

Q1 Fiscal 2024 - Apr 1, 2024 to Jun 30, 2024-

Presentation for IR Meeting

July 26, 2024

Tokuyama Corporation



Key points of the first quarter of fiscal 2024

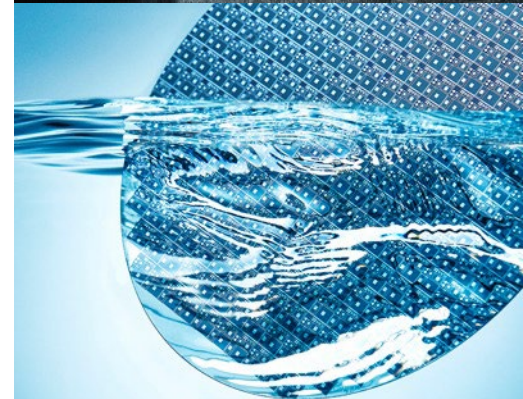
- Net sales declined compared with the corresponding period of the previous fiscal year owing to such factors as the exclusion of Excel Shanon Corporation from the Company's scope of consolidation. Despite the recovery trend in demand for semiconductor-related products, a fully-fledged recovery is only expected from the second half
- Operating profit increased due mainly to lower production costs due to a drop in coal prices
- Despite uncertainty surrounding such factors as the future of fuel and raw material prices as well as foreign currency exchange rates, the business performance is currently progressing as expected. As a result, forecasts for the fiscal year under review remain unchanged

CONTENTS

- ① Financial Results for Q1 FY2024
- ② Performance Forecasts for FY2024
- ③ Topics
- ④ Supplementary Material

① Financial Results for Q1 FY2024

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)

	Q1 FY2023	Q1 FY2024	Difference		Main changing factors
			Amount	%	
Net sales	84.8	82.5	(2.3)	(3)	Exclusion of Excel Shanon Corporation from the Company's scope of consolidation Delayed recovery in semiconductor-related products sales
Operating profit	5.1	7.5	+2.3	+46	Progress in manufacturing cost improvements
Ordinary profit	5.6	8.4	+2.7	+49	Increase in operating profit
Profit attributable to owners of parent	4.3	7.4	+3.0	+72	Increase in ordinary profit Improvement in extraordinary income/expenses*
Basic earnings per share (yen)	59.82	102.89	-	-	-
Exchange rate (yen/USD)	137	156	-	-	-
Domestic naphtha price (yen/kl)	66,700	79,000	-	-	-

*Extraordinary income: Gain on transfer of shares coinciding with the integration of SunTox Co., Ltd.;
Gain on sale reflecting the reduction in cross-shareholdings

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2024	As of Jun 30,2024	Difference	Main changing factors
Total assets	457.3	480.2	+22.9	Increase in cash and deposits
Shareholders' equity	249.2	254.6	+5.3	Posting profit attributable to owners of parent
Shareholders' equity ratio	54.5%	53.0%	(1.5pts)	-
Interest-bearing debt	105.7	121.1	+15.3	Issuance of bonds
D/E ratio	0.42	0.48	+0.06	-
Net D/E ratio*	0.23	0.18	(0.05)	-
Net assets per share (yen)	3,464.47	3,539.22	-	-

*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)

	Q1 FY2023		Q1 FY2024		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating Profit	%
Chemicals	28.6	2.0	30.5	2.7	+1.8	+7	+0.6	+32
Cement	16.4	0.4	16.3	1.7	(0.1)	(1)	+1.3	+290
Electronic & Advanced Materials	18.3	0.7	17.8	1.9	(0.4)	(3)	+1.1	+161
Life Science	10.1	2.1	10.0	2.0	(0.0)	(1)	(0.1)	(5)
Eco Business	2.7	(0.3)	0.8	(0.1)	(1.8)	(68)	+0.1	-
Others	11.1	0.9	9.2	1.2	(1.9)	(17)	+0.2	+22
Total	87.5	6.1	84.9	9.6	(2.6)	(3)	+3.4	+57
Inter-segment eliminations and corporate-wide expenses	(2.6)	(0.9)	(2.4)	(2.1)	+0.2	-	(1.1)	-
Consolidated Results	84.8	5.1	82.5	7.5	(2.3)	(3)	+2.3	+46

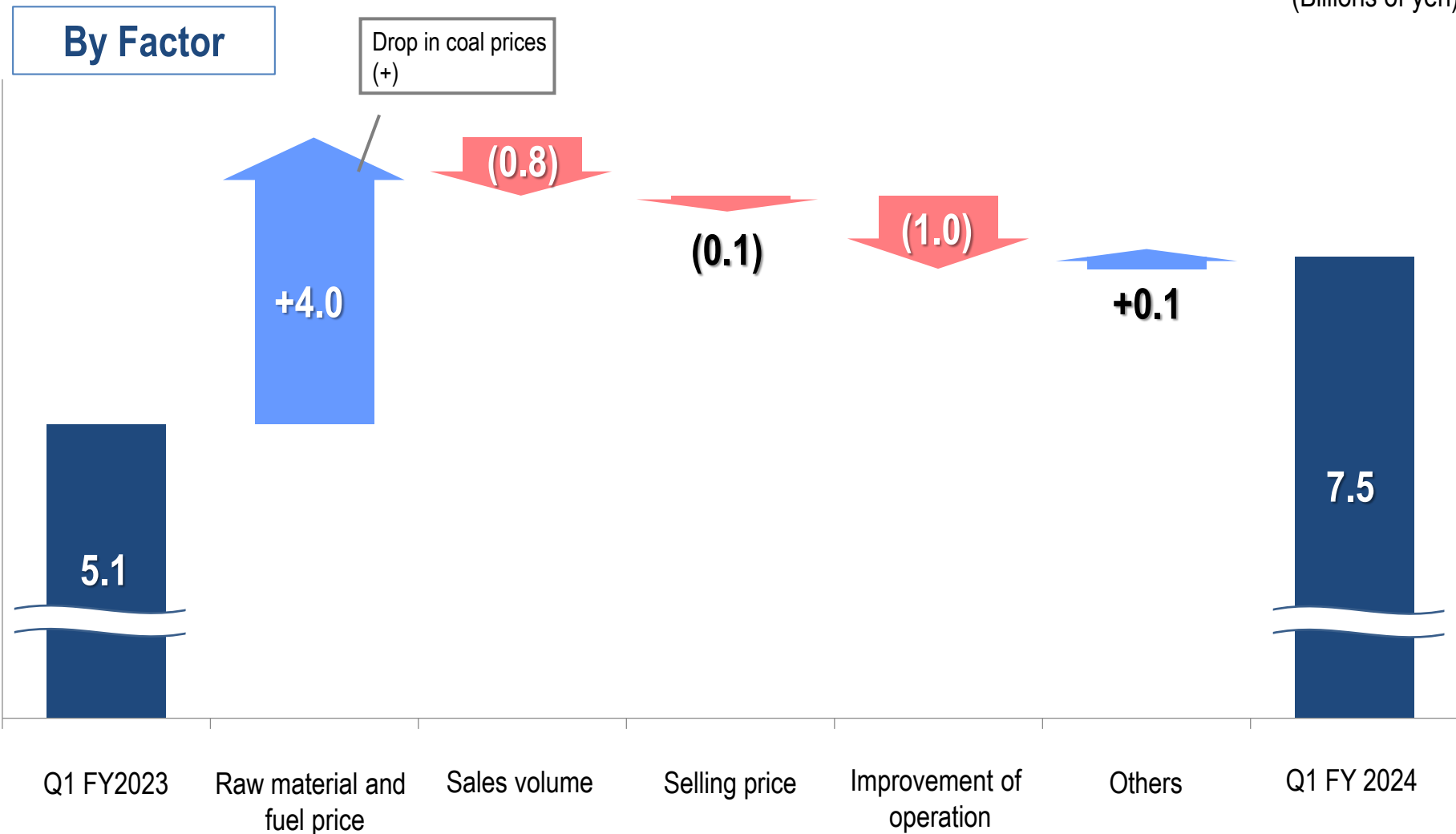
(Note1) Sales and operating profit in each segment shown above include inter-segment transactions

(Note2) The figures of Q1 FY2023 and Q1 FY2024 stated above have been modified to reflect the operating results based on the business segment after this change

3. Changes in Operating Profit

(Year-on-year change)

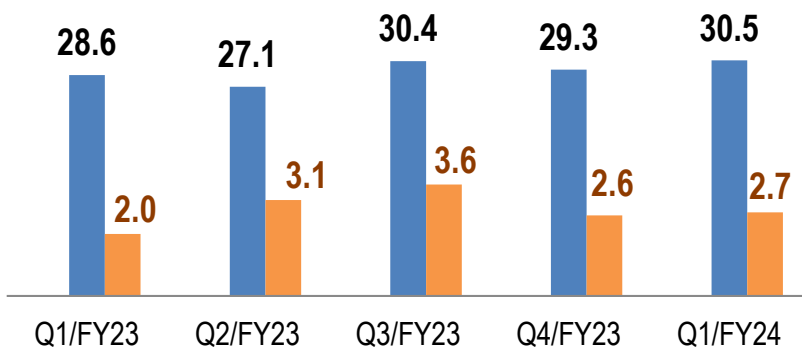
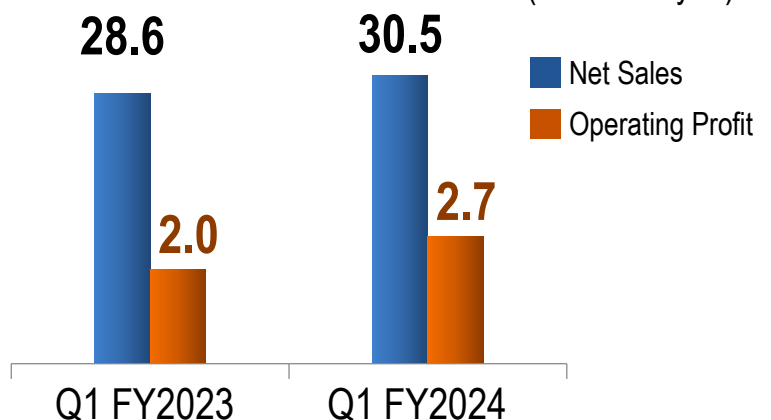
(Billions of yen)



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

Chemicals

(Billions of yen)



Higher earnings on higher sales

Qualitative information

(Caustic soda)

- Earnings grew due to a variety of factors, including an increase in export volumes, although domestic sales volumes remained in line with the corresponding period of the previous fiscal year

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

- Results remained in line with the corresponding period of the previous fiscal year due mainly to an increase in manufacturing costs, despite growth in vinyl chloride monomer export volumes

(Soda ash)

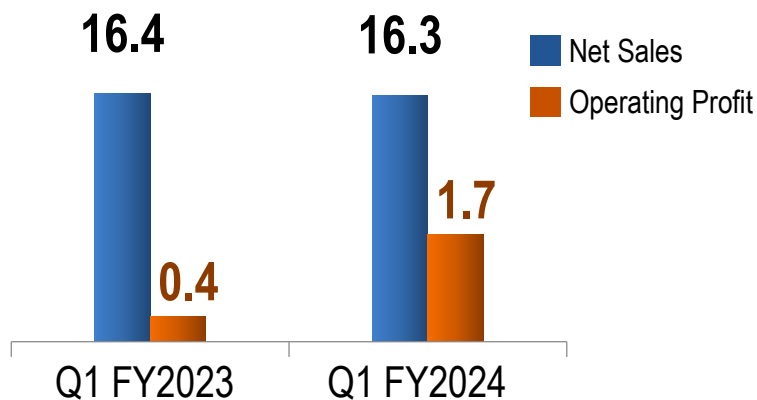
- Earnings decreased owing to lower sales volumes

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

Cement

Higher earnings on lower sales

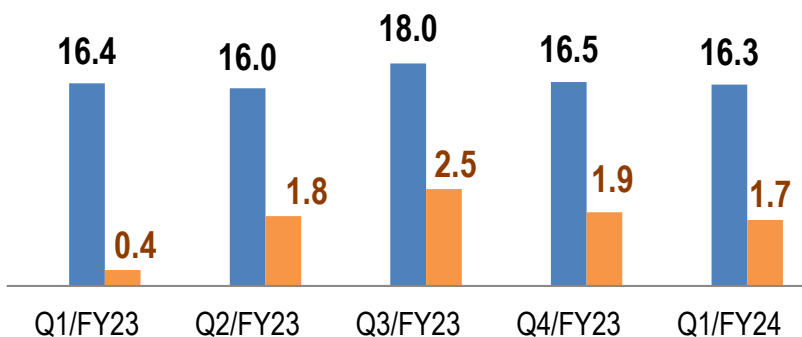
(Billions of yen)



Qualitative information

(Cement)

- Despite a slight decrease in sales volume year-on-year in Japan, earnings grew owing to progress in manufacturing cost improvements

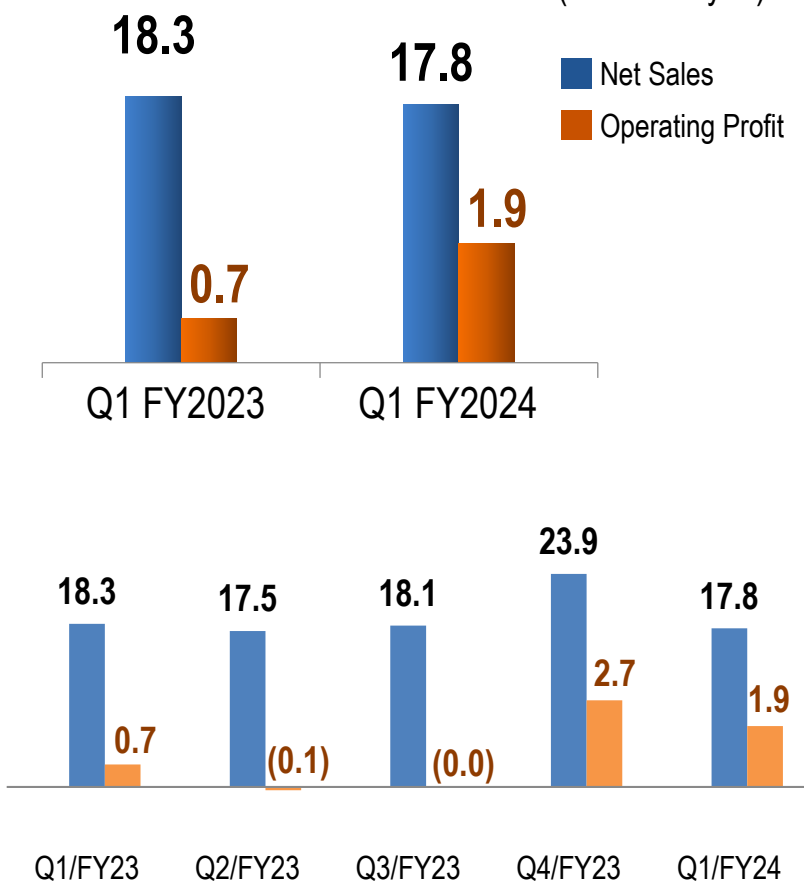


4. Changes in Net Sales / Operating Profit by Business Segment

Electronic & Advanced Materials

Higher earnings on lower sales

(Billions of yen)



Qualitative information

(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, despite sluggish sales volumes due to a weak semiconductor market

(IC Chemicals)

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

(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, despite weak sales volumes owing largely to prolonged sluggishness in the semiconductor market and economic conditions in China

(Thermal management materials)

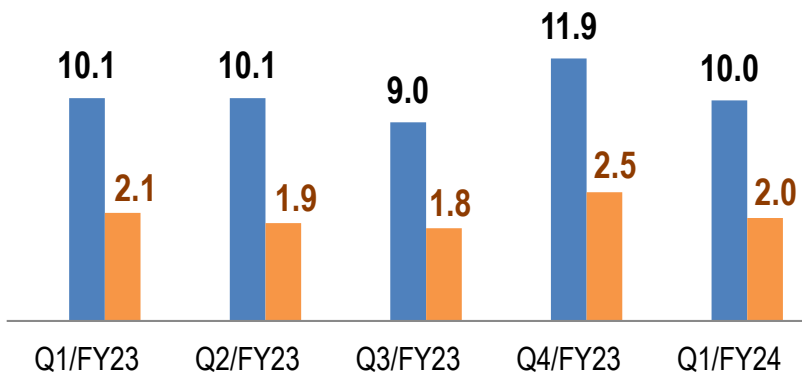
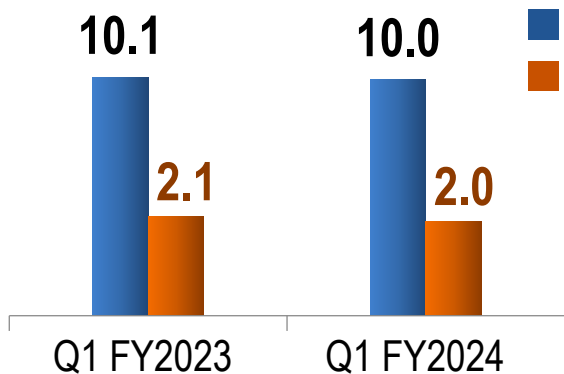
- Earnings declined owing mainly to sluggish shipments for semiconductor manufacturing equipment

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

Life Science

(Billions of yen)

■ Net Sales
■ Operating Profit



Lower earnings on lower sales

Qualitative information

(Dental materials)

- Earnings grew thanks to an increase in shipments to overseas

(Medical diagnostic systems)

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

(APIs and intermediates)

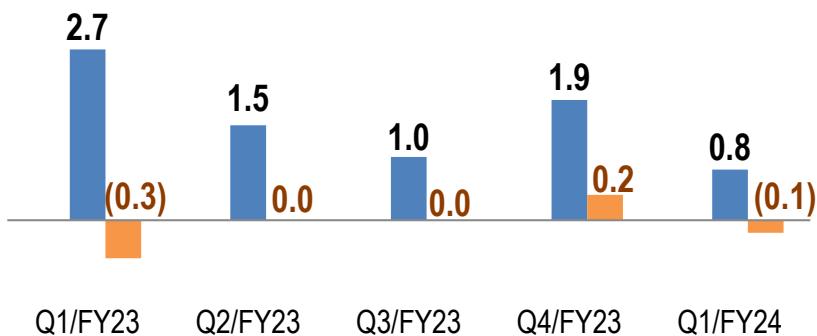
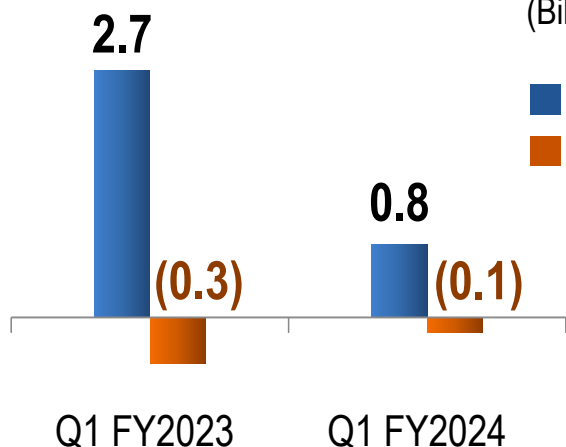
- Earnings declined due to a decrease in the sales volume of generic pharmaceutical

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

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 were all in line with the corresponding period of the previous year as a result of steady acceptance of waste gypsum board

(Plastic window sashes)

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

② Performance Forecasts for FY2024

1. Performance Forecasts
2. Performance Forecasts by Business Segment



1. Performance Forecasts

(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	1Q results:156 2-4Q forecast:150	-	-	-
Domestic naphtha price (yen/kl)	69,100	1Q results:79,000 2-4Q forecast:73,000	-	-	-

2. Performance Forecasts by Business Segment

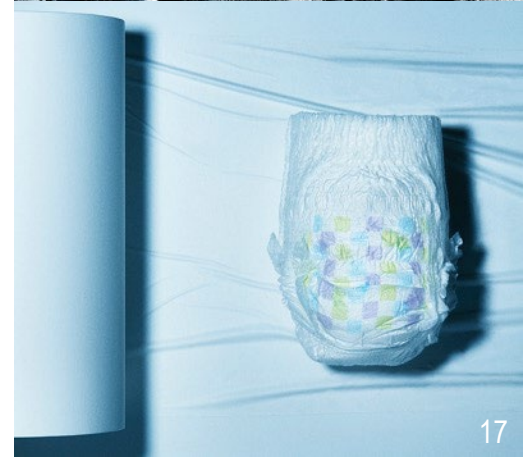
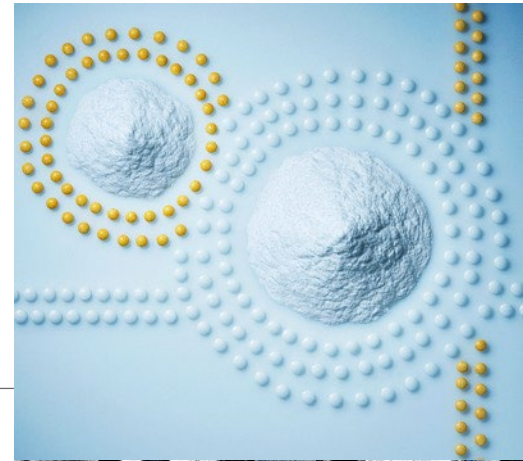
(Billions of yen)

	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

3 Topics

1. Revised sales prices
2. Toward Growth in Dental Materials and Equipment Business



1. Revised sales prices

Revised sales prices to counter increasing logistics costs, labor costs, maintenance and renewal expenditures, investments in environmental measures, and other costs

Products	Cement and Cement-type stabilizer for domestic	Vinyl chloride resin for domestic (General purpose and paste resin)
Announcement	July 26, 2024	June 18, 2024
Target based on current price	more than 2,100 yen / ton	more than 18 yen / kg
Timing of implementation	April 1, 2025	July 1, 2024

2. Toward Growth in Dental Materials and Equipment Business

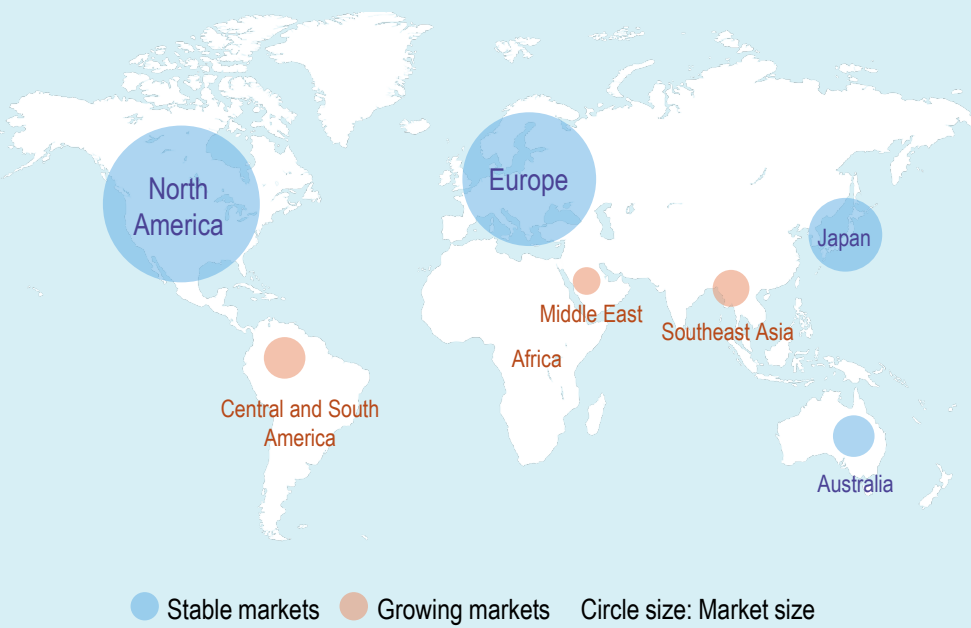
Tokuyama Dental Corporation: Reorganization of European bases; Strengthening of the sales structure and sales growth

Two sales bases in Europe included in the Company's scope of consolidation as wholly-owned subsidiaries;

April 2023: Deutschland (Tokuyama Dental Deutschland)

June 2024: Italy (Tokuyama Dental Italy)

Global Market Size of Dental Materials and Equipment (Composite Resin)



North America	<ul style="list-style-type: none"> ● Further expanding market share of composite resin (aim for over 10% market share) ● Increasing brand awareness; enhance product lineup
Europe	<ul style="list-style-type: none"> ● Expanding market share throughout the region ● Expanding sales structure by restructuring
Japan and Asia	<ul style="list-style-type: none"> ● Accelerating development for digital dental field ● Continuing market research in China ● Promoting the development of Asian demand
Central and South America	<ul style="list-style-type: none"> ● Cultivating demand for restorative materials (composite resins and adhesive materials) ● Accelerating development of esthetic composite resin market
Africa	<ul style="list-style-type: none"> ● Considering market entry continuously
R&D	<ul style="list-style-type: none"> ● Promoting research and development for digital dental field ● Expanding CAD/CAM business and full-scale entry into 3D printer market

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4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q1 FY2023	Q1 FY2024	Changes	
			Amount	%
Net sales	84.8	82.5	(2.3)	(3)
Cost of sales	60.9	55.6	+5.2	+9
Selling, general and administrative expenses	18.7	19.3	(0.5)	(3)
Operating profit	5.1	7.5	+2.3	+46
Non-operating income/expenses	0.5	0.9	+0.4	+80
Ordinary profit	5.6	8.4	+2.7	+49
Extraordinary income/expenses	0.6	3.2	+2.6	+428
Profit/loss before income taxes	6.2	11.6	+5.3	+86
Income taxes	2.0	4.3	(2.3)	(112)
Non-controlling interests	(0.0)	(0.1)	+0.0	-
Profit attributable to owners of parent	4.3	7.4	+3.0	+72

*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)

	As of Mar 31,2024	As of Jun 30,2024	Changes	
			Amount	%
Total assets	457.3	480.2	+22.9	+5
Current assets	217.7	236.9	+19.1	+9
Tangible fixed assets	168.7	170.6	+1.9	+1
Intangible fixed assets	3.4	3.6	+0.1	+5
Investments and other assets	67.3	68.9	+1.6	+2

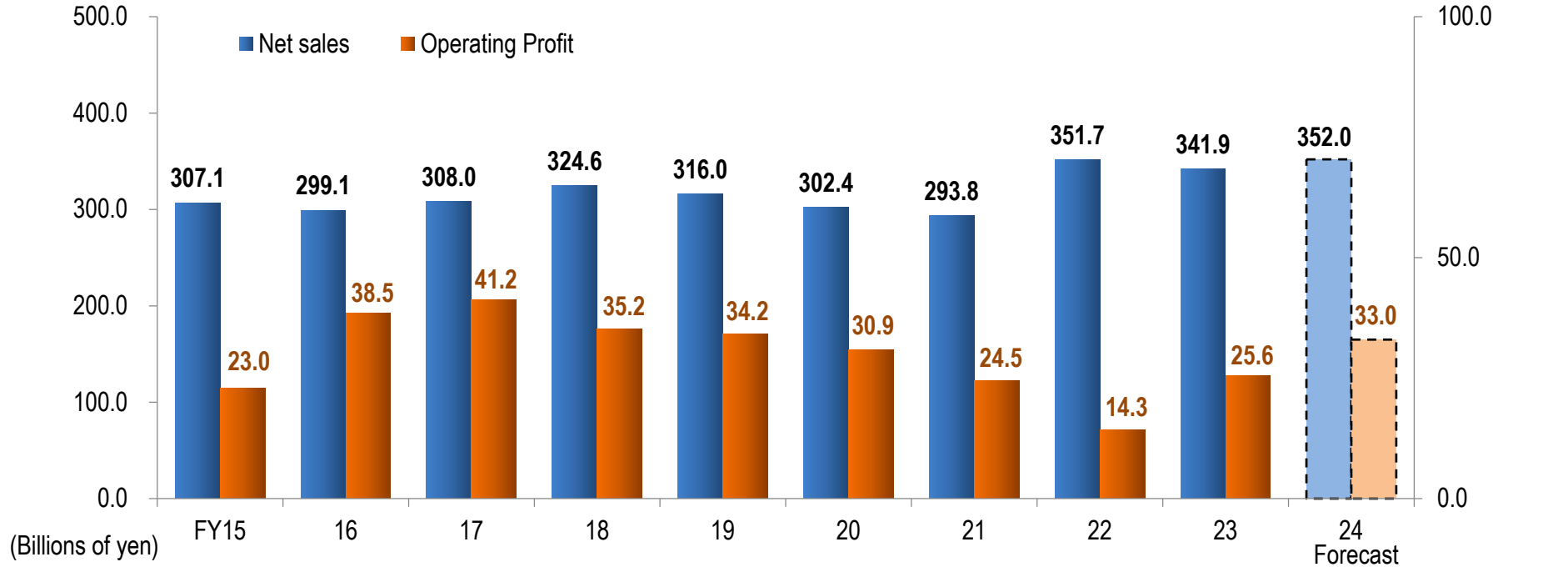
	As of Mar 31,2024	As of Jun 30,2024	Changes	
			Amount	%
Total liabilities	197.4	212.4	+15.0	+8
Current liabilities	103.9	97.9	(5.9)	(6)
Long-term liabilities	93.4	114.4	+20.9	+22
Total net assets	259.9	267.8	+7.8	+3

2. Performance Trend

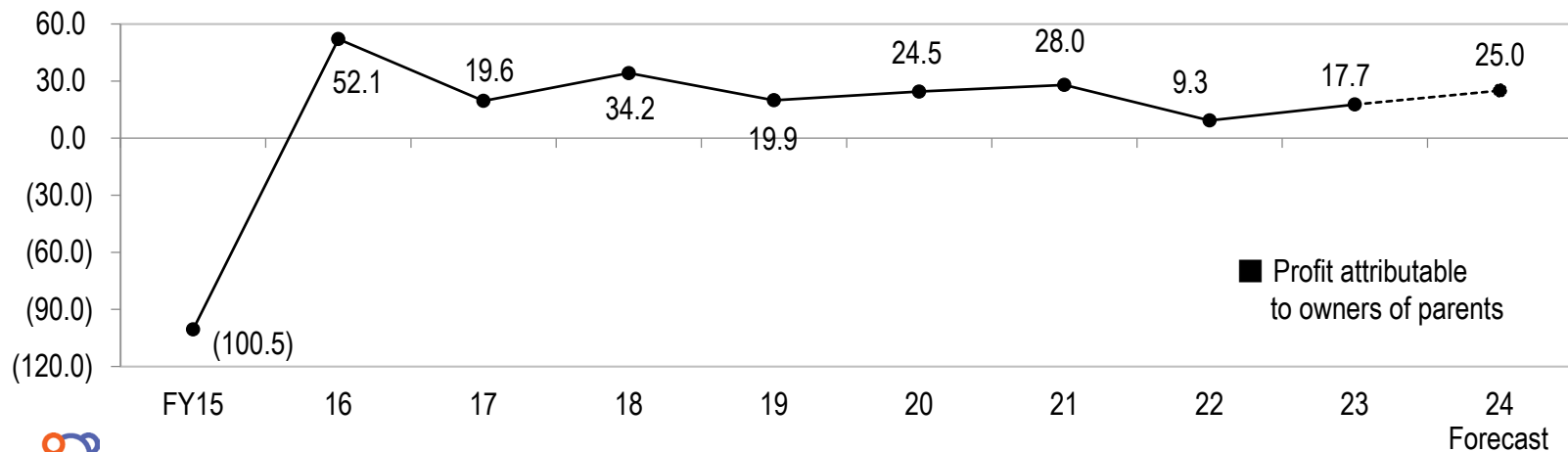
Net sales (Billions of yen)

Annual

Operating Profit (Billions of yen)

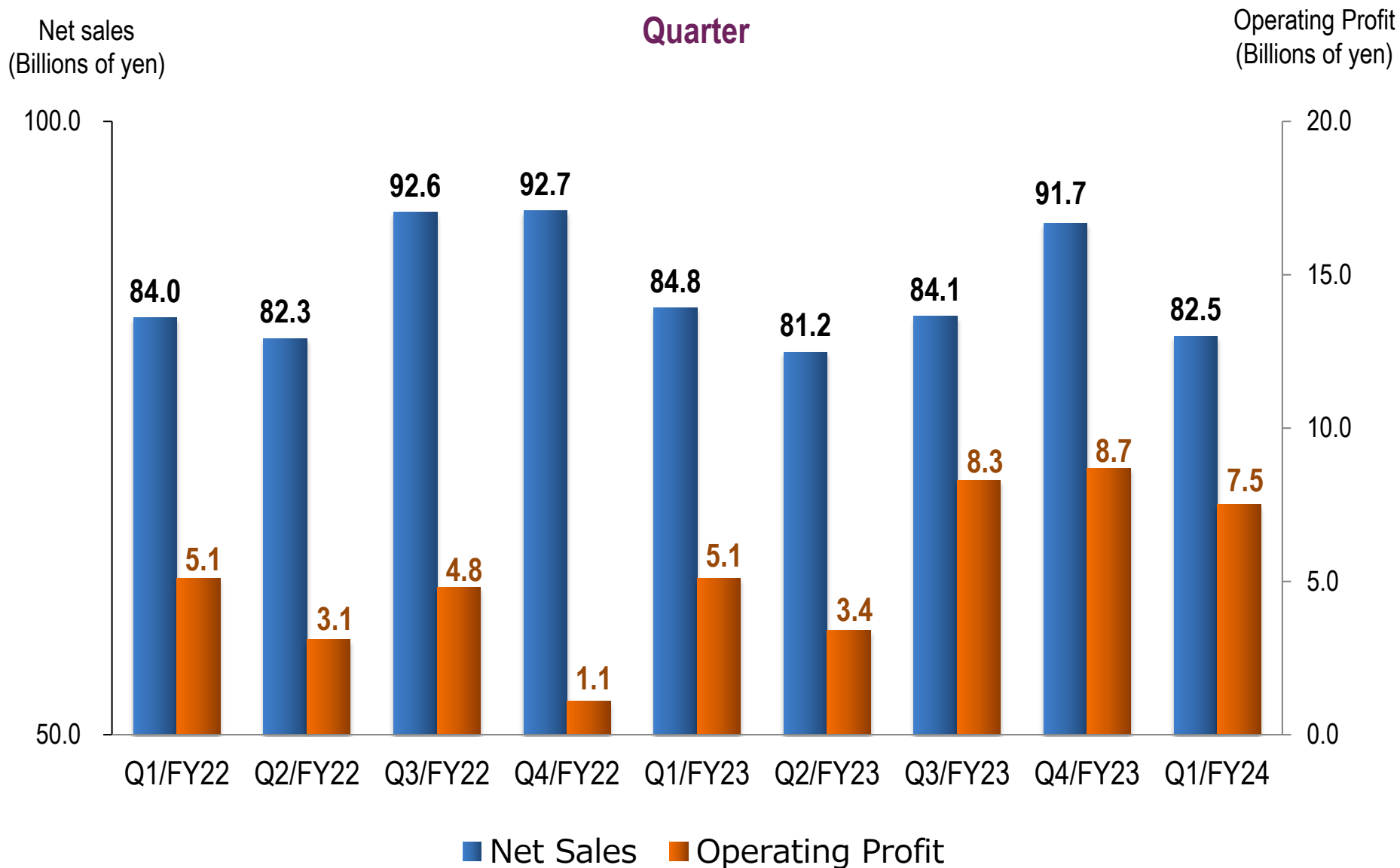


(Billions of yen)



■ Profit attributable to owners of parents

2. Performance Trend



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