

# **Presentation of Financial Results for the Fiscal Year Ended March 31, 2023 and Midterm Business Plan "GNT2025"**

**May 25, 2023**

**ASAHI YUKIZAI CORPORATION**

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# Business Overview

## Asahi Yukizai Group's Three Business Segments

**Water Treatment & Natural Resources Exploitation Divisions**  
 Net sales 8 billion yen  
 Operating profit 0.5 billion yen

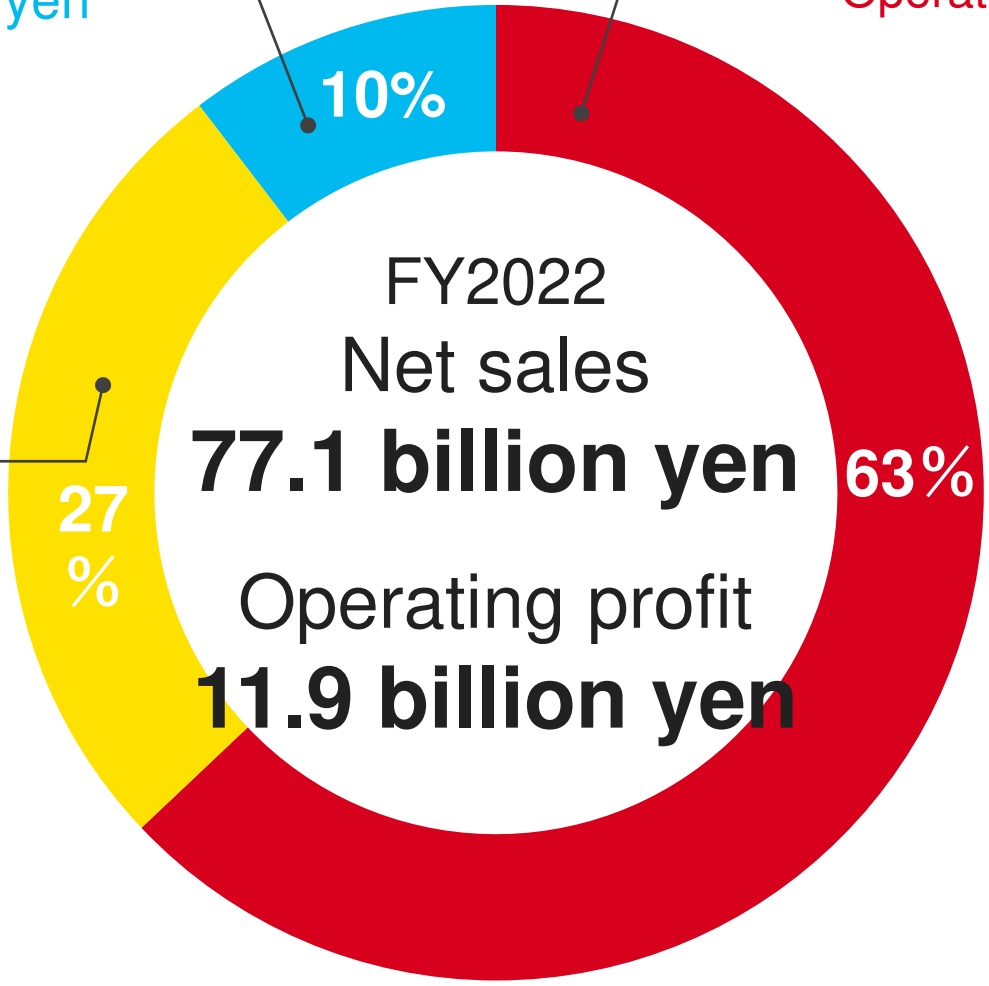


**Valve & Piping Systems Divisions**  
 Net sales 48.5 billion yen  
 Operating profit 10.7 billion yen

**ASAHI AV**



**Resin Divisions**  
 Net sales 20.6 billion yen  
 Operating profit 0.8 billion yen



# Financial Results for FY2022

## Record-high sales and profit

Net sales 77.1 billion yen

<External factors>

Non-continuous environmental change

Decrease in global supply capacity due to the COVID-19 disaster

Progress of inflation

Expanding demand for semiconductors and other products

Operating profit 11.9 billion yen

<Our initiatives>

Adapt to changes in the environment and continue to implement initiatives.

- ▶ Maintain and expand supply (increase productivity)
- ▶ Price pass-through by taking advantage of competitive advantage
- ▶ Strengthening our plants in the U.S. and China and investment in semiconductor-related businesses over the years

## Dividend

- Interim dividend 30 yen **Year-end dividend 40 yen**

# Consolidated Financial Results



Amount: million yen

	FY2021 results			FY2022 results			Changes from the previous year	
	1H	2H	Full year	1H	2H	Full year	Amount of change	Rate of change
<b>Net sales</b>	29,432	35,299	64,732	<b>35,938</b>	<b>41,161</b>	<b>77,099</b>	+12,368	+19.1%
<b>Operating profit</b>	2,492	4,083	6,575	<b>5,339</b>	<b>6,608</b>	<b>11,947</b>	+5,373	+81.7%
<b>Ordinary profit</b>	2,634	4,378	7,012	<b>5,839</b>	<b>6,301</b>	<b>12,140</b>	+5,128	+73.1%
<b>Profit attributable to owners of parent</b>	1,797	2,976	4,773	<b>3,813</b>	<b>5,612</b>	<b>*<sup>1)</sup> 9,425</b>	+4,652	+97.5%

\*<sup>1)</sup> Recorded deferred tax assets, etc.

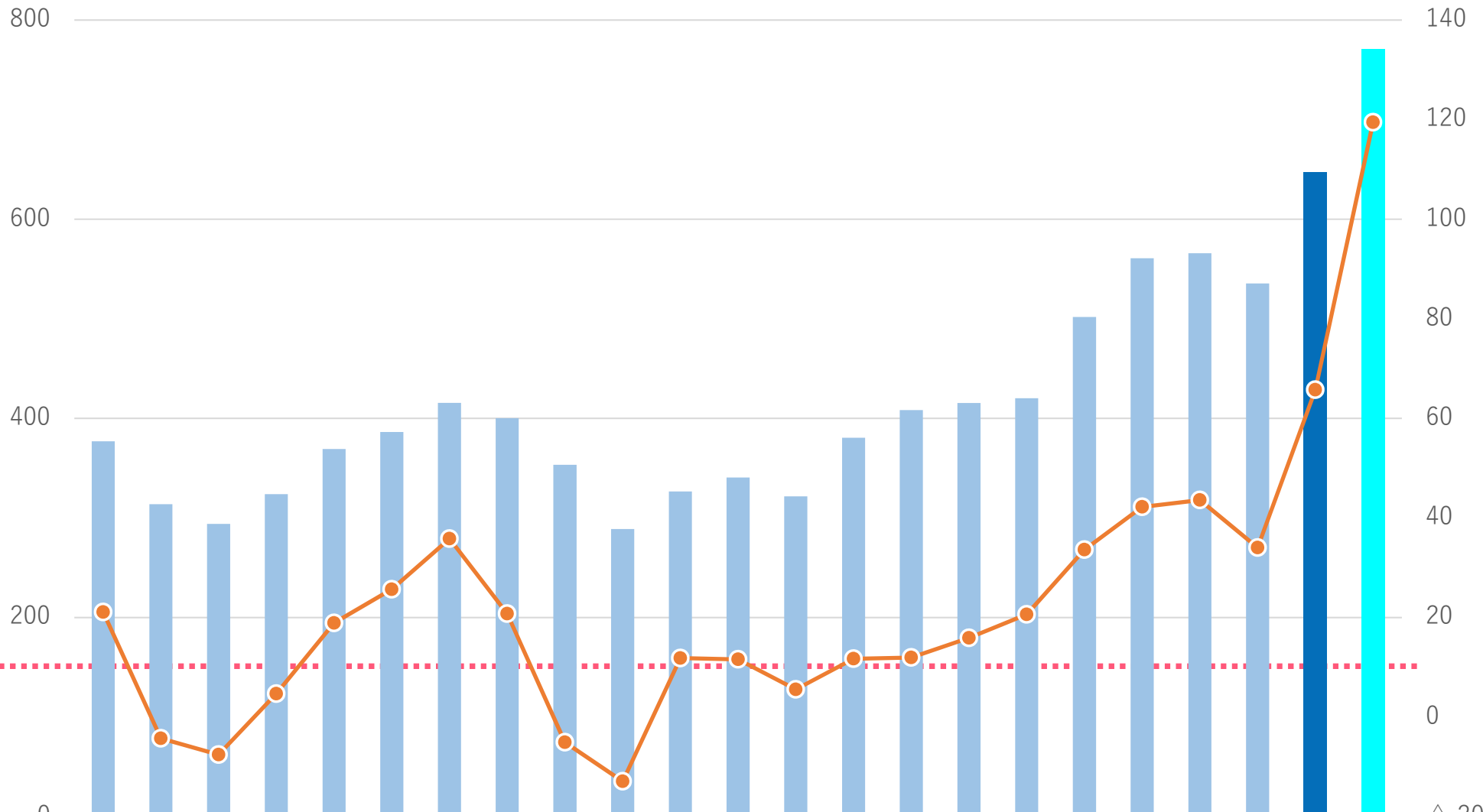
Amount: yen

<b>Profit per share</b>	199.08	155.39	249.21	<b>199.08</b>	<b>292.91</b>	<b>491.99</b>	+242.78
<b>Dividend per share</b>	25.00	35.00	60.00	<b>30.00</b>	<b>40.00</b>	<b>70.00</b>	+10.00

# Company-wide Profit/Loss Transition

Sales: 100 million yen

Operating Profit: 100 million yen



	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Net sales	377	314	294	324	369	386	416	400	353	289	327	341	322	381	408	415	420	502	561	566	536	647	771
Operating profit	21	- 4	- 8	5	19	26	36	21	- 5	- 13	12	12	6	12	12	16	21	34	42	44	34	66	119
Operating profit ratio	6%	-1%	-3%	1%	5%	7%	9%	5%	-1%	-4%	4%	3%	2%	3%	3%	4%	5%	7%	8%	8%	6%	10%	15%



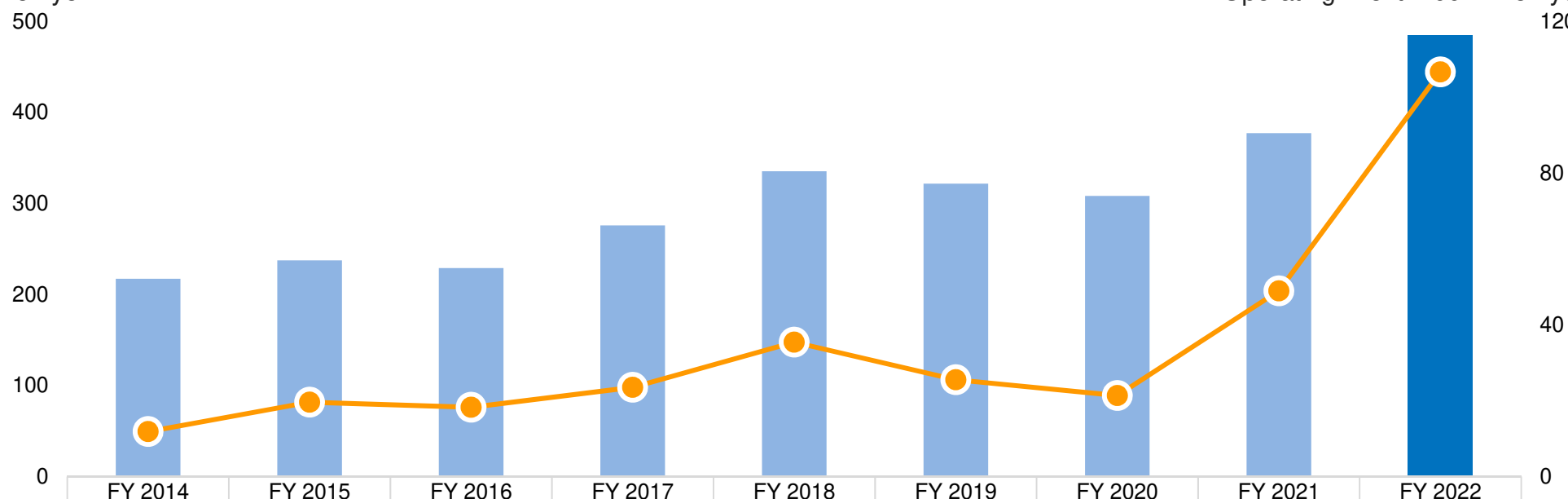
# Valve & Piping Systems Divisions -- Full Year

Semiconductor related businesses are strong both in Japan and overseas. Sales increased both in Japan and overseas and profit increased due to the effect of the yen's depreciation, etc.

Amount: million yen	FY2021	FY2022			
		Results	Amount of change	Rate of change	
<b>Valve &amp; Piping Systems Business</b>	Net sales	37,725	48,532	+10,807	+28.6%
	Operating profit	4,897	10,669	+5,772	+117.9%
	Operating profit ratio	13.0%	22.0%	+9.0%	

Sales: 100 million yen

Operating Profit: 100 million yen



Net sales	217	238	229	276	335	322	308	377	485
Operating profit	12	20	18	24	35	26	21	49	107
Operating profit ratio	5%	8%	8%	9%	11%	8%	7%	13%	22%

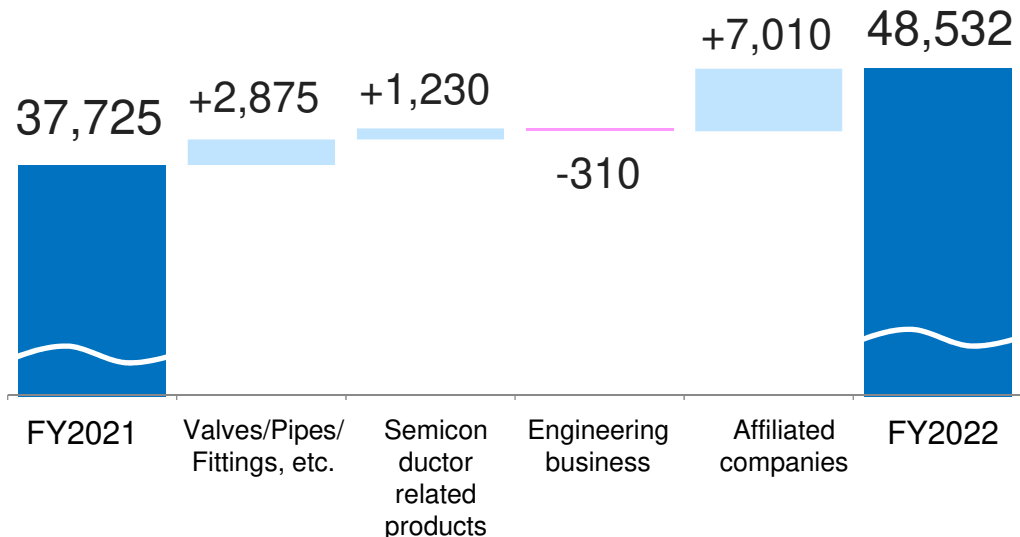
# Valve & Piping Systems Business – Variation Analysis for Net Sales & Operating Profit for the Full year



Amount: million yen

**Net Sales: +10,807**

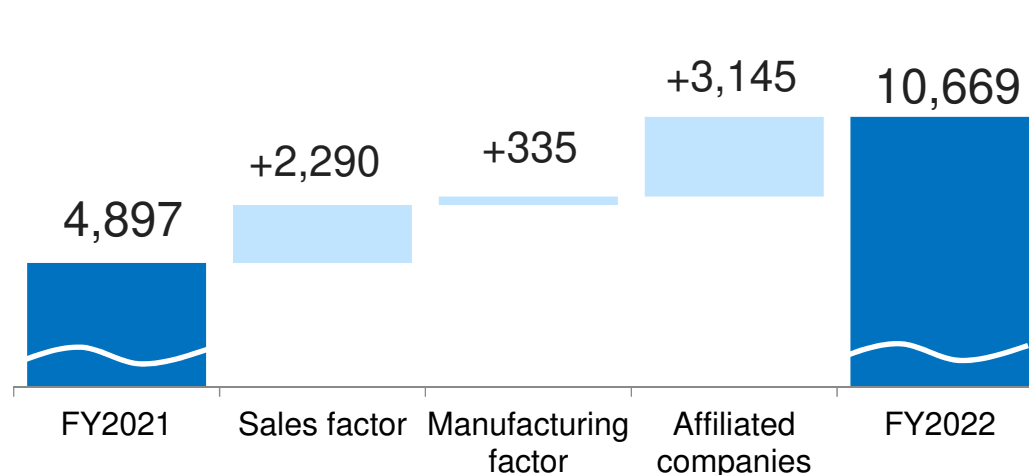
■ Sales ■ Positive factor



Amount: million yen

**Operating Profit: +5,772**

■ Operating Profit ■ Positive factor



## Details of variation in net sales

- Valves, Pipes, Fittings, etc. +2,875
- Semiconductor related products (Dymatrix) +1,230
- Engineering business -310
- Affiliated companies (after elimination of intra-company transactions)
  - : Overseas +6,220
  - : In Japan +790

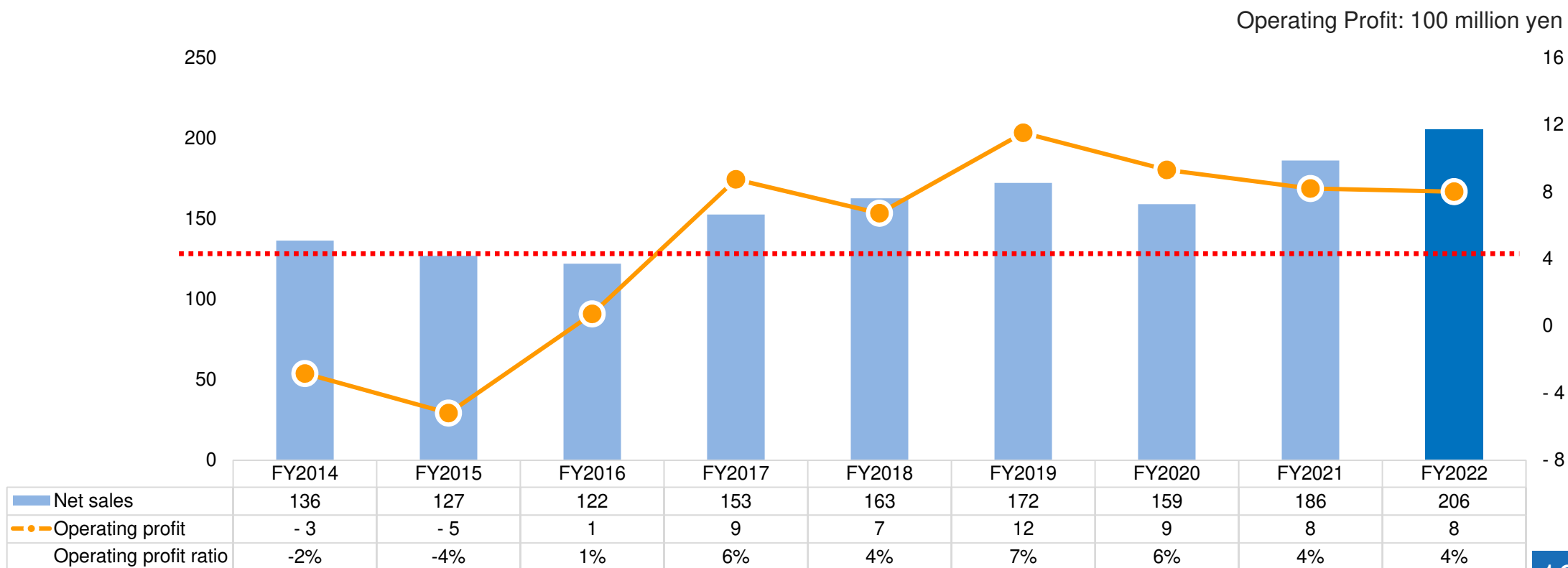
## Details of variation in operating profit

- Sales factor  
Profit increased due to sales increase, the effect of the yen's depreciation, etc.
- Manufacturing factor  
Achieved sales growth without a significant increase in fixed cost due to increased production efficiency.
- Affiliated companies  
Profit increased mainly due to sales increase.

# Resin Divisions -- Full year

Sales increased in all businesses including foundry materials, foam material, and electronics materials. Profit decreased due to increase in raw material prices.

		Amount: million yen	FY2021	FY2022		
				Results	Amount of change	Rate of change
<b>Resin Divisions</b> Sales: 100 million yen	Net sales		18,608	<b>20,550</b>	+1,942	+10.4%
	Operating profit		819	<b>801</b>	-19	-2.3%
	Operating profit ratio		4.4%	<b>3.9%</b>	-0.5%	

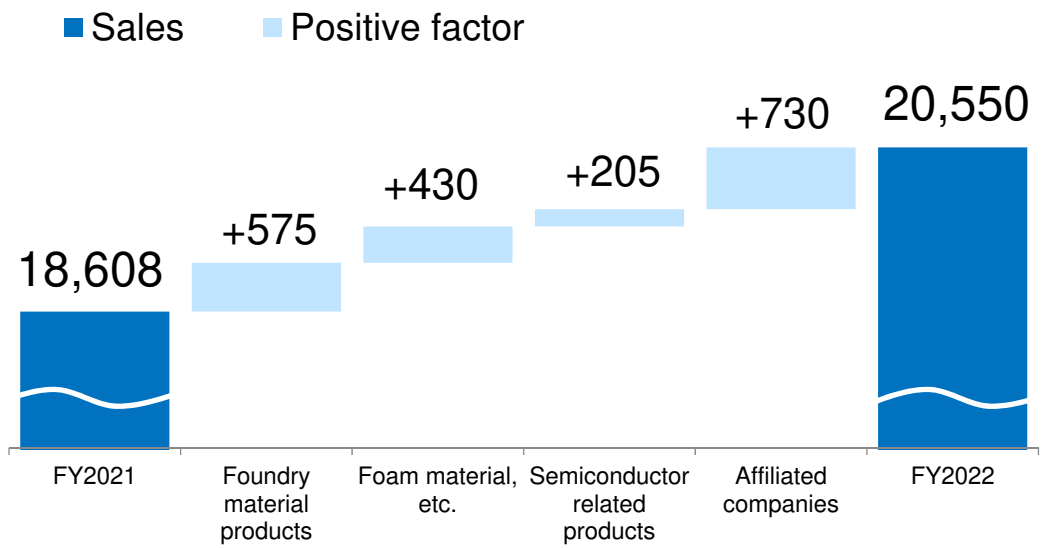


# Resin Divisions – Variation Analysis for Net Sales & Operating Profit for the Full year



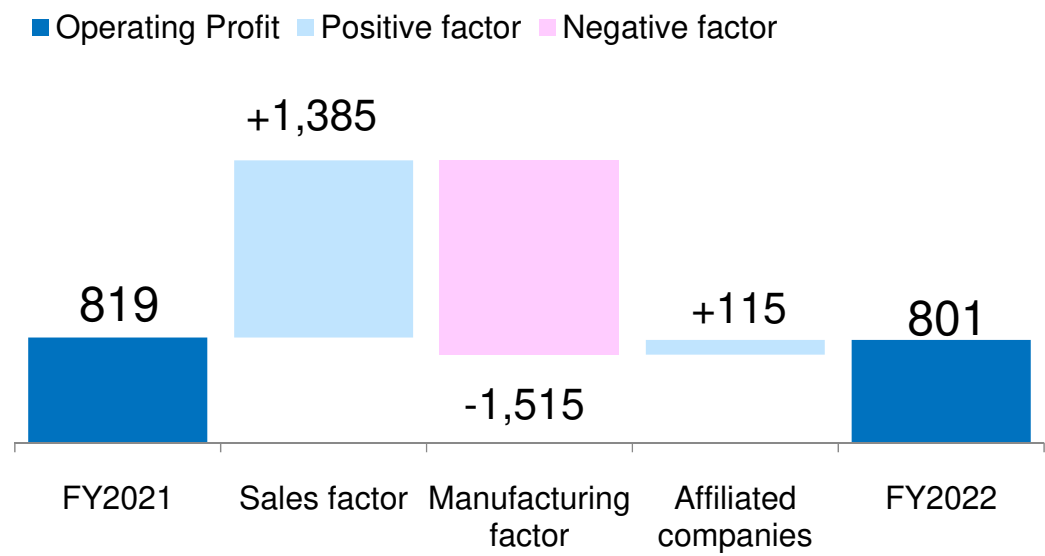
Amount: million yen

**Net sales: +1,942**



Amount: million yen

**Operating profit: -19**



Details of variation in net sales

- Foundry material products +575
- Foam material, etc. +430
- Semiconductor related products +205
- Affiliated companies (after elimination of intra-company transactions)
  - : China +125
  - : Others +605

Details of variation in operating profit

- Sales factor  
Sales increased due to price increase.
- Manufacturing factor  
Increase of raw material prices

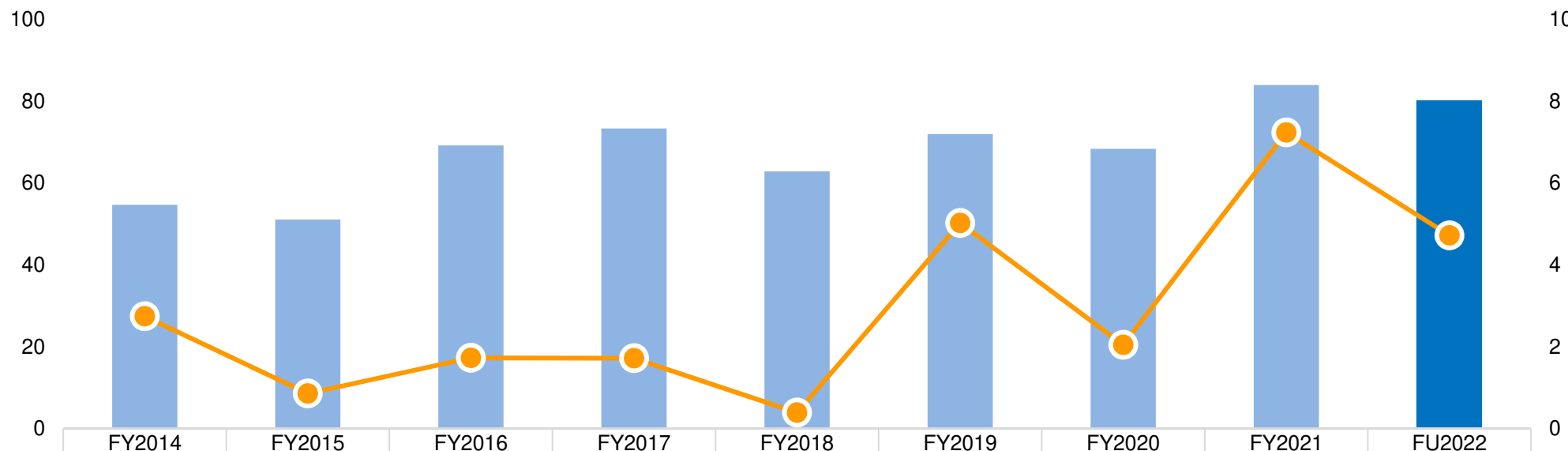
# Water Treatment & Natural Resources Exploitation Business -- Full year

Both sales and profit decreased due to delay in the progress of construction for the water treatment business, though the excavation work for a geothermal power plant made a good progress.

	Amount: million yen	FY2021	FY2022		
			Results	Amount of change	Rate of change
<b>Water Treatment &amp; Natural Resources Exploitation Business</b>	Net sales	8,398	<b>8,017</b>	-382	-4.5%
	Operating profit	724	<b>472</b>	-252	-34.8%
	Operating profit ratio	8.6%	<b>5.9%</b>	-2.7%	

Sales: 100 million yen

Operating Profit: 100 million yen



Net sales	55	51	69	73	63	72	68	84	80
Operating profit	3	1	2	2	0	5	2	7	5
Operating profit ratio	5%	2%	2%	2%	1%	7%	3%	9%	6%

# Water Treatment & Natural Resources Exploitation Business -- Full year

Amount: million yen

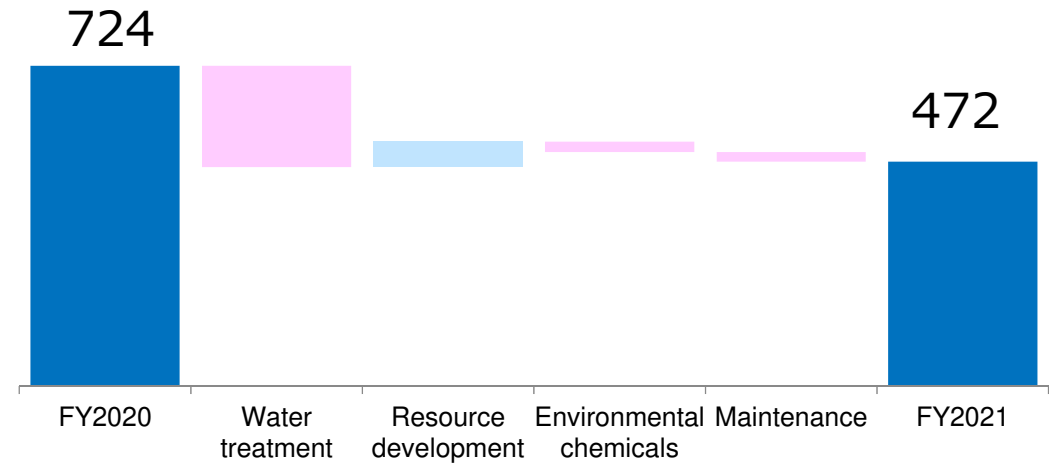
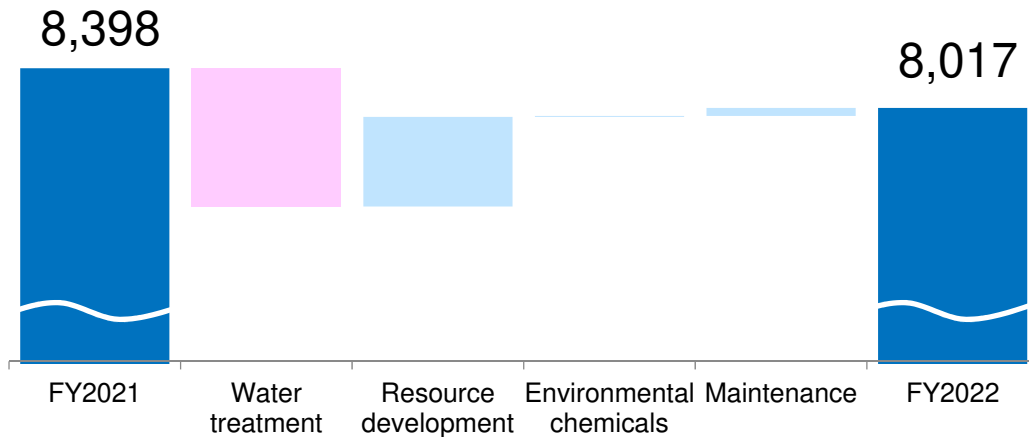
**Net sales: -382**

Amount: million yen

**Operating profit: -252**

■ Sales ■ Positive factor ■ Negative factor

■ Operating Profit ■ Positive factor ■ Negative factor



## Water treatment

Both sales and profit decreased due to delay in construction progress, receipt of orders, etc. as a result of the shortage of semiconductors that led to long delivery periods for control panels and other equipment that make up the facilities.

## Resource development

Both sales and profit increased due to the completion of three major geothermal well drilling projects.

## Environmental chemicals

Maintained sales and profit at the same level as the previous year

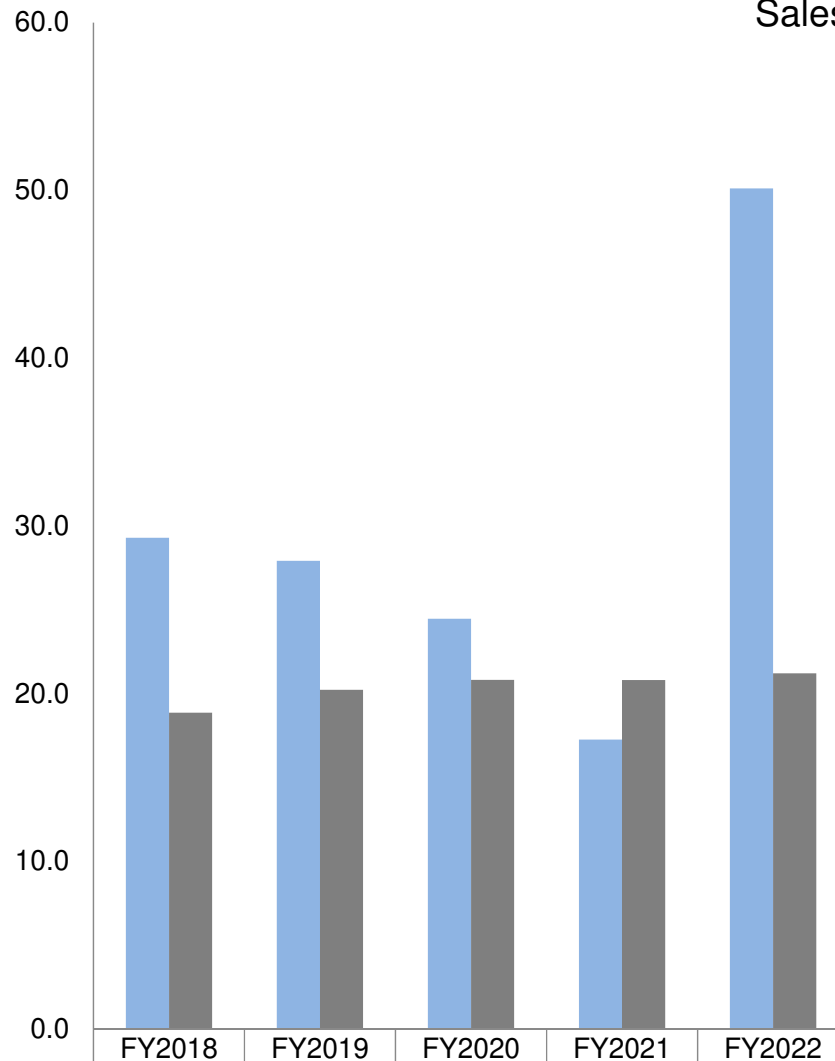
## Maintenance

Sales and profit at the same level as the previous year due to no changes in maintenance contracts and steady repair and renovation work.

## Status of capital investment and depreciation

## Trends in overseas sales and overseas sales ratio

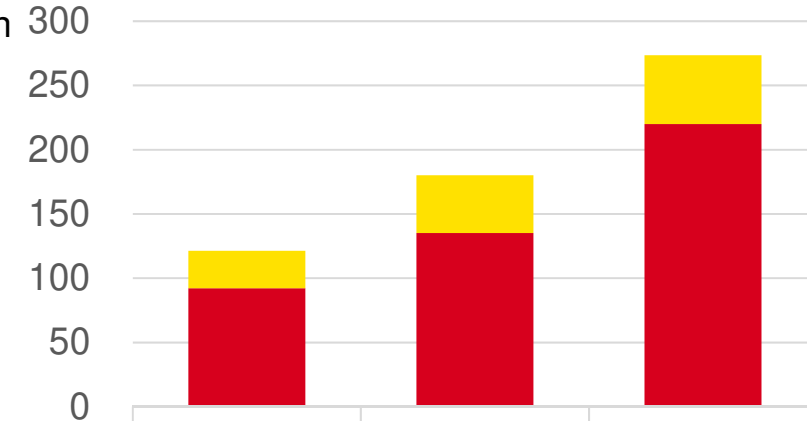
Amount : 100 million yen



	FY2018	FY2019	FY2020	FY2021	FY2022
Amount of capital investment	29.3	27.9	24.5	17.3	50.1
Depreciation expense	18.9	20.2	20.8	20.8	21.2

\* Capital investment is based on capitalized assets.

Sales: 100 million yen



	FY2020	FY2021	FY2022
Resin Divisions	29	45	54
Valve & Piping Systems Divisions	92	135	220

Overseas sales ratio	FY2020	FY2021	FY2022	21→22
Valve & Piping Systems Divisions	30%	36%	45%	↗
Resin Divisions	18%	24%	26%	↗
Company total	23%	28%	36%	↗

# Non-operating income/expenses

Amount: million yen	FY2021	FY2022	Amount of change
<b>Non-operating income</b>	524	<b>303</b>	-220
Interest income	10	<b>20</b>	10
Dividend income	119	<b>139</b>	20
<b>Foreign exchange gains</b>	268	-	-268
Rental income from real estate	86	<b>87</b>	1
Other	40	<b>58</b>	18
<b>Non-operating expenses</b>	86	<b>110</b>	24
Interest expenses	23	<b>27</b>	3
<b>Foreign exchange losses</b>	-	<b>31</b>	31
Rental expenses on real estate	11	<b>11</b>	0
Payment compensation expenses	19	<b>5</b>	-14
Loss on valuation of investments in capital	5	<b>7</b>	2
Other	28	<b>29</b>	2



Amount: million yen	FY2021	FY2022	Amount of change
<b>Extraordinary income</b>	19	<b>3</b>	-17
Gain on sale of non-current assets	19	<b>3</b>	-16
Gain on sale of investment securities	1	<b>0</b>	-1
<b>Extraordinary losses</b>	259	<b>150</b>	-110
Loss on sale of non-current assets	5	<b>3</b>	-2
Loss on retirement of non-current assets	138	<b>71</b>	-68
Loss on sale of investment securities	0	25	24
<b>Impairment loss *1</b>	-	51	51
Loss of compensation	11	-	-11
<b>Business restructuring expenses *2</b>	105	-	-105

\*1 Impairment loss in ASAHI YUKIZAI MEXICO S.A. de C.V. (AYMX: Mexican subsidiary of Resin Divisions)

\*2 Expenses related to withdrawal from the molding materials business

# Comparative Balance Sheet

Amount: million yen

	As of March 31,2022	As of March 31,2023
Cash and deposits	14,311	13,928
Notes and accounts receivable - trade, and electronically recorded monetary claims - operating	-	-
Notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating	19,553	21,571
Inventories	13,235	18,977
Other	787	1,303
Allowance for doubtful accounts	-57	-59
<b>Total current assets</b>	<b>47,830</b>	<b>55,720</b>
Land	6,715	6,822
Other, net	11,288	14,106
<b>Total property, plant, and equipment</b>	<b>18,003</b>	<b>20,927</b>
Goodwill	968	909
Other	1,276	1,467
<b>Total intangible assets</b>	<b>2,245</b>	<b>2,376</b>
Investment securities	3,333	3,028
<b>Deferred tax assets</b>	184	<b>1,044</b>
Retirement benefit asset	2,606	2,393
Other	748	788
Allowance for doubtful accounts	-23	-21
<b>Total investments and other assets</b>	<b>6,848</b>	<b>7,232</b>
<b>Total non-current assets</b>	<b>27,095</b>	<b>30,536</b>
<b>Total assets</b>	<b>74,925</b>	<b>86,256</b>

	As of March 31,2022	As of March 31,2023
Notes and accounts payable - trade and electronically recorded obligations - operating	9,773	11,689
Short-term borrowings	2,575	2,022
Income taxes payable	1,722	1,951
Other	4,295	5,104
<b>Total current liabilities</b>	<b>18,365</b>	<b>20,765</b>
Long-term borrowings	195	203
Deferred tax liabilities	1,148	745
Retirement benefit liability	1,841	1,888
Provision for share awards	54	59
Provision for share awards for directors (and other officers)	94	152
Long-term advances received	617	549
Other	743	715
<b>Total non-current liabilities</b>	<b>4,693</b>	<b>4,312</b>
<b>Total liabilities</b>	<b>23,058</b>	<b>25,077</b>
<b>Total shareholders' equity</b>	<b>49,257</b>	<b>57,440</b>
Valuation difference on available-for-sale securities	950	800
Foreign currency translation adjustment	1,151	2,547
Remeasurements of defined benefit plans	5	-174
Non-controlling interests	504	566
<b>Total net assets</b>	<b>51,867</b>	<b>61,179</b>
<b>Total liabilities and net assets</b>	<b>74,925</b>	<b>86,256</b>

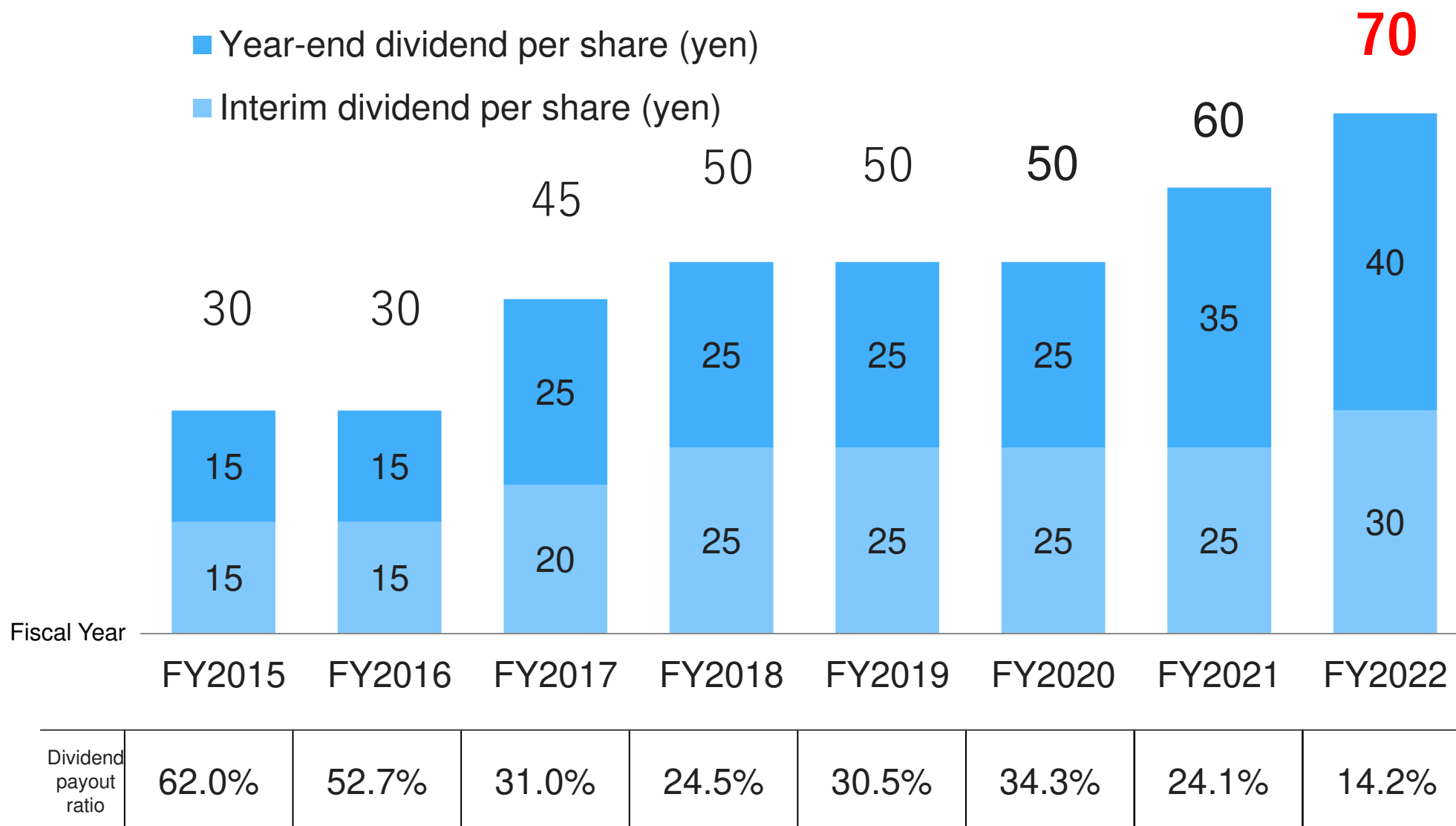
Amount: million yen

	FY2021	FY2022	Amount of change
Cash flows from operating activities	7,175	<b>5,841</b>	-1,334
Cash flows from investing activities	-1,655	<b>-4,836</b>	-3,181
Cash flows from financing activities	-2,064	<b>-1,871</b>	+193
<b>Total cash flows</b>	<b>3,456</b>	<b>-866</b>	<b>-4,322</b>
Effect of exchange rate changes on cash and cash equivalents	457	<b>483</b>	+26
Increase/decrease in cash and cash equivalents	3,913	<b>381</b>	-4,296
Beginning balance of cash and cash equivalents	10,398	<b>14,311</b>	+3,913
Ending balance of cash and cash equivalents	14,311	<b>13,928</b>	+383



# Dividends

- Aiming at an increased dividend through continuous increase of sales and profit while ensuring a stable dividend.



# Forecast for FY2023

## Semiconductor related business

(valve & piping products,  
electronics materials)

Steady growth despite slowdown in some regions.

## Capital investment

(valve & piping products)

Results estimated at the same level as the previous year in expectation for investment in environmental and safety renewals in the steelmaking and non-ferrous industries.

## Infrastructure

(valve & piping products, water  
treatment)

Results estimated at the same level as the previous year

## Automobile production

(Foundry materials)

Recovery from the previous year  
(The impact of supply shortage of semiconductors and components will be resolved in stages)

## Construction

(Foaming materials)

Firm demand at the same level as the previous year, but manpower shortage is evident.

## Valve & Piping Systems Divisions

Improve productivity and secure human resources for stable supply and growth.

## Resin Divisions

[Electronics materials]

Strengthen relationships with existing customers and cultivate new customers to prepare for new plant operation.

[Foundry materials]

Improve profitability by promoting switch to high-functional products and revising prices.

## Water Treatment & Natural Resources Exploitation Divisions

Secure and foster human resources (design, construction management, site operators)



# Company-wide Profit/Loss Estimate

Amount: million yen

	FY2022 results			FY2023 forecast			Changes from the previous year	
	1H	2H	Full year	1H	2H	Full year	Amount of change	Rate of change
<b>Net sales</b>	35,938	41,161	77,099	<b>42,000</b>	<b>42,000</b>	<b>84,000</b>	+6,901	+9.0%
<b>Operating profit</b>	5,339	6,608	11,947	<b>6,500</b>	<b>5,500</b>	<b>12,000</b>	+53	+0.4%
<b>Ordinary profit</b>	5,839	6,301	12,140	<b>6,600</b>	<b>5,600</b>	<b>12,200</b>	+60	+0.5%
<b>Profit attributable to owners of parent</b>	3,813	5,612	9,425	<b>4,400</b>	<b>3,600</b>	<b>8,000</b>	-1,425	-15.1%
							Amount: yen	
<b>Profit per share</b>	199.08	292.91	491.99	<b>229.68</b>	<b>187.92</b>	<b>417.60</b>	-74.39	
<b>Dividend per share</b>	30.00	40.00	70.00	<b>40.00</b>	<b>40.00</b>	<b>80.00</b>	+10.00	

**Assumption of exchange rate**

U.S.  
dollar

**130** yen

Euro

**130** yen

Yuan

**18** yen

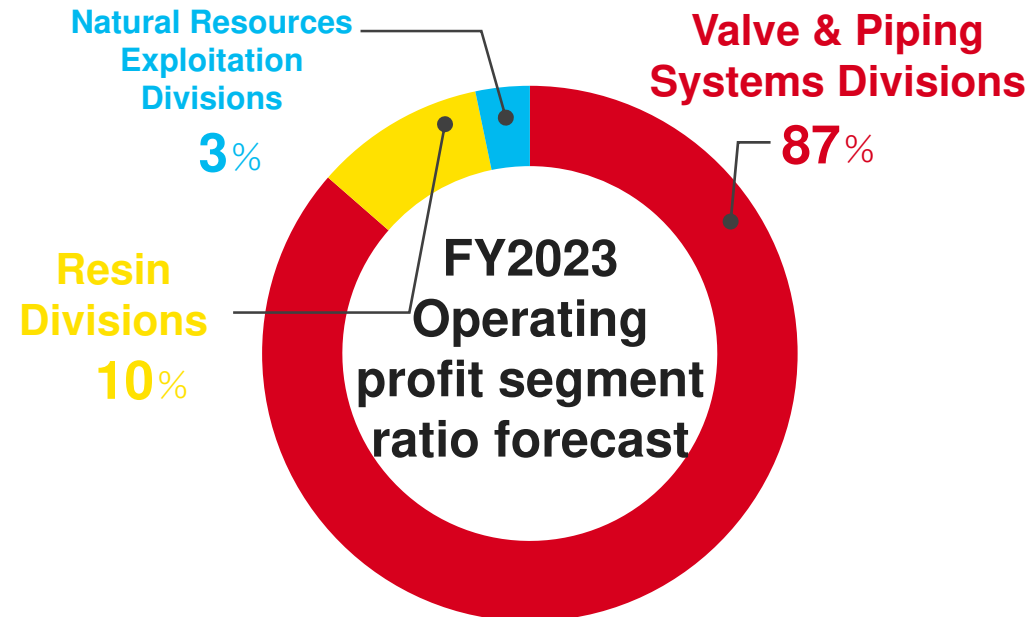
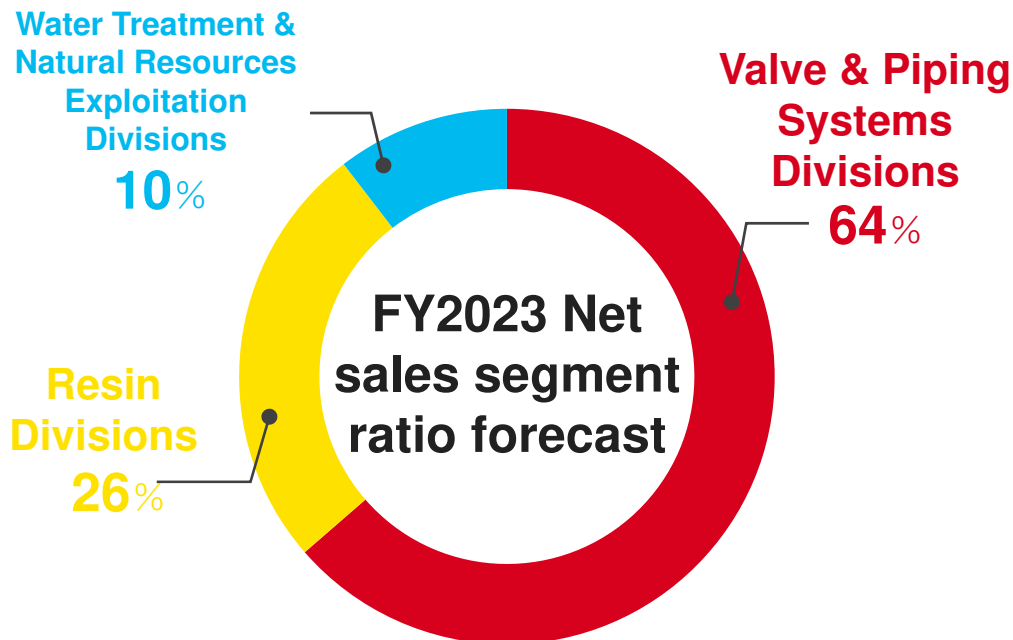
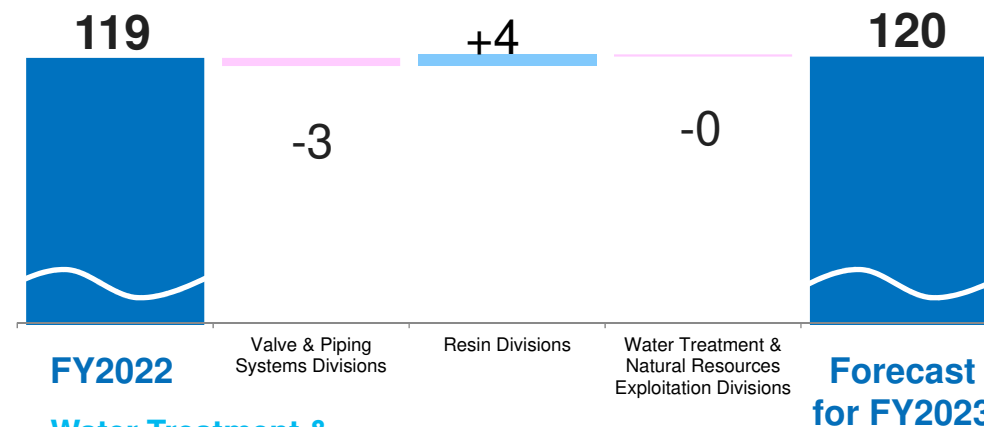
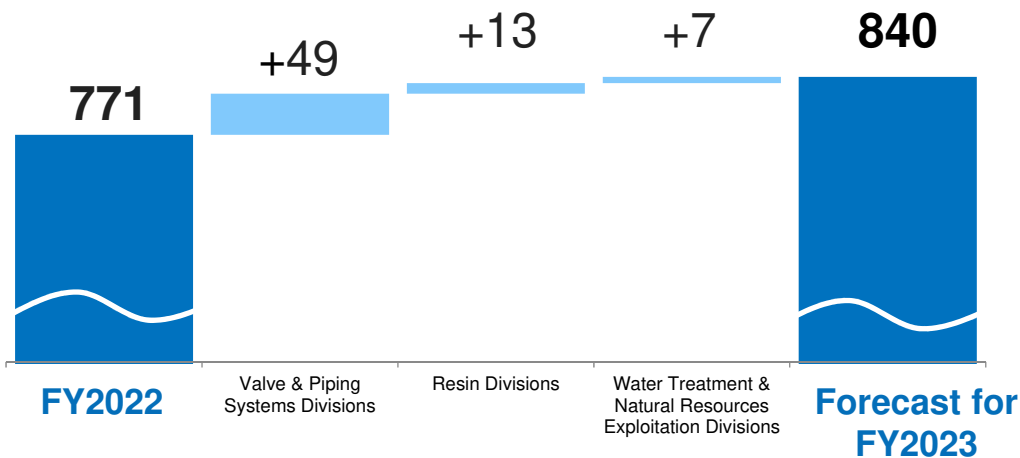
# Details of Full-year Net Sales Forecast and Full-year Operating Profit Forecast

Amount: 100 million yen

■ Net sales    ■ Net sales increase

Amount: 100 million yen

■ Operating profit    ■ Profit increase  
■ Profit decrease
















# Midterm Business Plan



- To be a Great Top Niche company that keeps making a real “difference” -

**May 2023 ASAHI YUKIZAI CORPORATION**

	Divisions and products	Related markets	Current forecast (FY2023→FY2025)
<b>Valve &amp; Piping Systems Divisions</b>	<b>ASAHIAV</b> (Valves, pipes & joints)	Capital investment (plants, equipment, semiconductors)	Domestic  Overseas  *
	<b>Dymatrix™</b> (Valves for semiconductor manufacturing equipment)  (Flow control equipment)	Semiconductor manufacturing equipment CMP device	 *
<b>Resin Divisions</b>	Foundry materials 	Automobile production	Domestic  Overseas  *
	Foaming materials 	Building insulating materials Tunnel construction	Domestic  Domestic 
	Electronics materials	Semiconductors	 *
<b>Water Treatment &amp; Natural Resources Exploitation Divisions</b>	Water treatment Resource development	Water treatment (water supply, recycled water, wastewater) Test wells and hot spring drilling for geothermal power generation	Domestic  Domestic 

\*Growth in overseas (capital investment, automobile production) and semiconductor-related markets is expected to be slower than the previous forecast.

## Target values for 2025

Item	Previously announced value	Revised value
Net sales	73 billion yen	<b>87 billion yen</b>
Operating profit	6 billion yen	<b>12 billion yen</b>
Operating profit ratio	8%	<b>14%</b>
EBITDA	(9 billion yen)	<b>16 billion yen</b>
ROE	8%	<b>11%</b>
ROIC	6%	<b>9%</b>

## Vision for 2030

Item	Previously announced value	Revised value
Net sales	100 billion yen	<b>110 billion yen</b>
Operating profit	10 billion yen	<b>14 billion yen</b>
Operating profit ratio	10%	<b>13%</b>

Not including M&A

<b>Net sales</b> 87 billion yen	<b>Operating profit</b> 12 billion yen	<b>ROE</b> 11%	<b>ROIC</b> 9%
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## Valve & Piping Systems Divisions

## Resin Divisions

## Water Treatment & Natural Resources Exploitation Divisions

Previously announced value

Net sales 40 billion yen  
Operating profit 3.5 billion yen  
Operating profit ratio 9%

Net sales 23.5 billion yen  
Operating profit 1.8 billion yen  
Operating profit ratio 8%

Net sales 9.5 billion yen  
Operating profit 0.7 billion yen  
Operating profit ratio 7%



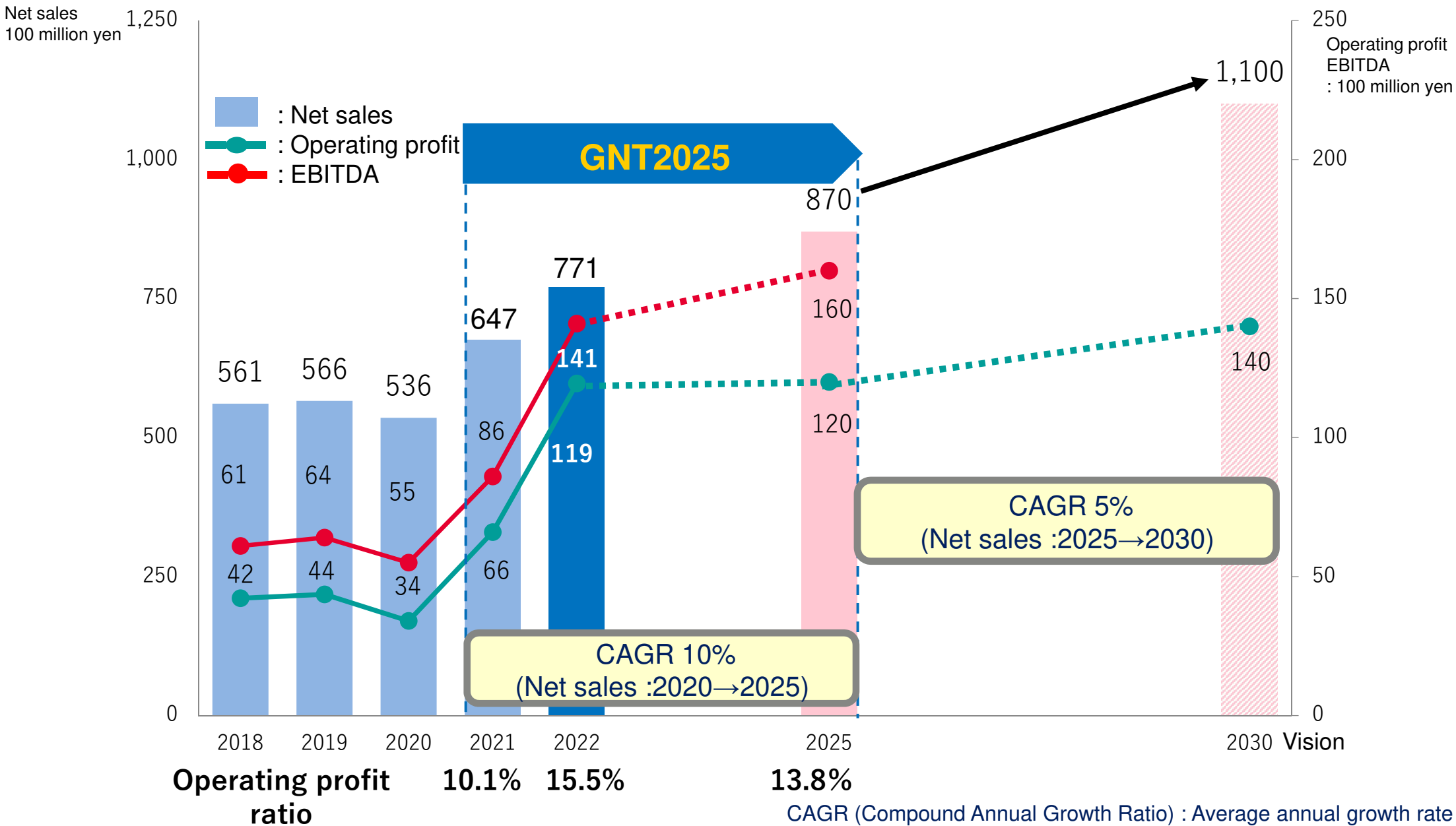
Revised value

Net sales 52.5 billion yen  
Operating profit 9.5 billion yen  
Operating profit ratio 18%

Net sales 24.5 billion yen  
Operating profit 1.8 billion yen  
Operating profit ratio 7%

Net sales 10 billion yen  
Operating profit 0.7 billion yen  
Operating profit ratio 7%

Not including M&A



**<External environment>**

In FY2021 and FY2022, semiconductor-related markets in Japan and overseas grew more than expected, and the Valve & Piping Systems Divisions and the Advanced Materials Division (electronics materials) expand rapidly. Foreign currency translation effects from yen depreciation also contributed to results.

**FY2021 - FY2022****<Results>**

Record-high sales and operating profit for two years in a row

## FY2022 results

Net sales:	77.1 billion yen
Operating profit:	11.9 billion yen
EBITDA:	14.1 billion yen

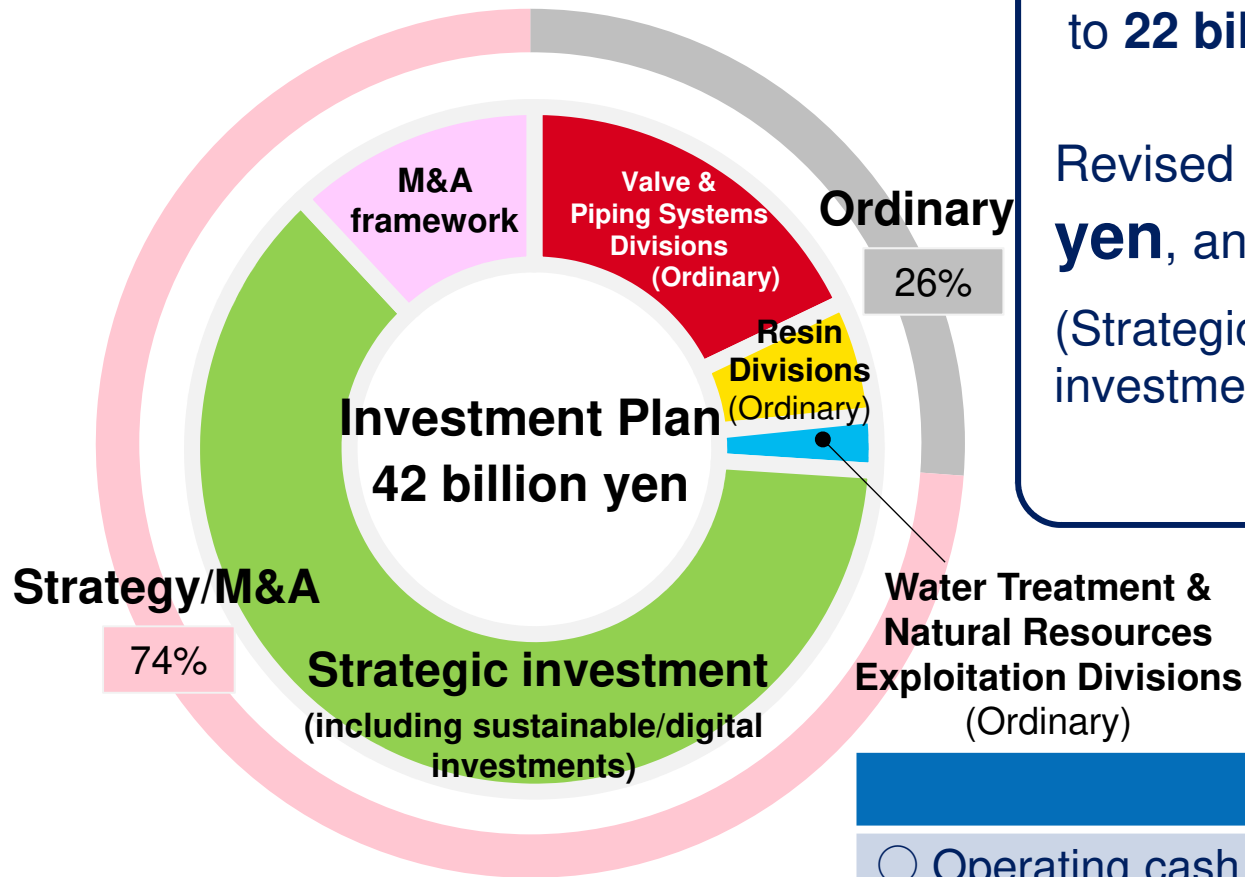
**<Internal situation>**

- Equipment operating ratio remaining at a high level and reduced excess production capacity
- Lower ratio of fixed costs to sales due to sales increase

**Toward FY2025**

- Shift to high value-added products for sustainable profit growth.
- Aggressively increase production capacity and employ human resources in order to expand business opportunities in the future.
- Implement rationalization and labor saving by promoting automation and digitalization, etc. to respond to the increase in depreciation, labor and other fixed costs associated with strategic investment.
- Aim for operating profit of 12 billion yen. However, EBITDA is expected to be 16 billion yen, about 2 billion yen higher than the FY2022 results.





Previously announced investment plan amounted to **22 billion yen**



Revised investment plan amounts to **42 billion yen**, an increase of 20 billion yen.

(Strategic investment: up 19.0 billion yen, Ordinary investment: up 1.0 billion yen)

Including M&A investment framework

### Sources of funds

- Operating cash flow (including asset efficiency)
- Shortage will be financed by borrowing (D/E ratio of 0.3 is the target)

### Shareholder return policy

- Aim to secure stable dividends and increase dividends by achieving continuous profit growth, while comprehensively considering performance trends, financial strength, and internal reserves necessary for future investment.

## Progress and new measures

Divisions	Progressed measures	New measures
<b>Valve &amp; Piping Systems Divisions</b>	<p><b>Overseas/semiconductor market</b> Started pipe production in China. Constructed a new plant in the U.S. Overseas sales expansion of Dymatrix Expansion of Dymatrix production capacity</p> <p><b>Strengthen valued solutions</b> Establishment of the Valve &amp; Piping Materials Technical Service Department and support to partner companies</p>	<p><b>Overseas/semiconductor market</b> Rebuilding of Nobeoka Plant Consideration of a new Dymatrix plant</p> <p><b>Promote "one-stop" digitalization</b> Productivity improvement through manufacturing data collection Construction of demand-supply chain</p>
<b>Resin Divisions</b>	<p><b>Foundry materials</b> Overseas technology transfer and sales expansion</p> <p><b>On-site foaming insulating materials</b> Development of high-insulation polyurethane</p> <p><b>Electronics materials</b> Construction of the second electronics materials plant</p> <p><b>Molding materials</b> Withdrawal from the business</p>	<p><b>Foundry materials</b> Development of new products that contribute to conversion to EV and CO<sub>2</sub> reduction</p> <p><b>On-site foaming insulating materials</b> Establishment of a materials-engineering integrated platform</p> <p><b>Electronic material</b> Consideration of a new electronics materials plant</p>
<b>Water Treatment &amp; Natural Resources Exploitation Divisions</b>	<p><b>Water treatment</b> Operational testing of the regenerated chlorine system</p> <p><b>Resource development</b> Verification of new methods of excavation</p>	<p><b>Water treatment</b> Business expansion into new areas including biogas</p>

# Measures for Business Growth

## Valve & Piping Systems Divisions

### Overseas market

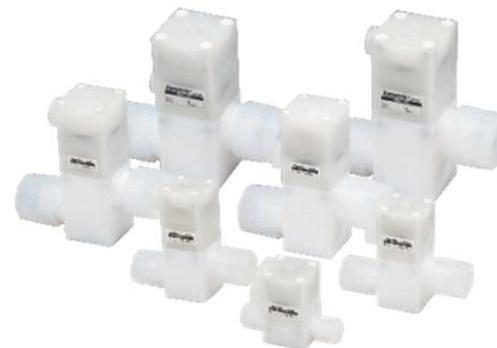
- Increase the manufacturing capacity of Nobeoka Plant in response to the expansion of overseas market (core products)
- Cultivation of the electronics industry (semiconductors, LCDs, etc.) in the U.S. and China, where continued growth is expected.
- Expand overseas business by developing markets in emerging countries with mid-range products and introducing strategic products (large-diameter butterfly valves, automatic valves, etc.).

### Semiconductor market

- With further pursuit of low-particle technology for Dymatrix products, promote business expansion by enhancing the product lineup, and construct a new plant to meet global demand.



Large-diameter butterfly valve



Low-particle Dymatrix with minimal generation of microscopic foreign matter

# Measures for Business Growth

## Valve & Piping Systems Divisions

Strengthen  
valued  
solutions

- Expanding the network of processors nationwide and providing highly reliable thermoplastic piping by training processors and developing technical assistance and installation techniques.
- Strengthen production capacity for pre-fabricated products to respond to shortened construction period and labor shortage in piping installation.
- Foster human resources capable of proposing optimal corrosion-resistant solutions.

Promote  
"one-stop"  
digitalization

- Productivity improvement (elimination of bottlenecks) through the visualization of manufacturing site data
- Evolution of "production and supply system" according to demand



Prefabricated products



Visualization of manufacturing site data

## Resin Divisions

Foundry materials

- Improve profitability by helping customers improve their productivity, quality, and work environment with high-functionality products.
- Pursue new business opportunities associated with the shift to EVs in automobiles.

Development of next-generation strategic products that respond to thinner, lighter and more complex casting parts and contribute to CO2 reduction

- Accelerate overseas transfer of technologies cultivated in Japan to become Global No.1 RCS.

On-site foaming insulating materials

- Establishment of a materials-engineering integrated platform that supports for advanced functionality of insulating materials (e.g., high thermal insulation technology)

Engine parts

↓ Conversion to EV

Battery cooling system, etc.



Continued demand after conversion to EV

Brake and drive parts



Insulating materials and installation machine

+



Insulation

Value creation of on-site foaming insulating materials

Cast parts are becoming thinner, lighter, and more complex

## Resin Divisions

Electronics materials

- Full production (scheduled in the summer of 2024) in the second electronic materials plant under construction (Aichi) and the expanded Nantong plant (China), and consideration of **a third plant in Japan and a second plant in China.**
- Aim to expand the area of electronics materials by leveraging our strengths (low metal technology, synthesis technology, and refining technology).

New business

- Establishment of "closed-type circulating land culture" technology that contributes to solution of the social issues (environmental pollution, protein supply shortage) identified in the business search.
- Business model study on "closed-type circulating land culture"



## Water Treatment & Natural Resources Exploitation Divisions

### Water treatment

- Improve profitability by providing optimal solutions by upgrading a wide variety of wastewater treatment technologies and construction capabilities.
- Challenge for new areas of technology (e.g., biogas power generation) by exploring wastewater treatment technologies.
- Provide new and highly efficient maintenance services such as remote monitoring system and regenerative chlorine system.

### Natural Resource development

- Shorten construction period, reduce costs, and strengthen safety measures by introducing a new excavation method.
- Strengthen the personnel structure to promote the receipt of orders in the geothermal power generation field.



**Water supply facilities**



**Wastewater treatment facilities**



**Geothermal power generation drilling site**

# Attachments



## Develop ESG activities by positioning it as a top priority issue.

In September 2021, the Sustainability Promotion Committee was established to address the issues surrounding sustainability.

### <<Purpose>>

- Increase corporate value over the medium to long term
- Minimize risk and expand profit opportunities

### <<Items to address>>

Consideration for global environmental issues (activities based on TCFD)

Risk management (e.g., natural disasters due to global warming)

Contribution to ESG through business activities

Investment in human capital (human capital development, work style, treatment. diversity)

Protection and utilization of intellectual property rights and brands

Fair and proper transactions with suppliers

Fair and proper dealings with customers

Promote understanding from local communities

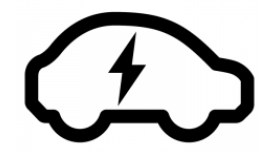
## Valve & Piping Materials (valve)

We are working to develop valves that can contribute to solution of the world's water resource problems, such as large valves that can be used in large-scale desalination facilities and automatic hydrants that integrate ICT technology.



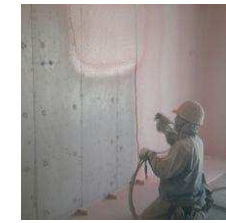
## Resin (Foundry materials)

Pursue valued solutions for casting processes in the world by developing casting raw material (resin coated sand) that realizes weight reduction and dimensional stability of casting parts to increase cruising distance with the shift to EVs in automobiles and by realizing raw material regeneration technology.



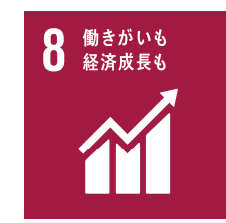
## Resin (foaming)

In construction sites where insulation is difficult due to complex wall shapes, hot-water piping, etc., we are working to deliver safety and peace of mind to construction sites by manufacturing eco-friendly raw materials, developing easy-to-use construction machines, and providing high-quality products and services with our group companies.



## Valve & Piping Materials (Dymatrix) Advanced Materials (electronics materials)

Asahi Yukizai's goal for innovation in the fast-growing semiconductor field is "low metalization and low particle generation." We aim to become a great niche top company by contributing to the reduction of foreign matter in the semiconductor manufacturing process and impurities in photoresists with our technological and manufacturing capabilities.



## Water treatment & natural resources exploitation

One of the issues in Japan's geothermal power generation is the high cost of power generation. We aim to reduce cost by shortening drilling period, and thereby contribute to the development of geothermal power generation as well as expansion of the share of renewable energy and control of greenhouse gas emissions.



6 安全な水とトイレ  
を世界中に

## Valve & Piping Materials (valve)

Contribute to stable operation of desalination facilities and wastewater treatment facilities with rustproof and durable thermoplastic valves

Water resource problems are occurring around the world due to "population growth," "climate change," and "water conflicts." Asahi Yukizai contributes to the protection, supply, and efficient use of the world's water resources by manufacturing and selling thermoplastic valves and pipes that make up facilities and pipelines related to the sustainable extraction and supply of fresh water.

Asahi Yukizai has grown as a niche top company by providing "corrosion-resistant solutions" for pipelines in the chemical, semiconductor, water treatment, and aquarium, and other fields, seeking markets around the world where the characteristics of thermoplastic valves and pipes, i.e., "Rustproof (corrosion resistant)" and "Light" (ease of installation), can be utilized.

The next innovations Asahi Yukizai aims for are "larger" and "smarter." We aim to develop valves that can contribute to the world's water resource problems, such as large valves that can be used in large-scale desalination facilities, automatic water taps that integrate ICT technology, and motorized ball valves equipped with a smart actuator.



12 つくる責任  
つかう責任



## Resin (Foundry materials)

Increase the number of eco-friendly products to improve customers' work environment.

Casting is one of the methods used to manufacture metal parts and products with complex shapes. Casting is a method of pouring molten metal at high temperature into the cavity of the mold (casting mold) made of sand or other material. The mold material used in casting is resin-coated sand, which must be strong enough not to break even when molten metal is poured and dimensionally stable enough to produce the part dimensions as designed.

Asahi Yukizai is the only manufacturer that produces and sells resin coated sand and coating resins used for these molds, and has been contributing to the automotive industry, agricultural machinery, and construction machinery for 68 years as a niche top company that conducts eco-friendly recycling-oriented business by recycling and selling resin coated sand that has been used.

In order to continue to pursue "valued solutions for the world's casting process," Asahi Yukizai will continue to develop low-odor, low-smoke products that enable lighter weight parts (thinner wall) and high-precision dimensional control, while also contributing to the improvement of the manufacturing environment and the environment around the foundry. At the same time, we will also develop efficient recycling technology for resin coated sand to reduce waste generation. Furthermore, by transferring these technologies to China, India, and Mexico, we will globalize manufacturing and sales to increase social and economic values.



13 気候変動に  
具体的な対策を

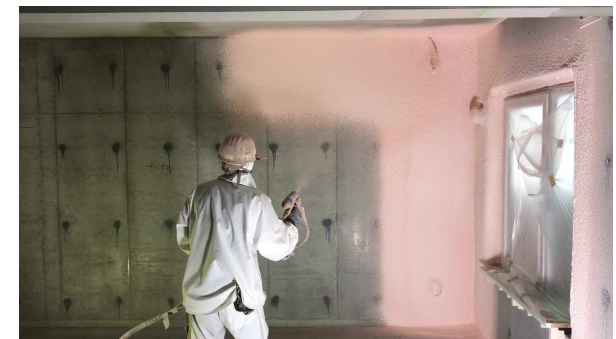
## Resin (foaming)

Promote energy saving with high-performance heat insulating materials

There is a worldwide demand for energy saving in housing and other buildings as a measure against climate change. Asahi Yukizai has developed "Zero-Freon," a non-CFC product that does not contain ozone-depleting substances in on-site foaming rigid polyurethane foam, which offers excellent heat insulation performance and energy saving effects, thereby contributing to energy conservation in buildings and mitigation of climate change.

We are also working on the production of eco-friendly raw materials and the development of easy-to-use construction machinery for construction sites where insulation is difficult due to complicated wall shapes and hot-water piping, etc. Thus, working together with group construction companies we provide high-quality products and services to our customers and deliver safety and peace of mind to construction sites.

Asahi Yukizai further promotes valued solutions for customers and contribute to the Basic Energy Plan with the keywords "construction machinery and high insulation," including the originally-developed construction machinery that reduces raw material loss and enables economical construction, and development of highly insulating raw materials to meet customer needs.



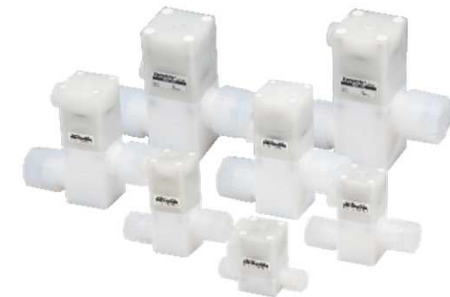
9 産業と技術革新の  
基盤をつくろう8 働きがいも  
経済成長も

## Valve & Piping Materials (Dymatrix) Advanced Materials (electronics materials)

Contribute to the development and production of leading-edge semiconductor devices with low-particle high-performance valves and low-metal semiconductor materials using advanced refining technology.

Asahi Yukizai sells thermoplastic valves and pipes for ultrapure water, pure water, and wastewater pipelines in semiconductor plants not only in Japan but also in the U.S., South Korea, Taiwan, and China, and undertakes some plant construction work in Japan. We also manufacture and sell Dymatrix (small precision valves) for cleaning processes and Falconics (flow control device) for CMP processes to semiconductor manufacturing equipment manufacturers. We also manufacture and sell other semiconductor materials (base resin, matrix of photosensitized materials and underlayer film materials, etc.) in Japan and China, and contribute to our customers by providing various products and services ranging from semiconductor materials to manufacturing equipment and plants.

Asahi Yukizai's next innovation in the fast-growing semiconductor field is "low particle and low metal". In semiconductor manufacturing equipment, it is required to minimize foreign matter contamination in the manufacturing process to improve yield, and in the manufacturing of semiconductors, it is required to reduce metallic impurities in photoresist (lower metal content). To respond to these requirements, our technical and manufacturing capabilities will be useful. By solving these issues, we aim to contribute to technological innovation in the semiconductor field and become a Great Niche Top Company.



7 エネルギーをみんなに  
そしてクリーンに

## Water treatment & natural resources exploitation

Promote construction work for geothermal power generation, a renewable energy source.

The majority of Japan's energy sources are thermal power generation, and there is growing interest in renewable energy sources that can reduce greenhouse gas emissions. As of FY2017, the share of renewable energy in Japan's power supply mix was about 16%, which is low compared to other countries. One reason for this is the high cost of generating renewable energy compared to other countries.

DORICO Co., Ltd., a subsidiary of Asahi Yukizai, drilled Japan's first steam well for geothermal power generation in 1952, and has drilled more than 180 wells to date. Currently, we are drilling and retrofitting geothermal wells mainly in the Kyushu, Hokkaido and Tohoku areas, and also drilling hot spring wells using with the technology developed for the above.

Geothermal power projects are attracting a great deal of attention because they do not emit carbon dioxide and have a low environmental impact, but there are issues such as the time and cost required to develop power generation facilities. Therefore, Asahi Yukizai aims to reduce costs by shortening the drilling period through "more efficient drilling / higher operating ratio of drilling equipment," to contribute to the development of geothermal power generation, increase of the ratio of renewable energy and control greenhouse gas emissions.



Promote the use of digital technology in manufacturing, sales, indirect and other business processes to improve efficiency and labor savings, **increase customer convenience**, and enhance corporate value.

Image of promotion

Laying the foundation for digitization

Digitization of information  
Develop the environment for digitization



Promotion of digitization

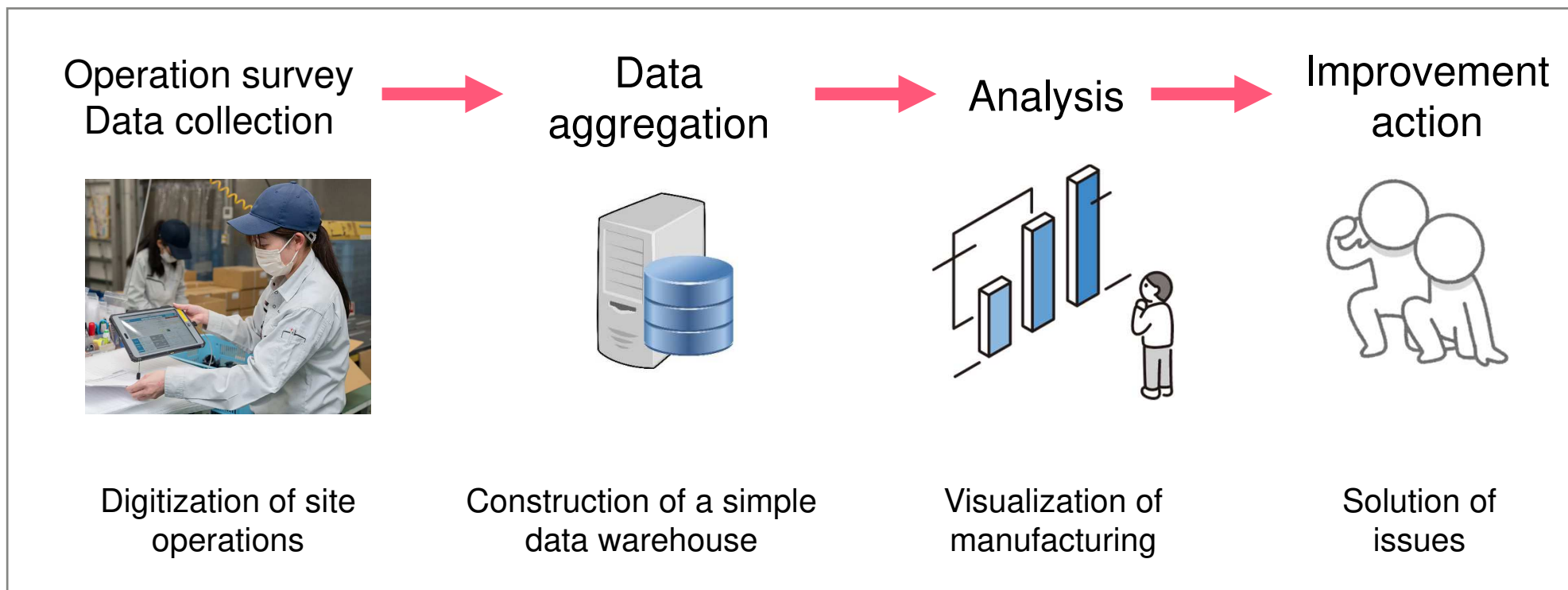
Visualization and quantification of manufacturing process  
Grand design for the future



Advancement of operations through digitization

Digitization to optimize the entire supply chain and increase customer convenience.





**Improved production efficiency at Nobeoka Plant (valves, joints) by approx. 10%.**

## Nikkei Business Daily Forum

Introduced our activities in "Low Code / No Code" - Learn the secrets of system in-house production from a leading DX company (July 8, 2022).



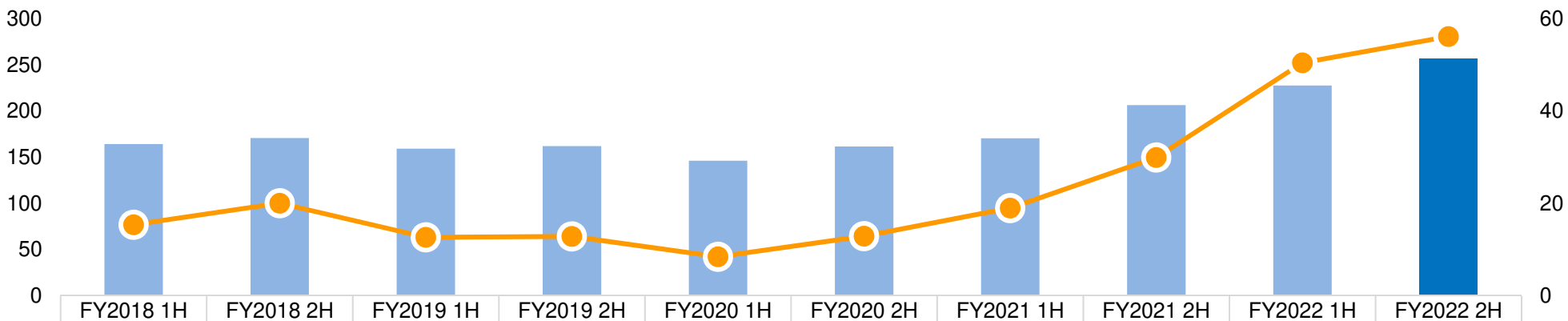
# Reference Data

# Valve & Piping Systems Divisions Profit/Loss Trends by H/Q

Net sales :100 million yen

## 1H/2H trends

Operating Profit: 100 million yen

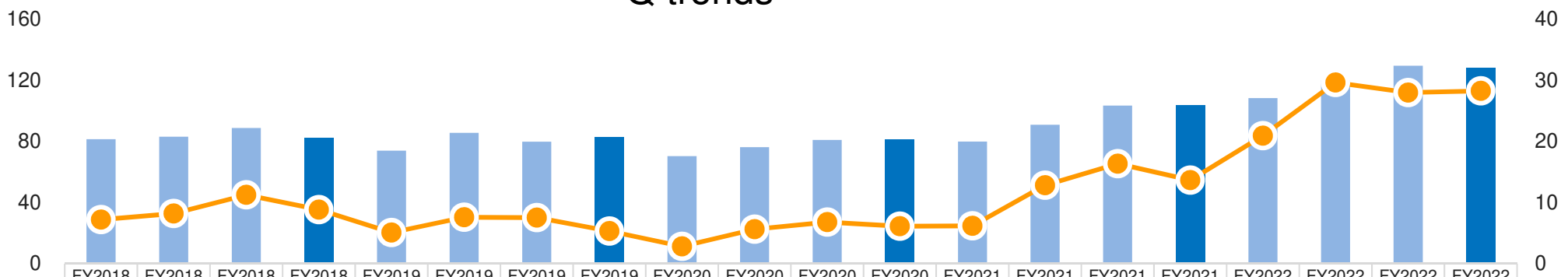


Net sales	164	171	159	162	146	162	171	207	228	257
Operating profit	15	20	13	13	8	13	19	30	51	56
Operating profit ratio	9%	12%	8%	8%	6%	8%	11%	15%	22%	22%

Net sales :100 million yen

## Q trends

Operating Profit: 100 million yen



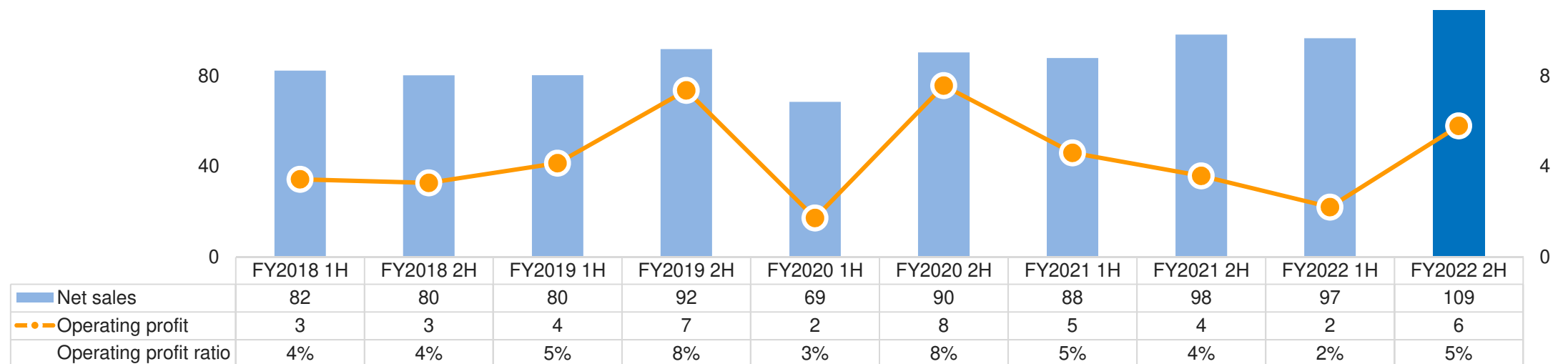
Net sales	81	83	89	82	74	86	80	83	70	76	81	81	80	91	103	103	108	120	129	128
Operating profit	7	8	11	9	5	8	8	5	3	6	7	6	6	13	16	14	21	30	28	28
Operating profit ratio	9%	10%	13%	11%	7%	9%	9%	6%	4%	7%	8%	8%	8%	14%	16%	13%	19%	25%	22%	22%

# Resin Divisions Profit/Loss Trends by H/Q

Net sales :100 million yen  
120

## 1H/2H trends

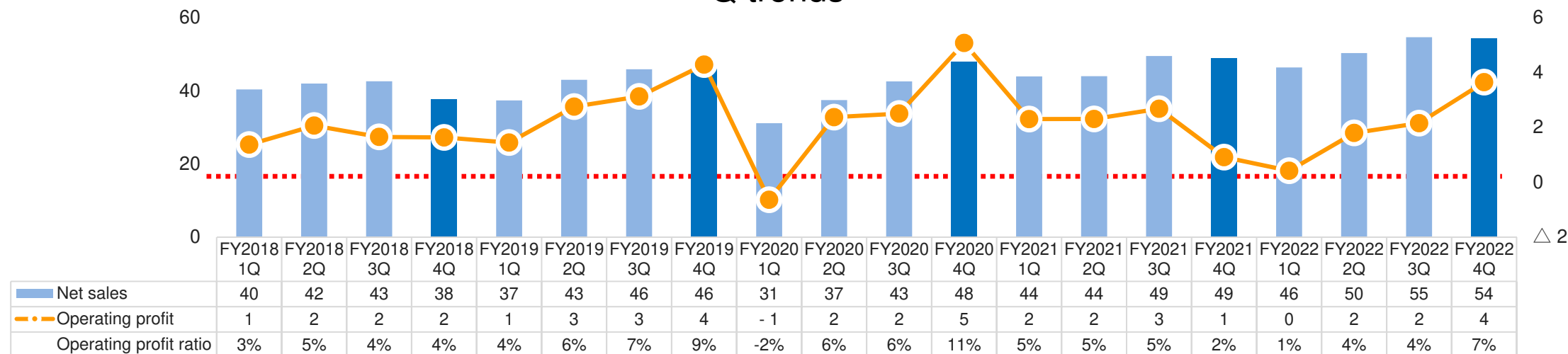
Operating Profit: 100 million yen  
12



Net sales :100 million yen

## Q trends

Operating Profit: 100 million yen

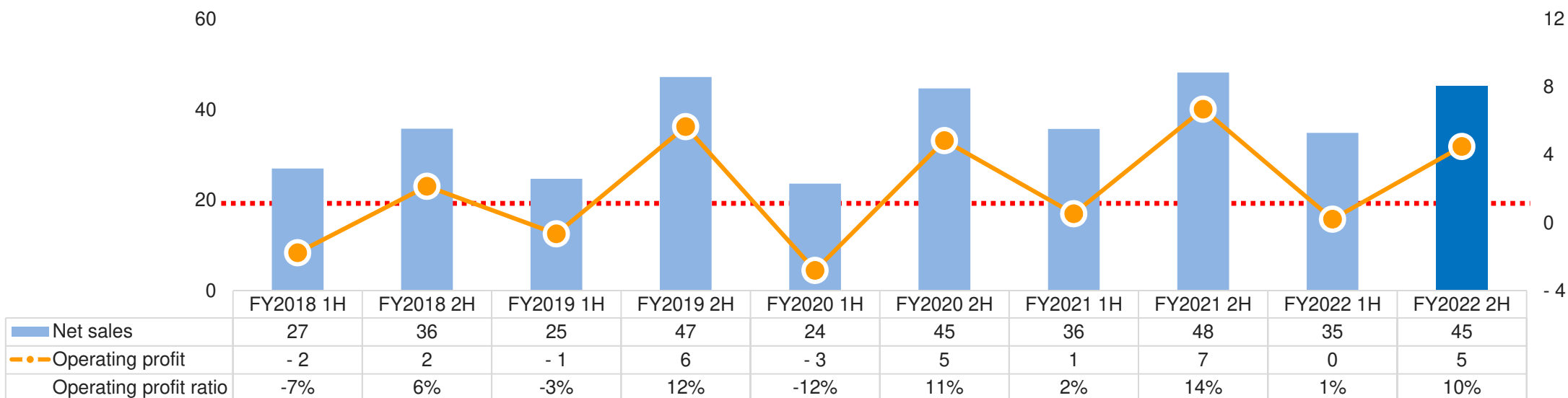


# Water Treatment & Natural Resources Exploitation Divisions Profit/Loss Trends by H/Q

Net sales :100 million yen

## 1H/2H trends

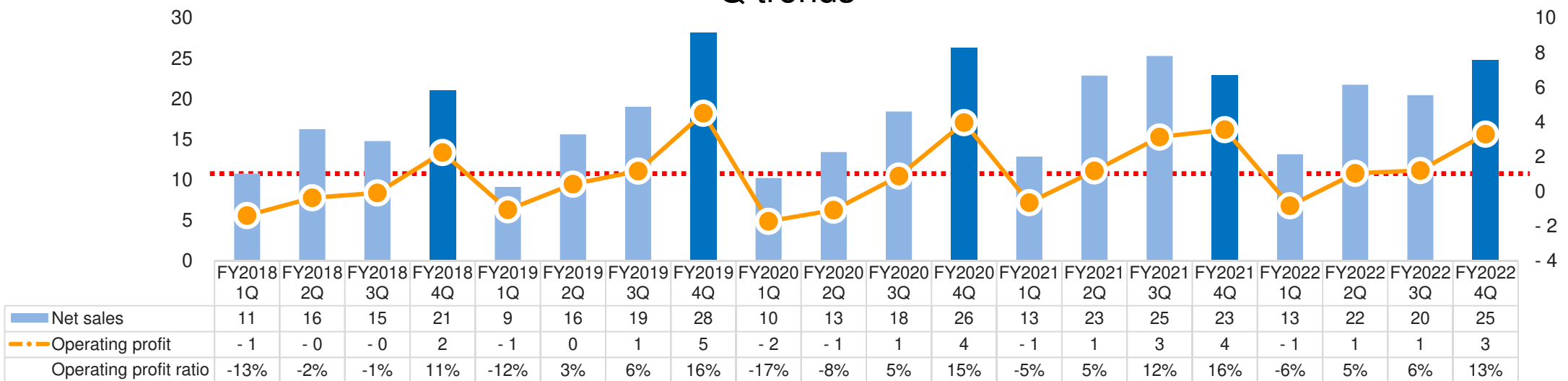
Operating Profit: 100 million yen



Net sales :100 million yen

## Q trends

Operating Profit: 100 million yen



## Cautionary statement

Forecasts and estimates in this document are based on information available at the time the document was prepared. It does not assure or guarantee the realization of future planned figures or measures.