

Q1 Fiscal 2022 - Apr 1, 2022 to Jun 30, 2022-

Presentation for IR Meeting

July 27, 2022

Tokuyama Corporation



Key points of the first quarter of fiscal 2022

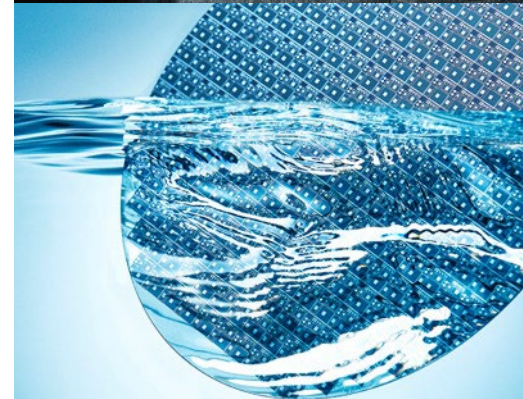
- Despite higher sales by revision of sales prices of products such as chemicals, cement, and semiconductor-related products, earnings decreased as a result of increase in logistics expenses as well as upswings in fuel and raw material prices
- Raw material and fuel price level trends in excess of expectations; Ongoing focus on efforts to achieve full fiscal year performance forecasts for fiscal 2022 by taking such measures as the adjustment of sales prices
- Steady implementation of growth strategies aimed at transforming the business portfolio, a cornerstone of the Medium-Term Management Plan 2025, including IC Chemicals Business expansion through Taiwan-based Formosa Tokuyama Advanced Chemicals Co., Ltd. (FTAC) and STAC Co., Ltd. (STAC) in South Korea as well as silica production capacity expansion at Tokuyama Chemical (Zhejiang) Co., Ltd. in China

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1 Financial Results for Q1 FY2022

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 FY2021	Q1 FY2022	Difference		Main changing factors
			Amount	%	
Net sales	67.4	84.0	+16.5	+24	Upturn in price of petroleum products, cement, and semiconductor-related products
Operating profit	7.4	5.1	(2.3)	(32)	Increase in costs including logistics expenses as well as fuel and raw material prices
Ordinary profit	7.9	7.1	(0.7)	(10)	Decrease in operating profit
Profit attributable to owners of parent	4.9	4.4	(0.4)	(9)	Decrease in ordinary profit
Basic earnings per share (yen)	68.65	62.29	-	-	-
Exchange rate (yen/USD)	109	130	-	-	-
Domestic naphtha price (yen/kl)	47,900	86,500	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2022	As of Jun 30,2022	Difference	Main changing factors
Total assets	433.2	455.6	+22.4	Increase in inventories such as finished goods owing to upturn in unit price for raw materials and fuel
Shareholders' equity	224.5	227.5	+3.0	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.8%	49.9%	(1.9pts)	-
Interest-bearing debt	109.2	112.1	+2.8	Increase in long-term loans payable
D/E ratio	0.49	0.49	+0.01	-
Net D/E ratio*	0.12	0.09	(0.02)	-
Net assets per share (yen)	3,120.25	3,161.97	-	-

*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 FY2021		Q1 FY2022		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	24.0	4.0	31.6	4.2	+7.6	+32	+0.1	+5
Cement	12.2	0.5	14.5	(0.3)	+2.2	+19	(0.8)	-
Electronic Materials	16.5	2.1	20.4	1.3	+3.9	+24	(0.7)	(35)
Life Science	7.4	1.1	8.3	1.3	+0.8	+12	+0.2	+22
Eco Business	2.2	(0.1)	2.5	(0.1)	+0.3	+15	+0.0	-
Others	7.8	0.8	9.6	0.5	+1.8	+23	(0.3)	(40)
Total	70.4	8.5	87.2	7.0	+16.8	+24	(1.5)	(18)
Inter-segment eliminations and corporate-wide expenses	(2.9)	(1.0)	(3.2)	(1.9)	(0.3)	-	(0.8)	-
Consolidated Results	67.4	7.4	84.0	5.1	+16.5	+24	(2.3)	(32)

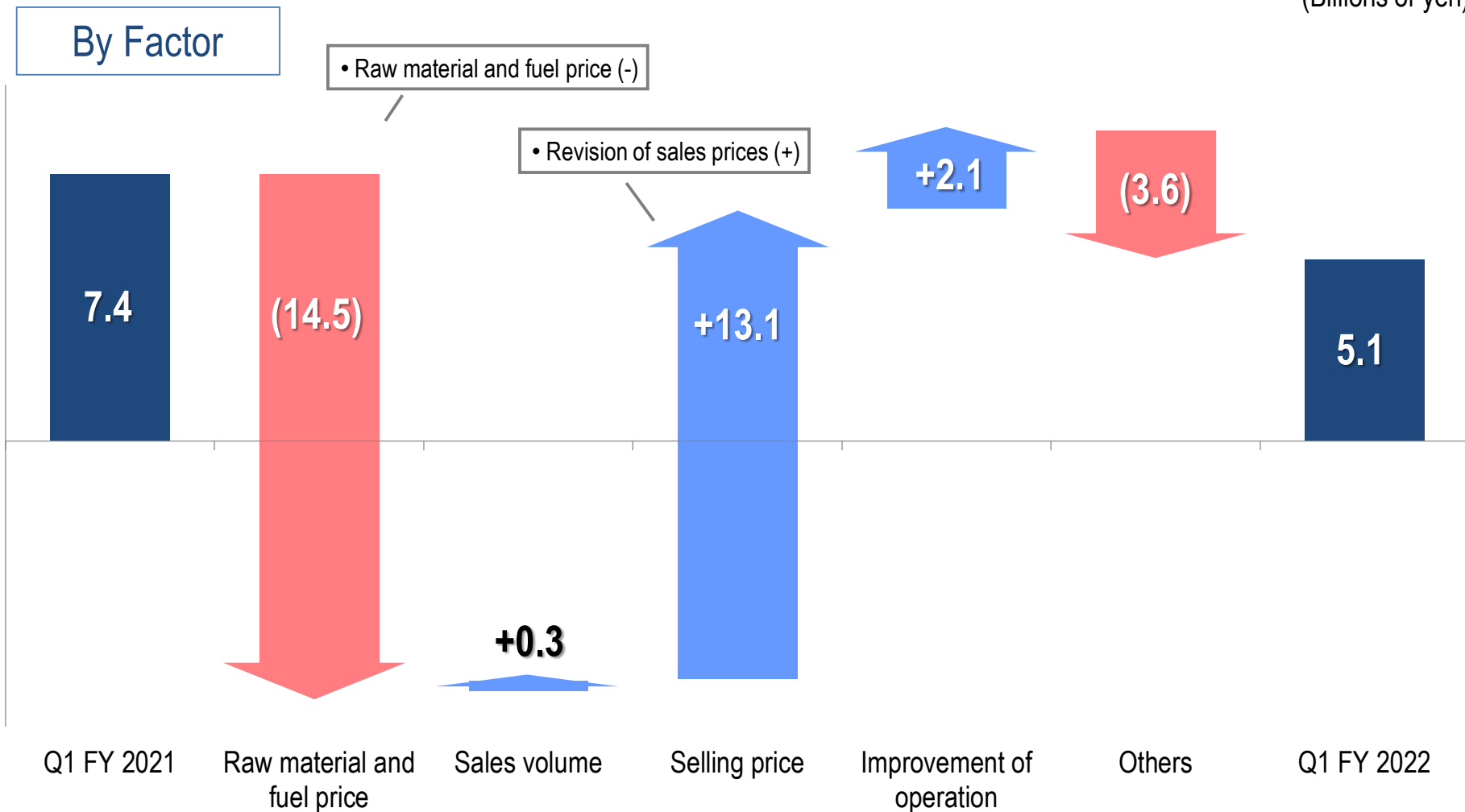
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



• Raw material and fuel price (-)

• Revision of sales prices (+)

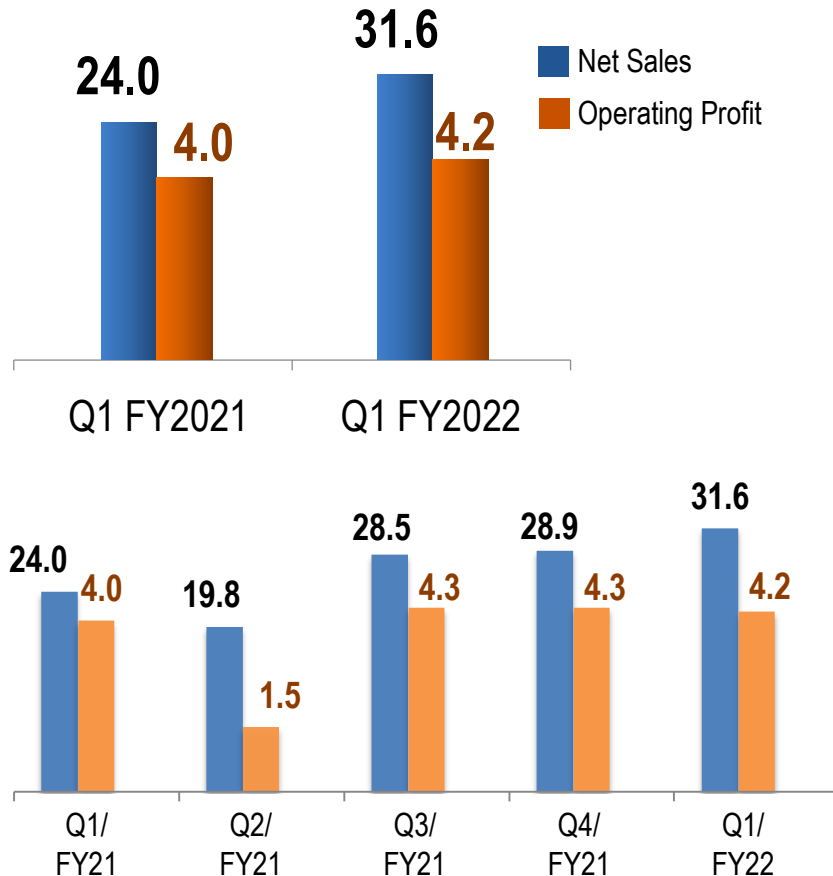
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Chemicals

Higher earnings on higher sales

(Billions of yen)



Qualitative information

(Caustic soda)

- Despite an increase in raw material and fuel costs, earnings increased due to the upturn in export prices

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

- Downturn in earnings due to rising manufacturing costs as a result of higher raw material and fuel costs

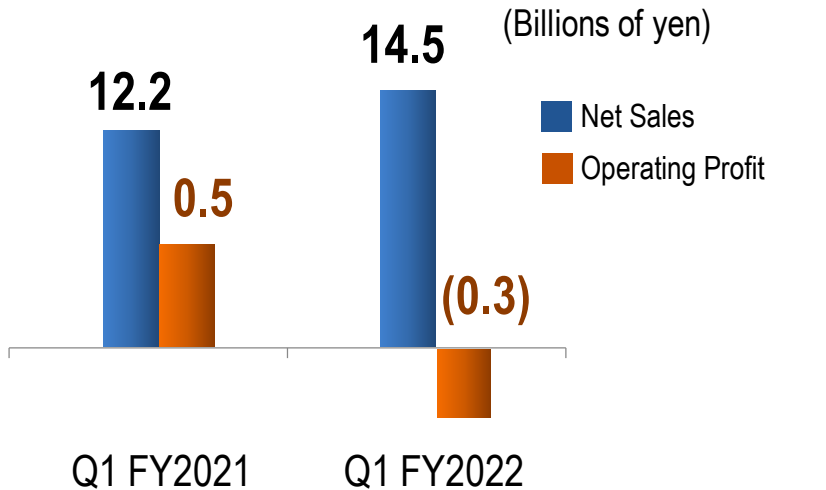
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Cement

Loss on higher sales

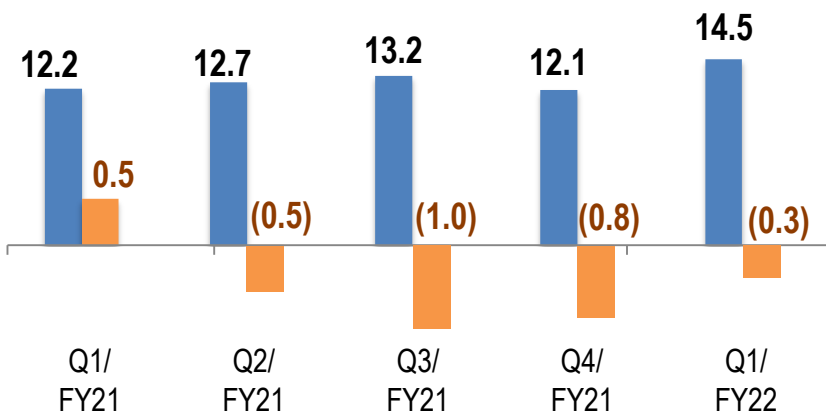
(Billions of yen)



Qualitative information

(Cement)

- Earnings deteriorated despite shipments of being in line with the corresponding period of the previous year and revision of sales prices. This downturn largely reflected manufacturing costs rising as a result of higher raw material costs

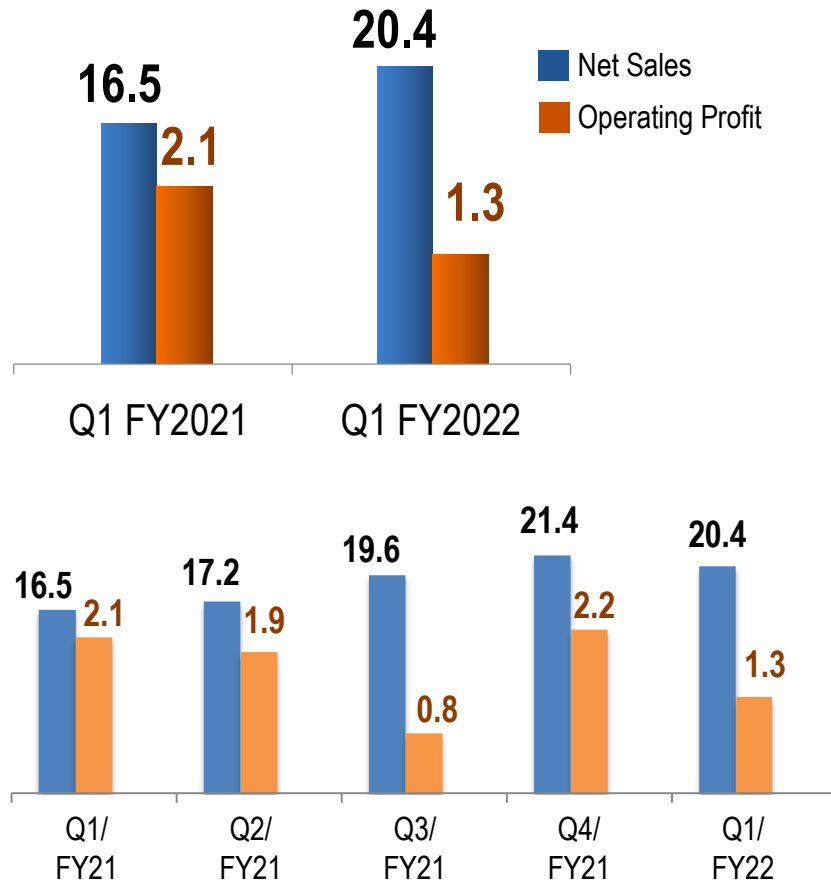


2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Electronic Materials *Lower earnings on higher sales*

(Billions of yen)



Qualitative information

(Semiconductor-grade Polycrystalline silicon)

- Earnings decreased despite firm sales due to the spread of 5G and the expansion of data centers. This downturn largely reflected higher raw material and fuel costs

(IC Chemicals)

- Despite robust sales, earnings decreased since raw material prices rose

(Fumed Silica)

- Despite an upswing in raw material costs, earnings increased owing to higher export prices

(Thermal management materials)

- Results were essentially in line with the corresponding period of the previous fiscal year. Although sales volume was solid, this largely reflected higher R&D expenses at the Center for Commercialization of Advanced Technology

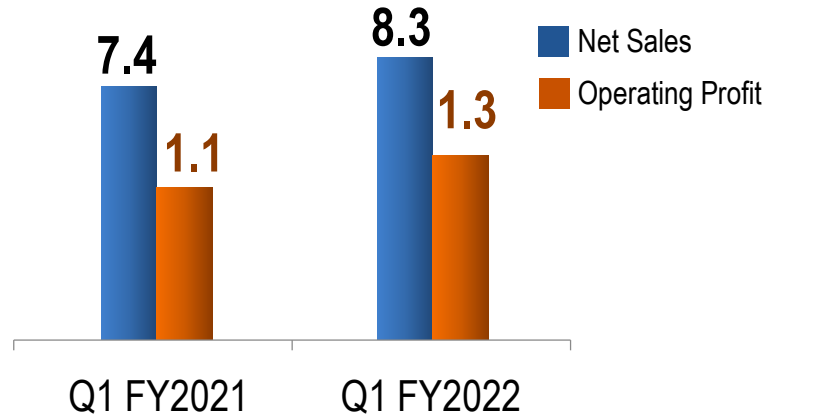
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Life Science

Higher earnings on higher sales

(Billions of yen)



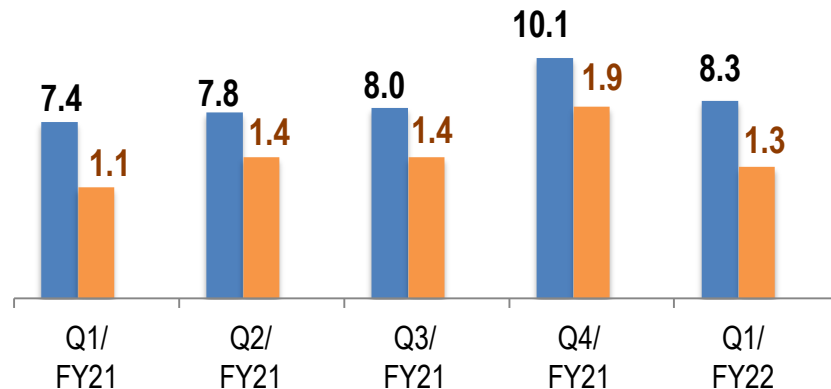
Qualitative information

(Dental materials)

- Earnings grew thanks to an increase in shipments to overseas

(APIs and intermediates)

- Its earnings increased owing mainly to a robust sales volume of generic pharmaceuticals



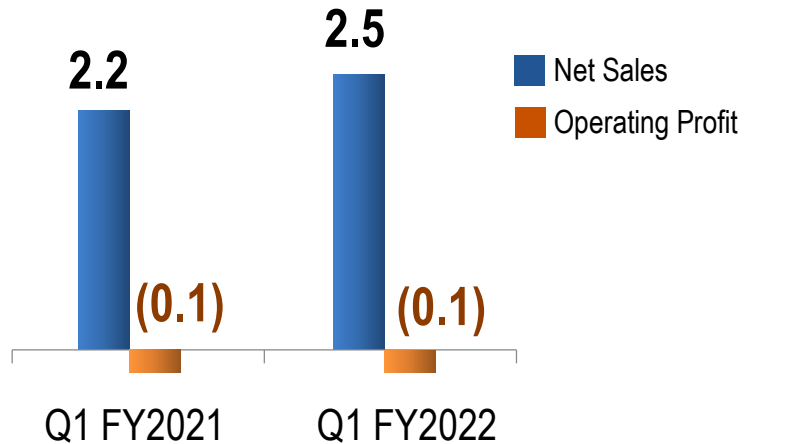
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Eco Business

Earnings improved on higher sales

(Billions of yen)



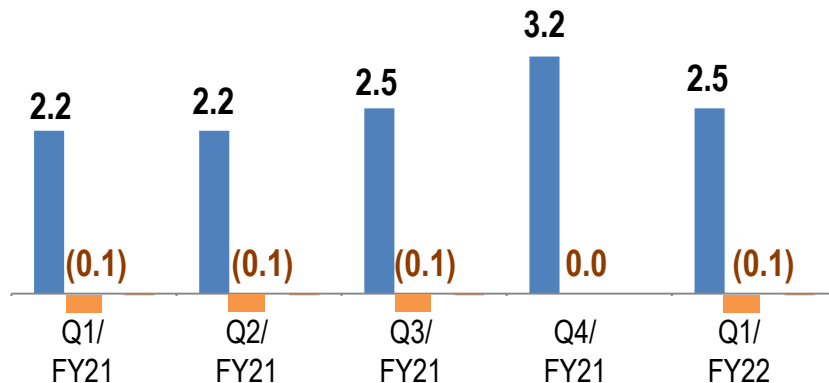
Qualitative information

(Waste gypsum board recycling)

- Steady acceptance of gypsum boards; Contribution to sales from fiscal 2023 owing to the establishment of a third base (Muroran City, Hokkaido)

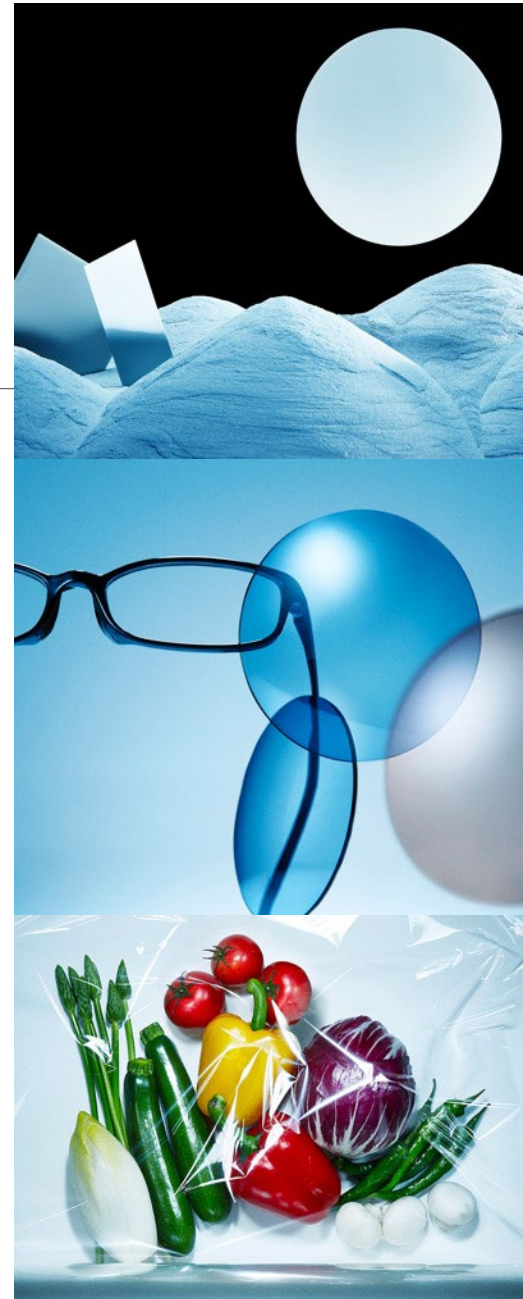
(Ion exchange membranes / Plastic window sashes)

- Earnings were all in line with the corresponding period of the previous year



2 Performance Forecasts for FY2022

1. Performance Forecasts
2. Revised Performance Forecasts by Business Segment



1. Performance Forecasts

(Billions of yen)

	FY2021 Results	FY2022 Forecasts	Difference		Main changing factors
			Amount	%	
Net sales	293.8	360.0	+66.1	+23	Revision of sales prices of products such as Chemicals and Cement Increased sales volume in semiconductor-related products
Operating profit	24.5	24.5	(0.0)	(0)	Increase investment for future growth Increase in fuel and raw material prices
Ordinary profit	25.8	25.0	(0.8)	(3)	Deteriorations in non-operating income/expenses
Profit attributable to owners of parent	28.0	17.5	(10.5)	(38)	Increase in income taxes
Basic earnings per share (yen)	389.09	243.22	-	-	-
Exchange rate (yen/USD)	112	1Q results:130 2-4Q forecast:130	-	-	-
Domestic naphtha price (yen/kl)	56,800	1Q results:86,500 2-4Q forecast:79,000	-	-	-

2. Revised Performance Forecasts by Business Segment

(Billions of yen)

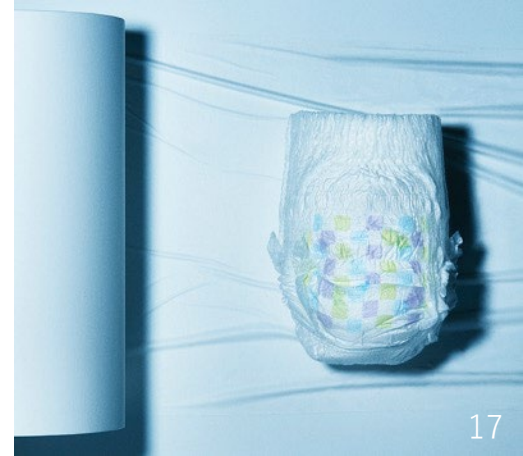
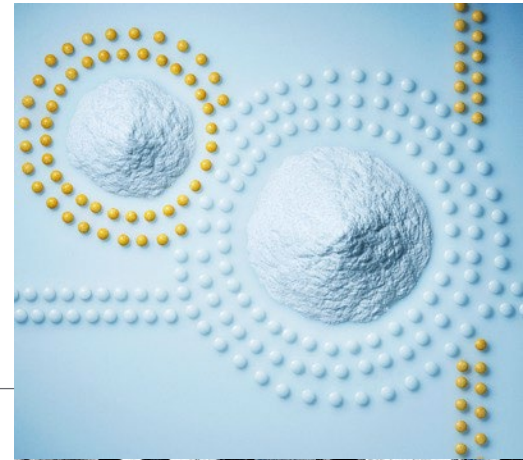
	FY2022 Forecasts (Apr 28, 2022)		FY2022 Forecasts (Jul 27, 2022)		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating Profit	%
Chemicals	125.5	16.0	125.5	16.0	-	-	-	-
Cement	63.0	(1.5)	63.0	(2.5)	-	-	(1.0)	-
Electronic Materials	93.5	7.0	93.5	7.0	-	-	-	-
Life Science	35.0	6.0	35.0	7.0	-	-	+1.0	+17
Eco Business	15.0	0.0	15.0	0.0	-	-	-	-
Others	41.5	2.5	41.5	2.5	-	-	-	-
Total	373.5	30.0	373.5	30.0	-	-	-	-
Inter-segment eliminations and corporate-wide expenses	(13.5)	(5.5)	(13.5)	(5.5)	-	-	-	-
Consolidated Results	360.0	24.5	360.0	24.5	-	-	-	-

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

Although the total performance forecast has not been revised, the breakdown by segment is revised mainly based on the actual results up to Q1 FY2022

3 Topics

1. Transform Business Portfolio



1. Transform Business Portfolio

The Electronics field driving business portfolio transformation;
Progress toward achieving the targets of Medium-Term Management Plan 2025
in line with plans

➤ IC Chemicals:

- FTAC (Taiwan): Commenced product shipments
- STAC (South Korea): Commenced construction work

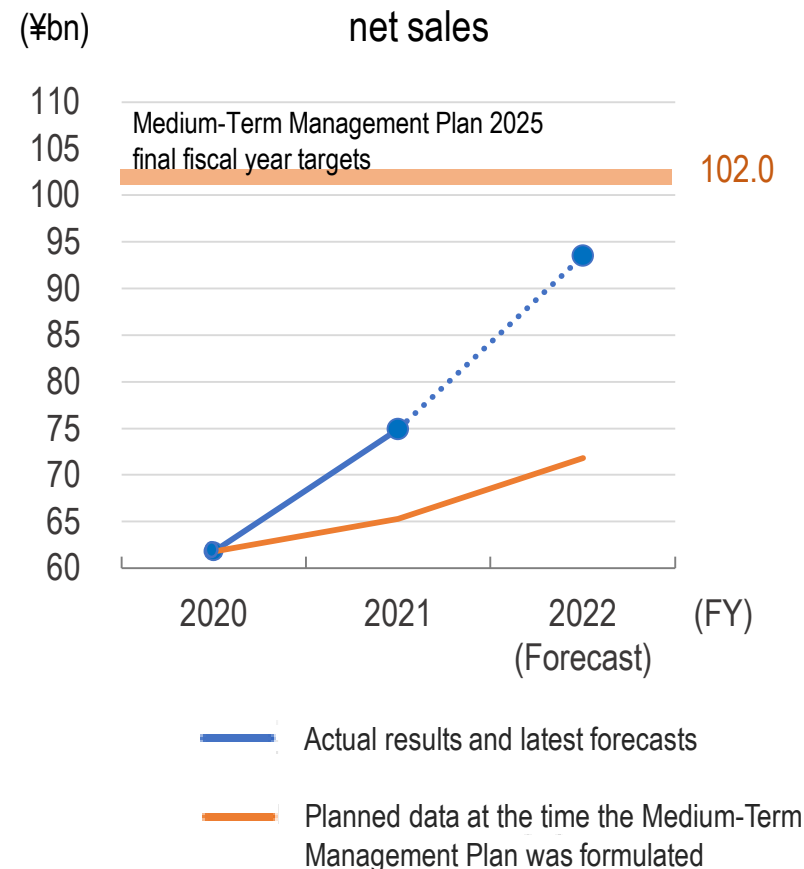
➤ Silica:

Production capacity expansion

at Tokuyama Chemical (Zhejiang) Co., Ltd.

- Hydrophobic silica (adhesive and coating applications):
Start of construction work in September 2022;
commercial operations commence in August 2023
- High purity trichlorosilane (semiconductor application):
Start of construction work in September 2022;
commercial operations commence in January 2024

Trends in Electronic Materials segment
net sales



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4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q1 FY2021	Q1 FY2022	Difference	
			Amount	%
Net sales	67.4	84.0	+16.5	+24
Cost of sales	43.2	59.9	(16.6)	(39)
Selling, general and administrative expenses	16.7	19.0	(2.2)	(13)
Operating profit	7.4	5.1	(2.3)	(32)
Non-operating income/expenses	0.4	2.0	+1.5	+391
Ordinary profit	7.9	7.1	(0.7)	(10)
Extraordinary income/expenses	(0.1)	(0.0)	+0.1	-
Profit/loss before income taxes	7.7	7.0	(0.6)	(9)
Income taxes	2.7	2.6	+0.1	+6
Non-controlling interests	0.0	(0.0)	+0.0	-
Profit attributable to owners of parent	4.9	4.4	(0.4)	(9)

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

1. Consolidated Financial Statements

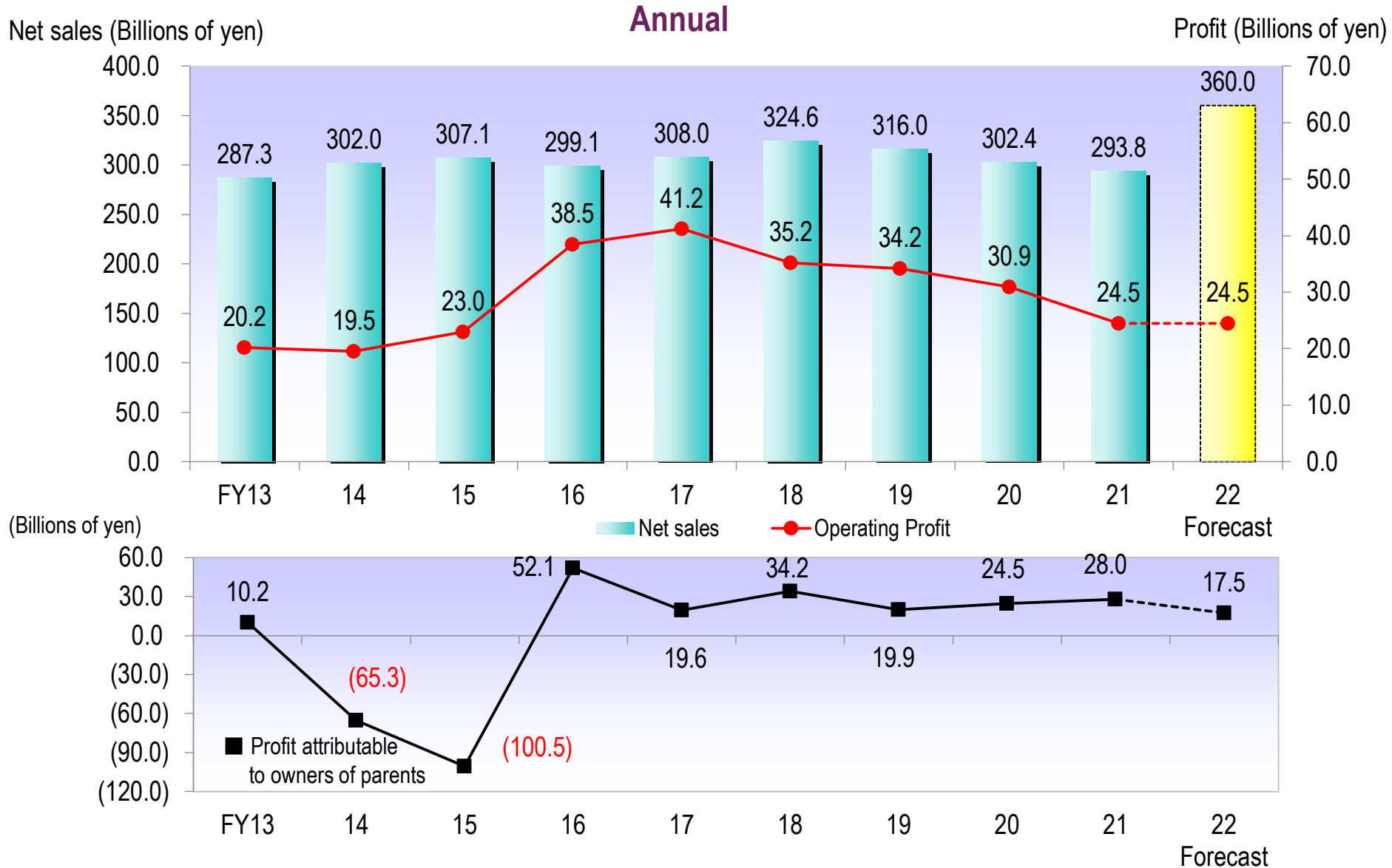
Balance Sheets

(Billions of yen)

	3/31/2022	6/30/2022	Changes	
			Amount	%
Total assets	433.2	455.6	+22.4	+5
Current assets	223.9	242.6	+18.6	+8
Tangible fixed assets	139.6	142.8	+3.2	+2
Intangible fixed assets	2.6	2.8	+0.1	+6
Investments and other assets	66.9	67.3	+0.3	+1

	3/31/2022	6/30/2022	Changes	
			Amount	%
Total liabilities	200.2	219.9	+19.6	+10
Current liabilities	102.3	109.8	+7.5	+7
Long-term liabilities	97.9	110.0	+12.1	+12
Total net assets	232.9	235.7	+2.8	+1

2. Performance Trend

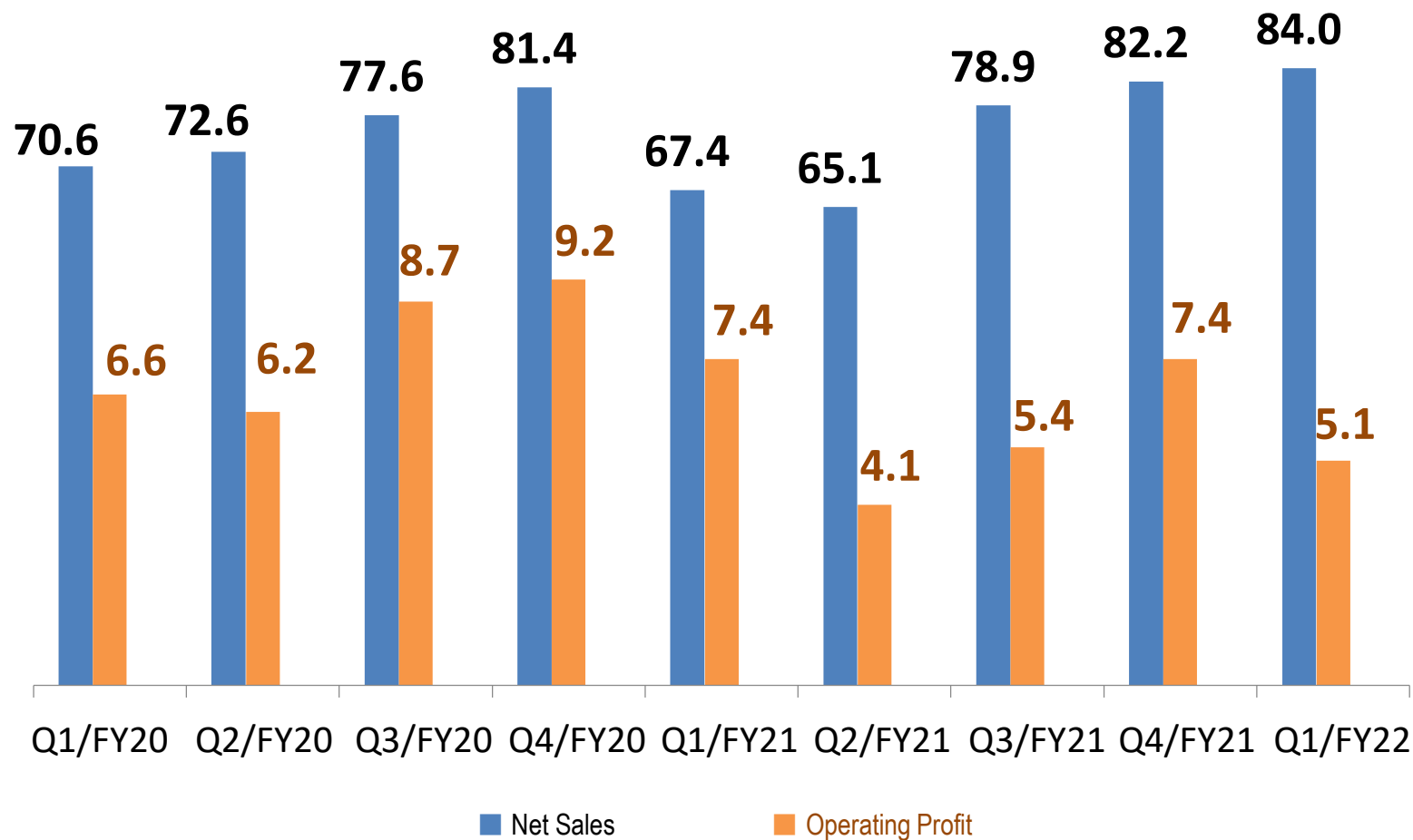


2. Performance Trend

Quarter

Consolidated

(Billions of yen)



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