

# **Business Results for the First Quarter of Fiscal Year Ending March 31, 2025**

**(April 1, 2024 – June 30, 2024)**

**August 9, 2024**

# Financial Results for the Q1 FY2024

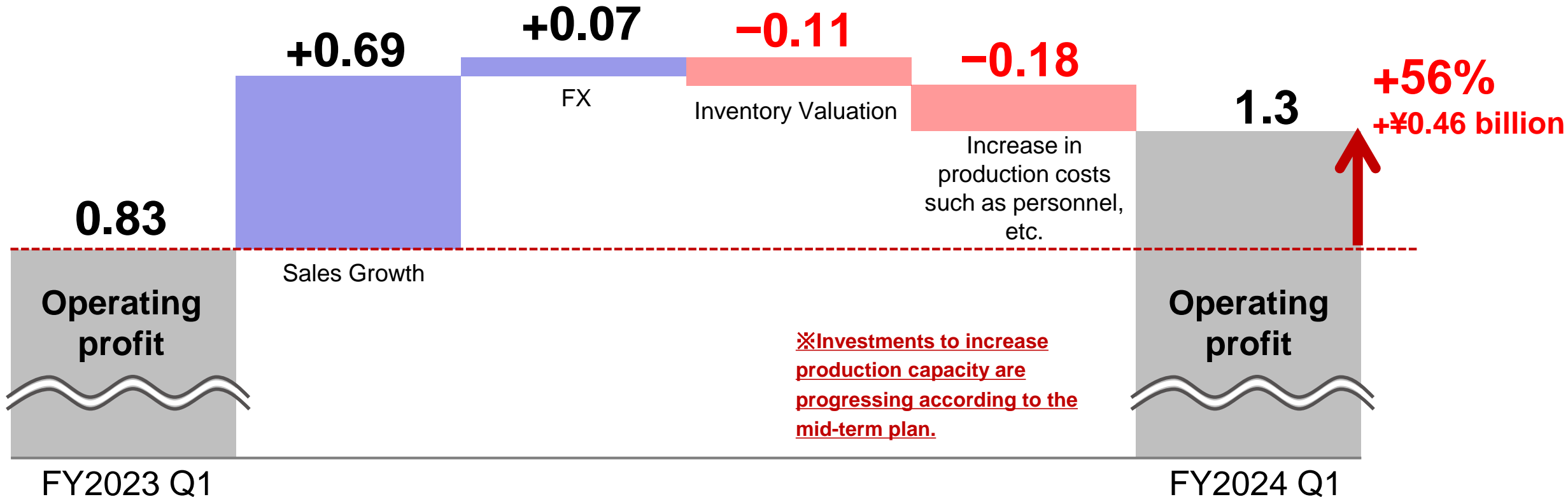
- Net sales increased significantly by 21% YoY to 9,216 million yen, thanks to inventory adjustments coming to an end and a rapid recovery in sales of advanced semiconductor materials.
- Operating profit was 1,302 million yen, up 56% YoY, thanks to increased sales.

(Million yen)	Q1 FY2023 Results	Q1 FY2024 Results	YoY	
			Change	%
Net sales	7,611	<b>9,216</b>	+1,604	<b>+21%</b>
Operating profit	834	<b>1,302</b>	+467	<b>+56%</b>
Ordinary profit	820	<b>1,424</b>	+603	<b>+74%</b>
Profit	552	<b>968</b>	+416	<b>+75%</b>
FX Rate (USD)	¥136/\$	<b>¥154/\$</b>		

# Variance Analysis: Operating profit

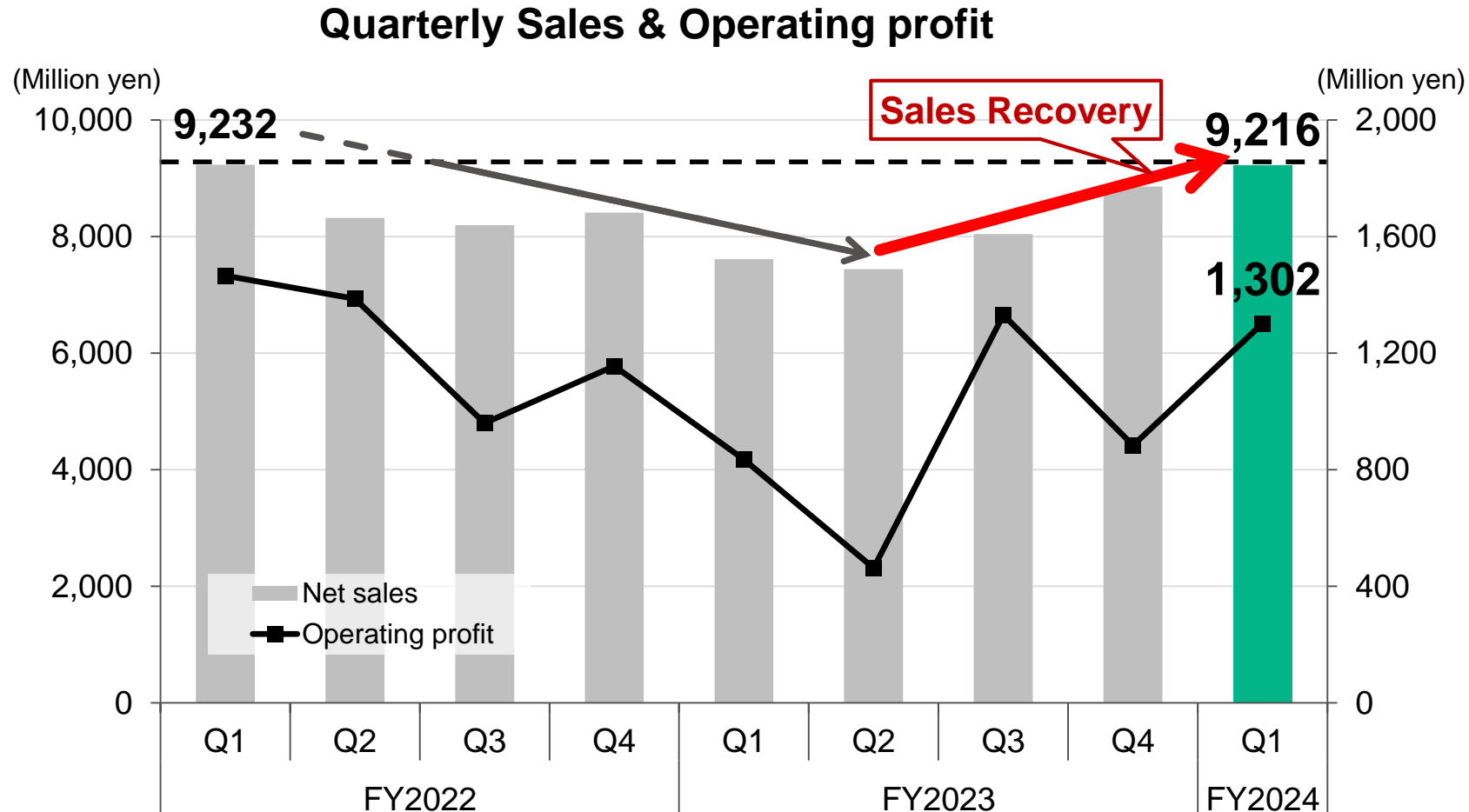
- Increased sales absorbed increased costs for production capacity expansion, resulting in a 56% increase in profit over the same period of the previous year.

(Billion yen)

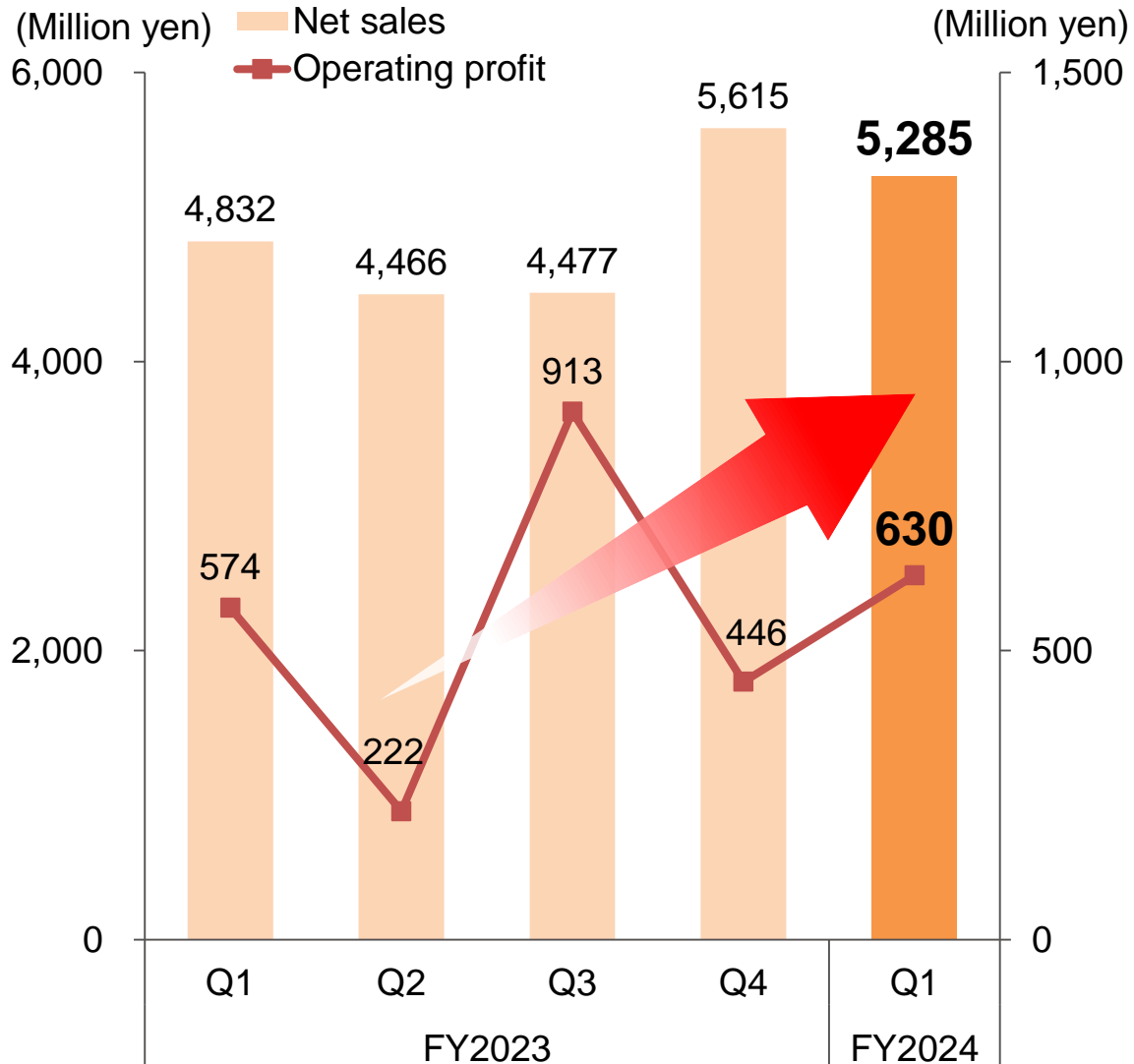


# Quarterly Sales & Operating profit Trends

- Inventory adjustments from FY2022 Q2 have settled down and quarterly sales have returned to record highest level ever.



## Net sales & Operating profit



### Net sales: ¥5,285 million

YoY: +¥453 million, +9%

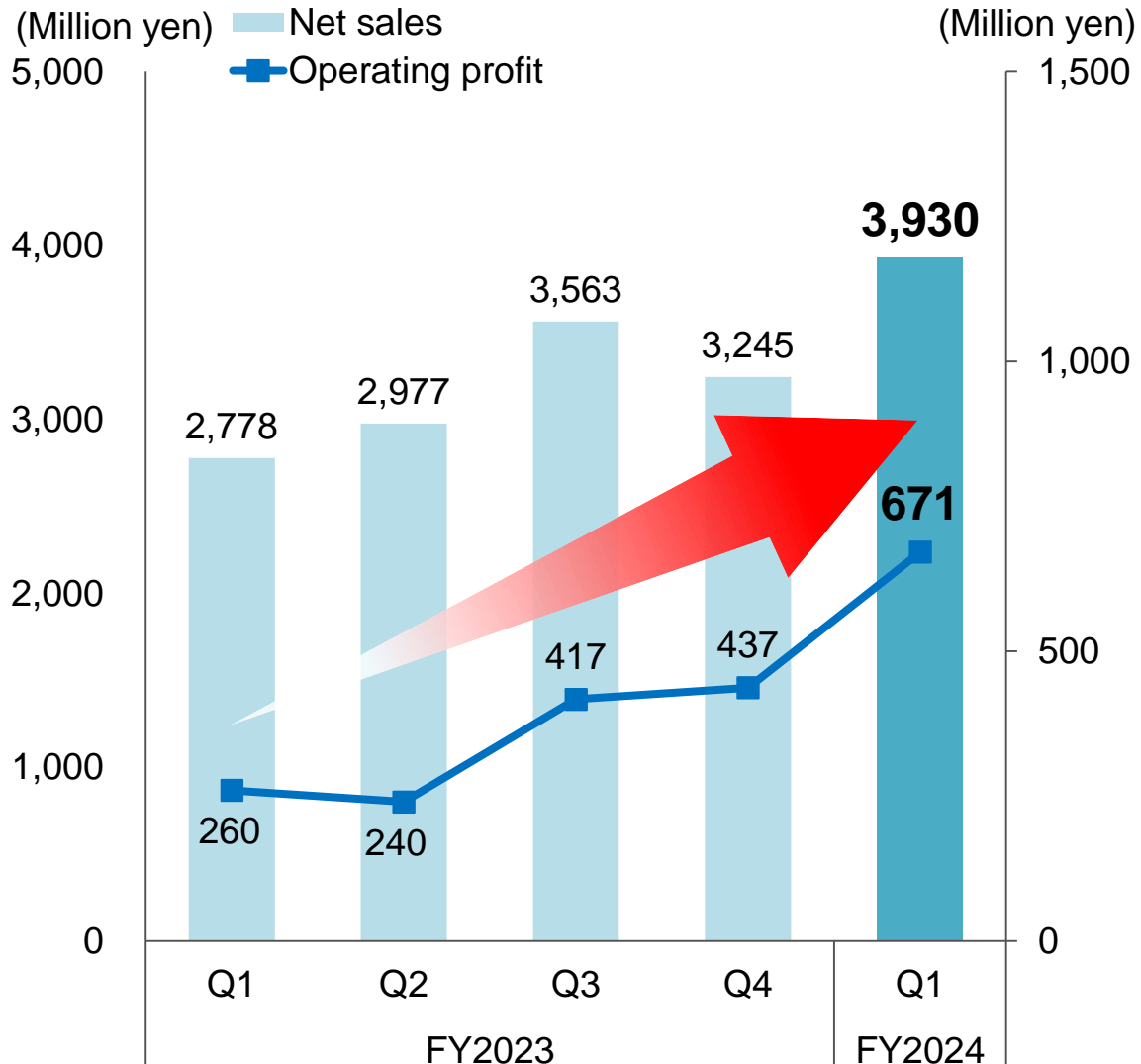
- Sales of semiconductor materials are recovering, especially in cutting-edge fields, and are expanding.
- Regarding display materials, panel production has been maintained at a certain level, mainly in China, and demand for our company has been strong.

### Operating profit: ¥630 million

YoY: +¥56 million, +10%

- Increased demand absorbed increased costs associated with increased production capacity, resulting in higher profits.

## Net sales & Operating profit



## Net sales: ¥3,930 million

YoY: +¥1,151 million, +41%

- In the electronic materials sector, inventory adjustments have been completed and sales of advanced semiconductor materials have surged.
- Sales of flavor and fragrance materials increased as demand continued to recover.
- In logistics, tank contract rates remained high despite sluggish cargo movement.

## Operating profit: ¥671 million

YoY: +¥411 million, +158%

- Profit increased 2.6 times YoY thanks to increased demand.

# Q1 FY2024 Income Statement

- Net sales were 9,216 million yen (YoY +21%).
- Gross profit increased by 554 million yen as sales growth absorbed increased expenses, and the gross profit margin improved by 1.8 points to 26.1%.
- Operating profit increased by 603 million yen thanks to foreign exchange gains, and the operating profit margin improved by 4.7 points to 15.5%.

(Million yen)	Q1 FY2023	Q1 FY2024	Change	%
<b>Net sales</b>	7,611	9,216	+1,604	+21%
Cost of sales	5,757	6,808	+1,050	+18%
<b>Gross profit</b>	1,853	2,408	+554	+30%
SG&A expenses	1,019	1,105	+86	+8%
<b>Operating profit</b>	834	1,302	+467	+56%
Non-operating income	15	176	+160	—
Non-operating expenses	29	54	+24	+84%
<b>Ordinary profit</b>	820	1,424	+603	+74%
Extraordinary income & losses	(15)	(26)	(10)	—
Profit before income taxes	804	1,398	+593	+74%
Income taxes	252	429	+177	+70%
<b>Profit</b>	552	968	+416	+75%

Gross profit Margin  
24.4%→26.1%  
Improved by 1.8 points

Ordinary profit Margin  
15.5%

# Q1 FY2024 Balance sheet

- Working capital improved by 1.2 billion yen thanks to sales expansion.
- Due to continued capital investment to increase production capacity, tangible fixed assets increased by 868 million yen and borrowings increased by 1,718 million yen.
- Thanks to the increase in profit, shareholders' equity increased by 809 million yen. The equity ratio rose to 37.2% (+0.5pt).

(Million yen)	Mar. 2024 ended	Jun. 2024 ended	Change	(Million yen)	Mar. 2024 ended	Jun. 2024 ended	Change
<b>Current assets</b>	22,682	23,204	+521	<b>Liabilities</b>	37,691	38,185	+493
Cash and deposits	3,645	3,519	(125)	Notes and accounts payable – trade	4,009	5,552	+1,543
Notes and accounts receivable – trade	7,222	6,977	(245)	Borrowings	22,008	23,727	+1,718
Inventories	10,338	10,976	+637	Other	11,673	8,905	(2,767)
Other	1,475	1,730	+255		0	0	+0
<b>Fixed assets</b>	36,834	37,647	+812	<b>Net assets</b>	21,825	22,666	+840
Property, plant and equipment	33,862	34,731	+868	Shareholders' equity	21,635	22,444	+809
Intangible assets	1,579	1,650	+71	Valuation and translation adjustments	190	221	+30
Investments and other assets	1,393	1,265	(127)		0	0	+0
<b>Total assets</b>	59,517	60,852	+1,334	<b>Liabilities and net assets</b>	59,517	60,852	+1,334



# Progress of First Half Earnings Forecasts

- Progress rates for the first quarter against the first half forecast were 51% for net sales, 84% for operating profit, and 95% for ordinary profit.
- The rapid recovery in demand has improved operating rates and accelerated profit progress.

(Million yen)	H1 FY2024 Forecasts	Q1 FY2024 Results	Progress Ratio
Net sales	18,000	<b>9,216</b>	<b>51%</b>
Operating profit	1,550	<b>1,302</b>	<b>84%</b>
Ordinary profit	1,500	<b>1,424</b>	<b>95%</b>
Profit	1,000	<b>968</b>	<b>97%</b>
FX Rate (USD)	¥148/\$	<b>¥154/\$</b>	

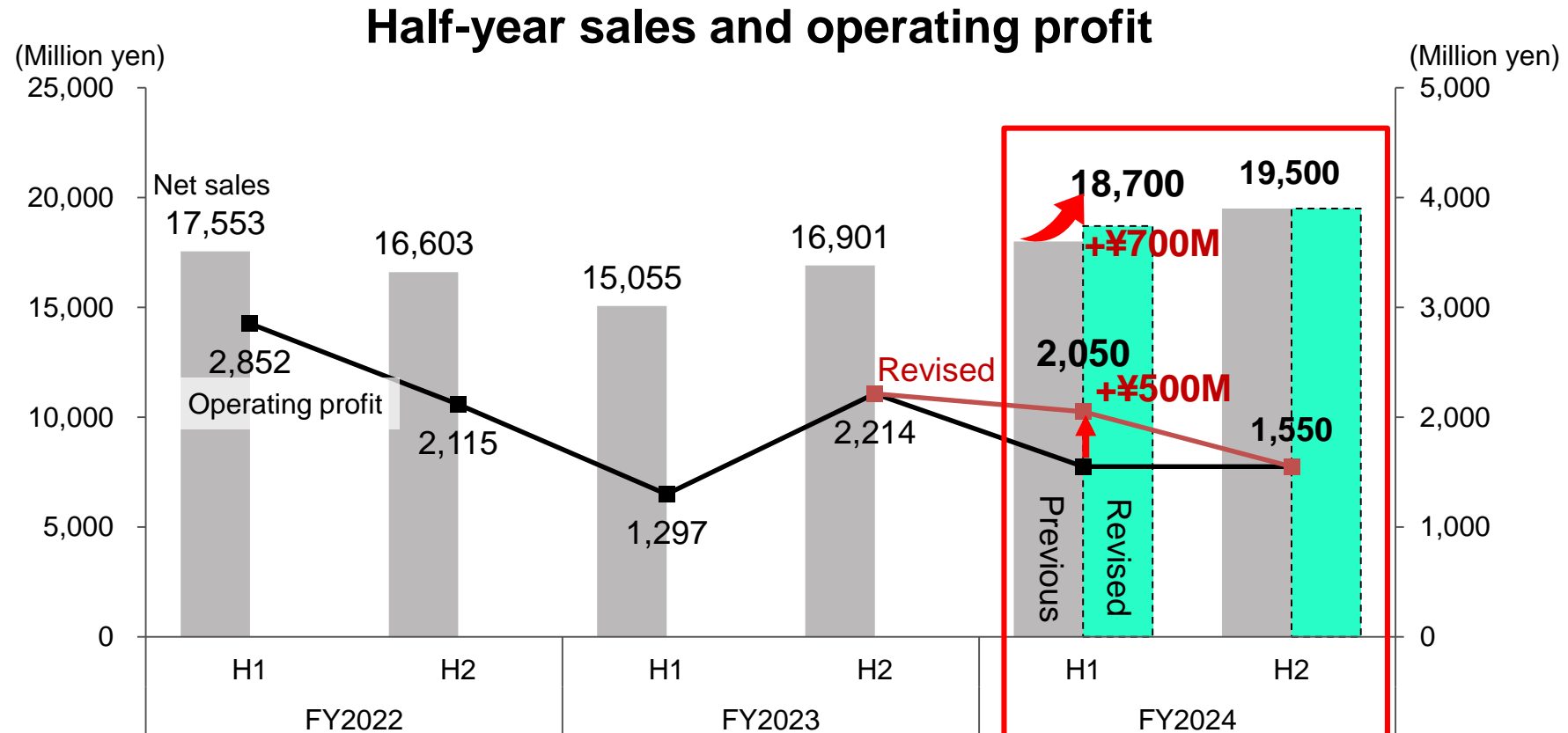
# Revision to Earnings Forecasts for the FY2024

- The first-half earnings forecast was revised upward as demand in the semiconductor market has recovered more quickly than initially expected.
- For the second half of the year, the previously announced forecast includes the continuation of the demand recovery from the first half, and the forecast remains unchanged.
- Full-year net sales are expected to reach a record high.

(Million yen)	H1 FY2024				FY2024 Full Year			
	Previous Forecasts	Revised Forecasts	Change	%	Previous Forecasts	Revised Forecasts	Change	%
Net sales	18,500	<b>18,700</b>	<b>+700</b>	<b>+4%</b>	37,500	<b>38,200</b>	<b>+700</b>	<b>+2%</b>
Operating profit	1,550	<b>2,050</b>	<b>+500</b>	<b>+32%</b>	3,100	<b>3,600</b>	<b>+500</b>	<b>+16%</b>
Ordinary profit	1,500	<b>2,000</b>	<b>+500</b>	<b>+33%</b>	3,000	<b>3,500</b>	<b>+500</b>	<b>+17%</b>
Profit	1,000	<b>1,350</b>	<b>+350</b>	<b>+35%</b>	2,150	<b>2,500</b>	<b>+350</b>	<b>+16%</b>
FX Rate (USD)	¥148/\$	¥148/\$			¥148/\$	¥148/\$		

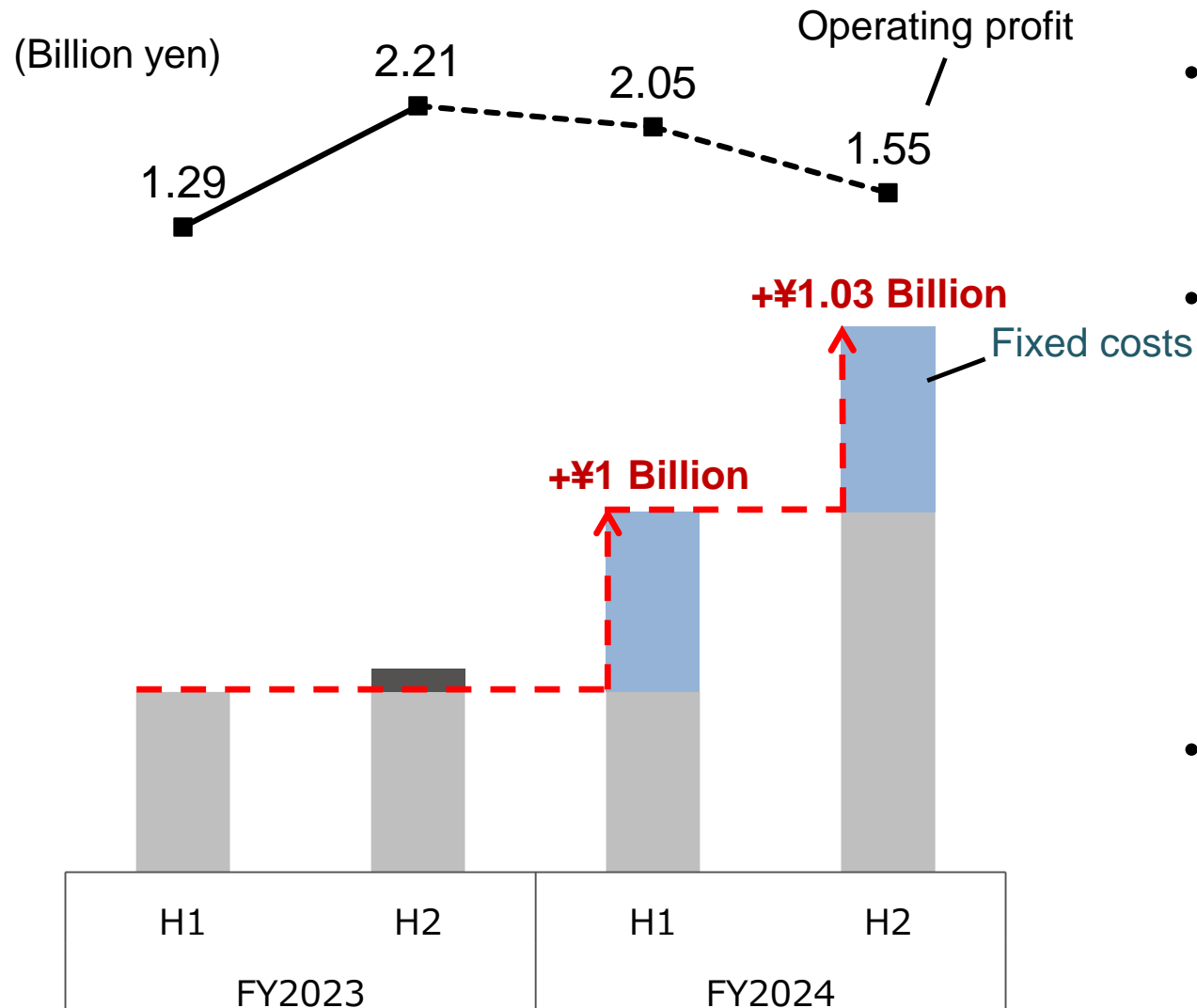
# Sales and Operating profit Forecasts by Half Year

- Upwardly revised H1 FY2024 forecast to net sales of 18,700 million yen (+700 million yen) and operating profit of 2,050 million yen (+500 million yen).
- For the second half of the year, the forecast remains unchanged at net sales of 19,500 million yen and operating profit of 1,550 million yen.



# Outlook for operating profit and fixed cost increase

## Operating profit and increase in fixed costs

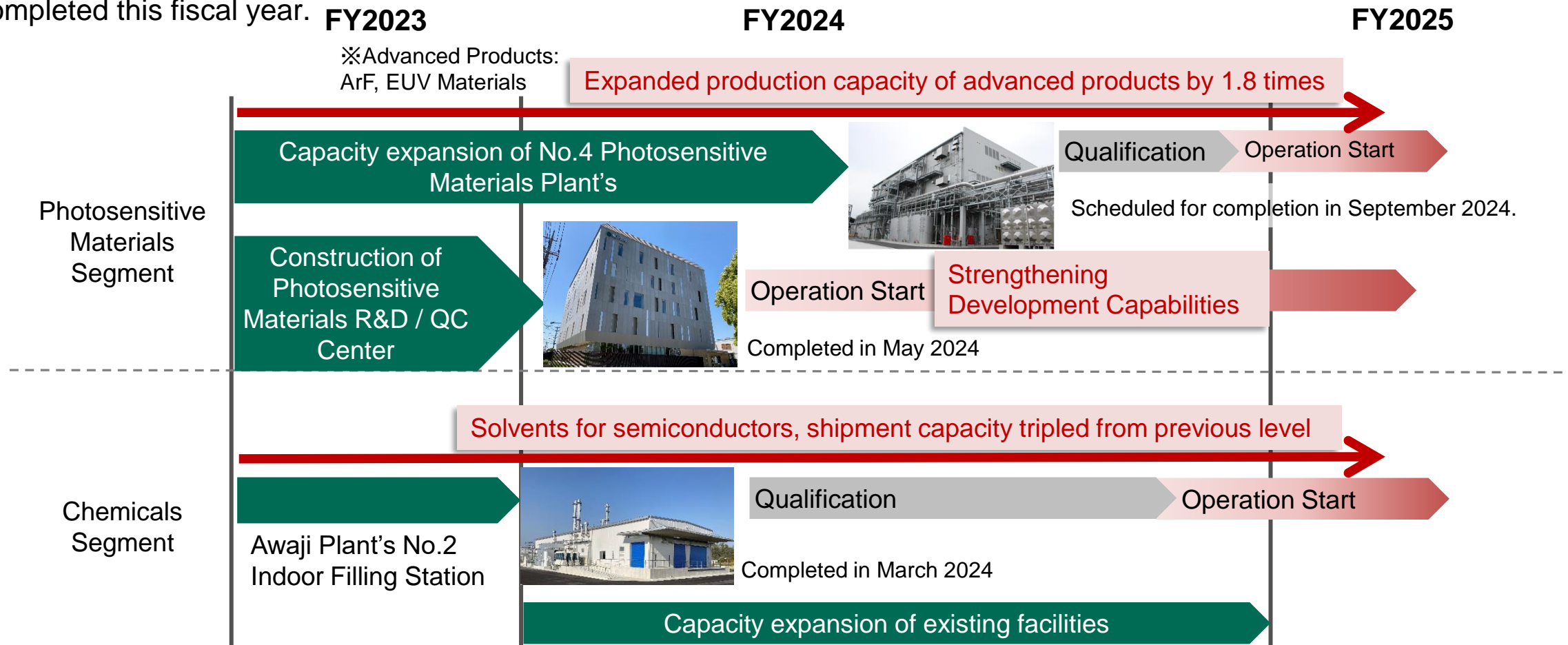


## ※ No change from the initial plan

- Investments to increase production capacity in response to growing demand are proceeding as planned.
- The Chiba Plant's No.4 photosensitive materials plant is scheduled for completion in September 2024 with a production line for advanced products (investment of 12 billion yen).  
 ※ Expanded production capacity of advanced products by 1.8 times.
- With the start of operations, fixed costs are expected to rise by 1.03 billion yen in the second half of the year compared to the first half.

# Reposted) Progress and Plans for Capital Investment ※ No change from the initial plan

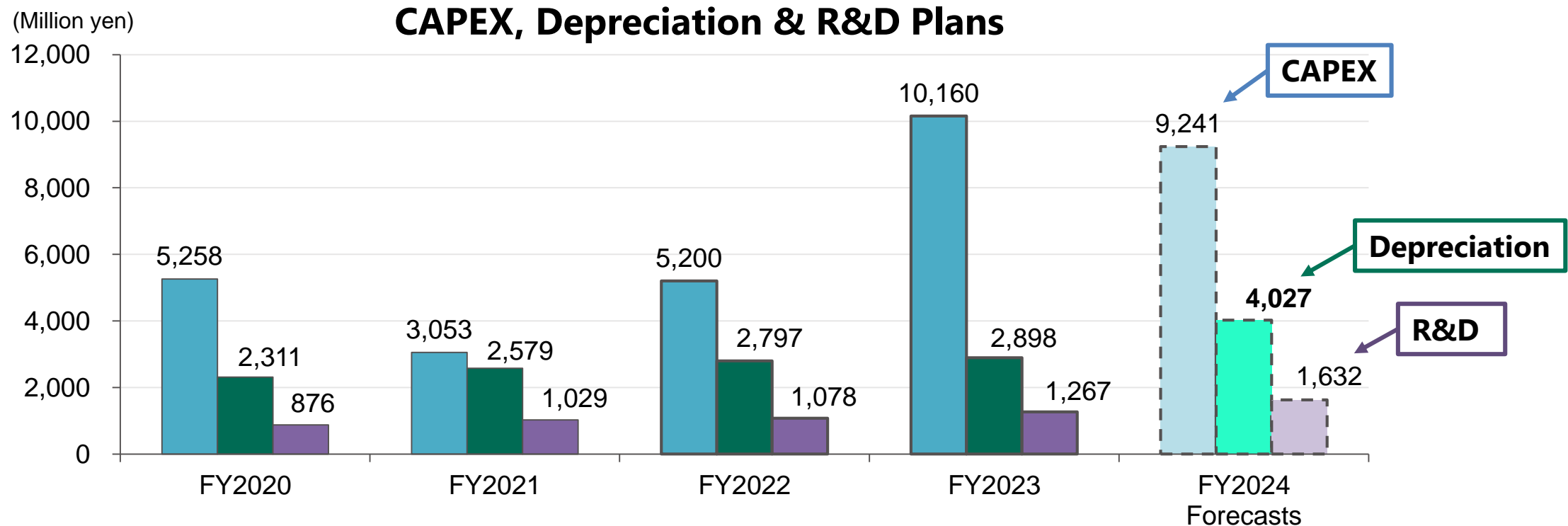
- The Chiba Plant's No. 4 photosensitive materials plant is scheduled for completion in September 2024 with a production line for advanced products.
- Large-scale investments to increase production capacity under Beyond 500 (current mid-term plan) are scheduled to be completed this fiscal year.



# Appendix

# Reposted) CAPEX, Depreciation & R&D Plans

- In FY2023, the company invested 10.1 billion yen in facilities, including construction to increase the capacity of the No.4 photosensitive materials plant for advanced products and the No.2 indoor filling station at the Awaji Plant (already completed).
- For FY2024, the company plans to invest 9.2 billion yen in facilities (calculated as acceptance inspection base), including a Photosensitive Materials R&D / QC Center (completed in May) and capacity expansion at its No. 4 photosensitive materials plant (to be completed in August). Depreciation is expected to increase due to the completion of large facilities.
- In R&D, in addition to product development, strengthen manufacturing technology capabilities (analysis/analysis, process development) to improve productivity and quality.
- Fiscal discipline is also maintained, including risk management.



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(Note):

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.