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April 28, 2023

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Representative Director, President and Executive Officer
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Notice Concerning Partial Revision of the Performance-linked Share-based Remuneration Plan for Directors, etc.

With the approval of shareholders at the 154th Ordinary General Meeting of Shareholders held on June 22, 2018, Tokuyama Corporation (hereinafter referred to as referred to as “Tokuyama” or “the Company”) introduced a performance-linked share-based remuneration plan (hereinafter referred to as “the Plan”) for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members, Non-executive Directors, External Directors, and persons not resident in Japan) and Executive Officers (excluding non-residents of Japan; hereinafter collectively referred to with Directors subject to the Plan as “Directors, etc.”) under which shares of the Company will be delivered in accordance with the level of achievement of business performance targets set out in the Company’s Medium-term Management Plan.

Moreover, the Company obtained the approval of shareholders at the 157th Ordinary General Meeting of Shareholders held on June 25, 2021 to review the evaluation indicators of the Plan and make necessary changes for its continuation following the formulation of the new Medium-term Management Plan 2025, which aims to achieve the goals of the plan and further increase the motivation of Directors to contribute to improving the Group’s medium- to long-term corporate value, in 2021.

Tokuyama hereby announces details of revisions to the Plan that encompass a change in the target for accumulated consolidated operating profit for the five fiscal years ending March 31, 2026. This change coincides with a change in the Company’s accounting policies. Brief details are presented as follows.

1. About the Change in Accounting Policy

   Tokuyama and the vast majority of its consolidated subsidiaries in Japan have to date largely adopted the declining balance method when depreciating property, plant and equipment (excluding leased assets). Effective from the fiscal year under review, the Company has changed its accounting policy for depreciation, adopting the straight-line method.

   In light of the increased monetary significance of depreciation expenses attributable to the capital investment undertaken under Medium-Term Management Plan 2025, Tokuyama reexamined the method it had previously adopted when depreciating property, plant and equipment. As far as the capital investment undertaken to minimize the environmental impact of its operations while ensuring the long-term, stable use of existing equipment and facilities, including investments in improving processes, promoting efficient energy consumption, and renewing facilities, and to build the supply system necessary to expand vigorously into domestic and overseas markets in growing businesses are concerned, the Company has determined that the equal allocation of acquisition costs over the useful life of each asset using the straight-line method will more accurately reflect the actual status of operations.

2. Change in the Target for Accumulated Consolidated Operating Profit for the Five Fiscal Years Ending March 31, 2026

(Prior to the revision)	(After the revision)
¥162.0 billion	¥179.0 billion

〔End〕