

# **Business Results for the First Quarter of Fiscal Year Ending March 31, 2024**

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**(April 1, 2023 – June 30, 2023)**

**August 10, 2023**



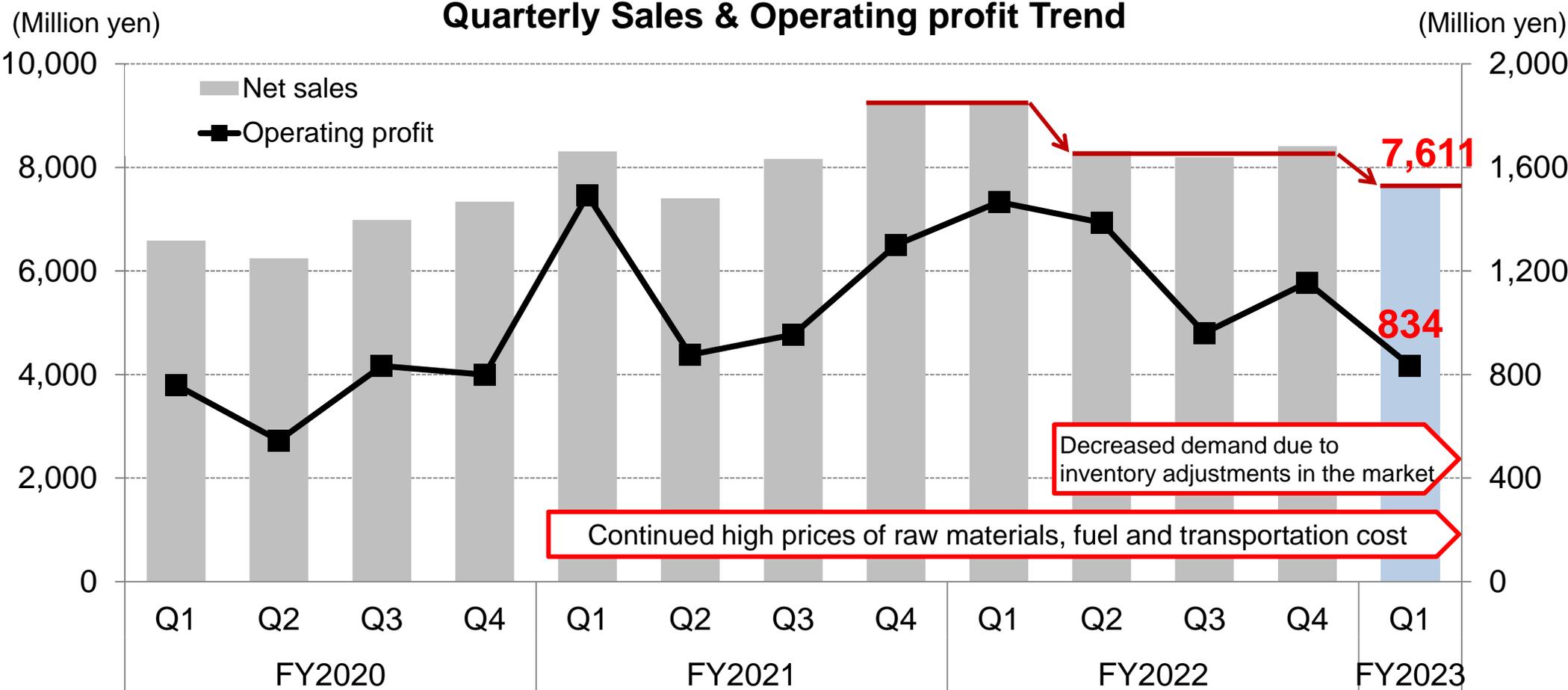
# Financial Results for the Q1 FY2023

- Net sales decreased by 1,621million yen YOY due to inventory adjustments in the semiconductor market.
- Operating profit decreased by 631million yen YOY due to lower sales in addition to higher fuel and electricity costs, and higher fixed costs due to increased production capacity.
- Ordinary profit decreased by 967 million yen due to the impact of -329 million yen in foreign exchange gains.

	Q1 FY2022 Results (Million yen)	Q1 FY2023 Results	YoY	
			Change	%
Net sales	9,232	<b>7,611</b>	(1,621)	(18)
Operating profit	1,466	<b>834</b>	(631)	(43)
Ordinary profit	1,788	<b>820</b>	(967)	(54)
Profit	1,229	<b>552</b>	(677)	(55)
FX Rate (USD)	¥127/\$	<b>¥136/\$</b>		

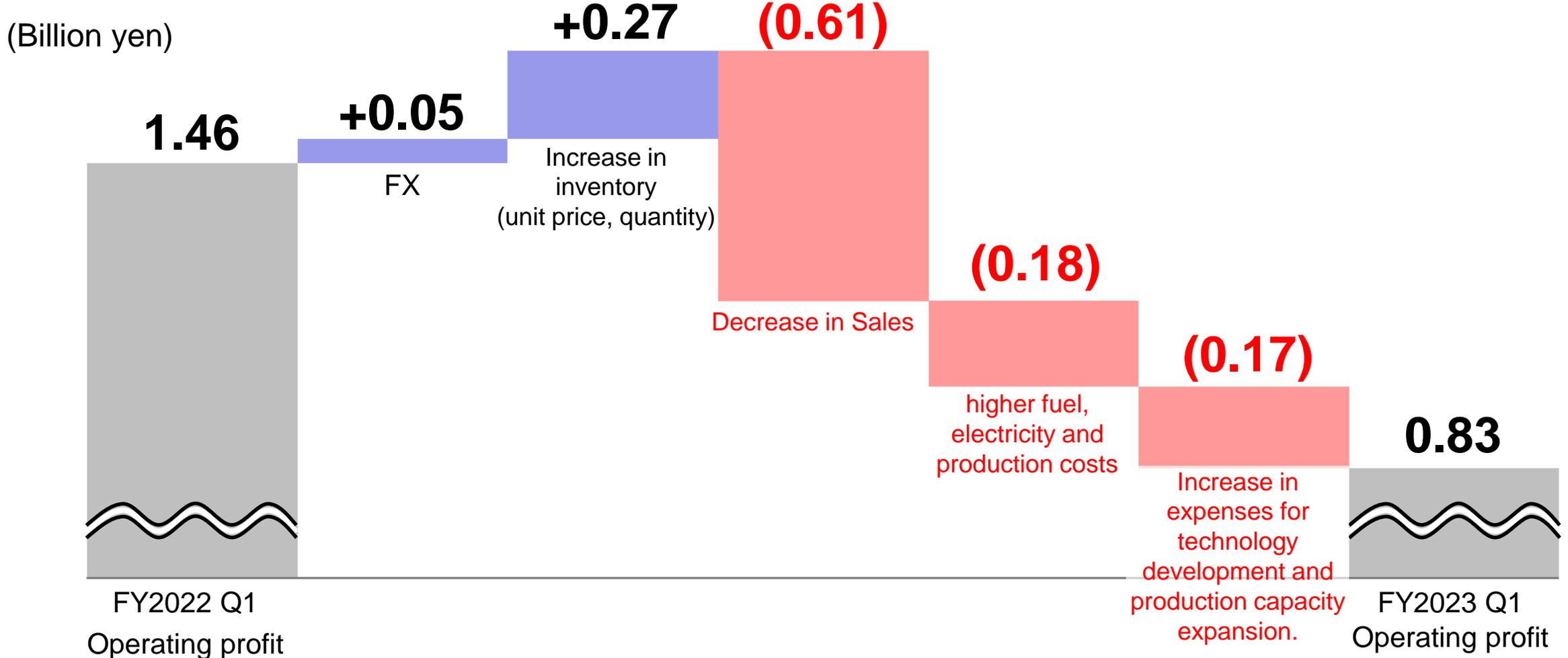
# Quarterly Sales & Operating profit Trend

- Inventory adjustments in the semiconductor market are protracted.
- After peaking in Q4 FY2021 and Q1 FY2022, sales will continue to decline.

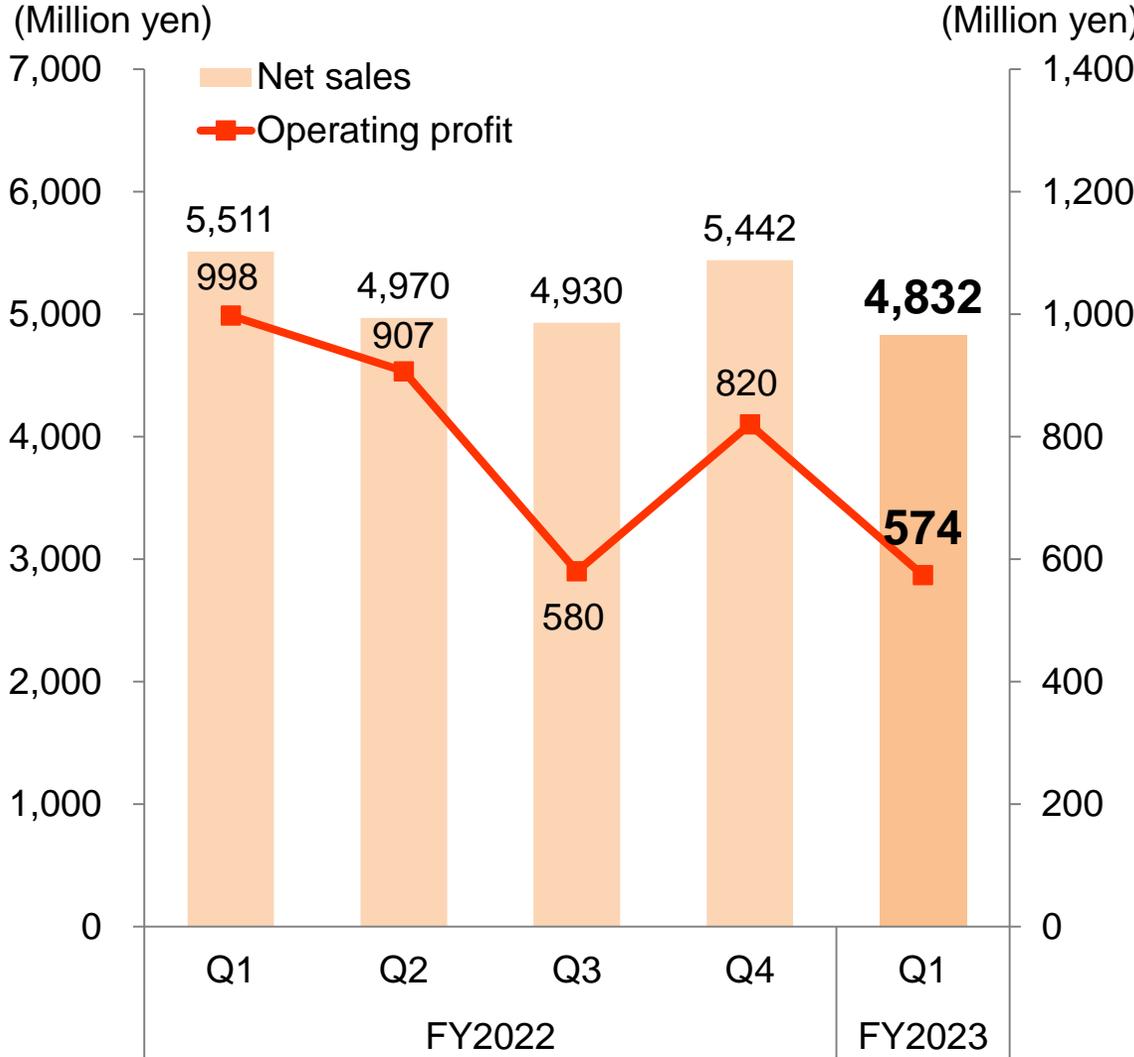


# Variance Analysis: Operating profit

- Decrease of 0.63 billion yen YoY due to lower sales resulting from inventory adjustments in the semiconductor market, higher fuel and electricity costs and etc., as well as higher fixed costs resulting from increased production capacity.



## Net sales & Operating profit



### Net sales: ¥4,832 Million

YoY: -¥678 Million, -12%

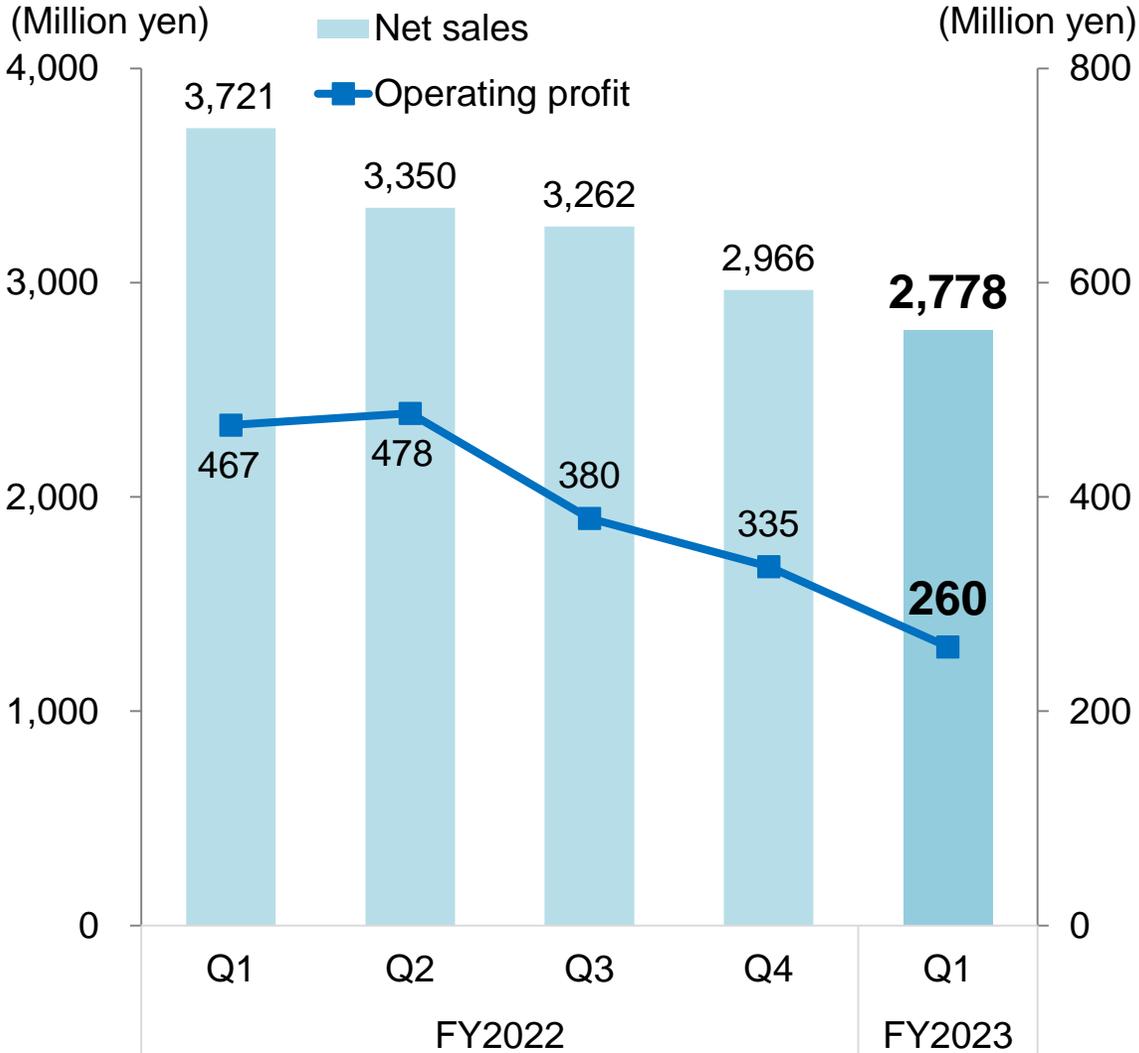
- Demand for semiconductor materials was sluggish due to inventory adjustments in the market.
- Demand for display materials recovered thanks to a recovery in production of large LCD panels, mainly in China.

### Operating profit: ¥574 Million

YoY: -¥423 million, -42%

- In addition to the decrease in sales, fixed costs increased due to the increase in production capacity as personnel and capital investment.

Net sales & Operating profit



## Net sales: ¥2,778 Million

YoY: -¥942 Million, -25%

- Sales of electronic materials decreased due to prolonged inventory adjustments in the market.
- Sales of aroma materials declined YoY, despite signs of a reversal in softening demand.
- In the logistics business, the tank contract rate remains at a high level, despite the continued slump in cargo movements.

## Operating profit: ¥260 Million

YoY: -¥207 Million, -44%

# Q1 FY 2023 Income Statement

- Net sales decreased by 1,621million yen YOY due to inventory adjustments in the semiconductor market.
- Ordinary profit decreased by 967 million yen due to the impact of -329 million yen in foreign exchange gains.

(Million yen)	Q1 FY2022 Results	Q1 FY2023 Results	Change	%
<b>Net sales</b>	9,232	<b>7,611</b>	(1,621)	(18)
Cost of sales	6,703	<b>5,757</b>	(945)	(14)
<b>Gross profit</b>	2,529	<b>1,853</b>	(675)	(27)
SG&A expenses	1,063	<b>1,019</b>	(44)	(4)
<b>Operating profit</b>	1,466	<b>834</b>	(631)	(43)
Non-operating income	351	<b>15</b>	(335)	(96)
Non-operating expenses	29	<b>29</b>	+0	(0)
<b>Ordinary profit</b>	1,788	<b>820</b>	(967)	(54)
Extraordinary income & losses	(11)	<b>(15)</b>	(4)	
Profit before income taxes	1,777	<b>804</b>	(972)	(55)
Income taxes	547	<b>252</b>	(294)	(54)
<b>Profit</b>	1,229	<b>552</b>	(677)	(55)

In the previous period, a foreign exchange gain of 0.32 billion yen occurred.

Ordinary profit margin 10.8%

# Q1 FY2023 Balance sheet

- Inventories increased by 504 million yen due to lower sales resulting from inventory adjustments in the semiconductor market and an increase in raw materials.
- Accounts payable decreased by 800 million yen due to lower sales.
- Borrowings increased by 1,213 million yen due to increases in capital investment and working capital.
- Shareholders' equity increased by 393 million yen thanks to the increase in quarterly net income.

(Million yen)	Mar. 2023 ended	June 2023 ended	Change	(Million yen)	Mar. 2023 ended	June 2023 ended	Change
<b>Current assets</b>	21,685	22,428	+743	<b>Liabilities</b>	31,463	32,047	+584
Cash and deposits	3,252	3,510	+258	Notes and accounts payable – trade	4,943	4,143	(800)
Notes and accounts receivable – trade	5,912	5,785	(127)	Borrowings	17,893	19,107	+1,213
Inventories	11,758	12,263	+504	Other	8,625	8,797	+171
Other	761	869	+108				
<b>Fixed assets</b>	29,420	29,659	+238	<b>Net assets</b>	19,641	20,039	+397
Property, plant and equipment	27,639	27,972	+333	Shareholders' equity	19,556	19,950	+393
Intangible assets	607	654	+46	Valuation and translation adjustments	85	89	+4
Investments and other assets	1,172	1,031	(141)				
<b>Total assets</b>	51,105	52,087	+982	<b>Liabilities and net assets</b>	51,105	52,087	+982

# Forecast and Progress for the H1 FY2023

- H1 progress ratio is 48% for net sales, 64% for operating profit, and 66% for ordinary profit.
- Inventory adjustments will continue in the first half, and a gradual recovery is expected from the second half and beyond.

(Million yen)	H1 FY2023 Forecasts	Q1 FY2023 Results	Progress Ratio
Net sales	16,000	<b>7,611</b>	<b>48%</b>
Operating profit	1,300	<b>834</b>	<b>64%</b>
Ordinary profit	1,250	<b>820</b>	<b>66%</b>
profit	800	<b>552</b>	<b>69%</b>

**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.