



**TOKUYAMA
2025**

FY2025 Management Briefing

June 13, 2025

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Tokuyama Corporation

Medium-Term Management Plan 2025

- ▶ Medium-Term Management Plan 2025
- ▶ Final Year Targets
- ▶ Changes in the External Environment

Medium-Term Management Plan 2025

FY2021 - 2025 Priority Issues

1

Transform business portfolio

Increase growth businesses' share of consolidated net sales to over 50%

2

Contribute to mitigation of global warming

Expedite development/commercialization of next-gen energy technologies; Reduce greenhouse gas emissions 30% from FY2019 by FY2030

3

Practice socially responsible management

Step up high-priority CSR initiatives to lay groundwork for further growth and realize our vision

Final Year Targets

In the final fiscal year, operating profit came in at 92% compared with plans
(a year-on-year increase of 38%)

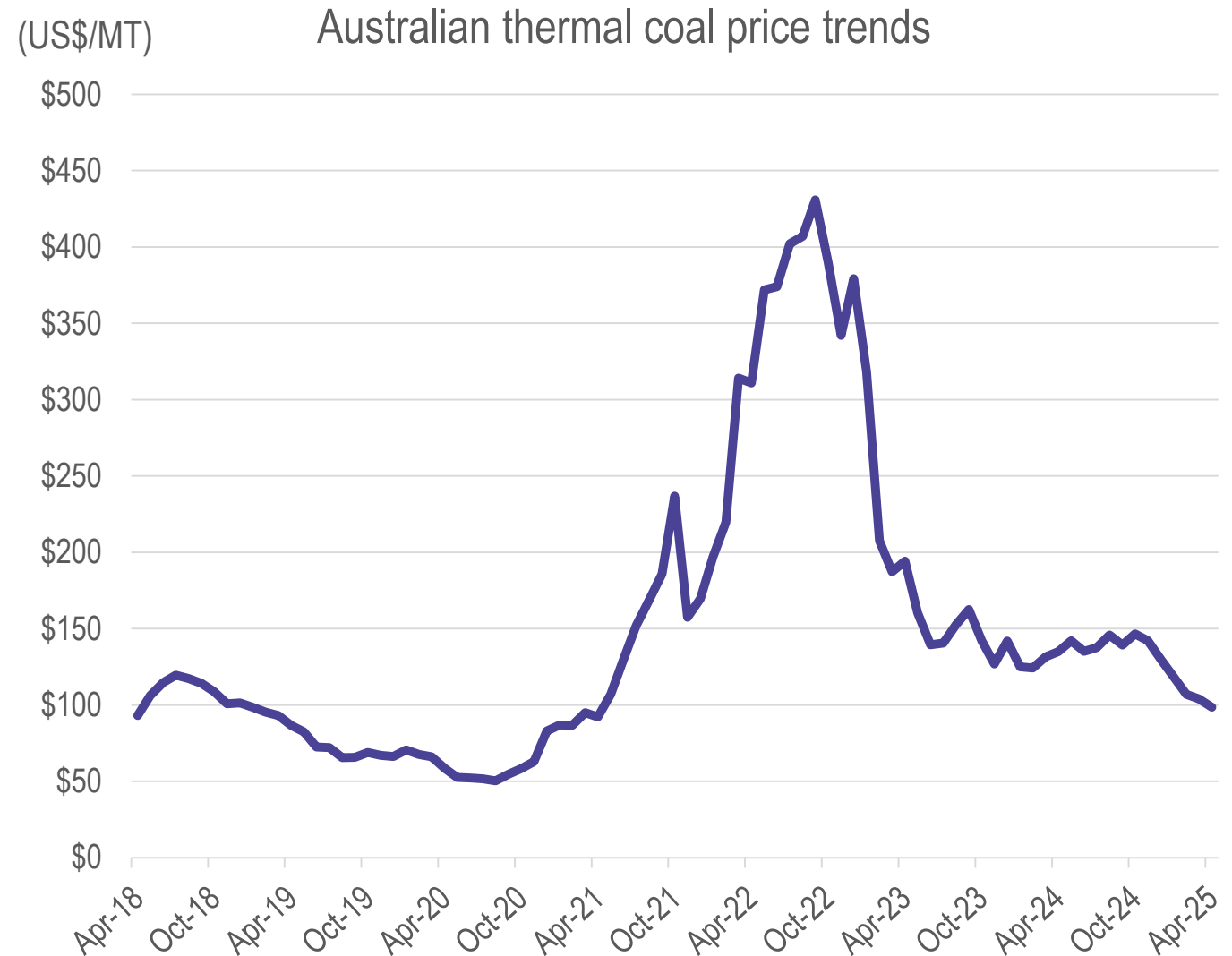
KPI	FY2024 (Result)	FY2025 (Forecast)	FY2025 (Target)	
Net Sales	¥343.0bn	¥364.5bn	¥400.0bn	<ul style="list-style-type: none"> Initial assumptions changed significantly due to the sharp rise in coal prices. In addition, the sluggish semiconductor market from the second half of FY2022 slowed growth in business performance As far as the outlook for FY2025 is concerned, and despite falling short of the final fiscal year targets, net sales and operating profit forecast to hit record highs
Operating Profit	¥29.9bn	¥41.5bn	¥45.0bn	
Growth Business Net Sales Growth Rate	7.9%	9.0%	CAGR ≥10%	
ROE	9.2%	10.9%	≥ 11%	

(Note) FY2024 Results : exchange rate (¥/US\$) 153, domestic naphtha price (¥/kl) 76,500

(Note) FY2025 Forecast : exchange rate (¥/US\$) 140, domestic naphtha price (¥/kl) 68,000

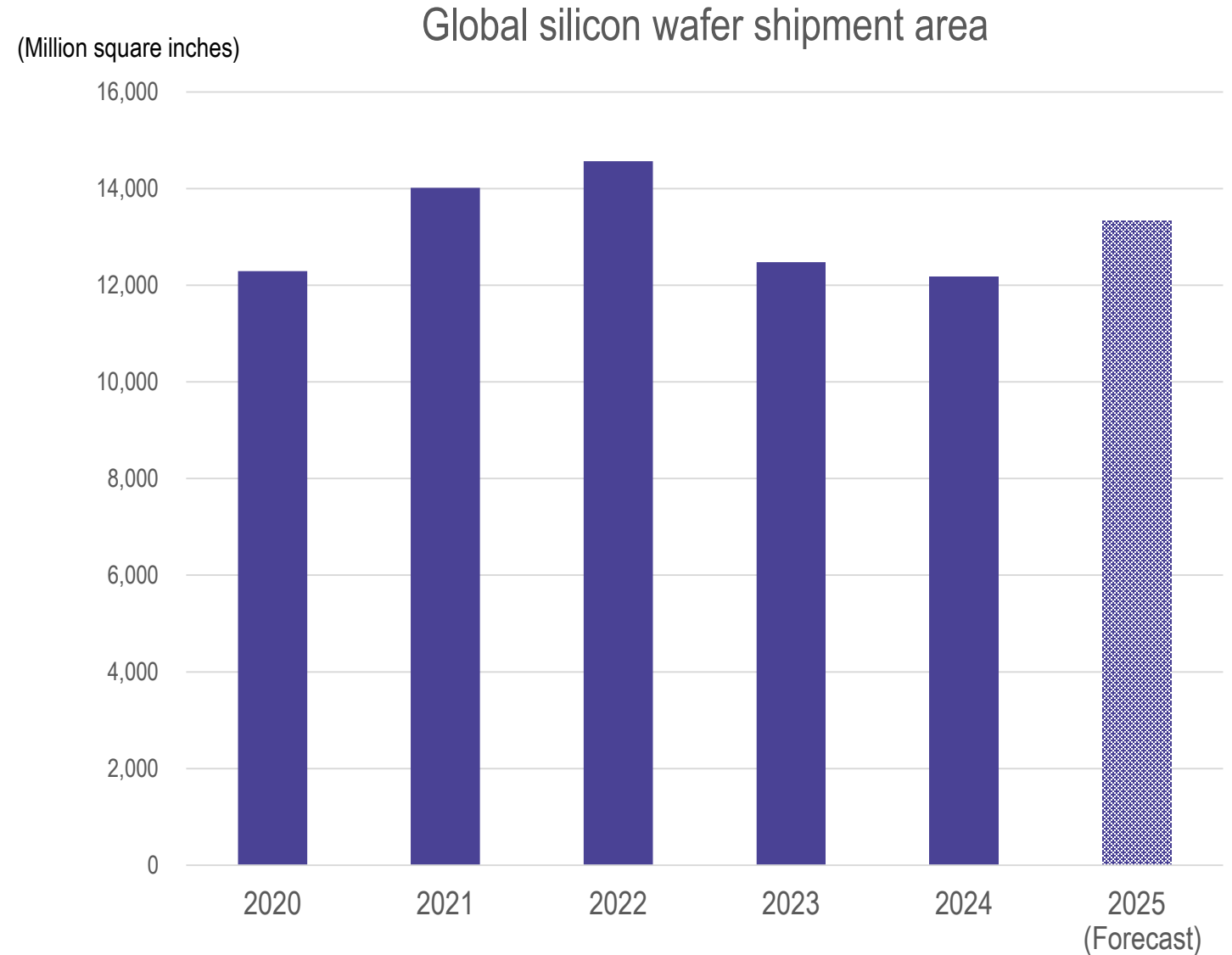
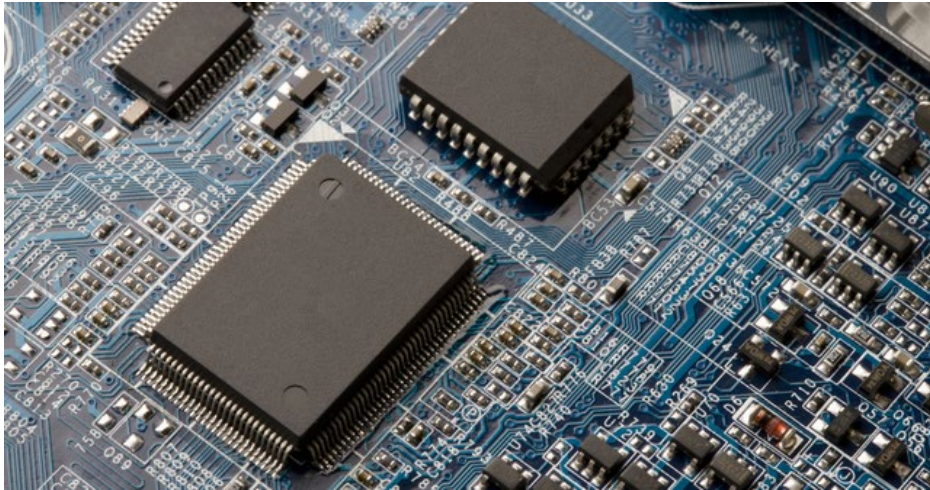
Sharp rise in coal prices

- Due to the impact of the Russia-Ukraine conflict, coal prices at one point rose from less than \$100 to more than \$400 per ton
- Despite efforts to pass on increased costs to prices, profits fell



Sluggish semiconductor market

- According to SEMI data, despite a recovery in shipment area, trends are yet to return to 2022 levels
- Growth expected from 2024 onwards, mainly in cutting-edge fields (AI, data centers)



Source: SEMI

1 Transform business portfolio

- ▶ Target Business Portfolio
- ▶ Activities in the Electronics and Healthcare Fields
- ▶ Capex Plan Breakdown
- ▶ Cash Flow Generation and Allocation
- ▶ Cash Flow Trend and Plan

Target Business Portfolio

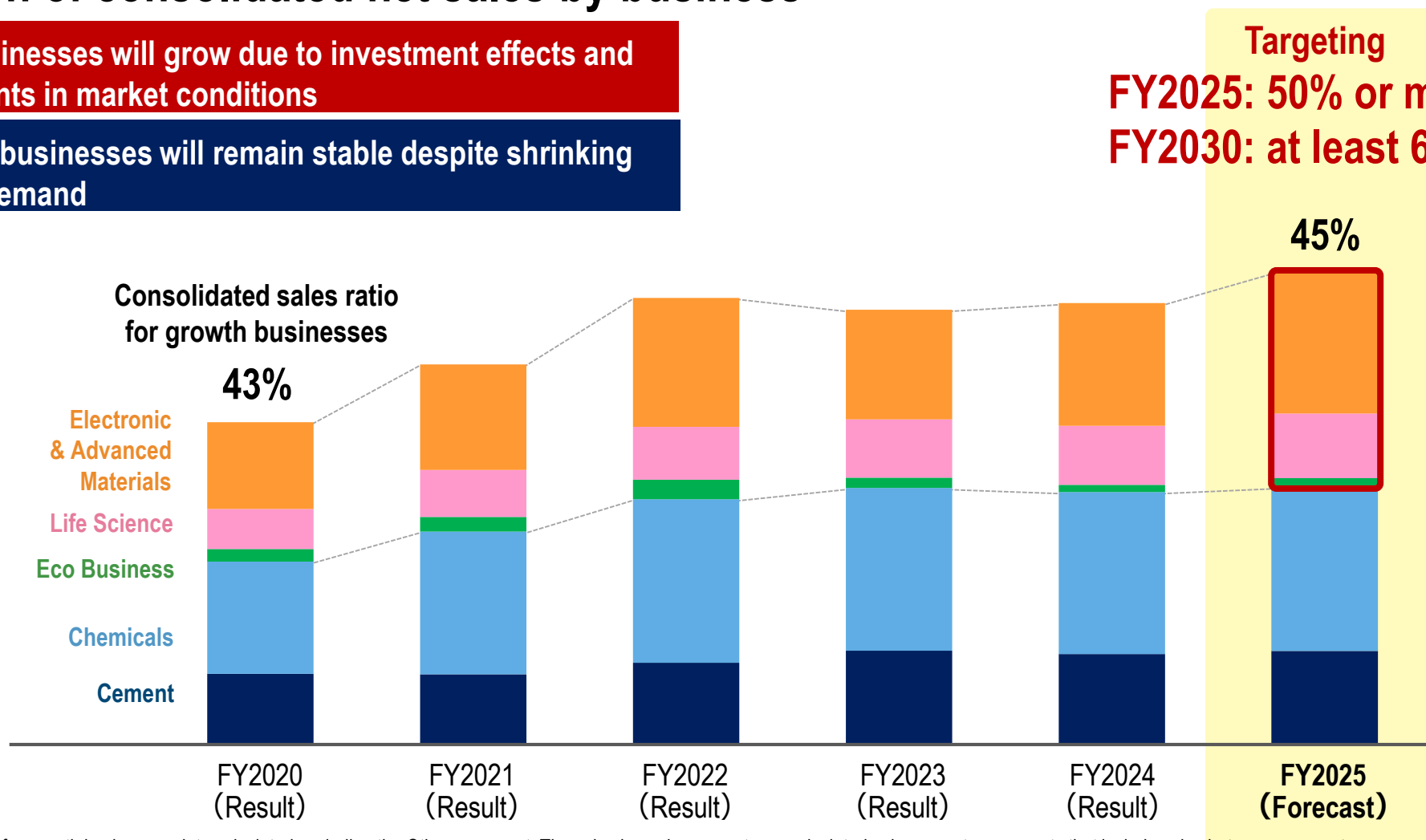
Consolidated Net Sales FY2025: Consolidated sales ratio for growth businesses forecast to total 45%

Breakdown of consolidated net sales by business

Growth businesses will grow due to investment effects and improvements in market conditions

Traditional businesses will remain stable despite shrinking domestic demand

Targeting
FY2025: 50% or more
FY2030: at least 60%



(Note) Consolidated sales ratio for growth businesses data calculated excluding the Others segment. The sales in each segment was calculated using monetary amounts that include sales between segments.
FY2020 was created using reference values that include the financial impact of the current "Accounting Standard for Revenue Recognition," etc.

Target Business Portfolio

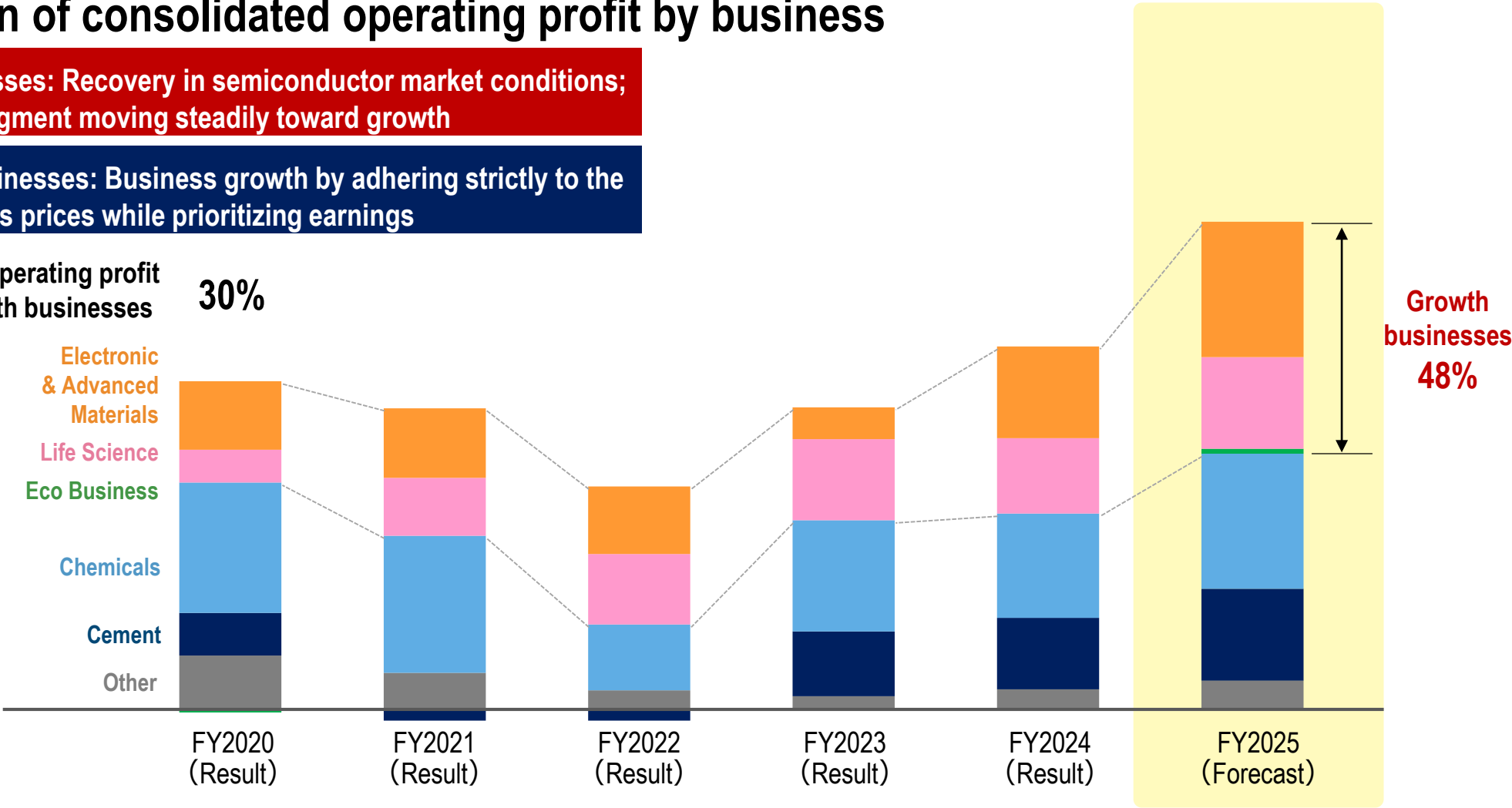
Consolidated Operating Profit: Profit increase from FY2023 as higher raw material and fuel prices passed on to consumers, aiming for record profit in the final fiscal year

Breakdown of consolidated operating profit by business

Growth businesses: Recovery in semiconductor market conditions;
Life Science segment moving steadily toward growth

Traditional businesses: Business growth by adhering strictly to the
revision of sales prices while prioritizing earnings

Consolidated operating profit
ratio for growth businesses 30%



(Note) The operating profit in each segment was calculated using monetary amounts that include inter-segment transactions.

Achievements from Activities in the Electronics and Healthcare Fields

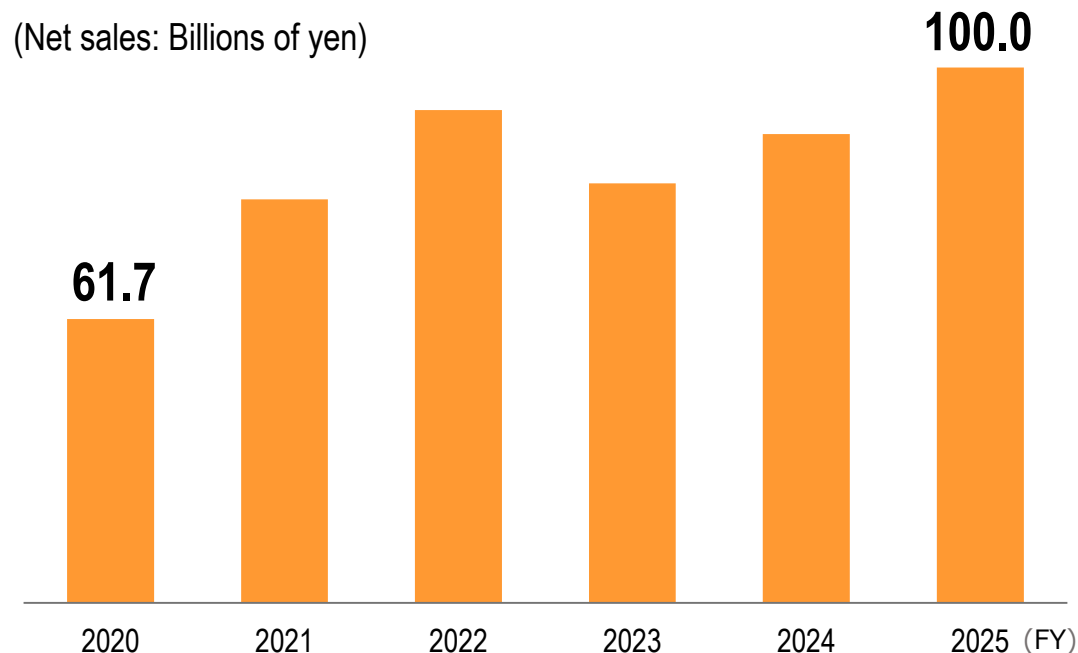
Growth Businesses: Steady implementation of business portfolio transformation

Electronic & Advanced materials as well as Life Science segment sales expected to **grow by a CAGR of more than 10% in FY2025** (baseline:FY2020)

Electronic & Advanced Materials

Establish a presence in cutting-edge fields by thoroughly improving quality. Upgrade and expand overseas bases

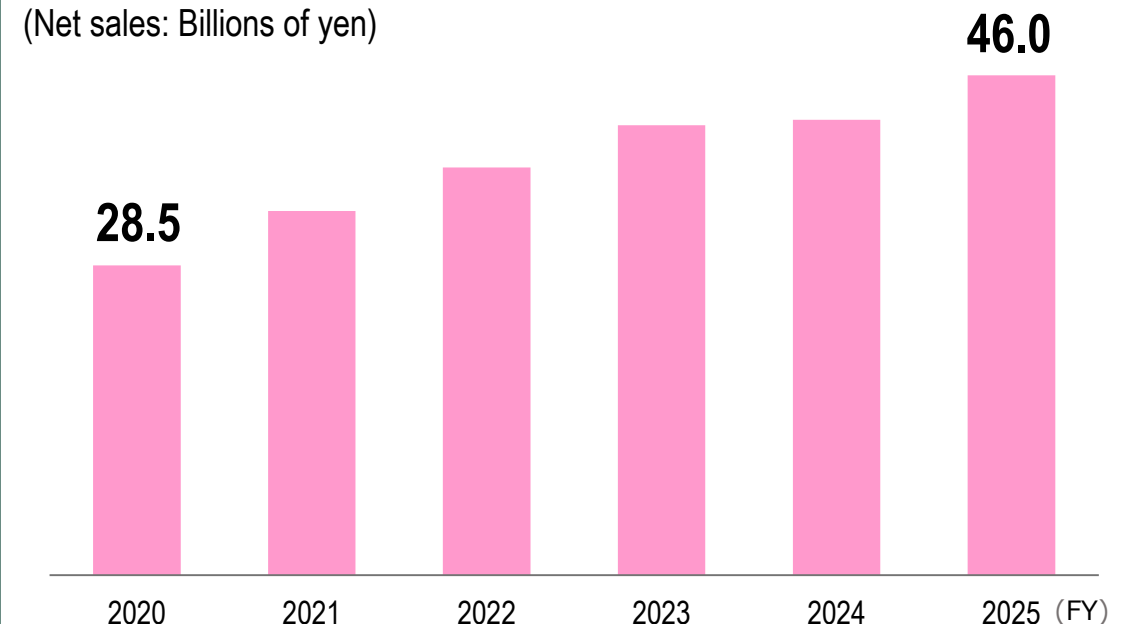
(Net sales: Billions of yen)



Life Science

Increase capacity and expand sales in dental materials both domestically and overseas

(Net sales: Billions of yen)

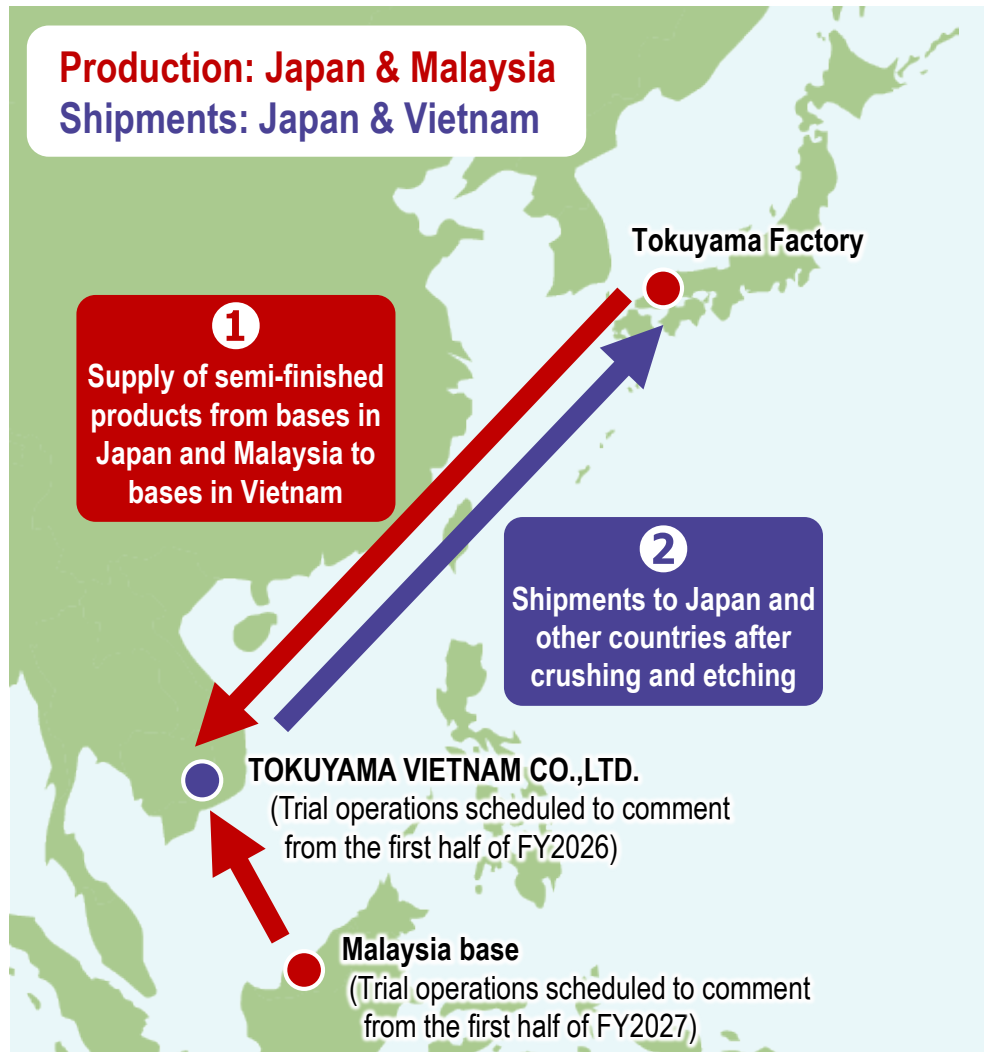


(Note) FY2020 was created using reference values that include the financial impact of the current "Accounting Standard for Revenue Recognition," etc.

Achievements from Activities in the Electronics and Healthcare Fields

Electronic & Advanced Materials [Silicon]: Establishing overseas bases to strengthen the supply system

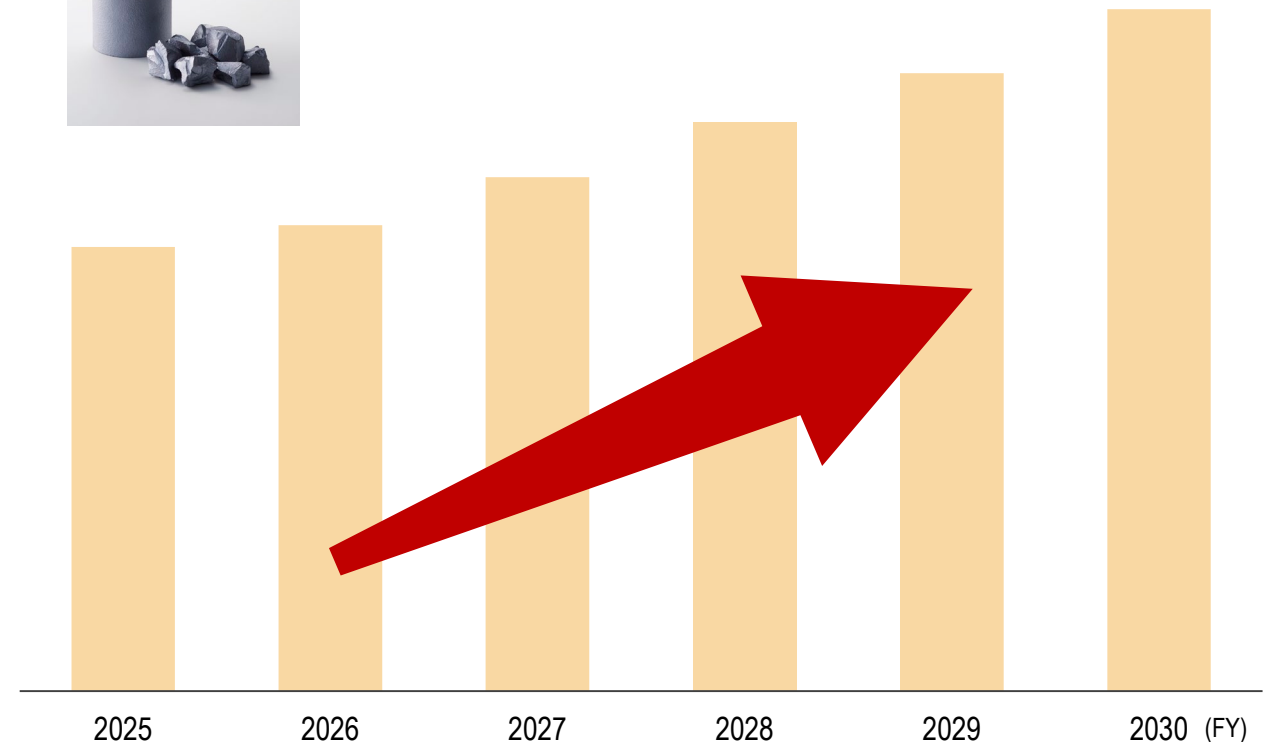
Upgrade and expand bases



Sales plan for semiconductor-grade polycrystalline silicon (quantity)

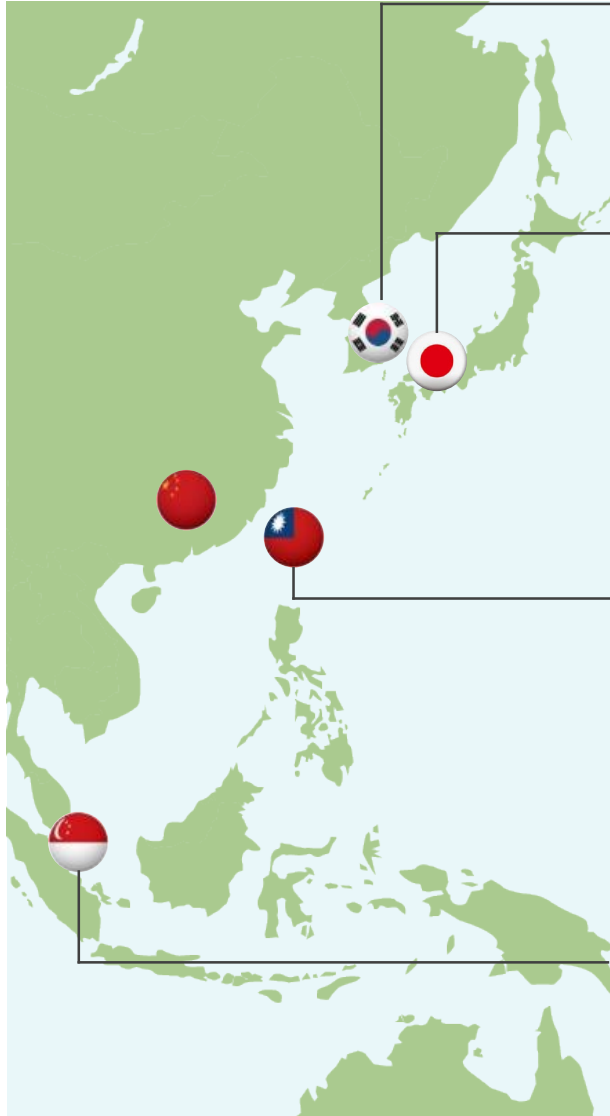


Average annual growth of 5% or more



Achievements from Activities in the Electronics and Healthcare Fields

Electronic & Advanced Materials [IC Chemicals]: Establishment of local production and supply systems



Korea (STAC)

- ▶ Established in August 2022
- ▶ Establishment of a supply system of 30,000 tons/year in markets where strong demand is expected



Japan (Tokuyama)

- ▶ Upgrade and expansion of supply systems in response to growing demand
- ▶ Promotion of technological development and demonstration plant in a bid to commercialize the chemical solution recycling business



Taiwan (FTAC)

- ▶ Established in December 2020
- ▶ Completion of a mass production shipment system for cutting-edge factories
- ▶ Upgrade and expansion of shipment systems and recycling plant preparations

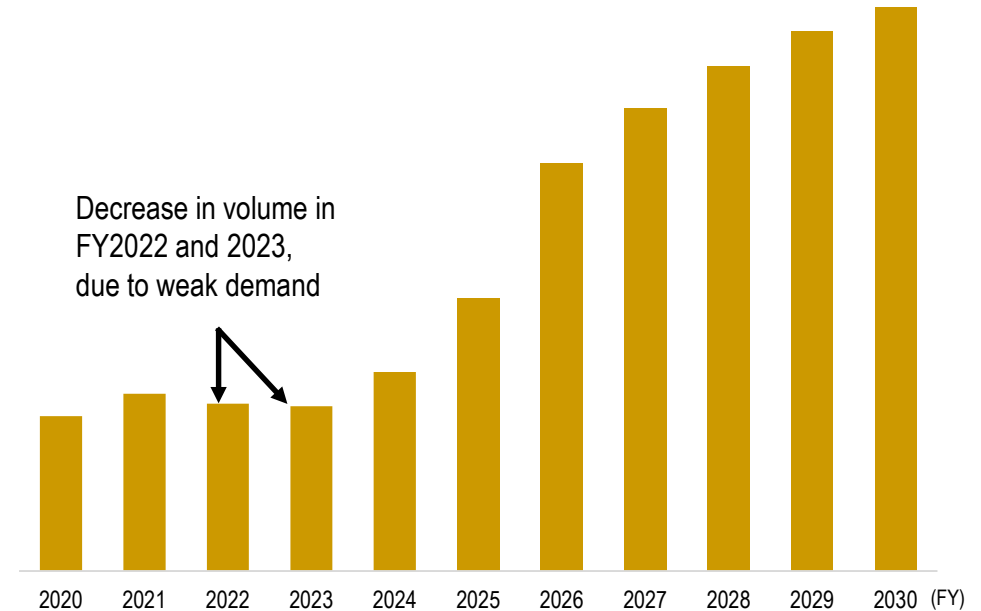


Singapore (Tokuyama Singapore)

- ▶ Upgrade and expansion of shipping systems in response to market growth



Actual and planned sales volumes of high-purity IPA



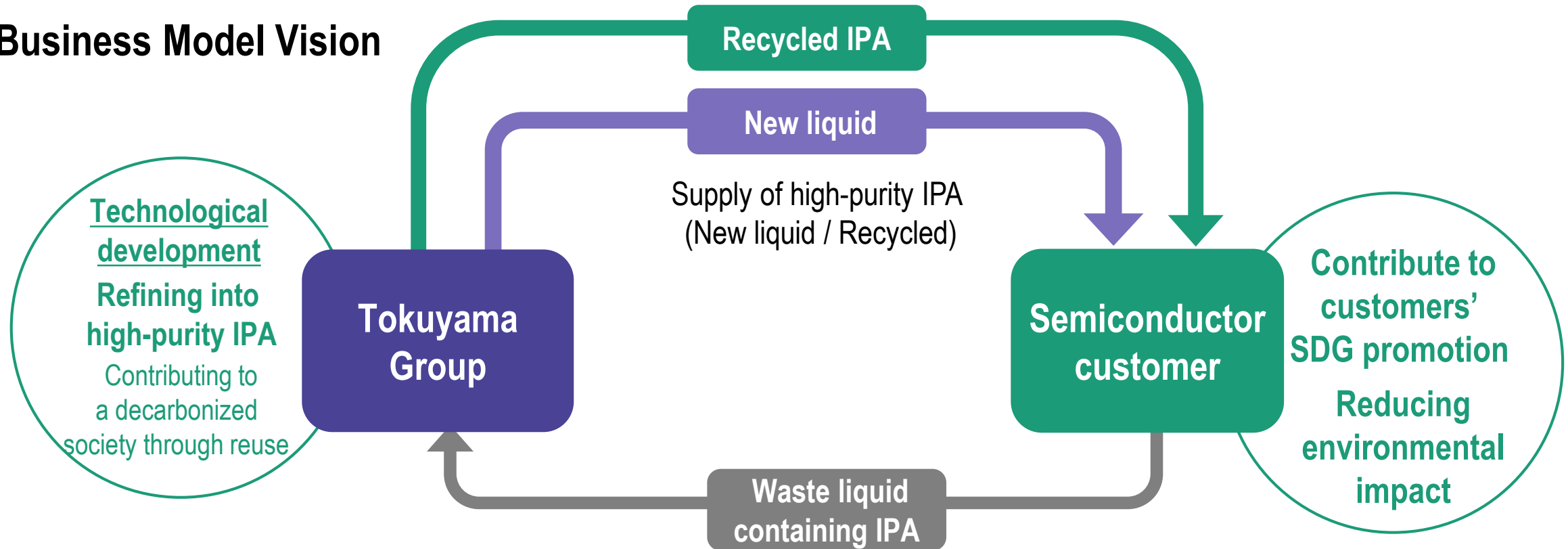
- ▶ Supply to increase from FY2024 onwards due to higher customers' operation
- ▶ Focus on advanced applications areas

Achievements from Activities in the Electronics and Healthcare Fields

Electronic & Advanced Materials [IC Chemicals]:Environmental Initiatives (material recycling)

- ▶ Developed proprietary recycling technologies that re-refine IPA-containing waste liquids discharged from semiconductor plants into high-purity IPA, enabling process return
- ▶ While fine-tuning technological developments, steps taken to propose optimal recycling models to customers for each market

Business Model Vision



First Step Recycling plant to be completed in FY2026 and Start of supply of recycled IPA in FY2027 (FTAC in Taiwan)

Achievements from Activities in the Electronics and Healthcare Fields

Life Sciences (Dental Materials and Equipment): Business expansion in line with the market penetration of composite resin

FY2024 Results

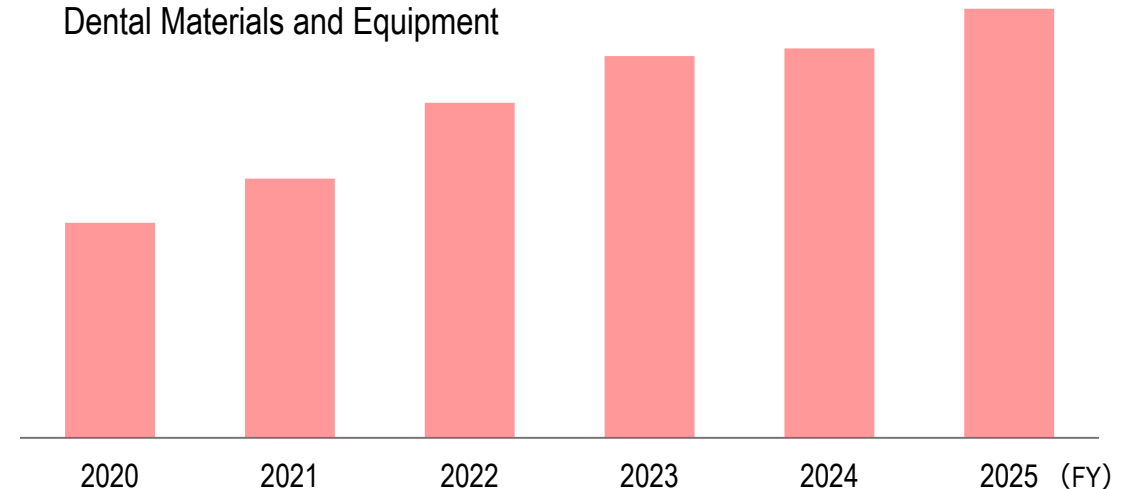
- ▶ To meet overseas demand, commercial operation of Tokuyama Dental Corporation's new Kashima factory production line (MD-8) commenced in February 2025
- ▶ Domestic demand for resin blocks for dental crowns continues to grow (increased insurance coverage)
- ▶ Steps taken to promote business expansion as a total solution by launching digital devices (intraoral scanners, cutting and processing machines)

Future Plans

- ▶ Strengthen the sales structure to further increase overseas market share
- ▶ Consider further strengthening supply systems by expanding facilities



Net sales of
Dental Materials and Equipment



FY2025 CAGR 15%
(baseline: FY2020)

Achievements from Activities in the Electronics and Healthcare Fields

Life Sciences (Diagnostic Systems): Upgrade and expansion of A&T bases - Acquired JSR's in vitro diagnostic (IVD) and in vitro diagnostic materials (IVDM) business

FY2024 Results

- ▶ Construction of a new electrode manufacturing plant at A&T Shonan in response to increasing demand for blood tests



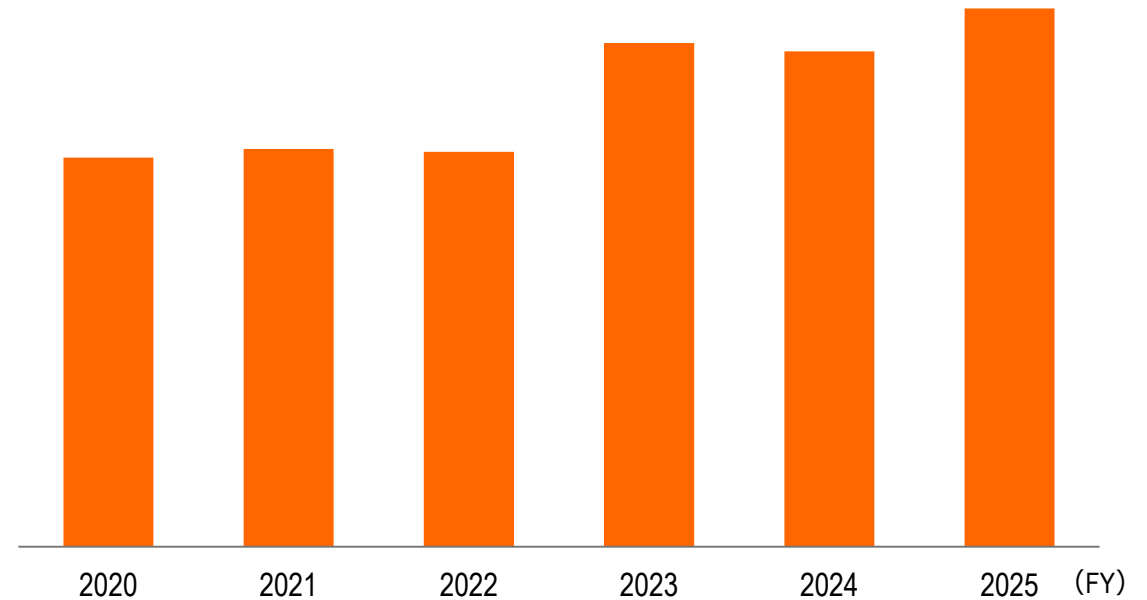
- ▶ Decided to produce electrolyte buffer solutions locally to meet strong demand in the Chinese blood testing market



Future Plans

- ▶ Sales expansion by leveraging the mutual customer base of newly acquired in vitro diagnostic pharmaceuticals business and A&T
- ▶ Improve the efficiency and speed of development by integrating the functions and personnel of R&D bases

Net sales of Diagnostic Systems



*Figures for FY2025 do not take into account the impact of IVD and IVDM business acquisitions

Achievements from Activities in the Electronics and Healthcare Fields

Life Sciences: As a growth business, investing management resources in priority areas
future business development

Future business development

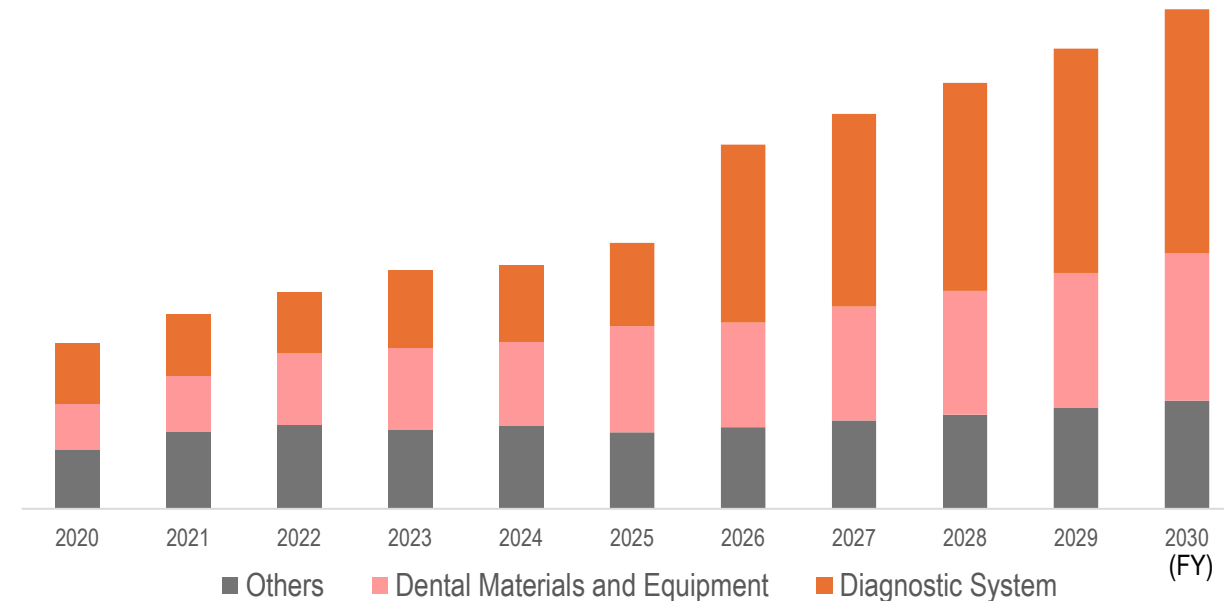
Diagnostic System Business

- ▶ Accelerate the creation of new businesses by utilizing resources acquired through acquisition of the IVD pharmaceuticals business (new antibody reagents, POCT)
- ▶ Enter the global IVD and precision pharmaceuticals markets through R&D and further partnering

Dental Materials and Equipment Business

- ▶ Accelerate overseas expansion in the dental materials and equipment business and expand business in the digital equipment field, further upgrade and expand bases, and consider M&As
- ▶ Extend healthy lifespans and realize preventive medicine by developing highly sensitive immunoassay reagents while expanding into the intraoral care field

Actual and planned net sales of Life Sciences



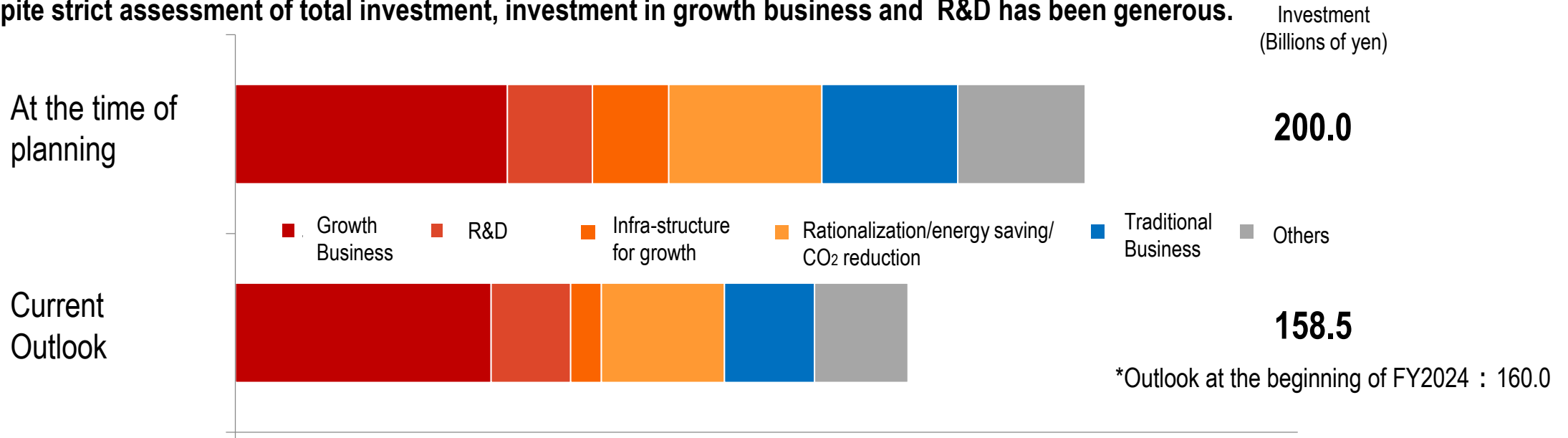
✓ Includes IVD and IVDM business from FY2026

Capex Plan Breakdown

Key words are priority investment in growth fields, reduction of GHG emissions, and energy saving

Capex Plan Breakdown (FY2021-2025)

➤ Despite strict assessment of total investment, investment in growth business and R&D has been generous.

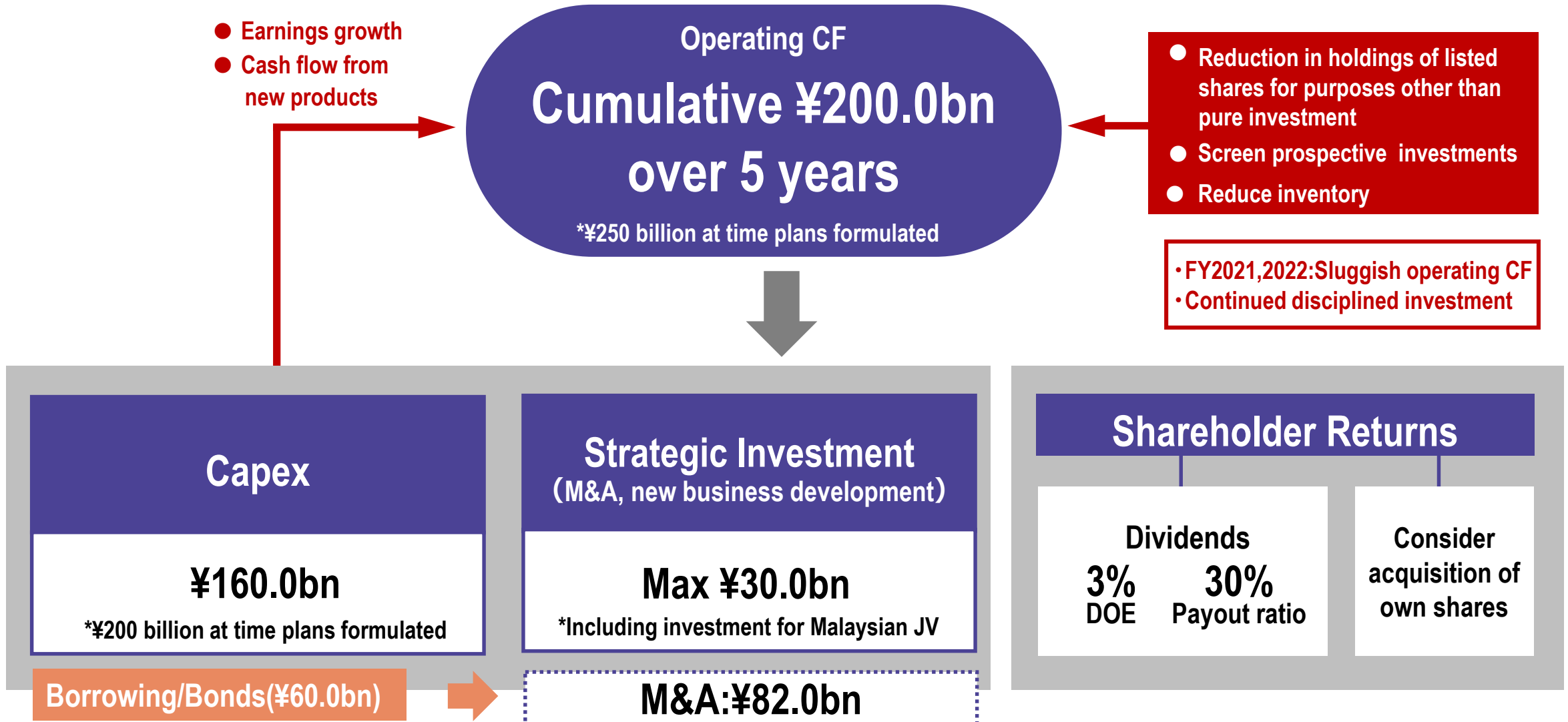


Major Capex Results

- ✓ Construction of the factory of joint venture company in Taiwan for high-purity IPA
- ✓ Construction of the factory of joint venture company in Korea for high-purity IPA
- ✓ Production capacity expansion of dental materials
- ✓ Waste gypsum board recycling business
Construction of a new plant in Muroran
- ✓ Establishment of the Center for Commercialization of Advanced Technology
- ✓ Co-firing of biomass at power plants

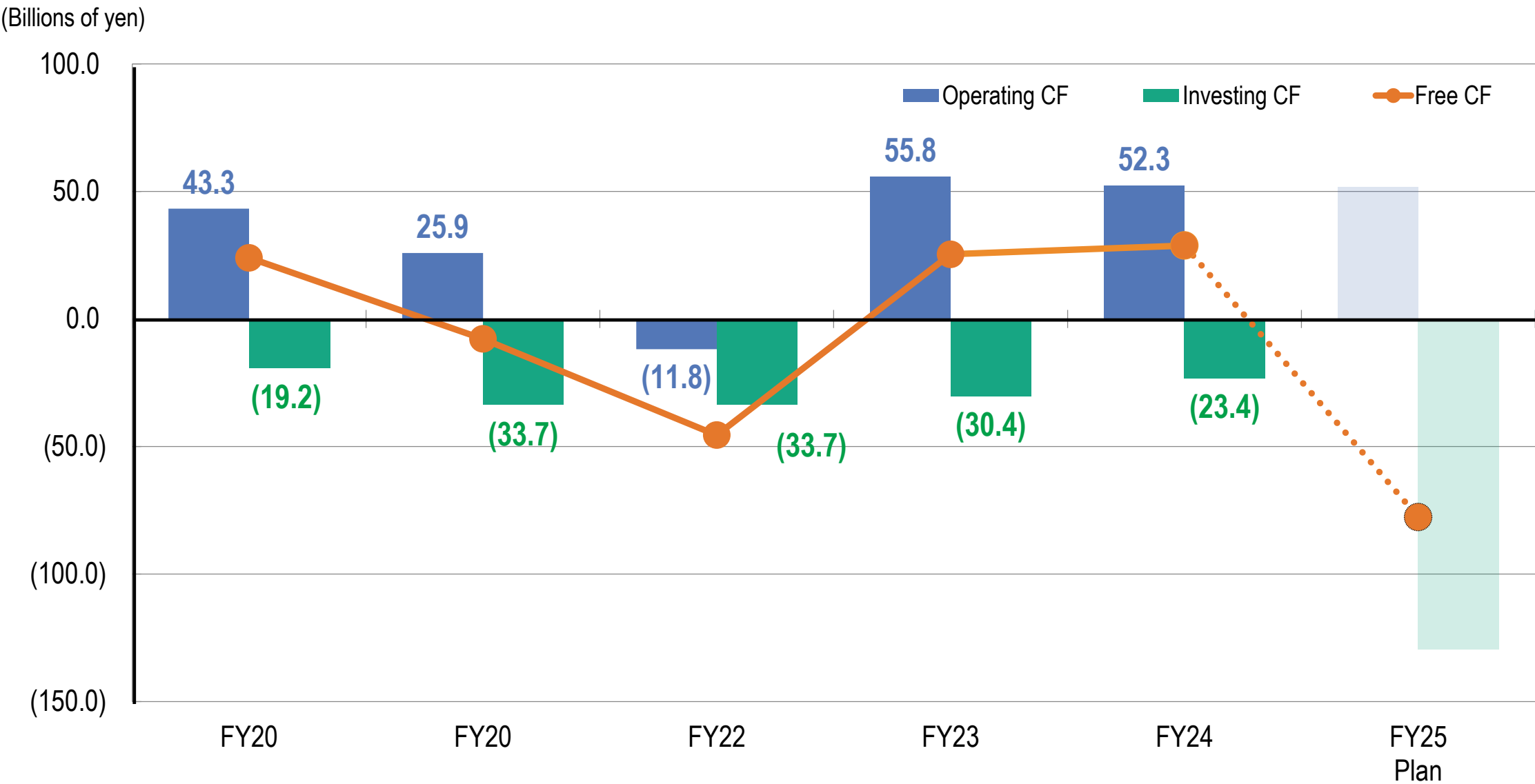
Cash Flow Generation and Allocation

Working to enhance shareholder returns, promoting capital efficiency improvements
M&A financing (borrowing/bonds)



Cash Flow Trend and Plan

FY2025: Increased investing CF due to business acquisitions



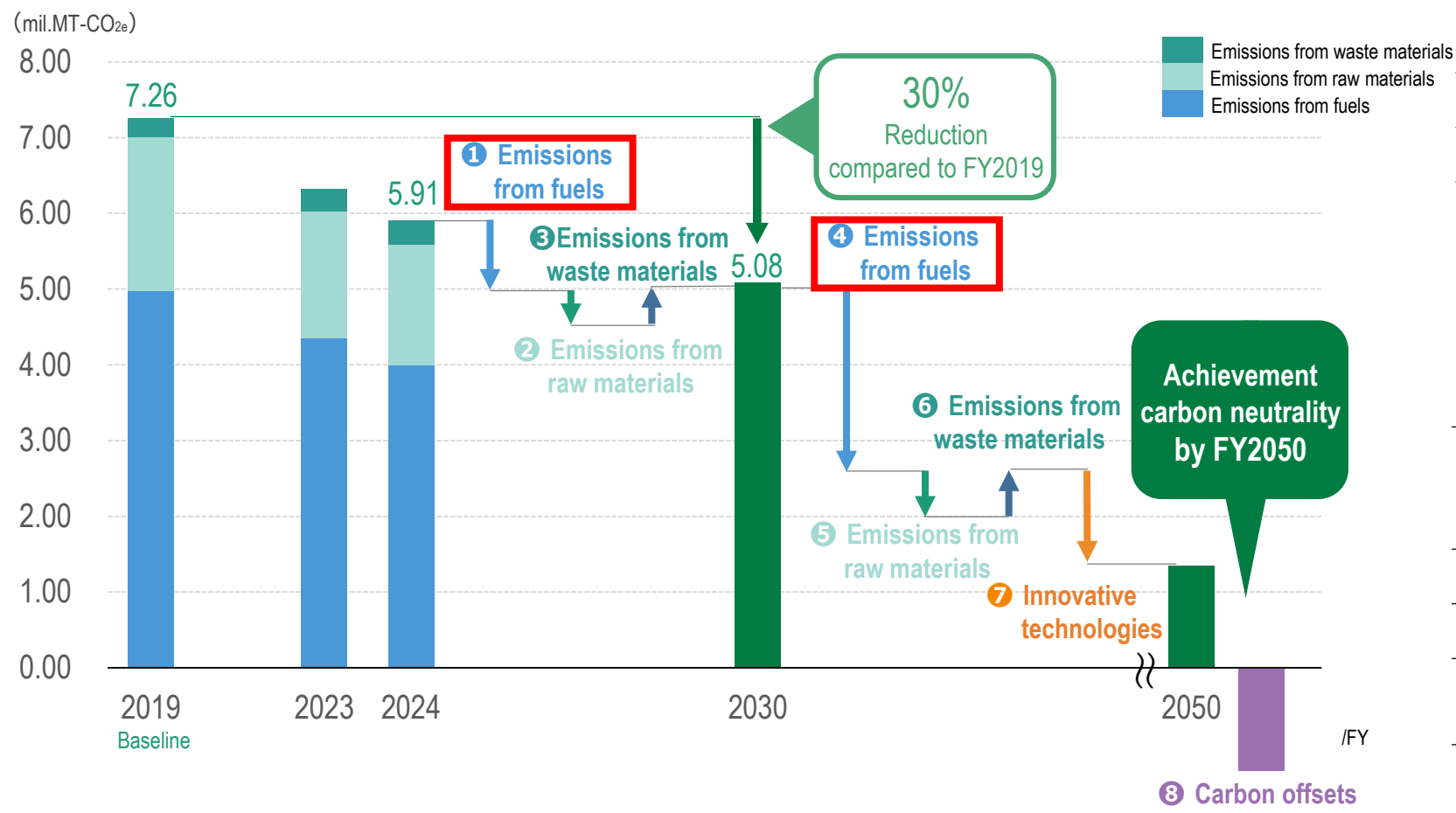
2

Contribute to mitigation of Global Warming

- ▶ Path to Greenhouse Gas (GHG) Emission (Scope1,2) Reductions
- ▶ Reduction Plan for Fuel-derived GHG Emissions (Fuel Conversion Considerations)
- ▶ GHG Emissions Scope 3 Reduction Status

Path to Greenhouse Gas (GHG) Emission (Scope 1,2) Reductions

Steady implementation of reductions with a focus on fuel-derived emissions
Set reduction targets for each emission source; steps taken to achievement



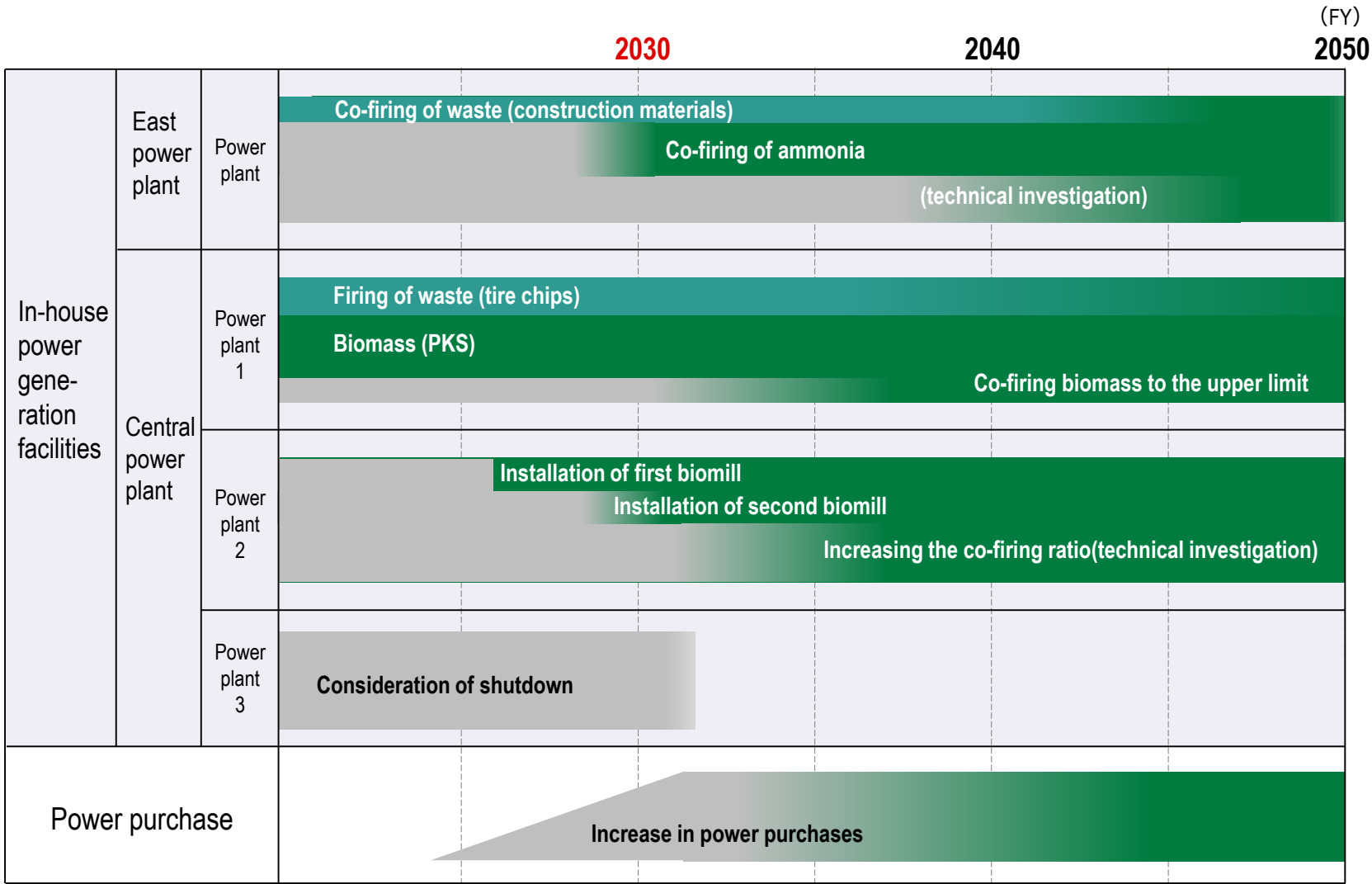
- 1 Co-firing of biomass or ammonia with coal
- 1 Increase energy efficiency, improve processes, upgrade equipment
- 1 Use of local energy
- 1 Business portfolio transformation
- 2 Increase in mixed ingredients & Technological development
- 3 Energy recovery
- 4 Increased biomass and ammonia co-firing ratio → Monofuels
- 4 Further use of local energy
- 4 Use non-fossil energy
- 4 Increase energy efficiency, improve processes, upgrade equipment
- 4 Business portfolio transformation
- 4 Collaboration with other companies in Shunan Industrial Complex
- 5 Ca recycling
- 5 Low GHG-emission cement
- 5 Business portfolio transformation
- 6 Energy recovery
- 7 Conversion to innovative manufacturing methods
- 8 Introduction of negative emission technologies (CCU)
- 8 Carbon offset

*Figures in FY2024 are before third-party certification

Reduction Plan for Fuel-derived GHG Emissions (Fuel Conversion Considerations)



Content of specific plans for fuel-derived reductions - Consider each power generation facility and aim for the steady reduction of emissions



Start ammonia co-firing by FY2030

Continue the high-ratio co-firing of biomass (PKS) and waste (tire chips)

Increase the co-firing ratio by gradually introducing biomass (WP, BP, etc.)

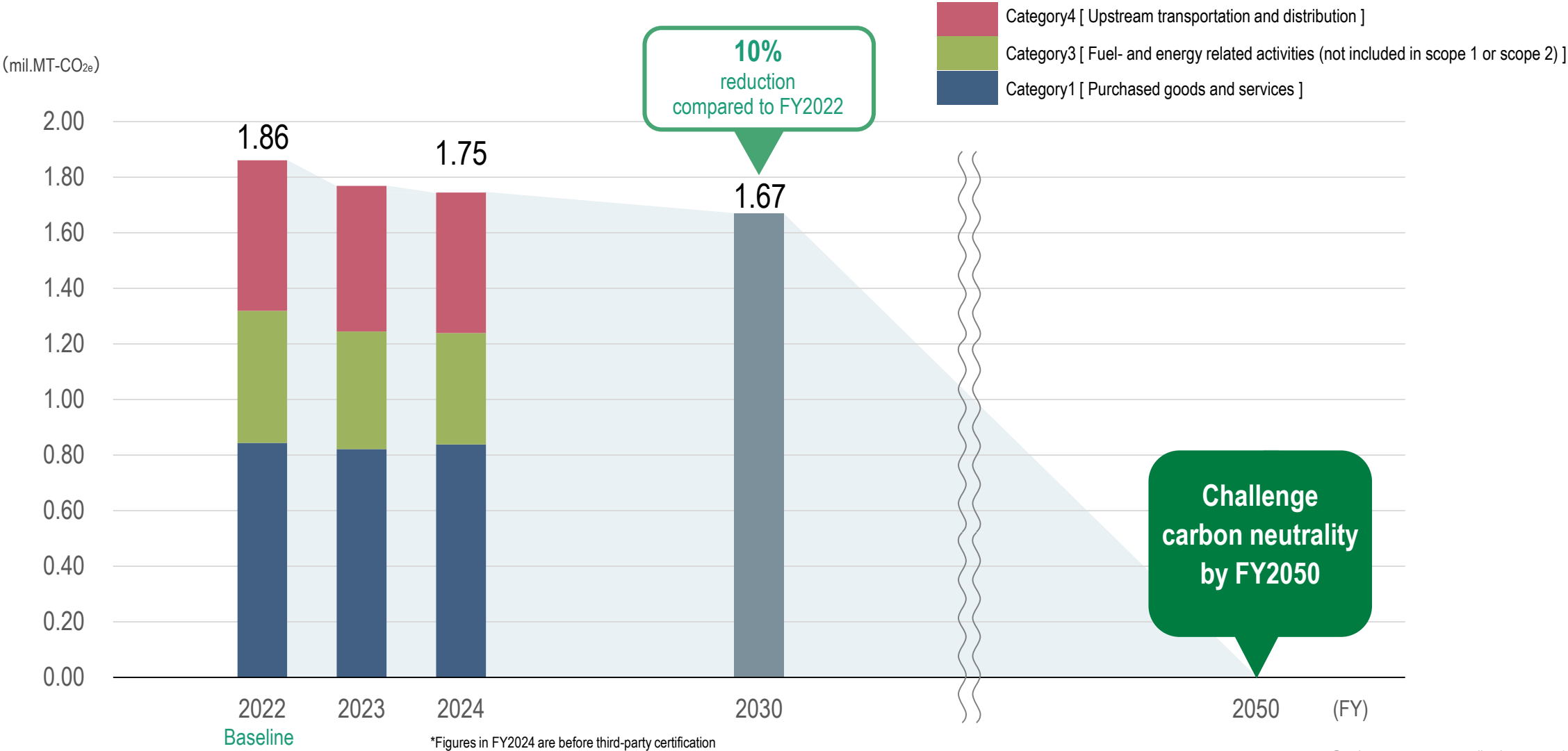
Consideration of power generation equipment shutdown measures as end of useful life approaches

*The above is a plan that is considered reasonable at the present time and does not guarantee the future. *WP: white pellet; BP: black pellet

GHG Emissions Scope 3 Reduction Status

Working toward carbon neutrality of entire supply chain emissions, steadily promoting reduction

Medium- to long-term reduction target for total supply chain emissions (categories 1, 3, and 4)



3 Practice socially responsible management

- ▶ Strengthening of Sustainability Governance
- ▶ Formulation of the Human Resource Strategy

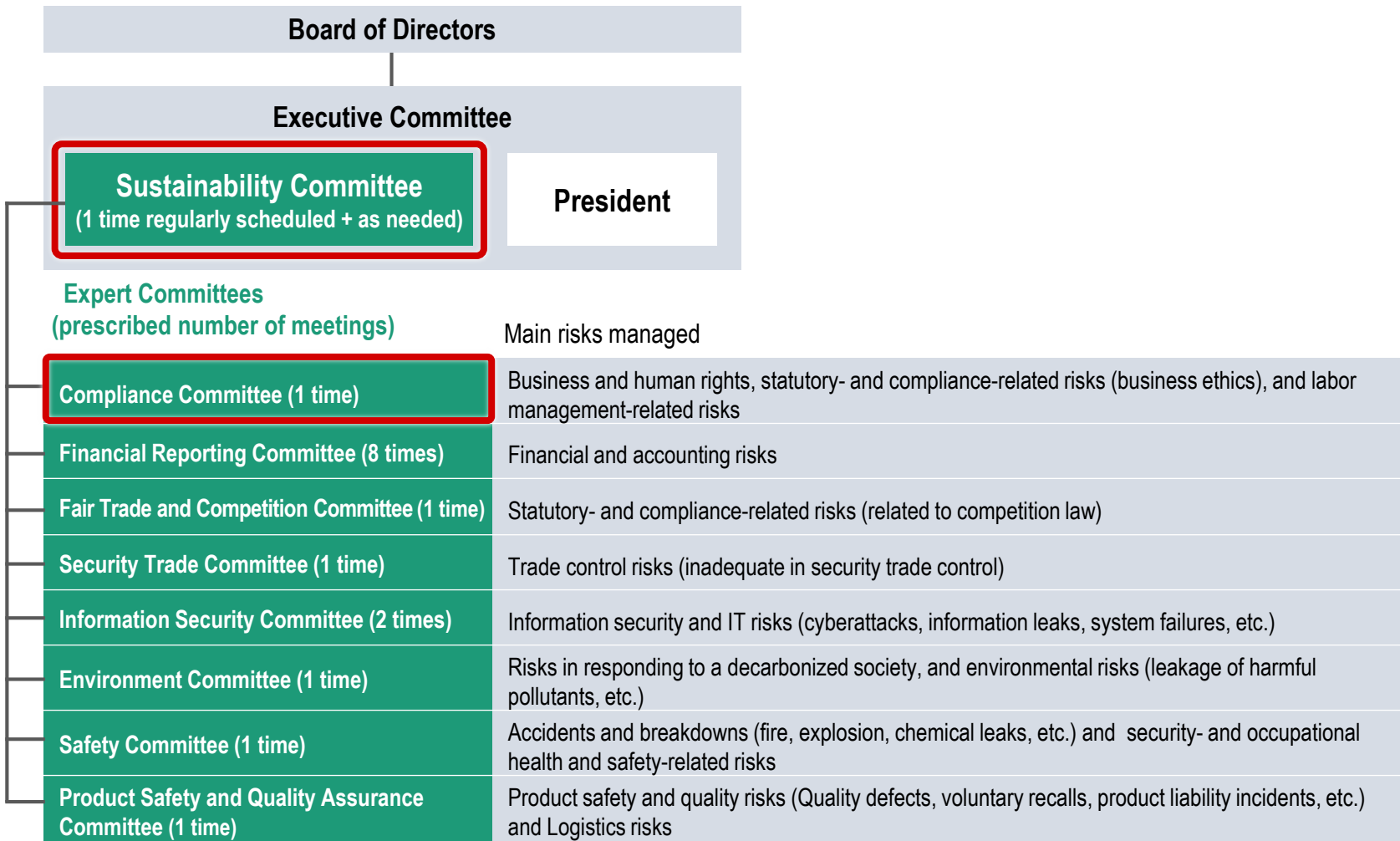
Strengthening of Sustainability Governance

Matters involving sustainability are of importance to the Executive Committee; related meeting bodies reorganized to strengthen the executive governance function

until FY2024



New structure from FY2025



Formulation of the Human Resource Strategy

Introduction of “Pay for job”-based personnel system to encourage diverse human resources to play active roles

Human capital-related issues: Inward-looking, highly homogeneous human capital based on the premise of continuing stable business growth

Tokuyama's human resource strategy (resolving human capital issues and accelerating business portfolio transformation)

Basic concept

Pay for job

Evaluation-based compensation system centered on contributions made to the Company

Strengthening business competitiveness

Strengthening competitiveness by increasing added value of labor

Creative human resource development

Developing diverse human resources to drive portfolio transformation

Continuously securing human resources

Developing human capital measures based on labor market needs

Five strategies to realize the basic concept

Improving business operation productivity

Providing human resources to growth fields/new projects

Ensuring diversity of knowledge and experience

Establishment of a Group personnel system

Recruiting and developing human resources to drive the Company's growth

Specific measures

Moving away from seniority-based wages and abolishing personal allowances

Incentive systems geared toward improvements in productivity

Courses and evaluation systems in line with work styles

Strategic personnel placement through enhanced succession plans for key positions

Strategic rotations to create high performers

Career hiring and active use of alumni

Promotion of independent employee training;

Introduction of a job-based personnel system for managers

Continuous engagement measurement and response

Scientific, data-based human resource management

Base strategy

Improving employee engagement

Presenting/utilizing human capital-related data in visual form

Setting of KPIs to monitor promotion and instilling of the base strategy

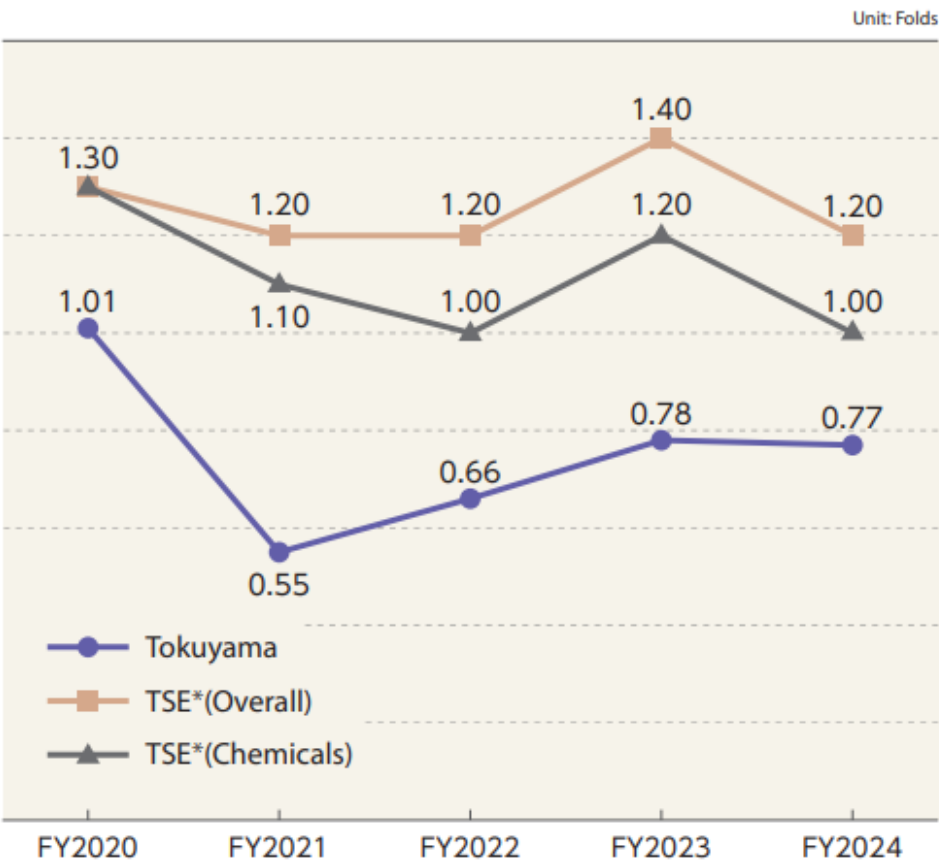
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Supplementary Materials

Reference: Realize Management Conscious of the Cost of Capital and Stock Price

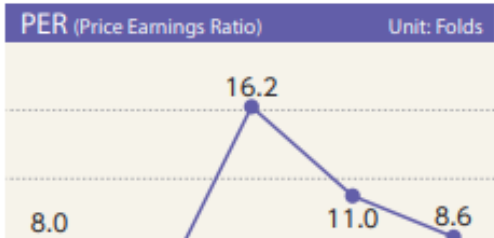
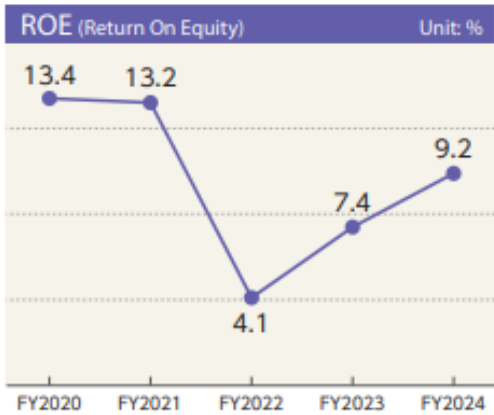
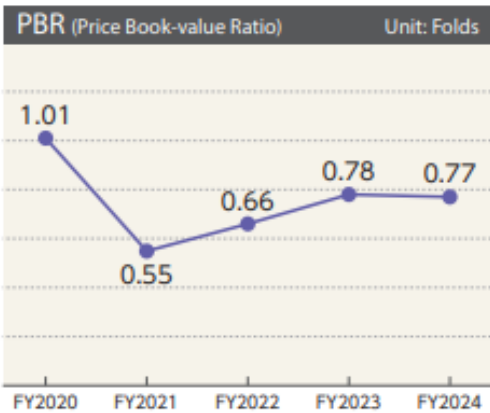
Current Assessment:
Tokuyama PBR trends (Attachment)



Current Assessment:
Analysis regarding cost of capital and return on capital (1) (Attachment)

The low PBR is due to the currently low ROE, indicating the importance of increasing PER, which is reflected in future expected profits.

$PBR = ROE \times PER$
 $ROE = \text{Net Profit} \div \text{Shareholders' equity}$
 $PER = \text{Stock Price} \div \text{Earnings Per Share (EPS)}$



Current Assessment: Analysis regarding cost of capital and return on capital (2) (Attachment)

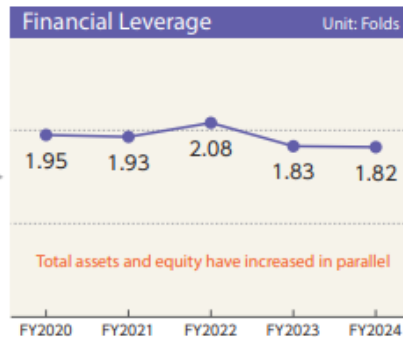
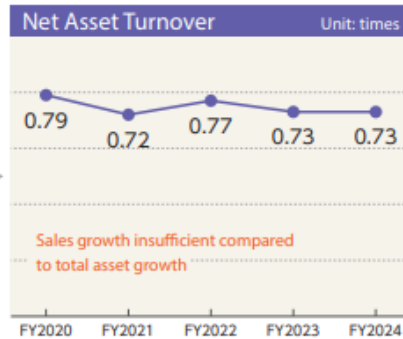
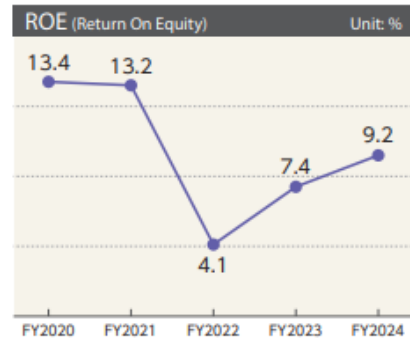
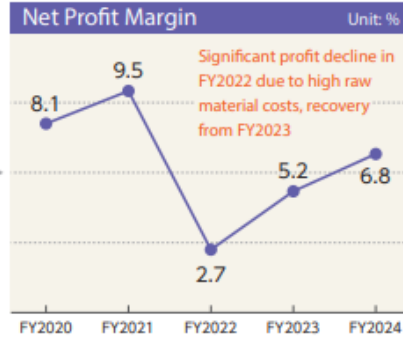
Promoting net profit margin improvement for ROE growth

$$\text{ROE} = \text{Net Profit Margin} \times \text{Net Asset Turnover} \times \text{Financial Leverage}$$

$$\text{Net Profit Margin} = \text{Net Profit} \div \text{Net Sales}$$

$$\text{Net Asset Turnover} = \text{Net Sales} \div \text{Total Assets}$$

$$\text{Financial Leverage} = \text{Total Assets} \div \text{Shareholders' equity}$$



Initiatives: In order to enhance the price book-value ratio (PBR) (Attachment)

Implement measures to reduce the cost of capital and to increase the expected growth rate for the purpose of enhancing PER.

$$\text{PBR} = \text{ROE (Return On Equity)} \times \text{PER (Price Earnings Ratio)}$$

$$\text{PER} = \text{Stock Price} \div \text{Earnings Per Share (EPS)} \rightarrow \text{Stock Price} = \text{EPS} \times \text{PER}$$

$$\text{Stock Price} = \frac{\text{EPS}}{\text{Cost of Capital} - \text{Anticipated Growth Rate}} = \text{EPS} \times \frac{1}{\text{Cost of Capital} - \text{Anticipated Growth Rate}}$$

Equality

Reduce the cost of capital

► Transform Business Portfolio:

- ① Business restructuring leading to GHG reduction
- ② Business expansion in the growth areas of electronics, healthcare, and the environment

► Increasing management efficiency:

- ① Promote DX in production processes
- ② Improve productivity by promoting personnel system reforms

► IR strategy:

- ① Further strengthen dialogue with shareholders through IR, SR, etc.

► ESG:

- ① Publish a TCFD report
- ② Participate in the GX League
- ③ Participate in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum

Enhance the Anticipated growth rate

► Growth businesses:

- ① Expand the Polycrystalline Silicon Business in Malaysia and Vietnam
- ② Strengthen the dental materials and equipment business supply chain (Tokuyama Dental)
- ③ Acquisition of invitro diagnostic pharmaceutical business (Pursuing synergies with A&T)

► Overseas expansion:

- ① Expand the IC Chemical Business in Taiwan and Korea
- ② Establish a subsidiary in India (marketing in the electronics, healthcare, and environmental fields)

► ROIC management:

- ① Perform management conscious of cost of capital (reduce cross-shareholdings, etc.)
- ② Begin disclosing ROIC and WACC data on a Group basis (from FY2024)

Shareholder return and cross-holding trends

(Attachment)

Shareholder return trends					
	FY2020	FY2021	FY2022	FY2023	FY2024
Dividends per share :yen	70	70	70	80	100
Payout ratio: %	19.9	18.0	53.8	32.4	30.8
DOE(dividend on equity ratio): %	2.6	2.4	2.3	2.5	2.9

Cross-holding trends					
	FY2020	FY2021	FY2022	FY2023	FY2024
Number of cross-shareholding issues	22	21	20	20	11
year-end market value : billion of yen	120	126	126	179	148

Shareholder dialogue results (FY2024)

(Attachment)

IR	Financial results briefing	4 times, quarterly
	Management Briefing	1 time, June 2024
	Business Briefing	1 time, September 2024
	IR meetings with domestic institutional investors	233 cases
	IR meetings with overseas institutional investors	12 cases
	Briefing for Individual Investors	1 time, March 2025
SR	Engagement with major institutional investors, etc.	5 cases, handled by the President and Representative Director

Main themes	Medium-Term Management Plan	<ul style="list-style-type: none"> Progress and challenges in transforming the business portfolio Growth business future outlook Certainty of achieving final fiscal year targets
	ESG/DX	<ul style="list-style-type: none"> Human Resource Strategy initiatives Progress in reducing GHG emission Productivity improvements using DX
	Other	<ul style="list-style-type: none"> Approach toward stock price levels and returns

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