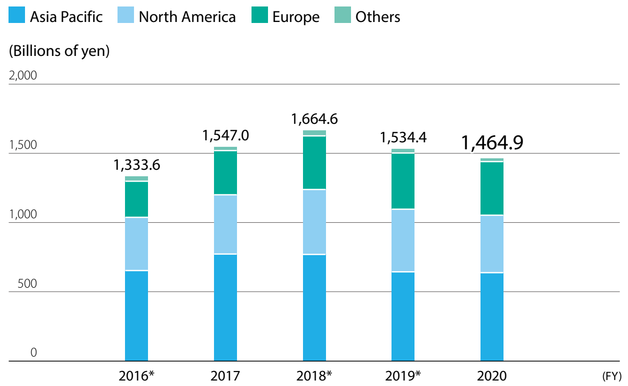
Thanks to business portfolio reforms under the previous medium-term management plan, *APTSIS 20*, fiscal 2017 saw an increase in sales revenue in the Industrial Materials domain and expanded sales volume, mainly in the Performance Products domain, resulting in new records for both core operating income and net income attributable to owners of the parent. From fiscal 2018, however, sales revenue went into decline under the deteriorating economic conditions arising from the economic downturn, trade friction between the United States and China, the impact of the COVID-19 pandemic, and other factors. This trend was accentuated by further impacts, notably the inability of the Health Care domain to record royalty revenue due to ongoing arbitration proceedings. Amid these conditions, fiscal 2020 saw core operating income fall by ¥20.1 billion (10.3%) year on year to ¥174.7 billion, while ROS remained unchanged at 5.4%. Net income attributable to owners of the parent declined by ¥61.7 billion to show a loss of ¥7.6 billion, due mainly to the recording of an impairment loss on non-recurring items in the Health Care domain. ROE declined by 4.8 points year on year to –0.6%.

Sales revenue and ratio of overseas revenue



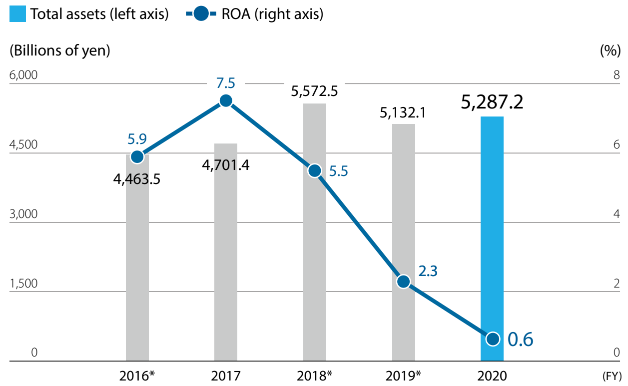
In fiscal 2020, sales revenue decreased by ¥323.0 billion (9.0%) year on year. The Industrial Materials domain was affected by lower sales prices, mainly reflecting falling raw material prices, as well as by reduced sales volume due to the increased impact of scheduled maintenance and repairs. Reduced sales volume in the Performance Products domain was another factor in the decrease. The ratio of overseas revenue rose by 2.1 points to 45.0%.

Overseas revenue by region



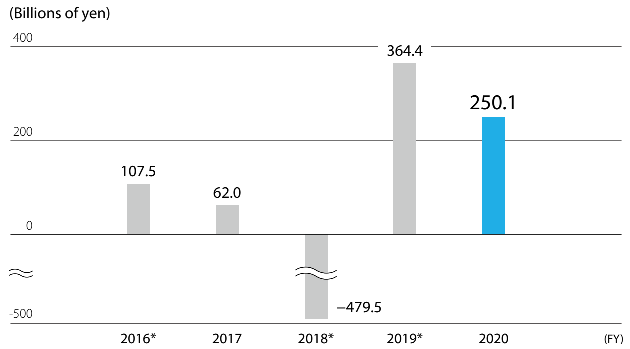
Operations in Europe and North America and also in Asia, were impacted by the COVID-19 pandemic. The resulting weak demand combined with the impact of exchange rate differences due to the stronger yen and other factors led to a year-on-year decline in overseas revenue.

Total assets and ROA



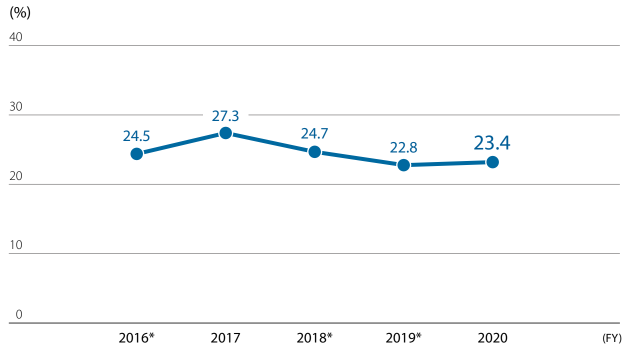
Total assets amounted to ¥5,287.2 billion, a year-on-year increase of ¥155.1 billion despite the impairment loss on intangible assets in the Health Care domain and other negative factors. One input to the increase was the rise in the yen-denominated value of the assets of overseas consolidated subsidiaries due to the progressive depreciation of the yen, while another was the securing of cash and cash equivalents in preparation for unforeseen eventualities arising out of the COVID-19 pandemic. ROA was 0.6%, down 1.7 points year on year.

Free cash flow



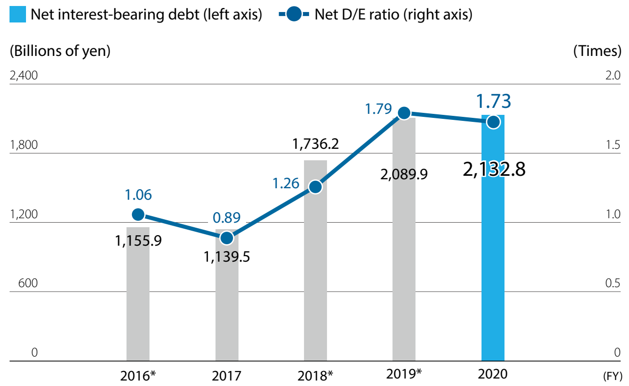
In fiscal 2020, net cash provided by operating activities increased from the previous fiscal year to ¥467.1 billion, mainly due to a decrease in working capital caused notably by falling raw material prices. In cash flows from investing activities, approximately ¥680.0 billion was spent on industrial gases business acquisitions in Europe and the United States in fiscal 2018. In fiscal 2020, acquisitions of property, plant and equipment and related outflows amounted to ¥217.0 billion. The resulting balance of free cash flow was ¥250.1 billion.

Ratio of equity attributable to owners of the parent



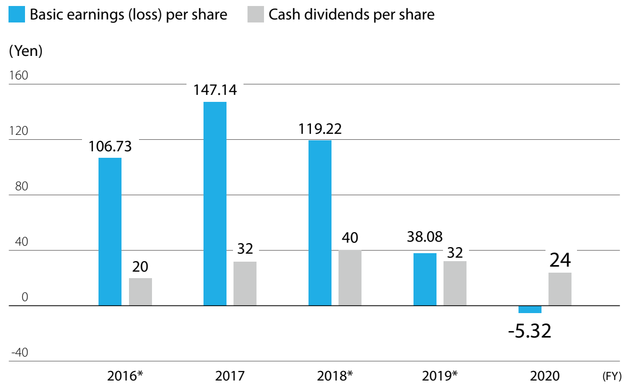
Equity attributable to owners of the parent decreased ¥66.1 billion year on year to ¥1,236.3 billion. Consequently, the ratio of equity attributable to owners of the parent increased 0.6 point year on year to 23.4%.

Net interest-bearing debt and net D/E ratio



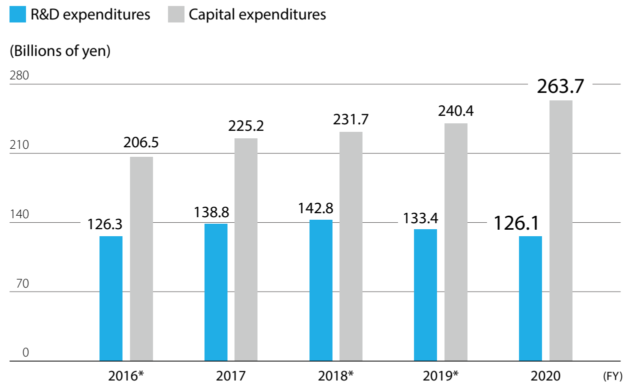
In fiscal 2019, the integration of MTPC as a wholly owned subsidiary pushed the net debt-to-equity ratio up to 1.79. In fiscal 2020, exchange rate impacts and other factors caused net interest-bearing debt to rise by ¥42.9 billion year on year, resulting in a 0.06 improvement in the net debt-to-equity (D/E) ratio to 1.73. We are targeting a recovery to a ratio of 1.0 by fiscal 2023, based on continued improvement in our financial position.

Basic earnings (loss) per share and cash dividends per share



In fiscal 2020, basic earnings per share declined to a loss of ¥5.32. The full-year cash dividend per share is based on an overall consideration of our financial position and future business conditions. Due to the recording in fiscal 2020 of a loss, consisting mainly of impairment loss, we have therefore regretfully reduced the full-year dividend per share by ¥8 from the previous fiscal year to ¥24.

R&D expenditures and capital expenditures



R&D expenditures were ¥126.1 billion, as we continued to focus on refining existing technologies and developing new technologies. Capital expenditures increased to ¥263.7 billion, up ¥23.3 billion year on year, due to the expansion of production facilities, mainly in the Performance Products domain.