

Q2 Fiscal 2024 - Apr 1, 2024 to Sep 30, 2024-

Presentation for IR Meeting

October 29, 2024

Tokuyama Corporation



Key points of the second quarter of fiscal 2024

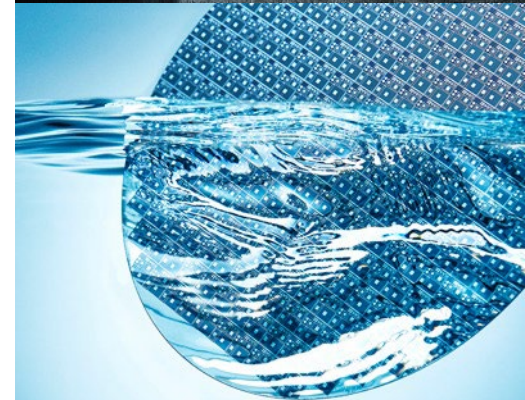
- Despite firm sales of semiconductor-related products, decrease in net sales compared with the corresponding period of the previous fiscal year owing to such factors as the exclusion of Excel Shanon Corporation from the Company's scope of consolidation
- Operating profit increased due mainly to lower 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, forecasts for the fiscal year under review remain unchanged as business performance trends progress in line with plans

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① Financial Results for Q2 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)

	Q2 FY2023	Q2 FY2024	Difference		Main changing factors
			Amount	%	
Net sales	166.1	165.5	(0.5)	(0)	Exclusion of Excel Shanon Corporation from the Company's scope of consolidation
Operating profit	8.5	13.9	+5.3	+63	Progress in manufacturing cost improvements
Ordinary profit	8.9	13.6	+4.6	+52	Increase in operating profit
Profit attributable to owners of parent	6.2	11.6	+5.4	+87	Increase in ordinary profit Improvement in extraordinary income/expenses*
Basic earnings per share (yen)	86.56	161.81	-	-	-
Exchange rate (yen/USD)	141	153	-	-	-
Domestic naphtha price (yen/kl)	64,500	77,500	-	-	-

*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 Sep 30,2024	Difference	Main changing factors
Total assets	457.3	462.7	+5.4	Increase in cash and deposits
Shareholders' equity	249.2	253.9	+4.6	Posting profit attributable to owners of parent
Shareholders' equity ratio	54.5%	54.9%	+0.4pts	-
Interest-bearing debt	105.7	109.8	+4.0	Issuance of bonds
D/E ratio	0.42	0.43	+0.01	-
Net D/E ratio*	0.23	0.18	(0.05)	-
Net assets per share (yen)	3,464.47	3,529.85	-	-

*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)

	Q2 FY2023		Q2 FY2024		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating Profit	%
Chemicals	55.8	5.2	57.2	5.2	+1.4	+3	+0.0	+0
Cement	32.5	2.2	32.2	3.6	(0.2)	(1)	+1.4	+63
Electronic & Advanced Materials	35.9	0.6	39.7	2.8	+3.8	+11	+2.2	+364
Life Science	20.3	4.1	20.0	3.8	(0.3)	(2)	(0.2)	(6)
Eco Business	4.3	(0.3)	1.9	(0.2)	(2.3)	(55)	+0.0	-
Others	22.2	(1.0)	19.2	1.8	(2.9)	(13)	+2.8	-
Total	171.2	10.9	170.5	17.3	(0.6)	(0)	+6.4	+59
Inter-segment eliminations and corporate-wide expenses	(5.1)	(2.3)	(5.0)	(3.4)	+0.0	-	(1.0)	-
Consolidated Results	166.1	8.5	165.5	13.9	(0.5)	(0)	+5.3	+63

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

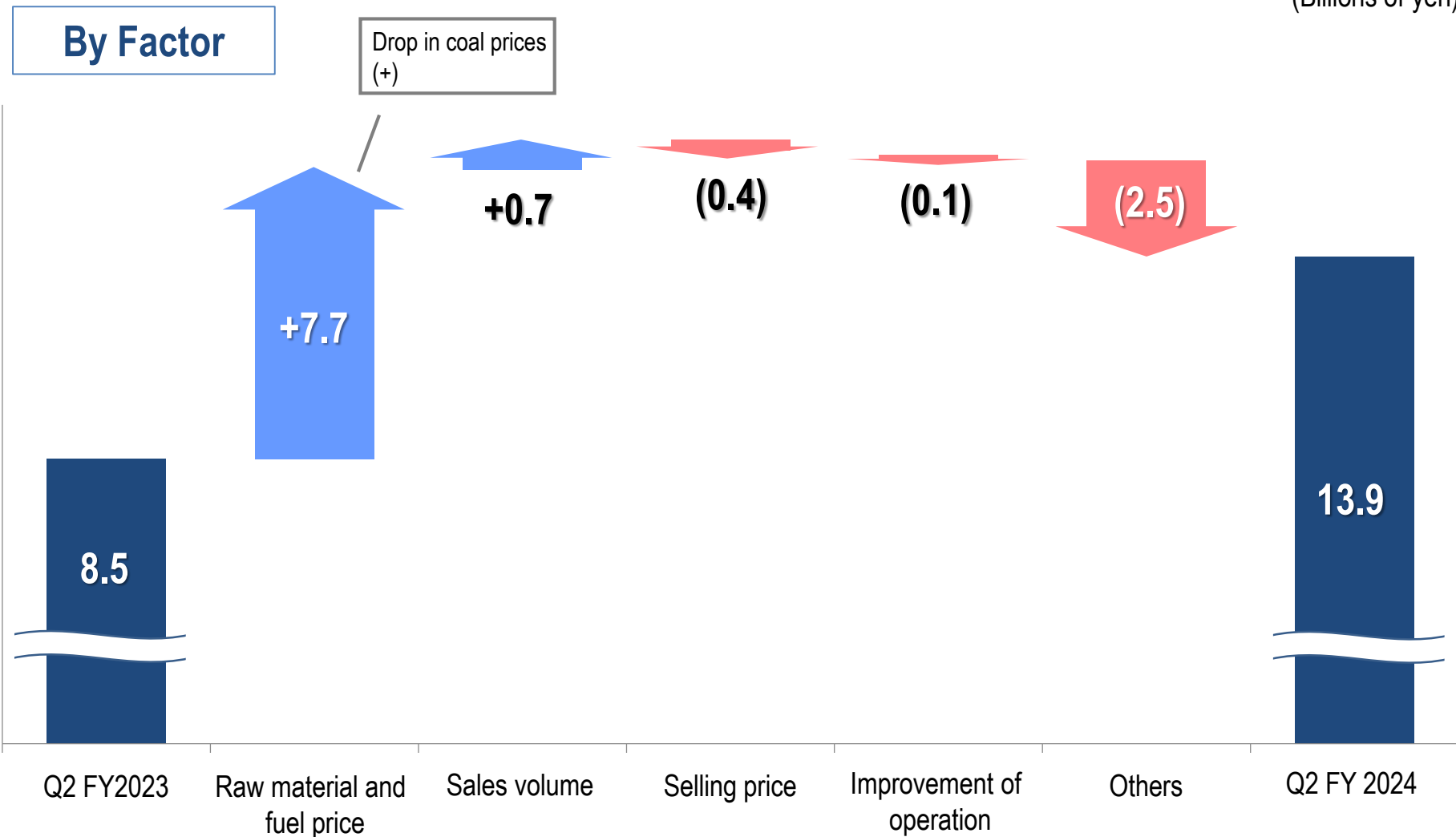
(Note2) The figures of Q2 FY2023 and Q2 FY2024 stated above have been modified to reflect the operating results based on the business segment after this change

3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



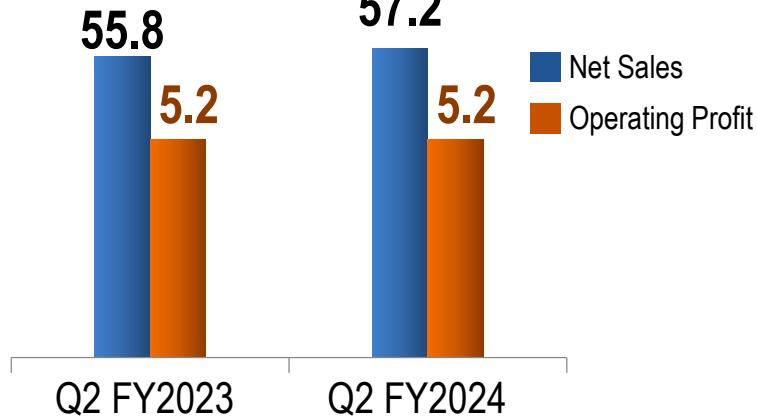
Drop in coal prices (+)

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

Chemicals

Higher earnings on higher sales

(Billions of yen)



Qualitative information

(Caustic soda)

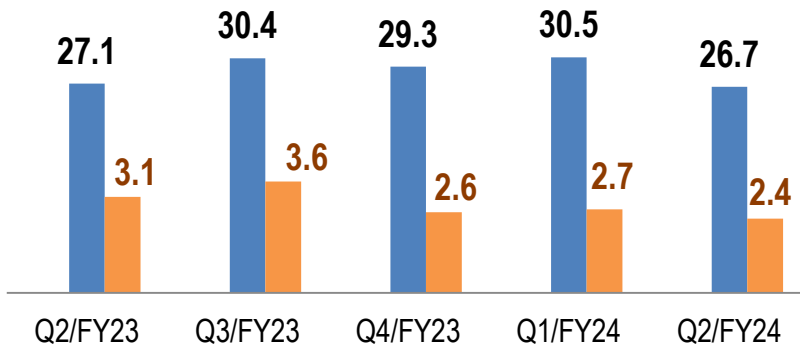
- Earnings grew due to a variety of factors, including an increase in export volumes, although domestic sales volumes remained in line with the corresponding period of the previous fiscal year

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

- Earnings declined mainly due to weak sales volume trends in Japan and an increase in manufacturing costs

(Soda ash)

- Earnings decreased owing to lower sales volumes

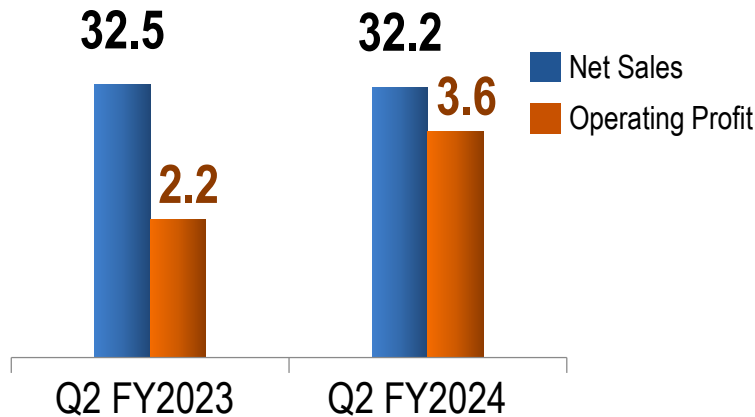


4. Changes in Net Sales / Operating Profit by Business Segment

Cement

Higher earnings on lower sales

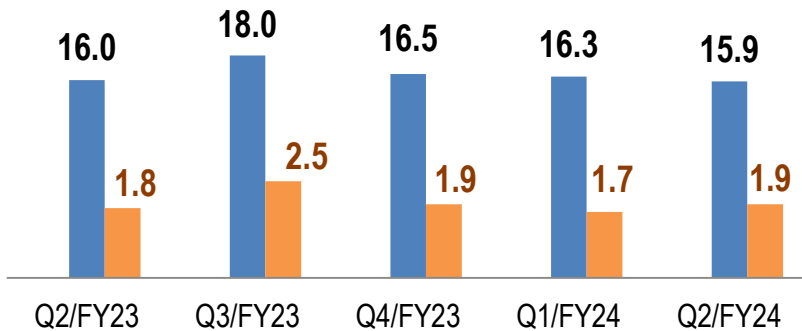
(Billions of yen)



Qualitative information

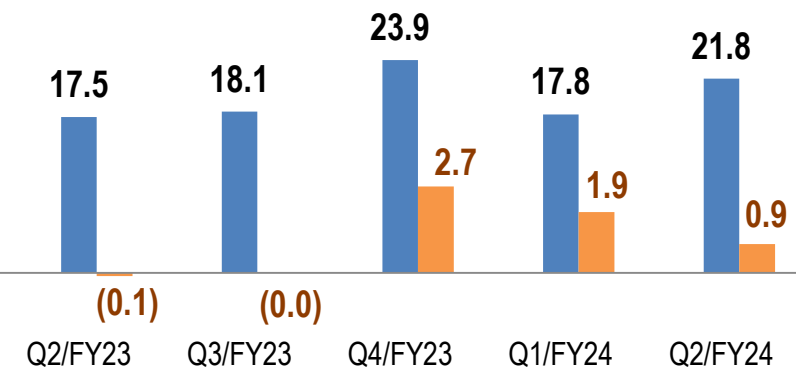
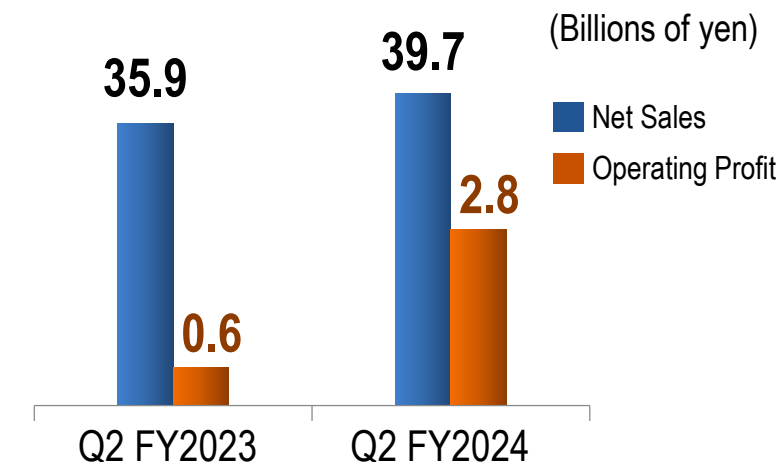
(Cement)

- Despite a slight decrease in sales volume year-on-year in Japan, earnings grew on the back of efforts to maintain selling prices and improve manufacturing cost



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

Electronic & Advanced Materials



Higher earnings on higher sales

Qualitative information

(Semiconductor-grade polycrystalline silicon)

- Earnings grew thanks to a variety of factors, including an upswing in sales volumes.

(IC Chemicals)

- 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 economic conditions in China

(Thermal management materials)

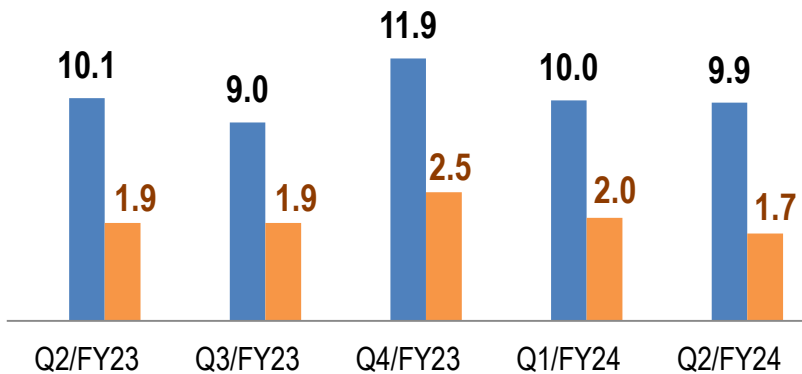
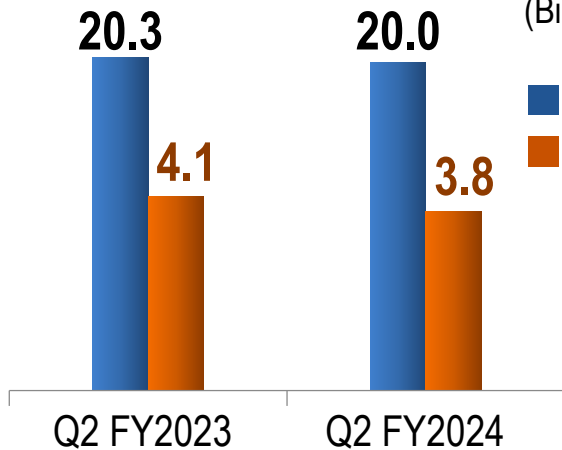
- Results in line with the corresponding period of the previous fiscal year owing to such factors as firm trends in overseas sales volumes

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 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

(Medical diagnostic systems)

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

(APIs and intermediates)

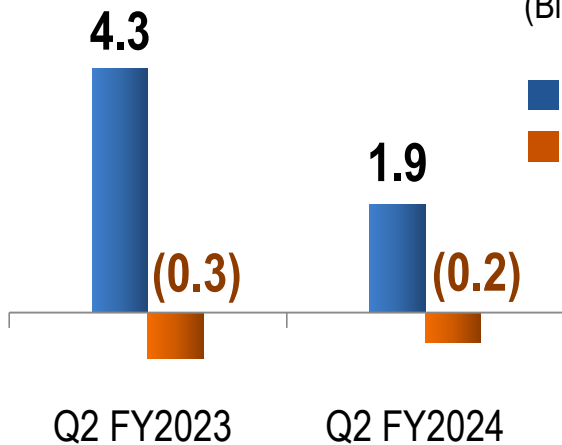
- Earnings declined due to a decrease in the sales volume of generic pharmaceutical

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)

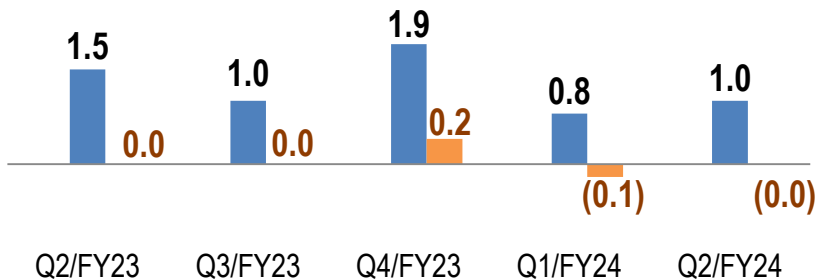
- Earnings decreased owing to the decline in shipments

(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
3. Shareholder Returns



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	First half :153 Second half :145	-	-	-
Domestic naphtha price (yen/kl)	69,100	First half :77,500 Second half :69,000	-	-	-

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. Shareholder Returns

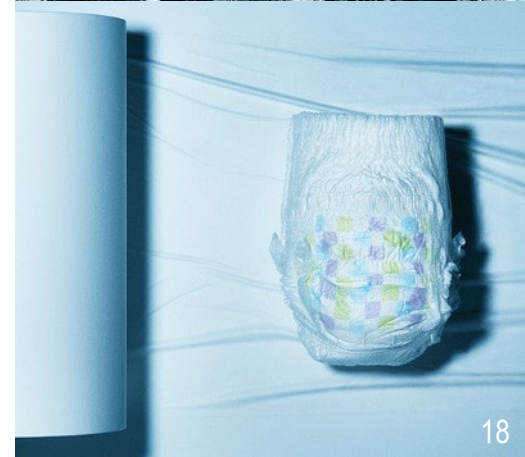
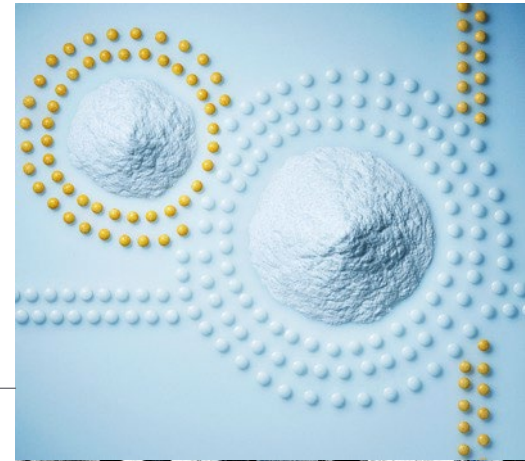
- Paid out an interim dividend of ¥50 yen per share as planned
- An year-end dividend is also expected to be ¥50 yen per share

Fiscal Year	2019	2020	2021	2022	2023	2024
Interim Dividend (Yen)	35	35	35	35	35	50
Year-end Dividend (Yen)	35	35	35	35	45	(50)
Payout ratio (%)	24.4	19.9	18.0	53.8	32.4	(28.8)

(Note) The numbers in parentheses are planned numbers

3 Topics

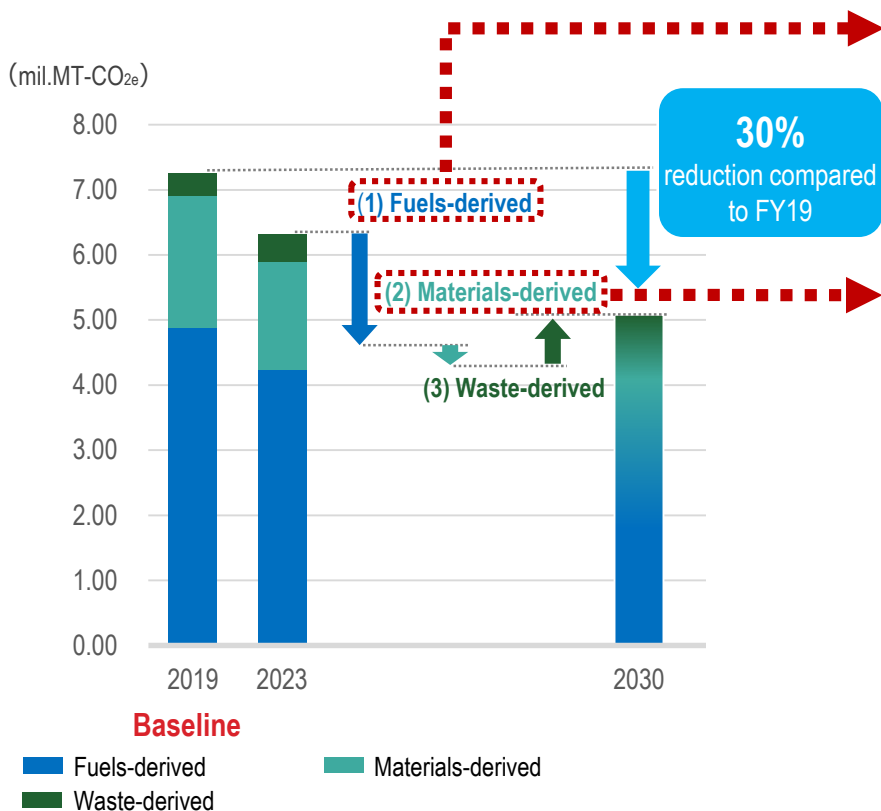
1. Contribute to Mitigation of Global Warming



1. Contribute to Mitigation of Global Warming

Accelerate measures aimed at reducing GHG emissions in the Chemical Business

Medium- to long-term reduction targets for GHG emissions (Scope 1, 2)



Fuel conversion in the production of sodium silicate cullet

Conversion of fuel from fuel oil and kerosene to natural gas / Improved combustion efficiency

- ▶ Reduction in CO₂ emissions
- From FY2027: Plans for the conversion of fuel

Low-carbon soda ash production process

Charcoal oxidation tower improvement

- ▶ Improved CO₂ absorption efficiency / Reduced power consumption

From FY2023: Start of pilot plant operations

From FY2028: Commercial plant operations commence

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4 Supplementary Material

- 1. Consolidated Financial Statements**
- 2. Non-Operating Income / Expenses, Extraordinary Gains / Losses and Financial Cost**
- 3. Investment Results / Plan**
- 4. Performance Trend**
- 5. CAPEX, Depreciation and R&D Expenses Trend**
- 6. Interest-Bearing Debts Trend**
- 7. Cash Flow Trend**



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q2 FY2023	Q2 FY2024	Changes	
			Amount	%
Net sales	166.1	165.5	(0.5)	(0)
Cost of sales	120.7	113.1	+7.5	+6
Selling, general and administrative expenses	36.8	38.4	(1.5)	(4)
Operating profit	8.5	13.9	+5.3	+63
Non-operating income/expenses	0.3	(0.3)	(0.7)	-
Ordinary profit	8.9	13.6	+4.6	+52
Extraordinary income/expenses	0.4	3.1	+2.7	+572
Profit/loss before income taxes	9.4	16.8	+7.3	+78
Income taxes	3.3	5.3	(2.0)	(63)
Non-controlling interests	(0.1)	(0.2)	+0.1	-
Profit attributable to owners of parent	6.2	11.6	+5.4	+87

*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 Sep 30,2024	Changes	
			Amount	%
Total assets	457.3	462.7	+5.4	+1
Current assets	217.7	222.5	+4.7	+2
Tangible fixed assets	168.7	168.3	(0.4)	(0)
Intangible fixed assets	3.4	4.0	+0.6	+17
Investments and other assets	67.3	67.8	+0.5	+1

	As of Mar 31,2024	As of Sep 30,2024	Changes	
			Amount	%
Total liabilities	197.4	196.3	(1.0)	(1)
Current liabilities	103.9	84.1	(19.7)	(19)
Long-term liabilities	93.4	112.2	+18.7	+20
Total net assets	259.9	266.4	+6.4	+2

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

		(Billions of yen)		
		Q2 FY2023	Q2 FY2024	Changes
Non-operating income	Interest and dividend income	0.4	0.4	+0.0
	Other income	2.6	2.2	(0.4)
	Total	3.1	2.7	(0.4)
Non-operating expenses	Interest expenses	0.8	0.4	+0.4
	Other expenses	1.8	2.6	(0.7)
	Total	2.7	3.0	(0.3)
Non-operating income/expenses		0.3	(0.3)	(0.7)
Extraordinary gains		0.7	3.6	+2.9
Extraordinary losses		0.2	0.4	(0.1)
Extraordinary gains/losses		0.4	3.1	+2.7
Financial income and expenses		(0.4)	0.0	+0.4

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

3. Investment Results / Plan

(Billions of yen)

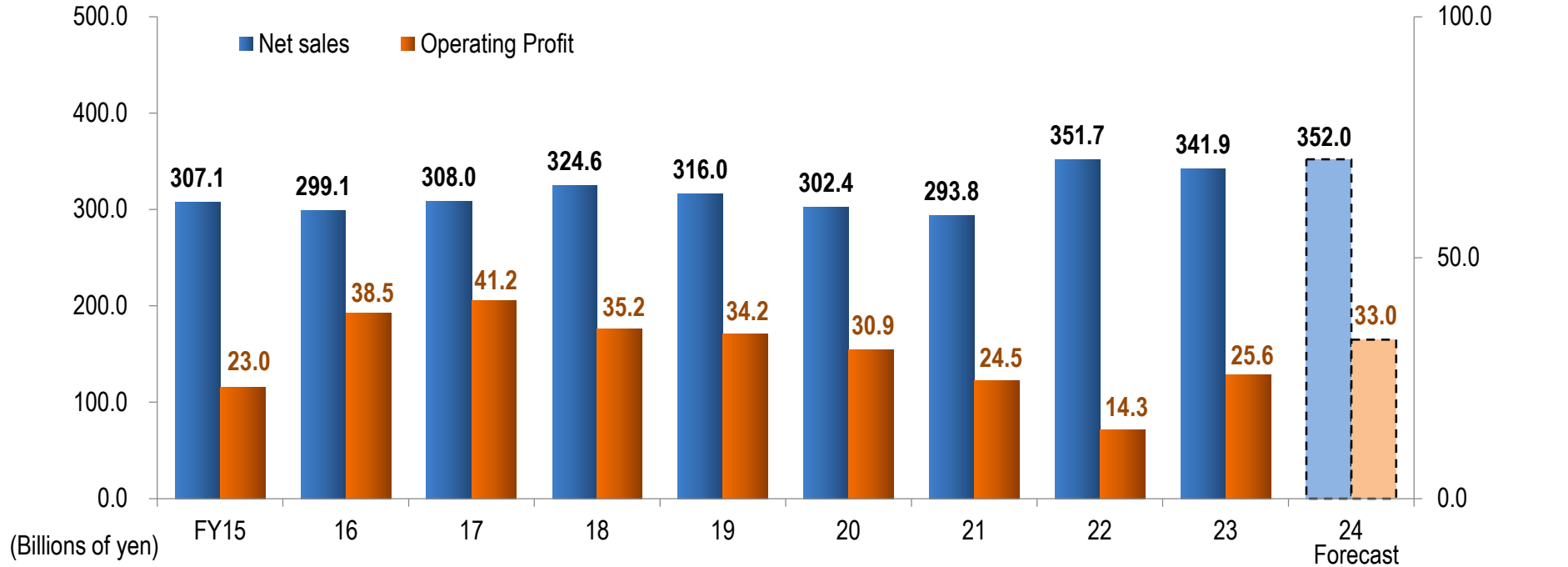
	FY2023		FY2024		Changes	
	First half Results	Fiscal year Results	First half Results	Fiscal year Forecast	First Half	Fiscal Year
Capital expenditures	16.1	29.7	9.5	29.5	(6.5)	(0.2)
Depreciation and amortization	8.4	17.6	9.5	20.0	+1.1	+2.4
R&D expenses	7.1	14.4	8.0	17.0	+0.9	+2.5

4. Performance Trend

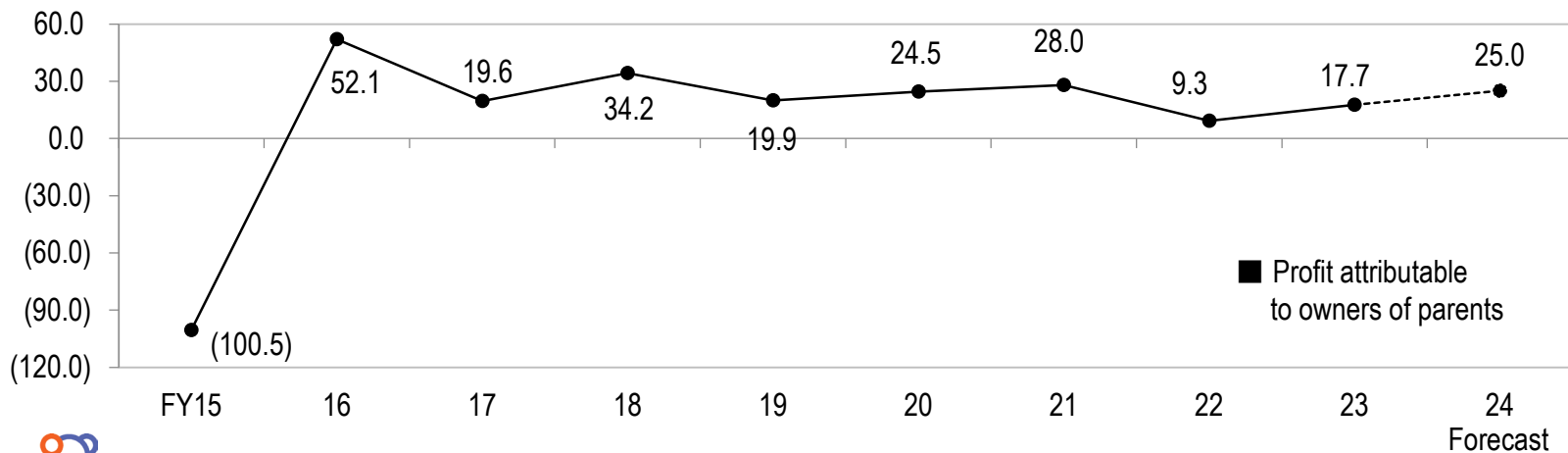
Net sales (Billions of yen)

Annual

Operating Profit (Billions of yen)

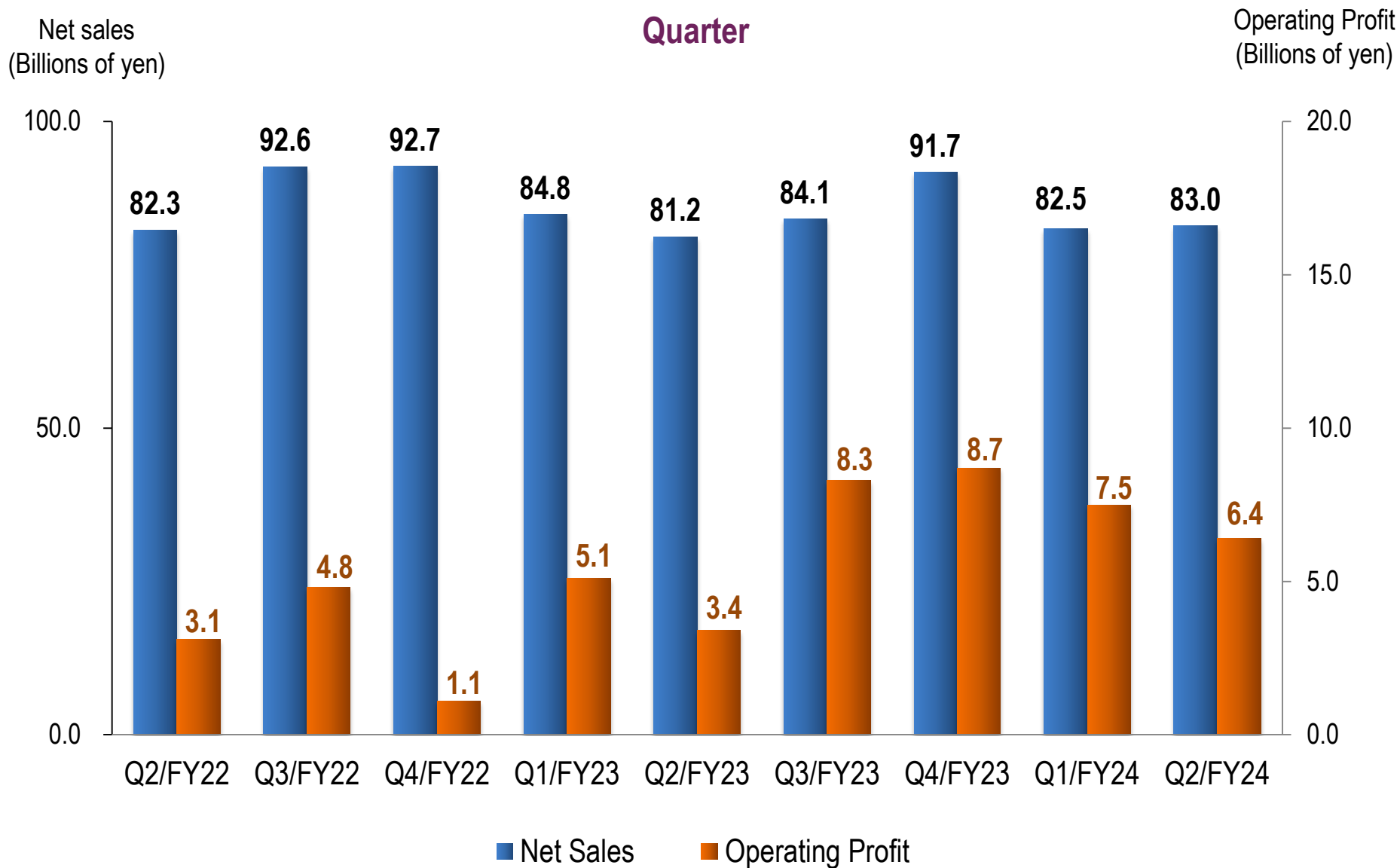


(Billions of yen)



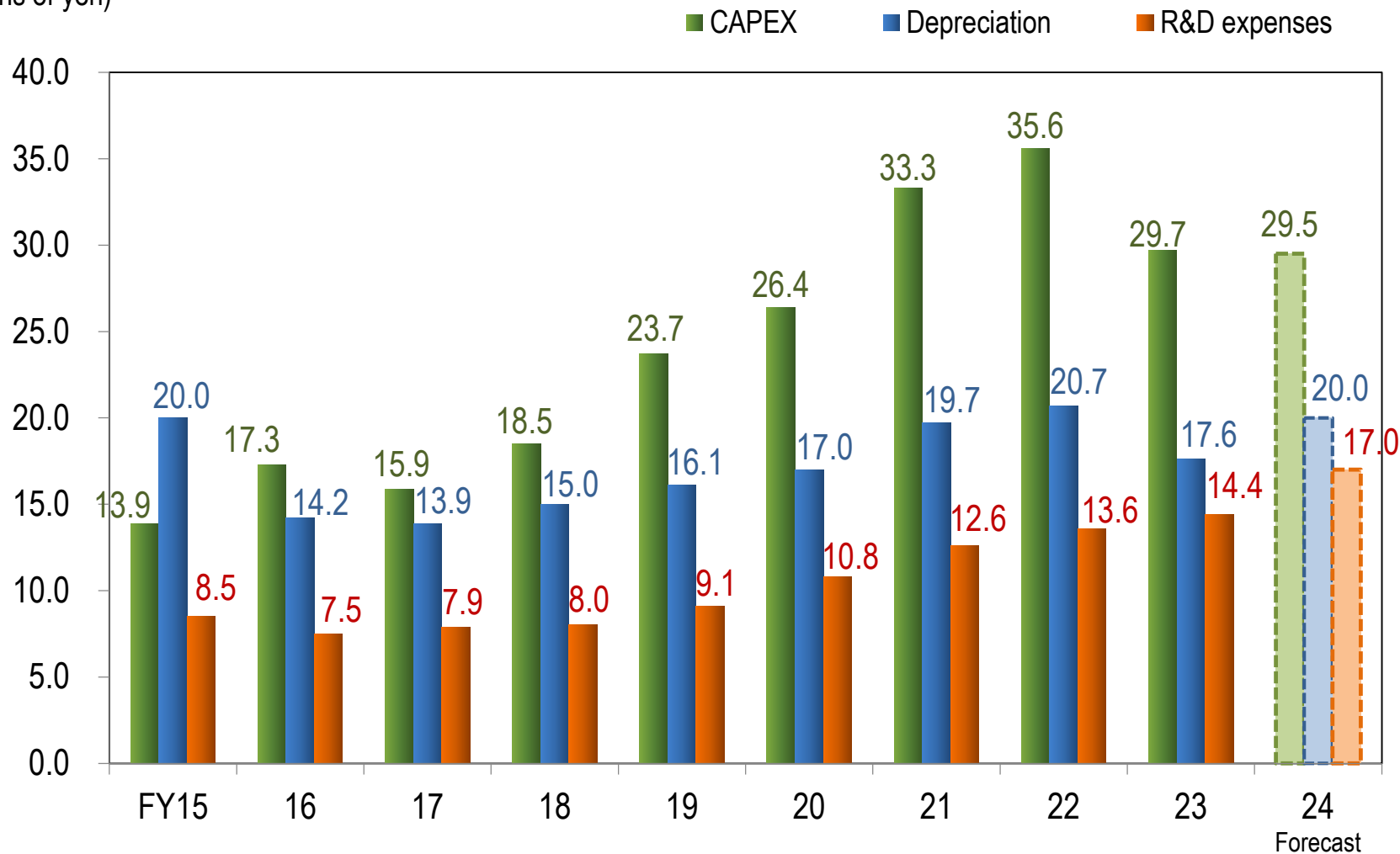
■ Profit attributable to owners of parents

4. Performance Trend



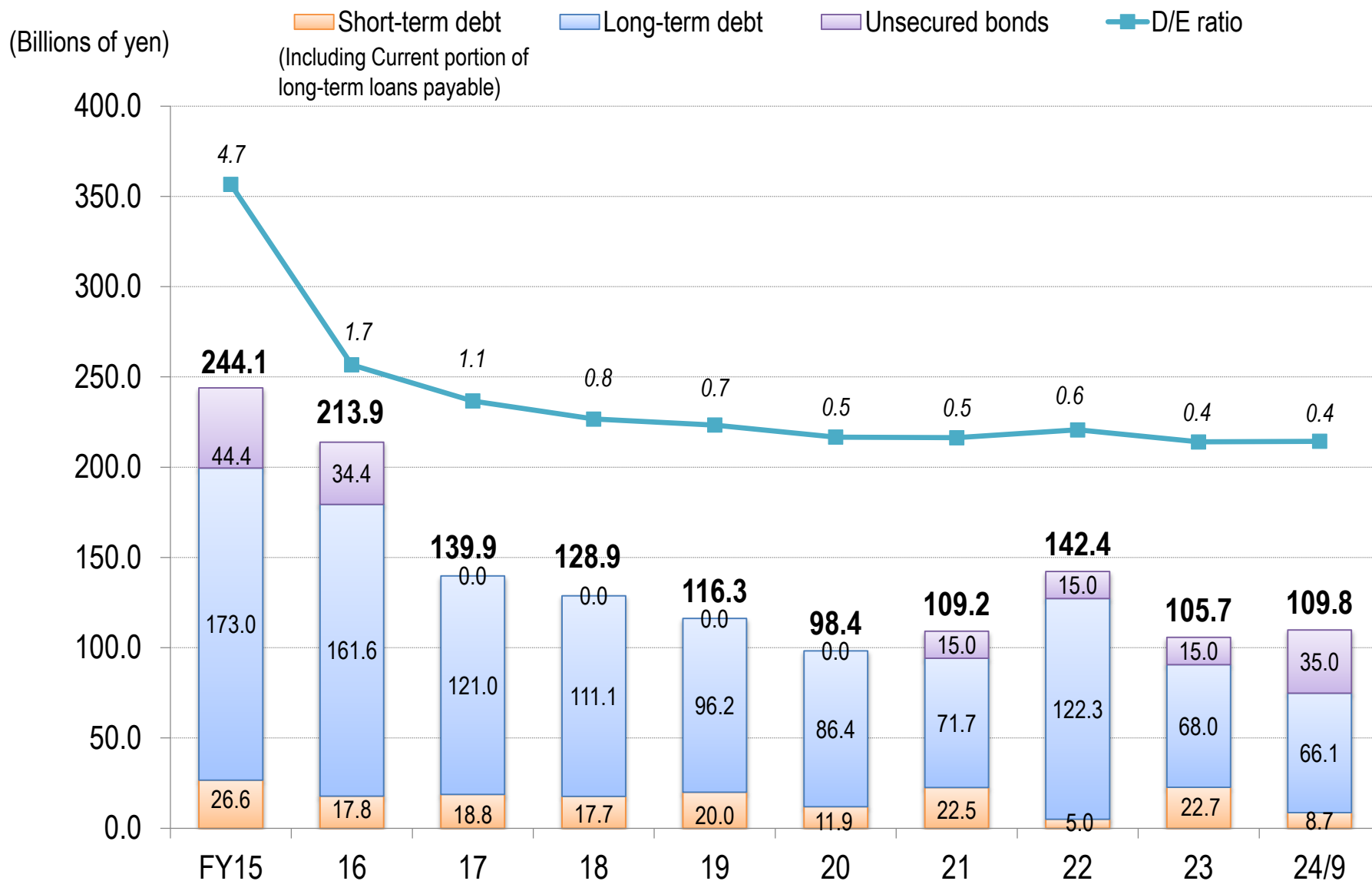
5. CAPEX, Depreciation and R&D Expenses Trend

(Billions of yen)



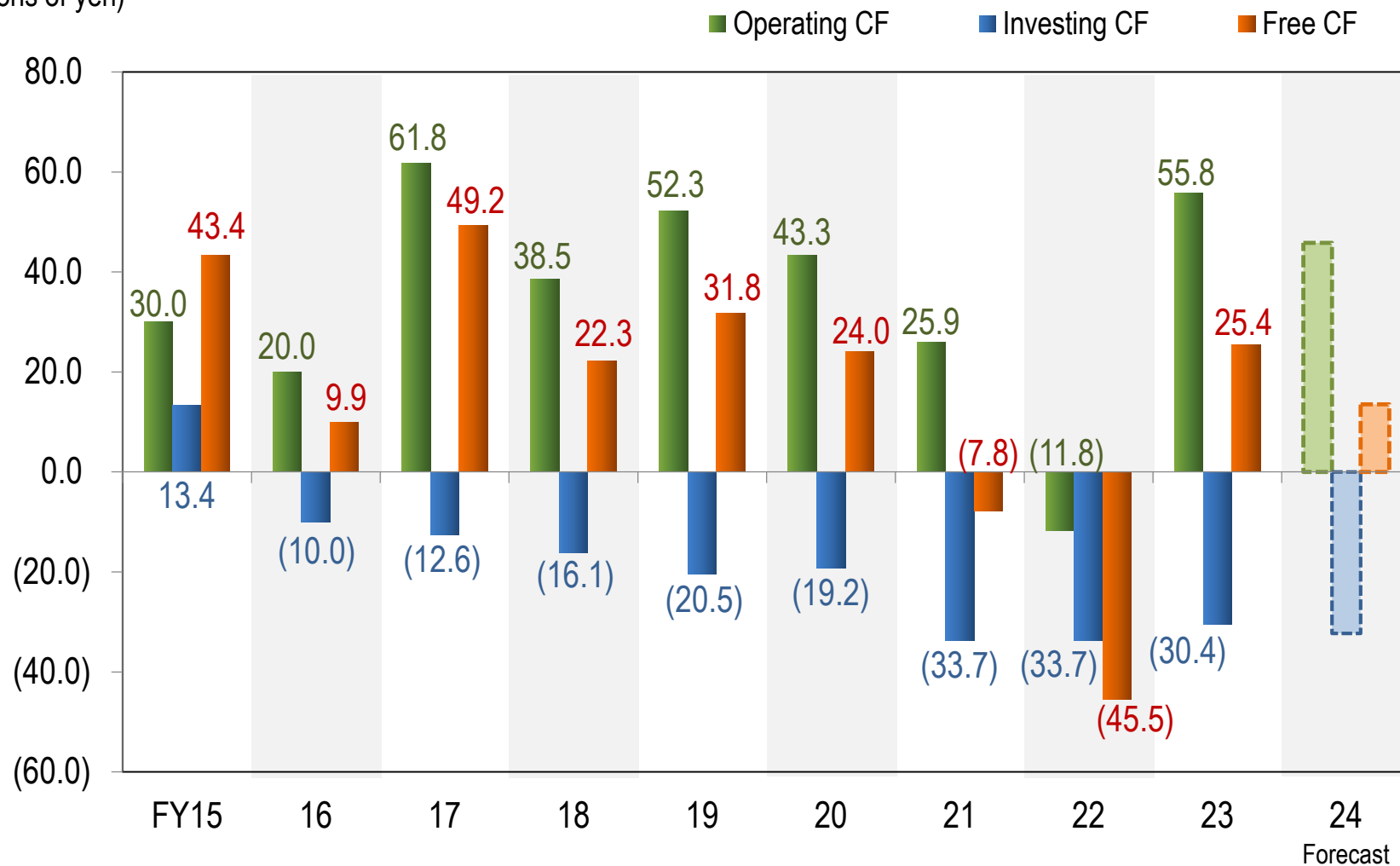
*The depreciation method for property, plant and equipment was changed from the declining balance method to the straight-line method from fiscal year 2023.

6. Interest-Bearing Debts Trend



7. Cash Flow Trend

(Billions of yen)



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