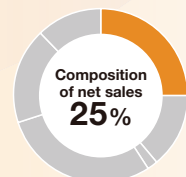


Business Overview



Electronic & Advanced Materials

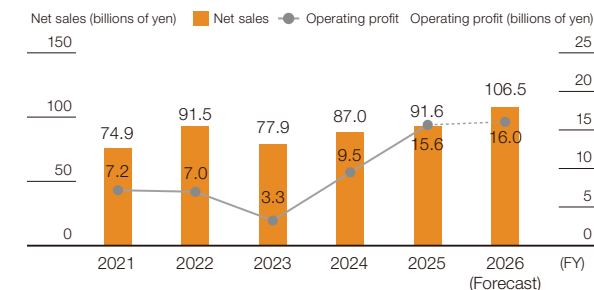


Progress of Strategy by Product Area

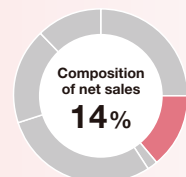
Product Area	FY2025 Results	Plan for FY2026 Onward
Silicon	- Began construction of a plant producing polycrystalline silicon for semiconductors in Malaysia - Completed construction of a plant producing polycrystalline silicon for semiconductors in Vietnam	Establish new plants in Malaysia and Vietnam, verify quality, and obtain customer approval
IC chemicals	- Strengthened development and verification framework for chemical solution recycling technology - Established a system for the stable supply of high-purity IPA (isopropyl alcohol)	- Accelerate efforts to realize IPA recycling - Expand production capacity for high-purity IPA
Silica	Strengthened the stable supply of core silica-related products and enhanced customer responsiveness	- Expand into cutting-edge fields, CASE,* and personal care applications - Expand sales of hydrophobic silica - Enter the field of organic silicone
Thermal management materials	Expanded product lineup and enhanced production capacity for aluminum nitride and boron nitride filler products	- Launch silicon nitride - Application development and expansion into downstream fields - Enhance production capacity to accommodate rising demand

* Coating, adhesive, sealant, elastomer

Performance Trend



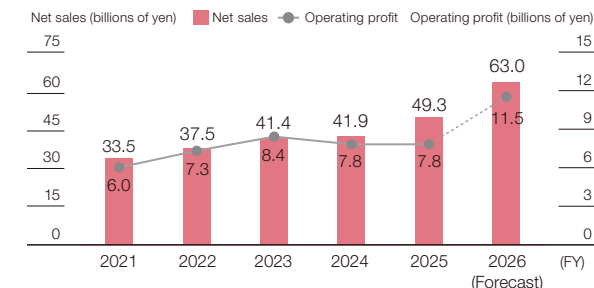
Life Science



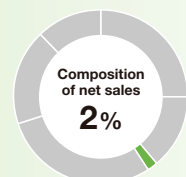
Progress of Strategy by Product Area

Product Area	FY2025 Results	Plan for FY2026 Onward
Fine chemicals	- Plastic lens-related materials: Developed and commercially launched next-generation photochromic materials - Healthcare: Developed rare pharmaceutical ingredients and established a manufacturing system for commercialization	- Plastic lens-related materials: Increase market penetration and market share of next-generation photochromic materials - Healthcare: Develop rare pharmaceutical ingredients and enhance pipeline for commercialization
Dental materials and equipment	- Increased market share by further expanding overseas sales, primarily of composite resins - Improved production efficiency through appropriate capital investment to expand capacity and advancement of automation	- Make planned and continuous capital investments and further expand production capacity with an eye toward business expansion - Accelerate the development of new materials to support growth in the digital dentistry field
Medical diagnosis systems	- Expanded business portfolio through the acquisition of an in vitro diagnostic pharmaceuticals business - Expanded domestic production system and established a supply base in China to grow the electrolyte business	- Explore business synergies centered on MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. - Develop new products to grow the medical materials business

Performance Trend



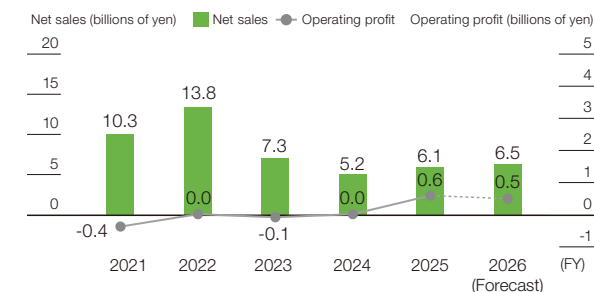
Eco Business



Progress of Strategy by Product Area

Product Area	FY2025 Results	Plan for FY2026 Onward
Environment	- Waste gypsum board recycling: Expanded collection in regions where waste gypsum is in demand and maintained stable operations - PV panel recycling: Began developing second-generation pyrolysis technology and reviewed business models for recycling processing	- Waste gypsum board recycling: Expand collection in response to growing momentum toward resource circulation and reconstruct the processing system - PV panel recycling: Prepare for commercialization under the Act Concerning Sophistication of Recycling Business, and develop low-cost processing technology using low-temperature pyrolysis and cell separation technology for silicon recycling
Ion exchange membranes	Responded to replacement demand from existing customers, improved productivity, and promoted new membrane development	- Cultivate environmental-related demand such as for valuable resource recovery and decarbonization - Strengthen the promotion of new membrane development - Consider investment in capital expansion

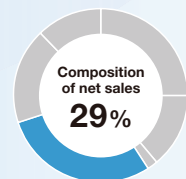
Performance Trend



Business Overview



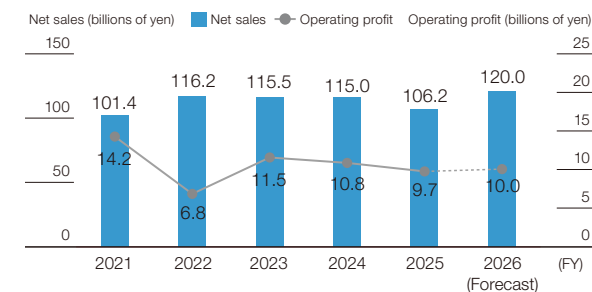
Chemicals



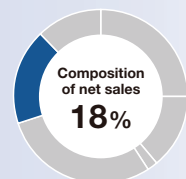
Progress of Strategy by Product Area

Product Area	FY2025 Results	Plan for FY2026 Onward
Soda ash and calcium chloride	- Demonstrated soda ash process model for reducing CO₂ emissions - Made preparations to introduce fuel conversion in the cullet production process	- Maintenance and renewal of equipment necessary for stable business continuity - Energy saving and rationalization in response to environmental issues - Continue review to facilitate magnesium hydride commercialization
Chlor-alkali and vinyl chloride	- Transferred sales of PVC products to Tokuyama Soda Trading Co., Ltd. - Developed manufacturing technology package for paste PVC resin - Participated in initiatives with the City of Sapporo and the Hydrogen and Renewable Energy Promotion Council, and invested in H2 Hokkaido Co., Ltd. toward the commercialization of magnesium hydride	

Performance Trend



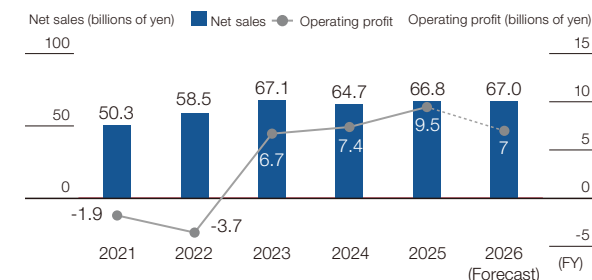
Cement



Progress of Strategy by Product Area

Product Area	FY2025 Results	Plan for FY2026 Onward
Cement	- Revised sales prices in Japan - Maintained stable production under a two-kiln system - Systematically invested in equipment renewal	- Continue stable production that puts safety first - Respond to the transfer of the domestic cement and solidification agent sales business
Recycling	- Expanded alternative fuels and waste utilization - Improved profitability of waste processing	

Performance Trend



Note: FY2026 forecast figures exclude the impact of the transfer of the domestic cement and solidification agent sales business

Major Products

Life Science



Chemicals



Electronic & Advanced Materials



Eco Business



Cement





Progress of Strategy by Business Segment

Electronic & Advanced Materials (Electronic Materials)

Business Goal

Refine analysis technologies to support further miniaturization and stacking of semiconductors

Risks and Opportunities

Risks

- Impacts on the supply chain due to geopolitical risks
- Chinese companies becoming more competitive

Opportunities

- Increased demand as data center investment drives the construction of new logic and memory plants
- Increased demand associated with further miniaturization and stacking
- Increased level of quality expectations from users

Strengths

- Superior quality required for cutting-edge products and factories
- Global bases with stable production and supply systems
- Technologies and capabilities for analyzing trace impurities and other substances

Strategies Under Five-Year Business Plan 2030 (Approach to Business Investment)

In the silicon business, we will continue investing primarily to level up quality, increase analytical precision, and improve productivity with the aim of strengthening our competitiveness in high-value-added fields, especially those involving cutting-edge semiconductors. At the same time, we will build a global supply system that is ready to withstand geopolitical risks and the shift toward decarbonization. We will also invest in improving efficiency and labor saving to enhance cost competitiveness, thereby ensuring business continuity and stabilizing the profit base.

In the IC chemicals business, we will invest to establish a sustainable competitive advantage as we look ahead to medium- to long-term semiconductor market growth and technological advances associated with ongoing miniaturization. To accommodate an expanding market, we will focus on building a production system that will enable us to provide a stable supply of high-quality products worldwide. We will address increasing technological sophistication by making the refinement of our high-purity technologies and the strengthening of our analytical and evaluation capabilities priority areas of investment. Through these initiatives, we will become an even more valued presence in the cutting-edge semiconductor market and achieve further growth.

Message from the Executive Officer in Charge

Strengthen our global bases, become an even more valued presence in cutting-edge fields, and drive Company-wide performance

Seiji Teranishi

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



In FY2025, the Electronic Materials Division recorded an increase in revenues and profits over FY2024. The silicon business remained in the inventory-adjustment phase that began in the second half of FY2022. As a result, sales volumes of polycrystalline silicon for semiconductors remained at roughly their FY2024 level. However, thanks to measures to maintain sales prices and improve costs, the business continued to drive the earnings performance of the Electronic Materials Business Division. Meanwhile, demand for high-purity IPA in the IC chemicals business expanded as semiconductor miniaturization progressed. The resulting increase in sales volumes led to higher revenues and profits than in FY2024. Formosa Tokuyama Advanced Chemicals Co., Ltd. (FTAC) made a particularly significant contribution to improved earnings in the IC chemicals business by steadily increasing sales volumes of high-purity IPA from the beginning of the fiscal year.

The Electronic Materials Division must grow into the driving force behind Company-wide performance under Five-Year Business Plan 2030 ("FBP 2030"), which starts in FY2026. We regard FY2026 as a critical juncture in achieving this goal. In the silicon business, TOKUYAMA VIETNAM CO., LTD.'s new plant will begin operations ahead of the OCI Tokuyama Semiconductor Materials Sdn. Bhd. (OTSM) plant currently under construction in Malaysia. The plant will serve as a base for back-end processes in the manufacture of polycrystalline silicon, such as crushing, etching, analysis, and inspection. Polycrystalline silicon deposited in Japan will be supplied to Vietnam, where production testing will be conducted from the crushing process onward. We plan to establish product quality by collecting data from each process and comparing and verifying it against quality data for products manufactured at our base in Japan, and to provide customers with qualification

samples during FY2026.

In the IC chemicals business, construction of cutting-edge factories by our customers is expected to continue in Taiwan, the region with the greatest demand for high-purity IPA, throughout the period of FBP 2030. In FY2026, mass production of 2 nm products will begin at several of these factories, with mass production of next-generation 1.4 nm products also planned for the second half of the fiscal year. Demand for high-purity IPA is expected to grow. To meet this demand, we will develop more concrete plans for FTAC's second factory during FY2026. We will also make preparations to begin verification work toward launching a high-purity IPA recycling plant, with the ultimate goal of establishing process return, a system for accepting waste liquid from key customers, recovering IPA from the liquid, and returning it to them. STAC in South Korea obtained mass-production qualification from one of its target customers and completed its first shipment in April 2026. Going forward, STAC will establish robust quality control, production, and shipping systems as it transitions to the mass-production sales phase. It will also seek to obtain mass-production qualification from its other target customers during FY2026. Under FBP 2030, we will steadily address the remaining challenges so that STAC can become a driving force in the IC chemicals business alongside FTAC.



Progress of Strategy by Business Segment

Electronic & Advanced Materials (Advanced Materials)

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

- Impacts on the supply chain due to geopolitical risks
- Entry of overseas suppliers

Opportunities

- Expansion of the semiconductor market driven by increased functionality of electronic devices and the electrification of vehicles
- Trend toward increased heat generation in cutting-edge semiconductors and IT infrastructure
- Expansion into cutting-edge business domains through new applications and products, such as high-grade silica and heat-dissipation fillers

Strengths

- Our base of proprietary technologies developed over time (control of particle surface properties and particle size distribution, reductive nitridation technologies)
- Superior quality in semiconductor and electronic materials fields
- High market share in thermal management materials

Strategies Under Five-Year Business Plan 2030 (Approach to Business Investment)

In the silica business, we will steadily capture demand for existing applications such as fumed silica for CMP (semiconductor-grade polishing slurry), coatings, and silicones, while continuing to add to our lineup of silica-related products to capture demand in the semiconductor and information electronics materials fields, where significant growth is expected. We will proactively invest to further strengthen our capabilities in high-purity processing, particle size control, and surface treatment, while advancing labor-saving measures and improving productivity.

In the thermal management materials business, we offer a range of products, such as aluminum nitride raw material powder used in ceramic components for semiconductor manufacturing equipment and heat-dissipation circuit boards for semiconductor devices. Going forward, we will expand our product lineup and proactively invest in maintaining a stable supply system in order to meet the growing and diverse needs for heat-dissipation fillers used in functional resin products, such as thermal interface materials (TIMs). We aim to raise our profile in the market and achieve sustainable growth by further sharpening the competitive edge of our high-performance, high-quality thermal management materials that are underpinned by our proprietary technologies.

Message from the Executive Officer in Charge

Maintain a solid profit base and enter a new phase of growth propelled by advances in cutting-edge semiconductors

Net sales and operating profit in the silica business remained solid in FY2025 despite contrasting market conditions for cutting-edge and general-purpose semiconductors. Silica for CMP applications has mainly been shipped for general-purpose semiconductors, but our initiatives thus far have begun to drive greater adoption in cutting-edge semiconductor applications as well. Tokuyama Chemicals (Zhejiang) Co., Ltd. also worked to expand sales in the markets for wind turbine blade adhesives, coatings, and inks. Although sales volumes did not increase significantly due to the impact of a prolonged slowdown in the Chinese economy, diversification of raw materials and advancing automation reduced costs, which in turn helped to improve profitability. Under MTMP 2025, we expanded sales of spherical silica for cosmetics applications and began shipping silica for thermal insulation materials used in EV battery modules. Demand for ceramic components used in semiconductor manufacturing equipment grew markedly in the thermal management materials business, driving aluminum nitride powder and granules to record highs in both net sales and operating profit.

From FY2026 onward, cutting-edge semiconductors used to manufacture high-performance computing (HPC) devices and high-bandwidth memory (HBM), which support the expansion of AI data centers and other cutting-edge IT infrastructure, are expected to become more miniaturized and multi-layered as new technologies such as photonics-electronics convergence emerge. This is expected to open up new business opportunities in both silica and thermal management materials.

We will fully capitalize on these business opportunities by further refining the base of proprietary technologies we have developed over time, such as control of particle surface properties and particle size distribution, high-purity

Katsumi Nagase

Director, Senior Managing Executive Officer
General Manager, Electronic & Advanced
Materials Business Headquarter and
Advanced Materials Business Division



technologies, reductive nitridation technologies, and ceramic sintering technologies, while continuing to meet ever more demanding quality requirements. We will expand beyond conventional silica business applications by developing and commercializing silica for advanced encapsulation materials, as well as silica-titania composite oxides with controllable refractive indices for photonics-electronics convergence. In the thermal management materials business, demand for ceramic components used in semiconductor manufacturing equipment is expected to grow, while aluminum nitride bare substrate for power semiconductors is projected to remain in strong demand for industrial machinery, green energy such as solar and wind power generation, power transmission, and electric railways. In recent years, demand for heat-dissipation fillers has also grown for TIMs used in AI data centers and automotive devices, and we will move forward with investment plans to put the necessary supply system in place at an early stage. We intend to seize on growth and change in these markets as opportunities to expand our business. We will accelerate development toward mass production of aluminum nitride fillers, boron nitride fillers, and silicon nitride by effectively meeting customer needs in cutting-edge fields, thereby expanding our business.



Progress of Strategy by Business Segment

Life Science

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 including raw material procurement, overseas outsourcing of production, and product exporting due to geopolitical risks
- Changing sales opportunities resulting from policy changes to healthcare systems, medical reimbursement systems, and related frameworks in individual countries

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 development, manufacturing, and sales to enable a rapid and detailed response to user requests
- Broad range of core technologies in the diagnostic reagent business, spanning areas including antigens, antibodies, and reagent raw materials

Strategies Under Five-Year Business Plan 2030 (Approach to Business Investment)

In the dental materials and equipment business, we will make systematic investments for capacity expansion and improve productivity through efficiency enhancement, based on the premise of securing a stable supply system. This will allow us to meet growing demand in Europe, the United States, and emerging markets. In addition, we will actively explore and evaluate growth investment opportunities for the APIs¹ and intermediates business as well as the diagnostics business, including M&A, with an eye toward the next phase of our growth strategy.

1. Active Pharmaceutical Ingredients

Message from the Executive Officer in Charge

Improving our global market presence through stronger collaboration across the Group and technological integration

In the Life Science Business Division, the Tokuyama Life Science (TLS) Group, which operates the in vitro diagnostic pharmaceuticals and in vitro diagnostic pharmaceutical materials businesses (IVD/IVDM businesses), was newly consolidated into the Group in October 2025, laying the groundwork for further growth in the healthcare business field.

The TLS Group performs every process stage from particle production through reagent formulation in-house. Going forward, we will leverage this advantage to expand our range of diagnostic reagents for autoimmune diseases and companion diagnostics, and integrate the TLS Group's capabilities with Tokuyama's organic synthesis, analytical, and evaluation technologies to develop new products.

A&T Corporation, which also operates an in vitro diagnostic pharmaceuticals business, will improve the profitability of its clinical laboratory information system and specimen testing automation system businesses while working with Tokuyama to develop new diagnostic systems. We will also work with the TLS Group to expand sales channels for in vitro diagnostic pharmaceuticals in overseas markets.

Now that a production system is in place at Tokuyama Dental Corporation's Kashima Factory, we will reliably meet robust customer demand in the dental materials and equipment business. We will also take a phased approach to addressing the outstanding issue of compliance with the European Medical Device Regulation (MDR), while working to strengthen our business in Europe. In addition, we will reinforce the development structure at our Tsukuba base and accelerate the development of next-generation successor products for OMNICHROMA®.

In the fine chemicals business, we registered Airlica®, a hydrophobic spherical silica aerogel for use in cosmetics, as a new product in April 2026. Looking ahead, we will proactively

Fumiaki Iwasaki
Senior Managing
Executive Officer, General Manager,
Life Science Business Division



work to expand sales of Airlica not only domestically but also in overseas markets. We will continue to steadily enhance our in-house development pipeline for APIs and intermediates. We will also supply customers with APIs sourced from China and India, with Tokuyama taking responsibility for ensuring the quality of the APIs. For plastic lens-related materials, we plan to launch a new photochromic product in FY2026. As the competitive threat posed by foreign products intensifies, we will expand the market by developing distinctive families of products and regularly bringing new products to market, thereby meeting the needs of lens casters shifting to high-value-added products. We will also begin taking on challenges in new business domains, drawing on the technological capabilities we have accumulated to date.

In 2025, we completed the liquidation of the unprofitable Chinese operations of our microporous film business. From here onward, we will focus our efforts on the domestic market so that we may transition to a high-margin business structure.

The Life Science Business Division brings together businesses operated by Tokuyama itself and a group of affiliated companies, each with its own distinctive strengths. We will maximize profits in each business while actively pursuing collaboration, including personnel exchanges, across organizational boundaries in business areas where synergies are expected, thereby expanding the overall scale of the division.



Progress of Strategy by Business Segment

Eco Business

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 and resource recycling demand due to tougher environmental regulations in China and emerging countries
- Increased demand driven by renewable energy promotion policies
- Global awareness for creating a recycling-oriented society

Strengths

- Continuous large crystallization technology for gypsum (for 100% recycling of waste gypsum boards)
- Desalination, concentration, purification, and salt-splitting technologies using ion exchange membranes
- PV panel recycling using advanced low-temperature thermal decomposition treatment technology

Strategies Under Five-Year Business Plan 2030 (Approach to Business Investment)

The basic policy of the Eco Business Division is to make business investments centered on responses to environmental regulations, resource circulation, and decarbonization, taking into account changes in the market environment and social issues.

In the existing waste gypsum board recycling and membrane businesses, we will consider Capex that secures stable operations, strengthens supply systems, and improves profitability. In PV panel recycling, we will make phased and selective investments with an eye toward medium- to long-term growth.

Placing equal emphasis on commercial viability and social considerations, and also drawing on outside partnerships and public support systems, we will make investment decisions in pursuit of sustainable growth while controlling risk.

Message from the Executive Officer in Charge

Forging the Tokuyama Group's next phase of growth on a foundation of distinctive technologies

Naoki Tamura
Executive Officer,
General Manager,
Eco Business Division



The Eco Business Division is positioned as the domain that will support the Tokuyama Group's next phase of growth. The division is building on the chemical technologies the Company has developed over time to develop technologies for treating waste that has heretofore been deemed difficult to process. We will further accelerate our initiatives in the environmental field to drive sustainable growth and expand sales and earnings. This will provide us with a stronger foundation for the future of our business.

Tokuyama Chiyoda Gypsum Co., Ltd. achieves full recycling of waste gypsum board into raw material for gypsum boards. Heightened awareness of the transition to a resource-circulating society led to greater volumes of waste gypsum board collected from demolition sites, which in turn has supported steady revenue growth.

Meanwhile, it has become increasingly difficult to procure gypsum raw materials, which, in Japan, are produced as by-products of metal refining, coal-fired power generation, and other processes, and competition for procurement of natural gypsum is intensifying. Amid this business environment, we will leverage Tokuyama's continuous large crystallization technology to address raw material constraints, establish a stable system for supply, and further expand our resource-circulating business.

We have established a low-temperature thermal decomposition method for recycling PV panels at our development base in the town of Nanporo, Sorachi District, Hokkaido. This method uses a special catalyst to separate cover glass, cells, and other PV panel components. In FY2025, we launched a demonstration facility to facilitate development of second-generation thermal decomposition technology. In March 2026, our project, "Development of

Low-Cost Processing Technology Using Low-Temperature Thermal Decomposition and Cell Separation Technology for Silicon Recycling," was selected under a call for proposals by the New Energy and Industrial Technology Development Organization (NEDO). We will seize upon this selection as an opportunity to pursue further cost reductions and establish material recycling technologies for extracting silicon and other materials from cells. We also plan to begin procedures early in FY2026 to obtain a permit for the development base in Nanporo to operate a recycling business in preparation for the large-scale disposal of used PV panels expected from 2030 onward. Spurred on by the Act Concerning Sophistication of Recycling Business, etc. to Promote Resource Circulation (Act Concerning Sophistication of Recycling Business, etc.) coming into full enforcement in November 2025, we will move toward the deployment of advanced recycling technologies with the aim of expanding the business beyond Hokkaido to multiple bases across Japan.

ASTOM Corporation, which specializes in ion exchange membranes and electrodialyzers, is expanding its business amid growing demand for environmental solutions such as valuable resource recovery and decarbonization. In addition to solid demand for salt production, food, and potable water applications, demand for the recovery of lithium (Li) as a valuable resource using specialized membranes remains strong in Japan and overseas. To meet these needs, we will develop new membranes and establish and strengthen our supply system. These efforts will, in turn, drive steady revenue growth.



Progress of Strategy by Business Segment

Chemicals

Message from the Executive Officer in Charge

Establishing sustainable competitiveness even in a challenging business environment by optimizing our supply system and strengthening profitability

Mitsuaki Yasumura
Executive Officer,
General Manager,
Chemicals
Business Division



In FY2025, net sales and operating profit in the Chemicals Business Division fell short of the full-year performance forecast amid sluggish domestic demand and declining overseas market prices. Weak demand in the domestic market caused sales volumes to decline across the division's major products, such as soda ash, calcium chloride, caustic soda, PVC compounds, and propylene oxide. The business environment for exports was also extremely challenging, particularly in the PVC market, as the prolonged real estate downturn in China perpetuated oversupply and severely disrupted the supply-demand balance.

Amid these conditions, a crisis broke out in the Middle East and the Strait of Hormuz at the end of February 2026, adding further uncertainty to the business environment surrounding the Chemicals Business Division. Restrictions on the supply of imported naphtha from the Middle East have affected procurement of the key raw materials ethylene and propylene, forcing us to scale back production of some chlor-alkali products. Although this Middle East crisis had only a slight impact on FY2025 results, it could significantly affect FY2026 performance depending on how the situation develops.

FY2026 is the first year of Five-Year Business Plan 2030, and the Chemicals Business Division is playing a vital role as both a core business driving Company-wide

earnings and a critical cash cow supporting our business portfolio reinvention. The crisis in the Middle East has led to a rocky start for the fiscal year. To overcome these challenging conditions, we will collaborate more closely across our planning, development, manufacturing, and sales segments as we work diligently to maximize earnings by reestablishing a stable supply system through the optimal allocation of production, flexibly revising prices as conditions warrant, and leveraging DX to streamline production planning and logistics.

To help achieve carbon neutrality, the Company-wide efforts to change fuels used for in-house power generation facilities will of course continue, while the Chemicals Business Division will for its part work to reduce GHG emissions by switching to LNG in the cullet business and reassessing the production process for soda ash that uses CO₂ as a raw material.



Progress of Strategy by Business Segment

Cement

Message from the Executive Officer in Charge

Decision to transfer the domestic sales business for cement and solidification agents in response to changes in the business environment

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



Sales volumes of cement, solidification agents, and ready-mixed concrete each decreased in FY2025 amid the continuing contraction in domestic demand for cement. Under these conditions, our first priority was revising domestic sales prices for cement and solidification agents from April 2025 to ensure stable waste intake and reinforce the system for the stable supply of cement. We successfully executed its rapid market implementation. We also revised prices for ready-mixed concrete. This successfully offset the decline in sales volumes, enabling the Cement Business Division to record an increase in net sales over FY2024. Coal prices remained relatively stable, and this, combined with ongoing initiatives such as expanding the use of alternative energy sources and reducing expenses, allowed us to achieve record-high operating profit.

Domestic demand for cement continues to decline gradually, falling to the 30.5 million-tonne range in FY2025, or approximately one-third of its peak level. To address these structural changes facing the cement business, we took steps to reduce production capacity by shutting down one of our three cement kilns in FY2024, curbed fixed costs, and advanced the construction of a more efficient production system.

However, we expect domestic cement demand to continue declining gradually

due to such factors as Japan's shrinking population, reduced public investment, and the transition to a stock-based society that makes effective use of existing assets long-term. We concluded that it would be difficult to both operate our two cement kilns stably and to maintain sustainable production activities under these business conditions. We then carefully considered our vision for the cement business. As a result of these deliberations, we decided to transfer the domestic sales business for cement and solidification agents, as well as all of the issued and outstanding shares of the Company's consolidated subsidiaries Tokuyama Tsusho Trading Co., Ltd. and Tokuyama MTech Corp., to TAIHEIYO CEMENT CORPORATION, Japan's largest cement manufacturer. We also decided to begin considering shutting down production of cement and solidification agents by FY2028 when the transfer is scheduled for completion.

In FY2026, our first priority will be to minimize the impact on the cement business supply chain as we proceed with the transfer of the domestic sales business. We will work to earn the understanding and cooperation of all our stakeholders, particularly business partners and distributors, through careful communication and support.

Research and Development Strategy

Transforming our approach to R&D to achieve medium- to long-term growth

Katsumi Nagase

Director, Senior Managing
Executive Officer
General Manager, Research &
Development Division



Create Value by Starting with the Customer

As we moved to transform our business portfolio around growth businesses, the Research & Development Division has thus far focused on acquiring new technologies and strengthening our research foundation. However, we have yet to achieve sufficient results when it comes to commercializing new products. One reason for this is that, when research themes were selected, our customer-driven exit strategy was not sufficient. Challenges also remained in developing a technology and business strategy that integrated R&D, mass production, and market launch, and in being able to make decisions promptly.

Taking this experience to heart, our Vision, which guides the conduct of employees across the Group, now explicitly includes “Be a value-creative company that places first priority on customer-driven marketing.” Going forward, each research theme will begin by defining whose problem is to be solved, what the problem is, the scale at which it should be addressed, by when it must be resolved, and how it will be resolved. Development will then proceed with an eye toward commercialization. We will also further strengthen collaboration with our business divisions and accelerate the use of AI and computational chemistry while accurately tracking market and consumer technological advances and their development schedules. We will position speed as the core element of our competitive advantage and begin process technology development from an early stage so that we may transition

from R&D to mass production more rapidly. In addition, we will make disciplined go/no-go decisions on research themes and rigorously manage their progress, concentrating management resources on the most promising themes to increase the likelihood of successful commercialization.

In addition, we will periodically conduct a comprehensive review of the strengths of our technologies. Recognizing that technology strategy is itself management strategy, we will combine a range of approaches, including M&A and the use of external technologies, to create value.

Focusing on the Growth Areas of Semiconductors and Healthcare

In semiconductor materials, we will draw on our high-purity and materials design technologies to accelerate the development of materials for advanced processes. As miniaturization and higher levels of integration advance, customer requirements are becoming increasingly sophisticated, and process compatibility must go hand in hand with reliability. By working closely with customers in the creative process, we will contribute to technological innovation and steadily lead it to commercialization. In the healthcare field, we will advance R&D in medical materials and reagents, with business development through Group companies in the dental materials and equipment and medical diagnostics businesses providing the route to commercialization. A key focus will be to leverage the Tokuyama Life Science Group’s biochemical

technologies, using R&D to support a dramatic increase in net sales and build a robust earnings base. In the environmental field, we will work to establish PV panel recycling and recovery technologies for various materials as part of our efforts to realize a sustainable society.

R&D That Contributes to the Enhancement of Corporate Value

The mission of the Research & Development Division is to create technologies and products that solve customer problems and achieve medium- to long-term growth for the Tokuyama Group. The Division will create competitive businesses, primarily in electronics and healthcare, and steadily translate this into the enhancement of corporate value.

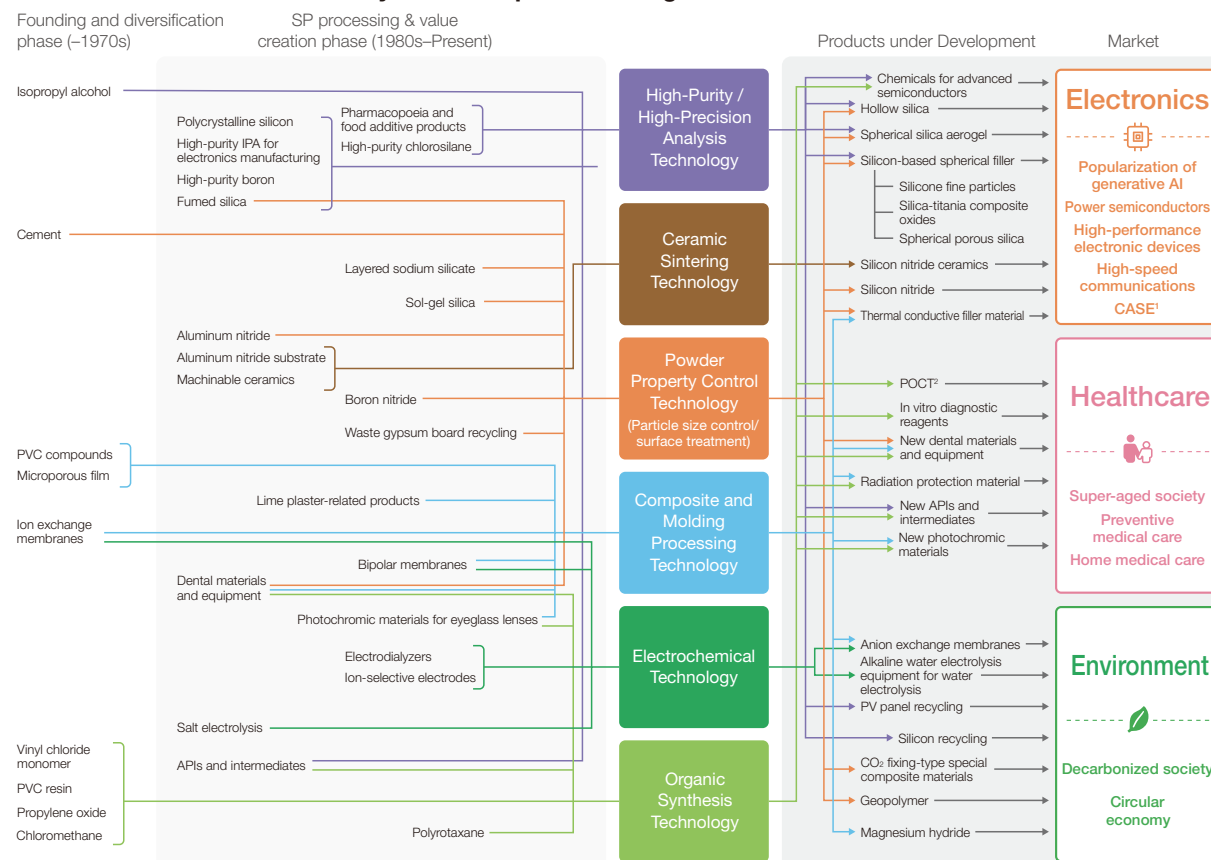
Research and Development Strategy

Tokuyama's Unique Technologies

Alongside inorganic chemistry, its founding field of business, Tokuyama has continued to refine its unique technologies in analytical and organic chemistry. We draw on a diverse range of proprietary technologies, including high-purity and high-precision analysis technology, ceramic sintering technology, powder control technology (particle size control and surface treatment), composite and molding processing technology, ion

exchange membrane and electrode technology, and molecular design and synthesis technology, to differentiate our products to meet customer needs and to develop new products. We will continue to help create new value, achieve sustainable growth, and resolve social issues by advancing and integrating these technologies.

“Evolution” and “Creation” of Tokuyama's Unique Technologies

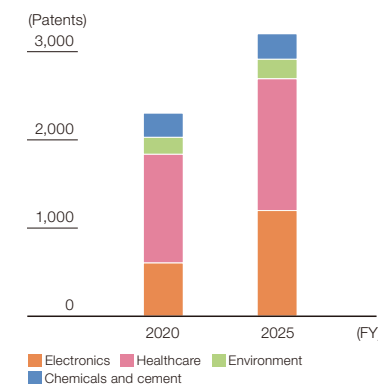


1. CASE: A term representing technological innovation in the automotive industry. Connected (IoT-enabled vehicles), Autonomous (self-driving), Shared & Services (shared use), Electric (electrification)
2. POCT: Point of Care Testing conducted at clinical sites for immediate diagnostic results

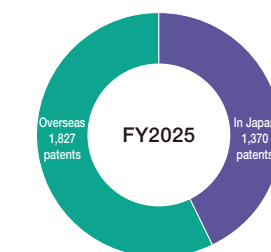
Tokuyama's Intellectual Property Strategy

Under MTMP 2025, the Group designated electronics, healthcare, and the environment as growth businesses and worked to transform its business portfolio. We also accelerated globalization under a policy of substantially increasing the overseas share of our net sales. In parallel, we also reshaped our patent portfolio, increasing the number of patents held primarily in growth businesses and raising the proportion of overseas patents. As a result, we were able to contribute from an intellectual property perspective to raising the business portfolio transformation rate on an operating profit basis from 30% in FY2020 to 53% in FY2025. Under FBP 2030, which started in FY2026, we will continue to focus our intellectual property activities on electronics and healthcare as we work to achieve business portfolio reinvention. We will also pursue timely M&A transactions, such as the acquisition in FY2025 of an in vitro diagnostic pharmaceuticals business in the healthcare field, and help to enhance the Tokuyama Group's corporate value by acquiring and leveraging intellectual property rights appropriately.

Number of Patents Held by Business Field



Number of Patents Held Domestic/Overseas Ratio



Enhancing Human Capital

With an eye toward business portfolio reinvention, we are working to strengthen our ability to execute strategy—centered on the “Pay for job” principle—by transitioning to a system of personnel assignment and evaluation aligned with roles and outcomes.

Takashi Sato

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



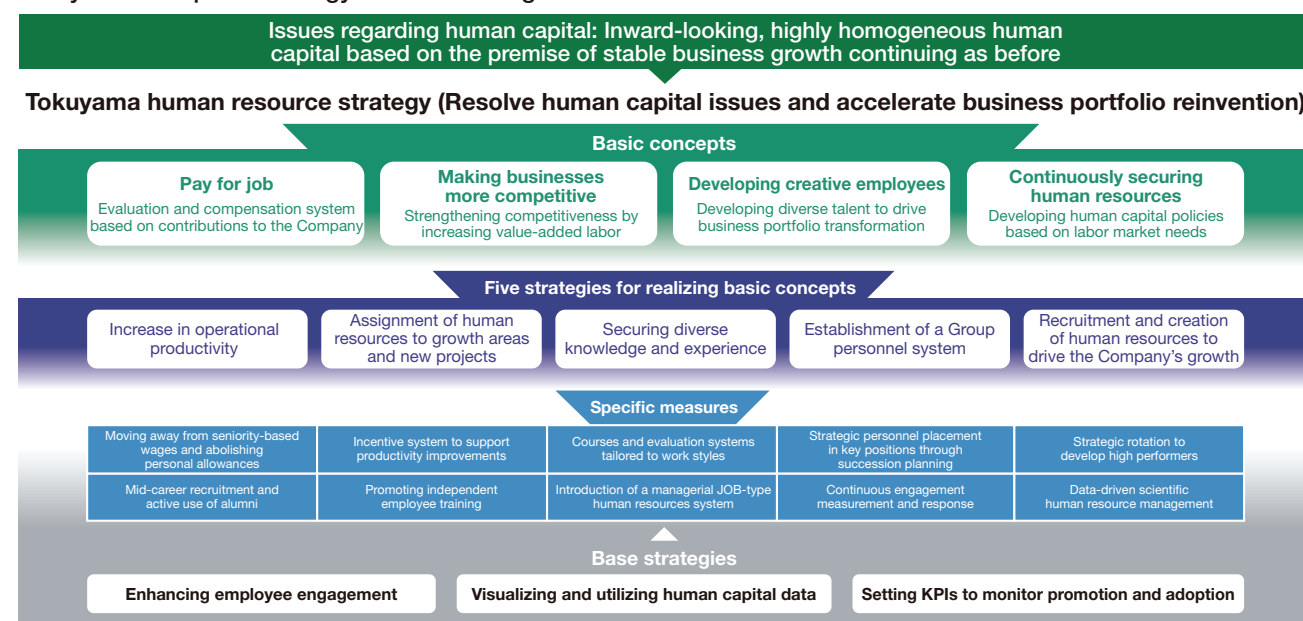
Tokuyama will strengthen its human capital through a human resources strategy that is directly linked with the achievement of its management strategy. The Company has continued to create value within an organizational culture premised on stable business growth. However, if we are to accelerate business portfolio reinvention, evolving into a more change-oriented organization that embraces challenge will be critical. We have therefore revamped our personnel system in recent years through such measures as abolishing age-based pay and personal allowances so that compensation is determined by job performance and role, transitioning to a framework centered on the “Pay for job” principle. This has heightened each employee’s awareness of his or her role and performance and made us better able to execute strategy.

Our next step is to go beyond system revisions and delve into the nature of our work itself. Specifically, we will focus on the core value-creating work of each department when allocating management resources, and achieve improved productivity and a shift toward more creative work. We will streamline operations by transforming business processes and leveraging DX, with the time saved redirected to higher-value-added activities. This will in turn firmly establish a value creation cycle with two complementary drivers: freeing up time for value creation and providing the talent and environment it requires. These integrated initiatives will also dovetail with strategic talent deployment and the development of management talent, thereby strengthening the human resource foundation that supports business portfolio reinvention.

We aim to create an organization in which the sense of belonging and the open, unconstrained culture we have fostered over the years serve as the foundation on which we structurally establish the work and environment that empower employees to focus on developing new ideas and making improvements. The people and organizational capabilities fostered in this environment will create essential value for customers, with employees sharing in the resulting increase

in corporate value as appropriate. This will in turn encourage them to take on new challenges. The goal of the Company’s human capital strategy is to make this cycle of value creation part of the organization’s everyday operations rather than an exceptional initiative. We aim to systematize these initiatives, with the system grounded in three perspectives, and strengthen coordination between the individual initiatives.

Tokuyama Group HR Strategy and Positioning



Enhancing Human Capital

Initiatives to Achieve the HR Strategy

Securely Establishing the Job-Based Employment System and Refining Strategic Personnel Placement

To achieve its management strategy, the Company is working to embed the managerial job-based employment system introduced in FY2024 and refine strategic personnel placement using its talent management system. We are clarifying the roles and skills required for each position and optimally placing employees based on each individual's capabilities and experience, as well as human resource data. We are also fine-tuning succession plans for key positions to support sustainable organizational operations and the development of management talent. These initiatives enhance our ability to execute management strategy and reinforce the framework that supports sustainable growth.

Revamping Personnel Systems and Improving Productivity for More Fulfilling Careers

In FY2025, we revised the personnel system for non-managerial employees and transitioned to an evaluation and compensation framework grounded in the "Pay for job" approach. At the same time, we are reviewing business processes and leveraging DX to improve the efficiency of existing operations, then reallocating the time saved by this streamlining to more creative and higher-value-added work. This value creation cycle is illustrated below. By establishing this cycle and ensuring it takes hold, the Company will both foster employee growth and strengthen business competitiveness, thereby improving corporate value.

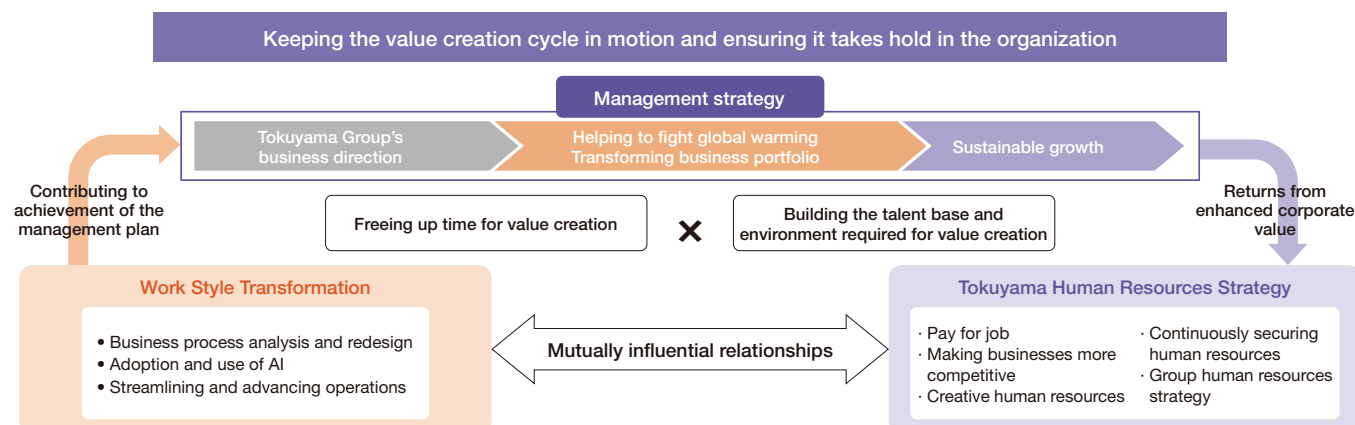
Developing Management Talent to Support Business Portfolio Reinvention

The Company is strengthening its development of management talent to support the shift toward growth areas under business portfolio reinvention. The Next Business Leader (NBL) training program for future management candidates also leverages external resources to develop practical and strategic capabilities. Graduates from this program are already being appointed to managerial positions and taking active roles in other key posts. This is helping to develop talent capable of driving our business globally.

Securing Human Resources and Promoting Diversity to Support Sustainable Growth

With the birthrate declining, the population aging, and workforce mobility increasing, the Company is implementing a range of recruitment activities and development initiatives to ensure a steady supply of talent. Our human resource plan makes visible the quality and quantity of human resources required by our growth businesses, and we are pursuing initiatives that coordinate recruitment with development. We are also focusing on hiring more women and expanding their appointment to managerial positions. This will allow human resources with diverse knowledge and experience to thrive. We are especially committed to strengthening efforts to secure human resources with a view to supplying them to growth businesses, with the aim of building a strong and highly competitive organization.

Establishing a Value Creation Cycle through Human Capital and Business Process Transformation



Manufacturing

Building strong manufacturing bases that support business portfolio reinvention by creating safe, secure and operationally competitive business sites

Our products are primarily materials that support our customers' manufacturing processes. Their value is realized when they function as raw materials, components, and other inputs in customers' products, while meeting requirements for quality, delivery, and cost. The business sites where these products are actually manufactured must continually refine and improve the operations and technologies needed to ensure a stable supply of valuable products, while safeguarding the health and safety of workers, the safety of local communities, and the environment. They must be manufacturing bases capable of sustaining all of these outcomes.

As the Group reinvents its business portfolio, its business sites are rapidly becoming more diverse and globalized. Our business sites include, among others, the Tokuyama Factory, which carries out stable production primarily for the Chemicals, Cement, and Electronic & Advanced Materials businesses; the Kashima Factory, which is the driving force behind the Life Science business; and overseas business sites that make local production for local consumption a reality by operating in close contact with customers. Business models and production systems vary from site to site, as does each site's infrastructure and surrounding support environments. We established the Manufacturing Strategy & Operations Headquarters in April 2026 to develop a Company-wide framework for overseeing the reinforcement of operational and engineering functions and the development of our talent.

Having overseen the Tokuyama Factory to date, I would first like to take stock of the characteristics, strengths, and challenges of each site. I would then like to pursue measures and activities with an awareness of alignment with our business strategies and collaboration between business

sites, so that they can evolve into and mature as sustainable manufacturing operations capable of adapting to a changing environment and maintaining operational competitiveness. We will define our future-state manufacturing model, redefine the role of the mother factory, build an integrated manufacturing system optimized across all sites rather than at the individual site level, and create a foundation for future growth.

For example, production activities such as operations, maintenance, and plant safety involve a vast body of know-how needed to maintain quality while sustaining safe and stable operations. Truth be told, this remains overly dependent on the abilities of specific individuals. Rather than remain bound by current methods, we will visualize and digitize this know-how as core technologies and operational strengths. After that, we will build frameworks that will allow us to pass on and refine technical expertise, and improve productivity by leveraging DX and AI. We will have the courage to make necessary changes, such as broadening the scope of work involved in manufacturing support functions, and proactively rolling out successful practices to other sites. Initiatives such as "unmanned nighttime plant operations*" and "zero unanticipated shutdowns" at the Tokuyama Factory, which are aimed at strengthening safety and operations and efforts to foster multi-skilled talent at the Kashima Factory will be rolled out across other sites to improve capabilities Company-wide. We will also advance the in-house development of manufacturing equipment and software that embody our accumulated know-how. The growth and active contribution of our people will serve as the engine driving these activities. To facilitate this, we will step up frontline human resource development and build a system that allows employees to apply the results and build on them in a

Yasushi Okuno

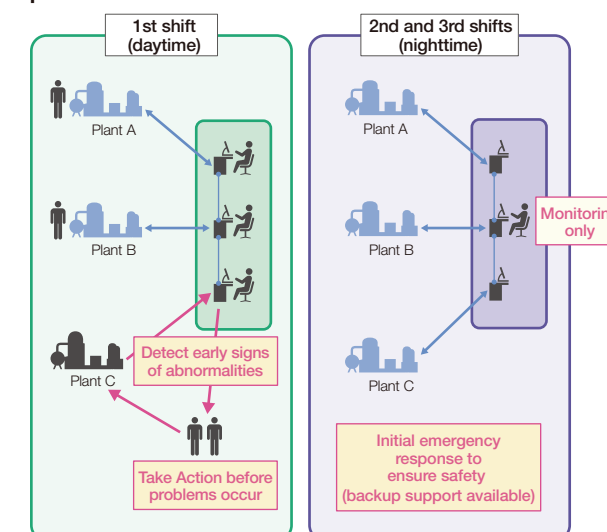
Managing Executive Officer,
General Manager,
Manufacturing Strategy &
Operations Headquarters and
Tokuyama Factory



virtuous cycle of further growth.

The Manufacturing Strategy & Operations Headquarters will leverage the advantages of the Company's first matrix organization with the business divisions and collaborate with those divisions to continue to achieve and improve high levels of safety, quality, and production efficiency. We aim to strengthen our competitiveness from a global perspective and build frontline manufacturing operations capable of supplying products that deliver high value to customers from safe and secure production sites.

The Ultimate Vision for Unmanned Nighttime Operations



*See p.36 for details.

Manufacturing

“Unmanned Nighttime Plant Operations” Initiative at the Tokuyama Factory

We at Tokuyama are reexamining our approach to nighttime operations so that we can maintain competitive and robust manufacturing amid a shrinking working population. The aim of our “unmanned nighttime plant operations” initiative is not to leave the plant completely unstaffed at night or simply to cut staffing levels. It is to maintain stable operations with the minimum staffing needed for the plant to operate safely and, eventually, to have night-shift personnel focus primarily on monitoring duties. To achieve this, we have identified each and every one of the nighttime tasks performed at the plant, and are examining the necessity, frequency, and method of execution of each one while taking steps to streamline and stabilize operations.

We first divided nighttime tasks into “routine tasks” that are done regularly and “non-routine tasks” that arise unexpectedly. Next, we further broke down routine tasks into categories such as “regular patrols” and “actions taken before and after scheduled maintenance.” We then classified tasks that frontline personnel undertake preemptively to prevent problems as “responses to potential problems.” We also found that “non-routine tasks” are not limited to problems that have already surfaced, as changes to production plans generate considerable coordination work with other departments due to the highly integrated nature of operations at the Tokuyama Factory.

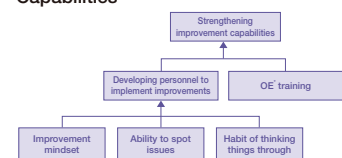
Based on these findings, each manufacturing department is taking the lead in making ongoing improvements using three approaches: eliminate, reduce, and change, and is continuing to make steady improvements by, for example, transferring work to daytime hours, making use of digital technologies, and introducing mechanization and automation. For non-routine tasks, we are drawing on our equipment management and manufacturing technology expertise so that signs of equipment abnormalities can be detected and addressed during daytime hours, and working to reduce the need for such tasks by stabilizing production equipment. We will continue building a more efficient and resilient production system while assessing the effectiveness of investments and the actual circumstances of each business, with 2030 positioned as a milestone in this process.

Developing Talent to Support Robust Manufacturing

Supporting a competitive production system requires not only putting equipment and systems in place but also developing human resources who can use them effectively and continually improve them. We regard operating skills, maintenance capabilities, and safety capabilities on the manufacturing front lines as the foundation of manufacturing. Going forward, we will further refine the ability of frontline personnel to independently identify issues, think them through, and translate them into improvements.

In addition to conventional knowledge-based, safety, and skills training, we will cultivate human resources who have acquired problem-solving techniques through the accumulation of hands-on experience in making improvements and can therefore implement improvements directly from the manufacturing floor. We will cultivate improvement capabilities that, in addition to ensuring safety and maintaining stable operations, enable our employees to raise operations to a higher level, thereby helping to reduce the need for nighttime tasks and improve operational efficiency. We believe that creating an organization in which

Initiatives to Strengthen Improvement Capabilities



* Open Education

every one of our frontline employees can independently learn, grow, and adapt to change is key to the sustained competitiveness of our manufacturing operations.

Security and Disaster Prevention / Occupational Safety and Health

The Tokuyama Group has established a Safety Management Policy based on the Tokuyama Group Sustainability Principles and conducts safety management activities in which all employees take part under the leadership of top management. We ensure compliance not only with laws and regulations but also with the rules we ourselves establish. We are working to ensure the safety of our people, facilities, and society and to promote physical and mental health by fostering and improving the safety culture.

We are identifying and eliminating risk factors at our business sites by using general safety management systems and occupational safety and health management systems to conduct work, equipment, and process risk assessments, act on their findings, and manage change more rigorously. We are also continuing basic activities such as 5S (sort, set in order, shine, standardize, and sustain), kiken yochi (hazard prediction) and hiyari-hatto (near-miss) activities, while promoting safety enhancement activities focused on eliminating and improving high-accident-risk and high-workload tasks. We have identified priority items including strengthening accident and disaster prevention measures, promoting smart security, deepening risk assessments, and enhancing responses to natural disasters as we work to level up safety management and reduce risk.

Quality Control / Chemical and Product Safety

In accordance with the basic principles of responsible care, the Tokuyama Group conducts activities to protect the environment and ensure safety and health in every process, from raw material procurement through product manufacturing, distribution, sales, disposal, and recycling. When it comes to quality, we operate under our Quality Policy, which is based on the Tokuyama Group Sustainability Principles. We comply with laws and regulations, provide environmentally friendly products and services that products and services that accurately meet customer needs and expectations, and continually improve the effectiveness of our quality management system.

With regard to chemical and product safety, we ensure that our products are of good quality and safe, and also assess the hazards and toxicity of chemical substances and take appropriate action in response to chemical regulations in Japan and overseas. In every process from R&D through market launch, we conduct product reviews to verify the safety of chemical substances, their impact on the environment and human health, and their compliance with legal requirements. In addition, we strive to provide appropriate information by reviewing labeling information in catalogs, safety data sheets (SDS), and other materials (while operating under a chemical export control scheme) and managing chemicals contained in products, thereby taking exhaustive steps to ensure product safety.

We are leveling up quality control at our production bases in Japan and overseas. In addition to standardizing analytical control methods and work procedures, we share measures to prevent the recurrence of equipment problems that lead to product quality issues and improvement case studies across bases, and are working to roll them out across the organization. Going forward, we will continue to develop systems that allow us to leverage quality information and our expertise globally, and aim to deliver consistent quality while accommodating further overseas expansion by building a framework that enables comprehensive management and improvement of product quality.

Digital Transformation (DX) and AI Strategy

From putting the foundations of Company-wide DX in place to entering the next stage of growth with AI as a co-creator

The Company established the DX Promotion Department in April 2021 and began pursuing TDX2025, its Company-wide DX initiative, in earnest. The President has overall accountability for this Company-wide project, which has pursued the goals of improving productivity, enhancing functionality, and increasing speed, and has advanced 25 initiatives under eight categories, such as “Work Style,” “Manufacturing,” and “SCM.” Through these activities we have advanced reassessment of business processes and the development of platforms for leveraging data, and the foundations for transformation are steadily taking shape. In addition to top-down system deployment, these initiatives have expanded to also encompass bottom-up actions such as citizen development led by frontline employees, evolving into activities in which each and every employee takes part.

The dynamic interplay between frontline ingenuity and management’s trajectory has begun to make the leveraging of digital technologies standard practice in everyday operations. This marks a major step forward. The project reached a significant juncture in March 2026. Although we had established a framework for promoting DX and laid the foundation for taking it to the next level, challenges stemming from resource shortages and other factors also came into sharper focus, pointing the way toward the next steps we should take.

In light of these achievements and challenges, as well as changes in the technological landscape largely driven by AI, we have been developing a framework since FY2026 to advance future digital initiatives with greater consistency.

We are currently seeking to organize our initiatives in support of business transformation from three perspectives and to develop them so that they are complementary to one

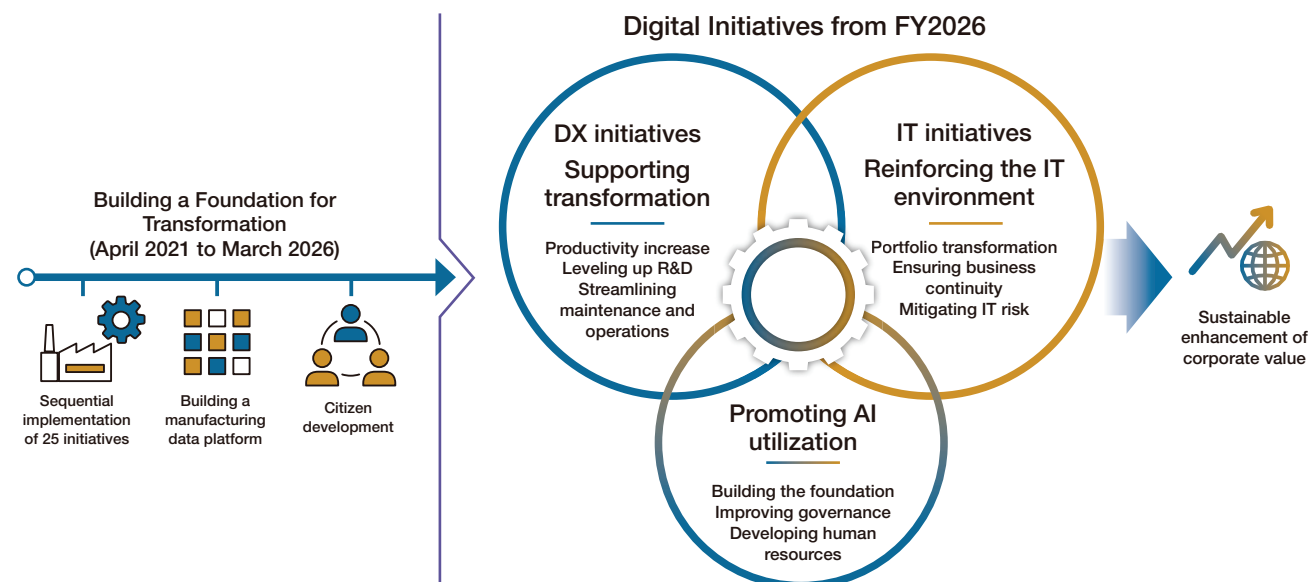
another. The first initiative is supporting transformation through DX. In addition to reforming business processes to improve productivity, we will advance data utilization and the adoption of AI technologies in R&D, and expand value creation by bringing together frontline ingenuity and new technologies. The second initiative is reinforcing the IT environment that serves as a foundation for management. We are establishing a flexible IT foundation that can accommodate business portfolio reinvention, reliably support business continuity, and provide management with greater freedom to act. The third initiative is promoting Company-wide utilization of AI. While building the foundation

for AI adoption, we will systematize processes for development, adoption, and personnel training, ensure appropriate governance and security, and expand the active use of AI.

It is becoming increasingly important to leverage the use of technology and AI in both “defensive” efforts that support business transformation and “offensive” efforts that drive growth. At the center of these efforts, the Digital Administration & Planning Division will plan and promote initiatives, develop human resources, and improve organizational capabilities, thereby contributing to the sustained enhancement of corporate value.

Katsumi Nagase

Director, Senior Managing
Executive Officer
General Manager,
Digital Administration &
Planning Division



Digital Transformation (DX) and AI Strategy

Looking Back on TDX 2025

Enhancing the Management Foundation Through Digital Twin Model × Management Simulation

The Company has been working to enhance its management foundation with a digital twin model and management simulation at its core. This initiative was recognized for its innovation, reproducibility, and social value, earning us the Grand Prize in the Sustainability Transformation category of the Japan DX Awards. The initiative has been recognized as a new approach that uses data and simulations to enhance decision-making on complex management issues and is regarded as a leading example of its kind in the industrial sphere.

This initiative was also featured in a specialist publication's feature article, which highlighted our model-building methods, operational processes, and impact on business process reform. We hope that sharing these initiatives in this way will enable other companies and research institutions to draw on our approach as a reference in promoting DX.

We view these achievements as evidence that the Company's data-driven efforts to level up management are delivering new value to industry. We will continue to take these efforts to an even more advanced level and promote their wider adoption in society.



Award ceremony

Development of an AI-Based Optimization System for Vessel Allocation Planning

The Company jointly developed the "ReNom VESSEL" AI-based optimization system for vessel allocation planning with GRID Inc. The system became fully operational in October 2025. This marks the first practical deployment in Japan of an AI-based vessel dispatch optimization system for coastal shipping that incorporates weather forecasting functions.

Previously, logistics planning for more than 40 bases across Japan was dependent on the experience of skilled personnel navigating numerous constraints, including inventory levels, port conditions, and weather. This new system models vessel and site conditions, together with cargo-handling and inventory information, with high precision. It also incorporates weather data such as wave height and wind speed to produce vessel dispatch plans that strike an effective balance between safety and efficiency.

The system is expected to deliver wide-ranging benefits, such as lower transportation costs and CO₂ emissions, more efficient operations, and reduced dependence on the competence of specific individuals. We view this system as a model for transformation in the logistics sector. Through this initiative, the Company will contribute to both work style reform and carbon neutrality.



TDX2025 Achievement Level Assessment

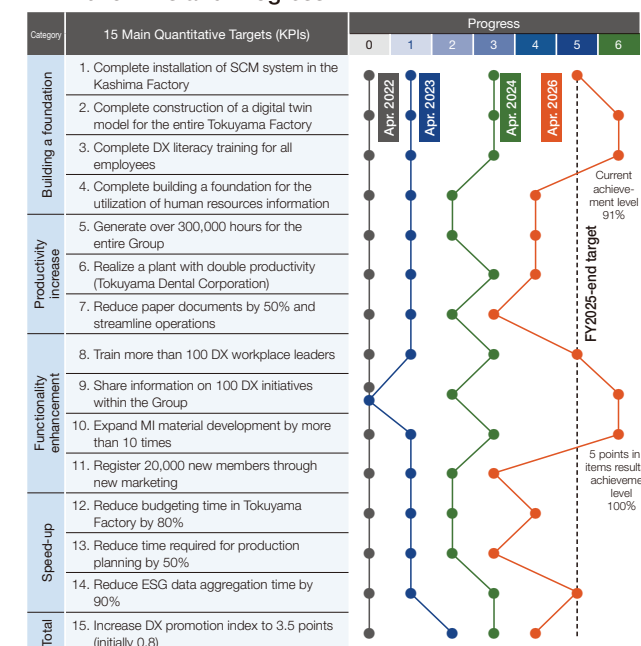
TDX2025 established 15 KPIs as quantitative targets for building a foundation, improving productivity, enhancing functionality, and increasing speed. We were able to attain an

overall achievement rate of 91% for these KPIs by racking up one improvement after another starting from a baseline of zero.

We placed particular emphasis on building the foundation for DX by developing digital infrastructure for Company-wide use, such as deploying a supply chain management (SCM) system and constructing digital twin models of factories, and by providing DX literacy training to all employees to strengthen the organizational foundation. In enhancing functionality, we created a framework for accelerating frontline-led transformation by training approximately 100 DX leaders and sharing more than 100 examples of initiatives.

These achievements have made taking on challenges powered by digital technologies part of everyday operations and have steadily improved the organization's overall execution capabilities and pace of transformation. TDX is taking hold not merely as a set of measures, but as an organizational capability that enables continuous transformation.

TDX2025 KPIs and Progress



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