

## 4Q FY2025 Tokuyama Corporation Investor Meeting Q&A

Date and time: April 28, 2026 (Tuesday) 12:00-13:00

Participant: Tomohiro Inoue, President, Representative Director

Yoshinori Katayama, Deputy General Manager, Corporate Planning Div.

### **Comparison with Initial Forecast and Outlook for FY2025 (Chemicals / Electronic & Advanced Materials)**

**Q:**

What were the main factors behind the increase in sales but decrease in operating profit compared with the initial forecast in the Chemicals segment? In addition, could you comment on the current operating rates of caustic soda, EDC and VCM?

**A:**

In the Chemicals segment, the primary factor behind the variance versus the forecast was the deterioration in overseas VCM market prices, which had a significant negative impact on profitability.

As for operations, due to constraints on the procurement volumes of ethylene and propylene derived from naphtha, we have implemented a certain level of production adjustment. The impact on operating rates is currently under close review.

---

**Q:**

In the Electronic and Advanced Materials segment, sales fell short of the forecast, while profits were largely in line with the plan. What drove this difference? In addition, polysilicon (for semiconductor use) shipment volumes in FY2025 showed only a slight increase year on year—do you expect volumes to increase in FY2026?

**A:**

The shortfall in sales was mainly attributable to polysilicon, where shipment volumes did not grow as much as initially anticipated. At the beginning of the fiscal year, we had planned a significant increase compared with FY2024; however, overall semiconductor wafer shipments remained in a stagnant phase, resulting in only a marginal increase.

On the other hand, performance in advanced applications remained solid, with shipments of higher-grade products exceeding our initial expectations, which helped mitigate the impact on profitability. While we continue to view the market as being in a stagnation phase in FY2026, we currently expect polysilicon shipment volumes to increase modestly compared with FY2025.

---

## **Impact of the Situation in the Middle East and Outlook for the Business Environment**

**Q:**

Regarding rising costs of raw materials and fuels stemming from the situation in the Middle East, to what extent can these costs be passed on to product prices? Additionally, given the recovery in overseas PVC market prices, is there any plan to increase export volumes?

Furthermore, please comment on the growth outlook for thermal management materials and IC chemicals (such as high-purity IPA), the impact of propylene procurement, the effect of sluggish conditions in the Chinese market on Life Science, potential risks related to the procurement of materials and packaging, as well as the policy regarding rising coal prices.

**A:**

For chemical products whose selling prices are linked to naphtha costs—as well as certain high-purity IPA products—price pass-through is generally possible under contractual formulas, with a limited number of exceptions. While there may be a time lag, we are proceeding with passing higher procurement costs on to customers.

With respect to PVC products, some grades are certified exclusively for our products, including those for medical applications. Therefore, we prioritize stable supply to domestic customers and do not intend to increase exports by reducing domestic shipments.

In Electronic and Advanced Materials, thermal management materials are expected to remain solid in FY2026, with higher sales compared with FY2025 and a corresponding increase in profits. For IC chemicals, we are taking measures to minimize the impact of any constraints on propylene procurement related to the Middle East situation and continue to anticipate growth. In Korea (STAC), shipments of high-purity IPA for semiconductor applications have commenced, and we are aiming for stable supply and further expansion.

In the Life Science segment, we expect the impact of China's centralized purchasing policy to ease from the second half of FY2026. Combined with continued strong demand for dental materials, we anticipate growth at the segment level. At present, procurement of materials and packaging is not causing any disruption to production or shipments, although we will continue to monitor the situation closely.

Regarding coal prices, while futures prices remain elevated, coal is procured directly by the Company. We are taking steps to suppress procurement costs as much as possible through our purchasing efforts.

---

## **Shareholder Return Policy**

**Q:**

With respect to shareholder returns, which does the Company prioritize: a target DOE of 3% or a dividend payout ratio of 30%?

**A:**

Historically, the Company has used the dividend payout ratio as its primary indicator. However, in order to achieve stable and sustainable dividends that are less sensitive to earnings volatility, we have adopted DOE as an additional metric. In FY2026, we aim to maintain DOE at a level comparable to FY2025 to the extent possible.