

1Q FY2022Tokuyama Corporation Investor Meeting Q&A

Date and time: July 27, 2022(Wednesday) 12:00-13:00

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

<Regarding the price increasing for chemicals, cement and electronic materials>

Q: I would like to confirm whether the assumption is that the price increases for chemicals and cement that have been put forth since the beginning of the fiscal year will be penetrated.

A: Regarding chemical products, as we have already announced recently, I am sure that you have some understanding of this area. As for cement, we announced today that we are raising the price of cement in an unprecedentedly severe manner. If we include the increase from last fall, we are talking about a price increase of over JPY5,000, so we expect this to be a very tough negotiation. For our part, since coal prices have risen so much, we would like to start negotiations to get as close to the full amount as possible.

Q: Concerning the price increase for cement, the biggest domestic player is saying that it is a surcharge. Could you please explain the concept behind the price increase instead of surcharge?

A: The business division has considered various surcharge systems. In terms of customer understanding, we are told that we did not choose a surcharge system, including room for negotiation, in the form of this kind of price increase, which we will discuss slowly and carefully with our customers.

Q: What situation is the price increase for electronic materials, like polysilicon and IC chemicals?

A: For polysilicon, we are negotiating quite hard because silicon metal has risen sharply since last fall and the cost of electricity has also risen considerably. Naphtha prices have also risen considerably at IC chemical, and we have customers who are in a very difficult situation, but we have negotiated hard with some of them and some of them have agreed to review their business. From Q2 and onward, we have implemented improvement regarding this.

<Regarding the market situation for chemicals and their export ratio>

Q: What are your views on the Asian market for vinyl chloride and caustic soda, which has been dropping a bit? Can you confirm whether you can raise prices in Japan even in the face of falling overseas market conditions?

A: We recognize that the domestic market is relatively firm, and we think we can gain the understanding. However, overseas market conditions are certainly declining, so in this respect, market conditions are considerably lower now than at the beginning of the fiscal year, and I believe that they will eventually recover depending on the Indian monsoon and future trends in China. We are considering taking various measures such as holding some inventory in this area, and we will take a wait-and-see approach.

<Situation for IPA business>

Q: What is the forecast for IPA business?

A: IPA is also planning to strengthen its supply system in a manner of local production for local consumption by firmly establishing plants in Taiwan and Korea, since the new Fab of our customer in Taiwan will be enhanced in the future and we hear that the amount of use will increase more and more.