

Q1 Fiscal 2023 - Apr 1, 2023 to Jun 30, 2023-

Presentation for IR Meeting

July 27, 2023

Tokuyama Corporation



Key points of the first quarter of fiscal 2023

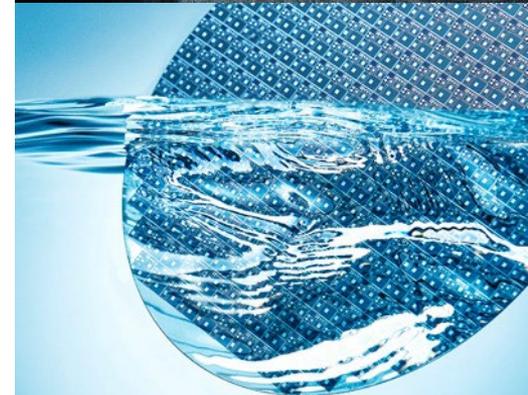
- Despite progress in revising sales prices for cement and other products, net sales remained on the same level as the corresponding period of the previous fiscal year due to sluggishness in the semiconductor market and in overseas market conditions for chemicals.
- Despite a downturn in the coal spot price, operating profit remained at the same level as the corresponding period of the previous fiscal year due to the impact of inventories. The effects of falling prices are expected to emerge in the second quarter and thereafter.
- Despite an outlook for lower production costs due to a drop in coal prices, the Company has delayed making results forecasts for the current period given growing future uncertainty.

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① Financial Results for Q1 FY2023

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



1. Financial Highlights

(Billions of yen)

	Q1 FY2022	Q1 FY2023	Difference		Main changing factors
			Amount	%	
Net sales	84.0	84.8	+0.8	+1	Revised sales prices for cement, chemicals, and other products Robust sales of life science related products
Operating profit	5.1	5.1	+0.0	+1	Revised sales prices for cement, chemicals, and other products Robust sales of life science related products
Ordinary profit	7.1	5.6	(1.4)	(21)	Deterioration in non-operating income/expenses
Profit attributable to owners of parent	4.4	4.3	(0.1)	(4)	Lower ordinary profit Improved extraordinary income/losses
Basic earnings per share (yen)	62.29	59.82	-	-	-
Exchange rate (yen/USD)	130	137	-	-	-
Domestic naphtha price (yen/kl)	86,500	66,700	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2023	As of Jun 30,2023	Difference	Main changing factors
Total assets	478.3	476.3	(1.9)	Lower accounts receivable - trade
Shareholders' equity	229.4	233.0	+3.6	Posting profit attributable to owners of parent
Shareholders' equity ratio	48.0%	48.9%	+0.9pts	-
Interest-bearing debt	142.4	144.6	+2.1	Increase in long-term loans payable
D/E ratio	0.62	0.62	+0.00	-
Net D/E ratio*	0.32	0.31	(0.01)	-
Net assets per share (yen)	3,189.01	3,239.04	-	-

*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)

	Q1 FY2022		Q1 FY2023		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	31.6	4.2	28.6	2.0	(3.0)	(10)	(2.1)	(51)
Cement	14.5	(0.3)	16.4	0.4	+1.9	+14	+0.7	-
Electronic & Advanced Materials	20.4	1.3	18.3	0.7	(2.1)	(10)	(0.6)	(47)
Life Science	8.3	1.3	10.1	2.1	+1.8	+22	+0.7	+56
Eco Business	2.5	(0.1)	2.7	(0.3)	+0.1	+8	(0.1)	-
Others	9.6	0.5	11.1	1.0	+1.4	+15	+0.4	+95
Total	87.2	7.0	87.5	6.1	+0.3	+0	(0.9)	(13)
Inter-segment eliminations and corporate-wide expenses	(3.2)	(1.9)	(2.6)	(0.9)	+0.5	-	+0.9	-
Consolidated Results	84.0	5.1	84.8	5.1	+0.8	+1	+0.0	+1

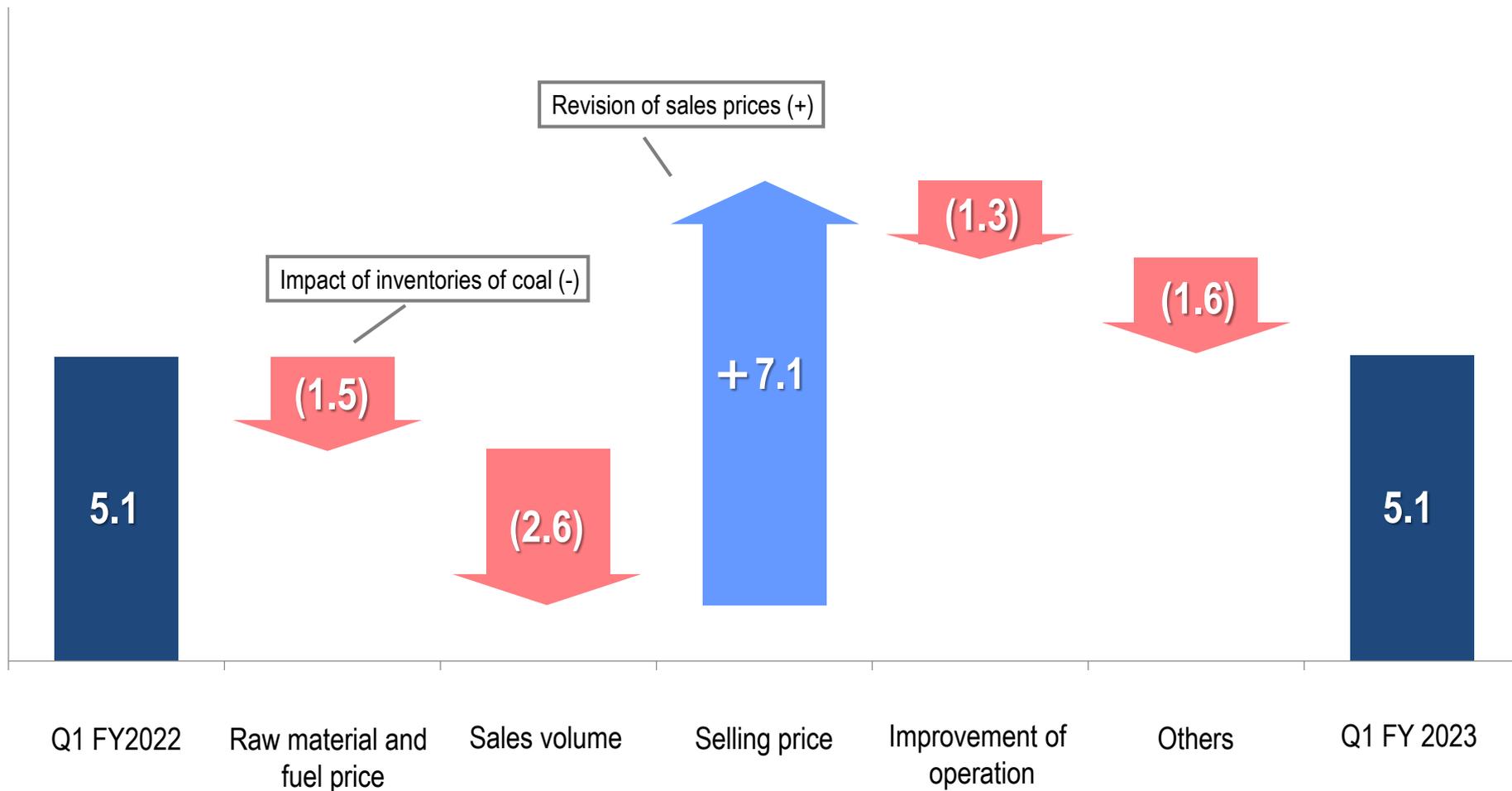
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



Revision of sales prices (+)

Impact of inventories of coal (-)

(1.3)

(1.6)

+7.1

5.1

5.1

4. Changes in Net Sales / Operating Profit by Business Segment

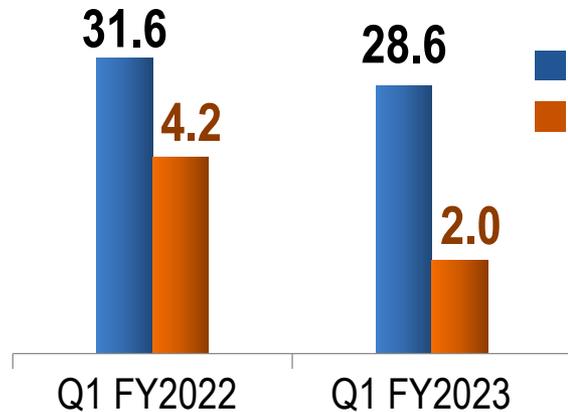
(Year-on-year change)

Chemicals

Lower earnings on Lower sales

(Billions of yen)

■ Net Sales
■ Operating Profit



Qualitative information

(Caustic soda)

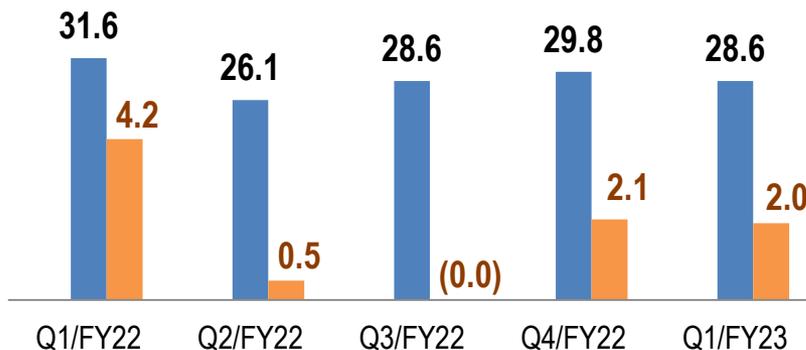
- Despite a decrease in sales volume, earnings grew owing to successful efforts to revise sales prices in Japan

(Vinyl chloride monomer (VCM) / Vinyl chloride resin)

- Earnings declined due to sluggish overseas market conditions

(Soda ash and calcium chloride)

- Despite lower sales volume, earnings increased owing to successful efforts to revise sales prices



4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Cement

Earnings improved on higher sales

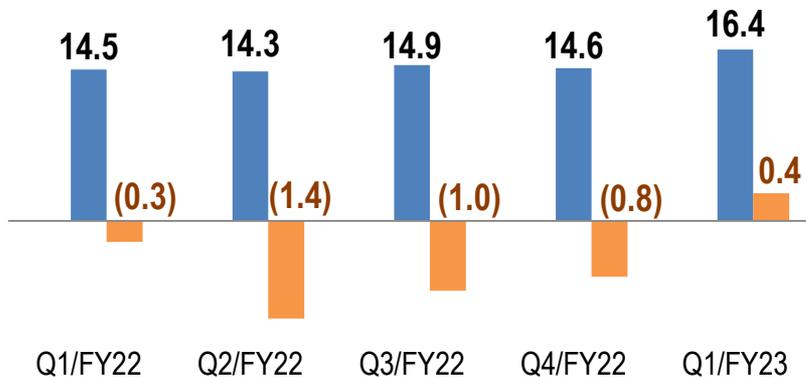
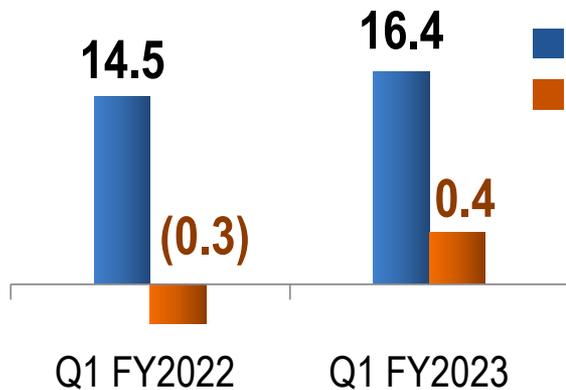
(Billions of yen)

Qualitative information

■ Net Sales
■ Operating Profit

(Cement)

- Earnings improved due to domestic shipments remaining in line with the corresponding period of the previous fiscal year and to successful efforts to revise sales prices.



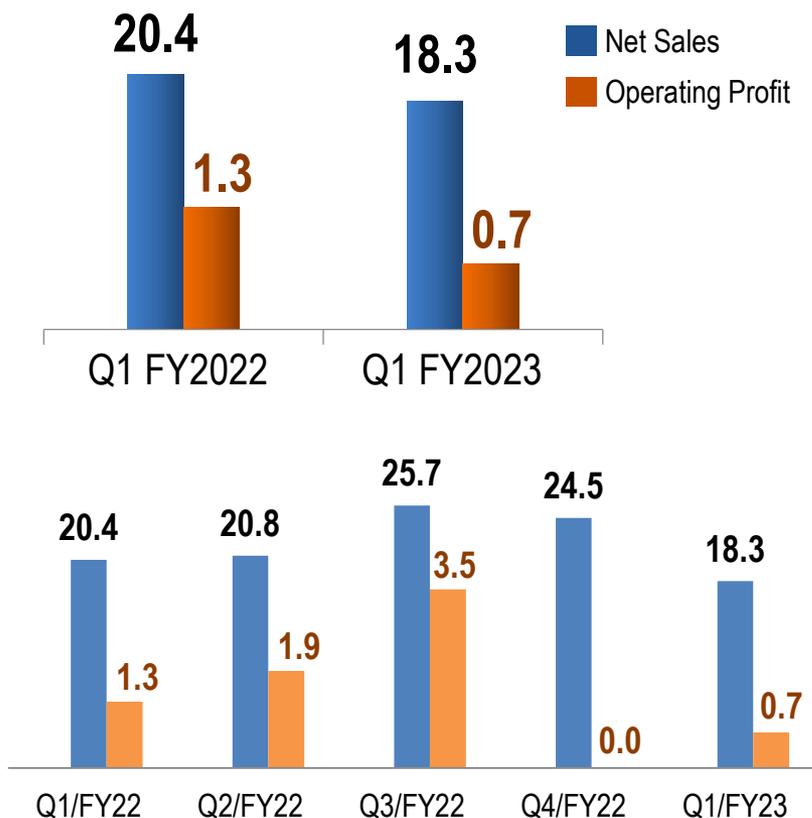
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Electronic & Advanced Materials

Lower earnings on Lower sales

(Billions of yen)



Qualitative information

(Semiconductor-grade Polycrystalline silicon)

- Despite a decline in sales volume due to a slowdown in the semiconductor market, results remained in line with the corresponding period of the previous fiscal year owing to successful efforts to revise sales prices

(IC Chemicals)

- Earnings declined due to lower sales volume as a result of a slowdown in the semiconductor market

(Fumed Silica)

- Despite domestic sales remaining at the same levels as the corresponding period of the previous fiscal year, earnings declined due to weaker sales volume overseas as a result of a slowdown in the Chinese economy

(Thermal management materials)

- Despite lower sales volume due to a slowdown in the semiconductor market, results remained in line with the corresponding period of the previous fiscal year thanks to successful efforts to revise sales prices

4. Changes in Net Sales / Operating Profit by Business Segment

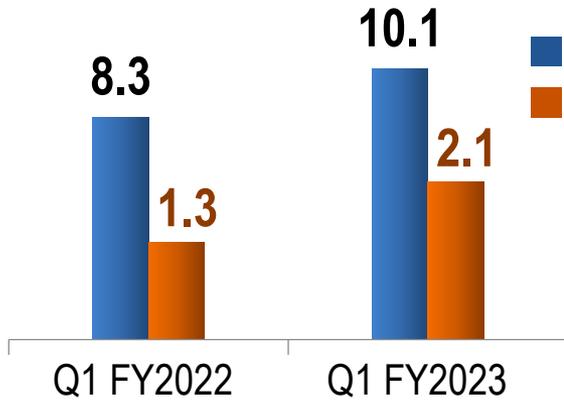
(Year-on-year change)

Life Science

Higher earnings on higher sales

(Billions of yen)

■ Net Sales
■ Operating Profit



Qualitative information

(Dental materials)

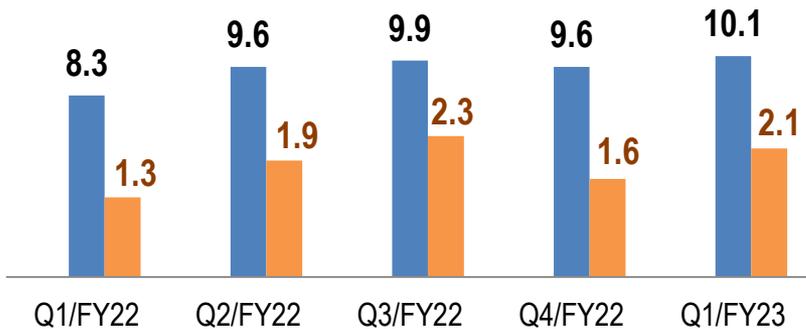
- Earnings grew thanks to an increase in shipments to overseas

(APIs and intermediates)

- Earnings increased owing mainly to growth in the sales volume of generic pharmaceuticals

(Plastic lens-related materials)

- Results remained in line with the corresponding period of the previous fiscal year. This reflected robust sales volumes of photochromic dye materials for eyeglass lenses



4. Changes in Net Sales / Operating Profit by Business Segment

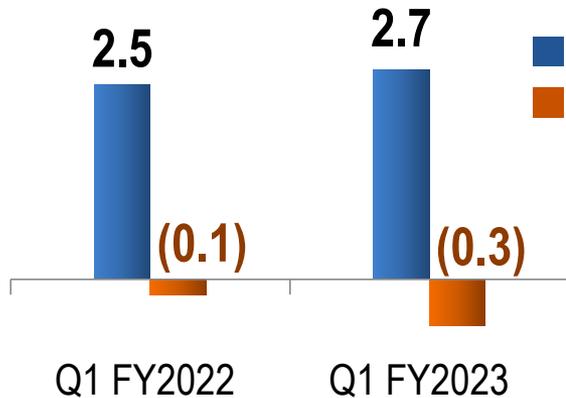
(Year-on-year change)

Eco Business

Earnings deteriorated on higher sales

(Billions of yen)

■ Net Sales
■ Operating Profit



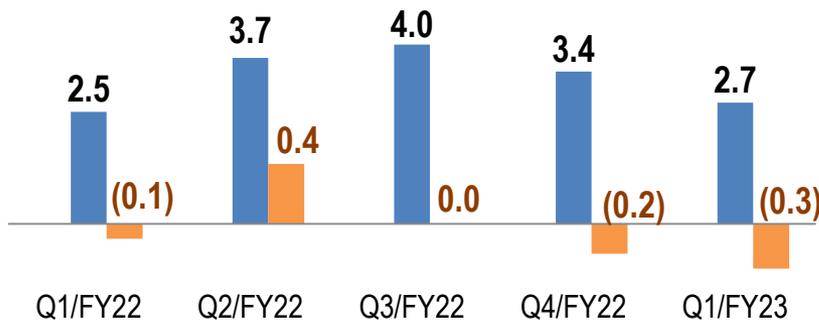
Qualitative information

(Ion exchange membranes)

- Earnings increased owing to the growth in shipments

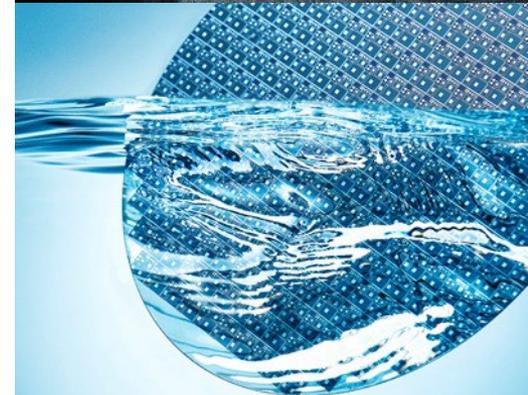
(Plastic window sashes)

- Despite progress in the revision of selling prices, earnings declined due to this largely reflected the increase in manufacturing costs as well as the downturn in sales volumes



② Performance Forecasts for FY2023

1. Performance Forecasts
2. Performance Forecasts by Business Segment



1. Performance Forecasts

(Billions of yen)

	FY2022 Results	FY2023 Forecasts	Difference		Main changing factors
			Amount	%	
Net sales	351.7	380.0	+28.2	+8	-
Operating profit	14.3	30.0	+15.6	+109	-
Ordinary profit	14.7	30.0	+15.2	+103	-
Profit attributable to owners of parent	9.3	22.0	+12.6	+135	-
Basic earnings per share (yen)	130.15	305.77	-	-	-
Exchange rate (yen/USD)	135	1Q results:137 2-4Q forecast:135	-	-	-
Domestic naphtha price (yen/kl)	76,600	1Q results:66,700 2-4Q forecast:57,000	-	-	-

2. Performance Forecasts by Business Segment

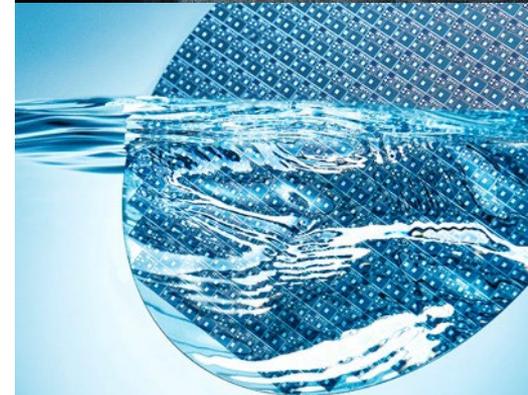
(Billions of yen)

	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

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

③ Topics

1. Repaid subordinate loans before maturity



Repaid subordinate loans before maturity

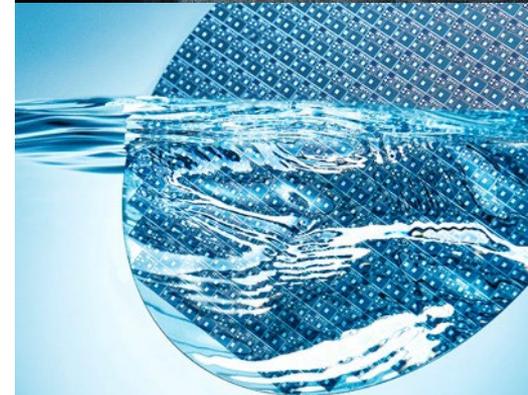
- Repayment date: 20 September, 2023
(Borrowing Date: 20 September, 2018)
- Repayment amount: ¥60 billion
- Repayment conditions
(The case of repayment by funds other than those with capital equal to or greater than the loan)
 1. The most recently announced consolidated shareholders' equity exceeded ¥179.2 billion
⇒ ¥219.0 billion (as of the end of June 2023)
 2. The most recently announced consolidated D/E ratio was less than 0.9 times
⇒ 0.62 times (as of the end of June 2023)

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4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q1 FY2022	Q1 FY2023	Difference	
			Amount	%
Net sales	84.0	84.8	+0.8	+1
Cost of sales	59.9	60.9	(1.0)	(2)
Selling, general and administrative expenses	19.0	18.7	+0.2	+1
Operating profit	5.1	5.1	+0.0	+1
Non-operating income/expenses	2.0	0.5	(1.4)	(74)
Ordinary profit	7.1	5.6	(1.4)	(20)
Extraordinary income/expenses	(0.0)	0.6	+0.6	-
Profit/loss before income taxes	7.0	6.2	(0.8)	(11)
Income taxes	2.6	2.0	+0.5	+22
Non-controlling interests	(0.0)	(0.0)	+0.0	-
Profit attributable to owners of parent	4.4	4.3	(0.1)	(4)

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

1. Consolidated Financial Statements

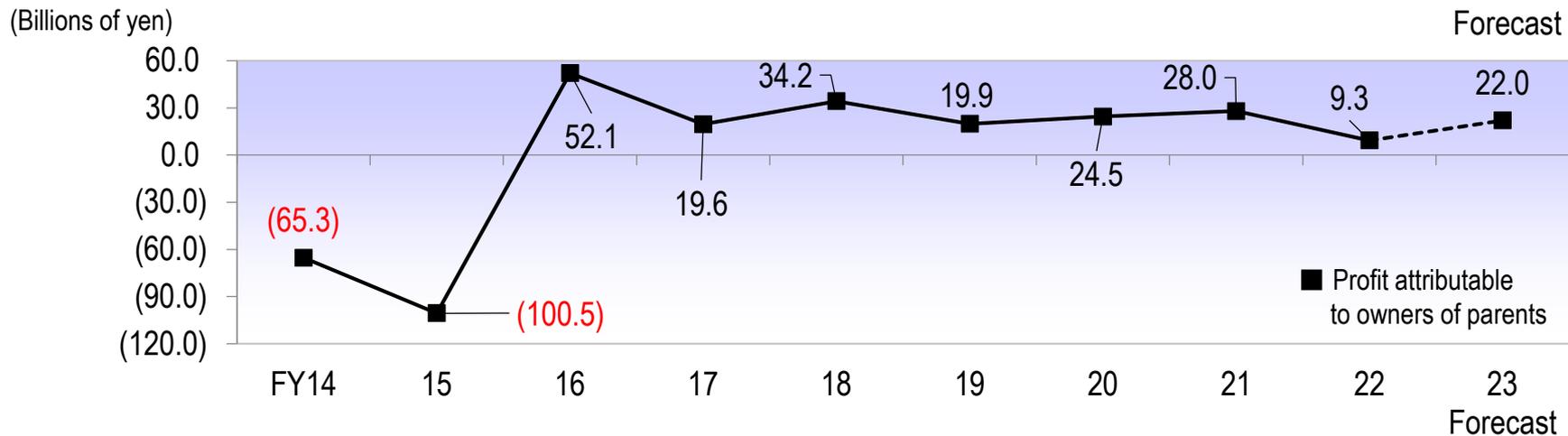
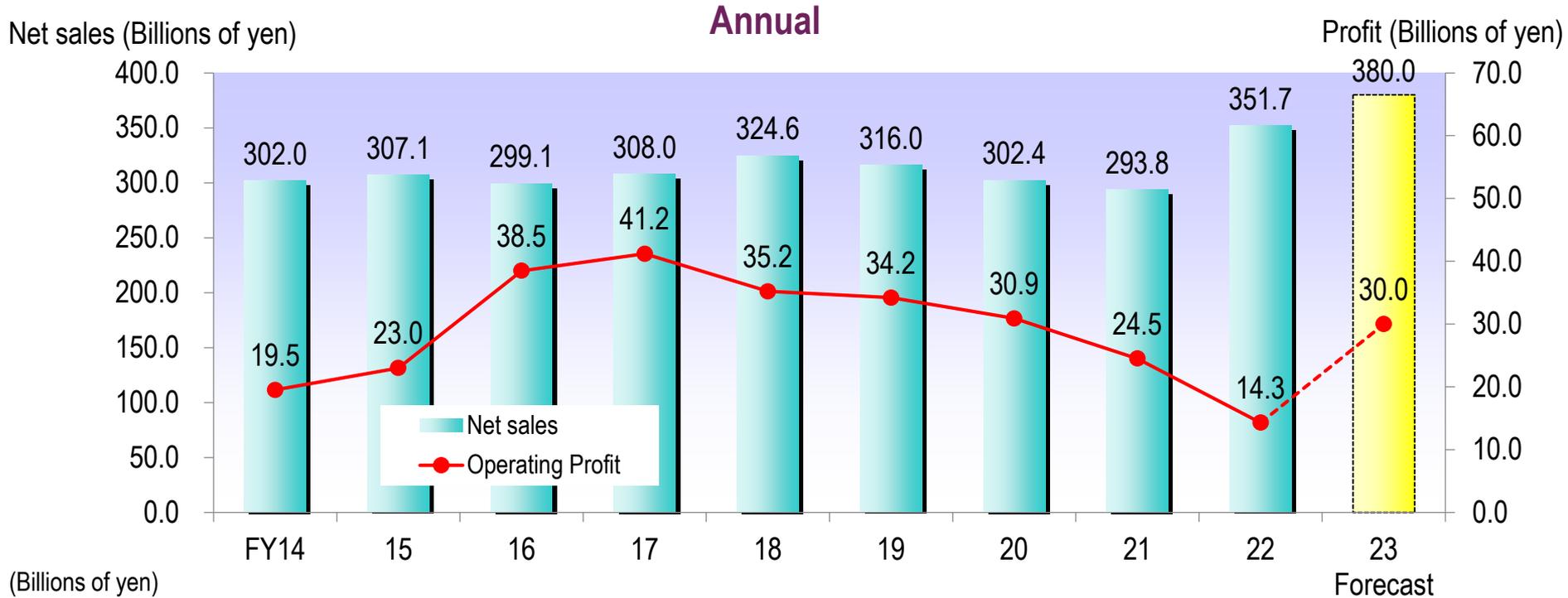
Balance Sheets

(Billions of yen)

	As of Mar 31,2023	As of Jun 30,2023	Changes	
			Amount	%
Total assets	478.3	476.3	(1.9)	(0)
Current assets	253.6	246.3	(7.3)	(3)
Tangible fixed assets	155.3	160.4	+5.1	+3
Intangible fixed assets	3.4	3.4	(0.0)	(0)
Investments and other assets	65.8	66.0	+0.2	+0

	As of Mar 31,2023	As of Jun 30,2023	Changes	
			Amount	%
Total liabilities	236.7	232.3	(4.3)	(2)
Current liabilities	88.2	82.3	(5.8)	(7)
Long-term liabilities	148.4	149.9	+1.4	+1
Total net assets	241.6	244.0	+2.4	+1

2. Performance Trend

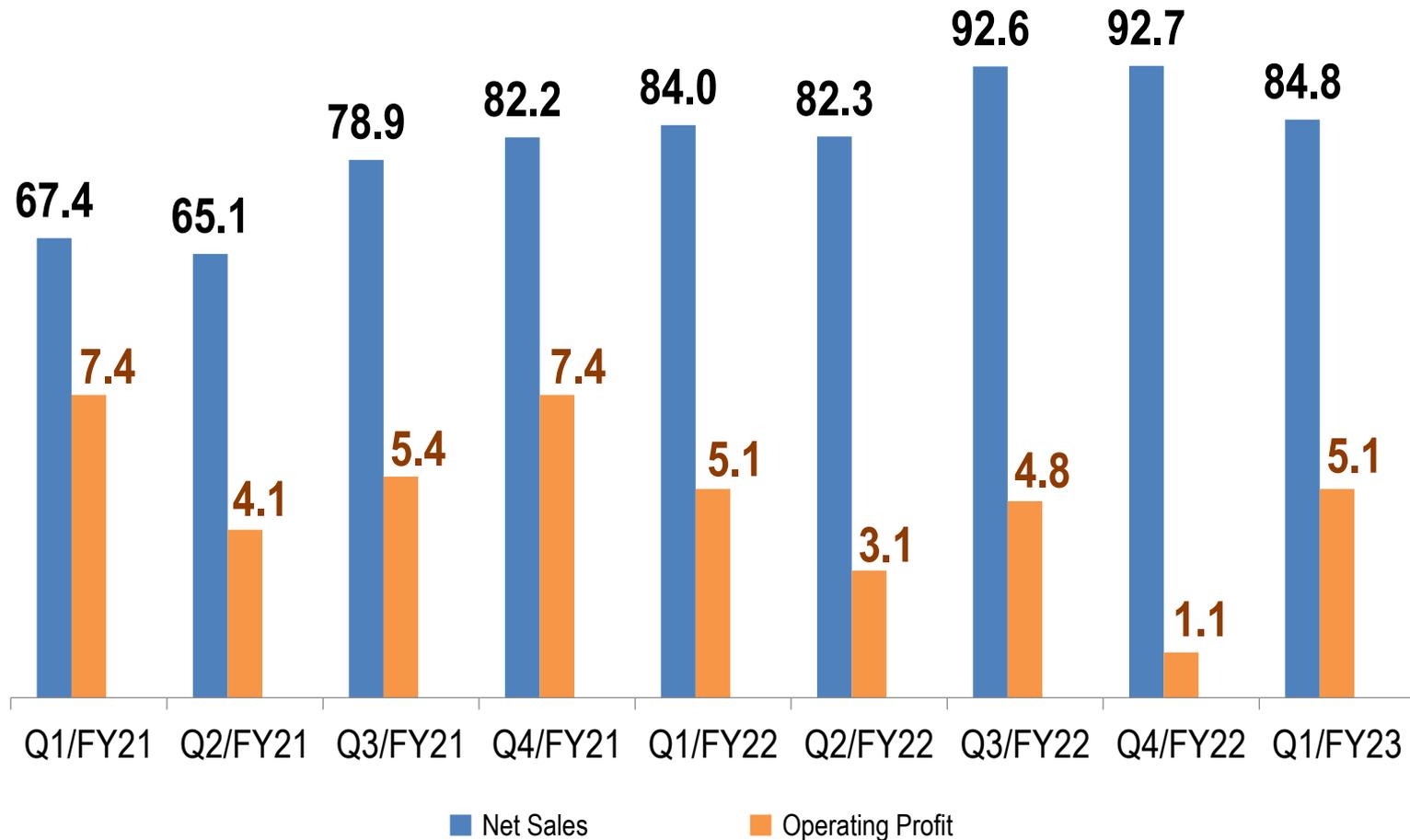


2. Performance Trend

Quarter

Consolidated

(Billions of yen)



■ Net Sales

■ Operating Profit

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