

Business Results for the Third Quarter of Fiscal Year Ending March 31, 2023

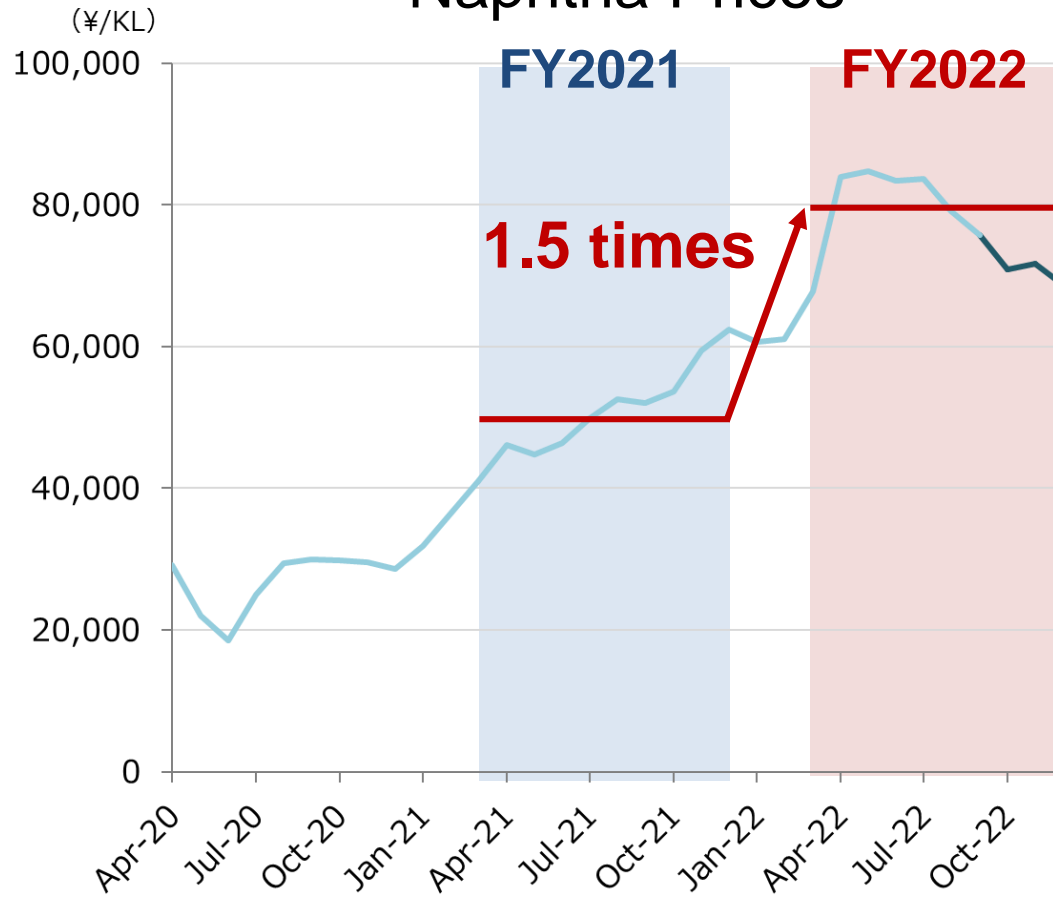
(April 1, 2022 – December 31, 2022)

February 10, 2023

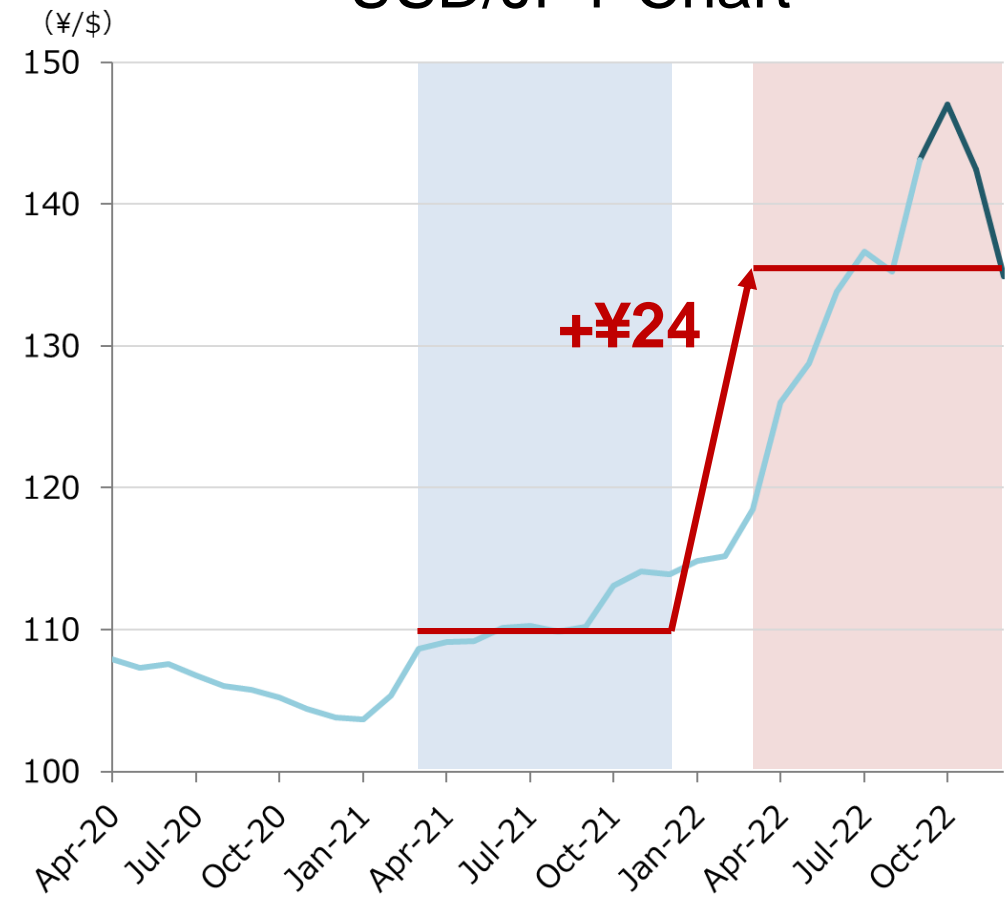


- Global inflation progressed, naphtha and raw material prices remained high, and 1.5 times higher than in the same period of the previous year.
- The yen depreciates from ¥110/USD to ¥134/USD due to the interest rate differential between Japan and the United States.

Naphtha Prices

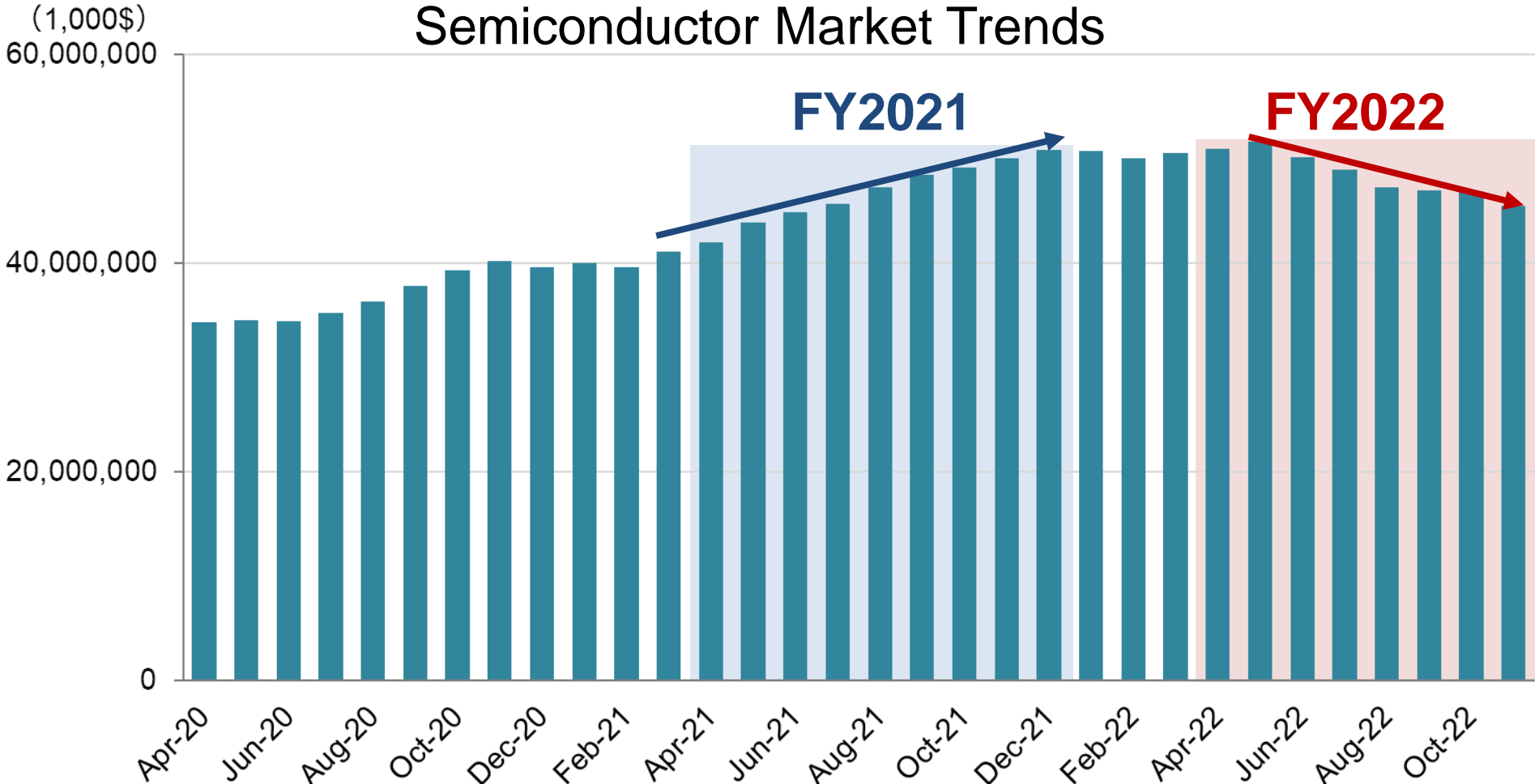


USD/JPY Chart



Semiconductor Market Trend

- Demand for consumer products such as smartphones and PCs decreased due to rebound of from stay-at-home demand and progressing inflation.
- However, advanced semiconductors remained firm demand thanks to progress of DX.



Source: WSTS

Financial Results for the Q3 FY2022

- Sales increased 7.8% YOY due to strong demand for advanced semiconductor materials amid a slowdown in demand for general products.
- Operating profit increased for advanced products, offsetting increased fixed costs due to increased production capacity. Profit increased by 489 million yen (+14.7%).
- Ordinary profit increased 20.5% YoY, thanks in part to foreign exchange gains.

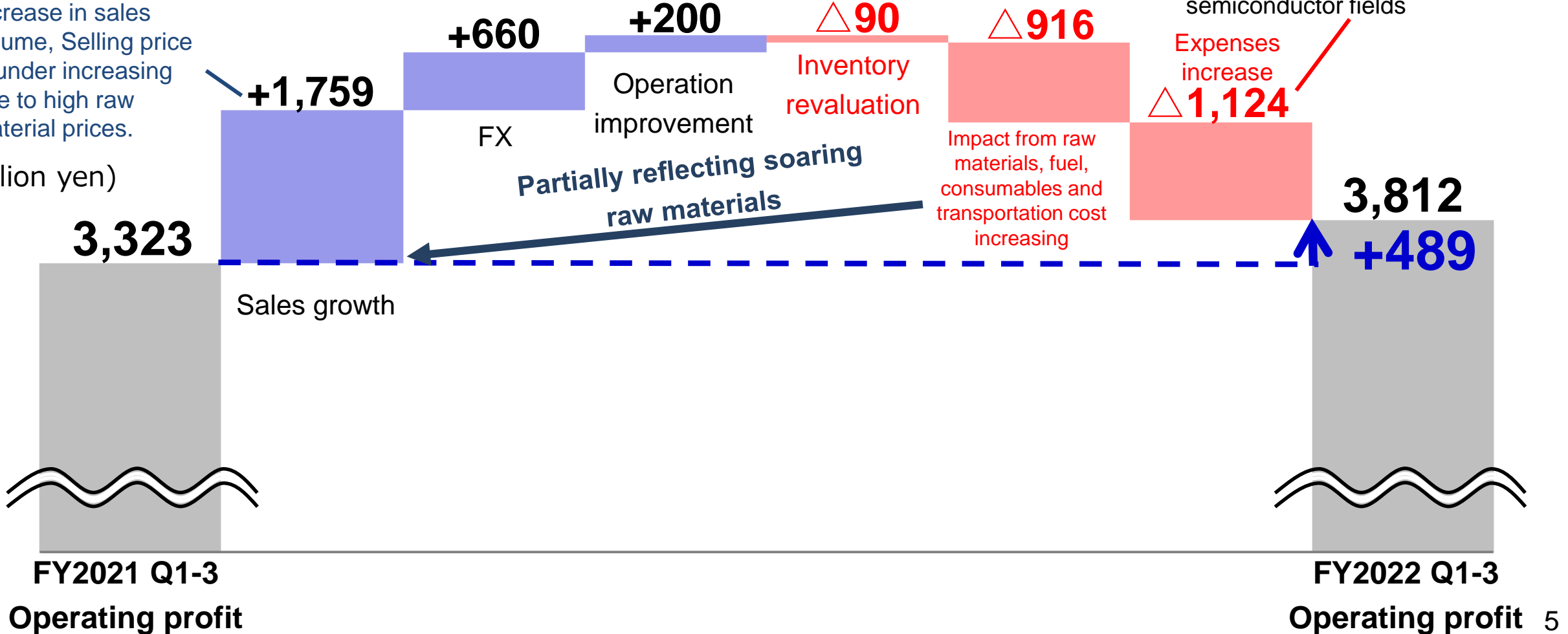
	FY2021	FY2022	YoY	
(Million yen)	Q1-3 Results	Q1-3 Results	Change	%
Net sales	23,873	25,747	+1,873	+7.8%
Operating profit	3,323	3,812	+489	+14.7%
Ordinary profit	3,342	4,026	+684	+20.5%
Profit	2,289	2,745	+456	+19.9%
EPS	¥288.40	¥345.87		
FX Rate (USD)	¥110.9/\$	¥134.1/\$		

Change analysis: Operating profit

- Increase in profit by 14.7% thanks to higher sales of high value-added products, which offset the decrease in sales of general products, soaring raw material, fuel, and freight costs, and increased expenses due to the continued expansion of production capacity.

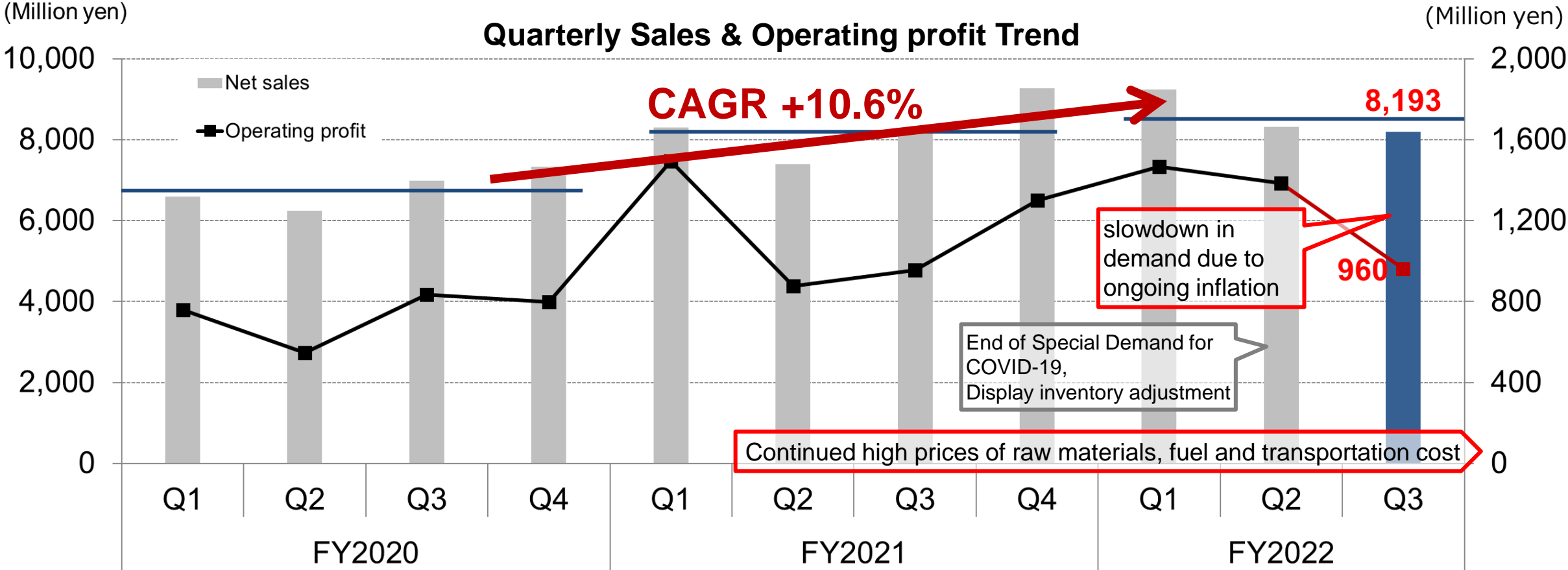
Increase in sales volume, Selling price is under increasing due to high raw material prices.

(Million yen)

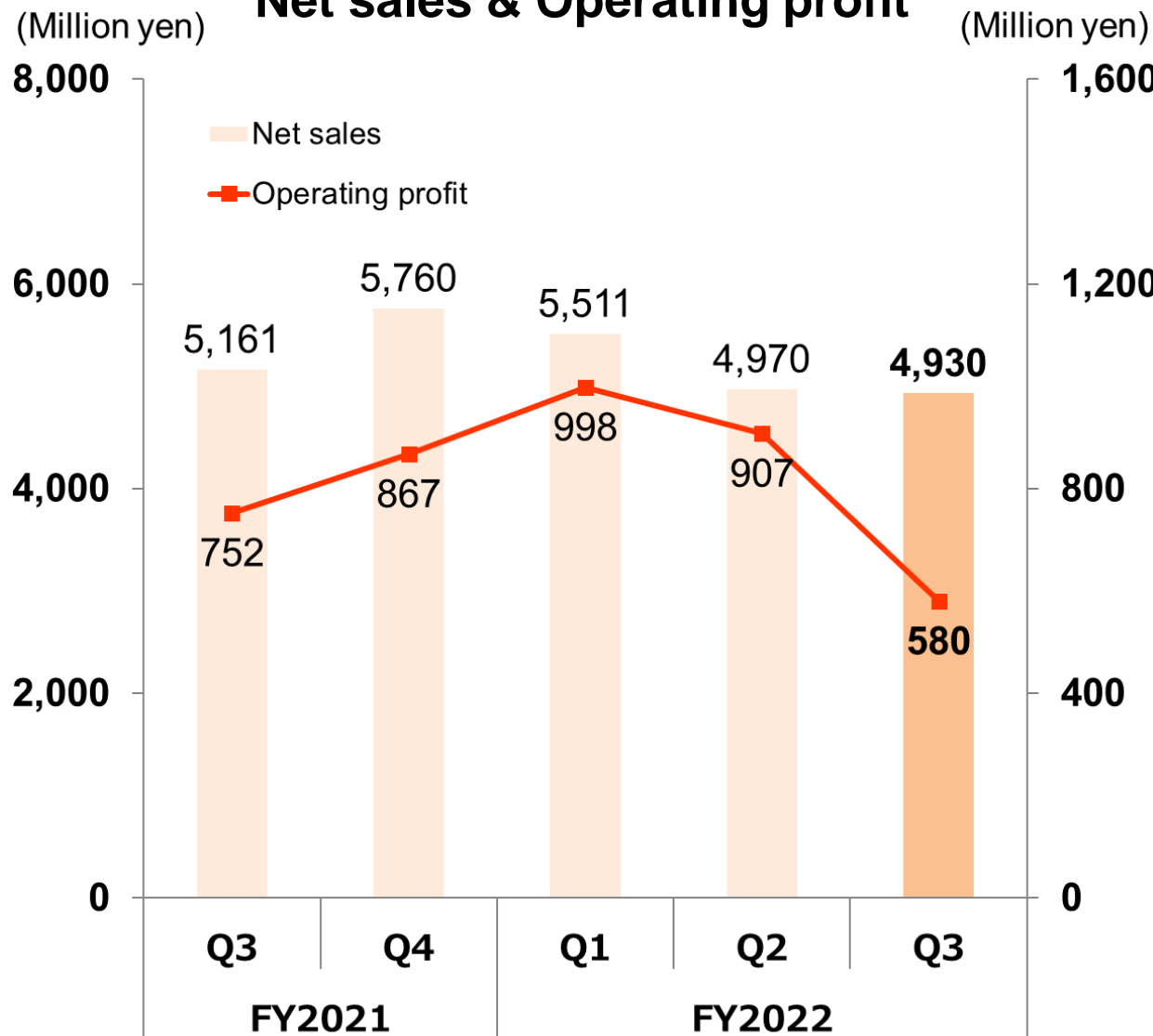


Quarterly Sales & Operating profit Trend

- In Q3, sales and profits remained at the same level as the previous year due to strong demand for advanced materials, despite a slowdown in demand due to ongoing inflation and an increase in fixed costs.
- The yearly average growth rate in the last 5 years +10.6%, expanding business continuously.



Net sales & Operating profit



Q1-3 Net sales: 15,411 million yen

(YoY +597 million yen, +4.0%)

【Q3 Overview】

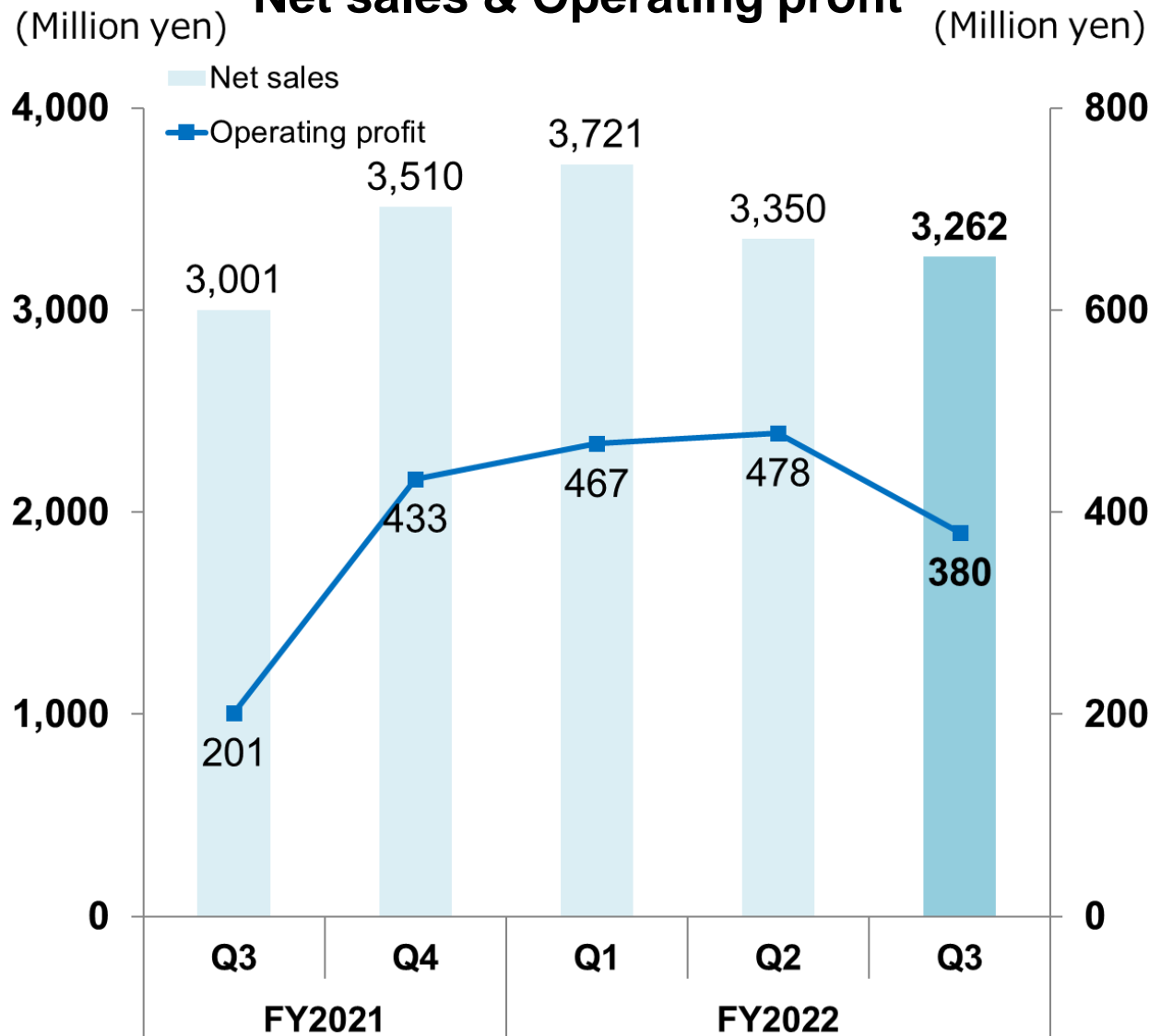
- Strong demand continues for logic semiconductor applications.
- Sales for memory semiconductor applications keeping firm growth.
- Inventory adjustment of photosensitive materials for displays has been completed, and the trend of gradual recovery continues.

Q1-3 Operating profit: 2,486 million yen

(YoY +55 million yen, +2.3%)

- Soaring raw material and fuel prices, and increased costs for technology development and production capacity expansion.

Net sales & Operating profit



Q1-3 Net sales: 10,335 million yen

(YoY +1,275 million yen, +14.1%)

【Q3 Overview】

- Demand for high-purity solvents for use in advanced semiconductors was firm, although demand declined due to a rebound from stay-at-home demand and inventory adjustments.
- Demand for aroma chemicals declined due to inflation.
- In the logistics business, the contract rate remained high despite a decrease in cargo movement due to lower automobile production and other factors.
- Selling prices continue to be adjusted in raw material prices increase accordingly.

Q1-3 Operating profit: 1,326 million yen

(YoY +433 million yen, +48.5%)

- Product sales composition changed to high value-added products.

Q1-3 FY2022 Income Statement

- Gross profit increased by 872 million yen and the gross profit margin improved by 1.6pt to 26.9%, as the increase in sales of high value-added products offset the decline in sales of general products, higher raw material and fuel costs, and increased fixed costs. Operating income increased 489 million yen (+14.7%).
- Ordinary profit increased by 684 million yen (+20.5%) due to foreign exchange gains (262 million yen) from yen depreciation.

	FY2021 (Million yen) Q1-3 Results	FY2022 Q1-3 Results	Change	%	
Net sales	23,873	25,747	+1,873	+7.8%	
Cost of sales	17,826	18,827	+1,000	+5.6%	
Gross profit	6,046	6,919	+872	+14.4%	← Gross profit margin improved by 1.6pt.
SG&A expenses	2,723	3,106	+383	+14.1%	
Operating profit	3,323	3,812	+489	+14.7%	
Non-operating income	127	334	+206	+161.7%	← Foreign exchange gain of ¥262 million
Non-operating expenses	108	120	+11	+10.6%	
Ordinary profit	3,342	4,026	+684	+20.5%	← Ordinary profit margin Improved by 1.6pt.
Extraordinary income & losses	△32	△58	△25	—	
Profit before income taxes	3,309	3,968	+658	+19.9%	
Income taxes	1,020	1,223	+202	+19.9%	
Profit	2,289	2,745	+456	+19.9%	

Q3 FY2022 Balance sheet

- Working capital improved due to a decrease in accounts receivable.
- Inventories increased by 3,279 million yen due to a partial recovery to decent inventory levels and higher inventory value resulting from higher raw material costs.
- Shareholders' equity increased by 2,467 million yen due to an increase in net income.
- Equity ratio is 38.3%, the highest ever since listing (up 4.1pt from the end of the previous term).

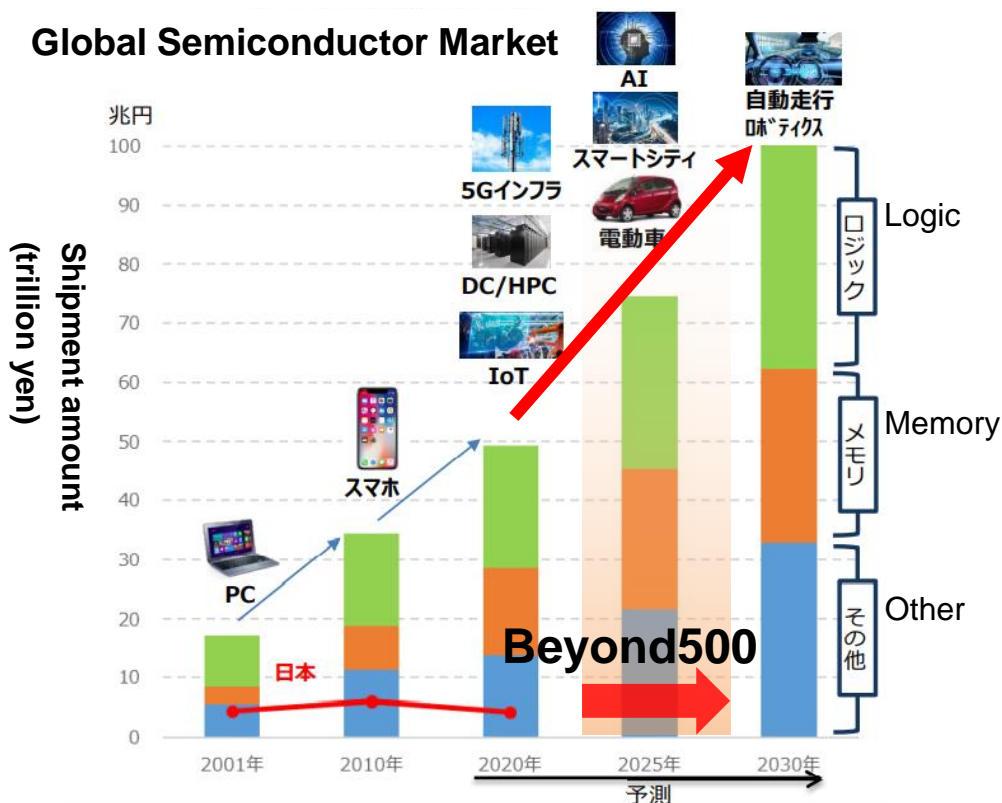
(Million yen)	Mar. 2022 ended	Sep. 2022 ended	Change	(Million yen)	Mar. 2022 ended	Sep. 2022 ended	Change
Current assets	19,766	22,025	+2,258	Liabilities	30,824	29,861	△963
Cash and deposits	3,681	3,601	△79	Notes and accounts payable – trade	5,010	5,382	+371
Notes and accounts receivable – trade	7,402	6,404	△997	Interest-bearing debt	17,819	18,731	+912
Inventories	8,080	11,360	+3,279	Other	7,993	5,747	△2,246
Other	602	658	+56				
Fixed assets	27,119	26,406	△713	Net assets	16,061	18,570	+2,508
Property, plant and equipment	25,376	24,830	△545	Shareholders' equity	16,007	18,474	+2,467
Intangible assets	511	550	+38	Valuation and translation adjustments	54	95	+41
Investments and other assets	1,231	1,025	△206				
Total assets	46,886	48,431	+1,545	Liabilities and net assets	46,886	48,431	+1,545

Forecast and Progress for the FY2022

- The full-year progress rate is 73.6% for sales, 74.0% for operating profit, and 80.5% for ordinary profit (including foreign exchange gains).
- Despite the economic slowdown and recent adjustments in the electronic materials market, there is no change in the trend of increasing demand over the medium term, so invest (cumulative investment of 30 billion yen during the period of the medium-term management plan) will continue.

	FY2022 Forecast	FY2022 Q1-3 Results	Progress Ratio
(Million yen)			
Net sales	35,000	25,747	73.6%
Operating profit	5,150	3,812	74.0%
Ordinary profit	5,000	4,026	80.5%
profit	3,500	2,745	78.4%
EPS	¥440.98	¥345.87	

- Semiconductors support the evolution of social infrastructure, and the market is expected to double from 2020 to 2030. Continued growth thereafter.
- Decided to expand production facilities for photosensitive materials in order to meet growing demand.
- In addition, with the increasing difficulty of cutting-edge quality, the decision was made to construct a development and analysis building to strengthen the R&D and analysis system.



Investment Plan (As of Feb. 2023)

**Chiba Plant
Expansion of
photosensitive materials
manufacturing facilities**

Amount of Investment: Approx. ¥12 billion
Completion scheduled for Jul. 2024.

**Chiba Plant
New development and
analysis building**

Amount of Investment: Approx. ¥3 billion
Completion scheduled for Apr. 2024.



Diagram of the Development Building

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 guarantees.