

3Q FY2022 Tokuyama Corporation Investors Meeting Q&A

Date and time: January 31, 2023(Tuesday) 12:00-12:45

Participant: Hideo Sugimura, Representative Director, Senior Managing Executive Officer
General Manager, Corporate Planning Div.

< Concerning the Cement Business >

Q: Regarding the cement business, you are looking at the second round of price increases after October, and negotiations will continue after January, but how much have you actually received in response to that proposal, and how much have you factored in by the end of March?

A: I would like to refrain from giving specific figures, but I see that we managed to achieve the first stage in H1. However, I have heard that the negotiations for JPY3,300 are very tough on the customer's side. However, we would like to get agreement as much as possible with a goal to get the full amount.

< Concerning the Chemical Business >

Q: Regarding the chemical business, first of all, I would like to confirm one factor that contributed to the large drop from Q2 to Q3 is largely explained by the decline in the market for PVC products.

Also, I'd like to know how you view the overseas PVC market, since from what you have said, I don't think the formula will change that much, mainly in Japan, but you are predicting a large increase in profits in Q3 to Q4.

A: As you pointed out, the main reason for the large drop in Q3 was the large drop in PVC overseas.

Then, the factors for profit increase in Q4 are the price increase of caustic soda and the fact that domestic sales of other chemical products will start to make a full contribution from now on.

As for overseas market conditions, the market has bottomed out since December, and we expect overseas market conditions to be around USD1,000, so we are also looking at selling prices around that level. Compared to Q3, we are forecasting a significant turnaround in profit growth for chemicals.

< Concerning the Silicon Business >

Q: As for the situation for the polycrystalline silicon, first of all, regarding the export price of polycrystalline silicon at the beginning of the year, I would like to confirm whether you were able to raise prices with respect to this area.

As for the year 2023, SEMI forecasts a negative growth rate of minus 0.6% in terms of the area shipped this year. I understand that the major wafer makers have a rather grim outlook for the January to March period, but I was wondering if you could tell us how you see shipments and prices of polycrystalline silicon in 2023.

A: Price revisions are also implemented for exports to a certain extent, with requests for price increases.

As for the next fiscal year, negotiations are about to begin, and we have heard in various places about the business environment as you have just pointed out, so we expect that negotiations will be quite tough. It is difficult to say at this point what we will do, but we would like to enter into negotiations, including price negotiations, from now on.

I believe that the impact of larger semiconductors will gradually emerge in the future, and we will continue to monitor the situation closely.