

TOKUYAMA REPORT 2026

Fiscal year ended March 31, 2026
Integrated Report



Our Philosophy

Tokuyama's value creation is based on a Corporate Philosophy comprising Mission, Vision, and Values. In Five-Year Business Plan 2030, we made our customer-origin approach clearer and set forth "Create value by starting with the customer" as a component of our Vision.

Corporate Slogan

“For the People of Tomorrow”

Mission

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

Vision

- Create value by starting with the customer **UPDATE**
- Sharpen and leverage our core competencies to continually expand into new domains
- Create an environment where employees and their families can stay healthy, engaged, and proud of their work
- Engage with communities and societies across the globe

Values

- Earn trust and profits through customer satisfaction
- Think broadly and aim high
- Challenge convention and strive to raise the bar
- Act with integrity, perseverance, curiosity, and courage

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The Path to Value Creation

Tokuyama Value Creation

- Contributing to Japan's industrial development through the domestic production of soda ash
- Established the foundation for the soda business

- ▶ **1918** Nihon Soda Kogyo Co., Ltd. (currently Tokuyama Corporation) was established
Soda ash plant was constructed in Tokuyama-cho, Yamaguchi Prefecture (currently Shunan City)



Panoramic view of the Company around 1919

- ▶ **1924** First shipment of caustic soda (ammonia-soda process)
- ▶ **1927** First shipment of soda ash
- ▶ **1938** Central power plant completed
- ▶ **1938** Cement plant completed and production started

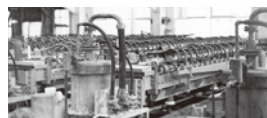


Cement Tokuyama Plant

- ▶ **1940** Began production of calcium chloride

- Expanded our facilities and transformed our production methods to meet society's evolving needs
- Diversified businesses to evolve into a comprehensive chemical manufacturer

- ▶ **1952** Began production of high-quality caustic soda using an electrolytic process



Electrolyzer

- ▶ **1960** Nanyo Plant was constructed
Began cement production using a large kiln



Nanyo No. 1 Kiln (Mammoth Kiln)

- ▶ **1964** Entered the petrochemical business
- ▶ **1966** Entered the PVC business



PVC plant

- ▶ **1967** Entered the ion exchange membrane business
Opened the East Plant to expand the petrochemical business
- ▶ **1972** Started production of isopropyl alcohol using direct hydration process
- ▶ **1975** Began production of caustic soda using a diaphragm process

- Expansion of new businesses such as specialty and processing types
- More overseas operations underpinning our growth as a global company

- ▶ **1978** Entered the dental materials and equipment business
- ▶ **1982** Entered the fine chemicals business
- ▶ **1983** Entered the medical diagnostic systems business
- ▶ **1984** Entered the high-purity polycrystalline silicon business
- ▶ **1985** Entered the high-purity aluminum nitride business
- ▶ **1985** Opened Kashima Factory as a manufacturing base for fine chemicals



Kashima Factory

- ▶ **1989** Opened the Tsukuba Research Laboratory as a base for the development of specialty businesses



Tsukuba Research Laboratory

- ▶ **1989** Established Tokuyama America, established Tokuyama Europe
- ▶ **1996** Established the current Tokuyama Singapore and Taiwan Tokuyama as manufacturing and sales bases for high-purity IPA, etc.

- Providing new value in the fields of electronics, healthcare, and the environment
- Aiming to transform into a value creation company

- ▶ **2001** Established Tokuyama Dental by spin-off of the dental materials and equipment business
- ▶ **2004** Spun off the ion exchange membrane business to integrate with ASTOM
- ▶ **2005** Established Tokuyama Chemicals (Zhejiang) to meet the growing global demand for fumed silica



Tokuyama Chemicals (Zhejiang)

- ▶ **2011** Established Tokuyama Chiyoda Gypsum (waste gypsum board recycling business)
- ▶ **2020** Established Formosa Tokuyama Advanced Chemicals (FTAC) to respond to needs for high-purity IPA



Formosa Tokuyama Advanced Chemicals

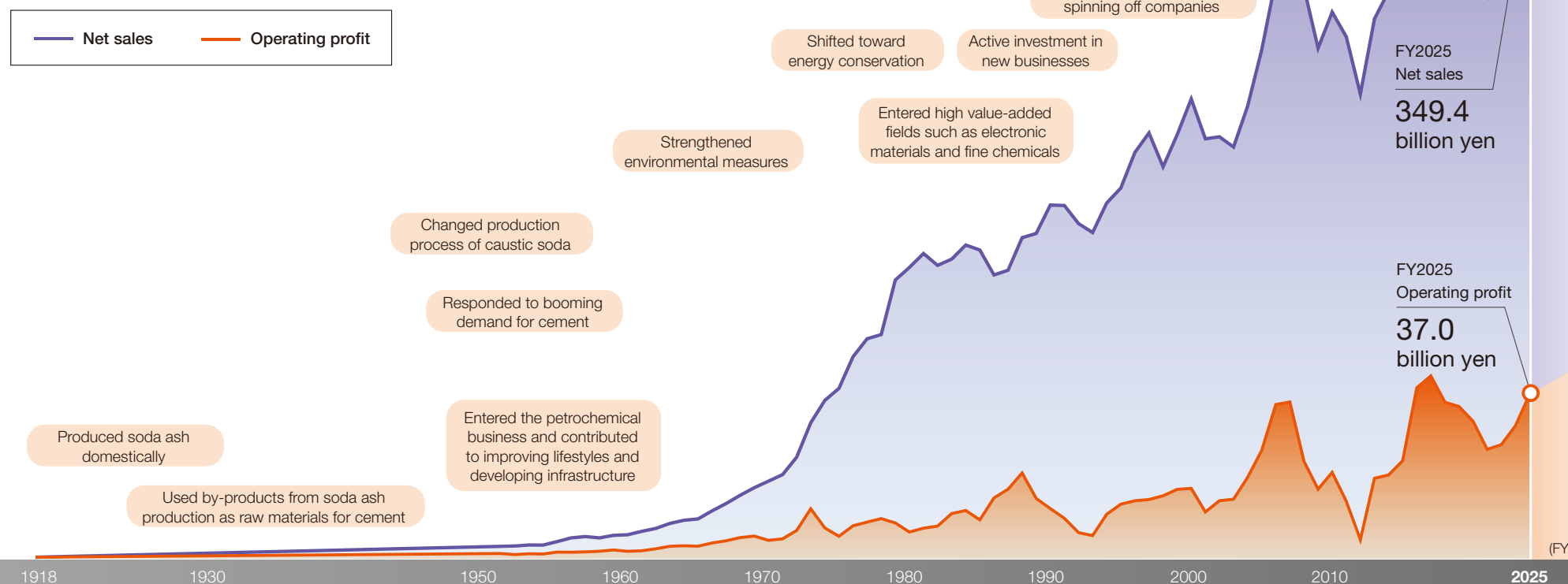
- ▶ **2021** Made A&T (medical diagnostic systems company) a wholly owned subsidiary, opened the Center for Commercialization of Advanced Technology in Yanai City, Yamaguchi Prefecture
- ▶ **2022** Established STAC (manufacturing and sales of high-purity IPA) in South Korea
- ▶ **2024** Opened the No. 2 Tsukuba Research Laboratory
Established TOKUYAMA VIETNAM (production and sales of high-purity polycrystalline silicon)
- ▶ **2025** Acquired a company conducting IVD and IVDM* businesses and renamed the unified holding company for these businesses Tokuyama Life Science

* IVD and IVDM: In vitro diagnostic pharmaceuticals and in vitro diagnostic pharmaceuticals materials

The Path to Value Creation

Net Sales / Operating Profit

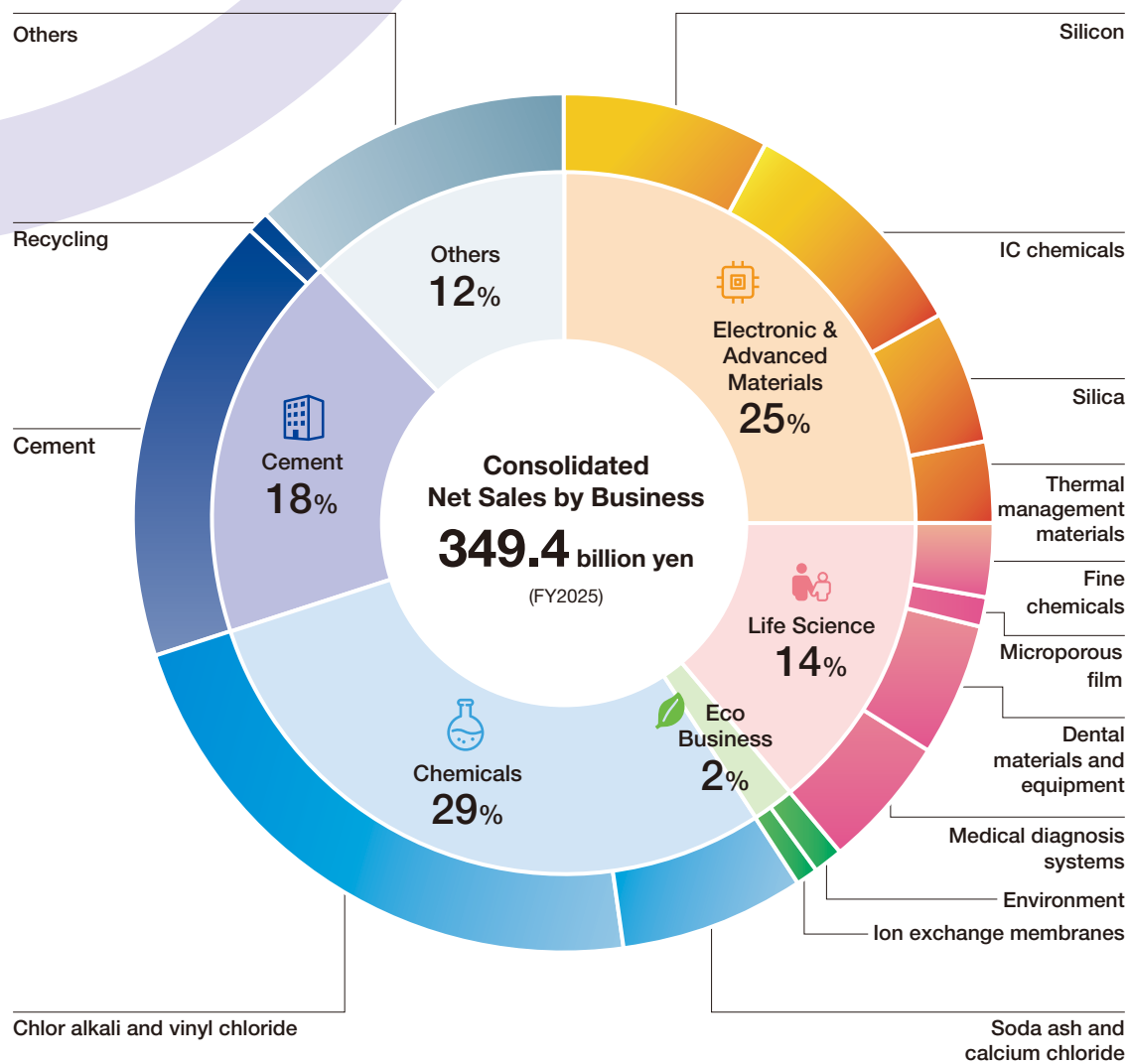
Since our founding in 1918, Tokuyama has worked to accumulate technologies and create new products by developing our inorganic chemicals business, while, from the 1970s, we began addressing social issues by expanding the scope of businesses, mainly in organic and polymer chemistry. We are continuing to refine the technologies that have become the cornerstone of our growth over more than a century, as we strive to create new value that meets the requirements of the coming age.



Historical Background and Social Issues

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

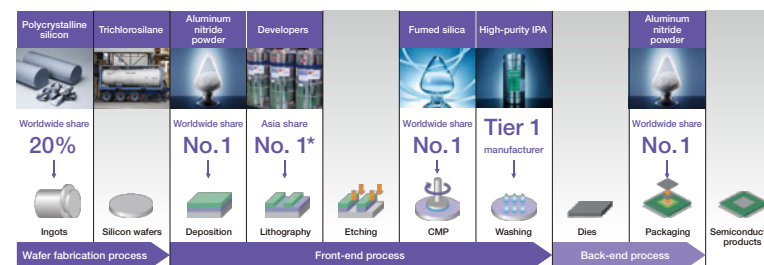
Overview of Tokuyama



Note: See p. 24-25 for details on product groups.

Electronic & Advanced Materials

Competitive products used in semiconductor manufacturing processes



* Including Hantok Chemicals Co., Ltd., an equity-method affiliate

Life Science

Photochromic materials
for eyeglass lenses

Worldwide share
No. 2 (20%)

Eco Business

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

100%
Fully recycled

Chemicals

Soda ash

Sole producer
in Japan

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

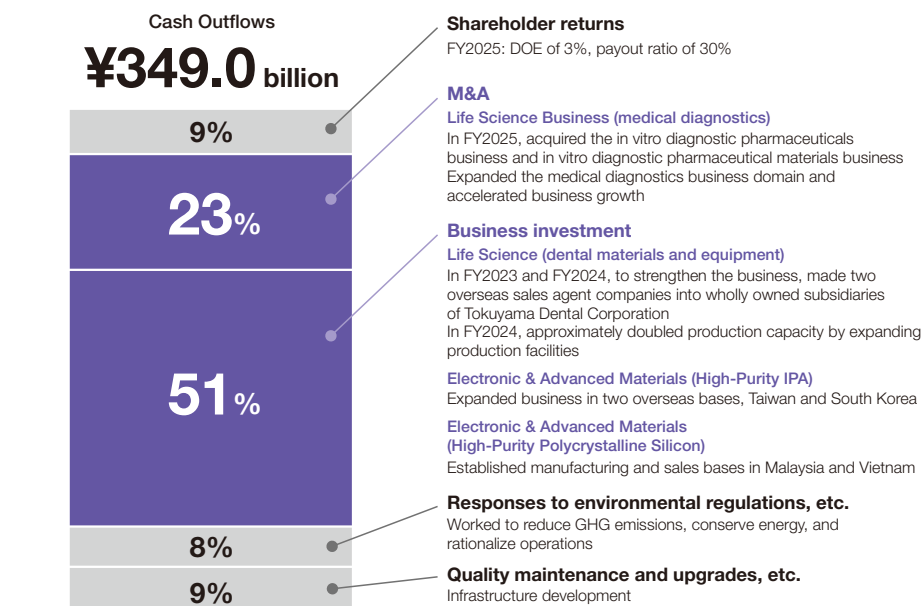
	Operating profit			Net sales		
	FY2020 ²	FY2025	CAGR	FY2020 ²	FY2025	CAGR
Business portfolio transformation ratio ¹	30%	53%	—	35%	41%	—
Growth businesses	¥10.2 billion	¥24.2 billion	18.7%	¥99.1 billion	¥147.2 billion	8.2%
Traditional businesses	¥18.0 billion	¥19.2 billion	1.3%	¥130.5 billion	¥173.1 billion	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.

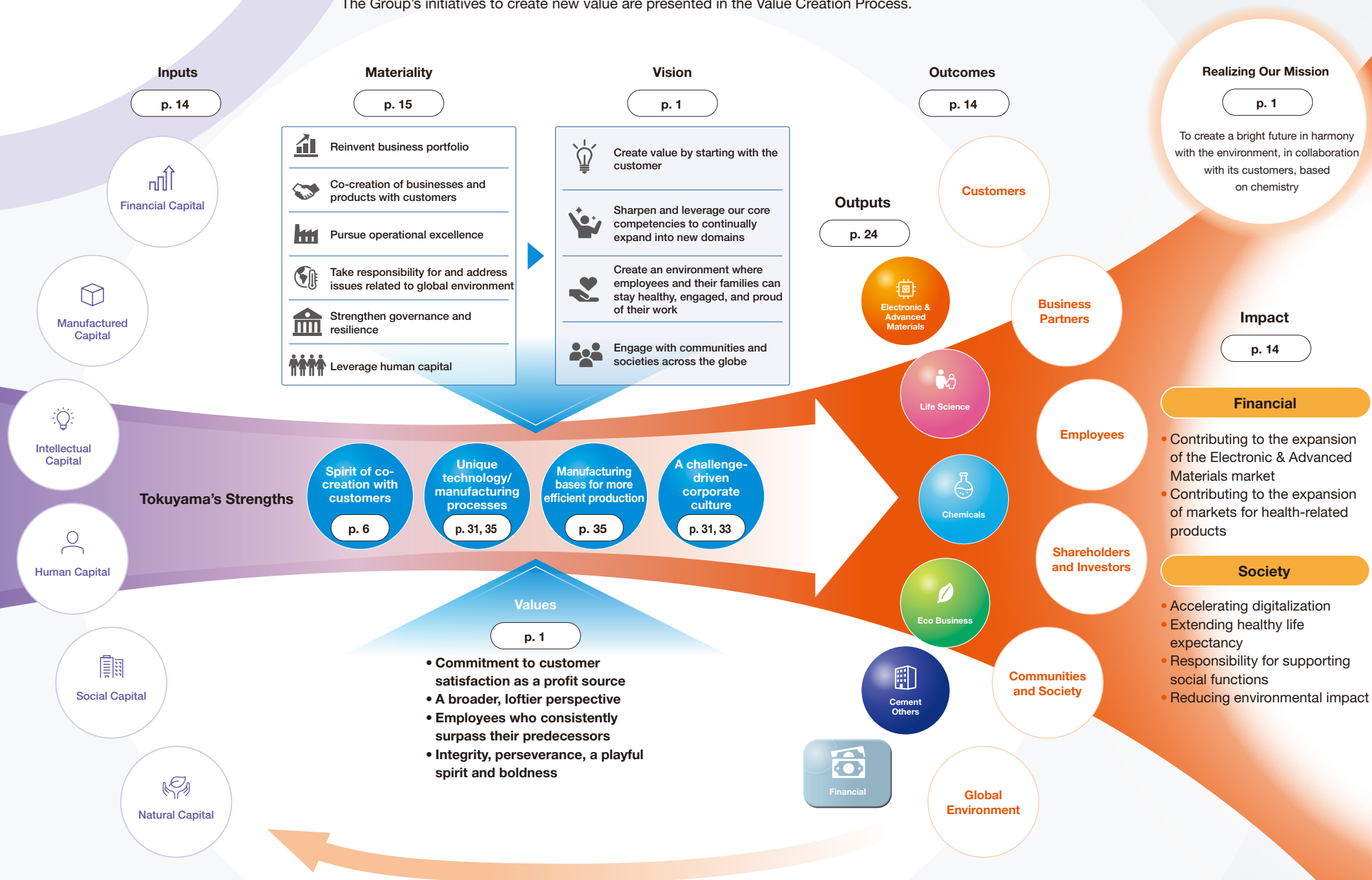
Cash Flow Allocation

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%.

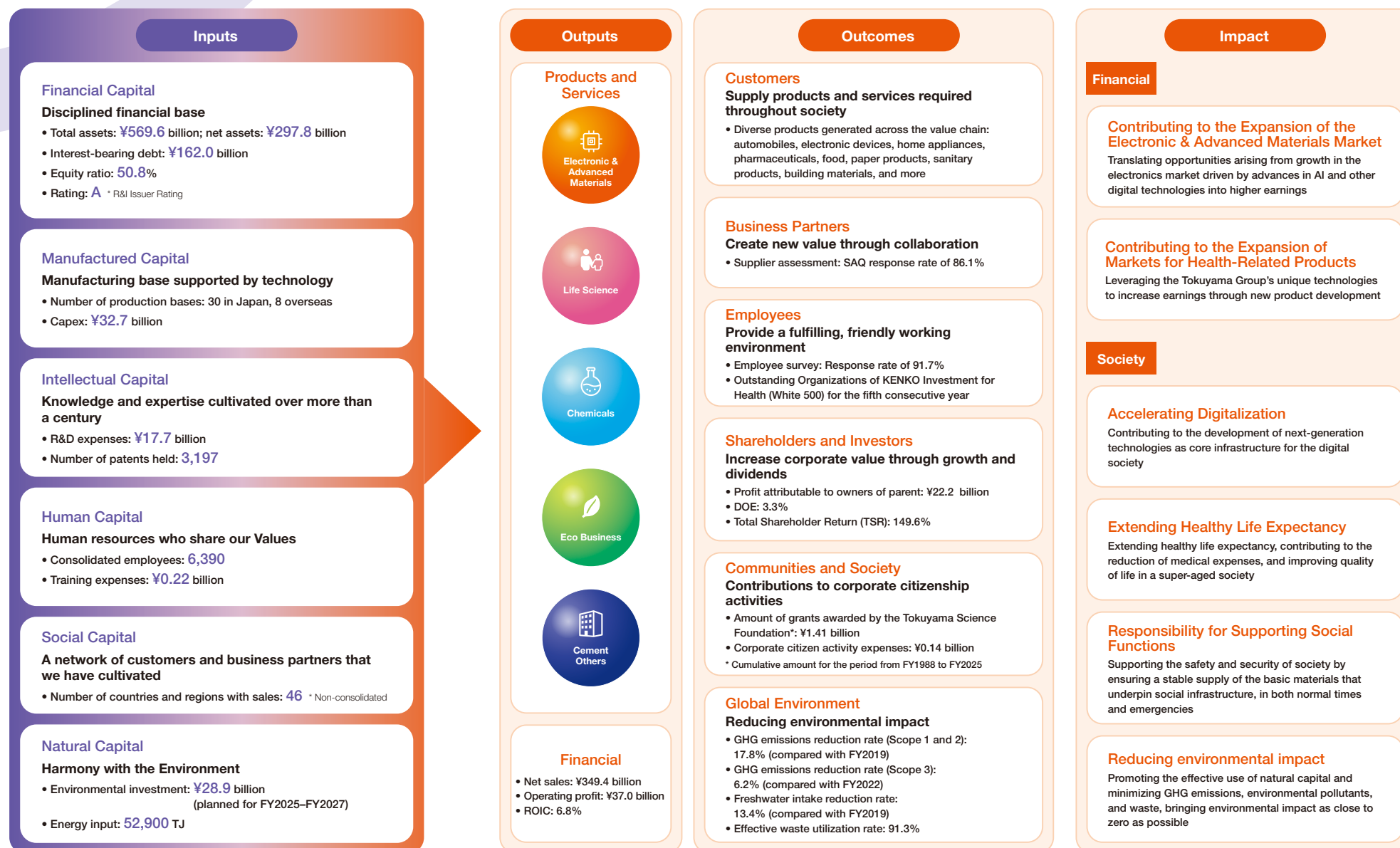


Value Creation Process

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

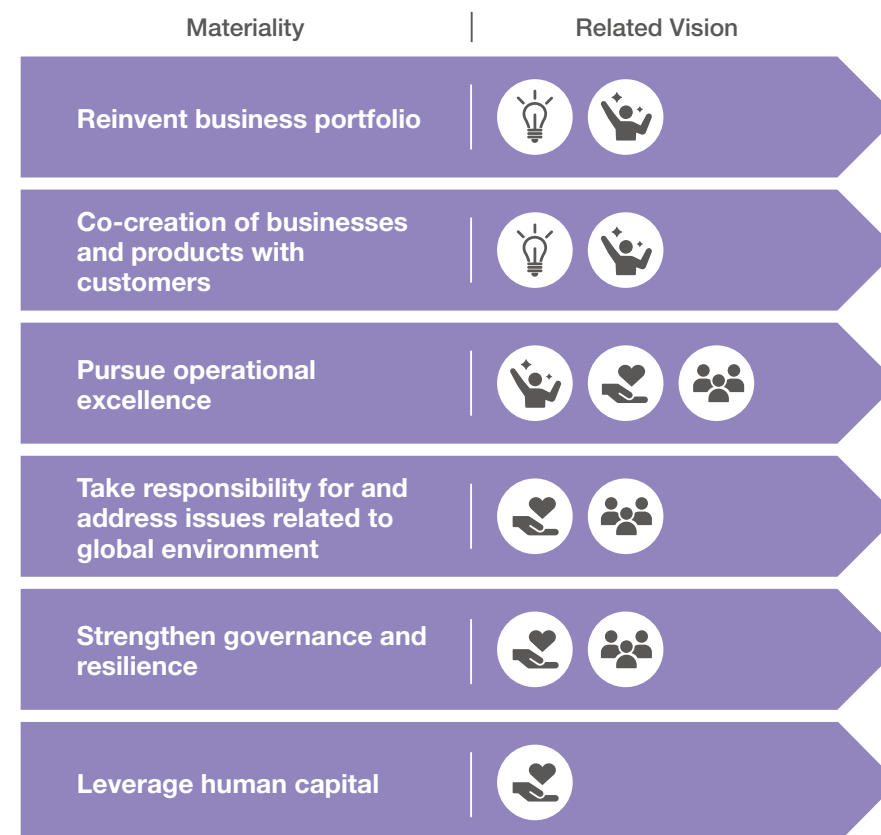
Updates under Five-Year Business Plan 2030

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

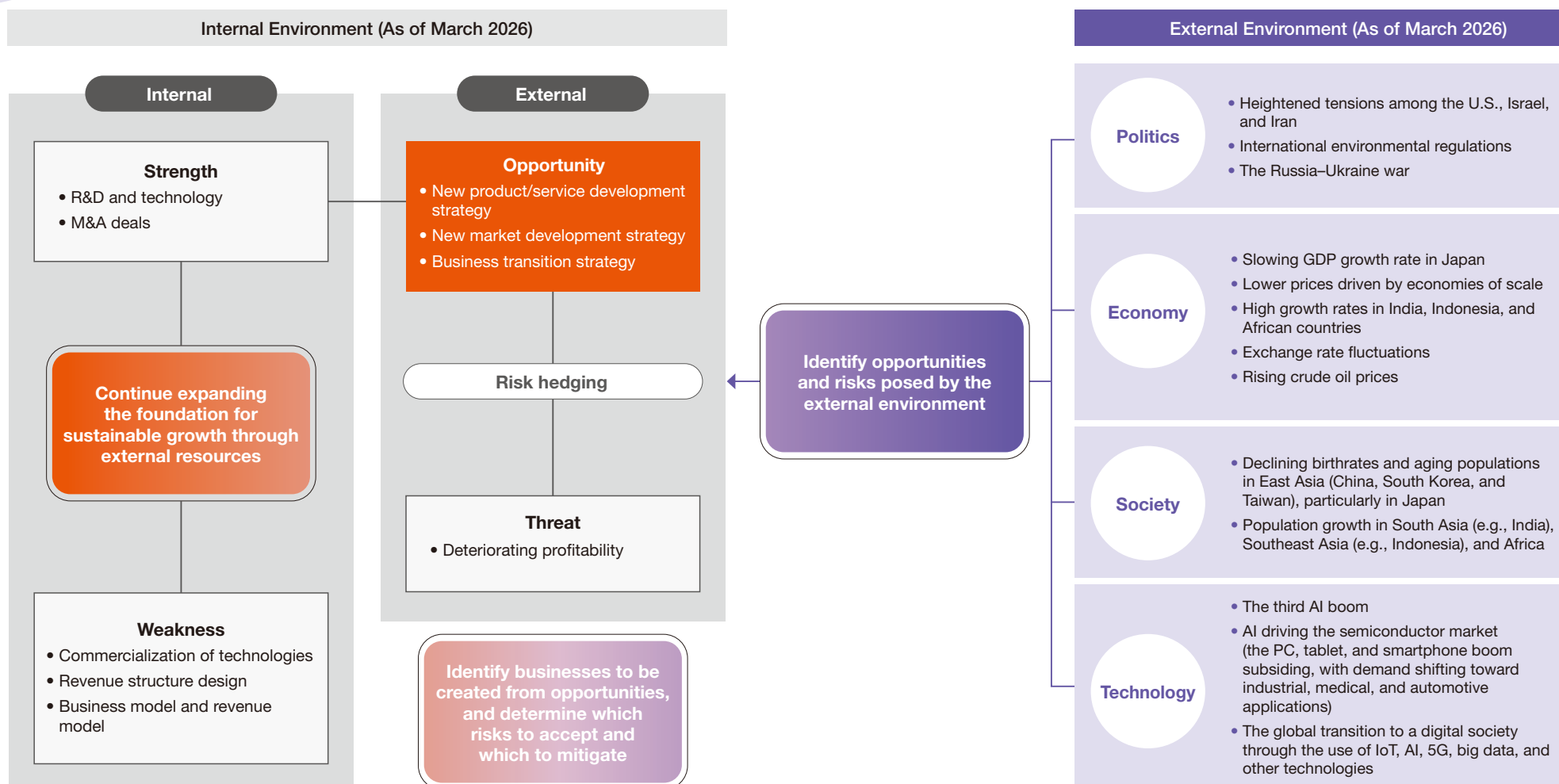
Materiality	Objective/Background of Selection as Materiality	Key Initiatives
Reinvent business portfolio	Accelerate the shift to a business structure centered on the electronics and healthcare fields to achieve medium- to long-term growth.	- Investing concentrated in growth areas - Entering new fields 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.

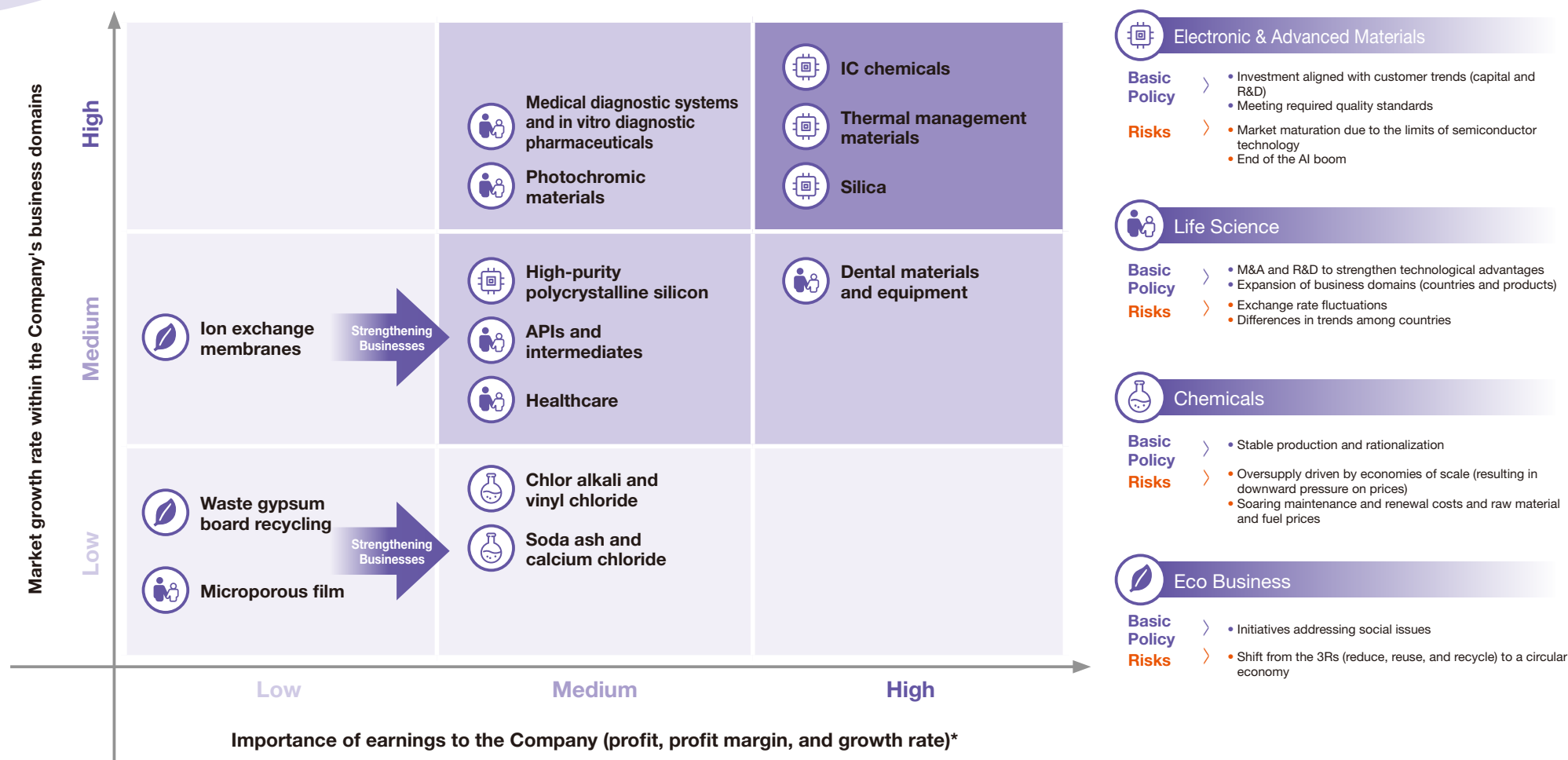


Five-Year Business Plan 2030

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.

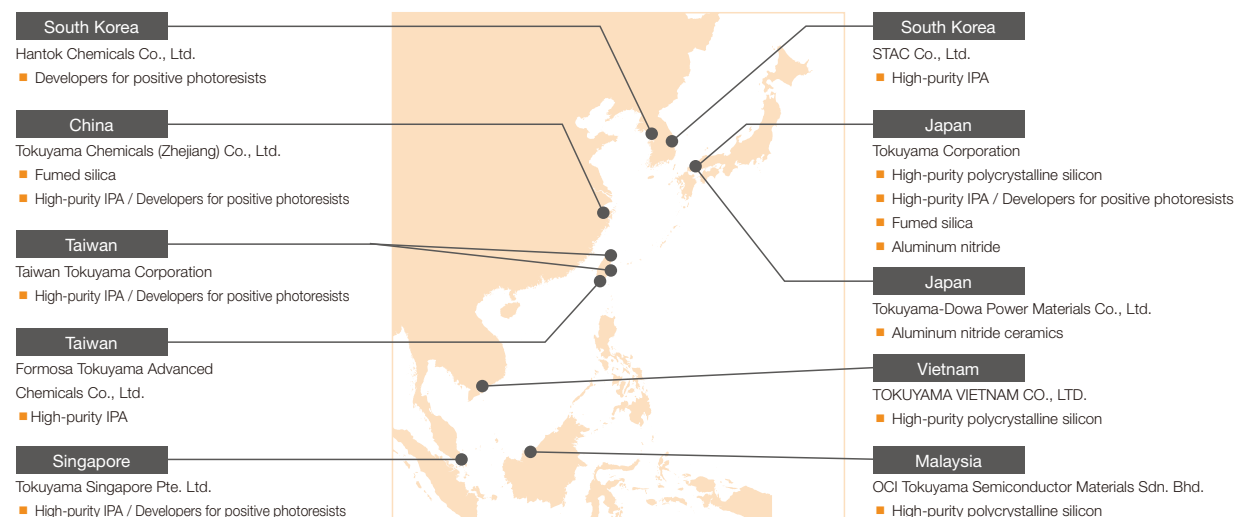


* Tokuyama's proprietary assessment, which considers profit margins and growth rates in addition to the amount of profit

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

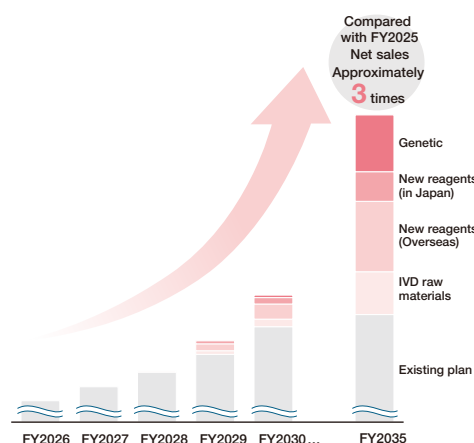
In Life Science, we aim to achieve dramatic medium- to long-term growth and help realize a society in which people live longer, healthier lives by bringing together the strengths of our Group companies to create powerful synergies.

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.

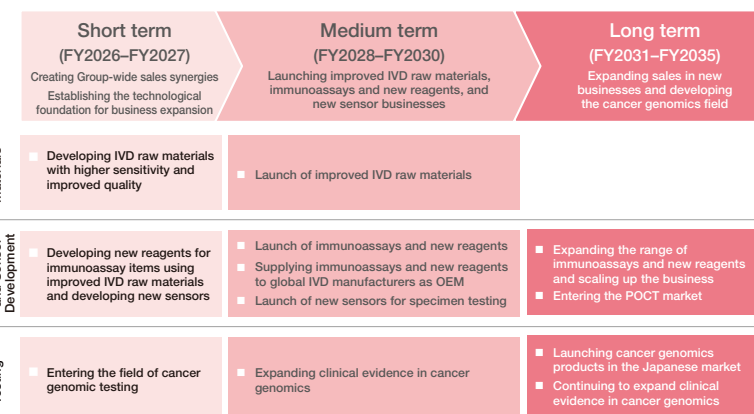
1. IVD: In vitro diagnostic pharmaceuticals

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	Approx. 54%	
		Business investment - Capex - New businesses or products - 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.		
		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	Financial soundness Equity ratio • Debt/equity ratio Net debt/equity ratio	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.

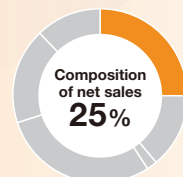
There are occasions during internal decision-making when I also serve as a brake. While the external directors perform a supervisory function, the executive side cannot do without someone who can apply financial discipline when strategies or measures are rushed or go too far. I recognize that, in an 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.

Business Overview



Electronic & Advanced Materials

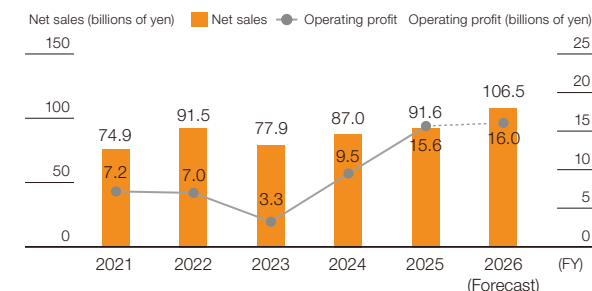


Progress of Strategy by Product Area

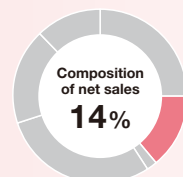
Product Area	FY2025 Results	Plan for FY2026 Onward
Silicon	- Began construction of a plant producing polycrystalline silicon for semiconductors in Malaysia - Completed construction of a plant producing polycrystalline silicon for semiconductors in Vietnam	Establish new plants in Malaysia and Vietnam, 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



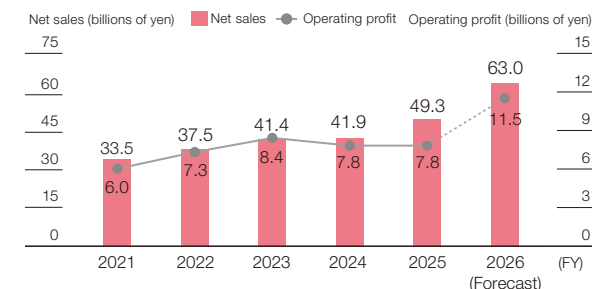
Life Science



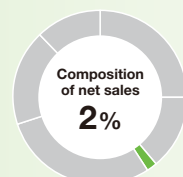
Progress of Strategy by Product Area

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



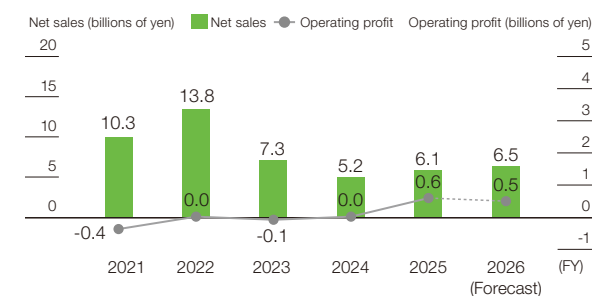
Eco Business



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

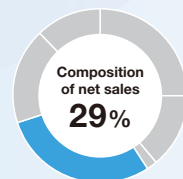
Performance Trend



Business Overview



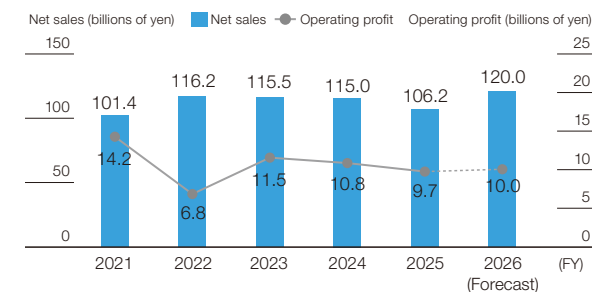
Chemicals



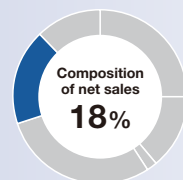
Progress of Strategy by Product Area

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



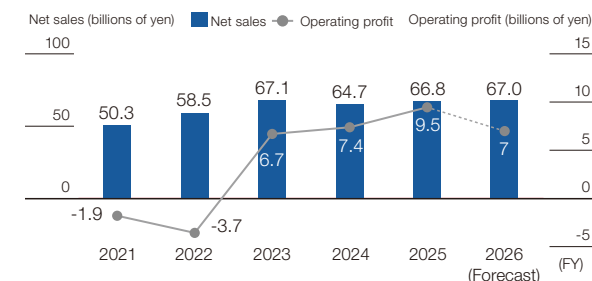
Cement



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



Photochromic materials for eyeglass lenses



Dental materials and equipment

Chemicals



Sodium hydroxide (image)



PVC compounds

Electronic & Advanced Materials



High-purity polycrystalline silicon



High-purity IPA

Eco Business



Waste gypsum board recycling



PV panel recycling

Cement



Cement



Recycling



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

Katsumi Nagase

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



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

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.

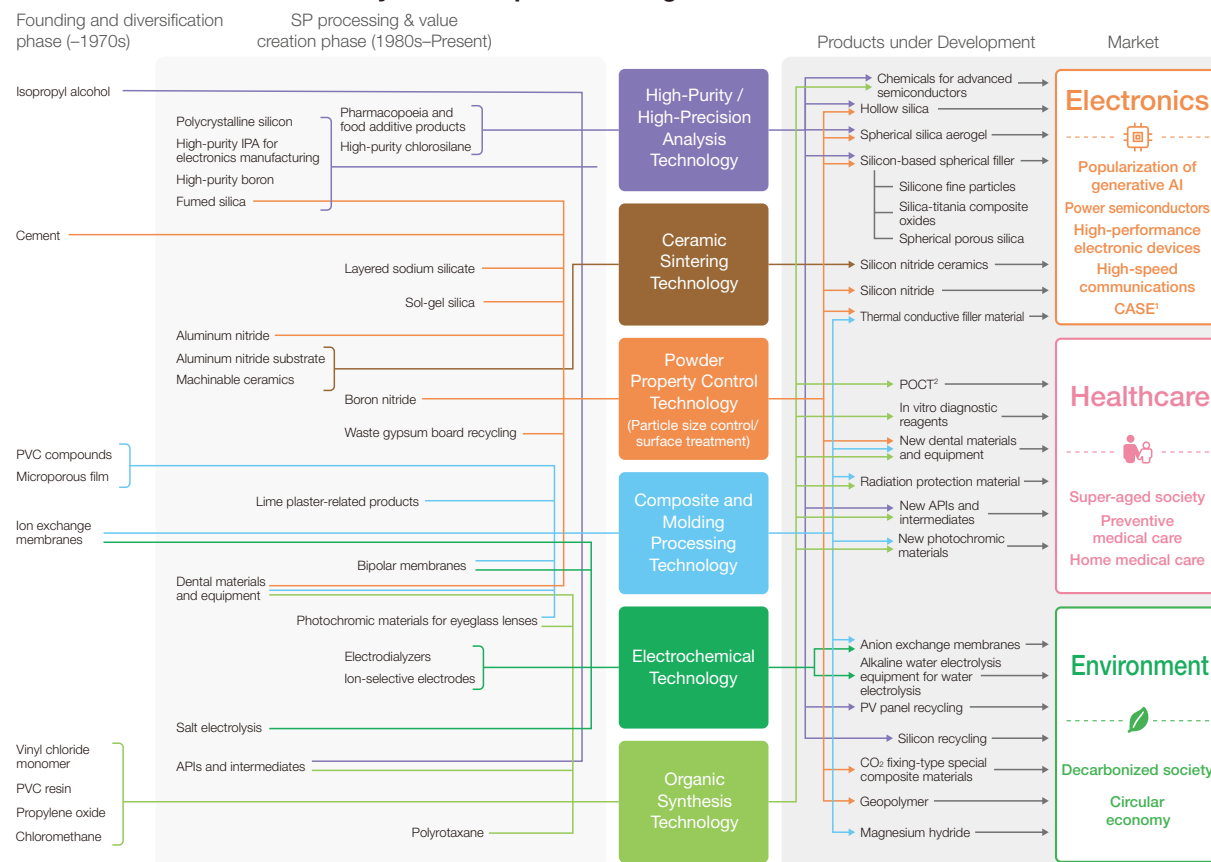
Research and Development Strategy

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

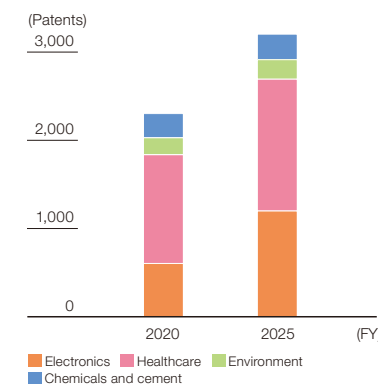


1. CASE: A term representing technological innovation in the automotive industry. Connected (IoT-enabled vehicles), Autonomous (self-driving), Shared & Services (shared use), Electric (electrification)
2. POCT: Point of Care Testing conducted at clinical sites for immediate diagnostic results

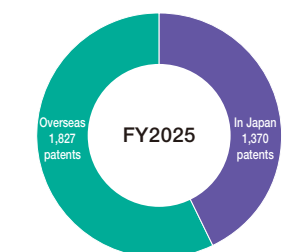
Tokuyama's Intellectual Property Strategy

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



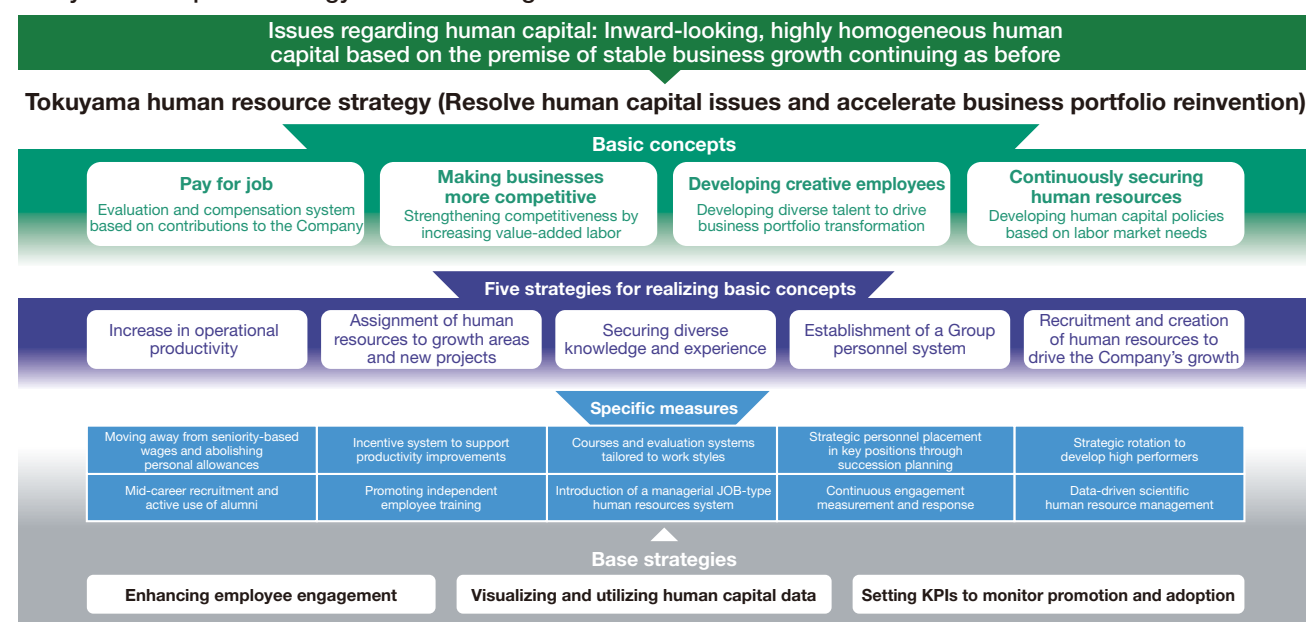
Tokuyama will strengthen its human capital through a human resources strategy that is directly linked with the achievement of its management strategy. The Company has continued to create value within an organizational culture premised on stable business growth. However, if we are to accelerate business 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.

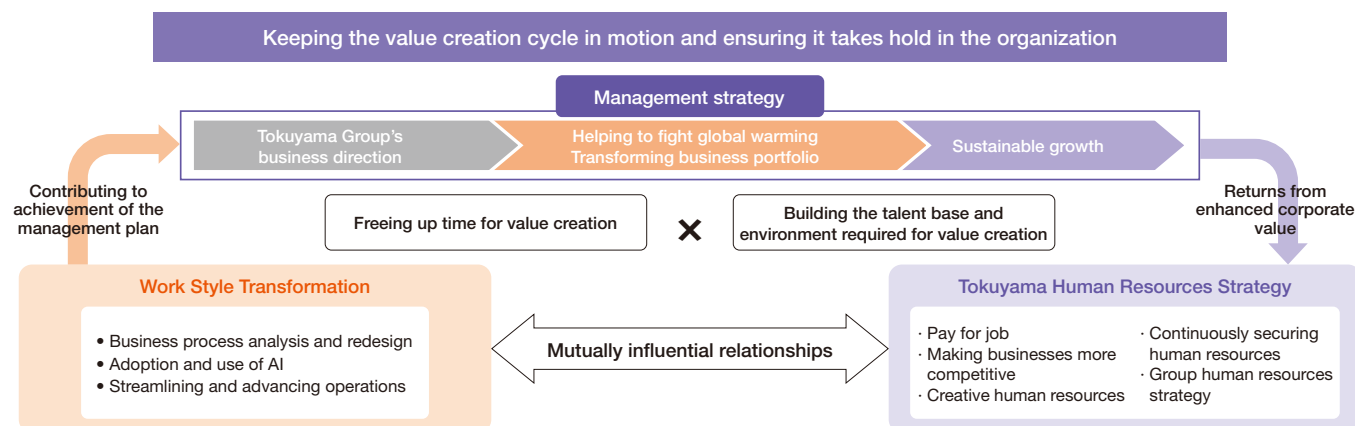
Developing Management Talent to Support Business Portfolio Reinvention

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

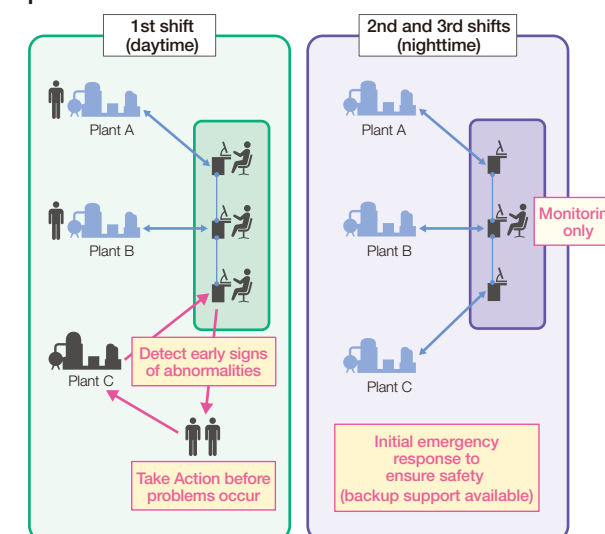
Managing Executive Officer,
General Manager,
Manufacturing Strategy &
Operations Headquarters and
Tokuyama Factory



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.

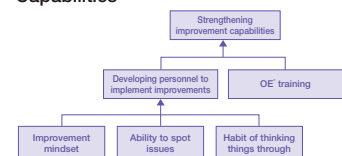
Based on these findings, each manufacturing department is taking the lead in making ongoing improvements using three approaches: eliminate, reduce, and change, and is continuing to make steady improvements by, for example, transferring work to daytime hours, making use of digital technologies, and introducing 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

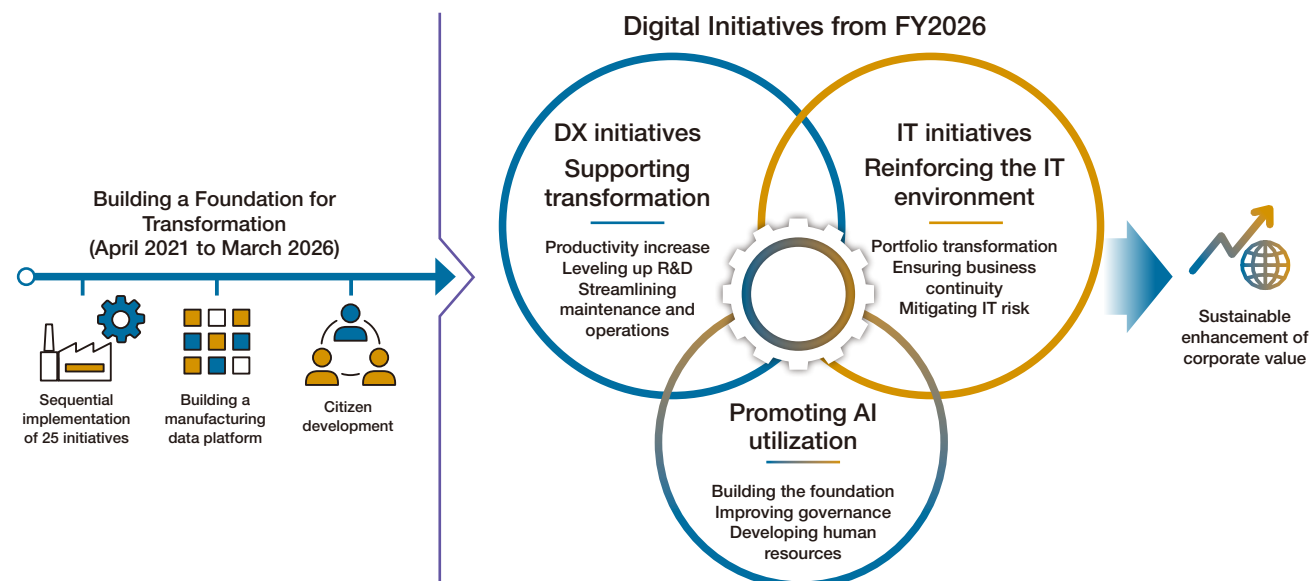
another. The first initiative is supporting transformation through DX. In addition to reforming business processes to improve productivity, we will advance data utilization and the adoption of AI technologies in R&D, and expand value creation by bringing together frontline ingenuity and new technologies. 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

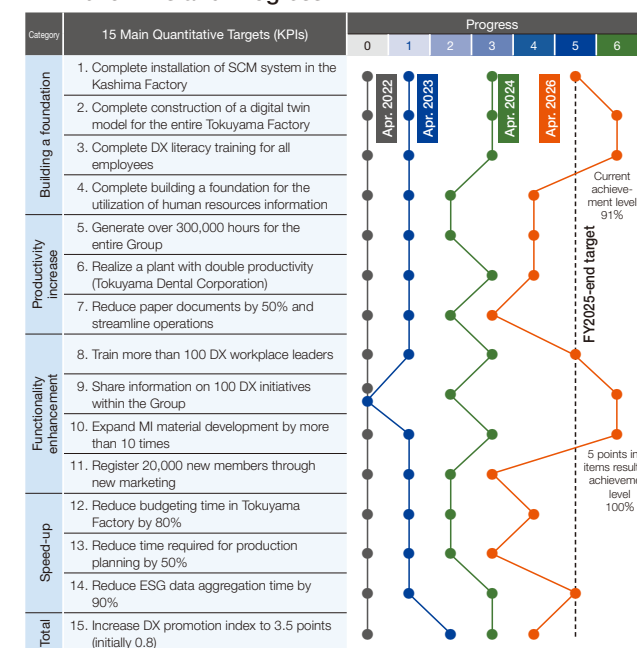
TDX2025 established 15 KPIs as quantitative targets for building a foundation, improving productivity, enhancing functionality, and increasing speed. We were able to attain an

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

Message from the Executive Officer in Charge of Sustainability

Sustainability supporting transformation: Aligning the trajectory of transformation with the creation of both social and corporate value and sharing the transformation narrative with stakeholders

Nami Arimura

Executive Officer,
General Manager,
Corporate Sustainability
Division



Sustainability Management at Tokuyama

We believe sustainability initiatives should not be treated as stand-alone activities addressing specific social issues, but rather embedded in the Group's mission, business strategies, and the very management that underpins day-to-day decision-making.

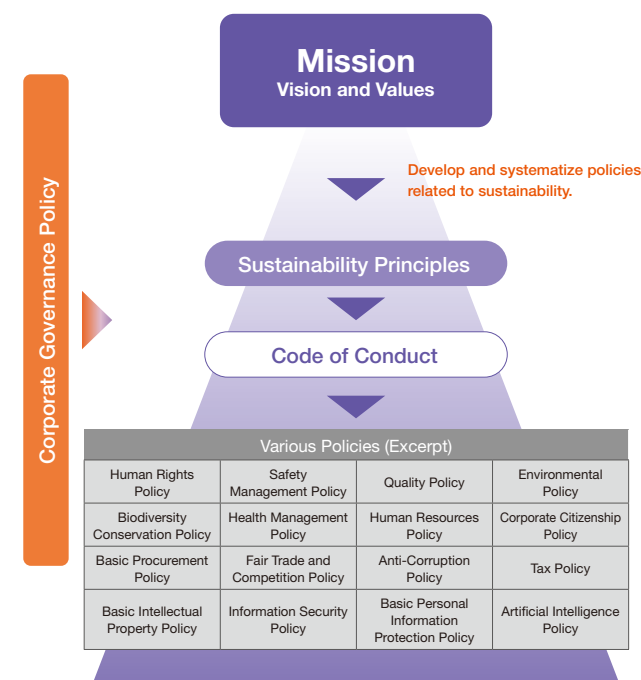
The Group believes that sustainability management means remaining a corporate group that society deems essential into the future, guided by our Mission: "to create a bright future in harmony with the environment, in collaboration with customers, based on chemistry." This will be achieved by striking the right balance between contributing to the resolution of social issues through our business activities and maximizing corporate value. Put simply, it is nothing less than the continual pursuit of ever greater happiness and satisfaction among the six stakeholder groups that the Group considers most important: shareholders and investors, customers, business partners, employees, communities and society, and the global environment.

Initiatives under Medium-Term Management Plan 2025

Under Medium-Term Management Plan 2025, we focused on laying the foundation for sharing this approach throughout the Group and putting it into practice. First, we developed and expanded our sustainability-related policies (see "Policies on Sustainability" on the right.). We also developed a Company-wide risk management system (see pp. 59–60, "Risk Management"), strengthened Group governance, and

established a sustainability governance system designed to accelerate and clarify decision-making related to sustainability (see "Sustainability-Related Meeting Bodies" below). We have also strengthened monitoring and coordination across all three lines of defense for these activities.

Policies on Sustainability



In addition, we have proactively disclosed non-financial information on our initiatives addressing a range of sustainability issues, such as climate change, biodiversity conservation, human rights, and sustainable procurement. Sustainability, which before had tended to be viewed as

Sustainability-Related Meeting Bodies



Message from the Executive Officer in Charge of Sustainability

peripheral to business strategy, was elevated to the status of an issue warranting deliberation as a core management concern. We regard the steady shift in awareness among senior management and other employees in key positions as another important step forward during the period of the previous medium-term management plan.

At the Start of Five-Year Business Plan 2030

At the same time, the business environment surrounding companies is becoming even more uncertain amid developments such as accelerating decarbonization, tighter resource and energy constraints, intensifying global competition, the emergence of geopolitical risks, and faster technological innovation. Given these circumstances, maintaining and strengthening future competitiveness and achieving sustainable growth will require an irrevocable transformation that is not merely an extension of existing practices.

Under Five-Year Business Plan 2030 ("FBP 2030"), launched in FY2026, the Group expressed its unwavering resolve by taking the concept of business portfolio "transformation" a decisive step further into business portfolio "reinvention." We have taken the first steps toward reinvention for the next stage of growth by reshaping our revenue structure, concentrating allocation of resources in growth areas, and investing in talent and technology.

With the launch of FBP 2030, we also revised one of the statements in Tokuyama's Vision to "Be a value-creative company that places first priority on customer-driven marketing." This revision more clearly expresses our aspiration to strengthen our ability to turn technologies into businesses, begin value creation with customer-driven marketing, and remain a company that never stops taking on the challenge of new domains while refining its unique strengths. At the same time, we reviewed the materiality that had previously been based on priority CSR issues, identified

the management elements required to realize this Vision, and updated it to reflect priority Company-wide issues. The result is our new materiality.

Sustainability During Times of Change

As the Company undertakes this transformation, we believe the essential role of sustainability during this time of change is to assess risks and opportunities from a medium- to long-term perspective, anticipate changes in the value sought by society and customers, align the trajectory of transformation with the creation of both social and corporate value, and support bold undertakings with the potential to create a future competitive edge. Sustainability should serve as the guiding compass for this effort and as the core that ties together business strategy, technology development, investment decisions, human resources strategy, and other areas.

We also see articulating clearly why the Group is changing and what value it intends to deliver to society, and communicating this effectively as another of our roles. We seek to build a shared understanding between management and frontline workers by treating transformation not as the mere pursuit of efficiency and rationalization but as an effort to create sustainable value. It is also essential that we explain candidly and consistently to investors and our other diverse stakeholders the thinking behind the Group's reinvention, what sort of issues we are confronting, and the kind of value we seek to realize. We believe that this integrated report is also an important platform for that dialogue.

Future Priorities

Our next priority is to move beyond sharing the new materiality as just a set of principles or slogans by linking it more closely to our KGIs and KPIs and embedding it in both management

indicators and day-to-day operations. Translating our materiality into organizational and individual work objectives and embedding it in the decisions and actions of every employee will be indispensable for achieving this.

The accumulation of day-to-day decisions on the front lines shapes who we are as a company and will determine our future competitiveness. It is for this very reason that every organization, Group company, and level of the workforce must take ownership of the materiality and put it into practice.

Precisely because we are in a time of change, we will further strengthen the foundation that enables the Group to remain trusted and deemed essential by its stakeholders. As the executive responsible for sustainability, I will help bridge values and action, and connect management with the front lines, as well as the Company with its external stakeholders, to support sustainable value creation and corporate value.

FY2025 Materiality Results under Medium-Term Management Plan 2025

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

Materiality	Aspiration	Targets and KPIs	FY2025 Results	Achievement Level
Helping to fight global warming  	Achieving carbon neutrality (CN) by FY2050	- Reduction in GHG emissions across the Group (all targets to be achieved by FY2030): 30% reduction in Scope 1 and 2 (compared with FY2019) 10% reduction in Scope 3 (Categories 1, 3, and 4) (compared with FY2022) - Active disclosure of climate-related information	- FY2025 GHG emissions: 18% reduction in Scope 1 and 2 6% reduction in Scope 3 - Promoted collaboration with Shunan Industrial Complex (via the Shunan Industrial Complex Decarbonization Promotion Council) - Promoted conversion to non-fossil fuels, initiatives to reduce Scope 3 emissions, and initiatives to create environmental value - Enhanced information disclosure	○
Conserving the environment   	- Promoting recycling and maintaining zero landfill waste - Maintaining low emissions of environmental impact substances - Complying with legal requirements and other regulations, achievement of zero environmental accidents - Contribution to biodiversity conservation	- Complying with legal requirements and other regulations: Achievement of zero violations - Continued achievement of zero environmental accidents: Zero accidents - Reducing environmental impact (Tokuyama Group) - Effective waste utilization rate: ≥92% - Landfill waste disposal rate: ≤3% - Enhancing dialogue with stakeholders and information disclosure - Contributing to biodiversity conservation: Responding to TNFD - Effective use of water resources: Reduction of water consumption (excluding seawater) (below FY2019 standard)	- Compliance with legal and other requirements and environmental accidents: 0 incidents - Measures to address global warming - Calculated GHG emissions and obtained third-party verification - Reduced environmental impact: - Effective waste utilization rate: 91% (Tokuyama Group) - Landfill waste disposal rate: 4% (Tokuyama Group) - Implemented initiatives for biodiversity conservation - Water usage reduction rate (excluding seawater) (compared with FY2019): -13% - Enhanced dialogue with stakeholders and information transparency	○
Preventing accidents and preparing for disasters   	- Accident prevention and disaster preparation - Improvements in process safety management level - Fostering and improving the safety culture	- Zero accidents and zero lost-time injuries - Deepened risk assessment - Promoting smart security	- Zero serious accidents/disasters - Tokuyama Factory obtained B accreditation as an accredited advanced safety provider - Workplaces toured by top management - Initiated efforts to identify high-risk and high-workload tasks by the safety activities team - Conducted disaster prevention drills based on natural disaster scenarios - Investigated the causes of equipment failures and horizontally deployed countermeasures	○
Developing products and technologies that address social issues   	Expanding development of products and technologies that address social issues by taking SDGs into account, and reinvent the business portfolio	- Promoting the development of products and technologies that help to resolve social issues, focusing on the SDGs - Efficient process technology development through DX of multiple-product manufacturing	- Electronics: Accelerated efforts to commercialize customer-driven products by strengthening marketing functions and coordination with business divisions - Healthcare: Accelerated development by narrowing down commercialization themes and concentrating resources - Environment: Moved several themes into the commercialization phase; promoted new carbon neutral related themes - Traditional business areas: Developed and launched products that address environmental issues, and developed process technologies - Other: Grants for academic and research purposes	○
Improved chemical management and product safety   	Maintaining effective chemical management and promote product safety in the Group	- Complying with chemical laws and regulations in each country: Zero infractions of chemical-related regulations - Group risk management of chemical products: Zero accidents due to product safety	- Zero infractions of chemical-related regulations 92 product reviews (second and third rounds); 909 labeling reviews - Understood and responded to domestic and overseas regulatory trends - Promoted the management system for chemicals contained in products - Provided education to departments and Group companies involved in chemical product management and conducted regular inspections and interviews on their state of management	○
Engaging with local communities   	- Harmoniously co-existing and cooperating with communities - Contribution to communities	- Harmoniously co-existing and cooperating with communities - Contribution to communities	- Dialogue with communities: Conducted area community dialogue, roundtable meetings, factory tours, etc. - Social contributions: Conducted volunteer activities, provided educational support to neighboring schools, and made donations to contribute to the local community - Contributions through business: Specified supply of power to Shunan City	○

FY2025 Materiality Results under Medium-Term Management Plan 2025

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

Materiality	Aspiration	Targets and KPIs	FY2025 Results	Achievement Level
Promoting CSR procurement   	- Management of supply chains based on sustainable procurement guidelines - Creating management process	Improvement and execution of management and investigation of supply chains based on sustainable procurement guidelines	- In April 2025, raised awareness of the revised guidelines among suppliers and contractors. Requested pledges from companies with a transaction value of 30 million yen or more; collected from 334 out of 397 companies. - Implemented supplier assessments using the self-assessment questionnaire (SAQ) published by Global Compact Network Japan (GCNJ) for suppliers and contractors with transaction values of 100 million yen or more; collected from 192 out of 223 companies	○
Developing human resources   	Improving employee value while contributing to the realization of a management strategy - Increasing operational productivity - Providing human resources to growth areas and new projects - Recruitment and creation of human resources to drive the Company's growth	- Establishment of an incentive system to support productivity improvements¹ - Percentage of positions filled relative to human resource plan: 100% ± 10% each fiscal year - Percentage of successor candidate positions filled for key management positions: 100% each fiscal year - Number of NBL (Next Business Leader) training participants: Cumulative total of 100 by FY2030¹ - Global human resources development training: 15 participants each fiscal year until FY2025¹ - Training highly skilled engineers to support business execution²	- Establishment of incentive system: Preparation of system design¹ - Percentage of positions filled relative to human resource plan: 80% - Percentage of successor candidate positions filled for key management positions: 123% - Implemented NBL training: Attended by 20 selected employees (cumulative total across consolidated Group: 87) - Implemented global human resource development: Attended by 19 employees (cumulative total across consolidated Group: 67) - Training highly skilled engineers to support business execution² - Conducted DX workplace leader and digital engineer training - Conducted DX literacy improvement training	○
Promotion of diversity and career fulfillment   	- Responding to diversity of values and ensuring fairness - Increasing engagement - Respect for human rights	- Promotion of diversity and inclusion - Percentage of women hired with a bachelor's degree or higher: 20% or higher each fiscal year² - Percentage of managerial positions or above held by women: 15% in FY2030 - Percentage of people with disabilities: Achievement of legally mandated level¹ - Employee engagement: Ongoing improvement¹ - Promotion of work-life balance - Rate of childcare leave taken by men: 100% in FY2030² - Rate of annual paid leave taken: 75% each fiscal year² - Promotion of respect for human rights	- Promotion of diversity and inclusion - Percentage of women hired with a bachelor's degree or higher: 27.8%² - Percentage of managerial positions or above held by women: 10.6% - Percentage of people with disabilities: 2.49%¹ - Employee engagement: Implementation of improvement measures for departments with poor engagement¹ - Promotion of work-life balance - Rate of male employees taking childcare leave: 64.8%² - Rate of annual paid leave taken: 79.4%² - Implemented human rights due diligence and other measures (see p. 48, "Respect for Human Rights," for details)	△
Promotion of physical/mental health  	A state in which employees can work vigorously and play an active role through the cultivation of the physical and mental health of employees and their families, and the creation of a work-friendly environment	- Improve health awareness - Smoking rate: <15% - Maintain or reduce the rate of abnormal health screening findings - Rate of undertaking regular health screenings: 100% - Rate of undertaking re-examination: ≥90% - Specific health guidance rate: ≥80% - Reduction in the rate of employees absences: <0.5% - Stress check examination: ≥95% - Continued certification as an Outstanding Organization of KENKO Investment for Health (White 500) (All of the above are non-consolidated.)	- Strong external acclaim for implementing the KENKO Investment for Health - KENKO Investment for Health, White 500, and Outstanding Organization of KENKO Investment for Health - Reduction of absenteeism - Number of employees absent for 30 or more days: 1.7% - Presenteeism: 4.8% - Work engagement: 3.0 - Health guidance, measures against lifestyle-related diseases - Rate of undertaking regular health screenings: 100% - Rate of undertaking re-examination/detailed examinations: 92.4% - Promotion of smart life program, smoking rate: 16.8% - Promotion of mental healthcare, stress check examination rate: 96.4% - Collaborative health practice, specific health guidance rate: 97.5% (All of the above are non-consolidated.)	○

1. Non-consolidated
2. Non-consolidated and domestic consolidated subsidiaries

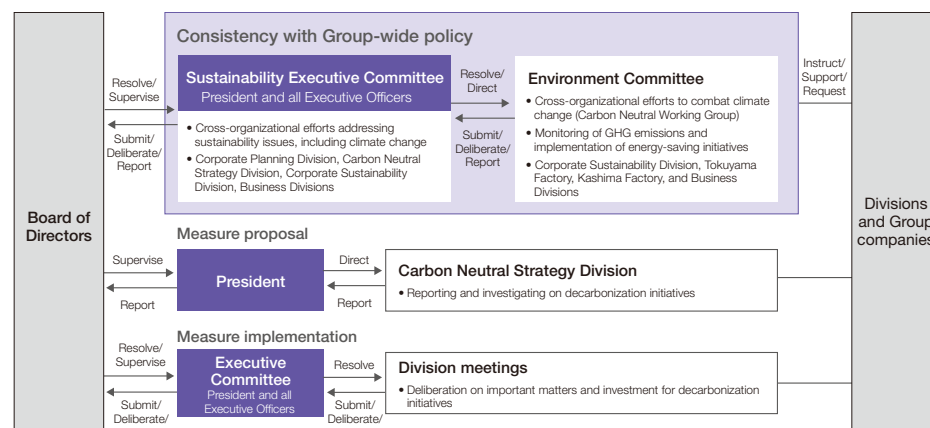
Action on Climate Change

Governance

The Group regards climate change as one of its greatest management risks and has continuously addressed it through its medium-term management plans. Under the newly formulated FBP 2030, “Take responsibility for and address issues related to global environment” continues to be one of our material issues, and we are advancing initiatives toward carbon neutrality. Policies on climate change and major investment projects related to climate change are decided following deliberation by the Executive Committee, and are subject to proper supervision through reports and referrals to the Board of Directors.

The Carbon Neutral Strategy Division, under the leadership of the President and Executive Officer acting under authority delegated by the Board of Directors, is responsible for formulating Company-wide policy and advancing related initiatives. The Sustainability Executive Committee and its subordinate Environment Committee analyze risks and opportunities and consider and oversee specific initiatives. This provides a governance framework for ensuring that climate-related issues are properly represented in management decision-making.

System to Promote Carbon Neutrality Achievement



Strategy

The Group recognizes the impact of climate change on the business environment as an important management issue, analyzes it in terms of both risks and opportunities, and reflects the results of this analysis in its business strategies. We are refining our strategies by factoring in both emerging risks, such as higher carbon costs following the introduction of internal carbon pricing and changes in customer procurement policies, together with new business opportunities in the environmental field.

We also conduct analyses of scenarios involving global warming by 1.5°C and 4°C through

2050, using scenarios of the International Energy Agency (IEA) such as its Net Zero Emissions by 2050 Scenario (NZE) and Intergovernmental Panel on Climate Change (IPCC) scenarios as references. These analyses assess transition risks relating to policy, technology, markets, and reputation, as well as physical risks such as extreme weather. They also identify opportunities such as increased demand driven by the shift toward a low-carbon society and growth in the resource circulation domain.

Drawing on the findings of these analyses, we are reinventing our business portfolio from an energy-intensive model to one centered on value creation. This allows us to reduce risks, translate opportunities into earnings, and continually build greater resilience into our strategy.

Risks from Climate Change (Scenario Analysis)

Short term: through FY2025; medium term: through FY2030; long term: through FY2050

Scenario	Risks Category	Risk Assessment Target	Impact on the Group (Financial) (Identified Risks)
1.5°C	Government policy and regulations	Carbon pricing and energy procurement costs	• Increase in operating costs due to expanded carbon pricing • Increase in costs for mitigation initiatives due to tightening of GHG emission regulations
	Technology	Increased costs arising from the use of non-fossil energy and the procurement of raw materials with a low carbon footprint	• Increased costs arising from the use of non-fossil energy and the procurement of raw materials with a low carbon footprint • Increased costs for green material procurement and green process conversion due to lack of technology and market maturity
	Evaluation	Stakeholder evaluations	• Decline in market value and increase in financing costs due to a poor evaluation of carbon neutrality initiatives • Risk of litigation by local residents demanding shutdown or decommissioning of coal-fired power plants • Sustainability risks for biomass fuel
	Market	Shift in customer preferences toward environmental value and green procurement Lost opportunities due to a failure to keep pace with the transition to a decarbonized society	• Rejection of products by the market based on large carbon-footprint evaluation • Deterioration of profits due to an inability to recover green initiative costs caused by raising prices • Lost opportunities due to delays in launching products with a low carbon footprint • Opportunity loss due to delays in building a green supply chain • Lost opportunities due to insufficient efforts for entering the circular economy and the carbon recycling field
4°C	Physical risks (acute)	More frequent extreme weather events and sea level rise	• Wind and flood damage to production plants; production plan delays and increased costs due to supply chain disruptions, etc.
	Physical risks (chronic)	Long-term intensification of extreme weather events and rising sea levels	• Decrease in production capacity due to insufficient factory cooling capacity caused by rising average temperatures • Production halts due to storm surges caused by rising sea levels

Opportunities from Climate Change (Scenario Analysis)

Short term: through FY2025; medium term: through FY2030; long term: through FY2050

Scenario	Opportunity Type	Opportunity Assessment Target	Impact on the Group
1.5°C	Market	Expanding demand in the environmental market	• Expansion of businesses offering waste disposal, effective utilization of resources, and measures to combat global warming
		Shift to carbon neutrality by regions and industrial complexes	• Enhancing site competitiveness by promoting large-scale green supply chains for energy and materials
	Resource efficiency	Requests for CCU-related products and services	• Entering new business fields by establishing a carbon recycling system

Action on Climate Change

Risk Management

The Group defines “significant risks” as those phenomena that could have a material impact on corporate value and accordingly require a cross-organizational response. We have established a Company-wide management system for addressing such risks. For climate change, we consider “global decarbonization risks” to be a significant risk and evaluate and manage the issue in terms of both risks and opportunities.

In identifying and evaluating risks, we consider the nature of affected businesses and shifts in the external environment, then classify the risks according to their likely manifestation, impact, time horizon, and other relevant considerations. Climate-related risks are considered through a cross-organizational carbon neutrality framework established under the Environment Committee. Each division collects and analyzes information on laws and regulations, policy trends, technology, markets, stakeholder trends, and other matters. Responses to identified risks are implemented through measures taken by each division, with progress monitored by the committee.

These risks are also managed on an integrated Company-wide basis by the Sustainability Executive Committee and, depending on their importance, assigned to the appropriate business divisions or specialist committees, thereby linking risk management with management decision-making.

Metrics and Targets

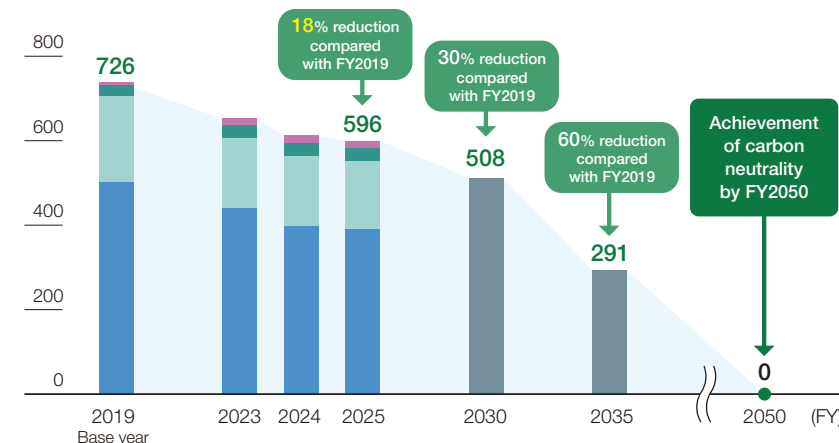
The Group sets short-, medium-, and long-term time horizons and manages progress against climate-related metrics and targets. Under Five-Year Business Plan 2030, we have revised the targets and set FY2035 as the end of the medium-term horizon, taking into account changes in the business environment and alignment with our decarbonization strategy. For GHG emissions (Scopes 1 and 2), a key metric, we target a 30% reduction from the FY2019 level by FY2030, a 60% reduction by FY2035, and the achievement of carbon neutrality by FY2050.

We have also set a Scope 3 reduction target to reduce emissions across the supply chain, aiming for a 30% reduction from the FY2022 level by FY2035. To achieve these targets, we are reviewing product designs, optimizing logistics, strengthening collaboration with suppliers, and pursuing other initiatives.

We will continue to combine a variety of approaches, such as fuel conversion and business portfolio reinvention, as we advance initiatives to achieve our targets. For details of these specific measures and their progress, please refer to the Tokuyama TCFD Report.

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

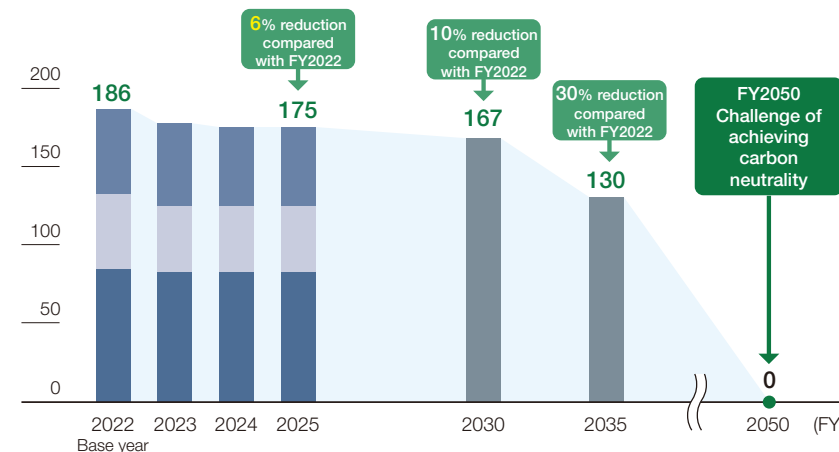
(Ten thousand tonnes-CO₂e) ■ Fuels-derived ■ Materials-derived ■ Waste-derived ■ Scope 2



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

Medium- to Long-Term GHG Emissions Reduction Targets (Scope 3; Categories 1, 3, and 4)

(Ten thousand tonnes-CO₂e) ■ Category 1 ■ Category 3 ■ Category 4



See the Company's website for the Tokuyama TCFD Report.
https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2

Natural Capital and Biodiversity

Governance

The Group regards nature-related issues as one of its key management issues and oversees them through a governance structure led by the Sustainability Executive Committee under the supervision of the Board of Directors. The Sustainability Executive Committee identifies and assesses risks and opportunities, including those related to nature, and deliberates and decides on important measures. The Environment Committee and the TNFD Working Group, which are expert committees, advance specific initiatives.

Important policies and plans are also deliberated and reported at meetings of the Board of Directors, with a view to integrating them into Company-wide risk management and management strategy. Under this framework, we continuously monitor and improve our approach to nature-related issues as areas of focus for supporting enhancement of corporate value.

Strategy

The Group systematically analyzed the relationship between its business activities and nature based on the Locate, Evaluate, Assess, Prepare (LEAP) approach proposed by the Taskforce on Nature-related Financial Disclosures (TNFD).

The analysis identified dependence on water resources and the effects of releasing pollutants into the environment as particularly important issues for the Company's businesses. The chemicals and power generation businesses use especially large volumes of water. For this reason, ensuring stable access to water resources is a prerequisite for business continuity. We also recognize wastewater and exhaust gases as important impact factors that can affect ecosystems and corporate value. In addition, our assessment of nature-related risks at major production bases found relatively high water stress at certain bases, but confirmed that this did not pose a high risk of significant direct impacts on critical ecosystems.

The results of various analyses led the Company to designate the Tokuyama Factory as a priority area. The Tokuyama Factory has long prioritized initiatives to minimize its environmental impact, such as the management of water resources, wastewater, and exhaust gases, and is putting the expertise gained through such initiatives to use at bases in Japan and overseas.

Looking ahead, we will leverage nature-related metrics to further refine our assessment of risks and opportunities. We will also use resources more efficiently and reduce environmental impacts to simultaneously mitigate nature-related risks and capture growth opportunities.

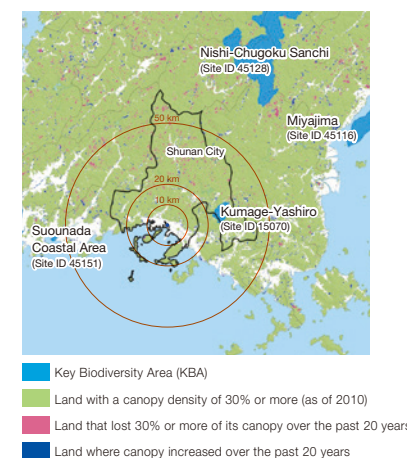
Analysis of Response Status via the LEAP Framework

Locate, Evaluate, Assess, Prepare (LEAP) approach



Environment of the Tokuyama Factory (Shunan City, Yamaguchi Prefecture)

Source: <https://www.globalforestwatch.org/>
<https://www.keybiodiversityareas.org/>



Dependencies on and Impacts on Nature Identified Using the WWF Biodiversity Risk Filter

	Chemicals	Cement	Power Generation	Pharmaceuticals
Dependency	Water availability	Media monitoring	Water availability	Water availability
Impact	Pollution	Pollution	Pollution, protected areas, key biodiversity areas, other important boundaries, and ecosystem condition	Pollution

Risk Management

The Group classified the dependencies and impacts on nature arising from its business activities according to the five nature-related impact drivers proposed by the TNFD and assessed their levels of impact. At the same time, we have organized the Group's policies and initiatives and ascertained the status of initiatives we have undertaken. The main impact drivers include among others the use of raw materials and fuels, GHG emissions, water use, and waste generation. The Group is addressing these issues by reducing its environmental impact and improving resource circulation.

Natural Capital and Biodiversity

We also recognize management of pollutant emissions and the effects of invasive species on ecosystems as issues that involve critical nature-related risks. In addressing these matters, we go beyond mere legal compliance by also managing them appropriately and taking preventive action.

In addition, the Group maps out nature-related factors including climate change, pollution, and water and land use across the entire value chain, with the aim of balancing risk reduction with the creation of opportunities.

Growing uncertainty associated with changes in the natural environment, society, and markets may cause risks and opportunities that affect our businesses to materialize. Examples include difficulty procuring raw materials and fuels due to supply chain disruption or interruption caused by deterioration of the natural environment or changes in social conditions, or higher costs associated with stricter emissions regulations. To secure a stable supply of raw materials and fuels, we believe it is necessary to diversify sources, redesign supply chains, and strengthen collaboration with stakeholders. We are responding to emissions regulations by continuing initiatives to reduce environmental impact and improve resource efficiency while strengthening our management systems. At the same time, demand for environmentally conscious products is also expected to grow as awareness of such products becomes more widespread. We are working to capture these opportunities by developing products in this area.

The Group will continue to analyze the impact of these risks and opportunities on its businesses and incorporate the results of these analyses into management strategy in pursuit of sustainable growth and value creation.

Dependence and Impact on Nature

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

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

Metrics and Targets

Taking into account its dependencies on and impacts on natural capital, the Group is committed to pursuing not only nature positivity but also carbon neutrality and a circular economy as corporate priorities.

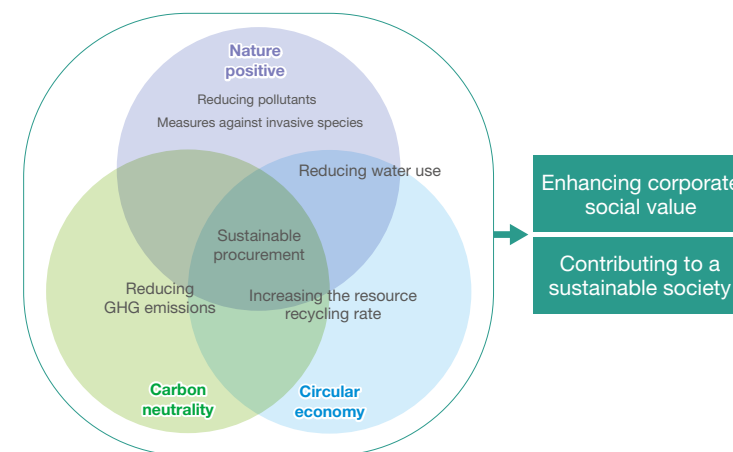
Specifically, we will ensure business continuity and enhance corporate value while contributing to a sustainable society by pursuing the following initiatives.

- GHG emissions reduction (Scopes 1, 2, and 3)
- Reduction of water consumption and intake (excluding seawater)
- Improvement of the effective waste utilization rate and reduction of the landfill disposal rate
- Promotion of sustainable procurement

We manage these metrics as the Group's materiality and KPIs, and incorporate them into our management strategy. In view of our dependencies on natural capital, such as water resources, and our impacts on it, such as emissions and pollution, we have designated these as important issues and will continue to enhance information disclosures prepared in line with the TNFD recommendations through continuous monitoring.

Going forward, we will expand our nature-related KPIs and strengthen our monitoring framework, incorporating the results into our management strategy and capital allocation. Through these efforts, we will enhance corporate value and contribute to a sustainable society.

Tokuyama Group's Comprehensive Initiatives for Global Environmental Conservation



Stakeholder Engagement

Stakeholder Communication

Stakeholders	Key Engagement Activities
Customers	• Sales activities (as needed) • Factory tours (126 times) • Exhibitions (12 times)
Business partners	• Awareness and dissemination of the Basic Procurement Policy • Joint health and safety meetings (once/year)
Employees	• Employee surveys and harassment surveys (once/year each) • In-house newsletters (4 times/year) • Intranet (as needed) • Labor-Management Council meetings (once/month) • Health and Safety Committee meetings (once/month per site covered)
Shareholders and investors	• Financial Results Briefing (Institutional investors: each time a financial statement is issued) • IR seminars for individual investors • Management briefings, business briefings (once/year) • Various reports (annual securities reports, consolidated reports, corporate governance reports) • Factory tours for individual shareholders (once/year)
Communities and society	• Security and disaster prevention activities • Regional dialogue and event sponsorship • Regional volunteers • Subsidies for next-generation training (accepting interns, donating books, traveling classrooms) • Subsidies for the promotion of science and technology (donations)
Environment	• Efforts to reduce GHG emissions and save energy • Acceptance and appropriate processing of waste • Initiatives to address biodiversity

Participation in Initiatives

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

Evaluation by Society



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

CDP Supplier
Engagement Leader 20252026 Outstanding Organizations of
KENKO Investment for Health (White 500)

DX Certified Business Operator

FY2026
SOMPO Sustainability Index

Contribution to Communities

Under the Tokuyama Group Corporate Citizenship Policy, the Tokuyama Group leverages technology, talent, and other management resources developed through its business activities to promote social contributions firmly grounded in local communities. In addition to dialogue with local residents and building frameworks for cooperation with local governments, the Group pursues multifaceted initiatives such as supporting education and raising scientific awareness among the children who will shape the future, as well as taking part in cultural activities. Through these ongoing efforts, the Group aims to strengthen its bonds of trust with local communities and to remain a company that shares the path forward with them.

Representative Social Contributions to Communities

Dialogue with communities	Ongoing community dialogue (Shunan City) Sponsorship of the Tokuyama Summer Festival and Shunan Winter Tree Festival
Cooperation with local government	Stable supply of electricity to Shunan City Hall and Tokuyama Station Building Agreement with Shunan City concerning emergency evacuation sites during disasters Agreement with Shunan City to provide comprehensive firefighting support during disasters
Educational support	Hosting work experience programs for local junior high school students Donation of library bookstore gift certificates to local elementary and junior high schools (Mikage Bunko book program) Outreach programs and science education for local elementary school students Chemistry awareness programs at local events

The Tokuyama Science Foundation also provided the following subsidies to advance the science and technology that will shape the future.

	FY2021	FY2022	FY2023	FY2024	FY2025
Amount of grants awarded by the Tokuyama Science Foundation (Thousands of yen)	48,670	52,720	67,250	53,550	60,115

TOPIC

Tokuyama Chemical Club: Making Chemistry Fun for Children in Local Communities

The Tokuyama Chemical Club is an initiative in which employee volunteers draw on the chemistry expertise that can only be gained by working at a chemical manufacturer to show local children just how much fun chemistry can be. Since its launch in FY2015, the club has planned and conducted programs that allow children to enjoy learning about the chemistry at work in everyday life, such as making Karumerayaki with baking soda and creating bath bombs. In FY2025, the club held 25 events in and outside Yamaguchi Prefecture, mainly in Shunan City in that prefecture, with approximately 2,200 participants in total. Children who took part commented, "I want to try this at home, too" and "Chemistry is fun." The event was also well received by their guardians. The activities are conducted as part of Tokuyama Challenge Activities, a voluntary employee initiative, and involved 33 members cutting across age groups and departmental lines. Since its launch, the club has held a cumulative total of 142 events, with approximately 17,000 participants taking part in the experiences. We will continue to help cultivate the talent who will shape the future through science awareness activities that are firmly grounded in local communities.

Respect for Human Rights

Basic Stance

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

This Human Rights Policy was developed based on domestic and international human rights norms, including the United Nations Guiding Principles on Business and Human Rights, while also taking into consideration the opinions of relevant internal departments and officers, as well as the opinions of external experts. The policy was then approved by the CSR Promotion Council (currently the Sustainability Executive Committee), and enacted via resolution of the Board of Directors.

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

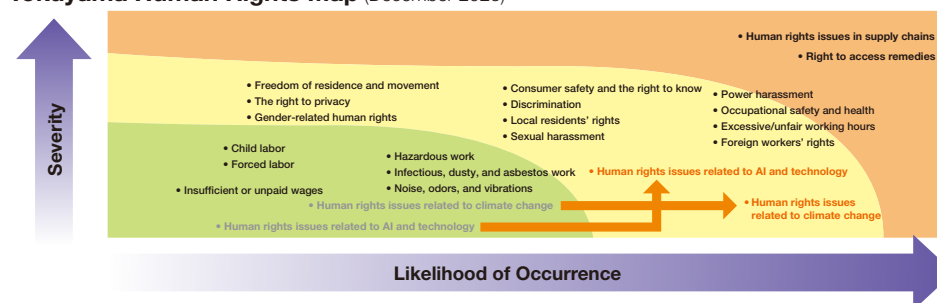
Human Rights Initiatives

The Group has established a Human Rights Due Diligence Task Force under the Compliance Committee to conduct cross-organizational human rights due diligence involving multiple departments related to human rights. The task force identifies human rights risks that could arise from the Group’s business activities and maps them as shown in the figure at right. Based on this, “human rights issues in the supply chain” and “the right to access remedies” were judged to have the greatest potential impact and likelihood of occurrence, and the task force is giving priority to addressing these. To address potential risks within the supply chain, the task force promoted awareness of the contact point for airing grievances, and asked suppliers and service providers with whom the Group does business above a certain amount to submit a pledge that they will adhere to the Sustainable Procurement Guidelines and to conduct self-assessments. See the following section, “Initiatives Across the Value Chain,” for details.

The Compliance Committee also reviews this mapping annually. In FY2025, the positioning of “human rights issues related to climate change” and “human rights issues related to AI and technology” on the map was revised. For example, climate change is leading to an increase in the number of extremely hot days, which significantly burdens on-site workers. The Group is stepping up measures to protect workers’ human rights, including comprehensive precautions against heatstroke. The Company is also placing greater emphasis on the use of AI as part of its DX initiatives. The Group established the Tokuyama Group AI Policy in November 2025 to mitigate —such as the potential impact of the use of AI on human rights and other areas—and is promoting more responsible use of AI.

In FY2025, the Group supplemented these initiatives by establishing a dedicated consultation desk for labor management issues, holding harassment prevention seminars, and raising awareness through such activities as human rights education via training tailored to different employee levels and e-learning. The Group recognizes that work on human rights is never complete and therefore identifies human rights issues and takes appropriate action each year.

Tokuyama Human Rights Map (December 2025)



Initiatives Across the Value Chain

As part of our supply chain initiatives, we present suppliers with the Basic Policy and Guidelines and conduct a survey using a self-assessment questionnaire (SAQ) once every three years. Beginning in FY2025, the Group expanded the scope of these initiatives to encompass the whole value chain by adding service providers, in addition to suppliers, to the parties surveyed. Note that these initiatives are not just limited to human rights; they also broadly confirm and promote sustainability in the value chain, including business ethics such as anti-corruption and fair trade, reducing environmental impact including the issues of climate change and biodiversity, and improving information security.

In FY2025, following the revision of the former Basic Purchasing Policy and CSR Procurement Guidelines into the Basic Procurement Policy and Sustainable Procurement Guidelines effective April 1, 2025, we presented the Basic Procurement Policy and Sustainable Procurement Guidelines to 397 suppliers and service providers with transaction amounts of 30 million yen or more. Of these, 334 companies have pledged to adhere to these guidelines. In addition, we have asked 223 suppliers who have transaction volumes of 100 million yen or more to conduct self-assessments using SAQs developed by Global Compact Network Japan (GCNJ). We received responses from 192 of these companies.

To ensure that suppliers and service providers have the right to access remedies, we also published contact information for the contact desk on our website. The Tokuyama Factory and other sites have recently seen an increase in the number of foreign nationals entering their premises. In response, we reviewed our work and site-entry rules to prevent any human rights issues such as illegal labor practices from arising.

Board Members' Roundtable Discussion

Governance Combining Transparency and Effectiveness to Advance the Tokuyama Group's Business Portfolio Reinvention and Medium- to Long-Term Sustainable Growth



Shiro Saito
External Director

Nobuko Mizumoto
External Director, Audit &
Supervisory Committee Member

Hiroshi Yokota
Representative Director,
Chairperson

New President Selection Process and Leveling Up Governance

Yokota Today, I would like to have a candid exchange of views with two of our external directors on Tokuyama's management and governance and draw on the insights and perspectives gained from this discussion in our future management.

We recently inaugurated a new system, following recommendations from the Nomination & Remuneration Advisory Committee and the President Nomination Committee, under which I was appointed Chairperson and Tomohiro Inoue was appointed President and Executive Officer. First, please share your impressions of the process for selecting the new President.

Mizumoto Although the President Nomination Committee was established in August 2021, a concrete succession plan for selecting top management was put into motion only about two years ago.

The first thing we had to do was to understand what sort of the character of each of the candidates. What decisions had they made over the course of their careers, and what were their views on management and the Company's future? Over those two years, I gained many opportunities to more deeply understand who the candidates were as people.

Tomohiro Inoue was ultimately selected, but another major outcome of the process was the trust and mutually supportive relationships it fostered among those individuals who had been candidates, the internal management team, and the external directors. I found it a highly meaningful process because, rather than merely selecting a person for a position, it also created relationships that will support the management structure going forward.

Saito I was involved in this process for just under a year. What left a deep impression with me was the clear emphasis on cultivating and assessing candidates in addition to selecting them for a position. By the time I became involved, the field had narrowed considerably, and the discussions were particularly focused on how to develop management

Board Members' Roundtable Discussion

talent who are capable of taking charge of business portfolio reinvention.

Many companies are working to cultivate their next generation of leaders, and I believe that Tokuyama, too, has begun to establish a process that will lead to the selection of candidates while not losing sight of the growth of those candidates. I believe it was a highly worthwhile initiative.

Yokota Hearing both of your perspectives has reaffirmed the significance of this process for me. In the past at Tokuyama, selecting a new President was the sole prerogative of the incumbent President. I believe that there were issues with the reasonableness and transparency of this. To remedy this, we drew on advice from the external directors to make preparations for the establishment of a mechanism for developing and selecting management talent over the medium to long term.

The President Nomination Committee took the lead in this initiative, and the process they established considers

candidates' character and views on management over the medium to long term and links their development and assessment to their selection functioned as intended. This represents a major advance in the Company's governance. Looking ahead, we also need to integrate this process with development initiatives such as Next Business Leader (NBL) training for younger employees and develop it into a framework that continuously develops and monitors future candidates for the Board and top management.

What We Expect of the New President

Yokota Next, I would like to ask about Tomohiro Inoue, the new President under the new system. Several months have passed since he took office. Please give us your candid assessment and tell us what you expect from him going forward.

Mizumoto Mr. Inoue took office amid a highly uncertain external environment, as geopolitical risks surrounding the Strait of Hormuz materialized immediately before his appointment. However, he has handled the situation in a calm and collected manner. The environment surrounding the chemical industry remains highly uncertain, but under Chairperson Yokota, Tokuyama has overcome a crisis that threatened its very survival and is now in a position to move forward with business portfolio reinvention. I believe Mr. Inoue has an important role to play in carrying that momentum forward.

Business portfolio reinvention requires each and every employee to understand the significance of the reinvention and take personal ownership of it. For that to happen, management must engage in dialogue with employees, listen carefully to their views, and build broader organizational buy-in.

Saito Early in his career, Mr. Inoue worked as an engineer at Figaro Engineering Inc., which is involved in the sensor business, and by, for example, being posted to the United States, gained experience in business fields that were somewhat different from those typically associated with the

Tokuyama Group. After returning to Tokuyama, he worked in the Cement and Eco Business Divisions and in Corporate Planning. The breadth of that experience will be a major asset for his management going forward.

At the same time, and this is true of any leader, there is a tendency to become especially exacting in areas in which one specializes or knows well. In such cases, it is important to maintain a willingness to listen, keep sight of the overall picture, and make decisions from that perspective. Employees watch closely how the President approaches his role. In that sense as well, I expect Mr. Inoue to demonstrate a style of leadership that moves the organization forward through active listening.

Yokota I agree completely with both of you. I personally believe the single most important quality for a top executive is the ability to engage in dialogue. They must share the Company's philosophy and goals with employees to encourage a change in mindset, use dialogue to understand the issues faced on the front lines, and make sound management decisions. Also, such dialogue is not limited to dialogue with employees. The same sort of dialogue should be had with shareholders and investors, customers, business partners, and other stakeholders. We must listen to their questions and expectations and engage them in dialogue. I believe such an approach leads to better decision-making.

A Governance Structure for Greater Effectiveness and the Role of External Directors

Yokota Next, I would like to discuss the Company's governance structure. Tokuyama transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee, thereby strengthening the Board of Directors' monitoring function. At the same time, it's true that the Board has in the past been involved to some extent in business execution. Rather than transitioning all at once to a Western-style monitoring board, I see us as being in a transitional period in which the Board is evolving while it strikes



Board Members' Roundtable Discussion

a balance between its supervisory and advisory functions.

We have now redesigned the external director framework so that external directors who are Audit & Supervisory Committee members are separate from other independent external directors. For Audit & Supervisory Committee members, we have emphasized a structure that enables them to dynamically visit frontline operations, where they conduct checks and investigations as needed. By contrast, independent external directors are expected to provide monitoring and advice grounded in their professional expertise, supporting management when it should move ahead and restraining it when necessary. What is your assessment of this structure?

Mizumoto As I noted in the FY2025 Board Members' Roundtable Discussion, one aspect of our governance that I view positively is the very careful and thorough provision of information by management. That remains true today. At the same time, the number of external directors has increased, with the additional directors bringing greater diversity of expertise. I feel that we, as external directors, must scrutinize the information provided to us more carefully. The larger number of directors has also made scheduling more difficult, and I regarded the resulting decline in my opportunities to visit frontline operations and gather information firsthand as an issue. Given this situation, I believe that reinforcing cooperation with the Auditing Department and creating a smaller, more agile Audit & Supervisory Committee structure was an exceptionally meaningful initiative that struck an effective balance between improving both monitoring functions and agility. It also allows us to continue monitoring the progress of investment projects after the Board has approved them, rather than treating approval as the end of our involvement.

Saito It is extremely important for external directors to have firsthand knowledge of frontline operations if they are to fulfill their roles. Even before becoming an external director, I enjoyed opportunities to engage with Tokuyama, mainly in association with R&D. I visited sites such as the Tokuyama Factory, the Center for Commercialization of

Advanced Technology, the Tsukuba Research Laboratory, A&T Corporation, and sites in Taiwan, where I engaged with employees on the front lines. Whether directors of manufacturing firms understand the front lines has a major bearing on their judgment when deliberating investment and R&D projects. The information provided by management is highly comprehensive, and I have never felt that we lack the information we need. Precisely because there is so much information, however, we must decide what information to prioritize and how to reflect it in our decision-making. For this reason, both a firsthand understanding of frontline operations and the ability to sort through information and identify what matters will be increasingly important in the future.

Assessment of Progress on Business Portfolio Reinvention

Yokota In FY2025, the Company acquired the IVD and IVDM businesses and made other major decisions related to business portfolio reinvention, such as the decision to transfer its domestic cement and solidification agent sales businesses. How do you assess these decisions?

Mizumoto I believe these measures clearly articulated Tokuyama's growth story for the future. Strengthening Life Science, in particular, was important in demonstrating both inside and outside the Company where Tokuyama intends to go next. However, completing an M&A transaction is not the end of the process. The real work begins now. How will we leverage PMI¹ to generate synergies with existing businesses and develop the acquired businesses into a pillar of earnings? We intend to continuously monitor how the acquired businesses are positioned within the Company's overall story.

Saito Cement has a long history at Tokuyama, so I was concerned about how our actions would be received by our employees. In that respect, the Chairman, the new President, and other members of management have been carefully explaining matters to frontline employees, and I believe this will steadily foster greater understanding.



As Ms. Mizumoto noted, the critical work in Life Science still lies ahead. The Tokuyama Group has related businesses and technologies beyond Tokuyama itself. I intend to carefully monitor how we generate technological and organizational synergies with the businesses that have now joined the Group.

Yokota Our policy of strengthening the Life Science business was a major decision because it brought into the Company a technological foundation for expanding this growth area that was lacking to some extent. We also thoroughly discussed the Company's future direction with respect to the cement business, and the external directors asked many questions and offered numerous views on the appropriateness of the price and the terms of the transaction. I think there were likely points we would have overlooked had this been handled entirely within the Company. It reaffirmed for me the importance of bringing perspectives from outside the Company into our decision-making.

1. PMI (post-merger integration): The integration process following an M&A transaction (merger or acquisition).

Board Members' Roundtable Discussion

Five-Year Business Plan 2030: Positioning and Growth Story

Yokota Five-Year Business Plan 2030 ("FBP 2030") was launched in FY2026. The direction we are pursuing is to take our business portfolio transformation even further and grow Tokuyama into a highly profitable company built around its core businesses of Electronic & Advanced Materials and Life Science. How do you view FBP 2030 from your perspectives as external directors?

Mizumoto External directors are in a position from which they objectively take a look at how a medium-term management plan appears from an outside perspective. I have continued to share my views from that perspective so that FBP 2030 presents a coherent story that conveys future potential. However, merely drawing an attractive picture would be meaningless. It is crucial for management to communicate that story repeatedly and put it into practice. As the plan is implemented, I intend to closely monitor what investments are

made and what R&D is pursued.

Saito As the medium-term management plan was being formulated, I ran an experiment using generative AI and publicly available information to see what sort of proposals it would suggest for Tokuyama if tasked with making such a plan. When this is done, AI can indeed produce something convincing. That is the era we now live in. I felt that for this very reason management must consciously add value that only Tokuyama can provide. Viewed from that perspective, one factor we can point to as underpinning the Company's growth is the indispensability of what we provide. The Company's technologies and products play important roles globally in semiconductor manufacturing processes and the life science field. Is it not important for us to communicate that value more proactively to the capital markets and society?

Yokota FBP 2030 was developed with an awareness of narrative. It analyzes the Company's strengths and weaknesses and sets out a vision for growth centered on Electronic & Advanced Materials and Life Science. However, it is not a finished blueprint. Amid a business environment that changes from moment to moment, we will adjust and amend the plan as we execute it, and make our strategies and measures more effective.

Management Challenges and Human Capital Strategy for Enhancing Corporate Value

Yokota Finally, I would like to discuss the challenges we face in achieving sustainable growth and maximizing corporate value. Ultimately, I believe it all comes down to our talent. We compete on a global stage. Given that context, we need to develop human resources who approach their work with the determination to prevail over competitors, take ownership of the challenges they face, and demonstrate the ability to make breakthroughs. What are your thoughts on this?

Saito Human resource development is certainly very important. From a slightly different perspective, however, I believe Electronic & Advanced Materials and Life Science

must both pursue functionality and offer value that appeals to human sensibilities. For example, there may be situations where elements that appeal to people's sensibilities can help differentiate our dental material OMNICHROMA® or our photochromic materials. The Ministry of Education, Culture, Sports, Science and Technology is currently strengthening STEAM² education. I think the Company may also be able to create new value by incorporating the perspective represented by the "A" in STEAM, namely the arts, into businesses where it is needed.

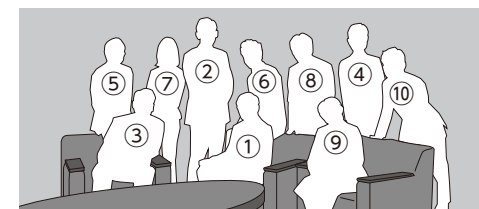
Mizumoto I also believe human resources are the most important factor. The Company changed its personnel system in FY2025, but changing the system alone is not enough. To breathe life into that system, we need to proactively create opportunities for employees to take on challenges and guide them so that their career growth is tied to the growth of the business. Today's senior executives have, in a sense, experienced adversity as they worked through a crisis that was a matter of life or death for the Company. Future generations, however, may come up without undergoing such an experience. That is precisely why it is important to develop people from a long-term perspective and transform the organizational culture.

Yokota Exactly. Business portfolio reinvention cannot be achieved through business strategy alone. I think it first becomes effective when human resources development, changes in employee mindsets, and transformation of organizational culture come together. Based on the technological foundation and business strengths it has cultivated to date, Tokuyama will evolve into a corporate group that provides value indispensable to society and industry, with Electronic & Advanced Materials and Life Science as its growth drivers. Achieving this will require us to come together to enhance governance and strengthen our human resources and organization. Through these initiatives, we will meet stakeholder expectations while achieving sustainable growth and enhancing corporate value.

2. STEAM: An acronym formed from the initial letters of Science, Technology, Engineering, Art, and Mathematics



Management Team (As of June 26, 2026)

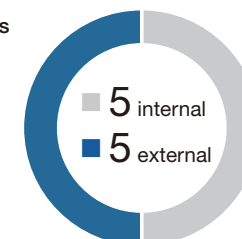


Number of Directors

Gender Composition

8 men

2 women

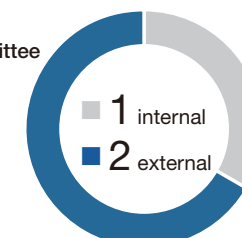


Number of Audit & Supervisory Committee Members

Gender Composition

2 men

1 woman



Directors

① Hiroshi Yokota

Representative Director, Chairperson
In charge of Chemicals, Audit Office, and
Secretarial Department

② Tomohiro Inoue

Representative Director, President and
Executive Officer
In charge of Corporate Planning, Life
Science, Eco Business, Manufacturing
Strategy & Operations, Digital
Administration & Planning, Carbon
Neutral Strategy, and New Business

③ Takahide Taniguchi

Director, Senior Managing Executive
Officer, General Manager, Cement
Business Division
In charge of Cement, Sustainability,
General Affairs & Human Resources,
and Procurement & Logistics

④ Katsumi Nagase

Director, Senior Managing Executive Officer
General Manager, Electronic & Advanced
Materials Business Headquarter, Research
& Development Division, Advanced
Materials Business Division, and Digital
Administration & Planning Division
In charge of Research & Development and
Electronic & Advanced Materials

⑤ Hiraku Ishizuka

External Director

⑥ Shiro Saito

External Director

⑦ Yumiko Kajiwara

External Director

Directors Who are Audit & Supervisory Committee Members

⑧ Kazumasa Sueoka

Director, Audit & Supervisory Committee
Member

⑨ Nobuko Mizumoto

External Director, Audit & Supervisory
Committee Member

⑩ Naoki Kondo

External Director, Audit & Supervisory
Committee Member

Management Team

Name and Position		Possessed Skills										Attendance	
		Number of Company Shares Owned / Tenure as Director	Management Planning, Strategy	Sales and Marketing	R&D, Production Technology, Engineering	Finance, Accounting	Governance, Risk Management	Sustainability	Human Capital	DX	Global Business	Board of Directors	Audit and Supervisory Committee
Internal	Hiroshi Yokota	43,900 shares / 11 years	●	●			●	●			●	18/18 (100%)	—
	Tomohiro Inoue	2,300 shares / 3 years	●		●	●	●	●	●	●	●	18/18 (100%)	—
	Takahide Taniguchi	5,723 shares / 1 year	●	●			●	●	●			14/14* (100%)	—
	Katsumi Nagase	1,300 shares / Newly appointed	●	●	●					●	●	—	—
	Kazumasa Sueoka	1,103 shares / 1 year				●	●			●	●	14/14* (100%)	18/18* (100%)
External	Hiraku Ishizuka	0 shares / 3 years	●			●	●		●			18/18 (100%)	—
	Shiro Saito	0 shares / 1 year	●	●	●						●	14/14* (100%)	—
	Yumiko Kajiwara	0 shares / 1 year					●	●	●	●		14/14* (100%)	—
	Nobuko Mizumoto	1,200 shares / 5 years	●		●		●	●	●	●		18/18 (100%)	23/23 (100%)
	Naoki Kondo	1,300 shares / 3 years					●	●			●	17/18 (94%)	22/23 (95%)

Note: These skills make clear the areas in which each director is expected to contribute to supervision of management, but do not represent the entirety of each director's skills, experience, and expertise.

* Attendance is shown only for the period following the individual's selection at the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025 and assumption of office.

Reason for Skill Selection

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

Corporate Governance

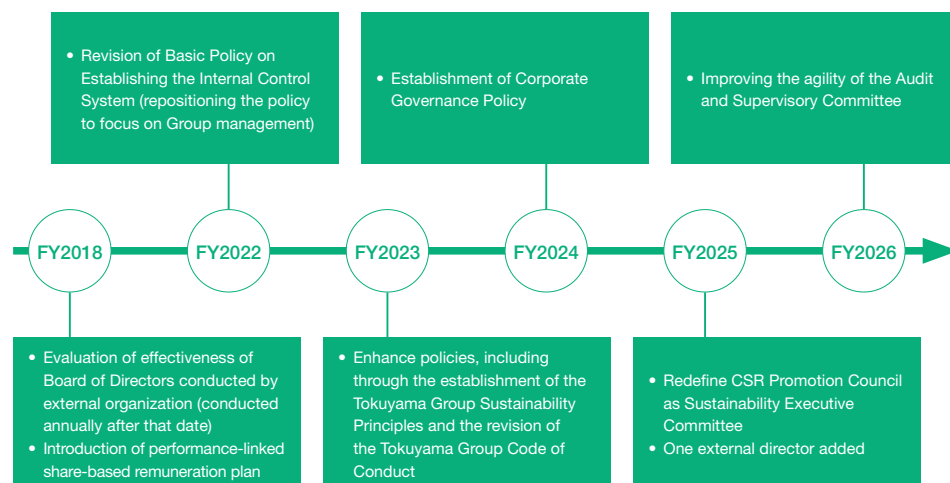
Basic Stance

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

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

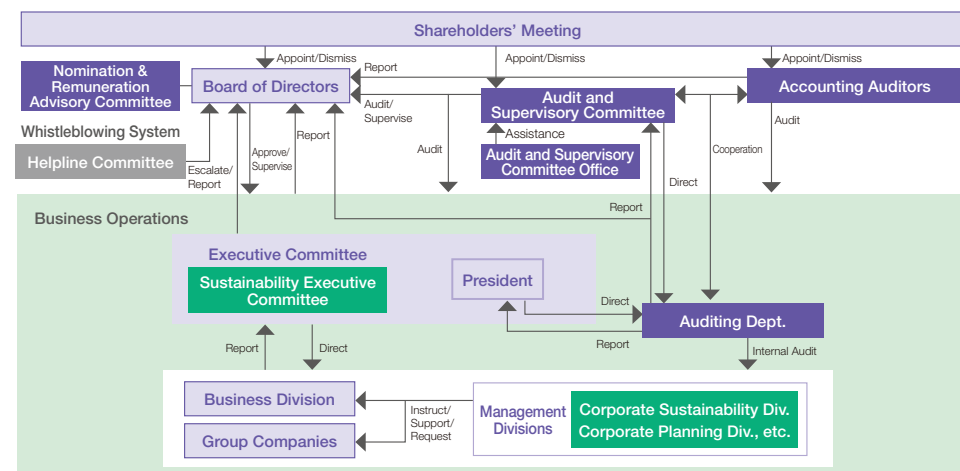
Following the establishment of the Corporate Governance Policy in FY2024 and the reorganization of sustainability-related meeting bodies in FY2025, we reviewed the division of roles among external directors on the Board of Directors in FY2026 and are working to ensure that the Audit and Supervisory Committee can operate with greater agility.

Steps to Strengthen Our Governance Structure



Corporate Governance Structure

Revised June 26, 2026



Features of the Corporate Governance Structure

POINT

1

- Beginning in FY2026, the composition of external directors was revised, with the advisory and supervisory functions expected of them clarified and the Audit and Supervisory Committee empowered to act with greater agility. We also expressly stipulated that the Audit and Supervisory Committee has the authority to issue direct instructions to the Auditing Department. This ensures the effectiveness of the Audit and Supervisory Committee's audit function.

POINT

2

- The Sustainability Executive Committee is our highest-level sustainability body. It is operated in an integrated manner with the Executive Committee, which deliberates and decides important matters related to business execution. This demonstrates that sustainability and management are integrated even at the level of organizational structure.

Corporate Governance

Meeting Bodies on Governance and Main Content of Deliberation

	Purpose	Meetings Held	Main Activities in FY2025
Board of Directors	The Board of Directors deliberates and decides on statutory matters and important matters related to business execution, and supervises the status of business execution by directors and executive officers to whom the execution of business is delegated. For this reason, at least one-third of the Board of Directors are independent external directors in order to enhance the effectiveness of decision-making from a broader perspective as well as the supervision of business execution.	18 meetings	• Reports on and supervision of business execution • Resolutions on important organizational changes and personnel matters • Resolutions on important investments and contracts
Audit and Supervisory Committee	The Company has chosen to be a company with an Audit and Supervisory Committee as its institutional design under the Companies Act in order to strengthen the audit and supervisory functions of the directors' execution of their duties and to facilitate prompt decision-making, with the aim of achieving open management with an emphasis on governance and customer-driven management. The Audit and Supervisory Committee is made up of non-executive directors. Directors who are Audit and Supervisory Committee members are responsible for keeping up to date on the status of business execution through the Board of Directors and other important internal meetings, and for auditing the status of business execution by the executive directors.	23 meetings	• Reports, discussions, and resolutions on important matters
Nomination & Remuneration Advisory Committee	In order to achieve more transparent and objective management based on our basic approach to corporate governance, the company has established a Nomination & Remuneration Advisory Committee with the mission of deliberating on personnel and compensation matters for directors (excluding Audit and Supervisory Committee members), executive officers, and other individuals with officer status, and submitting reports or recommendations to the Board of Directors. The President's succession plan will be deliberated by the President Nomination Committee, which is established as a subordinate body of the Nomination & Remuneration Advisory Committee. Details are provided on p. 57 under "Response to Chief Executive Officer Succession Plan."	9 meetings (President Nomination Committee: 8 meetings)	• Reports on officer personnel and remuneration • Selection of the next President and Executive Officer (President Nomination Committee)
Executive Committee	The Executive Committee is a decision-making body whose members are selected by the President from among the executive officers. In principle, the committee meets two times each month. Based on the approval-related rules and regulations determined by the Board of Directors, the Executive Committee deliberates on and makes decisions on strategies and other important matters.	27 meetings	• Discussions and resolutions on business operations • Discussions and resolutions on sustainability (carbon neutrality, governance, etc.) • Discussions and resolutions on personnel and organizational matters • Discussions and resolutions on important contracts, etc.
Strategy Committee	The Strategy Committee is an advisory body to the President made up of members selected by the President from among the Company's other executive officers. The committee generally meets once a month, and in addition to deliberating on the direction of business execution, it works to confirm the allocation of management resources with the aim of evaluating conditions relating to business execution with respect to important matters requiring approval. It also sets the direction of policies related to business execution with regard to specific projects.	7 meetings	• Review and discussion of the direction of important management matters

	Purpose	Meetings Held	Main Activities in FY2025
Sustainability Executive Committee	The former CSR Promotion Council was reorganized into the Sustainability Executive Committee in April 2025 to set sustainability policies and goals and enable initiatives to achieve those goals. The Sustainability Executive Committee is chaired by the President and Executive Officer, and all executive officers serve as members.	4 meetings	• Sustainability activity plans and reports • Reports on the activities of each expert committee • Matters concerning Company-wide risk management
Expert Committees	Expert committees have been established subordinate to the Sustainability Executive Committee for areas that, from sustainability and internal control perspectives, require particularly high levels of expertise and are viewed as important: the Compliance Committee, the Financial Reporting Committee, the Fair Trade and Competition Committee, the Security Trade Committee, the Information Security Committee, the Environment Committee, the Safety Committee, and the Product Safety and Quality Assurance Committee. Each committee carries out activities related to the risks and opportunities within its remit.	1 or 2 meetings each*	• Formulation of activity plans and reporting on their implementation • Discussions of risks under the committee's remit • Discussions of measures to be implemented by the committee
Helpline Committee	This committee is responsible for the whistleblowing system (Helpline) for reporting suspected legal or regulatory violations and other questionable conduct within the Group.	1 meeting	• Reports on responses from the whistleblowing helpline and the results of analysis • Status reports on whistleblowing channels other than the Helpline • Planning and implementation reports on plans and measures concerning internal reporting

* See the *Tokuyama Sustainability Data Book 2026* for the number of meetings held by each committee.

Corporate Governance

Support Systems

The Company takes the following measures to support external directors and Audit and Supervisory Committee members in the execution of their duties.

Support System for External Directors

Before each meeting of the Board of Directors, the Corporate Planning Division explains the agenda items to external directors and answers any questions they may have. Directors and executive officers meet individually with external directors and provide answers to any inquiries they have concerning matters such as management issues, industry trends, business strategies, or the status of the development and operation of internal controls.

At meetings of the Board of Directors, the Corporate Sustainability Division reports to external directors on the status of the development and operation of internal controls.

Support System for the Audit and Supervisory Committee

The accounting auditor directly briefs the Audit and Supervisory Committee members, both internal and external, on the audit plan, the reviews conducted for the interim and year-end financial statements, and the audit results. In addition, during audits of the financial statements and related documents under the Companies Act and internal audits, the accounting and other responsible divisions provide detailed explanations to the internal Audit and Supervisory Committee members, who then brief the external members on the main points.

The Audit and Supervisory Committee is also able to direct the Auditing Department to conduct any necessary investigations and instruct it on the specific action to take. The Audit and Supervisory Committee strengthens its own audit functions through this coordination with the Auditing Department.

Analysis and Evaluation of Overall Effectiveness of the Board of Directors

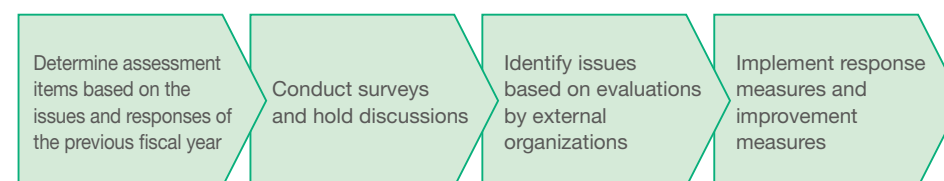
In FY2025, we commissioned an external organization to survey and interview all directors and analyze their responses. The results were submitted to the Board of Directors for review and discussion. The results of the analysis and evaluation revealed that the effectiveness of the Board of Directors is generally being ensured. The respondents gave a particularly positive assessment of the improvements made to Board operations through ongoing initiatives, including revising the way topics are selected for business execution reports, upgrading the information infrastructure and the way materials are provided, and refining how the executive side presents matters to the Board.

On the other hand, they noted that changes in the composition of the Company's officers and in the business environment highlighted the need to redefine the responsibilities of the Board

of Directors and reconsider its composition, structure, and operation in a manner consistent with those responsibilities.

Based on these findings, the Company's Board of Directors reconfirmed that its fundamental role is to "set the direction of management and guide it on its course." It will through further discussion consider the delegation of authority from the Board of Directors to the executive side, the form that monitoring should take, and other matters.

Evaluation Process



Response to Chief Executive Officer Succession Plan

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

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

Process for Nominating the New President

From 2021 to 2025, the President Nomination Committee developed the desired profile for the President and Executive Officer, and assessed and monitored candidates for that position. The Company finds itself confronted with several major management challenges. With the experience, skills, and qualities needed to meet those challenges in mind, the President Nomination Committee identified Tomohiro Inoue as the next President.

Corporate Governance

Director Training

Newly appointed directors and newly appointed executive officers, who will be candidates for directors, are required to participate in external executive training. To ensure sound governance, training in legal affairs and corporate governance, as well as accounting and finance, is mandatory. The trainees are also required to attend external seminars as necessary. External directors are given the opportunity to visit factories and to learn about the Company when they take office, so that they can understand the current condition of the Company's businesses and operations. Finally, the Company also holds study sessions, when needed, in order for all directors to gain a better understanding of domestic and international economic conditions, legal revisions, and new systems.

Director Remuneration

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

Basic Policy

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

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

Overview of the Remuneration System

The Company's remuneration for directors consists of basic remuneration and bonuses,¹ which are monetary remuneration, and performance-linked share-based remuneration,² which is non-monetary remuneration. External directors receive basic remuneration only.

1. Recipients are executive directors

2. Recipients are directors excluding directors who are Audit and Supervisory Committee members, non-executive directors, external directors and non-residents of Japan

Method for Determining Remuneration

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

Amount of Remuneration Paid to Directors and Audit and Supervisory Committee Members (FY2025)

Category	Number of People	Remuneration Amount
Directors (excluding directors who are Audit and Supervisory Committee members)	5 people	¥183 million
Audit and Supervisory Committee members (excluding external directors)	2 people	¥49 million
External directors	6 people	¥66 million

Notes: 1. The above bonuses represent the amount of the bonus provision recorded for the current fiscal year.

2. The performance-linked share-based remuneration amounts shown above are the expense amounts recorded during the current fiscal year.

3. The figures above do not include the employee salary portion for directors also serving in employee positions.

Policy on Strategic Shareholdings

The Company holds shares of publicly listed companies for strategic reasons in accordance with the requirements for business activities as part of the overall management strategy. This includes the need to maintain and bolster transactions, raise funds, and consistently procure raw materials. As far as the strategic holding of shares in publicly listed companies is concerned, the Company will limit holdings to the minimum level possible, taking into consideration the need to ensure efficient corporate management. In FY2025, of the 11 listed stocks that we held, we divested two stocks, resulting in holdings of nine listed stocks as of March 31, 2026. In addition, the Board of Directors takes steps to verify the economic rationality of holding shares in publicly listed companies by comparing the cost of capital after factoring in associated risks with accrued benefits, while confirming the propriety of holdings based on a future outlook each year. The Company exercises voting rights in shares based on the contribution to corporate value for both the Company and the investment target company.

Risk Management

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

Strengthening Our Risk Management System

Company-wide risk management is handled by the Sustainability Executive Committee shown under “Sustainability-Related Meeting Bodies” on p. 39. Through the monitoring of social conditions and coordination with other expert committees, the Sustainability Executive Committee considers events that have recently emerged or whose degree of impact has changed. It then assesses whether or not these are real risks and determines which expert committees will address the issues. The committee makes visible and maps existing risks both qualitatively and quantitatively from several perspectives: impact (such as monetary loss, decrease in market share, and scale of impact); occurrence frequency and probability; and the Company's vulnerability. It also works to establish a shared understanding of the level of risk. Risks are also discussed from the perspective of the opportunities they present in terms of sustainability.

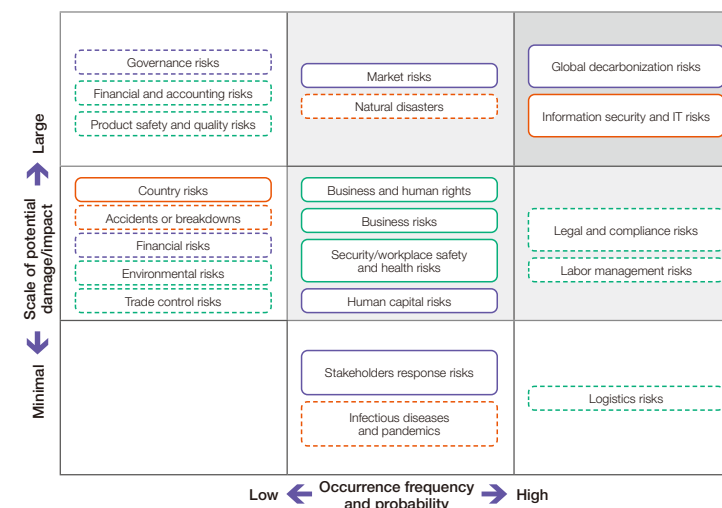
The expert committees examine and determine mitigation policies for the risks they are responsible for (including risk reduction, avoidance, transfer, and retention), and propose and implement measures to address risks. These committees then conduct regular reviews of the results of any implemented actions, and manage implementation in accordance with the management system.

We will also review the details of significant risks beginning in FY2026. For “logistics risks,” we expanded the scope beyond damage during transportation and storage (including leakage of hazardous materials) to include complaints and anomalies related to logistics quality control (such as incorrect deliveries and deterioration in quality during logistics). The Safety Committee oversees the former, while the Product Safety and Quality Assurance Committee oversees the latter, thereby establishing a management system that is extremely effective. We broadened the scope of “legal and compliance risks” to encompass the previous category of “Unfair Competition Prevention Act violation (bribery),” and reclassified it as “Inappropriate provision or receipt of benefits.” This strengthens our initiatives so they do more than just prevent bribery of public officials in Japan and overseas; they also prevent the provision or receipt of benefits that are in excess of what is generally considered appropriate in commercial transactions. We also newly added the increasingly important risk of “conflicts of interest,” and are working out the specifics of countermeasures and an oversight framework for this risk.

Process of Identifying Significant Risks



Mapping of Significant Risks (FY2026)



Classification of risks

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

Definition of scale of damage and impact

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

Definition of occurrence frequency and probability

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

Definition of vulnerability

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

Risk Management

List of Significant Risks (FY2026)

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

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

Business risk (strategic risk) Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value		
Category	Subcategory	Relevant Committee*
Global decarbonization risks	Carbon pricing and increased energy procurement costs, increased costs arising from the transition to non-fossil energy and procurement of raw materials with a low carbon footprint, shift in customer preferences toward environmental value and green procurement, evaluation by stakeholders, and lost opportunities due to a failure to keep pace with the transition to a decarbonized society	Sustainability Executive Committee Environment Committee
Market risks	Changes in market needs, marketing failures or deficiencies, emergence of new competitors, product development failures or obsolescence, delays in responding to rapid technological innovations, and delays or barriers to overseas expansion, low PBR risks	(Executive Committee)
Human capital risks	Excessive outflow of human resources and difficulties in securing human resources, workforce aging and distorted human resource pyramid, human resource development and technology transfer, delays in adapting to new work styles, human resource mismatch due to business transitions, and inadequate and delayed disclosure of human capital information	(Executive Committee)
Governance risks	Lack of succession planning, securing governance transparency, and inadequate control over reporting lines	(Executive Committee)
Financial risks	Funding plan or financing failure, paid capital increase, suspension of financial support, interest rate or foreign exchange rate fluctuation risk, and stock price decline	(Executive Committee)
Stakeholders response risks	Criticism and slander by the media, reputational damage, social media risks, inappropriate information disclosure, damage to corporate values by activists	(Executive Committee)

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

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

Information Security

Basic Stance

The Company regards information security to be an essential management foundation that underpins operational stability and the trust of its customers. As DX advances and the Group expands globally, we recognize that protecting information assets and addressing cybersecurity are critical issues with a direct bearing on the maintenance and enhancement of corporate value. Accordingly, we have established an Information Security Policy and a Basic Personal Information Protection Policy, and manage information throughout the Group under uniform standards. We will continue to respond appropriately to changes in the environment and steadily improve our level of security.

Information Security Policy

(1) Development of a security risk management structure

The Company will put in place the organizational framework and internal rules needed to manage security risks in both normal operations and emergencies, with the aim of preventing security incidents within the Company, Group companies, and the supply chain and responding appropriately when incidents occur. In addition, management will maintain a thorough understanding of security risks during normal operations and allocate appropriate management resources, including securing and developing personnel with the necessary expertise and providing sufficient funding, to ensure the effectiveness of the security risk management system.

(2) Implementation of security risk management

Recognizing that changes in the business, environment, the adoption of new technologies, and other such developments give rise to new security risks, the Company regularly assesses the security risk management status of all Tokuyama Group companies, comprehensively implements security risk countermeasures as and when appropriate, and ensures that such countermeasures are effective.

(3) Compliance with laws, ordinances, and regulations

The Company complies with security risk-related laws, ordinances, and guidelines, and ensures the effectiveness of security risk management.

(4) Education and training

The Company provides the necessary education and training to enable all Tokuyama Group employees (including, where necessary, those involved in the supply chain) to recognize the importance of security risk management and to engage in the appropriate use and management of the internet, cloud services, information devices, and other information technologies.

(5) Detecting and responding to security incidents

The Company works to detect security incidents and signs of security incidents at an early stage in order to minimize the damage a security incident may cause. If a security incident is detected or identified, the Company immediately takes appropriate response measures and, after the incident is brought under control, implements appropriate measures to prevent recurrence.

Information Security System

The Company has established an information security management system covering the entire Group. With the involvement of management and the Information Security Committee playing a central role, we set targets that are grounded in our policies, monitor the progress of measures taken, and conduct evaluations and reviews. We have also clarified the responsibilities of each division and Group company, and have put in place a governance framework that enables Group-wide control across organizational boundaries. In addition, we continually improve the effectiveness of our management system by regularly verifying its operational status through internal audits and self-inspections and by rectifying any issues identified.

Education and Awareness

The Company continues to implement specific measures addressing information security and IT risks in view of increasingly sophisticated cyberattacks and the expanding use of IT. Under the Information Security Committee, we identify and assess risks throughout the Group, establish a priority ranking for measures in line with their relative importance, and manage their implementation. We also combine technical measures (such as access controls and vulnerability management) with operational measures to create multilayered defenses. In addition, we continuously monitor the status of measures undertaken at each Group company, including our overseas bases, and pursue improvement activities to reduce risk across the Group. As a result of these activities, there were no serious incidents involving information security or personal information in FY2025.

Information Security Initiatives

The Company believes that each employee's awareness and actions are essential to improving the effectiveness of information security and accordingly promotes ongoing education and awareness activities. We conduct regular e-learning training throughout the Group and instill a practical understanding of information security by sharing the latest threat trends and incident case studies. We also provide training tailored to employees' roles and circumstances, including new hires and employees who have transferred positions. Through these efforts, we are fostering an organizational culture in which employees take the initiative to keep security in mind and put it into practice in their daily work.

Compliance

Basic Stance and System

For Tokuyama, the word compliance has a broad meaning, including not only complying with laws and internal rules but also behaving sensibly in a way that conforms with corporate ethics to meet social expectations. To communicate and spread awareness of compliance throughout the Group, the Company distributes a leaflet that includes the Tokuyama Group Code of Conduct to all Group officers and employees. In addition, we conduct regular educational activities on compliance through group training programs, e-learning, and information distribution. Furthermore, we conduct engagement through regular meetings with management and personnel in charge of compliance at Group companies.

Whistleblowing System

A whistleblowing helpline has been established to enable safe, anonymous reporting and consultations on compliance violations involving the Tokuyama Group (including potential violations) without fear of retaliation. Reporting and consultations can be carried out by postal mail, e-mail, or telephone. The helpline is operated with proper consideration for the protection of whistleblowers: for example, whistleblowers may discuss matters with the helpline in complete anonymity so that their affiliations and names are not known to the Company, or by allowing them to discuss matters with a female attorney. Our whistleblowing system not only covers compliance aspects such as preventing corruption and fraud and complying with laws and regulations, it also serves as a grievance mechanism to prevent harassment, discrimination, and address other human rights issues.

We also operate the Global Helpline, which enables locally recruited employees at overseas Group companies to make reports in their native language. In January 2026, we also established a contact point on the Company's website for suppliers, such as business partners and freelancers. These initiatives have established a system through which parties associated with the Group and its businesses can report or seek advice regarding compliance violations.

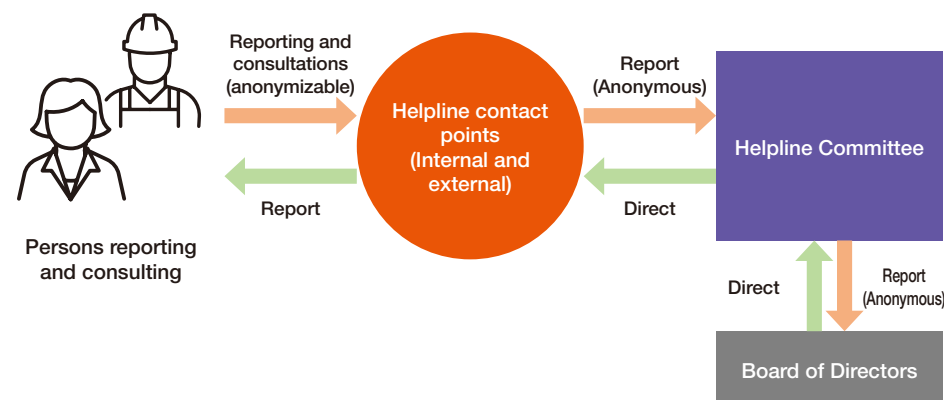
The number of reports has been on an upward trend due to these efforts to build a whistleblowing system and strengthen anti-harassment activities since FY2021, among other factors.

There were no occurrences of serious noncompliance in FY2025.

(Times)

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of reports	34	29	44	44	45

Note: Including contact points for the Harassment Desk, including contact points for the whistleblowing system for subsidiaries (domestic only until FY2022, overseas as of FY2023)



Compliance Education and Training

To raise and instill compliance awareness throughout the Group, we continue to provide legal responsibility training for newly appointed directors and auditors of Group companies, and conducted various compliance training sessions for employees 52 times in FY2025. In addition, we held a total of seven e-learning sessions on themes such as information security and human rights.

(Times)

	FY2021	FY2022	FY2023	FY2024	FY2025
Compliance training	60	48	60	58	52
Other e-learning	3	6	6	8	7

Financial and Non-Financial Highlights

Financial Highlights

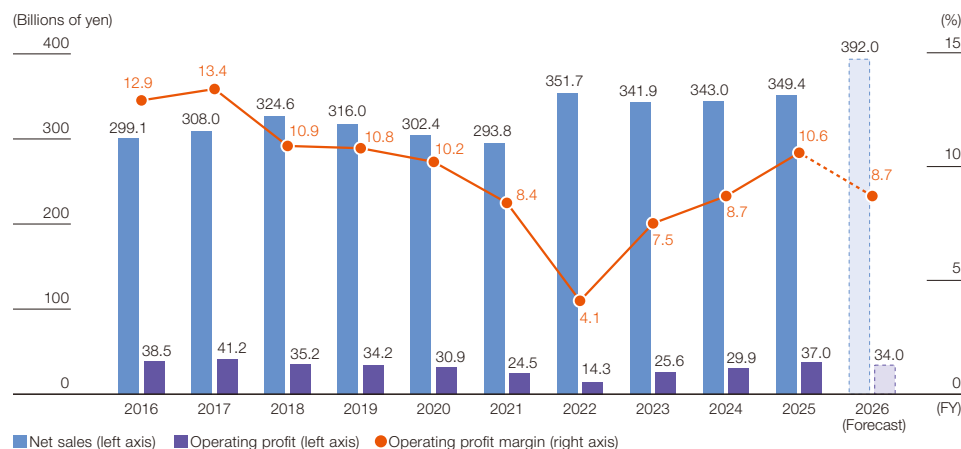
In FY2025, net sales were higher than in the previous fiscal year, reflecting the consolidation of the Tokuyama Life Science (TLS) Group beginning in the second half of the year and higher sales of semiconductor-related products, among other factors. Operating profit also increased year on year, supported by such factors as solid sales of semiconductor-related products and lower manufacturing costs. Meanwhile, profit attributable to owners of parent decreased due to the impact of one-time extraordinary losses.

In FY2026, we forecast an increase in revenues due to factors such as the impact of the consolidation of the TLS Group and solid sales of semiconductor-related products, but expect lower profit due to such factors as higher raw material and fuel costs. The current performance forecast and cash flow plan do not reflect the impact of the transfer of the domestic cement and solidification agent sales business, as the transaction has not yet closed.

For FY2026, we expect to pay an annual dividend of ¥132 per share, up from ¥120 per share in FY2025, which would mark the fourth consecutive fiscal year of dividend increases. The Company uses dividend on equity (DOE) as its shareholder return metric, with the aim of achieving stable dividend payments that are less susceptible to influence by performance fluctuations between individual fiscal years. We aim to continue increasing dividends over time as we work toward a DOE target of 4.0% in FY2030.

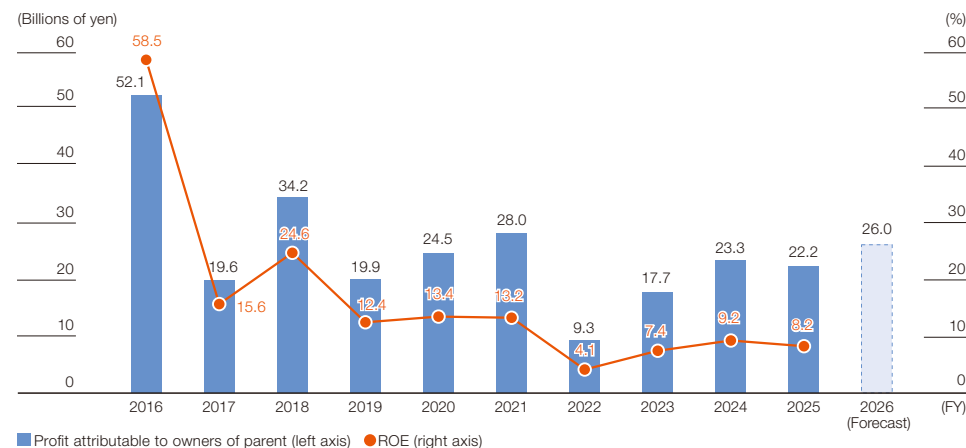
Note: Figures for the fiscal year ended March 2026 have been retrospectively adjusted following the finalization of the amount of goodwill for the Tokuyama Life Science Group.

Net Sales / Operating Profit / Operating Margin

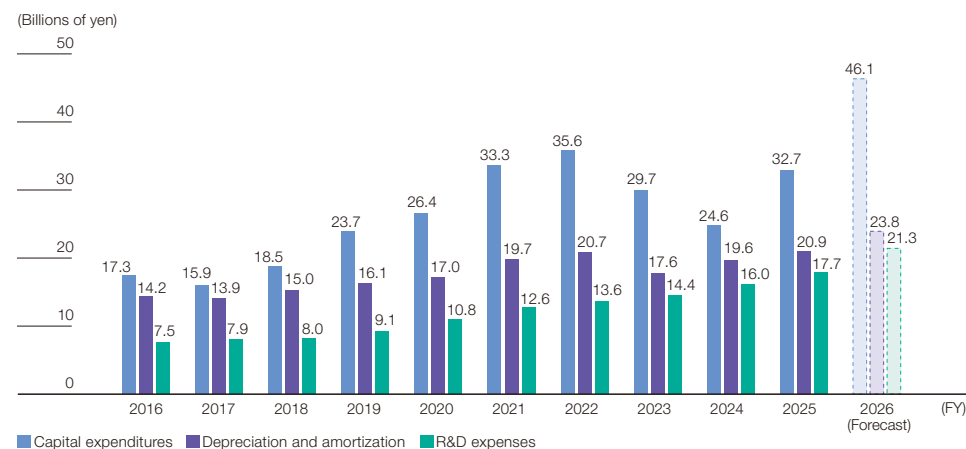


Note: From FY2021, net sales are based on application of Accounting Standard for Revenue Recognition, etc.

Profit Attributable to Owners of Parent / ROE



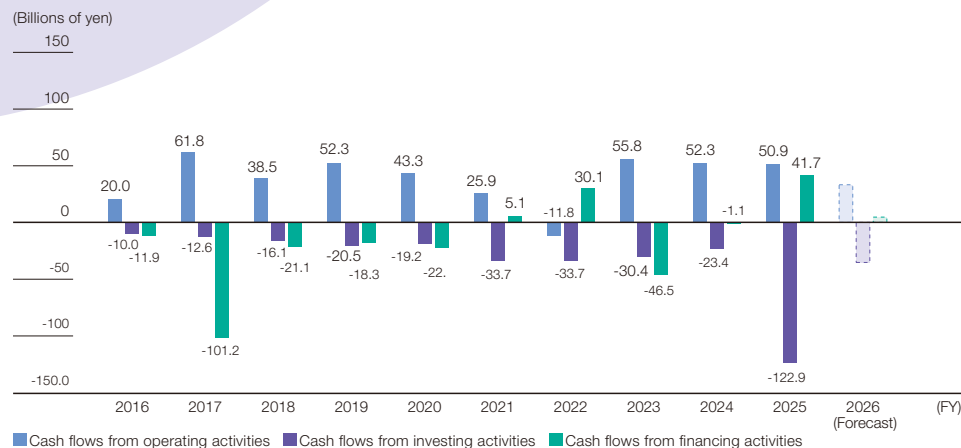
Capital Expenditures / Depreciation and Amortization / R&D Expenses



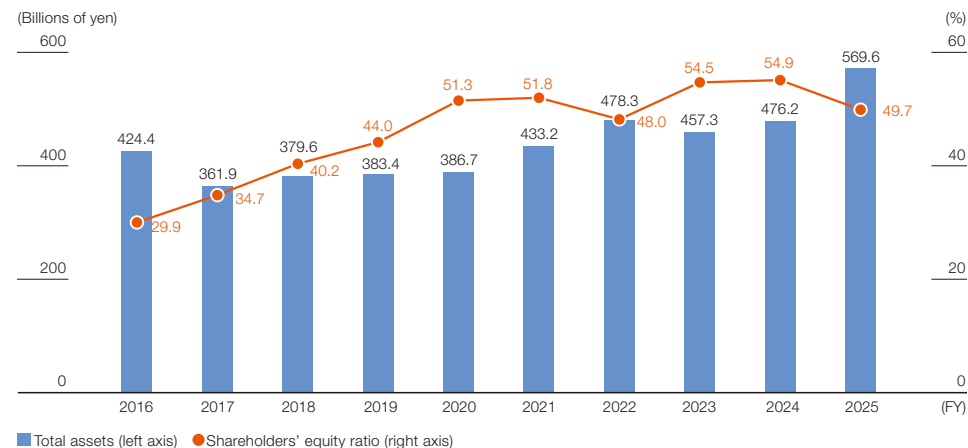
Note: From FY2023, the depreciation method for property, plant and equipment was changed from the declining-balance method to the straight-line method

Financial and Non-Financial Highlights

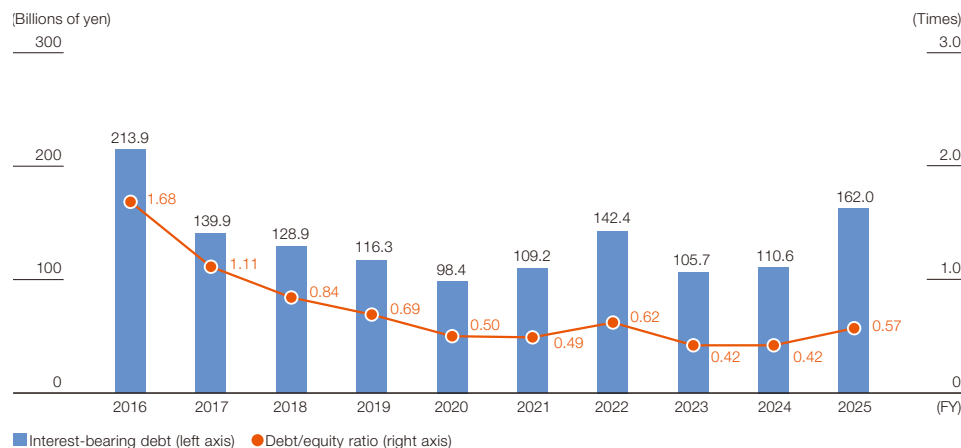
Cash Flows



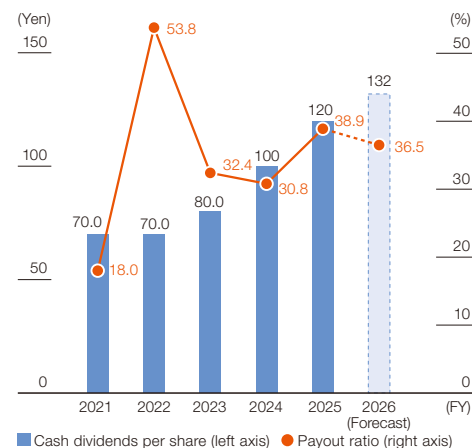
Total Assets / Shareholders' Equity Ratio



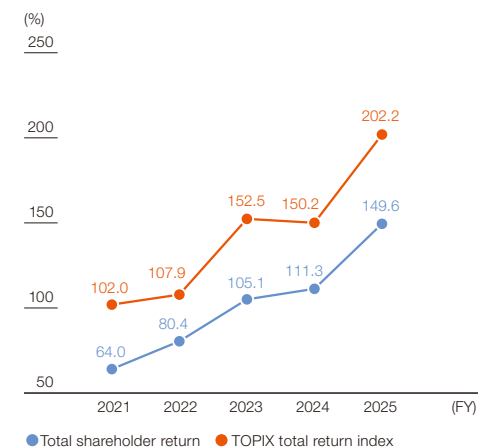
Interest-Bearing Debt / Debt/Equity Ratio



Cash Dividends per Share / Payout Ratio



Total Shareholder Return (TSR)

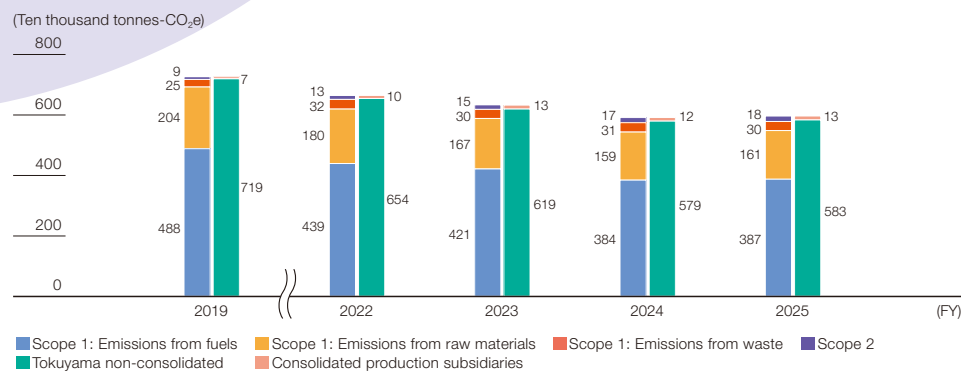


Financial and Non-Financial Highlights

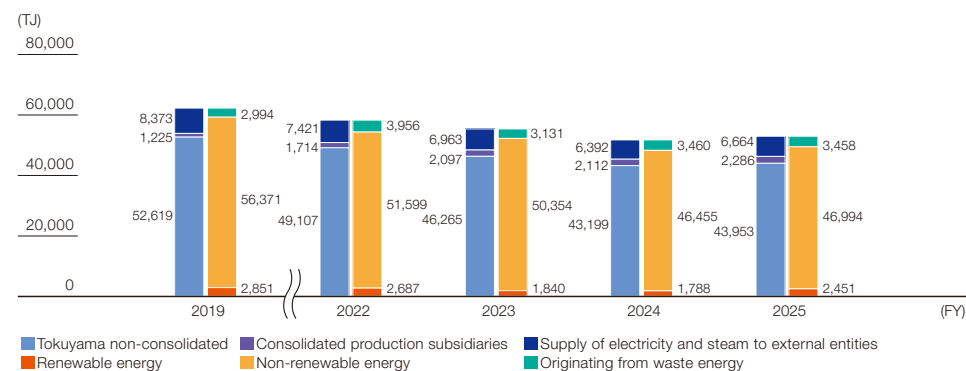
Non-Financial Highlights

GHG Emissions (Scope 1 and 2)

Scopes 1 and 2 Reduction Target: 30% Reduction by FY2030
(Compared with FY2019)



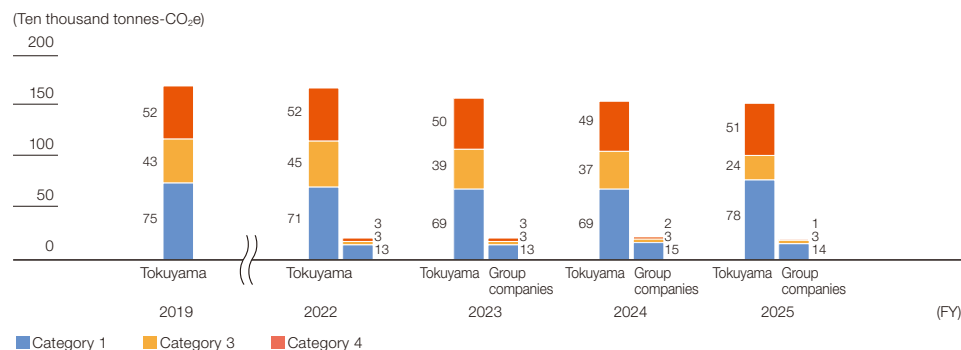
Energy Usage



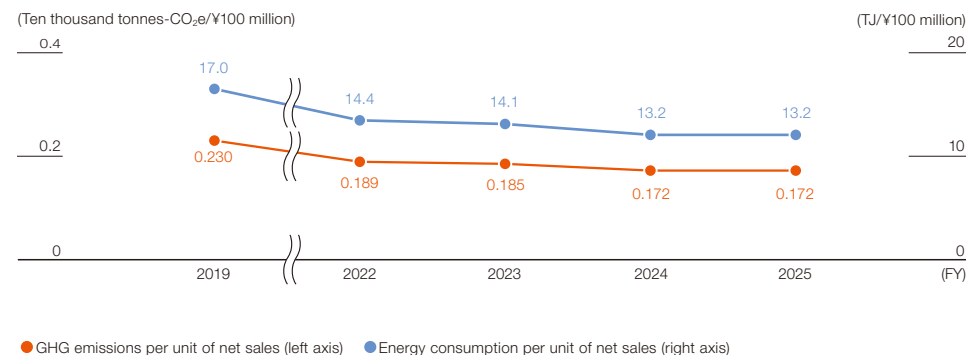
Note: The renewable energy ratio has been recalculated using a common heat coefficient to allow comparisons before and after the revision of the Energy Conservation Act from 2023

GHG Emissions (Scope 3)

Scope 3 Reduction Target: 10% Reduction by FY2030
(Compared with FY2022)

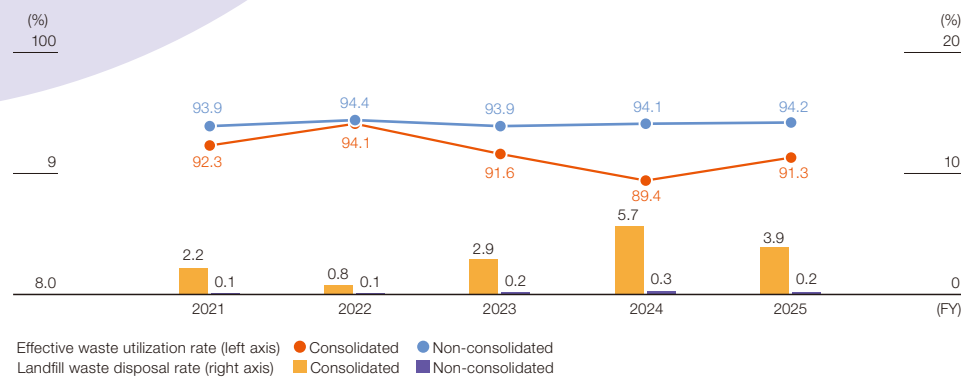


GHG Emissions per Unit of Net Sales / Energy Consumption per Unit of Net Sales

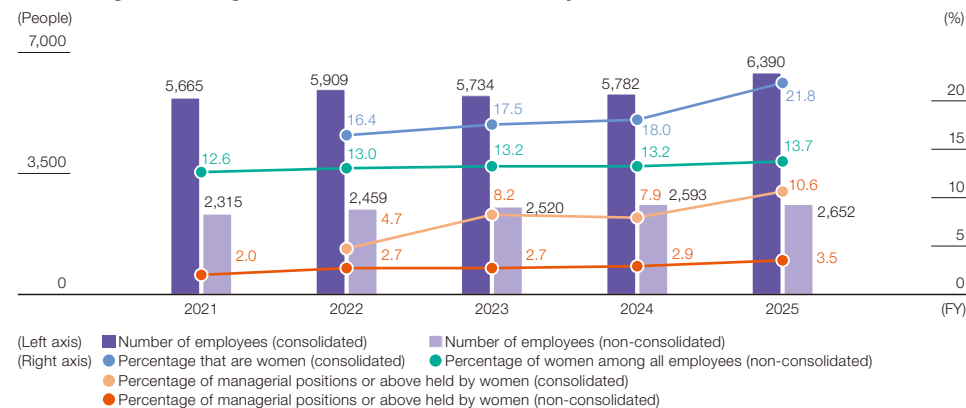


Financial and Non-Financial Highlights

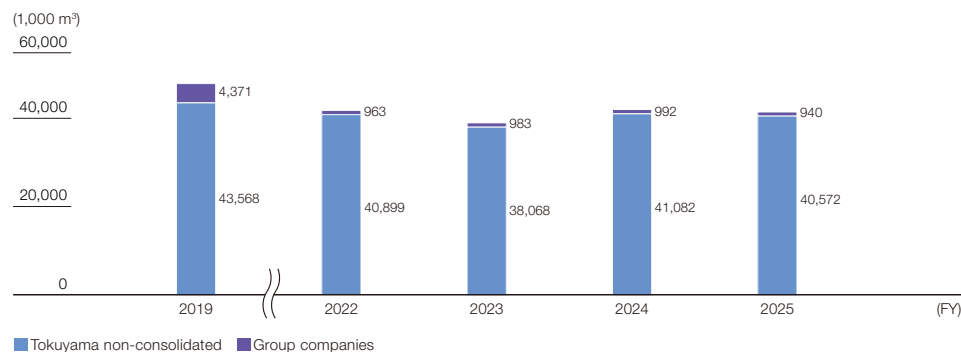
Effective Waste Utilization Rate / Landfill Disposal Rate



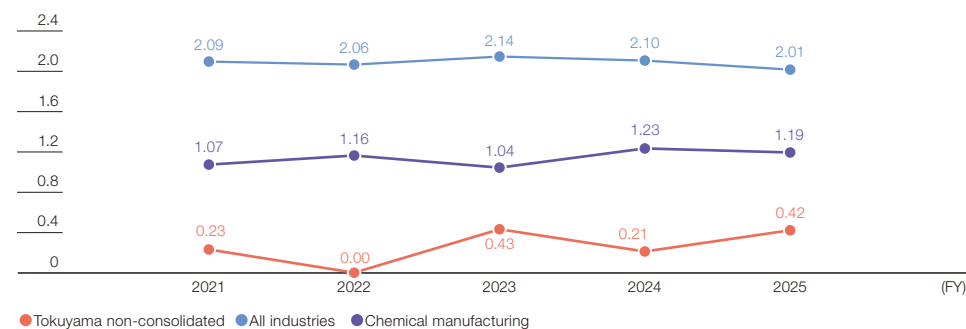
Number of Employees / Percentage of Women among All Employees / Percentage of Managerial Positions or Above Held by Women



Water Consumption (Water Intake Excluding Seawater) Target: Maintain Water Intake (Excluding Seawater) at the FY2019 Level



Occupational Accident Rate (Frequency Rate)



Corporate Data (As of March 31, 2026)

Company Overview

Corporate name	Tokuyama Corporation
Established	February 16, 1918
Industry	Chemical manufacturing
Location	Tokyo Head Office 7-5 Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-8618, Japan Front Place Akihabara TEL. +81-3-5207-2500 Tokuyama Factory (Registered Address) 1-1 Mikage-cho, Shunan-shi, Yamaguchi 745-8648, Japan TEL. +81-834-34-2000
Capital	¥10,000 million
Number of employees	6,390 (consolidated basis; 826 working overseas) 2,652 (non-consolidated)
Consolidated Subsidiaries	55

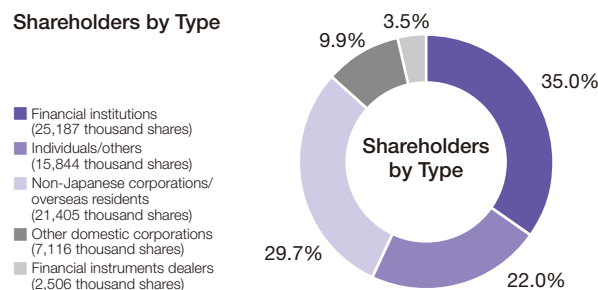
Stock Information

Total number of shares authorized to be issued	200,000,000 common shares
Number of shares issued	72,061,434 common shares (excluding 26,893 treasury shares)
Stock exchange listing	Tokyo Stock Exchange Prime Market
Securities code	4043
Number of shareholders	Common shares: 35,385 shareholders
Fiscal year	From April 1 to March 31

Dividend Policy

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

Shareholders by Type



Consolidated Subsidiaries

Electronic & Advanced Materials

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

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

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

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

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

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

Life Science

Tokuyama Dental Corporation
Manufacture and sale of dental equipment

Tokuyama Dental America Inc.
Sale of dental materials and equipment

Tokuyama Dental Deutschland GmbH
Sale of dental materials and equipment

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

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

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

A&T Suzhou Co., Ltd.
Manufacture and sale of diagnostic reagents

Tokuyama Life Science Corporation
Supervision and management of Tokuyama Life Science Group companies
MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.
Research, development, manufacture, and sale of clinical testing agents, basic research reagents, companion diagnostic agents, and other products

MBL Materials Co., Ltd.
Manufacture of in vitro diagnostic pharmaceutical materials

G&G Science Co., Ltd.
In vitro diagnostic pharmaceuticals development and contract testing

MBL (Beijing) Biotech Co., Ltd.
Research, development, and sale of raw materials for biochemical and immunological reagents, raw materials for molecular diagnostic reagents, reagents for basic scientific research, and raw materials for drug discovery research

MBL (Shenzhen) Biotech Co., Ltd.
Research, development, manufacture, and sale of IVD raw materials

Eco Business

ASTOM Corporation
Manufacture and sale of ion exchange membranes and systems

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

Chemicals

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

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

Cement

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

Tokuyama MTech Corporation
Processing and sale of building products

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

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

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

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

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

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

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

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

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

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

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

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

Others

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

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

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

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

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

Tokuyama America Inc.
Sale of Tokuyama Group products

Tokuyama Europe GmbH
Sale of Tokuyama Group products

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

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

Tokuyama Kairiku Unso K.K.
Logistics company

Kyouseiseikiyu Corporation
Petroleum-related business

Yamaguchi Kisen Corporation
Marine transportation

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

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

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

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

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

1 other company

About This Report

Editorial Policy

Tokuyama published Five-Year Business Plan 2030 in May 2026. At the same time, we updated Tokuyama's Corporate Philosophy System and redefined materiality as issues to be addressed in realizing Tokuyama's Vision. This report has been compiled with the aim of clearly conveying these matters to our stakeholders.

We hope that this report leads to better communication with our stakeholders as well as a deeper understanding of the Tokuyama Group.

This report briefly outlines information that is highly relevant to the value creation story. For more detailed IR and/or sustainability information, please visit the Company's website.

Date of Publication

August 2026

Period Covered

FY2025 (April 1, 2025 to March 31, 2026)

Report Scope

Tokuyama Corporation and consolidated subsidiaries (55 companies)

Notes: 1. If the reported scope is different for some data in this report, the different scope will be cited.

2. In principle, entities listed as Tokuyama in this report generally refer to Tokuyama Corporation and the Tokuyama Group.

Reference Guidelines

- The Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation 2.0
- IFRS Foundation International Integrated Reporting Framework

Key Features of Integrated Report 2026

① Five-Year Business Plan 2030

p. 18-20

Five-Year Business Plan 2030 sets out the Group's growth strategy and direction for value creation toward 2030 through the reinvention of its electronics and healthcare-dominated business portfolio. We present the Tokuyama Group's future direction and initiatives, which are key to understanding this report as a whole.

② Message from the President

p. 6-10

President Inoue, who assumed office in April 2026, discusses the future direction of management and his approach to value creation, taking into account the Tokuyama Group's strengths and challenges. We present the growth strategy and aspirations envisioned under the new management structure.

Information Disclosure Framework

	Financial	Non-Financial
Overview of Strategy	Tokuyama Report (Integrated Report) This report includes corporate activities for a wide range of stakeholders, covering both financial and non-financial aspects of Tokuyama at present and for the future that we aim to achieve. https://www.tokuyama.co.jp/eng/ir/report/annual_rep.html 	
Details and Latest Data	Investors Website Useful information for shareholders and investors, organized as an IR Library • Medium-Term Management Plan materials / management briefing materials • Business briefing materials • Financial results materials / annual securities reports • Reports for shareholders (business reports) • Briefing materials for individual investors Our website features a chart generator that can be used to check, compare, and analyze performance, financial, and ESG-related information. https://www.tokuyama.co.jp/eng/ir/	
	Sustainability Information Provides more detailed information on Tokuyama's sustainability activities. https://www.tokuyama.co.jp/eng/csr/	
	Tokuyama TCFD / TNFD Report Outlines initiatives against climate change and preserving biodiversity based on the four pillars: governance, strategy, risk management, and metrics and targets https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2 https://www.tokuyama.co.jp/eng/csr/environment.html	
	Tokuyama Sustainability Data Book Mainly includes data for understanding today's Tokuyama based on the perspectives of responsible care and ESG https://www.tokuyama.co.jp/eng/csr/report/index.html	

Cautionary Note on Forward-Looking Statements

This report contains forward-looking statements on the Company's plans, strategies, operating performance and other matters. These forward-looking statements are the Company's assessments based on information available at the time of this report's preparation. Statements in this report are subject to various risks and uncertainties. Tokuyama's actual activities and performance may differ significantly from these projections. The Company's actual activities and/or operating performance can differ materially from these forward-looking statements as a result of many factors, including but not limited to changes in economic conditions, the operating environment, demand trends, and exchange rates.

Disclaimer

This report is for information only and is not intended as solicitation. The Company assumes no liability for any losses due to investment decisions made by relying on forward-looking statements, numerical targets, or other information contained herein.

For the People of Tomorrow



Tokuyama Corporation

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Front Place Akihabara

Corporate Sustainability Div.

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