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Company Name: Tokuyama Corporation
Representative Name: Hiroshi Yokota,
Representative Director, President and Executive Officer
(Code No. 4043, Prime Market, TSE)
Contact: Tetsuya Nakano, General Manager
Corporate Communications & Investor Relations Dept.
TEL: +81-3-5207-2552

Notice Concerning the Execution of a Semiconductor-Grade Polycrystalline Silicon Business Joint Venture Agreement

Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) today announced that its Board of Directors had resolved to execute a joint venture agreement with OCI Company Ltd. (based in Seoul, South Korea and hereinafter referred to as “OCI”) for the joint production of semiconductor-grade polycrystalline silicon semi-processed products in Malaysia at a meeting held on December 13, 2023. Brief details are presented as follows.

1. Purpose of Joint Venture Establishment

Tokuyama has identified efforts to transform its business portfolio as a key component of its Medium-Term Management Plan 2025. Based on the aforementioned, the Company is promoting business growth by allocating management resources to the electronics, healthcare, and environmental businesses while at the same time pursuing international expansion. The joint venture business in this instance is a part of these endeavors. In light of expansion in the semiconductor market and subsequent forecast increase in demand for polycrystalline silicon, Tokuyama plans to establish a joint venture company with OCI to put in place production and supply facilities for semiconductor-grade polycrystalline silicon using clean energy and promote accelerated business expansion in the electronics field while controlling increase in CO₂ emissions.

As identified, this joint venture business entails the establishment of a joint venture company that will engage in the production of semiconductor-grade polycrystalline silicon semi-processed products. The Company plans to start the operation with an annual production capacity of around 8,000 metric tons. The total investment is expected to be worth around US\$300 million. Production capacity is planned to increase to around 10,000 metric tons in the future. Each company plans to undertake the commercialization and sale of products as is currently the case.

Collaboration is subject to the approval of the relevant regulatory authorities in the countries involved. With this in mind, Tokuyama will proceed with the establishment of the joint venture with OCI while responding appropriately.

2. Outline of Joint Venture

(1) Name	Sarawak Advanced Materials Sdn. Bhd.		
(2) Location	Sarawak, Malaysia		
(3) Name and Title of Representative	Yet to be decided		
(4) Business	Production and sale of semiconductor-grade polycrystalline silicon semi-finished products		
(5) Capital	168 million US dollars		
(6) Date of Establishment	April 2024 (Planned)		
(7) Major Shareholder and Ratio of Shareholding	OCI Company, Ltd.	50%	
	Tokuyama Corporation	50%	

3. Outline of Joint Venture Partner

(1) Name	OCI Company, Ltd.		
(2) Location	94 Sogong-ro, Jung-gu, Seoul Korea		
(3) Name and Title of Representative	Vice Chairman & CEO Teak Joung Kim, President & CEO Yoo Shin Kim		
(4) Business	Manufacture and sale of chemicals, etc.		
(5) Capital	37,183 million Korean won		
(6) Date of Establishment	May 2, 2023		
(7) Major Shareholders and Ratios of Shareholdings	OCI Holdings Company Ltd.	33.25%	
	National Pension Service	7.42%	
	SK siltron Co., Ltd.	2.00%	
(8) Relationships between the Parties	Capital Relationship	Tokuyama and the relevant company have no significant capital relationship.	
	Personnel Relationship	Tokuyama and the relevant company have no significant personnel relationship.	
	Transaction Relationship	Tokuyama and the relevant company have no significant transaction relationship.	
	Status as a Related Party	The relevant company does not belong to Tokuyama's related parties.	
(9) Recent operating results and financial position* (In million Korean won)			
Fiscal year	2022	2021	2020
Net Assets	4,011,397	3,123,792	2,385,729
Total Assets	6,745,534	5,704,061	4,437,236
Net Sales	4,671,316	3,243,997	2,002,517
Operating Income (loss)	976,673	625,985	(86,145)
Income (loss) attributable to owners of parent	880,286	647,648	(246,151)
Net assets per share (In Korean won)	168,338	132,095	100,615
Net income (loss) per share (In Korean won)	36,941	27,387	(10,381)
Dividends per share (In Korean won)	2,500	2,000	0

* On May 1, 2023, the former OCI Company, Ltd. was divided into OCI Holdings Company Ltd., a surviving corporation, and the current OCI Company, Ltd., a new company. The above is numerical information of the former OCI Company, Ltd. before divided.

4. Timetable

(1)	Board of Directors' resolution date	December 13, 2023
(2)	Joint venture agreement date	December 13, 2023 (Planned)
(3)	Business launch date	April 2024 (Planned)

5. Impact on Business Performance

The impact of the establishment of this joint venture on the consolidated full-year earnings forecast for the fiscal year ending March 31, 2024, will be minor, but the Company will promptly give notice if the earnings forecast is revised.