



**Sakai Chemical Industry Co., Ltd.**

**Interim Financial Results Briefing for the  
Fiscal Year Ending March 2022**

**November 29, 2021**

# Key Points of This Briefing

## ■ Summary of Interim Financial Results for the Fiscal Year Ending March 2022

- In terms of sales, each business, especially electronic materials, performed well. However, the revenue declined due to the application of new revenue recognition standards.
- Operating income increased significantly due to strong performance, particularly in the electronic materials and organic chemicals fields.
- Sales of cosmetics materials were weaker than in the same period of the previous fiscal year due to the continued impact of voluntary restraint on going out due to the spread of COVID-19.

## ■ Forecast for the Fiscal Year Ending March 2022

- Electronic materials and titanium dioxide are expected to continue to perform well. At this point, we expect the results to be in line with the upward revision made in November of the current fiscal year.
- We plan to pay an annual dividend of 70 yen per share. (Interim: 35 yen, Year-end: 35 yen)
  - \* The interim dividend for the previous term was only 15 yen

# Table of Contents

1. **Summary of Interim Financial Results for the  
Fiscal Year ending March 2022..... P.5**
2. **Earnings Forecast for the Fiscal Year  
ending March 2022..... P. 17**
3. **Topics..... P. 21**

# Summary of Interim Financial Results for the Fiscal Year Ending March 2022

---



# Summary of Interim Earnings for the Fiscal Year Ending March, 2022 (YoY)

Monetary units: million yen

	2021.3 2Q		2022.3 2Q		Increase/decrease	
		Net Sales Ratio		Net Sales Ratio		
<b>Net Sales</b>	40,244	—	39,905	—	▲ 338	▲ 0.8%
<b>Operating Income</b>	1,597	4.0%	4,356	10.9%	2,759	172.8%
<b>Ordinary Income</b>	1,219	3.0%	4,599	11.5%	3,380	277.2%
<b>Profit (loss) attributable to owners of parent</b>	558	1.4%	3,180	8.0%	2,622	469.8%

## ◆ Sales

Sales increased, particularly in electronic materials.

However, the revenue declined due to the application of new revenue standards.

\* Before the application of new revenue recognition standards: 47,484 million yen

## ◆ Operating income

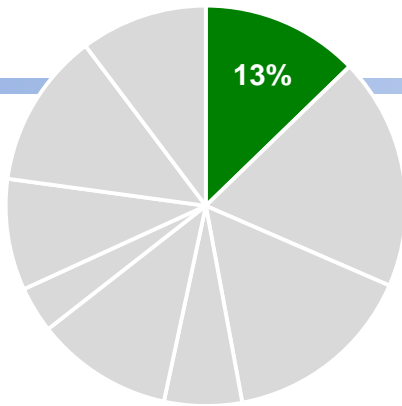
Profits increased in every field other than hygienic products, led by electronic materials, resulting in a year-on-year increase of 172.8%.

# Net Sales and Operating Income by business

Monetary units: million yen

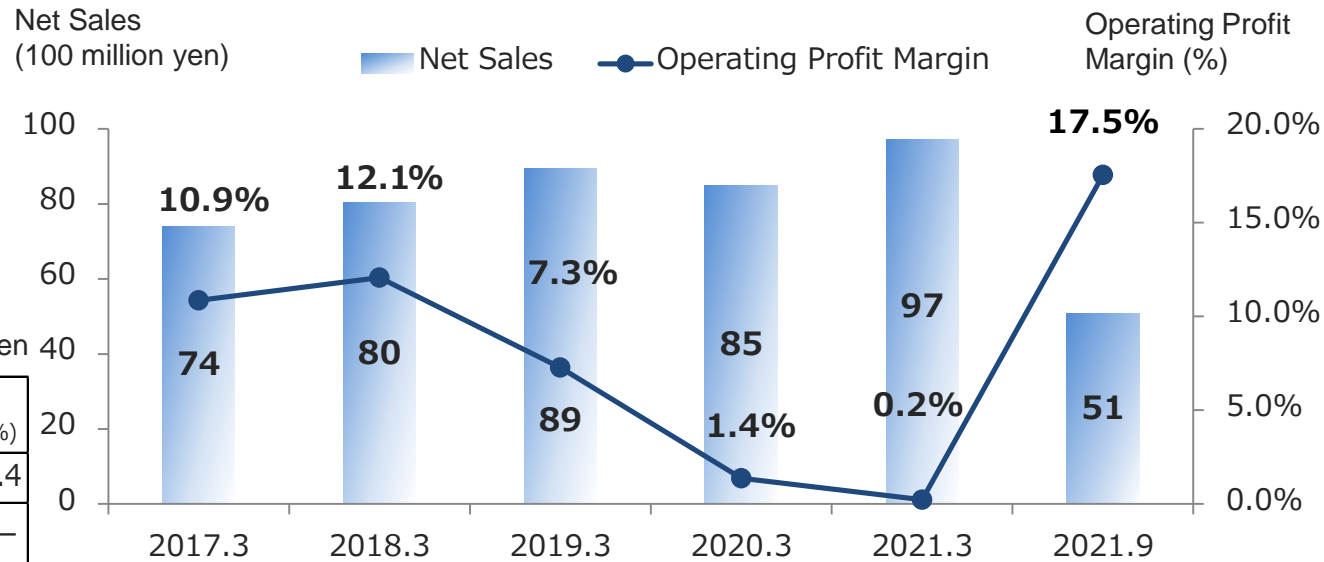
		2021.3 2Q	2022.3 2Q	Increase/decrease	
<b>Chemical Business</b>	Net Sales	36,299	35,809	▲ 490	▲ 1.4%
	Operating Income	2,290	5,101	2,811	122.7%
<b>Medical Business</b>	Net Sales	3,945	4,096	151	3.8%
	Operating Income	242	233	▲ 9	▲ 4.0%
<b>Company-wide Expenses</b>	Net Sales	—	—	—	—
	Head Office Expenses	▲ 936	▲ 977	—	—
<b>Total</b>	Net Sales	40,244	39,905	▲ 339	▲ 0.8%
	Operating Income	1,597	4,356	2,759	172.8%

# Electronic materials



Monetary units: million yen

	2020.9	2021.9	Increase Decrease(%)
Net Sales	4,525	5,086	12.4
Operating Income	▲ 117	892	—

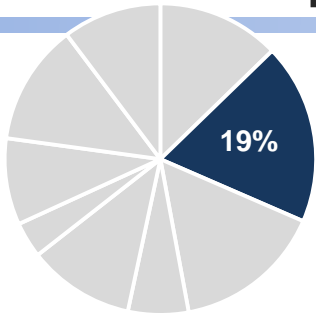


## Key points for the first half of the fiscal year ending March 2022

\* Sales decreased by 1,022 million yen due to the application of the new revenue recognition standards.

- Both dielectrics (barium titanate) and dielectric materials (high-purity barium carbonate) for laminated ceramic capacitors for use in vehicles, 5G base stations, and telecommunications equipment performed well in general, and both sales and operating income increased.
- **Compared to the previous fiscal year, net sales increased by 561 million yen (+12.45%), while operating income increased by 1,009 million yen.**

# Titanium dioxide and zinc products



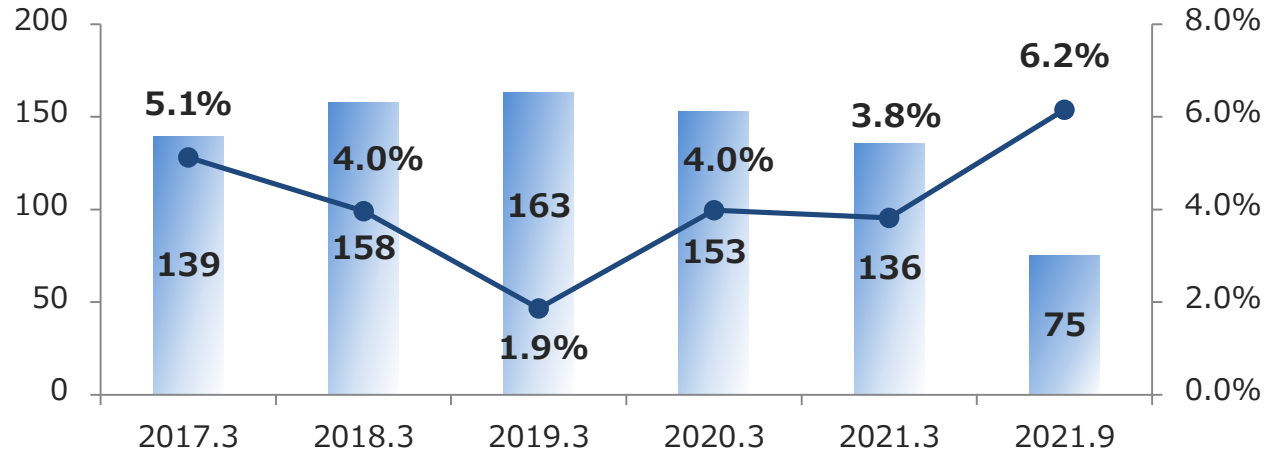
Monetary units: million yen

	2020.9	2021.9	Increase Decrease(%)
Net Sales	6,229	7,491	20.3
Operating Income	239	461	92.9

Net Sales  
(100 million yen)

Net Sales    Operating Profit Margin

Operating Profit  
Margin (%)



## Key points for the first half of the fiscal year ending March 2022

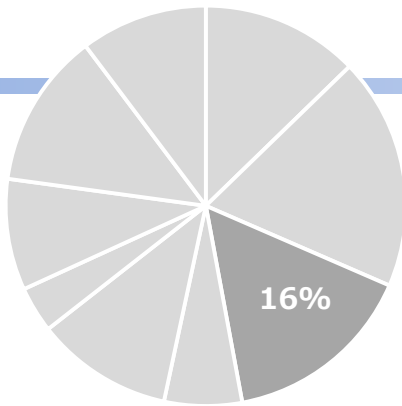
**\* Sales decreased by 87 million yen due to the application of the new revenue recognition standards.**

- Sales and profits of titanium dioxide increased due to strong sales for various applications, particularly for gravure inks used for food packaging.
- Sales and profits of zinc products increased due to strong sales of zinc oxide for tire applications, together with a sharp rise in the price of zinc.
- Sales and profits of ultra-fine titanium dioxide and zinc oxide for use in cosmetics decreased due to a drop in demand for cosmetics and sunscreens caused by city lock-downs and people staying at home overseas.
- **Compared to the previous fiscal year, net sales increased by 1,262 million yen (+20.3%), while operating income increased by 222 million yen (+92.9%).**

\* Expenses related to the explosion at the zinc dust manufacturing plant: an extraordinary loss of 143 million yen has already been recorded



# Plastic additives

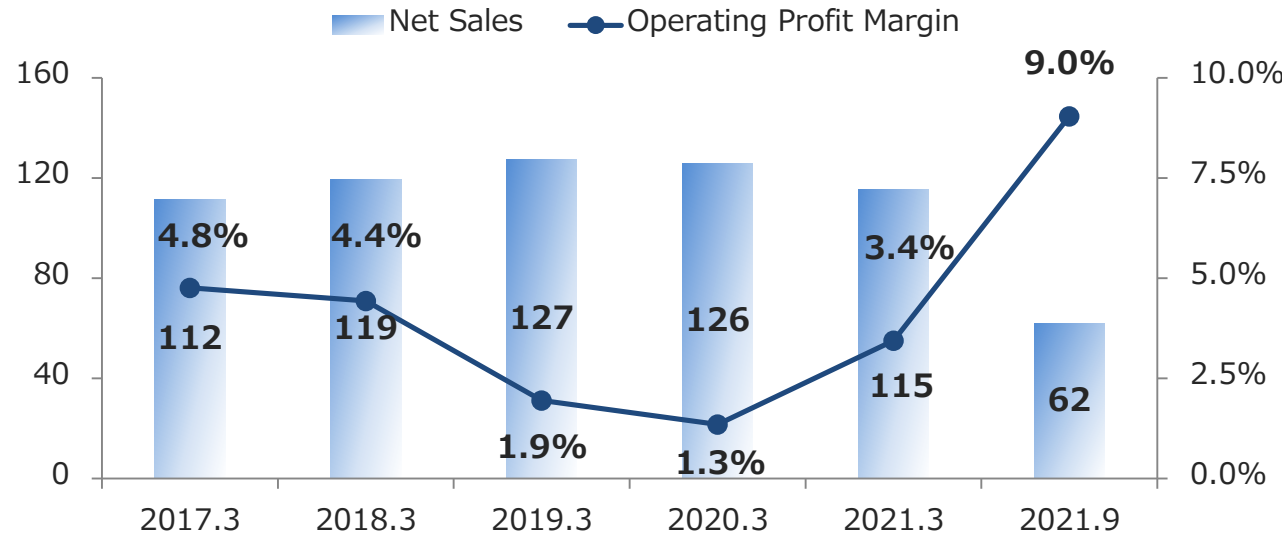


Monetary units: million yen

	2020.9	2021.9	Increase Decrease(%) )
Net Sales	5,315	6,209	16.8
Operating Income	28	561	1903.6

Net Sales  
(100 million yen)

Operating Profit  
Margin (%)

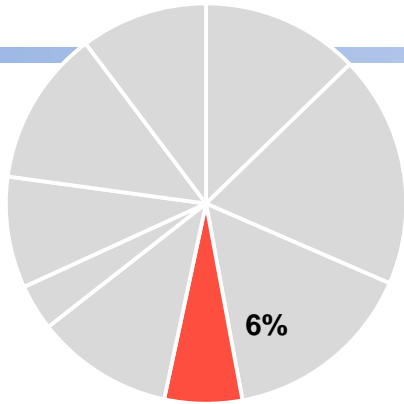


## Key points for the first half of the fiscal year ending March 2022

**\* Sales decreased by 402 million yen due to the application of the new revenue recognition standards.**

- In the domestic market, sales and profits increased due to strong sales in general, including those for housing, automobiles, and industrial plates for IT-related equipment.
- In overseas markets, sales and profits both increased due to strong sales of PVC stabilizers for automotive applications and hydrotalcite used in agricultural sheets.
- **Compared to the previous fiscal year, net sales increased by 894 million yen (+16.8%), while operating income increased by 533 million yen (+1903.8%).**

# Hygienic products

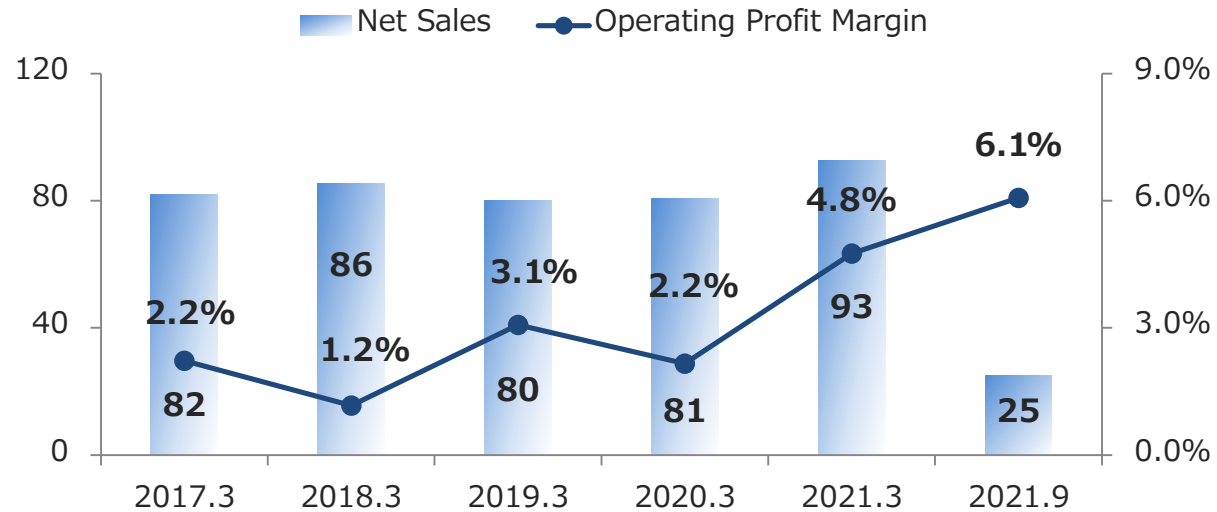


Monetary unit: million yen

	2020.9	2021.9	Increase Decrease(%)
Net Sales	4,748	2,506	▲ 47.2
Operating I	212	152	▲ 28.3

Net Sales  
(100 million yen)

Operating Profit  
Margin (%)

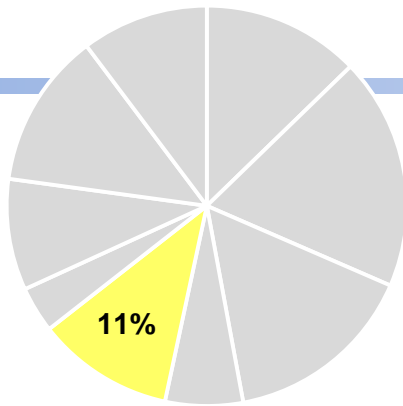


## Key points for the first half of the fiscal year ending 2022

**\* Sales decreased by 2,055 million yen due to the application of the new revenue recognition standards**

- Sales decreased significantly due to the application of new revenue recognition standards.
- Although the manufacturing and sales business at the local subsidiary in Indonesia remained strong, profits decreased because there was no special demand for non-woven fabric related to the COVID-19 in the current fiscal year, which existed in the same period of the previous fiscal year.
- **Compared to the previous fiscal year, net sales increased by 2,242 million yen (+47.2%), while operating income increased by 60 million yen (+28.3%).**

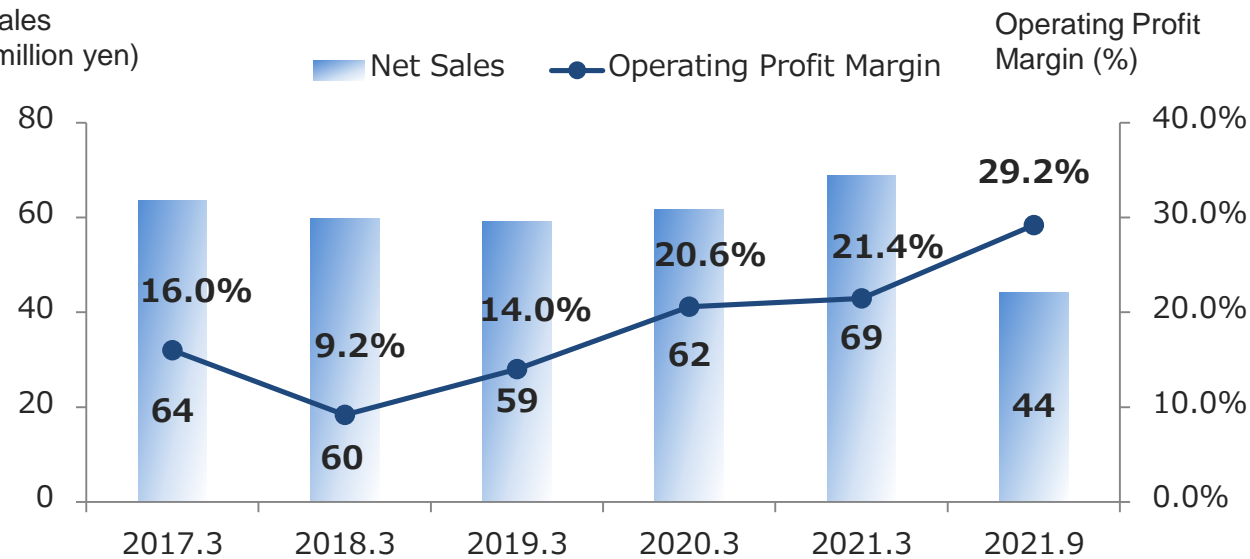
# Organic chemicals



Monetary units: million yen

	2020.9	2021.9	Increase decrease (%)
Net Sales	3,461	4,422	27.8
Operating	739	1,291	74.7

Net Sales  
(100 million yen)

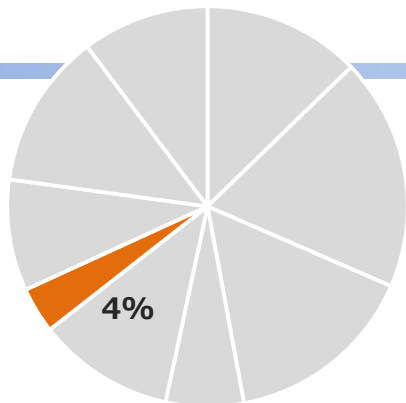


## Key points for the first half of the fiscal year ending March 2022

**\* Sales decreased by 18 million yen due to the application of the new revenue recognition standards.**

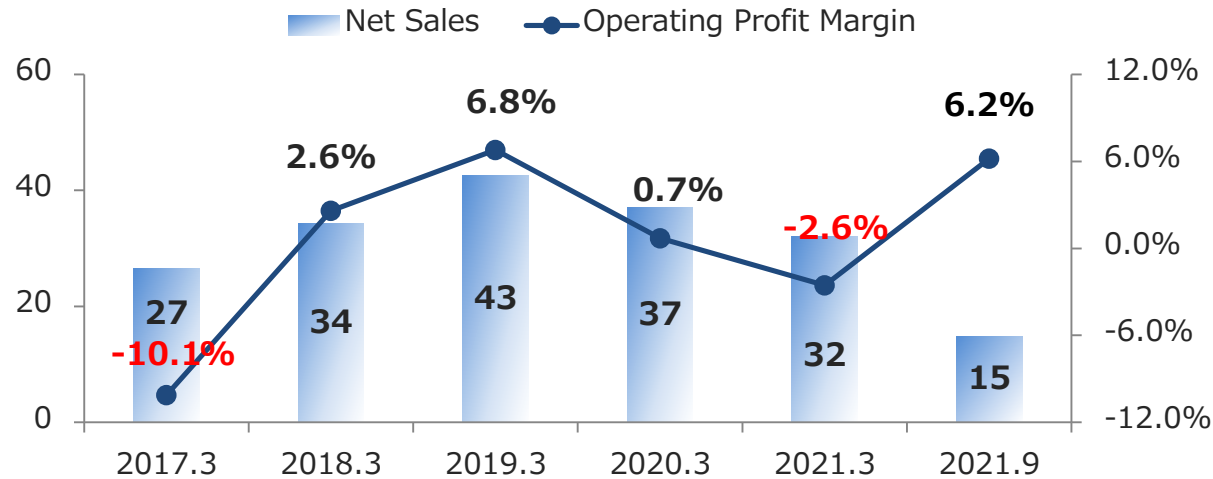
- Sales and profits of this products increased due to strong sales of products used in plastic lenses and phosphorus products for use as lubricant additives in the manufacture of automobiles and various parts.
- Sales and profits of contract production of bulk pharmaceutical products and intermediates increased, partly due to the concentration of shipment volume of mainstay intermediates during the first half of the current fiscal year.
- **Compared to the previous fiscal year, net sales increased by 961 million yen (+27.8%), while operating income increased by 552 million yen (+74.7%).**

## Catalysts



Monetary units: million yen

	2020.9	2021.9	Increase decrease (%)
Net Sales	1,482	1,486	0.3
Operating I	▲ 66	92	—

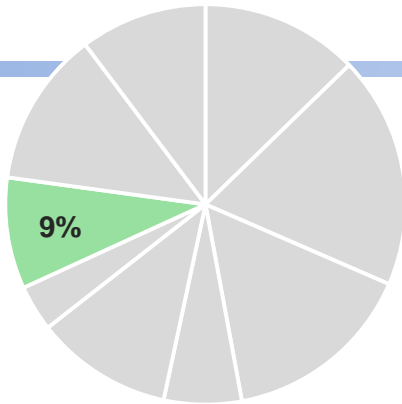
Net Sales  
(100 million yen)Operating Profit  
Margin (%)

## Key points for the first half of the fiscal year ending 2022

\* Sales decreased by 254 million yen due to the application of the new revenue recognition standards.

- Sales of nickel catalysts used in the resin hydrogenation process decreased due to the postponement of deliveries to major customers.
- Sales and profit of de-NOx catalysts used in thermal power plants and waste incineration facilities increased due to the start of large-scale shipments to overseas customers.
- **Compared to the previous fiscal year, net sales increased by 4 million yen (+0.3%), while operating income increased by 158 million yen.**

# Contract processing

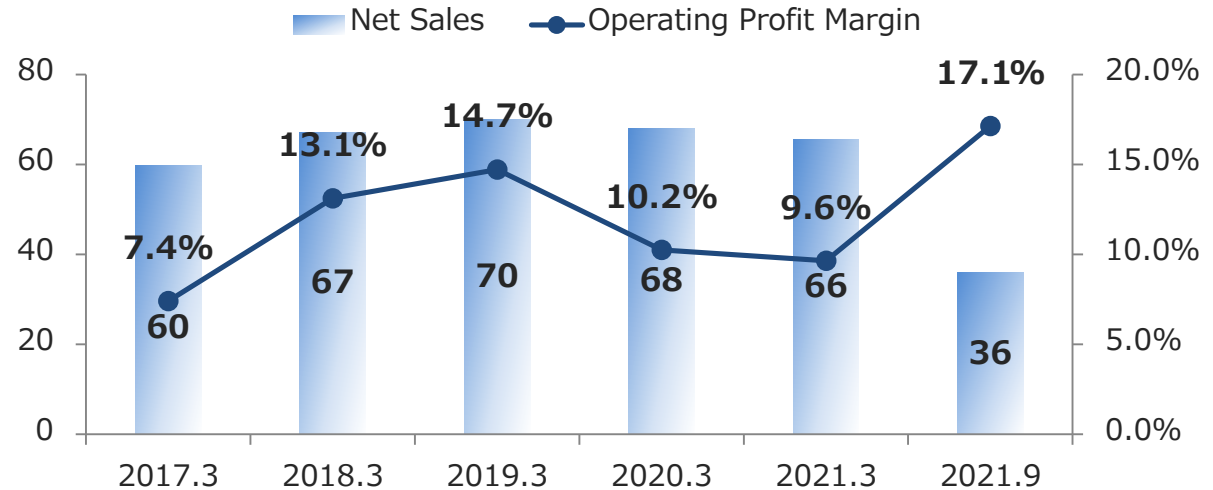


Monetary units: million yen

	2020.9	2021.9	Increase decrease (%)
Net Sales	2,942	3,589	22.0
Operating Profit	249	615	147.0

Net Sales  
(100 million yen)

Operating Profit  
Margin (%)

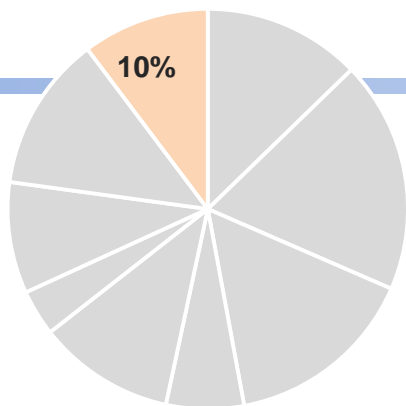


## Key points for the first half of the fiscal year ending March 2022

**\* Sales decreased by 250 million yen due to the application of the new revenue recognition standards.**

- Sales and profits of processed pigments increased due to strong sales for use in automobiles and daily supplies.
- Sales and profits of contracted processes such as calcination, mixing, and drying increased due to an increase in highly profitable contracted products.
- **Compared to the previous fiscal year, net sales increased by 647 million yen (+22.0%), while operating income increased by 366 million yen (+147%).**

# Medical Business

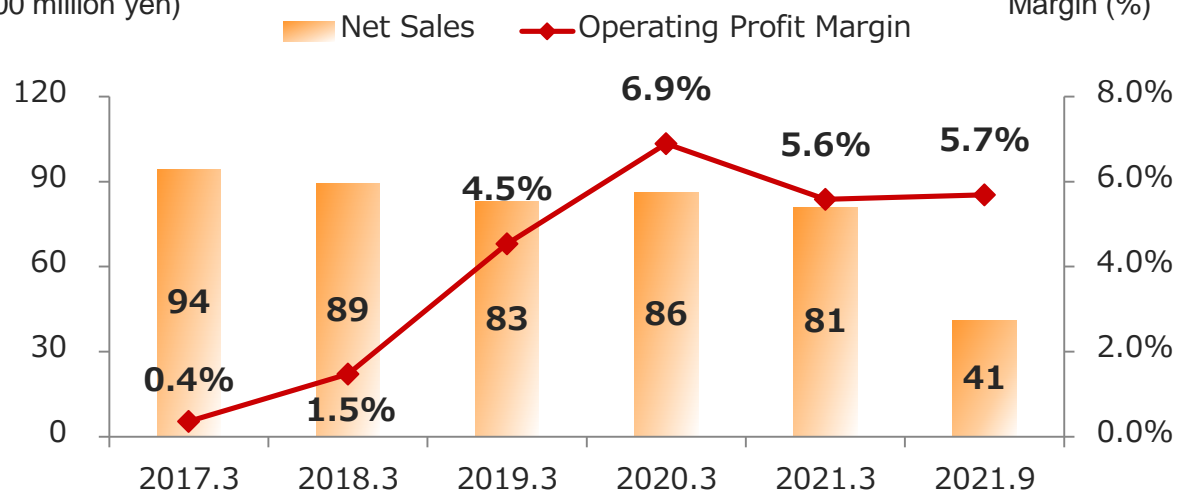


Monetary units: million yen

	2020.9	2021.9	increase/ decrease(%)
Net Sales	3,945	4,096	3.8
Operating Income	242	233	▲ 3.7

Net Sales  
(100 million yen)

Operating Profit  
Margin (%)



## Key points for the first half of the fiscal year ending March2022

**\* Sales decreased by 38 million yen due to the application of the new revenue recognition standards.**

- Sales and profits of barium contrast media increased due to growth in exports, mainly to South Korea, despite the impact of the decline in health checkups under the COVID-19 pandemic that has continued since last year.
- Sales of Alloid G increased despite the impact of drug price reductions, as COVID-19 did not affect sales.
- Sales volume of medical equipment recovered, resulting in increased sales and profits.
- Sales and profits of OTC drugs such as Kaigen, a cold remedy, decreased due to the absence of special demand under COVID-19 in the same period of the previous year and the absence of a cold epidemic due to thorough prevention of COVID-19 infection.
- **Compared to the previous fiscal year, net sales increased by 151 million yen (+3.8%), while operating income decreased by 9 million yen (-3.7%).**

# Cash Flow

Units: million yen

	2021.3 2Q	2022.3 2Q	Increase/decrease
<b>Cash at Beginning of Period</b>	9,148	11,153	2,004
Profit (loss) Before Income Taxes	1,286	4,537	3,251
Depreciation	2,024	2,260	235
Other	873	▲ 1,414	▲ 2,287
<b>Cash Flow From Operating Activities (Operating CF)</b>	4,183	5,383	1,199
Purchase of property, plant and equipment	▲ 5,118	▲ 3,837	▲ 1,280
Other	236	19	▲ 217
<b>Cash Flow From Investing Activities (Investment CF)</b>	▲ 4,882	▲ 3,818	1,064
<b>Cash Flow from Financing Activities (Financial CF)</b>	1,836	▲ 1,025	▲ 2,861
<b>Cash at End of Period</b>	10,248	11,774	1,526

## ◆ Operating CF

Operating cash flow increased, mainly due to strong business performance.

## ◆ Investment CF

Investment cash flow decreased because capital expenditures were limited to the maintenance and renewal of existing facilities, and spending for the acquisition of tangible fixed assets was cut down.

## **2. Forecast for the Fiscal Year Ending March 2022**

---



# Trends and Forecasts for Major Items

Monetary units: million yen

	2017.3	2018.3	2019.3	2020.3	2021.3	2021.9	2022.3
<b>Net Sales</b>	83,938	87,223	89,541	87,177	84,918	39,905	<b>80,000</b>
<b>Operating Income</b>	4,551	4,690	4,404	4,015	4,304	4,356	<b>7,000</b>
<b>Ordinary Income</b>	4,290	4,279	4,553	4,208	4,012	4,599	<b>7,200</b>
<b>Profit (loss) attributable to owners of parent</b>	2,037	2,329	3,606	2,535	▲ 2,803	3,180	<b>5,300</b>
<b>Capital Investment</b>	4,636	3,771	6,891	8,403	9,567	3,837	<b>5,000</b>
<b>Depreciation</b>	2,877	3,005	3,189	3,686	4,243	2,260	<b>4,100</b>
<b>Research and Development Expenses</b>	2,909	3,217	2,951	2,898	2,487	1,168	<b>2,500</b>

(Forecast)

# Forecast for the Fiscal Year Ending March 2022

Monetary units: million yen

	2021.3		2022.3					
	Full-year Results		First-half Results		Second-half Forecast		Full-year Forecast	
		Change From the Previous Year		Change From the Previous Year		Change From the Previous Year		Change From the Previous Year
Net Sales	84,918	—	39,905	—	40,095	—	80,000	—
Operating Income	4,304	5.10%	4,356	10.9%	2,644	6.6%	7,000	8.8%
Ordinary Income	4,012	4.70%	4,599	11.5%	2,601	6.5%	7,200	9.0%
Profit (loss) attributable to owners of parent	▲ 2,803	▲ 3.3%	3,180	8.0%	2,120	5.3%	5,300	6.6%

## ■ Chemical Business:

⇒ It is expected to remain strong, particularly electronic materials and titanium dioxide.

As for organic chemicals, shipments were concentrated in the first half of the year and will not grow significantly in the second half.

Sales of cosmetics materials have been recovering since the second half of the year, mainly in Europe and the United States.

We expect a recovery in the next fiscal year.

## ■ Medical Business

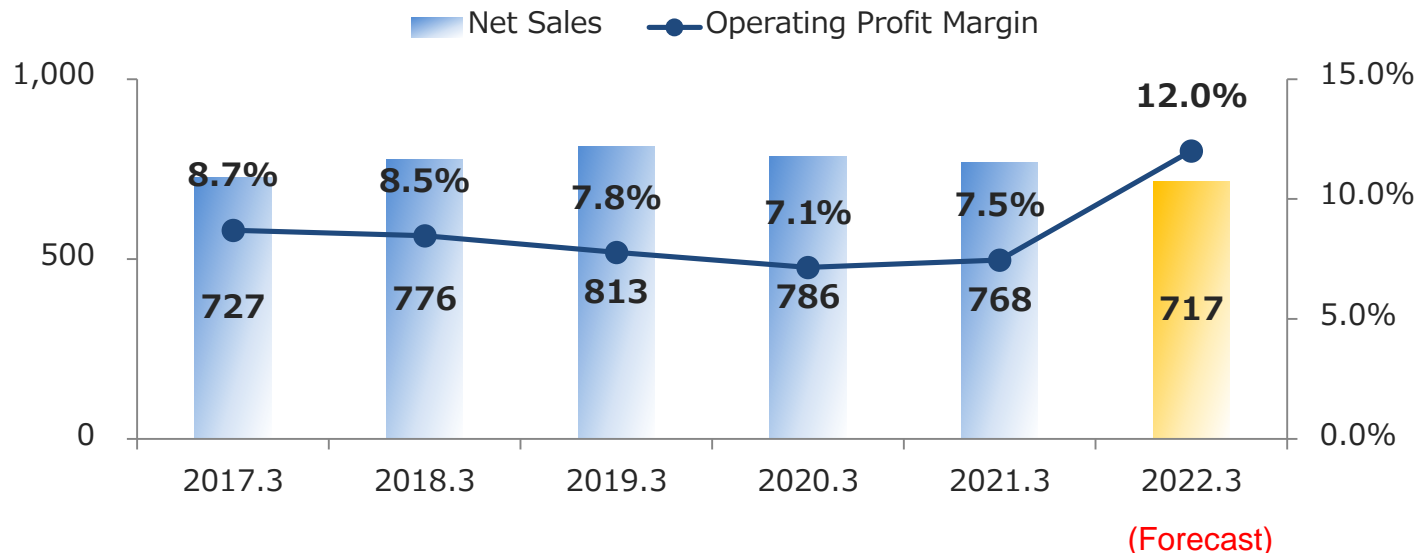
⇒ Although sales are expected to increase from the previous year, profits are expected to decrease slightly.

- The extraordinary loss due to the explosion and fire at the zinc dust manufacturing plant is expected to be 300 million yen, in line with initial estimates.

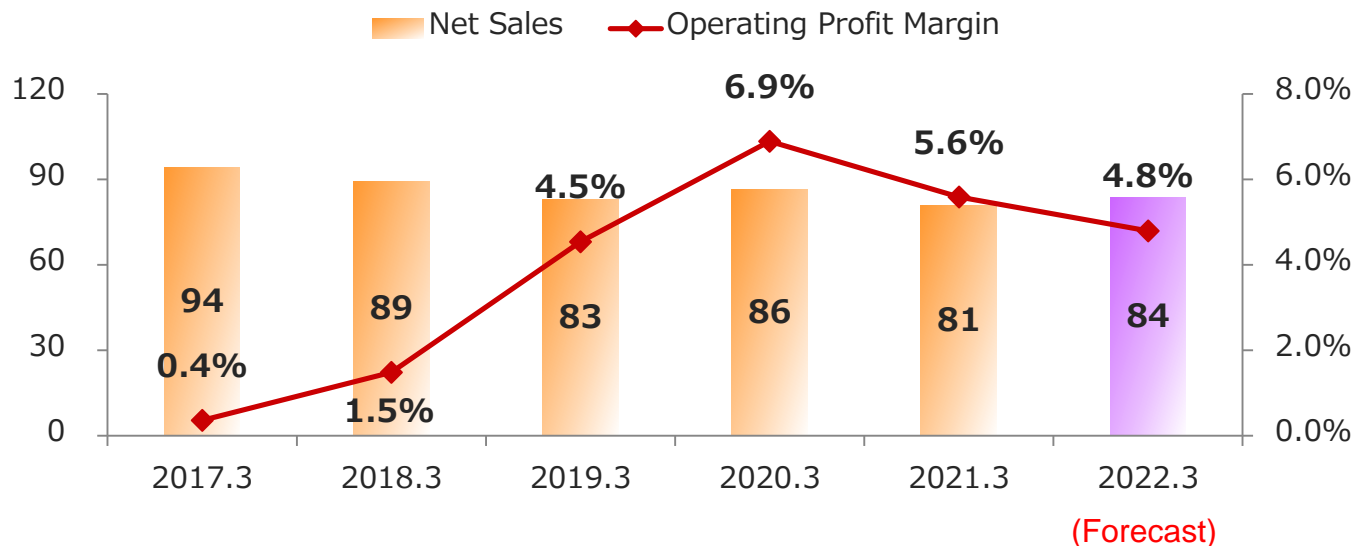


# Earnings Forecast for the Fiscal Year Ending March 2022

## Chemicals



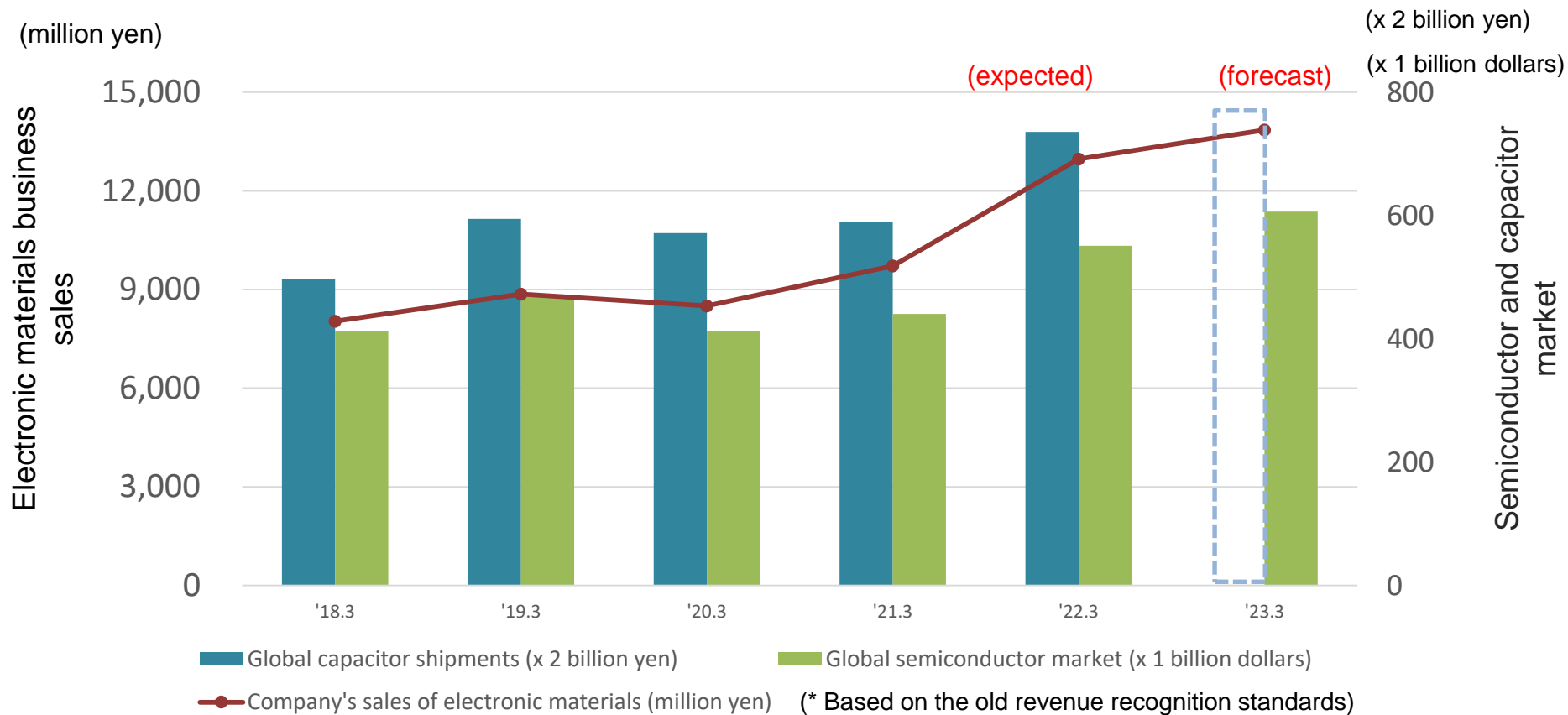
## Medical



# 3. Important Topics

---

# Forecast for the electronic materials business and the capacitor and semiconductor market Value basis



**Our electronic materials business is expected to grow in line with trends in the capacitor and semiconductor markets.**

\* Sources

Global semiconductor market: WSTS (World Semiconductor Trade Statistics)

Global shipment value of capacitors: JEITA (Japan Electronics and Information Technology Industries Association) statistics

# ESG Initiatives

## ■ Our Materiality

Making people happy		Solving social challenges through manufacturing	
1	Fostering an environment that enables the development and growth of human resources	7	Creating products and services that help solve environmental and social issues
2	Creating a comfortable working environment	8	Promoting responsible procurement
3	Contributing to local communities		
Protecting the global environment		Building a transparent and sound management system	
4	Managing chemical substances appropriately, reducing environmental impact, and improving product safety	9	Increasing the effectiveness of the Board of Directors
5	Reducing industrial waste emissions	10	Understanding risks and taking countermeasures
6	Giving consideration to biodiversity	11	Timely and appropriate information disclosure

**We established the Sustainability Committee in September this year and are currently working on setting KPIs to achieve the above tasks and to be able to disclose information based on TCFD.**

<Major initiatives to date>

August 2005: Fuel conversion to LNG at the Sakai Manufacturing Site and Semboku Factory

June 2016: Fuel conversion to LNG at the Onahama Manufacturing Site

April 2020: Began use of carbon neutral LNG (CNL)

March 2021: Awarded EcoVadis Gold Medal for our CSR platform

June 2021: Introduction of executive officer system

September 2021: Establishment of human resource development policy and reform of personnel system

October 2021: Completion of RSPO membership registration



# Explosion and Fire Accident at the Yumoto Factory

## 1. Date and location of occurrence

May 11, 2021, Yumoto Factory zinc dust manufacturing plant

## 2. Casualties

4 workers of a subcontractor seriously or lightly injured ⇒ All have been discharged from hospital

## 3. Progress of the investigation by the Accident Investigation Committee

Established on June 5 with 3 experts invited from outside the Accident Investigation Committee has met 5 times to date.

The cause will be determined and a report compiled by the end of this year. We expect to announce it by the end of January next year.

## 4. Withdrawal from the zinc dust business

Annual sales of zinc dust for the fiscal year ended March 2021: Approximately 1.3 billion yen

## 5. Impact on consolidated financial results for the full year ending March 2022 (earnings before tax)

Expected to be approximately 300 million yen



# Offering of Shares & Acquisition of Treasury Stock

## <Purpose of the offering>

**As a company aiming to be listed on the Prime Market, we will further promote the elimination of cross-shareholdings, increase liquidity, and engage in constructive dialog with as many investors as possible to increase our corporate value.**

- ◆ Announced on October 12, 2021
- ◆ October 27, 2021: 2,269 thousand shares traded  
( \* 13.3% of the total number of shares issued, including the over-allotment portion)

## <Purpose of the treasury stock acquisition>

**To strengthen shareholder returns and mitigate the impact of the offering on stock supply and demand**

- ◆ Commenced the treasury stock acquisition on October 28, 2021  
Maximum number: 900,000 shares; maximum amount: 1,500 million yen

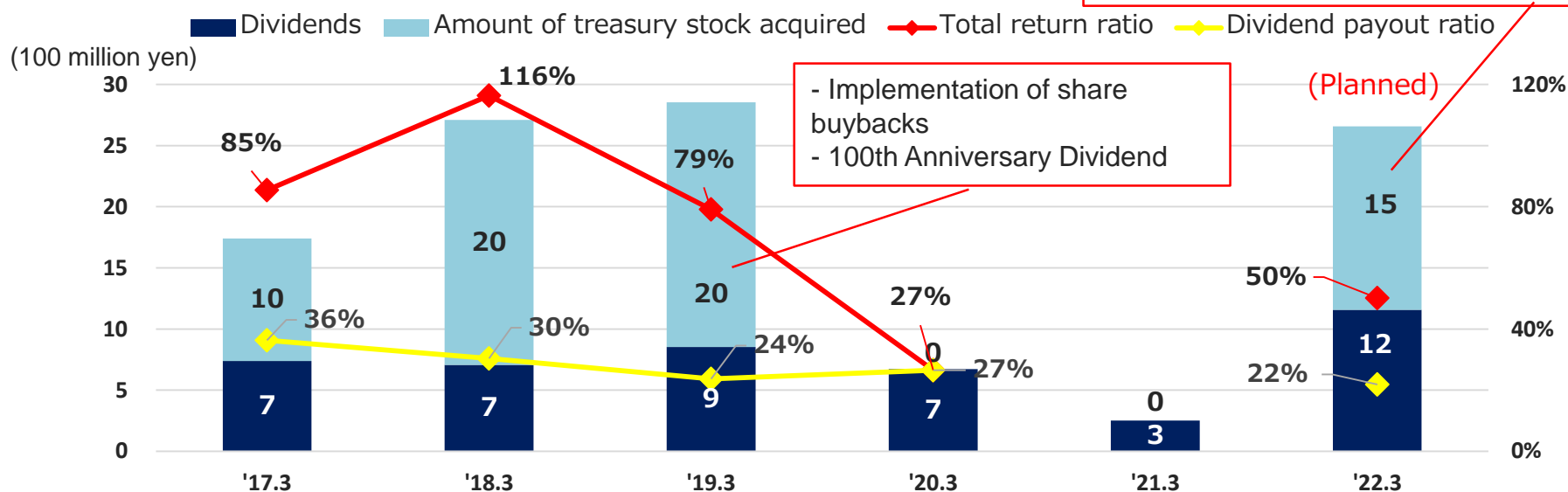
## <Future challenges>

**Formulate and execute management strategies to enhance corporate value in a variety of areas, including capital policy, business strategy, and ESG.**



# Shareholder Return

## Changes in the total dividend payout ratio



Concerning surplus dividend, the Company considers the stable return of profits to shareholders to be one of our most important management issues, and aims to strengthen our financial position and increase the internal reserves necessary to actively grow the business. At the same time our basic policy is to pay dividends twice a year, taking into account profit trends and the business environment.

In our mid-term management plan, SAKAINNOVATION 2023, we are working to achieve a total payout ratio of 30% or more.

For the fiscal year ending March 2022, we plan to return 70 yen per share: 35 yen for the interim period and 35 yen at the end of the term.

# Thank you for your attention.

This material is for informational purposes only and does not constitute a solicitation to take any action based on it. This material (including performance plans) has been prepared by the Company based on information available at this time, and contains risks and uncertainties that may cause actual results to differ from those contained herein.

Please note that the figures for the sub-segments of our Chemical Business for the fiscal year ended March 2021 and earlier are published on a voluntary basis and have not been audited, and should be regarded as reference figures.

Please exercise your own judgment when using this information. The Company assumes no liability for any losses that may occur as a result of investment decisions made that rely on the forecasts and target figures contained in these materials.

# Reference Materials

- **Company Profile**
- **Business Description**
- **Performance Trends, Etc.**



# Sakai Chemical Industry Co., Ltd. Company Profile

<b>Head Office</b>	5-2, Ebisujima-cho, Sakai-ku, Sakai-shi
<b>Representative</b>	President and Representative Director, Masaaki Yabe
<b>Established</b>	June 1918
<b>Business Description</b>	Development, manufacture, and sales of inorganic chemical products, organic chemicals, and pharmaceuticals
<b>Total Assets</b>	JPY124,547 million
<b>Net Assets</b>	JPY82,329 million
<b>Affiliated Companies</b>	16 consolidated subsidiaries (8 in Japan, 8 overseas)
<b>Number of Employees</b>	Consolidated: 2,035, non-consolidated: 773 (as of September 30, 2021)

# About Our Group

## Chemicals - Manufacturing and Sales

Sakai Chemical Industry Co., Ltd.

Osaki Industry Co., Ltd.

Resino Color Industry Co., Ltd.

Kyodo Chemical Co., Ltd.

SC Organic Chemical Co., Ltd.

Nippon Color Industry Co., Ltd.

Katayama Seiyakusho Co., Ltd.

Sakai Chemical (Vietnam) Co., Ltd.

Siam Stabilizers and Chemicals Co., Ltd.

PT. S&S Hygiene Solution

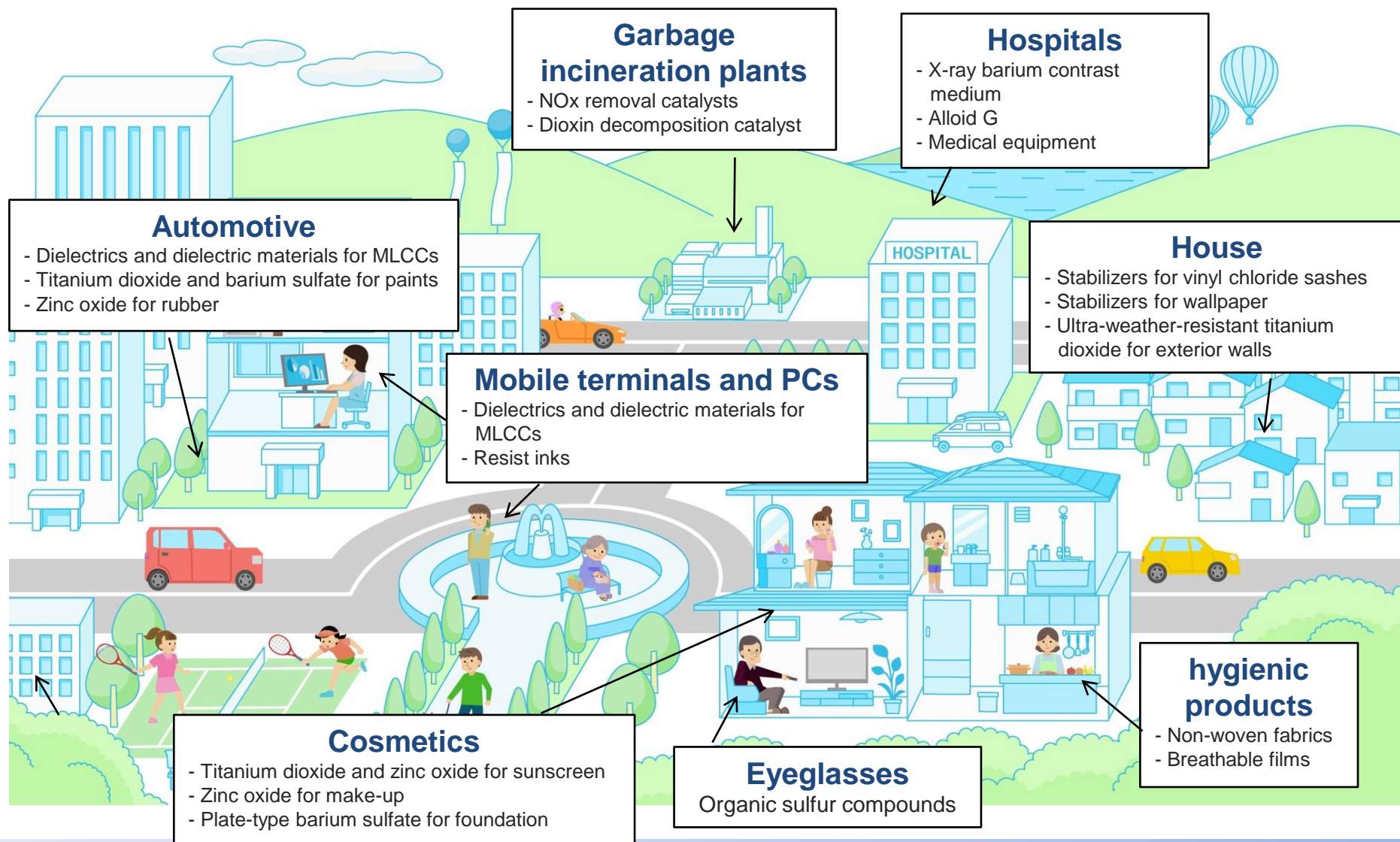
## Chemicals - Sales

Sakai Trading Co. Ltd.

## Medical - Manufacturing and Sales

Kaigen Pharma Co., Ltd.

# Products from our Group that play a part in people's daily lives



# Business Description and Sales Composition

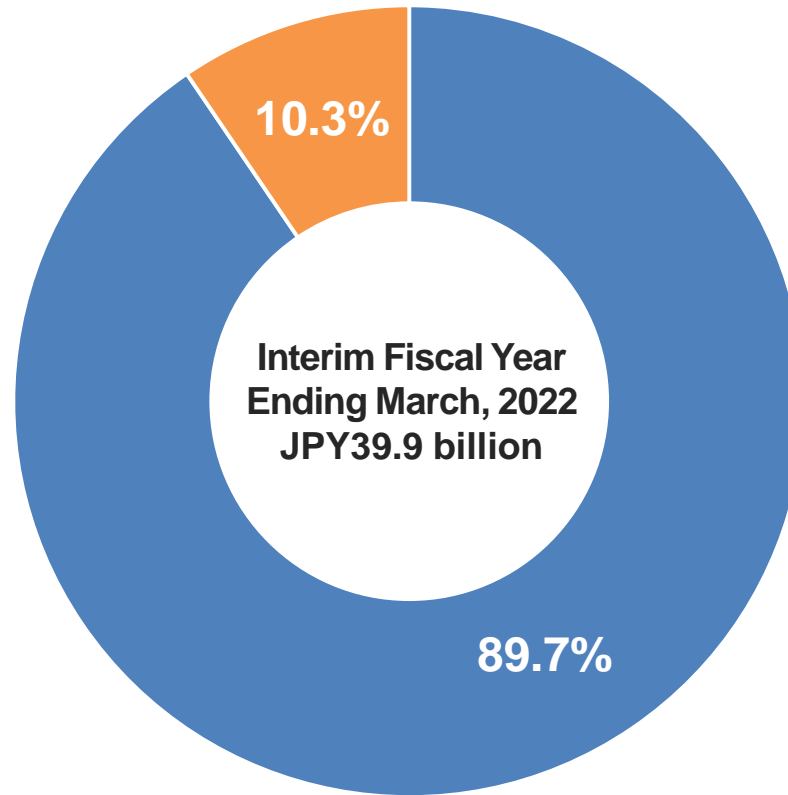
## Medical

We provide a wide range of products and services that contribute to medical care and health, from products for medical use to products for the general public, with our main products being barium preparations, sodium alginate preparations, medical equipment, and Kaigen brand products.



## Chemicals

Our main business is the development of materials for a variety of fields using technologies for processing natural ores and controlling powders.

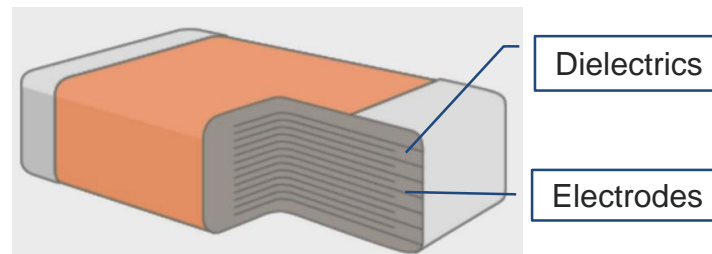


# Business description: Chemicals

## Electronic materials

### Multilayer ceramic capacitors

- Dielectric (barium titanate)
- Dielectric materials (high-purity barium carbonate)



**This is the main material for multilayer ceramic capacitors, which are indispensable for electronic devices.**

**Dielectrics have the property of storing a lot of electricity.**

**We will continue to contribute to the improvement of capacitor performance by developing spherical dielectrics that are fine and uniform in shape.**

**Used in places such as these**





# Business description: Chemicals

## Titanium dioxide and zinc products

- Titanium dioxide: A white pigment with excellent tinting power, hiding power, weather resistance, and chemical stability
- Zinc oxide: A vulcanization accelerator for rubber products
- Zinc powder: Used in anti-rust paint for buildings, bridges, etc.
- Cosmetic materials: Achieves high UV shielding and smooth texture

**Titanium dioxide is a material that is needed in every field, including paints, inks, paper, plastics, and chemical fibers.**

**The UV shielding rate of both titanium dioxide and zinc oxide increases when they are made finer, so they are also used in sunscreens and foundations.**

**Used in places  
such as these**



# Business description: Chemicals

## Plastic additives

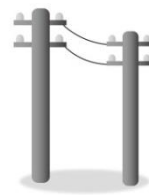
Pipes, fittings, window frames, wallpaper, and wire harnesses

- PVC stabilizers and non-PVC stabilizers

- Hydrotalcite: It is used in lead-free PVC stabilizer and agricultural films because it is high heat retention and transparency

**PVC stabilizers are added to resins to improve processability and prevent deterioration. Currently, the de-leading of PVC stabilizers is progressing worldwide, and the switch to lead-free types is accelerating. Our subsidiary in Vietnam manufactures lead-free stabilizers and hydrotalcite, which is the raw material for such stabilizers, and our subsidiary in Thailand manufactures both lead-based and lead-free stabilizers, both of which are growing sales, mainly in Southeast Asia.**

Used in places  
such as these



# Business description: Chemicals

## Hygienic products

Diapers, sanitary napkins

- Breathable film: Retains moisture and allows only air to pass through

**With demand increasing overseas, our subsidiary in Indonesia is manufacturing breathable films.**

**Used in places such as these**



## Organic chemicals

Plastic lenses, concrete, lubricating oils, and pharmaceuticals

- Organic sulfur compounds: It is also used to improve the refractive index of eyeglass lenses and as a concrete admixture.
- Organophosphorus compounds: Used as a lubricating oil additive
- Pharmaceutical ingredients and intermediates

**We are the only manufacturer of the organic sulfur compound, BMPA, in Japan.**

**Used in places such as these**



# Business description: Chemicals

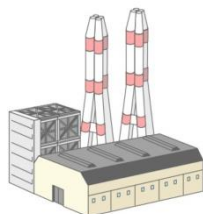
## Catalysts

Garbage incinerators, thermal power plants, margarine, adhesives, and optical films

- DeNOx catalyst: Removes nitrogen oxides
- Nickel catalyst: Used in the hydrogenation of petroleum resin, etc.

**We are aiming to expand our nickel catalyst business in response to increasing demand for optical films and disposable diaper adhesives.**

Used in places  
such as these



## Contract processing

Contract processing of inorganic and organic chemical industrial products  
... Pigments, colorants, functional inks, catalysts, plastic additives, etc.

**We handle a wide variety of machines to support a broad range of fields.**

# Business Description: Medical

## Kaigen Pharma Co., Ltd.

### X-ray barium contrast medium

... Gastrointestinal imaging

In 1931, the Company began manufacturing barium sulfate as a raw material for medicinal use.

This is a familiar product for use in routine medical checkups, but we also export it overseas.



### Medical equipment

- Cleaning and disinfection equipment for endoscopes

Responses the transition from barium to gastrocamera examinations.

We are focusing on development, positioning it as a business that will not be affected by drug price revisions.



### Alloid G

... An agent for peptic ulcers

Hemostasis of stomach and duodenal ulcers and protection of mucous membranes.



### OTC pharmaceuticals

- Kaigen series
- Kaigen Granules
- Kaigen Pack IB Granules

Launched sales in Taiwan with "Made in Japan" quality.



# Net Sales and Operating Income Trends in the Chemical Business

Monetary units: million yen

		2017.3	2018.3	2019.3	2020.3	2021.3	2021.9
<b>Electronic materials</b>	<b>Net Sales</b>	7,398	8,033	8,948	8,499	9,723	5,086
	<b>Operating Income</b>	803	969	651	117	23	892
<b>Titanium dioxide and zinc products</b>	<b>Net Sales</b>	13,914	15,758	16,341	15,305	13,563	7,491
	<b>Operating Income</b>	713	624	304	610	518	461
<b>Plastic additives</b>	<b>Net Sales</b>	11,151	11,934	12,745	12,583	11,543	6,209
	<b>Operating Income</b>	530	529	248	169	397	561
<b>Hygienic products</b>	<b>Net Sales</b>	8,177	8,558	8,006	8,070	9,254	2,506
	<b>Operating Income</b>	182	100	246	174	440	152
<b>Organic chemicals</b>	<b>Net Sales</b>	6,353	5,979	5,919	6,172	6,882	4,422
	<b>Operating Income</b>	1,016	548	828	1,271	1,476	1,291
<b>Catalysts</b>	<b>Net Sales</b>	2,650	3,427	4,257	3,703	3,210	1,486
	<b>Operating Income</b>	▲ 268	89	289	26	▲ 82	92
<b>Contract processing</b>	<b>Net Sales</b>	5,988	6,721	7,000	6,811	6,550	3,589
	<b>Operating Income</b>	444	882	1,031	698	632	615
<b>Other</b>	<b>Net Sales</b>	17,053	17,218	18,040	17,412	16,079	5,017
	<b>Operating Income</b>	1,015	800	432	356	447	58
<b>Total</b>	<b>Net Sales</b>	72,683	77,628	81,256	78,555	76,821	35,809
	<b>Operating Income</b>	4,435	4,541	4,029	3,421	3,851	4,123

Note: Headquarters division expenses are subtracted from operating income.

# Quarterly Trends in the Chemical Business

Monetary units: million yen

	2020.3				2021.3				2022.3	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Net Sales</b>	19,997	19,396	19,757	19,405	18,880	17,419	19,904	20,618	17,695	18,113
<b>Electronic materials</b>	2,161	2,237	1,890	2,211	2,261	2,264	2,542	2,655	2,660	2,426
<b>Titanium dioxide and zinc products</b>	4,059	3,582	3,956	3,708	3,332	2,897	3,517	3,817	3,928	3,563
<b>Plastic additives</b>	3,123	3,176	3,243	3,042	2,765	2,551	3,066	3,162	3,090	3,118
<b>Hygienic products</b>	2,159	2,027	1,967	1,917	2,337	2,411	2,200	2,306	1,283	1,223
<b>Organic chemicals</b>	1,583	1,309	1,475	1,806	2,162	1,300	1,584	1,837	2,250	2,171
<b>Catalysts</b>	903	792	952	1,056	645	837	1,033	695	661	824
<b>Contract processing</b>	1,696	1,788	1,788	1,539	1,403	1,539	1,780	1,828	1,849	1,739
<b>Other</b>	4,314	4,485	4,487	4,127	3,975	3,621	4,182	4,318	1,974	3,046
<b>Operating Income</b>	1,009	375	1,047	990	967	387	1,267	1,230	2,111	2,012

Note: Headquarters division expenses are subtracted from operating income.

# Kaigen Pharma Sales Trends by Product

Monetary units: million yen

	2017.3	2018.3	2019.3	2020.3	2021.3	2021.9
Barium contrast medium	2,315	2,327	2,265	2,291	2,043	1,186
Alloid G	880	860	990	1,221	1,193	613
Medical equipment	2,309	2,290	2,373	2,445	2,453	1,286
OTC pharmaceuticals	1,580	1,463	1,190	1,144	1,026	394
Other	1,591	1,645	1,608	1,722	1,557	751
<b>Total</b>	<b>8,675</b>	<b>8,585</b>	<b>8,426</b>	<b>8,823</b>	<b>8,272</b>	<b>4,096</b>