

Fiscal 2022 - Apr 1, 2022 to Mar 31, 2023-

# Presentation for IR Meeting

April 28, 2023

Tokuyama Corporation



## Key points of fiscal 2022

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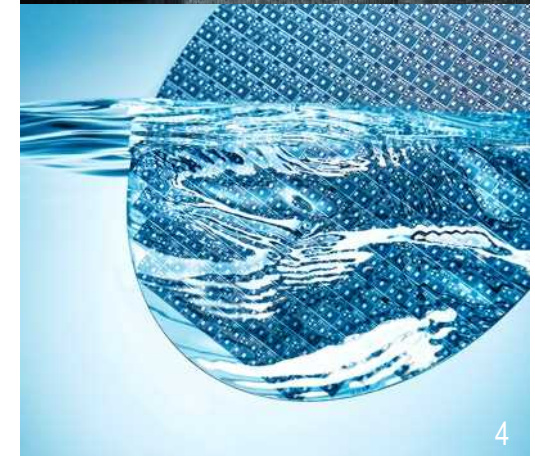
- Despite higher sales by revision of sales prices of products such as chemicals, cement, and semiconductor-related products, earnings decreased owing to such factors as the increase in costs including raw material and fuel prices as well as logistics expenses and the deterioration in market conditions
- In fiscal 2023, sales and profit are expected to increase owing to such factors as the growing acceptance of sales price revisions in the Chemical and Cement segments, despite the outlook of a slowdown in semiconductor market conditions
- The depreciation method for Property, plant and equipment has been changed to the straight-line method from the beginning of the fiscal year ending March 31, 2024
- Starting of study on the suspension of one cement kiln operations

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- ① Financial Results for FY2022**
- ② Performance Forecasts for FY2023**
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# ① Financial Results for FY2022

1. Financial Highlights
2. Net Sales / Operating Profit by Business Segment
3. Changes in Operating Profit



# 1. Financial Highlights

(Billions of yen)

	FY2021	FY2022	Difference		Main changing factors
			Amount	%	
Net sales	293.8	351.7	+57.9	+20	Upturn in price of chemicals, cement, and semiconductor-related products
Operating profit	24.5	14.3	(10.2)	(42)	Increase in costs including raw material and fuel prices as well as logistics expenses Deterioration in overseas vinyl chloride monomer market prices
Ordinary profit	25.8	14.7	(11.0)	(43)	Decrease in operating profit
Profit attributable to owners of parent	28.0	9.3	(18.6)	(67)	Decrease in ordinary profit Increase in income taxes
Basic earnings per share (yen)	389.09	130.15	-	-	-
Exchange rate (yen/USD)	112	135	-	-	-
Domestic naphtha price (yen/kl)	56,800	76,600	-	-	-

# 1. Financial Highlights

(Billions of yen)

	As of Mar 31,2022	As of Mar 31,2023	Difference	Main changing factors
Total assets	433.2	478.3	+45.1	Increase in inventories such as finished goods owing to upturn in unit price for raw materials and fuel
Shareholders' equity	224.5	229.4	+4.9	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.8%	48.0%	(3.8pts)	-
Interest-bearing debt	109.2	142.4	+33.2	Increase in long-term loans payable
D/E ratio	0.49	0.62	+0.13	-
Net D/E ratio*	0.12	0.32	+0.20	-
Net assets per share (yen)	3,120.25	3,189.01	-	-

\*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents, Money in trust)/Shareholders' equity

## 2. Net Sales/Operating Profit by Business Segment

(Year-on-year change)

(Billions of yen)

	FY2021		FY2022		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	101.4	14.2	116.2	6.8	+14.7	+15	(7.3)	(52)
Cement	50.3	(1.9)	58.5	(3.7)	+8.1	+16	(1.8)	-
Electronic Materials	74.9	7.2	91.5	7.0	+16.5	+22	(0.2)	(3)
Life Science	33.5	6.0	37.5	7.3	+4.0	+12	+1.3	+22
Eco Business	10.3	(0.4)	13.8	0.0	+3.5	+34	+0.5	-
Others	36.3	3.8	47.3	2.0	+11.0	+30	(1.8)	(47)
Total	307.0	28.9	365.1	19.6	+58.0	+19	(9.3)	(32)
Inter-segment eliminations and corporate-wide expenses	(13.1)	(4.4)	(13.3)	(5.3)	(0.1)	-	(0.8)	-
Consolidated Results	293.8	24.5	351.7	14.3	+57.9	+20	(10.2)	(42)

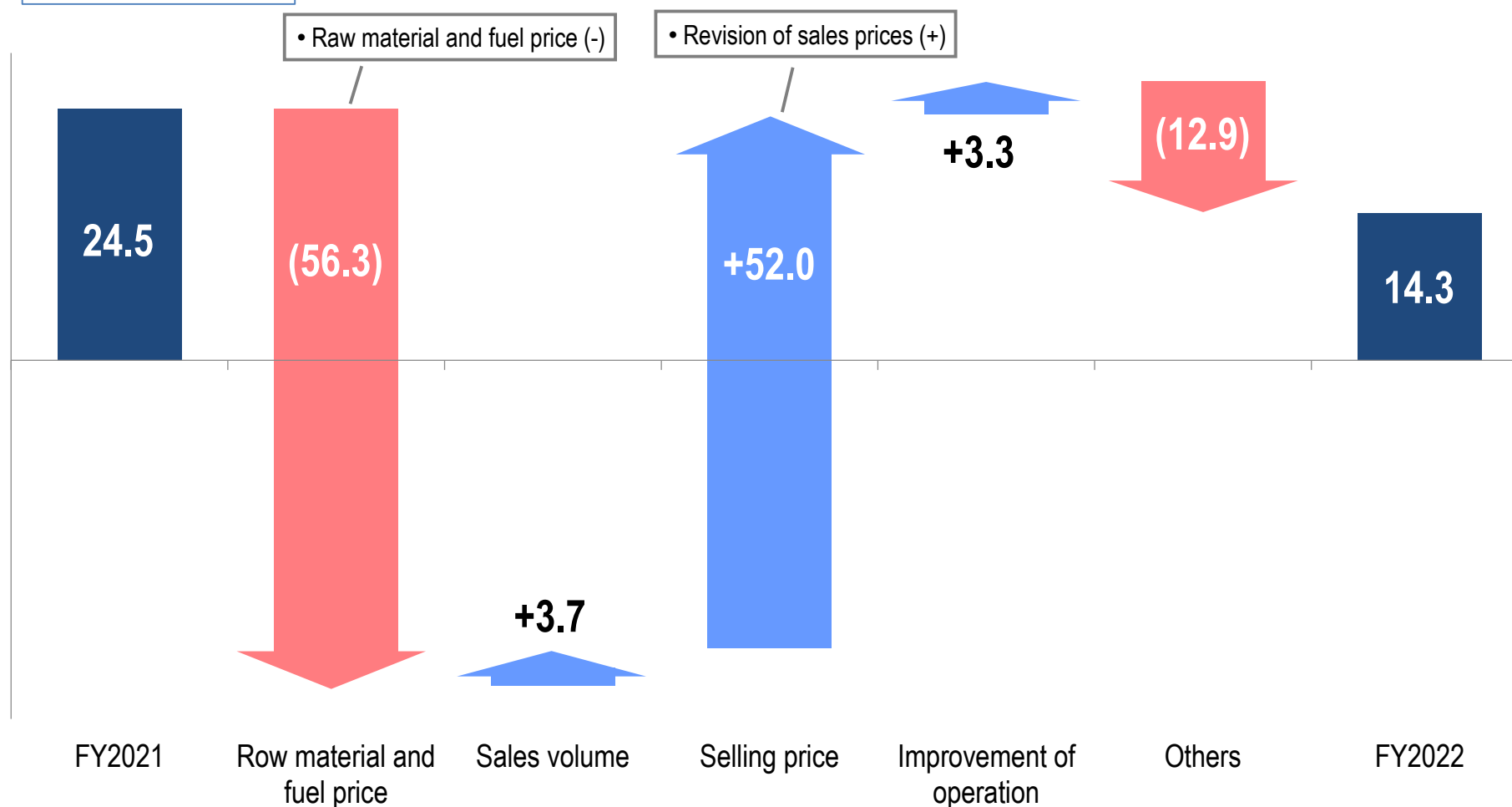
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

### 3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

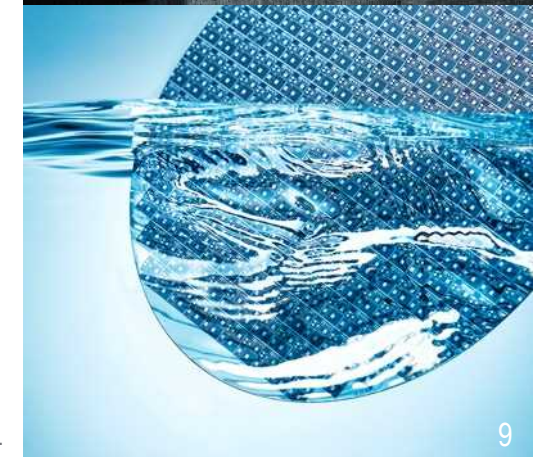
By Factor





## ② Performance Forecasts for FY2023

1. Key points of Performance Forecasts
2. Performance Forecasts
3. Performance Forecasts by Business Segment
4. Changes in Operating Profit
5. Investment Plan
6. Shareholder Returns



# 1. Key points of Performance Forecasts

- Assumptions of performance forecasts for fiscal 2023 are as follows;

Exchange rate	130 yen/USD
Domestic naphtha price	67,000 yen／kl

- In fiscal 2023, sales and profit are expected to increase owing to such factors as the growing acceptance of sales price revisions in the Chemicals and Cement, despite the outlook of a slowdown in semiconductor market conditions
- In addition, the Company will change its depreciation method for Property, plant and equipment to the straight-line method from the beginning of the fiscal year ending March 31, 2024. This change is expected to reduce depreciation by approximately ¥5.4 billion
- Effective from the fiscal year ending March 31, 2024, the Electronic Materials Segment will be renamed the Electronic & Advanced Materials Segment (Only the name will change)

## 2. Performance Forecasts

(Year-on-year change)

(Billions of yen)

	FY2022 Results	FY2023 Forecasts	Difference		Main changing factors
			Amount	%	
Net sales	351.7	380.0	+282	+8	Revision of sales prices of products such as Chemicals and Cement
Operating profit	14.3	30.0	+156	+109	raw material and fuel prices has calmed down Improve profitability through revision of sales prices
Ordinary profit	14.7	30.0	+152	+103	Increase in operating income
Profit attributable to owners of parent	9.3	22.0	+126	+135	Increase in ordinary income Increase in income taxes
Basic earnings per share (yen)	130.15	305.77	-	-	-
Exchange rate (yen/USD)	135	130	-	-	-
Domestic naphtha price (yen/kl)	76,600	67,000	-	-	-

# 3. Performance Forecasts by Business Segment

(Year-on-year change)

(Billions of yen)

	FY2022 Results		FY2023 Forecasts		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating Profit	%
Chemicals	116.2	6.8	128.0	12.5	+11.7	+10	+5.6	+81
Cement	58.5	(3.7)	69.0	6.0	+10.4	+18	+9.7	-
Electronic & Advanced Materials	91.5	7.0	103.0	9.0	+11.4	+12	+1.9	+28
Life Science	37.5	7.3	40.0	7.5	+2.4	+6	+1	+2
Eco Business	13.8	0.0	8.0	0.0	(5.8)	(42)	(0.0)	-
Others	47.3	2.0	45.0	2.0	(2.3)	(5)	(0.0)	(2)
Total	365.1	19.6	393.0	37.0	+27.8	+8	+17.3	+88
Inter-segment eliminations and corporate-wide expenses	(13.3)	(5.3)	(13.0)	(7.0)	+0.3	-	(1.6)	-
Consolidated Results	(351.7)	14.3	380.0	30.0	+28.2	+8	+15.6	+109

(Note1) Sales and operating profit in each segment shown above include inter-segment transactions

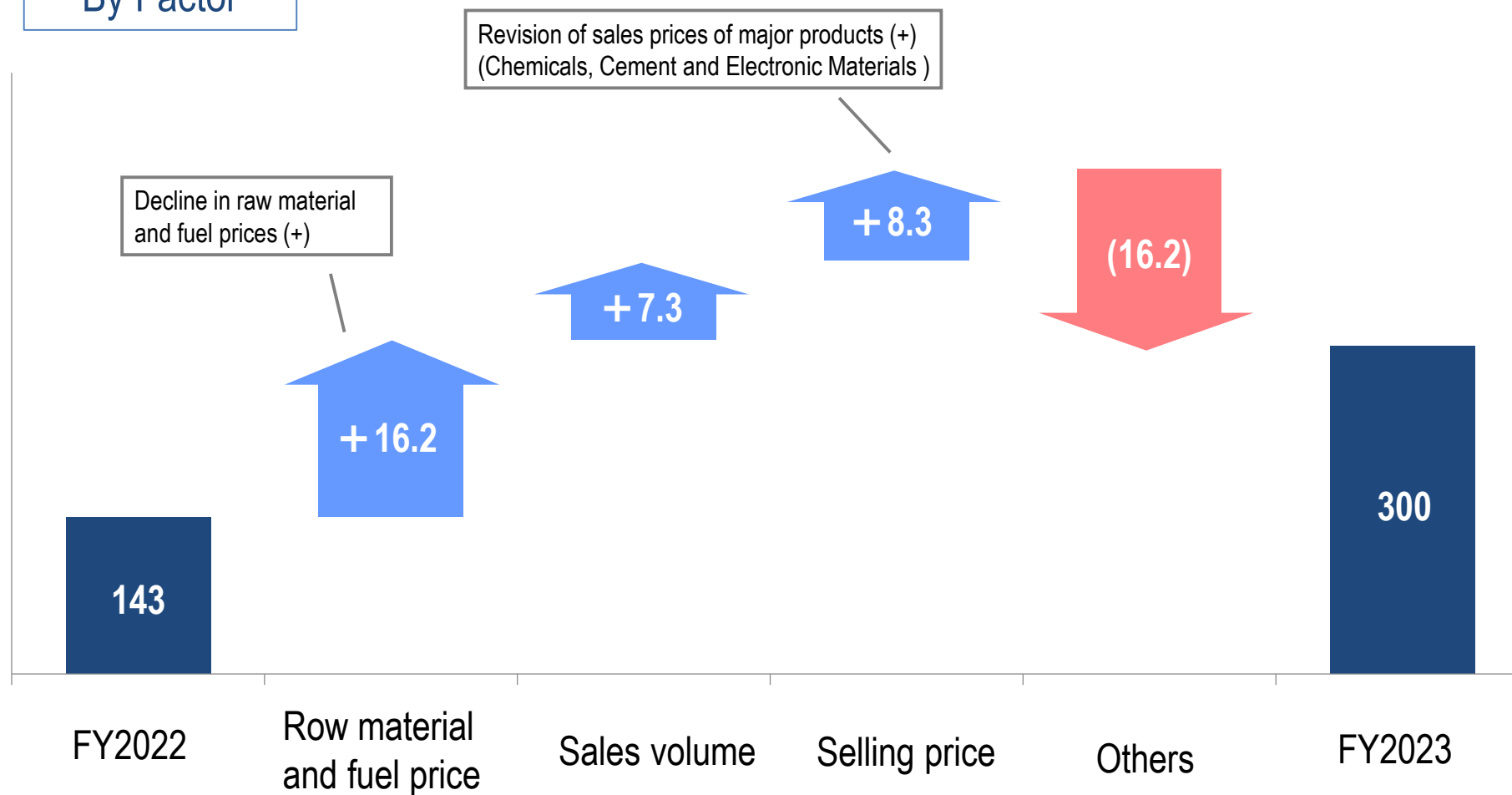
(Note2) Effective from the beginning of the fiscal year ending March 31, 2024, the Electronic Materials Segment has been renamed the Electronic & Advanced Materials Segment. (Only the name will change)

## 4. Changes in Operating Profit

(Billions of yen)

(Year-on-year change)

By Factor



## 5. Investment Plan

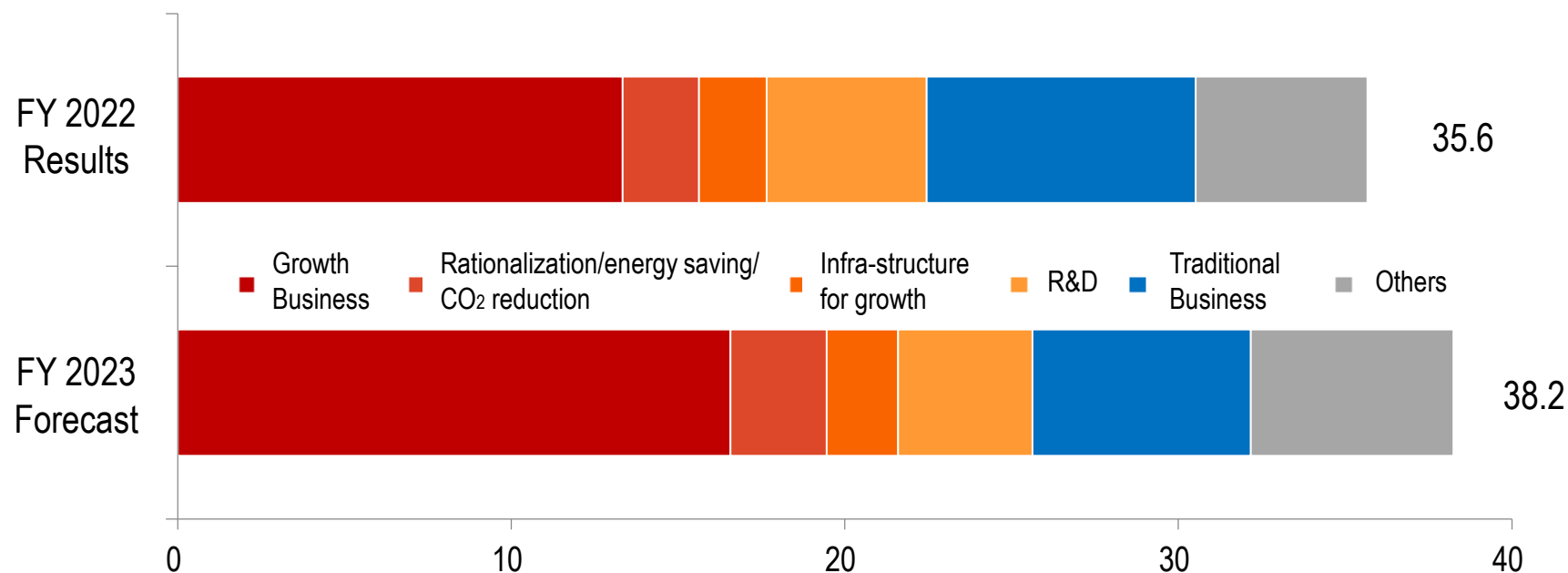
	Consolidated		(Billions of yen)
	FY2022 Results	FY2023 Forecast	Changes
Capital expenditures	35.6	38.2	+2.5
Depreciation and amortization	20.7	18.4	(2.3)
R&D expenses	13.6	16.1	+2.5

## 5. Investment Plan

### Major Growth Investments

FY 2022 Results	FY 2023 Forecast
Construct the factory of joint venture company in Korea for high-purity IPA	Production capacity expansion of dental materials
Production expansion of hydrophobic silica at Tokuyama Chemicals (Zhejiang) Co., Ltd.	Biomass co-firing-related investment in power plants
Waste gypsum board recycling business Construction of a new plant in Muroran	DX-related investment

Investment  
(Billions of yen)



## 6. Shareholder Returns

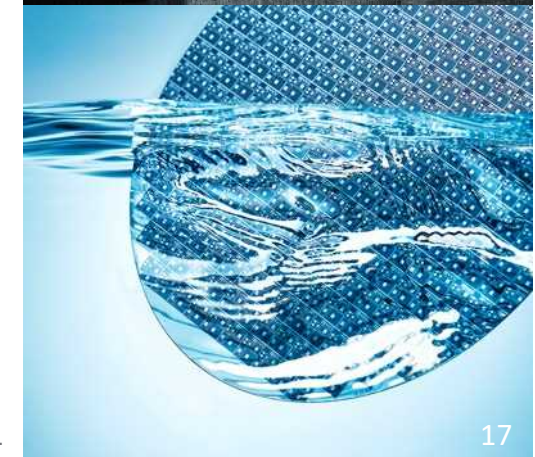
- **Fiscal 2022** The Company expects to pay out a year-end dividend of ¥35 per share as planned
- **Fiscal 2023** The Company plans to pay an interim and year-end dividend of ¥35 per share each

Fiscal Year	2018	2019	2020	2021	2022	2023 Forecast
Interim Dividend (Yen)	25	35	35	35	35	35
Year-end Dividend (Yen)	25	35	35	35	35	35
Payout ratio (%)	10.1	24.4	19.9	18.0	53.8	22.9



### 3 Topics

1. Start of study on the suspension of one cement kiln operations
2. Concerning the Change in a Subsidiary Company due to the Transfer of Shares
3. Revisions and adjustments owing to the change in depreciation method



## 1. Starting of study on the suspension of one cement kiln operations

- Tokuyama currently maintains three kilns at the Nanyo Plant of Tokuyama Factory in Shunan City, Yamaguchi Prefecture. The production capacity of these three kilns is 4.54 million MT per year on a clinker basis
- Tokuyama is considering putting in place a cement production system that is capable of strengthening profitability in response to changes in the external environment, including the gradual drop in demand for cement in Japan as well as raw material and fuel costs, which continue to trend at a high level



## 2. Concerning the Change in a Subsidiary Company due to the Transfer of Shares

### Transfer of EXCEL SHANON CORPORATION shares

- Transfer shares of EXCEL SHANON in Eco Business segment to Panasonic Holdings Corporation as follows with the aim of further developing the plastic sash business (scheduled share transfer date: July 3, 2023)
- EXCEL SHANON to become a Tokuyama equity-method affiliate after the share transfer

#### Investment ratio in EXCEL SHANON

	Tokuyama	Panasonic Holdings Corporation
Before the share transfer	51%	49%
After the share transfer	34%	66%

### 3. Revisions and adjustments owing to the change in depreciation method

Revisions and adjustments owing to the change in the depreciation method used for property, plant and equipment as follows

#### **Revision of final year figures in Medium-Term Management Plan 2025**

Change: (1) FY2025 operating profit	¥40 billion → ¥45 billion
(2) FY2025 ROE	≥ 10% → ≥ 11%

#### **Concerning Partial Revision of the Performance-linked Share-based Remuneration Plan for Directors, etc.**

Change: Cumulative operating profit during the period of the Medium-Term Management Plan	¥162 billion → ¥179 billion
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## 4 Supplementary Material

1. Consolidated Financial Statements
2. Changes in Net Sales/Operating Profit by Business Segment
3. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost
4. Performance Trend
5. CAPEX and Depreciation Trend
6. Interest-bearing Debts Trend
7. Cash Flow Plan





## 1. Consolidated Financial Statements

## Income Statements

(Billions of yen)

	FY2021	FY2022	Difference	
			Amount	%
Net sales	293.8	351.7	+57.9	+20
Cost of sales	198.4	261.0	(62.5)	(32)
Selling, general and administrative expenses	70.8	76.4	(5.5)	(8)
Operating profit	24.5	14.3	(10.2)	(42)
Non-operating income/expenses	1.3	0.4	(0.8)	(66)
Ordinary profit	25.8	14.7	(11.0)	(43)
Extraordinary income/expenses	1.7	(0.3)	(2.1)	-
Profit/loss before income taxes	27.6	14.4	(13.2)	(48)
Income taxes	(0.5)	5.0	(5.5)	-
Non-controlling interests	0.1	(0.0)	+0.1	-
Profit attributable to owners of parent	28.0	9.3	(18.6)	(67)

\*Regarding changes, income or profit is shown as positive and expenses or losses are shown as negative amount

## 1. Consolidated Financial Statements

## Balance Sheets

(Billions of yen)

	3/31/2022	3/31/2023	Changes	
			Amount	%
Total assets	433.2	478.3	+45.1	+10
Current assets	223.9	253.6	+29.7	+13
Tangible fixed assets	139.6	155.3	+15.7	+11
Intangible fixed assets	2.6	3.4	+0.7	+29
Investments and other assets	66.9	65.8	(1.1)	(2)

	3/31/2022	3/31/2023	Changes	
			Amount	%
Total liabilities	200.2	236.7	+36.4	+18
Current liabilities	102.3	88.2	(14.0)	(14)
Long-term liabilities	97.9	148.4	+50.5	+52
Total net assets	232.9	241.6	+8.6	+4

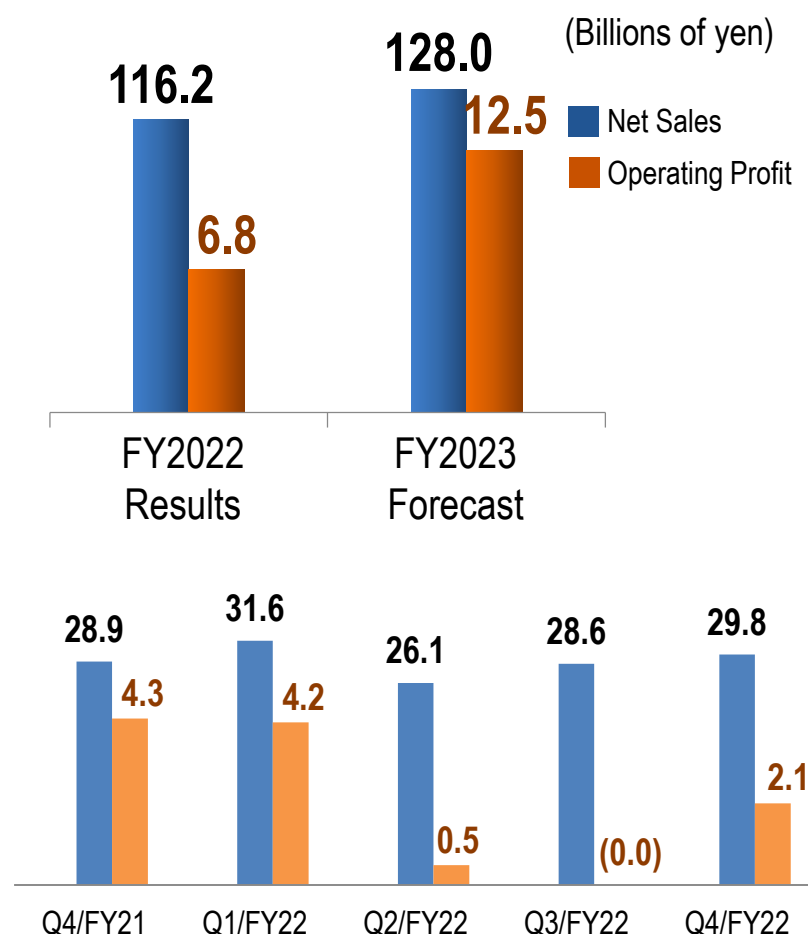


## 2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

### Chemicals

*Higher earnings on higher sales*



### Qualitative information

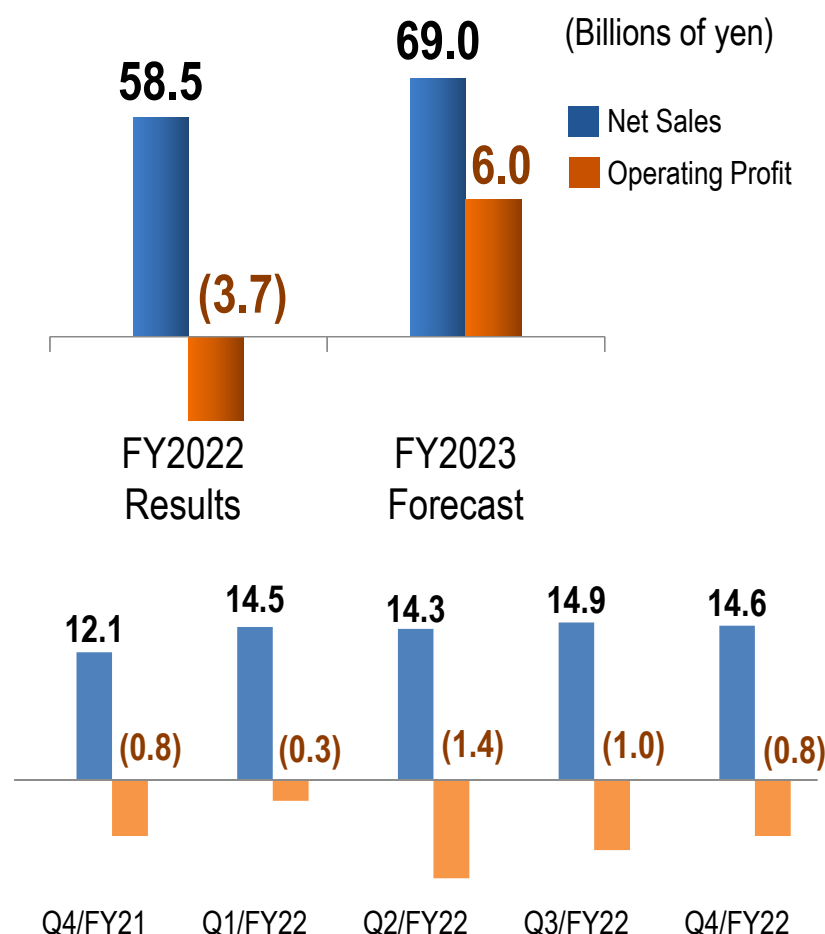
- From a sales and profit perspective, the high risk of fluctuation is expected to continue owing mainly to trends in raw material and fuel costs as well as overseas market conditions for mainstay products.
- We will work to secure revenue and earnings by implementing measures to address changes in the business environment, including efforts to strengthen cost competitiveness through the reduction of fixed expenses.

## 2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

### Cement

*Earnings improved on higher sales*



### Qualitative information

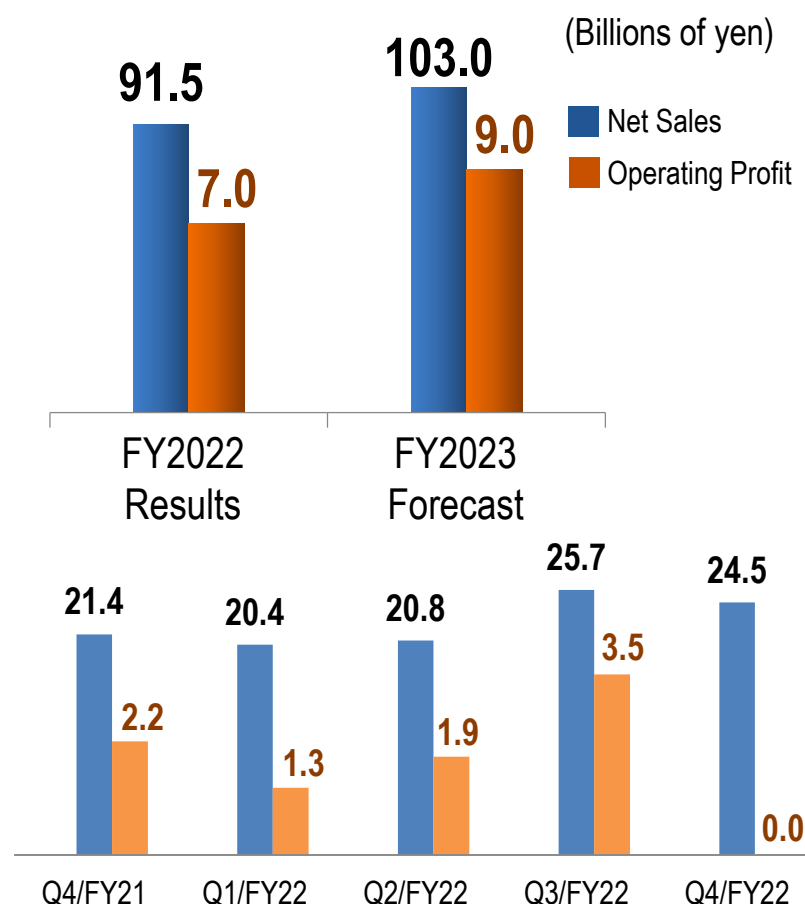
- Expected to recover moderately due to full-scale redevelopment work in urban areas, domestic demand for cement is expected to remain on par with fiscal 2022 due to a decrease in public investment and longer construction periods.
- We anticipate that the environment surrounding the business, such as trends in raw material prices, will remain beset with uncertainty.
- We will work to secure a return to profit by thoroughly reducing manufacturing costs in conjunction with efforts to promote the revision of sales prices.

## 2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

### Electronic & Advanced Materials

*Higher earnings on higher sales*



#### Qualitative information

Despite a temporary slowdown, the semiconductor market is expected to expand over the medium to long term. In line with the progress being made toward miniaturization, customer demands for higher quality and stable supply are increasing.

(Semiconductor-grade Polycrystalline silicon)

- We will pursue higher quality products and thereby set ourselves apart from other companies.

(IC chemicals)

- 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.

(Thermal Management Material)

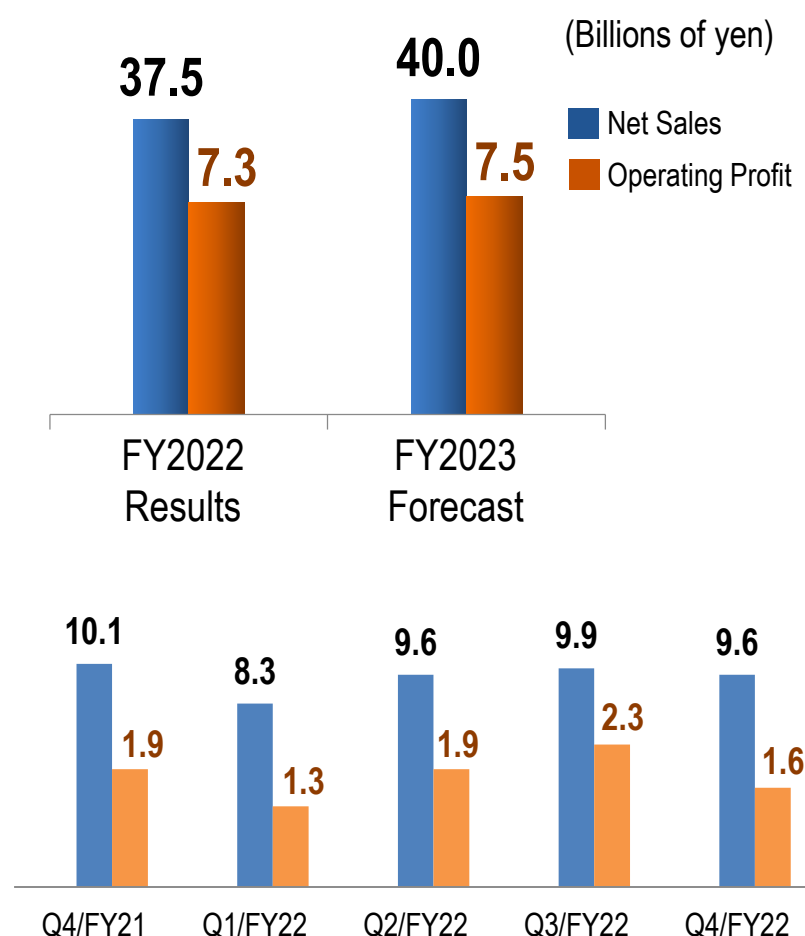
- we will continue to expand sales of existing products while commercializing new products.

## 2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

### Life Science

*Higher earnings on higher sales*



Qualitative information

(Dental materials / Plastic lens-related materials)

- The overseas shipment volumes 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.

(Medical diagnosis systems)

- We will be directed toward expanding sales of mainstay products in a bid to increase sales and profit, promoting the development of diagnostic reagents.

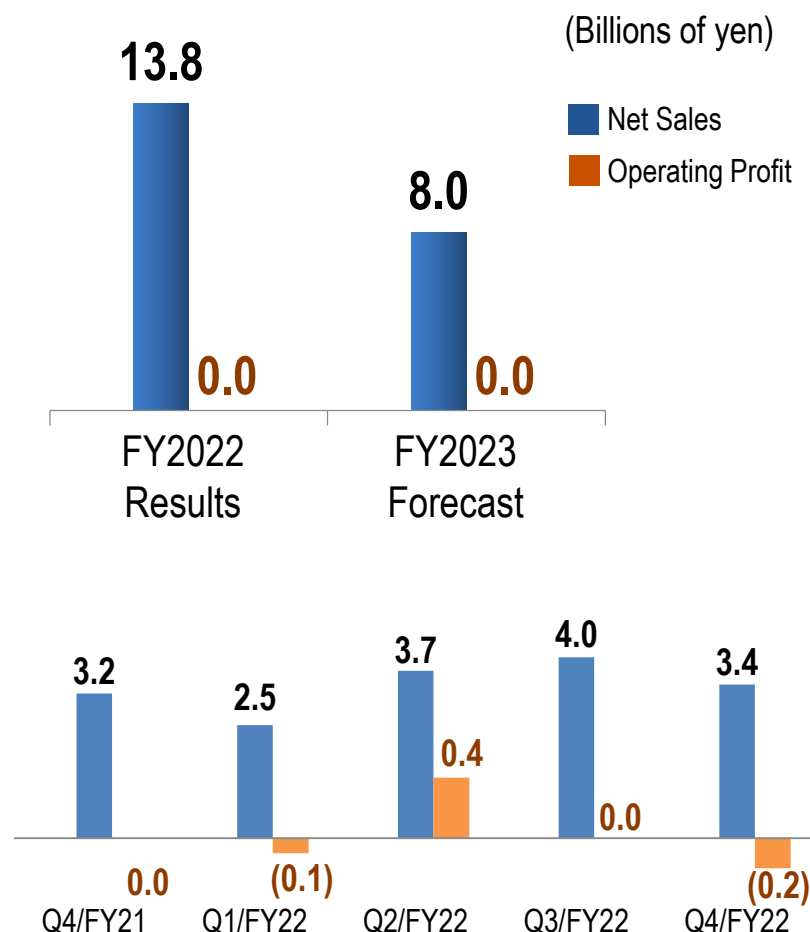
## 2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

### Eco Business

*Lower earnings on lower sales*

(Billions of yen)



Qualitative information

- In addition to expanding existing businesses such as ion-exchange membranes and the recycling of waste gypsum board, we will accelerate the development and commercialization of technologies that help reduce CO2 emissions while contributing to a shift in its business portfolio in a bid to realize a sustainable society.

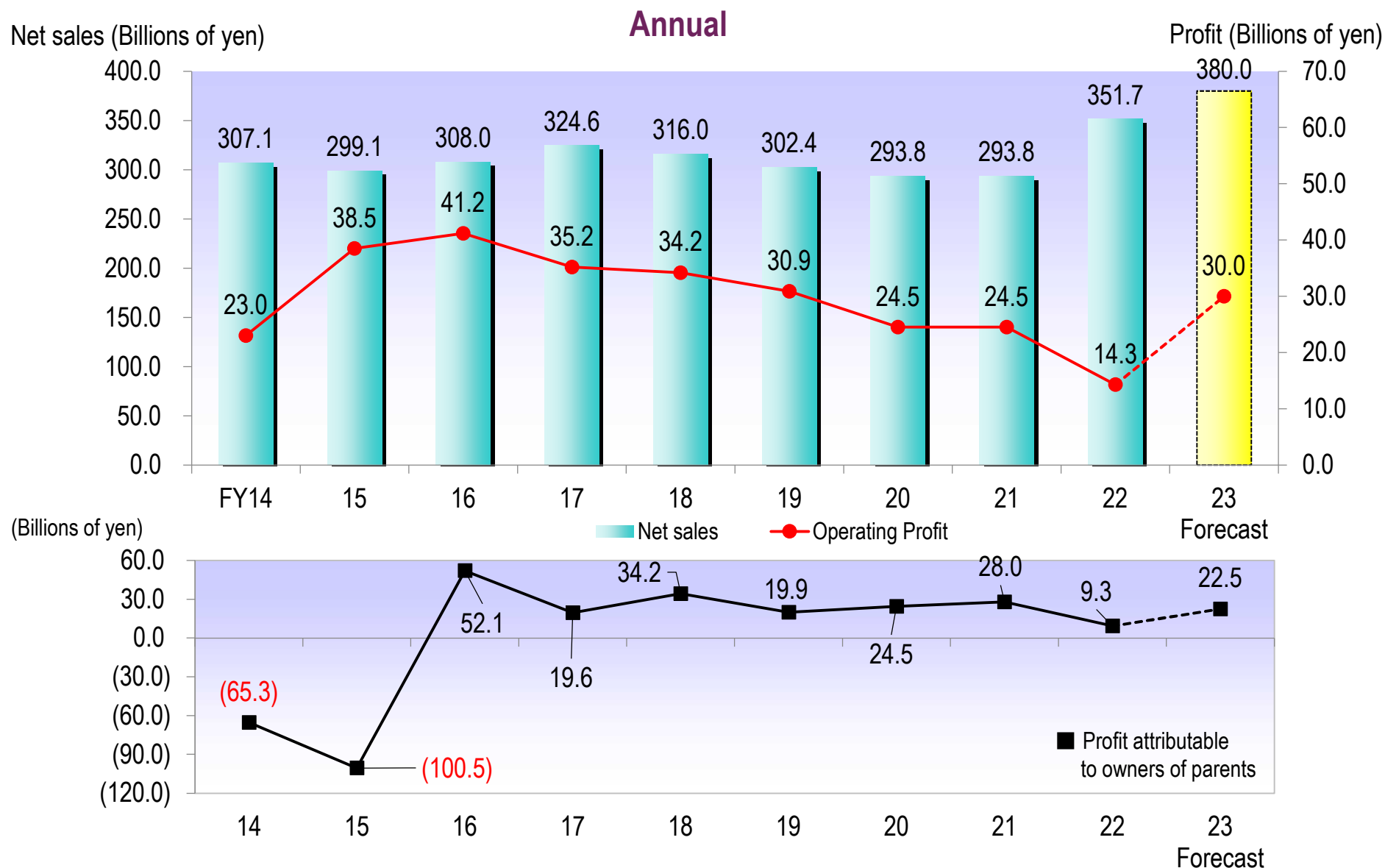
### 3. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost

#### Consolidated (year-on-year change)

(Billions of yen)

		FY2021	FY2022	Changes
Non-operating income	Interest and dividend income	0.6	0.7	+0.1
	Other income	6.2	5.4	(0.7)
	Total	6.8	6.2	(0.6)
Non-operating expenses	Interest expenses	1.3	1.5	(0.2)
	Other expenses	4.1	4.1	+0.0
	Total	5.5	5.7	(0.1)
Non-operating income/expenses		1.3	0.4	(0.8)
Extraordinary gains		3.1	0.4	(2.6)
Extraordinary losses		1.3	0.8	+0.5
Extraordinary gains/losses		1.7	(0.3)	(2.1)
Financial income and expenses		(0.7)	(0.8)	(0.0)

# 4. Performance Trend

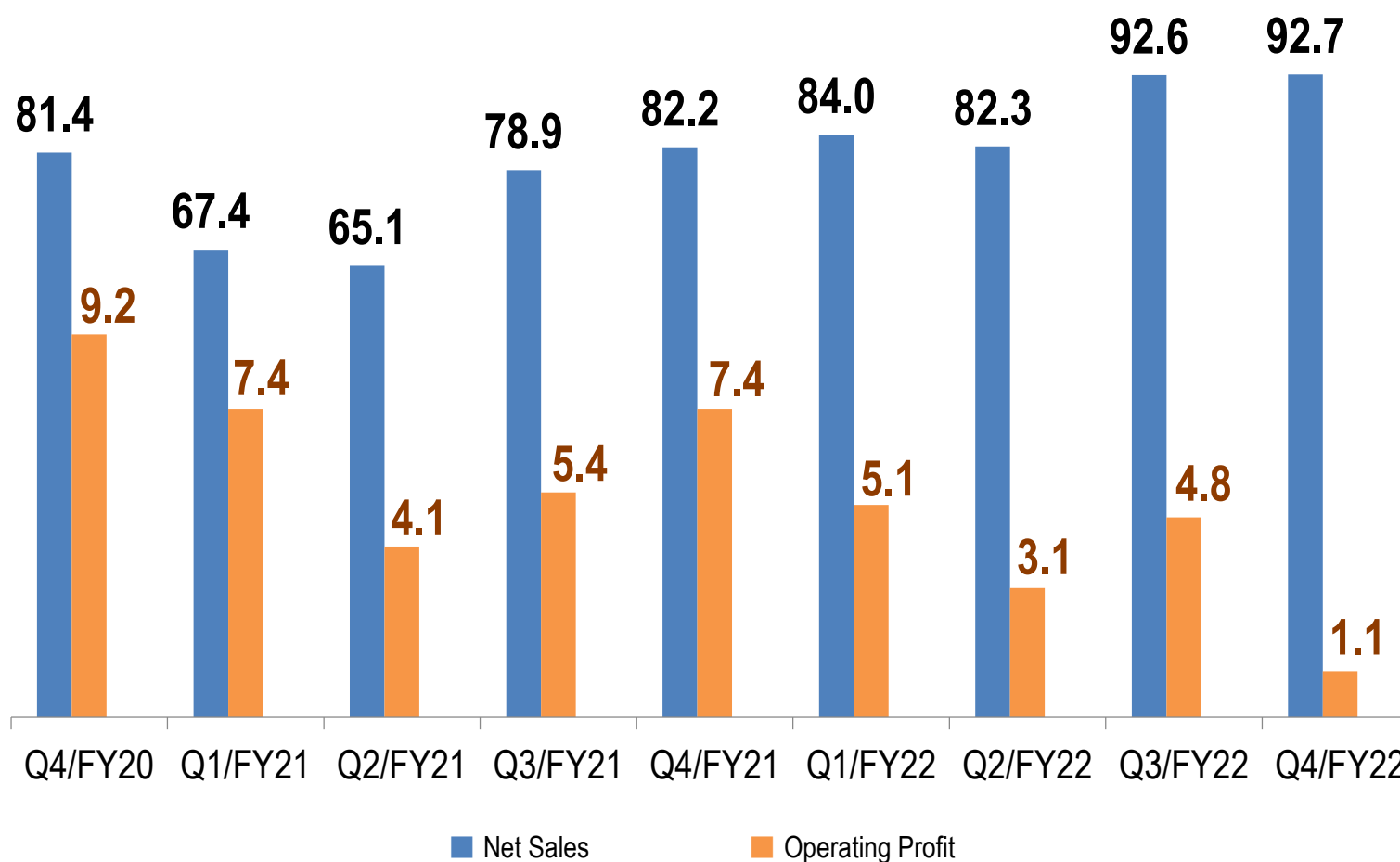


## 4. Performance Trend

**Consolidated**

Quarter

(Billions of yen)

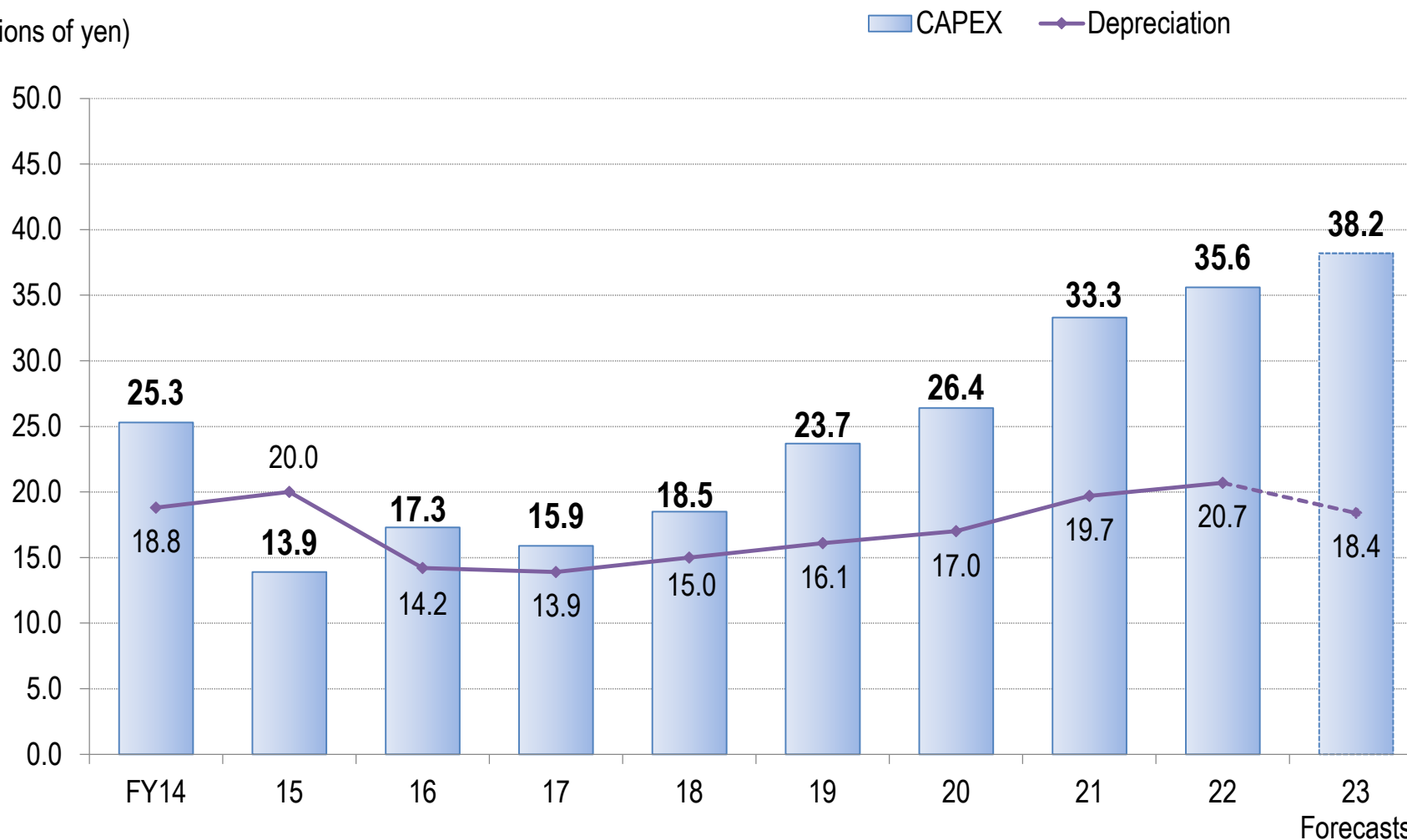




# 5. CAPEX and Depreciation Trend

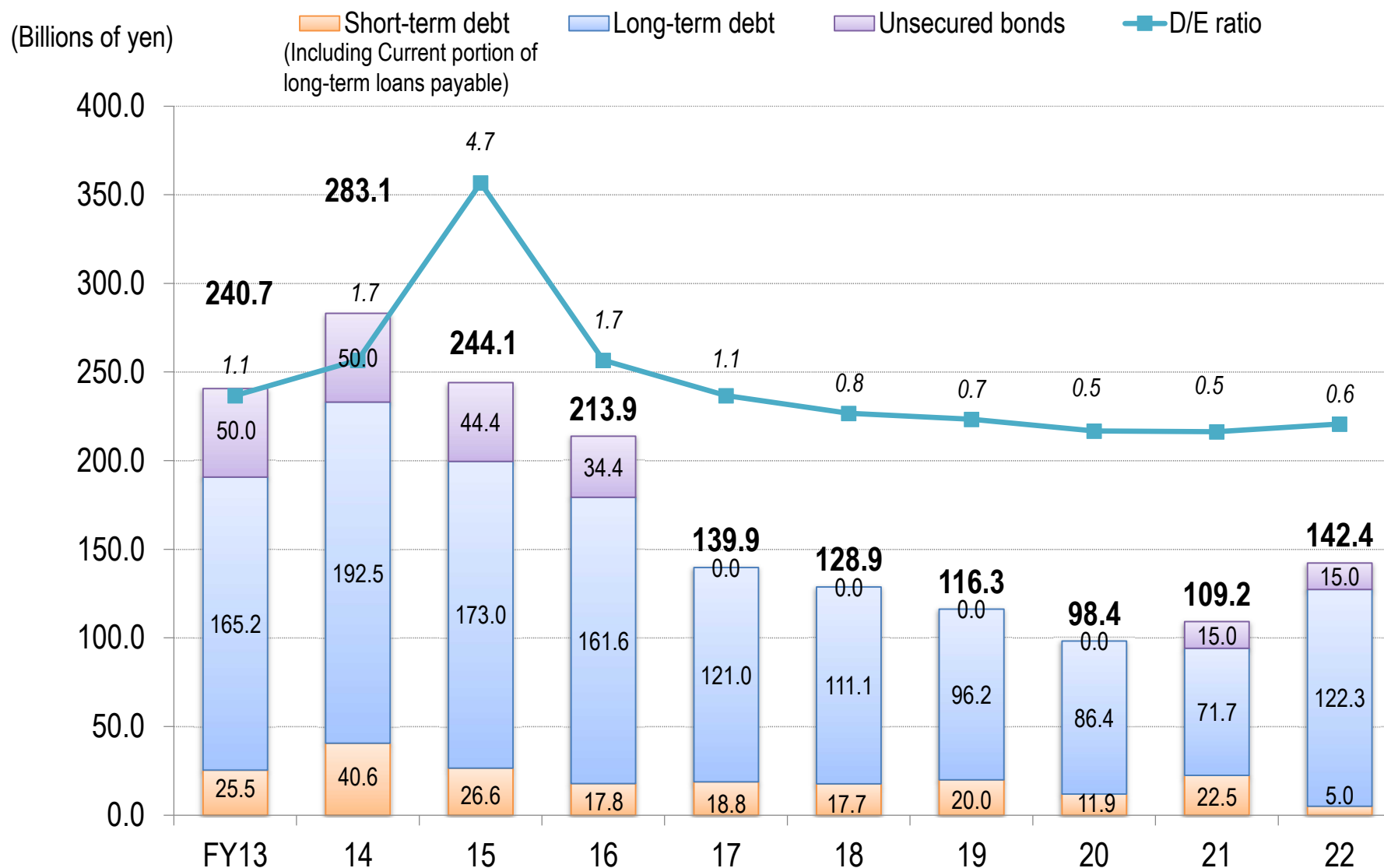
Consolidated

(Billions of yen)



## 6. Interest-Bearing Debts Trend

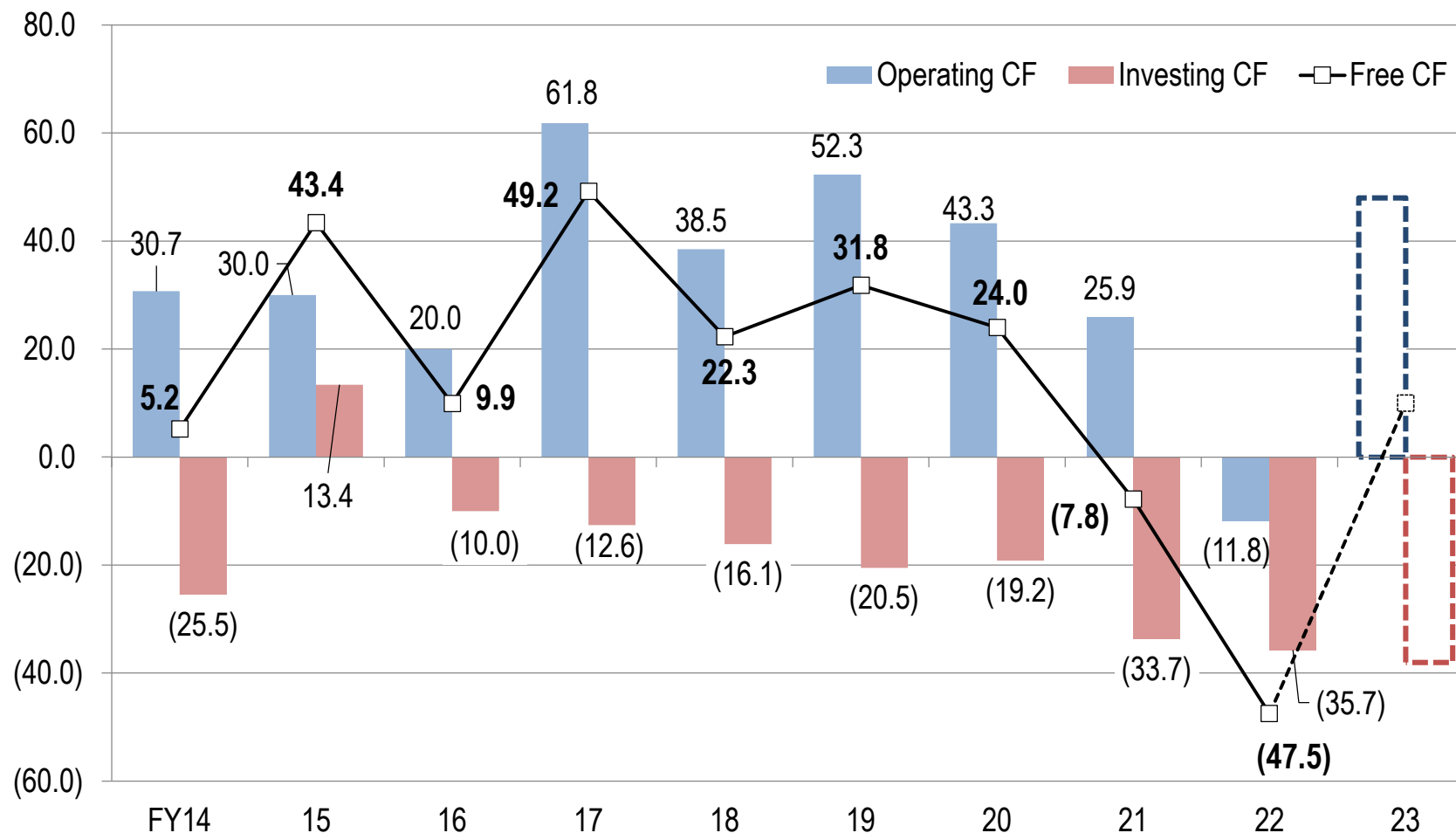
Consolidated



# 7. Cash Flow Plan

Consolidated

(Billions of yen)



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