

Message from the President



Building on Ever-Better Decisions,
with an Eye to the Future of Tokuyama
and the Chemical Industry

The new President on Group strategy for maximizing corporate value

Tomohiro Inoue

Representative Director,
President and Executive Officer

Message from the President

My Mission: Developing Seeds Sown and Saplings Planted into the “Trunks” That Support Our Future Earnings

I joined Tokuyama in 1989. I would then go on to gain a wide range of experiences, including working in North America as an engineer at Figaro Engineering Inc., a semiconductor gas sensor company, before returning to Tokuyama in 2012. After working in planning roles in such areas as business promotion and corporate planning, I became General Manager of the Cement Manufacturing Department in 2018. I subsequently oversaw the Eco Business Division and the Corporate Planning Division as an executive officer and director before becoming the Company's Representative Director, President and Executive Officer on April 1, 2026. As General Manager of the Corporate Planning Division in 2024 and 2025, I led the formulation of Five-Year Business Plan 2030 (“FBP 2030”). Throughout that process, I was guided by the conviction that remaining a “good company” for customers, business partners, and employees and being a “good stock,” an attractive company to shareholders and investors, are not conflicting goals, and that maximizing corporate value requires us to further enhance our standing as both a “good company” and a “good stock.” I continue to hold this conviction. Drawing on the experience and knowledge I have gained across Group companies and business divisions, I am determined to drive Tokuyama to develop sustainably and devote myself to enhancing both its value as a company and its appeal as an investment stock.

Since assuming the presidency, my frank self-assessment is that I am still feeling my way toward the kind of management Tokuyama should aspire to. My predecessor, President Yokota (now Chairperson), spent the first five of his 11 years as President turning around the Company's crisis-stricken management. Over the next six years, he focused on sowing the seeds of continued growth and transforming the business portfolio based on a long-term outlook. My role as President and Executive Officer is to help the next generation of earnings sources grow from the “seeds” and “saplings” planted by the Chairman into strong, mature businesses with sturdy “trunks,” while accelerating the transformation of our business structure and putting Tokuyama's medium- to long-term growth on a firm footing. I will work in even closer partnership with all executive officers to discharge my duties to the fullest.

Accelerating Business Structure Transformation under MTMP 2025 through the Acquisition of the IVD and IVDM Businesses,¹ the Transfer of the Domestic Cement and Solidification Agents Sales Business, and Other Measures

In FY2025, the final fiscal year of Medium-Term Management Plan 2025 (“MTMP 2025”), quantitative targets were not achieved, partly due to external factors. Even so, we were able to lay the groundwork for the next stage. Net sales, operating profit, and ordinary profit all exceeded the previous fiscal year. Profit attributable to owners of parent declined year on year due to the impact of one-time extraordinary losses, but I see this as evidence that we were able to preserve



our existing growth trajectory. However, FBP 2030, launched in April 2026, carries forward the challenge of establishing a new earnings base centered on growth businesses.

Reflecting on the five years of MTMP 2025, we made meaningful progress in laying the foundations for the “transformation of our business portfolio,” a priority issue of particular emphasis. In the electronics field, we established bases in Malaysia and Vietnam and are strengthening the production and supply system for semiconductor-grade polycrystalline silicon. In the healthcare field, we acquired a company running IVD and IVDM businesses and took the first step toward full-scale expansion in the in vitro diagnostics and biochemistry domains. Meanwhile, we withdrew from overseas operations of our existing businesses that were unprofitable, and in Japan, we made the decision to transfer our domestic cement and solidification agents sales business. The business portfolio transformation ratio² rose dramatically on an operating profit basis, from 30% in FY2020 to 53% in FY2025. Using FY2020 as the base year, the operating profit growth rate (CAGR) for growth businesses was 18.7%, while the net sales growth rate (CAGR) was 9.6%.³ Both substantially exceeded the Company-wide growth rates. This demonstrates the steady progress made in our efforts to transform the business portfolio over the five years of MTMP 2025. I see the five years of MTMP 2025 as a pivotal period in which we built the organizational and business framework, or “skeleton,” needed to support dramatic future growth.

Although we achieved a measure of success, MTMP 2025 also left us with a number of challenges. MTMP 2025 defined the domains of electronics, healthcare, and the environment

Message from the President

as three growth businesses. All three are making steady progress. Electronic & Advanced Materials, in particular, is gaining on Chemicals in net sales and is steadily developing into one of the Company's principal earnings drivers in terms of operating profit. The reality, however, is that these businesses have yet to establish a stable earnings base comparable to Chemicals or Cement. Until now, funds generated by the Chemicals and Cement Business Divisions have been invested in building the foundations of growth businesses. Going forward, Electronic & Advanced Materials and Life Science must stand on their own feet and establish a cycle of investment, profit generation, and reinvestment within their respective segments. I believe our financial priorities must be to expand our operations, strengthen our earnings power, and further improve capital efficiency.

1. IVD and IVDM businesses = In vitro diagnostic pharmaceuticals business and in vitro diagnostic pharmaceuticals materials business
2. Business portfolio transformation ratio = (Operating profit or Net sales from growth businesses) ÷ (Total operating profit or Net sales before adjustments)
3. The net sales CAGR for growth businesses was calculated taking into account business reorganization during the period of MTMP 2025.

From “Transformation” to “Reinvention”: FBP 2030 Pursues the Irrevocable Reinvention of the Business Portfolio

Japan's chemical industry is now entering a historic period of upheaval. The effects of rising fuel and raw material costs caused by the conflict in the Middle East are likely to persist for some time. In Japan, a shrinking working population is making it more difficult to secure human resources, while at the macroeconomic level, concerns are mounting over a slowdown in GDP growth rate. At the same time, the growing adoption and use of AI are not only driving growth in the semiconductor market but also reshaping how companies are managed and their businesses are run, which in turn is helping business models evolve. How to develop the next growth scenario amid this rapidly changing environment has become an urgent management imperative for the Group as well. I believe it is vital to accurately identify the risks and opportunities inherent in the external environment, and to accelerate the pace of decision making.

With this awareness of the challenges we face, officers and employees across the Group will marshal their collective capabilities to advance FBP 2030, which covers the five years from FY2026 through FY2030. When formulating the plan, we updated one statement in our Vision from “Be a value-creative company that places first priority on R&D and marketing” to “Create value by starting with the customer.” We reviewed our Corporate Philosophy System and then established six material issues linked to our Vision.

“Create value by starting with the customer” means engaging in dialogue with customers to uncover new applications and value, and swiftly translate them into concrete form. To once again instill “solve customers’ problems” throughout the Group as the fundamental approach to running our business, we made clear that “putting the customer first” lies at the heart of being a value-creative company.

The six material issues were derived by distilling the elements required for Tokuyama to create value and realize its Vision. For example, for “Business Portfolio Reinvention,” we replaced the

word “transformation” used in MTMP 2025 with “reinvention” to express our unwavering resolve and commitment to an irrevocable strategy from which there can be no retreat. The two growth areas that will be key to this are Electronic & Advanced Materials and Life Science. The Eco Business still has the potential to radically transform. However, it currently remains a small-scale business in terms of sales, and for this reason we concluded that positioning it as a key driver of earnings would be premature.

In Electronic & Advanced Materials, we will steadily bring the production bases currently receiving investment into operation and focus on the stable supply of mainstay products, such as high-purity polycrystalline silicon, isopropyl alcohol for electronics manufacturing, fumed silica, and thermal management materials, while capturing new demand. In Life Science, our basic strategy for dental materials starts with OMNICHROMA®, our flagship dental filling composite resin, which created a new market with its One-Shade concept based on the principle of structural color. We plan to develop OMNICHROMA into a broader product series by offering a variety of product types, while improving production efficiency and strengthening overseas sales. For the IVD and IVDM businesses, in the short term we will expand our technological foundation and quickly generate sales synergies across the Group. Over the medium to long term, we will work to bring improved IVD raw materials, immunoassays,⁴ and new reagents to market, while developing new opportunities in cancer genomics as we further strengthen our existing position in the field. Tokuyama made A&T Corporation a wholly owned subsidiary in 2021 and has since worked to develop new in vitro diagnostic reagents. However, the technological barriers in the in vitro diagnostics field, particularly those involving antigens, antibodies, and particles, were formidable, and our entry into the field was far from smooth. We will advance these initiatives by drawing on the technologies of the companies that have joined the Tokuyama Group and the Group's own resources to break open a path to full-scale entry into the highly profitable in vitro diagnostic reagent business. For future net sales in the Life Science segment, we aim to reach approximately three times the FY2025 level by FY2035.

4. Immunoassay: A biochemical method that uses immune reactions to detect and quantify trace substances

Allocating More Than Half of Cash Outflows to Business Investment, with M&A Also in View

Over these past several years, Japanese corporate society has come to share a broad understanding of the importance of management that is conscious of the cost of capital and share price. The Tokuyama Group has long pursued sustained management initiatives to formulate and execute effective growth investments focused on capital returns and to enhance shareholder returns. However, as illustrated by the fact that the price-to-book (P/B) ratio remained below 1.0 until around April 2026, the results of these efforts have yet to become fully apparent. Under FBP 2030, we plan to strategically allocate capital so that approximately 54% of cash outflows will be directed to Capex in existing businesses and business investment in new businesses or products. The Company has clearly set out a policy of targeting a substantial

Message from the President

increase in profit by leveraging the high growth rates (CAGR) of Electronic & Advanced Materials and Life Science. Of this amount, 41% of Capex is to be allocated to Electronic & Advanced Materials and 48% to Life Science, while 11% will be allocated to the Chemicals and Eco Business. In Electronic & Advanced Materials, we will implement Capex to increase production of mainstay products such as IC chemicals and thermal management materials. We will also pursue R&D to reinforce the technologies already in our portfolio and R&D activities undertaken with the potential for external collaboration in mind. In Life Science, we will identify the technologies we need to support further growth and use inorganic approaches, including M&A, to expand the scope of the business domain and accelerate its growth.

Tokuyama considers returning profits to shareholders to be one of its key management priorities and seeks to grow shareholder value through steady profit growth generated by efficient investments, financing, and business activities, together with stable and continuous dividends. FBP 2030 established a policy for further enhancing shareholder returns by adopting DOE, which is less susceptible to fluctuations in annual performance, as a metric. The policy sets a minimum benchmark DOE of 3% and targets 4.0% in FY2030. In FY2025, we paid an annual dividend of 120 yen per share, representing DOE of 3.3% and a consolidated dividend payout ratio of 38.9%. If FBP 2030 progresses as planned, the annual dividend is expected to reach 213 yen per share in FY2030.

FBP 2030 sets targets of 407.5 billion yen in net sales, 57.0 billion yen in operating profit, an operating profit margin of 14.0%, ROE of 10.6%, and ROIC of 9.1%. Of these metrics, we

are most keenly focused on ROIC. Under FBP 2030, we are disclosing Company-wide ROIC and weighted average cost of capital (WACC) for the first time. We also use ROIC in day-to-day management as a business evaluation indicator, used for example when considering whether to continue businesses whose ROIC falls below WACC for two consecutive years. Investment decisions are likewise supported by detailed analysis based on ROIC. Company-wide ROIC exceeded WACC in FY2025 for the first time in four years. I interpret this as the result of the proactive investments in growth businesses we have made over the past several years coming to be reflected in our ROIC. We will continue to maintain a sound financial position, strike a balance between growth investment and shareholder returns, and enhance corporate value over the medium to long term.

Deepening Dialogue with Market Participants to Maintain and Improve P/E Ratio and P/B Ratio

Securing an appropriate market valuation that reflects the Group's true status and potential is another management imperative that requires a stronger response. Tokuyama's P/B ratio remained below 1.0 for many years. Although it has stayed above 1.0 since May 2026 thanks in part to strong stock market conditions, this is not yet a satisfactory level for a company reinventing its business portfolio toward Electronic & Advanced Materials and Life Science. We will continue efforts to optimize and improve the efficiency of capital, including by reducing strategic shareholdings. At the same time, through a range of initiatives such as promoting dialogue with shareholders and investors under my leadership and invigorating communication with stakeholders, we will foster understanding of the Group's management strategy and aim to become a company whose P/B ratio consistently exceeds 1.0.

Communicating information to overseas investors is also important. The depreciation of the yen has helped drive a growing trend among overseas institutional investors to purchase Tokuyama shares. Looking ahead, I hope to shore up ties with overseas investors through repeated communication and dialogue that look beyond Japan to address a global audience.

There is no factor more critical to improving the Company's market valuation and driving up its stock price than growth in its price-earnings (P/E) ratio. As the share price has risen, the Company's P/E ratio has ranged between 16 and 18 over the past several months. I believe the Company was previously regarded as a cement brand. For a company operating in the cement industry, a P/E ratio of 18 may indeed appear high. However, if investors came to view Tokuyama as a specialty chemicals company with businesses in semiconductor materials and healthcare, I think they would see that it could hardly be considered particularly overvalued. In fact, I believe institutional investors, analysts, and other market participants, as well as individual investors, are coming around to recognizing the Group as a market leader in a diverse range of cutting-edge fields, though progress on this front has been admittedly gradual. We will continue to communicate information appropriately and manage the Company in a manner that earns the trust of shareholders, investors, and the broader stock market.



Message from the President

Striking a Balance between Social and Economic Value

Since its founding in 1918, the Tokuyama Group has contributed to industrial development in Japan and around the world while maintaining harmony with the natural environment and local communities. Its history spanning more than a century has been one of challenges and reinvention aimed at enhancing the sustainability of economic society. When sustainability initiatives in the manufacturing sector are discussed, the focus tends to fall on environmental aspects such as reducing GHG emissions and promoting product recycling. However, I believe a company's foremost responsibility is to support industry and people's lives through its business activities. Changing our business model from energy-intensive mass production to high-efficiency, energy-saving businesses is also part of the corporate reforms we are undertaking with a decarbonized society in mind. The Group has designated "Take responsibility for and address issues related to global environment" as one of its materiality issues under FBP 2030 and is working to harmonize and integrate social and economic value.

One recent example of such initiatives is the conversion from coal-fired power to biomass fuel-fired power at the in-house power generation facilities operated by the Company at the Tokuyama Factory. We are also focusing on developing black pellet technology, which semi-carbonizes biomass to make it easier to handle. Of course, we must avoid allowing the cost of in-house power generation to place undue pressure on business operations. We will conduct a comprehensive comparative review of the various costs required for fuel conversion, including equipment maintenance and renewal costs and R&D expenses for new technologies, against such considerations as the level of GHG emissions reduction achieved and the extent to which they contribute to carbon neutrality. We will also consider alternatives to biomass fuels as we work to reduce environmental impact.

Becoming a Corporate Group That Rewards Customer Trust and Exceeds Expectations

I recognize that the Tokuyama Group's strengths lie in its ability to identify and pinpoint issues in customers' business and production activities through day-to-day dialogue and its ability to provide innovative solutions that resolve them. In other words, our strengths are our relationship-building and solution-creation capabilities. Tokuyama's employees have always considered matters from the customer's perspective and totally devoted themselves to resolving the business problems and issues customers face. This approach has earned the deep confidence of customers and business partners. That trust and spirit of co-creation are intangible assets of great importance for the Group that could not be replaced. Meeting customers' requests is, in and of itself, not especially difficult. What is difficult, but nonetheless essential, is exceeding customer expectations. Changes in objectives and redesigns of specifications are inevitable in corporate projects, and we must remember that these are the same challenges that our

customers face in their own projects. However, if we can propose solutions that far exceed customers' expectations, our goal will remain unchanged even if our customers' goals shift. It becomes easier to develop a strategy for achieving a goal if that goal remains stable. This in turn ultimately helps to control costs.

Companies cannot always make the "best" management decision. What managers can do is carefully assess the external environment that is always in flux together with the Company's current position and continue making progressively "better" choices. Recognizing that no decision can ever be 100% perfect, I am convinced that nothing is more important than swiftly making better management decisions suited to the circumstances particular to a given point in time.

FBP 2030 began in April 2026, marking the start of a new challenge to propel the Tokuyama Group to further growth. By steadily and surely addressing each of the six material issues, we will help pioneer new possibilities for the future of the Group, its stakeholders, the chemical industry, and people's lives. We would sincerely appreciate your continued support in the years ahead.

August 2026

Tomohiro Inoue



Looking Back on Medium-Term Management Plan 2025

Looking Back on Target Indicators

Under Medium-Term Management Plan 2025 ("MTMP 2025"), the Group continued to make upfront investments in the growth businesses of Electronic & Advanced Materials, Life Science, and Eco Business, while revising prices and rationalizing its business to shore up its earnings base. These efforts boosted operating profit from 30.9 billion yen in FY2020 to 37.0 billion yen in FY2025. Growth businesses also achieved strong growth, with an operating profit compound annual growth rate (CAGR) of 18.7% and a net sales CAGR of 9.6%. The business foundation that will support future growth is steadily taking shape. Net sales increased to 349.4 billion yen. ROE, however, fell to 8.2% due to a decrease in profit attributable to owners of parent resulting from the recording of extraordinary losses and other factors, leaving it below the target. Although the business environment underwent significant change during the medium-term management plan period, we were able to continue investing in growth businesses and steadily strengthen profitability as we responded to these changes. This was an important achievement leading into Five-Year Business Plan 2030 ("FBP 2030").

Progress in Business Portfolio Transformation

Under MTMP 2025, the Group steadily transformed its business portfolio by allocating management resources to growth businesses. Operating profit from the growth businesses of Electronic & Advanced Materials, Life Science, and Eco Business increased from 10.2 billion yen to 24.2 billion yen, representing a CAGR of 18.7%. Net sales also rose from 99.1 billion yen to 147.2 billion yen, while the operating profit margin improved substantially from 10.3% to 16.4%. As a result, growth businesses now account for 53% of operating profit, up from 30%, and 41% of net sales, up from 35%. The traditional Chemical and Cement businesses, for their part, underpin the Group's overall earnings by maintaining stable profitability while reinforcing their business foundations and improving efficiency. These initiatives have steadily advanced the transformation of the business portfolio. Under FBP 2030, we will invest further in growth businesses to improve earnings power and capital efficiency and bring about business portfolio reinvention.

KPI		FY2020 ³	FY2025		Gap (Actual – Target)
		Base year	Target	Actual	
Operating profit		¥30.9 billion	¥45.0 billion	¥37.0 billion	(¥8.0) billion
CAGR	Consolidated	—	—	3.7%	—
	Growth businesses ¹ only	—	—	18.7%	—
Net sales		¥259.2 billion	¥400.0 billion	¥349.4 billion	(¥50.5) billion
CAGR ²	Consolidated	—	—	6.2%	—
	Growth businesses ¹ only	—	10.0% or more	9.6%	(0.4)%
ROE		13.4%	11.0% or more	8.2%	(2.8)%
Assumptions					
Exchange rate		¥106/USD	¥105/USD	¥151/USD	—
Domestic naphtha price		¥31,200/kL	¥32,500/kL	¥65,300/kL	—

1. "Growth businesses" refer to the three businesses of Electronic & Advanced Materials, Life Science, and Eco Business.

2. The net sales CAGR for growth businesses was calculated taking into account business reorganization during the period of MTMP2025.

3. The new revenue recognition standard took effect in FY2021. To enable comparison on the same basis, the standard was also applied to the FY2020 figures, which are provided here for reference.

Looking Back on Medium-Term Management Plan 2025

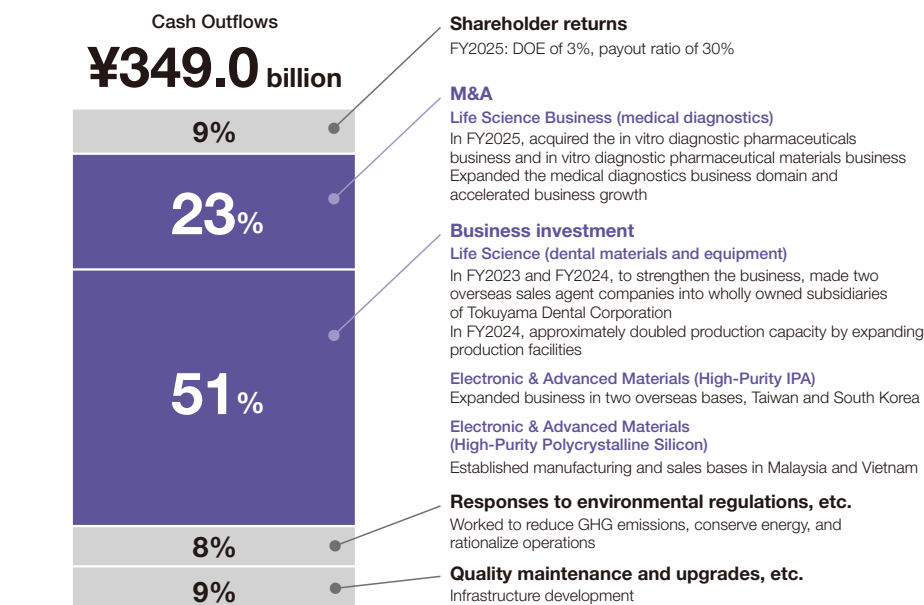
	Operating profit			Net sales		
	FY2020 ²	FY2025	CAGR	FY2020 ²	FY2025	CAGR
Business portfolio transformation ratio ¹	30%	53%	—	35%	41%	—
Growth businesses	¥10.2 billion	¥24.2 billion	18.7%	¥99.1 billion	¥147.2 billion	8.2%
Traditional businesses	¥18.0 billion	¥19.2 billion	1.3%	¥130.5 billion	¥173.1 billion	5.8%
Others	¥5.7 billion	¥2.0 billion	—	¥52.0 billion	¥41.7 billion	—
Total before adjustments	¥33.9 billion	¥45.4 billion	—	¥281.6 billion	¥362.0 billion	—
Adjustments	(¥3.0) billion	(¥8.4) billion	—	(¥22.4) billion	(¥12.5) billion	—
Consolidated total	¥30.9 billion	¥37.0 billion	3.7%	¥259.2 billion	¥349.4 billion	6.2%

1. Business portfolio transformation ratio = (Operating profit or Net sales from growth businesses) ÷ (Total operating profit or Net sales before adjustments)

2. The new revenue recognition standard took effect in FY2021. To enable comparison on the same basis, the standard was also applied to the FY2020 figures, which are provided here for reference.

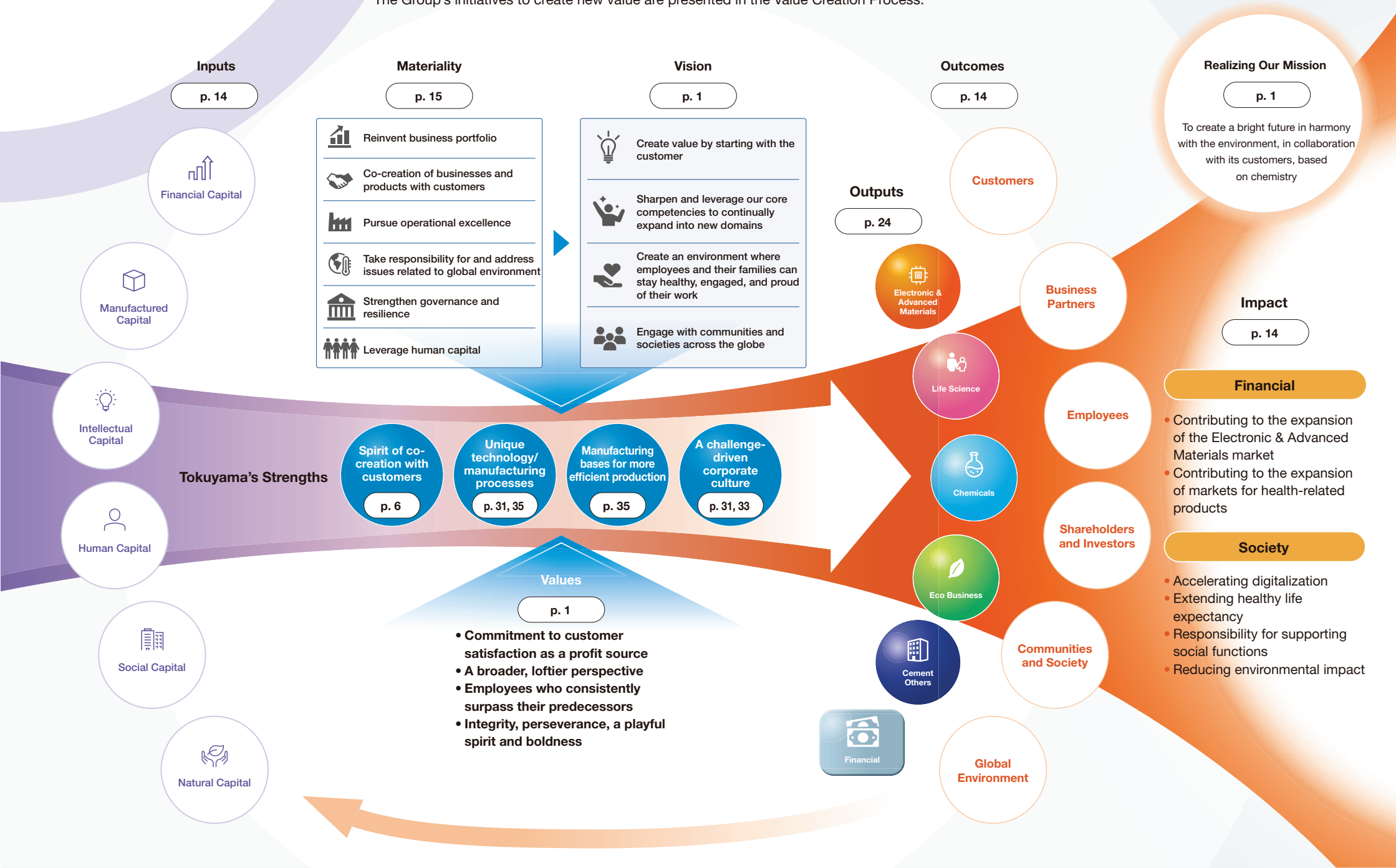
Cash Flow Allocation

Under MTMP 2025, while maintaining financial soundness and stability, we allocated cash flow under a policy of prioritizing funding for areas directly linked to enhancing Tokuyama's corporate value, including the three growth businesses of Electronics, Health, and Environment, as well as DX, human capital, and measures to reduce GHG emissions. Of the total cash outflow of 349.0 billion yen, approximately half was allocated to business investment, primarily to expand production capacity and overseas operations in growth businesses such as Electronic & Advanced Materials and Life Science. In Life Science, we are broadening our business portfolio through acquisitions in areas such as in vitro diagnostics. At the same time, we are reinforcing the growth foundation for dental materials by making overseas agent sales companies subsidiaries and expanding production capacity. In addition, we made ongoing investments in infrastructure development to address environmental regulations and maintain and upgrade quality as we continued to deliver stable shareholder returns under our basic policy of a 3% DOE and a payout ratio of at least 30%.

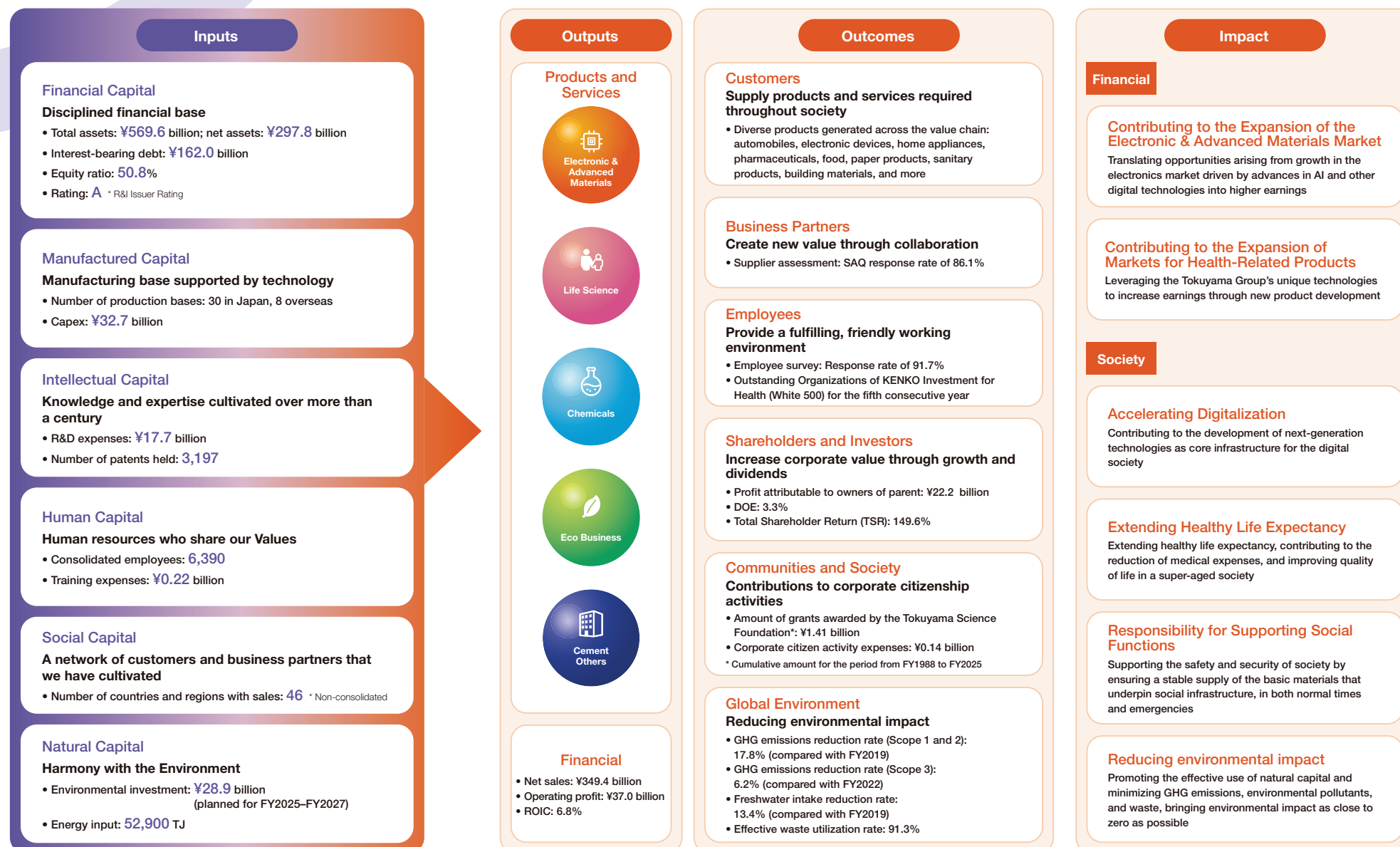


Value Creation Process

The Tokuyama Group will leverage the capital and strengths it has cultivated to realize the future set out in its Mission. The Group's initiatives to create new value are presented in the Value Creation Process.



Value Creation Process



* Figures for the fiscal year ended March 2026 have been retrospectively adjusted following the finalization of the amount of goodwill for the Tokuyama Life Science Group.

Materiality

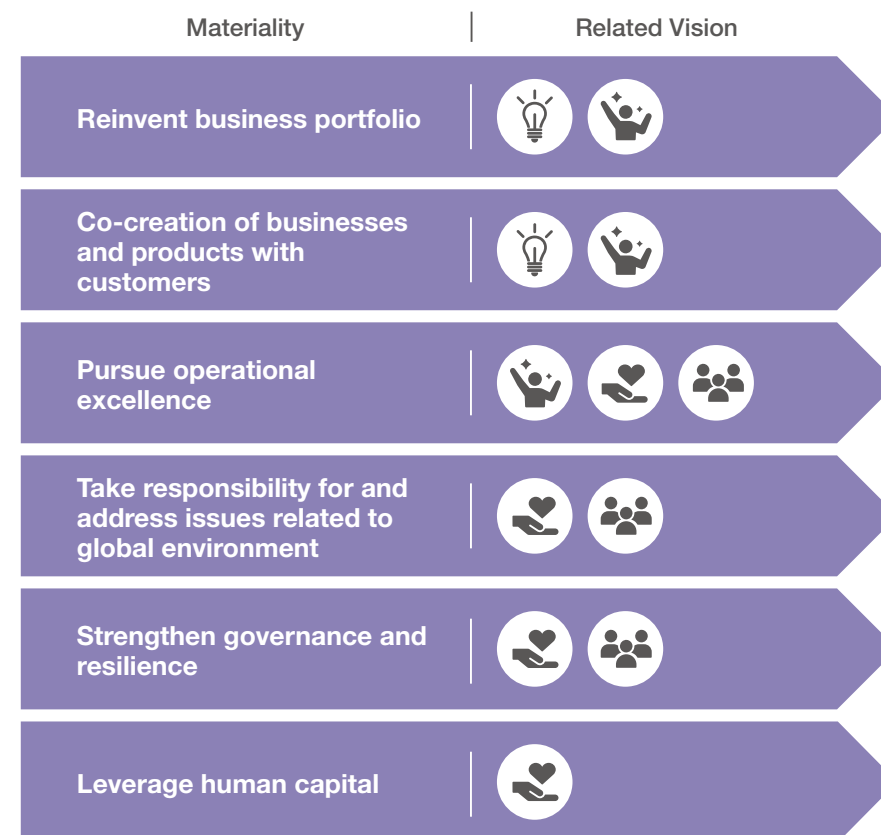
Updates under Five-Year Business Plan 2030

In the newly disclosed Five-Year Business Plan 2030 ("FBP 2030"), we have updated our materiality to be based on Company-wide priority issues, building on our former CSR priorities. Our position that realizing the "Vision" is necessary to realize the "Mission" under Tokuyama's corporate philosophy remains unchanged. However, FBP 2030 provided an opportunity to reassess the issues and resubmit them as our materiality. In addition to these former CSR priorities, the new materiality also incorporates management indicators necessary for Tokuyama's medium- to long-term growth. The new materiality provides a comprehensive overview of the initiatives required for Tokuyama to remain sustainable.

"Reinvent business portfolio" expresses our uncompromising determination to change from

within, as reflected in the change in wording from "transformation" to "reinvention." "Co-creation of businesses and products with customers" captures our aspiration to create businesses and products that deliver value far exceeding customer expectations. "Pursue operational excellence" expresses our determination to first secure the manufacturing fundamentals of safety, the environment, and quality, and then to strive to reach even greater heights. "Take responsibility for and address issues related to global environment" expresses our commitment to fulfill our responsibilities as a business while taking on the challenge of resolving social issues through our operations. "Strengthen governance and resilience" expresses our promise to never betray the trust of our stakeholders, regardless of the circumstances. "Leverage human capital" expresses our belief in the importance of cultivating our valued personnel and growing together with them.

Tokuyama's Vision



Materiality

Update Process

We updated our materiality through the process shown at right. First, we prepared a draft based on the CSR issues identified to date and the important management issues recognized by the Company, incorporating expert opinions and insights gained through dialogue with stakeholders. The draft was then refined through multiple rounds of discussion among the executive officers. Finally, we revised the draft through further dialogue with the directors, including external directors, and finalized it as our new materiality.

STEP 1	Draft preparation	Prepare a draft based on the important management issues recognized by the Company and the CSR issues identified to date, incorporating expert opinions and insights gained through dialogue with stakeholders
STEP 2	Discussions among the executive officers	Use the draft prepared in Step 1 as the basis for several rounds of discussion among the executive officers to further refine the draft
STEP 3	Discussions with directors	Further refine the draft through discussions with the directors, including external directors
STEP 4	Identification of new materiality	Develop the draft into a framework that comprehensively presents the initiatives required for Tokuyama to remain sustainable by including, in addition to the priority CSR issues emphasized to date, the management considerations necessary for Tokuyama's medium- to long-term growth

Overview of Materiality

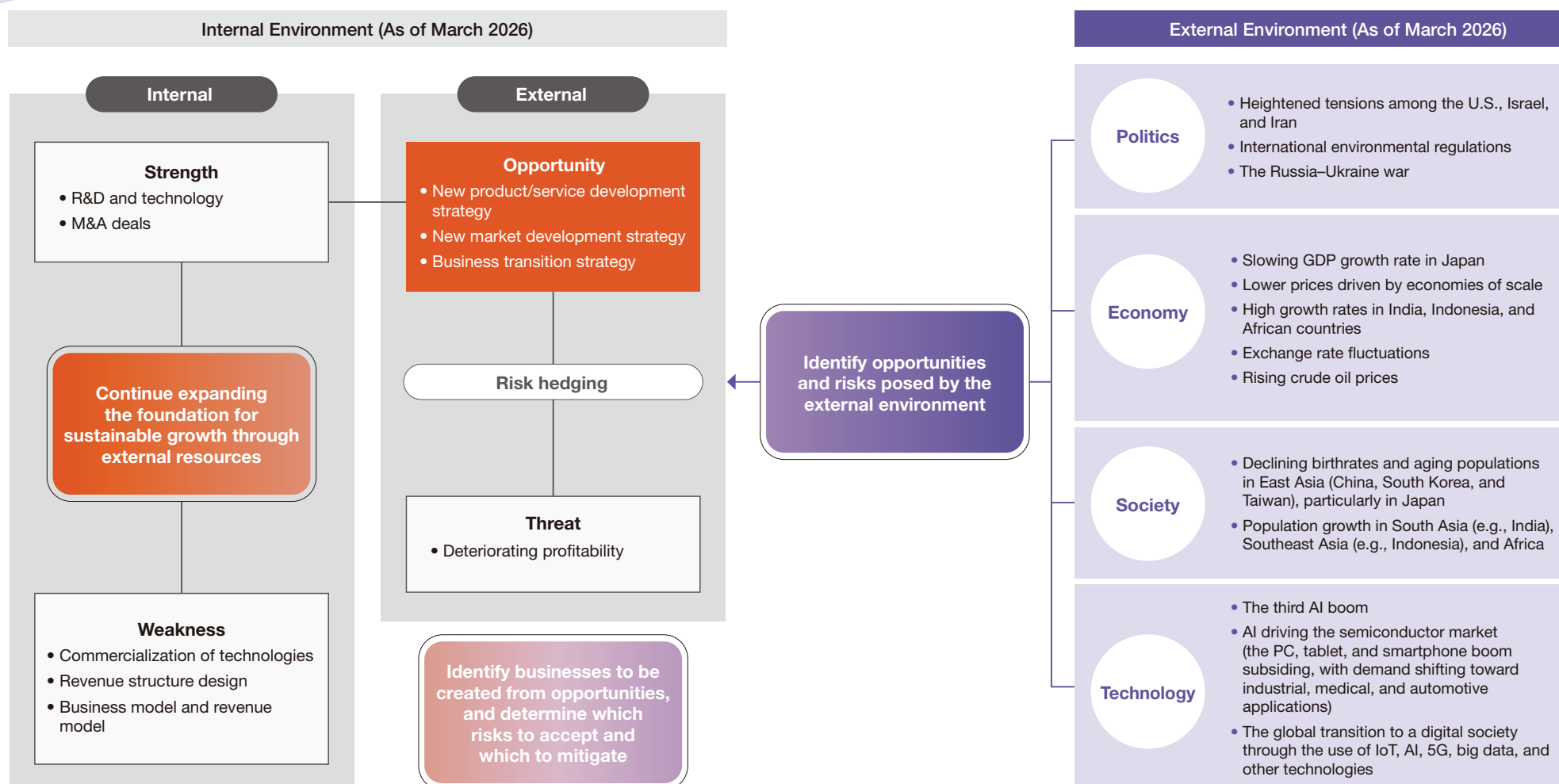
Materiality	Objective/Background of Selection as Materiality	Key Initiatives
Reinvent business portfolio	Accelerate the shift to a business structure centered on the electronics and healthcare fields to achieve medium- to long-term growth.	- Investing concentrated in growth areas - Entering new fields through business investment - Restructuring and realigning businesses
Co-creation of businesses and products with customers	Achieve growth by identifying customer needs and industry trends, and by becoming an organization that continuously creates new businesses and products through fresh perspectives and R&D.	- Continuously creating new products to meet customer needs - Pursuing strengths such as proprietary technology, products, and knowhow - Developing new products, applications, and markets
Pursue operational excellence	Improve operational efficiency through DX (digital transformation), AI, and other technologies to maintain competitiveness, and ensure safe and stable business operations.	- Reforming business processes by leveraging AI, etc. - Establishing reliable supply chains - Continuing to manufacture safely and stably
Take responsibility for and address issues related to global environment	Fulfill our responsibility as a chemical manufacturer reliant on natural capital to protect the richness of nature and the environment, particularly by steadily reducing GHG (greenhouse gas) emissions, which have a significant environmental impact.	- Reducing GHG emissions - Creating environmentally friendly products that meet societal needs - Minimizing environmental impacts and preserving the richness of nature and the environment
Strengthen governance and resilience	Ensure high-quality management through legal compliance, consideration for diverse stakeholders, and enhanced risk management.	- Building sound and favorable relationships with stakeholders - Promoting responsible value chain management - Strengthening organizational resilience through an all-hazard approach
Leverage human capital	Strengthen medium- to long-term competitiveness by ensuring a diversity of knowledge and experience essential for sustainable growth and developing highly engaged personnel.	- Developing highly engaged personnel - Improving the effectiveness of organizational management in enabling diverse personnel to thrive - Practicing health and productivity management

Note: A more detailed version that includes KGIs and KPIs will be disclosed at a later date.

Assessment of Our Business Environment

While formulating Five-Year Business Plan 2030 ("FBP 2030"), we analyzed the Company's internal and external environments. We expect our external environment to undergo changes including heightened geopolitical risks, surging raw material and fuel prices, the rapid advancement of technologies such as AI, and economic and population growth in emerging countries. Meanwhile, our internal environment assessment identifies the technologies we have developed over the years and our M&A experience as strengths, but recognizes that developing them into businesses that generate stable earnings remains a challenge.

We formulated a plan that focuses primarily on expanding our business in the electronics and healthcare fields, which are expected to grow, while also taking into account opportunities for new product development and business creation and the need to mitigate risk. As we implement the plan, we will draw on external resources through M&A, partnerships, and other means as needed.

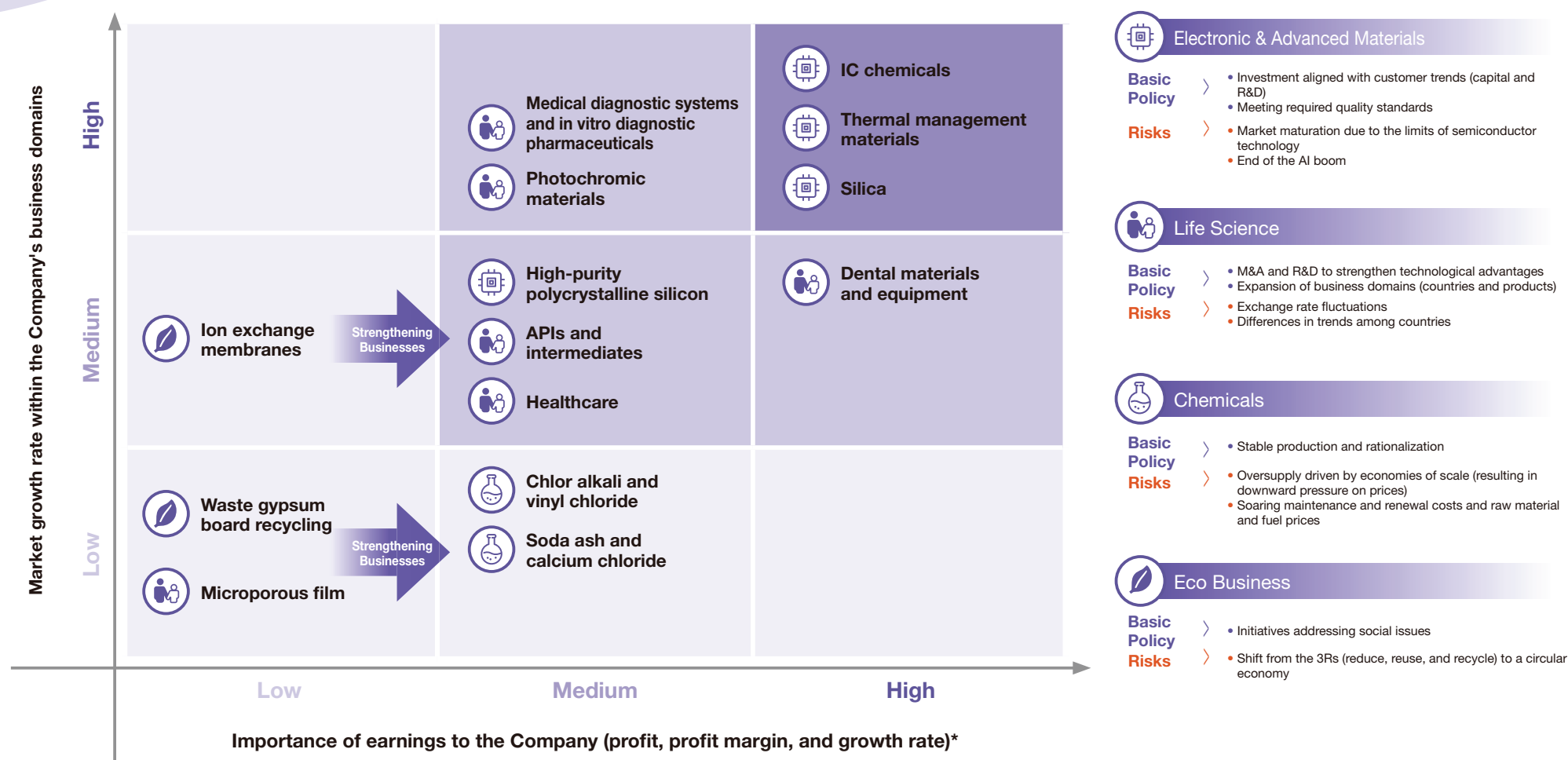


Five-Year Business Plan 2030

Business Portfolio Management Policy

When formulating Five-Year Business Plan 2030 ("FBP 2030"), we classified our business segments into nine categories along two axes, "Market growth rate within the Company's business domains" and "Importance of earnings to the Company," based on our understanding of the business environment. We then established a portfolio management policy for each business. Both

Electronic & Advanced Materials and Life Science have been designated as priority fields with high market growth potential and profitability. We will expand these businesses through Capex, R&D, M&A, and other measures. We will also work to strengthen the Chemicals and Eco Business, primarily through rationalization, and thereby improve their profitability. We will achieve business portfolio reinvention and sustainably enhance corporate value through appropriate management of our business portfolio that takes into account growth potential and profitability.



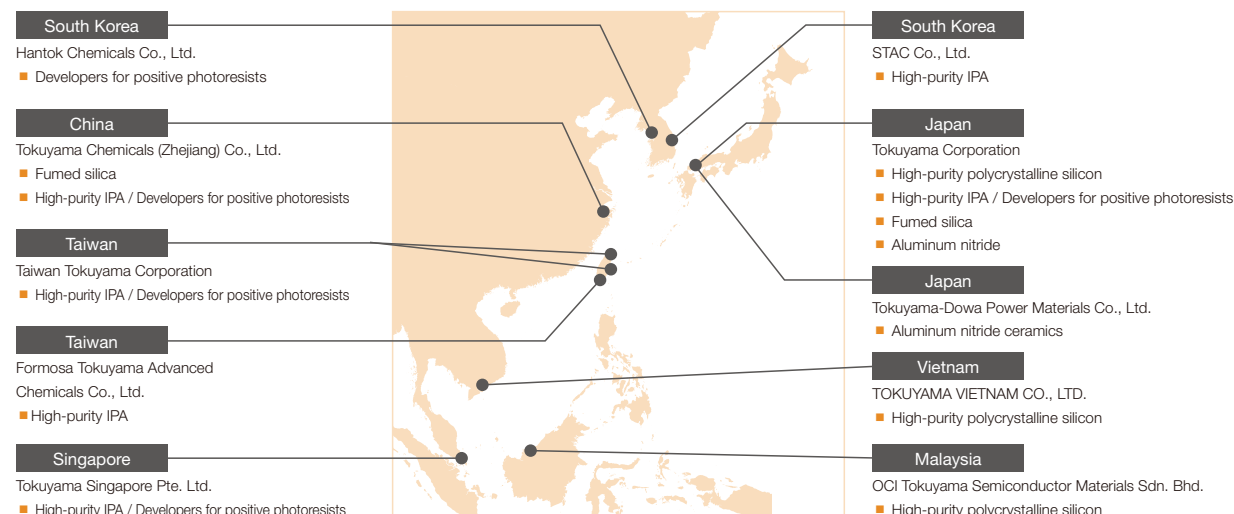
* Tokuyama's proprietary assessment, which considers profit margins and growth rates in addition to the amount of profit

Five-Year Business Plan 2030



Electronic & Advanced Materials

The Tokuyama Group draws on the trace analysis technologies it has cultivated over many years to maintain a system capable of supplying the high-purity, high-quality, and high-performance products essential to growth in the semiconductor market. We have established supply bases for high-purity IPA in Taiwan and South Korea, which are major centers of semiconductor production, and put in place a system that allows us to respond quickly to customer demand, while also working to identify technical needs at an early stage. We aim to supply high-purity polycrystalline silicon products with the world's lowest carbon footprint (CFP) by using green electricity in Malaysia and Vietnam, underpinned by world-leading quality control and technological capabilities. Our thermal management materials are highly regarded across a wide range of semiconductor-related applications, and we will continue expanding sales and introducing new products.



Life Science

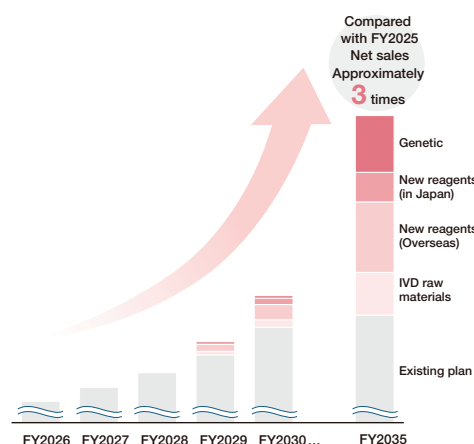
In Life Science, we aim to achieve dramatic medium- to long-term growth and help realize a society in which people live longer, healthier lives by bringing together the strengths of our Group companies to create powerful synergies.

Toward FY2030, we will develop IVD¹ raw materials, immunoassays,² new reagents that use those materials, and new sensors for specimen testing, with the aim of launching them in Japan and overseas. We will also expand the clinical evidence base for genetic testing products as part of our move into cancer genomic testing. From FY2031 to FY2035, we plan to enter the POCT³ market and launch products in the field of cancer genomics. These initiatives are intended to drive strong growth in Life Science, with net sales targeted to reach approximately triple the FY2025 level by FY2035.

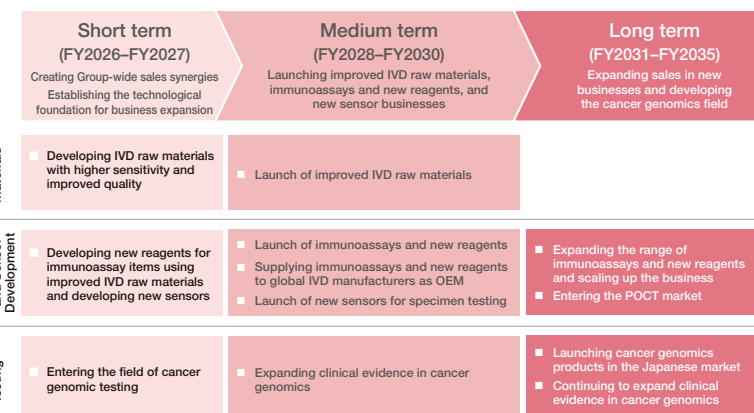
1. IVD: In vitro diagnostic pharmaceuticals

2. Immunoassay: A biochemical method that uses immune reactions to detect and quantify trace substances

3. POCT: Point of Care Testing conducted at clinical sites for immediate diagnostic results



Business Roadmap and Action Plan



Five-Year Business Plan 2030

Management Targets

Five-Year Business Plan 2030 ("FBP 2030") sets profitability, capital efficiency, and shareholder returns as metrics for its management targets. Over the five years through FY2030, we plan to increase net sales from 349.4 billion yen to 407.5 billion yen and operating profit from 37.0 billion yen to 57.0 billion yen, while improving the operating profit margin from 10.6% to 14.0%. Although

the transfer of the domestic cement and solidification agent sales business will reduce net sales, growth in Electronic & Advanced Materials and Life Science is expected to more than offset this decline. We also plan to improve capital efficiency, aiming to increase EPS from 309 yen to 551 yen, ROE from 8.2% to 10.6%, and ROIC from 6.8% to 9.1%. In addition, we intend to strengthen shareholder returns by raising DOE from 3.3% to 4.0%. The plan assumes an exchange rate of 150 yen to the US dollar and a domestic naphtha price of 63,000 yen per kL.

		Unit	FY2025 (Actual)	FY2030 (Target)	CAGR FY2025 → FY2030
	Net sales	Billions of yen	349.4	407.5	3.1%
Profitability	Operating profit	Billions of yen	37.0	57.0	9.0%
	Operating profit margin	%	10.6	14.0	—
	Earnings per share (EPS)*	Yen	309	551	—
Capital efficiency	Return on equity (ROE)	%	8.2	10.6	—
	Return on invested capital (ROIC)	%	6.8	9.1	—
Shareholder returns	Dividend on equity (DOE)	%	3.3	4.0	—

* The number of shares outstanding used to calculate EPS was based on the actual number of shares outstanding for FY2025.

Assumptions					
Exchange rate	US dollar	Yen	151	150	—
Domestic naphtha price	per kL	Yen	65,300	63,000	—

Message from the Executive Officer in Charge of Finance

With trust as our foundation, we will accelerate business portfolio reinvention through financial and capital strategies that emphasize capital efficiency, with the aim of maximizing corporate value.

Yoshinori Katayama

Executive Officer,
Deputy General Manager,
Corporate Planning Division
and General Manager,
Finance & Investment
Management Department

Financial and Capital Strategies Based on Stakeholder Trust

I currently serve as both Deputy General Manager of the Corporate Planning Division and General Manager of the Finance & Investment Management Department. What distinguishes my role from that of a typical chief financial officer (CFO) is my close involvement in specific areas of corporate strategy, including formulating Group-wide investment policies, developing medium- to long-term investment plans, and reviewing and monitoring the progress of individual investment projects, such as M&A transactions. Business and investment strategies must work in tandem with financial and capital policies to enhance corporate value. I believe the current organizational structure, under which the same individual serves as Deputy General Manager of the Corporate Planning Division and leads finance and investment management, makes very good sense in terms of making our management strategy more effective.

The trust we share with a wide range of stakeholders, such as shareholders and investors, customers, business partners, local communities, and employees, is for me the most important consideration in carrying out my duties. It is through these relationships that corporate value is created, and I believe that the trust underlying them is the foundation of management. I strive to make decisions that maintain capital returns as their fundamental benchmark while taking into account how those decisions will affect each stakeholder, especially when deciding on major investments.

Tokuyama does business as a comprehensive chemical manufacturer, but with consolidated net sales of 349.4 billion yen in FY2025, we are by no means a corporate titan. Our financial resilience cannot match that of industry leaders with net sales exceeding 1 trillion yen. If our decisions on growth investments or capital policy stray from sound and appropriate judgment, we could directly undermine the Company's financial foundation and, in the worst case, pose a direct threat to its survival. Moreover, the Company is independent and does not belong to a specific corporate group. For this reason, although we may receive various forms of support from stakeholders when confronted with changes to the external environment, we ultimately must overcome challenges through our own efforts. Given such an environment, I believe I have an important mission to maintain an adequate financial foundation while utilizing sound financial and capital strategies to lead the Group toward sustainable growth and higher corporate value.

Message from the Executive Officer in Charge of Finance

Results and Tangible Progress in Business Portfolio Transformation under MTMP 2025

Although consolidated results for FY2025, the final year of Medium-Term Management Plan 2025 ("MTMP 2025"), fell short of the targets set forth in the plan, net sales, operating profit, and ordinary profit were all up from FY2024. Profit attributable to owners of parent declined due to the impact of one-time extraordinary losses, but we have kept the scale of this decline to a minimum. Broken down by business segment, Chemicals posted lower profit due to the prolonged weakness of the vinyl chloride market and other factors, while Cement achieved record-high operating profit. The growth businesses of Electronic & Advanced Materials and Life Science both achieved an increase in revenues and profits. Electronic & Advanced Materials was especially strong. Operating profit reached 164% of the FY2024 level, making the business a major driver of Company-wide earnings growth.

The greatest achievement of MTMP 2025 was the steady progress made in "transforming our business portfolio," one of the priority issues under the plan. In FY2025, we continued to reassess our existing businesses, as reflected in measures such as withdrawing from unprofitable overseas operations and deciding to transfer the domestic cement and solidification agent sales business. At the same time, we actively invested in growth areas through initiatives such as establishing overseas bases for high-purity polycrystalline silicon and pursuing M&A in the IVD and IVDM businesses. These initiatives resulted in Company-wide ROIC of 6.8% in FY2025, compared with WACC of 6.5%, marking the first time in four fiscal years that ROIC had exceeded WACC.

Accelerating Business Portfolio Reinvention Through Growth Investment Focused on Capital Efficiency

The Tokuyama Group is now focused on advancing Five-Year Business Plan 2030 ("FBP 2030"), which launched in April 2026. Under FBP 2030, we will further accelerate business portfolio reinvention anchored by Electronics and Healthcare, pursue sustained profit growth, and enhance corporate value.

We have set operating profit of 57.0 billion yen, operating profit margin of 14.0%, ROE of 10.6%, and ROIC of 9.1% as our management targets for FY2030, the final year of FBP 2030. Accelerating business portfolio reinvention will improve capital efficiency and put in place an earnings structure in which ROIC consistently exceeds WACC.

Under our five-year capital allocation plan, approximately 54% of cash outflows will be allocated to business investment. We will also allocate capital in a balanced manner to infrastructure for quality maintenance and improvement, environmental measures, and other areas, as well as to shareholder returns.

As management resources are finite, maximizing corporate value requires us to concentrate resources on growth areas that meet pressing social needs while also offering strong earnings

potential. Even among growth areas, however, the required scale of investment, payback period, market growth rate, and contribution to performance vary by business.

With this in mind, Electronic & Advanced Materials will pursue organic growth through proprietary technologies, while Life Science will seek to further expand the scale of operations, with the use of external resources, including M&A, also under consideration. We will also invest in equipment renewal and environmental measures in businesses such as Chemicals that serve as cash cows to improve productivity and profitability. For R&D, the wellspring of our competitiveness, I believe it is important to select themes with a clearly defined path to commercialization and profitability, particularly in growth areas, and funnel development resources into them.

Optimization of our capital structure is another important issue. We will maintain a framework that allows us to flexibly draw on diverse sources of financing while managing our finances with due consideration paid to our credit rating. In addition, given that we expect to make further progress in recovering funds from investments made in the past, we intend to formulate and execute future investment plans while closely monitoring the status of that recovery.

Five-Year Business Plan 2030: Capital Allocation

Five-Year Business Plan (FY2026 to FY2030)

	Cash Inflows	Cash Outflows	
Profitability - Operating profit CAGR (Growth rate from FY2025 to FY2030) - Operating profit margin (FY2030)	Operating cash flow + Investing cash flow (business divestitures, etc.)	Business investment - Capex - R&D: Growth investment in existing businesses and upfront investment for the future, etc. (excluding R&D expenses) - M&A: Expansion of business domains, acquisition of technologies, securing of talent, etc.	Approx. 54%
		Quality maintenance and improvement, etc. Infrastructure investment, etc.	Approx. 12%
		Environmental measures, etc. Reducing GHG emissions, etc.	Approx. 8%
		Shareholder returns Target a DOE of 4.0% in FY2030 (guideline) and pursue continuous dividend increases	Approx. 14%
		Repayment of long-term borrowings	Approx. 12%

Note: Cash outflows (allocation of funds) are based on assumptions at the time FBP 2030 was formulated (funds will be reallocated once it becomes possible to formulate the FY2026 performance forecast).

Message from the Executive Officer in Charge of Finance

Shareholder Returns Enhancement and Dialogue with the Capital Markets

Our basic policy on shareholder returns is to provide stable and continuous dividends based on dividend on equity (DOE), which is less susceptible to fluctuations in performance between fiscal years. DOE was 3.3% in FY2025, and we aim to raise it to 4.0% by FY2030, the final year of FBP 2030. We project an annual dividend of 213 yen per share in that year, provided we achieve the management targets under FBP 2030. This would represent a consolidated payout ratio of 38.7%. P/E ratio and P/B ratio are currently at high levels following the rise in the stock price. However, with the business environment changing by the day, I believe we must guard against excessive optimism. We will work to enhance corporate value sustainably while maintaining a P/E ratio of 10 and a P/B ratio of 1.0 as our minimum acceptable benchmarks for those indicators.

Another of my duties is to engage in more robust dialogue with shareholders, investors, and other capital market participants, bring the insights and new perspectives gained through that dialogue back into the Company, and translate them into the next measures we undertake. Tokuyama has earned considerable recognition for its sound management, while at the same time facing criticism that it needs to communicate more effectively to those outside the Company. In recent years, as we have advanced the transformation of our business portfolio, the capital markets have begun to recognize our initiatives in growth areas such as electronics and healthcare. The results of this are gradually becoming evident in our P/E ratio, P/B ratio, and market capitalization. Going forward, I would like to expand opportunities for dialogue with institutional investors and analysts, and carefully and precisely communicate the soundness of our growth and financial strategies and how they are progressing, with the aim of earning even greater recognition from the capital markets and society at large.

Advancing ROIC Management Through Flexible Approaches That Build on the Strengths of Our Principle of Self-Sufficiency —Toward Further Enhancement of Corporate Value

With a history spanning more than a century, Tokuyama has built its businesses under the principle of self-sufficiency, drawing on technologies and intellectual property developed in-house. However, in challenging situations that require rapid expansion into new domains or quick creation of new businesses, adhering too rigidly to the principle of self-sufficiency can prolong development, hinder the establishment of a business foundation, delay the launching of businesses, and consequently postpone recovery of investments. This can also depress capital efficiency indicators such as ROIC and ROE.

Recognizing this, under MTMP 2025 the Company began actively using inorganic approaches such as M&A and joint ventures to transform its earnings structure. We will continue this policy under FBP 2030 as well and consider M&A as a viable option, particularly in the Life Science business, where a high degree of specialization is required.

In recent years, this way of thinking about ROIC and WACC is also taking hold not only among management and financial divisions, but within each of our business divisions. Every year, the Company evaluates all businesses using ROIC and WACC and shares the results with the respective business divisions. This has given our employees more opportunities to be aware of capital efficiency and capital returns in their day-to-day work.

Financial and capital strategies cannot be executed by financial divisions alone. They become effective only when every employee, from R&D through sales and logistics, acts with productivity and profitability in mind.



Maintaining Financial Discipline to Support Sustainable Growth

To maximize corporate value, the Tokuyama Group must maintain sound financial discipline and establish a strong financial foundation. The Company once recorded substantial impairment losses in its polycrystalline silicon business in Malaysia, leading to severe underperformance and a crisis that threatened its very survival. As someone who personally experienced that difficult period, I always keep the importance of financial soundness in mind when making managerial and financial decisions.

There are occasions during internal decision-making when I also serve as a brake. While the external directors perform a supervisory function, the executive side cannot do without someone who can apply financial discipline when strategies or measures are rushed or go too far. I recognize that, in an era of dramatic change in the business environment, my responsibilities also include dispassionately keeping an eye on strategy execution, which can easily gain too much momentum, and encouraging a change of course when necessary.

The business environment is at a major inflection point, shaped by fluctuations in raw material and fuel prices amid worsening geopolitical risks, changes in Japan's domestic market due to the declining birthrate and aging population, and advances in AI and DX, among other developments. While precisely grasping the nature of these changes, I will support the Tokuyama Group's efforts to achieve sustainable growth and maximize corporate value from the financial side of things, and meet the expectations of all our stakeholders.