

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

January 31, 2025

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 third quarter ended Dec. 31, 2024 (Apr. 1, 2024 – Dec. 31, 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 [%]
Third Quarter Fiscal 2024	253,387	1.3	21,071	24.4	21,980	29.4
Third Quarter Fiscal 2023	250,255	(3.4)	16,937	28.7	16,980	27.5

(Note) Comprehensive income: 3rd Q FY24: 15,494 million yen [(7.4)%] 3rd Q FY23: 16,734 million yen [97.4%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2024	16,918	42.1	235.15	-
Third Quarter Fiscal 2023	11,907	39.6	165.49	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
December 31, 2024	477,406	270,089	53.9	3,575.07
March 31, 2024	457,360	259,948	54.5	3,464.47

(Reference) Shareholders' equity: Dec. 31, 2024: 257,207 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	-	50.00	-		
Fiscal 2024 (Forecast)				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	348,000	1.8	31,000	20.9	31,000	17.9	25,000	40.8	347.49

(Note) Revision of the latest consolidated performance forecast: Yes

*The Company announced the release, "Notice concerning Revision of Performance Forecast for Fiscal 2024," on Jan. 31, 2025.

***Notes**

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

: Yes

Addition to the scope of consolidation: 1 (Company Name: TOKUYAMA VIETNAM CO., LTD.)

Reduction from the scope of consolidation: 1 (Company Name: Shin Dai-ichi Vinyl Corporation)

(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):	3rd Quarter Fiscal 2024:	72,088,327	Fiscal 2023:	72,088,327
ii. Number of treasury stock at end of period:	3rd Quarter Fiscal 2024:	143,483	Fiscal 2023:	141,799
iii. Average number of shares over period:	3rd Quarter Fiscal 2024:	71,945,379	3rd Quarter Fiscal 2023:	71,951,137

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

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1. Qualitative information on consolidated results for this quarter

(1) Explanation concerning business results

Consolidated results for the third quarter fiscal 2024 (April 1, 2024 – December 31, 2024) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Third Quarter Fiscal 2024	253,387	21,071	21,980	16,918
Third Quarter Fiscal 2023	250,255	16,937	16,980	11,907
Rate of change (%)	1.3	24.4	29.4	42.1

Net sales

Consolidated net sales came in at ¥ 253,387 million, up 1.3%, or ¥ 3,132 million, compared with the corresponding period of the previous consolidated fiscal year on the back of firm sales of semiconductor-related products and dental materials.

Cost of sales

Cost of sales decreased 2.1%, or ¥ 3,801 million compared with the corresponding period of the previous year, to ¥ 173,917 million. This was mainly due to progress in manufacturing cost improvements.

SG&A expenses

SG&A expenses increased 5.0%, or ¥ 2,800 million compared with the corresponding period of the previous year, to ¥ 58,399 million mainly due to the increase in R&D expenses and logistics costs.

Operating profit

Operating profit increased 24.4%, or ¥ 4,134 million, compared with the corresponding period of the previous consolidated fiscal year, to ¥ 21,071 million largely on the back of such factors as firm trends in semiconductor-related product sales and progress in improving manufacturing costs.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses improved by ¥ 865 million compared with the corresponding period of the previous consolidated fiscal year owing to a variety of factors, including the increase in foreign exchange gains and decrease in interest expenses.

As a result of the above, ordinary profit increased 29.4%, or ¥ 5,000 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 21,980 million.

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

Extraordinary income/losses improved ¥ 2,065 million compared with the corresponding period of the previous consolidated 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 40.9%, or ¥ 7,065 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 24,349 million.

Profit after deducting income taxes calculated in an appropriate way increased 42.9%, or ¥ 5,055 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 16,833 million.

Profit attributable to owners of parent increased 42.1%, or ¥ 5,011 million compared with the corresponding period of the previous consolidated fiscal year, to ¥ 16,918 million.

(Operating results by segment)

Tokuyama changed the management categorizations of a certain subsidiary effective from the first quarter of the consolidated fiscal year under review. Data for the corresponding period of the previous consolidated fiscal year has been adjusted to reflect this change to enable the year-on-year comparison presented as follows.

(Unit: Millions of yen)

	Third Quarter Fiscal 2024		Third Quarter Fiscal 2023		Rate of change (%)	
	Net sales	Operating Profit (loss)	Net sales	Operating Profit (loss)	Net sales	Operating profit
Chemicals	85,932	7,959	86,285	8,881	(0.4)	(10.4)
Cement	49,624	5,761	50,663	4,769	(2.1)	20.8
Electronic & Advanced Materials	62,104	5,334	54,064	551	14.9	866.6
Life Science	30,509	5,902	29,394	6,053	3.8	(2.5)
Eco Business	3,477	(36)	5,438	(355)	(36.1)	-
Others	29,929	2,085	32,353	1,142	(7.5)	82.6
Total	261,577	27,006	258,199	21,044	1.3	28.3
Adjustment	(8,190)	(5,935)	(7,943)	(4,107)	-	-
Figures in quarterly consolidated profit statement	253,387	21,071	250,255	16,937	1.3	24.4

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

Chemicals

Despite an increase in export volumes, caustic soda earnings were in line with the corresponding period of the previous consolidated fiscal year owing to such factors as weak domestic sales volumes.

Decrease in vinyl chloride monomer and vinyl chloride resin earnings mainly due to weak sales volume trends in Japan and an increase in manufacturing costs.

Earnings of soda ash decreased owing to lower sales volumes.

As a result of the above, segment net sales decreased 0.4% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 85,932 million and operating profit decreased 10.4% to ¥ 7,959 million. The segment reported lower earnings on lower sales.

Cement

Despite a slight decrease in sales volume year-on-year in Japan, cement earnings grew on the back of progress in manufacturing cost improvements.

As a result of the above, segment net sales decreased 2.1% compared with the corresponding period of the previous year, to ¥ 49,624 million and operating profit increased 20.8% to ¥ 5,761 million. The segment reported higher earnings on lower sales.

Electronic & Advanced Materials

Semiconductor-grade polycrystalline silicon earnings grew thanks to a variety of factors, including an upswing in sales volumes.

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

Fumed silica earnings increased owing to a variety of factors, including the reduction in manufacturing costs at Tokuyama Chemicals (Zhejiang) Co., Ltd. or the weak yen.

Thermal management material earnings increased owing to such factors as firm trends in overseas sales volumes.

As a result of the above, segment net sales increased 14.9% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 62,104 million and operating profit increased 866.6% to ¥ 5,334 million. The segment reported higher earnings on higher sales.

Life Science

Dental materials earnings increased owing to a variety of factors, including the upswing in overseas shipments and the impact of movements in foreign currency exchange rates as a result of the weak yen.

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 operating profit declined owing to the impact of changes in the product mix and other factors.

As a result of the above, segment net sales increased 3.8% compared with the corresponding period of the previous consolidated fiscal year, to ¥ 30,509 million and operating profit decreased 2.5% to ¥ 5,902 million. The segment reported lower earnings on higher sales.

Eco Business

Ion exchange membrane earnings increased owing to changes in the product mix and other factors, despite the decline in shipments.

Despite firm trends in waste gypsum board collected, waste gypsum board recycling earnings were in line with the corresponding period of the previous consolidated fiscal year owing to such factors as the increase in manufacturing costs.

In plastic window sashes, Excel Shanon Corporation was removed from the Company's scope of consolidation effective from the previous second quarter of the consolidated 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 36.1% compared with the corresponding period of the previous year, to ¥ 3,477 million and operating loss amounted to ¥ 36 million (posted operating loss of ¥ 355 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	Dec. 31, 2024	Amount of change	Rate of change (%)
Assets	457,360	477,406	20,046	4.4
Liabilities	197,411	207,316	9,904	5.0
(Interest-bearing debt)	105,784	110,958	5,173	4.9
Net assets	259,948	270,089	10,141	3.9
(Shareholders' equity)	249,256	257,207	7,950	3.2

Assets

Total assets amounted to ¥ 477,406 million, an increase of ¥ 20,046 million compared with those as of March 31, 2024.

This increase primarily reflects the increase of cash and deposits of ¥ 20,959 million.

Liabilities

Total liabilities amounted to ¥ 207,316 million, up ¥ 9,904 million compared with those as of March 31, 2024.

Despite the decrease of commercial papers of ¥ 15,000 million, this increase primarily reflects the increase of bonds payable, income taxes payable, and notes and accounts payable - trade of ¥ 20,000 million, ¥ 2,974 million and ¥ 1,943 million, respectively.

Net assets

Net assets totaled ¥ 270,089 million, an increase of ¥ 10,141 million compared with those as of March 31, 2024.

This increase primarily reflects the increase of retained earnings of ¥ 10,063 million as a result of posting profit attributable to owners of parent.

(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 consolidated fiscal year under review is ¥ 29,523 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 ¥ 69,010 million as of December 31, 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 third quarter of the consolidated fiscal year under review amounted to ¥ 11,974 million.

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

Based on the trends in chemicals and cement sales, etc., the Company has revised the performance forecast, announced on April 26, 2024. For further details, please see the Company's news release, "Notice concerning Revision of Performance Forecast for Fiscal 2024," dated January 31, 2025.

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	12/31/2024
Assets		
Current assets		
Cash and deposits	48,684	69,643
Notes receivable - trade	5,466	3,921
Electronically recorded monetary claims - operating	4,383	4,490
Accounts receivable - trade	77,279	74,014
Lease receivables	11	11
Merchandise and finished goods	28,522	25,090
Work in process	18,428	21,481
Raw materials and supplies	24,938	26,523
Other	10,159	7,823
Allowance for doubtful accounts	(99)	(95)
Total current assets	217,776	232,904
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,122	124,421
Accumulated depreciation	(80,870)	(83,079)
Buildings and structures, net	38,252	41,342
Machinery, equipment and vehicles	496,906	503,931
Accumulated depreciation	(434,655)	(442,927)
Machinery, equipment and vehicles, net	62,251	61,004
Tools, furniture and fixtures	24,729	25,027
Accumulated depreciation	(20,673)	(21,153)
Tools, furniture and fixtures, net	4,056	3,873
Land	33,117	33,053
Leased assets	11,038	12,064
Accumulated depreciation	(4,463)	(4,991)
Leased assets, net	6,575	7,072
Construction in progress	24,503	25,240
Total property, plant and equipment	168,755	171,586
Intangible assets		
Goodwill	252	190
Leased assets	20	15
Other	3,190	4,015
Total intangible assets	3,463	4,221
Investments and other assets		
Investment securities	36,196	36,340
Long-term loans receivable	2,046	1,932
Deferred tax assets	14,834	14,840
Retirement benefit asset	9,816	9,405
Other	4,522	6,233
Allowance for investment loss	(7)	(7)
Allowance for doubtful accounts	(44)	(53)
Total investments and other assets	67,365	68,692
Total non-current assets	239,583	244,501
Total assets	457,360	477,406

(Millions of yen)

	3/31/2024	12/31/2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,093	50,037
Short-term borrowings	4,234	5,453
Commercial papers	15,000	—
Current portion of long-term borrowings	2,225	2,640
Lease liabilities	1,247	1,313
Income taxes payable	3,195	6,170
Provision for bonuses	3,241	1,426
Provision for repairs	4,656	3,789
Provision for decommissioning and removal	186	358
Provision for product warranties	77	60
Provision for loss on compensation for damage	202	245
Provision for environmental measures	14	68
Provision for restructuring	—	867
Provision for contract loss	499	621
Other	21,061	21,003
Total current liabilities	103,935	94,058
Non-current liabilities		
Bonds payable	15,000	35,000
Long-term borrowings	63,262	61,430
Lease liabilities	4,814	5,120
Deferred tax liabilities	251	188
Provision for retirement benefits for directors (and other officers)	135	155
Provision for share awards	53	103
Provision for repairs	1,671	2,394
Provision for decommissioning and removal	224	56
Allowance for loss on compensation for building materials	13	1
Provision for environmental measures	67	—
Retirement benefit liability	1,741	1,765
Asset retirement obligations	19	190
Other	6,220	6,851
Total non-current liabilities	93,475	113,258
Total liabilities	197,411	207,316
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	22,947	22,777
Retained earnings	197,418	207,482
Treasury shares	(422)	(427)
Total shareholders' equity	229,944	239,833
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,221	7,419
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	8,446	8,618
Remeasurements of defined benefit plans	1,645	1,336
Total accumulated other comprehensive income	19,312	17,374
Non-controlling interests	10,691	12,882
Total net assets	259,948	270,089
Total liabilities and net assets	457,360	477,406

(2) Consolidated Statements of Income

	(Millions of yen)	
	Q3 FY2023 YTD	Q3 FY2024 YTD
Net sales	250,255	253,387
Cost of sales	177,719	173,917
Gross profit	72,536	79,470
Selling, general and administrative expenses		
Selling expenses	32,775	34,007
General and administrative expenses	22,823	24,391
Total selling, general and administrative expenses	55,598	58,399
Operating profit	16,937	21,071
Non-operating income		
Interest income	173	164
Dividend income	541	589
Share of profit of entities accounted for using equity method	678	390
Outsourcing service income	411	1,064
Foreign exchange gains	4	727
Other	1,830	1,779
Total non-operating income	3,639	4,715
Non-operating expenses		
Interest expenses	1,095	666
Cost of idle operations	197	554
Other	2,303	2,585
Total non-operating expenses	3,596	3,806
Ordinary profit	16,980	21,980
Extraordinary income		
Gain on sale of non-current assets	53	49
Gain on sale of investment securities	609	1,309
Gain on share exchange of affiliated companies	—	2,313
Subsidy income	76	133
Gain on insurance claims	—	44
Total extraordinary income	739	3,850
Extraordinary losses		
Loss on sale of non-current assets	48	2
Impairment losses	—	99
Loss on disaster	17	23
Loss on tax purpose reduction entry of non-current assets	28	80
Loss on disposal of non-current assets	279	332
Loss on sale of shares of subsidiaries and associates	25	—
Provision for restructuring	—	867
Other	35	75
Total extraordinary losses	436	1,481
Profit before income taxes	17,283	24,349
Income taxes	5,505	7,515
Profit	11,778	16,833
Loss attributable to non-controlling interests	(128)	(84)
Profit attributable to owners of parent	11,907	16,918

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Q3 FY2023 YTD	Q3 FY2024 YTD
Profit	11,778	16,833
Other comprehensive income		
Valuation difference on available-for-sale securities	3,126	(1,800)
Deferred gains or losses on hedges	2	0
Foreign currency translation adjustment	1,931	811
Remeasurements of defined benefit plans, net of tax	(355)	(299)
Share of other comprehensive income of entities accounted for using equity method	251	(51)
Total other comprehensive income	4,956	(1,339)
Comprehensive income	16,734	15,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,458	15,557
Comprehensive income attributable to non-controlling interests	276	(63)

(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 beginning of the consolidated 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.

Following its establishment, TOKUYAMA VIETNAM CO., LTD. was included in the Company's scope of consolidation as a subsidiary effective from the second quarter of the consolidated fiscal year under review.

(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 December 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.

(Notes on Statements of Cash Flows)

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

	Third Quarter Fiscal 2023	Third Quarter Fiscal 2024
Depreciation	13,009 million yen	14,568 million yen
Amortization of goodwill	61	61