

Fiscal 2023 - Apr 1, 2023 to Mar 31, 2024-

Presentation for IR Meeting

April 26, 2024

Tokuyama Corporation



Key points of fiscal 2023

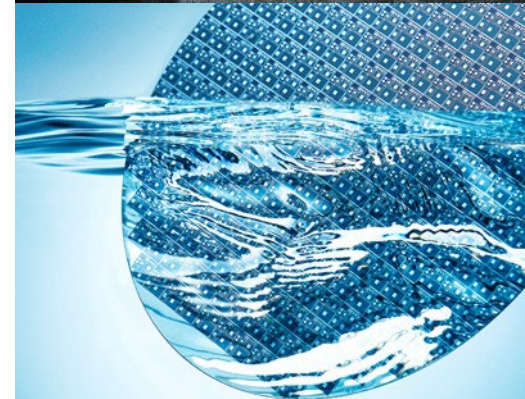
- Sales fell due to weak sales of semiconductor-related products owing to the semiconductor market slowdown. Profits, on the other hand, rose due to revisions to domestic sales prices for chemicals and cement and lower manufacturing costs
- The outlook for the fiscal year ending March 2025 is expected to increase sales and profits in anticipation of a recovery in the semiconductor market and an improvement in manufacturing costs, including raw material and fuel prices
- Raised the year-end dividend for the fiscal year ended March 31, 2024 by ¥10 to ¥45 per share; working to enhance shareholder returns in a bid to achieve PBR of one times

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- 1 Financial Results for FY2023**
- 2 Performance Forecasts for FY2024**
- 3 Efforts to Realize Management Conscious of the Cost of Capital and Stock Price**
- 4 Topics**
- 5 Supplementary Material**

① Financial Results for FY2023

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



1. Financial Highlights

(Billions of yen)

	FY2022	FY2023	Difference		Main changing factors
			Amount	%	
Net sales	351.7	341.9	(9.8)	(3)	Decrease in sales volume of semiconductor related products
Operating profit	14.3	25.6	+11.3	+79	Revised sales prices for cement, chemicals Lower manufacturing costs
Ordinary profit	14.7	26.2	+11.5	+78	Increase in operating profit
Profit attributable to owners of parent	9.3	17.7	+8.3	+90	Increase in ordinary profit
Basic earnings per share (yen)	130.15	246.72	-	-	-
Exchange rate (yen/USD)	135	145	-	-	-
Domestic naphtha price (yen/kl)	76,600	69,100	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2023	As of Mar 31,2024	Difference	Main changing factors
Total assets	478.3	457.3	(20.9)	Decrease in cash and deposits Decrease in inventories
Shareholders' equity	229.4	249.2	+19.8	Posting profit attributable to owners of parent
Shareholders' equity ratio	48.0%	54.5%	+6.5pts	-
Interest-bearing debt	142.4	105.7	(36.6)	Decrease in long-term loans payable
D/E ratio	0.62	0.42	(0.20)	-
Net D/E ratio*	0.32	0.23	(0.09)	-
Net assets per share (yen)	3,189.01	3,464.47	-	-

*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)

	FY2022		FY2023		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	116.2	6.8	115.5	11.5	(0.6)	(1)	+4.6	+67
Cement	58.5	(3.7)	67.1	6.7	+8.6	+15	+10.4	-
Electronic & Advanced Materials	91.5	7.0	77.9	3.3	(13.6)	(15)	(3.6)	(52)
Life Science	37.5	7.3	41.4	8.4	+3.8	+10	+1.0	+15
Eco Business	13.8	0.0	7.3	(0.1)	(6.4)	(47)	(0.1)	-
Others	47.3	2.0	43.6	1.4	(3.6)	(8)	(0.5)	(28)
Total	365.1	19.6	353.2	31.4	(11.8)	(3)	+11.7	+60
Inter-segment eliminations and corporate-wide expenses	(13.3)	(5.3)	(11.2)	(5.7)	+2.0	-	(0.4)	-
Consolidated Results	351.7	14.3	341.9	25.6	(9.8)	(3)	+11.3	+79

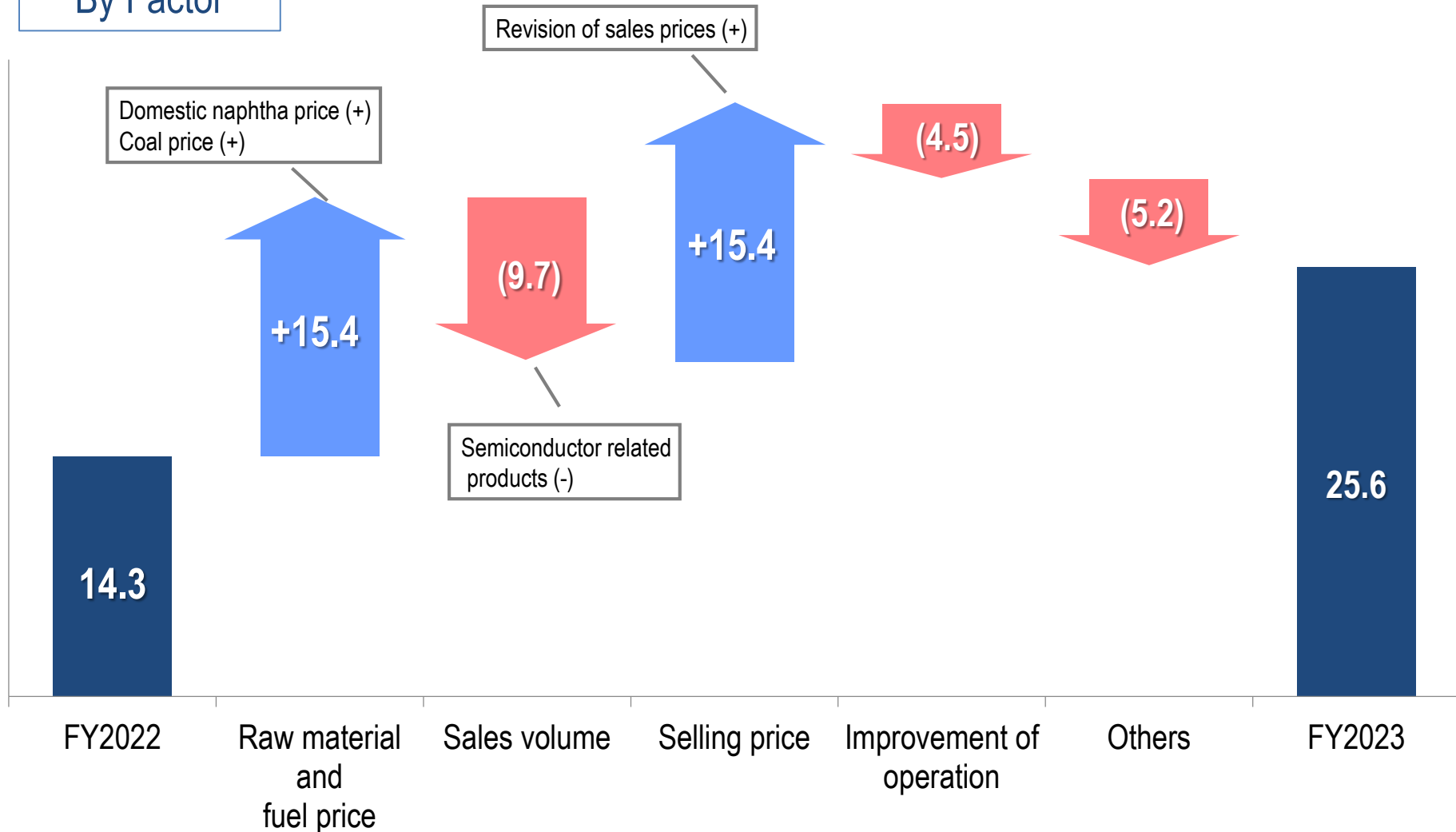
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



Domestic naphtha price (+)
Coal price (+)

Revision of sales prices (+)

Semiconductor related products (-)

(4.5)

(5.2)

+15.4

+15.4

(9.7)

25.6

FY2022

Raw material and fuel price

Sales volume

Selling price

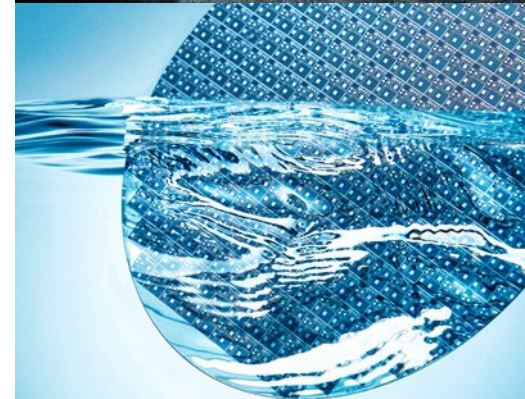
Improvement of operation

Others

FY2023

② Performance Forecasts for FY2024

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



1. Key points of Performance Forecasts

- Assumptions of performance forecasts for fiscal 2024 are as follows;

Exchange rate	140 yen/USD
Domestic naphtha price	65,000 yen / kℓ

- Semiconductor market is assumed to be in a certain recovery phase compared to FY2023
- In the supply chain of the semiconductor market, the timing of demand recovery is expected to differ for each product, and we will steadily expand sales according to the timing

2. Performance Forecasts

(Year-on-year change)

(Billions of yen)

	FY2023 Results	FY2024 Forecasts	Difference		Main changing factors
			Amount	%	
Net sales	341.9	352.0	+10.0	+3	Increase in sales volume of semiconductor related products
Operating profit	25.6	33.0	+7.3	+29	Increase in sales volume of semiconductor related products Lower manufacturing costs
Ordinary profit	26.2	31.0	+4.7	+18	Increase in operating income
Profit attributable to owners of parent	17.7	25.0	+7.2	+41	Increase in ordinary income
Basic earnings per share (yen)	246.72	347.48	-	-	-
Exchange rate (yen/USD)	145	140	-	-	-
Domestic naphtha price (yen/kl)	69,100	65,000	-	-	-

3. Performance Forecasts by Business Segment

(Year-on-year change)

(Billions of yen)

	FY2023 Results		FY2024 Forecasts		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating Profit	%
Chemicals	115.5	11.5	120.0	13.5	+4.4	+4	+1.9	+17
Cement	67.1	6.7	67.0	8.0	(0.1)	(0)	+1.2	+19
Electronic & Advanced Materials	77.9	3.3	86.5	7.0	+8.5	+11	+3.6	+109
Life Science	41.4	8.4	43.0	9.0	+1.5	+4	+0.5	+6
Eco Business	7.3	(0.1)	6.0	0.0	(1.3)	(19)	+0.1	-
Others	43.6	1.4	41.0	3.0	(2.6)	(6)	+1.5	+103
Total	353.2	31.4	363.5	40.5	+10.2	+3	+9.0	+28
Inter-segment eliminations and corporate-wide expenses	(11.2)	(5.7)	(11.5)	(7.5)	(0.2)	-	(1.7)	-
Consolidated Results	341.9	25.6	352.0	33.0	+10.0	+3	+7.3	+29

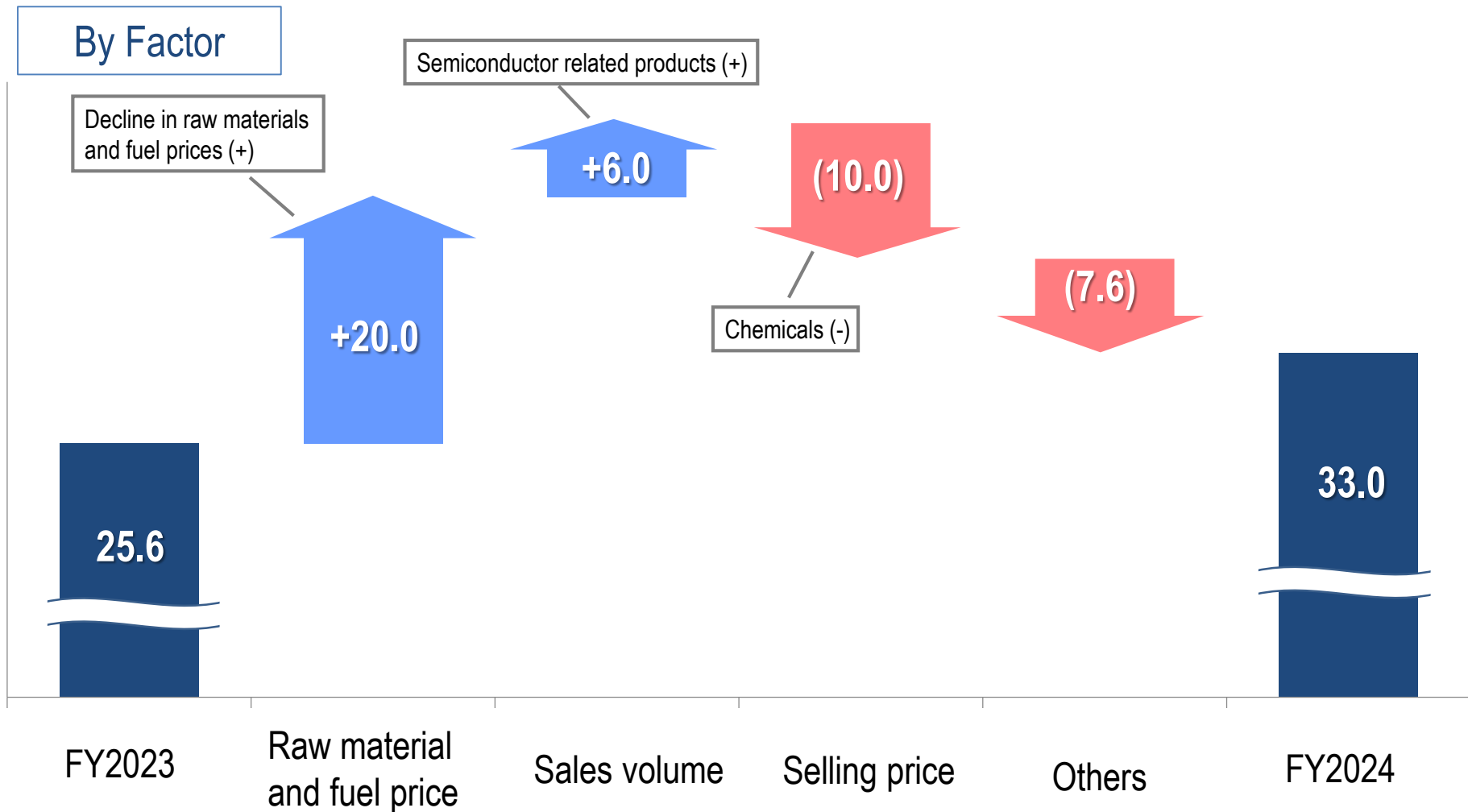
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

4. Changes in Operating Profit

(Billions of yen)

(Year-on-year change)

By Factor



5. Investment Plan

(Billions of yen)

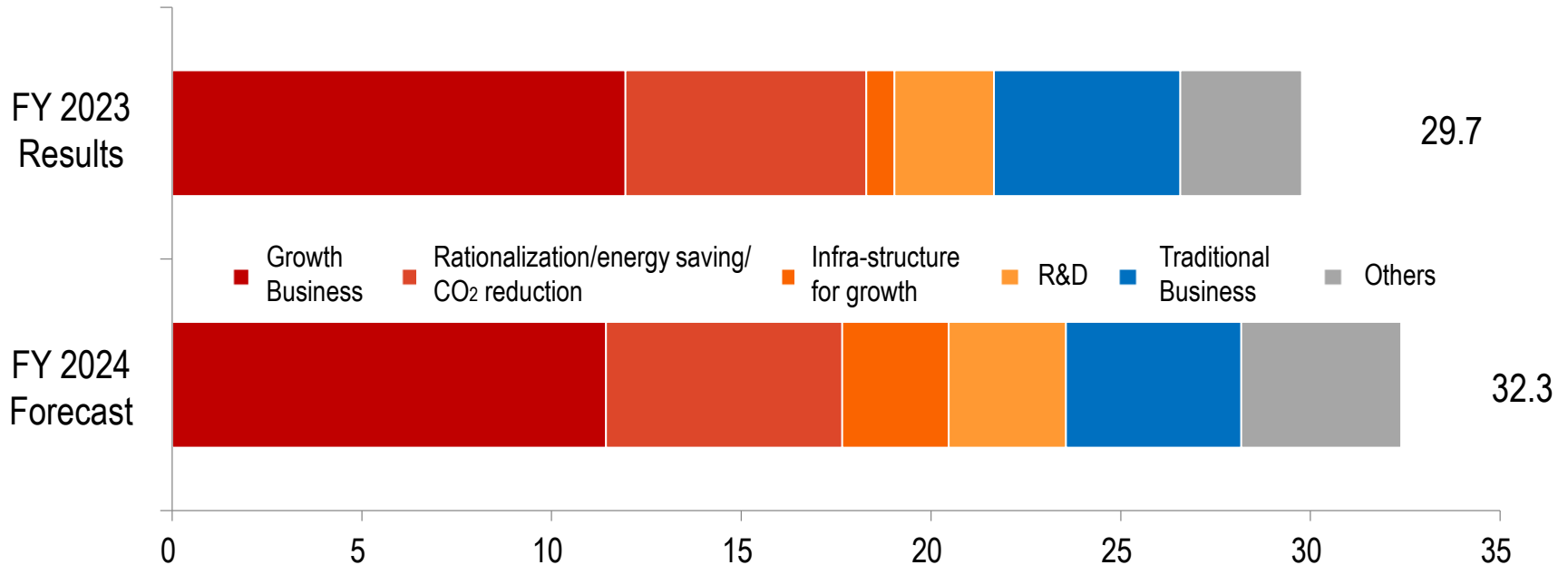
	FY2023 Results	FY2024 Forecast	Changes
Capital expenditures	29.7	32.3	+2.6
Depreciation and amortization	17.6	20.8	+3.1
R&D expenses	14.4	17.8	+3.4

5. Investment Plan

Major Growth Investments

FY 2023 Results	FY 2024 Forecast
Construct the factory of joint venture company in Korea for high-purity IPA	Biomass co-firing-related investment in power plants
Increasing manufacturing capacity of dental materials	DX-related investment
Investment in improving productivity of polycrystalline silicon for semiconductors	Increasing manufacturing capacity of medical diagnosis systems

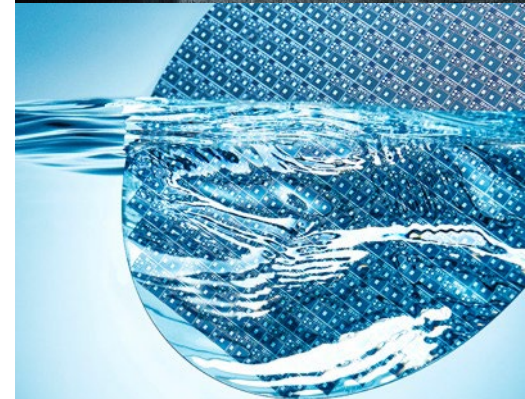
Investment
(Billions of yen)



3

Efforts to Realize Management Conscious of the Cost of Capital and Stock Price

1. Efforts to Realize Management Conscious of the Cost of Capital and Stock Price
2. Shareholder Returns



1. Efforts to Realize Management Conscious of the Cost of Capital and Stock Price

1. Current Assessment

Failing to achieve a PBR of one times reflects delayed ROE recovery and a lack of awareness of growth potential

2. Policy and Targets

Steady implementation of Medium-Term Management Plan 2025

3. Specific Initiatives

(1) Enhancing shareholder returns

Target DOE of 3% and a dividend payout ratio of over 30%

(2) Making priority investments in growth businesses that actively utilize return on invested capital (ROIC) and revisions to existing businesses

(3) Reducing cross-shareholdings

(4) Shareholder dialogue

2. Shareholder Returns

Policy: Target DOE of 3% and a dividend payout ratio of over 30% from the fiscal year ending March 31, 2025

➤ **Fiscal 2023** Raised the year-end dividend for the fiscal year ended March 31, 2024 by ¥10 to ¥45 per share

Raised the annual dividend by ¥10 from ¥70 to ¥80 per share

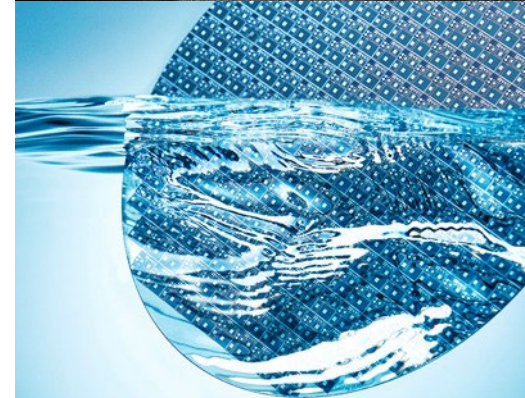
➤ **Fiscal 2024** The Company plans to pay an interim and year-end dividend of ¥50 per share each

Fiscal Year	2019	2020	2021	2022	2023	2024 Forecast
Interim Dividend (Yen)	35	35	35	35	35	(50)
Year-end Dividend (Yen)	35	35	35	35	45	(50)
Payout ratio (%)	24.4	19.9	18.0	53.8	32.4	(28.8)
DOE* (%)	2.9	2.6	2.4	2.3	2.5	(2.9)

*Figure at the end of the fiscal year

4 Topics

1. Suspended operations of one cement kiln



1. Suspended operations of one cement kiln

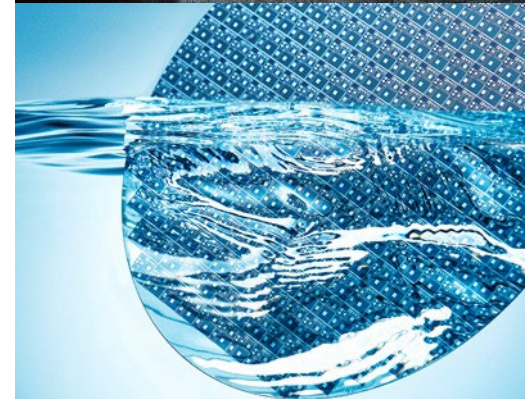
- As outlined in its press release “Start of Study on the Suspension of One Cement Kiln Operations ” dated April 28, 2023, Tokuyama has taken steps to consider putting in place an appropriate cement production system
- Taking into consideration a comprehensive range of factors, including the recent sharp drop in Japanese cement demand, rising fixed costs required to maintain manufacturing facilities, and the impact in the external environment, the Company determined that a production system with two kiln lines is optimal, and has accordingly suspended operations at one kiln line
- There will be no impact on cement sales to the Japanese market as a result of this suspension

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5 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, Depreciation and R&D Expenses Trend
6. Interest-bearing Debts Trend
7. Cash Flow Plan
8. Number of Employees Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	FY2022	FY2023	Difference	
			Amount	%
Net sales	351.7	341.9	(9.8)	(3)
Cost of sales	261.0	242.4	+18.5	+7
Selling, general and administrative expenses	76.4	73.8	+2.5	+3
Operating profit	14.3	25.6	+11.3	+79
Non-operating income/expenses	0.4	0.6	+0.2	+47
Ordinary profit	14.7	26.2	+11.5	+78
Extraordinary income/expenses	(0.3)	(0.4)	(0.0)	-
Profit/loss before income taxes	14.4	25.8	+11.4	+79
Income taxes	5.0	8.4	(3.3)	(67)
Non-controlling interests	(0.0)	(0.3)	+0.3	-
Profit attributable to owners of parent	9.3	17.7	+8.3	+90

*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)

	3/31/2023	3/31/2024	Changes	
			Amount	%
Total assets	478.3	457.3	(20.9)	(4)
Current assets	253.6	217.7	(35.9)	(14)
Tangible fixed assets	155.3	168.7	+13.4	+9
Intangible fixed assets	3.4	3.4	(0)	(0)
Investments and other assets	65.8	67.3	+1.5	+2

	3/31/2023	3/31/2024	Changes	
			Amount	%
Total liabilities	236.7	197.4	(39.3)	(17)
Current liabilities	88.2	103.9	+15.6	+18
Long-term liabilities	148.4	93.4	(55.0)	(37)
Total net assets	241.6	259.9	+18.3	+8

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

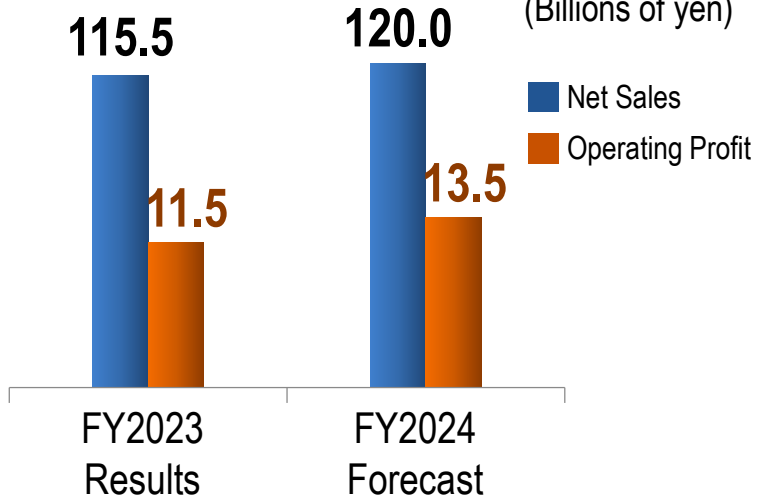
(Year-on-year change)

Chemicals

Higher earnings on Higher sales

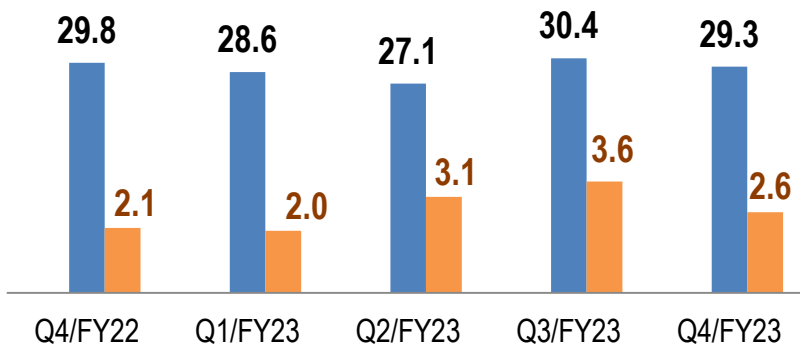
(Billions of yen)

■ Net Sales
■ Operating Profit



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 strive to secure earnings by implementing measures to address changing business conditions that include strengthening sales capabilities through a new sales structure

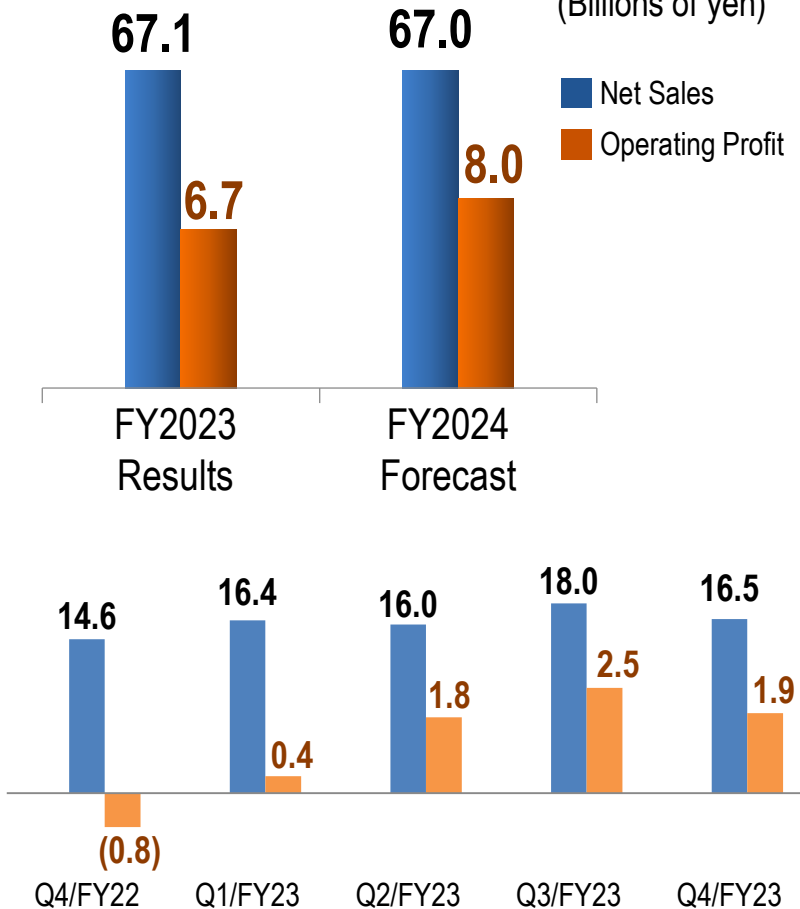


2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Cement

(Billions of yen)



Higher earnings on Sales on a par with the previous year

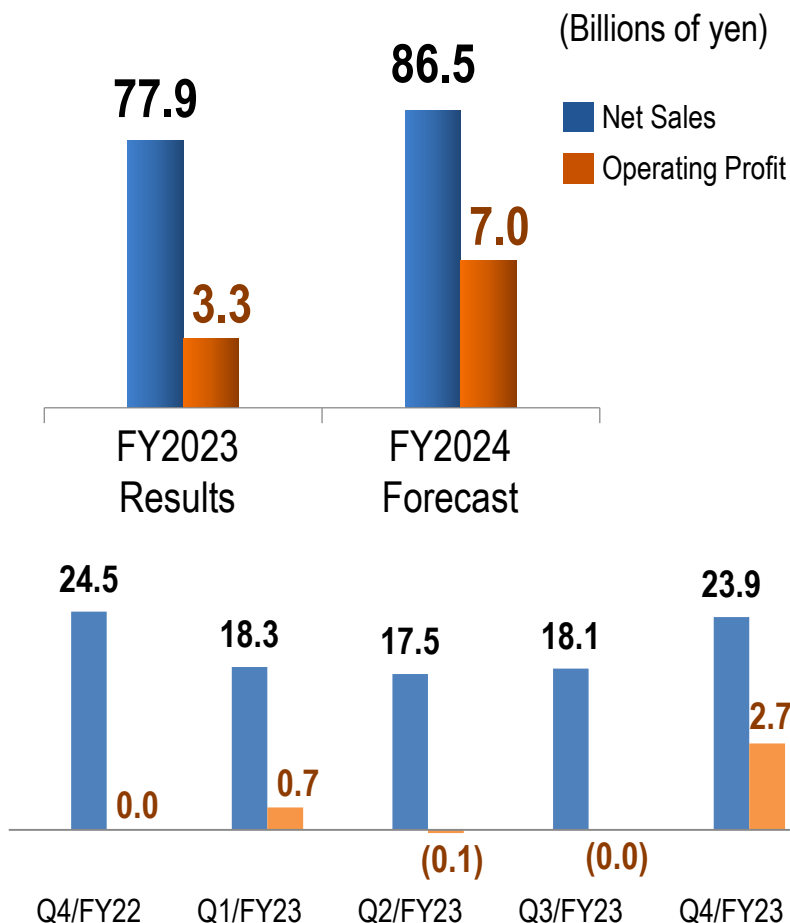
Qualitative information

- As far as demand in Japan is concerned, private-sector demand is solid for redevelopment projects and factory construction in urban areas. In contrast, shipments are expected to remain at the fiscal 2023 level due to longer construction periods and labor shortages mainly among contractors and logistics providers
- We will work to increase earnings by maintaining reasonable 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

The timing of a semiconductor market recovery will vary depending on the supply chain, though demand is expected to increase over the medium to long term. In addition, as miniaturization progresses, customers are increasingly demanding higher quality and more stable supply

(Semiconductor-grade Polycrystalline silicon)

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

(IC chemicals)

- We aim to increase shipments from Taiwan bases and will focus on establishing a global supply system to meet demand growth by upgrading production and sales facilities in South Korea

(Fumed silica and Thermal management materials)

- We will increase sales of existing products and pursue the commercialization of products under development

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

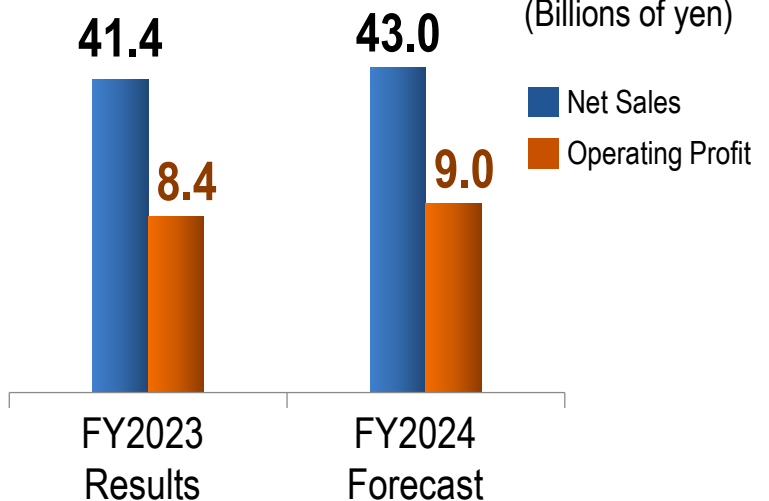
(Year-on-year change)

Life Science

Higher earnings on Higher sales

(Billions of yen)

■ Net Sales
■ Operating Profit



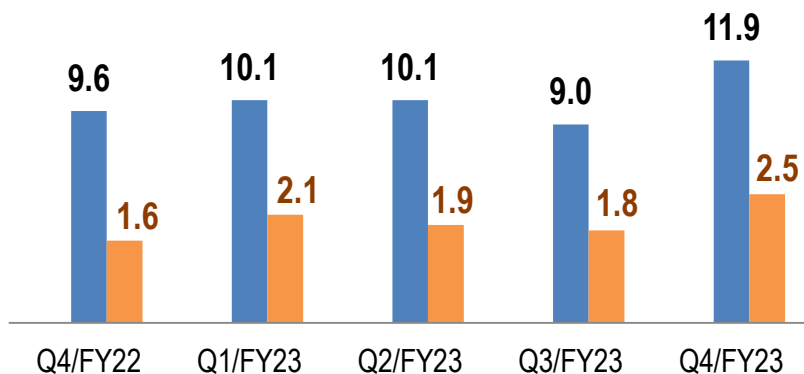
Qualitative information

(Dental materials / 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



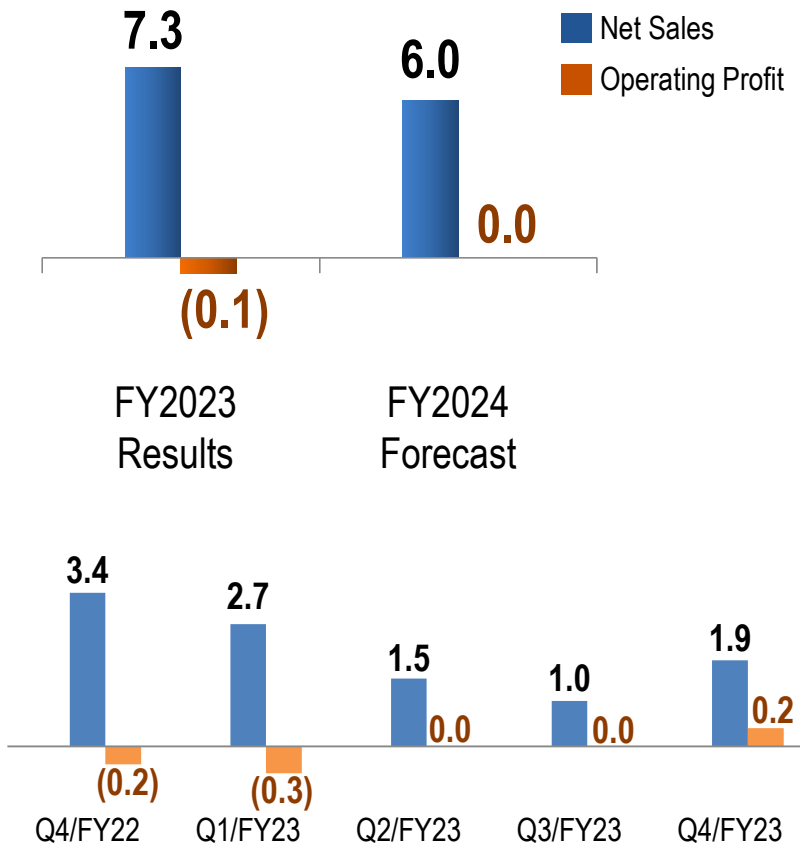
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Eco Business

Earning improved 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 contribute to the reduction of greenhouse gas (GHG) emissions, as well as contribute to the transformation of our business portfolio

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

(Billions of yen)

		FY2022	FY2023	Changes
Non-operating income	Interest and dividend income	0.7	0.7	+0.0
	Other income	5.4	4.6	(0.8)
	Total	6.2	5.4	(0.8)
Non-operating expenses	Interest expenses	1.5	1.3	+0.2
	Other expenses	4.1	3.4	+0.7
	Total	5.7	4.7	+1.0
Non-operating income/expenses		0.4	0.6	+0.2

Extraordinary gains	0.4	0.8	+0.4
Extraordinary losses	0.8	1.3	(0.5)
Extraordinary gains/losses	(0.3)	(0.4)	(0.0)

Financial income and expenses	(0.8)	(0.5)	+0.2
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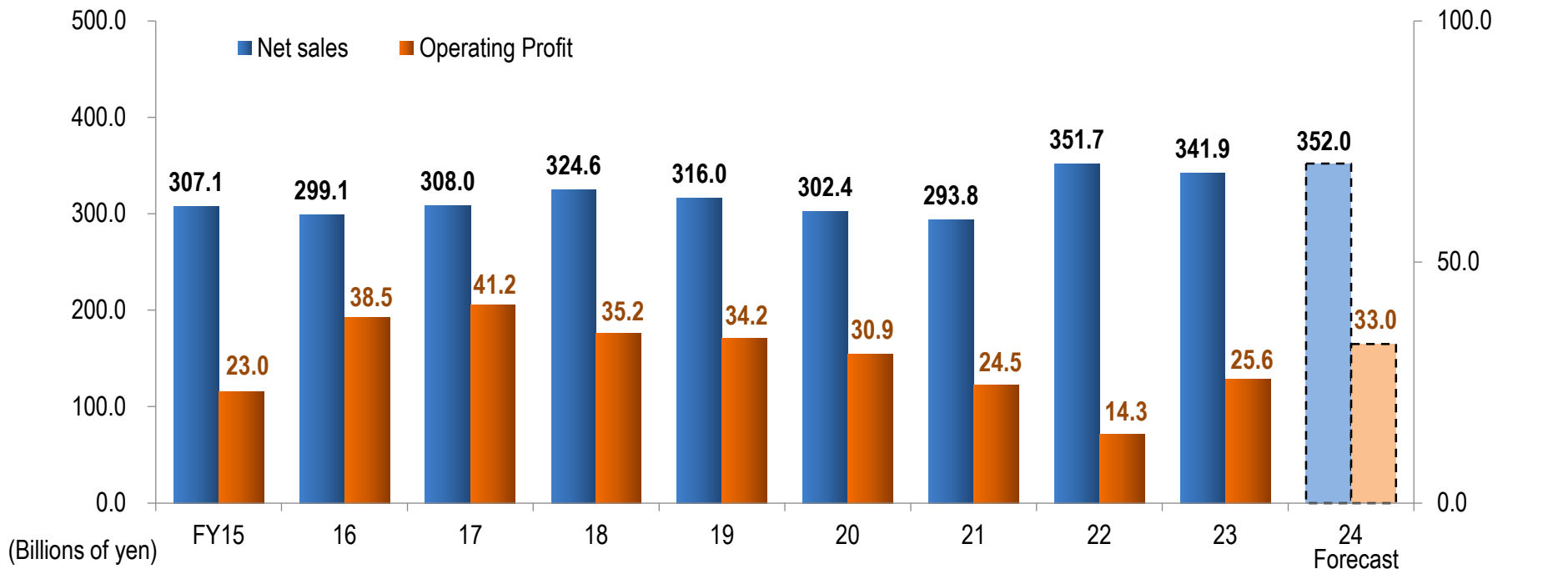
*Regarding changes, income or profit is shown as positive and expenses or losses are shown as negative amount

4. Performance Trend

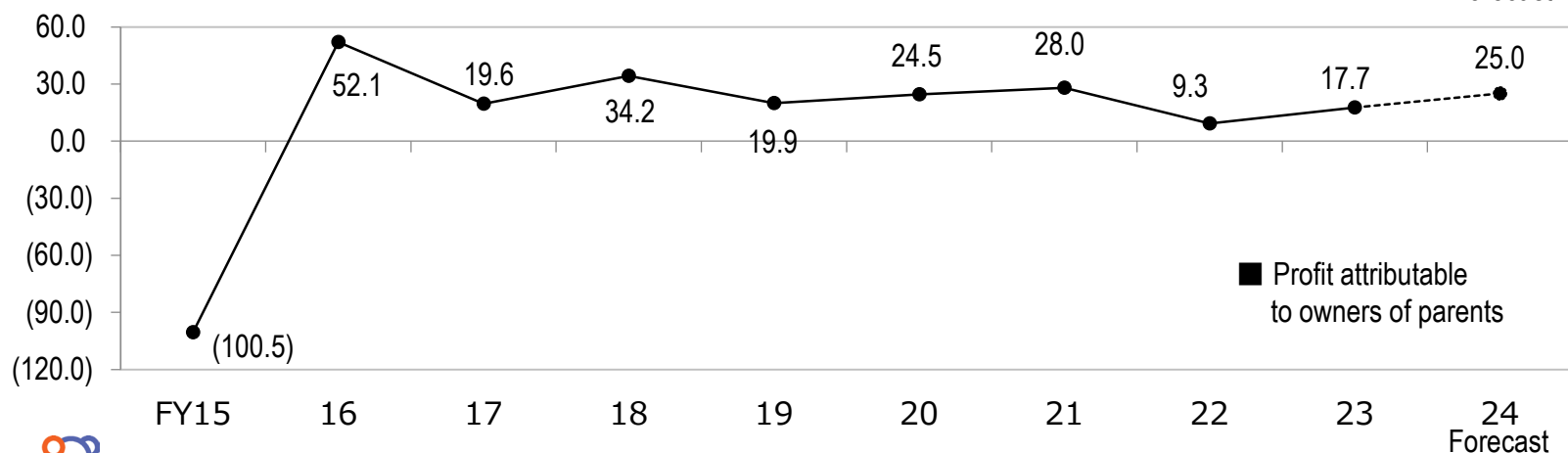
Net sales (Billions of yen)

Annual

Operating Profit (Billions of yen)

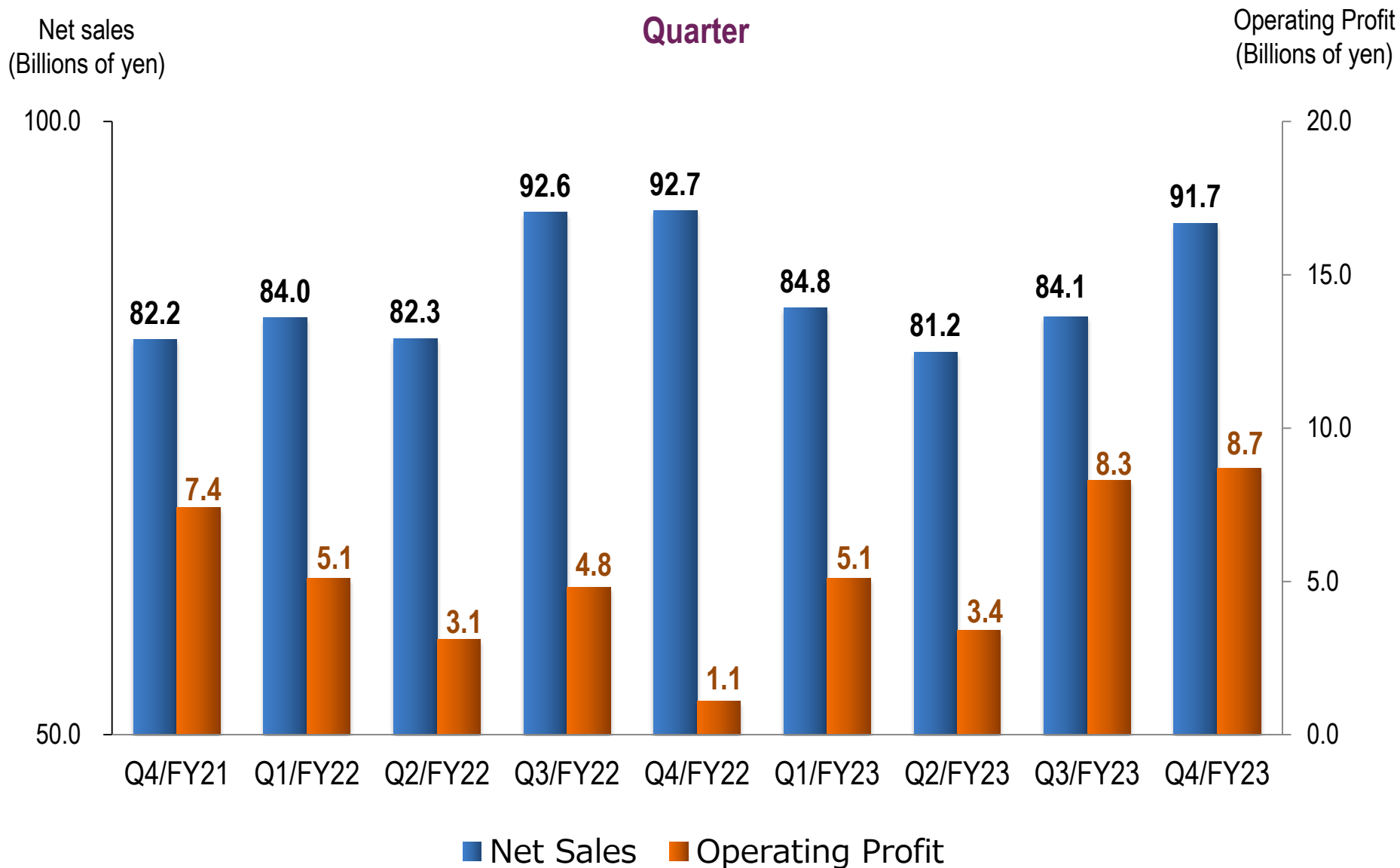


(Billions of yen)



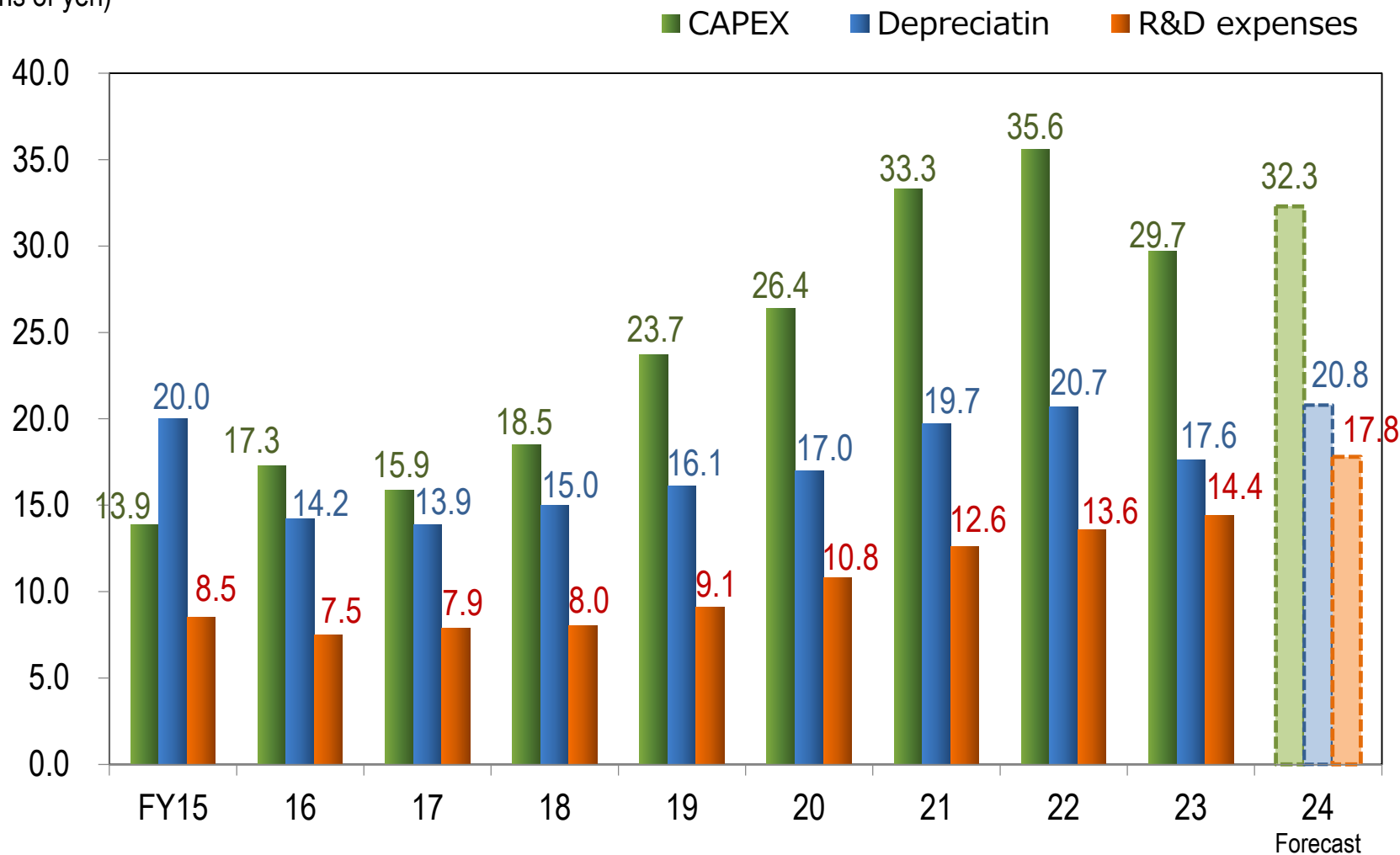
■ Profit attributable to owners of parents

4. Performance Trend



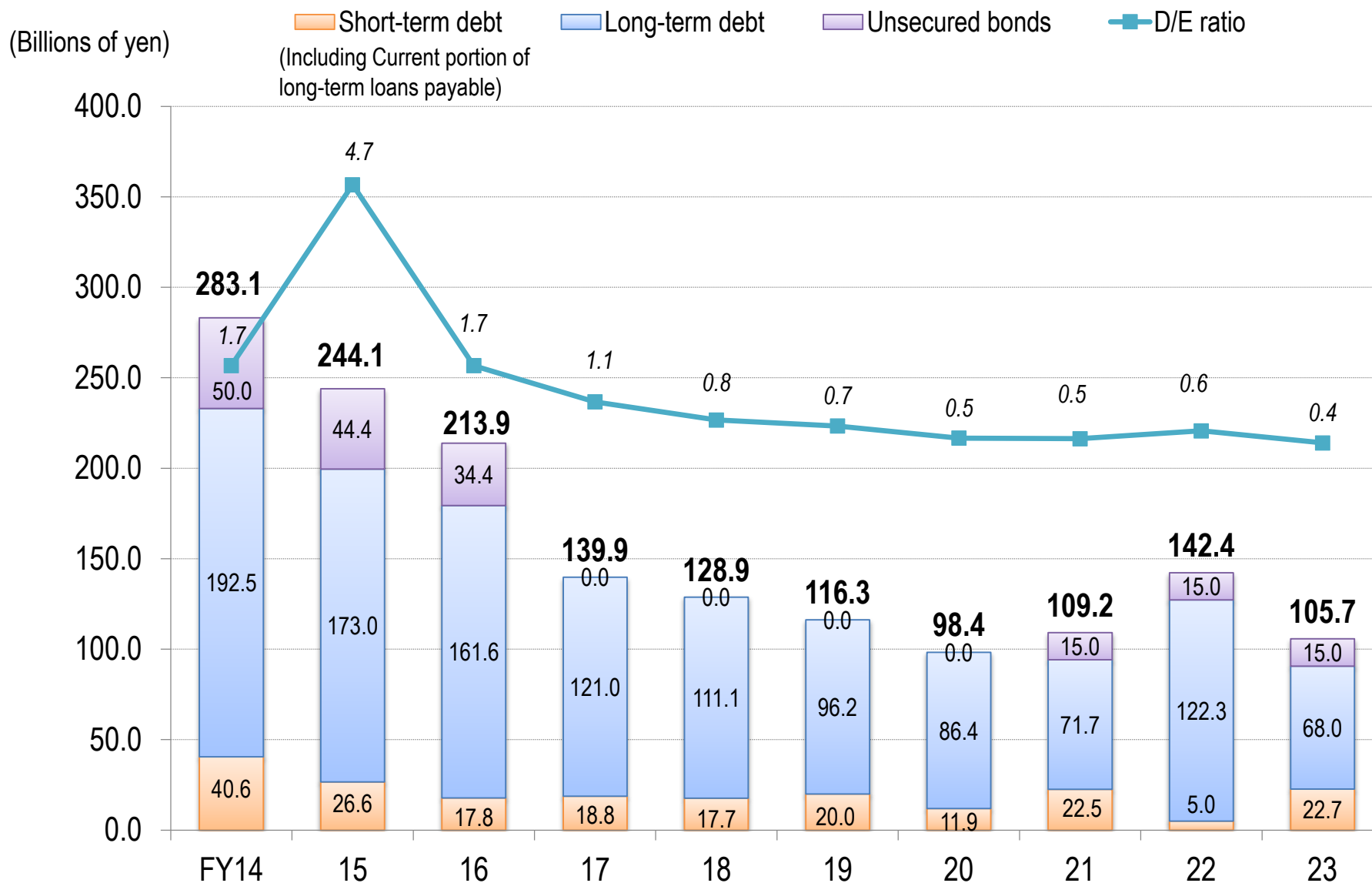
5. CAPEX, Depreciation and R&D Expenses Trend

(Billions of yen)



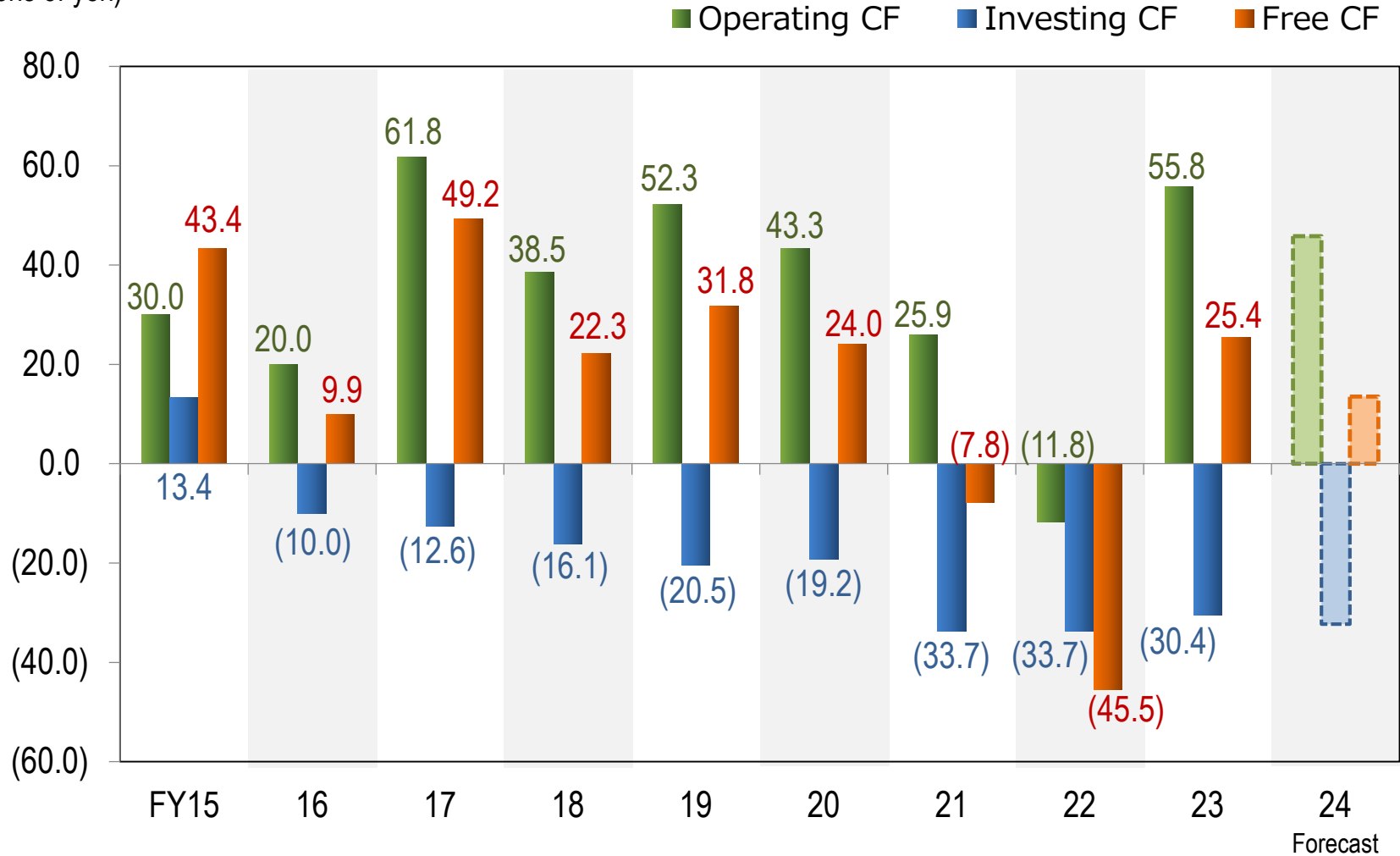
*The depreciation method for property, plant and equipment was changed from the declining balance method to the straight-line method from fiscal year 2023.

6. Interest-Bearing Debts Trend

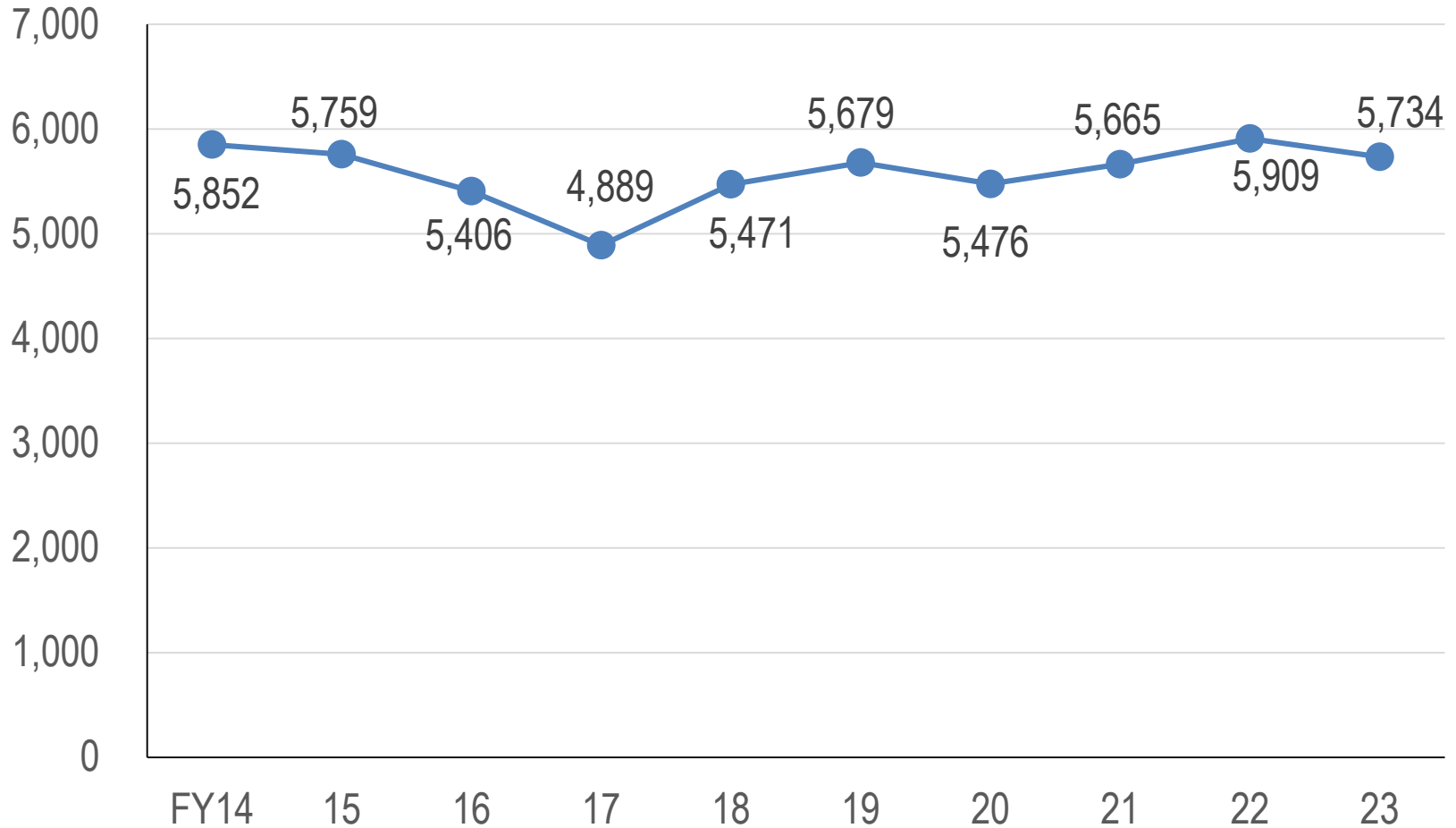


7. Cash Flow Plan

(Billions of yen)



8. Number of Employees Trend



(*Number at the end of the fiscal year)

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