

# TOKUYAMA REPORT 2025



Fiscal year ended  
March 31, 2025  
Integrated Report



# 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

#### Priority issues

Transform business portfolio

Contribute to mitigating global warming

Practice socially responsible management

#### Goals

Net sales:	400.0 billion yen
Operating profit:	45.0 billion yen
Net sales from growth businesses	
•Percentage of consolidated net sales:	50% or more
•CAGR:	10% or more
ROE:	11% or more

### FY2030 Goals

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 1,2)

**30%reduction\***

\*Base year: FY2019

### 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

FY2050

Achieve carbon neutrality

### The Path to Realize Our Vision

Through the steady transformation of our business portfolio, we at Tokuyama are contributing to mitigating global warming, and practicing socially responsible management as stated in Medium-Term Management Plan 2025, and 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.

#### Materiality

See p. 40-43 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



## Overview of Tokuyama

**We will create new value in harmony with the environment by supplying products that address social issues.**

We are developing businesses based on products created through our unique technologies and efficient production system tailored to the characteristics of our each business, mainly in the electronic & advanced materials that support cutting-edge semiconductor manufacturing, as well as the life sciences and the environment. We are also actively working to reduce GHG emissions from in-house power generation facilities at the Tokuyama Factory, our main production base.



Year Established

**1918**



Employees (consolidated)

**5,782**  
people



Net sales

**343.0**  
billion yen



Operating profit

**29.9**  
billion yen



Total assets

**476.2**  
billion yen



Rating

**A**

\* R&I Issuer Rating



Capital expenditures

**24.6**  
billion yen



R&D expenses

**16.0**  
billion yen



Number of production bases

In Japan **28** bases  
overseas **8** bases



R&D bases

In Japan **3** bases  
overseas **1** base



GHG emissions (Scope 1 and 2)

**5,910,000**  
t-CO<sub>2</sub>e



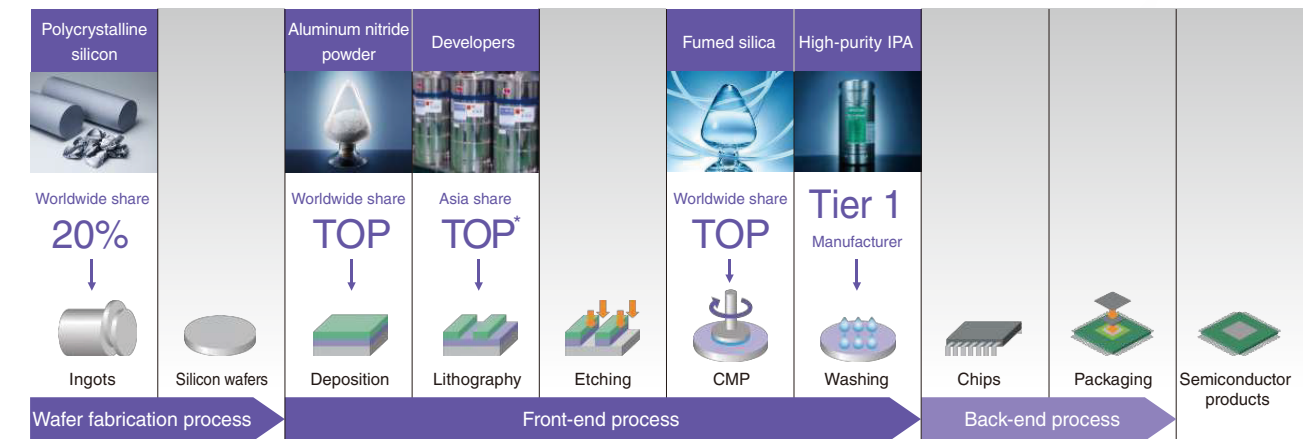
GHG emission reductions  
(Scope 1 and 2)

**1,350,000**  
t-CO<sub>2</sub>e\*

\* Compared with FY2019

### Electronic & Advanced Materials

### Competitive products used in semiconductor manufacturing processes



\* Including Hantok Chemicals Co., Ltd.

### Life Science

Photochromic materials for eyeglass lenses

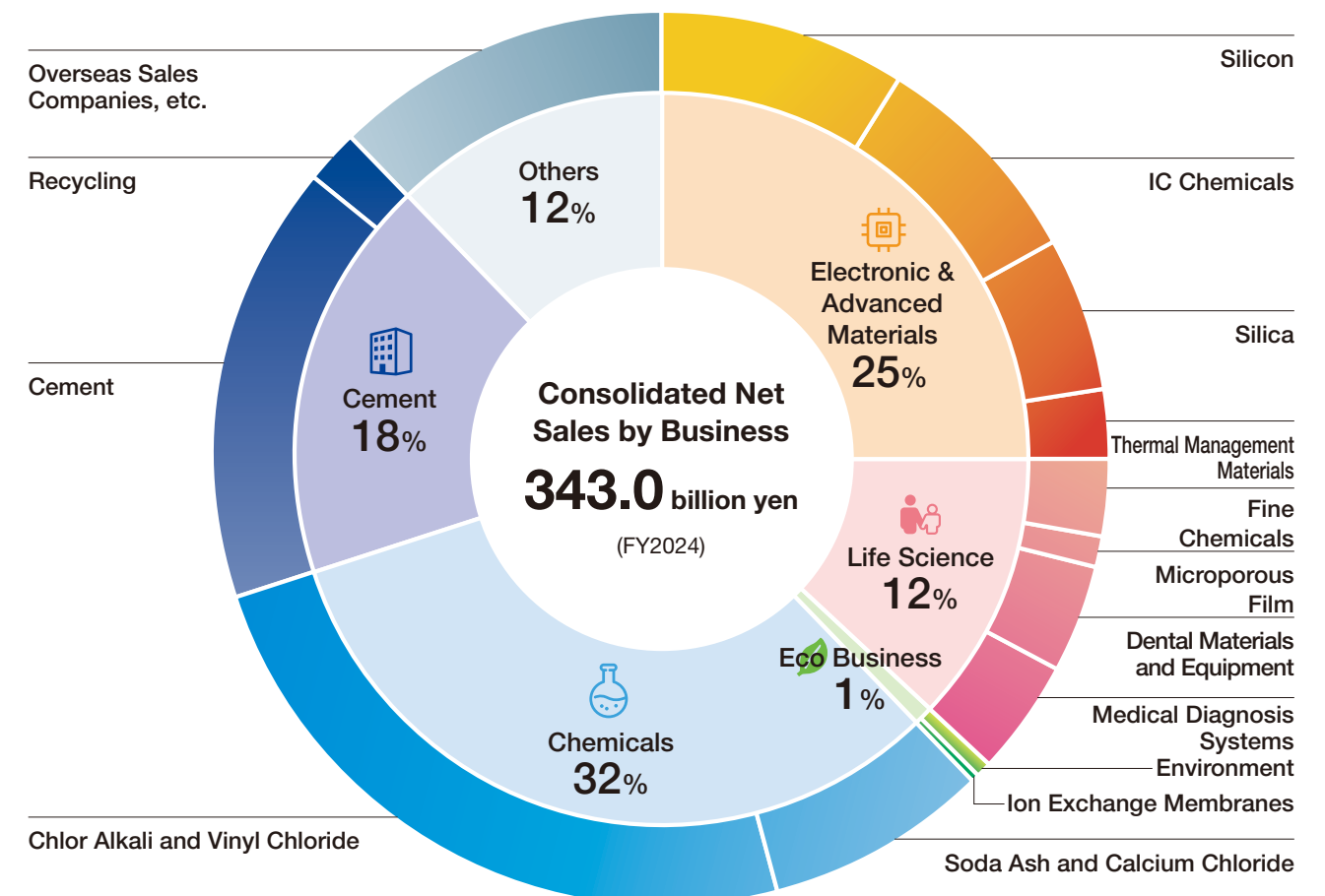
### Eco Business

The world's first waste gypsum board  
in a non-kiln resource recycle

Worldwide share  
**No. 2 (20%)**

**100%**  
Fully recycled

\* Shares based on our estimates



\* See p. 30-31 for details

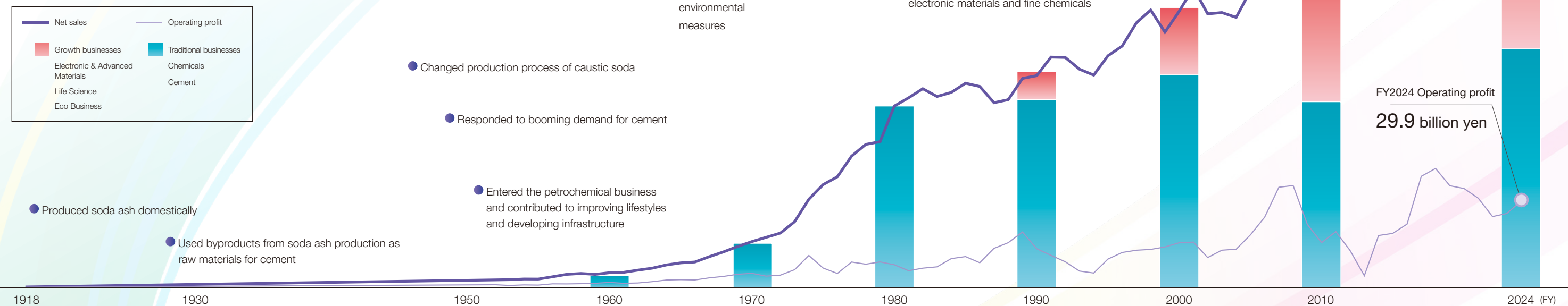
## The Path to Value Creation

### Historical Background and Social Issues

- World War I (1914 to 1918)
- The Great Depression (1929 to 1941)
- World War II (1939 to 1945)
- Environmental pollution problems
- Japanese economic miracle (1955 to 1973)
- Oil shocks (1973, 1979)
- Japanese asset price bubble (1986 to 1991)
- Declining birthrate and aging population in Japan
- Digital revolution (from 1995)
- Kyoto Protocol (1997)
- Bankruptcy of Lehman Brothers (2008)
- Adoption of the Sustainable Development Goals or SDGs (2015)
- COVID-19 pandemic (2020~)

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 values 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

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

### 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

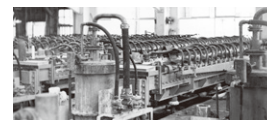


Cement Tokuyama Plant

**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

**1966**  
Entered the PVC business



PVC plant

**1967**  
Entered the ion-exchange membrane business, opened the East Plant to expand the petrochemical business

**1972**  
Started production of isopropyl alcohol using direct hydration process

**1975**  
Began production of caustic soda using a diaphragm process

**1978** Entered the dental materials and equipment business

**1982** Entered the fine chemicals business

**1983** Entered the medical 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**  
Opened 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 spin-off of the dental materials and equipment business

**2004** Spun off 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** Made A&T (medical diagnostic systems company) a wholly owned subsidiary, opened the Center for Commercialization of Advanced Technology in Yanai City, Yamaguchi Prefecture

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

**2024** Opened the No. 2 Tsukuba Research Laboratory  
Established TOKUYAMA VIETNAM (production and sales of high-purity polycrystalline silicon)



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P2-3 ➡ Overview of Tokuyama

We have compiled data that will give you an overall snapshot of Tokuyama, a company that creates new value in harmony with the environment by supplying products that address social issues.

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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. We added new features to this report, including concrete examples of our efforts towards value creation, in response to requests from investors we interviewed and an internal survey conducted.

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 sustainability information, please visit the Company's website.

Period Covered

FY2024 (April 1, 2024 to March 31, 2025)  
\* The fiscal 2025 performance forecast presented in this report is based on information as of April 28, 2025, and does not reflect the impact of the acquisition of in vitro diagnostics and in vitro diagnostic materials business.


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 Dialogues for Collaborative Value Creation 2.0
- IFRS Foundation International Integrated Reporting Framework

Information Disclosure Framework

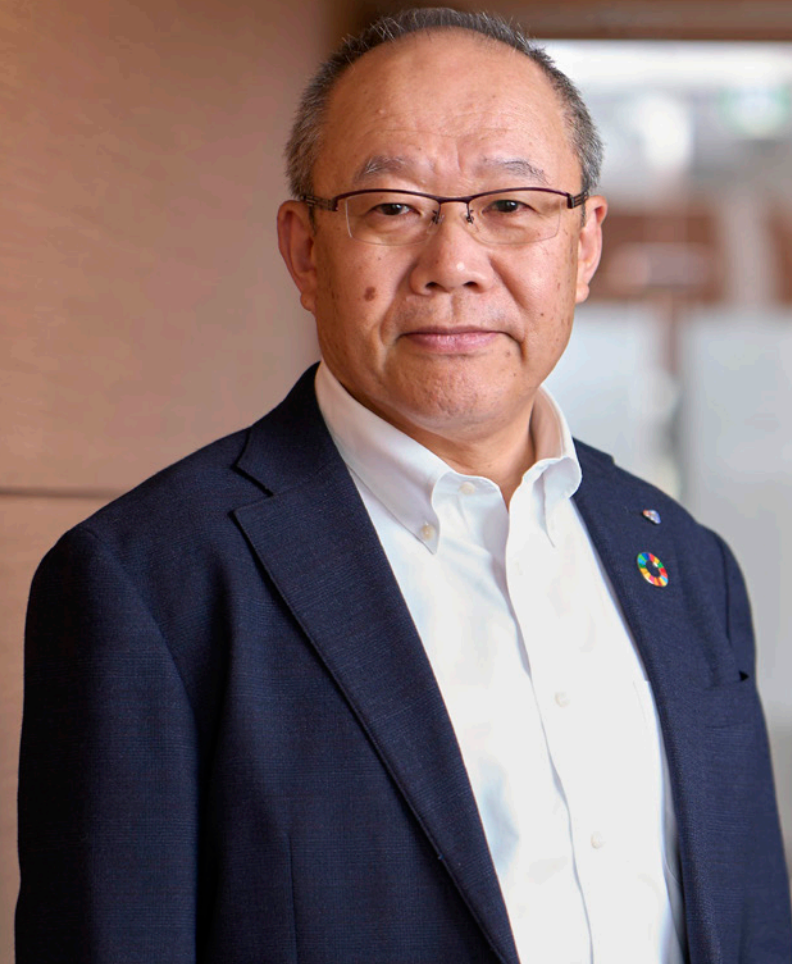
	Financial	Non-Financial
Overview of Strategy	<p><b>Tokuyama Report (Integrated Report)</b></p> <p>This report includes corporate activities for a wide range of stakeholders, covering both financial and non-financial aspects of Tokuyama at present and for the future that we aim to achieve.</p> <p><a href="https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html">https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html</a></p> 	
Details and Latest Data	<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 documents (financial summaries, financial briefing materials, etc.)</li><li>· Annual securities reports (Financial Section)</li><li>· Corporate governance reports</li></ul> <p>We have 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>	<p><b>Sustainability Information</b></p> <p>Provides more detailed information on Tokuyama's sustainability activities.</p> <p><a href="https://www.tokuyama.co.jp/eng/csr/">https://www.tokuyama.co.jp/eng/csr/</a></p>
		<p><b>Tokuyama TCFD Report</b></p> <p>Outlines initiatives against climate change based on the IFRS's four recommendations: governance, strategy, risk management, and metrics and targets</p> <p><a href="https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2">https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2</a></p>
		<p><b>Tokuyama Sustainability Data Book</b></p> <p>Mainly includes data for understanding today's Tokuyama based on the perspectives of responsible care and ESG</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>

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.



## We will focus our management resources on the three growth areas of electronics, healthcare, and the environment, and build a sustainable business portfolio that captures the structural changes in industrial society

Japan's chemical industry is now facing a historic turning point. Intensifying global competition due to the rise of emerging Chinese manufacturers, the direction of U.S. trade policy, and growing geopolitical risks in Ukraine and the Middle East. Amid an ever-uncertain business environment, Tokuyama has entered the final fiscal year of its Medium-Term Management Plan 2025. Many management issues require faster responses to ensure sustainable growth in the future, these include reforming our organizational culture and transforming our business portfolio. As President and Executive Officer, Hiroshi Yokota will introduce the Tokuyama Group's current and future vision and medium- to long-term growth strategy.

*Hiroshi Yokota*

Representative Director, President and Executive Officer

### Management Approach

#### Foster organizational culture change - Develop human resources with high aspirations and a sense of mission

It's been more than 10 years since I became Tokuyama's President and Executive Officer in March 2015. I have always tried to manage the Group with ambition and enthusiasm. Setting and steadily achieving lofty goals requires, above all else, a strong sense of mission and the drive to overcome diverse challenges. This applies to members of the management team and employees alike. I made reforming our organizational culture a central management theme to motivate every employee and restore the pioneering spirit Tokuyama was founded on; a spirit it gradually lost. I knew that if all employees shared Tokuyama's purpose and values and worked hard to embody them, the company would definitely start moving forward. Though we are still working on transforming our organizational culture, we are successfully reviving the customer-focused, positive attitude that has always been a trademark of Tokuyama employees.

Let me explain why I consider restructuring our organizational culture to be one of our most important management challenges. Reforms of manufacturing companies tend to focus on developing innovative technologies and products not directly related to their core businesses, creating new businesses, and generating dramatic business growth; activities that are not directly connected to one another. Certainly, such non-connected efforts are the driving force behind remarkable corporate growth, but we must not forget that there are also hidden treasures in continuity we sometimes miss. We tend to

believe that we have done all we can with our existing businesses, but there is always room to improve and become more competitive so long as we refuse to be satisfied with things as they are in pursuit of the ideal. Furthermore, since most new cutting-edge products are created by combining existing technologies, it is extremely important to have a deep knowledge of current technologies. We believe that retaining our curiosity about new technologies and trends in society, industry, and customers, and proactively building external networks and seizing opportunities will help foster reforms to organizational cultures. We must remain curious about economic, industrial, and social trends, as well as movements of client companies, and all employees must utilize their personal networks outside the company to acquire new knowledge.

Companies seek to develop and use human resources through multi-layered education and training systems and rational HR systems, but workplace atmosphere and culture, and the presence of superiors and senior colleagues who serve as role models, are what keep employees curious and motivated. From research and development to marketing, though job duties and responsibilities may differ, the only way companies can create innovation is to gain new insights from daily work and encounters with people, nurture those insights, and then apply them to their work. I believe that efforts to create such an environment are what constitute a change in organizational culture.

### Tokuyama Group's Human Capital Management

#### Overcome a declining population with diverse individuality and original ideas

Tokuyama Group's ability to continue growing sustainably in the future depends entirely on our human resources. How can we recruit, develop, and utilize talented people with high aspirations and a positive attitude? This is an extremely important factor that will determine whether we rise or fall. The number of births in Japan in 2024 is expected to be approximately 680,000. The number of births during the baby boomer generation, which supported Japan's high economic growth, was approximately 2.09 million per year, meaning birth rate has fallen by about two thirds. Meanwhile, the manufacturing sector (secondary industry)

employs approximately 25% of the total workforce in Japan, of which the chemical industry accounts for only 10%. With so many socially alluring employment options available, at such places as trading companies and banks, the only way to get talented young people to choose Tokuyama within the chemical industry is for us to completely reform our organizational culture so that we become a more attractive place to work.

Japan's chemical industry is facing fierce global competition. Technological capabilities are improving rapidly, especially in China and Taiwan, where many



researchers are hard at work every day developing new technologies and products. Laboratories in these countries routinely operate day and night. Japanese chemical companies that promote work style reforms can only compete on equal terms with emerging Asian manufacturers with their quantitative advantages in manpower and time, by developing, and making valuable assets of, developers and engineers who have an

unwavering passion for their work. These workers must also be able to do high-level work with high intensity and speed. To create new solutions that will support Tokuyama in the future, we will nurture the diverse individuality and original ideas of the researchers we will rely on to create these solutions. Tokuyama's enduring theme is to be a corporate group that puts people at the center of everything, and this is my greatest mission as its president.

## Progress Status of Medium-Term Management Plan

### Medium-Term Management Plan 2025: a mix of results and challenges – Steady progress in changing executive and general manager mindsets

We are implementing the final stage of the Tokuyama Group Medium-Term Management Plan 2025. Though it will be difficult to achieve the targets forecast for the fiscal year ending March 2026 as our assumptions have changed significantly since we formulated the Medium-Term Management Plan 2025, we anticipate record-high net sales and operating profits. One thing I want to highlight in particular that has resulted from our efforts so far is the significant change in the attitude of senior executive class employees, such as directors and department heads, toward management and the business. Tokuyama is an historic company founded in 1918, and so has a deeply conservative, precedent-based mindset that has led it to run its business by letting things take their natural course. We formulated a medium-term management plan early on, but it was obvious that our executives and managers

lacked the strong will to achieve the goals it laid out. We cannot achieve our medium- to long-term goals by simply adding up the figures submitted by the manufacturing and sales departments and calculating sales and profits. The true purpose of a medium-term management plan is to set qualitative and quantitative targets to aim for and then consider what needs to be done to achieve them. Since I became president, I have asked the Group's management to be thoroughly committed to figures, and to devise, and steadily implement, effective strategies for achieving targets. I believe that this will transform Tokuyama. These efforts have created a culture among senior executive class employees that encourages independent thinking about management and business, fostering a more positive attitude toward work, which I believe is a major achievement over the past few years.



Meanwhile, though steady progress has been made on transforming our business portfolio, which is the most important theme of our medium-term management plan, our work is not finished. The percentage of consolidated net sales from growth businesses in FY2024 is expected to be approximately 43% (Others Segment excluded), so management needs to try harder if we are to achieve our 50% target. We are slightly behind in our efforts to transform our business portfolio because we have not made as much progress in developing new technologies and products in the growth areas of electronics, healthcare, and the environment as we planned. There is a lack of energy for commercializing and monetizing businesses by

learning what solutions customers really want and then providing those solutions when customers want them. To achieve this, persons in charge of development or marketing must demonstrate strong leadership, clearly define winning strategies, and respond in a timely manner. To that end, we established a structure from FY2025 that enables the Corporate Planning Division to coordinate more readily with the New Business Division, and put a system in place that allows new teams to vigorously advance development for commercialization. We will use these efforts to maximize customer satisfaction and further increase our presence in growth areas.

## Basic Policies for FY2025 and direction for the Next Medium-Term Management Plan

### The keys to beating competition from emerging companies are overwhelming specifications and cost competitiveness

In FY2025, the final fiscal year of the current Medium-Term Management Plan 2025, we intend to devote all our efforts to achieving our targets. Most people would consider the goals themselves to be challenging; 400 billion yen in sales, operating profits of 45 billion yen, a sales growth rate (CAGR) for growth businesses of 10% or more, and an ROE11% are not figures that can be easily achieved. However, setting high goals and working towards them with the collective strength of the Group will provide employees invaluable experience, which will surely become a valuable asset for Tokuyama. In FY2025, we will continue using the three driving forces of electronics, healthcare, and the environment to accelerate business portfolio transformation and ensure the Group a firmer growth trajectory by quickly commercializing new technologies and products. Considering the trade policies of the United States and the rise of Chinese manufacturers, Tokuyama can only achieve sustainable growth by acquiring overwhelming advantages over our competitors for the next five years. In FY2025, we will complete our Medium-Term Management Plan 2025 and establish a foundation for gaining a strong lead in the market. In April 2025, we decided to acquire JSR Inc.'s in vitro diagnostic pharmaceuticals and in vitro diagnostic pharmaceutical materials businesses. We believe that this business will play an important role in transforming our business portfolio and will also generate significant synergies with our existing businesses. We will pursue business development with a sense of urgency while striving for mutual harmony.

Becoming more cost competitive will also be an important management issue for our next medium-term management plan. Building overwhelming quality

capabilities and cost competitiveness is essential to competing with Chinese manufacturers. In the past, Japanese manufacturers were able to offer a wide range of materials and products in the Chinese market. However, local manufacturers have grown rapidly and become stronger with support from the Chinese government. As I mentioned earlier, they are focusing on research and development, and are now able to produce products that are comparable to those made in Japan. To compete with Chinese companies in the global market, Japanese companies must create technologies and products that provide added value that only they can offer, and sell them at competitive prices. We must achieve complex and advanced manufacturing to produce specifications, quality control, and manufacturing processes that emerging manufacturers cannot match. The next medium-term management plan will be a crucial test of Tokuyama's true worth.

There is no doubt that the outstanding research and development capabilities and steady marketing power we have cultivated over many years are the driving forces behind successfully completing the Medium-Term Management Plan 2025 and continuing to lead the industry in the next stage. In recent years, the term "work-life balance" has become widely touted in Japanese corporate society, but I believe that there should be a period in your life when you can devote all your energy, awake and asleep, to the work in front of you (research and development or marketing). Of course, this doesn't mean forcing employees to work excessively. Please approach the wonderful work of R&D and marketing responsibly with that same sense of mission, passion, and spirit.

## Message from the President

We will devote all our energy to creating new technologies and products that meet the potential needs of our customers, and then quickly commercialize and monetize them. We will invest profits gained from this in the

next development stage, thereby boosting all of our growth businesses. Establishing this cycle will ensure that Tokuyama will continue to grow into the future as a corporate group with research and development at its core.

## Tokuyama DX and Global Expansion

### Aiming to become a global company with an overseas net sales ratio of at least 50%

Along with transforming our organizational culture and strengthening research and development, two management issues we have focused on during the Medium-Term Management Plan 2025 are promoting digital transformation and accelerating global expansion.

With regard to DX, we are using digital technology to streamline operations and secure spare human resources, while also making full use of AI to speed up development, achieve the ultimate in stable production, ensure proper maintenance, and streamline the supply chain. DX is more than simply going paperless or promoting digital tools. The original purpose of DX is to have all employees share and utilize the digital data accumulated within the group to transform management and business. In that sense, promoting DX forms the core of our medium-term management plan and embodies our management strategy. We will continue to promote digital transformation efforts in a wide range of fields, with a focus on production technology, and strive to further enhance our business promotion system.

Regarding our international expansion, we have expanded internationally and now have manufacturing and sales bases, and conduct business, in 10 countries and regions around the world, mainly in Asia. We have been working to deepen and explore global markets and

establish overseas bases, with the goal of increasing the percentage of consolidated overseas net sales to 50% by FY2030. The percentage of consolidated overseas net sales was 27% in FY2024, up 1% over the previous fiscal year. The main markets for the electronics, healthcare and environment businesses, which our Group regards as growth areas, are in overseas countries and regions such as Asia, Europe, and the United States, and thus we have entered an era where we cannot establish businesses by focusing on domestic markets alone. Tokuyama also offers several unique and competitive global products, including high-purity aluminum nitride (AlN) powder, for which we hold the world's top market share, and our activities with respect to those products are attracting a great deal of attention from investors and industry participants around the world. We will continue to strengthen our customer and sales bases through flexible marketing activities tailored to the market characteristics of each country and region. We also plan to expand our global business promotion structure further by recruiting local management staff familiar with local market trends and business practices and promoting them to executive positions, and by nurturing young Japanese staff who can play an active role on the world stage.

## Contribute to Mitigating Global Warming, Practice Socially Responsible Management

### Linking 10 material issues with KPIs to contribute to environmental and social sustainability

The essence of CSR (Corporate Social Responsibility) and ESG (Environment, Society, and Governance) is to provide our company's unique value to various stakeholders including our customers, and in that sense, it is no exaggeration to say that they, themselves, are our core business. For example, reducing GHG emissions through fuel conversion and process improvements, developing and rolling out new products that contribute to energy conservation at client companies by using unique

technologies such as electrolysis, and promoting decarbonization efforts through regional collaboration that we have established ahead of the rest of the country are all efforts that provide new value to industrial society and at the same time are inherent business activities of private companies that lead to customer satisfaction. It is also essential for companies to respect human rights through their business activities and to increase the potential of the human resources that support them in order to survive. If a

company only pursues sales and profits while ignoring harmony with the environment and social benefits, it will not be able to gain the understanding of its stakeholders, and will not co-exist with society.

Tokuyama identified 10 material issues in 2021 and has been working on them as a group, linking them to its Key Performance Indicators (KPIs). Contributing to the sustainability of the industrial society in which the Tokuyama Group operates and the natural environment in which it resides will make Tokuyama itself more sustainable. Additionally, actively inviting external directors to serve on the Board of Directors will make governance more effective and transparent, which is the most effective way to convey to shareholders, investors, and other stakeholders that the Group is being run in a sound and fair manner.

Tokuyama also contributes to the local community of Shunan City, Yamaguchi Prefecture, where the company was founded, and is promoting the Shunan Carbon Neutral Industrial Complex Initiative in collaboration with Shunan City, the Society of Chemical Engineers, Japan, and industrial complex companies in order to disseminate new ideas for the chemical industry to society at large. This initiative, in which local companies and the local community work together to advance decarbonization efforts, resonates with Tokuyama's management philosophy and its feelings about Shunan City. Going forward, the Group will



continue to undertake a variety of initiatives at its domestic and overseas production and sales bases, including employment, contributions to local economies, support for cultural activities, and preservation of the local environment, in order to remain a corporate group that lives in harmony with the environment and moves hand in hand with the local communities.

## A Message for Our Stakeholders

### Bringing together the collective strengths of our group employees to create Tokuyama's future

We believe that the source of Tokuyama's competitiveness is our technological development capabilities. We are a materials manufacturer, so most people may not be aware that many of the products our Group develops and provides include chemicals, cement, electronics, life science, and environment-related products that drive industrial development and fundamentally support people's lives. Tokuyama's growth strategy involves leveraging the technological development capabilities we have cultivated over our long 100+ year history to focus our development resources in the growth areas of electronics, healthcare, and the environment, and establish a next-generation business portfolio that will enable us to quickly respond to environmental changes. This basic policy will remain unchanged in the next medium-term plan, which begins in FY2026. Going forward, the Group will continue to leverage its unique technology and diverse human capital as sources of competitive advantage to meet the challenges of resolving various social issues, pursuing sustainable long-

term growth, and maximizing corporate value. At the same time, as a global value-creating company, we will help achieve an economically sustainable society.

Finally, let me share my thoughts on engaging with stakeholders. Since our founding in 1918, the Tokuyama Group has grown steadily thanks to the support of our shareholders, investors, customers, business partners, employees, and local community, and we have applied the insights gained from dialogues with these stakeholders to our management and business operations. My responsibility as the person in charge of the Tokuyama Group is to provide our stakeholders with value only Tokuyama can provide, and to practice sound and fair management that meets their expectations. The business environment surrounding our group remains uncertain, but we are determined to merge the collective strengths of all Group employees to create Tokuyama's future. We sincerely hope that all our stakeholders will continue to give us their understanding and support.



## Value Creation Process

The Tokuyama Group is contributing to resolving social issues through business operations and to creating a sustainable future, in line with our Mission. These steps are highlighted in the Value Creation Process.

### Mission

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

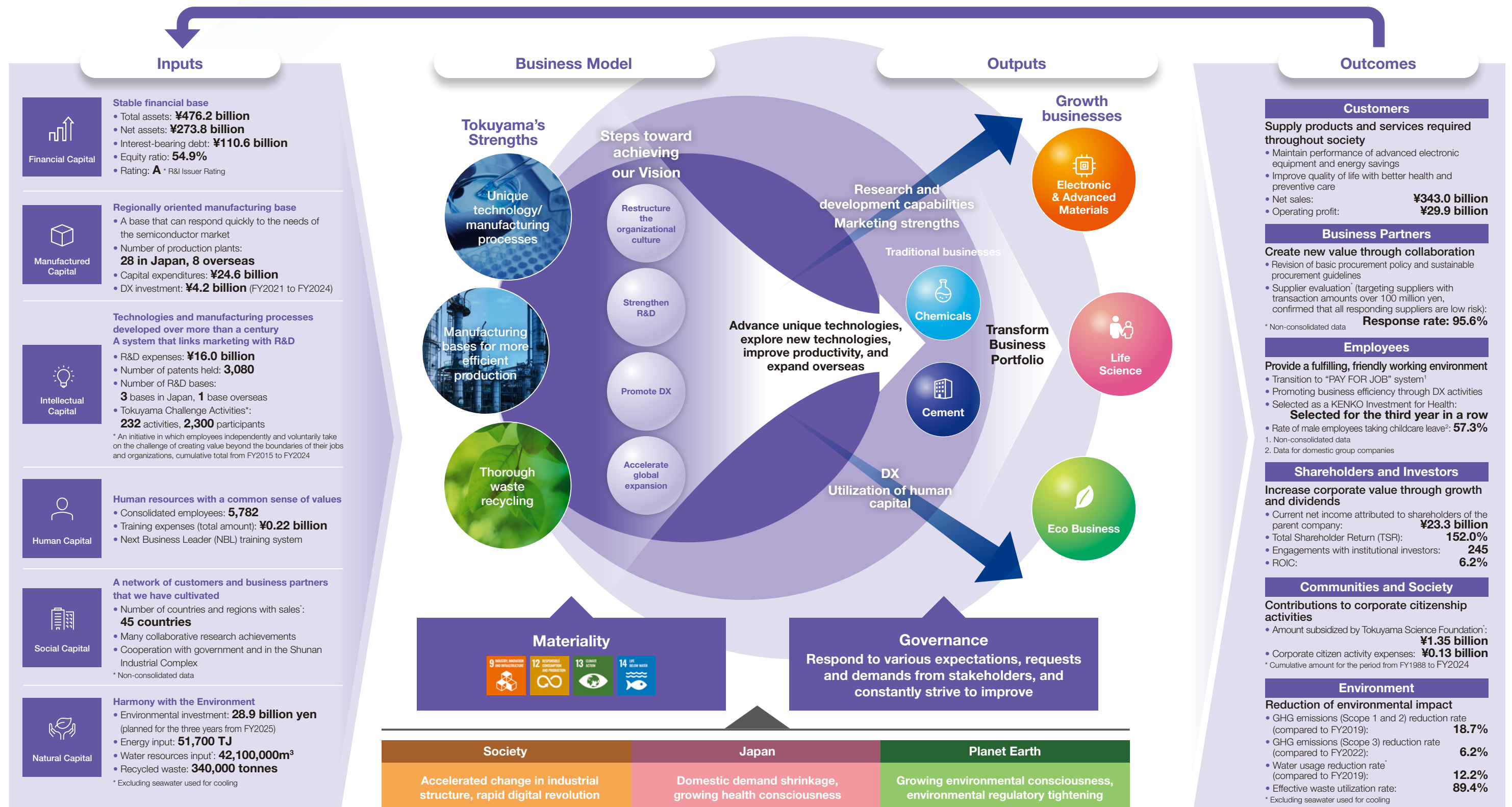
### Vision

- 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

## Toward Tokuyama's Sustainable Growth





## Tokuyama's Strengths Supporting Value Creation

Since the company was founded in 1918 with the purpose of the domestic production of soda ash, it has grown as a comprehensive chemical manufacturer through the in-house development of a variety of technologies. Today, we are leveraging our unique technologies to develop a wide range of products in order to transform our business portfolio to growth business such as Electronic & Advanced Materials, Life sciences, and Eco-Business. We are working to build an efficient production system at our Kashima Factory, and have introduced automated equipment there that makes full use of digital technology. We are also committed to thoroughly reusing by-products and waste materials through the use of a cement facility at our Tokuyama Factory.

### Contributing to the future vision of growing businesses through technological capabilities by utilizing and developing unique technologies



In addition to our original business of inorganic chemistry, we have developed unique technologies in analytical chemistry and organic chemistry, and we possess many unique technologies that support our competitive advantage.

For example, we have strengths in control technologies such as

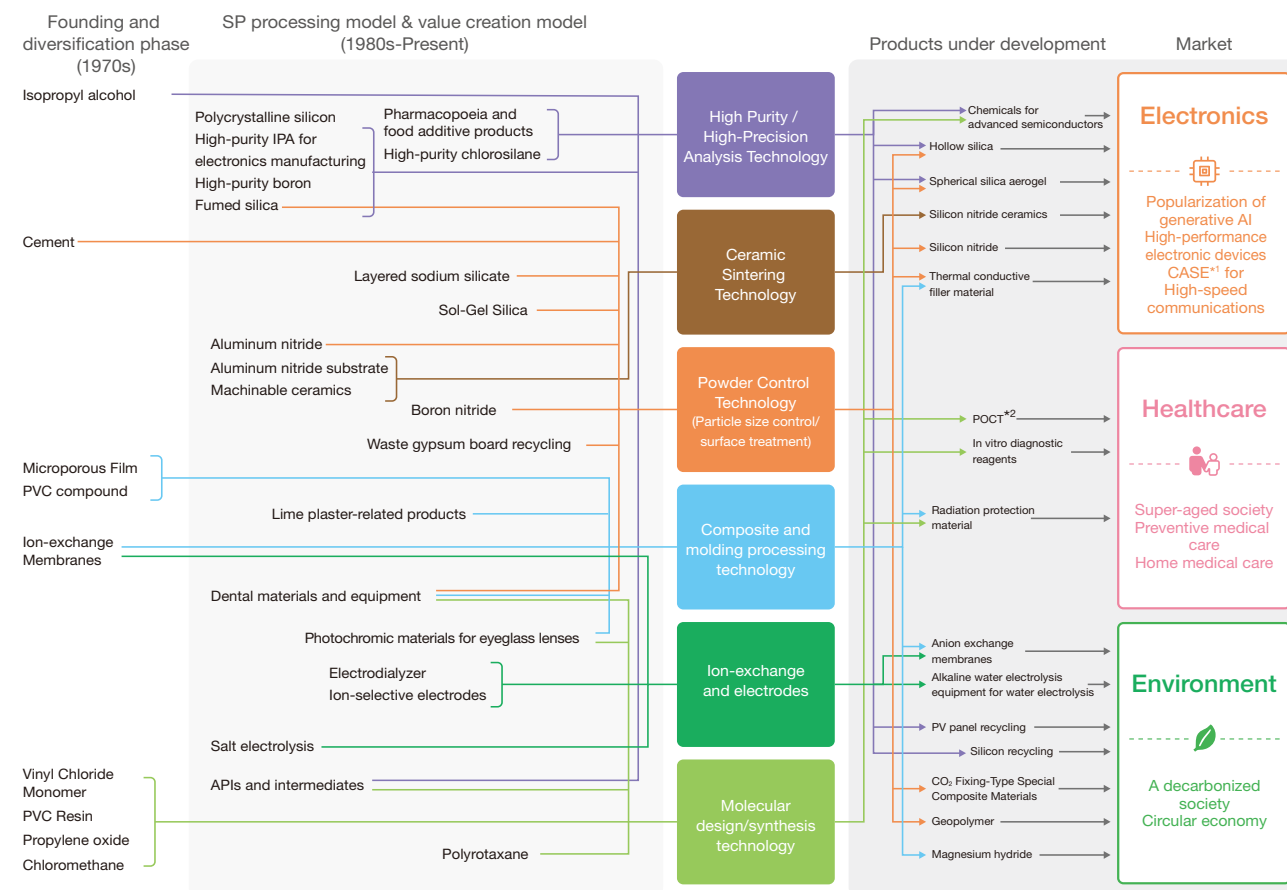
particle size control and surface treatment for powder products, such as silica and aluminum nitride. We aim to launch a wide range of new products by precisely responding to new needs in the electronics field, such as high filling density in heat dissipating resins and high performance composite materials. In addition, we have established expertise in sintering our internally produced aluminum nitride powder into ceramic substrates, and this sintering technology is now well developed. Building on this, we are advancing the development of silicon nitride ceramics.

Regarding semiconductor-related products such as polycrystalline silicon and high-purity IPA for the electronics industry, we utilize high-purity technologies such as distillation processes and high-precision analytical technologies at the ppt (parts per trillion) level to ensure the reliability of our products.

Furthermore, ion exchange membrane and electrode technologies used in salt production, food refining, and valuable resource recovery enable the separation of substances through functions such as selective permeability, and are utilized in a variety of fields. Currently, it is being applied in an expansive manner to the development of hydrogen production equipment and anion exchange membranes, which are expected to be the next-generation energy sources in the environmental field.

In order to transform our business portfolio, we will continue to evolve the unique technologies we have cultivated over the years and create new value that meets our customers' needs.

### "Evolution" and "Creation" of Tokuyama's unique technologies



\* 1 CASE: A concept representing technological innovation in the automotive industry. Connected (IoT-enabled vehicles), Autonomous (self-driving), Shared & Services (shared use), Electric (electrification)  
\* 2 POCT: Point of Care Testing conducted at clinical sites for immediate diagnostic results

## The Kashima Factory; realizing smart factories



At the Kashima Factory, the core factory of the Life Science Division, we are introducing digital technology in the construction of the new facility where Tokuyama Dental products are manufactured to promote automation and efficient production (transitioning to smart factories).

In July 2024, we launched operations at a new facility dedicated to the kneading, filling, and packaging processes for composite resin used in dental fillings. As part of our smart factory initiative, we have introduced a kneading-assist robot, an automatic packaging machine, and an automated warehouse. The robot enables partial automation of the kneading process, allowing a single operator to run two mixers simultaneously. The packaging machine has a processing capacity of 50 units per minute,

and with the planned addition of auxiliary equipment, we expect to address labor shortages and improve productivity. To support shipments to over 80 countries and regions, we have to manage more than 2,000 types of packaging materials. Our automated warehouse uses barcode-based inventory control to reduce human errors and lower management costs for those materials.

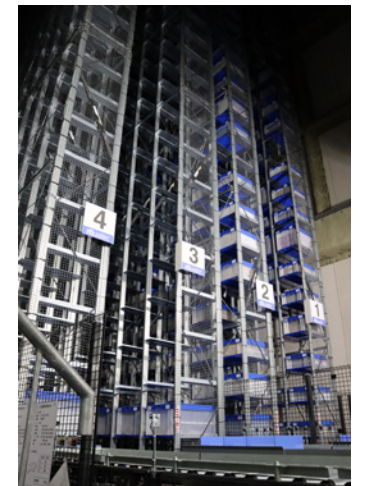
To meet strong product demand, we are implementing this initiative in parallel with regular production activities, with the aim of completing the transformation into a smart factory in FY2026. As a production base that will drive growth in the healthcare field, the Kashima Factory will improve productivity and contribute to the transformation of the business portfolio.



New Building



Automatic packing machine



Temperature-controlled automated warehouse

## Utilizing the cement facility and making full use of waste materials



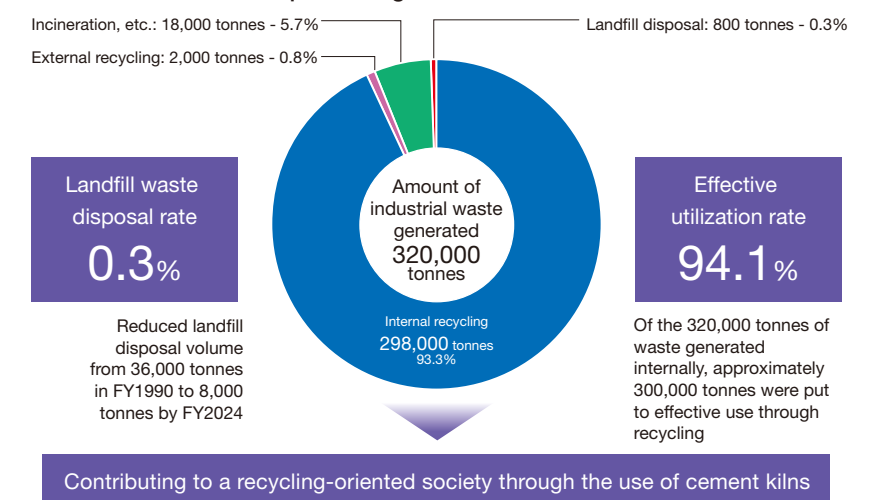
At the Tokuyama Factory, our main production base, we are promoting the effective use and recycling of waste and by-products generated within the company in the cement manufacturing process. Tokuyama Corporation's effective waste utilization rate has reached 94.1%,

maintaining a high level. Since starting up our cement business in 1938, we have been a pioneer in the industry in recycling, using waste mud from our own soda ash plant and coal ash from our own power generation facilities as raw materials.

Currently, we accept a wide variety of waste from outside the company, reusing combustible components such as waste plastic as an alternative source of thermal energy, and non-combustible components such as incineration ash from municipal waste as a raw material for cement. As wastes are treated at very high temperature of 1,000 ~ 1,800 °C in cement kilns, combustible components are completely burned and reused as heat source. It is notable that residual ash is

used as a raw material of cement so that no external waste is generated from this process. This initiative contributes to profits as the Recycling Business and plays an important role in the venous industry toward the realization of a recycling-oriented society.

### FY2024 industrial waste processing breakdown



\* All figures refer to Tokuyama on a non-consolidated basis.  
\* Due to rounding, the total may not add up to exactly 100%.



## Research and Development Strategy

### Aiming to transform business portfolio through early monetization of new technologies and products

#### Fumiaki Iwasaki

Representative Director, Senior Managing Executive Officer,  
General Manager, Research & Development Division and  
Life Science Business Division



### Promoting commercialization through “One Tokuyama” from basic research to mass production

When I became head of the Research & Development Division in 2017, I came up with “One Tokuyama” as a slogan that succinctly outlines the direction of Tokuyama’s research and development activities. From basic research to mass production, we will transcend organizational boundaries and work to solve a wide range of technical issues, with an eye toward commercialization. This slogan reflects our strong determination to further advance our research and development system.

Our Group is currently in the final fiscal year of our Medium-Term Management Plan 2025. In order to get closer to becoming “a value-creative company that places first

priority on R&D and marketing,” as stated in our “vision,” we are basing our technology strategy on market-in development. In this uncertain era of rapid change in the global economy and society, we are working company-wide on R&D that emphasizes collaboration with customers. Having outstanding research and development capabilities that enable us to commercialize new technologies at a speed that exceeds the pace of our customers and the evolution of the market is essential to creating new solutions that will transform industrial society, and we believe that strengthening our research and development capabilities is a critical proposition that will determine the future of Tokuyama.

### As a value-creating company, focus our resources on three growth fields

In January 2025, our R&D base in Tokuyama Taiwan Corporation, relocated and expanded with the aim of accelerating research and development in the electronics field. At the Tsukuba Research Laboratory, where No. 2 Laboratory began full-scale operations in January 2024, we are making progress in the development of lead-free transparent radiation protection materials in the healthcare field, with the prospect of launching them on the market as radiation protection glasses. Anion exchange membranes (AEM), an environmental technology being developed at the Tsukuba Research Laboratory, are also receiving positive evaluation from customers for their use in water electrolysis. We are engaging in these research activities through proactive collaborative research with external research institutes, universities, and companies, so they can be seen as the result of innovation that utilizes external knowledge and our own unique technologies.

In this way, Tokuyama’s research and development activities have progressed steadily over the four years of the Medium-Term Management Plan 2025. But results have been limited, and it is also true that we have yet to produce significant new technologies and products that will support medium- to long-term growth.

The Tokuyama Group is a unique company that offers technologies in the fields of both inorganic and organic

chemistry. Over the course of a century, we have developed groundbreaking new technologies and contributed to the development of industry in Japan and around the world. Our strengths lie in our determination not to rest on our laurels with existing technology, but to adapt it to meet customer demands, and in our inquisitive spirit that drives us to reach higher and dig deeper.

Meanwhile, we also face challenges because we lack experience in starting new businesses, so we established the New Business Division to overcome this so-called “valley of death.” Furthermore, intellectual property strategies will become even more critical for our efforts to expand business overseas. To commercialize and monetize technologies we develop, we will enhance the support systems that run parallel to development, hire enthusiastic R&D personnel, and develop technology and people together so the people can experience the thrill of seeing the technologies they create commercialized.

As we work to transform our business portfolio, research and development will be an important management theme and play a core role in our management strategy. We will continue to focus our management resources on growth areas with the goal of becoming a value-creating company that contributes to a sustainable society with our unique technologies.

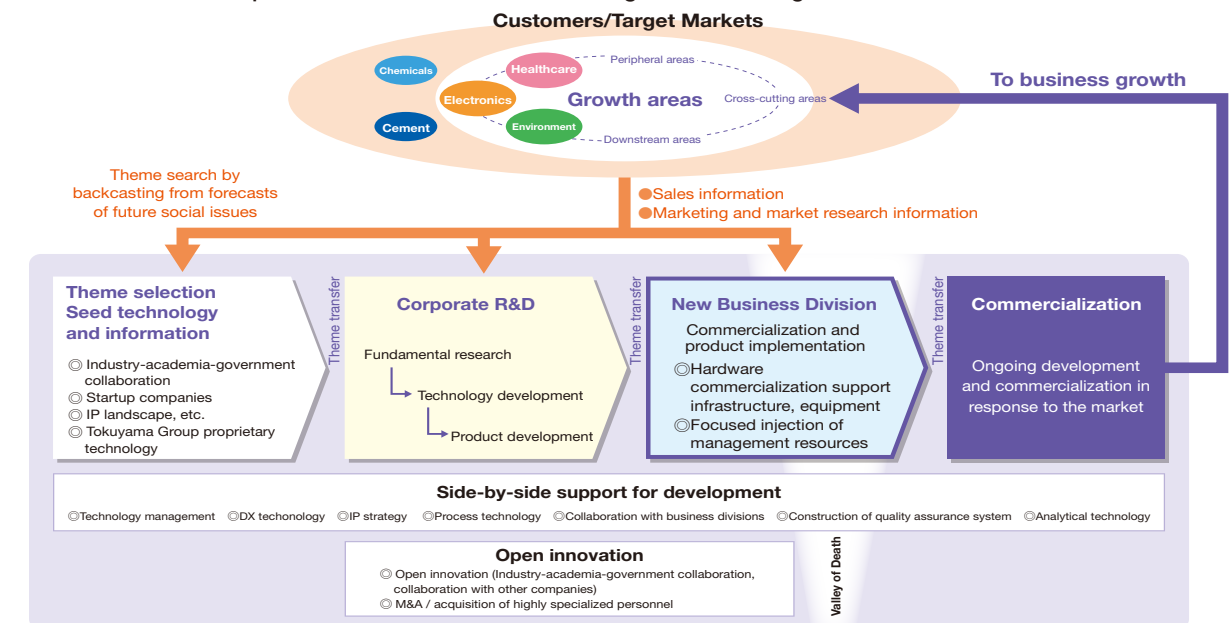
## About the New Business Division

The Tokuyama Group’s research and development structure is centered around corporate R&D, which is responsible for basic research and technological development based on medium- to long-term themes, and business development, which is responsible for improving and developing existing products to meet market needs, and then commercializing them. This allows us to improve the efficiency of research and development and respond quickly to market needs. Meanwhile, we established the New Business Division in April 2023 to act as a bridge between corporate R&D and business development in order to accelerate the launch of new businesses. The division is working on commercializing electrolysis equipment, heat dissipation applications for electronic materials, silicon nitride, and other products at its

Center for Commercialization of Advanced Technology in Yanai City, Yamaguchi Prefecture.

The research themes of porous silica, which is expected to be used in the electronics field, and lead-free transparent radiation protection materials for the healthcare field were transferred from Corporate Research to the division in April 2025. These themes have been highly praised by customers as they are each based on technologies unique to Tokuyama, and we plan to continue with further technological development and to improve our supply system. As the core of new value creation for the Tokuyama Group, the New Business Division will drive the shift in the Tokuyama Group’s business portfolio to focus on growth businesses.

### Research and Development Structure for Commercializing New Technologies



## Initiatives for Realizing Our Vision

### Development of Anion Exchange Membranes (AEM)

The anion exchange membranes (AEM) that Tokuyama is developing are materials for water electrolysis devices that produce hydrogen. Compared to other types that have already been put into practical use, these materials do not require highly concentrated alkaline aqueous solutions and do not use precious metals as catalysts, making them a next-generation technology that is expected to be safer and more cost effective. We are developing these materials based on the hydrocarbon ion exchange membrane technology we have cultivated over many years, and in fiscal 2024 we began supplying samples to equipment manufacturers in Japan and overseas. In anticipation of future increases in demand, we are currently establishing a mass production process at our No. 2 Tsukuba Research Laboratory and will strengthen our supply system for paid samples. We are currently installing equipment that will enable us to accommodate market demand for shipping the materials in rolls, and will pursue further product development with a view to commercialization.



Anion Exchange Membranes and Solutions

### Tokuyama Taiwan Corporation relocation and expansion

Tokuyama Taiwan Corporation (TTW) relocated and expanded to the Science Park in Zhubei, Taiwan in January 2025, with the aim of strengthening its research and development structure in the electronics field. TTW was established as Tokuyama Taiwan Laboratory, the Tokuyama Group’s first overseas research and development base, and has since promoted joint development with Taiwan’s Industrial Technology Research Institute (ITRI, Hsinchu City) at its facilities within the institute. Taiwan is home to the cutting-edge semiconductor industry, and as cutting-edge technological development advances, we will have to respond to technical issues better and develop faster. With this expansion, we will introduce some of the same equipment we use at our research and development bases in Japan, with the aim of improving our responses to customers in the electronics field and developing new products faster.



TTW Head Office (after relocation)

## Human Capital Strategy

To enhance human capital, which is the key to the Tokuyama Group's sustainable growth, we will steadily implement specific measures to resolve issues based on our basic concept and enhance corporate value.

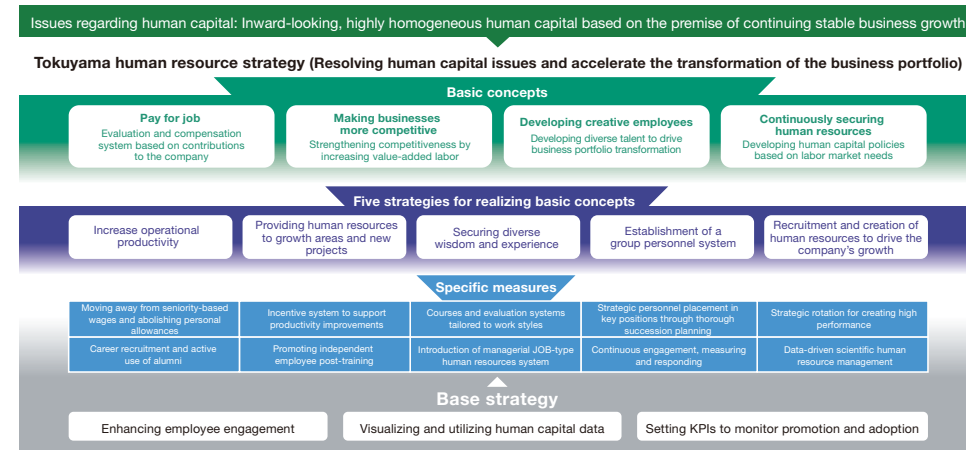
### Takashi Sato

Managing Executive Officer,  
General Manager, General Affairs & Human Resources Division



The Tokuyama Group regards human resources as its most important management capital essential for sustainable growth. From that perspective, we have specifically defined universal expectations for the employees who will realize the Tokuyama Group's vision in 2019, as well as the direction of their growth, in our Human Resources Policy. Even in an ever-changing business environment, we remain firmly grounded in these policies, and through resolutions and oversight at the Executive Committee and the Board of Directors, we have established a human resources strategy that is linked to our business strategy, and are working to implement various measures to ensure Tokuyama grows sustainably going forward.

#### Tokuyama Group HR Strategy and Positioning



## System for implementing measures

The measures set out in the human resources strategy lay out the basic concepts required of our human capital to realize our management strategy. Based on the spirit of “pay for job,” which bases compensation on how much employees contribute to the company, the measures aim to develop and secure creative, highly productive human resources who can contribute autonomously to corporate efforts. We categorize our strategies into five strategies that are directly linked to the realization of the basic concept, and base strategies that support human capital management itself, and are developing the content of specific measures designed to ensure that these two categories of strategies function well. These

Thanks to your support and cooperation, our Group has secured stable business earnings for many years through our traditional businesses, chemicals and cement. However, to respond to various environmental changes going forward, we will have to transform our business portfolio, which is a major challenge for Tokuyama. To achieve this, we need to grow our business by transforming our human capital mindset, which assumes the stable business growth we enjoyed in the past will continue, and by developing human resources capable of taking on more creative challenges, and securing people with diverse knowledge and experience from the labor market. And above all, we recognize that creating a working environment and corporate culture in which our employees can feel motivated, enthusiastic, and contribute autonomously

to our efforts is the key to ensuring future growth of Tokuyama.

We will steadily implement our human resources strategy, increase our corporate value, and realize human capital management that all our stakeholders can appreciate.

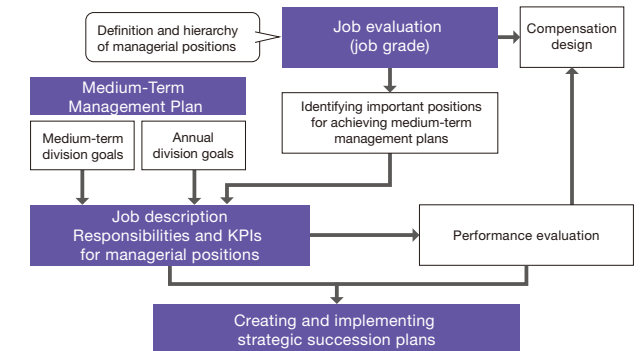
specific measures focus on enabling employees to work fairly and enthusiastically by shifting from a traditional wage system based on employee cost of living, to an evaluation and wage system that places a stronger emphasis on how employees' work contributes to the company. We also aim to secure and develop creative people who will contribute to new business growth for transforming our portfolio, and to strengthen strategic personnel placement plans and multifaceted recruitment activities to address an increasingly fluid labor market.

## Initiatives for Realizing Our Vision

### Introduction of a JOB-type personnel system for managers and strategic succession planning

Starting in FY2024, we have introduced a JOB-type personnel system for managerial positions. We clarified the important role managers play in management planning such as business portfolio transformation, and created hierarchical job grades to realize compensation levels according to job responsibilities so that the contributions employees make to achieving company plans are more appropriately reflected in their compensation. In addition, we also use the results of 360-degree evaluations and employee engagement as reference data when assigning managers, and we operate in a two-way manner that incorporates the opinions of non-managerial employees. In addition, clarifying the importance of management positions enabled us to implement sustainable and appropriate personnel placement plans by defining strategic positions that are key to our business strategy, creating succession plans for the next two generations each fiscal year, and discussing these plans with top management and the heads of business divisions.

#### Flow that constitutes a managerial JOB-type human resource system



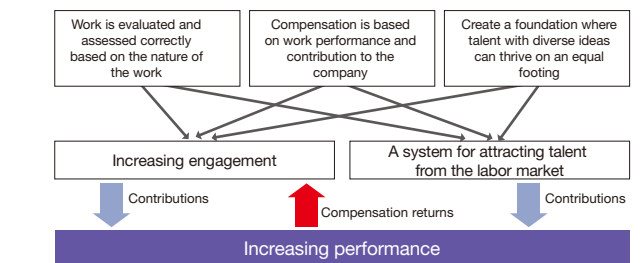
### Revising the employee personnel system to improve job satisfaction

We repeatedly discussed revising our employee personnel system with the labor union and employees throughout FY2024, and have decided to transition to a new personnel system beginning May 2025. This new personnel system abolishes employee wage disparities that resulted from the age-based pay and personal allowances of our previous wage system, and creates a system where only work results lead to wage increases. We also abolished allowances such as family allowances, which were paid mostly to male employees, which we believe will alleviate gender-based wage discrimination and encourage women to play more active roles in the company. We also established a new dual-track course system that allows employees to work according to the nature of their jobs, by providing incentives to employees who take part in projects that are important to our business plans. Furthermore, to enable quicker promotion of talented young employees, we have shortened, to the degree possible, how long employees must be employed before they qualify for promotion to managerial positions. This also makes it possible for employees to make up for career delays due to

maternity or childcare leave. By properly evaluating and rewarding performance in this way, we hope to better motivate employees, especially those who drive business growth. Combined with the aforementioned wage system, we hope this encourages highly engaged employees to work productively and contribute to improving the corporate value of our Group.

#### Aims of the new personnel system

- Drive thorough productivity enhancement
- Develop diverse creators who can take on new things.



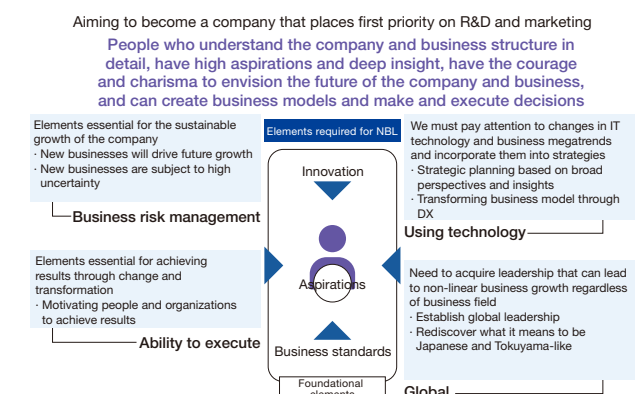
### Management-level human resource development for future business portfolio transformation

We will develop human resources by actively investing in human capital. For example, to develop future management candidates, we provide Next Business Leader (NBL) Training to carefully selected personnel from each division. The program began in FY2018, and by FY2024, approximately 70 diverse employees, including mid-career hires and women, will have completed this training in support of our efforts to promote diversity. The training is designed to use external resources in a practical and proactive manner, and to achieve an outward-looking business portfolio transformation. Some of these employees will be intentionally rotated in order to become management-level employees under the new personnel system we will implement beginning in FY2025. Some young employees who took the training have already won early promotions to managerial positions, and we expect them to continue to excel in the future.

### Strengthening recruitment activities

In an ever-fluid labor market, competition to secure talented people has intensified in recent years, and to secure them, we are strengthening our recruitment system, both for new graduates and mid-career hires. Beginning in FY2025, we will form a dedicated recruitment team to promote aggressive recruitment activities that

#### Image of NBL human resources



take the diversity of the workers at our bases in Japan and overseas into consideration, and we will clarify and recruit the type of people we need to achieve our management plan, thereby securing personnel that match our strategy, culture, and direction.



## Digital Transformation Strategy

### Advancing company-wide DX to become a sustainable, growth-oriented next-generation chemical company.

#### Kenji Saka

Executive Officer,  
General Manager, Digital Administration &  
Planning Division and DX Promotion Department



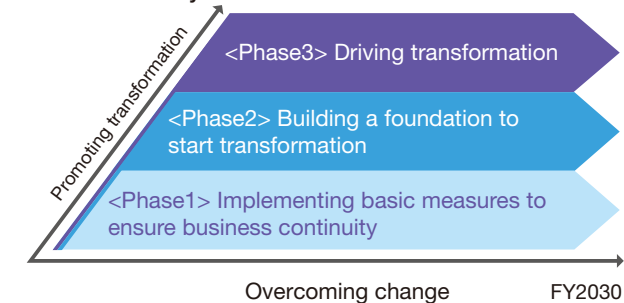
## Basic TDX Policy

When we began our company-wide digital transformation efforts, we first established basic policies. While transformation is typically the goal of DX, initial discussions with many employees led us to firmly believe that, since we had been slow to adopt digitalization, we should not simply target transformation straight away, but should also strengthen more fundamental areas at the same time, so we decided that the basic policy for Tokuyama DX (TDX) would be based on the concept of simultaneously advancing three stages; implementing basic measures, building a foundation, and driving transformation.

We established a system for company-wide projects based on this basic policy, and began specific TDX activities in April 2022. TDX has defined 25 themes and measures to promote transformation ranging from basic measures like promoting paperless operations to more sophisticated ones like utilizing AI, and has been implementing them in parallel, starting with those that are doable now. As our activities have progressed, they have become more advanced.

The Digital Governance Code formulated by the Ministry of Economy, Trade and Industry not only calls for companies to engage in DX, but also for companies to actively disseminate information about it. In addition to our traditional communications, we compiled a DX report in December 2024, and released it in a wide-ranging and comprehensive manner to outline our Group's initiatives. We will continue to work to ensure that our stakeholders are fully informed of our activities.

#### Basic TDX Policy

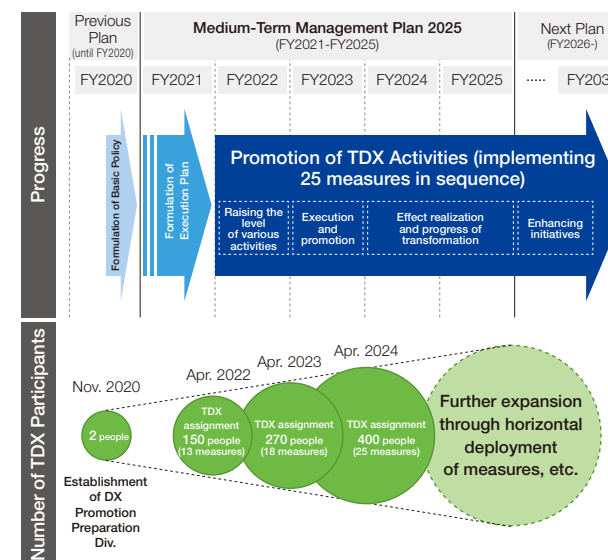


## Deploying TDX activities company wide

Given the constraints on human resources, one of the most difficult aspects was creating a system for deploying TDX activities company wide. In addition to establishing a promotion system headed by the president, we designed and implemented a system for assigning key DX personnel to each department, designing an organizational structure for DX and IT, creating a meeting body, and establishing a cross-functional PMO, which made it possible to run company-wide projects with effective governance. With growing awareness of the urgent need to promote DX as we faced major challenges such as a declining working population, TDX gradually took hold with support from top management, and by FY2024 the total number of people assigned to TDX activities exceeded 400, and thus they had developed into activities involving all employees, both directly and indirectly.

We are also further strengthening bottom-up initiatives, such as launching productivity improvement activities (STEP-UP activities) using digital tools in FY2024. The goal is to make daily work as efficient as possible by providing an environment for all employees to use generative AI, promoting citizen development using low-code tools, and utilizing RPA. We encourage employees to take DX activities personally by sharing case studies through our in-house email newsletter, as well as through contests and certification systems, and to use these activities to reform our corporate culture.

As a result of various initiatives, in FY2024, we will exceed the 3.0 line in the DX promotion index defined by the Information-technology Promotion Agency (IPA) for the first time, and will thus be positioned as a DX-leading company.

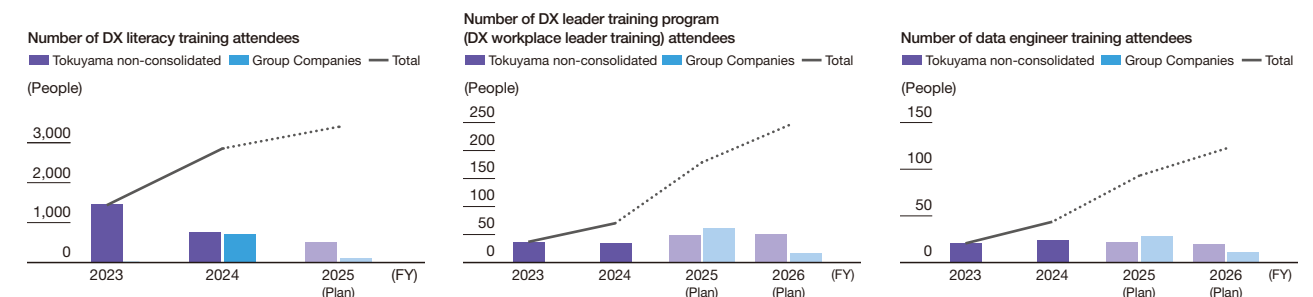


## Initiatives for Realizing Our Vision

### DX training attendance results

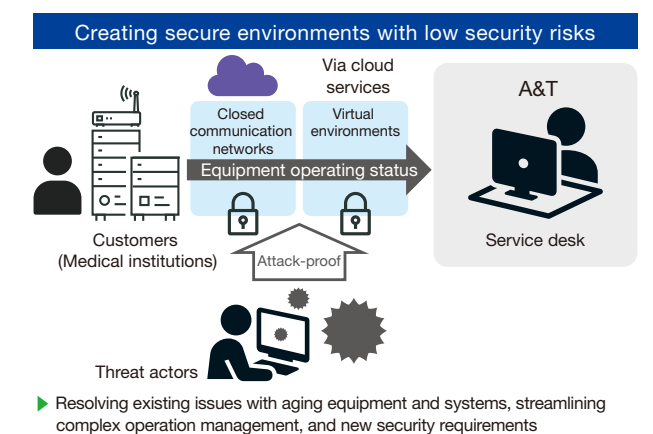
DX literacy training and select personnel training for Tokuyama Corporation began in FY2023, and for Group companies literacy training begun FY2024 and select personnel training will begin in FY2025. The number of training attendees in each program is progressing smoothly as planned, and by FY2024 we completed roughly 80% and 30% of the planned literacy training and select personnel training respectively. Although it has only been two years

since DX training began, the initial goal of expanding the base through DX literacy training and revitalizing initiatives at each workplace through DX training for select personnel is beginning to take shape, and though the exact scale and effects differ from case to case, actual concrete effects are now beginning to be felt. We are also seeing one success story connect to the next, and we expect to see this pattern spread further.



### A&T builds a remote maintenance structure

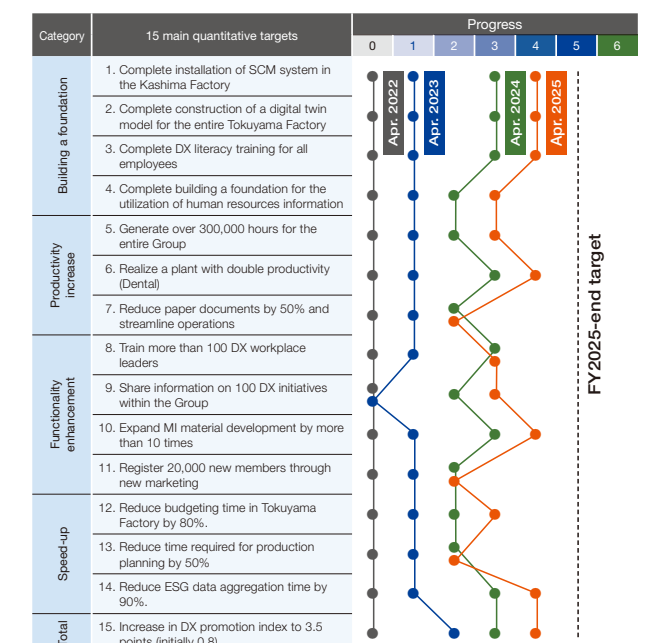
A&T Corporation (A&T), a wholly owned subsidiary of Tokuyama, is developing products related to clinical testing, and supports a wide range of medical facilities, including hospitals and testing centers. The company is characterized by its consistent product development, sales and support, and has also emphasized providing remote maintenance. However, in recent years, the aging of equipment and systems, the streamlining of increasingly complex operational management, and the need to meet security requirements have become urgent issues, so we built a new remote maintenance infrastructure that fully employs cloud services. This new infrastructure has significantly improved security and is already producing tangible results, including increased customer satisfaction and sales. We will continue to expand our features and services to help our customers solve their problems.



### Progress with Major KPIs

TDX has established KPIs to regularly monitor the progress and effectiveness of 25 initiatives. Of these, the important items related to achieving the Medium-Term Management Plan 2025 are designated as "15 main quantitative targets," and we are working to achieve them. To "build a foundation," we utilized digital twin models constructed at each plant to create the "Tokuyama Factory Optimizer with Rapid Calculation of Economic efficiency (T-FORCE)." Using T-FORCE enabled us to devise business strategies that took environmental changes into consideration and dynamically revise operational policies, and we expect that it will serve as the foundation for our transformation.

While company-wide, cross-sectional measures are underway to improve productivity, enhance functionality, and increase speed, our future challenge is to expand bottom-up activities initiated by our workplaces. Through digital tool-driven STEP-UP activities and inter-organizational exchanges, we will also work to raise the level of autonomous activities at the workplace level, and we will work together as a company to achieve our goals for FY2025.



\* Evaluation criteria of 5 levels are set for each project and confirmed and assessed by the supervising PMO



## Value Creation Initiatives

Since the start of our Medium-Term Management Plan 2025, our Group has focused on marketing and research and development to create new value from a customer-oriented perspective. In the growing business fields of electronics, healthcare and the environment, new technologies are being created based on unique technologies, and these technologies are transitioning to the customer evaluation and business model construction stage as developed products expected to grow in the future. Additionally, at manufacturing sites, we are making steady improvements each day to strengthen cost competitiveness, which is contributing to a stronger profit base. Here we would like to go over some examples of value creation within our Group alongside messages from key individuals advancing the Plan.



### Advanced materials with high thermal conductivity that support the evolution of semiconductors

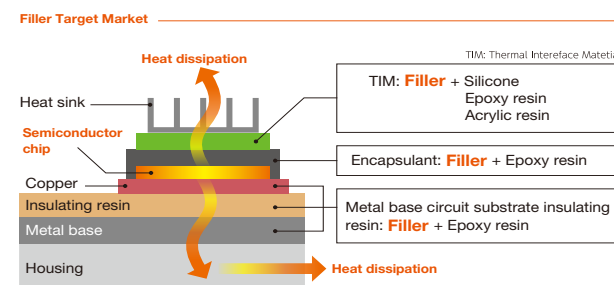
Tokuyama's aluminum nitride (AlN) and boron nitride (BN) fillers are attracting attention as next-generation heat dissipation materials for electronic devices. As electronic devices become smaller and more densely packed, the burden on devices that control power consumption is increasing. Increased heat generation not only impairs the performance of these devices themselves, but also electronic devices they are subsequently installed in, threatening to shorten device lifespans, thereby making heat dissipation measures an urgent issue. Our AlN filler has excellent fluidity in resins, which makes it possible to add more AlN filler to resins, resulting in

thermal conductivity approximately nine times higher than that of conventional heat-dissipating fillers. In addition, our BN filler has high thermal conductivity, electrical insulation, water resistance, and a low dielectric constant, making it ideal for heat dissipation substrate applications. We offer multiple BN filler products through particle designs tailored to applications, and will continue to expand our lineup of high heat dissipation fillers to meet customer needs and contribute to the development of the semiconductor and information communications industries.



**Yukihiro Kanachika**  
General Manager,  
New Business Division,  
Heat Dissipation  
Applications Department

We continue to advance technological innovation based on the nitride synthesis and sintering technologies we specialize in, and are developing a unique, first-of-its-kind high heat dissipation material. Our goal is to provide our customers with high-added-value heat dissipation materials that help improve the reliability and performance of cutting-edge electronic devices, and contribute to the expansion of our heat dissipation materials business.



### Bismuth enables a new era of radiation protection

Tokuyama has developed a new polymer material that contains a high concentration of bismuth (Bi) and is moving forward with its full-scale deployment in the field of radiation protection. This material maintains the same radiation protection performance as conventional products without the use of environmentally harmful lead, and combines transparency, anti-fogging properties, and processability. It was first tested during decommissioning work at the Fukushima Daiichi Nuclear Power Plant, and applications are now being expanded to the medical field. Through an industry-academia collaboration between Showa Opt. Co., Ltd. and the Tohoku University School of Medicine, lead-free radiation protection

glasses "for® X-GUARD BieW" have been developed, and are scheduled to be sold by Showa Optical in July 2025. The product also complies with new regulations to protect the eye lenses of those who do work involving radiation, and has been praised as one that meets the needs of the medical field.

In the future, we aim to develop and expand our markets both domestically and overseas, with an eye on expanding into the aviation and space fields and overseas markets. Tokuyama will leverage its strengths in handling everything from material development to product design and processing to create a new standard in radiation protection.



**Takayoshi Kawasaki**  
Manager, Tsukuba  
Research Laboratory and  
New Business Division

This has been, at least technically, like constantly walking a tight rope, but we are finally seeing the light at the end of the tunnel. Through the combined efforts of our team, related organizations, and partner companies, we will further commercialize this bismuth material so that it can become a leading example of business portfolio transformation, both as a material, as a field, and as a business model. And while opened markets will remain at our core, we will not be overly fixated on them, but will continue to take on new challenges, catching up with the technologies and needs we come across in the process to achieve greater breadth and depth.



Radiation protection glasses (prototype)  
\* Provided by Showa Opt.



### Commercializing technology for recycling used PV panels

In 2019, Tokuyama began jointly developing technology for recycling used PV panels with the New Energy and Industrial Technology Development Organization (NEDO), a national research and development agency, and built a demonstration test facility in the town of Nanporo in the Sorachi District, Hokkaido. Our strength lies in technologies for the high-quality recovery of valuable resources, such as the plate glass that accounts for 60% of the weight of PV panels, and we have established a low-temperature thermal decomposition that can automatically process up to approximately 100,000 PV panels per year. As for PV panel silicon cells, which are considered difficult PV panel components to recycle horizontally\*, we are utilizing our knowledge as a polycrystalline silicon manufacturer to explore ways to use them as raw materials for semiconductor-grade polycrystalline silicon.

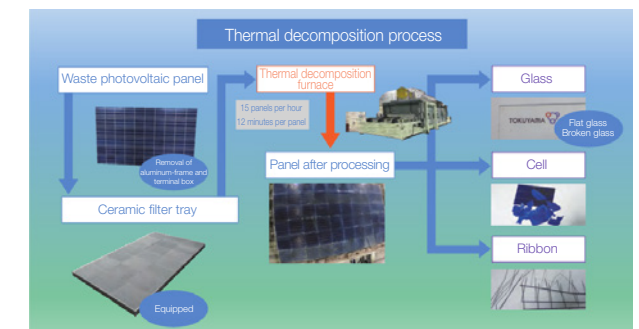
In 2024, AGC Inc. successfully conducted the first demonstration experiment in Japan using Tokuyama's recycled plate glass as a raw material for float glass. Currently, in preparation for an era of mass waste disposal that is expected to reach 400,000 to 500,000 tonnes per year by the late 2030s, we are accelerating our commercialization efforts, including talks for establishing a Hokkaido-based collaborative scheme with Suzuki Corporation, a recycling company in Hokkaido. In FY2025, we plan to apply for an industrial waste disposal business license in Hokkaido, with the aim of establishing a new business model that will realize a circular economy that reduces environmental impacts.

\*Horizontal recycling: A recycling method that reuses materials for the same purpose



**Zenichiro Shimomura**  
Manager, Eco Business  
Division, Eco Business  
Planning Department

We are attempting to achieve 100% recycling of PV panels using advanced recycling technology based on low-temperature thermal decomposition, something that was previously considered impossible. To develop this unique technology into a business, we are currently working to create a business scheme through corporate collaboration with the goal of building a resource circulation network that covers everything from the collection and transportation of used panels to recycling.



Process Flow of Low-Temperature Thermal Decomposition

### TOPICS "Plant Operation of the Year" award recognizing value created at manufacturing sites

Our Group has 28 production bases in Japan and eight overseas, and plant operators at each facility support stable production activities on a daily basis. In FY2017, we established the "Plant Operation of the Year" award to recognize outstanding achievements at our domestic and overseas manufacturing sites. The goal of this award is to boost manufacturing site morale and encourage company-wide sharing and implementation of excellent initiatives.

At a FY2024 company-wide conference, operators from seven workplaces who had passed the representative selection process in each block participated, presenting improvement activities in their own workplaces and competing with each other in terms of originality and results. A variety of improvements were reported from the unique perspectives of operators directly involved in manufacturing, including reductions in manufacturing costs through the automation of operational control and reviews of manufacturing flows, achievements in reducing the use of utilities such as water and electricity, and optimization of operating equipment to reduce CO<sub>2</sub> emissions. The winning workplace reduced manufacturing costs by several tens of millions of yen per year, which is

improving Group profitability. Going forward, we will continue to promote improvement activities at our manufacturing sites by turning value created there into a strength for our Group, and maintaining efficient production activities.



FY2024 Plant Operation of the Year All-Company Conference  
Awards Ceremony



## Message from the CFO

### We will propel business portfolio transformation through strategic cash allocation

#### Tomohiro Inoue

Director,  
Managing Executive Officer,  
General Manager, Corporate Planning Division



### What is the key to fulfilling CFO responsibilities?

I joined Tokuyama as a researcher in 1989, and had the opportunity to work in the United States while seconded to a Group company involved in the gas sensor business. Following my return to Tokuyama in 2012, and after serving as General Manager of the Business Promotion Project Department, General Manager of the Cement Manufacturing Department, and General Manager of the Eco Business Division, I took up my current position in April of 2024. I currently oversee efforts in a wide range of fields, such as business planning including accounting and finance, sustainability, carbon neutral strategies, and new business.

In fulfilling my responsibilities as Chief Financial Officer (CFO), it is important to listen sincerely to the opinions of the many people involved in Tokuyama's business, and

appropriately allocate assets to various areas, including R&D for the development of new business, in order to financially support the Group's sustainable growth. As financial indicators, we emphasize Return On Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC). We operate our business at the trust of our shareholders, so our minimum responsibility is to ensure that ROIC exceeds WACC or, in other words, to generate profits that exceed the expectations of our investors.

Going forward, I would like to enhance Tokuyama Group corporate value by leveraging the experience and knowledge we have cultivated in a wide array of fields, including research and development, the environment, cement, and corporate planning.

### Status of progress on Medium-Term Management Plan 2025 and management that takes capital costs and stock prices into account

In April of 2024, Tokuyama announced our approach on how to realize management that is conscious of the cost of capital and stock prices. In our Medium-Term Management Plan 2025, set ROE as a management indicator and are working to improve the efficiency of shareholder capital. We will further accelerate this effort and quickly achieve a management structure that will enable us to exceed a PBR of 1. We have established four specific initiatives for achieving our goals: (1) Enhancing shareholder returns, (2) Making priority investments in growth businesses that actively utilize returns on invested capital (ROIC) and revisions to existing businesses, (3) Reducing cross-shareholdings, and (4) Shareholder dialogues.

In April of 2025, we published an update to the status of our responsive efforts, but in looking back at our efforts over the past year or so, we can see that although our business performance was solid, our PBR remains at the same level as before, around 0.8. This indicates that the market has yet to recognize the Tokuyama Group's efforts, especially our medium and long-term growth strategies and our progress

on them. We will need to take this reality seriously, and continue to optimize our capital policy.

Meanwhile, our Medium-Term Management Plan 2025, which began in FY2021, has entered its final stage. Although our current performance forecast for FY2025 does not reach our planned targets for the final fiscal year due to changes in the external environment, such as rising raw material and fuel prices and a sluggish semiconductor market, since the plan was first formulated, we do expect sales and operating profit to reach record highs.

We recognize that we are still only partway through the three key issues identified in our current medium-term management plan: transform the business portfolio, Helping fight global warming, and practice socially responsible management. In particular, with respect to the transformation of our business portfolio, our most important management imperative, our traditional businesses of chemical products and cement continued to perform well, so the proportion of consolidated sales from growth business for FY2024 is expected to remain at approximately 43% (excluding Others

Segment). To reach our target of 50%, we need to focus all our strength on further expanding the foundations of our

growth businesses and creating new technologies and businesses through cutting-edge R&D.

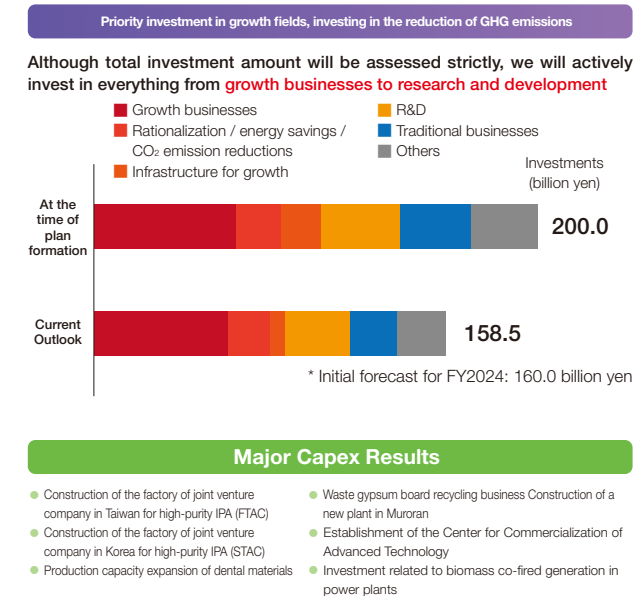
### Medium and long-term management and financial strategies, and the mission of the CFO

As for medium and long-term financial strategies, which include the next medium term management plan, we understand that a critical issue, as with the previous plans, is to optimize fund procurement and cash allocations while maintaining sound financial discipline. Tokuyama is by no means a huge corporate group, and we cannot limitlessly expand the use of our funds. Our policy is to remain financially sound and safe as we prioritize allocation of funds to areas that are directly linked to increasing Tokuyama's corporate value, such as the three growth businesses of electronics, healthcare, and the environment, as well as efforts to address digital transformation and GHG emission reduction. With respect to growth businesses in particular, we will increase our presence in the market by focusing investments on segments in which the Group has strengths, such as in-vitro diagnostic reagents in

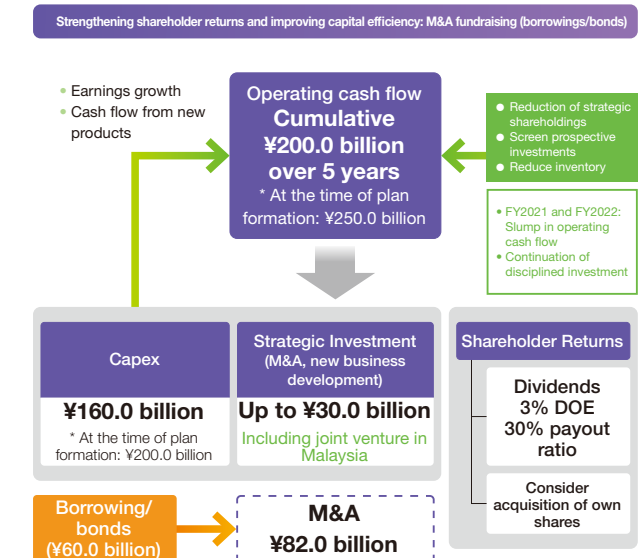
the healthcare field and semiconductor-related materials in the electronics field.

There is no such thing as an "optimal solution" in business planning or financial strategy. The determination of whether today's management decisions were correct will be left to the market's evaluation 20 to 30 years from now. Given this, what management needs to do right now is choose the path that is most appropriate in an ever-changing business environment and with limited management resources; in other words, we need to maintain a broad perspective and continue making good decisions. I believe that the role of the CFO is to make the decisions they deem best at any given moment while identifying risks and managing them appropriately.

#### Capex Plan Breakdown (FY2021–2025)



#### Cash Flow Generation and Allocation



## A Message for Our Stakeholders

We will further deepen our dialogue with all of our stakeholders, including our customers, shareholders, investors, and members of local communities. We will promptly and accurately communicate Tokuyama's vision and strategy, as well as the progress of various measures, through various media, and will incorporate feedback from stakeholders into our management and business operations.

We will also assertively work toward improving the return of profits to our shareholders. Starting in FY2024, we implemented the Dividend On Equity (DOE) approach to shareholder returns, and set targets of at least a 3% DOE and 30% payout ratio. We will gain higher market and social valuation by helping our shareholders, investors, and other stakeholders understand our growth and equity stories.

The business environment surrounding our Group has

become more uncertain in recent years, due to factors such as rising raw material and supply prices and unclear U.S. trade policies. While future market trends are unpredictable, we will leverage our outstanding technological development capabilities, customer service capabilities, and honest corporate culture to further accelerate our efforts to increase corporate value and open up new possibilities for the chemical industry. The new medium-term management plan, set to start in April of 2026, will further accelerate our business portfolio transformation and enable us to reap the results of the current medium-term plan. As CFO, I will support the Group's continued development into the future, sustainable expansion, and realize a superior company that enjoys community trust.

Progress of Medium-Term Management Plan 2025

Initiatives for addressing priority issues

Transform Business Portfolio

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

FY2021-25 Plans

- Redefine/reorganize growth businesses around the three themes of electronics, healthcare, and the environment, and proceed to move ahead with expanding them  
Progressing and growing with strength
- Chemicals and cement businesses to promote increased efficiency while generating sustainable cash flows

Progress in FY2024

Although the semiconductor market has been sluggish since FY2022, it is showing signs of recovery centered around the cutting-edge fields, driven by demand for generative AI. Thanks to these factors, we managed to increase sales and profits in FY2024, as compared to FY2023, in Electronics and Advanced Materials. As for the Life Science segment, we completed a new production facility amid growing demand for dental filling composite resin produced by Tokuyama Dental Corporation, particularly in Europe and the United States. By implementing robots and automated systems, we will work to expand supply while keeping personnel increases to a minimum. As described above, this year has been marked by steady progress toward transforming our business portfolio.

Breakdown of Consolidated Net Sales by Business

Year	Percentage
2020	35%
2021	
2022	
2023	
2024	
2025(FY) (Forecast)	41%

Priorities and Initiatives

Technology

Pursue added value and promote technological differentiation by collaborating more with external partners

Efficiency Gains

Pursue company-wide operational efficiency, mainly through DX

Global Expansion

Expand operations in growing overseas markets

Global Expansion

To strengthen the supply system for semiconductor-related products, we established a subsidiary that will manufacture and sell semiconductor-grade polycrystalline silicon in Vietnam in August of 2024, and are working to establish a company in Malaysia that will jointly produce semiconductor-grade polycrystalline silicon with the South Korean OCI Group.

We also decided to establish a subsidiary to sell Group products in the growing market of India. By establishing this company, we will further enhance local marketing for growth businesses in the areas of electronics, healthcare, and the environment, work to foster growth in the Indian economy, and accelerate our international expansion.

Overseas Share of Consolidated Net Sales

Year	Share
FY2020 (Results)	20%
FY2024 (Results)	27%
FY2030 (Image)	50% or more

Efforts in FY2024

	Details Page
Technology	• Relocating and expanding Tokuyama Taiwan to strengthen cooperation with external parties in Electronic and Advanced Materials P19
	• Launching radiation protection materials using bismuth (for medical goggles) • Accelerated efforts to realize business that utilizes low-temperature thermal decomposition recycling technology for PV panels P24-25
	• Advanced automation at the new building of the Tokuyama Dental Kashima Factory • Built a remote maintenance infrastructure that utilizes A&T's cloud environment • Developed the "Tokuyama AutoML" data analysis tool that contributes to expanding the use of AI P17, P23
Efficiency Gains	
Global Expansion	• Established TOKUYAMA VIETNAM CO., LTD., a Vietnamese subsidiary that manufactures and sells semiconductor-grade polycrystalline silicon • Decided to establish a subsidiary to sell Group products in India. P28

Helping to fight global warming

Expedite the development/commercialization of next-generation energy technologies

Reduce greenhouse gas (GHG) emissions in FY2030 (Scope 1 and 2) by 30%\*

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

P38 - 39 Message from the Executive Officer in Charge of Sustainability

P44 - 46 Response to Climate Change

In FY2024, we conducted a study on the commercial viability of constructing a pilot plant for semi-carbonized black pellets made from biomass and modifying facilities for biomass co-firing, starting to consider fuel conversion in cullet production, developing a low-carbon process for soda ash production, developing an environmentally friendly sidewalk paving material called "interlocking biochar blocks" (in collaboration with Fujita Corporation) that produces virtually zero GHG emissions from materials such as cement, and co-firing ammonia as fuel.

GHG emissions (Scope 1 and 2) were reduced by 19% compared with FY2019 levels through biomass co-fire generation and aggressive energy conservation activities. We also achieved 6% reductions in categories 1, 3 and 4 of Scope 3 in comparison with FY2022.

Main Reduction Targets	Initiative Policy	Efforts in FY2024
In-house power generation facilities	Reduce GHG emissions from in-house power generation by 50% in FY2030*	Biomass Co-firing Construction of a black pellet pilot plant Studying the feasibility of an ammonia co-firing business
Cement and Chemicals, etc.	Reduction of limestone use and coal use and improving processes	Using waste and by-products Starting to consider fuel conversion in cullet production Developing low carbon processes for soda ash production
Carbon offsets	Consider implementing CCS technology and offsets	Development of carbon negative concrete Development of biochar interlocking blocks

\* Base year: FY2019

Practice Socially Responsible Management

To realize our Vision, we are strengthening initiatives addressing material issues that form the foundation for sustainable growth.

P8 - 13 Message from the President

P40 - 43 Tokuyama's Materiality

P58 - 59 Risk Management

Our Group is implementing a variety of sustainability measures, including materialities, to promote CSR management. In FY2024, we changed our meeting bodies to strengthen sustainability governance and proactively disclosed initiatives focused on materialities. These efforts gained recognition, and our Group has been selected for the first time as a constituent stock of the ESG investment index "FTSE Blossom Japan Index" and has also been selected yet again as a constituent stock of the "FTSE Blossom Japan Sector Relative Index." Furthermore, we have been selected for the first time as a Supplier Engagement Leader, the highest rating in the 2024 Engagement Rating conducted by the CDP.

Progress toward Achieving Targets

Due to significant changes in assumptions such as raw material and fuel prices when we first formulated the plan, not to mention the impact of the sluggish semiconductor market beginning in 2H of FY2022, we have made only lack luster progress on each indicator since FY2022.

Our business outlook for FY2025 has us achieving record high net sales and operating profits despite falling short of our targets for the final fiscal year because the semiconductor market is showing signs of recovery, particularly in cutting-edge fields, and, our Life Sciences business is growing, driven by factors such as increased production capacity for dental materials and equipment.

KPI	FY2021 results	FY2022 results	FY2023 results	FY2024 results	FY2025 forecast	FY2025 targets <sup>1, 2</sup>
Net sales (billions of yen)	293.8	351.7	341.9	343.0	364.5	400.0
Operating profit (billions of yen)	24.5	14.3	25.6	29.9	41.5	45.0
Growth business net sales compound annual growth rate (CAGR)(%)	19.9	20.1	10.5 <sup>3</sup>	9.6 <sup>3</sup>	10.0 <sup>3</sup>	10.0 or higher
ROE(%)	13.2	4.1	7.4	9.2	10.9	11.0 or higher

1. Due to changing the depreciation method, the targets for operating profit for FY2025 were updated from ¥40.0 billion to ¥45.0 billion and ROE was changed from 10% to 11% (announced April 28, 2023)

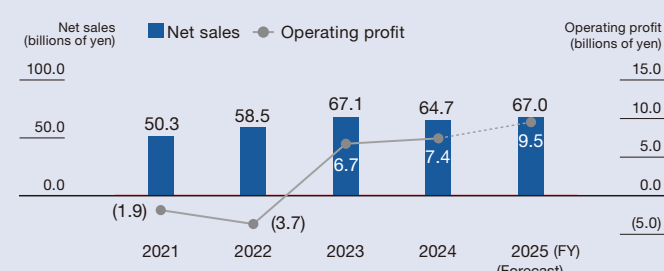
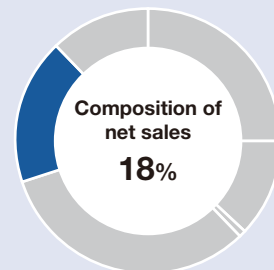
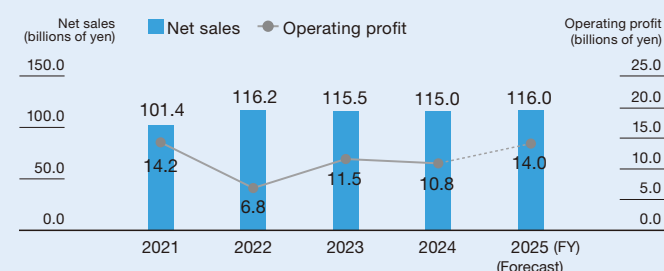
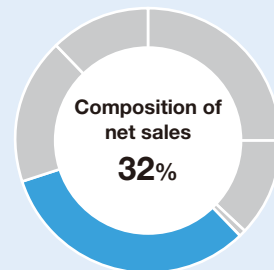
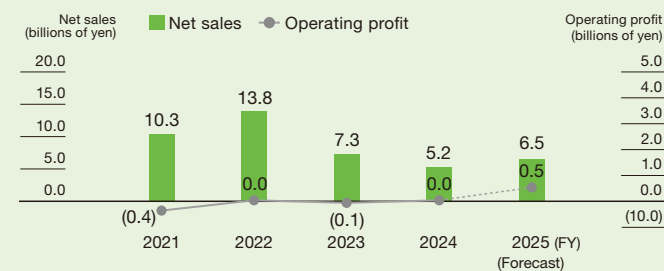
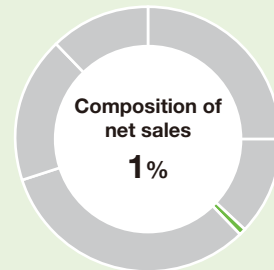
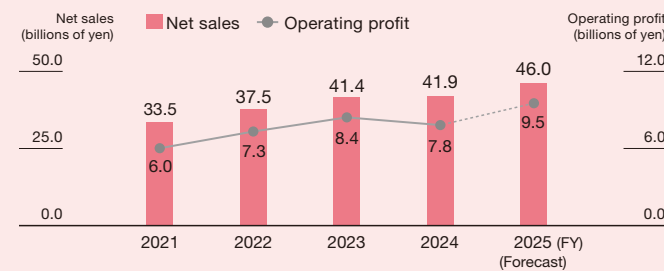
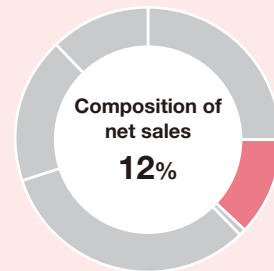
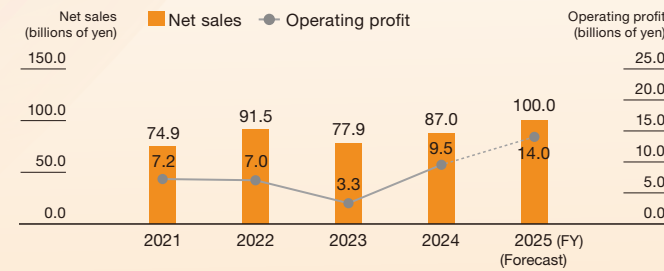
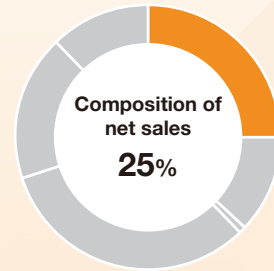
2. In consideration of business performance trends and the business environment, we have changed our net sales forecast for FY2025 from ¥320.0 billion to ¥400.0 billion (announced on April 26, 2024)

3. In consideration of business restructuring in Medium-Term Management Plan 2025, the results for fiscal 2023 and fiscal 2024, as well as the forecast for fiscal 2025, have been revised from the previously announced figures



## Progress of Medium-Term Management Plan 2025 by Business Segment

## Performance Trend



## Progress of Strategy by Product Area

Product Area	FY2024 Results	Future Plans and Investments
Silicon	<ul style="list-style-type: none"><li>Established a subsidiary in Vietnam for the semiconductor-grade polycrystalline silicon business</li><li>Developed a system for supply of high-purity chlorosilane in China</li></ul>	<ul style="list-style-type: none"><li>Establishment of second location for semiconductor-grade polycrystalline silicon</li><li>Global expansion of high-purity chlorosilane at two locations in Japan and China</li></ul>
IC chemicals	<ul style="list-style-type: none"><li>Developed a stable system for supply in global bases</li></ul>	<ul style="list-style-type: none"><li>Start of supply of high-purity IPA for the electronics industry by the South Korea JV</li><li>Expansion of global bases</li><li>Accelerate efforts to realize recycling IPA</li></ul>
Silica	<ul style="list-style-type: none"><li>Developed a system for supply of hydrophobic silica</li></ul>	<ul style="list-style-type: none"><li>Expansion of CASE* and personal care applications</li><li>Expansion of sales of hydrophobic silica</li><li>Entry into the field of organic silicone</li></ul>
Thermal management materials	<ul style="list-style-type: none"><li>Expanded lineup of aluminum nitride/boron nitride fillers</li></ul>	<ul style="list-style-type: none"><li>Launch of silicon nitride</li><li>Application development and expansion into downstream fields</li><li>Consideration of capacity expansion to meet growing demand</li></ul>

\* Coating, adhesive, sealant, elastomer



Product Area	FY2024 Results	Future Plans and Investments
Fine chemicals	<ul style="list-style-type: none"><li>Sales performed well due to recognition of the quality of generic APIs</li><li>Continued to expand global market share due to high photochromic materials performance for eyeglass lenses</li></ul>	<ul style="list-style-type: none"><li>Developed rare APIs and strengthened competitiveness</li><li>Improved added value and obtained overseas market share through the introduction of next-generation photochromic materials</li></ul>
Dental materials and equipment	<ul style="list-style-type: none"><li>Tokuyama Dental completed construction of a new production facility</li><li>Global deployment of composite resins, and increased sales for Europe, the United States, and emerging markets</li><li>Expand the domestic market by strengthening sales of resin blocks for dental crowns</li></ul>	<ul style="list-style-type: none"><li>Strengthen sales structure and accelerate supply systems to further increase market share</li><li>Accelerate material development to expand the digital dental field</li></ul>
Medical diagnosis systems	<ul style="list-style-type: none"><li>Consider M&amp;A to strengthen the in vitro diagnostics business and accelerate business portfolio transformation</li><li>Start construction of a production building to meet increased demand in the electrolyte business</li></ul>	<ul style="list-style-type: none"><li>Accelerate development and maximize synergies through M&amp;As in the in-vitro diagnostic pharmaceuticals and materials businesses</li><li>Expanded production capacity to increase sales of medical diagnostic systems in Japan and expand electrolyte business</li></ul>



Product Area	FY2024 Results	Future Plans and Investments
Environment	<ul style="list-style-type: none"><li>Waste gypsum board recycling: Start full-scale operations at the third domestic site in Muroran City, Hokkaido</li><li>PV panel recycling: Complete joint research with NEDO. Start preparations to apply for an industrial waste treatment license</li></ul>	<ul style="list-style-type: none"><li>Waste gypsum board recycling: Secure stable operations and revenue at three domestic plants</li><li>PV panel recycling: Further improve recycling quality and build a business model, and apply for an industrial waste disposal business license</li></ul>
Ion exchange membranes	<ul style="list-style-type: none"><li>Respond to replacement demand from existing customers, improve productivity, and promote new membrane development</li></ul>	<ul style="list-style-type: none"><li>Cultivate environmental-related demand such as for organics recovery and decarbonization</li><li>Strengthen the promotion of new membrane development</li></ul>



Product Area	FY2024 Results	Future Plans and Investments
Soda Ash and Calcium chloride	<ul style="list-style-type: none"><li>Demonstrate soda ash process model for reducing CO<sub>2</sub> emissions</li><li>Decide on investment in cullet fuel conversion</li></ul>	<ul style="list-style-type: none"><li>Maintenance and renewal of equipment necessary for stable business continuity</li><li>Energy saving and rationalization in response to environmental issues</li></ul>
Chlor-alkali and Vinyl chloride	<ul style="list-style-type: none"><li>Transfer of sale of chloro-alkali products to Tokuyama Soda Trading</li><li>Developed manufacturing technology package for paste PVC resin</li></ul>	



Product Area	FY2024 Results	Future Plans and Investments
Cement	<ul style="list-style-type: none"><li>Maintained appropriate sales prices</li><li>Reduced electricity consumption rate by introducing advanced automatic control of finishing mills</li><li>Suspended one kiln line</li></ul>	<ul style="list-style-type: none"><li>Maintained appropriate sales prices</li><li>Established optimal production system using two kiln lines</li><li>Maintenance and renewal of the equipment required for stable business continuity</li><li>R&amp;D and introduction of technology aimed at environmental issues and carbon neutrality</li><li>Expansion of waste treatment that contributes to a closed-loop society</li></ul>
Recycling	<ul style="list-style-type: none"><li>Enhanced collection of waste plastic</li><li>Utilized liquid fuel from waste and byproducts</li></ul>	





## Progress of Strategy by Business Segment

## Electronic &amp; Advanced Materials

Growth businesses

Business  
Goal

Push forward with globalization, and capture the top market share in the high-purity and thermal management materials fields supporting the miniaturization and stacking of semiconductors

## Risks and Opportunities

## Risks

- Entry of overseas suppliers
- Impacts on the supply chain caused by geopolitical risks

## Opportunities

- Increased demand related to cutting-edge IT infrastructure driven by generative AI and big data
- Growth in semiconductors due to increased functionality of electronic devices, larger memory capacity, and electrification of vehicles
- Increased level of quality requirements from users associated with advancements in miniaturization and stacking

## Strengths

- Superior quality in semiconductor-related products
- Differentiation through such proprietary technologies as reductive nitridation method (thermal management materials) and direct hydration (IPA)
- Capture high market share in aluminum nitride powder in thermal management materials

## Priority Measures

- Aggressive expansion into overseas markets
- Expansion of new applications and product lineup
- Pursuing high-grade product production and analysis technologies

## Message from the Executive Officer in Charge

## Accelerating global expansion and expanding the product lineup to improve market presence

## Katsumi Nagase

Managing Executive Officer,  
General Manager, Electronic  
& Advanced Materials  
Business Headquarters and  
Advanced Materials  
Business Division



Although market sentiment differs significantly between advanced and general-purpose semiconductors in FY2024, for silica, shipment volume for CMP (semiconductor-grade polishing slurry) has begun to increase after hitting bottom in FY2023. Volumes for silicone and other materials recovered somewhat compared with FY2023, but only slightly due to the impact of the stagnant Chinese economy. To expand applications, which has been identified as a priority measure in our Medium-Term Management Plan 2025, Tokuyama Chemicals (Zhejiang) Co., Ltd. is building a system to increase production of hydrophobic surface-treated silica to meet the needs of the markets for adhesives for wind turbine blades and paint inks, both of which are areas that are expected to see continued growth, and is working to grow sales, including the expansion of sales to new customers. To expand sales areas, we are working to expand sales of spherical silica for cosmetics through exhibitions in each region, and have begun sales in South America following Europe and North America. In terms of heat management materials, demand for aluminum nitride powder for semiconductor manufacturing equipment components has been showing signs of recovery, and demand for power semiconductor substrates and LEDs is also increasing, leading to increased sales volumes domestically and overseas as well.

Going forward, cutting-edge semiconductors for the manufacture of high performance computing (HPC) and high bandwidth memory (HBM), which support the expansion of AI data centers and other cutting-edge IT infrastructure, will continue to become more miniaturized and multi-layered, so the quality

requirements for the semiconductor materials used will also become increasingly higher. In addition, although demand for power semiconductors for automotive applications is experiencing a temporary stagnation, growth is expected in the future. Demand is also expected to increase steadily in areas such as high-voltage machinery, green energy such as solar and wind power generation, power transmission, and electric railways. Although FY2025 will be a turbulent year globally, we intend to seize on growth and change in these markets as opportunities to expand our business. With respect to silica, we expect sales for CMP and other applications to increase, and we will also begin sales for use as insulation material in EV battery modules as part of our efforts to expand applications. In terms of heat management materials, we intend to further expand sales of aluminum nitride powder for semiconductor manufacturing equipment, and aluminum nitride bare substrate for power semiconductors manufactured and sold by TD Power Materials Co., Ltd. Furthermore, by aligning our strengths in powder control technology (particle control and surface treatment) and ceramic sintering technology with customer needs in cutting-edge fields, we will further refine our aluminum nitride powder quality to levels that no other company can match. We will also accelerate development of mass production technologies for aluminum nitride and boron nitride filters, as well as silicon nitride, while also improving our supply system, and expanding our heat management materials business to meet diversifying heat management needs.

## Message from the Executive Officer in Charge

Consistently maintained efforts to improve quality while contributing to the expansion of the semiconductor business.  
Making Tokuyama the Customer's First Choice

In FY2024, the Electronic Materials Division recorded an increase in revenues and profits over FY2023. Regarding the silicon business, as the inventory adjustment phase continued from the second half of FY2022, silicon wafers shipments also showed negative growth of  $\Delta 2.7\%$  year-on-year. However, shipments of polycrystalline silicon for semiconductors increased significantly by approximately 20% compared to FY2023, driving performance of the electronic materials division forward. Meanwhile, in the IC chemicals business, Formosa Tokuyama Advanced Chemicals Co., Ltd. (FTAC), a new production and sales base for high-purity IPA in Taiwan, achieved a full-year profit, contributing to improved earnings. Additionally, STAC in South Korea has already shipped samples for customer qualification to a major customer and is proceeding with plans to begin mass production and sales within FY2025. Summarizing the results for FY2024, our business plan appears to be progressing smoothly. However, the semiconductor market is facing an unprecedented number of uncertainties, including end customers postponing investments due to the sluggish market, supply chain disruptions triggered by US-China relations, US tariff issues, as well as the rise of Chinese manufacturers, creating a very challenging and competitive environment for the final fiscal year of our Medium-Term Management Plan 2025.

For the Electronic Materials Division to become a driving force behind Tokuyama's performance, we must not only steadily meet customer demands, but also thoroughly coordinate with customers, especially in cutting-edge products, to solve problems together and improve the quality of both companies, thereby becoming a company that customers can choose to purchase by name. With respect to the silicon business, as the quality requirements for polycrystalline silicon have become increasingly higher in recent years, we are working with our customers to improve quality. In addition to further improving semiconductor-grade polycrystalline silicon, we are also working to enhance the analytical capabilities required to ensure this quality, thus contributing to improved quality for the silicon wafers produced by our customers. In the IC chemicals business, the world's most advanced 2 nm factory has already begun operating in Taiwan, the region with the greatest demand for high-purity IPA, where FTAC's products are being used. However, there is now a need to establish a system for quality control and stable supply in anticipation of next-generation 1.4 nm technology. Furthermore, since cutting-edge products use large quantities of high-purity IPA, there is also a growing demand for recycling in order to maintain sustainability. By reliably responding to these demands, we intend to keep up with our customers' growth strategies and further expand our IC chemicals business.

## Seiji Teranishi

Managing Executive Officer,  
Deputy General Manager,  
Electronic & Advanced Materials  
Business Headquarters  
and General Manager,  
Electronic Business  
Materials Division

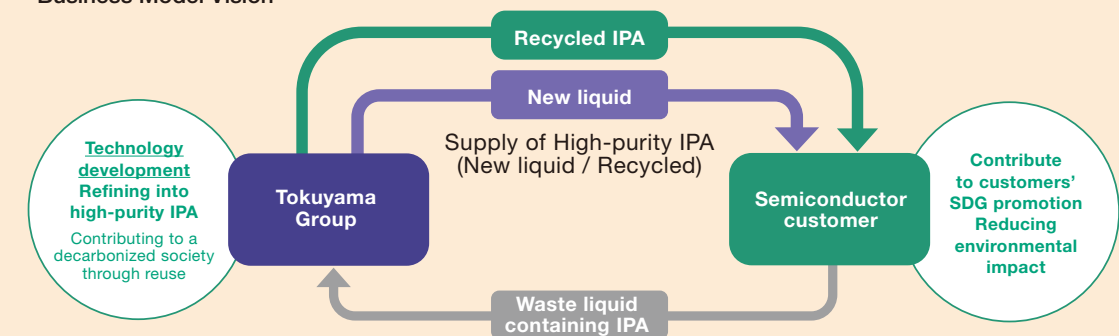


## TOPICS High-purity IPA environmental initiatives

In the IC chemicals business, we have established our own unique recycling technology and are working to achieve process return by re-purifying IPA-containing waste liquid discharged from our customers' semiconductor factories into high-purity IPA.

We are building a recycling plant at FTAC (Taiwan) that is scheduled to begin full-scale supply in FY2027 after it undergoes quality evaluations and is certified. We will help reduce our customers' environmental impact by proposing optimal business models for each market.

## Business Model Vision







## Progress of Strategy by Business Segment

## Life Science

Growth businesses

Business  
Goal

Use unique technology to capture top niche market share in areas where differentiation is possible: vision, dental, and diagnostics

## Risks and Opportunities

## Risks

- Rise of emerging manufacturers mainly in Asia
- Destabilization of supply chain such as procuring raw materials, outsourcing production overseas, and exporting product due to geopolitical risks

## Opportunities

- Growth of healthcare due to advent of super aging society and increasing need for preventative care
- Expansion of emerging markets in the Middle East, Asia, and South America
- Developments in the digital dentistry field
- Promotion of DX in the medical field in line with work style reforms at healthcare facilities

## Strengths

- Highly unique product and technology development capabilities based on chemical technology
- Close collaboration between sales, manufacturing and development to enable a rapid and detailed response to user requests

## Priority Measures

- Conducting M&As and accelerating the transformation of the business portfolio to expand in-vitro diagnostic pharmaceuticals and materials businesses
- Strengthen sales structure and accelerate production capacity to further increase share of the overseas dental materials and equipment market
- Strengthen new product development and increase added value to further expand the photochromic market overseas
- Develop rare pharmaceutical ingredients and business for non-medical applications based on organic synthesis technology

## Message from the Executive Officer in Charge

Strongly promoting business portfolio transformation through expansion of existing businesses and acquisition of in vitro diagnostics business

## Fumiaki Iwasaki

Representative Director,  
Senior Managing  
Executive Officer,  
General Manager, Research &  
Development Division and  
Life Science  
Business Division



This is the final fiscal year of our Medium-Term Management Plan 2025. Although there are variations between products, the Life Sciences Business Division as a whole is progressing largely according to plan.

However, as a division responsible for the “healthcare” business, which is expected to be a growth sector, we need to rapidly transform our structure in order to achieve further growth. First, to expand our diagnostic business, we acquired the in vitro diagnostic pharmaceuticals business and the in vitro diagnostic pharmaceutical materials business of JSR Corporation, and defined the in vitro diagnostic reagents business as the core of growth businesses in the healthcare sector in our next medium-term plan. The Tokuyama Corporation has traditionally focused on active pharmaceutical ingredients and intermediates in the healthcare sector, but due to the slowdown in growth of the low-molecular-weight generic drug market, we have set our sights on diagnostic reagents as a new business area and have begun developing new diagnostic reagents. By inviting the target business into our Group so that they may complement our ability to commercialize immune reagents using particles and antibodies, we expect to significantly shorten development times and achieve synergies with our core technologies. Additionally, the company will collaborate with Tokuyama Dental Corporation to develop diagnostic reagents for dental care and introduce new products into A&T Corporation's distribution channels. We believe that this will allow our Group to quickly build a highly profitable diagnostic

reagent business.

At the same time, we will not neglect our API and intermediate businesses, and will seek new sources of revenue by expanding into highly pharmacologically active APIs, while also developing our intermediate business for non-pharmaceutical applications based on the organic synthesis technology we have cultivated thus far.

In the plastic lens-related materials business, we will maintain high profit margins by developing products on schedule and in line with the technical roadmap and providing high-end products to each user. In the microporous film business, we have decided to discontinue Shanghai Tokuyama Plastics Co., Ltd., which had previously been a pending issue, in FY2024. From FY2025, we will focus on domestic business and aim to improve the profit margins of each product by implementing cost reductions.

In A&T's diagnostics business, we will work to increase the profitability and productivity of our clinical laboratory information system and specimen testing automation system businesses, while also building a foothold for overseas expansion by successfully expanding our electrolyte business into China.

As for the dental materials and equipment market, we will be able to solidify our business foundation in Europe by acquiring European Medical Device Regulation (MDR) certification in FY2025, and by expanding and improving our product lineup, we will be able to enhance our marketing and sales capabilities in overseas markets to further expand our business.



## Progress of Strategy by Business Segment

## Eco Business

Growth businesses

Business  
Goal

Serve as a new business pillar for the future

## Risks and Opportunities

## Risks

- Rise of emerging manufacturers centered in Asia, against the backdrop of environmental regulations
- Rampant competition as end-of-life PV panels become a social issue

## Opportunities

- Increased wastewater treatment demand due to tougher environmental regulations in China and emerging countries
- Growing global environmental consciousness
- Global awareness for creating a recycling-oriented society

## Strengths

- Continuous large crystallization technology for gypsum (for 100% recycling of waste gypsum boards)
- Ion-exchange membrane water treatment
- Unique technologies, such as PV panel recycling using low-temperature thermal decomposition treatments

## Priority Measures

- Respond to expanded demand for water treatment membranes due to strengthened environmental regulations
- Expansion of recycling business for waste gypsum boards and PV panels, etc.
- Commercialization of next-generation energy technologies that have been developed

## Message from the Executive Officer in Charge

Promoted commercialization by leveraging unique technology. Enhancing profitability and realizing a sustainable society

## Naoki Tamura

Executive Officer,  
General Manager,  
Eco Business Division



In FY2024, the Eco Business Division showed a degree of progress in technological development toward commercialization, and we are seeing the establishment of a system that will lead to future sales and revenue. Going forward, in addition to PV panel recycling technology, we will continue to develop, and work to commercialize, superior waste processing technology.

As for PV panel recycling, we have completed joint research with the New Energy and Industrial Technology Development Organization (NEDO) at the recycling commercialization experimental facility in the town of Nanporo in the Sorachi District of Hokkaido. In the future, we will begin full-scale operations in this area after applying for an industrial waste disposal license. At this facility, recycled grill plates can be reused as high-quality plate glass material, and other components can be processed and extracted at high quality levels, realizing a recycling system which prevents anything from becoming waste. We will also continue to develop technology to improve equipment and reduce costs, and expand our business with an eye towards overseas expansion.

Tokuyama Chiyoda Gypsum Co., Ltd., which operates a waste gypsum board recycling business, has been able to maintain stable operations at its Yokkaichi and Kanto plants. Current challenges for the Muroran Plant, which began operating in FY2023, are increasing collection volumes and improving profits. We will work to secure stable operations and profits at three plants by, among other efforts, optimizing treatment processes, and adjusting prices. It is becoming increasingly difficult to secure gypsum, which is produced as a by-product of

domestic metal refining and coal-fired power generation, and we expect that our recycling technology will become increasingly necessary. The company's large crystallization technology enables us to produce recycled gypsum of the same quality as regular raw gypsum, which means that it can be effectively used as raw material not just for gypsum boards, but also in all industries that require gypsum, including cement.

ASTOM Corporation achieved major improvements in both revenue and profit with continued demand from the use of specialized membranes with distinctive characteristics to recover a valuable resource lithium (Li). There was also firm demand for ion-exchange membranes used in the production of salt, foods, and potable water. In addition to the extremely strong demand from both Japan and overseas, the demand for technological improvements is likely to continue to remain strong. We will further promote development, and will establish and strengthen our supply system in order to respond to robust demand as much as possible.

The semiconductor industry generates a large amount of waste that is difficult to treat. Further, the use of biomass fuel in coal-fired power plants is being promoted as a measure to combat global warming. However, this fuel conversion then changes the properties of the incineration ash produced, making it difficult to apply to the recycling systems currently in use, particularly in the cement industry. We are working to develop treatment technologies for this difficult-to-treat waste, and are aiming to establish new and unique recycling technologies.



## Progress of Strategy by Business Segment

## Chemicals

Traditional businesses

Business  
Goal

Ensure stable earnings in the existing business

## Risks and Opportunities

## Risks

- Decreasing domestic demand due to macroeconomic changes
- Excessive supply due to expansion of caustic soda and PVC facilities, particularly in Asia
- Impacts on the supply chain caused by geopolitical risks

## Opportunities

- Promotion of a hydrogen society
- Increased demand for caustic soda due to increased demand for lithium-ion batteries and aluminum

## Strengths

- Only domestic manufacturer of soda ash
- Electrolyzer, electrolysis and manufacturing technology with extensive operating record

## Priority Measures

- Strengthen business and increase efficiency to maximize revenue
- Reduce CO<sub>2</sub> emissions and waste by improving manufacturing processes
- Improve the supply chain through the promotion of DX

## Message from the Executive Officer in Charge

Fulfilling supply responsibilities and strengthening profitability by responding to changes in the business environment

## Hirotaka Nishihara

Managing Executive Officer,  
General Manager, Chemicals  
Business Division



In FY2024, both sales and operating profit fell significantly short of planned values. This was caused by a continued slump in the overseas PVC market and sluggish domestic sales volumes for mainstay products such as soda ash, caustic soda, and PVC resin. Although the surge in raw material and fuel prices since FY2021 has subsided, the real estate slump in China continues, and the global supply and demand balance has been significantly disrupted in the PVC market in particular, thanks to oversupply, resulting in an extremely challenging business environment.

It was under these conditions that our Group absorbed Shin Dai-ichi Vinyl Corporation via merger, newly established the Chemical Sales Control Division and the PVC Sales Department, and transferred the sale of chloro-alkali products such as caustic soda to Tokuyama Soda Trading Co., Ltd., thereby establishing a sales system that cut across the entire Group and strengthened our sales capabilities. We are grateful to everyone involved for their efforts that made this transition possible, and we intend to take even greater action in this now more compact organization.

Furthermore, with respect to carbon neutrality, the GX League will be fully operational in FY2026. Tokuyama as a whole will implement measures including fuel conversion for our in-house power generation facilities, and, in our Chemicals Business Division, we will accelerate efforts to reduce GHG emissions, by, for example, introducing a new process for soda ash that uses CO<sub>2</sub> as a raw material and converting fuel for cullet, the raw material for water glass.

As we enter the final fiscal year of our Medium-Term Management Plan 2025, we view this as an important turning point for the Chemicals Business Division in building the foundation for passing the baton to the next generation of our fellow employees as we head into the next 100 years. Like in FY2024, the outlook for the future remains uncertain, thanks to ongoing world events such as the circumstances in Ukraine and Israel, the real estate slump in China, and the issue of U.S. tariffs. However, not only do we intend to achieve our performance forecasts for the final fiscal year of our Medium-Term Management Plan 2025, everyone at the Chemicals Business Division is committed to further improving our profits. Just as we have before, we will continue to act with the customer's perspective foremost in mind, advance DX utilization proactively in the production departments to allow all our departments to better address the needs of users in both Japan and overseas, maintain safe and stable operations, and ensure a stable supply of products to customers. Sales departments will utilize informational tools to further accelerate information gathering so that we may facilitate even faster decision-making. In keeping with one of our core values of "integrity, perseverance, a playful spirit, and boldness," in addition to maintaining a proper defensive posture, we will also remain front-facing and bold in our actions as we work to acquire new users and new applications.



## Progress of Strategy by Business Segment

## Cement

Traditional businesses

Business  
Goal

Become the domestic industry leader in energy efficiency

## Risks and Opportunities

## Risks

- Decreased demand in cement due to effects of increased construction costs, work style reforms, and other changes
- Increased costs stemming from realizing carbon neutrality

## Opportunities

- Domestic demand due to national resilience (disaster prevention and mitigation), responses to aging social infrastructure, and urban redevelopment
- Demand for building infrastructure associated with economic development in emerging countries

## Strengths

- Contribute to environmental preservation by accepting waste from inside and outside the Company for cement feedstock and as a thermal energy alternative
- Enabling technological development from a chemical standpoint based on chemical manufacturing

## Priority Measures

- Introduction of energy-saving facilities to reduce CO<sub>2</sub> emissions
- Reduction of coal consumption by increasing the acceptance of alternative heat energy waste such as waste plastic

## Message from the Executive Officer in Charge

By accelerating increased energy efficiency and utilizing two-kiln cement production systems, realize a stable line of production

## Takahide Taniguchi

Director, Managing  
Executive Officer,  
General Manager,  
Cement Business Division



In FY2024, domestic demand for cement continued to decrease, resulting in decreased sales volumes for cement, solidification agents, and ready-mix concrete. For cement and solidification agents, we prioritized a sales policy that was commensurate with profitability, and we continued to make price adjustments to ready-mix concrete, but this was not enough to compensate for the decline in sales volume, resulting in a decrease in revenue. On the other hand, coal prices were on a downward trend, and as a result of our continued self-help efforts, such as increasing our use of alternative energy products and reducing costs, we were able to realize an increase in profits.

As domestic demand for cement falls due to factors such as longer construction periods and labor shortages, material prices and logistics costs are rising further. In addition, there is a growing need to address environmental issues and work toward becoming carbon neutral. It is in this environment that in FY2024 we continuously made investments to update aging manufacturing equipment and repair and strengthen infrastructure facilities in order to realize a more stable supply. In addition, we began accepting liquid fuels derived from waste and by-products, and increased our waste plastic transportation capacity. Further, as part of our carbon neutral response, we also started participating in a consortium using the GI fund to develop a special CO<sub>2</sub> fixing additive for use in carbon negative concrete. In FY2024, we constructed an experimental building with a small kiln for research and development, and also conducted manufacturing tests of

special cement admixtures using an actual kiln.

The gradual decline in domestic demand for cement continued in FY2024, falling to 32.6 million tonnes, or around 40% of peak levels. To address these structural changes to the cement business, we took steps to reduce production capacity by shutting down one of our three cement kilns, curbed fixed costs, and advanced the construction of an efficient production system. To remain competitive in this challenging environment, we prioritized improving efficiency and productivity, and in FY2024, we installed an automatic control system in one of our cement grinding finishing mills, just as we did with our cement kilns. As we have confirmed that use of this automatic control system improved efficiency, we will install this system into all of our finishing mills in FY2025 and all of our raw material mills in FY2026, thereby reducing electricity consumption and establishing a more efficient production system.

We will continue to focus on increasing our use of alternative energy products in order to achieve our business goal of top-class energy efficiency. Furthermore, to realize stable production using two cement kiln lines, we will need to continue making large investments to renew and modify our manufacturing facilities, and in FY2025 we will solidify our revision of cement sales prices and strengthen our system for stable acceptance of waste and stable supply of cement.



## Message from the Executive Officer in Charge of Sustainability

By reforming our decision-making bodies, we have strengthened our governance system and deepened our commitment to sustainability management. We are boldly tackling issues such as GHG emissions reduction to drive long-term value creation.

### Michiko Seki

Executive Officer,  
General Manager, Corporate Sustainability Division



## Approach to Sustainability and Enhancing the Sustainability Governance Systems

Tokuyama has established our Sustainability Principles based on Tokuyama's Vision, comprised of our mission "to create a bright future in harmony with the environment, in collaboration with our customers, based on chemistry," our ideal form, and our sense of values, and we will create new value in harmony with the environment by engaging in initiatives and supplying products that contribute to the solving of social issues while minimizing the environmental burden caused by our business activities.

To improve the effectiveness of our sustainability initiatives, we reinforced our management framework. The figure below shows the overall picture of the sustainability-related meeting bodies, with the number of meetings held in FY2024 noted in parentheses. Recognizing sustainability issues become more crucial, as of April 2025, we have restructured the CSR Promotion Council into the Sustainability Executive Committee, with the President as the chair, all executive officers as members, and the option of participation by external directors, and have also restructured the Expert Committees. The previous CSR Promotion Council, which was typically held in March,

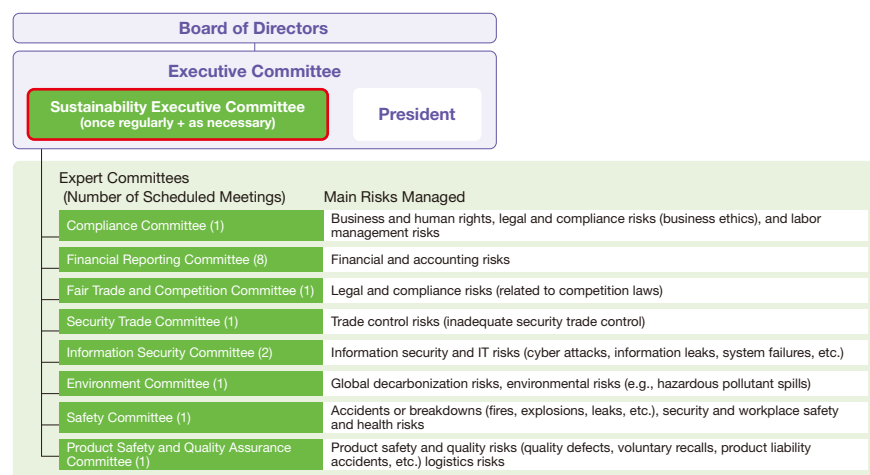
was focused on providing reports and involved multiple steps before making a resolution, but by incorporating a "Sustainability Part (meaning the Sustainability Executive Committee)" within twice-monthly Executive Committee meetings, we are now able to discuss and make decisions on issues as they arise, thus speeding up the decision-making process. On the other hand, as was the case in the past, the Sustainability Executive Committee held each March will continue to involve reports on overall progress, and require oversight by the Board of Directors on crucial decisions and other approval matters.

Expert Committees chaired by the relevant directors have been established under the Sustainability Executive Committee, and these committees act as the second line of a three-line model to manage business risks and opportunities, and work to strengthen governance over business execution. The Auditing Department also conducts regular audits of sustainability-related management systems, acting as the third line in this model. These results are also being reported to and overseen by the President and the Board of Directors.

### Through FY2024



### From FY2025



## Tokuyama's Basic Approach to CSR Management

Based on Tokuyama's vision, we have clarified our posture and approach to the sustainability that will form the basis of "Practice Socially Responsible Management," established policies for individual social issues, and made them widely known both inside and outside the company. Each Group company has also adopted, formulated, and promoted the same policies, with a focus on Group management.

In addition, KPIs for materialities, which are priority CSR issues, have been determined and monitored by the CSR Promotion Council (the Sustainability Executive Committee from FY2025) in order to strengthen our initiatives. From FY2023, we will clarify the responsibilities of all executive officers for addressing materialities, and reflect the progress made in their remuneration for the following

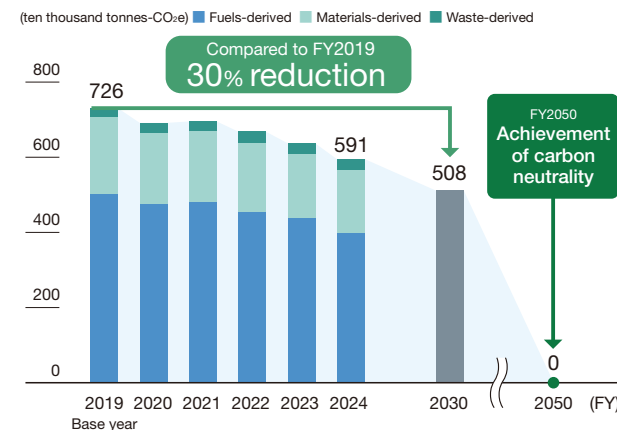
fiscal year. In addition, we clarified director roles and responsibilities by establishing our Corporate Governance Policy in FY2024, promoted governance-based approaches to management issues, including sustainability, and established a system that further enhances the efficacy of directors' performance of their duties. Under this management system, we are implementing the CSR management outlined in our Medium-Term Management Plan 2025, which includes responding to requests and expectations of stakeholders, taking on sustainability-related initiatives (such as addressing climate change, human rights, and human capital), and establishing internal controls and whistle-blowing systems. Although the business domains of each group company are different, they all share the same corporate slogan, "For the People of Tomorrow," and the desire to "be a company that lasts into the future." To that end, we hope to improve our corporate value and gain recognition from stakeholders through effective initiatives and disclosure across the entire Group.

## Primary Sustainability Initiatives in FY2024

Promotion of sustainability should be evaluated based on stakeholder (shareholders and investors, customers, business partners, employees, local communities and societies, and the global environment) satisfaction. In fact, we recognized for taking appropriate and moderated responses based on sustainability investments that anticipate long-term, sustainable returns.

Among the many sustainability-related issues, we are placing the most emphasis on "making a contribution to the mitigation of global warming," one of the priority issues in Medium-Term Management Plan 2025, and we have made progress in reducing GHG emissions (Scope 1 and 2) by 19% compared to our target of a 30% reduction by FY2030 (compared with FY2019). Focusing on Scope 1, or direct emissions, this means that we have established a reduction mechanism and reduced CO<sub>2</sub>e emissions by 1.35 million tonnes for these five years. As for Scope 3, we have managed to reduce total emissions in Categories 1, 3 and 4 by 6%, in comparison with our goal of 10% (compared to FY2022) by FY2030. To protect the global environment, we will strengthen our activities by setting aside an investment budget of 28.9 billion yen over the three-year period from FY2025 to

## Medium- to Long-Term GHG Emissions Reduction Targets (Scope 1 and 2)



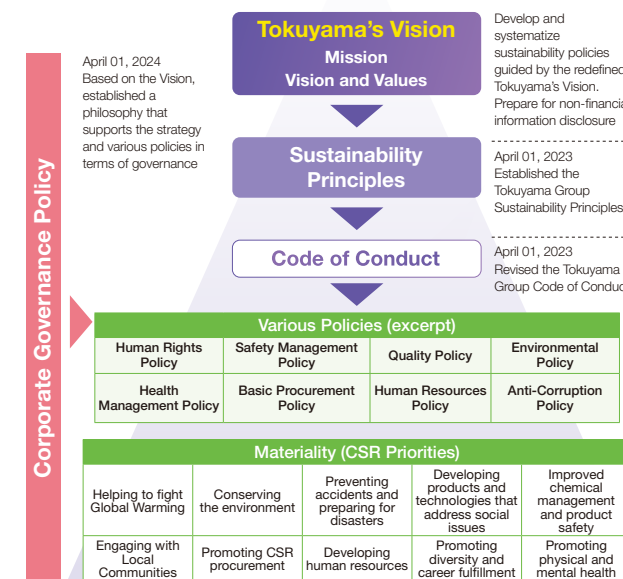
\* GHG emissions from fuels include emissions derived from coal used as a thermal energy source.

## Future focus on sustainability

By establishing a governance structure for sustainability and establishing a flow for promoting it, discussions are now being held from the perspective of sustainable value creation, and sustainability-conscious management has taken root among executives and department and section managers.

To sustainably maintain a Tokuyama that "creates a bright

## Policies on Sustainability



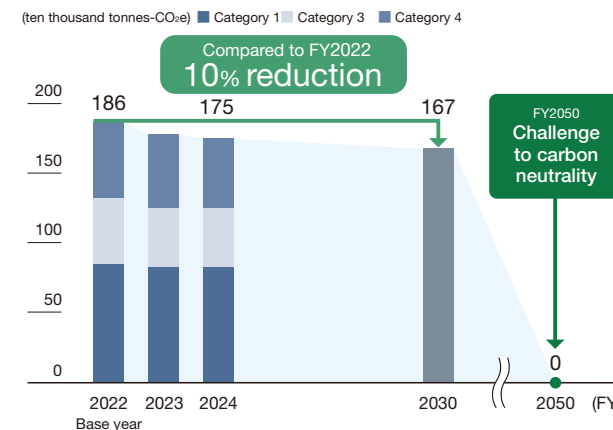
FY2027 to reduce our environmental impact, taking into account internal carbon pricing\*.

We have managed to achieve over 95% of our goals for the materialities we identified as being crucial for solving social issues, indicating solid progress. Among our efforts that take into consideration our customers, local communities, societies, and business partners, we have enhanced our activities concerning respect for human rights, including supply chain management, and biodiversity in accordance with our alignment with the TNFD, striving for sustainable value creation.

We will also continue disclosing these details in ways that will enable our shareholders and investors to feel and understand that these activities overall will help realize corporate management they can rely on. In particular, the external disclosure of sustainability information that has a financial impact will be essential for accountability in our business activities and the transparency of our governance. Toward the final fiscal year of the Medium-Term Management Plan 2025, we will implement the PDCA cycle for each CSR issue we have set as a target, and assertively advance information disclosures.

\* See the Tokuyama TCFD Report 2025 for more details

## Medium- to Long-Term Supply Chain Emissions Reduction Targets (Scope 3) (Categories 1, 3, and 4)



future in collaboration with customers," we will remain aware of sustainability within the work our employees do, consider sustainability efforts expected of companies in a timely fashion, and live up to the trust placed in us by our stakeholders by further enhancing our corporate value.

Tokuyama’s Materiality

Promotion of sustainability through steady implementation of material issues

To realize our mission “to create a bright future in harmony with the environment, in collaboration with customers, based on chemistry,” we must first correctly understand the expectations and requirements of society, and then make sure that every person in the Group has a “vision” of what needs to be done and a “sustainability perspective” in order to work every day from a long-term perspective and to have an awareness of potential social issues. This perspective will be essential if we are to move away from traditional business models and transform ourselves into a value-creating company. Acting from a sustainable perspective or, in other words, promoting sustainability, will be a necessary condition for creating value over the medium- to long-term for Tokuyama.

To promote sustainability at Tokuyama, we are faced with a number of sustainability-related (or corporate social responsibility ;CSR) challenges. We have extracted from these challenges those that Tokuyama considers important as we seek to advance sustainability management, and those strongly demanded by society from a sustainability perspective, and have positioned them as materialities. By steadily advancing our efforts to address these materialities, Tokuyama will be able to make progress toward our ideal vision.

To make this progress, we have linked these materialities to the business goals of the divisions and departments that are responsible

for them. The status of these issues was also reported at the CSR Promotion Council in FY2024 and shared with all executive officers. The relevant materialities are also taken into account as a factor in the calculation of executive officer remuneration. We are working hard to continually raise the level of sustainable management at Tokuyama by following the company-wide PDCA cycle that we use to check on progress and analyze current conditions.



During FY2024, we managed to steadily advance our efforts to develop regional structures and conduct basic studies for reducing GHG emissions, and also revised our “Basic Procurement Policy” (formerly the “Basic Purchasing Policy”) and our “Sustainable Procurement Guidelines” (formerly the “CSR Procurement Guidelines”) in preparation for expanding CSR procurement activities, which previously centered around purchasing efforts, to include the entire supply chain, including labor, services, and logistics. These new policies and guidelines were disclosed in April 2025.

To keep up with the times and engage with sustainability from an even higher perspective, we reorganized the CSR Promotion Meeting into the “Sustainability Meeting” in FY2025. The Sustainability Meeting is a forum for holding deliberations regarding risks and opportunities facing all of our companies, and this meeting body will confirm the details of, and progress on, materialities going forward.

Materiality KPIs and Results

As described above, materialities have been positioned as key issues for advancing sustainable management at Tokuyama. The table below shows the aspirations and KPIs for each materiality as well as results and the people and departments who are

responsible. Our actions for addressing materialities also contribute to the realization of the UN’s, SDGs. For reference, our material issues and their main SDGs are shown in the table below.

Materiality Relationship to SDGs	Our Vision	KPI / Target	FY2024 Results	Achievement Level	Person Responsible* Department Responsible
<div>Helping to fight global warming</div> <div></div>	<ul style="list-style-type: none"><li>Achieving carbon neutrality (CN) by FY2050</li></ul>	<ul style="list-style-type: none"><li>Reduction of Tokuyama’s GHG emissions by FY2030:<ul style="list-style-type: none"><li>· 30% reduction in Scope 1 and 2 (compared to FY2019)</li><li>· 10% reduction in Scope 3 (categories 1, 3, and 4) (compared to FY2022)</li></ul></li><li>Active disclosure of climate-related information</li></ul>	<ul style="list-style-type: none"><li>FY2024 GHG emissions:<ul style="list-style-type: none"><li>· 19% reduction in Scope 1 and 2</li><li>· 6% reduction in Scope 3</li></ul></li><li>Shunan Industrial Complex Decarbonization Promotion Council</li><li>Basic studies for restructuring business strategy</li><li>Promotion of information disclosures</li><li>Disclosures based on TCFD Recommendations</li><li>Acquisition of third-party verification for GHG emissions</li><li>CDP Climate Change Questionnaire score: B</li></ul>	○	Director (President and Executive Officer) Carbon Neutral Strategy Division Responsible Care Management Department Factory Planning and Administration Department
<div>Conserving the environment</div> <div></div>	<ul style="list-style-type: none"><li>Promoting recycling and maintaining zero landfill waste</li><li>Maintaining low emissions of environmental impact substances</li><li>Complying with legal requirements and other regulations, achievement of zero environmental accidents</li><li>Contribution to biodiversity conservation</li></ul>	<ul style="list-style-type: none"><li>Complying with legal requirements and other regulations: achievement of zero violations</li><li>Continued achievement of zero environmental accidents: zero accidents</li><li>Reduced environmental impact:<ul style="list-style-type: none"><li>· Effective waste utilization rate ≥ 94%</li><li>· Landfill waste disposal rate ≥ 1%</li></ul></li><li>Enhancing dialogue with stakeholders and information disclosure</li><li>Contributing to biodiversity conservation: Responding to TNFD</li><li>Effective use of water resources: Reduction of water consumption (excluding seawater) (below FY2019 standard)</li></ul>	<ul style="list-style-type: none"><li>Achievement of zero violations of legal requirements, etc.</li><li>Zero environmental accidents</li><li>Reduced environmental impact:<ul style="list-style-type: none"><li>· Effective waste utilization rate ≥89%</li><li>· Landfill waste disposal rate ≥6%</li></ul></li><li>* Some group companies are no longer able to secure recycling partners, resulting in an increase in landfill disposal</li><li>Raising awareness of biodiversity</li><li>Water usage reduction rate* (compared to FY2019): -12%</li></ul>	○	Director (Chairperson of Environment Committee) Responsible Care Management Department
<div>Preventing accidents and preparing for disasters</div> <div></div>	<ul style="list-style-type: none"><li>Accident prevention and disaster preparation</li><li>Improvements in process safety management level</li><li>Fostering and improving the safety culture</li></ul>	<ul style="list-style-type: none"><li>Zero accidents and zero lost time injuries</li><li>Deepened risk assessment</li><li>Promoting smart security</li></ul>	<ul style="list-style-type: none"><li>Zero serious accidents/disasters</li><li>Identified risks through risk assessment and began mitigation<ul style="list-style-type: none"><li>· Implemented measures to comply with chemical substance regulations, etc.</li></ul></li><li>Promoting smart security<ul style="list-style-type: none"><li>· Use of data analysis tools</li></ul></li></ul>	○	Director (Chairperson of Safety Committee) Responsible Care Management Department

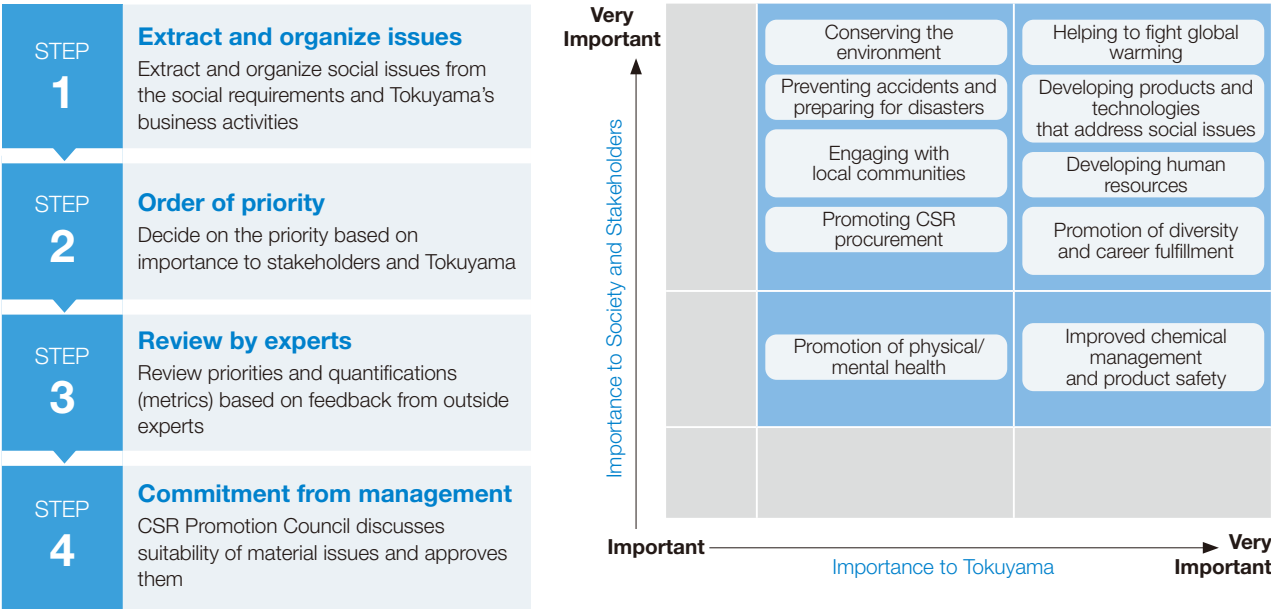
\* Person responsible: Someone who serves as a director and chairperson of the committee/meeting body that he/she is in charge of

Process of Identifying Materiality

In 2019, the Company identified nine material issues based on important social factors, dialogues with stakeholders, and third-party opinions from external experts. In 2021, after reviewing these issues, in line with the new Medium-Term Management Plan 2025, we increased the number of materialities (material issues) to ten, then formulated targets and KPIs for FY2025.

We are determined to always take action for building

a sustainable future with society, to contribute to resolving social issues, and increase trust from diverse stakeholders, as we aim to improve corporate value. Tokuyama will solidify relationships of trust with society by strengthening initiatives for dealing with material issues, while pursuing our own unique approach to sustainability management.























For detailed information on our activities, please refer to the Sustainability Information section of Tokuyama’s website.  
<https://www.tokuyama.co.jp/eng/csr/>

○: 95% or more △: 60% or more ×: less than 60%



## Tokuyama's Materiality

○: 95% or more △: 60% or more ×: less than 60%

Materiality Relationship to SDGs	Our Vision	KPI / Target	FY2024 Results	Achievement Level	Person Responsible <sup>*1</sup> Department Responsible
<b>Developing products and technologies that address social issues</b>   	<ul style="list-style-type: none"><li>Increased development of products and technologies that help to resolve social issues, focusing on SDGs</li><li>Transform business portfolio</li></ul>	<ul style="list-style-type: none"><li>Promoting the development of products and technologies that help to resolve social issues, focusing on SDGs</li><li>Efficient process technology development through DX of multiple-product production</li></ul>	<ul style="list-style-type: none"><li>Electronics: Accelerate efforts to commercialize customer-driven products by strengthening marketing functions and coordination with business divisions</li><li>Healthcare: Accelerate development by narrowing down commercialization themes and concentrating resources</li><li>Environment: Move several themes into the commercialization phase. Promote new carbon neutral related themes.</li><li>Traditional business areas: Develop and launch products that address environmental issues, and develop process technologies</li><li>Other: Grants for academic and research purposes</li></ul>	○	Director (in charge of Research & Development) Research & Development Division
<b>Improved chemical management and product safety and product safety</b>   	<ul style="list-style-type: none"><li>Maintaining effective chemical management and promoting product safety within Tokuyama</li></ul>	<ul style="list-style-type: none"><li>Complying with chemical laws and regulations in each country: Zero infractions of chemical-related regulations</li><li>Risk management of chemical products, including the whole Group: Zero accidents due to product safety</li></ul>	<ul style="list-style-type: none"><li>Zero infractions of chemical-related regulations</li><li>64 product reviews (second and third rounds); 665 labeling reviews</li><li>Understood and responded to domestic and overseas regulatory trends</li><li>Promoted the management system for chemicals contained in products</li><li>Provided education to departments and Group companies involved in chemical product management and conducted regular inspections and interviews on their state of management</li></ul>	○	Director (Chairperson of Product Safety and Quality Assurance Committee) Responsible Care Management Department
<b>Engaging with local communities,</b>   	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Contribution to communities</li></ul>	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Contribution to communities</li></ul>	<ul style="list-style-type: none"><li>Dialogue with communities: Area community dialogue, roundtable meetings, factory tours, etc.</li><li>Social contributions: Volunteer activities, educational support to neighboring schools, and donations to contribute to the local community</li><li>Contributions through business: Specified supply of power to Shunan City, Yamaguchi Prefecture</li></ul>	○	Director (in charge of Sustainability, and General Affairs and Human Resource) General Affairs Department Environment & Safety Department Factory Planning and Administration Department
<b>Promoting CSR procurement</b>   	<ul style="list-style-type: none"><li>Management of supply chains based on sustainable procurement guidelines</li><li>Creation of management processes</li></ul>	<ul style="list-style-type: none"><li>Improvement and execution of management and investigation of supply chains based on sustainable procurement guidelines</li></ul>	<ul style="list-style-type: none"><li>Raised awareness of the CSR procurement guidelines that were revised in December 2022 Requested written consent from companies with a transaction value of 30 million yen or more Collected from 341 out of 354 companies<sup>*2</sup></li><li>Implemented supplier assessments for companies with a transaction value of 100 million yen or more by using the SAQ published by GCNJ Collected from 173 out of 181 companies<sup>*2</sup></li><li>Analyzed SAQ collection results and conducted engagement with 4 high risk companies<sup>*2</sup></li><li>Create and prepare a revised Basic Procurement Policy and Sustainable Procurement Guidelines for April 2025</li></ul>	○	Director (Chairperson of Sustainability Committee) Procurement Department Logistics Department
<b>Developing human resources</b>   	<p>Improve employee value while contributing to the realization of a management strategy</p> <ul style="list-style-type: none"><li>Increase operational productivity</li><li>Provision of human resources to growth areas and new projects</li><li>Recruitment and creation of human resources to drive the company's growth</li></ul>	<ul style="list-style-type: none"><li>Establishment of an incentive system to support productivity improvements<sup>*2</sup></li><li>Percentage of positions filled relative to human resource plan: 100% ± 10% each fiscal year</li><li>Percentage of successor candidate positions filled for key management positions: 100% each fiscal year</li><li>Number of NBL (Next Business Leader) training participants: A total of 100 by 2030<sup>*2</sup></li><li>Global human resources development training: 15 participants each fiscal year until FY2025<sup>*2</sup></li><li>Training highly skilled engineers to support business execution<sup>*3</sup></li></ul>	<ul style="list-style-type: none"><li>Establishment of incentive system: Preparation of system design<sup>*2</sup></li><li>Percentage of positions filled relative to human resource plan: 90%</li><li>Percentage of successor candidate positions filled for key management positions: 140%</li><li>Implemented NBL training: Attended by 30 select employees (cumulative total of 67)</li><li>Implemented global human resource development: Attended by 15 employees (cumulatively 48)</li><li>Training highly skilled engineers to support business execution<sup>*3</sup><ul style="list-style-type: none"><li>DX workplace leader training: 37 participants (73 cumulative)</li><li>Data engineer training: 21 participants (44 cumulative)</li><li>DX literacy improvement training (e-learning): 1,300 participants (2,700 cumulative)</li></ul></li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<b>Promotion of diversity and career fulfillment</b>   	<ul style="list-style-type: none"><li>Responding to diversity of values and ensuring fairness</li><li>Increasing engagement</li><li>Respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion<ul style="list-style-type: none"><li>Percentage of women hired with a bachelor's degree or higher: 20% or higher<sup>*3</sup></li><li>Percentage of managerial positions or higher held by women: 15% or higher in FY2030</li><li>Percentage of people with disabilities: Achievement of legally mandated level<sup>*2</sup></li></ul></li><li>Employee engagement: Ongoing improvement<sup>*2</sup></li><li>Promotion of work-life balance<ul style="list-style-type: none"><li>Rate of childcare leave taken by men: 100% in FY2030<sup>*3</sup></li><li>Rate of annual paid leave taken: 75% each fiscal year<sup>*3</sup></li></ul></li><li>Promotion of respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion<ul style="list-style-type: none"><li>Percentage of women hired with a bachelor's degree or higher: 37.1%<sup>*3</sup></li><li>Percentage of managerial positions or higher held by women: 7.9%<sup>*3</sup></li><li>Percentage of people with disabilities: 2.4%<sup>*2</sup></li></ul></li><li>Employee engagement: Implementation of improvement measures for departments with poor engagement<sup>*2</sup></li><li>Promotion of work-life balance<ul style="list-style-type: none"><li>Rate of childcare leave taken by men: 55.7%<sup>*3</sup></li><li>Rate of annual paid leave taken: 82.3%<sup>*3</sup></li></ul></li><li>Implementation of human rights due diligence, etc.</li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<b>Promotion of physical/mental health</b>  	<ul style="list-style-type: none"><li>A state in which employees can work vigorously and play an active role through the cultivation of the physical &amp; mental health of employees and their families, and the creation of a work-friendly environment</li></ul>	<ul style="list-style-type: none"><li>Strong external reviews for health management practices<ul style="list-style-type: none"><li>Continuous certification as one of the "White 500," companies exhibiting superior health management</li></ul></li><li>Reduction of absenteeism, rate of employees absent for 30 or more days: ≤1.6%</li><li>Presenteeism: ≤7.5%</li><li>Work engagement: ≥2.9</li><li>Health guidance, measures against lifestyle-related diseases<ul style="list-style-type: none"><li>Rate of undertaking regular health screenings: 100%</li><li>Rate of undertaking re-examination/detailed examinations: ≥90%</li></ul></li><li>Promotion of smart life program, smoking rate: &lt;15%</li><li>Promotion of mental healthcare, stress check examination rate: ≥95%</li><li>Collaborative health practice, specific health guidance rate: ≥80%</li></ul>	<ul style="list-style-type: none"><li>Strong external reviews for health management practices<sup>*2</sup><ul style="list-style-type: none"><li>Selected as a KENKO Investment for Health for the third consecutive year</li><li>Certified as one of the White 500 for the fourth consecutive year</li><li>Certified as a company exhibiting superior health management for the sixth consecutive year</li></ul></li><li>Reduction of absenteeism<sup>*2</sup><ul style="list-style-type: none"><li>Rate of employees absent for 30 or more days: 1.7%</li></ul></li><li>Presenteeism: 4.0%<sup>*2</sup></li><li>Work engagement: ≥2.9<sup>*2</sup></li><li>Health guidance, measures against lifestyle-related diseases<sup>*2</sup><ul style="list-style-type: none"><li>Rate of undertaking regular health screenings: 100%</li><li>Rate of undertaking re-examination/detailed examinations: 92.4%</li></ul></li><li>Promotion of smart life program, smoking rate: 17.4%<sup>*2</sup></li><li>Promotion of mental healthcare, stress check examination rate: 97.1%<sup>*2</sup></li><li>Collaborative health practice, specific health guidance rate: 95.8%<sup>*2</sup></li></ul>	○	Director (in charge of General Affairs and Human Resources) Health Care Center

\* 1 Person responsible: Someone who serves as a director and chairperson of the committee/meeting body that he/she is in charge of \* 2 Non-consolidated \* 3 Non-consolidated and domestic consolidated subsidiaries

## Action on Climate Change

### Disclosures Based on TCFD Recommendations

The Tokuyama Group supported the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in 2021, and we are currently disclosing our efforts to address climate change based on the framework of “governance,” “strategy,” “risk management,” and “metrics and targets,” recommended by the Sustainability Standards Board of Japan (SSBJ). Continuing on from our disclosure of our Scope 3 emissions reduction targets last fiscal year, in FY2025 we disclosed a specific plan for reducing GHG emissions from our

in-house power generation facilities, which represent a key element in our carbon neutrality road map and carry significant financial implications.

Our Group efforts toward carbon neutrality are disclosed in detail in the “Tokuyama TCFD Report 2025.” Please take a look.



\* See the Company's website for more details.  
[https://www.tokuyama.co.jp/eng/csr/global\\_warming.html#section2](https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2)

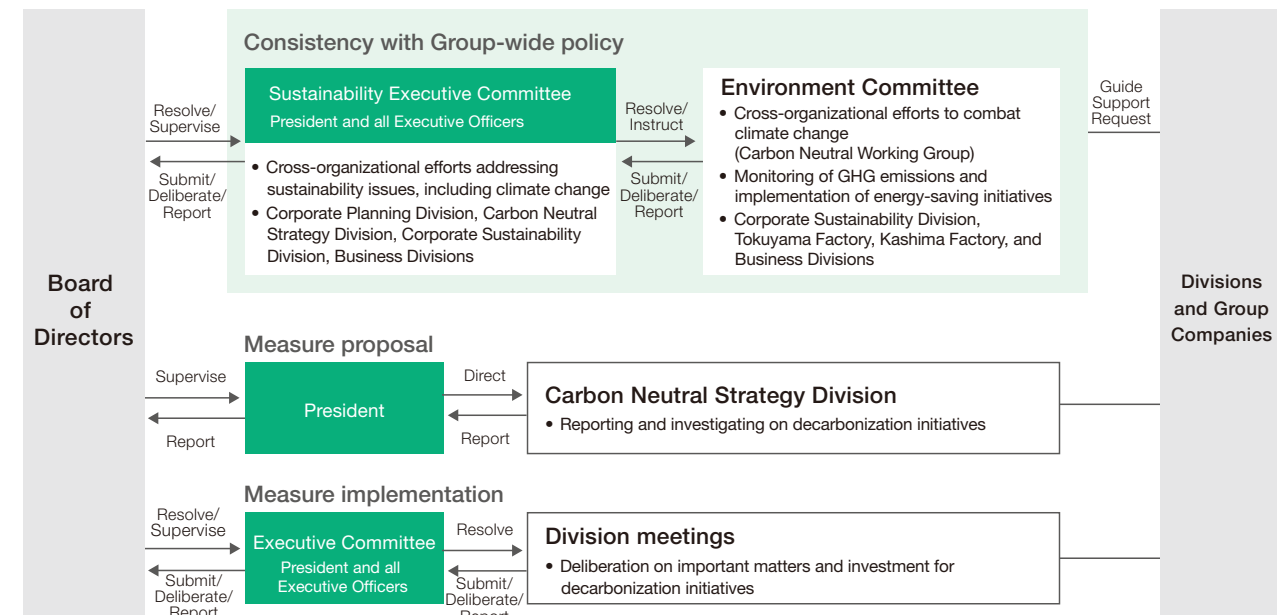
## 1 Governance

Our Group has positioned climate change as one of its most important management risks. Our Medium-Term Management Plan 2025 identified efforts to contribute to the mitigation of global warming as a priority issue, and we are advancing relevant initiatives under the direction of the President, to whom responsibility over this matter has been delegated by the Board of Directors. Following the transition of climate change initiatives, particularly those involving achieving carbon neutrality among all Group companies, into the implementation phase, in April 2023 we established an independent organization of the Carbon Neutral Strategy Division to develop

and advance measures toward carbon neutrality.

Starting in FY2025, the Sustainability Executive Committee will hold annual meetings intended to primarily revolve around reporting on activities, and address any matters that may need to be addressed during the “sustainability part” of the twice-monthly Management Committee, thereby ensuring a system that will provide overall oversight and consider risks and opportunities. As for the implementation of investments and other measures, we will continue to deliberate on and consider these matters at the Management Committee.

### System to Promote Carbon Neutrality Achievement (from FY2025)



## 2 Strategy

Our Group aims to reduce its GHG emissions (Scope 1 and 2) by 30% compared to FY2019 by FY2030, has categorized them as fuels-derived, raw materials-derived, or waste-derived, and is implementing measures for each category. We plan to make environmental investments of approximately 28.9 billion yen in these measures over a three-year period starting from FY2025.

Regarding fuels-derived emissions, which generate the largest amount of GHG emissions, we are systematically moving forward with a shift toward using non-fossil fuels (biomass, ammonia) in our

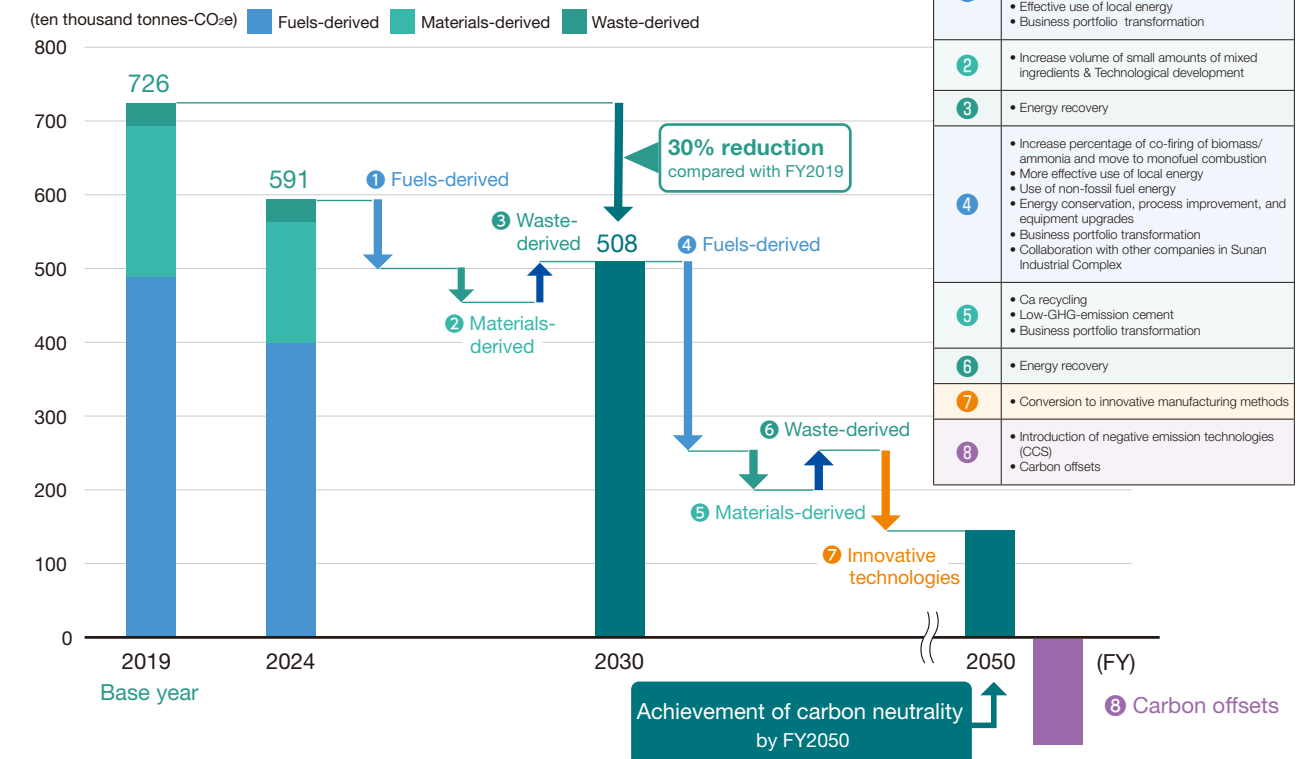
in-house power generation facilities. Of the four power generation facilities at the Tokuyama Factory, one of the east power plant units is scheduled to begin co-firing ammonia by FY2030 in collaboration with other companies in the complex. At the central power plant, one unit that is already actively using biomass fuel (PKS) will continue co-firing at a high ratio, while another unit is undergoing equipment modifications to enable co-firing with wood pellets starting in FY2024. Co-firing is scheduled to commence around autumn of FY2025.

To reduce GHG emissions from raw materials, we are responding to the revision of the JIS standard that allows for an increase in volume of small amounts of mixed ingredients in cement and are promoting technological development toward CCU\*. While the steady reduction of GHG emissions is our

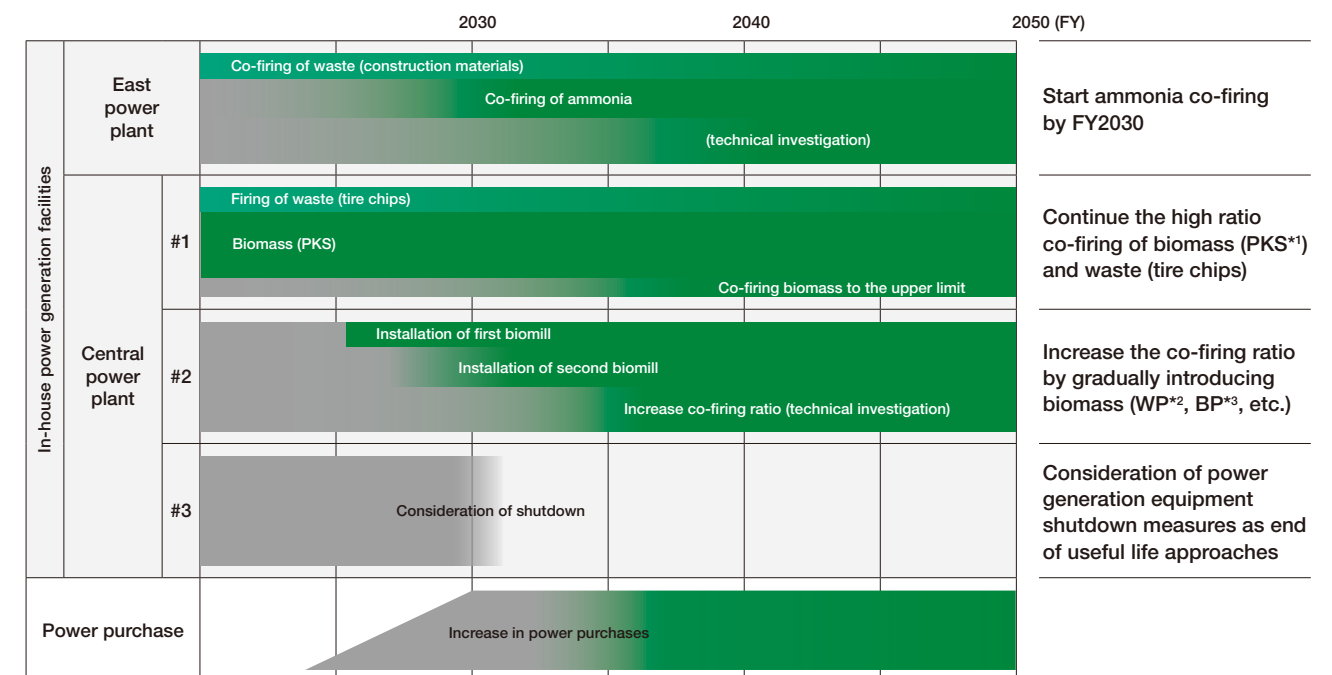
responsibility as a company, we also recognize that reducing GHG emissions caused by our products is important, and will approach the issue from multiple angles.

\* CCU (Carbon dioxide Capture and Utilization) CO<sub>2</sub> Capture and Utilization

### Initiatives to Achieve Carbon Neutral by FY2050



### Reduction Plan for Fuel-derived GHG Emissions from In-house Power Generation Facilities (Fuel Conversion Considerations)



\* The above is a plan that is considered reasonable at the present time and is not guaranteed

\* 1 PKS: Palm kernel shells \* 2 WP: White pellets \* 3 BP: Black pellets



### 3 Risk Management

The impacts of climate change include risks such as increased carbon costs due to the introduction of carbon pricing, changes in customer procurement policies, and impacts on fundraising due to policy changes at financial and investment companies, as well as opportunities such as new business expansion as a result of responding to climate change. These risks and opportunities are based on transition risk scenarios such as NZE created by the

International Energy Agency (IEA) and physical risk scenarios such as RCP8.5 and SSP-7.0 by the Intergovernmental Panel on Climate Change (IPCC), and are used to assess the financial impact and priority order from now till FY2050, and are analyzed under the 1.5°C and 4°C scenarios. We are taking various measures based on this analysis.

#### Risks Posed by Climate Change (scenario analysis)

Short term: by FY2025, medium term: by FY2030, long term: by FY2050

Scenario	Risks Category	Risk assessment target	Potential impact on the Group (Financial) (identified risks)	Financial impact	Timing of risk materialization	Business impact	Priority level	Response measures
1.5°C	Government policy and regulations	Carbon pricing and energy procurement costs	● Increase in operating costs due to expanded carbon pricing	Large	Medium to long term	Large	High	● Initiatives to reduce GHG emissions through fuel conversion (biomass and ammonia)
			● Increase in costs for mitigation initiatives due to tightening the GHG emission regulations	Large	Medium to long term	Large	High	● Promoting GHG emission reduction measures by adopting internal carbon pricing
	Technology	Green process adoption measures	● Increased production and procurement costs due to green initiatives	Large	Medium term	Large	High	● Enhancing initiatives to help promote green transformation by participating in the GX League
			● Increased costs for green material procurement and green process conversion due to lack of technology and market maturity	Large	Medium to long term	Large	High	● Investigation of ammonia supply chain establishment at the Shunan industrial complex
	Evaluation	Stake holders evaluations	● Decline in market value and increase in financing costs due to a poor evaluation of carbon neutrality initiatives	Large	Medium to long term	Large	High	● Ensuring stable procurement of certified biomass fuel by building relationships with suppliers
			● Risk of litigation by local residents demanding shutdown or decommissioning of coal-fired power plants					● Development of black pellets
4°C	Market	Customer green procurement dissemination	● Sustainability risks for biomass fuel	Large	Medium to long term	Large	High	● Calculation of product carbon footprint (CFP)
			● Rejection of products by the market based on large carbon-footprint evaluation					● Promoting the value of green products
		Lost opportunities due to a failure to keep up with green market expansion	● Deterioration of profits due to an inability to recover green initiative costs by raising prices	Large	Medium to long term	Large	High	● Improving information disclosure and steadily working to reduce GHG emissions
4°C	Physical risks (acute)	More frequent extreme weather events and sea level rise	● Opportunity loss due to delays in building a green supply chain					● Dialogue with the local community
			● Lost opportunities due to insufficient efforts for entering the circular economy and the carbon recycling field					● Business portfolio transformation
4°C	Physical risks (chronic)	Long-term Intensification of extreme weather events and rising sea levels	● Wind and flood damage to production plants; production plan delays and increased costs due to supply chain disruptions, etc.	Moderate	Long term	Moderate	Moderate	● Procurement of certified biomass fuel
			● Decrease in production capacity due to insufficient factory cooling capacity caused by rising average temperatures					● Prompt implementation of measures
4°C	Physical risks (chronic)	Long-term Intensification of extreme weather events and rising sea levels	● Production halts due to storm surges caused by rising sea levels	Minimal	Long term	Minimal	Low	● Steadily reducing GHG emissions through energy conservation and fuel conversion, etc.
			● Maintaining capacity through equipment modifications, etc.					● Consideration of obtaining mass balance certification

#### Climate Change Opportunities (scenario analysis)

Short term: by FY2025, medium term: by FY2030, long term: by FY2050

Scenario	Opportunity type	Opportunity assessment target	Impact on Tokuyama Group	Impact level	Term	Priority level	Response measures
1.5°C	Market	Expanding demand in the environmental market	● Expansion of businesses offering waste disposal, effective utilization of resources, and measures to combat global warming	Large	Medium to long term	High	● Commercialization of renewable resources and energy
		Shift to carbon neutrality by regions and industrial complexes	● Enhancing site competitiveness by promoting large-scale green supply chains for energy and materials				● Green supply chain construction conducted and promoting green technology development through the Shunan Industrial Complex Decarbonization Promotion Council
	Resource efficiency	Requests for CCU-related products and services	● Entering new business fields by establishing a carbon recycling system	Large	Medium term	High	● Accelerating R&D, demonstration projects, and actual green technology adoption in business operations

### 4 Metrics and Targets

Please see the Corporate Sustainability Division General Manger's message (P38-39) for details on the progress in reducing GHG emmissions.

## Efforts to Preserve Biodiversity

The Group takes the impact the chemical industry has on the environment seriously and is working to conserve biodiversity. We established the Tokuyama Group Biodiversity Conservation Policy in FY2023, then created and published the Tokuyama Group Policy on Sustainable Forestry in April 2025. These policies disclose how Tokuyama views this issue.

We also announced in May 2024 that we had become a member of the TNFD Forum, which supports the TNFD (the Taskforce on Nature-related Financial Disclosures) philosophy and its activities. We also participate in the domestic TNFD Japan Council and are stepping up our efforts to assess and disclose nature-related risks based on an international framework. Given the nature of our business, we analyzed our dependence and impact on nature, comprehensively identified risks it poses to things like climate change, air, water, and soil pollution, and the destruction of habitats due to the extraction of mineral and water resources and land use, and summarized our current response measures.

To visualize our dependence and impact on natural capital, we issued a preparatory report for the TNFD in 2024. and analyzed the risks and opportunities that our business activities pose to, and can gain from, the natural environment using methods such as LEAP, and are working to establish a system for future information disclosure. Our business activities include taking environmental measures such as reducing GHG emissions and reducing environmentally hazardous substances and waste, and we continue to engage in corporate citizenship activities, such as forest volunteer activities and participation in the blue carbon offset scheme. These activities go beyond simple sustainability; they are strategic initiatives that aim to create sustainable value through dialogue and collaboration with local communities and the entire supply chain.

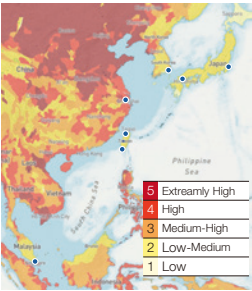
To respond to water risks that have a particularly large impact, we use Aqueduct, a global database on water risks, to understand the current and future water risks (such as water stress and flood risk) our domestic and overseas bases. As part of our efforts to manage water resources in our business activities, we carefully examine local water environments by tracking the amount of water used in our manufacturing processes and reducing the amount of water we withdraw through recycling and reuse, as well as managing wastewater according to our own management standards that are stricter than the wastewater standards.

#### Analysis of response status via the LEAP framework

Locate, Evaluate, Assess, Prepare (LEAP) approach	Implemented items
<b>Scoping</b> Develop a hypothesis of the organization's activities that are likely to have significant nature-related dependencies, impacts, risks, and opportunities	● Structure: Working group formed ● Company stance: Express support for TNFD recommendations ● Discussions: Discussed important nature-related dependencies
<b>Locate</b> Prioritize areas with direct operations and/or medium or high dependency and potential impacts	● First, focus on the Tokuyama Factory, which is directly operated ● Examine ecologically sensitive sites
<b>Evaluate</b> Consider the scale and importance of dependency on nature and conduct an impact assessment	● Identified issues of high importance and began considering how to respond ● Created an inventory of the organization's dependencies and impacts on nature
<b>Assess</b> Identify, measure, and prioritize nature-related risks and opportunities identified during the Locate and Evaluate phases	● Considering nature-related risks and opportunities identified in the Locate and Evaluate phases
<b>Prepare</b> How should the organization respond to the issues identified and what should it disclose in line with the TNFD disclosure recommendations?	● Set targets ● Consider which risks and opportunities are significant and need to be disclosed in line with the TNFD recommendations

In the 100+ years since its founding, we have held coexistence with the local community to be of the utmost importance. We work to create sustainable communities through conservation of natural environments around our factories and dialogues with local residents. These long-term efforts have become important assets that help us increase corporate value and manage risk. We will continue to use scientific and strategic approaches to create sustainable communities.

We conducted an analysis of water stress and flood risks using Aqueduct by the World Resources Institute (WRI), and verified that no locations, either in Japan or abroad, are classified as having "Extremely High" overall water risk.



(Source: <https://www.wri.org/aqueduct>)

#### Dependence and impact on nature

Status of measures A: Adequate measures are being implemented B: Measures are under consideration and being acted upon C: Measures under consideration

Impact drivers	Business activities and dependence on nature	Impact level	Impact on nature	Measures and initiatives	Status of measures
Climate change	● Fuel combustion · Fossil and non-fossil fuels · Biomass/waste (In-house power generation, high-temperature firing furnaces)	Large	● Increased global warming and more natural disasters due to GHG emissions	● carbon neutrality Increasing the use of non-fossil fuels (co-firing of biomass/ammonia, hydrogen)	B
	● Air emissions: SOx, NOx, fluorocarbons, etc.	Minimal	● Air pollution	● Reducing emissions by improving the processes for recovering and detoxifying chemical substances	A
Pollution Getting rid of pollution	● Discharges into water: COD, BOD	Minimal	● Poorer water quality	● Reducing water intake and improving water recycling technology	A
	● Industrial waste disposal	Minimal	● Soil contamination	● Post-mining reforestation activities	B
Changing how we use land, water, and the ocean	● Use of water resources	Large	● Water resources are being depleted and are drying up	● Managing green spaces, forest conservation activities, and promoting greening after raw material mining	B
	● Extraction of raw materials and fuels	Moderate	● Mine development and expansion	● Maintaining and managing ecosystems (qualitative and quantitative evaluation)	Not yet considered
	● Use of land and ports	Minimal	● Shrinking green spaces and marine areas	● educing water intake	B
Resource utilization Resource replenishment	● Use of water resources	Large	● Water resources are drying up	● Managing mines	B
	● Extraction and transport of raw materials	Moderate	● Mineral resources are running out	● Comprehensive resource recycling	A
	● Transporting waste and recyclable products	Moderate	● Global warming GHG emissions during transport	● Creating greener transport methods	C
Invasive alien species	● Procuring raw materials and fuel overseas, and exporting products (loading and unloading at ports, round trip transportation by cargo ships)	Moderate	● Ecosystem balance is disrupted by invasive species	● Measures against invasive species during loading and unloading. Monitoring and educating transport companies	B

## Respect for Human Rights

### Basic Stance

The Tokuyama Group considers respect for human rights a foundational aspect of all of its business activities. To fulfill its responsibility as a company to respect human rights, the Group established the Tokuyama Group Human Rights Policy (hereinafter the “Human Rights Policy”) based on Tokuyama Group Sustainability Principles and the Tokuyama Group Code of Conduct in FY2022.

This Human Rights Policy was developed based on domestic and international human rights norms, including the United Nations Guiding Principles on Business and Human Rights, while also taking

into consideration the opinions of relevant internal departments and officers, as well as the opinions of external experts. The Policy was then approved by the CSR Promotion Council (currently the Sustainability Executive Committee), and enacted via resolution of the Board of Directors.

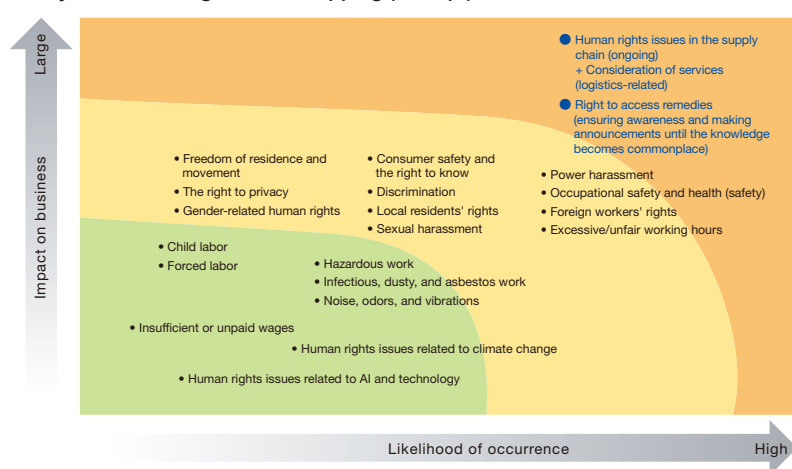
Activities relating to respecting human rights are primarily carried out by the Compliance Committee, and important matters are deliberated on and approved by the Sustainability Meeting, a higher-level conference body. These activities are also being reported to and overseen by the Board of Directors.

### Due diligence on human rights

In FY2022, our Group established a Human Rights Due Diligence Task Force under the Sustainability Committee (at the time) to conduct cross-organizational human rights due diligence involving multiple departments related to human rights. Starting in FY2025, the Task Force continued its activities while under the umbrella of the Compliance Committee.

The Task Force identified the human rights risks that could arise through the Group’s business activities and depicted them as a diagram, then began working to address the most serious and likely risks of human rights issues in the supply chain and the right to access remedies. To address potential risks within the supply chain, the Task Force asked suppliers with whom the Group does business above a certain amount to pledge they will adhere to our CSR Procurement Guidelines (currently the Sustainable Procurement Guidelines), and to conduct self-assessments. We also established a new contact desk to facilitate people’s right to access remedies.

Tokuyama human rights risks mapping (excerpt)



### Supply Chain Initiatives

As part of our efforts in the supply chain, we present our current Basic Purchasing Policy and CSR Procurement Guidelines (Current: Sustainable Procurement Guidelines) to our suppliers, and survey them using a CSR Survey Questionnaire (SAQ) once every three years. These initiatives are not just limited to human rights; they also broadly promote supply chain sustainability, including business ethics such as anti-corruption and fair trade, reducing environmental impact including climate change and biodiversity, and improving information security.

From FY2022 to FY2024, we presented our , CSR Procurement Guidelines to 354 suppliers with transaction volumes of 30 million yen or more. 341 of these suppliers have pledged to adhere to

these guidelines. In addition, we have asked 181 suppliers who have transaction volumes of 100 million yen or more to conduct self-assessments using SAQs developed by Global Compact Network Japan (GCNJ). 173 suppliers responded, and we visited and engaged with four considered to be high risk in FY2024.

Furthermore, to similarly investigate services and labor in FY2024, we revised our Basic Procurement Policy and our CSR Procurement Guidelines to our Sustainable Procurement Guidelines, and have engaged with three Group companies that have large mainly labor-related transaction amounts, and confirmed that no major issues had occurred.

## Compliance

### Basic Stance and System

For Tokuyama, the word compliance has a broad meaning, including not only complying with laws and internal rules but also behaving sensibly in a way that conforms with corporate ethics to meet social expectations. To communicate and spread awareness of compliance throughout the Group, the Company distributes a leaflet that includes the Tokuyama Group Code of Conduct to all Group officers

and employees. In addition, we conduct regular educational activities on compliance through collective education, e-learning, and information distribution. Furthermore, we also conduct engagement through regular meetings with management and personnel in charge of compliance at Group companies.

### Whistle-blowing System

A whistle-blowing helpline has been established to enable safe, anonymous reporting and consultations on compliance violations involving the Tokuyama Group (including potential violations) without fear of retaliation. Reporting and consultations can be carried out by postal mail, e-mail, or telephone. The Helpline is operated with proper consideration for the protection of whistle-blowers: for example, whistle-blowers may discuss matters with the Helpline in complete anonymity so that their affiliations and names are not known to the company, or by allowing them to discuss matters with a female attorney. We also began operating the Global Helpline in April of 2024 to enable locally recruited employees at overseas Group companies to make reports to the Helpline in their native language, and are working to ensure thorough awareness of this system. Our whistle-blowing system not only covers compliance aspects such as preventing corruption and fraud and complying

with laws and regulations, it also serves as a grievance mechanism to prevent harassment, discrimination, and address other human rights issues.

The number of reports has increased as we have expanded our internal reporting system to Group companies and have strengthened our anti-harassment activities since FY2021.

Meanwhile, there were no occurrences of serious noncompliance in FY2024.

(Units: instances)

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of reports	24	34	29	44	44

\* Including contact points for Harassment Desk  
Including contact points for whistle-blowing system for subsidiaries (including domestic only until FY2022, overseas as of FY2023)

### Compliance Education and Training

To raise and instill compliance awareness throughout the Group, we continue to provide legal responsibility training for newly appointed directors and auditors of Group companies, and conducted various compliance training sessions for employees 58 times in FY2024. In addition, we held a total of eight e-learning lectures on themes such as information security and human rights.

(Units: instances)

	FY2020	FY2021	FY2022	FY2023	FY2024
Compliance training	45	60	48	60	58
Other e-learning	5	3	6	6	8

## Stakeholder Engagement

### Stakeholder Engagement

Stakeholders	Key Engagement Methods		
Customers	• Sales activities (as needed)	• Factory tours (138 times)	• Exhibitions (19 times)
Business Partners	• Awareness and dissemination of the Basic Procurement Policy	• Joint health and safety meetings (once/year)	
Employees	• Employee surveys and harassment surveys (once per year each)	• In-house newsletters (4 times per year)	• Intranet (as needed)
Shareholders and Investors	• Labor-Management Council meetings (once per month)	• Health and Safety Committee meetings (once per month per site covered)	
Shareholders and Investors	• Financial Results Briefing (Institutional: each time a financial statement is issued)	• IR seminars for individual investors	
Shareholders and Investors	• Management briefings, business briefings (once/year)	• Various reports (annual securities reports, consolidated reports, corporate governance reports)	
Shareholders and Investors	• Factory tours for individual shareholders (once/year)		
Communities and Society	• Security and disaster prevention	• Regional dialogue and event sponsorship	• Regional volunteers
Communities and Society	• Subsidies for next-generation training (accepting interns, donating books, traveling classrooms)	• Subsidies for the promotion of science and technology (donations)	
Environment	• Efforts to reduce GHG and save energy	• Acceptance and appropriate processing of waste	• Initiatives to address biodiversity

### Participation in Initiatives (Excerpt)

- United Nations Global Compact
- GX League
- TCFD Consortium
- TNFD Forum
- CDP
- Japan Business Federation (Keidanren)

### Evaluation by Society (Excerpt)





## Board Members' Roundtable Discussion



### Striving to establish effective governance based on an honest and open corporate culture

**Naoki Kondo**

External Director,  
Audit & Supervisory Committee Member



**Nobuko Mizumoto**

External Director,  
Audit & Supervisory Committee Member



**Tomohiro Inoue**

Director,  
Managing Executive Officer

### Assessing Tokuyama's corporate governance

**Inoue** As external directors, you both work hard every day to improve Tokuyama's management structure, and we would like to hear your candid opinions on the current state of Tokuyama's governance and future challenges. First, could you please introduce yourself and share your impressions and assessment of the company's governance?

**Kondo** Since being registered as an attorney in 2000, I have worked at the Ministry of Economy, Trade and Industry, and I am currently a partner at the law firm Oh-ebashi LPC & Partners. I was appointed as a Tokuyama external director (Audit & Supervisory Committee member) in June 2023, and it is my opinion that the constructive discussions at Board of Directors meetings are what ensure excellent governance. We have diverse directors with different backgrounds that come from both inside and outside the company, and we have an open corporate culture where anyone can speak freely. Furthermore,

external directors and executives cooperate closely, and I believe that the effectiveness of governance is ensured.

**Mizumoto** I joined the research institute of Ishikawajima-Harima Heavy Industries Co., Ltd., and after serving as Director and Managing Executive Officer at IHI Corporation (renamed in 2007), I was appointed as a Tokuyama external director (Audit & Supervisory Committee member) in June 2021. Looking back over the past four years, I strongly feel that the information provided by the executive side to the external directors has steadily improved. The Corporate Planning Headquarters, which acts as secretariat of Board of Directors meetings, explains cases in advance, and at general meetings, the internal directors provided detailed descriptions of each agenda item. This is one of the factors that have made the Board of Directors more effective.

### Missions and roles to be fulfilled by external directors (Audit & Supervisory Committee members)

**Inoue** Contributions by external directors have been key the evolution of our governance over the past few years. External directors provide insightful comments on Group strategies and individual measures, not only in terms of sales and profit



forecasts, but also from the perspective of stakeholder benefits and improving corporate value. They also point to management issues that tend to be overlooked when carrying out business operations, such as responding to carbon neutrality and expanding human capital. As they respond to such fundamental criticisms and suggestions, directors and executive officers have begun to realize they need to reconsider how we manage our business.

**Kondo** Perhaps I ask so many fundamental questions because I am a novice who is not necessarily familiar with the inner workings of Tokuyama or the chemical industry. For example, when deciding whether or not to approve an investment project, I ask questions that focus more on whether the project is in the best interests of shareholders and whether it can gain the understanding of shareholders and investors. As external directors, we have a responsibility to provide thorough oversight and advice to ensure that decisions are made in line with the will

of shareholders and other stakeholders. This is also what top management and executive officers expect of us.

**Mizumoto** As Mr. Kondo pointed out, an important role of an external director is to supervise and support management while maintaining an external perspective, that, among other things, strives to learn how the world sees Tokuyama. Approximately half of Tokuyama's board of directors are external directors, all of whom also serve as Audit & Supervisory Committee members, giving the company an organizational design that is optimal for ensuring smooth governance.

**Inoue** Speaking of organizational design, though informal, Representative Director meetings can also help strengthen governance. Board of Directors meetings are subject to significant time constraints and thus tend to focus solely on voting on individual proposals and business reports. On the other hand, Representative Director meetings, which are attended by the Representative Director and Audit & Supervisory Committee members and do not limit discussion topics, provide



valuable opportunities to exchange opinions on more fundamental themes, such as the Group's medium- to long-term direction and the nature of CSR management.

### Future outlook and governance issues to be addressed

**Inoue** Next, I would like to hear your thoughts on the governance issues that need to be addressed.

**Mizumoto** I hope that the progress of issues resolved at Board of Directors meeting will be followed up more carefully. After decisions on whether or not to proceed with projects are made, projects are turned over to executives, so there are many aspects we can't see. However, for external directors to fulfill our responsibilities, we must have a clear understanding of how strategies and measures are progressing. We are particularly responsible for making decisions regarding R&D and investment projects that will determine the future of the Group, so we need to keep track of subsequent developments, including receiving feedback on whether there are any course corrections.

**Kondo** Transforming from a "top-dependent" to an "autonomous" organization is an important management issue. The company has traditionally enjoyed steady growth, but it has not been an easy road. It has faced crises that have threatened its very existence, such as the over 100 billion yen in impairment losses it suffered in 2015. In such an environment, strong leadership was needed for Tokuyama to make its presence felt in the

chemical industry, and the company's president has led all Group employees and the company's growth strategy to success so far. However, the current management structure is not permanent. Going forward, a thorough succession plan must be formulated based on the track record and achievements that the company's presidents have accumulated, and efforts must be made to develop the next generation of management talent.

**Mizumoto** Strengthening human capital not only among our management team but throughout the entire Group is another important management theme. Tokuyama Corporation introduced a new personnel system based on the "Pay for job" ethos in May 2025. The new framework is done, but much work is required to give the system life so that all employees can get on board and use it. Nothing, from transforming our business portfolio to reacting to environments, can be achieved without human thought and ingenuity. Supporting all employees through both systems and organizational culture so that they can maximize their individuality and capabilities is an example of Tokuyama's unique approach to human capital management.

### Further enhancing the governance system

**Inoue** We will share your understanding of governance issues with all members of the management team, including our executive officers, and address them sincerely. The Tokuyama Group is nearing the completion of its Medium-Term Management Plan 2025, and is scheduled to launch a new medium-term management plan in FY2026 with an eye toward the next stage of growth. As the business environment becomes more uncertain, people within the company and stakeholders will be expecting even more from the company's external directors. Finally, I would like to conclude this discussion by asking you both about your goals and aspirations for the future.

**Kondo** Transforming a business portfolio is by no means an easy goal to achieve. In some cases, we may have to abandon measures that are working relatively well, and there will be times when we have to take bold risks. As external directors, we strive not only to ensure transparency and fairness in management, but to be a presence that helps internal directors and executive officers make decisive decisions. Furthermore, we will work to improve our corporate value by strengthening governance with strong backing from our executives.

**Mizumoto** Our external directors have diverse careers and expertise, and I am often amazed at the breadth of their knowledge. We often receive opinions and suggestions from unexpected perspectives, and the resulting diversity and creativity help the Board of Directors to operate more smoothly. As an external director, I intend to provide appropriate guidance and supervision while communicating and promoting Tokuyama's vision and value creation story to stakeholders.







Management Team (As of June 24, 2025)



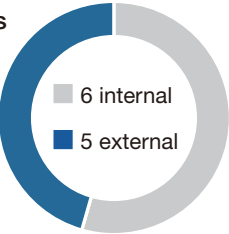
(Front row, from left) Hiraku Ishizuka, Youji Miyamoto, Nobuko Mizumoto, Fumiaki Iwasaki, Yumiko Kajiwara (Back row, from left) Takahide Taniguchi, Shiro Saito, Tomohiro Inoue, Hiroshi Yokota, Naoki Kondo, Kazumasa Sueoka

Number of Directors

Gender Composition

9 men

2 women



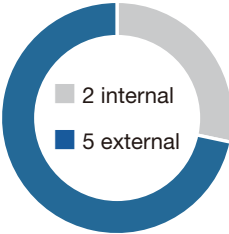
Number of Audit & Supervisory

Committee Members

Gender Composition

5 men

2 women



Tokuyama Value Creation	Value Creation Strategy	Progress of Growth Strategy	Sustainable Growth Management	Corporate Data
Skill		Definition of skill and reason for selection		
Management planning and strategy		The Company considers that having one or more directors with extensive management experience and broad insights in this area is indispensable when determining management plans and strategic policies, including portfolio management, in order for the Company to achieve sustainable growth.		
Sales and marketing		Based on the value of "Commitment to customer satisfaction as a profit source," the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary for marketing, building businesses and creating profits based on an accurate understanding of the business environment.		
R&D, Production technology and engineering		As a comprehensive chemical manufacturer, the Company considers that having a director with a track record of promoting various innovations and extensive experience and broad insights in R&D, production technology and engineering is necessary in order to create new business opportunities based on proprietary technologies.		
Finance and accounting		The Company considers that, both for accurate financial reporting and the formulation of a financial strategy that facilitates both investment for sustainable growth and shareholder returns while building a strong financial foundation, having one or more directors with extensive experience and broad insights in this area is necessary.		
Governance and risk management		The Company considers that the establishment of an appropriate governance system is the foundation for all corporate activities and that having one or more directors with extensive experience and broad insights in areas such as corporate governance, risk management, legal affairs and compliance is necessary in order to improve the effectiveness of management and supervision by the Board of Directors.		
Sustainability		In order to contribute to solving various social issues through its business and to be a company that is both trusted and needed by society, and given that this requires expertise from a sustainability management perspective pertaining to the environment and society, the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary.		
Human capital		The Company recognizes human resources as being the most critically important management capital for sustainable growth, and considers that having one or more directors with extensive experience and broad insights in this area is necessary in order to build a human resources strategy that is linked to our business strategy and to be a company where diverse human resources can harness their respective skills to the maximum extent.		
Digital transformation (DX)		The Company considers that, since the promotion of fundamental business reforms through digital transformation (DX), rather than merely seeking to improve operational efficiency and productivity through IT, is indispensable for the Company's continued sustainable growth and medium- to long-term improvement of corporate value, having one or more directors with extensive experience and broad insights in this area is necessary.		
Global business		Given that the acceleration of overseas business is essential for transforming the business portfolio, which is part of the Company's medium- to long-term strategy, the Company considers that having a director with extensive experience and broad insights in global business, such as overseas management experience and business development, is necessary.		

Name and Position			Possessed Skills											Attendance	
			Number of Company Shares Owned, Tenure as Director	Management Planning, Strategy	Sales and marketing		Research and Development, Production Technology, Engineering	Finance, Accounting	Governance Risk Management	Sustainability	Human Capital	DX	Global Business	Board of Directors	Audit & Supervisory Committee
Companies Internal	Hiroshi Yokota	Representative Director, President and Executive Officer In charge of Chemicals,, Electronic & Advanced Materials, Auditing Office, Secretarial Department	40,700 shares / 10 years	●	●				●	●	●		●	18/18 (100%)	—
	Fumiaki Iwasaki	Representative Director, Senior Managing Executive Officer, General Manager, Research & Development Division and the Life Science Business Division In charge of Life Science, Research & Development, Environment & Safety of Kashima Factory	3,142 shares / 5 years	●	●		●		●	●	●	●	●	18/18 (100%)	—
	Tomohiro Inoue	Director, Managing Executive Officer, General Manager, Corporate Planning Division In charge of Corporate Planning, Sustainability, Eco Business, Tokuyama Factory, Carbon Neutral Strategy, New Business, Center for Commercialization of Advanced Technology, Digital Integration	2,100 shares / 2 years	●	●		●	●	●	●	●	●	●	18/18 (100%)	—
	Takahide Taniguchi	Director, Managing Executive Officer, General Manager, Cement Business Division In charge of Cement, General Affairs & Human Resources, Procurement & Logistics	5,123 shares / Newly appointed	●	●				●	●	●		●	—	—
	Youji Miyamoto	Director, Audit & Supervisory Committee Chair	2,800 shares / 8 years	●				●	●	●			●	18/18 (100%)	24/24 (100%)
	Kazumasa Sueoka	Director, Audit & Supervisory Committee Member	600 shares / Newly appointed	●				●	●	●		●	●	—	—
Companies External	Nobuko Mizumoto	External Director, Audit & Supervisory Committee Member	1,000 shares / 4 years	●			●		●	●	●	●		18/18 (100%)	24/24 (100%)
	Hiraku Ishizuka	External Director, Audit & Supervisory Committee Member	0 shares / 2 years	●				●	●		●	●		18/18 (100%)	24/24 (100%)
	Naoki Kondo	External Director, Audit & Supervisory Committee Member	900 shares / 2 years	●				●	●				●	18/18 (100%)	24/24 (100%)
	Shiro Saito	External Director, Audit & Supervisory Committee Member	0 shares / Newly appointed	●			●		●			●	●	—	—
	Yumiko Kajiwara	External Director, Audit & Supervisory Committee Member	0 shares / Newly appointed	●	●				●	●	●	●	●	—	—

\* The skills listed above do not represent the entirety of each individual's knowledge or experience.



# Corporate Governance

## Basic Stance

Amid the major transformations taking place throughout society, Tokuyama, in line with the business environment we face today, has defined our corporate Mission as “To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry.” This definition incorporates the Company’s desire to contribute to a sustainable society by pursuing business in harmony with the environment and working to create the future together with customers. This is only possible with the trust and support of shareholders, customers, suppliers, employees, local communities, and all other stakeholders, which the Company believes will fuel sustainable growth and greater

corporate value over the medium to long term.

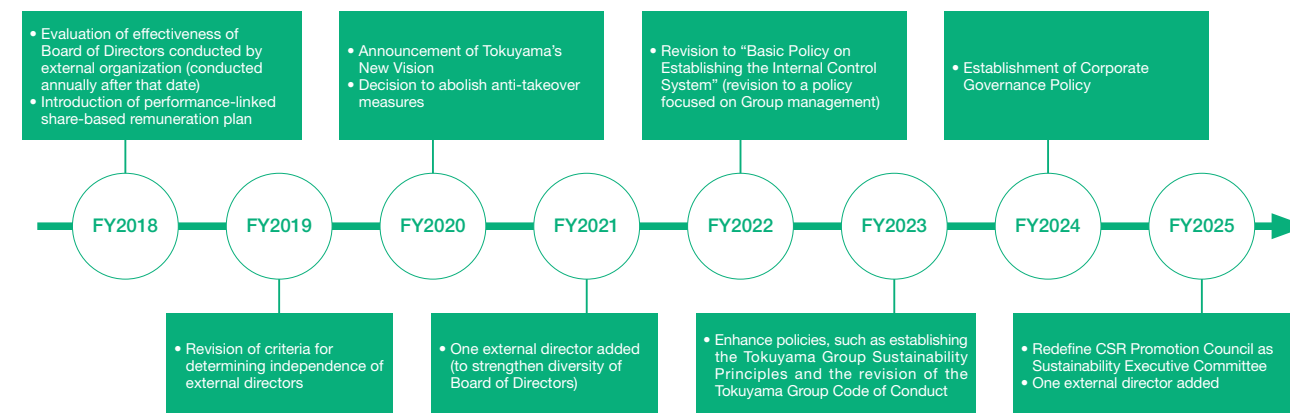
To realize this mission, we recognize that corporate governance is the cornerstone of management, and we believe it is necessary to constantly improve and enhance our governance in response to the various expectations, requests and demands of our stakeholders.

We established a new Corporate Governance Policy in FY2024 to clarify our philosophy on governance, and we revised it in FY2025 to strengthen our sustainability efforts.

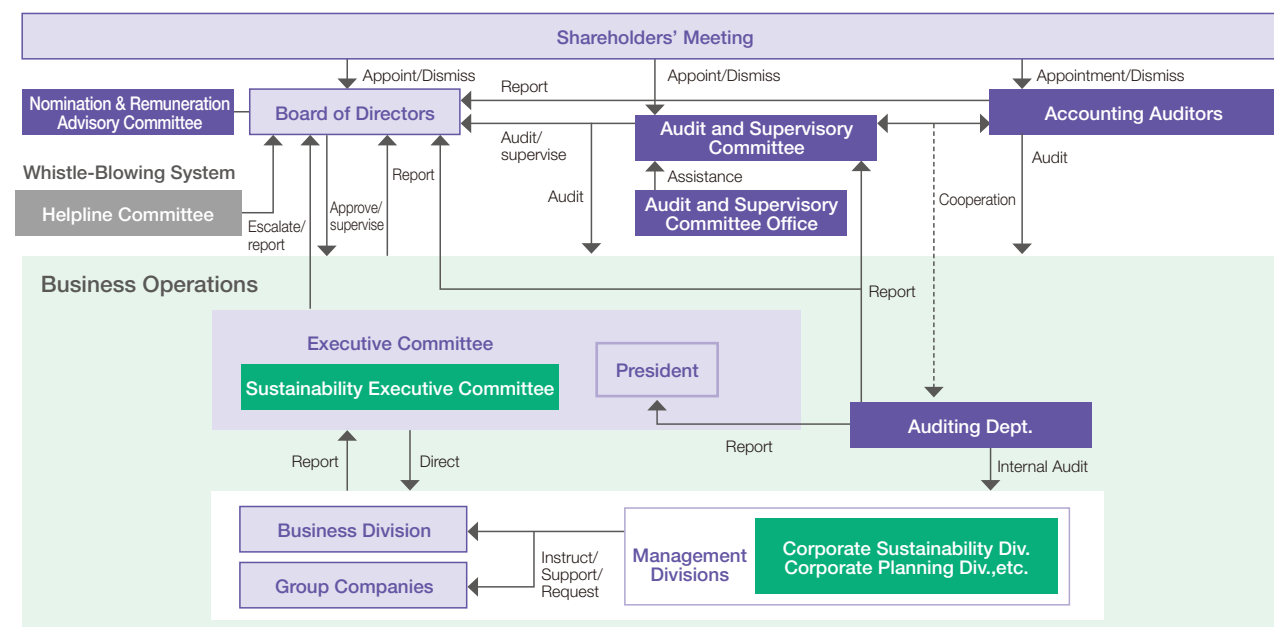


Corporate Governance Report  
<https://www.tokuyama.co.jp/eng/company/governance/index.html>

## Steps to Strengthen Our Governance Structure



## Corporate Governance Structure



## Meeting Bodies on Governance and Main Content of Deliberation

Overview of each governance-related meeting body and the details of their deliberations are provided below.

### Board of Directors

The Board of Directors deliberates and decides on statutory matters and important matters related to business execution, and supervises the status of business execution by directors and executive officers to whom the execution of business is delegated. The Company is oriented toward a hybrid Board of Directors that both makes decisions on business execution and supervises the execution of business by directors and executive officers. This function includes advising the executive management team on its resolute efforts to enhance corporate value over the medium to long term. In light of this, the Board of Directors is chaired by an executive director or a director with executive experience.

At least one-third of the Board of Directors are independent external directors in order to enhance the effectiveness of decision-making from a broader perspective as well as the supervision of business execution.

- Meetings held in FY2024: 18 Written resolutions: 2 (pursuant to Article 370 of the Companies Act and Article 29 of the company's Articles of Incorporation)

### Audit & Supervisory Committee

We have chosen to be a company with an Audit & Supervisory Committee in order to strengthen the auditing and supervisory functions of the directors' execution of their duties and to facilitate prompt decision-making, with the aim of achieving open management with an emphasis on governance and customer-oriented management. The Audit & Supervisory Committee is made up of non-executive directors and is responsible for keeping up to date on the status of business execution through the Board of Directors and other important internal meetings, and for auditing the status of business execution by the executive directors.

As of the date the securities report was submitted, the Audit & Supervisory Committee is composed of seven directors, including five external directors, who are Audit & Supervisory Committee members.

- Number of meetings held in FY2024: 24

### Nomination and Remuneration Advisory Committee

In order to achieve more transparent and objective management based on our basic approach to corporate governance, we have established a Nomination and Remuneration Advisory Committee with the mission of deliberating on personnel and compensation matters for directors (excluding Audit & Supervisory Committee members), executive officers, and other individuals with officer status, and submitting recommendations or recommendations to the Board of Directors. (Note that the President's succession plan will be handled in a more focused and specialized manner by the President Nomination Committee, which has been established under the Nomination and Compensation Committee.)

The Nomination and Remuneration Advisory Committee shall consist of a majority of independent external directors, and the term of office of its members shall be one year. The President Nomination Committee is comprised with a majority of external directors, with the President and Executive Officer being the only internal director. The committee's chair is selected from among the independent external directors.

- Number of meetings held in FY2024:
  - Nomination and Remuneration Advisory Committee: 5, President Nomination Committee: 3

### Executive Committee

The committee deliberates and decides important matters related to business execution, and also oversees business execution.

With the president as chair, the committee is a decision-making body whose members are selected by the president from among the executive officers. In principle, the committee meets two times each month. Based on the approval-related rules and regulations determined by the Board of Directors, the Executive Committee deliberates on and makes decisions on strategies and other important matters.

- Number of meetings held in FY2024: 28, written resolutions: 2

### Strategy Committee

An advisory body to the president made up of members are selected by the president from among the Company's other executive officers. The committee generally meets once a month, and in addition to deliberating on the direction of business execution, it works to confirm the allocation of management resources with the aim of evaluating conditions relating to business execution with respect to important matters requiring approval. It also sets the direction of policies related to business execution with regard to specific projects.

- Number of meetings held in FY2024: 8

### CSR Promotion Council (Sustainability Executive Committee)

Chaired by the President and Executive Officer, the CSR Promotion Council includes all executive officers. The council sets CSR (sustainability) policies and goals, while also enabling initiatives to achieve those goals. In addition to sustainability issues, important internal control issues are also discussed by the committee. Beginning in FY2025, the council will be reorganized as the Sustainability Executive Committee. This committee will also handle company-wide risk management, which was previously handled by the Risk Management and Compliance Committee until FY2024.

- Number of meetings held in FY2024: 1

### Expert Committees

The committee deliberates and decides important matters related to business execution, and also oversees business execution.

We will establish Expert Committees that will head activities in areas that require particular expertise and are of high importance from the perspective of risk management and compliance. Through FY2024, eight committees were established under the Risk Management and Compliance Committee: the Financial Reporting Committee, the Fair Trade and Competition Committee, the Security Trade Committee, the Information Security Committee, the Environment Committee, the Safety Committee, the Product Safety and Quality Assurance Committee, and the Sustainability Committee. However, beginning in FY2025, in conjunction with the reorganization into the Sustainability Executive Committee, the Risk Management and Compliance Committee transferred its risk management functions to the Sustainability Executive Committee and became the Compliance Committee, and the Sustainability Executive Committee was reorganized in a more expansive manner, handing over its functions to the Sustainability Executive Committee, the Environment Committee, and other meeting bodies. See P38 for the number of meetings held in FY2024.

### Helpline Committee

The Helpline Committee is responsible for the whistle-blowing system (helpline) for compliance violations (including possible violations) related to the Tokuyama Group.

- Number of meetings held in FY2024: 1

Analysis and Evaluation of Overall Effectiveness of the Board of Directors

In FY2024, we commissioned an external organization to survey all directors and analyze their responses. The results were submitted to the Board of Directors for review and discussion.

The results of the analysis and evaluation revealed that the effectiveness of the Board of Directors is generally being ensured. They found the board's particular strengths are that it is composed appropriately given the role of a Board of Directors, and that it shares information continuously through various channels, contributing to the exercise of Board of

Director supervisory functions.

The survey also revealed the need for further discussions on improving capital costs and stock prices as a new issue for FY2025.

Going forward, we will work to improve operations through ongoing candid feedback from board members, including external directors, on business execution, and to make the Board of Directors more effective by placing special emphasis on creating opportunities for more multifaceted discussions on the topic of capital costs.

Evaluation Process



To investigate the effectiveness of the Board of Directors, a 33-question survey with ratings and free-form responses was administered to all directors. The questions included topics related to the composition and operation of the Board of Directors, management strategy, business strategy, corporate ethics, risk management, communication with shareholders, and management evaluation and compensation. In addition, the FY2024 survey revealed two issues: Ongoing improvement of Board of Directors' operations and contribution by the Board of Directors to realizing the vision set forth in the Medium-Term Management Plan 2025. It also established questions related to these issues. This enabled a comprehensive and objective evaluation of the effectiveness of the Board of Directors and also confirmed the progress of improvements made to the major issues identified in the previous fiscal year.

Issues and future initiatives

Issues	Countermeasures and improvement measures
Continuous improvements to Board of Directors operations (continued from FY2024)	Confirmed that, given its role, the Board of Directors is composed appropriately. Continue to share information through various channels, such as advance explanations and business reports to directors, and continue to encourage the Board of Directors to exercise its supervisory function
Contribute to the Board of Directors' realization of the "Vision" set forth in Medium-Term Management Plan 2025. (Continued from FY2024)	Although discussions of management issues were enhanced via creative agenda setting, there is still room for improvement.
Further discussions on improving capital costs and stock prices are needed	We will learn the current situation and provide opportunities for more multifaceted discussions.

Response to Chief Executive Officer Succession Plan

The Company has established a President Nomination Committee within the Nomination and Remuneration Advisory Committee, which has the function of formulating and implementing a succession plan for the Chief Executive Officer (President and Executive Officer), deliberating on selection and dismissal, and making reports and recommendations to the Nomination and Remuneration Advisory Committee. The President Nomination Committee is chaired by an independent external director, with the President as the only internal director and a majority of the

members being independent external directors.

The Board of Directors deliberates on and appropriately supervises the activities of the President Nomination Committee with respect to regular reports through the Nomination and Remuneration Advisory Committee to ensure that the Company's management philosophy (Vision) and management strategy are taken into account and that sufficient time and resources are being systematically allocated to the development of potential successors.

Director Training

Newly appointed directors and newly appointed executive officers, who will be candidates for directors, are required to participate in external executive training. The content of the training program can be selected based on the experience and knowledge of the individual, but with corporate governance in mind, the required content includes legal affairs and corporate governance as well as accounting and finance. The Company also allows participants to attend external seminars related to their

corporate responsibilities on their own. External directors are given the opportunity to visit factories and to learn about the Company when they take office, so that they can understand the current condition of the Company's businesses and operations. Finally, the Company also holds study sessions, when needed, in order for all directors to gain a better understanding of domestic and international economic conditions, legal revisions, and new systems.

Director Remuneration

For details of the Company's policy for determining the content of remuneration, etc. of individual directors (excluding Audit & Supervisory Committee Members), please refer to the Corporate Governance Policy [Appendix 4] "Policy on Determining Director Remuneration on an Individual Basis (excluding those who serve on the Audit & Supervisory Committee)." The amount of remuneration is calculated in accordance with this policy and is determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

Basic Policy

The remuneration plan for the Company's directors is based on the following perspectives:

- (a) Ensures that directors contribute to sustainable growth for corporate performance and corporate value based on the Tokuyama Vision
- (b) Provides a level of remuneration that secures and retains human resources that can support the Company's management
- (c) Considers the performance of the Company
- (d) Employs a highly transparent, objective remuneration decision making process

Overview of the Remuneration System

The Company's remuneration for directors consists of basic remuneration and bonuses<sup>\*1</sup>, which are monetary remuneration, and performance-linked share-based remuneration<sup>\*2</sup>, which is non-monetary remuneration, and the method of determining each has been prescribed.

\* 1 Recipients are executive directors

\* 2 Recipients are directors excluding directors who are Audit & Supervisory Committee Members, non-executive directors, external directors and non-residents of Japan

Method for Determining Remuneration

- (1) The final annual amount of basic remuneration for each individual is calculated and determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on a standard amount predetermined for each position.
- (2) Bonuses are determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on performance for the target fiscal year after first determining the payment percentage in accordance with the standard bonus amounts for each position, the performance targets for the target fiscal year, and the achievement level against those targets.
- (3) For performance-linked share-based remuneration, the number of shares granted is calculated by multiplying the performance-linked coefficient (ranging from 0% to 150%) set according to the degree of target achievement.

Amount of Remuneration Paid to Directors and Audit & Supervisory Committee Members (FY2024)

Category	Number of People	Remuneration Amount
Directors (excluding directors who are Audit & Supervisory Committee members)	4	¥168 million
Audit & Supervisory Committee members (excluding external directors)	1	¥29 million
External Director	4	¥56 million

- 1. The above bonuses indicate the bonuses paid to the applicable directors in the current fiscal year.
- 2. The performance-linked share-based compensation amounts shown above are the expense amounts recorded during the current fiscal year.
- 3. The figures above do not include the employee salary portion for directors also serving in employee positions.

 Corporate Governance Policy  
<https://www.tokuyama.co.jp/eng/company/governance/index.html>

Policy on strategic shareholdings

The Company holds shares of publicly listed companies for strategic reasons in accordance with the requirements for business activities as part of the overall management strategy. This includes the need to maintain and bolster transactions, raise funds, and consistently procure raw materials.

As far as the strategic holding of shares in publicly listed companies is concerned, the Company will limit holdings to the minimum level possible, taking into consideration the need to ensure efficient corporate management. In FY2024, in addition to the 20 listed stocks that we previously held, we will have completed the reduction of 12 of the three

listed stocks that we inherited from consolidated subsidiaries through an absorption-type merger, resulting in our holding 11 listed stocks at the close of the fiscal year ended March 2025.

In addition, the Board of Directors takes steps to verify the economic rationality of holding shares in publicly listed companies by comparing capital costs that factor in associated risks with accrued benefits, while confirming the propriety of holdings based on a future outlook each year.

The Company exercises voting rights in shares based on the contribution to corporate value for both the Company and the investment target company.



## Risk Management

Our Group regards events and factors that could affect the achievement of expected organizational goals and the sustainability of business, and could lead to the impairment or enhancement of corporate value in corporate management, and that require a cross-organizational response, as “significant risks,” and has established a management system to ensure that we respond to these risks appropriately.

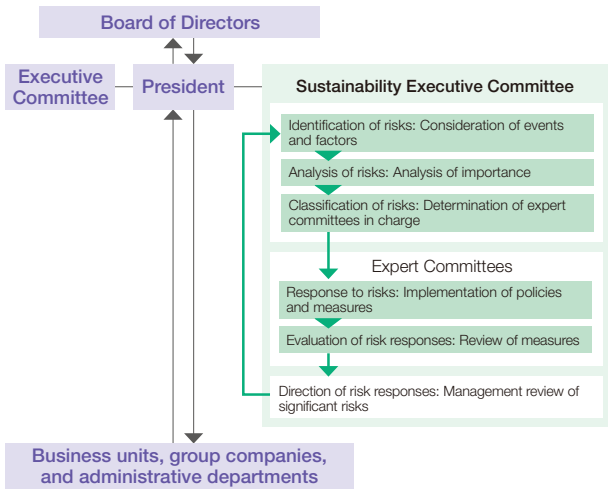
### Strengthening Our Risk Management System

Through FY2024, the Risk Management and Compliance Committee, which was established in the CSR Promotion Council as a company-wide risk management system, considers events and issues that have recently emerged or that have undergone a change in the degree of impact, by monitoring social conditions and coordinating with other committees. This committee then assesses whether or not these are real risks and determines which expert committees will address the issues. Furthermore, the Committee also performs group-wide enterprise risk management by making visible and mapping risk levels both qualitatively and quantitatively from several perspectives: impact (monetary loss, decrease in market share, and scale of impact, etc.); occurrence frequency and probability; and Company's vulnerability. The expert committees examine and determine mitigation policies for the risks they are responsible for (including risk reduction, avoidance, transfer, and retention), and propose and implement measures to address risks. These committees then conduct regular reviews of the results of any implemented actions, and manage implementation in accordance with the management system.

Starting from FY2025, this company-wide risk management will be discussed at the Sustainability Executive Committee, a meeting body that has been restructured from the CSR Promotion Council. These meetings will serve as venues to deliberate on both risks and opportunities from a perspective of sustainability. Note that compliance risks that were previously handled by the Risk Management and Compliance Committee will be handled by the newly established Compliance Committee. We will also review the details of significant risks beginning in FY2025. With respect to “information security

risks,” we added risks associated with DX and IT implementation, which are essential to structural reform, and revised this term to be “information security and IT risks.” Additionally, in light of recent growing tensions around cybersecurity and the permeation of IT into business operations, we have increased the scale of damage and impact by one level. Management will reaffirm the importance of information security and IT risks, and demonstrate its commitment to taking all possible measures to address them.

### Process of Identifying Significant Risks



### Classification of risks

Hazard risks (external environment risks)	Risks posed by the external environment and potential events
Business risks (strategic risks)	Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value
Operational Risks (business process risks)	Risks arising from deficiencies in internal processes related to business execution, or from inadequate functions

### Definition of scale of damage and impact

Large ↑	Damage that threatens the survival of the company, as well as substantial damage such as loss of assets
Moderate	Significant decrease of profits, or minor loss of assets
Minimal ↓	Little impact on corporate profits and assets

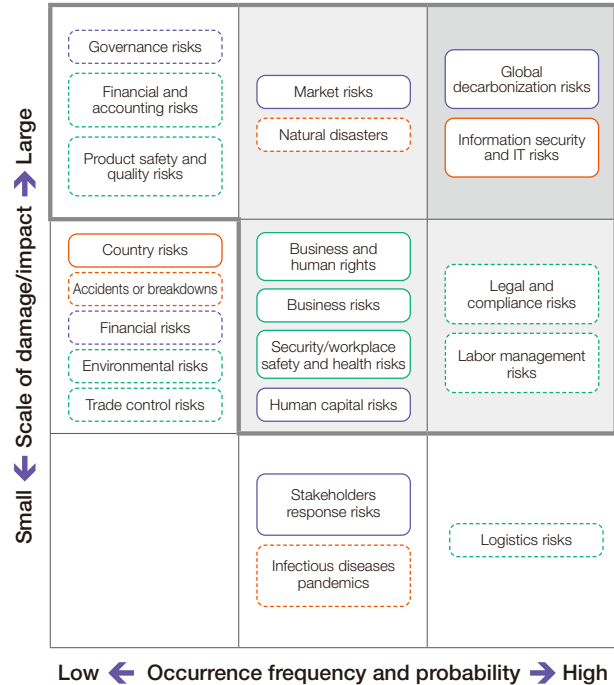
### Definition of occurrence frequency and probability

High →	Occurs more than once a year; Will almost certainly occur in the near future
Moderate	Occurs several times a decade
Low ←	Occurs once every decade or longer

### Definition of vulnerability

High	Mitigation measures have not been implemented or are completely inadequate
Moderate	Some measures have been implemented, but they are still insufficient
Low	Effective measures have been implemented and a management cycle is in place

### Mapping of Significant Risks (FY2025)



### List of Significant Risks (FY2025)

Hazard risk (external environment risk) Risks posed by the external environment and potential events		
Moderate category	Minimal category	Relevant committee*
Natural disasters	Earthquake, tsunami, weather-related disaster, abnormal weather event (typhoon, storm surge, heavy rains, etc.)	Sustainability Executive Committee
Accidents or breakdowns	Fire, explosion, chemical leak, equipment or device damage or failure, utility supply interruption, accident with aircraft, ship or railway	Safety Committee
Pandemic disease	Widespread outbreak of COVID-19 or another endemic infectious disease	Sustainability Executive Committee
Country risks	War, conflict, terrorism incident, riot, unlawful political change, or economic crisis	Sustainability Executive Committee
Information security and IT risks	Cyberattack, virus infection, information leaks, system failure, failure of system facilities/equipment, IT risks	Information Security Committee

Business risk (strategic risk) Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value		
Moderate category	Minimal category	Relevant committee*
Global decarbonization risks	Carbon pricing and energy procurement costs, green process adoption measures, penetration of green procurement by customers, evaluation by stakeholders, more frequent extreme weather, long-term intensification of extreme weather events, and lost opportunities due to a failure to keep up with green market expansion	Sustainability Executive Committee Environment Committee
Market risks	Changes in market needs, marketing failures or deficiencies, emergence of new competitors, product development failures or obsolescence, delays in responding to rapid technological innovations, and delays or barriers to overseas expansion, low PBR risks	(Executive Committee)
Human capital risks	Excessive outflow of human resources and difficulties in securing human resources, workforce aging and distorted human resource pyramid, human resource development and technology transfer, delays in adapting to new work styles, human resource mismatch due to business transitions, and inadequate and delayed disclosure of human capital information	(Executive Committee)
Governance risks	Lack of succession planning, securing governance transparency, and inadequate control over reporting lines	(Executive Committee)
Financial risks	Funding plan or financing failure, paid capital increase, suspension of financial support, interest rate or foreign exchange rate fluctuation risk, and stock price decline	(Executive Committee)
Stakeholders response risks	Criticism and slander by the media, reputational damage, social media risks, inappropriate information disclosure, damage to corporate values by activists	(Executive Committee)

Operational risk (business process risk) Risks arising from deficiencies in internal processes related to business execution, or from inadequate functions		
Moderate category	Minimal category	Relevant committee*
Security/workplace safety and health risks	Equipment or machine stoppages or accidents due to operating errors, industrial accidents, and aging equipment or machinery	Safety Committee
Business risks	Soaring raw material or fuel prices, failed pricing policies, declining price competitiveness, dependence on a small number of suppliers, and dependence on a small number of customers	(Executive Committee)
Product safety and quality risks	Poor quality, voluntary recalls, product liability accidents due to design defects, manufacturing defects, improper labeling, or false labeling, violations of domestic and international laws	Product Safety and Quality Assurance Committee
Logistics risks	Damage during transportation and storage (including leakage of hazardous materials)	Product Safety and Quality Assurance Committee
Environmental risks	Release of hazardous pollutants, contamination of soil and groundwater, complaints from local residents regarding noise and odors, illegal dumping and improper disposal of waste, water risks, and biodiversity	Environment Committee
Trade control risks	Inadequate security trade control	Security Trade Committee
Business and human rights	Human rights violations in supply chains, boycotts, and consumer movements	Compliance Committee
Financial and accounting risks	Window dressing, improper accounting, tax compliance, bad debts and defaults	Financial Reporting Committee
Legal and compliance risks	Intellectual property rights infringement and violation, invention compensation disputes, antimonopoly law violation, Unfair Competition Prevention Act violation (bribery), improper contract signing, insider trading, inadequate management of licenses and permits, misconduct involving executives or employees, ties to antisocial forces, and intimidation	Fair Trade and Competition Committee Compliance Committee
Labor management risks	Death from overwork, long working hours, illegal overtime, labor disputes and strikes, human rights issues, discrimination, harassment, mental health, ensuring the safety of expatriates and business travelers overseas	Compliance Committee

\* The chairperson of each committee is a director who is responsible for the relevant risks

\* Not all risks in the Group are covered, and there may be risks that could affect business activities in addition to those listed..

### Information Security Initiatives

To protect customer information and other informational assets, and to continue operating appropriately as a company, measures to ensure information security are essential. The Company has established an Information Security Committee that operates an information security management system. This committee has established an information security policy for the entire Group, and has devised goals and plans to periodically evaluate the operational status of the Group's information security measures. Furthermore, to maintain and improve risk levels, we regularly conduct information security self-inspection checks, internal audits, and e-learning programs to raise awareness.

As personal information protection will require a global response, in addition to establishing a “Tokuyama Group Basic Personal Information Protection Policy,” we have also prepared a “GDPR Response,” “Personal Information Contact Desk,” and “Cookie Policy” with respect to our company's Basic Personal Information Protection Policy.

Cybersecurity is becoming increasingly important year by year. We recognize that protecting the Company's information assets from

external attacks is necessary not only for our company's operations, but also to protect the stable operations of our customers. The entire Group is taking action in order to be fully equipped to serve as a part of the customer's supply chain. We have also confirmed the possibility of incidents occurring at each Group company, including overseas companies, and are advancing fundamental responsive measures after identifying the issues. As a result of these activities, there were no significant incidents involving information security or personal information in FY2024.

In addition to the expansion of the scope of business operations covered by IT systems due to the advancement of DX, the impact of IT system risks on business is increasing, including the so-called “2025 cliff” problem. This has led us to recognize “IT risks” in addition to traditional cyber security and information management risks to create the “information security and IT risks” category, and we decided to further increase the impact of our response. We will consider and implement risk mitigation measures under the Information Security Committee.

## Financial and Non-Financial Highlights

### Financial Highlights

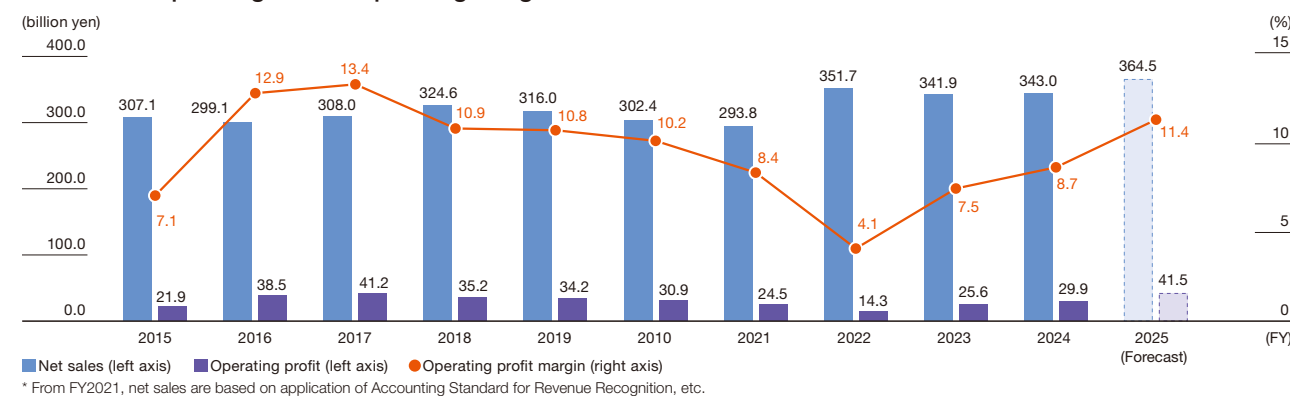
In FY2024, sales of semiconductor-related products remained strong, driven by demand in cutting-edge fields such as generative AI, and manufacturing costs continued to improve, leading to increased net sales and operating profits compared to the previous fiscal year. Net income attributable to owners of the parent also increased due to factors such as the reduction in cross-shareholdings and the generation of extraordinary income from the restructuring of the polyolefin film business, leading to an improvement in ROE.

In FY2025, we expect performance to improve, mainly in the Electronic Advanced Materials and Life Sciences segments, and although we will not reach the targets for

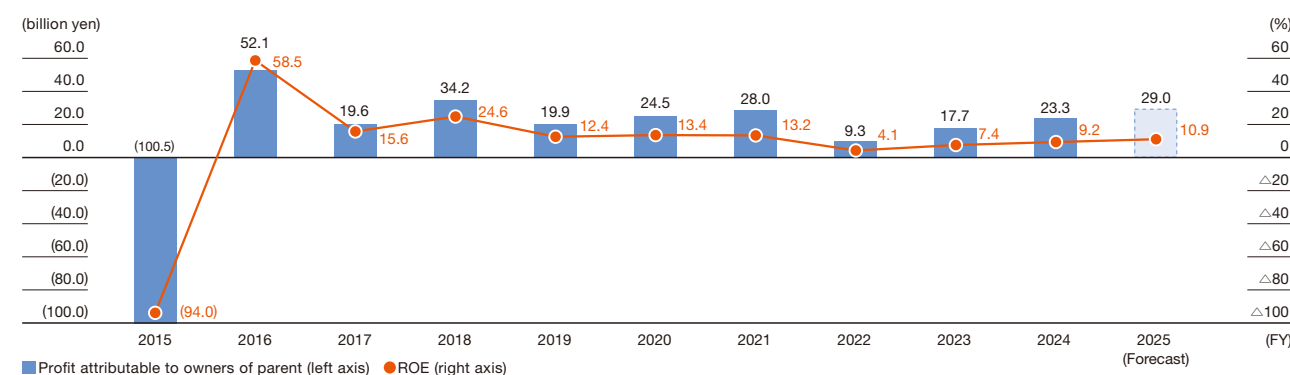
the final fiscal year of the Medium-Term Management Plan 2025, we forecast record-high net sales and operating profits. The impact on our FY2025 performance due to the decision to acquire JSR Corporation's in vitro diagnostic pharmaceutical and in vitro diagnostic pharmaceutical materials businesses is currently under review.

We expect to increase dividends by 20 yen per year for two consecutive fiscal years, from 80 yen per year for FY2023 and 100 yen per year for FY2024 to 120 yen per year for FY2025. To achieve a PBR of 1, we will continue to improve ROE while also aiming to enhance shareholder returns and improve capital efficiency.

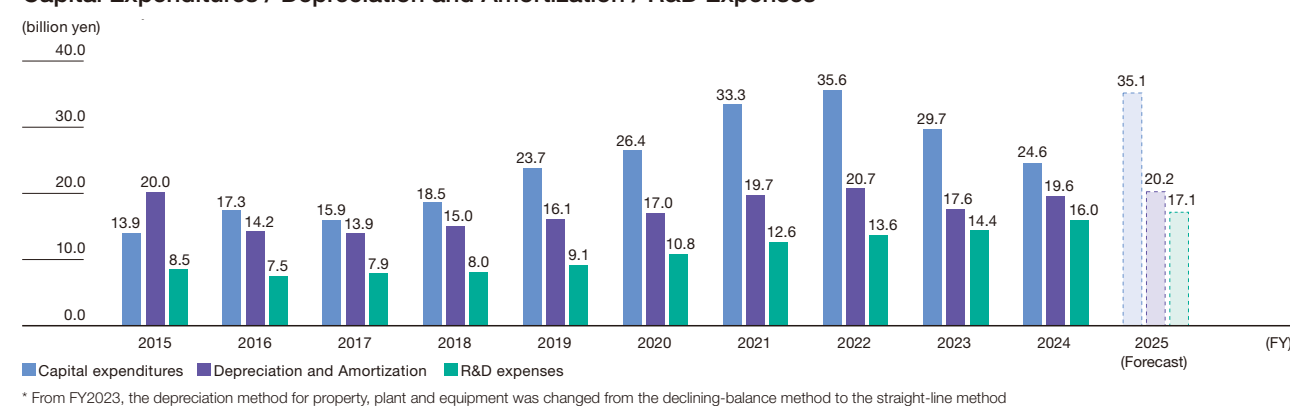
#### Net Sales / Operating Profit / Operating Margin



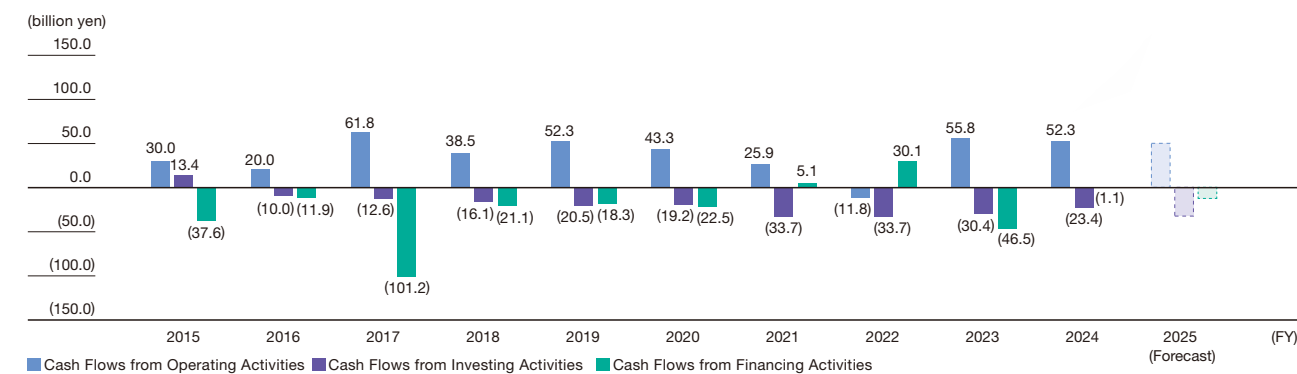
#### Profit Attributable to Owners of Parent / ROE



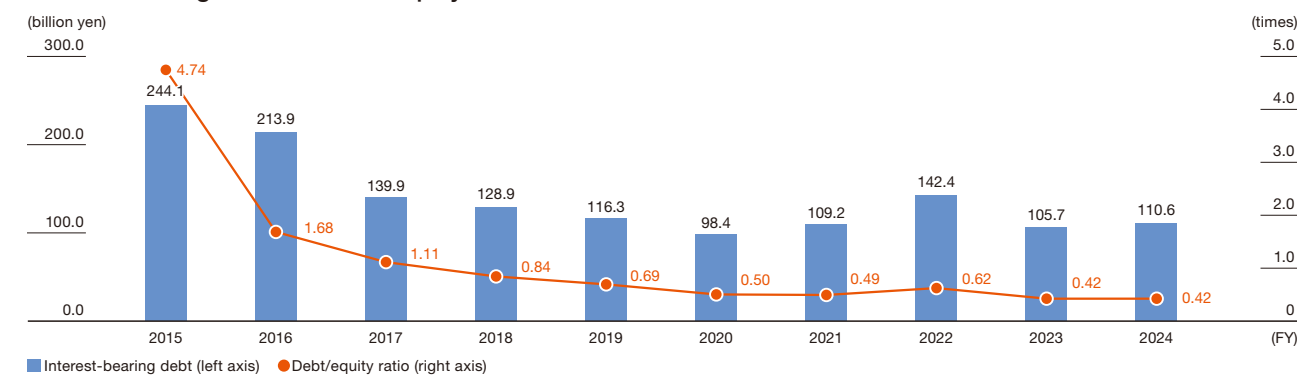
#### Capital Expenditures / Depreciation and Amortization / R&D Expenses



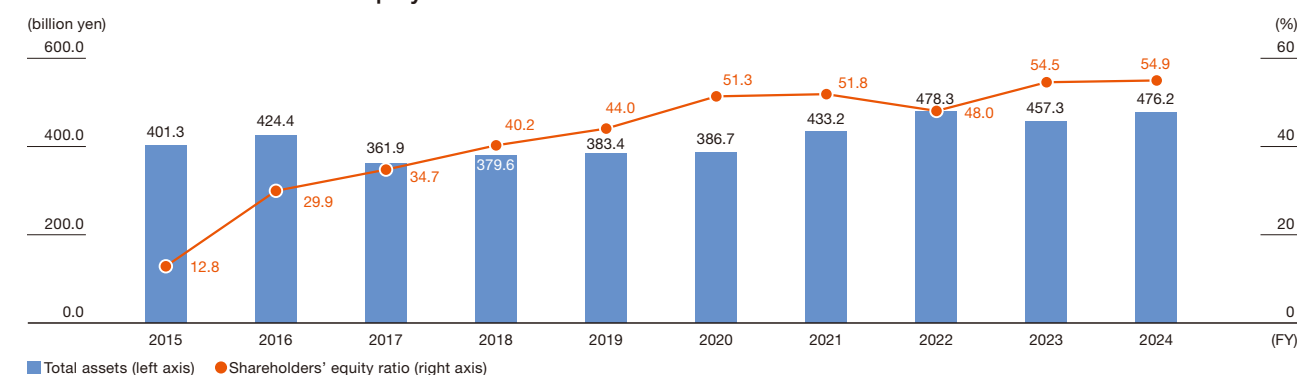
#### Cash Flows



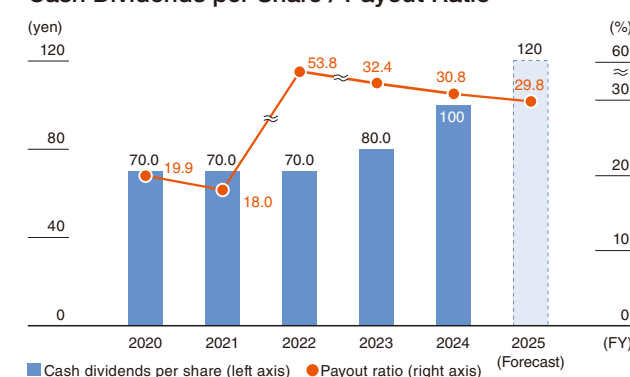
#### Interest-Bearing Debt and Debt/Equity Ratio



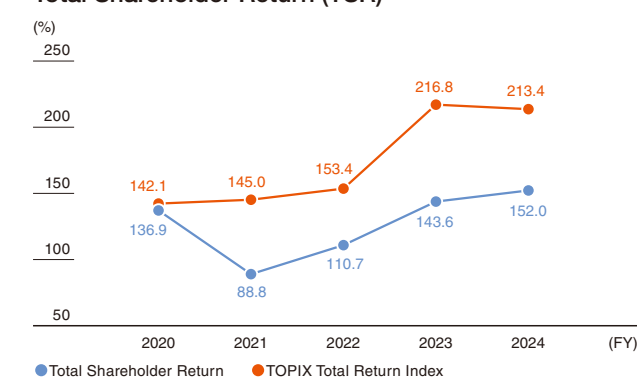
#### Total Assets / Shareholders' Equity Ratio



#### Cash Dividends per Share / Payout Ratio



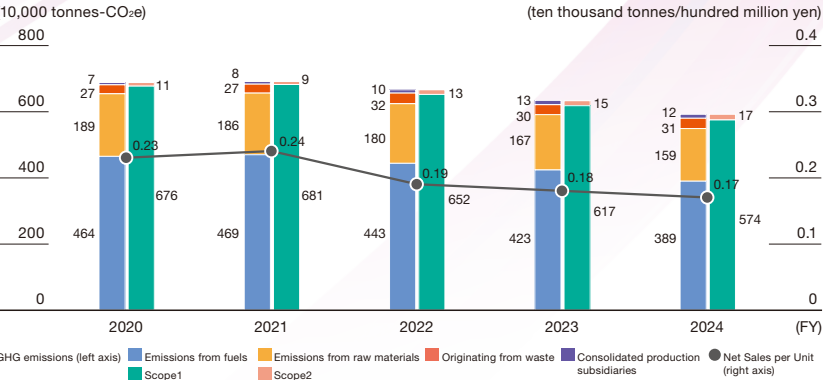
#### Total Shareholder Return (TSR)





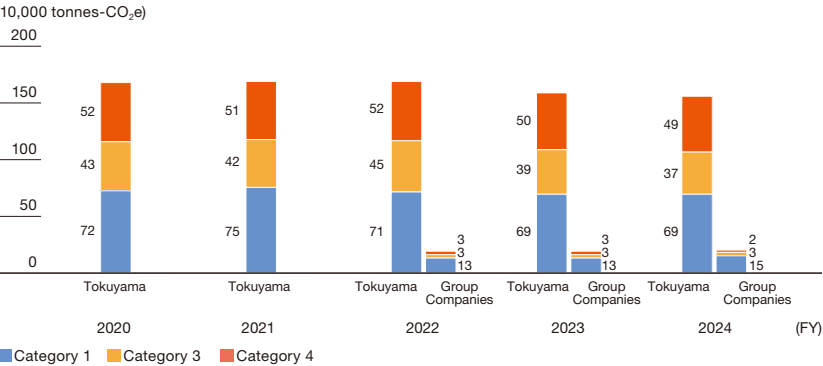
## Non-Financial Highlights

### GHG emissions (Scope 1 and 2)



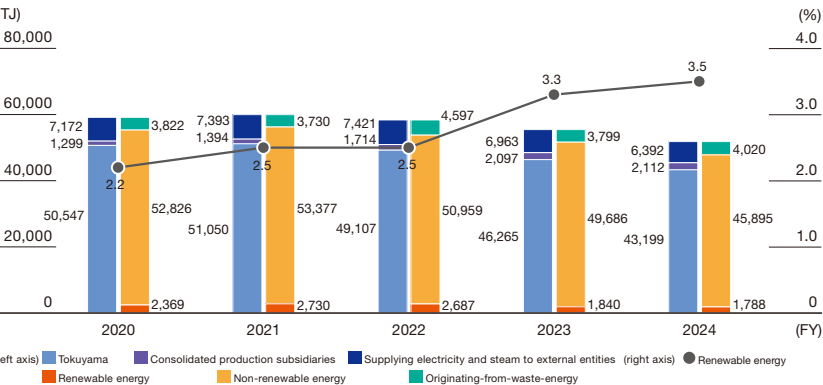
We recognize that the mitigation of global warming is one of the most critical issues today and are working hard to curb greenhouse gas (GHG) emissions. GHG emissions are the total emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, etc., with approximately 99.8% being CO<sub>2</sub> emissions. GHGs are generated mainly by the combustion of fossil fuels in captive power plants, as well as by the decarboxylation of limestone (raw material) in the cement manufacturing process. The total GHG emissions for Scope 1 and 2 in FY2024 will be 5.91 million tonnes CO<sub>2</sub>e.

### Supply Chain Emissions (Scope 3)



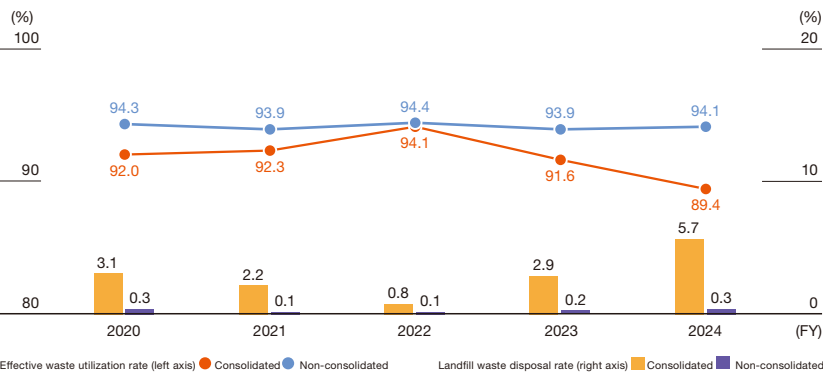
Tokuyama has set new emission reduction targets for Scope 3 in order to achieve carbon neutrality across the entire supply chain. Since categories 1, 3, and 4 account for more than 90% of Tokuyama's Scope 3 emissions, we aim to achieve a 10% reduction by FY2030 (compared to FY2022) relative to the total amount of these categories. The total amount for categories 1, 3, and 4 of Scope 3 in FY2024 was 1.75 million tonnes CO<sub>2</sub>e.

### Energy Usage



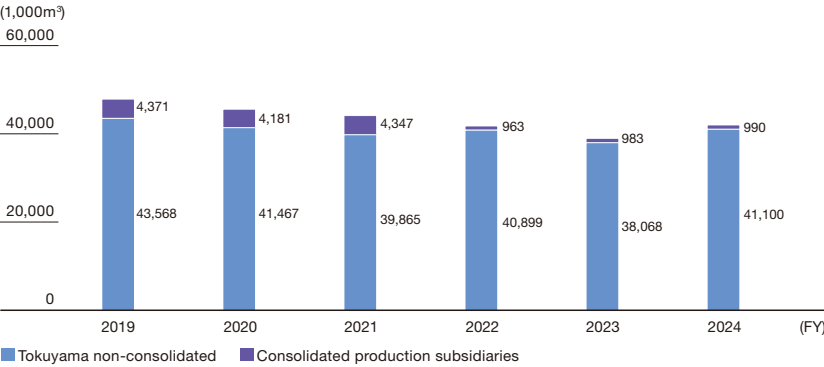
\* The renewable energy ratio has been recalculated using a common heat coefficient to allow comparisons before and after the revision of the Energy Conservation Act from 2023

### Effective waste utilization rate/Landfill disposal rate



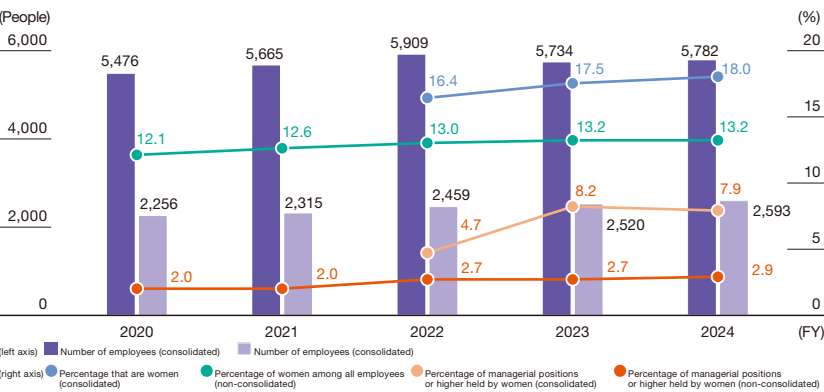
By thoroughly reducing waste and recycling, Tokuyama will maintain a high effective waste utilization rate and a low landfill waste disposal rate in FY2024. As a result of proactively promoting recycling both inside and outside the company, mainly through reuse of generated waste as raw material for cement at the Tokuyama Factory or as alternative thermal energy, effective waste utilization rate was 94.1%, and landfill disposal rate was 0.3%. Some consolidated subsidiaries lost recycling suppliers, causing the effective waste utilization rate, including all consolidated subsidiaries, to fall to 89.4%. The Tokuyama Group, including its consolidated subsidiaries, will continue to make further efforts to achieve its targets of an effective waste utilization rate of 92% or more and a landfill disposal rate of 3% or less.

### Water consumption (water intake excluding seawater)



We are striving to conserve water consumption (water intake excluding seawater) with the goal of not exceeding the amount used in FY2019. For industrial water used for cooling water and process water, we check the water storage capacity of the dams we use every day, and set and manage the water conservation rate in accordance with the water storage rate. Water usage, excluding seawater, in FY2024 will be 42,074,000 m³, 88% compared to FY2019.

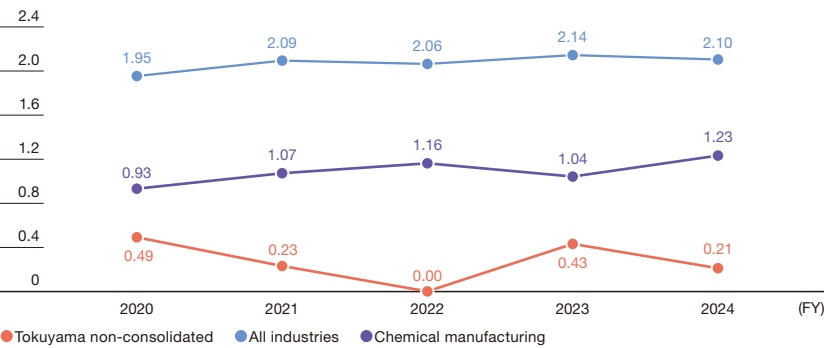
### Number of Employees / Percentage of Women among All Employees / Percentage of Managerial Positions or Higher Held by Women



In order to respond to changes in the business environment, Tokuyama aims to ensure diversity of knowledge and experience and accelerate its transformation into a value-creating company. As part of this effort, we have set a goal of increasing the ratio of new female graduates we hire annually to 20% or more\* and are actively recruiting female employees. We have also set a goal of increasing the ratio of women in managerial positions or above to 15% or more by FY2030. The percentage of managerial positions or higher held by women was 7.9% in FY2024, and we will continue our efforts to promote diversity in order to achieve our target.

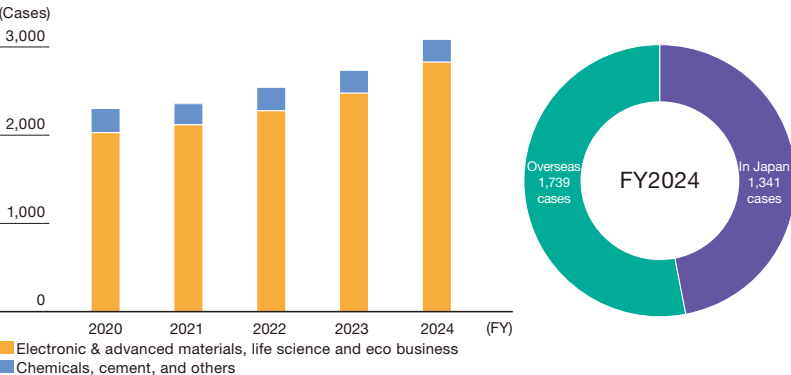
\* Tokuyama non-consolidated and domestic consolidated subsidiaries

### Accident Frequency Rates



One of our safety management goals is to achieve zero accidents and lost time injuries, and we are working to identify and eliminate risk factors, as well as to understand and recognize the behavioral characteristics of each individual in order to eliminate unsafe behavior. Although the rate of injuries resulting in lost work time remains low compared to the industry average, there was one injury resulting in lost work time for an employee in FY2024. We will continue to work towards achieving zero lost-time injuries.

### Number of Patents Held



Toward realizing the transformation of our business portfolio, we are concentrating R&D investment in the growth businesses of electronic & advanced materials, life science, and eco business, and are acquiring and protecting intellectual property rights for the results of these activities in preparation for commercialization. As a result, the number of patents held in these three areas has increased. In addition, with the acceleration of international expansion outlined in our Medium-Term Management Plan 2025, the proportion of overseas patents in our total patent holdings is also increasing.

Corporate Data (as of March 31, 2025)

Company Overview

Corporate name	Tokuyama Corporation
Established	February 16, 1918
Industry	Chemical manufacturing
Location	<b>Tokyo Head Office</b> Front Place Akihabara, 7-5, Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-8618, Japan TEL. +81-3-5207-2500  <b>Tokuyama Factory (Registered Address)</b> 1-1 Mikage-cho, Shunan-shi, Yamaguchi, 745-8648, Japan TEL. +81-834-34-2000
Capital	¥10,000 million
Number of employees	5,782 (consolidated basis; 719 working overseas) 2,593 (non-consolidated)
Consolidated subsidiaries	50

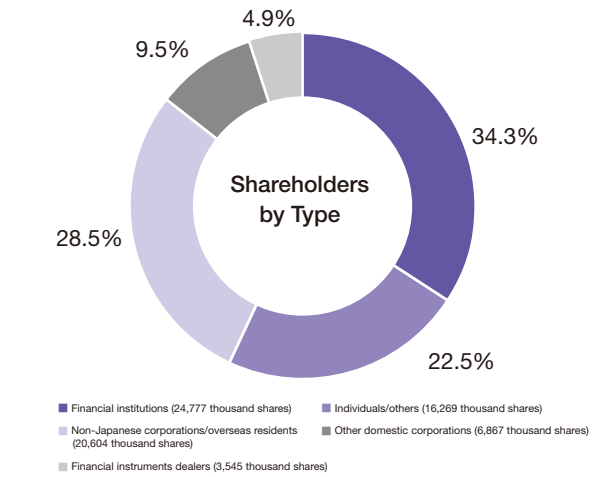
Stock Information

Total number of shares authorized to be issued	200,000,000 common shares
Number of shares issued	72,063,563 common shares (excluding 24,764 treasury shares)
Stock exchange listing	Tokyo Stock Exchange Prime Market
Securities code	4043
Number of shareholders	Common shares: 30,599 shareholders
Fiscal year	From April 1 to March 31

Dividend Policy

Dividends will be paid to the shareholders stated in the final version of the register of shareholders on March 31 and September 30. As far as the distribution of profits is concerned, Tokuyama's basic policy is to ensure the continuous and stable payment of dividends to shareholders. In carrying out this policy, we take into consideration performance trends, the dividend payout ratio, and the roadmap established under the medium- to long-term business plan.

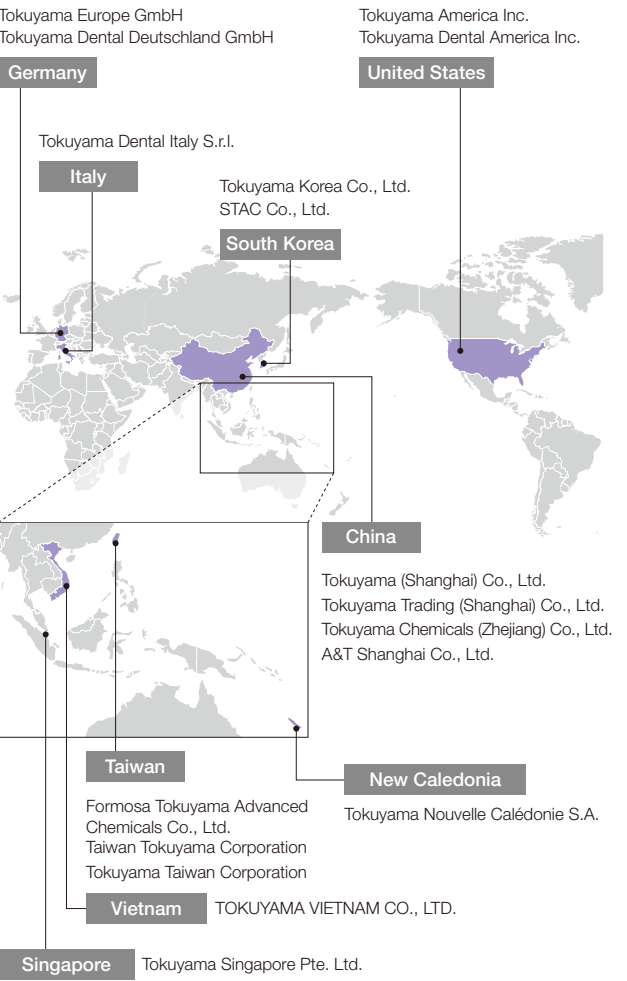
Shareholders by Type



Tokuyama Corporation Business Sites in Japan



Consolidated Subsidiaries Overseas



Consolidated subsidiaries

Electronic & Advanced Materials

**Tokuyama Chemicals (Zhejiang) Co., Ltd.\***  
Manufacture and sale of fumed silica, high-purity chlorosilane, high-purity chemicals for electronics manufacturing

**Formosa Tokuyama Advanced Chemicals Co., Ltd.\***  
Manufacture and sale of high-purity IPA for electronics manufacturing

**Taiwan Tokuyama Corporation**  
Manufacture and sale of high purity chemicals for electronics manufacturing, and sale of Tokuyama Group products

**STAC Co., Ltd.**  
Manufacture and sale of high-purity IPA for electronics manufacturing

**Tokuyama-Dowa Power Materials Co., Ltd.**  
Manufacture and sale of aluminum nitride substrates

**TOKUYAMA VIETNAM CO., LTD.\***  
Manufacture and sale of polycrystalline silicon for semiconductors

Life Science

**Tokuyama Dental Corporation**  
Manufacture and sale of dental equipment

**Tokuyama Dental America Inc.**  
Sale of dental materials and equipment

**Tokuyama Dental Deutschland GmbH**  
Sale of dental materials and equipment

**Tokuyama Dental Italy S.r.l.**  
Sale of dental materials and equipment

**A&T Corporation**  
Production and sale of diagnostic reagents, analyzers and systems

**A&T Shanghai Co., Ltd.**  
Sale of diagnostic reagents, analyzers and systems

2 other companies

Eco Business

**ASTOM Corporation**  
Manufacture and sale of ion exchange membranes and systems

**Tokuyama Chiyoda Gypsum Co., Ltd.**  
Collection, transport, and disposal of discarded gypsum; manufacture and sale of dehydrated gypsum

1 other company

Chemicals

**Tokuyama Soda Trading Co., Ltd.**  
Sales of soda ash, calcium chloride, solid caustic soda, isopropyl alcohol and other chemicals

**Sun Arrow Kasei Co., Ltd.**  
Manufacture and sale of PVC compounds

Cement

**Tokuyama Nouvelle Calédonie S.A.**  
Manufacture and sale of cement

**Tokuyama MTech Corporation**  
Processing and sale of building products

**Tokuyama Tsusho Trading Co., Ltd.**  
Stocking and sale of cement, ready-mixed concrete and building materials

**Tokuyama Art Block LABO Co., Ltd.**  
Manufacture and sale of interlocking blocks

**Tokyo Tokuyama Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Kawasaki Tokuyama Ready Mixed Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Chugoku Ready Mixed Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Seibu Tokuyama Ready Mixed Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Shirokawa Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Kagawa Tokuyama Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Kyushu Tokuyama Ready Mixed Concrete Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Toyomi Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

**Notsuharu Co., Ltd.**  
Manufacture and sale of ready-mixed concrete

Others

**Tokuyama (Shanghai) Co., Ltd.**  
Management company to provide services for other group companies in China

**Tokuyama Trading (Shanghai) Co., Ltd.**  
Sale of Tokuyama Group products

**Tokuyama Taiwan Corporation**  
Research and development, marketing, sales of Tokuyama Group products, and production and sale of health foods

**Tokuyama Korea Co., Ltd.**  
Sale of Tokuyama Group products

**Tokuyama Singapore Pte. Ltd.**  
Manufacture and sale of high purity chemicals for electronics manufacturing and sale of Tokuyama Group products

**Tokuyama America Inc.**  
Sale of Tokuyama Group products

**Tokuyama Europe GmbH**  
Sale of Tokuyama Group products

**Shunan System Sangyo Co., Ltd.**  
Civil engineering and construction work and planning, and onsite contracted factory work

**Shunan Swimming Club Co., Ltd.**  
Operation of health promotion facilities including swimming and fitness clubs

**Tokuyama Kairiku Unso K.K.**  
Logistics company

**Kyoueisekiyu Corporation**  
Petroleum-related business

**Yamaguchi Kisen Corporation**  
Marine transportation

**Shunan Bulk Terminal Co., Ltd.**  
Warehousing operations for bulk shipments

**Tomitec Co., Ltd.**  
Production of household dehumidifiers and molding of synthetic resin products

**Super Nano Design Co., Ltd.**  
Design, manufacture and sale of nanomaterials

**Tokuyama You You Farm Co., Ltd.**  
Cultivation of leaf lettuce

**ASM Inc.**  
Development, manufacture and sale of polyrotaxane-related products

\* Specified subsidiary



For the People of Tomorrow



## Tokuyama Corporation

Front Place Akihabara

7-5 Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-8618, Japan

Corporate Sustainability Division

<https://www.tokuyama.co.jp/eng/>