

# OUR VALUE CREATION

Tokuyama will create new value in harmony with the environment by supplying products that address social problems.

## Mission

To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry

## Vision

Be a value-creative company that places first priority on R&D and marketing

Be a company that never stops challenging new domains while refining and exploiting its unique strengths

Be a company with healthy employees who have healthy families and take pride in their work at their company

Be a company that fosters bonds with people in communities and societies worldwide

## Values

Commitment to customer satisfaction as a profit source

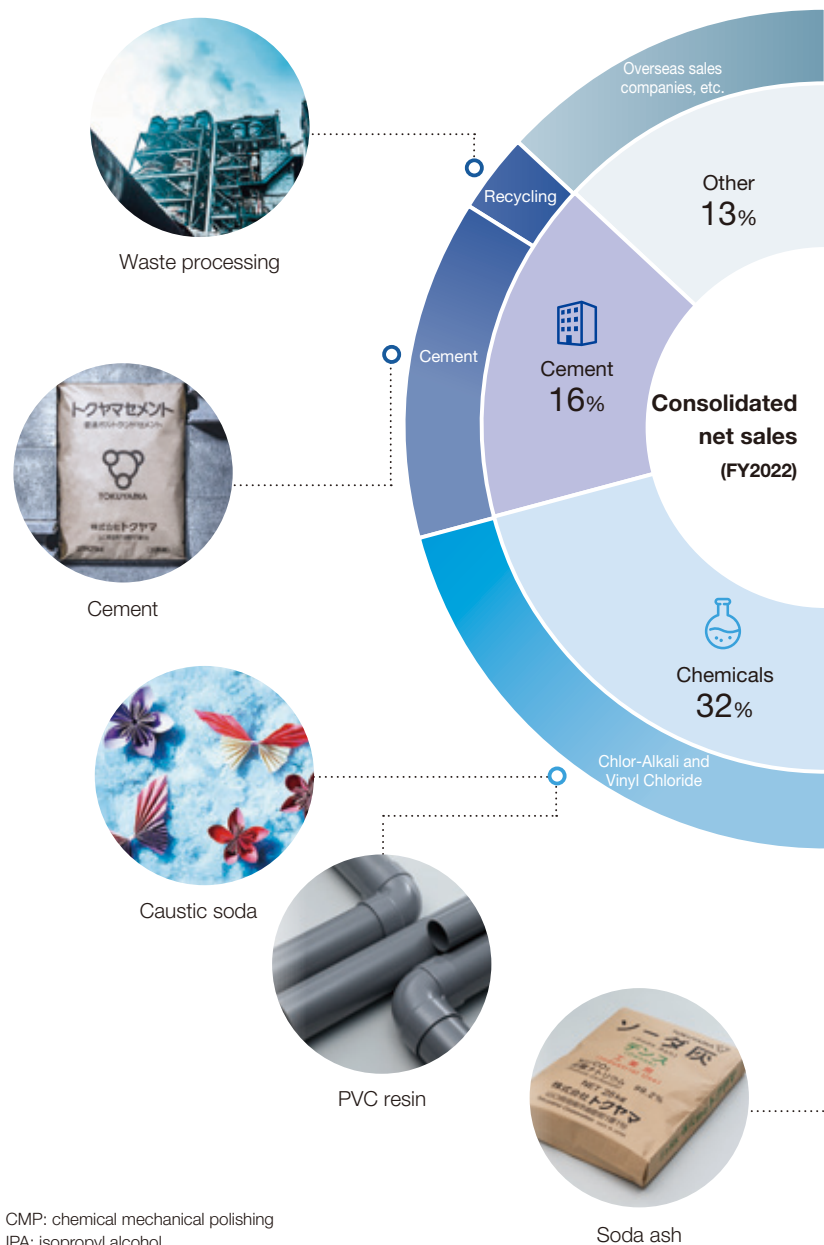
A broader, loftier perspective

Employees who consistently surpass their predecessors

Integrity, perseverance, a playful spirit and boldness

## Tokuyama at a Glance

Our product lines and demonstrating prowess in diverse markets



Semiconductor-grade polycrystalline silicon

Silica for CMP<sup>1</sup>

High-purity aluminum nitride

High-purity IPA<sup>2</sup> for electronics manufacturing

Microporous film

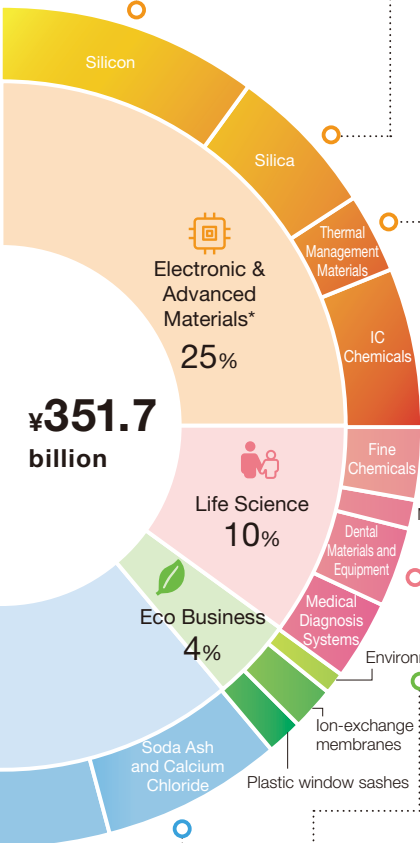


Photochromic materials for eyeglass lenses

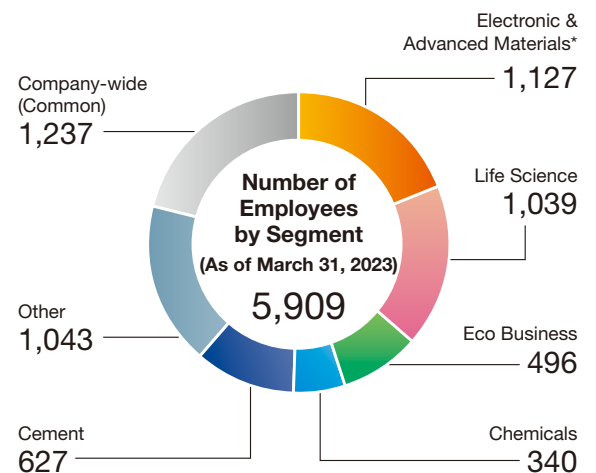
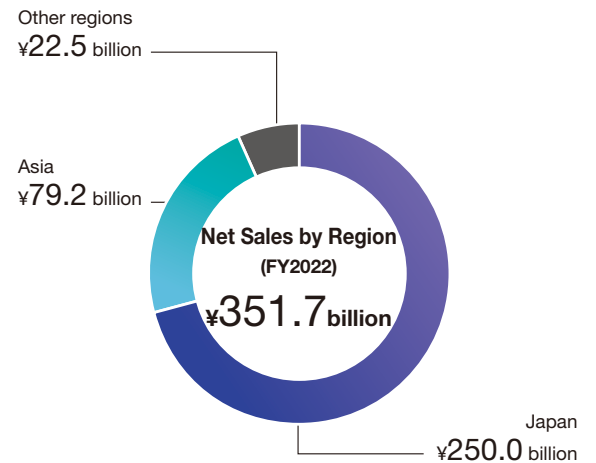
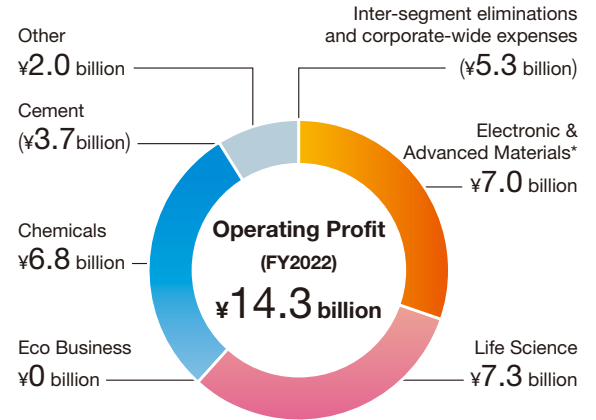


OMNICHROMA dental filling composite resin

Waste gypsum board recycling



## Key Data (FY2022 Results)



\*On April 1, 2023, the name was changed to Electronic & Advanced Materials

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## Editorial Policy

The *Tokuyama Report* is published to communicate the Company's management policy and medium- to long-term strategy to stakeholders in a way that is easily understood. When preparing this report, we conducted interviews with investors and a survey within the Company about the FY2022 report. The feedback we received is reflected in our planning. We hope that this report will enable better communication with our stakeholders as well as a deeper understanding of the Tokuyama Group. This report briefly outlines information that is highly relevant to the value creation story. For more detailed IR and/or CSR information, please visit the Company's website.

### Period Covered

FY2022 (April 1, 2022 to March 31, 2023)

Some activities and information included relates to FY2021 or earlier or is scheduled for FY2023 or later.

### Report Scope







Tokuyama Corporation and consolidated subsidiaries (56 companies)

- If the reported scope is different for some data in this report, the different scope will be cited.
- In principle, entities listed as Tokuyama in this report generally refer to Tokuyama Corporation and the Tokuyama Group.

### Reference Guidelines

- The Ministry of Economy, Trade and Industry, *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation 2.0*
- IFRS Foundation, *Integrated Reporting Framework*
- Global Reporting Initiative, *GRI Sustainability Reporting Standards*
- Task Force on Climate-related Financial Disclosures (TCFD), *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*

## Information Framework

	Financial	Non-Financial
Overview of Strategy	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  <p><b>Tokuyama Report (Integrated Report)</b></p> <p>This report includes corporate activities for a wide range of stakeholders, covering both financial and non-financial aspects of Tokuyama at present and for the future that we aim to achieve.</p> <p><a href="https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html">https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html</a></p> </div> <div style="text-align: center;">  </div> </div>	
Details and Latest Data	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  <p><b>Investors Website</b></p> <p>Useful information for shareholders and investors, organized as an IR Library</p> <ul style="list-style-type: none"> <li>• Financial summaries</li> <li>• Presentation materials</li> <li>• Annual securities reports</li> <li>• Corporate governance reports, etc.</li> </ul> <p><a href="https://www.tokuyama.co.jp/eng/ir/">https://www.tokuyama.co.jp/eng/ir/</a></p> </div> <div style="text-align: center;">  <p><b>CSR Website</b></p> <p>Provides more detailed information on Tokuyama's CSR activities</p> <p><a href="https://www.tokuyama.co.jp/eng/csr/">https://www.tokuyama.co.jp/eng/csr/</a></p> </div> </div>	
	<div style="text-align: center;">  <p><b>Tokuyama TCFD Report</b></p> <p>Outlines initiatives against climate change based on the TCFD's four recommendations: governance, strategy, risk management, and metrics and targets</p> <p><a href="https://www.tokuyama.co.jp/eng/csr/tcfd_information.html">https://www.tokuyama.co.jp/eng/csr/tcfd_information.html</a></p> </div>	
	<div style="text-align: center;">  <p><b>Sustainability Data Book</b></p> <p>Mainly includes data for understanding today's Tokuyama based on the perspectives of responsible care (sustainability)</p> <p><a href="https://www.tokuyama.co.jp/eng/csr/report/index.html">https://www.tokuyama.co.jp/eng/csr/report/index.html</a></p> </div>	

### Cautionary Note on Forward-Looking Statements

This report contains forward-looking statements on the Company's plans, strategies, operating performance and other matters. These forward-looking statements are the Company's assessments based on information available at the time of this report's preparation. Statements in this report are subject to various risks and uncertainties. The Company's actual activities and/or operating performance can differ materially from these forward-looking statements as a result of many factors, including but not limited to changes in economic conditions, the operating environment, demand trends, and exchange rates.

### Disclaimer

This report is for information only and is not intended as a solicitation. The Company assumes no liability for any losses due to investment decisions made by relying on forward-looking statements, numerical targets, or other information contained here.

# The Path to Value Creation

## Historical Background

● World War I (1914 to 1918)

## Social Problems

● World War II (1939 to 1945)

● Japanese economic miracle (1955 to 1973)

1918-

1945-

1960-

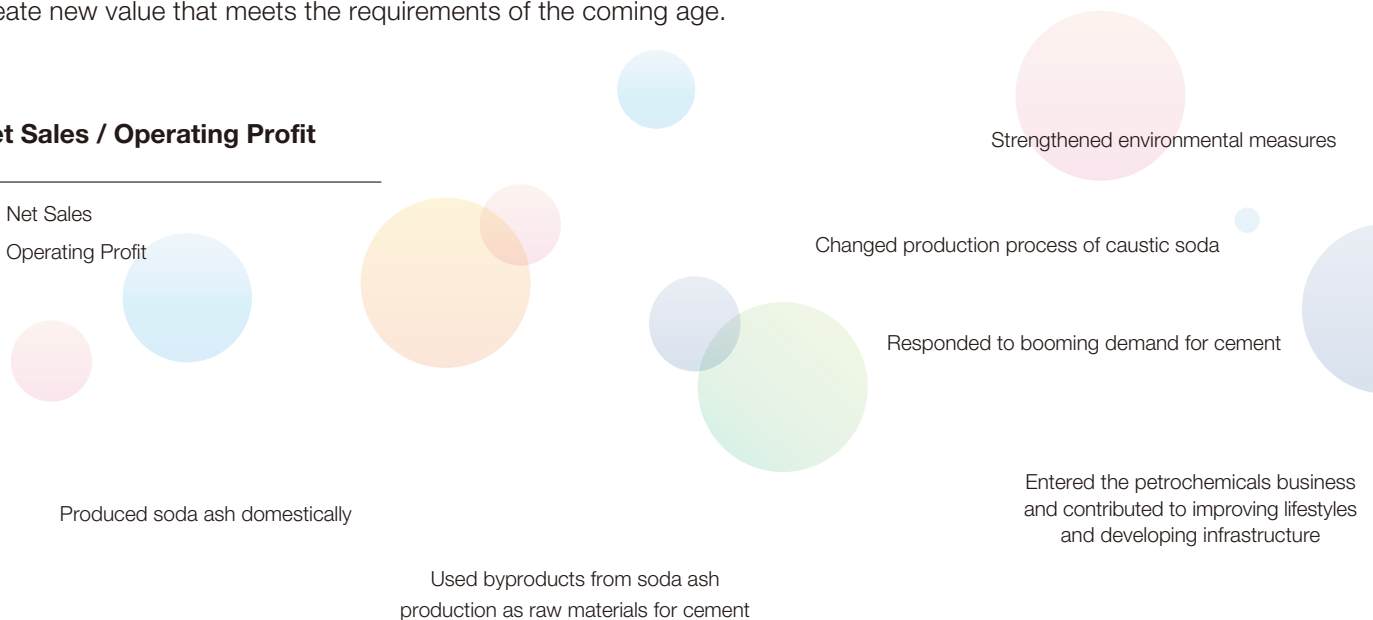
**Chemicals: 1918 Nihon Soda Kogyo Co., Ltd. established for the domestic production of soda ash. Subsequently began production of**

**Cement: 1938 Began production of cement from byproducts of soda ash. Subsequently**

Since our founding in 1918, Tokuyama has worked to accumulate technologies and create new products by developing our inorganic chemicals business, while, from the 1970s, we began addressing social problems by expanding the scope of businesses, mainly in organic and polymer chemistry. We are continuing to refine the technologies that have become the cornerstone of our growth over more than a century, as we strive to create new value that meets the requirements of the coming age.

## Net Sales / Operating Profit

- Net Sales
- Operating Profit



1918

1930

1940

1950

1960

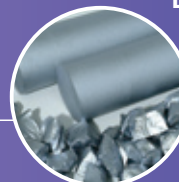
## Tokuyama Value Creation

### Japanese industrial development backed by domestically produced soda ash



Tokuyama was originally established in 1918 as Nihon Soda Kogyo Co., Ltd. by the founder Katsujiro Iwai, succeeding two decades later with the domestic production of soda ash (sodium bicarbonate) used as an ingredient in glassmaking. Tokuyama utilized the byproducts to make the foray into the cement industry. In 1952, the production method for caustic soda was converted into an electrolytic process in response to market changes. The pioneering spirit of the founders, who were instrumental in Japan's industrial development, is the cornerstone of what makes Tokuyama what it is today.

### Diversifying businesses to evolve into a comprehensive chemical manufacturer



Armed with a solid management base, Tokuyama made the move to take the advanced technologies we had developed into new industry sectors. In 1964, Tokuyama began production of polypropylene oxide, taking the first steps into the field of petrochemicals. This was followed by entry into a wide range of sectors, including film and construction materials in the 1970s, and electronic materials like polycrystalline silicon to meet the needs of the burgeoning semiconductor industry as well as dental materials and eyeglass lens materials for the healthcare sector in the 1980s. These moves gave Tokuyama a strong foundation upon which to grow into a comprehensive chemicals manufacturer.

- Oil shocks (1973, 1979)
- Environmental pollution problems

- Japanese asset price bubble (1986 to 1991)

- Declining birthrate and aging population in Japan (from 1997)
- Digital revolution (from 1995)
- Kyoto Protocol (1997)

- Bankruptcy of Lehman Brothers (2008)

- COVID-19 pandemic (from 2020)
- Adoption of the Sustainable Development Goals or SDGs (2015)

1970-

1980-

1990-

2000-

2010-

2020-

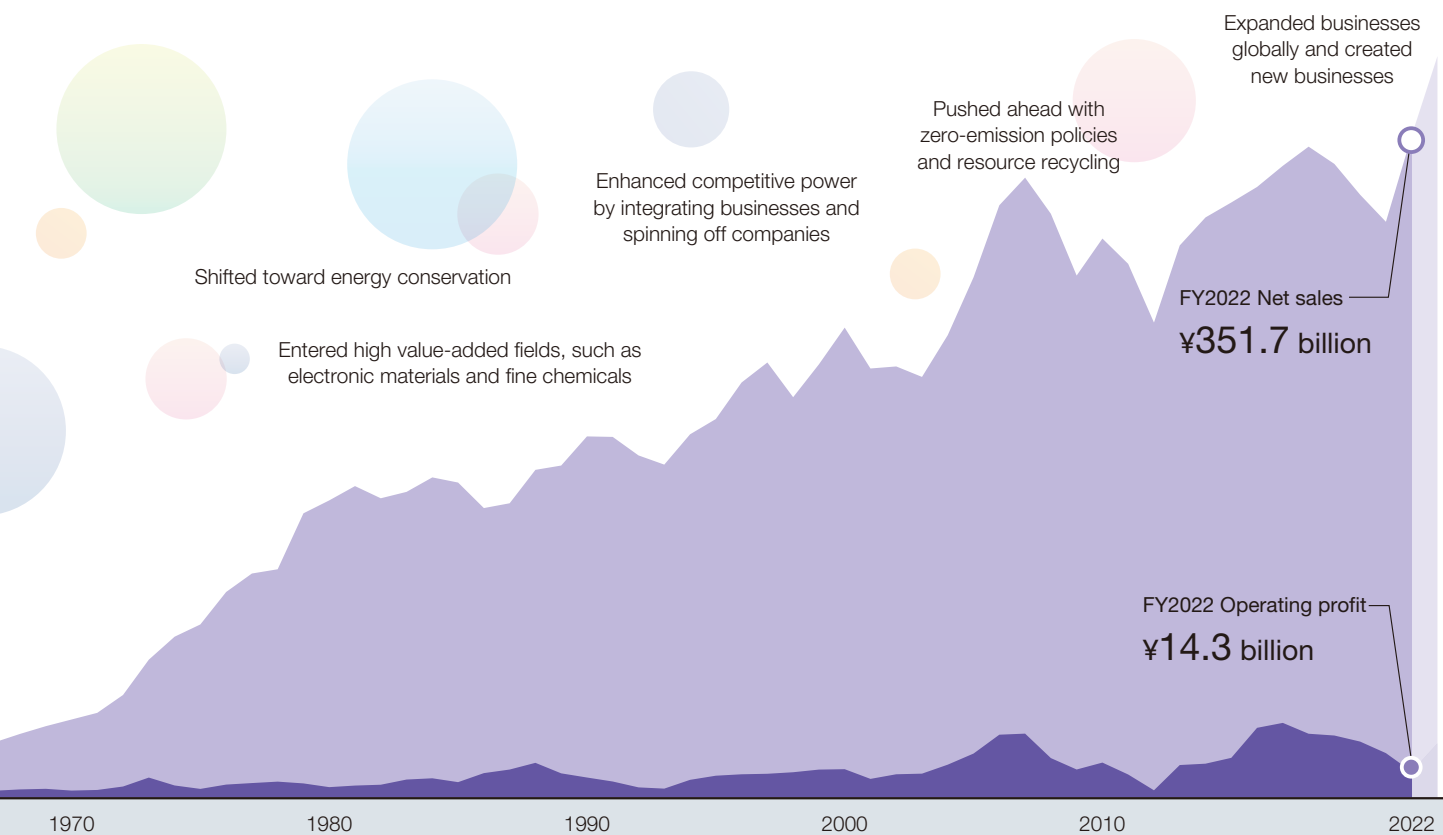
of calcium chloride, caustic soda, PVC resin, and other materials

changed production process and launched the recycling business in 1999 using cement kilns

Eco Business: 1967 Began production of ion-exchange membranes for use in salt production from concentrated seawater 2013 Established waste gypsum board recycling business, 2021 Converted this operation into a department

Life Science: 1978 Established dental materials and equipment business, 1982/1983 Established businesses for eyeglass lens material, pharmaceutical ingredients, and diagnosis equipment

Electronic & Advanced Materials: 1984/1985 Began production of semiconductor-grade polycrystalline silicon, high-purity IPA for electronics manufacturing, and aluminum nitride



## More overseas operations underpinning our growth as a global company



The company name was changed to Tokuyama in 1994, marking our expansion overseas with a key focus on Korea, Singapore, China and other countries throughout Asia. In Japan, new Group companies were established, consolidated, and reorganized to further boost the company's operational framework. With initiatives for moving toward a more sustainable society, Tokuyama expanded into the recycling business in 1999 by utilizing cement plants.



## Toward a value-creative and solution-providing company

While the economic system reeled from unprecedented changes in 2021—the digital revolution, advancements in DX, inflation on a global scale, the COVID-19 pandemic—Tokuyama took the first steps toward achieving a brand-new vision: transforming from energy-intensive businesses into becoming a value-creative and solution-providing company. With both exceptional technical strengths and proven solutions tailored to customers' requirements, Tokuyama is aiming to become a company that delivers unique value while helping to resolve social issues.