

# Our Value

Tokuyama Value Creation Story

# Creation Story

## Mission

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

## 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

## Medium-Term Management Plan 2025

See p. 20 for details

FY2021

FY2025

## The Path to Realizing Our Vision

Through the steady transformation of our business portfolio, Tokuyama is contributing to mitigating global warming, and practicing socially responsible management as stated in Medium-Term Management Plan 2025, and we are making progress in realizing our Vision and toward becoming a value-creative company.

We will strive for sustainable business growth by leveraging human capital and sharing our Mission and Values.

Transform Business Portfolio

Contribute to Mitigating Global Warming

Practice Socially Responsible Management

## 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

Increase the share  
of consolidated net  
sales from growth  
businesses to

**60% or  
more**

Percentage of  
consolidated overseas  
net sales

**50% or  
more**

GHG emissions  
(Scope 1 and 2)

**30% reduction\***

**Achievement of  
carbon neutrality by  
FY2050**

**FY2030**

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

Expedite development/commercialization of next-gen energy technologies  
Reduce GHG emissions (Scope 1 and 2) 30%\* by FY2030

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

## Materiality

See p. 40 for details

- Helping to fight global warming
- Conserving the environment
- Preventing accidents and preparing for disasters
- Developing products and technologies that address social issues
- Improved chemical management and product safety

- Engaging with local communities
- Promoting CSR procurement
- Developing human resources
- Promotion of diversity and career fulfillment
- Promotion of physical/mental health

\* Base year: FY2019 GHG emissions of approximately 7.26 million tonnes-CO<sub>2</sub>e

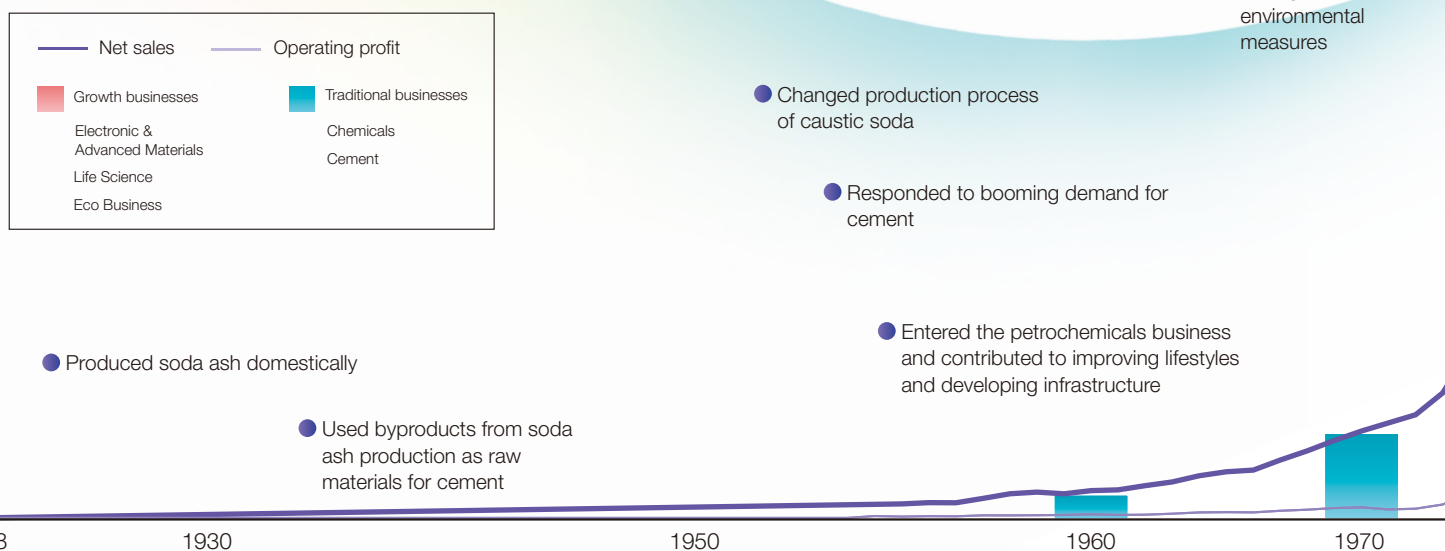
# The Path to Value Creation

## Historical Background and Social Issues

- World War I (1914 to 1918)
- The Great Depression (1929 to 1941)
- Environmental pollution problems
- World War II (1939 to 1945)
- Japanese economic miracle (1955 to 1973)

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 issues 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



## Tokuyama Value Creation

Japanese industrial development backed by domestically produced soda ash  
Established the foundation for the soda business

Strengthened our facilities and converted our manufacturing methods in response to the needs of society  
Diversified businesses to evolve into a comprehensive chemical manufacturer

### Tokuyama's Path

1918

Nihon Soda Kogyo Co., Ltd. (currently Tokuyama Corporation) was established  
Soda ash plant was constructed in Tokuyama-cho, Yamaguchi Prefecture (currently Shunan City)



Panoramic view of the company around 1919

1924

First shipment of caustic soda (ammonia-soda process)

1927

First shipment of soda ash

1938

Central power plant completed



Cement Tokuyama Plant

1938

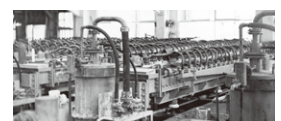
Cement plant completed and production started

1940

Began production of calcium chloride

1952

Began production of high-quality caustic soda using an electrolytic process



Electrolyzer

1960

Nanyo Plant was constructed  
Began cement production using a large kiln



Nanyo No. 1 Kiln (Mammoth Kiln)

1964

Entered the petrochemical business  
Entered the PVC business

1967

Opened the East Plant to enter the ion-exchange membrane business and to expand the petrochemical business



PVC plant

1972

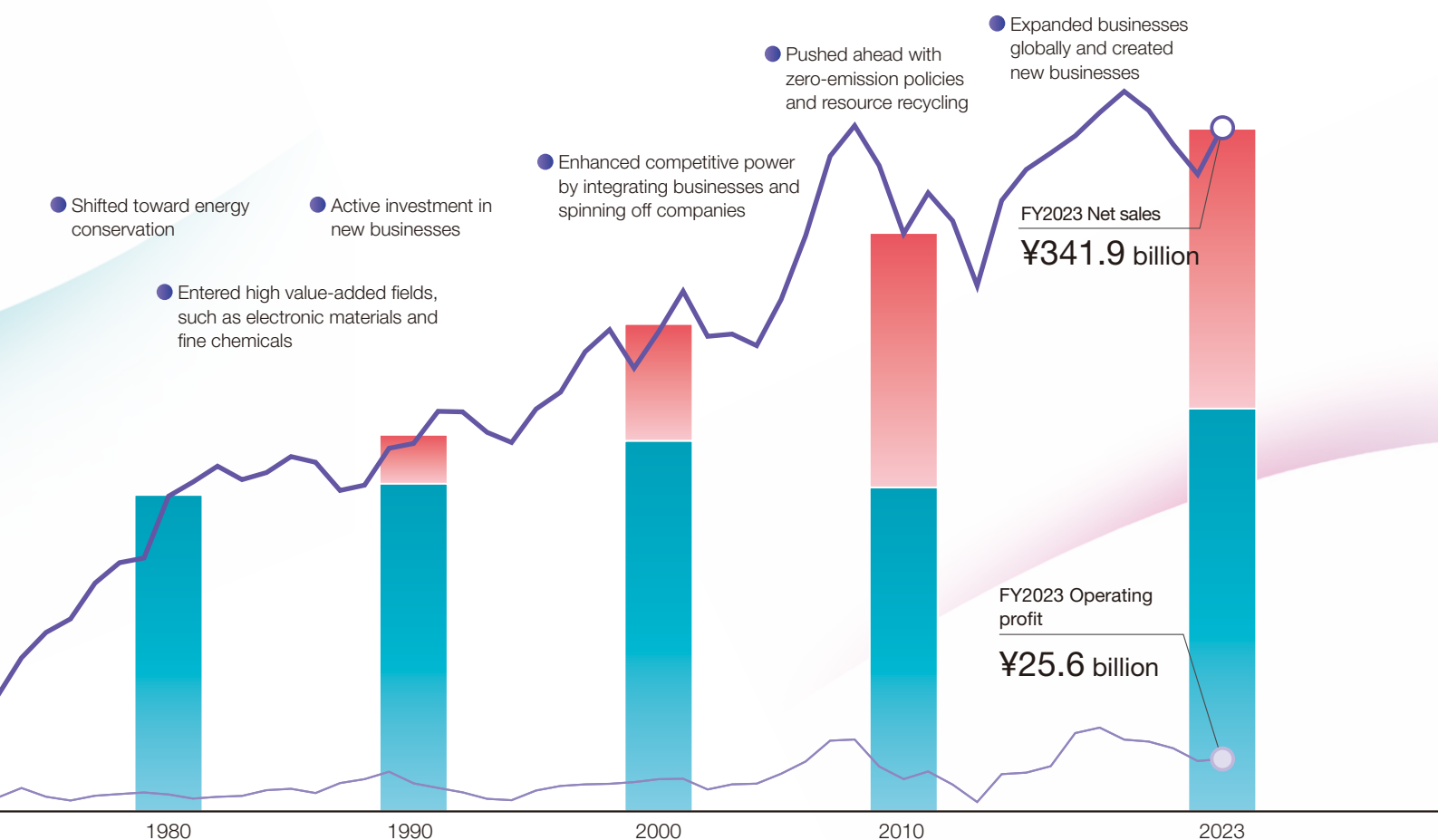
Started production of isopropyl alcohol using direct hydration process

1975

Began production of caustic soda using a diaphragm process



- Oil shocks (1973, 1979)
- Declining birthrate and aging population in Japan
- COVID-19 pandemic
- Digital revolution (from 1995)
- Bankruptcy of Lehman Brothers (2008)
- Japanese asset price bubble (1986 to 1991)
- Kyoto Protocol (1997)
- Adoption of the Sustainable Development Goals or SDGs (2015)



Expansion of new businesses such as specialty and processing types, and more overseas operations underpinning our growth as a global company

Providing new value in the fields of electronics, healthcare, and the environment  
Aiming to transform into a value creation company

- 1978 Entered the dental materials and equipment business
- 1982 Entered the fine chemicals business
- 1983 Entered the diagnostic systems business
- 1984 Entered the high-purity polycrystalline silicon business
- 1985 Entered the high-purity aluminum nitride business

1985

Opened Kashima Factory as a manufacturing base for fine chemicals



Kashima Factory

1989

Established the Tsukuba Research Laboratory as a base for the development of specialty businesses



Tsukuba Research Laboratory

1989

Established Tokuyama America, established Tokuyama Europe

- 1996 Established the current Tokuyama Singapore and Taiwan Tokuyama as manufacturing and sales bases for high-purity IPA, etc.

- 2001 Established Tokuyama Dental by spinning off of the dental materials and equipment business

- 2004 Spin off of the ion-exchange membrane business to integrate with ASTOM

2005

Established Tokuyama Chemicals (Zhejiang) to meet the growing global demand for fumed silica



Tokuyama Chemicals (Zhejiang)

2011

Established Tokuyama Chiyoda Gypsum (waste gypsum board recycling business)



Formosa Tokuyama Advanced Chemicals (FTAC)

2020

Established Formosa Tokuyama Advanced Chemicals (FTAC) to respond to needs for high-purity IPA

- 2021 Established the Center for Commercialization of Advanced Technology in Yanai City, Yamaguchi Prefecture Made A&T (diagnostic systems company) a wholly owned subsidiary

- 2022 Established STAC (manufacturing and sales of high-purity IPA) in South Korea

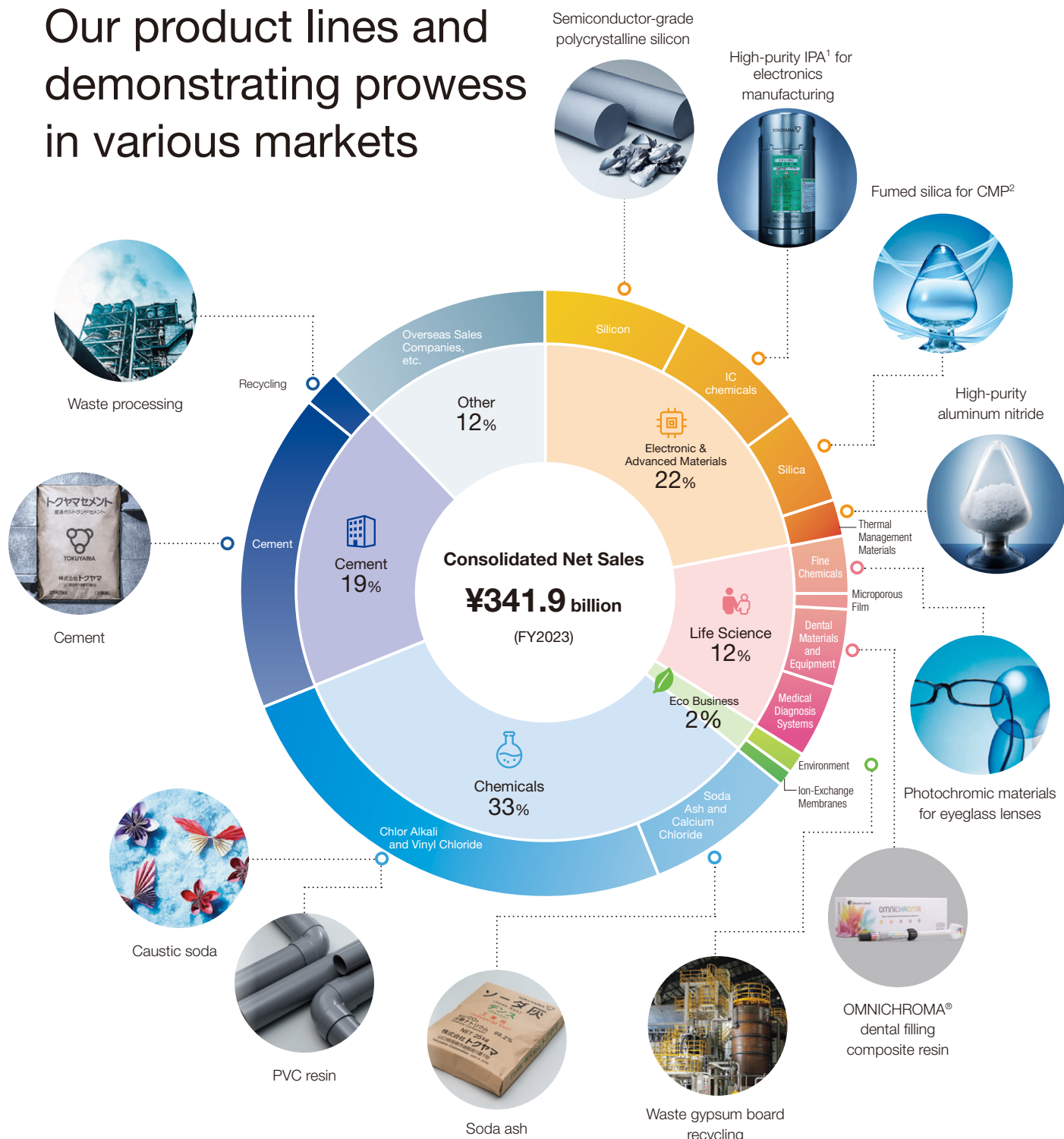
- 2024 Opened the No. 2 Tsukuba Research Laboratory

## Tokuyama Value Creation

Tokuyama Will Create New Value in Harmony with the Environment by Supplying Products That Address Social Issues.

### Tokuyama at a Glance

## Our product lines and demonstrating prowess in various markets



1. IPA: Isopropyl alcohol

2. CMP: Chemical mechanical polishing

## Electronic &amp; Advanced Materials

Competitive products used in  
semiconductor manufacturing processesSemiconductor-grade  
polycrystalline silicon**20%****worldwide share**High-purity IPA for  
electronics manufacturing**Tier 1****manufacturer**

Fumed silica for CMP

**No. 1****worldwide share**High-purity aluminum  
nitride powder**No. 1****worldwide share**

Typical products	Typical applications
High-purity polycrystalline silicon	Semiconductor-grade silicon wafers
High-purity IPA for electronics manufacturing	Precision cleaning of semiconductor wafers and electronic devices

Typical products	Typical applications
Fumed silica	CMP slurry
High-purity aluminum nitride powder	Components for semiconductor manufacturing equipment

## Life Science

Photochromic materials for  
eyeglass lenses**20%****No. 2 worldwide share**Dental materials and  
equipment**94****Countries and  
regions with sales**

Typical products	Typical applications
Photochromic materials for eyeglass lenses	Photochromic lens
Dental filling composite resin	Dental treatment

## Eco Business

The world's first waste gypsum board in a non-kiln  
resource cycle**100%****Fully recycled**

Typical products	Typical applications
Dihydrate gypsum (continuous large recrystallization technology)	Gypsum board

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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 FY2023 report. The feedback we received is reflected in our planning. We hope that this report leads to 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

FY2023 (April 1, 2023 to March 31, 2024)

Some activities and information included relates to FY2022 or earlier or is scheduled for FY2024 or later.

### Report Scope







Tokuyama Corporation and consolidated subsidiaries (50 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 Dialogs for Collaborative Value Creation 2.0*
- IFRS Foundation  
*Integrated Reporting Framework*
- Global Reporting Initiative (GRI)  
*GRI Sustainability Reporting Standards*
- Task Force on Climate-related Financial Disclosures (TCFD)  
*Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*
- *The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard REVISED EDITION*

## Information Framework

	Financial	Non-Financial
Overview of Strategy	<div>  <p><b>Tokuyama Report (Integrated Report)</b> 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> 	
Details and Latest Data	<div>  <p><b>Investors Website</b> Useful information for shareholders and investors, organized as an IR Library</p> <ul style="list-style-type: none"> <li>• Financial documents (financial summaries, financial briefing materials, etc.)</li> <li>• Annual securities reports</li> <li>• Corporate governance reports</li> <li>• Business reports</li> </ul> <p>In addition, in FY2024, we introduced a chart generator as a tool to check, compare, and analyze performance, financial, and ESG-related information, so please do make use of it.</p> <p><a href="https://www.tokuyama.co.jp/eng/ir/">https://www.tokuyama.co.jp/eng/ir/</a></p> </div>	
	<div>  <p><b>CSR Website</b> 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>  <p><b>Tokuyama TCFD Report</b> 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/pdf/2024_tokuyama_tcf_d_e.pdf">https://www.tokuyama.co.jp/eng/csr/pdf/2024_tokuyama_tcf_d_e.pdf</a></p> </div>	
	<div>  <p><b>Sustainability Data Book</b> Mainly includes data for understanding today's Tokuyama based on the perspective 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. Tokuyama's actual activities and performance may differ significantly from these projections. 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.