

1Q FY2024 Tokuyama Corporation Investor Meeting Q&A

Date and time: July 26, 2024 (Friday) 12:00-12:45

Participant: Tomohiro Inoue, Director, Managing Executive Officer

Regarding the Electronic & Advanced materials Business

Q: I would like to ask you about the electronic & advanced materials. You mentioned that progress varied by segment and that a full recovery in semiconductors would begin in H2 of the fiscal year. Regarding silicon for semiconductors, I understand that there was a reversal of the valuation loss on inventory, so I think that there were various explanations given, making it a little difficult to understand the actual progress. Is this segment going up or down relative to the original plan? Also, regarding the reversal of valuation loss, please explain how much loss was incurred last year and how much has been recovered this year.

A: It has been very difficult to understand the improvement in the product mix, but some of the high-end products have sold well, and we predict that general-purpose grade products will be the next. So, compared to what we would have roughly thought an average over the course of the year, Q1 ended up producing more profit than we had anticipated due to the sales of higher-end products.

However, when we look at the full year, our sales plan is in line with our schedule. Our current outlook does not assume that our operating profit will be JPY7.6 billion by multiplying JPY1.9 billion by four.

Next, regarding the reversal of the valuation loss on inventory, we recorded a reversal of profits of several hundred million yen, which was less than JPY1 billion, resulting in an increase in profits.

Regarding the Life Science Business

Q: Regarding dental materials, sales of life sciences as a whole remained flat, with a slight decrease in profit, but what was the contribution of dental materials?

A: Speaking on a profit basis, it's a rough estimate, but if you look at the breakdown, I can honestly say it accounts for the majority.

Regarding the Cement Business

Q: Regarding the cement price increase, you mentioned that the price will be raised by JPY2,100 per ton from the beginning of the next fiscal year. Does this mean that the increased costs this year will be passed on to next year with a one-year delay? or does this mean that the price increase will overlap with the current fiscal year and will cover both years' worth of increases next year, all at once?

A: Logistics and labor costs have been rising in recent days. In addition to this, we are also making investments in the maintenance and renewal of aging facilities, with some very large-scale investments planned from next fiscal year onwards. In this sense, as you just pointed out, we are aware of the fact that we have to endure the recent increase in logistics and labor costs this year and plan to make investments in the next two years. We are now in the process of formulating a plan based on this thinking.