

Q3 Fiscal 2023 - Apr 1, 2023 to Dec 31, 2023-

Presentation for IR Meeting

January 31, 2024

Tokuyama Corporation



Key points of the third quarter of fiscal 2023

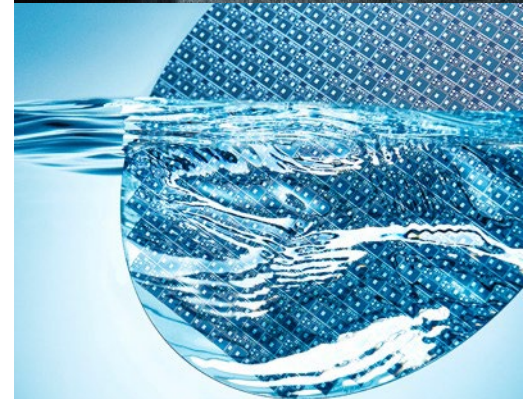
- Decrease in sales due to such factors as weak sales of semiconductor related products as a result of a sluggish semiconductor market
- Operating profit increased due mainly to progress in revising cement and chemical sales prices in Japan
- Revised full fiscal year performance forecasts in light of such factors as semiconductor market trends

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① Financial Results for Q3 FY2023

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



1. Financial Highlights

(Billions of yen)

	Q3 FY2022	Q3 FY2023	Difference		Main changing factors
			Amount	%	
Net sales	259.0	250.2	(8.7)	(3)	Decrease in sales volume of semiconductor related products
Operating profit	13.1	16.9	+3.7	+29	Revised sales prices for cement, chemicals Robust sales of life healthcare related products
Ordinary profit	13.3	16.9	+3.6	+28	Increase in operating profit
Profit attributable to owners of parent	8.5	11.9	+3.3	+40	Increase in ordinary profit
Basic earnings per share (yen)	118.51	165.49	-	-	-
Exchange rate (yen/USD)	137	143	-	-	-
Domestic naphtha price (yen/kl)	79,800	68,000	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2023	As of Dec 31,2023	Difference	Main changing factors
Total assets	478.3	457.6	(20.7)	Decrease in cash and deposits Lower accounts receivable - trade
Shareholders' equity	229.4	240.2	+10.7	Posting profit attributable to owners of parent
Shareholders' equity ratio	48.0%	52.5%	+4.5pts	-
Interest-bearing debt	142.4	118.6	(23.7)	Decrease in long-term loans payable
D/E ratio	0.62	0.49	(0.13)	-
Net D/E ratio*	0.32	0.28	(0.04)	-
Net assets per share (yen)	3,189.01	3,338.84	-	-

*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)

	Q3 FY2022		Q3 FY2023		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	86.4	4.7	86.2	8.8	(0.1)	(0)	+4.1	+88
Cement	43.8	(2.8)	50.6	4.7	+6.8	+16	+7.6	-
Electronic & Advanced Materials	67.0	6.9	54.0	0.5	(13.0)	(19)	(6.4)	(92)
Life Science	27.9	5.6	29.4	5.9	+1.4	+5	+0.2	+5
Eco Business	10.3	0.3	5.4	(0.3)	(4.9)	(48)	(0.6)	-
Others	33.5	2.1	32.3	1.2	(1.2)	(4)	(0.8)	(42)
Total	269.2	16.9	258.1	21.0	(11.0)	(4)	+4.1	+24
Inter-segment eliminations and corporate-wide expenses	(10.2)	(3.7)	(7.9)	(4.1)	+2.3	-	(0.3)	-
Consolidated Results	259.0	13.1	250.2	16.9	(8.7)	(3)	+3.7	+29

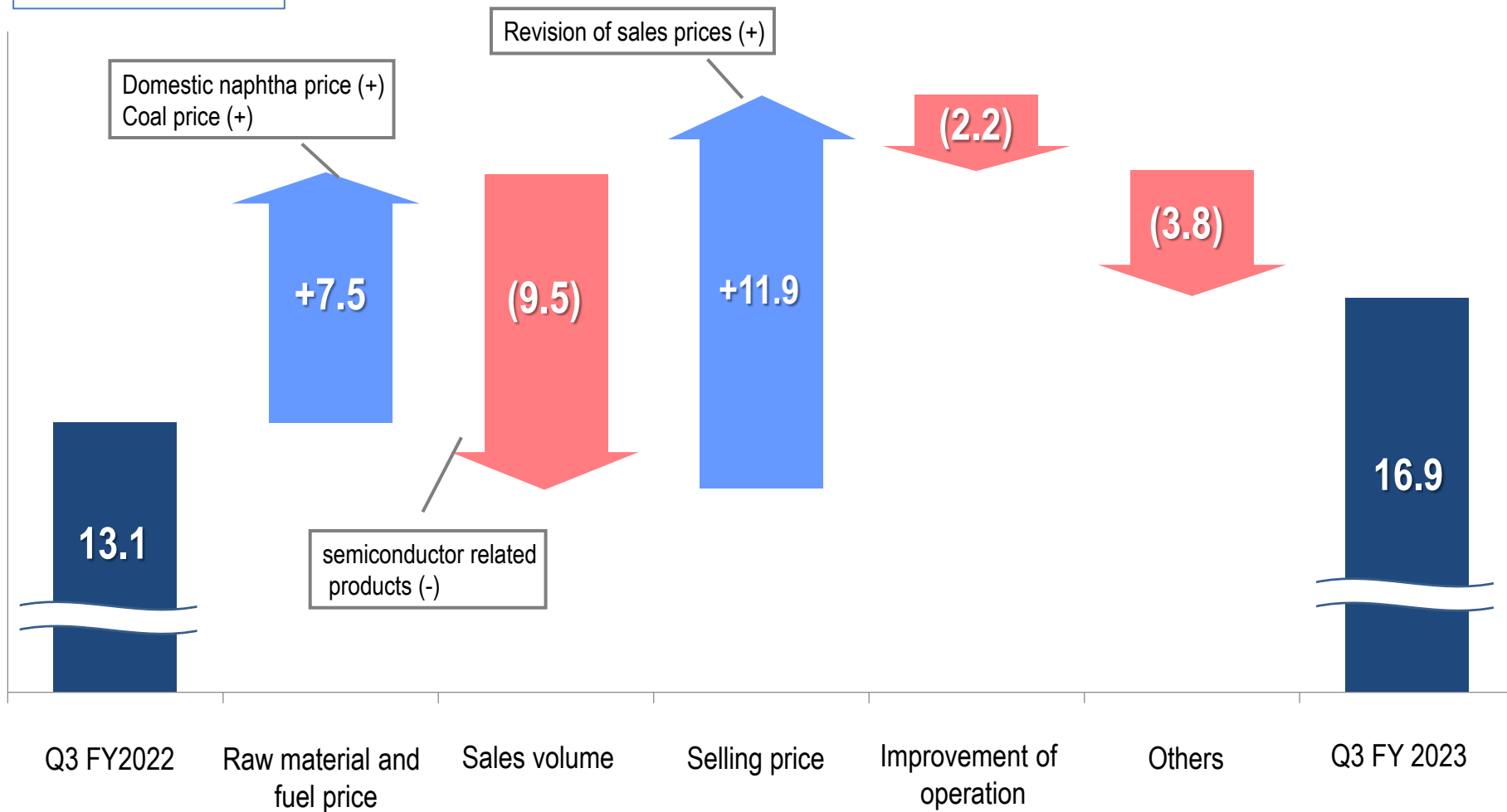
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)

By Factor

(Billions of yen)



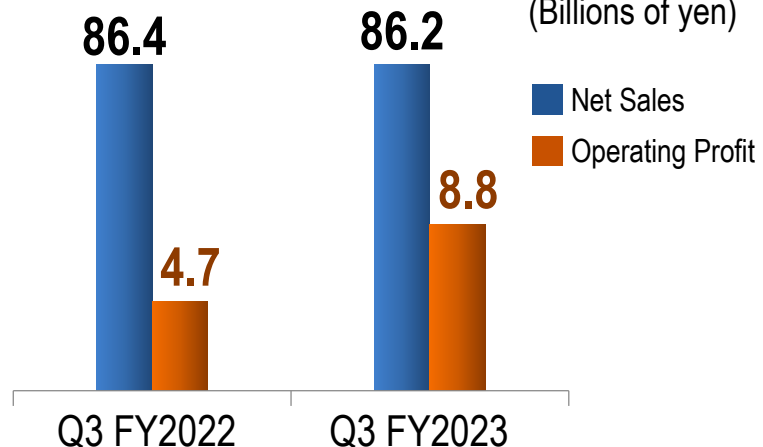
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Chemicals

Higher earnings on lower sales

(Billions of yen)



Qualitative information

(Caustic soda)

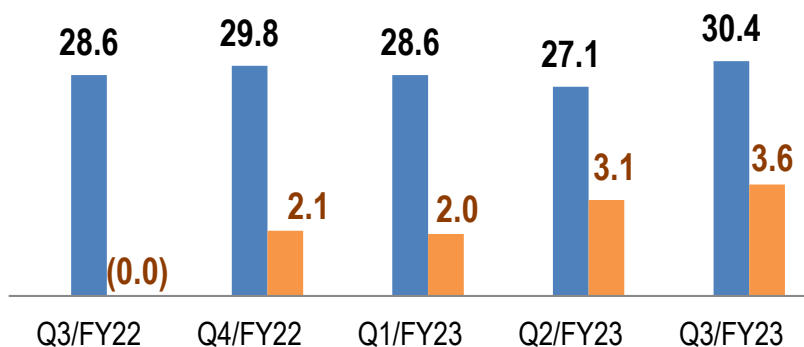
- Despite a decrease in sales volume, earnings grew owing to successful efforts to revise sales prices in Japan

(Vinyl chloride monomer (VCM) / Vinyl chloride resin)

- Earnings declined due to such factors as the decline in sales volumes of both products as well as the downturn in overseas vinyl chloride monomer market price

(Soda ash, calcium chloride and cullet)

- Despite lower sales volumes, earnings increased owing to successful efforts to revise sales prices



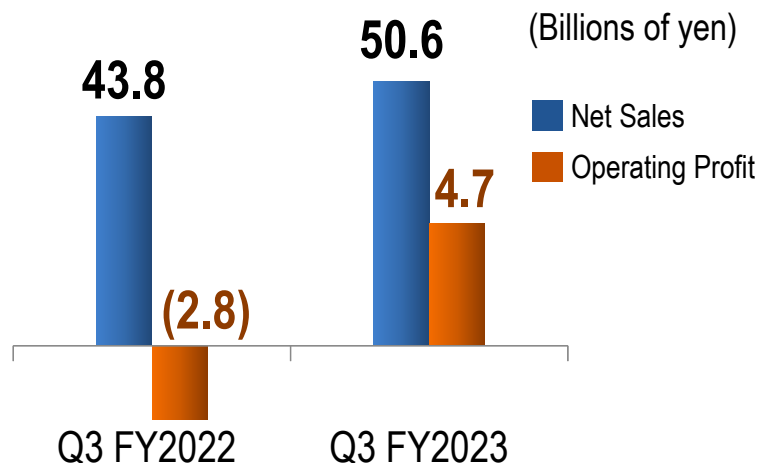
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Cement

Earnings improved on higher sales

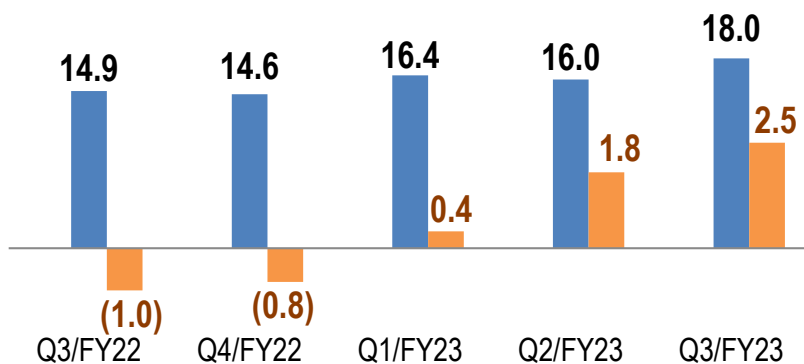
(Billions of yen)



Qualitative information

(Cement)

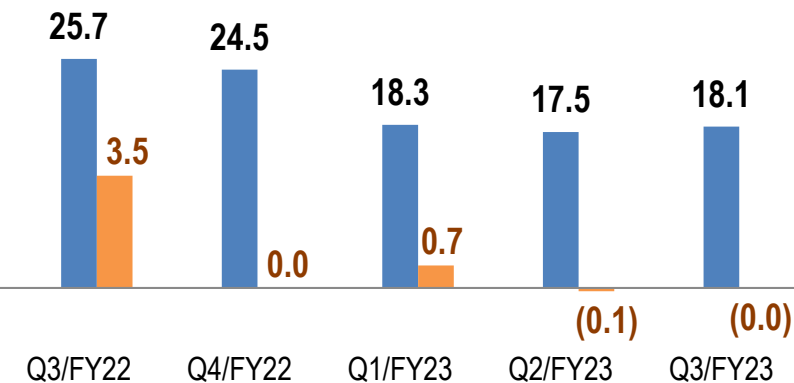
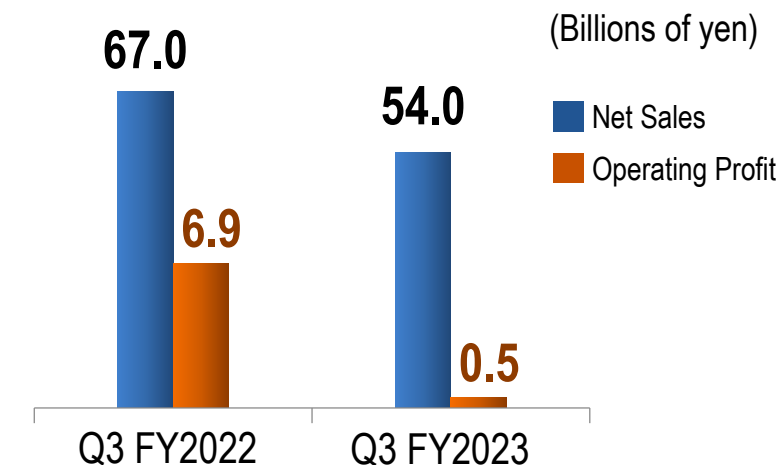
- Despite a slight decrease in sales volume year-on-year in Japan, earnings grew owing to successful efforts to revise sales prices



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

(Year-on-year change)

Electronic & Advanced Materials



Lower earnings on lower sales

Qualitative information

(Semiconductor-grade polycrystalline silicon)

- Earnings declined. This was mainly due to the decline in sales volume owing to a slowdown in the semiconductor market

(IC Chemicals)

- Earnings improved. This mainly reflected the increase in operating rates at Formosa Tokuyama Advanced Chemicals Co., Ltd. in Taiwan and successful efforts to reduce costs

(Fumed silica)

- Earnings declined due to the decrease in sales volume attributable to a slowdown in the semiconductor market and economic conditions in China

(Thermal management materials)

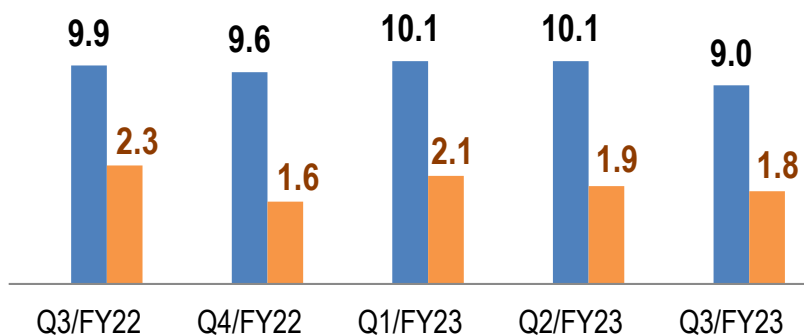
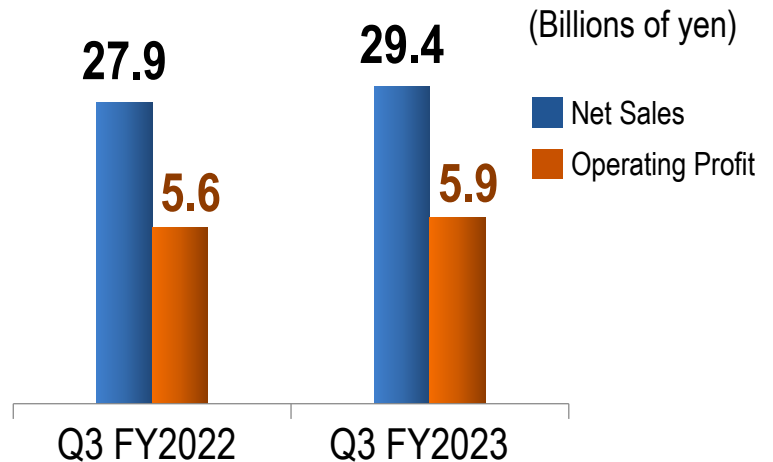
- Earnings increased. This reflected robust sales volumes of power device applications

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

(Year-on-year change)

Life Science

(Billions of yen)



Higher earnings on higher sales

Qualitative information

(Dental materials)

- Results remained in line with the corresponding period of the previous fiscal year thanks largely to robust sales in Japan and overseas

(APIs and intermediates)

- Results were also in line with the corresponding period of the previous fiscal year. Despite a decrease in the sales volume of generic pharmaceutical, this was mainly due to successful efforts to reduce costs

(Plastic lens-related materials)

- Results remained in line with the corresponding period of the previous fiscal year. This reflected robust sales volumes of photochromic dye materials for eyeglass lenses

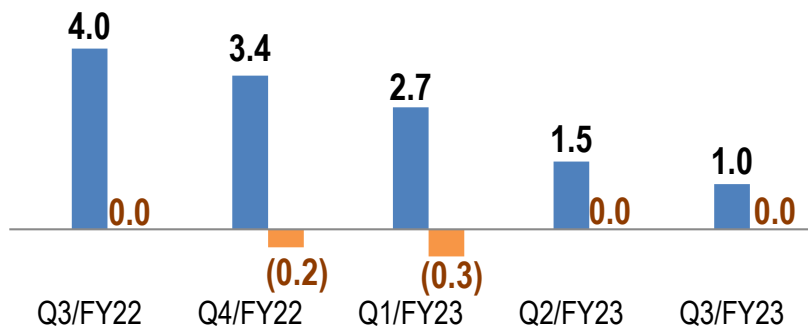
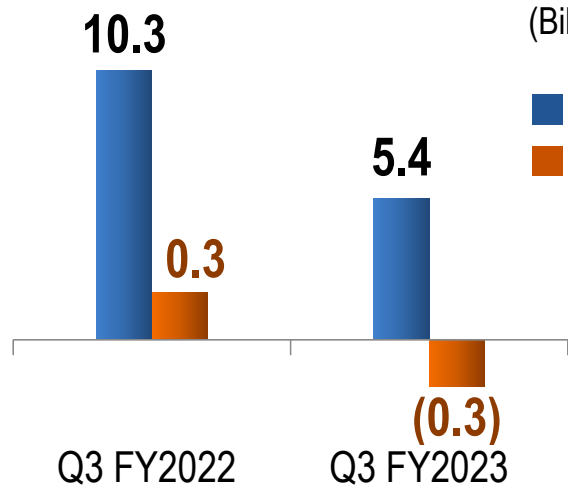
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Eco Business

(Billions of yen)

■ Net Sales
■ Operating Profit



Loss on lower sales

Qualitative information

(Ion exchange membranes)

- Earnings decreased owing to the decline in shipments

(Waste gypsum board recycling)

- Earnings decreased owing mainly to a decline in the volume of waste gypsum board collected

(Plastic window sashes)

- Deconsolidation of Excel Shanon Corporation from Q2 FY2023 due to the sales of shares in the Company

② Performance Forecasts for FY2023

1. Revised Performance Forecasts
2. Revised Performance Forecasts by Business Segment



1. Revised Performance Forecasts

(Billions of yen)

	FY2023 Forecasts (Oct 27, 2023)	FY2023 Forecasts (Jan 31, 2024)	Difference		Main changing factors
			Amount	%	
Net sales	355.0	345.0	(10.0)	(3)	Decrease in sales volume of semiconductor related products and chemicals
Operating profit	30.0	26.0	(4.0)	(13)	Decrease in net sales
Ordinary profit	30.0	26.0	(4.0)	(13)	Decrease in operating profit
Profit attributable to owners of parent	22.0	18.0	(4.0)	(18)	Decrease in ordinary profit
Basic earnings per share (yen)	305.76	250.17	-	-	-
Exchange rate (yen/USD)	First half :141 Second half :140	1-3Q results :143 4Q forecast :145	-	-	-
Domestic naphtha price (yen/kl)	First half :64,500 Second half :72,000	1-3Q results :68,000 4Q forecast :69,500	-	-	-

Performance forecast for the full fiscal year ending March 31, 2024 has been revised as above from the previous performance forecast released on October 27, 2023, based on trends in the semiconductor market and other factors

2. Revised Performance Forecasts by Business Segment

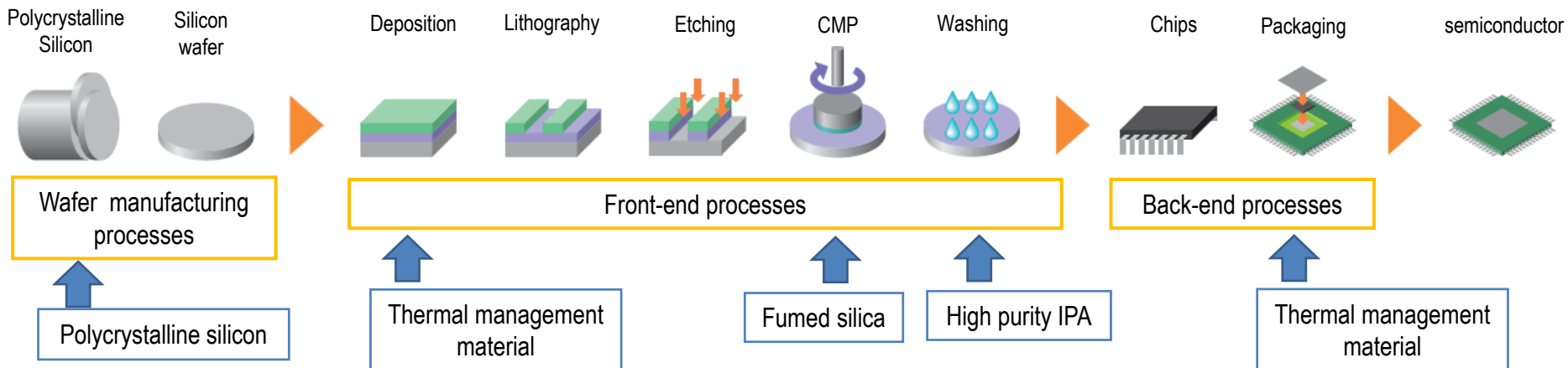
(Billions of yen)

	FY2023 Forecasts (Oct 27, 2023)		FY2023 Forecasts (Jan 31, 2024)		Difference			
	Net sales	Operating profit	Net sales	Operating Profit	Net sales	%	Operating Profit	%
Chemicals	122.0	14.0	119.0	13.0	(3.0)	(2)	(1.0)	(7)
Cement	68.0	6.0	68.0	7.0	-	-	+1.0	+17
Electronic & Advanced Materials	80.0	4.0	75.0	2.0	(5.0)	(6)	(2.0)	(50)
Life Science	42.0	9.0	42.0	9.0	-	-	-	-
Eco Business	8.0	0.0	8.0	0	-	-	-	-
Others	45.0	3.0	44.0	2.0	(1.0)	(2)	(1.0)	(33)
Total	365.0	36.0	356.0	33.0	(9.0)	(2)	(3.0)	(8)
Inter-segment eliminations and corporate-wide expenses	(10.0)	(6.0)	(11.0)	(7.0)	(1.0)	-	(1.0)	-
Consolidated Results	355.0	30.0	345.0	26.0	(10.0)	(3)	(4.0)	(13)

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

2. Revised Performance Forecasts by Business Segment

➤ Semiconductor market: Overall market appears to have bottomed out, the timing of recovery differs within the supply chain



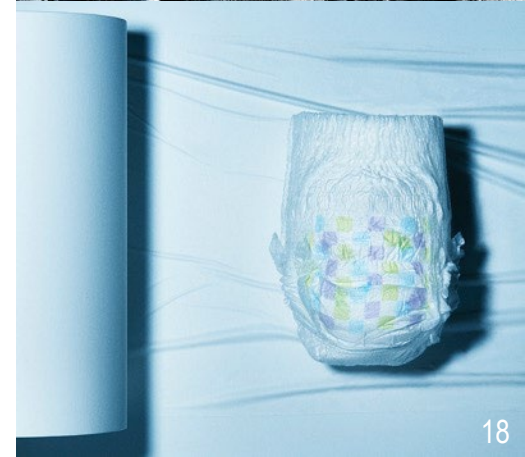
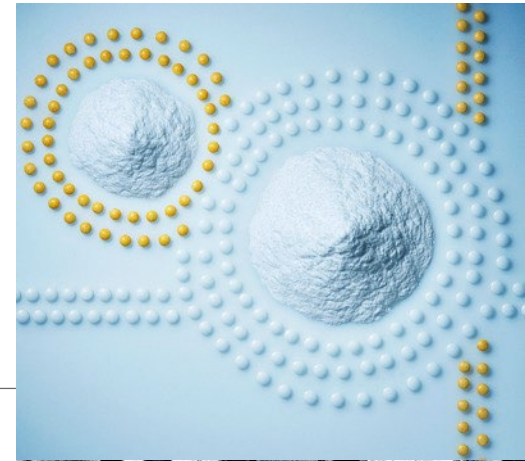
- ✓ Memory and logic appear to have bottomed out and are showing signs of recovery from fiscal 2024
- ✓ Recovery in upstream demand expected to be slower due to the buildup of inventory across the entire supply chain

◆ Market Recovery Image

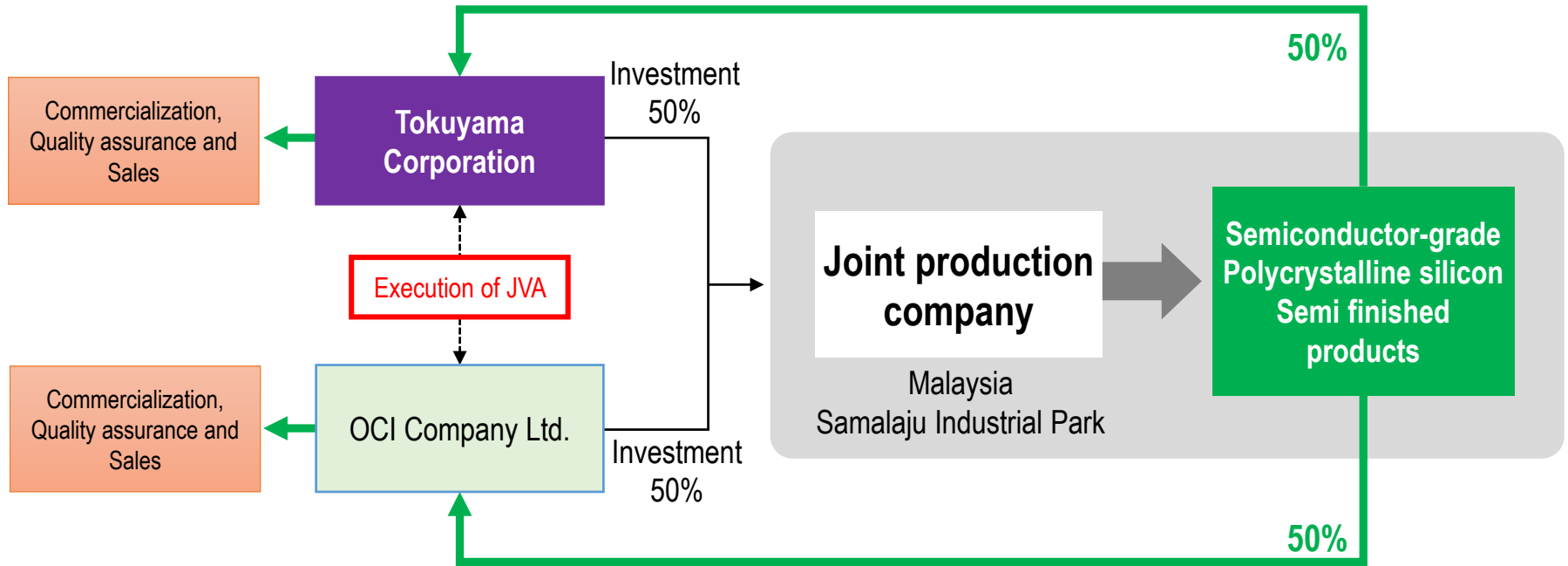


3 Topics

1. Execution of a Semiconductor-Grade Polycrystalline Silicon Business Joint Venture Agreement



1. Execution of a Semiconductor-Grade Polycrystalline Silicon Business Joint Venture Agreement



- ▶ **Joint venture production company will be established, Sarawak Advanced Materials Sdn. Bhd., with OCI Company Ltd.**
- ▶ **Manufacturing capacity: Approx. 8,000 tons/year (Planned: Approx. 10,000 tons/year)**
- ▶ **Total investment: Around US\$300 million (Tokuyama’s share: 50%)**
- ▶ **Capital: US\$168 million**
- ▶ **Start of operations: Fiscal 2026 (planned)**
- ▶ **JV company will become a company under the equity method in Tokuyama Group**

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4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q3 FY2022	Q3 FY2023	Changes	
			Amount	%
Net sales	259.0	250.2	(8.7)	(3)
Cost of sales	188.6	177.7	+10.9	+6
Selling, general and administrative expenses	57.1	55.5	+1.5	+3
Operating profit	13.1	16.9	+3.7	+29
Non-operating income/expenses	0.1	0.0	(0.1)	(72)
Ordinary profit	13.3	16.9	+3.6	+28
Extraordinary income/expenses	(0.1)	0.3	+0.4	-
Profit/loss before income taxes	13.1	17.2	+4.1	+31
Income taxes	4.6	5.5	(0.8)	(17)
Non-controlling interests	(0.0)	(0.1)	+0.0	-
Profit attributable to owners of parent	8.5	11.9	+3.3	+40

*Regarding changes, income or profit is shown as positive and expenses or losses are shown as negative amount

1. Consolidated Financial Statements

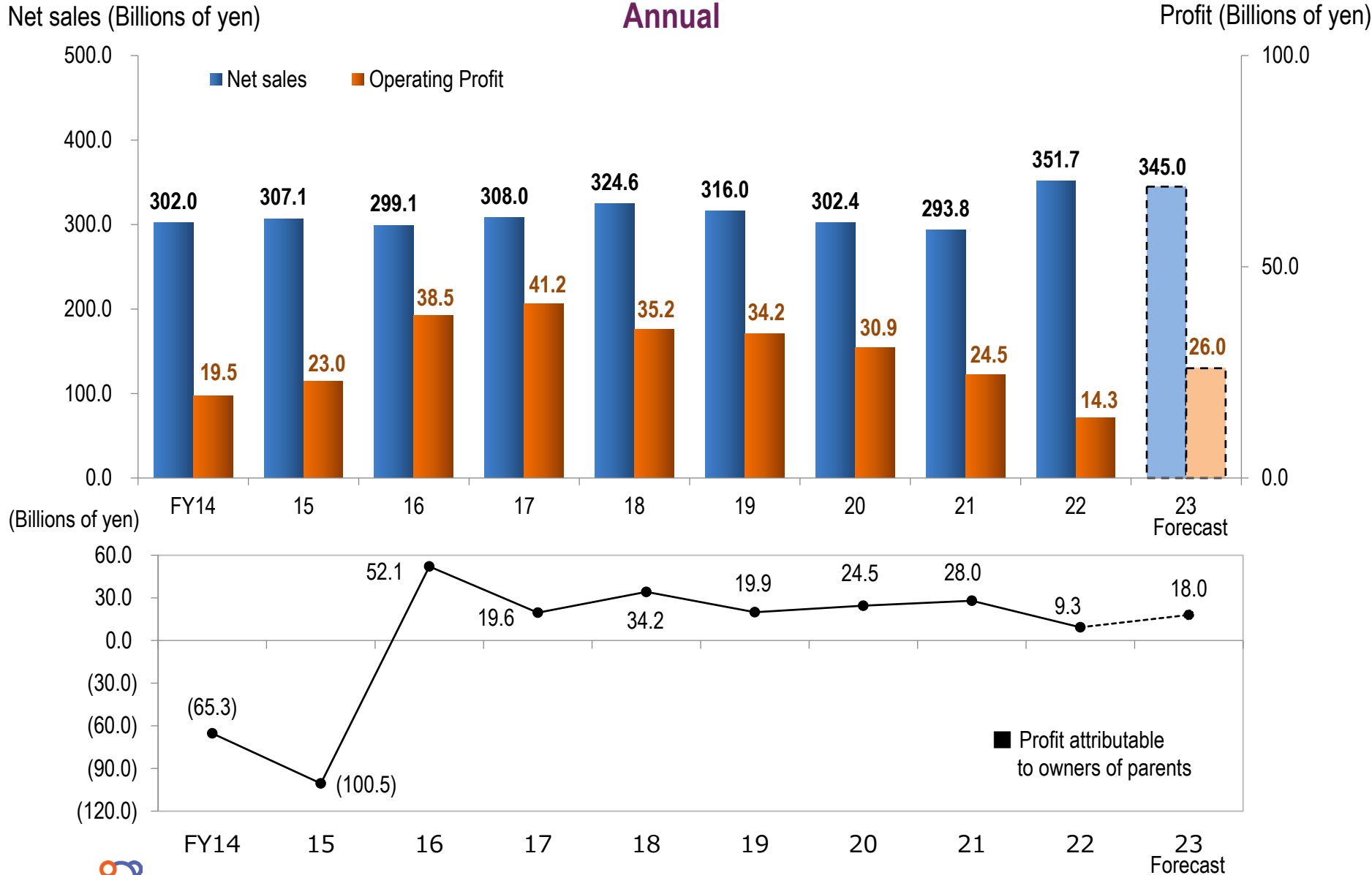
Balance Sheets

(Billions of yen)

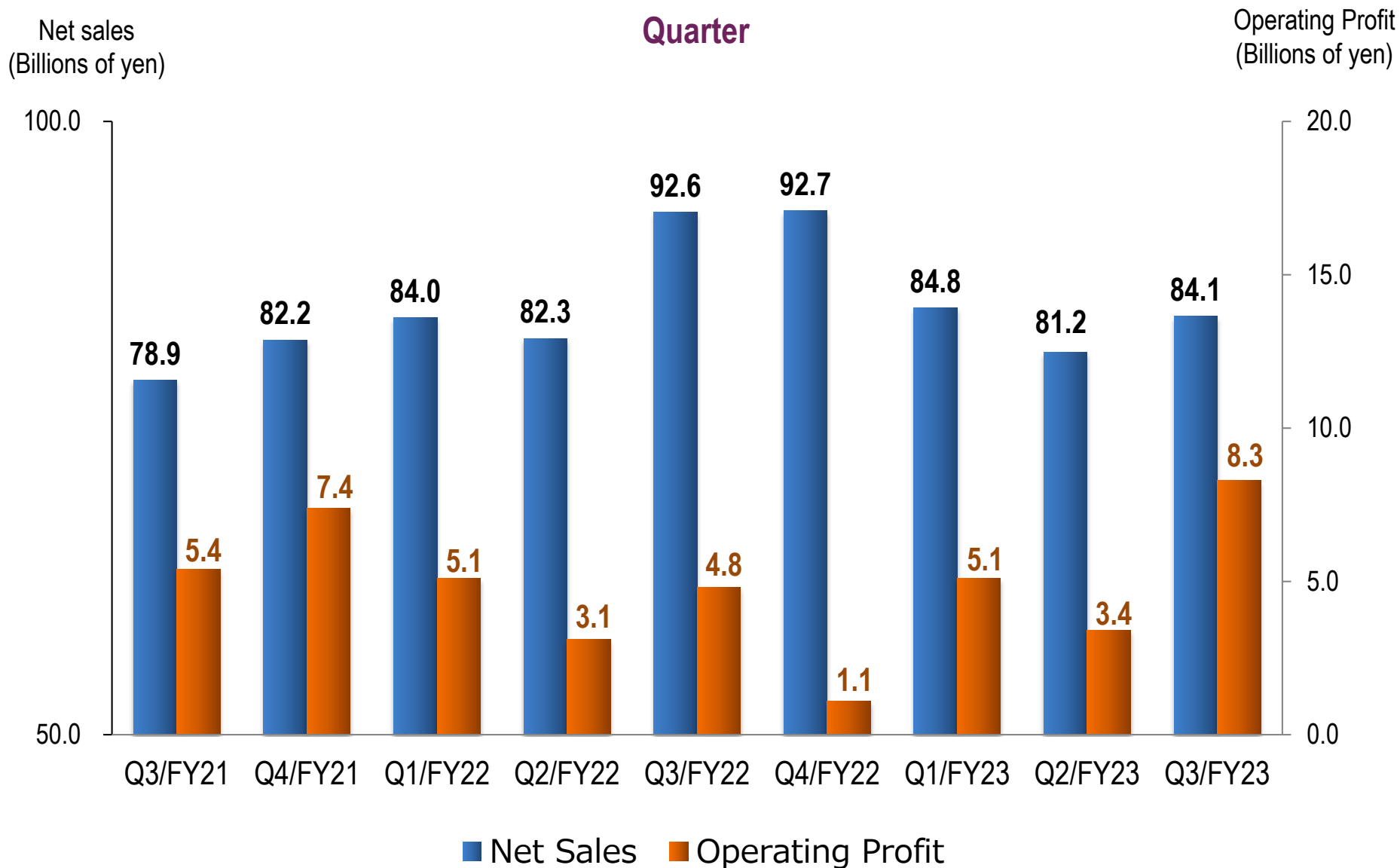
	3/31/2023	12/31/2023	Changes	
			Amount	%
Total assets	478.3	457.6	(20.7)	(4)
Current assets	253.6	219.1	(34.5)	(14)
Tangible fixed assets	155.3	165.6	+10.3	+7
Intangible fixed assets	3.4	3.4	(0.0)	(0)
Investments and other assets	65.8	69.3	+3.5	+5

	3/31/2023	9/30/2023	Changes	
			Amount	%
Total liabilities	236.7	206.6	(30.1)	(13)
Current liabilities	88.2	113.5	+25.3	+29
Long-term liabilities	148.4	93.0	(55.4)	(37)
Total net assets	241.6	250.9	+9.3	+4

2. Performance Trend



2. Performance Trend



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