

## Summary of Consolidated Financial Statements for the First Quarter Fiscal 2024 (JPGAAP)

July 26, 2024

### 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, 2024 (Apr. 1, 2024 – Jun. 30, 2024)

#### (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 2024	82,524	(2.8)	7,502	45.9	8,424	49.0
First Quarter Fiscal 2023	84,886	1.0	5,142	0.7	5,653	(20.5)

(Note) Comprehensive income: 1st Q FY24: 9,601 million yen [36.3%] 1st Q FY23: 7,046 million yen [24.3%]

	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 2024	7,402	72.0	102.89	-
First Quarter Fiscal 2023	4,304	(4.0)	59.82	-

#### (2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
June 30, 2024	480,262	267,818	53.0	3,539.22
March 31, 2024	457,360	259,948	54.5	3,464.47

(Reference) Shareholders' equity: Jun. 30, 2024: 254,631 million yen Mar. 31, 2024: 249,256 million yen

### 2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2023, ended Mar 31, 2024	(yen) -	(yen) 35.00	(yen) -	(yen) 45.00	(yen) 80.00
Fiscal 2024, ending Mar 31, 2025	-				
Fiscal 2024 (Forecast)		50.00	-	50.00	100.00

(Note) Revision of the latest dividends forecast: No

### 3. Consolidated performance forecast for fiscal 2024 (April 1, 2024 - March 31, 2025)

(% 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 2024	352,000	2.9	33,000	28.7	31,000	17.9	25,000	40.8	347.48

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

**\*Notes**

**(1) Significant changes in the scope of consolidation during this period**

: Yes

(Note) For more details, please refer to “2. Quarterly Consolidated Financial Statements and (4) Notes on Quarterly Consolidated Financial Statements (Significant changes in the scope of consolidation during this period)” on page 14 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

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

: Yes

**(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  |

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

i. Number of shares issued at end of period (including treasury stock):	1st Quarter Fiscal 2024:	72,088,327	Fiscal 2023:	72,088,327
ii. Number of treasury stock at end of period:	1st Quarter Fiscal 2024:	142,691	Fiscal 2023:	141,799
iii. Average number of shares over period:	1st Quarter Fiscal 2024:	71,945,819	1st Quarter Fiscal 2023:	71,950,340

**Review of the accompanying quarterly consolidated financial statements by certified public accountants or audit corporation**

: No

**(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 provides supplementary materials “Presentation for IR Meeting” through TDnet at the same date.

Contents for Accompanying Materials

- 1. Qualitative information on consolidated results for this quarter ..... P. 2
  - (1) Explanation concerning business results ..... P. 2
  - (2) Explanation concerning financial position ..... P. 7
  - (3) Explanation concerning capital resources and funding liquidity ..... P. 8
  - (4) Research and Development (R&D) activities ..... P. 9
  - (5) Explanation concerning information related to future prediction such as consolidated performance forecast ..... P. 9
- 2. Quarterly Consolidated Financial Statements ..... P. 10
  - (1) Quarterly Consolidated Balance Sheets ..... P. 10
  - (2) Quarterly Consolidated Statements of Income ..... P. 12
  - (3) Quarterly Consolidated Statements of Comprehensive Income ..... P. 13
  - (4) Notes on Quarterly Consolidated Financial Statements ..... P. 14

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

### (1) Explanation concerning business results

Consolidated results for the first quarter fiscal 2024 (April 1, 2024 – June 30, 2024) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
<b>First Quarter Fiscal 2024</b>	<b>82,524</b>	<b>7,502</b>	<b>8,424</b>	<b>7,402</b>
First Quarter Fiscal 2023	84,886	5,142	5,653	4,304
Rate of change (%)	(2.8)	45.9	49.0	72.0

#### Net sales

Consolidated net sales decreased 2.8%, or ¥ 2,361 million compared with the corresponding period of the previous year, to ¥ 82,524 million. Despite such factors as an increase in caustic soda export volumes, this decline was mainly due to semiconductor-related product sales falling short of a fully-fledged recovery and the exclusion of Excel Shanon Corporation from the Company's scope of consolidation effective from the second quarter of the previous fiscal year.

#### Cost of sales

Cost of sales decreased 8.7%, or ¥ 5,284 million compared with the corresponding period of the previous year, to ¥ 55,669 million. This was mainly due to progress in manufacturing cost improvements.

#### SG&A expenses

SG&A expenses increased 3.0%, or ¥ 563 million compared with the corresponding period of the previous year, to ¥ 19,353 million mainly due to the increase in R&D expenses.

#### Operating profit

Operating profit increased 45.9%, or ¥ 2,359 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,502 million. Despite sales of semiconductor-related products falling short of a fully-fledged recovery, this upswing was primarily due to growth in caustic soda export volumes and progress in manufacturing cost improvements.

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

Non-operating income/expenses improved by ¥ 411 million compared with the corresponding period of the previous fiscal year.

As a result of the above, ordinary profit increased 49.0 %, or ¥ 2,770 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 8,424 million.

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

Extraordinary income/losses improved ¥2,606 million compared with the corresponding period of the previous fiscal year owing to a variety of factors, including an increase in gain on sale of investment securities in conjunction with a reduction in cross-shareholdings, and the posting of a gain on share exchange of affiliated companies with efforts to restructure of the polyolefin film business.

As a result of the above, profit before income taxes increased 85.8%, or ¥ 5,377 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 11,640 million.

Profit after deducting income taxes calculated in an appropriate way increased 72.9%, or ¥ 3,067 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,273 million.

Profit attributable to owners of parent increased 72.0%, or ¥ 3,098 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 7,402 million.

(Operating results by segment)

Tokuyama changed the management categorizations of a certain subsidiary effective from the first quarter of the fiscal year under review. 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.

(Unit: Millions of yen)

	First Quarter Fiscal 2024		First Quarter Fiscal 2023		Rate of change (%)	
	Net sales	Operating Profit (loss)	Net sales	Operating Profit (loss)	Net sales	Operating profit
Chemicals	30,538	2,772	28,639	2,093	6.6	32.4
Cement	16,366	1,782	16,487	456	(0.7)	290.4
Electronic & Advanced Materials	17,868	1,940	18,352	744	(2.6)	160.7
Life Science	10,062	2,074	10,160	2,180	(1.0)	(4.8)
Eco Business	867	(159)	2,744	(337)	(68.4)	-
Others	9,233	1,208	11,174	987	(17.4)	22.4
Total	84,936	9,620	87,559	6,125	(3.0)	57.1
Adjustment	(2,412)	(2,117)	(2,673)	(982)	-	-
Figures in quarterly consolidated profit statement	82,524	7,502	84,886	5,142	(2.8)	45.9

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

## Chemicals

Although domestic sales volumes remained in line with the corresponding period of the previous fiscal year, caustic soda earnings grew due to a variety of factors, including an increase in export volumes.

Despite growth in vinyl chloride monomer export volumes, vinyl chloride monomer and vinyl chloride resin results remained in line with the corresponding period of the previous fiscal year due mainly to an increase in manufacturing costs.

Earnings of soda ash decreased owing to lower sales volumes.

As a result of the above, segment net sales increased 6.6% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 30,538 million and operating profit increased 32.4 % to ¥ 2,772 million. The segment reported higher earnings on higher sales.

## **Cement**

Despite a slight decrease in sales volume year-on-year in Japan, cement earnings grew owing to improvement of manufacturing costs.

As a result of the above, segment net sales decreased 0.7% compared with the corresponding period of the previous year, to ¥ 16,366 million and operating profit increased 290.4% to ¥ 1,782 million. The segment reported higher earnings on lower sales.

## **Electronic & Advanced Materials**

Despite sluggish sales volumes due to a weak semiconductor market, semiconductor-grade polycrystalline silicon earnings grew thanks to a difference in the price mix and the posting of a reversal of loss on valuation of inventories.

IC chemical earnings improved. This mainly reflected the increase in operating rates at Formosa Tokuyama Advanced Chemicals Co., Ltd. in Taiwan.

Despite weak sales volumes owing largely to prolonged sluggishness in the semiconductor market and economic conditions in China, fumed silica earnings increased due mainly to the impact of foreign currency exchange rates as a result of the weak yen and reductions in manufacturing costs.

Thermal management material earnings declined owing mainly to sluggish shipments for semiconductor manufacturing equipment.

As a result of the above, segment net sales decreased 2.6% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 17,868 million and operating profit increased 160.7% to ¥ 1,940 million. The segment reported higher earnings on lower sales.

## **Life Science**

Dental materials earnings grew thanks to an increase in shipments to overseas.

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

API and intermediate earnings declined due to a decrease in the sales volume of generic pharmaceutical.

As a result of the above, segment net sales decreased 1.0% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 10,062 million and operating profit decreased 4.8% to ¥ 2,074 million. The segment reported lower earnings on lower sales.

## **Eco Business**

Ion exchange membrane earnings decreased owing to the decline in shipments.

In waste gypsum board recycling, earnings were all in line with the corresponding period of the previous year, as a result of steady acceptance of waste gypsum board.

In plastic window sashes, Excel Shanon Corporation was removed from the Company's scope of consolidation effective from the previous second quarter of the fiscal year under review. This reflected the transfer of a portion of the company's shares.

As a result of the above, segment net sales decreased 68.4% compared with the corresponding period of the previous year, to ¥ 867 million and operating loss amounted to ¥ 159 million (posted operating loss of ¥ 337 million in the corresponding period of the previous year).

## (2) Explanation concerning financial position

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

#### Summary of Consolidated Balance Sheets

(Unit: Millions of yen)

	Mar 31, 2024	Jun 30, 2024	Amount of change	Rate of change (%)
Assets	457,360	480,262	22,902	5.0
Liabilities	197,411	212,443	15,032	7.6
(Interest-bearing debt)	105,784	121,116	15,332	14.5
Net assets	259,948	267,818	7,869	3.0
(Shareholders' equity)	249,256	254,631	5,374	2.2

#### Assets

Total assets amounted to ¥ 480,262 million, an increase of ¥ 22,902 million compared with those as of March 31, 2024.

Despite the decrease of Accounts receivable – trade of ¥ 9,507 million, this increase primarily reflects the increase of Cash and deposits, property, plant and equipment, investment securities, merchandise and finished goods, and raw materials and supplies of ¥ 25,863 million, ¥ 1,932 million, ¥ 1,712 million, ¥ 1,274 million, and ¥ 1,240 million respectively

#### Liabilities

Total liabilities amounted to ¥ 212,443 million, up ¥ 15,032 million compared with those as of March 31, 2024.

Despite the decrease of commercial papers of ¥ 5,000 million, this increase primarily reflects the increase of bonds payable of ¥ 20,000 million.

#### Net assets

Net assets totaled ¥ 267,818 million, an increase of ¥ 7,869 million compared with those as of March 31, 2024.

Retained earnings increased ¥ 4,152 million as a result of posting profit attributable to owners of parent mainly, and non-controlling interests and valuation difference on available-for-sale securities increased ¥ 2,495 million and ¥ 1,348 million respectively.

### **(Analysis of financial indicators for the quarter under review)**

Tokuyama Group has set the following targets for the final year of its Medium-Term Management Plan 2025.

KPI	FY2025 Target
Net Sales	¥ 400.0 billion
Operating Profit	¥ 45.0 Billion
Growth Business Net Sales Growth Rate (CAGR)	Over 10%
ROE	Over 11%

These forward-looking statements are based on expectations and certain assumptions at the time this report was prepared and accordingly do not represent a guarantee of achievement or future performance. Meanwhile, plans are in place to report of the progress of financial indicators as of the end of the consolidated fiscal year.

### **(3) Explanation concerning capital resources and funding liquidity**

#### **(Analysis of capital resources)**

The Tokuyama Group recognizes the need to retain a certain level of funds in order to secure the working capital required to finance its business activities, for priority investments in growth fields for the purpose of transforming its business portfolio and capital investments for the purpose of contributing to the mitigation of global warming, such as rationalization, energy saving, and measures to reduce GHG emissions, as well as to promote strategic investments. While the principal method of procuring these funds is to accumulate cash on hand through the continuous posting of business earnings, the Group will also pursue other avenues. These include borrowing from financial institutions and the issuing of unsecured bonds. Furthermore, the Tokuyama Group's intended capital investment amount for the fiscal year under review is ¥ 32,390 million. Plans are in place to utilize cash on hand, borrowings from financial institutions, and the issuance of unsecured bonds.

#### **(Analysis of funding liquidity)**

Cash and cash equivalents stood at ¥ 73,825 million as of June 30, 2024. On this basis, the Tokuyama Group is confident that it maintains more than ample liquidity to promote its business activities. In addition, Tokuyama has executed revolving credit facility, overdraft, and credit liquidation agreements with a financial institution. Accounting for these factors, the Company is more than capable of maintaining a certain level of liquidity should any impediment arise. To secure liquidity funds in preparation for unforeseen circumstances, we will also set up commitment lines on an as needed basis.

#### **(4) Research and Development (R&D) activities**

Total R&D expenses for the first quarter of the fiscal year under review amounted to ¥ 3,951 million.

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

Notwithstanding anxieties toward the future of fuel and raw material prices, foreign currency exchange rates, semiconductor market conditions, 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 26, 2024. 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. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	3/31/2024	6/30/2024
<b>Assets</b>		
Current assets		
Cash and deposits	48,684	74,547
Notes receivable - trade	9,850	10,180
Accounts receivable - trade	77,279	67,771
Lease receivables	11	11
Merchandise and finished goods	28,522	29,797
Work in process	18,428	18,358
Raw materials and supplies	24,938	26,179
Other	10,159	10,187
Allowance for doubtful accounts	(99)	(93)
Total current assets	217,776	236,939
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,122	122,624
Accumulated depreciation	(80,870)	(81,868)
Buildings and structures, net	38,252	40,755
Machinery, equipment and vehicles	496,906	500,462
Accumulated depreciation	(434,655)	(438,877)
Machinery, equipment and vehicles, net	62,251	61,584
Tools, furniture and fixtures	24,729	24,929
Accumulated depreciation	(20,673)	(20,909)
Tools, furniture and fixtures, net	4,056	4,020
Land	33,117	33,157
Leased assets	11,038	11,564
Accumulated depreciation	(4,463)	(4,765)
Leased assets, net	6,575	6,799
Construction in progress	24,503	24,370
Total property, plant and equipment	168,755	170,688
Intangible assets		
Goodwill	252	231
Leased assets	20	18
Other	3,190	3,384
Total intangible assets	3,463	3,635
Investments and other assets		
Investment securities	36,196	37,908
Long-term loans receivable	2,046	2,037
Deferred tax assets	14,834	14,973
Retirement benefit asset	9,816	9,682
Other	4,522	4,450
Allowance for investment loss	(7)	(7)
Allowance for doubtful accounts	(44)	(45)
Total investments and other assets	67,365	68,999
Total non-current assets	239,583	243,322
Total assets	457,360	480,262

(Millions of yen)

	3/31/2024	6/30/2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	48,093	49,482
Short-term borrowings	4,234	4,434
Commercial papers	15,000	10,000
Current portion of long-term borrowings	2,225	2,050
Lease liabilities	1,247	1,247
Income taxes payable	3,195	4,691
Provision for bonuses	3,241	1,612
Provision for repairs	4,656	4,670
Provision for decommissioning and removal	186	186
Provision for product warranties	77	54
Provision for loss on compensation for damage	202	275
Provision for environmental measures	14	14
Provision for contract loss	499	258
Other	21,061	19,018
Total current liabilities	103,935	97,997
Non-current liabilities		
Bonds payable	15,000	35,000
Long-term borrowings	63,262	63,502
Lease liabilities	4,814	4,881
Deferred tax liabilities	251	198
Provision for retirement benefits for directors (and other officers)	135	144
Provision for share awards	53	70
Provision for repairs	1,671	2,147
Provision for decommissioning and removal	224	238
Allowance for loss on compensation for building materials	13	9
Provision for environmental measures	67	67
Retirement benefit liability	1,741	1,742
Asset retirement obligations	19	205
Other	6,220	6,239
Total non-current liabilities	93,475	114,446
Total liabilities	197,411	212,443
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	22,947	22,777
Retained earnings	197,418	201,571
Treasury shares	(422)	(424)
Total shareholders' equity	229,944	233,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,221	9,376
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	8,446	9,794
Remeasurements of defined benefit plans	1,645	1,536
Total accumulated other comprehensive income	19,312	20,707
Non-controlling interests	10,691	13,187
Total net assets	259,948	267,818
Total liabilities and net assets	457,360	480,262

## (2) Consolidated Statements of Income

	(Millions of yen)	
	Q1 FY2023 YTD	Q1 FY2024 YTD
Net sales	84,886	82,524
Cost of sales	60,954	55,669
Gross profit	23,931	26,855
Selling, general and administrative expenses		
Selling expenses	11,322	11,181
General and administrative expenses	7,466	8,171
Total selling, general and administrative expenses	18,789	19,353
Operating profit	5,142	7,502
Non-operating income		
Interest income	46	55
Dividend income	336	342
Share of profit of entities accounted for using equity method	262	286
Foreign exchange gains	401	744
Other	829	973
Total non-operating income	1,877	2,403
Non-operating expenses		
Interest expenses	420	221
Cost of idle operations	77	202
Comprehensive welfare group term insurance expenses	192	197
Other	675	859
Total non-operating expenses	1,366	1,480
Ordinary profit	5,653	8,424
Extraordinary income		
Gain on sale of non-current assets	3	4
Gain on sale of investment securities	609	1,130
Gain on share exchange of affiliated companies	—	2,313
Subsidy income	47	1
Total extraordinary income	660	3,449
Extraordinary losses		
Loss on sale of non-current assets	1	—
Impairment losses	—	96
Loss on disaster	2	—
Loss on disposal of non-current assets	45	64
Provision for loss on compensation for damage	—	72
Total extraordinary losses	50	234
Profit before income taxes	6,263	11,640
Income taxes	2,056	4,366
Profit	4,206	7,273
Loss attributable to non-controlling interests	(97)	(128)
Profit attributable to owners of parent	4,304	7,402

### (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q1 FY2023 YTD	Q1 FY2024 YTD
Profit	4,206	7,273
Other comprehensive income		
Valuation difference on available-for-sale securities	940	155
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	2,080	2,176
Remeasurements of defined benefit plans, net of tax	(117)	(99)
Share of other comprehensive income of entities accounted for using equity method	(65)	94
Total other comprehensive income	2,839	2,327
Comprehensive income	7,046	9,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,735	9,374
Comprehensive income attributable to non-controlling interests	310	227

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

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

Not applicable.

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

Not applicable.

##### **(Significant changes in the scope of consolidation during this period)**

Effective from the first quarter of the fiscal year under review, Shin Dai-ichi Vinyl Corporation, which was a consolidated subsidiary until the previous consolidated fiscal year, was excluded from the Company's scope of consolidation following its dissolution in an absorption-type merger with Tokuyama remaining as the surviving company.

##### **(Consolidated Balance Sheets)**

Long-term power purchase contracts

As of March 31, 2024

The Company has entered into a long-term purchase contract with a power generation company for the receipt of electricity. Such contract is noncancelable before maturity, and losses may be incurred depending on future market conditions and other factors.

As of June 30, 2024

The Company has entered into a long-term purchase contract with a power generation company for the receipt of electricity. Such contract is noncancelable before maturity, and losses may be incurred depending on future market conditions and other factors.

##### **(Notes on Statements of Cash Flows)**

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the fiscal year under review. Meanwhile, depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year under review are as follows.

	First Quarter Fiscal 2023	First Quarter Fiscal 2024
Depreciation	4,216 million yen	4,760 million yen
Amortization of goodwill	20	20