

Business Results for the Third Quarter of Fiscal Year Ending March 31, 2024

(April 1, 2023 – December 31, 2023)

February 9, 2024



Financial Results for the Q3 FY2023

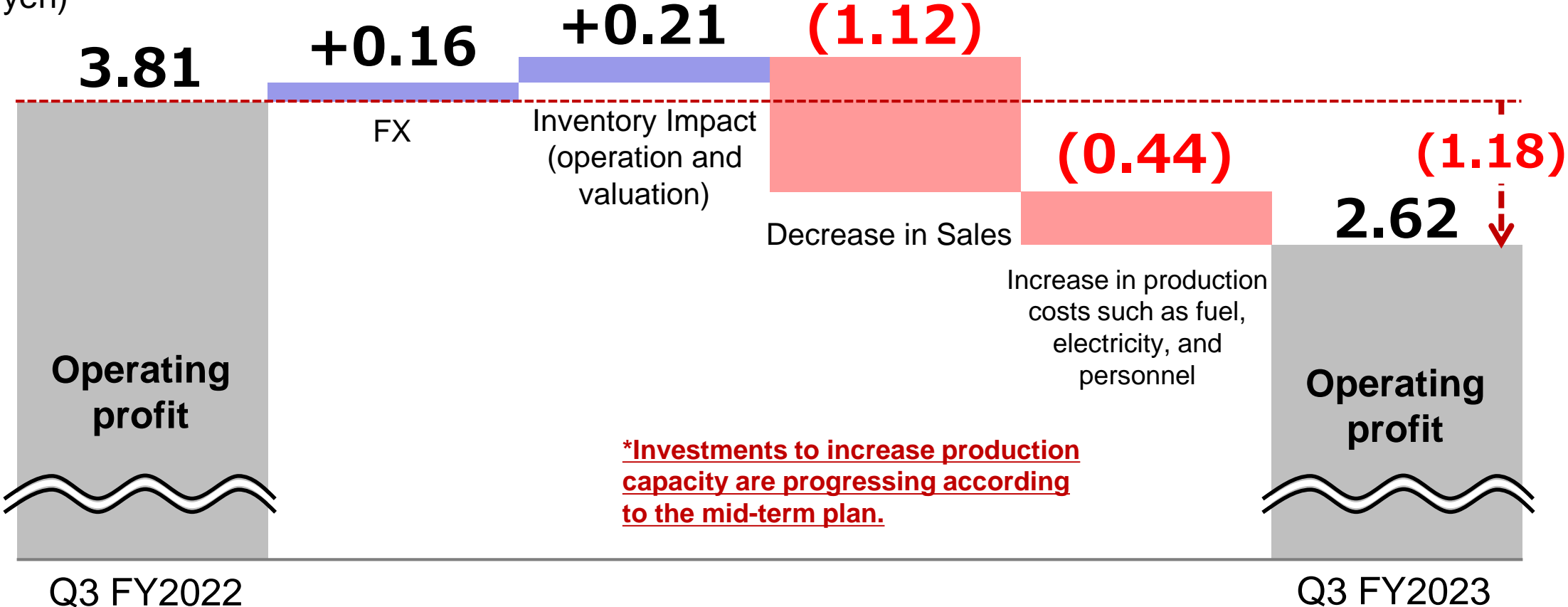
- Net sales were 23,095 million yen, affected by weak demand for semiconductors and inventory adjustments in the supply chain since the beginning of the period. (YoY -10%)
- Operating profit was 2,628 million yen due to lower sales, despite efforts to curb costs in response to declining demand. (YoY -31%)
- Investments to increase production capacity will continue in preparation for medium and long- term market expansion in the next fiscal year and beyond.

(Million yen)	Q3 FY2022 Results	Q3 FY2023 Results	YoY Change %	
Net sales	25,747	23,095	(2,651)	(10%)
Operating profit	3,812	2,628	(1,184)	(31%)
Ordinary profit	4,026	2,529	(1,497)	(37%)
Profit	2,745	1,724	(1,020)	(37%)
FX Rate (USD)	¥ 134/\$	¥ 143/\$		

Variance Analysis: Operating profit

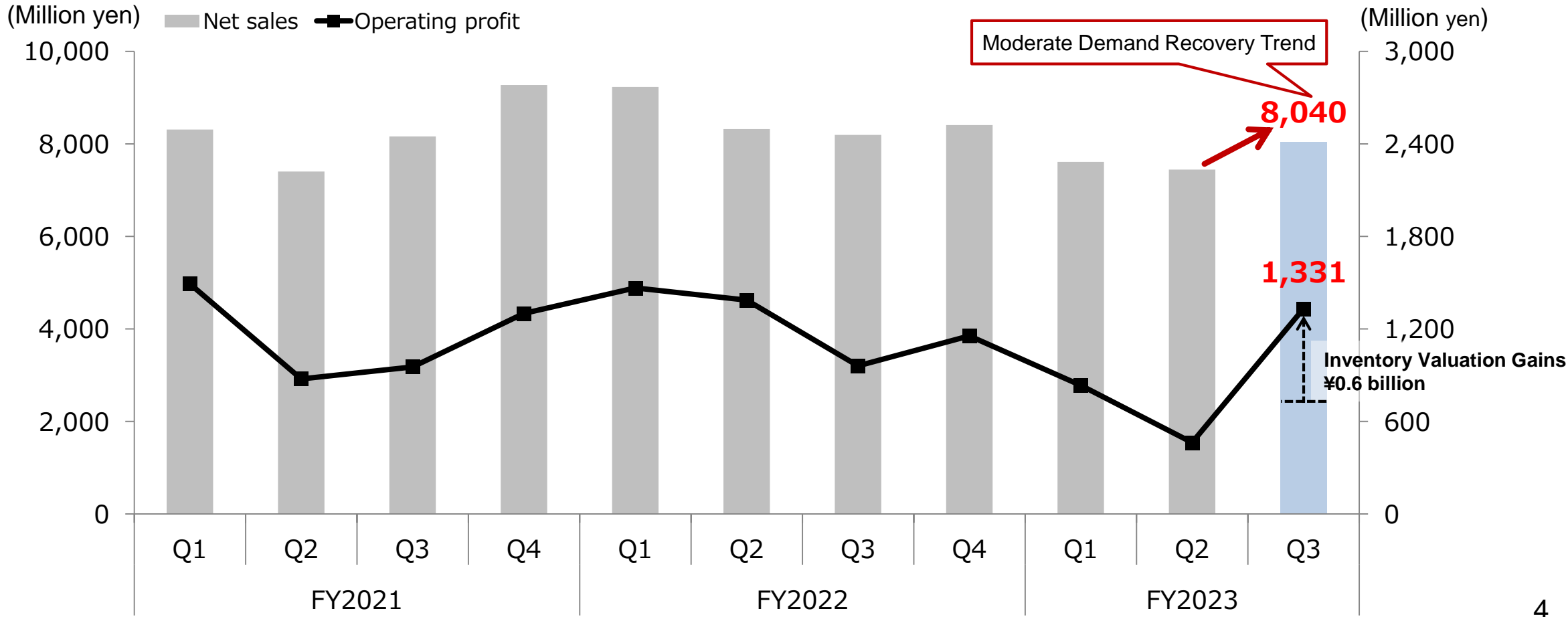
- Operating profit of 2.62 billion yen thanks to curb expenses planned at the beginning of the period on the rise, foreign exchange gains and inventory valuation gains, against a decline in profit due to lower sales. (Exceeding the Full-year Forecast)

(Billion yen)

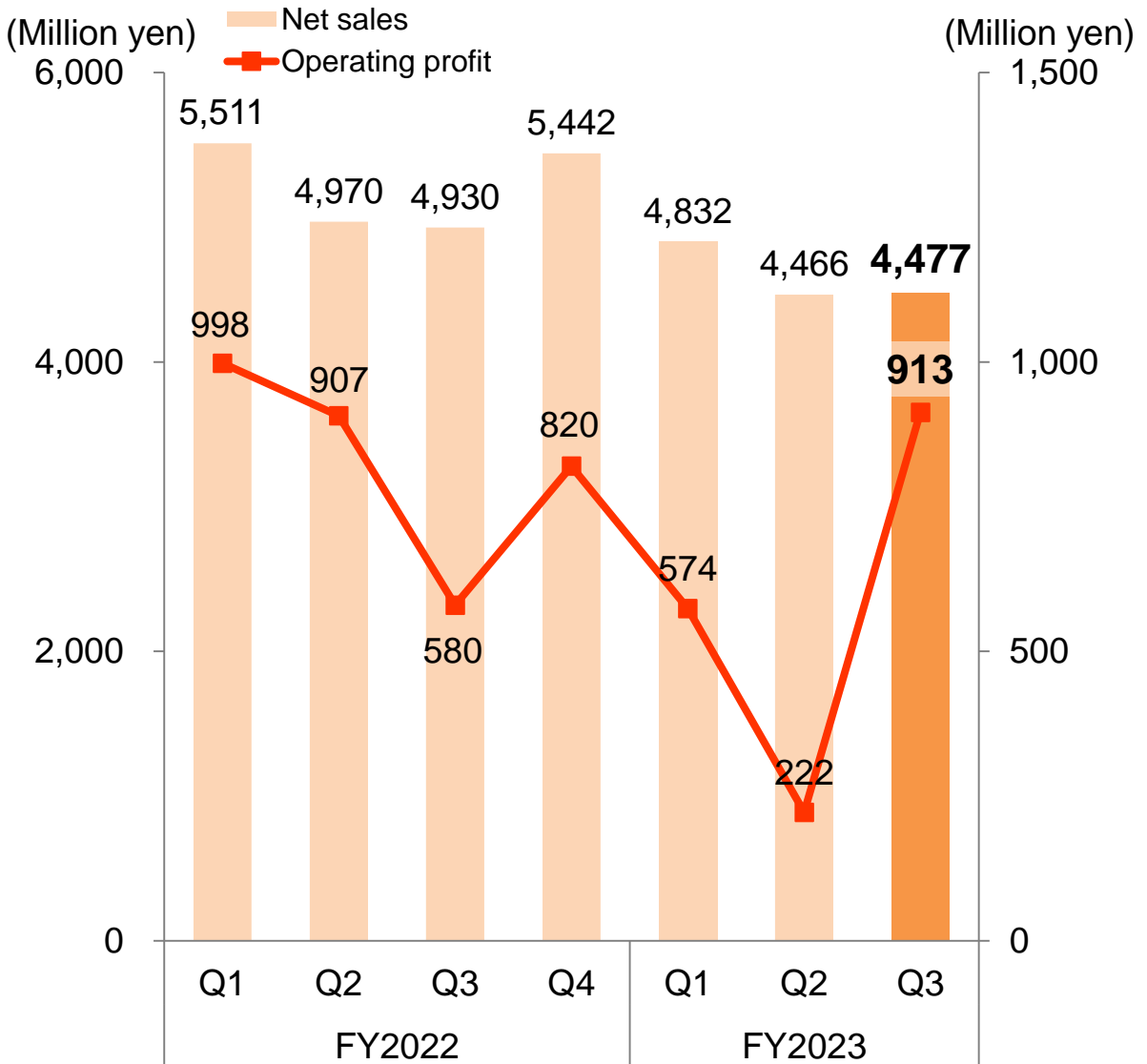


- Although demand recovery is slow, inventory adjustments in the supply chain appear to have bottomed out and sales increased quarter-on-quarter.
- In Q3, inventory valuation gains due to cost increase mainly in photosensitive materials (one-time)

Quarterly Sales & Operating profit



Net sales & Operating profit



Net sales: ¥13,775 million

YoY: (¥1,636 million), (11%)

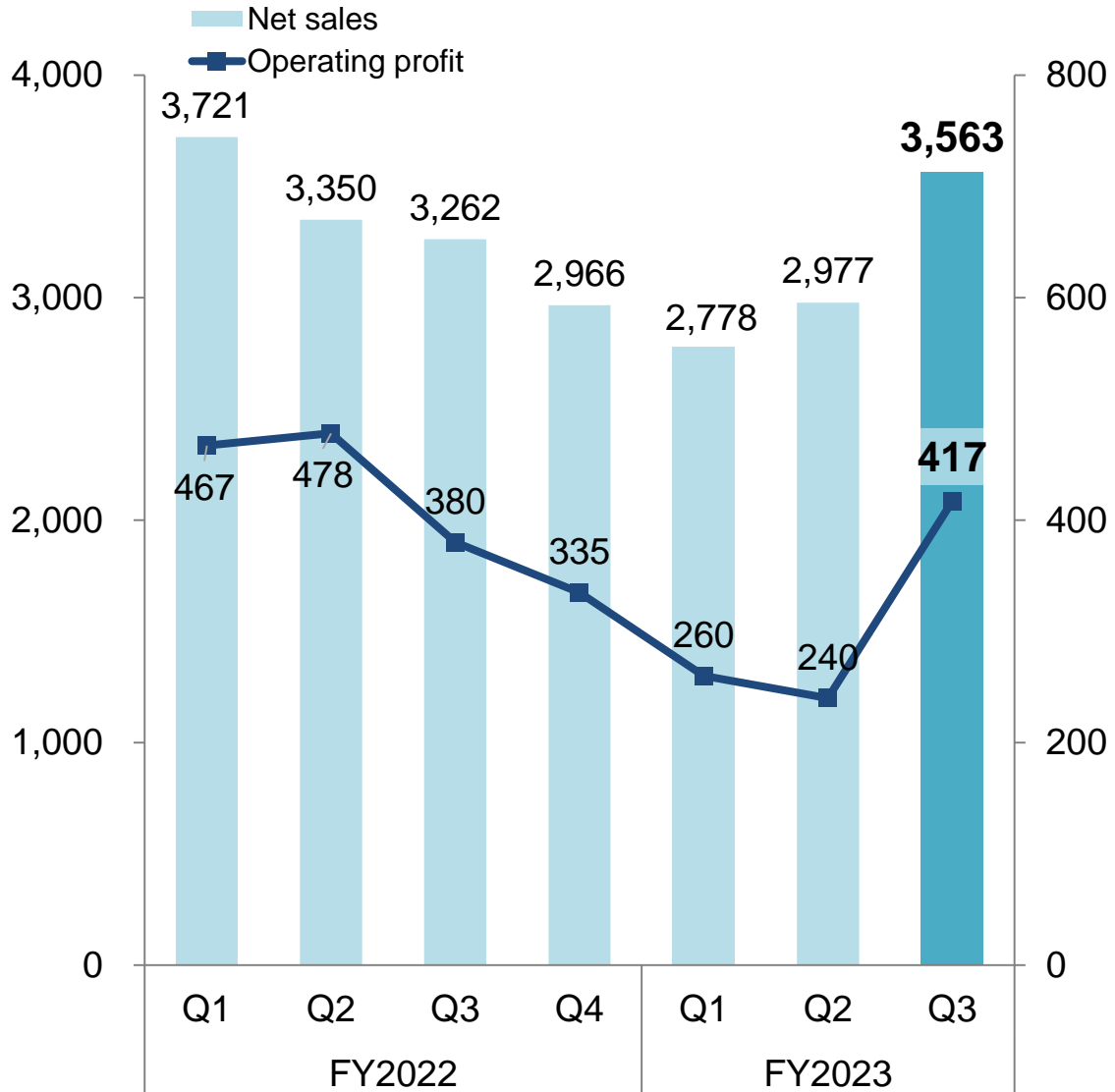
- In materials for semiconductors, although inventory adjustment has begun to show signs of slowing, the recovery trend in demand is gradual, and demand remains sluggish.
- Demand for display materials remained at a certain level, albeit somewhat soft.

Operating profit: ¥1,710 million

YoY: (¥775 million), (31%)

- Cumulative profit decreased due to lower sales of materials for advanced semiconductors.
- Inventory valuation gains were recorded in the Q3 due to higher costs.
- **Continued to increase production capacity investment as planned in preparation for future demand expanding.**

Net sales & Operating profit



Net sales: ¥9,320 million

YoY: (¥1,015 million), (10%)

- Electronic materials-related business continued to recover from inventory adjustments and exceeded as the Q3 on year-on-year level basis.
- Demand for aroma materials for toiletries recovered and exceeded the year-ago level on year-on-year basis.
- In the logistics business, although cargo movements continue to be sluggish, tank contract rates remain at a high level.

Operating profit: ¥917 million

YoY: (¥408 million), (31%)

- The Q3 profit increased thanks to higher sales of high-purity solvents, aroma materials and inventory valuation gains from higher costs.
- Cumulative profit decreased due to the impact of lower sales in the first half of the year.

Q3 FY2023 Income Statement

- Net sales were 23,095 million yen, affected by weak demand for semiconductors and inventory adjustments in the supply chain since the beginning of the period. (YoY -10%)
- Gross profit was 5,656 million yen due to a decrease in sales of high value-added products caused by inventory adjustments in semiconductors, despite inventory valuation gains as well as curbing cost in response to lower sales. (YoY -18%)

(Million yen)	Q3 FY2022 Results	Q3 FY2023 Results	Change	%
Net sales	25,747	23,095	(2,651)	(10%)
Cost of sales	18,827	17,439	(1,387)	(7%)
Gross profit	6,919	5,656	(1,263)	(18%)
SG&A expenses	3,106	3,027	(79)	(3%)
Operating profit	3,812	2,628	(1,184)	(31%)
Non-operating income	334	118	(216)	(65%)
Non-operating expenses	120	216	+96	+80%
Ordinary profit	4,026	2,529	(1,497)	(37%)
Extraordinary income & losses	(58)	(27)	+31	
Profit before income taxes	3,968	2,502	(1,465)	(37%)
Income taxes	1,223	778	(444)	(36%)
Profit	2,745	1,724	(1,020)	(37%)

Previous Period
Foreign Exchange Gains: ¥262 million

Current Period
Foreign Exchange Losses : ¥110 million

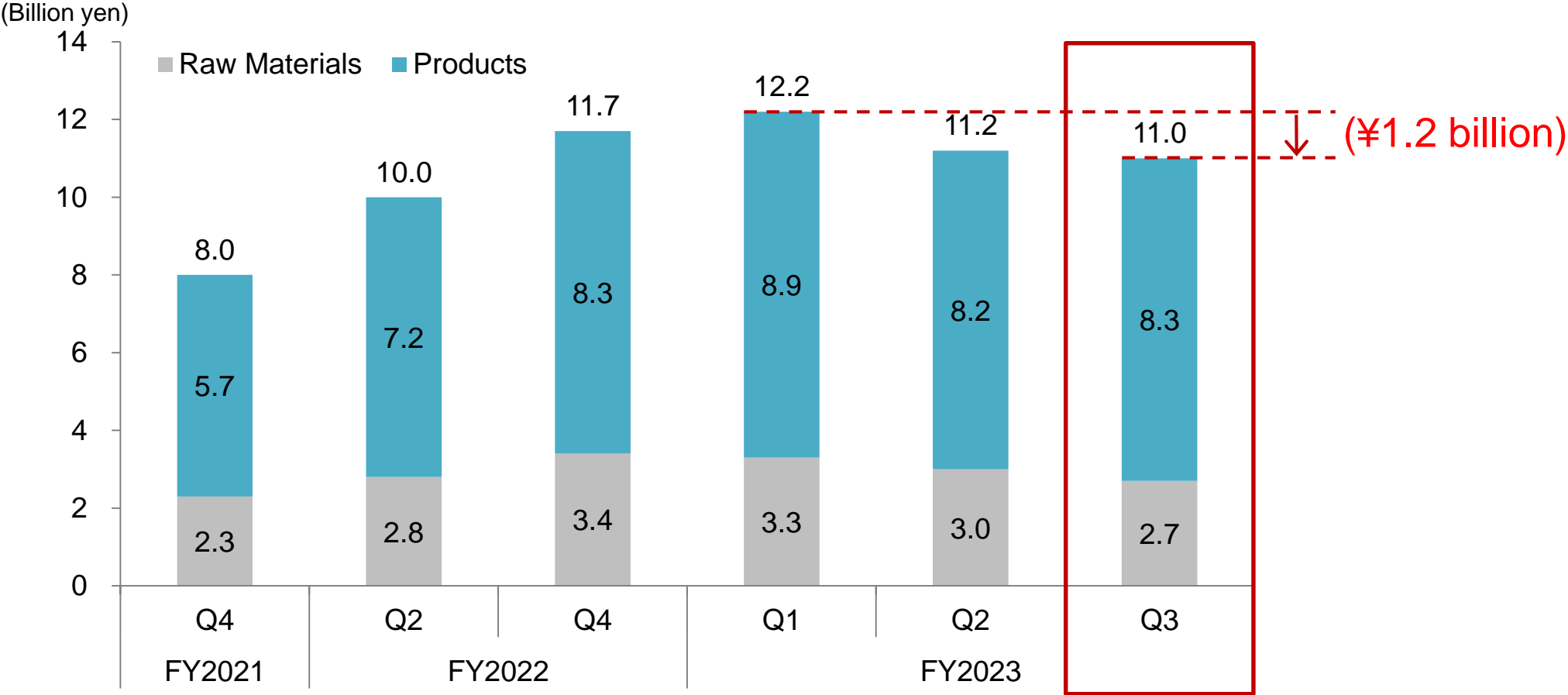
Q3 FY2023 Balance sheet

- Inventories -¥709 million: Inventory reduction in line with declining demand.
- Trade payables -¥1,762 million: Reduction of raw material purchases to meet declining demand.
- Tangible fixed assets +¥5,223 million:
Continued investment to increase production capacity in preparation for the demand recovery period.
- Borrowings +¥3,283 million: Increase in capital investment funds.
- Shareholders' equity +¥1,406 million: Net profit increase.

(Million yen)	Mar. 2023 ended	Dec. 2023 ended	Change	(Million yen)	Mar. 2023 ended	Dec. 2023 ended	Change
Current assets	21,685	21,872	+187	Liabilities	31,463	35,735	+4,271
Cash and deposits	3,252	3,524	+272	Notes and accounts payable – trade	4,943	3,181	(1,762)
Notes and accounts receivable – trade	5,912	6,107	+194	Borrowings	17,893	21,177	+3,283
Inventories	11,758	11,049	(709)	Other	8,625	11,375	+2,750
Other	761	1,191	+429				
Fixed assets	29,420	34,960	+5,539	Net assets	19,641	21,097	+1,455
Property, plant and equipment	27,639	32,863	+5,223	Shareholders' equity	19,556	20,962	+1,406
Intangible assets	607	1,028	+420	Valuation and translation adjustments	85	134	+49
Investments and other assets	1,172	1,068	(104)				
Total assets	51,105	56,832	+5,727	Liabilities and net assets	51,105	56,832	+5,727

- Reduce inventory in line with declining demand.
- Inventories decreased by 0.7 billion yen from the end of the previous fiscal year and by 1.2 billion yen from the first quarter.

Inventories Trend



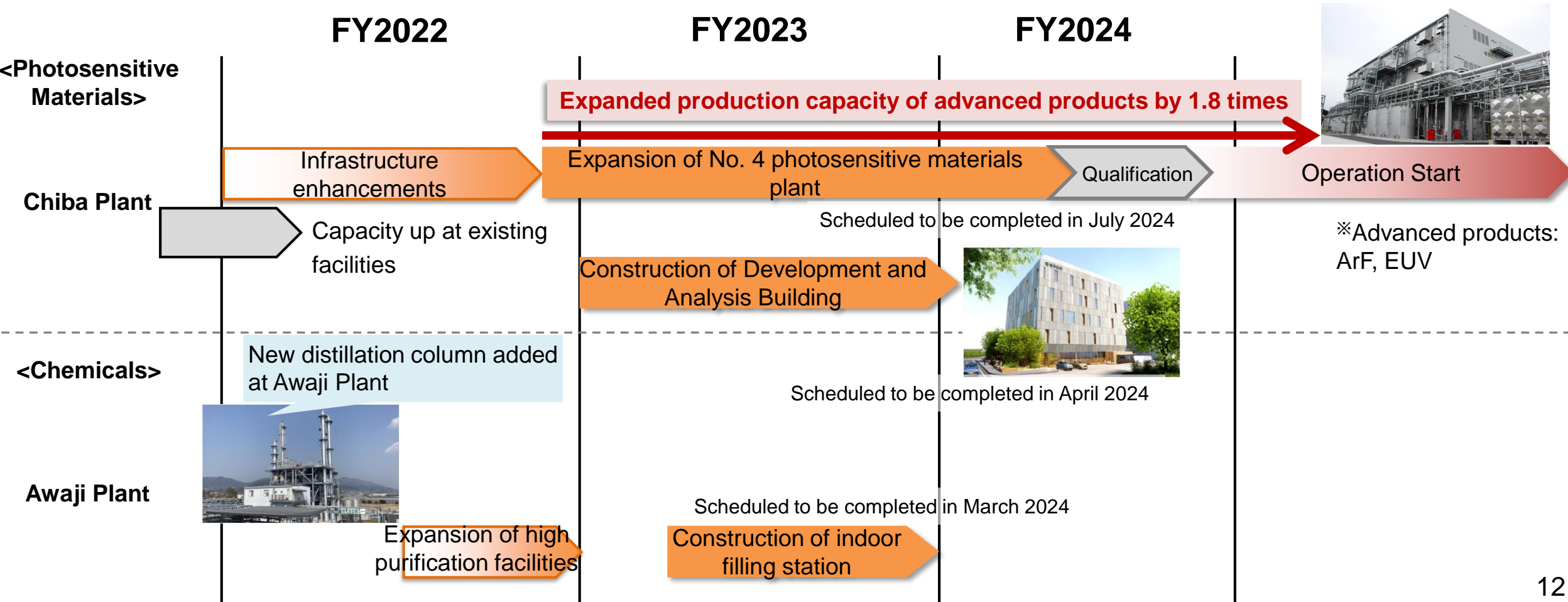
Progress of Full-Year Earnings Forecasts

- Progress against the forecast was 75% for net sales, and profits exceeded the forecast.
- In the Q3, cost of sales rose and an inventory valuation gain was recorded as a result of a drop-in operations in response to declining demand.
- In the Q4, inventory valuation gains are expected to be eliminated and expenses are expected to increase, so the full-year forecast remains unchanged.

(Million yen)	FY2023 Forecasts	Q3 FY2023 Results	Progress Ratio
Net sales	31,000	23,095	75%
Operating profit	2,600	2,628	101%
Ordinary profit	2,500	2,529	101%
Profit	1,600	1,724	108%
FX Rate (USD)	※November 10, as of the revision ※¥140/\$	¥143/\$	

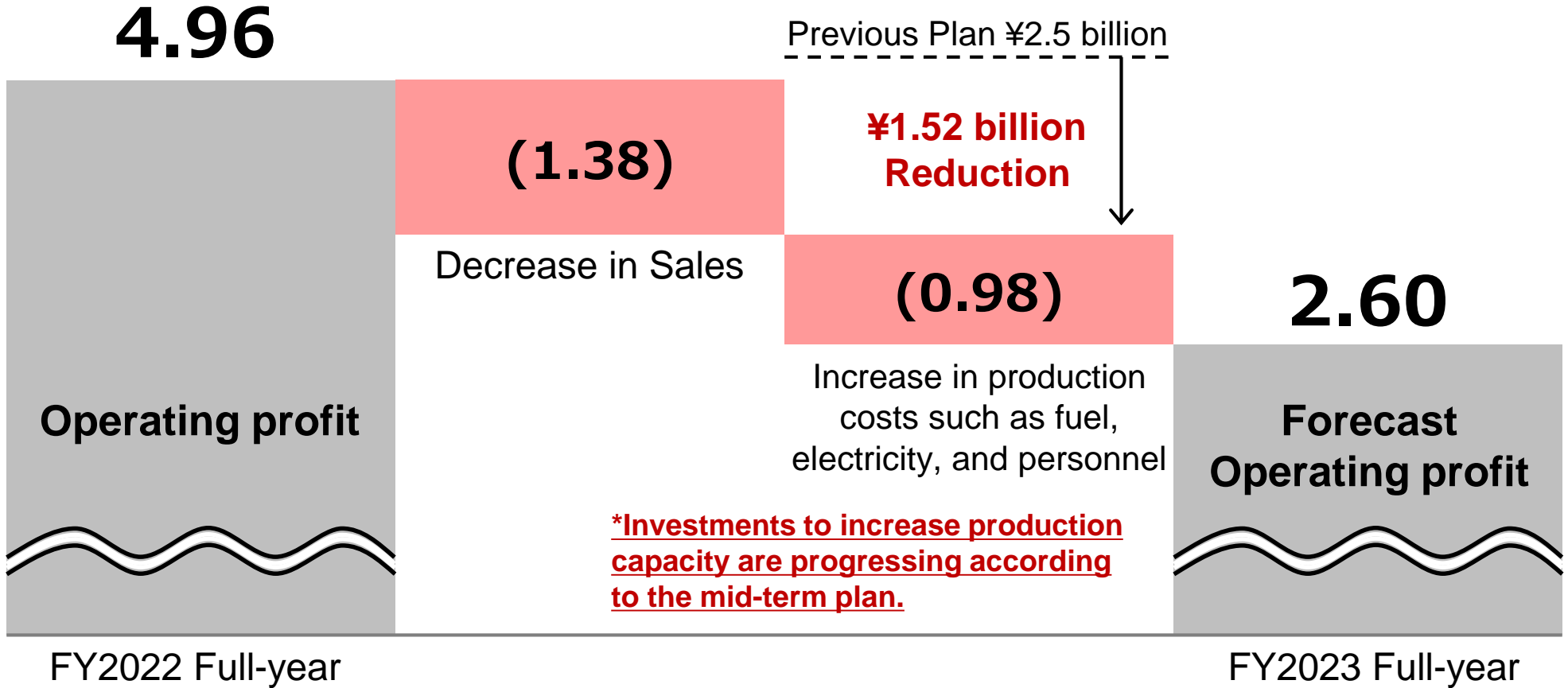
Appendix

- The semiconductor market will return to high growth from 2024 onward after a production adjustment in 2023.
- To meet growing demand, constructing photosensitive materials manufacturing facilities, development and analysis building, and high purity solvent facilities as planned in the mid-term plan.



- Cost reductions, including timing adjustments, will continue in the second half of the year to offset the impact of lower sales in order to secure profits.

(Billion yen)



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.