

## 4Q FY2024 Tokuyama Corporation Investor Meeting Q&A

Date and time: April 28, 2025 (Monday) 12:00-13:00

Participant: Hiroshi Yokota, President, Representative Director  
Tomohiro Inoue, Director, Managing Executive Officer

### **Regarding the changes in operating profit and the trend of coal price**

Q: I would like to ask two things.

The first thing is change in operating profit. I would like to know the breakdown of the plus JPY11.6 billion in the raw material and fuel unit price difference for the period just ended.

Also, I would like to know about the plus JPY9.1 billion for the current period. Also, please give me your coal results and forecast for this year.

A: For the period that ended, I would say that it was a bit positive for coal. The average purchase price for the year was about USD40 to USD50 less than the previous year. So, by analogy, you can probably guess the impact of the coal price. Elsewhere, it will be several billions. The cost of naphtha and salt has increased, and the total amount of JPY11.6 billion has been made up from the above figures.

In terms of the increase in raw materials and fuels this fiscal year, more than 80% of the total increase was due to the decline in coal and naphtha prices.

For coal this year, we are looking at USD110 to USD120 FOB for H1. I am not sure about H2, but we are currently putting it at about USD140 on a budget basis.

It may be a somewhat conservative view, seeing the possibility of going up.

### **Regarding the electronic and advanced materials**

Q: I would like to know more about electronic and advanced materials. There was a considerable increase in profit from Q3 to Q4, but there was only a difference of JPY1 billion in sales compared to last year's Q4. You have over JPY1.5 billion in operating profit, and I feel that the increase in operating profit is larger than the increase in sales. How the trend will be in Q1 and Q2, or H1.

I assume that polycrystalline silicon shipments for Q4 are coming in as usual. Could you share what we should expect regarding the drivers of this term's performance? Will it be mainly polycrystalline silicon, IC chemicals, or perhaps heat management materials, which are not listed here? So could you explain their expected contribution?

A: First of all, the earnings increase in Q4 was due to the reversal of last year's allowance, based on the accounting treatment for the decline in polysilicon prices, as I mentioned earlier. The amount is inflated by several billions. So, I think it is fair to say that profits have accumulated slightly beyond our actual performance. Then, for the current fiscal year, basically H2 will be better. As you pointed out, shipments of polysilicon, in particular, will appear toward the end of the period, as agreed with the customer.

We also expect IPA shipments to pick up after Q2, especially after the summer, we will see a solid increase coming related to N2, so we expect a positive contribution after the summer as well.

As for heat management materials, discussions with our customers indicate that demand will remain steady throughout the year without major fluctuations, and we expect the volume to continue growing going forward.

### **Regarding the impact of tariffs**

Q: Regarding the impact of tariffs, particularly in the life science segment that you mentioned earlier, could you explain which businesses are recognized as relatively easy to pass on price increases, and which ones are more difficult, where your company might end up bearing the burden? Could you give us an overall picture?

A: In life science, our main products for the US market are dental materials, eyeglass materials, and photochromic materials for special lenses, and we believe it is relatively easy to pass on price increases for these products. On the other hand, for heat management materials, mainly aluminum nitride products, which are also in the US market, we expect that considerable negotiation will be required. However, we believe that we have no choice but to pass on price increases.

Q: What you just mentioned relates to the direct impact of tariffs, but generally speaking, chemical companies tend to be more affected by indirect impacts. Considering that, which area of your business are you currently paying the most attention to?

A: Basically, it will be electronic and advanced materials. We believe that items such as those related to power semiconductors may be indirectly affected by automobile exports, but we have not yet made a quantitative assessment.