

FY2021 3rd Quarter Business Results

(April 1, 2021- December 31, 2021)

February 4, 2022



1. Business Results for the Q3 FY 2021

2. Segment Results for the Q3 FY 2021

3. Projection for the FY2021

Financial Results for the Q3 FY2021

- Semiconductor materials continue to be at a high level in all areas, such as demand for 5G-compatible smartphones and PCs, and increased investment in DX, communications, and data centers.
- Despite soaring prices of raw materials and fuels as well as global logistics disruption, we achieved increase in income and profit compared to the same period of the previous year, thanks to increased production in response to strong demand for semiconductors and electronic materials.

(Million yen)	Q3 FY2020 Results	Q3 FY2021 Results	Change	YOY %
Net sales	※19,823	23,873	※+4,049	※+20.4%
Operating profit	2,139	3,323	+1,183	+55.3%
Ordinary profit	2,086	3,342	+1,256	+60.2%
Profit	1,412	2,289	+876	+62.1%
FX Rate (USD)	¥103.6/\$	¥114.9/\$		

※"Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) has been applied from the beginning of ending term of March, 2022 period. As a result, accounting is different from a total period in the previous 3rd quarter. The comparison for YOY is reference figure as new standard vs old standard.

Progress of Full-year Results Forecast for the FY2021

- Under strong demand for semiconductors and electronic materials, the progress rate against the full-year earnings forecast (before revision) is 79% for sales and 90% or more for each profit.
- Profit achieved the medium-term management plan "TGC300 (sales of 30 billion, ordinary profit of 3 billion or more, ordinary profit margin of 10% or more)" one year ahead of schedule.

	FY2021 Previous Forecast (May 11, 2021)	Q3 FY2021 Results	Progress Ratio
Net sales	30,000	23,873	79.6%
Operating profit	3,550	3,323	93.6%
Ordinary profit	3,400	3,342	98.3%
Profit	2,400	2,289	95.4%
Earnings per share (Yen)	¥302.38	¥288.40	

■ Net sales

23,873 million yen (YOY*+4,049 million yen, *+20.4%)

- ✓ Photosensitive materials Segment: Both semiconductor and display application continue keep good sales.
- ✓ Chemicals Segment: Electronic materials sales increase, and the fragrance related product keep stable sales. Selling price are under increasing in accordance with raw material price increase. In the logistic business, load movement volume increased due to strong demand for chemicals and needs for securing inventories.

■ Operating profit

3,323 million yen (YOY+1,183 million yen, +55.3%)

- ✓ Increased profits as absorbing increased costs such as labor costs, depreciation costs, raw materials/ fuel/ distribution costs for production capacity expansion.
- ✓ Overall high-value-added products sales expanded, and the plant utilization rate increased from the initial plan.

■ Ordinary profit

3,342 million yen (YOY+1,256 million yen, +60.2%)

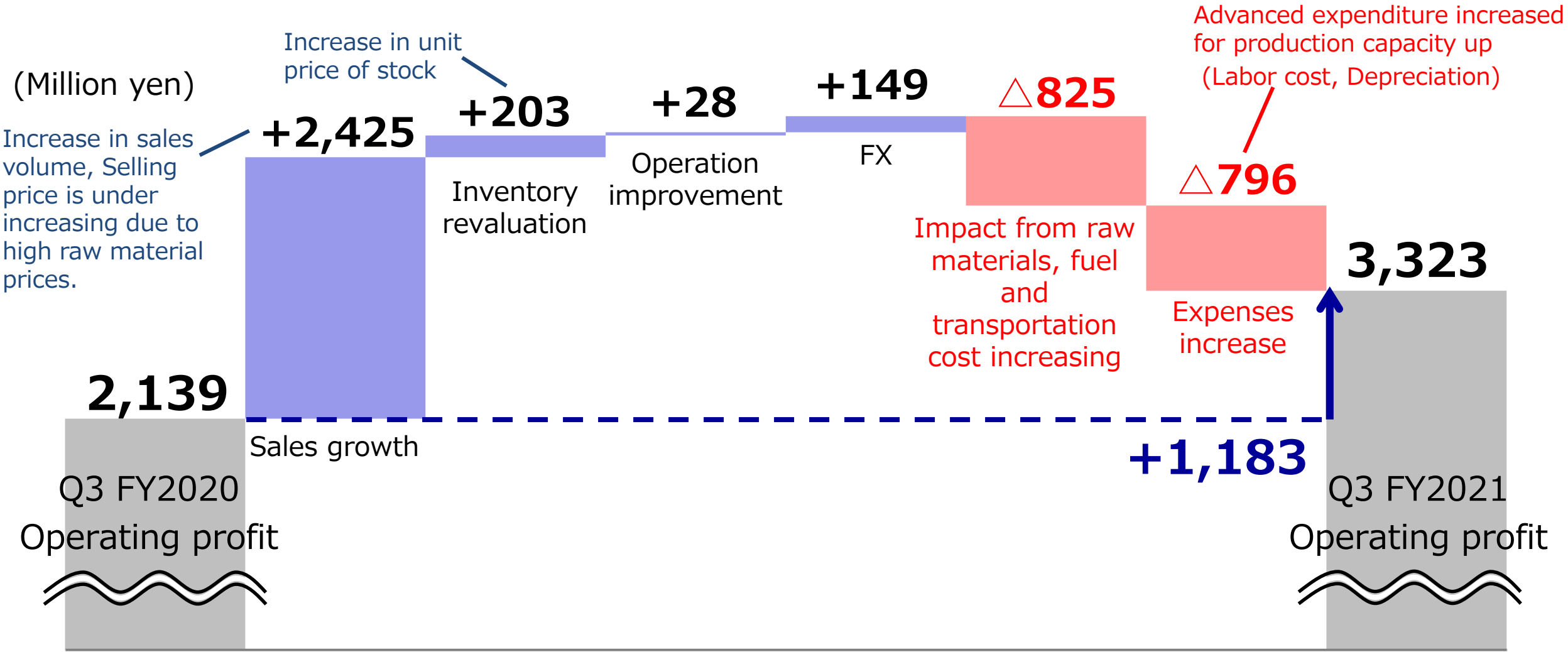
- ✓ Foreign exchange gains due to yen depreciation (Foreign exchange loss occurred in the previous year)

■ Profit

2,289 million yen (YOY+876 million yen, +62.1%)

Change analysis: Operating profit

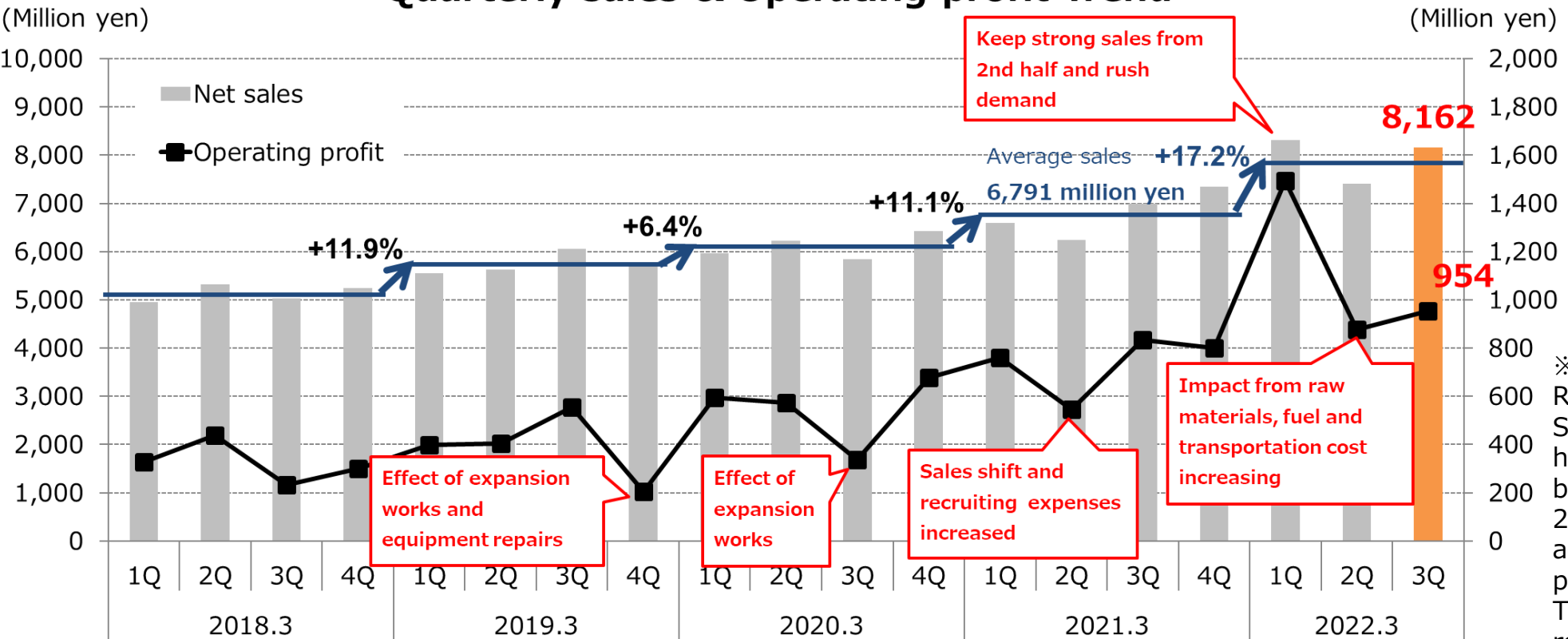
- Thanks to expanding sales and reflecting prices in soaring raw material prices, it resulted in profits increase by absorbing increased costs such as raw material, fuel, distribution, investment for growth and etc.



Quarterly Sales & Operating profit Trend

- Sales in the third quarter (October-December) remained at a high level of ¥ 8,162 million (+ ¥ 1,174 million, + 16.8% year-on-year) due to increased sales and price reflections associated with soaring prices of raw materials.
- Operating profit increased by 954 million yen (+121 million yen, + 14.6%).
- Although strong demand continues, there are still risks of soaring raw material, fuel, distribution costs and etc.

Quarterly sales & Operating profit Trend



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Q3 FY2021 Income Statement

- Sales were 23,873 million yen (*YOY +4,049 million yen, +20.4%).
- Thanks to increased sales absorbing upfront costs, achieved profits increase.
- Gross profit margin improved by 2.2pt (23.1% → 25.3%) thanks to increased factory operation and sales in advanced products.

(Million yen)	Q3 FY2020	Q3 FY2021	Change	%
Net sales	*19,823	23,873	*+4,049	*+20.4%
Cost of sales	15,242	17,826	+2,584	+17.0%
Gross profit	4,581	6,046	+1,465	+32.0%
SG&A expenses	2,441	2,723	+281	+11.6%
Operating profit	2,139	3,323	+1,183	+55.3%
Non-operating income	113	127	13	+12.3%
Non-operating expenses	167	108	△58	△35.0%
Ordinary profit	2,086	3,342	+1,256	+60.2%
Extraordinary income & losses	△29	△32	△3	-
Profit before income taxes	2,056	3,309	+1,252	+60.9%
Income taxes	644	1,020	+376	+58.4%
Profit	1,412	2,289	+876	+62.1%

Gross profit: +1,213
Gross profit margin improved by 2.2pt.

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Q3 FY2021 Balance sheet

- Inventories increased by 1,192 million yen due to strategic procurement for securing raw materials supply.
- Tangible fixed assets decreased by 806 million yen due to going depreciation exceeding the acquisition of new equipment.
- Interest-bearing debt decreased by ¥ 1,575mn due to increased profits.
- Shareholders' equity increased by 2,088 million yen thanks to an increase in net income.
- The equity ratio was 33.9% (YOY +4.5pt).

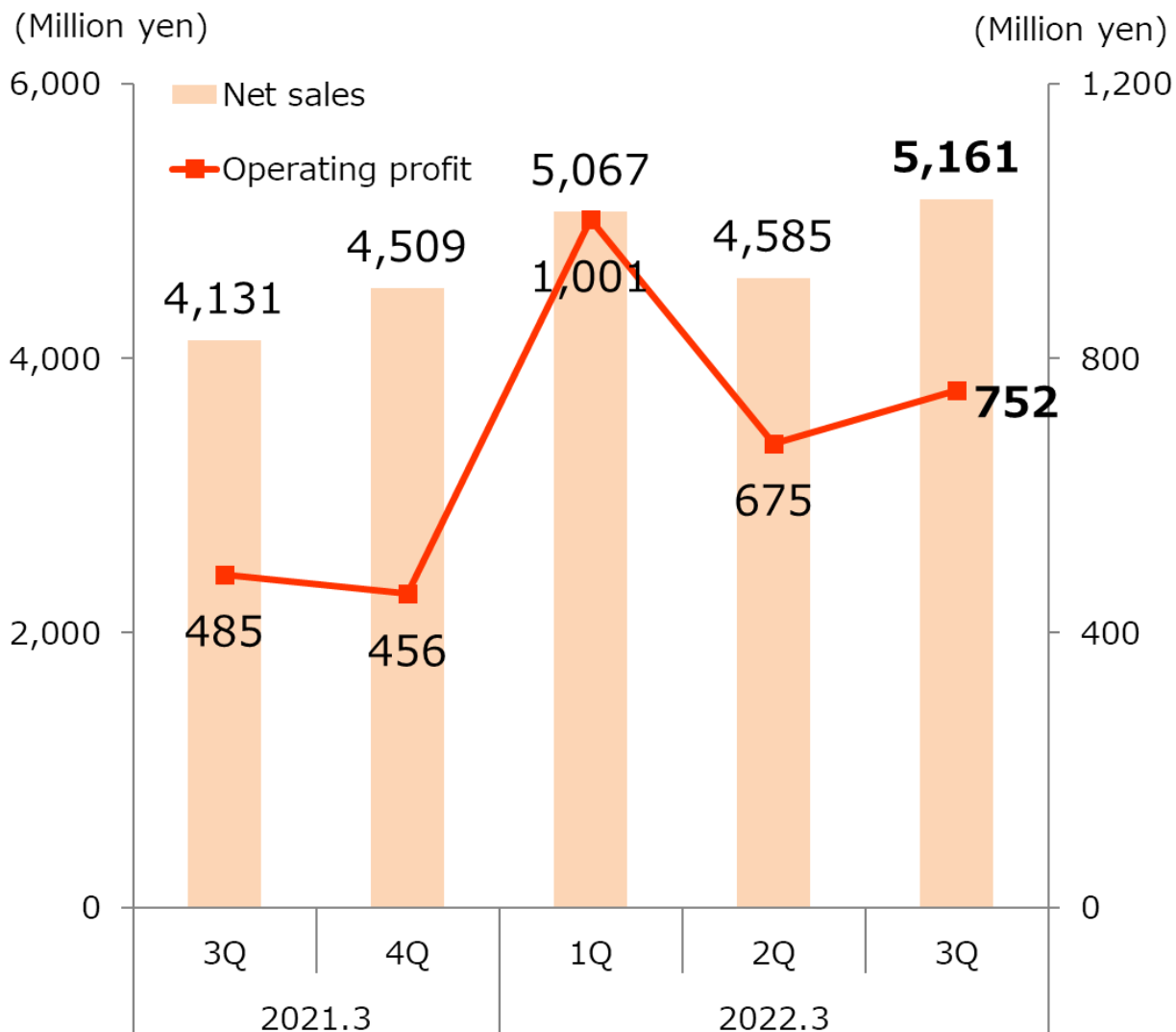
	(Million yen)	Mar. 2021 ended	Dec. 2021 ended	Change		(Million yen)	Mar. 2021 ended	Dec. 2021 ended	Change
Current assets		16,998	18,307	+1,309	Liabilities		30,727	28,982	△1,745
Cash and deposits		3,794	3,676	△118	Notes and accounts payable – trade		3,470	5,370	+1,899
Notes and accounts receivable – trade		5,386	5,858	+471	Interest-bearing debt		19,987	18,412	△1,575
Inventories		6,983	8,175	+1,192	Other		7,269	5,199	△2,070
Other		833	597	△235					
Fixed assets		26,520	25,554	△965	Net assets		12,790	14,880	+2,089
Property, plant and equipment		24,908	24,101	△806	Shareholders' equity		12,750	14,839	+2,088
Intangible assets		523	521	△1	Valuation and translation adjustments		40	40	0
Investments and other assets		1,088	931	△157					
Total assets		43,518	43,862	+344	Liabilities and net assets		43,518	42,652	△865

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3 . Projection for the FY2021

Net sales & Operating profit



Net sales: 14,813 million yen

(YOY[※]+3,346 million yen, [※]+29.2%)

- Legacy generation semiconductor applications are performing well.
- Memory semiconductor remains decent demand.
- Logic semiconductor applications keep strong demand.
- High-level production continues for display applications.
- Sales of both photosensitive materials and polymers increased.

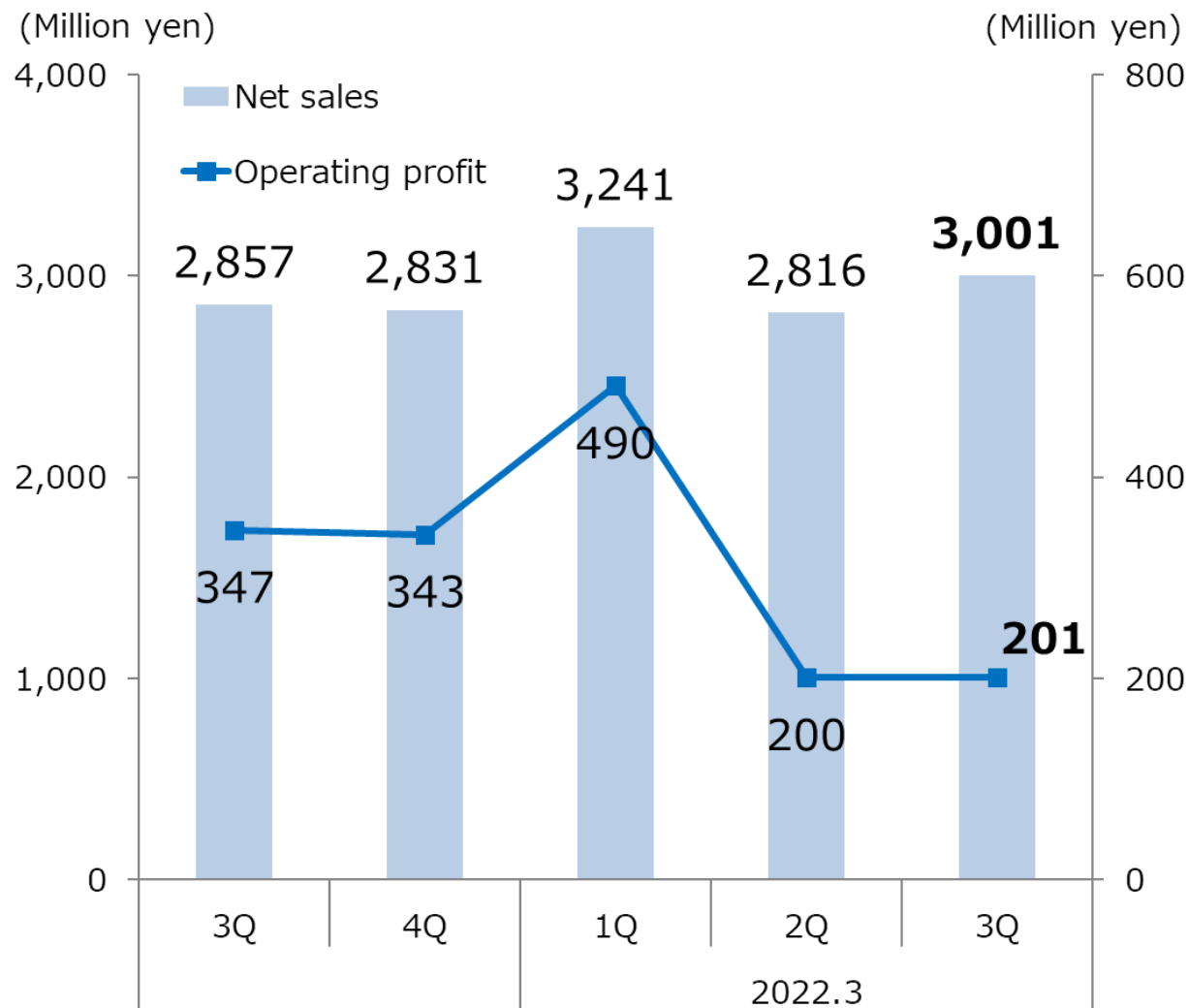
Operating profit: 2,430 million yen

(YOY +1,062 million yen, +77.7%)

- Increased production in all areas of semiconductor and display applications absorbed the increase in labor costs and depreciation costs associated with the expansion of equipment capacity, resulting in an increase in profits.

[※]New accounting standards about the profit recognition has been applied, sales figure decreased by 320 million yen from calculation in old accounting standard. The comparison for YOY is reference figure as new standard vs old standard.

Net sales & Operating profit



Net sales: 9,059 million yen

(YOY ※+703 million yen, ※+8.4%)

- Electronic materials business continued to keep good sales.
- Aroma chemicals business kept steady growth.
- Selling price is under increasing due to high raw material prices.
- In the logistic business, load movement volume increased due to strong demand for chemicals and needs for securing inventories.

Operating profit: 893 million yen

(YOY+120 million yen, +15.7%)

- In response to the disruption in the supply of raw materials and logistics, we worked to increase production in line with growing demand, then achieved profits increase.

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2. Segment Results for the Q3 FY 2021

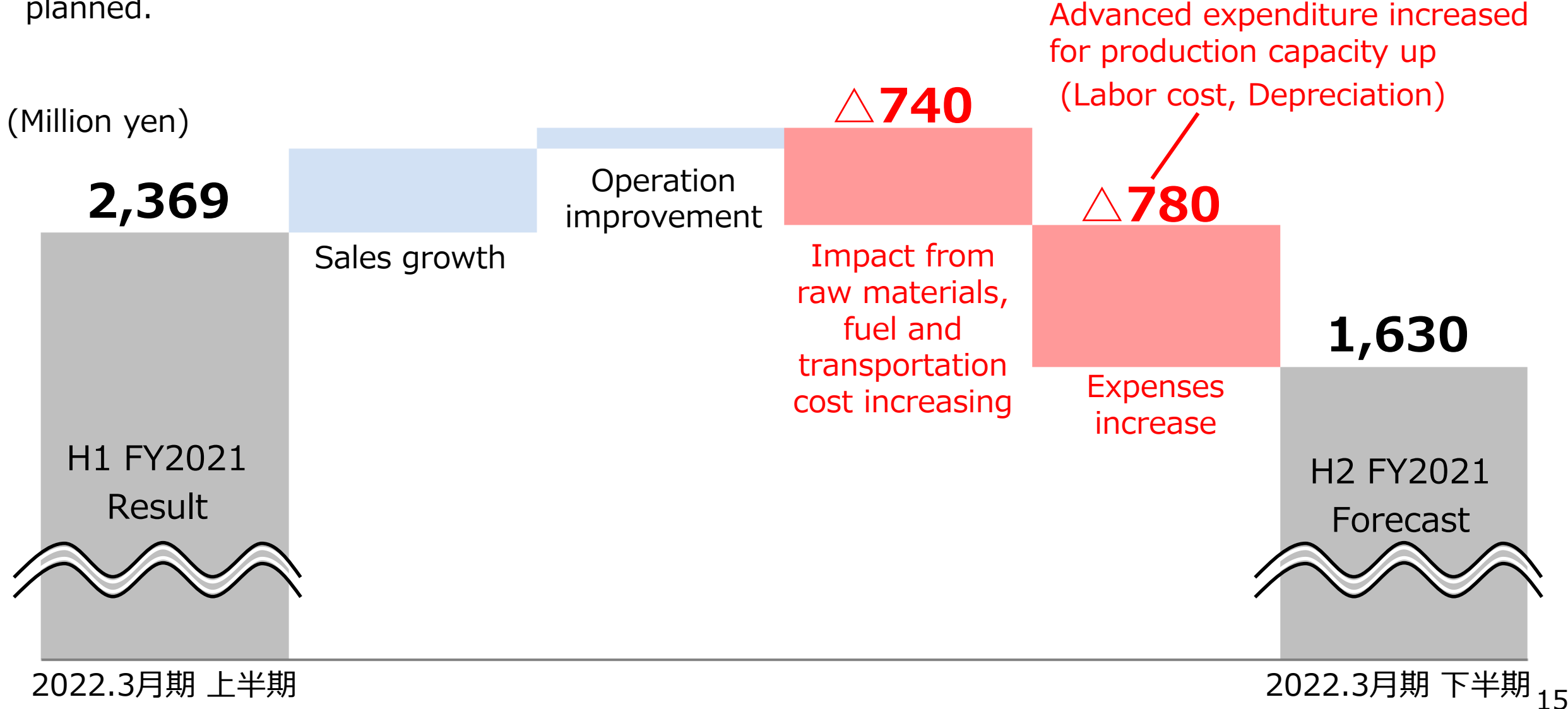
3. Projection for the FY2021

- Full-year earnings forecast revised upward under the strong demand for semiconductor market.
- Sales are expected to continue to be strong, mainly for semiconductor materials.
- Continue to increase production capacity and increase production to achieve further excess of medium-term management plan.

	Previous forecast (May 11, 2021)	Revised forecast	Change	%
(Million yen)				
Net sales	30,000	32,000	+2,000	+6.7%
Operating profit	3,550	4,000	+450	+12.7%
Ordinary profit	3,400	4,000	+600	+17.6%
Profit	2,400	2,800	+400	+16.7%
Earnings per share (Yen)	¥302.38	¥352.78		

Appendix: H1 FY2021 vs H2 FY2021 Operating Profit Comparison

- Soaring crude oil and raw material prices as well as logistics disruption are expected to continue.
- Costs associated with construction, regular repairs and increased personnel will be implemented as planned.



Individual Development, to the global Chemical



(NB)

The forecasts made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available.

Therefore actual business results may differ from those projected, depending on factors and risk such as the economic status of the market surrounding the company, and do not perform any strict promise and guarantee.