Summary of Consolidated Financial Statements for the Fiscal 2021 (JPGAAP)

April 28, 2022

Tokuyama Corporation **Stock exchange listings:** **Tokyo**
(URL https://www.tokuyama.co.jp/eng/) **Local Code :** **4043**
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Scheduled date of dividends payout : -
Preparation of supplementary quarterly explanatory materials: Yes
Quarterly business results IR briefing to be held: Yes (for institutional investors and analysts)

1. Consolidated results for fiscal year ended March, 2022 (Apr. 1, 2021 – Mar. 31, 2022)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.
% indicates year-on-year changes.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]
Fiscal 2021	293,830	(2.8)	24,539	(20.6)	25,855	(16.0)	28,000	14.1
Fiscal 2020	302,407	(4.3)	30,921	(9.8)	30,796	(6.2)	24,534	23.1

(Note) Comprehensive income: FY21: 31,160 million yen [2.1%] FY20: 30,524million yen [43.4%]

	Basic earnings per share	Diluted net income per share	Net income to shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	(yen)	(yen)	[%]	[%]	[%]
Fiscal 2021	389.09	―	13.2	6.3	8.4
Fiscal 2020	351.11	―	13.4	8.0	10.2

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: FY21: 1,043 million yen FY20: 949 million yen

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	[%]	(yen)
Mar 31, 2022	433,210	232,917	51.8	3,120.25
Mar 31, 2021	386,794	205,261	51.3	2,758.37

(Reference) Shareholders' equity: FY21: 224,506 million yen FY20: 198,561 million yen

(Note)The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Corporate Accounting Standard No. 29, March 31, 2020), etc. effective from the beginning of the first quarter ended June 30, 2021 in accordance with transitional treatment. For more details, please refer to "3. Consolidated Financial Statements and (5) Notes on Quarterly Consolidated Financial Statements (Changes in accounting policy)" on page 22 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Fiscal 2021	25,986	(33,797)	5,118	82,496
Fiscal 2020	43,314	(19,276)	(22,530)	83,050

2. Dividends

(Period)	Annual dividends: 1st quarter	2nd quarter	3rd quarter	Year-end	Total	Total dividends paid (Total)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	(yen)		(yen)	(yen)	(yen)	(millions of yen)	[%]	[%]
Fiscal 2020	--	35.00	--	35.00	70.00	4,956	19.9	2.7
Fiscal 2021	--	35.00	--	35.00	70.00	5,045	18.0	2.4
Fiscal 2022 (Forecast)	--	35.00	--	35.00	70.00		28.8	

3. Consolidated performance forecast for fiscal 2022 (April 1, 2022 - March 31, 2023)

(% indicates the rate of change over the corresponding previous periods respectively)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2022	360,000	22.5	24,500	(0.2)	25,000	(3.3)	17,500	(37.5)	243.22

*Notes

(1) Changes in significant subsidiaries during this period

: No

(2) Changes of accounting policies, changes in accounting estimates, and retrospective restatements

i. Changes in accounting policy by revision of accounting standards: Yes
ii. Changes in accounting policy other than the above: No
iii. Changes in accounting estimates: No
iv. Retrospective restatements: No

(Note) For more details, please refer to "3. Consolidated Financial Statements and (5) Notes on Quarterly Consolidated Financial Statements (Changes in accounting policy)" on page 22 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

(3) Number of shares issued (in common stock)

i.	Number of shares issued at end of period (including treasury stock):	Fiscal 2021:	72,088,327	Fiscal 2020:	72,088,327
ii.	Number of treasury stock at end of period:	Fiscal 2021:	136,954	Fiscal 2020:	103,403
iii.	Average number of shares over period:	Fiscal 2021:	71,963,931	Fiscal 2020:	69,877,138

(Reference) Summary of Non-Consolidated Operating Results

1. Non-consolidated results for fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

Note: All amounts are rounded down to the nearest million yen.
% indicates year-on-year changes.

(1) Performance

	Net sales		Operating profit		Ordinary profit		Net profit	
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]
Fiscal 2021	215,374	19.0	14,641	(34.1)	16,947	(26.7)	22,614	0.4
Fiscal 2020	180,946	(4.4)	22,232	(15.2)	23,127	(9.4)	22,514	51.0

	Net profit per share	Diluted net profit per share
	(yen)	(yen)
Fiscal 2021	314.24	ー
Fiscal 2020	322.20	ー

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	[%]	(yen)
Mar 31, 2022	354,316	168,828	47.6	2,346.42
Mar 31, 2021	315,154	150,983	47.9	2,097.44

(Reference) Shareholders' equity: FY21: 168,828 million yen FY20: 150,983 million yen

(Note)The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Corporate Accounting Standard No. 29, March 31, 2020), etc. effective from the beginning of the first quarter ended June 30, 2021 in accordance with transitional treatment.

(Note) This summary of consolidated financial statements is not inside the scope of audit procedure by certified public accountants or audit corporations.

(Note) Cautions pertaining to appropriate use of performance forecast and other particular items

(Cautions related to Forward-looking statement)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

(Access to supplementary explanations on business results)

The Company also supplementary materials "Presentation for IR Meeting" through TDnet at the same date.

Contents for Accompanying Materials

1. Management Policy

(1) Assessment of Operating Environment

Our Tokuyama Factory's highly efficient integrated production processes are the source of our competitiveness, and energy-intensive businesses dependent on coal-fired power generation are our earnings drivers. However, changes in the industrial structure are accelerating, while a number of factors are expected to remain ongoing: changes in the social environment, including the rapid progress of the digital revolution; shrinkage in domestic demand in Japan due to the low birthrate and aging demographics; increased health awareness; growing environmental awareness and the tightening of regulations toward the realization of a recycling-based society. We therefore believe that it is essential to secure earnings power and competitiveness by building and growing businesses that branch out in new directions.

(2) Management Policy

Based on this assessment of the operating environment, we are acutely aware of the need to stay in harmony with the environment and have adopted the goal of remaining a company that creates the value that consumers demand in collaboration with its customers. We have also updated our mission statement (management philosophy): "To create a bright future in harmony with the environment, in collaboration with its customers, based on chemistry." To serve as a management policy based on our mission statement, we have also formulated the following ideals.

- Be a value-creative company that places first priority on R&D and marketing
- Be a company that never stops challenging new domains while refining and exploiting its unique strengths
- Be a company with healthy employees who have healthy families and take pride in their work at their company
- Be a company that fosters bonds with people in communities and societies worldwide

(3) Pending Issues

To serve as Tokuyama's management strategies over the medium to long term, the following three themes have been positioned as priority measures in the Medium-Term Management Plan 2025, which was formulated on February 25, 2021.

1. Transform business portfolio

   Positioning electronics, health, and the environment as new growth fields, we are aiming for these to account for 50% or more of the consolidated net sales ratio. In the Chemicals and Cement business segments, we will promote increased efficiency and ensure stable profits.

   In the fiscal year ended March 31, 2022, the Company completed construction of manufacturing facilities to demonstrate mass production technology for silicon nitride, which is used as an insulation and heat-dissipation material for the power semiconductor modules installed in eco-friendly automobiles and other applications. In the years to come, we will continue to accelerate business development in the thermal management materials market, where high growth is expected, for example in the automotive field, where progress is being made in electrification, and in the information and communications field.

The Company also agreed to establish a joint venture with SK Geo Centric Co., Ltd. (SKGC) in Korea, which manufactures and sells high-purity isopropyl alcohol (IPA) to the electronics industry, where the product is used in the semiconductor manufacturing process. By combining its strengths in high-purity IPA manufacturing technology and quality control capabilities with SKGC's strong presence in Korea, the Company will establish a new production and sales system to meet the needs of Korean customers.

At the Kashima Factory, work to enhance the dental filling manufacturing process has been completed. In addition to Europe and the United States, which are the main markets for dental materials, the Company will develop business globally while capturing growing demand, for example in India and Brazil, which will lead to business expansion.

2. Contribute to mitigation of global warming

In response to growing global environmental awareness, we have set the goal of "achieving carbon neutrality in 2050." To achieve this goal, we are aiming to decarbonize raw material and fuel inputs, develop and deploy green products as well as accelerate the technological development and the starting of new businesses in next-generation energies, such as hydrogen and ammonia. In addition, we will work to improve the processes at the Tokuyama Factory, promote the development and utilization of biomass fuels in Japan and overseas, and realize a 30% reduction in total CO_2 emissions (compared with FY2019) in FY2030.

In the consolidated fiscal year under review, the Company participated in the Shunan Petrochemical Complex Decarbonization Council, which was established with the aim of maintaining and strengthening the industrial competitiveness of the Shunan Petrochemical Complex and promoting decarbonization. In the years to come, we will undertake approaches from the perspectives of collaboration with the petrochemical complex, industrial collaboration, and regional collaboration toward the realization of carbon neutrality in 2050. In addition, the Company has signed a memorandum of understanding (MOU) with Mitsubishi Heavy Industries Engineering Ltd. with regard to the implementation of a CO_2 capture demonstration testing program for cement plants. The plan involves conducting demonstration tests to capture CO_2 from an operational cement plant over a period of nine months from June 2022. We will evaluate the reliability of long-term continuous operations and analyze data such as impurities in the recovered CO_2 gas to verify the applicability of the optimum CO_2 recovery technology in cement factories.

3. Practice socially responsible management

Tokuyama approaches its CSR activities in accordance with a basic philosophy of continuously working with society to build a sustainable future by contributing to the resolution of social issues and earning greater trust from various stakeholders with the aim of improving corporate value. To achieve this, we extracted social issues related to CSR management and identified the following 10 items as materiality (important issues) by adding the promotion of mental and physical health to the nine items listed up to last year. We are now working on solving each of these problems.

- Helping to fight global warming
- Conserving the environment
- Preventing accidents and preparing for disasters
- Developing products and technologies that address social issues
- Better chemical management and product safety
- Engaging with local communities
- Promoting CSR procurement
- Developing human resources
- Promotion of diversity and career fulfillment
- Promotion of physical / mental health

With regard to contributions to the mitigation of global warming, which for us remains one of the Group's most important issues, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2021. In March, 2022, we announced the Group's efforts to address climate change. Our climate change-related governance structure and risk management processes, which are required to be disclosed by the TCFD, as well as climate-related risks and opportunities were discussed as important matters at a meeting of the CSR Promotion Council, which is chaired by the president, comprises all executive officers in Japan and reports to the Board of Directors. A variety of committees have been set up to enhance the effectiveness of the CSR Promotion Council, and in the fiscal year under review we newly established a Sustainability Committee to deliberate matters, such as climate change, human rights, and CSR procurement, and build a mechanism to proactively evaluate risks and opportunities.

Concerning the promotion of physical and mental health, the president, who is the senior manager, has been serving as the general manager in charge of health management and working on health management to improve the physical and mental health of employees and their families and to create a comfortable workplace. As a result, in March 2022, Tokuyama was certified for the first time as a Health & Productivity Management Outstanding Organization (White 500) under the program jointly undertaken by the Ministry of Economy, Trade and Industry and the Japan Health Council. Underpinned by the commitment of its top management, the Company will continue to promote health management initiatives.

(4) Targets of Medium-Term Management Plan 2025

The goals to be achieved in 2025 are as follows.

Index	FY2021 (Results)	FY2025 (Target)
Net Sales	293.8 billions of yen	320.0 billions of yen
Operating Profit	24.5 billions of yen	40.0 billions of yen
Growth Business Net Sales Growth Rate (CAGR)	19.9%	Over 10%
ROE	13.2%	Over 10%
Assumption Exchange rate (¥/US$) Domestic naphtha price (¥/kl)	 112 56,800	 105 32,500

2. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

<1> Operating results for the fiscal year under review

[1] Overview of performance for the fiscal year under review

In the fiscal year ended March 31, 2022, the global economy was on a recovery trend as, supported by the fiscal and monetary policies in each country, the measures designed to restrict economic activities to prevent the spread of COVID-19 infections had been gradually relaxed. In the latter part of the fiscal year, however, Russia's invasion of Ukraine occurred and its effects such of upswing in energy prices began to be felt. In the Japanese economy, supply constraints, including shortages of semiconductors and in the supply of parts due to the spread of COVID-19 infections in Southeast Asia, hindered exports and personal consumption in the first half of the fiscal year under review, and economic recovery remained moderate. In the latter half of the fiscal year, the economy showed signs of picking up as the level of economic and social activity was gradually raised, but it became uncertain due to the effects of the spread of the omicron variant of COVID-19 and the situation in Ukraine. The Company has been working on the priority measures of its Medium-Term Management Plan 2025: transform business portfolio, contribute to mitigation of global warming, and practice socially responsible management.

In terms of business performance, the increase in net sales was due to the rise in the selling prices of petrochemical products and the steady sales of semiconductor-related products. However, sales decreased as a result of applying the Accounting Standard for Revenue Recognition. In addition, operating profit decreased due to factors that included increases in the costs of raw materials and fuel.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Corporate Accounting Standard No. 29, March 31, 2020), etc. effective from the beginning of the first quarter ended June 30, 2021 in accordance with transitional treatment. The effect of this change was to decrease net sales by ¥ 46,530 million and cost of sales by ¥ 46,530 million compared with the previous accounting method. For more details, please refer to "3. Consolidated Financial Statements and (5) Notes on Consolidated Financial Statements (Changes in accounting policy)."

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal 2021	**293,830**	**24,539**	**25,855**	**28,000**
Fiscal 2020	302,047	30,921	30,796	24,534
Rate of change (%)	(2.8)	(20.6)	(16.0)	14.1

Net sales

Sales rose owing to higher petrochemical product sales prices and solid sales of semiconductor-related products. Nevertheless, net sales decreased 2.8%, or ¥ 8,577 million compared with the previous consolidated fiscal year, to ¥ 293,830 million due to the application of Accounting Standard for Revenue Recognition, etc.

Cost of sales

Although raw material and fuel costs increased, cost of sales decreased 4.3%, or ¥ 8,837 million compared with the previous consolidated fiscal year, to ¥ 198,417 million due to the application of Accounting Standard for Revenue Recognition, etc.

SG&A expenses

SG&A expenses increased 10.3%, or ¥ 6,642 million compared with the previous consolidated fiscal year, to ¥ 70,872 million mainly due to increases in logistics costs and R&D expenses.

Operating profit

Operating profit decreased 20.6%, or ¥ 6,382 million compared with the previous consolidated fiscal year to ¥ 24,539 million. Despite upturn in export prices of vinyl chloride monomer, this decrease in operating profit was mainly due to higher raw material and fuel costs.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses improved by ¥ 1,440 million compared with the previous consolidated fiscal year.

As a result of the above, ordinary profit decreased 16.0 %, or ¥ 4,941 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 25,855 million.

Extraordinary income/losses, Profit before income taxes, Profit, Profit attributable to owners of parent

Extraordinary income/losses improved by ¥ 1,631 million compared with the previous consolidated fiscal year.

As a result of the above, profit before income taxes decreased 10.7%, or ¥ 3,309 million compared with the previous consolidated fiscal year, to ¥ 27,649 million.

Profit after deducting income taxes calculated in an appropriate way increased 11.3%, or ¥ 2,854 million compared with the previous consolidated fiscal year, to ¥ 28,175 million.

Profit attributable to owners of parent increased 14.1%, or ¥ 3,466 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 28,000 million.

[2] Operating performance by business segment

(Operating results by segment)

Effective from the first quarter consolidated accounting period for the fiscal year ending March 31, 2022, the Company has reviewed our business segment and changed them to six segments: Chemicals, Cement, Electronics Materials, Life Science, Eco Business and Others.
Data for the corresponding period of the previous fiscal year has been adjusted to reflect this change to enable the year-on-year comparison presented as follows.

Sales

(Unit: Millions of yen)

	Reportable segment					Others	Total	Adjustment	Figures in quarterly consolidated profit statement
	Chemicals	Cement	Electronic Materials	Life Science	Eco Business				
Fiscal 2021	**101,482**	**50,366**	**74,996**	**33,564**	**10,305**	**36,302**	**307,018**	**(13,188)**	**293,830**
Fiscal 2020	81,385	89,593	61,853	28,662	9,581	62,383	333,460	(31,053)	302,407
Rate of change (%)	24.7	(43.8)	21.2	17.1	7.6	(41.8)	(7.9)	-	(2.8)

Operating profit (loss)

(Unit: Millions of yen)

	Reportable segment					Others	Total	Adjustment	Figures in quarterly consolidated profit statement
	Chemicals	Cement	Electronic Materials	Life Science	Eco Business				
Fiscal 2021	**14,225**	**(1,912)**	**7,232**	**6,036**	**(468)**	**3,851**	**28,964**	**(4,425)**	**24,539**
Fiscal 2020	13,585	4,454	7,104	3,498	(368)	5,677	33,952	(3,030)	30,921
Rate of change (%)	4.7	-	1.8	72.6	-	(32.2)	(14.7)	-	(20.6)

(Note) Sales and operating profit (loss) in each segment include inter-segment transactions.

Chemicals

Caustic soda earnings declined. This downturn in earnings was due to manufacturing costs rising as a result of higher raw material and fuel costs.

Earnings from vinyl chloride monomer increased due to the upturn in export prices.

Earnings from vinyl chloride resin increased due to factors that included the progress made with domestic sales price revisions.

Decrease in earnings from soda ash and calcium chloride was owing to the upswing in raw material and fuel costs triggering an increase in manufacturing costs.

As a result of the above, segment net sales increased 24.7% compared with the previous consolidated fiscal year, to ¥ 101,482 million and operating profit increased 4.7% to ¥ 14,225 million. The segment reported higher earnings on higher sales.

Cement

Despite shipments of being in line with the corresponding period of the previous year, cement earnings deteriorated due to manufacturing costs rising as a result of higher raw material costs.

As a result of the above, segment net sales decreased 43.8% compared with the corresponding period of the previous year, to ¥ 50,366 million and operating loss amounted to ¥ 1,912 million (Posted operating profit of ¥ 4,454 million in the previous consolidated fiscal year).

Electronic Materials

Sales of semiconductor-grade polycrystalline silicon were firm due to the spread of 5G and the expansion of data centers, and although raw material prices rose, earnings increased.

IC Chemicals earnings decreased despite sales volumes increasing mainly overseas. This downturn largely reflected higher raw material costs.

Despite an upswing in raw material costs, earnings from fumed silica increased owing to higher sales volume centered on applications for semiconductor abrasives.

Thermal management materials earnings were in line with the previous consolidated fiscal year. Although sales volume was solid, this largely reflected higher R&D expenses at the Center for Commercialization of Advanced Technology.

As a result of the above, segment net sales increased 21.2% compared with the previous consolidated fiscal year, to ¥ 74,996 million and operating profit increased 1.8% to ¥ 7,232 million. The segment reported higher earnings on higher sales.

Life Science

Dental materials earnings grew thanks to an increase in shipments to overseas.

Plastic lens-related materials earnings increased owing to a an increase in shipments to overseas of eyeglass lens photochromic materials.

Pharmaceutical ingredients and intermediates earnings increased, owing mainly to a robust sales volume of generic pharmaceuticals.

As a result of the above, segment net sales increased 17.1% compared with the previous consolidated fiscal year, to ¥ 33,564 million and operating profit increased 72.6% to ¥ 6,036 million. The segment reported higher earnings on higher sales.

Eco Business

To make the environment segment one of our business pillars of the future, we consolidated the environment-related businesses scattered within the Group and newly established them as a segment that aims for new business development from the current fiscal year.

Segment net sales increased 7.6% compared with the corresponding period of the previous year, to ¥ 103,05 million and operating loss amounted to ¥ 468 million (posted operating loss of ¥ 368 million in the corresponding period of the previous year).

<2> Outlook for fiscal 2022

[1] Outlook for operating forecasts for fiscal 2022

In the current fiscal year, as coexistence with COVID-19 progresses due to vaccinations and other factors, and social activities head toward normalization, it is expected that the Japanese economy will recover due to the improvement of overseas economies. Impacted by the situation in Ukraine, however, there are downside risks, such as rising raw material prices, fluctuations in the financial and capital markets, and supply constraints.

Based on current information, we forecast net sales of ¥ 360 billion, an increase of 22.5% (¥ 66.1 billion) compared with the consolidated fiscal year under review, operating profit of ¥24.5 billion, a decrease of 0.2% (¥ 0.0 billion), ordinary profit of ¥25 billion, a decrease of 3.3% (¥ 0.8 billion) and profit attributable to owners of parent of ¥17.5 billion, a decrease of 37.5% (¥ 10.5 billion).

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal 2022	**360,000**	**24,500**	**25,000**	**17,500**
Fiscal 2021	293,830	24,539	25,855	28,000
Rate of change (%)	22.5	(0.2)	(3.3)	(37.5)

These forecasts are calculated based on an exchange rate of ¥125/$ and a domestic naphtha price of ¥78,000/kl.

[2] Outlook for segment forecasts for fiscal 2022

Chemicals

Due to rising market prices of crude oil, coal, etc., raw material and fuel costs are on the rise, especially for petrochemical products. In terms of earnings, we expect that the high fluctuation risk situation will continue. In such an environment, we will strengthen cost competitiveness by adjusting selling prices and reducing basic unit and fixed costs while striving to secure revenue.

Cement

Expected to recover moderately due to full-scale redevelopment work in urban areas, domestic demand for cement is expected to remain on par with fiscal 2021 due to a decrease in public investment and longer construction periods. However, we anticipate that the environment surrounding the business, such as trends in raw material prices, will remain beset with uncertainty. In such an environment, we will continue to revise sales prices and work to secure earnings by, for example, thoroughly reduce manufacturing costs and implementing measures at each sales base.

Electronic Materials

In this segment, the Company will aggressively make investments to further expand sales of semiconductor-related products. The semiconductor market is expected to remain firm against the backdrop of the spread of 5G and the increase in the number of data centers. In accordance with the progress being made in miniaturization, customer demands for higher quality and stable supply are increasing. In such an environment, we will pursue higher quality polycrystalline silicon for semiconductors and thereby set ourselves apart from other companies. Establishing manufacturing and sales bases in Taiwan and South Korea, in IC chemicals we will focus on establishing a global supply system that responds to growing demand. In the case of thermal management materials, we will continue to expand sales of existing products while commercializing new products.

Life Science

The overseas shipment volumes of plastic lens-related materials and dental materials are on an increase trend. We will continue to focus on new product development and sales activities in response to changes in customer needs and the market, while aiming to increase profits. With regard to medical diagnosis systems, We will promote the utilization and collaboration of resources throughout the Group, further strengthen the development of diagnostic reagents, and expand our business.

Eco Business

To make the environment segment one of our business pillars of the future, we will expand existing businesses, such as ion exchange membranes, plastic window sashes, and recycling of waste gypsum boards, while accelerating technological development and commercialization to reduce CO2 emissions. Serving as a symbol of our business portfolio transformation, the eco business will contribute to a sustainable society and realize business growth.

Others

The "Others" segment includes businesses which are responsible for the Group's sales, logistics, utilities and other functions. The segment will work to increase Group-wide earnings by continuing to reduce costs.

(2) Analysis of Financial Position

<1> Analysis of assets, liabilities and net assets

Summary of Consolidated Balance Sheets

(Unit: Millions of yen)

	Mar 31, 2021	Mar 31, 2022	Amount of change	Rate of change (%)
Assets	386,794	433,210	46,415	12.0
Liabilities	181,533	200,292	18,758	10.3
(Interest-bearing debt)	98,437	109,219	10,782	11.0
Net assets	205,261	232,917	27,656	13.5
(Shareholders' equity)	198,561	224,506	25,945	13.1

Financial indicators

	Mar 31, 2021	Mar 31, 2022	Amount of change
D/E ratio	0.50	0.49	(0.01)
Net D/E ratio	0.07	0.12	0.05
Shareholders' equity ratio (%)	51.3	51.8	0.5points
Shareholders' equity ratio based on market price (%)	52.0	28.5	(23.5)points

(Note)

*D/E ratio : interest-bearing debt / shareholders' equity
Net D/E ratio : (interest-bearing debt - Cash and cash equivalents) / shareholders' equity
Shareholders' equity ratio (%) : interest-bearing debt / total assets
Shareholders' equity ratio based on market price (%) : market capitalization / total assets

(Assets)

Property, plant and equipment, raw materials and supplies, notes and accounts receivable – trade, investments and other assets, merchandise and finished goods, work in process and other current assets increased by ¥ 15,576 million, ¥ 8,335 million, ¥ 7,300 million, ¥ 5,848 million, ¥ 4,519 million, ¥ 3,268 million and ¥ 1,302 million, respectively.

As a result, total assets amounted to ¥ 433,210 million, an increase of ¥ 46,415 million compared with those as of March 31, 2021.

(Liabilities)

Bonds payable increased ¥ 15,000 million and notes and accounts payable - trade increased ¥ 9,507, while long-term loans payable and the current portion of long-term loans payable decreased ¥ 2,936 million, other current assets decreased ¥ 1,491 million, and short-term loans payable decreased ¥ 1,386 million.

As a result, total liabilities amounted to ¥ 200,292 million, up ¥18,758 million compared with those as of March 31, 2021.

(Net assets)

Retained earnings increased ¥ 23,202 million as a result of posting profit attributable to owners of parent mainly, and foreign currency translation adjustment increased ¥ 2,683 million.

As a result, net assets totaled ¥ 232,917 million, an increase of ¥ 27,656 million compared with those as of March 31, 2021.

(Financial indicators)

With regard to the consolidated fiscal year under review, the D/E ratio improved 0.01 compared with the previous consolidated fiscal year to 0.49 times due to a ¥ 25,945 increase in shareholders' equity, in spite of a ¥ 10,782 million increase in interest-bearing debt.

<2> Analysis of cash flows

Summary of Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021
Cash flows from operating activities	43,314	25,986
Cash flows from investing activities	(19,276)	(33,797)
Cash flows from financing activities	(22,530)	5,118
Effect of exchange rate changes on cash and cash equivalents	623	1,267
Net increase (decrease) in cash and cash equivalents	2,131	(1,424)
Increase/decrease in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	-	870
Cash and cash equivalents at end of year	83,050	82,496

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥ 25,986 million, a decrease ¥ 17,328 million compared with the previous consolidated fiscal year. Principal items included depreciation of ¥ 19,716 million and increase in inventories of ¥ 15,704 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥ 33,797 million, an increase of ¥ 14,520 million compared with the previous consolidated fiscal year.

Major contributory factors were payments for purchases of property, plant and equipment of ¥ 31,887 million.

(Cash flows from financing activities)
Net cash provided in financing activities amounted to ¥ 5,118 million, an increase of ¥ 27,648 million compared with the previous fiscal year.
This was primarily attributed to outflow due to repayments of long-term loans of ¥ 9,150 million, cash dividends paid of ¥ 5,034 million, proceeds from issuance of bonds of ¥ 14,926 million, and proceeds from long-term borrowings of ¥ 6,218 million.

<3> Procurement of Funds and Liquidity

(Procurement of Funds)
The Tokuyama Group recognizes the need to retain a certain level of funds in order to secure the working capital required to finance its business activities, for priority investments in growth fields for the purpose of transforming its business portfolio and capital investments for the purpose of contributing to the mitigation of global warming, such as rationalization, energy saving, and measures to reduce CO_2 emissions, as well as to promote strategic investments. While the principal method of procuring these funds is to accumulate cash on hand through the continuous posting of business earnings, the Group will also pursue other avenues. These include borrowing from financial institutions and the issuing of unsecured bonds.
Furthermore, the Tokuyama Group's intended investment amount for the next fiscal year is ¥46.2 billion. Plans are in place to utilize cash on hand and borrowings from financial institutions.

(Liquidity)
Cash and cash equivalents stood at ¥ 82,496 million as of the end of the fiscal year under review. On this basis, the Tokuyama Group is confident that it maintains more than ample liquidity to promote its business activities. In addition, Tokuyama has executed revolving credit facility, overdraft, and credit liquidation agreements with a financial institution. Accounting for these factors, the Company is more than capable of maintain a certain level of liquidity should any impediment arise. To secure liquidity funds in preparation for unforeseen circumstances, we will also set up commitment lines on an as needed basis.

(3) Achievement of Medium-Term Management Plan 2025

The growth business net sales growth rate (CAGR) was 19.9%, which exceeded the target of 10%. This resulted from increases in sales volumes and in the selling prices of semiconductor-related products in the electronic materials segment as well as an increase in overseas shipments of life science segment products such as dental materials. ROE was 13.2%, maintaining a level on par with that of the previous consolidated fiscal year.

(4) Basic Policy for Profit Distribution and Dividends for Fiscal 2021 and 2022

As far as the distribution of profits is concerned, Tokuyama's basic policy is the ensure the continuous and stable payment of dividends to its shareholders. Our basic policy remains the taking into consideration of business performance, dividend payout ratio, our medium- to long-term business plans and other factors. Meanwhile, the Company will apply internal reserves to investment and lending as well as capital expenditures with the aim of further enhancing its corporate value.

In fiscal 2021, the Company expects to pay out a year-end dividend of ¥35 per share in line with the basic policy mentioned above.

As far as dividends for the next period are concerned, Tokuyama plans to undertake the payment of an interim and year-end dividend of ¥35 per share respectively based on the assumptions outlined in "<2> Outlook for fiscal 2022 of (1) Analysis of Operating Results."

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	3/31/2021	3/31/2022
Assets		
Current assets		
Cash and deposits	83,681	83,116
Notes and accounts receivable - trade	70,901	—
Notes receivable - trade	—	7,212
Accounts receivable - trade	—	70,989
Lease receivables	25	11
Merchandise and finished goods	14,674	19,194
Work in process	10,995	14,264
Raw materials and supplies	13,930	22,265
Other	5,666	6,968
Allowance for doubtful accounts	(115)	(72)
Total current assets	199,760	223,950
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,028	108,926
Accumulated depreciation	(76,427)	(78,815)
Buildings and structures, net	28,601	30,111
Machinery, equipment and vehicles	459,039	475,226
Accumulated depreciation	(413,493)	(424,410)
Machinery, equipment and vehicles, net	45,545	50,815
Tools, furniture and fixtures	22,827	23,356
Accumulated depreciation	(19,995)	(20,368)
Tools, furniture and fixtures, net	2,831	2,987
Land	31,903	32,112
Leased assets	6,900	8,682
Accumulated depreciation	(2,431)	(3,302)
Leased assets, net	4,469	5,379
Construction in progress	10,674	18,195
Total property, plant and equipment	124,025	139,602
Intangible assets		
Goodwill	86	68
Leased assets	43	25
Other	1,751	2,588
Total intangible assets	1,882	2,682
Investments and other assets		
Investment securities	27,171	28,255
Long-term loans receivable	2,094	2,094
Deferred tax assets	16,407	21,111
Retirement benefit asset	10,660	10,482
Other	4,854	5,077
Allowance for doubtful accounts	(61)	(46)
Total investments and other assets	61,126	66,974
Total non-current assets	187,034	209,259
Total assets	386,794	433,210

(Millions of yen)

	3/31/2021	3/31/2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,547	49,055
Short-term borrowings	1,850	463
Current portion of long-term borrowings	8,899	20,823
Lease liabilities	1,204	1,225
Income taxes payable	2,375	2,157
Provision for bonuses	3,057	3,462
Provision for share awards	33	—
Provision for repairs	4,884	5,409
Provision for decommissioning and removal	1,100	908
Provision for product warranties	95	73
Provision for loss on compensation for damage	122	108
Provision for environmental measures	40	14
Provision for loss on disaster	17	—
Provision for restructuring	—	47
Other	20,079	18,587
Total current liabilities	83,308	102,337
Non-current liabilities		
Bonds payable	—	15,000
Long-term borrowings	82,812	67,951
Lease liabilities	3,671	3,754
Deferred tax liabilities	247	248
Provision for retirement benefits for directors (and other officers)	201	194
Provision for share awards	—	33
Provision for repairs	1,340	1,181
Provision for decommissioning and removal	1,028	874
Allowance for loss on compensation for building materials	124	88
Provision for environmental measures	137	118
Retirement benefit liability	1,991	2,081
Asset retirement obligations	56	57
Other	6,613	6,370
Total non-current liabilities	98,224	97,954
Total liabilities	181,533	200,292
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	23,455	23,453
Retained earnings	157,332	180,534
Treasury shares	(349)	(414)
Total shareholders' equity	190,438	213,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	3,587
Deferred gains or losses on hedges	(19)	(8)
Foreign currency translation adjustment	2,165	4,849
Remeasurements of defined benefit plans	2,702	2,505
Total accumulated other comprehensive income	8,122	10,932
Non-controlling interests	6,700	8,411
Total net assets	205,261	232,917
Total liabilities and net assets	386,794	433,210

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2020	FY2021
Net sales	302,407	293,830
Cost of sales	207,254	198,417
Gross profit	95,152	95,412
Selling, general and administrative expenses		
Selling expenses	40,510	44,854
General and administrative expenses	23,719	26,017
Total selling, general and administrative expenses	64,230	70,872
Operating profit	30,921	24,539
Non-operating income		
Interest income	94	139
Dividend income	395	502
Share of profit of entities accounted for using equity method	949	1,043
Foreign exchange gains	320	1,000
Equipment sale income	575	—
Other	2,836	4,208
Total non-operating income	5,172	6,894
Non-operating expenses		
Interest expenses	1,524	1,382
Provision for decommissioning and removals	750	558
Equipment cost of sales	562	—
Other	2,459	3,637
Total non-operating expenses	5,297	5,578
Ordinary profit	30,796	25,855
Extraordinary income		
Gain on sale of non-current assets	98	474
Gain on sale of investment securities	77	161
Gain on sale of shares of subsidiaries and associates	746	—
Subsidy income	155	203
Gain on insurance claims	203	36
Compensation for damage income	—	2,218
Gain on sales of patent right and other	1,478	—
Gain on liquidation of subsidiaries and associates	197	—
Gain on step acquisitions	125	—
Other	96	35
Total extraordinary income	3,180	3,129
Extraordinary losses		
Loss on sale of non-current assets	2	14
Impairment losses	825	3
Loss on disaster	243	157
Loss on tax purpose reduction entry of non-current assets	3	115
Loss on disposal of non-current assets	830	820
Provision for decommissioning and removals	817	—
Other	293	224
Total extraordinary losses	3,017	1,334
Profit before income taxes	30,959	27,649
Income taxes - current	4,336	4,306
Income taxes - deferred	1,302	(4,831)
Total income taxes	5,639	(525)
Profit	25,320	28,175
Profit attributable to non-controlling interests	785	174
Profit attributable to owners of parent	24,534	28,000

(3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020	FY2021
Profit	25,320	28,175
Other comprehensive income		
Valuation difference on available-for-sale securities	2,968	317
Deferred gains or losses on hedges	16	10
Foreign currency translation adjustment	1,480	2,805
Remeasurements of defined benefit plans, net of tax	694	△199
Share of other comprehensive income of entities accounted for using equity method	43	51
Total other comprehensive income	5,203	2,985
Comprehensive income	30,524	31,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,670	30,814
Comprehensive income attributable to non-controlling interests	853	346

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020	FY2021
Cash flows from operating activities		
Profit before income taxes	30,959	27,649
Depreciation	17,003	19,716
Increase (decrease) in provisions	1,795	1,451
Increase (decrease) in retirement benefit liability	(129)	102
Decrease (increase) in retirement benefit asset	(69)	(121)
Interest and dividend income	(490)	(641)
Foreign exchange losses (gains)	10	(458)
Loss (gain) on sale of property, plant and equipment	(96)	(460)
Loss (gain) on sale of investment securities	(77)	(161)
Loss (gain) on sale of shares of subsidiaries and associates	(746)	—
Share of loss (profit) of entities accounted for using equity method	(949)	(1,043)
Subsidy income	(155)	(203)
Interest expenses	1,524	1,382
Loss on tax purpose reduction entry of non-current assets	3	115
Impairment losses	825	3
Loss (gain) on disposal of non-current assets	830	820
Gain on insurance claims	(203)	(36)
Gain on sales of patent right and other	(1,478)	—
Gain on liquidation of subsidiaries and associates	(197)	—
Loss (gain) on step acquisitions	(125)	—
Compensation for damage income	—	(2,218)
Decrease (increase) in trade receivables	(2,124)	(6,796)
Decrease (increase) in inventories	2,283	(15,704)
Decrease (increase) in other current assets	(914)	(1,207)
Increase (decrease) in trade payables	(533)	8,538
Increase (decrease) in other current liabilities	1,190	(1,928)
Other, net	319	(251)
Subtotal	48,454	28,547
Interest and dividends received	915	1,174
Interest paid	(1,530)	(1,386)
Proceeds from insurance income	257	36
Compensation for damage received	—	2,218
Compensation paid for damage	(31)	(117)
Income taxes refund (paid)	(4,750)	(4,486)
Net cash provided by (used in) operating activities	43,314	25,986

(Millions of yen)

	FY2020	FY2021
Cash flows from investing activities		
Payments into time deposits	(106)	(259)
Proceeds from withdrawal of time deposits	240	275
Purchase of property, plant and equipment	(23,800)	(31,887)
Proceeds from sale of property, plant and equipment	1,108	713
Purchase of investment securities	(251)	(428)
Proceeds from sale of investment securities	133	547
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	3,356	—
Long-term loan advances	(29)	(201)
Proceeds from collection of long-term loans receivable	180	187
Subsidies received	155	203
Gain on sales of patent right and other	1,489	—
Other, net	(1,752)	(2,948)
Net cash provided by (used in) investing activities	(19,276)	(33,797)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,490)	(1,787)
Proceeds from long-term borrowings	187	6,218
Repayments of long-term borrowings	(15,857)	(9,150)
Proceeds from issuance of bonds	—	14,926
Proceeds from issuance of shares	1,303	1,514
Dividends paid	(4,861)	(5,034)
Dividends paid to non-controlling interests	(239)	(158)
Decrease (increase) in treasury shares	(40)	(101)
Other, net	(1,531)	(1,307)
Net cash provided by (used in) financing activities	(22,530)	5,118
Effect of exchange rate change on cash and cash equivalents	623	1,267
Net increase (decrease) in cash and cash equivalents	2,131	(1,424)
Cash and cash equivalents at beginning of period	80,918	83,050
Increase/decrease in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	—	870
Cash and cash equivalents at end of period	83,050	82,496

(5) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Changes in significant subsidiaries during this period)

Not applicable.

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Corporate Accounting Standard No. 29, March 31, 2020) and other related standards from the first quarter consolidated accounting period for the fiscal year ending March 31, 2022, and has decided to recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

The main change due to the adoption of the Accounting Standard for Revenue Recognition is the revenue recognition for agent transactions.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter ended June 30, 2021 was added to or subtracted from the beginning balance of retained earnings of the first quarter consolidated accounting period for the fiscal year ending March 31, 2022, and thus the new accounting policy was applied from the beginning balance; provided, however, that the new accounting policy was not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the first quarter ended June 30, 2021 were subject to the previous treatment, by applying the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, for the fiscal year ending March 31, 2022, net sales decreased by ¥ 46,530 million and cost of sales decreased by ¥ 46,530 million. In addition, there was no impact on operating profit, ordinary profit, profit before income taxes, and retained earnings at the beginning of the fiscal year ending March 31, 2022.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable – trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are divided into "Notes receivable – trade" and "accounts receivable – trade" from the first quarter ended June 30, 2021. In accordance with transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Corporate Accounting Standard No. 30, July 4, 2019) from the beginning of the first quarter ended June 30, 2021, and the new accounting policies set forth by the Accounting Standard for Fair Value Measurement will be applied in the future in accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Corporate Accounting Standard No. 10, July 4, 2019). There is no effect on quarterly consolidated statements.

(Additional Information)

(Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system)

With regard to the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the nonconsolidated taxation system was revised in line with the transition to the group tax sharing system, pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, issued on March 31, 2020), the Company and certain domestic consolidated subsidiaries did not apply the provision of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision.

(6) Segment information

<1> Summary of reportable segments

The reportable segments of the Tokuyama Group are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors of the Company to evaluate their results and decide the allocation of management resources.

The Company has business divisions by product group, and the Tokuyama Group conducts business operations through each business division devising its comprehensive product strategy for domestic and overseas markets.

The Tokuyama Group is, therefore, composed of segments by product group based on business divisions, and has four reportable segments, “Chemicals,” “Specialty Products,” “Cement,” and “Life & Amenity.”

Main products and services of each reportable segment are as follows:

Reportable segment	Main products and services
Chemicals	Caustic soda, soda ash, calcium chloride, sodium silicate, vinyl chloride monomer, polyvinyl chloride resin, propylene oxide, chlorinated solvents, and hydrogen
Cement	Cement, ready-mixed concrete, cement-type stabilizer, and resource recycling business
Electronic Materials	Polycrystalline silicon, fumed silica, tetrachlorosilane, aluminum nitride, high-purity chemicals for electronics manufacturing, photoresist developer and isopropyl alcohol
Life Science	Medical diagnosis systems, dental materials and equipment, pharmaceutical ingredients and intermediates, plastic lens-related materials for glasses and microporous film
Eco Business	Waste gypsum board recycling, ion exchange membranes and plastic window sashes

(Information on changes in reportable segments)

Effective from the first quarter consolidated accounting period for the fiscal year ending March 31, 2022, the Company has reviewed our business segment and changed them to six segments: Chemicals, Cement, Electronics Materials, Life Science, Eco Business and Others.

The segment information for the third quarter of the consolidated accounting period for the fiscal year ending March 31, 2021 is disclosed based on the reporting segment classification after this change.

The Company has applied the Accounting Standard for Revenue Recognition, etc. and changed the method of accounting for revenue recognition from the beginning of the first quarter ended June 30, 2021 as described in above "Changes in accounting policy." Therefore, the Company has similarly changed the measuring method of segment profit or loss.
As a result of this change, net sales in the Chemicals, Cement, Electronics Materials, Life Science, Eco Business and Others segments decreased by ¥ 1,389 million, ¥ 43,642 million, ¥ 228 million, ¥ 10 million, ¥ 742 million and ¥ 24,229 million, respectively, compared with the previous method for the fiscal year ending March 31, 2022.
The total decrease in net sales after taking into account intersegment eliminations and corporate expenses is ¥ 46,530 million.
There is no effect on segment profit (loss).

<2> Information on sales, income, assets and other items by reportable segment

Fiscal 2020 (April 1, 2020 –March 31, 2021)

(Millions of yen)

	Reportable segments					Others*1	Total	Adjustment *2	Figures in quarterly consolidated income statement*3
	Chemicals	Cement	Electronic Materials	Life Science	Eco Business				
Sales									
Sales to customers	80,555	88,969	49,728	27,408	9,076	46,668	302,407	-	302,407
Inter-segment sales/transfer	829	623	12,125	1,254	504	15,714	31,053	(31,053)	-
Total	81,385	89,593	61,853	28,662	9,581	62,383	333,460	(31,053)	302,407
Segment profit (loss)	13,585	4,454	7,104	3,498	(368)	5,677	33,952	(3,030)	30,921
Segment assets	49,227	56,411	69,547	34,947	10,655	52,892	273,680	113,113	386,794
Other items									
Depreciation expenses*4	2,651	3,461	3,706	1,312	481	4,222	15,836	1,167	17,003
Increase in tangible and intangible fixed assets*5	3,277	5,154	6,472	1,930	758	6,030	23,624	3,456	27,080

*1 The “Others” segment comprises businesses other than those of the reportable segments. Specifically, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

*2 Adjustment is as follows:

(1) The segment profit adjustment amount consists mainly of basic R&D expenses that are not related to specific reportable segments.

(2) Included in the segment assets adjustment amount are corporate assets that are not allocated to specific reportable segments (¥ 142,698 million).

*3 With regard to segment profit (loss), operating profit in the quarterly consolidated statement of profit has been calculated by making an adjustment to the sum total of the reportable segments’ profit and the “Others” segment’s profit.

*4 Included in depreciation expenses is the long-term prepaid expense depreciation amount.

*5 Included in increase in tangible and intangible fixed assets is the long-term prepaid expense increase amount.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss on fixed assets)

Not applicable.

Fiscal 2021 (April 1, 2021 –March 31, 2022)

(Millions of yen)

	Reportable segments					Others*1	Total	Adjustment *2	Figures in quarterly consolidated income statement*3
	Chemicals	Cement	Electronic Materials	Life Science	Eco Business				
Sales									
Sales to customers	101,093	49,679	74,332	33,439	9,935	25,349	293,830	-	293,830
Inter-segment sales/transfer	388	687	664	125	370	10,953	13,188	(13,188)	-
Total	101,482	50,366	74,996	33,564	10,305	36,302	307,018	(13,188)	293,830
Segment profit (loss)	14,225	(1,912)	7,232	6,036	(468)	3,851	28,964	(△4,425)	24,539
Segment assets	59,472	58,670	91,008	39,294	12,364	60,593	321,403	111,807	433,210
Other items									
Depreciation expenses*4	2,969	3,953	4,952	1,361	605	4,177	18,020	1,696	19,716
Increase in tangible and intangible fixed assets*5	4,891	4,806	14,348	1,657	924	5,238	31,865	3,190	35,056

*1 The "Others" segment comprises businesses other than those of the reportable segments. Specifically, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

*2 Adjustment is as follows:

(1) The segment profit adjustment amount consists mainly of basic R&D expenses that are not related to specific reportable segments.

(2) Included in the segment assets adjustment amount are corporate assets that are not allocated to specific reportable segments (¥ 149,158 million).

*3 With regard to segment profit (loss), operating profit in the quarterly consolidated statement of profit has been calculated by making an adjustment to the sum total of the reportable segments' profit and the "Others" segment's profit.

*4 Included in depreciation expenses is the long-term prepaid expense depreciation amount.

*5 Included in increase in tangible and intangible fixed assets is the long-term prepaid expense increase amount.

*6 Net sales are not presented separately from earnings derived from contracts with customers and other earnings because the amount of other earnings is insignificant.

(7) Material Subsequent Event

Not applicable.