

## 4Q FY2022 Tokuyama Corporation Investor Meeting Q&A

Date and time: April 28, 2023(Friday) 12:00-13:00

Participant: Hiroshi Yokota, President and Representative Director

Hideo Sugimura, Representative Director, Senior Managing Executive Officer

General Manager, Corporate Planning Div.

### Regarding the electronic & advanced materials business

Q: The question is about electronic & advanced materials. I believe that you are planning to increase profits by JPY2 billion in this fiscal year, with an operating profit of JPY9 billion compared to JPY7 billion for the fiscal year just ended. What are the factors that lead to increased profits when it comes to products? I would like you to explain whether the increase in profit is due to a price increase, volume increase, or decrease in depreciation and amortization.

I am particularly concerned about IC chemicals, which I believe you mentioned deteriorated by more than JPY2 billion in the period that ended. I am wondering if you can explain if this is not expected to improve much in the current fiscal year.

A: For the electronic & advanced materials, the driving force for sales and profits is expected to be growth in the so-called chemicals for electronics industrial chemicals and, IC chemicals areas that you are concerned.

Among them, FTAC, in which we invested in Taiwan, started operation last year, and evaluations by major device manufacturers are progressing smoothly. Mainly, the products for advanced semiconductor devices with line width of 6 nanometers or less are being adopted, so we expect these to grow considerably this fiscal year. The overall condition of the devices market is down considerably, even for the largest companies, but even so, we have already received those strong numbers in a rolling forecast. Therefore, we expect to recover more than JPY3 billion this fiscal year, compared to the previous year.

Also, heat-dissipating materials are relatively stable, and we are receiving orders for various semiconductor manufacturing equipment related to the construction of a new fab. We are also making price adjustments in this area in response to increased volume, and this will also be a factor in the increase in sales and profits for the electronic & advanced materials.

### Regarding the dental material business

Q: I would like you to explain the dental materials part. I think you mentioned that it might look conservative with some prior investment. In the period that ended, where is the growth in the region and does it still require prior investment? Is it the same place or a different place in the new year? I would appreciate it if you could explain in a way that shows what you are trying to do.

A: South America has shown particularly strong growth. Our repair materials have a favorable color for whitening, and we have a very large and rapidly growing number of dentists in South America who supported our product.

On the other hand, there are issues that the establishment of a distribution network and the production system. We are making various investments and preparations in response to this. We have also been spending a lot on advertising associated with this matter, and our expenses from that standpoint have increased.

In addition, we continue to expand sales of OMNICHROMA in North America. In addition, we are preparing to expand sales in Europe even more strongly this fiscal year. Such has led primarily to higher selling costs.

Regarding the consideration for the suspension of one cement kiln operation

Q: First, I think it is a wise decision, the cement, although it is still in the consideration stage. Regarding the suspension of one cement kiln operation, since it is still under consideration but when are you looking at the timing and how much would it cost if you were to remove one line?

Also, with regard to sales, will the priority be given to domestic sales and will exports be narrowed down to some extent? Please let me check on that.

A: First of all, we have not set a definite time frame, but we hope to complete the study during the first half of the year. In the case of cement, the distribution of cement, ready-mixed concrete, cement secondary products, solidifiers, etc., is extremely wide-ranging and lengthy, so there is concern that a variety of effects may occur so we should define a direction quickly. Therefore, we would like to complete the study in the shortest possible time.

If the facility is to be suspended, it will be disposed of without physical removal. Since the cost of removal is quite large, we will not remove the equipment for the time being, but if we decide to stop, we will stop it. I think we will go from there.

Then, regarding supply, basically, one is to adjust for overseas and export. And in addition, I believe that in some cases, unprofitable domestic destinations may also be subject to adjustment.