

First & No. 1 Niche Top Company

Asahi Yukizai Corporation

Securities Code; 4216 (Chemical)

President & Representative Director

Kazuya Nakano

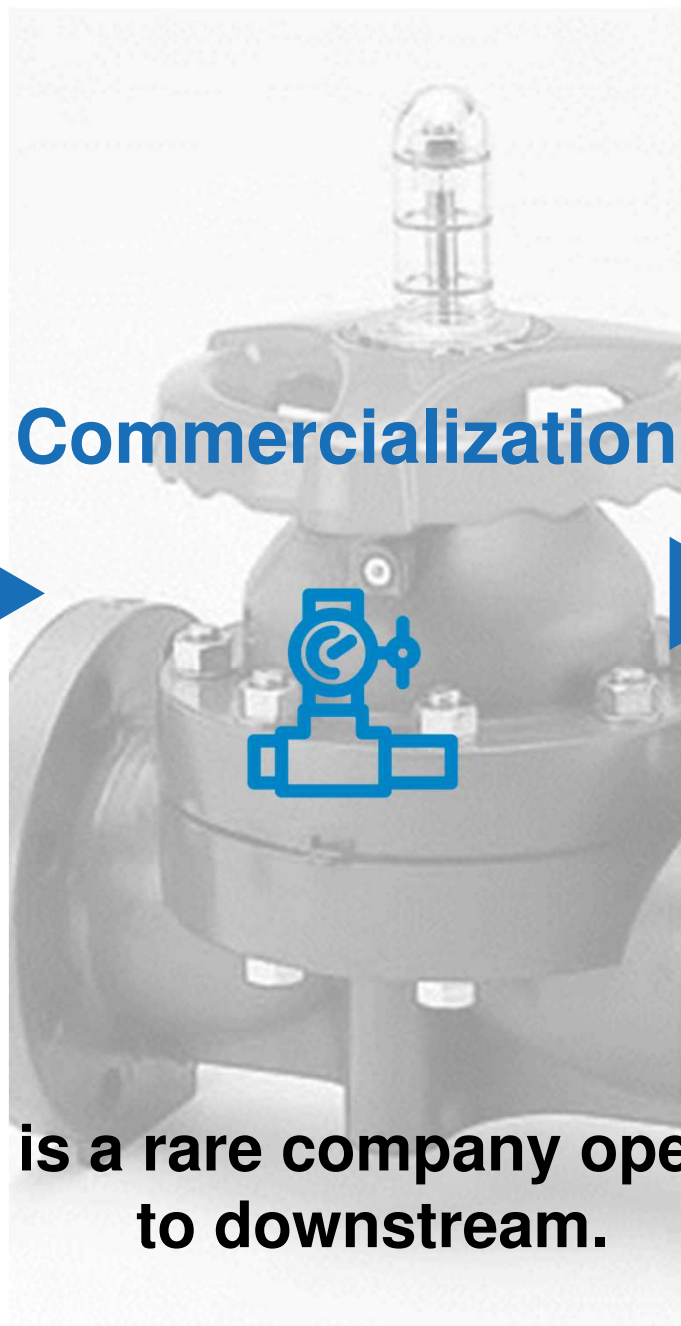
July 26, 2022

What is organic material?



KEYWORD

Resin



1 Corporate profile P5-

- Business overview
- History of the Asahi Yukizai Group
- Changes since 2000 and "GNT2025"
- Vision of the Asahi Yukizai Group

2 Business outline P11-

- Valve & Piping Systems Divisions as main business
- Resin Divisions
Foundry materials and on-site foaming insulating materials
Electronic materials, growing particularly for semiconductors
- Water Treatment & Natural Resources Exploitation Divisions that contribute to the environment

3 Progress of the Midterm Business Plan P27-

- Group management policy
- Group performance targets and progress
- To expand overseas sales
- To expand sales of semiconductor-related products
- Decision of the construction of the second electronic materials plant
- Establishment of the Sustainability Promotion Committee

4 FY2022 Forecast, etc. P36-

- Corporate profit forecast
- Breakdown of sales forecast and operating profit forecast -- Full year
- Dividends and dividend payout ratio
- Stock price trends

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- Corporate information
- Global network of the Asahi Yukizai Group
- Business description map (Active locations)
- Financial data (FY2012-FY2021)

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Corporate profile

Organic material manufacturer with three business divisions

Water treatment & natural resources exploitation

(Water treatment & Natural Resources Exploitation Divisions)



Resin materials

(Resin Divisions)



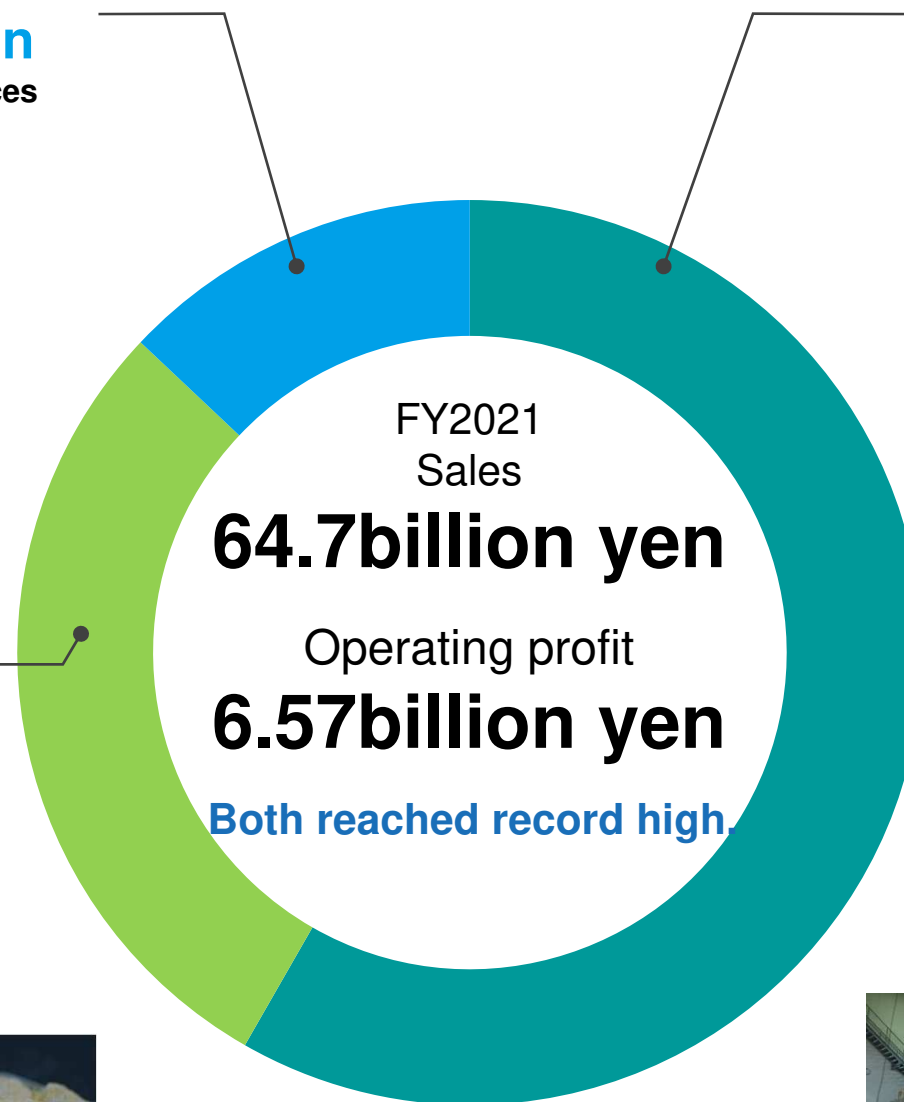
Thermoplastic valves

(Valve & Piping Systems Divisions)

ASAHI AV



Dymatrix™



1945

Started with aircraft parts.

Manufactured aircraft parts with wood and resin (veneer) instead of scarce metal materials

Founded as Nitchitsu Kozai Kogyo Co., Ltd.

A black rotary telephone is the central focus, resting on a wooden workbench. The background shows a wall with a grid of small, square tiles or stamps. The lighting is warm, highlighting the texture of the wood and the glossy finish of the phone.

1950

Started the resin business.

Fully developed plastic molding materials, starting with use in the housing of black telephones that were becoming popular in the postwar period.



1956

Launched the world's first
thermoplastic valves.

The world's first thermoplastic molding.

Released the "ASAHI AV" series of plastic valves.

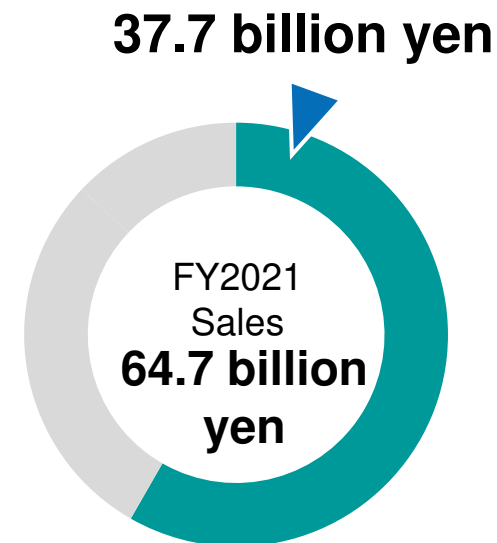


First & No. 1 Niche Top Company

2 Business outline

2-1

Valve & Piping Systems Divisions as main business



Demonstrate strengths in special fields

Metal valves are more common, but **thermoplastic valves work well under special conditions.**



Steelmaking, chemical, nonferrous metals

Acid/Alkali

Sea water

ASAHI AV



Aquariums, fishery




Agriculture

Rain, Wind, UV ray

Metal elution



Semiconductors



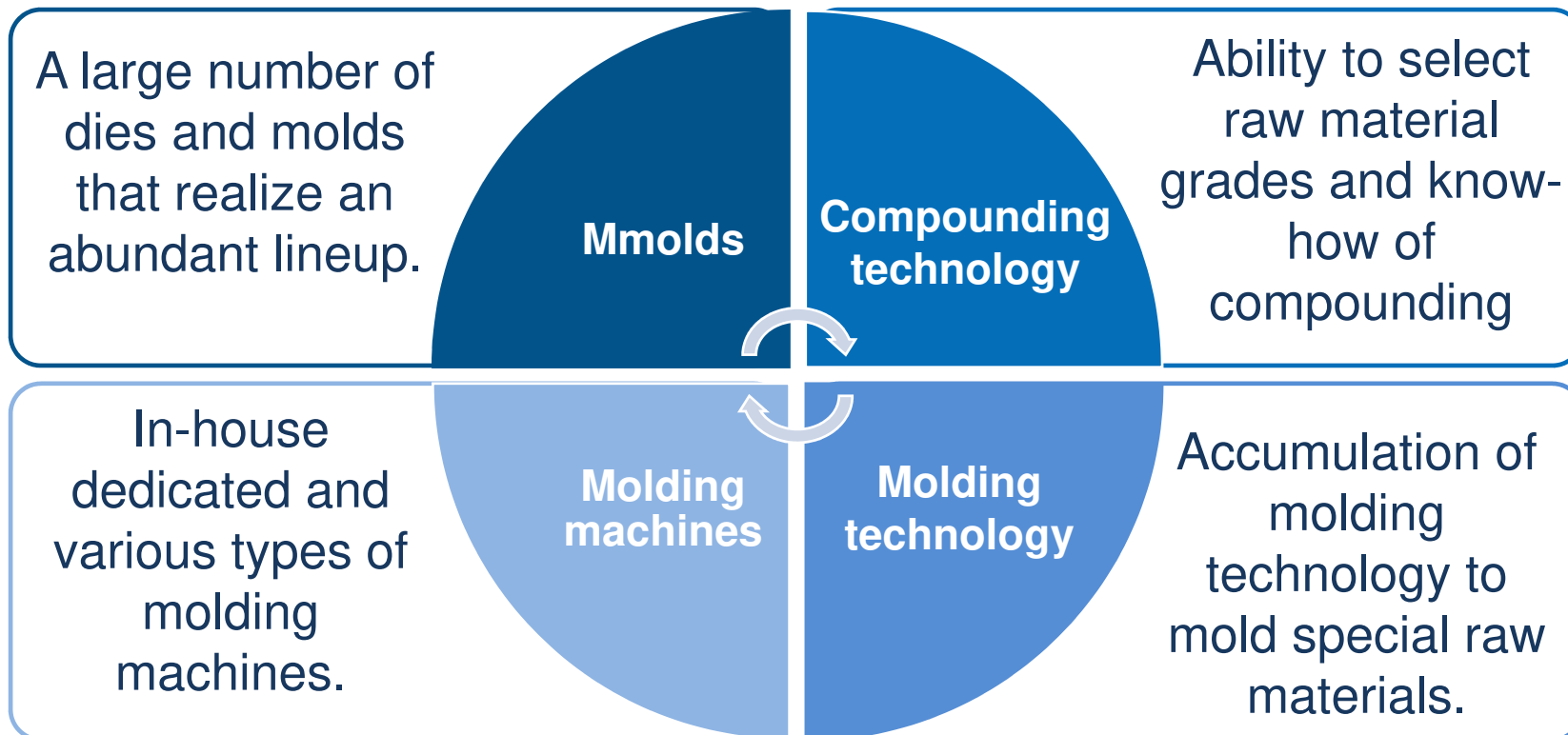
**ASAHI AV was selected as one of the
“2020 Global Niche Top
Companies Selections 100 list”
(Materials and Chemical Section)
in the FY2020 edition by the Ministry of
Economy, Trade and Industry.**



- ✓ Manufacture high-performance and high-quality products with four strengths.
- ✓ Wide variety and lineup of products



Four strengths that make us No. 1 in the world



Dymatrix applications and characteristics

Semiconductor manufacturing: Used in the pre-process cleaning equipment and CMP equipment
Respond to strict demands with high technical capabilities

"Dymatrix"

Used in the cleaning process.



Low particle valve

Dymatrix™

"FALCONICS"

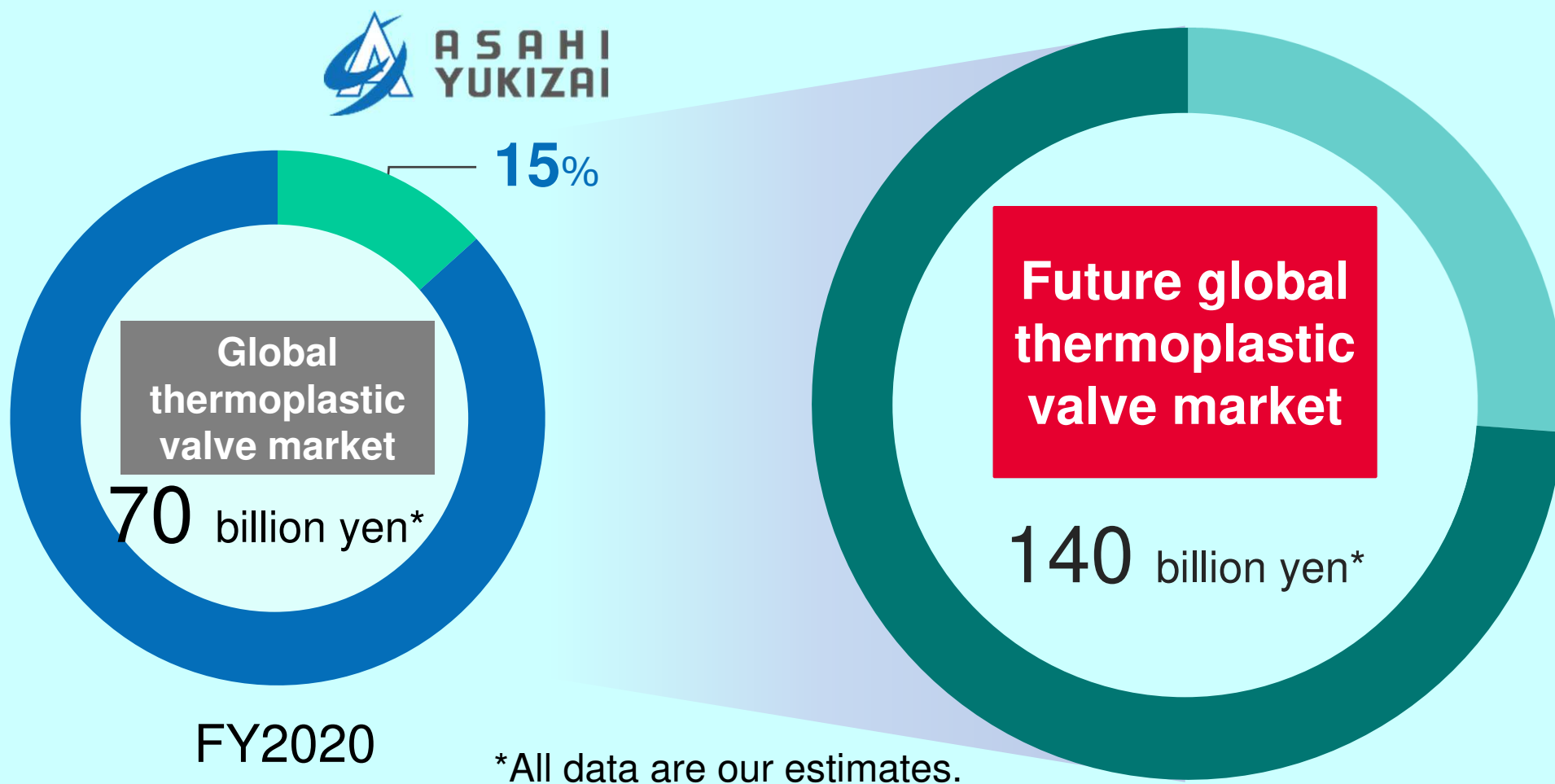
Used in the CMP process.



High-precision flow control equipment

- Business environment (Global valve market)

Securing about 15% share of the global thermoplastic valve market amounting to 70 billion yen (our estimate).



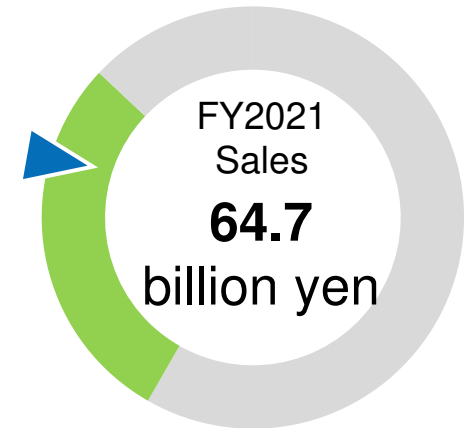
Global thermoplastic valve market is estimated to **expand** to 100-140 billion yen.

18.6 billion yen

Resin Divisions

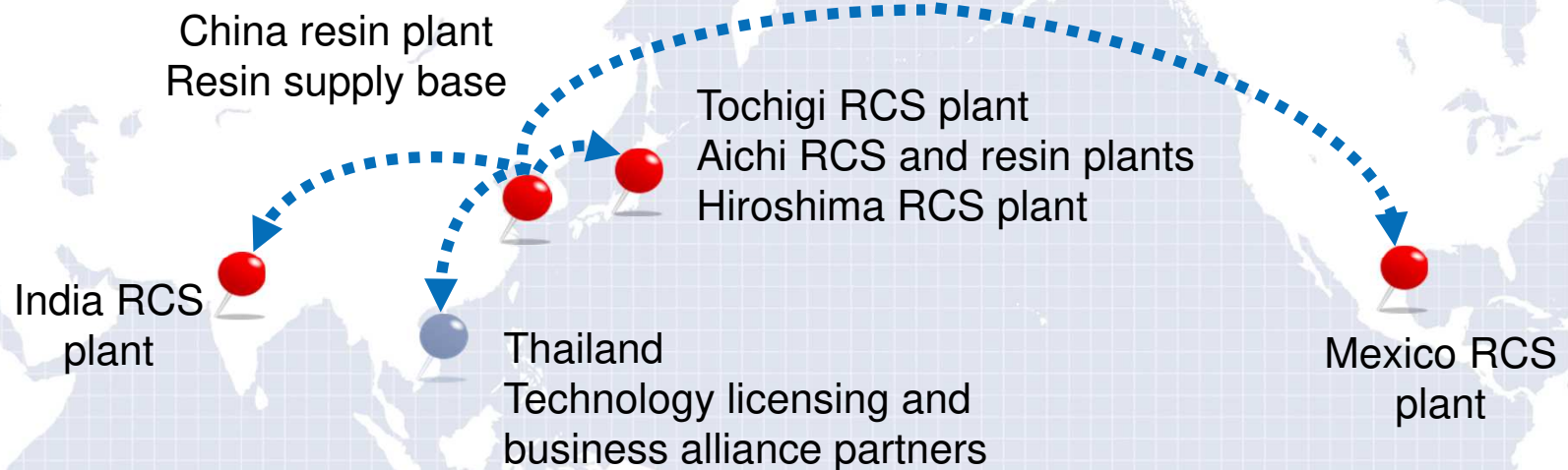
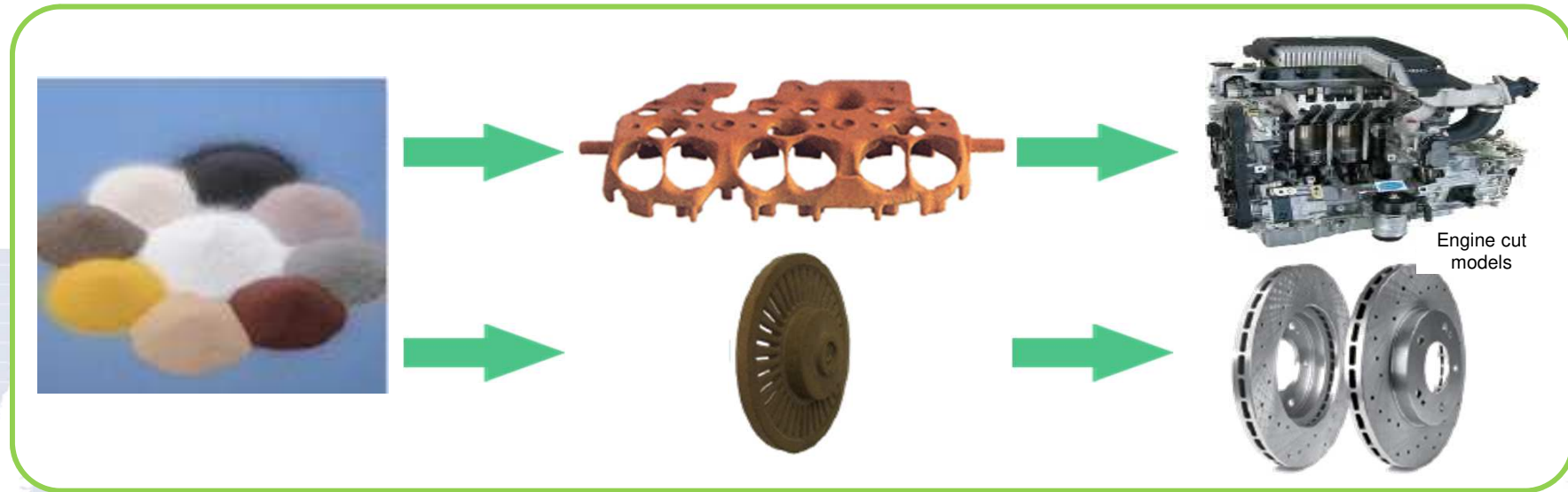
2-2

Foundry materials and on-site
foaming insulating materials
Electronic materials, growing
particularly for semiconductors



Use of foundry material products

Used for engine parts and other casting manufacture
Established plants in the areas of active automotive-related manufacturers.





Impact of EV conversion

Battery cooling system, etc.

: New demand to replace engine parts

Brake and drive components

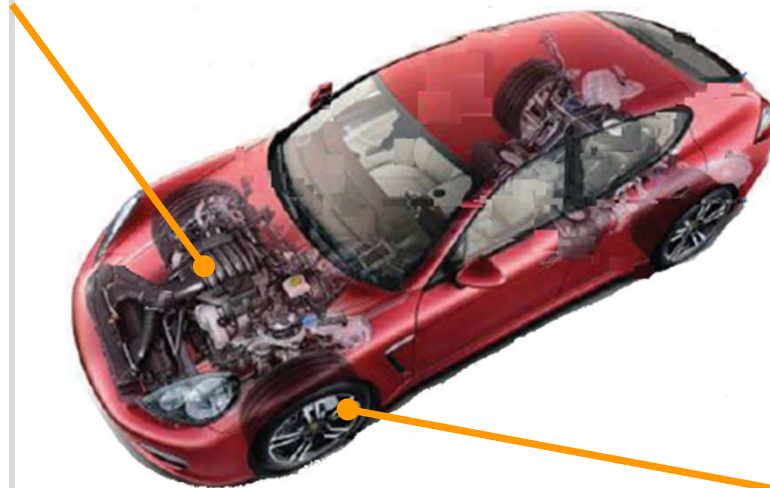
: Continued demand. High-quality products are required.

Changes due to EV conversion

Engine parts



Battery cooling system, etc.



Continued demand after EV conversion

Brake and drive components

Thinner, lighter and more complex than ever before.



Advanced technology is needed.

Characteristics of "on-site foaming insulating materials"

Used for condominiums, commercial facilities, warehouses, refrigerators, etc.
Installable in parts with a complex shape, enabling efficient and airtight heat
insulation work.

On-site foaming insulating materials account for **about 10%** of the total insulation market.
Demand is expected to increase according to the increase of ZEB and ZEH in the future.

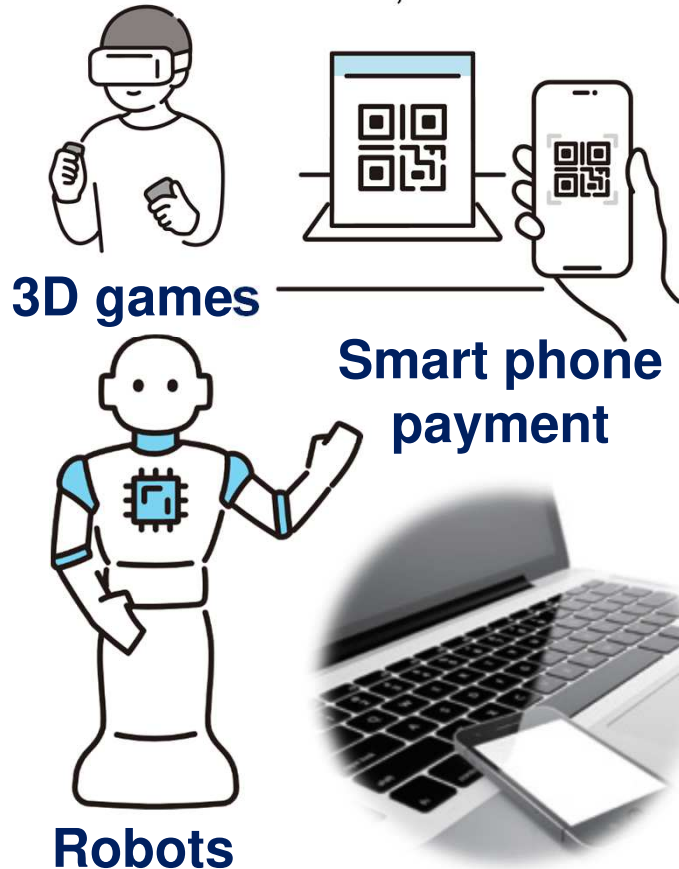


Use of Electronic materials

Photoresist materials and underlying substrates for legacy and advanced semiconductors

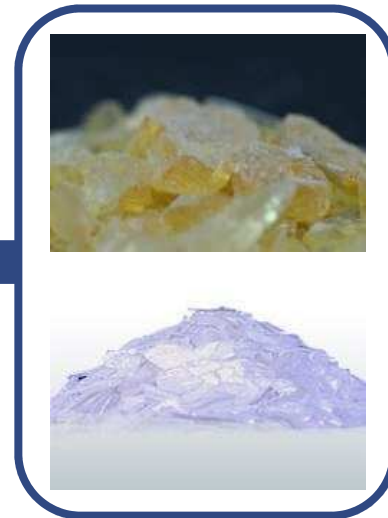
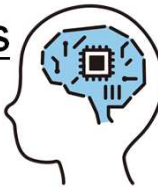
Legacy semiconductors

Analog semiconductors, Power semiconductors, Opt (LED) semiconductors, Sensors



Advanced semiconductors

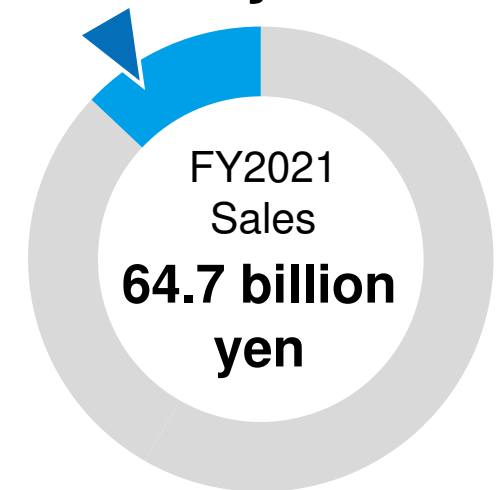
Memory, Micro, Logic



2-3

Water Treatment & Natural Resources Exploitation Divisions that contributes to the environment

8.4 billion yen



2013

Became a subsidiary of Asahi Yukizai Corporation.
Started as the Water Treatment & Natural Resources Exploitation Divisions.



2019

Started business in China.

2016

Started the environmental chemicals business.

2000

Started the recycled water business

1952

Succeeded in steam well drilling for geothermal power generation for the first time in Japan.

“First” Succeeded in steam well drilling for geothermal power generation “for the first time” in Japan.

1950

“No. 1” Number of hot springs drilled
Number of recycled water treatment facilities constructed in large commercial buildings

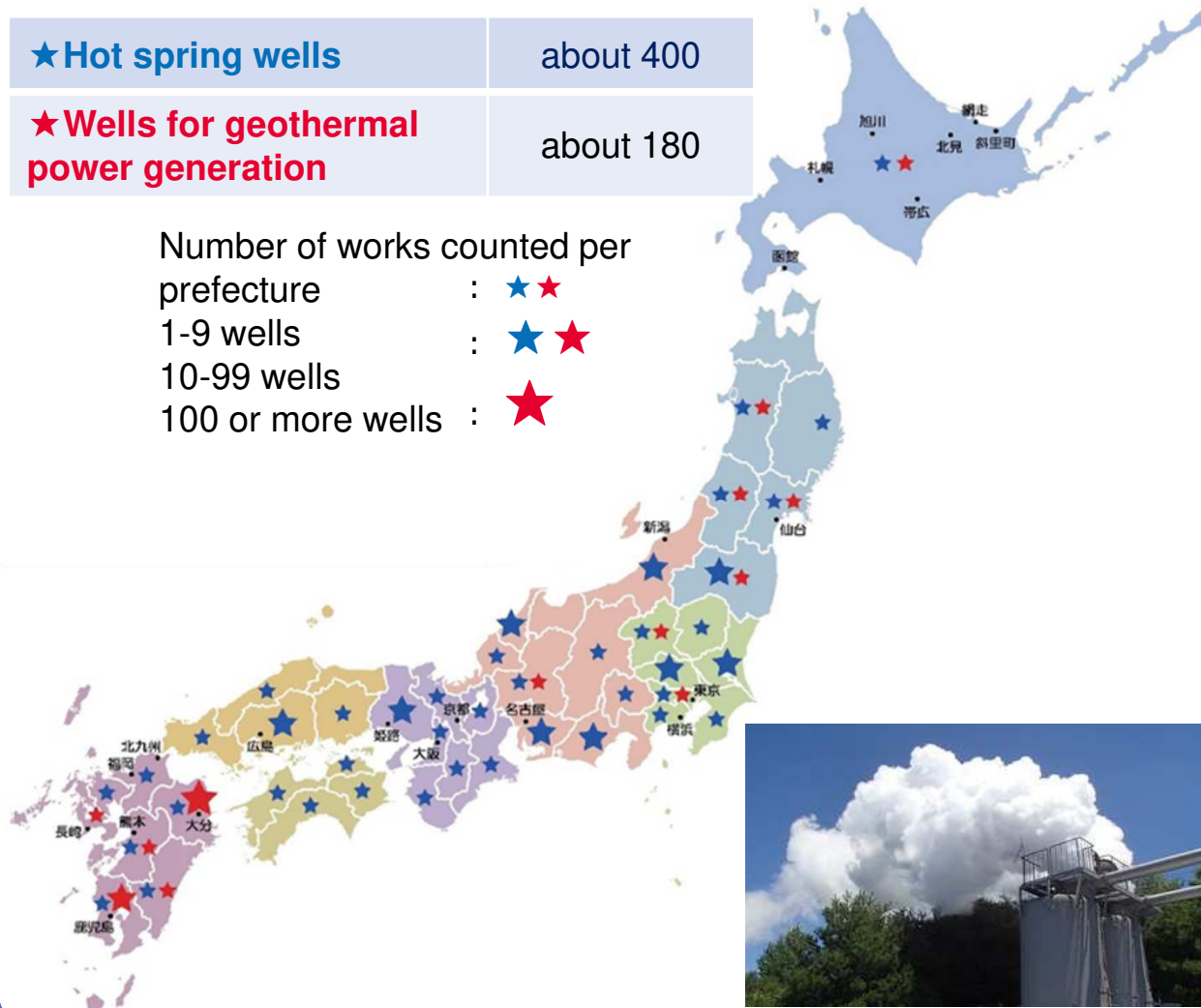
Established Shonan Drilling Co., Ltd.

Drilling Works Map

★ Hot spring wells	about 400
★ Wells for geothermal power generation	about 180

Number of works counted per prefecture :

- 1-9 wells : ★ ★
- 10-99 wells : ★ ★ ★
- 100 or more wells : ★ ★ ★ ★



Recycled water treatment facilities: Major projects

Haneda Airport
(1st, 2nd, and 3rd Buildings)

Tokyo Midtown

Gran Tokyo North Tower

Iino Building

Chubu Centrair International Airport



3

Progress of the Midterm Business Plan (released in July 2021)

GNT2025
GREAT NICHE T●P



To become a Great Niche Top company that keeps
making a real difference

Aim of the New
Corporate
Philosophy

To become a Great Niche Top company, challenge for the "first" and make a "real difference."

Purpose

To offer **peace of mind** through trusted quality and dedicated support.

Mission

Support customers manufacturing process **with valued solutions.**

Vision

To become a Great Niche Top company,
Attempt **something never tried before** and make a **real difference** in customer experience.



To become a Great Niche Top company

1

Pursue growth mainly in our overseas business (Valve & Piping Systems Divisions, Resin Divisions) and semiconductor-related products.

2

Improve profit margins by making a real difference and creating higher added value.


3


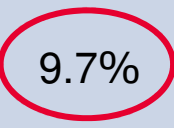
Develop our businesses from the perspective of SDGs to balance economic and social value.

4

Create a new business that can contribute to solving new social challenges.

- ◆ New Midterm Business Plan (FY2021-2025) released in July 2021
- ◆ Achieved most of our FY2025 performance targets in FY2021.

*  Target items achieved

Company-wide targets and results	FY2025 targets	Sales 73 billion yen	Operating profit 6 billion yen	ROE 8%	ROIC 6%
	FY2021 results	64.7 billion yen	 6.6 billion yen	 9.7%	 8.7%

(Targets and results by division)

Valve & Piping Systems Divisions	FY2025 targets	Sales 40 billion yen	Operating profit 3.5 billion yen
	FY2021 results	37.7 billion yen	 4.9 billion yen
Resin Divisions	FY2025 targets	23.5 billion yen	1.8 billion yen
	FY2021 results	18.6 billion yen	800 million yen
Water Treatment & Natural Resources Exploitation Divisions	FY2025 targets	9.5 billion yen	700 million yen
	FY2021 results	8.4 billion yen	 700 million yen

◆ Overseas sales expansion

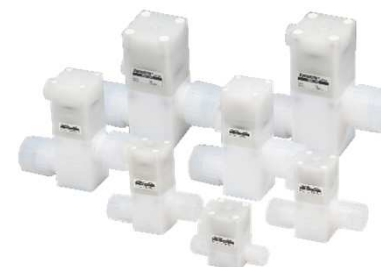
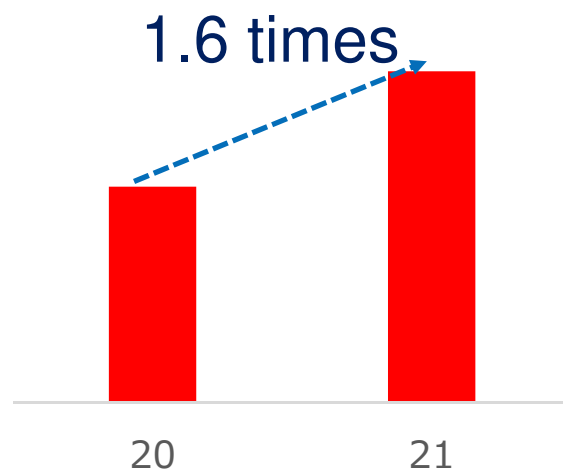
Valve & Piping Systems Divisions achieved the target of overseas sales ratio in the first fiscal year due to the successful measures to strengthen overseas manufacturing capabilities.

Overseas sales ratio	FY2019	FY2020	FY2021	20→21
Valve & Piping Systems Divisions	30%	30%	36%	➔
Resin Divisions	18%	18%	24%	➔
Company total	22%	23%	28%	➔

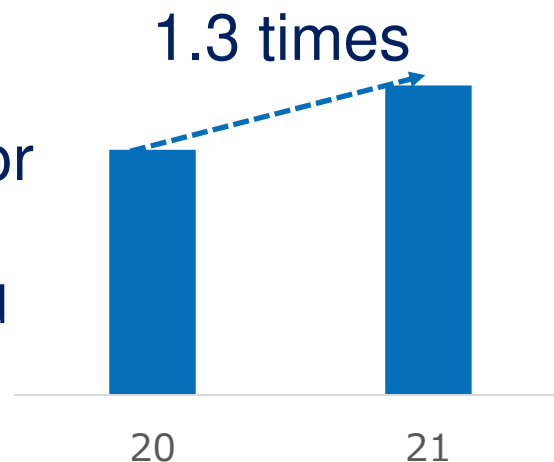
**FY2025 target;
36%**

- ◆ Sales of semiconductor-related products expanded rapidly (from the FY2020 level)

Dymatrix Series
For cleaning and CMP
equipment



Electronic materials for
photoresist
For legacy and advanced
semiconductors



- ◆ Plant construction to meet increasing demand for both advanced and legacy semiconductors.
- ◆ Expand our business by utilizing our low-metal, synthesis, and refinement technologies.

Construction to begin in
December 2022

Scheduled to be completed
in June 2024



- ◆ Established the Sustainability Promotion Committee in September 2021 to begin addressing issues surrounding sustainability.

<<Purpose>>

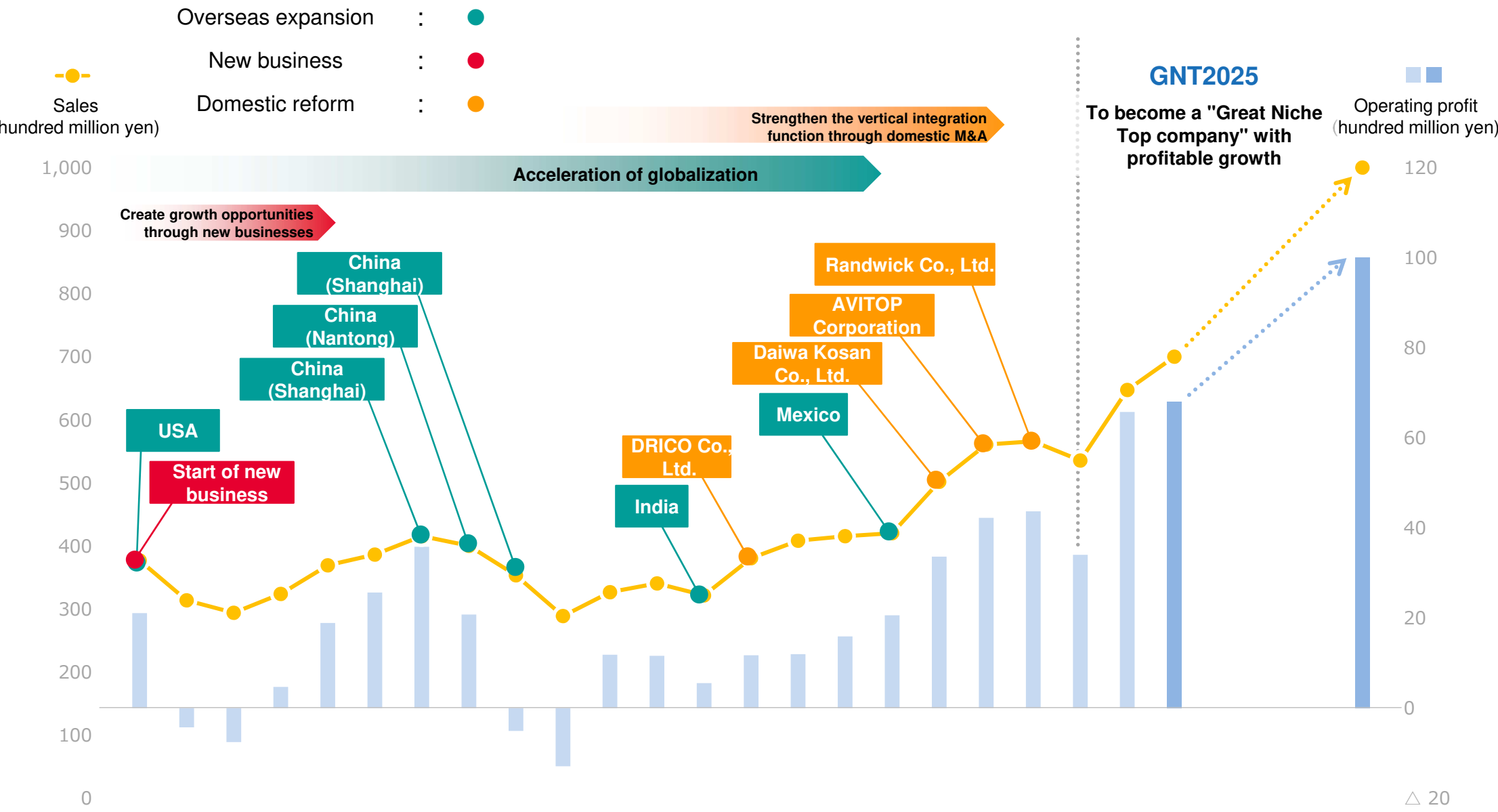
- Mid- to long-term enhancement of corporate value
- Minimize risk and expand profit opportunities

<<Items to address>>

Investment in human capital (human capital development, work style, treatment, diversity)
Protection and utilization of intellectual property rights and brands
Consideration for global environmental issues (activities based on TCFD)
Contribution to the achievement of SDGs through business activities
Fair and proper transactions with suppliers
Fair and proper transactions with customers
Risk management (e.g., natural disasters due to global warming)
Promoting understanding from the local community

Changes since 2000 and "GNT2025"

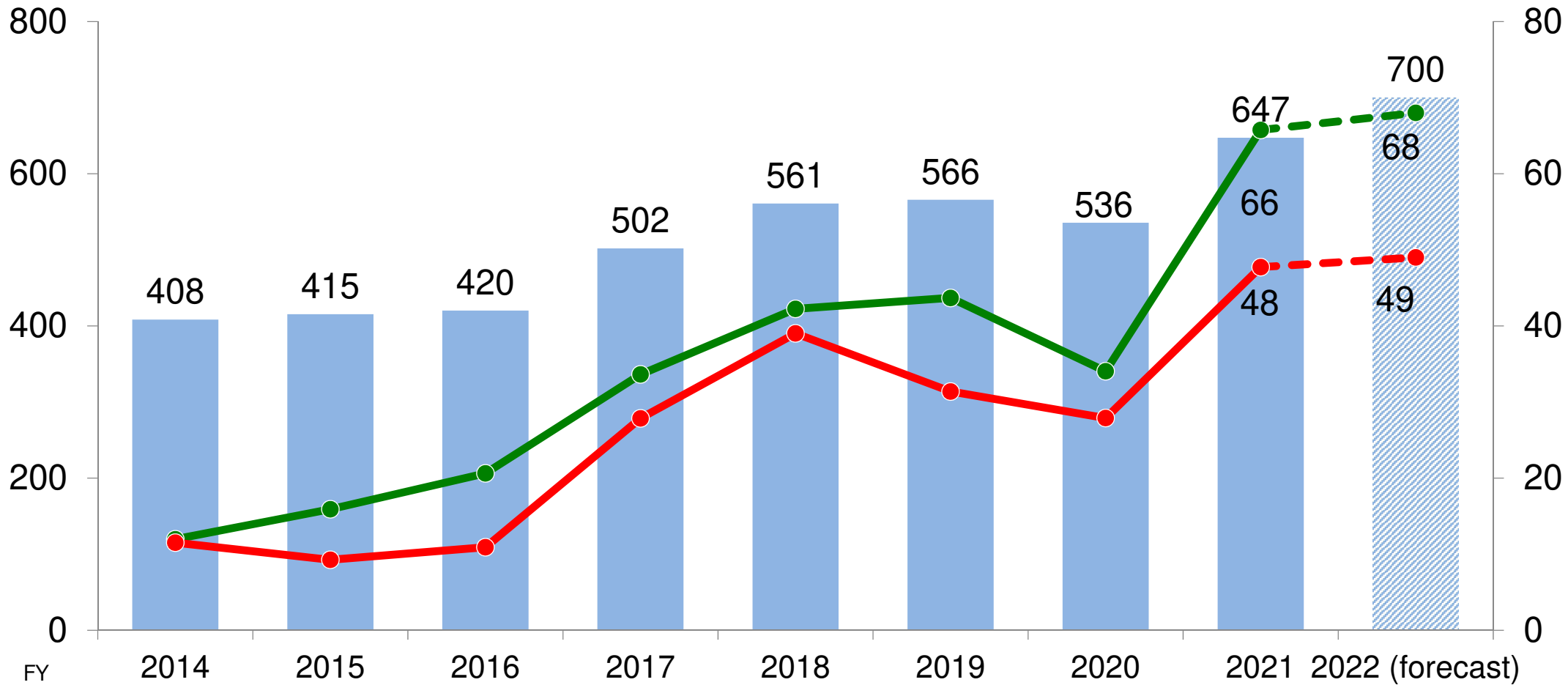
From a "Niche Top Company" to a "Great Niche Top Company" through aggressive business development.



4 FY2022 Forecast, etc.

Sales ■ : hundred million yen

Operating profit ● Net income for the term ● hundred million yen



Exchange rate assumptions

U.S. dollar

120yen

Euro

130yen

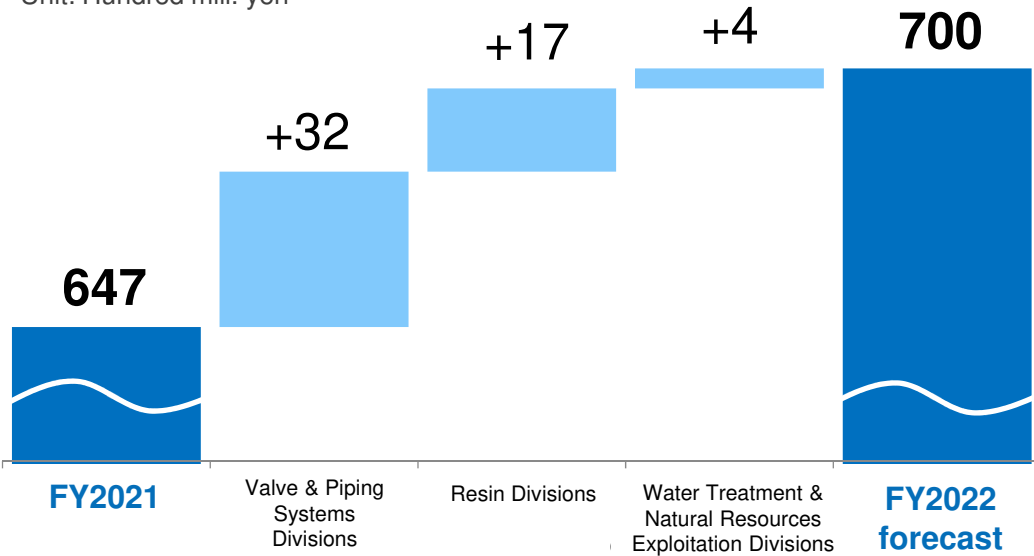
Yuan

17yen

Breakdown of sales forecast and operating profit forecast -- Full year

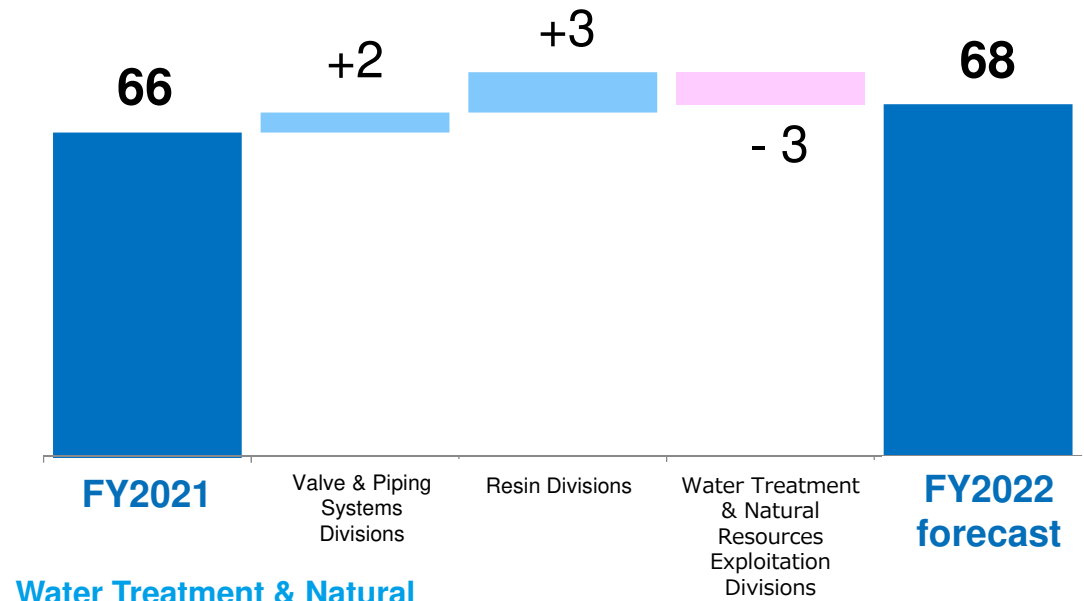
■ Sales ■ Increase in income

Unit: Hundred mill. yen



■ Operating profit ■ Increase in profit ■ Decrease in profit

Unit: Hundred mill. yen



Water Treatment & Natural Resources Exploitation Divisions

13%

Valve & Piping Systems Divisions
58%

Segment ratio forecast for FY2022 sales

Resin Divisions
29%

Water Treatment & Natural Resources Exploitation Divisions

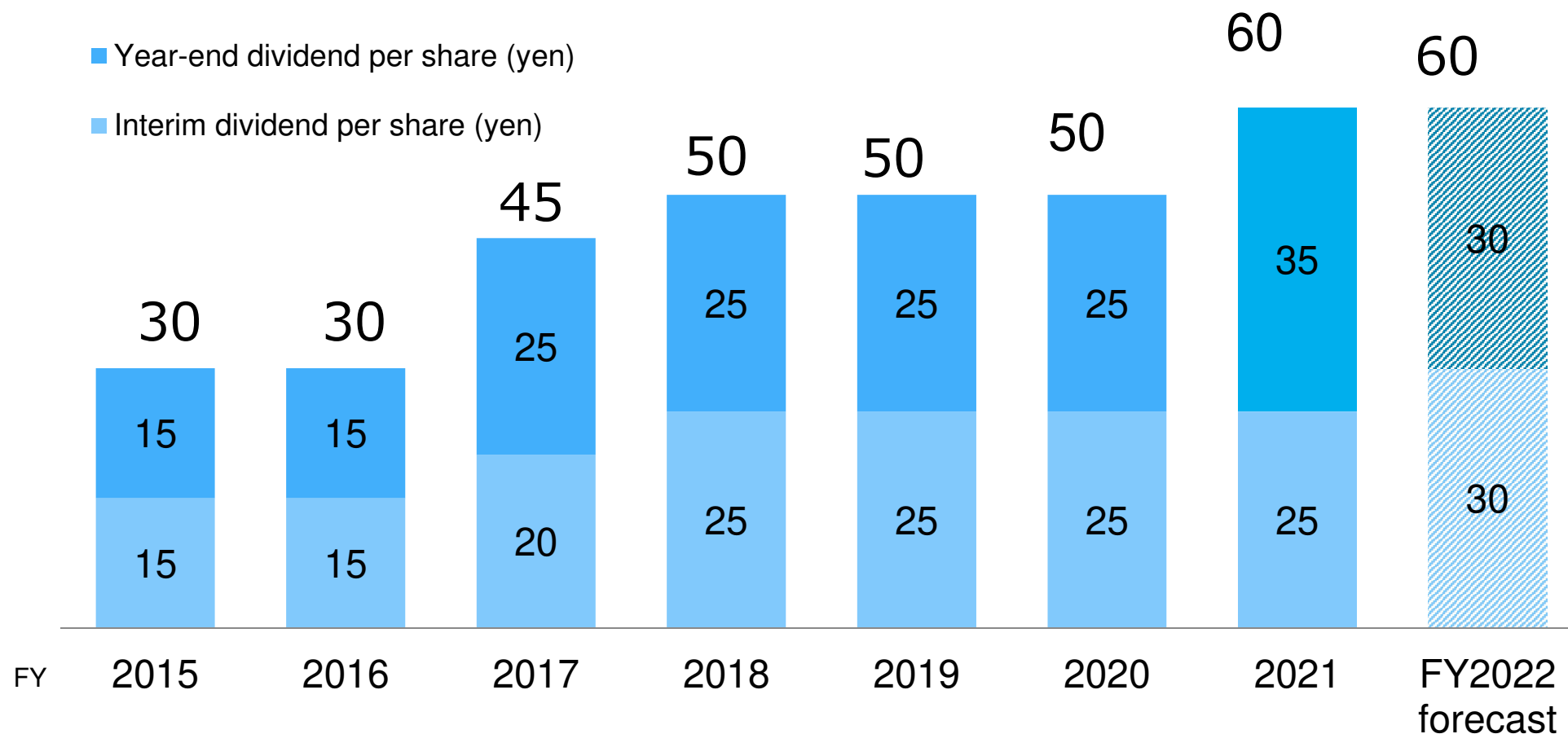
7%

Valve & Piping Systems Divisions
76%

Segment ratio forecast for FY2022 operating profit

Resin Divisions
17%

- Aim to increase dividends by achieving continuous profit growth while securing stable dividends.



Dividend payout ratio	62.0%	52.7%	31.0%	24.5%	30.5%	34.3%	24.1%	23.5%
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Stock price: yen



**Dividend
yield ***

2.9%

**PER (Company
forecast)***

8.1 time

PBR (Actual)

0.8 time

* Dividend yield and PER (company forecast) are based on the closing price of July 25, 2022 (2,082 yen).

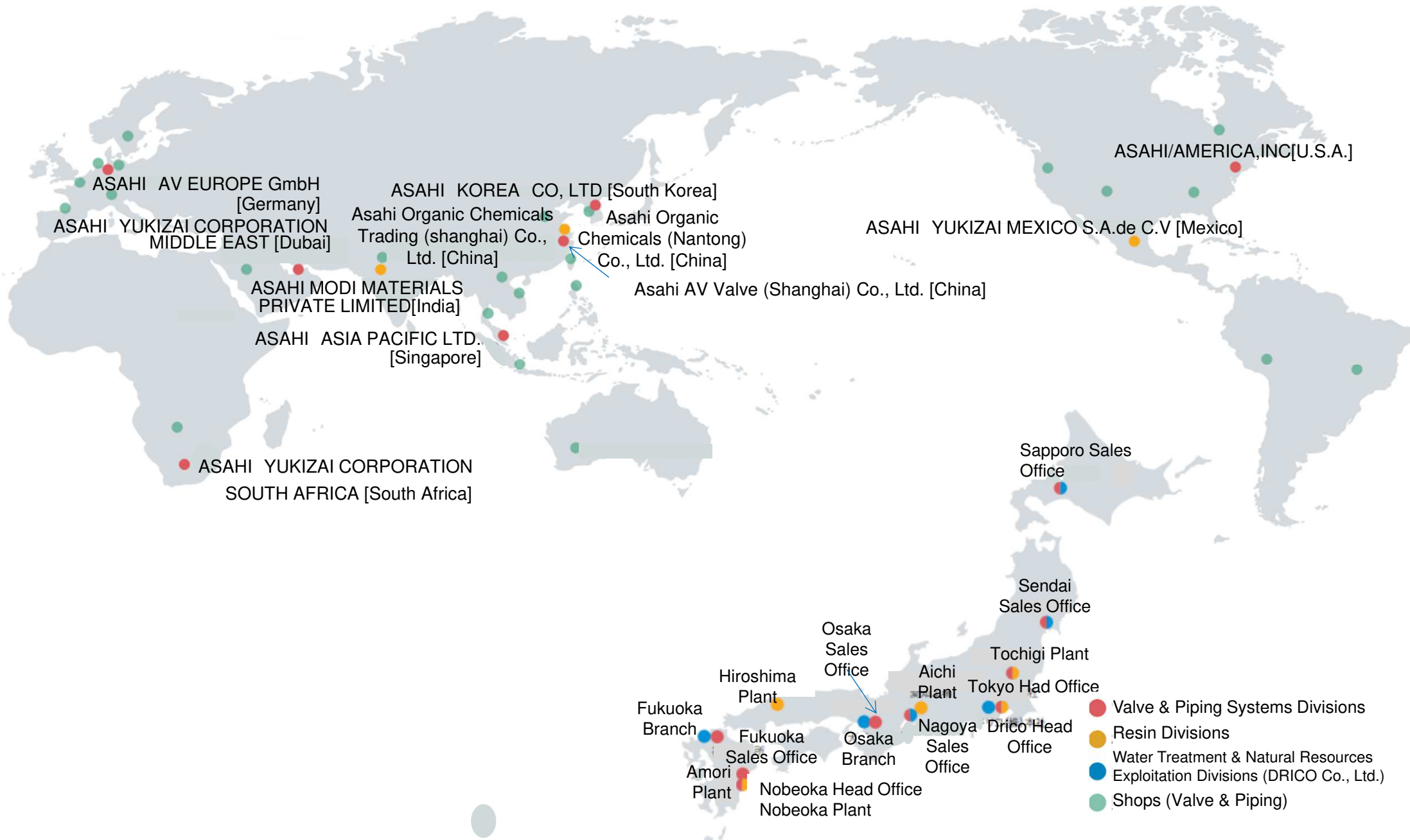
5 Supplementary data

- **Corporate Information**
- **Global Network of the Asahi Yukizai Group**
- **Business description map (Active locations)**
 - Valve & Piping Systems Divisions**
 - Resin Divisions**
 - Water Treatment & Natural Resources**
 - Exploitation Divisions**
- **Financial data (FY2012-FY2021)**

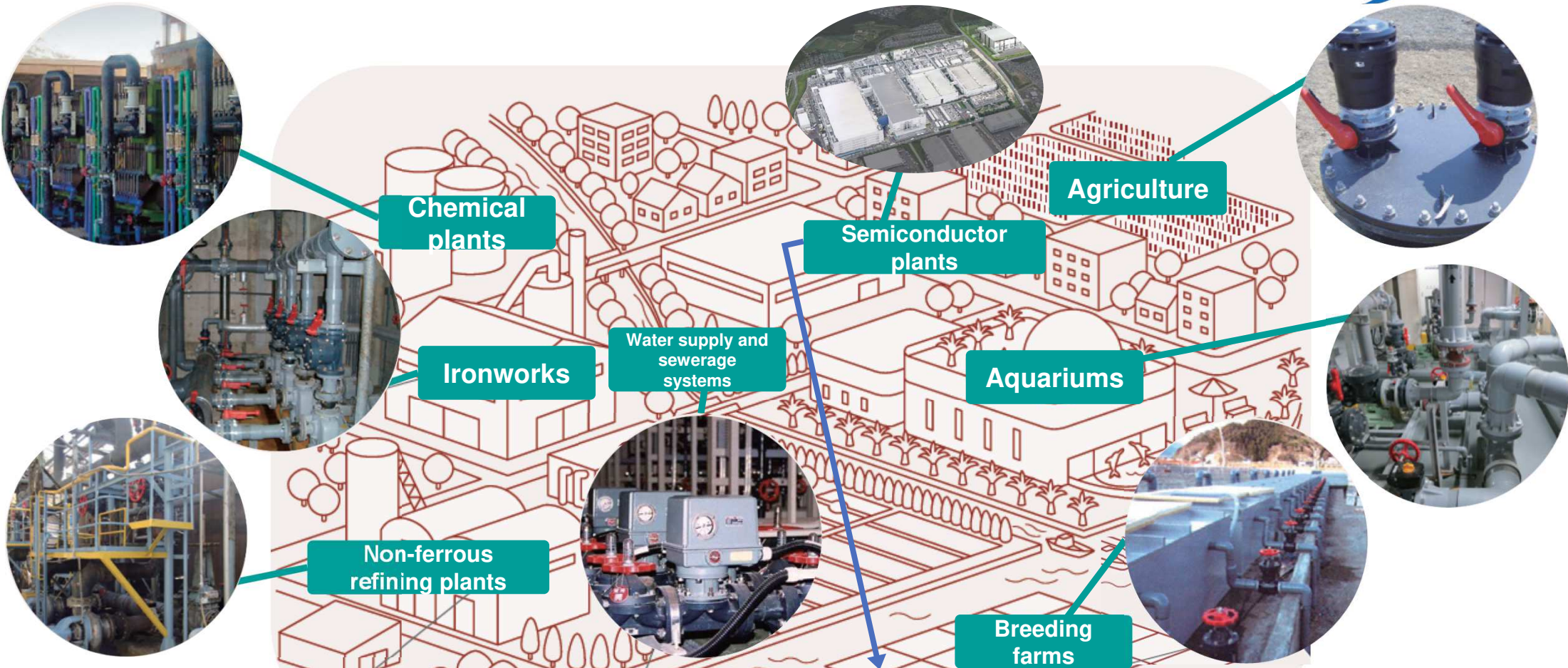
Corporate Information

■ Trade name	ASAHI YUKIZAI CORPORATION
■ Nobeoka Head Office	2-5955 Nakanose-cho, Nobeoka-shi, Miyazaki, Japan
■ Tokyo Head Office	21st Floor, Ueno Frontier Tower 3-24-6 Ueno, Taito-ku, Tokyo, Japan
■ Establishment	March 12, 1945
■ Capital	5,000,100,000 yen
■ Stock listing	Prime Market
■ Securities code	4216 (Chemical)
■ Stock trading unit	100 shares
■ Number of Employees	1,555 (as of the end of March 2022 on a consolidated basis)
■ Annual sales	64,732 million yen (same as above)
■ Manufacturing plants	(Domestic) Nobeoka, Aichi, Tochigi, Hiroshima (Overseas) China, India, Mexico
■ President & Representative Director	Kazuya Nakano


Global Network of the Asahi Yukizai Group



Products of Valve & Piping Systems Divisions are used as shown below.



ASAHI V



- Chemical plants
- Semiconductor plants
- Ironworks and non-ferrous refining plants
- Water supply and sewage
- Aquariums
- Agricultural pipelines
- Breeding farms

Dymatrix™

- In the manufacturing equipment of semiconductor plants



Products of Resin Divisions are used as shown below.

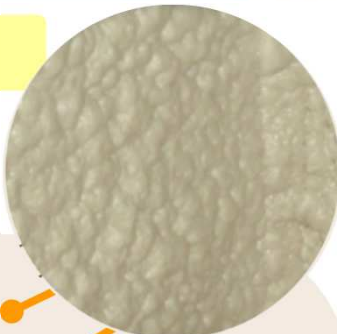


Semiconductors



LCD panel

Heat insulating material



LED

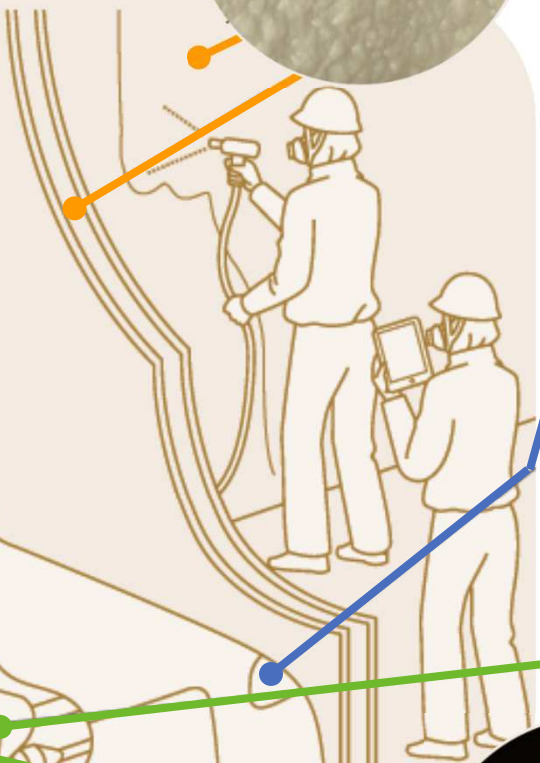


Tire parts



Brake pad

Disc brake

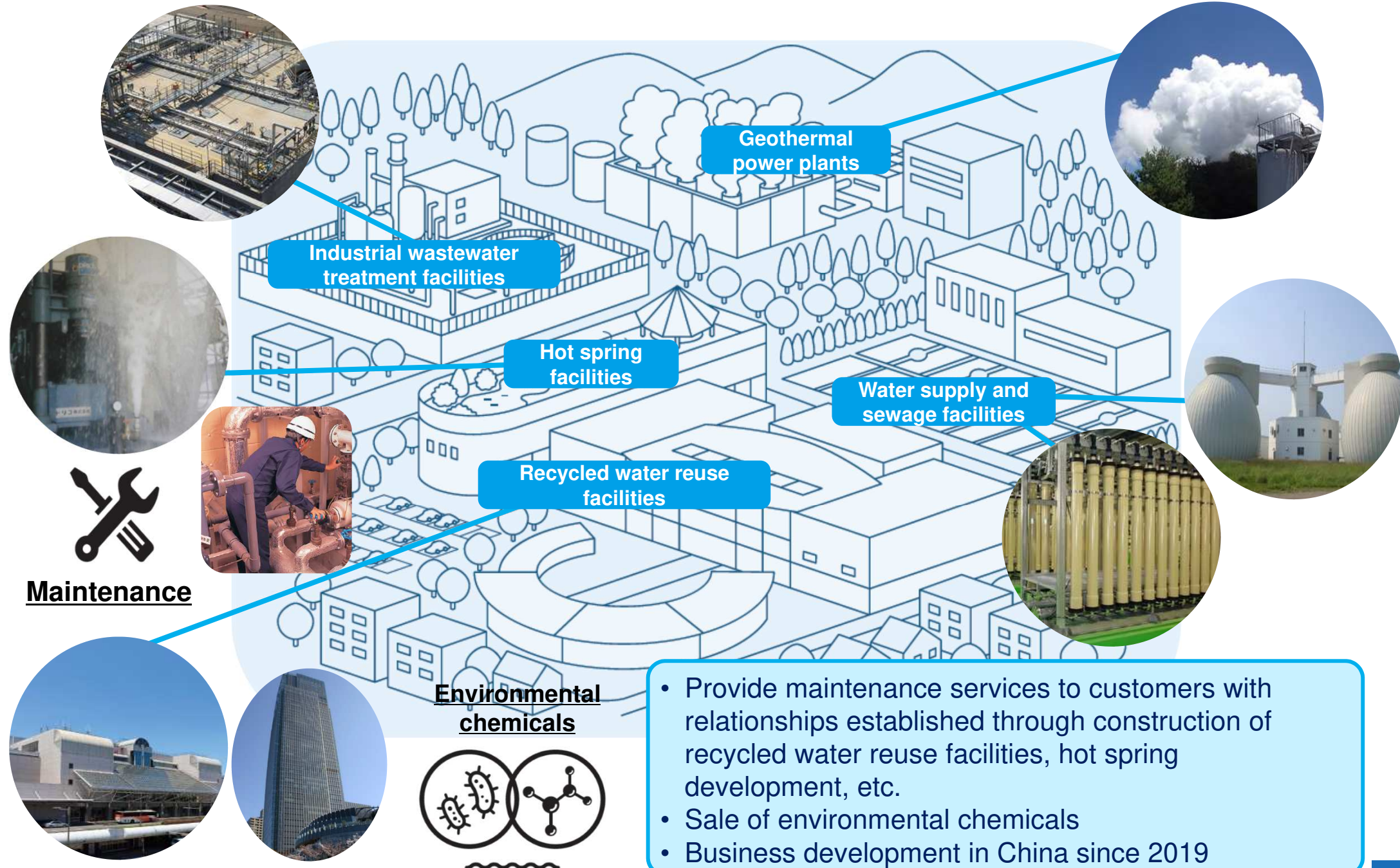


Transmission



Engine

• Provide the **materials** needed to manufacture products.
• **Our products do not remain in form.**





Financial data

(FY2012-FY2021)

Unit: Mill. yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Sales	32,167	38,057	40,837	41,547	42,029	50,174	56,083	56,581	53,551	64,732
Operating profit	555	1,172	1,197	1,591	2,062	3,362	4,224	4,368	3,404	6,575
Ordinary profit	1,103	1,649	1,764	1,525	1,944	3,402	4,390	4,395	3,648	7,012
Net income attributable to the shareholders of the parent company	- 2,598	1,004	1,151	926	1,091	2,785	3,902	3,138	2,789	4,773

Unit: Mill. yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Total assets	47,469	53,811	57,697	53,202	55,040	62,884	62,541	65,779	67,732	74,925
Liabilities	11,616	15,945	18,588	15,061	16,133	21,382	19,362	21,538	20,624	23,058
Net assets	35,853	37,866	39,108	38,141	38,906	41,502	43,179	44,241	47,108	51,867

Unit: Mill. yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Equity capital	35,595	37,609	38,823	37,869	38,642	41,137	42,765	43,856	46,667	51,363

Unit: Yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net assets per share *1	1,822.35	1,925.65	2,025.25	1,975.75	2,016.30	2,146.82	2,235.15	2,292.23	2,436.63	2,681.92

Unit: Mill. yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Annual dividend per share (yen) *2	30.00	30.00	30.00	30.00	30.00	45.00	50.00	50.00	50.00	60.00
End of 2Q (yen)	15.00	15.00	15.00	15.00	15.00	20.00	25.00	25.00	25.00	25.00
End of year (yen)	15.00	15.00	15.00	15.00	15.00	25.00	25.00	25.00	25.00	35.00
Total dividends	587	586	581	576	575	866	964	963	962	1,154
End of 2Q	293	293	293	288	288	384	482	482	481	481
End of year	293	293	288	288	288	482	482	481	481	673

Dividends are based on data from the submitting companies. *1 and *2: Historical data is also calculated on a post-reverse stock split basis.

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
ROA	- 5.3%	2.0%	2.1%	1.7%	2.0%	4.7%	6.2%	4.9%	4.2%	6.7%
ROE	- 7.1%	2.7%	3.0%	2.4%	2.9%	7.0%	9.3%	7.2%	6.2%	9.7%
Shareholders' equity ratio	75.0%	69.9%	67.3%	71.2%	70.2%	65.4%	68.4%	66.7%	68.9%	68.6%
D/E ratio	0.00	0.01	0.04	0.02	0.02	0.04	0.06	0.09	0.08	0.05

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Dividend payout ratio	- 22.6%	58.4%	50.5%	62.0%	52.7%	31.0%	24.5%	30.5%	34.3%	24.1%
Total return ratio	- 22.6%	58.6%	94.5%	62.4%	52.9%	31.2%	24.8%	30.7%	34.5%	24.2%
Repurchase of treasury stock (thousand yen)	912	1,869	506,786	2,915	1,398	3,099	3,130	1,018	653	718

Unit: Mill. yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Cash flows from operating activities	3,007	3,225	2,513	1,845	2,492	3,012	2,240	6,194	3,420	7,175
Cash flows from investing activities	759	- 1,193	- 3,019	- 1,128	- 2,064	- 1,789	- 1,536	- 3,820	- 2,069	- 1,655
Cash flows from financing activities	- 377	- 382	- 170	- 1,134	- 746	- 239	- 773	19	- 1,146	- 2,064
Cash and cash equivalents at end of year	6,574	8,437	7,937	7,510	7,092	8,088	7,912	10,232	10,398	14,311

Number of employees (Unit: persons)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
	1,049	1,190	1,219	1,223	1,246	1,355	1,438	1,540	1,559	1,555

Unit: Yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net income per share*	- 133.00	51.40	59.35	48.35	56.93	145.31	203.95	164.01	145.67	249.21
Ratio of ordinary profit to total assets	2.3%	3.3%	3.2%	2.8%	3.6%	5.8%	7.0%	6.8%	5.5%	9.8%
Ratio of ordinary profit to net sales	3.4%	4.3%	4.3%	3.7%	4.6%	6.8%	7.8%	7.8%	6.8%	10.8%
Ratio of operating profit to net sales	1.7%	3.1%	2.9%	3.8%	4.9%	6.7%	7.5%	7.7%	6.4%	10.2%

* Historical data is also calculated on a post-reverse stock split basis.

Unit: Mill. yen

Sales by segment	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Valve & Piping Systems Divisions	20,515	21,113	21,734	23,750	22,907	27,585	33,544	32,169	30,823	37,725
Resin Divisions	11,652	12,980	13,635	12,686	12,202	15,254	16,254	17,215	15,891	18,608
Water Treatment & Natural Resources Exploitation Divisions	-	3,963	5,468	5,110	6,921	7,335	6,285	7,197	6,837	8,398
Total	32,167	38,057	40,837	41,547	42,029	50,174	56,083	56,581	53,551	64,732

Unit: Mill. yen

Operating profit by segment	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Valve & Piping Systems Divisions	924	1,104	1,187	1,961	1,828	2,354	3,545	2,552	2,136	4,897
Resin Divisions	- 328	- 290	- 284	- 520	71	874	672	1,151	930	819
Water Treatment & Natural Resources Exploitation Divisions	-	422	274	86	173	172	39	502	205	724
Total	555	1,172	1,197	1,591	2,062	3,362	4,224	4,368	3,404	6,575

Operating profit ratio by segment	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Valve & Piping Systems Divisions	4.5%	5.2%	5.5%	8.3%	8.0%	8.5%	10.6%	7.9%	6.9%	13.0%
Resin Divisions	- 2.8%	- 2.2%	- 2.1%	- 4.1%	0.6%	5.7%	4.1%	6.7%	5.9%	4.4%
Water Treatment & Natural Resources Exploitation Divisions	-	10.7%	5.0%	1.7%	2.5%	2.3%	0.6%	7.0%	3.0%	8.6%
Total	1.7%	3.1%	2.9%	3.8%	4.9%	6.7%	7.5%	7.7%	6.4%	10.2%

Securities Code; 4216 (Chemical)

Notes

The forecasts and prospects in this document are made by Asahi Yukizai using information available when we created this document. The Company does not ensure nor guarantee the achievement of numerical targets of the business plan nor the implementation of Company measures.