

Fiscal 2021 - Apr 1, 2021 to Mar 31, 2022-

Presentation for IR Meeting

April 28, 2022

Tokuyama Corporation



Key points of fiscal 2021

- In fiscal 2021, despite a year-on-year increase in sales of semiconductor- and healthcare-related products as well as such factors as an increase in the price of petroleum products, earnings decreased as a result of upswings in fuel and raw material prices as well as costs including logistics expenses
- In fiscal 2022, operating profit is expected to be in line with fiscal 2021, mainly due to higher raw material and fuel costs, despite increase of sales.
We will continue to revise selling prices and reduce costs while striving to secure revenue
- Steadily implemented growth strategies to achieve targets of Medium-Term Management Plan 2025

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- 2 Performance Forecasts for FY2022**
- 3 Progress under the Medium-Term Management Plan 2025**
- 4 Supplementary Material**

1 Financial Results for FY2021

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



1. Financial Highlights

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Not applied	FY2021 Top :Applied Bottom:Not applied	Difference		Main changing factors
			Amount	%	
Net sales	302.4	293.8	(8.5)	(3)	Upturn in price of petroleum products Solid sales of semiconductor-related products
		340.3	+37.9	+13	
Operating profit	30.9	24.5	(6.3)	(21)	Increase in fuel and raw material prices
Ordinary profit	30.7	25.8	(4.9)	(16)	Decrease in operating profit
Profit attributable to owners of parent	24.5	28.0	+3.4	+14	Decrease in income taxes
Basic earnings per share (yen)	351.11	389.09	-	-	-
Exchange rate (yen/USD)	106	112	-	-	-
Domestic naphtha price (yen/kl)	31,200	56,800	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2021	As of Mar 31,2022	Difference	Main changing factors
Total assets	386.7	433.2	+46.4	Increase in inventories owing to unit price increase and fixed assets due to capital investment
Shareholders' equity	198.5	224.5	+25.9	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.3%	51.8%	+0.5pts	-
Interest-bearing debt	98.4	109.2	+10.7	Issuance of bonds
D/E ratio	0.50	0.49	(0.01)	-
Net D/E ratio*	0.07	0.12	+0.04	-
Net assets per share (yen)	2,758.37	3,120.25	-	-

*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)

Accounting Standard for Revenue Recognition:	FY2020		FY2021		Difference			
	Not applied		Top :Applied	Bottom:Not applied	Net sales	%	Operating profit	%
	Net sales	Operating profit						
Chemicals	81.3	13.5	101.4	14.2	+20.0	+25	+0.6	+5
			102.8		+21.4	+26		
Cement	89.5	4.4	50.3	(1.9)	(39.2)	(44)	(6.3)	-
			94.0		+4.4	+5		
Electronic Materials	61.8	7.1	74.9	7.2	+13.1	+21	+0.1	+2
			75.2		+13.3	+22		
Life Science	28.6	3.4	33.5	6.0	+4.9	+17	+2.5	+73
			33.5		+4.9	+17		
Eco Business	9.5	(0.3)	10.3	(0.4)	+0.7	+8	(0.1)	-
			11.0		+1.4	+15		
Others	62.3	5.6	36.3	3.8	(26.0)	(42)	(1.8)	(32)
			60.5		(1.8)	(3)		
Total	333.4	33.9	307.0	28.9	(26.4)	(8)	(4.9)	(15)
			377.2		+43.8	+13		
Inter-segment eliminations and corporate-wide expenses	(31.0)	(3.0)	(13.1)	(4.4)	+17.8	-	(1.3)	-
			(36.9)		(5.8)			
Consolidated Results	302.4	30.9	293.8	24.5	(8.5)	(3)	(6.3)	(21)
			340.3		+37.9	+13		

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

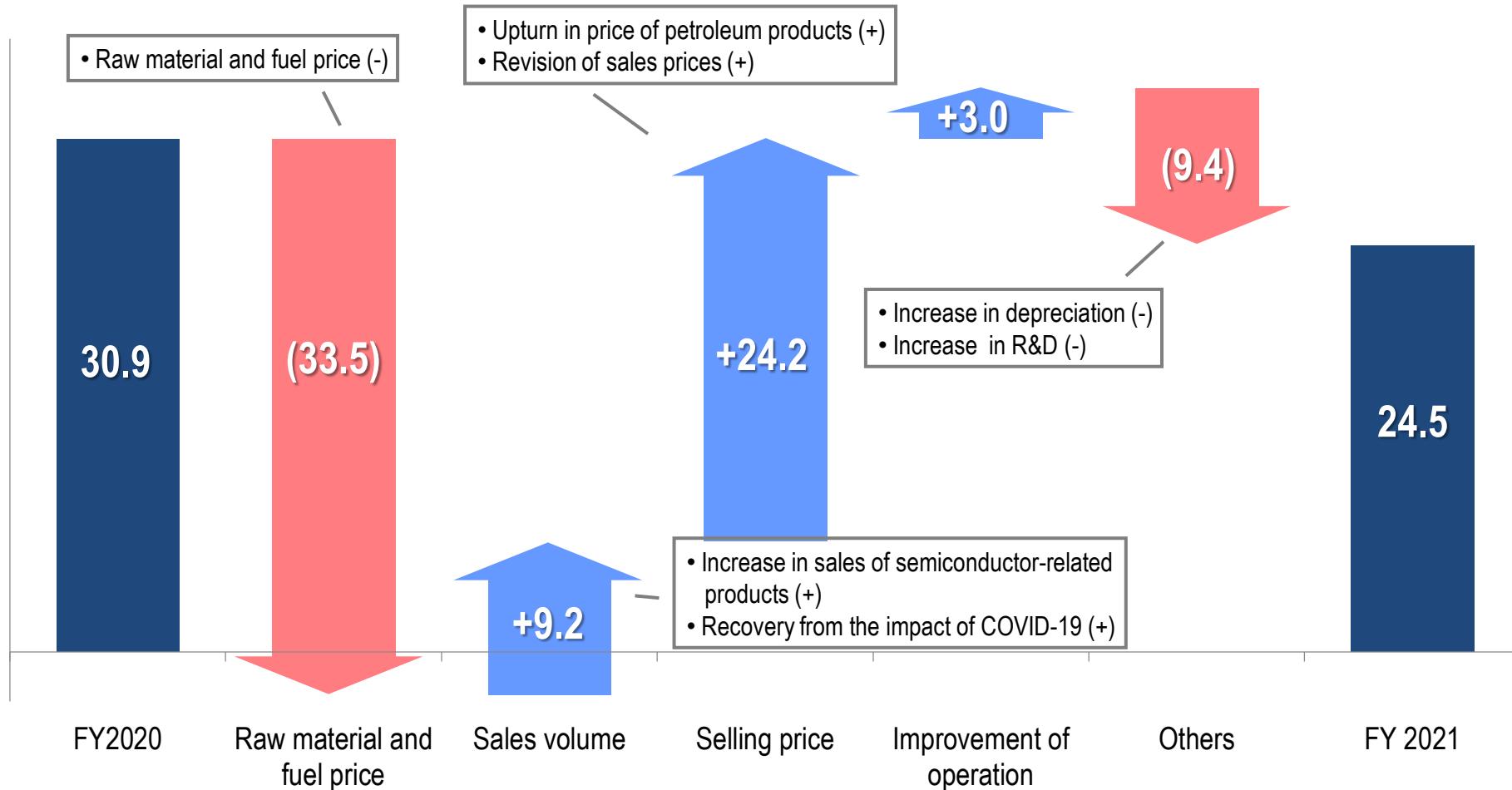
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3. Changes in Operating Profit

(Year-on-year change)

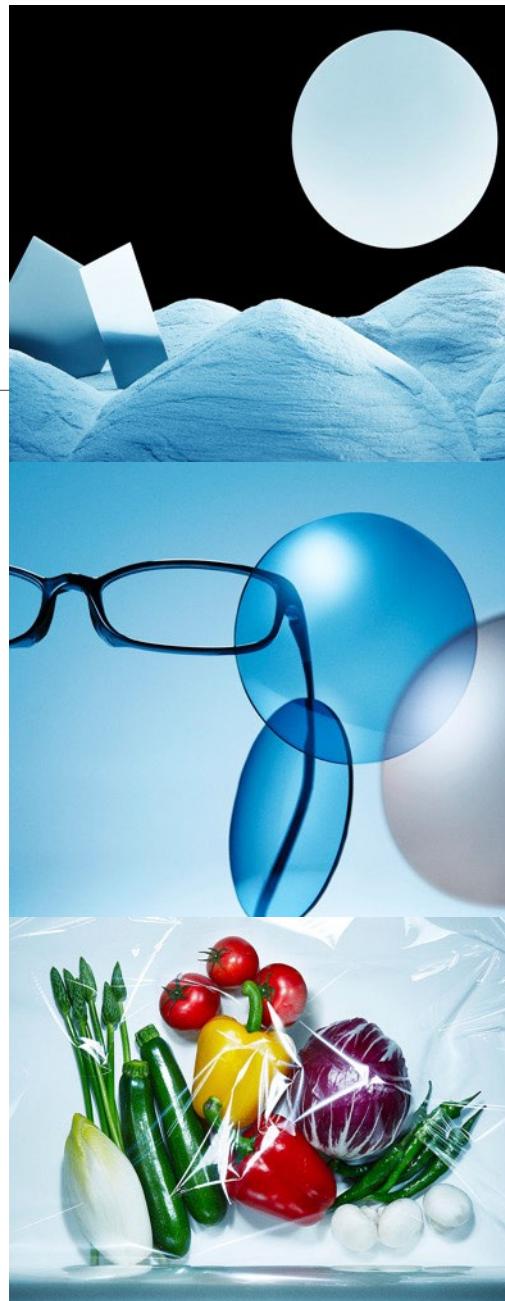
(Billions of yen)

By Factor



2 Performance Forecasts for FY2022

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 2022 are as follows;

Exchange rate	125 yen/USD
Domestic naphtha price	First half : 88,000yen／kℓ Second half : 68,000yen／kℓ

- Sales are forecast to increase due to price revisions for products in Chemicals and Cement, as well as robust sales for semiconductor-related products. Operating profit is expected to be about the same as the fiscal year ending March 2022 due to an increase in raw material and fuel costs.

We will continue to revise selling prices and reduce costs while striving to secure revenue.

2. Performance Forecasts

(Year-on-year change)

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2021 Results Applied	FY2022 Forecasts Applied	Difference		Main changing factors
			Amount	%	
Net sales	293.8	360.0	+66.1	+23	Revision of sales prices of products such as Chemicals and Cement Increased sales volume in semiconductor-related products
Operating profit	24.5	24.5	(0.0)	(0)	Increase investment for future growth Increase in fuel and raw material prices
Ordinary profit	25.8	25.0	(0.8)	(3)	Deteriorations in non-operating income/expenses
Profit attributable to owners of parent	28.0	17.5	(10.5)	(38)	Increase in income taxes
Basic earnings per share (yen)	389.09	243.22	-	-	-
Exchange rate (yen/USD)	112	125	-	-	-
Domestic naphtha price (yen/kl)	56,800	First half : 88,000 Second half : 68,000	-	-	-

3. Performance Forecasts by Business Segment

(Year-on-year change)

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2021 Results		FY2022 Forecasts		Difference			
	Applied		Applied		Net sales	%	Operating Profit	%
	Net sales	Operating profit	Net sales	Operating profit				
Chemicals	101.4	14.2	125.5	16.0	+24.0	+24	+1.7	+12
Cement	50.3	(1.9)	63.0	(1.5)	+12.6	+25	+0.4	-
Electronic Materials	74.9	7.2	93.5	7.0	+18.5	+24	(0.2)	(3)
Life Science	33.5	6.0	35.0	6.0	+1.4	+4	(0.0)	(1)
Eco Business	10.3	(0.4)	15.0	0.0	+4.6	+46	+0.4	-
Others	36.3	3.8	41.5	2.5	+5.1	+14	(1.3)	(35)
Total	307.0	28.9	373.5	30.0	+66.4	+22	+1.0	+4
Inter-segment eliminations and corporate-wide expenses	(13.1)	(4.4)	(13.5)	(5.5)	(0.3)	-	(1.0)	-
Consolidated Results	293.8	24.5	360.0	24.5	+66.1	+22	(0.0)	(0.0)

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

4. Changes in Operating Profit

(Year-on-year change)

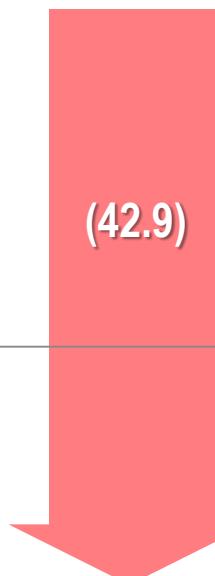
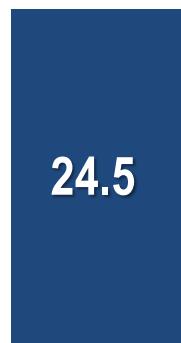
By Factor

Revision of sales prices of major products (+)
(Electronic Materials, Chemicals and Cement)

• Increase in R&D (-)
• Increase in depreciation (-)

(Billions of yen)

• Raw material and fuel price (-)



FY2021

Raw material and fuel
price

Sales volume

Selling price

Improvement of
operation

Others

+8.3

5. Investment Plan

	Consolidated	(Billions of yen)	
	FY2021 Results	FY2022 Forecast	Changes
Capital expenditures	33.3	46.2	+12.9
Depreciation and amortization	19.7	22.7	+3.0
R&D expenses	12.6	14.3	+1.7

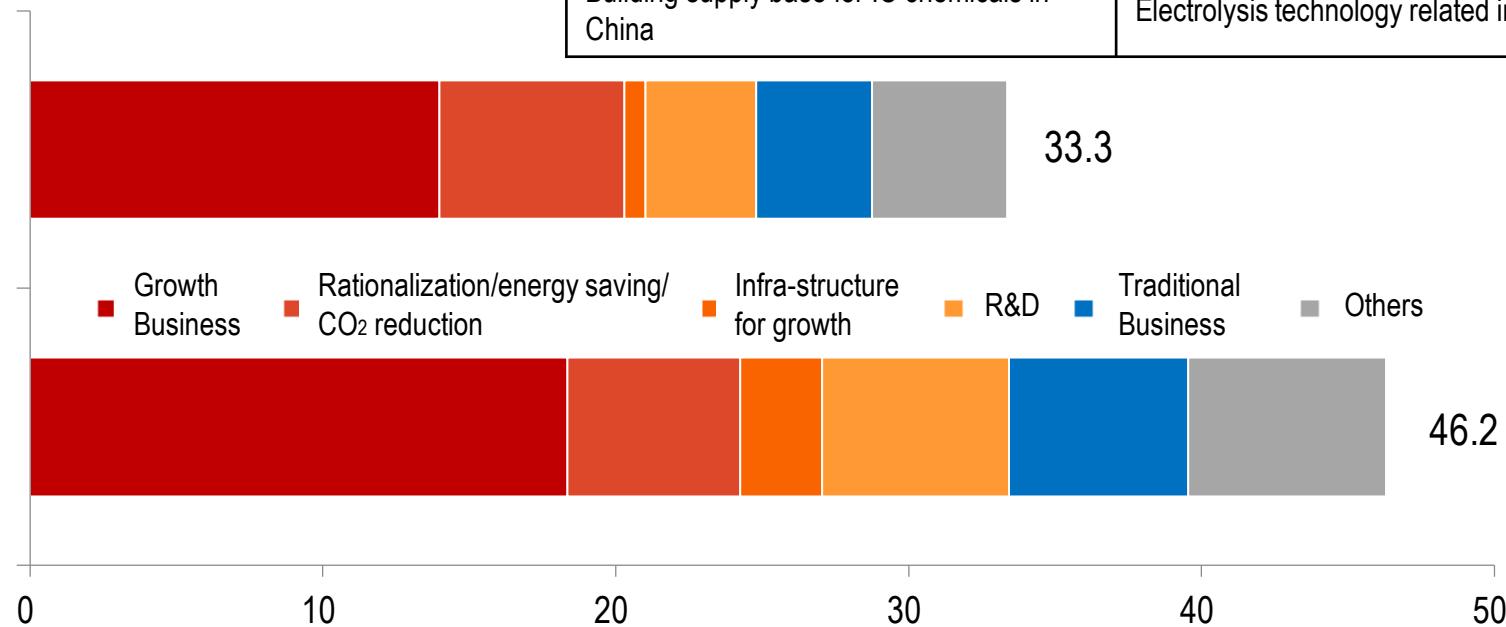
5. Investment Plan

Major Growth Investments

Investment
(Billions of yen)

	FY 2021 Results	FY 2022 Forecast
Construct the factory of joint venture company in Taiwan for high-purity IPA	Construct the factory of joint venture company in Korea for high-purity IPA	
Introduce the production facilities for new thermal management material	Expansion of research base	
Investments aimed at increasing the quality of polycrystalline silicon	Silicon, silica, and silane-related investment	
Building supply base for IC chemicals in China	Electrolysis technology related investment	

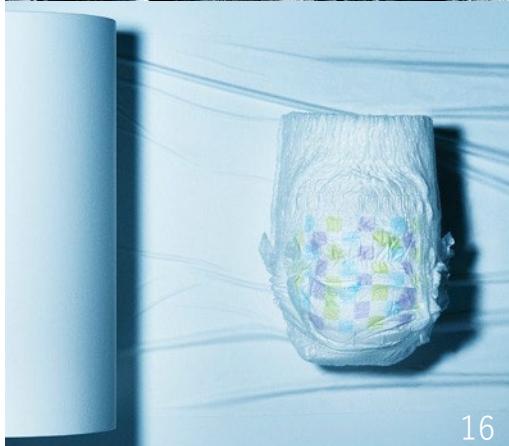
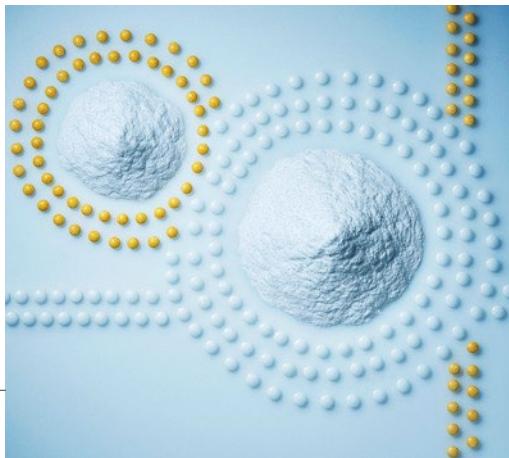
FY 2021
Results



Progress under the

3 Medium-Term Management Plan 2025

1. Progress under the Medium-Term Management Plan 2025
2. Transform business portfolio
3. Contribute to mitigation of global warming
4. Practice socially responsible management
5. Shareholder Returns



1. Progress under the Medium-Term Management Plan 2025

Progress

1

Transform business portfolio

Increase growth businesses' share of consolidated net sales to over 50%

- Investing resources in growth businesses
- Accelerate international expansion

2

Contribute to mitigation of global warming

Expedite development/commercialization of next-gen energy technologies; reduce total CO₂ emissions 30%* by FY30

- Study of fossil fuel alternative energy scenarios

3

Practice socially responsible management

Step up high-priority CSR initiatives to lay groundwork for further growth and realize our vision

- Strengthening of CSR systems

*Relative to FY19

2. Transform business portfolio

➤ Focus on Electronics, Healthcare and Environment business

Growth Field	Summary of Progress	
Electronics	IC chemicals	<ul style="list-style-type: none">• FTAC* in Taiwan planning shipments in Q1 of fiscal 2022• Concluded JV agreement with Korean company (scheduled to start operations in fiscal 2024)
	Silicon	<ul style="list-style-type: none">• Investment for improvements in quality
	Silica	<ul style="list-style-type: none">• Silica / Silane Augmentation Investment
	Thermal management materials	<ul style="list-style-type: none">• To start shipments of silicon nitride (powder/plate) in fiscal 2022• Started full-scale shipments of heat dissipation filler

*Formosa Tokuyama Advanced Chemicals Co., Ltd.

2. Transform business portfolio

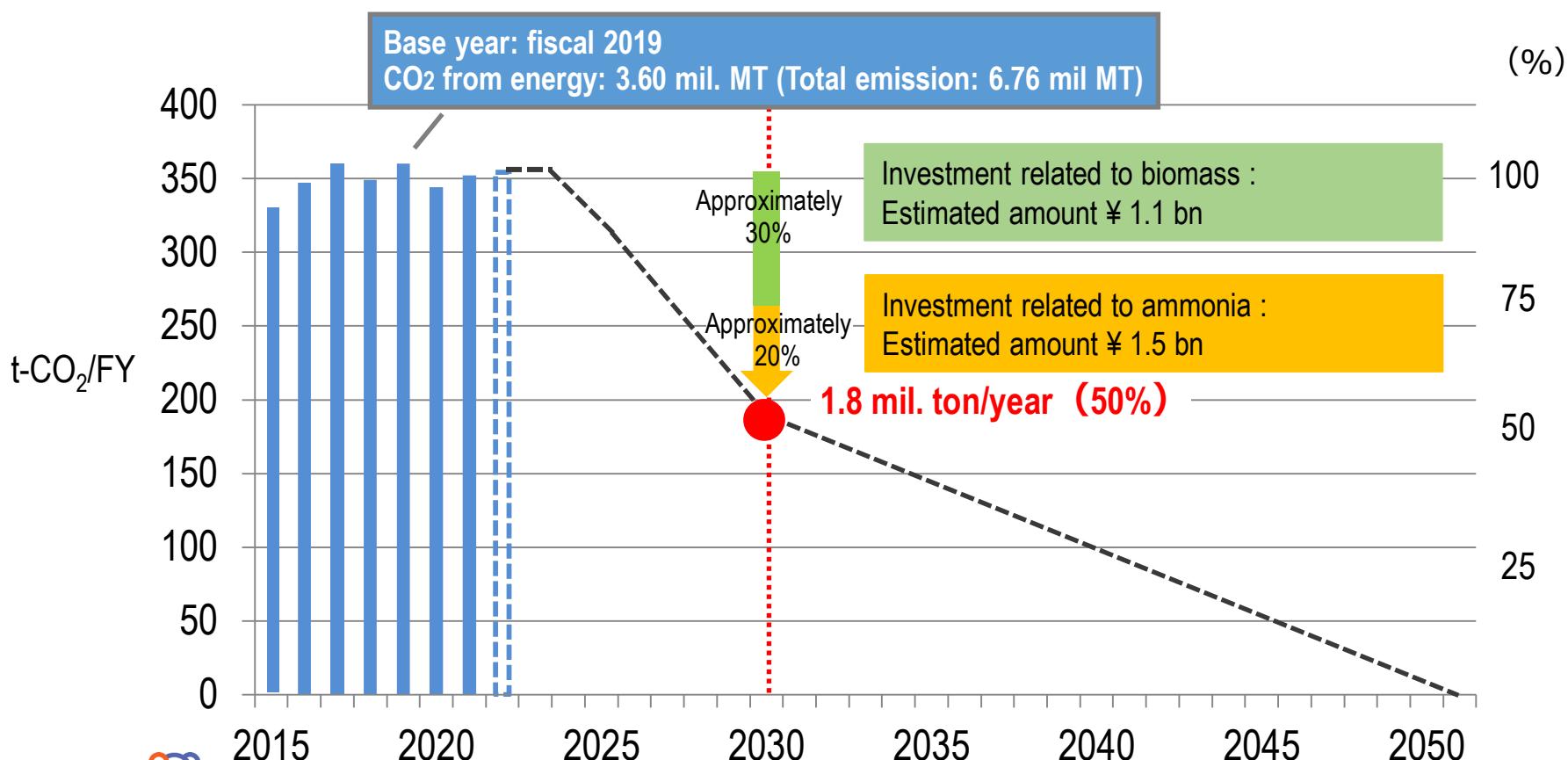
➤Focus on Electronics, Healthcare and Environment business

Growth Field	Summary of Progress	
Healthcare	Dental materials	<ul style="list-style-type: none">• Global expansion of composite resin (Achieved U.S. market share of 5%, accounts for 70% of overseas sales, 120% growth in FY 2025 relative to fiscal 2020)• Completion of Kashima Factory expansion, plans for further expansion
	Pharmaceutical ingredients/intermediates	<ul style="list-style-type: none">• Expanding from GE ⇒ drug discovery with unique technologies
	Medical diagnosis systems	<ul style="list-style-type: none">• Expanding diagnostic items through development of diagnostic reagents
	Plastic lens-related materials	<ul style="list-style-type: none">• Increased global market share to more than 25% by closer collaboration with lens manufacturers
Environment	Waste gypsum board recycling	<ul style="list-style-type: none">• Established third base (Muroran, Hokkaido Prefecture : Scheduled to start operations spring 2023)
	Ion exchange membranes	<ul style="list-style-type: none">• Equipment expansion
	Solar panel	<ul style="list-style-type: none">• Developing recycling technology
	Recycling	<ul style="list-style-type: none">• Increased acceptance of waste plastic

3. Contribute to mitigation of global warming

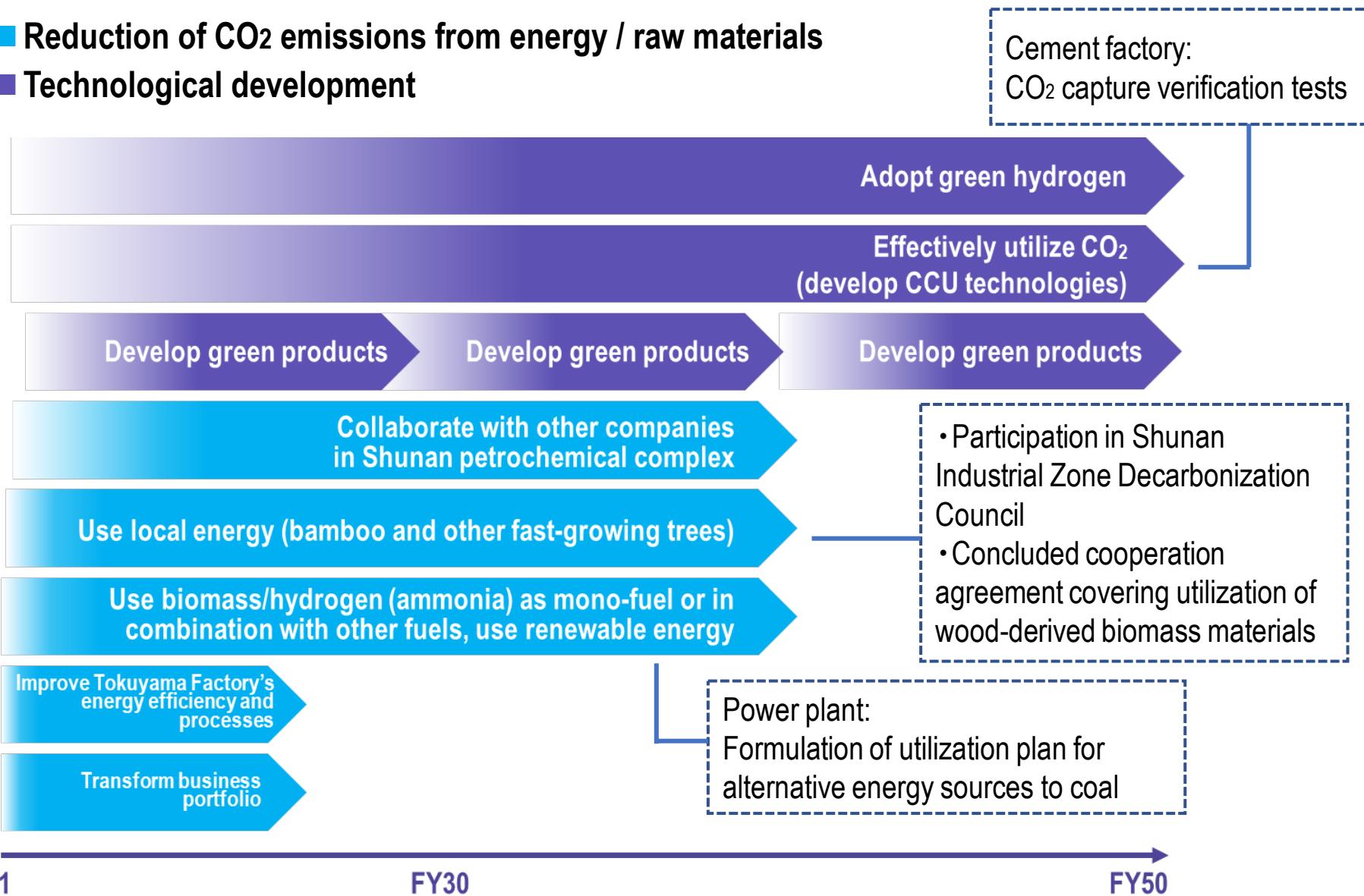
Plan to reduce CO₂ emissions from energy inputs

- Emissions forecast for fiscal 2022 about the same as fiscal 2021 emissions (down 260,000 tons from fiscal 2019)
- Full-scale reduction of CO₂ emissions from fiscal 2023 onward by promoting investment related to biomass and ammonia and increasing use of non-fossil fuels
- Flexible response using economic rationality of carbon pricing and CO₂ reduction investment expected in future



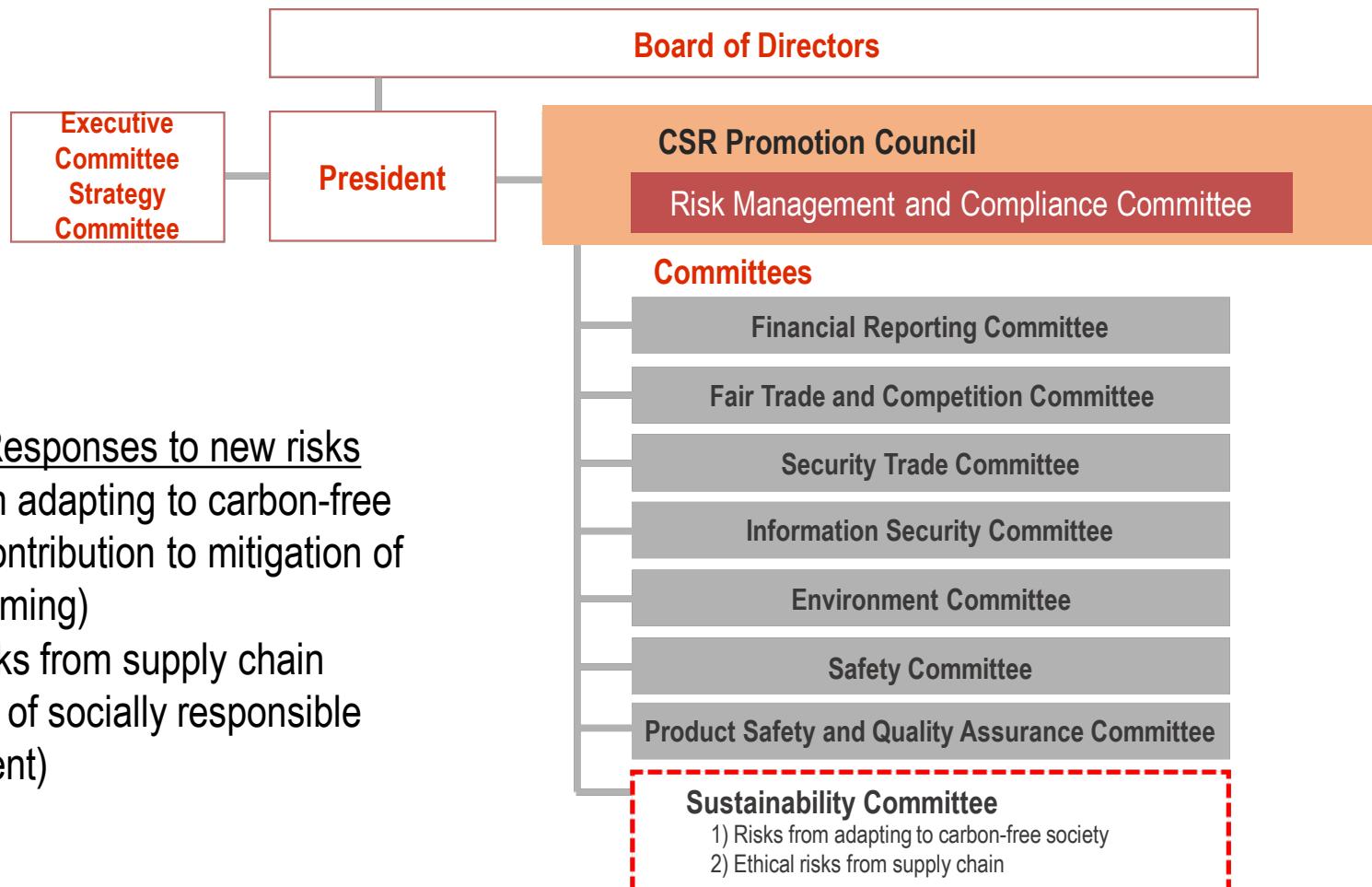
3. Contribute to mitigation of global warming

- Reduction of CO₂ emissions from energy / raw materials
- Technological development



4. Practice socially responsible management

➤ Newly establishment of the Sustainability Committee



Background: Responses to new risks

- Risks from adapting to carbon-free society (contribution to mitigation of global warming)
- Ethical risks from supply chain (promotion of socially responsible procurement)

5. Shareholder Returns

- **Fiscal 2021** The Company expects to pay out a year-end dividend of ¥35 per share as planned
- **Fiscal 2022** The Company plans to pay an interim and year-end dividend of ¥35 per share each

Fiscal Year	2017	2018	2019	2020	2021	2022 Forecast
Interim Dividend (Yen)	10	25	35	35	35	35
Year-end Dividend (Yen)	20	25	35	35	35	35
Payout ratio (%)	11.5	10.1	24.4	19.9	18.0	28.8

*The year-end dividend of the fiscal year 2017 includes 10 yen of commemorative dividend for the Company's centenary anniversary.

For the People of Tomorrow



4 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 and Depreciation Trend
6. Interest-bearing Debts Trend
7. Cash Flow Plan



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Not applied	FY2021 Applied	Difference	
			Amount	%
Net sales	302.4	293.8	(8.5)	(3)
Cost of sales	207.2	198.4	+8.8	+4
Selling, general and administrative expenses	64.2	70.8	(6.6)	(10)
Operating profit	30.9	24.5	(6.3)	(21)
Non-operating income/expenses	(0.1)	1.3	+1.4	-
Ordinary profit	30.7	25.8	(4.9)	(16)
Extraordinary income/expenses	0.1	1.7	+1.6	-
Profit/loss before income taxes	30.9	27.6	(3.3)	(11)
Income taxes	5.6	(0.5)	+6.1	-
Non-controlling interests	0.7	0.1	+0.6	+78
Profit attributable to owners of parent	24.5	28.0	+3.4	+14



*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)

	3/31/2021	3/31/2022	Changes	
			Amount	%
Total assets	386.7	433.2	+46.4	+12
Current assets	199.7	223.9	+24.1	+12
Tangible fixed assets	124.0	139.6	+15.5	+13
Intangible fixed assets	1.8	2.6	+0.7	+42
Investments and other assets	61.1	66.9	+5.8	+10

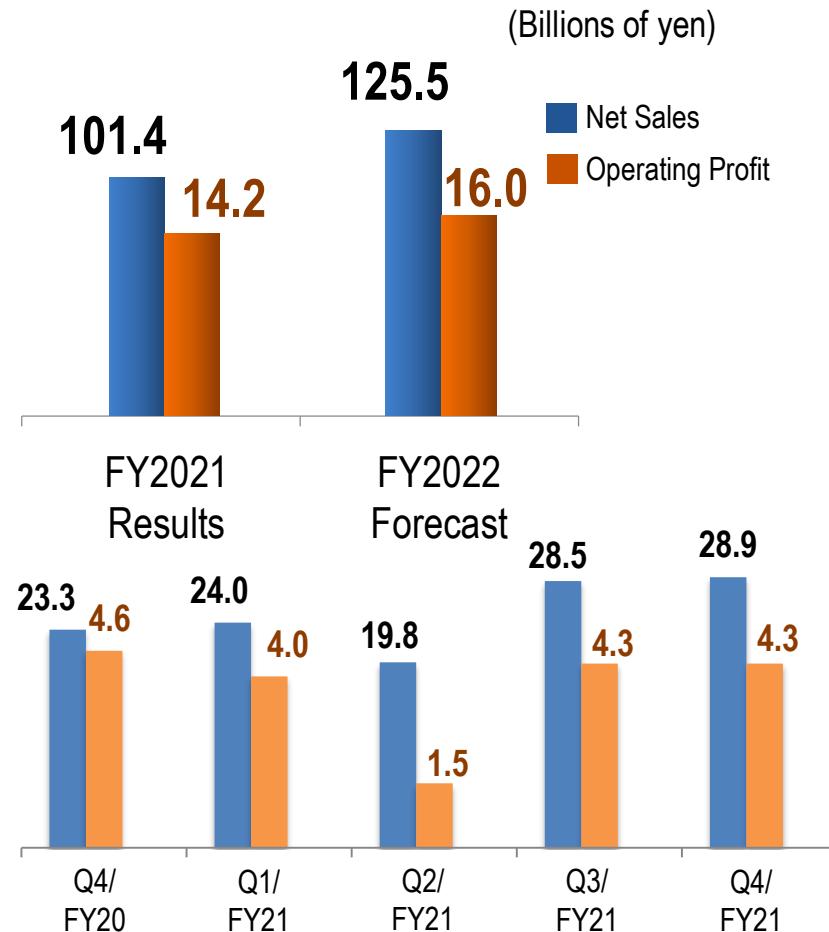
	3/31/2021	3/31/2022	Changes	
			Amount	%
Total liabilities	181.5	200.2	+18.7	+10
Current liabilities	83.3	102.3	+19.0	+23
Long-term liabilities	98.2	97.9	(0.2)	(0)
Total net assets	205.2	232.9	+27.6	+13

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

(Year-on-year change)

Chemicals

Higher earnings on higher sales



Qualitative information

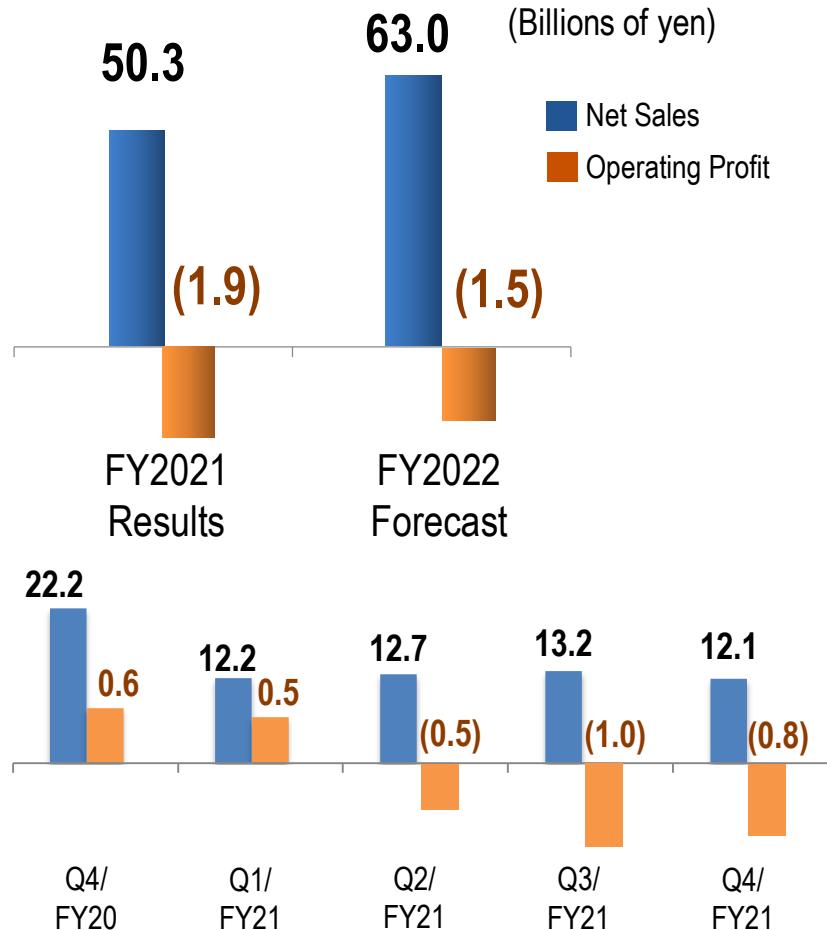
- Due to rising market prices of crude oil, coal, etc., raw material and fuel costs are on the rise, especially for petrochemical products. In terms of earnings, we expect that the high fluctuation risk situation will continue.
- We will strengthen cost competitiveness by adjusting selling prices and reducing basic unit and fixed costs while striving to secure revenue.

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

(Year-on-year change)

Cement

Earnings improved on higher sales



Qualitative information

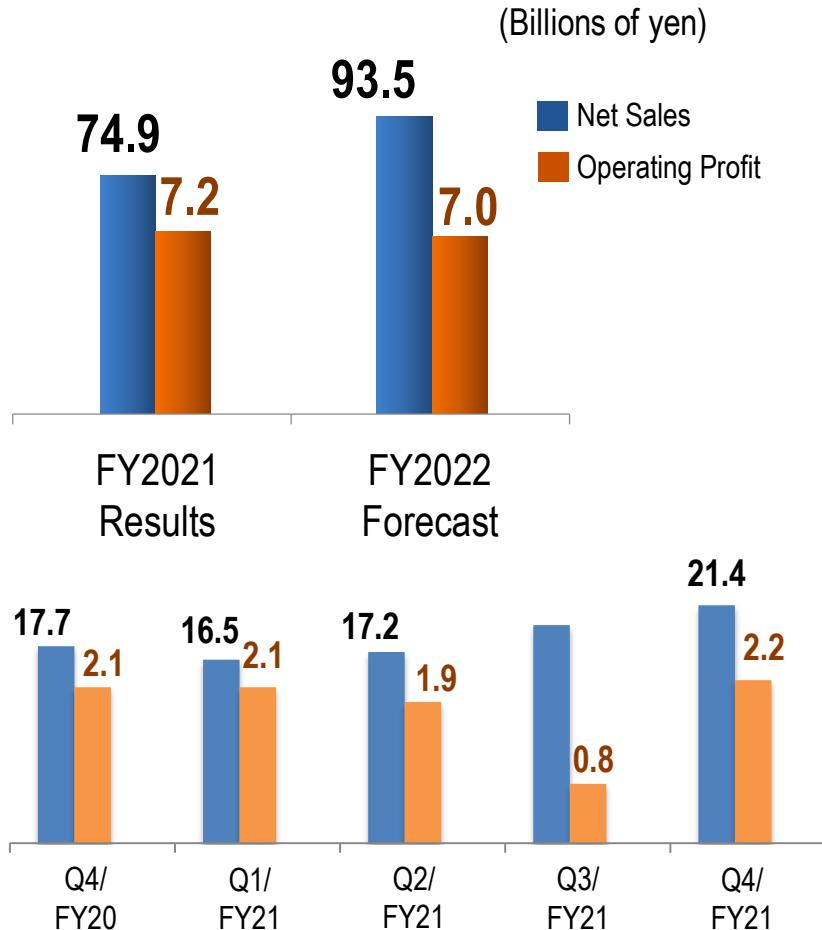
- Expected to recover moderately due to full-scale redevelopment work in urban areas, domestic demand for cement is expected to remain on par with fiscal 2021 due to a decrease in public investment and longer construction periods.
- We anticipate that the environment surrounding the business, such as trends in raw material prices, will remain beset with uncertainty.
- We will continue to revise sales prices and work to secure earnings by, for example, thoroughly reduce manufacturing costs and implementing measures at each sales base.

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

(Year-on-year change)

Electronic Materials

Lower earnings on higher sales



Qualitative information

The semiconductor market is expected to remain firm against the backdrop of the spread of 5G and the increase in the number of data centers. In accordance with the progress being made in miniaturization, customer demands for higher quality and stable supply are increasing.

(Semiconductor-grade Polycrystalline silicon)

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

(IC chemicals)

- Establishing manufacturing and sales bases in Taiwan and South Korea, in IC chemicals we will focus on establishing a global supply system that responds to growing demand.

(Thermal Management Material)

- we will continue to expand sales of existing products while commercializing new products.

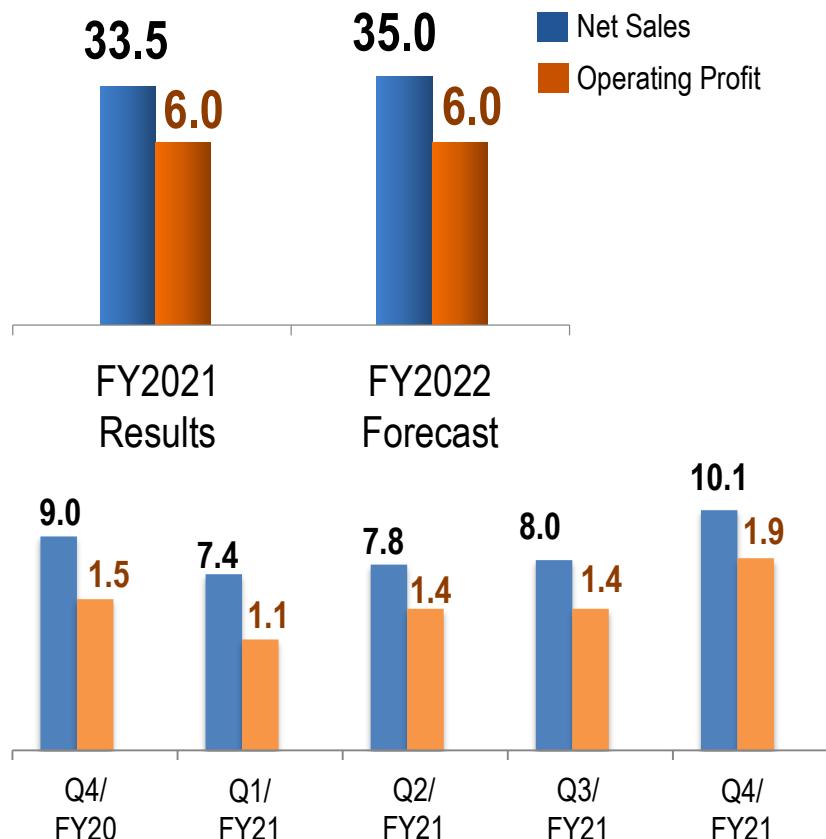
2. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Life Science

Lower earnings on higher sales

(Billions of yen)



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)

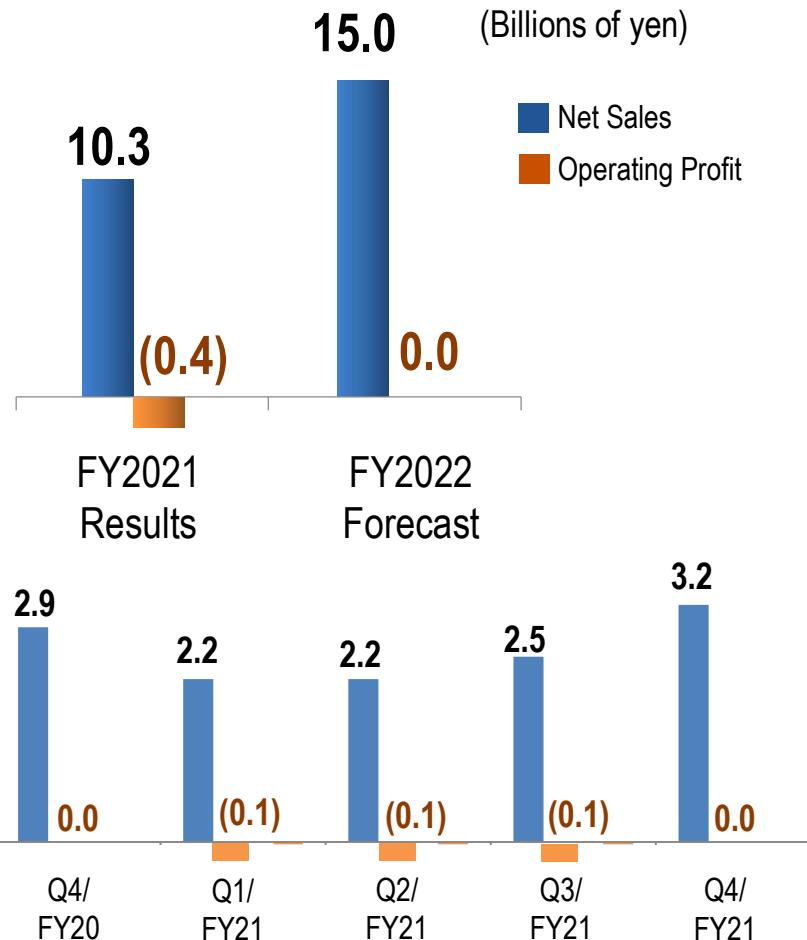
- We will promote the utilization and collaboration of resources throughout the Group, further strengthen the development of diagnostic reagents, and expand our business.

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

(Year-on-year change)

Eco Business

Earnings improved on higher sales



Qualitative information

- To make the environment segment one of our business pillars of the future, we will expand existing businesses, such as ion exchange membranes, plastic window sashes, and recycling of waste gypsum boards, while accelerating technological development and commercialization to reduce CO₂ emissions. Serving as a symbol of our business portfolio transformation, the eco business will contribute to a sustainable society and realize business growth.

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

Consolidated (year-on-year change)

(Billions of yen)

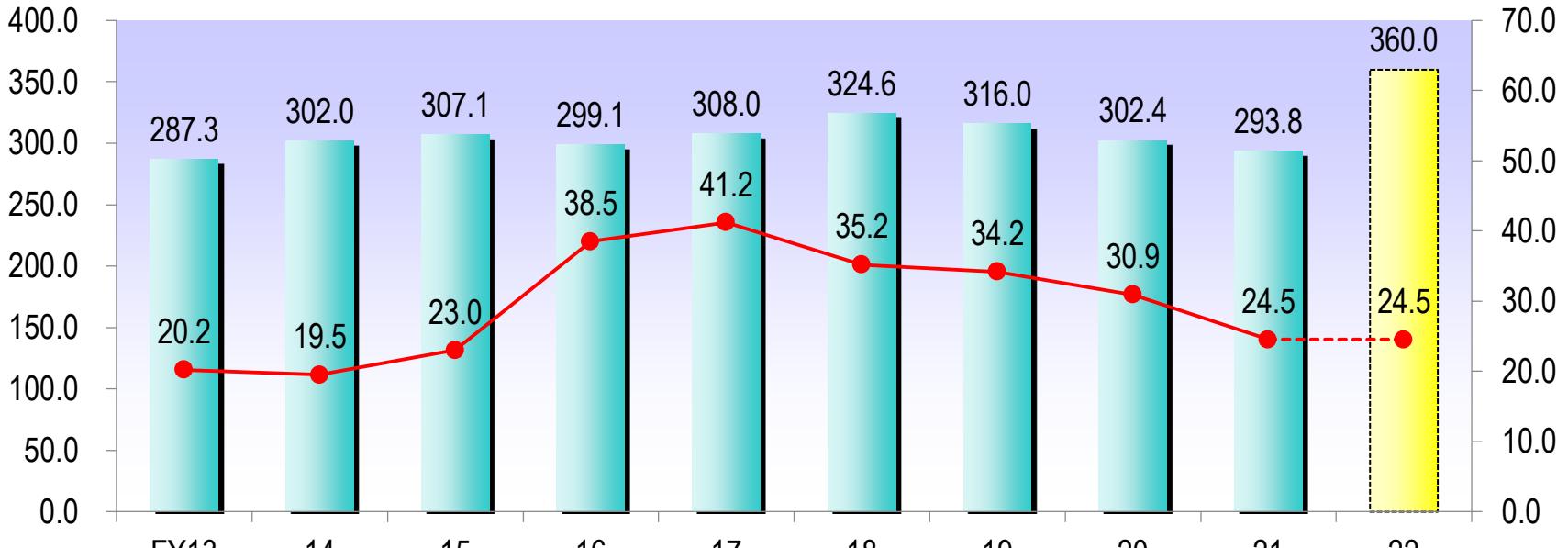
		FY2020	FY2021	Changes
Non-operating income	Interest and dividend income	0.4	0.6	+0.1
	Other income	4.6	6.2	+1.5
	Total	5.1	6.8	+1.7
Non-operating expenses	Interest expenses	1.5	1.3	+0.1
	Other expenses	3.7	4.1	(0.4)
	Total	5.2	5.5	(0.2)
Non-operating income/expenses		(0.1)	1.3	+1.4
Extraordinary gains		3.1	3.1	(0.0)
Extraordinary losses		3.0	1.3	+1.6
Extraordinary gains/losses		0.1	1.7	+1.6
Financial income and expenses		(1.0)	(0.7)	+0.2

4. Performance Trend

Net sales (Billions of yen)

Annual

Profit (Billions of yen)

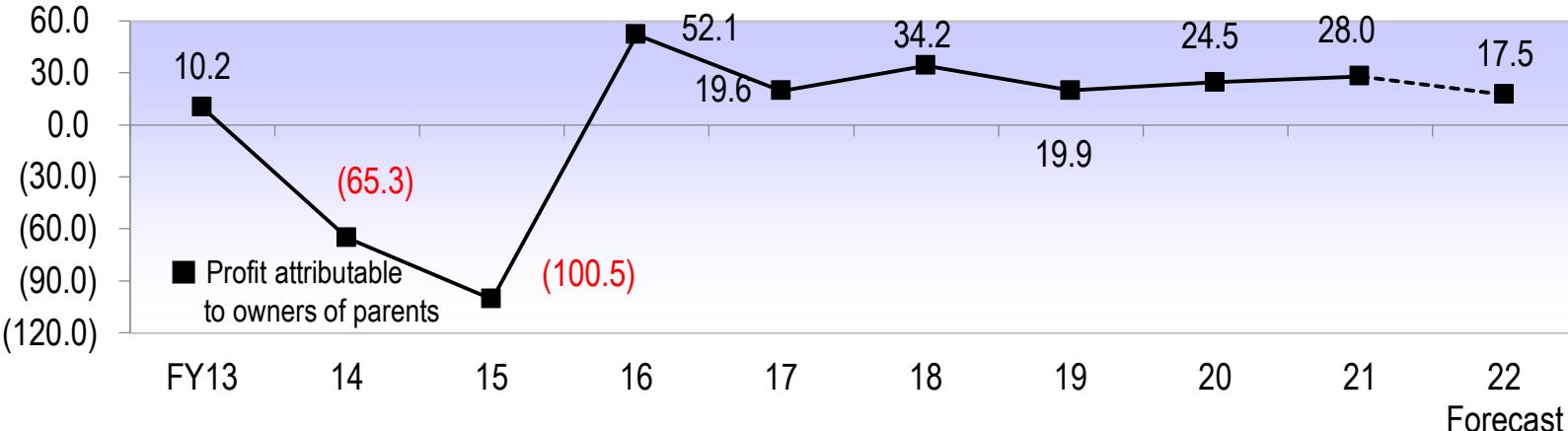


(Billions of yen)

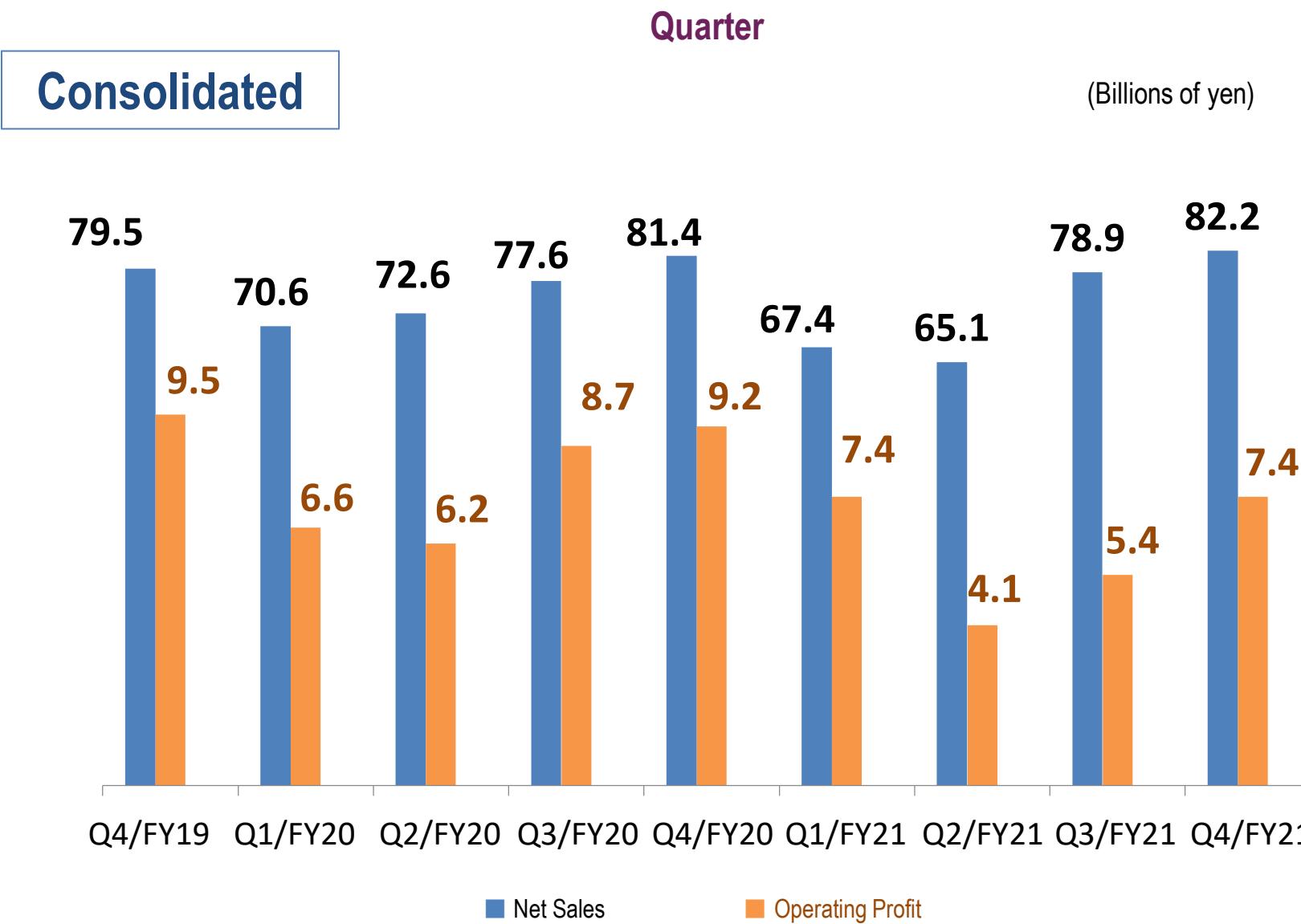
Net sales

Operating Profit

Forecast

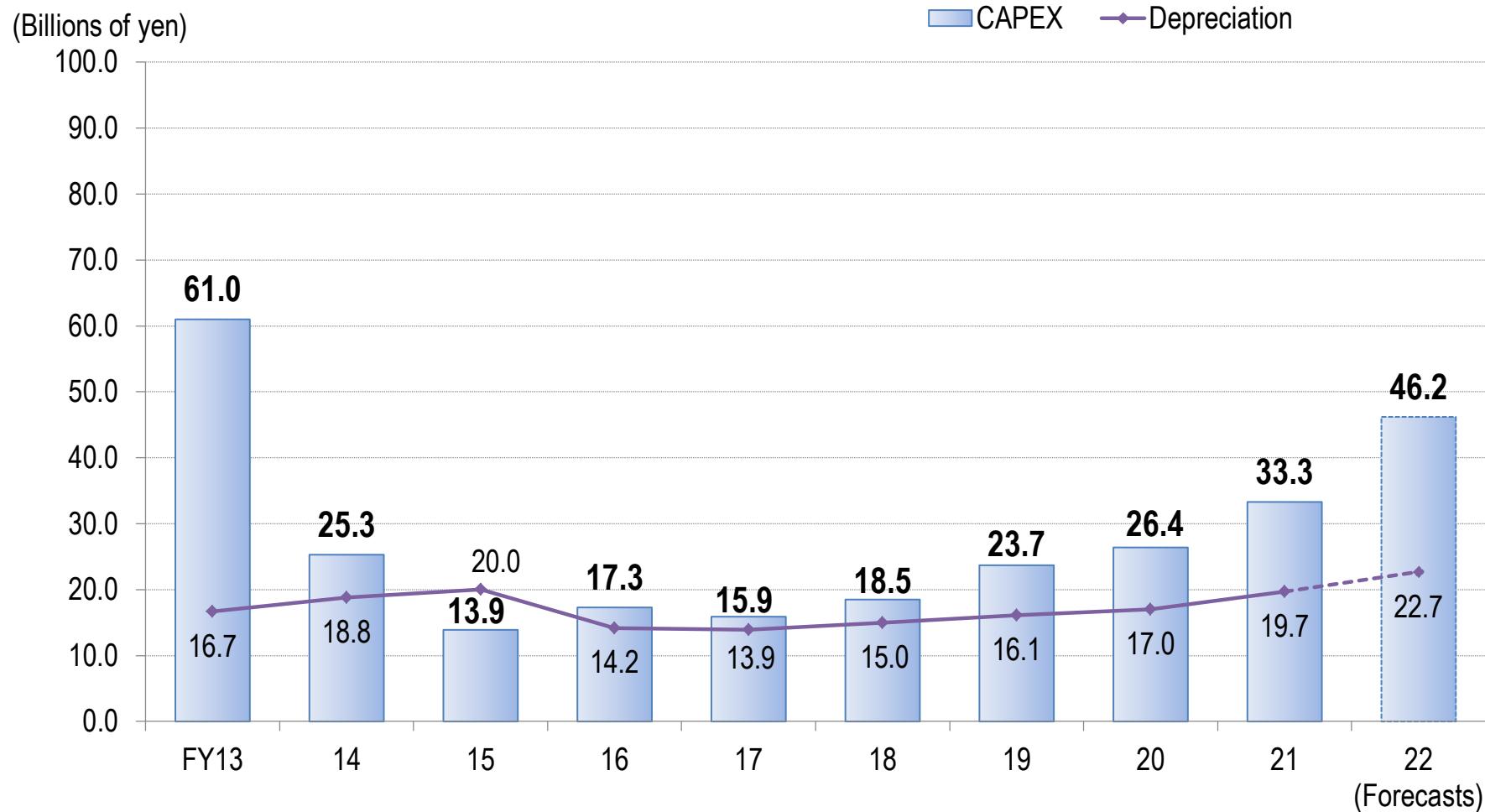


4. Performance Trend



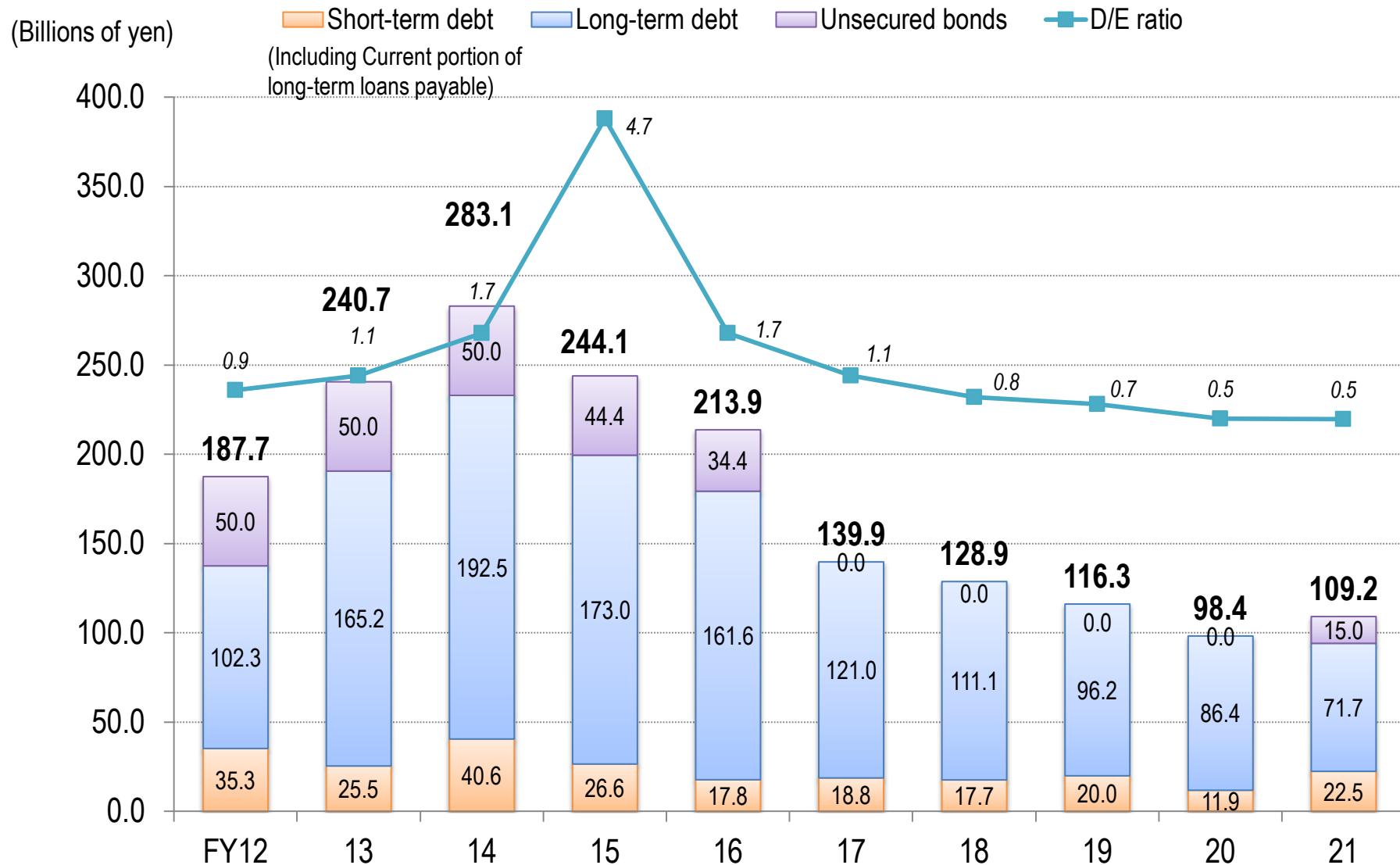
5. CAPEX and Depreciation Trend

Consolidated



6. Interest-Bearing Debts Trend

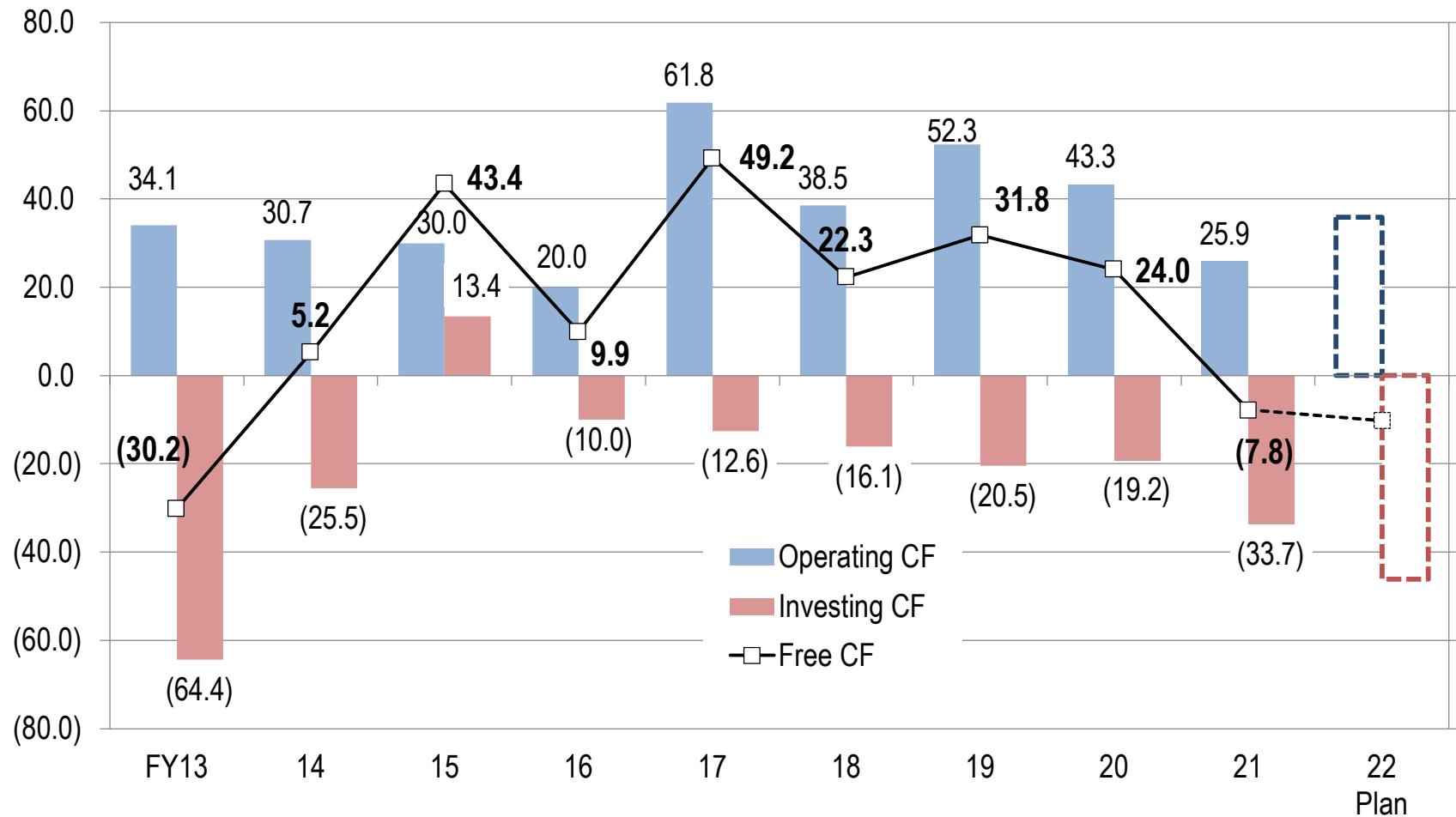
Consolidated



7. Cash Flow Plan

Consolidated

(Billions of yen)



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