

For the Fiscal Year Ended March 31, 2023

Annual Select[®] 2023

Tayca Corporation

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(Securities Code: 4027)

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Corporate Profile

The history of Tayca Corporation began with the establishment of Teikoku Jinzo Fertilizer Co., Ltd. in 1919. Since our founding, we have continued to build upon our expertise in sulfuric acid technologies to expand our business while researching, manufacturing, and selling a variety of products demanded by the chemical industry. Our principal products include titanium dioxide, surfactants, functional fine particle products, and piezoelectric materials, all of which we have adapted to the evolving needs of society and to the changing times. In 2019, we took pride in celebrating our company's centennial.

As we continue to prosper under the slogan "Creating Inspiring Materials with Earnest," our Group recently formulated the "MOVING-10" plan, our long-term management vision targeting the completion year of 2030. By making full use of our organic and inorganic synthesis technology, surface treatment technology, and dispersion and stabilization technology that we have cultivated over many years, we are actively engaged in expanding our businesses into the fields of life sciences and environmental energy, which hold the promise of benefitting human health and helping to protect the global environment. Moreover, by diligently and proactively addressing current management challenges such as the implementation of environmental, social, and governance (ESG) management principles and the pursuit of the UN's sustainable development goals (SDGs), we aim to enhance our corporate value even as we contribute to the emergence of a society committed to sustainability.

In an era in which we are witnessing significant changes in society and shifts in personal values, we at Tayca remain committed to providing inspiration to all as we continue to focus on driving the future growth of the Tayca Group.

I. Summary of Selected Financial Data (Consolidated)

| | 153 rd term Fiscal year ended March 31, 2019 | 154 th term Fiscal year ended March 31, 2020 | 155 th term Fiscal year ended March 31, 2021 | 156 th term Fiscal year ended March 31, 2022 | 157 th term Fiscal year ended March 31, 2023 |
|---|---|---|---|---|---|
| Net sales (Millions of yen) | 47,385 | 45,435 | 38,402 | 46,362 | 54,773 |
| Ordinary profit (Millions of yen) | 6,033 | 5,798 | 2,740 | 4,156 | 4,717 |
| Profit attributable to owners of parent (Millions of yen) | 4,007 | 3,830 | 1,927 | 2,845 | 2,986 |
| Comprehensive income (Millions of yen) | 3,029 | 3,056 | 4,222 | 1,876 | 3,239 |
| Net assets (Millions of yen) | 45,356 | 46,940 | 50,230 | 51,263 | 53,658 |
| Total assets (Millions of yen) | 63,916 | 63,554 | 69,177 | 72,128 | 75,717 |
| Net assets per share (Yen) | 1,916.26 | 2,010.70 | 2,152.62 | 2,196.16 | 2,296.45 |
| Basic earnings per share (Yen) | 170.47 | 163.70 | 83.16 | 122.79 | 128.86 |
| Diluted earnings per share (Yen) | — | — | — | — | — |
| Equity-to-asset ratio (%) | 70.5 | 73.3 | 72.1 | 70.6 | 70.3 |
| Rate of return on equity (ROE) (%) | 9.1 | 8.4 | 4.0 | 5.6 | 5.7 |
| Price-earnings ratio (PER) (Times) | 14.9 | 8.7 | 17.8 | 10.5 | 9.1 |
| Net cash provided by (used in) operating activities (Millions of yen) | 4,830 | 5,165 | 4,953 | 4,841 | 581 |
| Net cash provided by (used in) investing activities (Millions of yen) | (3,787) | (5,498) | (4,905) | (2,807) | (2,980) |
| Net cash provided by (used in) financing activities (Millions of yen) | 1,270 | (2,346) | 2,519 | (2,363) | 825 |
| Cash and cash equivalents at end of period (Millions of yen) | 13,388 | 10,713 | 13,250 | 12,981 | 11,582 |
| Number of employees (Persons) | 758 | 793 | 834 | 825 | 832 |

- Notes: 1. “Diluted earnings per share” is not provided since there are no potential shares.
2. Tayca Corporation and its subsidiaries (the “Group”) have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the 156th term (fiscal year ended March 31, 2022). The selected financial data shown for the 156th term (fiscal year ended March 31, 2022) and subsequent term are those after applying the new accounting standards.

II. Top Message



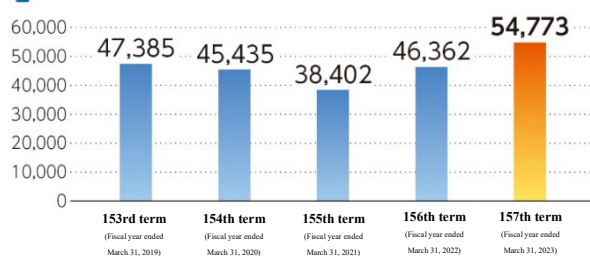
Tayca Corporation's 157th term (from April 1, 2022 to March 31, 2023) has ended and as such we hereby offer the following report regarding the settlement of accounts, etc.

Shunji Idei

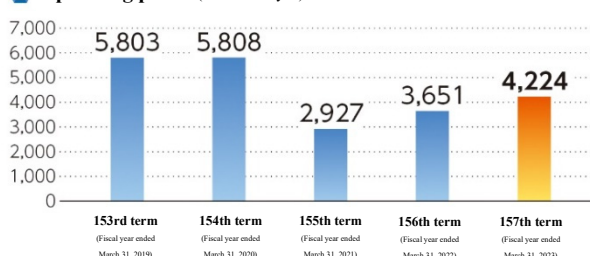
Representative Director, President Executive Officer


During the fiscal year ended March 31, 2023, the Group posted net sales of ¥54,773 million (up 18.1% from the previous fiscal year), operating profit of ¥4,224 million (up 15.7% from the previous fiscal year), ordinary profit of ¥4,717 million (up 13.5% from the previous fiscal year) and profit attributable to owners of parent of ¥2,986 million (up 4.9% from the previous fiscal year). This was mainly due to a recovery in sales of functional fine particle products for cosmetics, particularly for export.

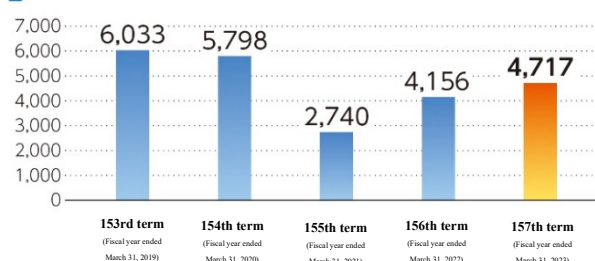
 **Net sales** (millions of yen)




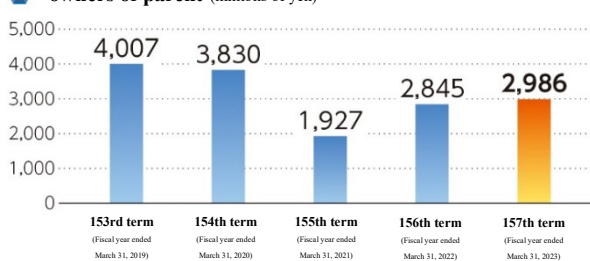
 **Operating profit** (millions of yen)



 **Ordinary profit** (millions of yen)



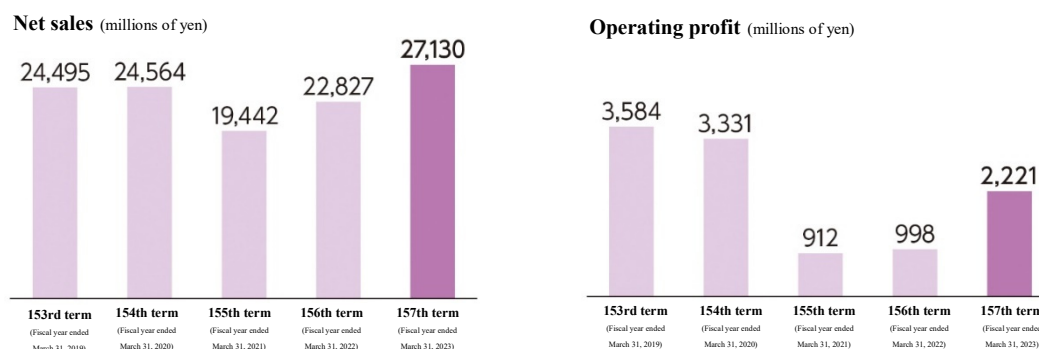
 **Profit attributable to owners of parent** (millions of yen)



Functional Chemical Business

In regard to general usage titanium dioxide, net sales grew year on year, mainly due to a gradual recovery in demand in the domestic market, although export sales volume declined due to factors including the lockdowns in China. In regard to specialty use micro titanium dioxide, micro zinc oxide, and surface treatment products, both sales volume and net sales increased year on year due to recovery in overseas sales, primarily to the United States.

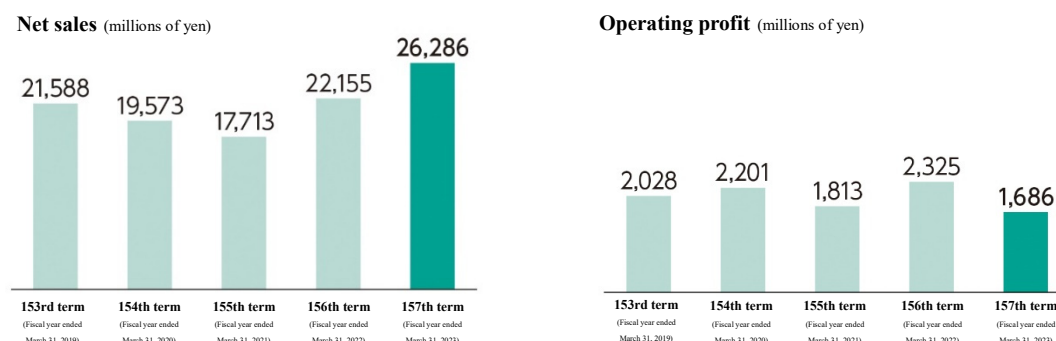
As a result of the above, net sales for this business were ¥27,130 million (up 18.9% from the previous fiscal year), and segment profit was ¥2,221 million (up 122.6% from the previous fiscal year).



Electronic Material and Basic Chemical Business

Net sales of surfactants increased year on year as a result of increased sales at overseas consolidated subsidiaries and sales price revisions, despite a decline in sales volume due to a drop in sales for industrial applications. Sales volume and net sales of conductive polymers and related products were lower than the previous fiscal year due to sluggish demand for ICT equipment and the delayed development of 5G infrastructure. Net sales of pollution-free anti-corrosive pigments increased year on year due to sales prices revisions, although sales volume decreased as a result of sluggish demand for automotive paints. Net sales of piezoelectric materials grew year on year as a result of steady sales to overseas customers, including overseas consolidated subsidiaries, despite inventory adjustments by domestic medical equipment customers.

As a result of the above, net sales for this business were ¥26,286 million (up 18.6% from the previous fiscal year), and segment profit was ¥1,686 million (down 27.5% from the previous fiscal year).



Other

Net sales in the warehousing business increased as a result of acquisition of new customers and price revisions, however overall net sales fell below those of the previous fiscal year primarily due to a decrease in transportation business revenues.

As a result of the above, net sales for this business were ¥1,355 million (down 1.7% from the previous fiscal year), and segment profit was ¥321 million (down 2.2% from the previous fiscal year).

III. Forecasts for the Next Fiscal Year

The future economic outlook is expected to remain uncertain due to high raw material and fuel prices, as well as concerns about the impact on supply chains caused by the ongoing situation in Ukraine and the heightening of other geopolitical risks.

Despite general usage titanium dioxide showing signs of recovery, we expect that the difficult situation on the earnings front will continue due to rising fuel prices.

Specialty use micro titanium dioxide, micro zinc oxide, and surface treatment products are expected to see a recovery in demand, not only in Europe and the United States, but also in Asia including Japan, so we will watch the markets of each country carefully as we strive to maintain and grow sales.

We expect demand for electronic materials to remain strong both in Japan and overseas. In particular, in conjunction with the piezoelectric single-crystal materials plant that was completed last year entering full-scale operation, we will strive to further expand sales of piezoelectric materials through the stable and efficient supply of products from our manufacturing bases in Japan and the U.S. to countries around the world. Regarding the Basic Chemical Business, robust demand is expected for daily goods such as detergents and we will focus on responding to demand in regions across the globe together with our consolidated subsidiaries in Thailand and Vietnam.

Under these circumstances, the Group will work together unitedly to further raise corporate value while adequately and flexibly responding with speed to the rapidly changing environment.

In regard to the forecasts of consolidated performance for the next fiscal year, we expect net sales of ¥62,000 million, operating profit of ¥4,800 million, ordinary profit of ¥5,000 million, and profit attributable to owners of parent of ¥3,400 million.

In addition, in regard to the dividend for the next fiscal year, we plan to bring the annual dividend to ¥38 per share: a combination of an interim dividend of ¥18 per share and a year-end dividend of ¥20 per share.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | (Millions of yen) | | (Thousands of U.S. dollars) |
|---|-------------------------|-------------------------|-----------------------------|
| | As of March 31, 2022 | As of March 31, 2023 | As of March 31, 2023 |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 13,060 | 11,661 | 87,322 |
| Notes and accounts receivable - trade | 13,738 | 14,792 | 110,768 |
| Electronically recorded monetary claims - operating | 350 | 358 | 2,680 |
| Merchandise and finished goods | 8,044 | 11,015 | 82,484 |
| Work in process | 1,279 | 1,837 | 13,756 |
| Raw materials and supplies | 4,997 | 6,344 | 47,506 |
| Other | 831 | 624 | 4,672 |
| Allowance for doubtful accounts | (2) | (3) | (22) |
| Total current assets | 42,300 | 46,631 | 349,191 |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures, net | 6,421 | 6,580 | 49,273 |
| Machinery, equipment and vehicles, net | 7,028 | 7,088 | 53,077 |
| Land | 1,695 | 1,717 | 12,857 |
| Construction in progress | 1,662 | 1,031 | 7,720 |
| Other, net | 438 | 542 | 4,058 |
| Total property, plant and equipment | 17,246 | 16,960 | 127,003 |
| Intangible assets | | | |
| Goodwill | 1,463 | 1,407 | 10,536 |
| Other | 164 | 119 | 891 |
| Total intangible assets | 1,628 | 1,526 | 11,427 |
| Investments and other assets | | | |
| Investment securities | 9,786 | 9,279 | 69,484 |
| Long-term prepaid expenses | 800 | 995 | 7,450 |
| Deferred tax assets | 80 | 76 | 569 |
| Other | 305 | 266 | 1,991 |
| Allowance for doubtful accounts | (20) | (20) | (149) |
| Total investments and other assets | 10,953 | 10,597 | 79,354 |
| Total non-current assets | 29,827 | 29,085 | 217,799 |
| Total assets | 72,128 | 75,717 | 566,998 |

| | (Millions of yen) | | (Thousands of U.S. dollars) |
|---|-------------------------|-------------------------|-----------------------------|
| | As of March 31, 2022 | As of March 31, 2023 | As of March 31, 2023 |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable - trade | 6,873 | 6,627 | 49,625 |
| Short-term borrowings | 963 | 971 | 7,271 |
| Current portion of long-term borrowings | 1,942 | 2,079 | 15,568 |
| Income taxes payable | 864 | 688 | 5,152 |
| Provision for bonuses | 360 | 386 | 2,890 |
| Other | 3,485 | 3,475 | 26,022 |
| Total current liabilities | 14,490 | 14,228 | 106,544 |
| Non-current liabilities | | | |
| Long-term borrowings | 2,100 | 3,805 | 28,493 |
| Deferred tax liabilities | 1,112 | 870 | 6,514 |
| Long-term accounts payable - other | 9 | 9 | 67 |
| Retirement benefit liability | 3,152 | 3,144 | 23,543 |
| Total non-current liabilities | 6,374 | 7,829 | 58,626 |
| Total liabilities | 20,865 | 22,058 | 165,178 |
| Net assets | | | |
| Shareholders' equity | | | |
| Share capital | 9,855 | 9,855 | 73,798 |
| Capital surplus | 6,766 | 6,766 | 50,666 |
| Retained earnings | 31,562 | 33,714 | 252,463 |
| Treasury shares | (2,460) | (2,460) | (18,421) |
| Total shareholders' equity | 45,725 | 47,876 | 358,514 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 4,912 | 4,554 | 34,102 |
| Deferred gains or losses on hedges | 181 | 20 | 149 |
| Foreign currency translation adjustment | 72 | 716 | 5,361 |
| Remeasurements of defined benefit plans | 4 | 51 | 381 |
| Total accumulated other comprehensive income | 5,170 | 5,342 | 40,002 |
| Non-controlling interests | 367 | 438 | 3,279 |
| Total net assets | 51,263 | 53,658 | 401,812 |
| Total liabilities and net assets | 72,128 | 75,717 | 566,998 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

| | (Millions of yen) | | (Thousands of U.S. dollars) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2023 |
| Net sales | 46,362 | 54,773 | 410,161 |
| Cost of sales | 36,709 | 44,337 | 332,012 |
| Gross profit | 9,653 | 10,436 | 78,148 |
| Selling, general and administrative expenses | 6,001 | 6,211 | 46,510 |
| Operating profit | 3,651 | 4,224 | 31,630 |
| Non-operating income | | | |
| Interest income | 5 | 7 | 52 |
| Dividend income | 208 | 229 | 1,714 |
| Income on compensation | — | 80 | 599 |
| Foreign exchange gains | 251 | 130 | 973 |
| Other | 104 | 126 | 943 |
| Total non-operating income | 570 | 574 | 4,298 |
| Non-operating expenses | | | |
| Interest expenses | 34 | 52 | 389 |
| Loss on abandonment of inventories | 11 | 17 | 127 |
| Other | 19 | 11 | 82 |
| Total non-operating expenses | 65 | 81 | 606 |
| Ordinary profit | 4,156 | 4,717 | 35,322 |
| Extraordinary income | | | |
| Gain on sale of investment securities | 5 | 102 | 763 |
| Gain on sales of investments in capital | 67 | — | — |
| Gain on cancellation of leases | 21 | — | — |
| Total extraordinary income | 94 | 102 | 763 |
| Extraordinary losses | | | |
| Loss on retirement of non-current assets | 157 | 549 | 4,111 |
| Total extraordinary losses | 157 | 549 | 4,111 |
| Profit before income taxes | 4,093 | 4,270 | 31,975 |
| Income taxes - current | 1,244 | 1,290 | 9,660 |
| Income taxes - deferred | (31) | (51) | (381) |
| Total income taxes | 1,212 | 1,239 | 9,278 |
| Profit | 2,880 | 3,030 | 22,689 |
| Profit attributable to non-controlling interests | 34 | 44 | 329 |
| Profit attributable to owners of parent | 2,845 | 2,986 | 22,360 |

(Consolidated Statements of Comprehensive Income)

| | (Millions of yen) | | (Thousands of U.S. dollars) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2023 |
| Profit | 2,880 | 3,030 | 22,689 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | (1,458) | (358) | (2,680) |
| Deferred gains or losses on hedges | 120 | (160) | (1,198) |
| Foreign currency translation adjustment | 258 | 681 | 5,099 |
| Remeasurements of defined benefit plans, net of tax | 75 | 47 | 351 |
| Total other comprehensive income | (1,003) | 209 | 1,565 |
| Comprehensive income | 1,876 | 3,239 | 24,254 |
| Comprehensive income attributable to | | | |
| Comprehensive income attributable to owners of parent | 1,842 | 3,158 | 23,648 |
| Comprehensive income attributable to non-controlling interests | 33 | 81 | 606 |

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 9,855 | 6,766 | 29,551 | (2,459) | 43,714 |
| Changes during period | | | | | |
| Dividends of surplus | | | (834) | | (834) |
| Profit attributable to owners of parent | | | 2,845 | | 2,845 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | — | 2,011 | (0) | 2,010 |
| Balance at end of period | 9,855 | 6,766 | 31,562 | (2,460) | 45,725 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 6,370 | 61 | (187) | (71) | 6,173 | 341 | 50,230 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (834) |
| Profit attributable to owners of parent | | | | | | | 2,845 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes in items other than shareholders' equity | (1,458) | 120 | 259 | 75 | (1,002) | 25 | (977) |
| Total changes during period | (1,458) | 120 | 259 | 75 | (1,002) | 25 | 1,033 |
| Balance at end of period | 4,912 | 181 | 72 | 4 | 5,170 | 367 | 51,263 |

Fiscal year ended March 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 9,855 | 6,766 | 31,562 | (2,460) | 45,725 |
| Changes during period | | | | | |
| Dividends of surplus | | | (834) | | (834) |
| Profit attributable to owners of parent | | | 2,986 | | 2,986 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 2,152 | (0) | 2,151 |
| Balance at end of period | 9,855 | 6,766 | 33,714 | (2,460) | 47,876 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 4,912 | 181 | 72 | 4 | 5,170 | 367 | 51,263 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (834) |
| Profit attributable to owners of parent | | | | | | | 2,986 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes in items other than shareholders' equity | (358) | (160) | 643 | 47 | 171 | 71 | 243 |
| Total changes during period | (358) | (160) | 643 | 47 | 171 | 71 | 2,395 |
| Balance at end of period | 4,554 | 20 | 716 | 51 | 5,342 | 438 | 53,658 |

Fiscal year ended March 31, 2023

(Thousands of U.S. dollars)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 73,798 | 50,666 | 236,348 | (18,421) | 342,406 |
| Changes during period | | | | | |
| Dividends of surplus | | | (6,245) | | (6,245) |
| Profit attributable to owners of parent | | | 22,360 | | 22,360 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 16,115 | (0) | 16,107 |
| Balance at end of period | 73,798 | 50,666 | 252,463 | (18,421) | 358,514 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 36,782 | 1,355 | 539 | 29 | 38,714 | 2,748 | 383,877 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (6,245) |
| Profit attributable to owners of parent | | | | | | | 22,360 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes in items other than shareholders' equity | (2,680) | (1,198) | 4,815 | 351 | 1,280 | 531 | 1,819 |
| Total changes during period | (2,680) | (1,198) | 4,815 | 351 | 1,280 | 531 | 17,934 |
| Balance at end of period | 34,102 | 149 | 5,361 | 381 | 40,002 | 3,279 | 401,812 |

(4) Consolidated Statements of Cash Flows

| | (Millions of yen) | | (Thousands of U.S. dollars) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2023 |
| Cash flows from operating activities | | | |
| Profit before income taxes | 4,093 | 4,270 | 31,975 |
| Depreciation | 3,212 | 3,138 | 23,498 |
| Amortization of goodwill | 243 | 281 | 2,104 |
| Loss (gain) on sale of investment securities | (5) | (102) | (763) |
| Loss on retirement of non-current assets | 157 | 549 | 4,111 |
| Increase (decrease) in retirement benefit liability | 108 | 59 | 441 |
| Interest and dividend income | (213) | (236) | (1,767) |
| Interest expenses | 34 | 52 | 389 |
| Decrease (increase) in trade receivables | (2,654) | (569) | (4,260) |
| Decrease (increase) in inventories | (2,646) | (4,736) | (35,465) |
| Increase (decrease) in trade payables | 2,880 | (590) | (4,418) |
| Increase (decrease) in accrued consumption taxes | 372 | (611) | (4,575) |
| Other, net | (89) | 365 | 2,733 |
| Subtotal | 5,493 | 1,870 | 14,003 |
| Interest and dividends received | 213 | 236 | 1,767 |
| Interest paid | (34) | (52) | (389) |
| Income taxes paid | (831) | (1,473) | (11,030) |
| Net cash provided by (used in) operating activities | 4,841 | 581 | 4,350 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (2,473) | (2,687) | (20,121) |
| Purchase of investment securities | (106) | (23) | (172) |
| Proceeds from sale of investment securities | 19 | 131 | 980 |
| Other, net | (245) | (401) | (3,002) |
| Net cash provided by (used in) investing activities | (2,807) | (2,980) | (22,315) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term borrowings | 493 | (165) | (1,235) |
| Proceeds from long-term borrowings | — | 4,000 | 29,953 |
| Repayments of long-term borrowings | (1,954) | (2,165) | (16,212) |
| Purchase of treasury shares | (0) | (0) | (0) |
| Dividends paid | (830) | (832) | (6,230) |
| Dividends paid to non-controlling interests | (8) | (9) | (67) |
| Other, net | (62) | (0) | (0) |
| Net cash provided by (used in) financing activities | (2,363) | 825 | 6,177 |
| Effect of exchange rate change on cash and cash equivalents | 60 | 173 | 1,295 |
| Net increase (decrease) in cash and cash equivalents | (268) | (1,399) | (10,476) |
| Cash and cash equivalents at beginning of period | 13,250 | 12,981 | 97,206 |
| Cash and cash equivalents at end of period | 12,981 | 11,582 | 86,730 |

V. Segment Information

1. Overview of reportable segments

The reportable segments are constituent units of Tayca for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

Tayca's reportable segments are its core businesses: Functional Chemical Business and Electronic Material and Basic Chemical Business.

Main products belonging to each segment are as follows:

(1) Functional Chemical Business:

Titanium dioxide, micro titanium dioxide, micro zinc oxide, surface treatment products, etc.

(2) Electronic Material and Basic Chemical Business:

Piezoelectric materials, conductive polymers and related products, surfactants, sulfuric acid, pollution-free anti-corrosive pigment, etc.

2. Calculation method for net sales, profit or loss, assets, and other items by reportable segment

Segment profit of reportable segment is calculated on an operating profit basis.

Inter-segment sales or transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

| | Reportable segment | | | Other (Note 1) | Adjustment (Note 2) | Amount recorded on the consolidated financial statements (Note 3) |
|---|------------------------------------|---|--------|-------------------|------------------------|---|
| | Functional Chemical Business | Electronic Material and Basic Chemical Business | Total | | | |
| Net sales | | | | | | |
| Net sales to external customers | 22,827 | 22,155 | 44,982 | 1,379 | – | 46,362 |
| Inter-segment sales or transfers | – | – | – | 1,516 | (1,516) | – |
| Total | 22,827 | 22,155 | 44,982 | 2,896 | (1,516) | 46,362 |
| Segment profit | 998 | 2,325 | 3,323 | 329 | (1) | 3,651 |
| Segment assets | 30,999 | 16,787 | 47,786 | 2,288 | 22,052 | 72,128 |
| Other items | | | | | | |
| Depreciation | 2,298 | 801 | 3,100 | 77 | 34 | 3,212 |
| Amortization of goodwill | – | 243 | 243 | – | – | 243 |
| Increase in property, plant and equipment and intangible assets | 1,621 | 1,054 | 2,676 | 95 | (24) | 2,747 |

- Notes:
1. The classification “Other” refers to business segments not included in reportable segments, and includes the warehousing business, engineering, etc.
 2. Details of “Adjustment” are as follows:
 - (1) The adjustment of negative ¥1 million on segment profit represents inter-segment transaction eliminations.
 - (2) The adjustment of ¥22,052 million on segment assets includes negative ¥594 million of elimination of inter-segment receivables by offsetting, etc. and ¥22,647 million of corporate assets that are not allocated to reportable segments.
 - (3) The adjustment of ¥34 million on depreciation in other items includes negative ¥47 million of inter-segment transaction eliminations and ¥81 million of corporate assets that are not allocated to reportable segments.
 - (4) The adjustment of negative ¥24 million on increase in property, plant and equipment and intangible assets in other items includes negative ¥38 million of inter-segment transaction eliminations and ¥13 million of corporate assets that are not allocated to reportable segments.
 3. Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2023

(Millions of yen)

| | Reportable segment | | | Other (Note 1) | Adjustment (Note 2) | Amount recorded on the consolidated financial statements (Note 3) |
|---|------------------------------------|---|--------|-------------------|------------------------|---|
| | Functional Chemical Business | Electronic Material and Basic Chemical Business | Total | | | |
| Net sales | | | | | | |
| Net sales to external customers | 27,130 | 26,286 | 53,417 | 1,355 | — | 54,773 |
| Inter-segment sales or transfers | — | — | — | 1,512 | (1,512) | — |
| Total | 27,130 | 26,286 | 53,417 | 2,868 | (1,512) | 54,773 |
| Segment profit | 2,221 | 1,686 | 3,908 | 321 | (5) | 4,224 |
| Segment assets | 35,444 | 18,157 | 53,602 | 2,230 | 19,883 | 75,717 |
| Other items | | | | | | |
| Depreciation | 2,159 | 871 | 3,030 | 72 | 35 | 3,138 |
| Amortization of goodwill | — | 281 | 281 | — | — | 281 |
| Increase in property, plant and equipment and intangible assets | 2,006 | 826 | 2,832 | 165 | 41 | 3,039 |

- Notes: 1. The classification “Other” refers to business segments not included in reportable segments, and includes the warehousing business, engineering, etc.
2. Details of “Adjustment” are as follows:
- (1) The adjustment of negative ¥5 million on segment profit represents inter-segment transaction eliminations.
 - (2) The adjustment of ¥19,883 million on segment assets includes negative ¥301 million of elimination of inter-segment receivables by offsetting, etc. and ¥20,185 million of corporate assets that are not allocated to reportable segments.
 - (3) The adjustment of ¥35 million on depreciation in other items includes negative ¥47 million of inter-segment transaction eliminations and ¥82 million of corporate assets that are not allocated to reportable segments.
 - (4) The adjustment of ¥41 million on increase in property, plant and equipment and intangible assets in other items includes negative ¥50 million of inter-segment transaction eliminations and ¥92 million of corporate assets that are not allocated to reportable segments.
3. Segment profit is adjusted to operating profit in the consolidated financial statements.

VI. History

| | |
|----------------|---|
| December 1919 | Teikoku Synthetic Fertilizer Co., Ltd. was founded for the production of superphosphate fertilizers. |
| November 1920 | Osaka Factory was built for the production of superphosphate fertilizers and lead-chamber sulfuric acid. |
| October 1938 | Equipment was installed in Osaka factory to produce sulfuric acid by the Lurgi Contact Process, and production of dilute sulfuric acid began. |
| June 1939 | Production of fluorides, mainly artificial cryolite, began at Osaka Factory. |
| March 1942 | Okayama Factory was built for the production of fluorides. |
| April 1942 | Company was renamed Teikoku Kako Co., Ltd. |
| June 1944 | A plant in Owada, where sulfuric acid was produced by the Monsanto Contact Process, was acquired. |
| April 1951 | Production of titanium dioxide at Okayama Factory began. |
| June 1961 | Production of surfactants at Osaka Factory began. |
| April 1969 | Hyakushima Warehouse, now parts of Tayca Warehousing Co., Ltd., was built in the Owada Factory premises, where a warehousing business started. |
| November 1969 | Owada Factory discontinued its operation. |
| May 1973 | To integrate warehousing operations, Tayca Warehousing Co., Ltd., wholly owned by the company, was established. |
| October 1981 | Production of condensed phosphates (K-White, K-Bond and K-Fresh) at Osaka Factory began. |
| June 1984 | Tayca Trading Co., Ltd., wholly owned by the company, was established with the principal objective of selling chemicals. |
| August 1989 | Company was renamed Tayca Corporation, marking the 70th anniversary of its foundation. |
| February 1994 | Obtains ISO 9002 certification for the production of phosphoric acid (Osaka Factory), titanium dioxide products (Okayama Factory) and related products. |
| January 1996 | In stride with advances in the surface treatment field, Tayca opened its Osafune, Okayama Factory and production commenced. |
| April 1997 | Tayca's development division became a separate entity, and TFT Corporation was established to manufacture and sell electro-ceramic products. |
| August 2000 | Acquires ISO 14001 certification at Osaka Factory and Okayama Factory. |
| October 2001 | TAYCA (Thailand) Co., Ltd. was established in Chonburi, Thailand to manufacture surfactants. |
| September 2006 | To expand a surface treatment business, Tayca opened its Kumayama Factory and production commenced. |
| February 2014 | TAYCA (VIETNAM) CO., LTD. was established in Dong Nai, Vietnam to manufacture surfactants. |
| April 2017 | Established JAPAN SERICITE CORPORATION for the principal objective of selling sericite products, a joint venture with SANSHIN MINING IND. CO., LTD. |
| January 2018 | TRS Technologies, Inc. became a subsidiary in order to expand the piezoelectric materials business. |
| March 2019 | Expanded manufacturing facility for functional fine particle products at the Kumayama Factory and production commenced. |
| December 2019 | Celebrated 100th anniversary. |
| July 2020 | Completed expanded manufacturing facility for functional fine particle products that correspond to GMP at the Okayama Factory. |
| September 2020 | Relocated head office to Chuo Nittochi Tanimachi Building |
| January 2022 | Completed the mass production of piezoelectric single-crystal materials at the Osaka Factory |
| April 2022 | Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market due to a review of the Tokyo Stock Exchange's market sections. |

VII. Corporate Data

Basic Information (as of June 27, 2023)

| | |
|----------------------------|---|
| Trade name: | Tayca Corporation |
| Established: | December 22, 1919 |
| Listed market: | Prime Market of the Tokyo Stock Exchange (Securities Code: 4027) |
| Listed: | May 1949 |
| Business year: | From April 1 to March 31 of the following year |
| Capital stock: | 9,855,953,999 yen |
| Number of employees: | 554 persons (as of March 31, 2023) |
| Head office: | 4-11-6 Tanimachi, Chuo-ku, Osaka |
| Telephone: | +81-6-6943-6401 |
| Consolidated subsidiaries: | Tayca Warehousing Co., Ltd. Tayca Trading Co., Ltd. TFT Corporation Tayca M&M Corporation JAPAN SERICITE CORPORATION TAYCA (Thailand) Co., Ltd. TAYCA (VIETNAM) CO., LTD. TRS Technologies, Inc. |

Directors and Audit & Supervisory Board Members (as of June 27, 2023)

| | |
|---|--------------------|
| Representative Director, President Executive Officer | Shunji Idei |
| Director, Managing Executive Officer | Masahiko Nishino |
| Director, Managing Executive Officer | Yasuyuki Nakatsuka |
| Director, Senior Executive Officer | Tamataro Iwasaki |
| Director, Senior Executive Officer | Yoshihiro Murata |
| Director, Audit and Supervisory Committee Member (Standing) | Akira Miyazaki |
| Director*, Audit and Supervisory Committee Member** | Hitoshi Tanaka |
| Director*, Audit and Supervisory Committee Member** | Koji Yamamoto |
| Director*, Audit and Supervisory Committee Member** | Mamiko Ozaki |
| Director*, Audit and Supervisory Committee Member** | Tsuyoshi Inoue |

* Outside Director ** Outside Audit and Supervisory Committee Member

Stock Status (as of March 31, 2023)

| | |
|------------------------------------|-------------------|
| Total number of authorized shares: | 75,000,000 shares |
| Total number of issued shares: | 25,714,414 shares |
| Number of shareholders: | 4,874 |

Major shareholders (Top 10)

| Name | Number of shares held (Thousands) | Shareholding ratio (%) |
|---|--------------------------------------|------------------------|
| CACEIS BANK/QUINTET LUXEMBOURG SUB AC/UCITS CUSTOMERS ACCOUNT | 2,437 | 10.51 |
| MITSUI & CO., LTD. | 1,784 | 7.69 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 1,658 | 7.15 |
| Mitsubishi Corporation | 1,630 | 7.03 |
| Yamada Sangyo Co., Ltd. | 1,470 | 6.34 |
| Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re- entrusted by Mizuho Trust and Banking Co., Ltd. | 1,009 | 4.35 |
| Tayca Corporation Trading-Partner Shareholding Association | 824 | 3.55 |
| Chuo-Nittochi Group Co., Ltd. | 694 | 2.99 |
| Kansai Paint Co., Ltd. | 612 | 2.64 |
| SUMITOMO CORPORATION | 500 | 2.15 |

- Notes:
1. In addition to shares described above, Tayca Corporation holds 2,539 thousand shares as treasury shares.
 2. With regard to the 1,009 thousand shares held by Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Mizuho Bank, Ltd., as the settlor, reserves the right to direct the voting rights.
 3. The shareholding ratio is calculated excluding the number of treasury shares.

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* The financial statements in this Annual Select are stated in Japanese yen with amounts of less than one million yen omitted. As a result, the totals shown do not necessarily agree with the sums of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of investors outside Japan. Such translation is carried out at the rate of ¥133.54 = U.S. \$1, the approximate rate of exchange at March 31, 2023, and the resultant amounts are shown with amounts of less than 1,000 U.S. dollars omitted.

* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.