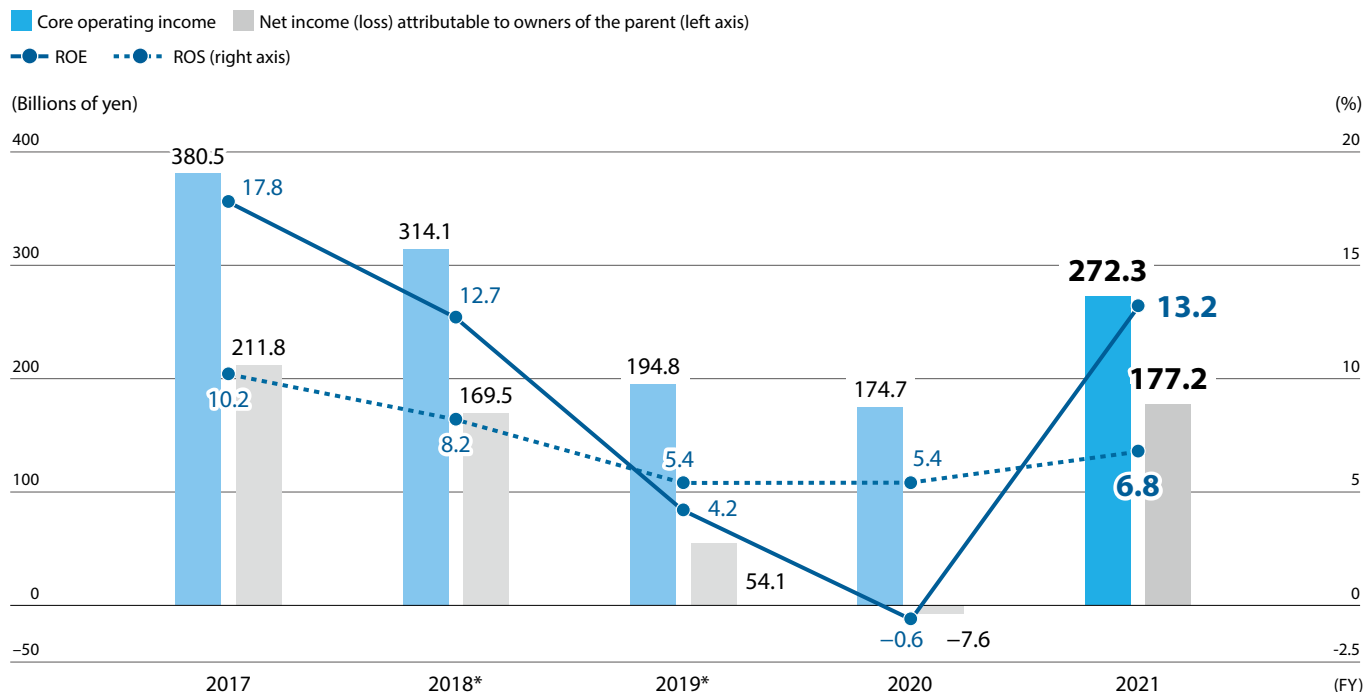


Financial Highlights

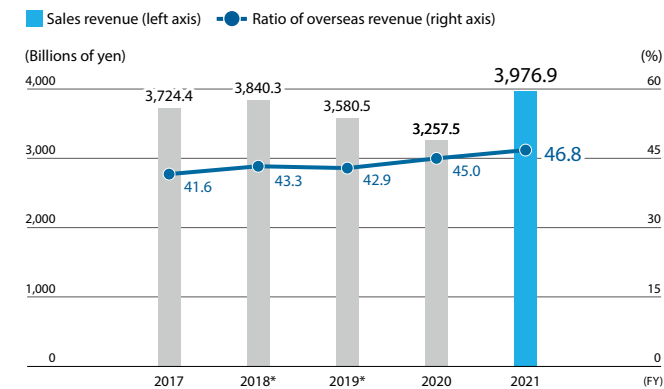
Figures for years indicated with (*) do not include results from discontinued operations.

Net income and ROS/ROE



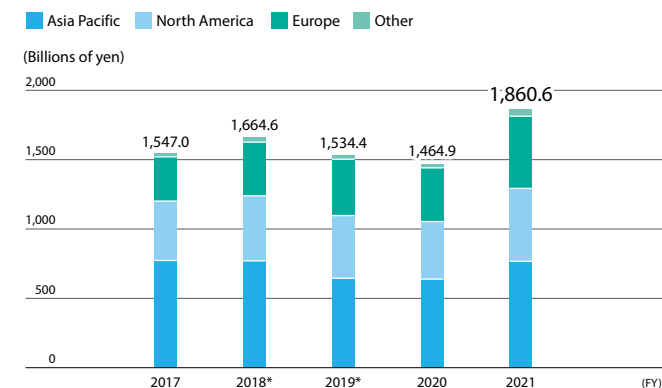
Fiscal 2017 saw an increase in sales revenue in the Industrial Materials domain and expanded sales volume, mainly in the Performance Products domain, resulting in new records for both core operating income and net income attributable to owners of the parent. From fiscal 2018, sales revenue went into 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. In fiscal 2021, global economic activity began to pick up from the impact of the COVID-19 pandemic and demand in the domestic and overseas markets showed a recovering trend. Despite these conditions, fiscal 2021 saw core operating income increase by ¥97.6 billion (55.9%) year on year to ¥272.3 billion, while ROS rose by 1.4 points to 6.8%. Net income attributable to owners of the parent grew by ¥184.8 billion to ¥177.2 billion. The increase was due mainly to reduced impairment loss compared to the previous fiscal year, when such losses were recorded on non-recurring items in the Health Care domain, and to income from the transfer of the polycrystalline alumina fiber business in fiscal 2021. ROE climbed by 13.8 points year on year to 13.2%.

Sales revenue and ratio of overseas revenue



In fiscal 2021, sales revenue increased by ¥719.4 billion (22.1%) year on year to a record figure of ¥3,976.9 billion. In addition to the increase in sales volume from recovering demand, higher sales prices on rising raw material prices in the Industrial Materials domain were another factor in the increase. The ratio of overseas revenue rose by 1.8 points to 46.8%.

Overseas revenue by region



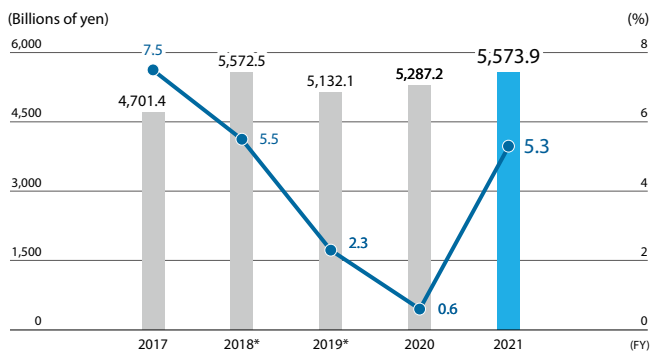
In Europe and the United States, as well as in Asia, demand showed a trend toward recovery from the impact of the COVID-19 pandemic, while the effect of exchange rate differences due to the falling yen also contributed to the increase.

Financial Highlights

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

Total assets and ROA

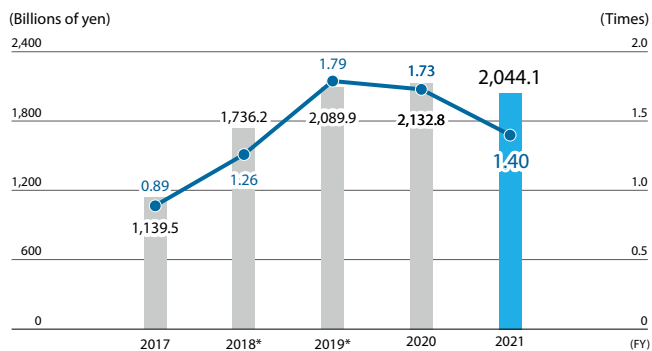
■ Total assets (left axis) ● ROA (right axis)



Total assets amounted to ¥5,573.9 billion. The year-on-year increase of ¥286.7 billion was due to a rise in the yen-denominated value of the assets of overseas consolidated subsidiaries accompanying the progressive depreciation of the yen, growth in inventory assets as a result of rising raw material prices, and increased trade receivables from increased sales revenue. ROA improved by 4.7 points year on year to 5.3%.

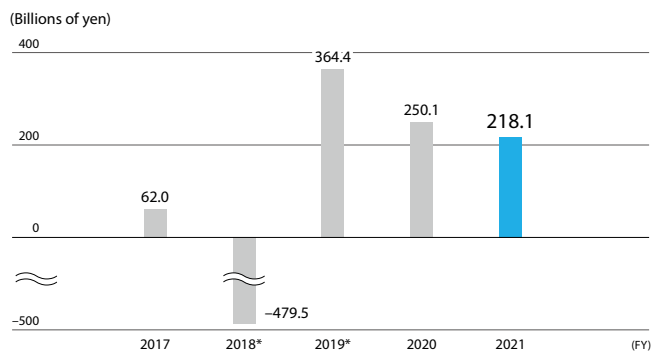
Net interest-bearing debt and net D/E ratio

■ Net interest-bearing debt (left axis) ● Net D/E ratio (right axis)



The net D/E ratio saw a year-on-year reduction of 0.33 to 1.40, due among other factors to repayment of interest-bearing debt and exchange rate impacts. We will target an improvement in the ratio to between 0.5 and 1.0 by expanding cash flows from sources such as cost reductions, income growth, and sale of businesses and by steadily reducing interest-bearing debt.

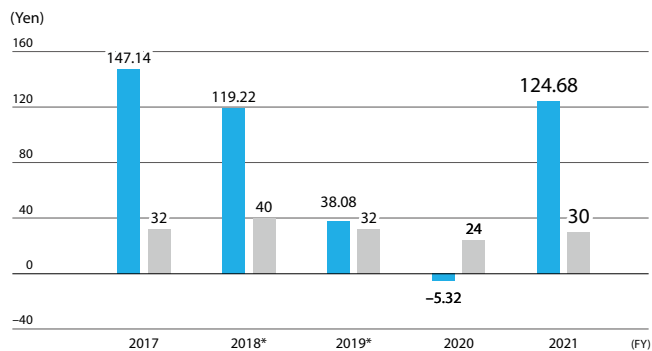
Free cash flow



Net cash flows provided by operating activities amounted to ¥346.9 billion. Here, income before taxes and depreciation and amortization offset the increase in working capital and other factors. Net cash used in investing activities amounted to ¥128.8 billion. Here, acquisition of property, plant and equipment and other expenditures outweighed the income from a business transfer and other sources. The resulting balance of free cash flow was ¥218.1 billion.

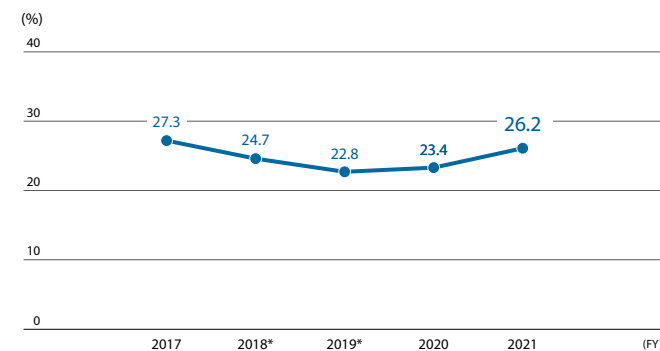
Basic earnings (loss) per share and cash dividends per share

■ Basic earnings (loss) per share ■ Cash dividends per share



In fiscal 2021, basic earnings per share came to ¥124.68. The full-year cash dividend per share is based on an overall consideration of our financial position and future business conditions. Given the increases in core operating income and net income attributable to owners of the parent that resulted from the recovery of demand in fiscal 2021, we have increased the full-year dividend by ¥6 from the previous fiscal year to ¥30.

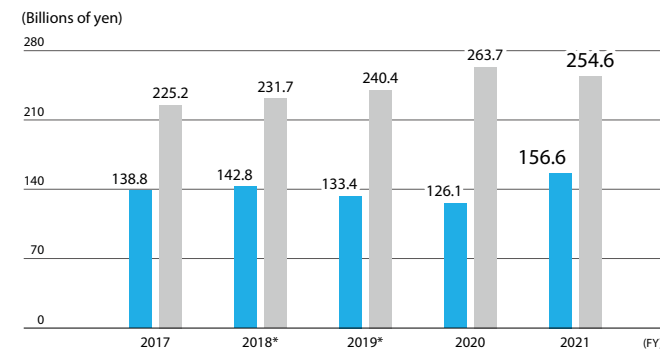
Ratio of equity attributable to owners of the parent



Equity attributable to owners of the parent increased ¥221.8 billion year on year to ¥1,458.1 billion. Consequently, the ratio of equity attributable to owners of the parent increased 2.8 points year on year to 26.2%.

R&D expenditures and capital expenditures

■ R&D expenditures ■ Capital expenditures



In fiscal 2021, R&D expenditures grew by ¥30.5 billion year on year to ¥156.6 billion due to an increase in expenditures on a COVID-19 vaccine and other projects. Capital expenditures decreased by ¥9.1 billion to ¥254.6 billion.