

**Record of Major Questions and Answers Concerning the Press Release on the Transfer of the
Cement and Solidification Materials Sales Business (Released on March 25, 2026)**

Date and time: March 25, 2026 (Wednesday) 17:00-17:30

Participant: Tomohiro Inoue, Director, Managing Executive Officer
Takeshi Ito, Managing Executive Officer

Q: Is it correct to understand that cement production will be discontinued around October 2028?

During the period from the closing in October 2026 until the suspension of production, Tokuyama-manufactured cement will be sold by Taiheiyo Cement. Could you explain the pricing framework for this arrangement? Specifically, will increases in manufacturing costs be passed on to cement sales prices, and how will manufacturing profits and sales profits be allocated?

In addition, Taiheiyo Cement has indicated its intention to implement a price revision starting in April 2027. If prices are increased, will the manufacturing side also benefit from the resulting improvement in profitability?

A: As you understand, we are considering discontinuing cement production around October 2028. Following the closing in October 2026, cement will be manufactured at Tokuyama's Nanyo Plant and sold to Taiheiyo Cement at an OEM price. Taiheiyo Cement will then sell the product externally based on the OEM price.

A basic agreement has been reached to apply a markup to the OEM price; however, the detailed terms will be finalized by the closing. With regard to the allocation of profits and the handling of increases in manufacturing costs, as raised in your question, these matters will be coordinated and agreed upon with Taiheiyo Cement by the closing.

Q: Tokuyama Corporation has set a target to reduce GHG emissions (Scope 1 and 2) by 30% by FY2030 compared to FY2019. Was the transfer of the cement business taken into account when setting this target? In addition, if the cement kilns are to be dismantled in the future, could you explain the timing and plans for the use of the site?

A: In setting our GHG reduction target, we had planned to proceed mainly through measures such as fuel conversion at our in-house power generation facilities. While a reduction in cement production volume by FY2030 was assumed, the transfer of the cement business itself was not factored into the target.

Approximately 800 kg of CO₂ is emitted per ton of cement produced. Cement production had generated around 2.8 million tons of CO₂ annually, including both process-related and fuel-related emissions. With the planned suspension of cement production in FY2028, these emissions are expected to be reduced to zero. As a result, we expect to achieve a reduction of more than 30% compared to FY2019 by FY2030.

Regarding the cement kilns, we would prefer to repurpose them if possible; however, specific ideas have yet to be formulated. For the time being, they will remain in place in their current condition. If new businesses are to be developed within the Tokuyama Factory, dismantling or repurposing the kilns may be considered, but no concrete plans have been decided at this stage. Should dismantling be undertaken, it would be carried out gradually rather than all at once, with business planning aimed at avoiding a sudden increase in cash outflows.

Q: What will happen to employees involved in cement manufacturing? Will they be transferred to another company or reassigned? Is relocation outside Yamaguchi Prefecture possible?

A: We plan to absorb these employees within the Tokuyama Group, including through reassignment. We do not envisage relocations outside Yamaguchi Prefecture, and local employment will be maintained.

Q: Managing Executive Officer Mr. Inoue is scheduled to assume the role of President and has experience in the cement division. We imagine this decision carries significant personal weight for you. Could you share your thoughts on this decision?

A: Our cement business was launched 20 years after the start of our founding soda ash business, and this year marks the 88th anniversary since its inception. It can be regarded as our second founding business that has supported Tokuyama. Through continuous efforts, it has grown into a business that generated profits, and we have nothing but respect and gratitude for everyone who has been involved. I myself was shaped by my experience in the cement business, and this decision has been extremely painful.

However, given changes in the business environment, operating with a single cement kiln would make it difficult to adequately fulfill its role in internal waste treatment. There was also a sense of urgency that, if we waited until that stage to pursue a business transfer, we might be unable to find a suitable partner. In order to further enhance our corporate value over the long term, we made this difficult decision, and we ask for your understanding.