

(Reference Translation)

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To whom it may concern,

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Differences Between the Earnings Forecasts and Actual Results for the Cumulative Second Quarter of Fiscal Year of March 2023 and Notice of Revision of Full-Year Earnings Forecasts

We inform as follows about the differences between the consolidated forecast for the second quarter of fiscal year March 2023 (April 1, 2022 to September 30, 2022) announced on May 10, 2022, the non-consolidated forecast for second quarter of fiscal year March 2023 (April 1, 2022 to September 30, 2022) announced on August 24, 2022, and the actual results announced on today.

And, the consolidated and non-consolidated earnings forecasts for the fiscal year March 2023 have been revised as follows.

Notice

● Differences between Earnings Forecast and Actual Results

Consolidated second quarter of fiscal year March 2023 (April 1, 2022 to September 30, 2022)

Differences with earnings forecast

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	22,560	350	820	480	21.29
Actual results (B)	21,919	323	1,667	1,144	50.77
Change (B-A)	△640	△26	847	664	
Rate of change (%)	△2.8	△7.5	103.3	138.3	
(For reference) Results of the second quarter of previous fiscal year (Second quarter of fiscal year ended March 31, 2022)	21,648	314	1,057	1,683	74.71

Reason for the difference

In the consolidated second quarter, sales were performed well at overseas subsidiaries. In Japan, sales of UV ink and other printing ink were increased mainly in overseas markets, and selling prices were increased in a wide range of products in response to rising costs. However, net sales fell below forecast due to sharp decreasing in shipments of pigment dispersions for color filters regarding functional materials, as a result of production adjustments and inventory adjustments resulting from an oversupply of FPD.

Despite ongoing efforts to increase sales prices for a wide range of products and efforts to expand sales to various products, operating profit fell short of forecast due to the impact of lower sales of functional materials. Ordinary profit and profit attributable to owners of parent exceeded the forecast due to foreign exchange gains.

Non-consolidated second quarter of fiscal year March 2023 (April 1, 2022 to September 30, 2022)

Differences with earnings forecast

	Net sales	Operating profit	Ordinary profit	Net income	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	18,920	460	1,020	2,140	94.84
Actual results (B)	17,032	287	1,900	2,643	117.29
Change (B-A)	△1,887	△172	880	503	
Rate of change (%)	△10.0	△37.4	86.3	23.5	
(For reference) Results of the second quarter of previous fiscal year (Second quarter of fiscal year ended March 31, 2022)	17,184	411	603	972	43.16

Reason for the difference

In the non-consolidated second quarter, sales of UV ink and other printing ink were increased mainly in overseas markets, and selling prices were increased in a wide range of products in response to rising costs. However, net sales fell below forecast due to sharp decreasing in shipments of pigment dispersions for color filters regarding functional materials, as a result of production adjustments and inventory adjustments resulting from an oversupply of FPD.

Despite ongoing efforts to increase sales prices for a wide range of products and efforts to expand sales to various products, operating profit fell short of forecast due to the impact of lower sales of functional materials. Ordinary profit and profit attributable to owners of parent exceeded the forecast due to foreign exchange gains.

● Revision of Earnings Forecast

Revision of consolidated earnings forecast for the fiscal year of March 2023 (April 1, 2022 to March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	46,470	1,180	2,120	1,390	61.67
Revised forecast (B)	44,600	740	2,480	1,600	71.00
Change (B-A)	△1,870	△440	360	210	
Rate of change (%)	△4.0	△37.3	17.0	15.1	
(For reference) Results of the previous fiscal year (Fiscal year ended March 31, 2022)	44,456	228	1,992	2,651	117.64

Reason for revision

Regarding full-year earnings forecast, net sales and operating profit, we expect shipments of pigment dispersions for color filters regarding functional materials will fall significantly due to production adjustments resulting from oversupply of FPD and inventory adjustments in Japan. In addition, consolidated subsidiary ZHE JIANG T&K TOKA FINECHEMICALS CO., LTD. is expected to delay full-scale sales due to delays in obtaining production licenses from the Chinese government authorities due to the impact of COVID-19 in China and other factors. As a result, we forecast as above.

Ordinary profit and profit attributable to owners of parent are expected as above because of we recorded foreign exchange gains and gain on liquidation of subsidiary in the current consolidated second quarter period.

Revision of non-consolidated earnings forecast for the fiscal year of March 2023 (April 1, 2022 to March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Net income	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	38,620	1,210	1,980	2,880	127.63
Revised forecast (B)	34,940	820	2,640	3,250	144.21
Change (B-A)	△3,680	△390	660	370	
Rate of change (%)	△9.5	△32.2	33.3	12.8	
(For reference) Results of the previous fiscal year (Fiscal year ended March 31, 2022)	35,267	800	1,607	1,727	76.63

Reason for revision

Regarding full-year earnings forecast, net sales and operating profit, we expect shipments of pigment dispersions for color filters regarding functional materials will fall significantly due to production adjustments resulting from oversupply of FPD and inventory adjustments. As a result, we forecast as above.

Ordinary profit and net income are expected as above because of we recorded foreign exchange gains in the current second quarter period.

※ Earnings forecasts in this material are based on information available as of the announcement date. Actual results may differ due to various factors.

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