

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

July 28, 2021

**Tokuyama Corporation**

(URL <https://www.tokuyama.co.jp/eng/>)

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**Stock exchange listings:**

**Tokyo**

**Local Code :**

**4043**

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 first quarter ended Jun. 30, 2021 (Apr. 1, 2021 – Jun. 30, 2021)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating profit		Ordinary profit	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
First Quarter Fiscal 2021	67,497	(4.4)	7,496	12.7	7,904	18.4
First Quarter Fiscal 2020	70,624	(7.6)	6,653	(5.3)	6,674	6.0

(Note) Comprehensive income: 1st Q FY21: 4,724 million yen [(26.1)%] 1st Q FY20: 6,390 million yen [61.8 %]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
First Quarter Fiscal 2021	4,941	(5.1)	68.65	-
First Quarter Fiscal 2020	5,205	7.1	74.94	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2021	393,804	209,174	51.0	2,791.89
March 31, 2021	386,794	205,261	51.3	2,758.37

(Reference) Shareholders' equity: Jun. 30, 2021: 200,982 million yen Mar. 31, 2021: 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 "2. Quarterly Consolidated Financial Statements and (3) Notes on Quarterly Consolidated Financial Statements (Changes in accounting policy)" on page 13 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

### 2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2020, ended Mar 31, 2021	(yen) -	(yen) 35.00	(yen) -	(yen) 35.00	(yen) 70.00
Fiscal 2021, ending Mar 31, 2022	-				
Fiscal 2021 (Forecast)		35.00	-	35.00	70.00

(Note) Revision of the latest dividends forecast: No

### 3. Consolidated performance forecast for fiscal 2021 (April 1, 2021 - March 31, 2022)

(% 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 2021	271,000	(10.4)	26,000	(15.9)	26,000	(15.6)	22,000	(10.3)	305.62

(Note) Revision of the latest consolidated performance forecast: No

#### \*Notes

##### (1) Changes in significant subsidiaries during this period

: No

##### (2) Application of accounting methods specific to the preparation of the quarterly consolidated financial statements

: Yes

(Note) For more details, please refer to “2. Quarterly Consolidated Financial Statements and (3) Notes on Quarterly Consolidated Financial Statements (Application of accounting methods specific to the preparation of the quarterly consolidated financial statements)” on page 12 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

##### (3) 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 “2. Quarterly Consolidated Financial Statements and (3) Notes on Quarterly Consolidated Financial Statements (Changes in accounting policy)” on page 13 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

##### (4) Number of shares issued (in common stock)

- i. Number of shares issued at end of period (including treasury stock):
 

1st Quarter Fiscal 2021:	72,088,327	Fiscal 2020:	72,088,327
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- ii. Number of treasury stock at end of period:
 

1st Quarter Fiscal 2021:	100,452	Fiscal 2020:	103,403
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- iii. Average number of shares over period:
 

1st Quarter Fiscal 2021:	71,985,131	1st Quarter Fiscal 2020:	69,455,591
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(Note) Notice on the implementation of quarterly review procedures

This summary of quarterly consolidated financial statements is not subject to quarterly review procedures in line with the Financial Instruments and Exchange Act. At the point of disclosure of this summary of quarterly consolidated financial statements, the quarterly consolidated financial statements review procedures in line with the Financial Instruments and Exchange Act are underway.

(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.

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## 1. Qualitative information on consolidated results for this quarter

### (1) Explanation concerning business results

Consolidated results for the first quarter fiscal 2021 (April 1, 2021 - June 30, 2021) are summarized as follows:

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 ¥11,458 million and cost of sales by ¥11,458 million compared with the previous accounting method. For more details, please refer to “2. Quarterly Consolidated Financial Statements and (3) Notes on Quarterly Consolidated Financial Statements (Changes in accounting policy).”

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
<b>First Quarter Fiscal 2021</b>	<b>67,497</b>	<b>7,496</b>	<b>7,904</b>	<b>4,941</b>
First Quarter Fiscal 2020	70,624	6,653	6,674	5,205
Rate of change (%)	(4.4)	12.7	18.4	(5.1)

#### Net sales

Sales rose owing to higher overseas market prices for vinyl chloride-related products and solid sales of semiconductor-related products. Nevertheless, net sales decreased 4.4%, or ¥ 3,127 million compared with the corresponding period of the previous year, to ¥ 67,497 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 10.6%, or ¥ 5,145 million compared with the corresponding period of the previous year, to ¥ 43,203 million due to the application of Accounting Standard for Revenue Recognition, etc.

#### SG&A expenses

SG&A expenses increased 7.5%, or ¥1,175 million compared with the corresponding period of the previous year, to ¥ 16,796 million mainly due to increases in logistics costs on solid sales and R&D expenses.

**Operating profit**

Operating profit increased 12.7 %, or ¥ 843 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,496 million. Despite higher raw material and fuel costs, this increase in operating profit was mainly due to upturn in export prices of vinyl chloride monomer and solid sales of semiconductor-related products.

**Non-operating income/expenses, Ordinary profit**

Non-operating income/expenses improved by ¥386 million compared with the corresponding period of the previous consolidated fiscal year.

As a result of the above, ordinary profit increased 18.4%, or ¥ 1,229 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,904 million.

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

Extraordinary income/losses improved by ¥181 million compared with the corresponding period of the previous consolidated fiscal year.

As a result of the above, profit before income taxes increased 22.2%, or ¥ 1,411 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,763 million.

Profit after deducting income taxes calculated in an appropriate way decreased 9.5%, or ¥ 525 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 4,986 million.

Profit attributable to owners of parent decreased 5.1%, or ¥ 263 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 4,941 million.

(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				
<b>First Quarter Fiscal 2021</b>	<b>24,046</b>	<b>12,214</b>	<b>16,570</b>	<b>7,496</b>	<b>2,218</b>	<b>7,874</b>	<b>70,421</b>	<b>(2,923)</b>	<b>67,497</b>
First Quarter Fiscal 2020	18,895	19,749	13,493	6,753	2,044	19,028	79,965	(9,341)	70,624
Rate of change (%)	27.3	(38.2)	22.8	11.0	8.5	(58.6)	(11.9)	-	(4.4)

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				
<b>First Quarter Fiscal 2021</b>	<b>4,068</b>	<b>562</b>	<b>2,132</b>	<b>1,134</b>	<b>(194)</b>	<b>875</b>	<b>8,579</b>	<b>(1,082)</b>	<b>7,496</b>
First Quarter Fiscal 2020	2,406	1,416	1,501	846	(172)	1,400	7,397	(744)	6,653
Rate of change (%)	69.1	(60.3)	42.0	34.1	-	(37.5)	16.0	-	12.7

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

## Chemicals

Caustic soda earnings declined despite the recovery in sales volume, which had decreased due to the spread of COVID-19. 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.

Vinyl chloride resin earnings were in line with the corresponding period of the previous year. While manufacturing costs rose as a result of higher raw material and fuel costs, unchanged earnings reflected progress made in revising selling prices.

As a result of the above, segment net sales increased 27.3% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 24,046 million and operating profit increased 69.1% to ¥ 4,068 million. The segment reported higher earnings on higher sales.

## **Cement**

Cement earnings decreased despite shipments being in line with the corresponding period of the previous year. Lower earnings reflected manufacturing costs rising as a result of higher raw material costs.

As a result of the above, segment net sales decreased 38.2% compared with the corresponding period of the previous consolidated fiscal year, to ¥12,214 million and operating profit decreased 60.3% to ¥ 562 million. The segment reported lower earnings on lower sales.

## **Electronic Materials**

With regard to Semiconductor-grade polycrystalline silicon, earnings increased owing to firm sales on the back of the introduction of 5G and an increase in remote work.

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

Fumed Silica earnings increased owing to higher sales volume centered on applications for semiconductor abrasives.

Thermal management materials earnings were in line with the corresponding period of the previous 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 22.8% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 16,570 million and operating profit increased 42.0% to ¥ 2,132 million. The segment reported higher earnings on higher sales.

## **Life Science**

Plastic lens-related materials earnings increased owing to a recovery in shipments to Europe and the United States of eyeglass lens photochromic materials, which had declined as a result of the spread of COVID-19.

Dental materials earnings grew thanks to a recovery in shipments to Europe and the United States, which had declined as a result of the spread of COVID-19.

Sales of medical diagnostic systems decreased. This largely reflected a decline in sales volumes of laboratory information systems and laboratory automation systems.

As a result of the above, segment net sales increased 11.0% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,496 million and operating profit increased 34.1% to ¥1,134 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.

Ion exchange membranes, plastic window sashes, waste gypsum board recycling, and other existing business earnings were all in line with the corresponding period of the previous year. Consequently, segment net sales increased 8.5% compared with the corresponding period of the previous year, to ¥ 2,218 million and operating loss amounted to ¥ 194 million (posted operating loss of ¥ 172 million in the corresponding period of the previous year).

## **(2) Explanation concerning financial position**

### **(Status of assets, liabilities and net assets)**

As of June 30, 2021, total assets amounted to ¥ 393,804 million, an increase of ¥ 709 million compared with those as of March 31, 2021.

This increase primarily reflects the increase of property, plant and equipment, cash and deposits, and merchandise and finished goods of ¥ 5,540 million, ¥ 1,835 million and ¥ 1,308 million respectively, despite the decrease of accounts receivable - trade of ¥ 3,649 million.

Total liabilities amounted to ¥ 184,629 million, up ¥ 3,095 million compared with those as of March 31, 2021.

The principal factor is the increase in notes and accounts payable - trade of ¥ 4,370 million, and other current liabilities mainly due to an increase in accounts payable - facilities of ¥ 2,158 million, despite decrease in long-term loans borrowings and current portion of long-term loans borrowings and provision for bonuses of ¥ 2,431 million and ¥ 1,547 million, respectively.

Net assets totaled ¥ 209,174 million, an increase of ¥ 3,913 million compared with those as of March 31, 2021.

This mainly reflected the increase of ¥ 2,666 in retained earnings primarily due to posting profit attributable, in spite of decrease due to the payment of dividends.



### **(3) Explanation concerning information related to future prediction such as consolidated performance forecast**

Notwithstanding anxieties toward raw material and fuel prices, and other factors, Tokuyama's business performance is currently trending within anticipated parameters. Therefore, the Company has not revised the performance forecasts, announced on April 28, 2021. Details will be disclosed in a timely manner should the need to revise performance forecasts.

The performance forecast has 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.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	3/31/2021	6/30/2021
<b>Assets</b>		
Current assets		
Cash and deposits	83,681	85,516
Notes and accounts receivable - trade	70,901	—
Notes receivable - trade	—	8,069
Accounts receivable - trade	—	58,791
Lease receivables	25	17
Merchandise and finished goods	14,674	15,982
Work in process	10,995	11,244
Raw materials and supplies	13,930	14,921
Other	5,666	6,692
Allowance for doubtful accounts	(115)	(114)
Total current assets	199,760	201,122
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,028	106,783
Accumulated depreciation	(76,427)	(77,027)
Buildings and structures, net	28,601	29,755
Machinery, equipment and vehicles	459,039	463,142
Accumulated depreciation	(413,493)	(415,676)
Machinery, equipment and vehicles, net	45,545	47,466
Tools, furniture and fixtures	22,827	22,858
Accumulated depreciation	(19,995)	(20,056)
Tools, furniture and fixtures, net	2,831	2,802
Land	31,903	31,917
Leased assets	6,900	7,909
Accumulated depreciation	(2,431)	(2,663)
Leased assets, net	4,469	5,246
Construction in progress	10,674	12,378
Total property, plant and equipment	124,025	129,566
Intangible assets		
Goodwill	86	82
Leased assets	43	39
Other	1,751	1,751
Total intangible assets	1,882	1,872
Investments and other assets		
Investment securities	27,171	26,932
Long-term loans receivable	2,094	2,076
Deferred tax assets	16,407	16,381
Retirement benefit asset	10,660	11,141
Other	4,854	4,756
Allowance for doubtful accounts	(61)	(45)
Total investments and other assets	61,126	61,243
Total non-current assets	187,034	192,682
<b>Total assets</b>	<b>386,794</b>	<b>393,804</b>

(Millions of yen)

	3/31/2021	6/30/2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	39,547	43,917
Short-term borrowings	1,850	1,950
Current portion of long-term borrowings	8,899	15,510
Lease obligations	1,204	1,188
Income taxes payable	2,375	2,603
Provision for bonuses	3,057	1,510
Provision for share awards	33	19
Provision for repairs	4,884	4,785
Provision for decommissioning and removal	1,100	1,045
Provision for product warranties	95	44
Provision for loss on compensation for damage	122	118
Provision for environmental measures	40	11
Provision for loss on disaster	17	17
Other	20,079	22,238
Total current liabilities	83,308	94,962
Non-current liabilities		
Long-term borrowings	82,812	73,769
Lease obligations	3,671	3,520
Deferred tax liabilities	247	277
Provision for retirement benefits for directors (and other officers)	201	185
Provision for repairs	1,340	1,956
Provision for decommissioning and removal	1,028	1,115
Allowance for loss on compensation for building materials	124	115
Provision for environmental measures	137	142
Retirement benefit liability	1,991	2,025
Asset retirement obligations	56	56
Other	6,613	6,501
Total non-current liabilities	98,224	89,666
<b>Total liabilities</b>	<b>181,533</b>	<b>184,629</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	23,455	23,455
Retained earnings	157,332	159,998
Treasury shares	(349)	(337)
Total shareholders' equity	190,438	193,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	2,689
Deferred gains or losses on hedges	(19)	(14)
Foreign currency translation adjustment	2,165	2,481
Remeasurements of defined benefit plans	2,702	2,710
Total accumulated other comprehensive income	8,122	7,866
Non-controlling interests	6,700	8,192
<b>Total net assets</b>	<b>205,261</b>	<b>209,174</b>
<b>Total liabilities and net assets</b>	<b>386,794</b>	<b>393,804</b>

## (2) Quarterly Consolidated Statements of Income

(Millions of yen)

	Q1 FY2020 YTD	Q1 FY2021 YTD
Net sales	70,624	67,497
Cost of sales	48,349	43,203
Gross profit	22,274	24,293
Selling, general and administrative expenses		
Selling expenses	9,933	10,745
General and administrative expenses	5,688	6,051
Total selling, general and administrative expenses	15,621	16,796
Operating profit	6,653	7,496
Non-operating income		
Interest income	19	15
Dividend income	246	281
Share of profit of entities accounted for using equity method	226	303
Trial products income	91	233
Other	892	1,122
Total non-operating income	1,476	1,956
Non-operating expenses		
Interest expenses	402	353
Comprehensive welfare group term insurance expenses	186	182
Other	866	1,013
Total non-operating expenses	1,455	1,549
Ordinary profit	6,674	7,904
Extraordinary income		
Gain on sale of non-current assets	26	1
Subsidy income	—	76
Total extraordinary income	26	78
Extraordinary losses		
Impairment losses	84	—
Loss on disaster	99	31
Loss on tax purpose reduction entry of non-current assets	—	67
Loss on disposal of non-current assets	105	120
Provision for loss on compensation for damage	59	—
Total extraordinary losses	348	218
Profit before income taxes	6,351	7,763
Income taxes	839	2,777
Profit	5,512	4,986
Profit attributable to non-controlling interests	306	44
Profit attributable to owners of parent	5,205	4,941

### (3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q1 FY2020 YTD	Q1 FY2021 YTD
Profit	5,512	4,986
Other comprehensive income		
Valuation difference on available-for-sale securities	917	(584)
Deferred gains or losses on hedges	7	4
Foreign currency translation adjustment	66	245
Remeasurements of defined benefit plans, net of tax	3	7
Share of other comprehensive income of entities accounted for using equity method	(116)	64
Total other comprehensive income	878	(261)
Comprehensive income	6,390	4,724
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,089	4,685
Comprehensive income attributable to non-controlling interests	301	39

#### **(4) Notes on Quarterly Consolidated Financial Statements**

##### **(Going Concern Assumption)**

Not applicable.

##### **(Major Changes in Shareholders' Equity)**

Not applicable.

##### **(Changes in significant subsidiaries during this period)**

Not applicable.

##### **(Application of accounting methods specific to the preparation of the quarterly consolidated financial statements)**

###### **(Calculation of Tax Expense)**

The Company rationally estimated the effective tax rate after the application of accounting policy for deferred tax, which was applied to the profit/loss before income tax for the consolidated fiscal year under review including the first quarter consolidated accounting period for the consolidated fiscal year ending March 31, 2022, and calculated the tax expense by multiplying the estimated effective tax rate to the profit/loss before income tax. However, if the application of said estimated effective tax rate reduces the rationality of the calculation of tax expense, the Company applies the effective statutory tax rate.

## **(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 first quarter consolidated accounting period for the fiscal year ending March 31, 2022, net sales decreased by ¥11,458 million and cost of sales decreased by ¥11,458 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.



## (5) Segment information

### First Quarter Fiscal 2020 (April 1, 2020 –June 30, 2020)

#### 1. Information on sales and profit by reportable segment

(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	18,716	19,704	10,769	6,565	1,977	12,890	70,624	-	70,624
Inter-segment sales/transfer	179	45	2,724	187	66	6,137	9,341	(9,341)	-
Total	18,895	19,749	13,493	6,753	2,044	19,028	79,965	(9,341)	70,624
Segment profit	2,406	1,416	1,501	846	(172)	1,400	7,397	(744)	6,653

\*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 The segment profit adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.

\*3 With regard to segment profit, 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.

#### 2. Information on amortization of goodwill and unamortized balance by reportable segment

Not applicable.

## First Quarter Fiscal 2021 (April 1, 2021 –June 30, 2021)

### 1. Information on sales and profit by reportable segment

(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	23,955	12,031	16,377	7,491	2,217	5,423	67,497	-	67,497
Inter-segment sales/transfer	90	182	192	5	0	2,451	2,923	(2,923)	-
Total	24,046	12,214	16,570	7,496	2,218	7,874	70,421	(2,923)	67,497
Segment profit (loss)	4,068	562	2,132	1,134	(194)	875	8,579	(1,082)	7,496

\*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 The segment profit (loss) adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.

\*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.

### 2. 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 first 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, Eco Business and Others segments decreased by ¥301 million, ¥10,642 million, ¥31 million, ¥171 million and ¥5,303 million, respectively, compared with the previous method for the first quarter consolidated accounting period for the fiscal year ending March 31, 2022.

The total decrease in net sales after taking into account intersegment eliminations and corporate expenses is ¥11,458 million.

There is no effect on segment profit (loss).

### 3. Information on amortization of goodwill and unamortized balance by reportable segment

Not applicable.