

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 28, 2026

Company Name: Tokuyama Corporation

Representative Name: Tomohiro Inoue,

Representative Director, President and Executive Officer

(Code No. 4043, Prime Market, TSE)

Contact: Koji Ozawa, General Manager

Corporate Communications & Investor Relations Dept.

TEL: +81-3-5207-2552

Efforts to Realize Management Conscious of the Cost of Capital and Stock Price (Update)

Tokuyama Corporation (hereinafter referred to as “Tokuyama,” “the Company,” or “we”) hereby provides an update on the Company’s efforts to engage in management that is conscious of the cost of capital and stock price details of which were initially resolved at a meeting of its Board of Directors held on April 26, 2024. Brief details are presented as follows.

1. Current Assessment

In FY2025, Tokuyama undertook key measures to vigorously advance the transformation of its business portfolio—a priority under Medium-Term Management Plan 2025. In addition to completing the acquisition of certain in vitro diagnostics and in vitro diagnostic pharmaceutical materials businesses in the healthcare segment, a growth business field*1 as well as the withdrawal from unprofitable businesses overseas, these measures included the decision to transfer such operations as the domestic sales business for cement and solidification agents from with the traditional cement business segment*2.

From a management indicator perspective, and despite the impact of global inflation driven by the high-tariff policy adopted by the U.S., rising domestic interest rates following termination of the central bank’s negative interest rate policy, and concerns surrounding instability in the supply of raw material stemming from conditions in the Middle East from February 2026 along with associated fluctuations in domestic stock prices, Tokuyama’s financial performance and stock price have improved (*3), and its PBR stabilized at around 1 times. At the same time, the Company’s ROE (*4) decreased one percentage point compared with the previous year, to 8.2%. While operating profit increased, profit decreased after posting a one-off extraordinary loss.

*1 <https://www.tokuyama.co.jp/eng/news/2025/2025042201.html>

*2 <https://www.tokuyama.co.jp/eng/news/2025/2026032501.html>

<Tokuyama Management Indicator Trends>

	FY2021	FY2022	FY2023	FY2024	FY2025 *3
ROE (%)	13.2	4.1	7.4	9.2	8.2
PER (fold)	4.4	16.2	11.0	8.6	12.1
PBR (fold)	0.55	0.66	0.78	0.77	0.95
Stock Price (closing price) (yen)	1,718	2,105	2,715	2,789	3,738

*3 Management indicators for FY2025 are calculated based on unaudited financial statements (the same shall apply hereinafter).

*4 The denominator for ROE is the average shareholders’ equity during the period, while the denominator for PBR is shareholders’ equity as of the end of the period.

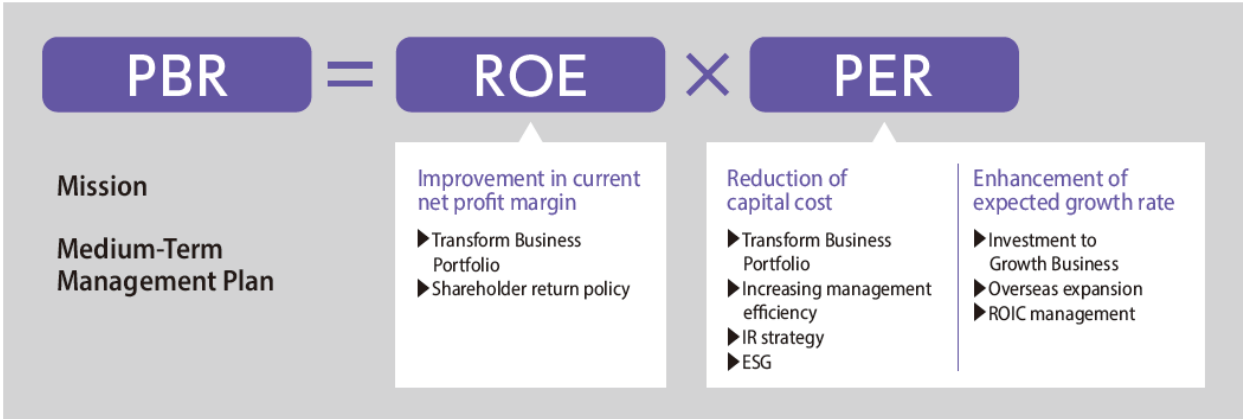
2. Policy and Targets

Tokuyama has laid out its mission as “creating a bright future in harmony with the environment, in collaboration with its customers, based on chemistry.” This mission will be realized through the trust and cooperation of our shareholders and other stakeholders. Following conclusion of Medium-Term Management Plan 2025* as of the previous fiscal year, Tokuyama is formulating a new medium-term management plan. Under our new medium-term management plan (currently being formulated), we will continue to transform our business portfolio and strive for further business growth. The Company intends to push forward a variety of initiatives in an effort to build a business structure that is capable of consistently exceeding a PBR of 1 in tandem with the measures outlined in our management philosophy and Medium-Term Management Plan, which are designed to drive sustainable growth and enhance corporate value over the medium to long term.

Medium-Term Management Plan 2025* Priority Issues

- i) Transforming the business portfolio (Increase the share of consolidated net sales from growth businesses to over 50%)
- ii) Contribute to mitigating global warming (Expedite the development/commercialization of next-gen energy technologies; Reduce greenhouse gas (GHG) emissions by 30% (compared with FY2019))
- iii) Practice socially responsible management (Step up high-priority CSR initiatives to lay the groundwork for growth)

* https://www.tokuyama.co.jp/eng/ir/business_policy/mid_term.html



3. Specific Initiatives

(1) Enhancing shareholder returns

The Company has positioned the return of profits to its shareholders as one of its most important management policies. The company will continue to provide stable and continuous returns to shareholders, based on a comprehensive assessment of factors, including maximizing corporate value from a medium- to long-term perspective through investment, financing and research and development for sustainable growth, business performance, financial situation and the cost of capital. Under this policy, after FY2024, the Company aims for a dividend payout ratio of at least 30% with a target of 3% for the dividend on equity ratio (DOE), which is not easily affected by performance during any one fiscal year. Tokuyama has also set its dividend for FY2025 at ¥120 per share for a dividend payout ratio of 38.9% and a DOE of 3.3%. Looking ahead, we intend to continue to return profits to shareholders in line with this policy from FY2026 onwards.

(2) Making priority investments in growth businesses that actively utilize return on invested capital (ROIC) and revisions to existing businesses

The Company has promoted management conscious of cost of capital regarding businesses that have recorded an ROIC below WACC for two consecutive years, including assessing the propriety of continuing such businesses each year.

ROIC in fiscal 2025 was 6.8%, exceeding WACC (6.5%) for the first time in four fiscal years. We believe this is the result of the proactive investments made in growth businesses over the past few years, which are now gradually paying off. To ensure that ROIC consistently exceeds WACC, we will continue to utilize our business evaluation framework, promote management with a greater awareness of the cost of capital, and work toward improving profitability on invested capital going forward.

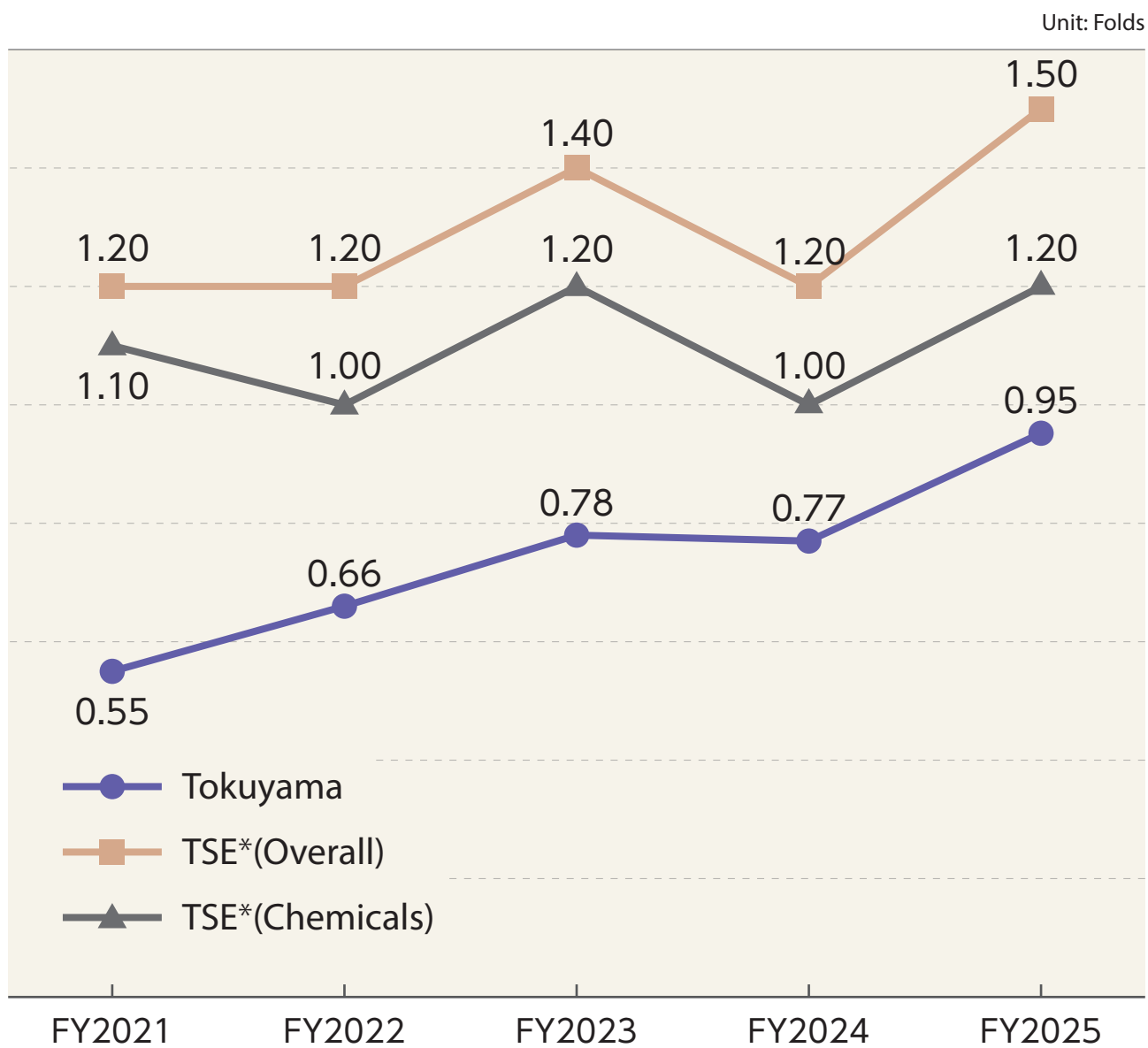
(3) Reducing cross-shareholdings

Tokuyama has taken steps to further reduce the number of cross-shareholdings held in order to improve asset efficiency in FY2025. Of the total of 11 issues held as of the end of the previous fiscal year, the Company sold two entire issues while disposing of a portion of an issue. We will carry forward this initiative into FY2026 and continue the staggered sale of listed stocks that began in FY2024. The cash generated through their disposal will be applied to growth businesses, as well as to research and development.

(4) Shareholder dialogue

The Company recognizes the importance of ongoing relationship-building with its shareholders and investors for the purpose of enhancing medium- to long-term corporate value. Likewise, president actively participate in various briefings (IR and SR), where they converse with shareholders and investors. During these conversations, we deepened discussions on the business environment in growth fields and efforts to achieve Medium-Term Management Plan 2025. Going forward, the Company will deepen its relationships with its stakeholders through a multi-layered approach to communicating information founded on the spirit of fair disclosure.

See the attachment regarding these efforts.



* Note: Listed on the TSE First Section until FY2022 and on the TSE Prime Market from FY2023

Current Assessment:

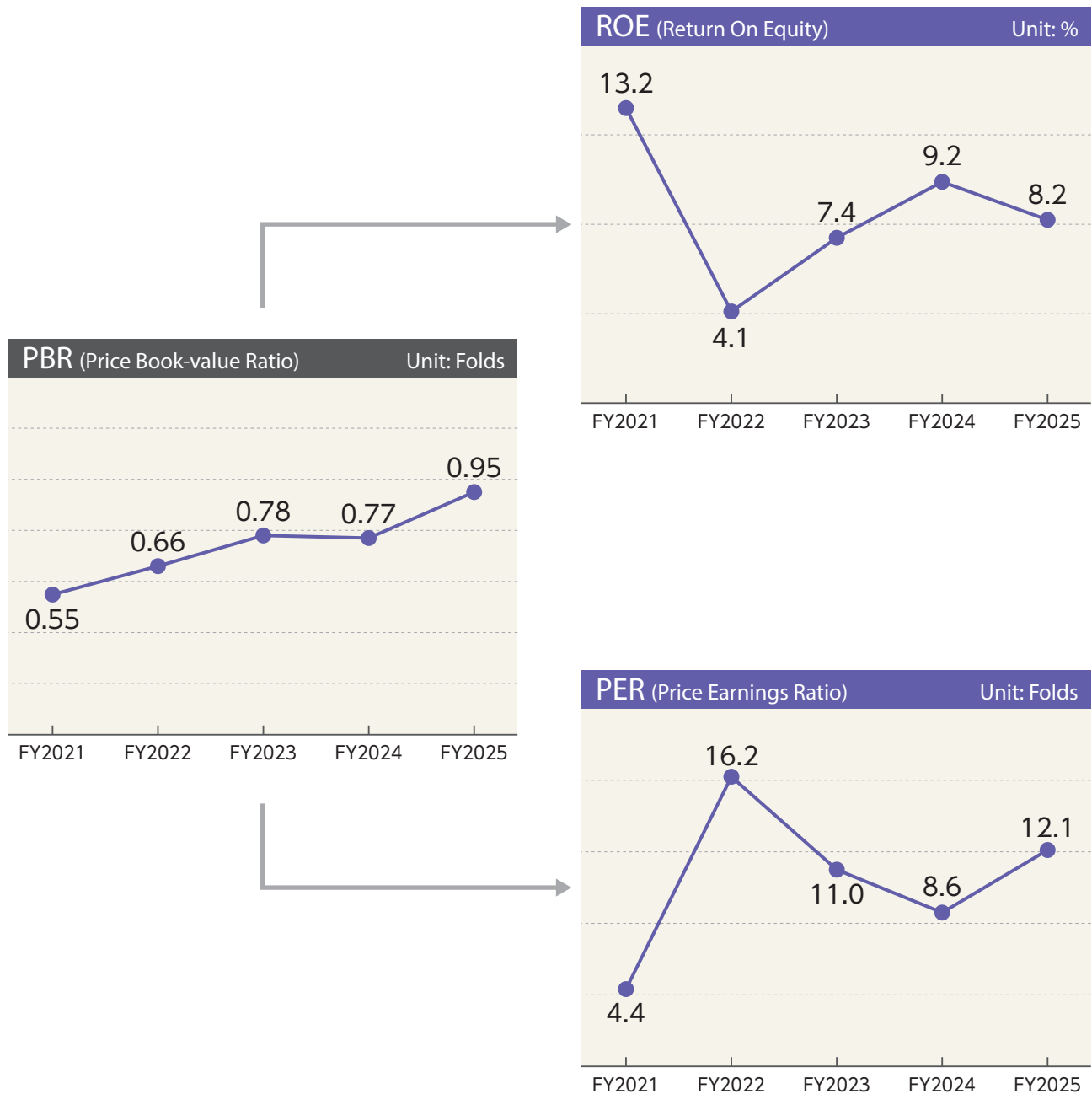
Analysis regarding cost of capital and return on capital (1) (Attachment)

While ROE declined, PBR stayed at approximately 1x, supported by PER expansion. Portfolio transformation and profitability enhancement are key drivers.

$$\text{PBR} = \text{ROE} \times \text{PER}$$

$$\text{ROE} = \text{Net Profit} \div \text{Shareholders' equity}$$

$$\text{PER} = \text{Stock Price} \div \text{Earnings Per Share (EPS)}$$



Current Assessment:

Analysis regarding cost of capital and return on capital (2) (Attachment)

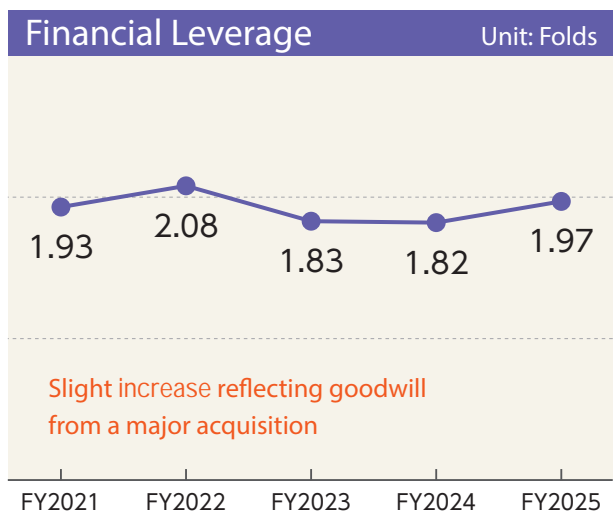
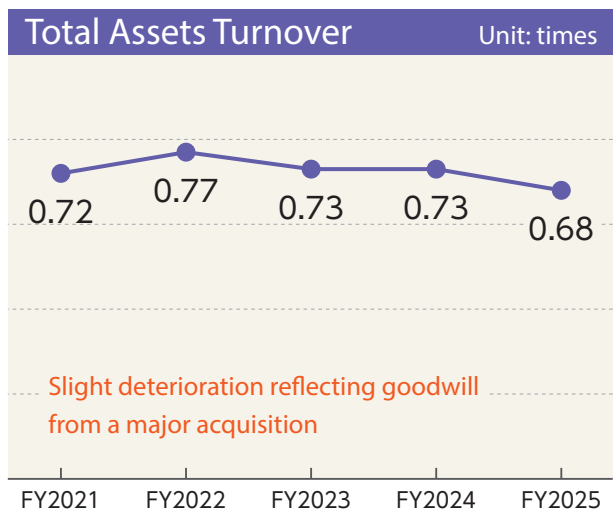
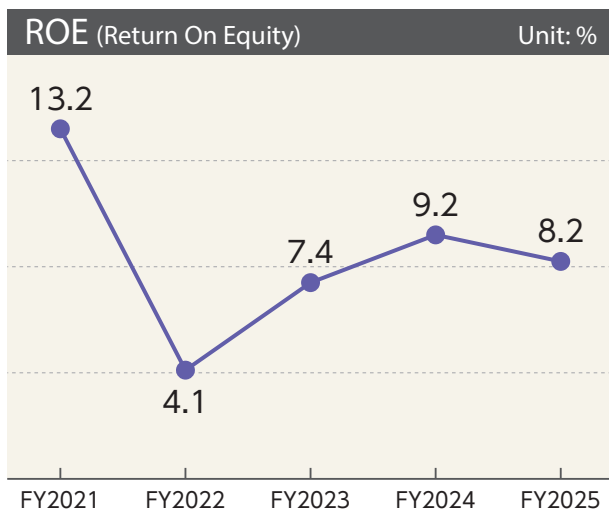
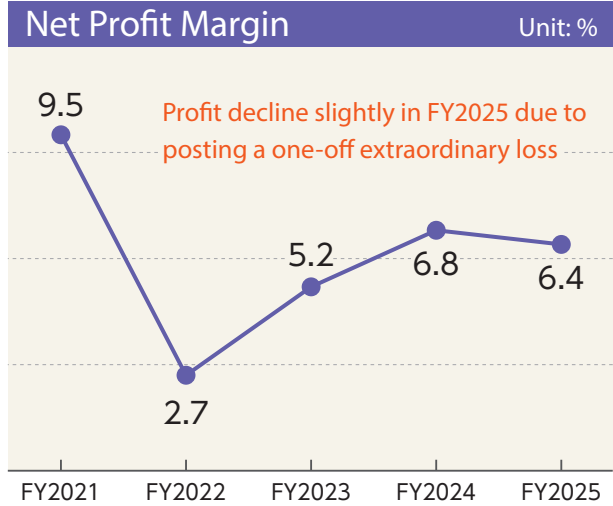
Promoting net profit margin improvement for ROE growth.

$$\text{ROE} = \text{Net Profit Margin} \times \text{Total Assets Turnover} \times \text{Financial Leverage}$$

$$\text{Net Profit Margin} = \text{Net Profit} \div \text{Net Sales}$$

$$\text{Total Assets Turnover} = \text{Net Sales} \div \text{Total Assets}$$

$$\text{Financial Leverage} = \text{Total Assets} \div \text{Shareholders' equity}$$



Initiatives :

In order to enhance the price book-value ratio (PBR)

(Attachment)

Implement measures to reduce the cost of capital and to increase the expected growth rate for the purpose of enhancing PER.

PBR = ROE(Return On Equity) × PER(Price Earnings Ratio)

PER = Stock Price ÷ Earnings Per Share (EPS) → Stock Price = EPS × PER

$$\text{Stock Price} = \frac{\text{EPS}}{\text{Cost of Capital} - \text{Anticipated Growth Rate}} = \text{EPS} \times \frac{1}{\text{Cost of Capital} - \text{Anticipated Growth Rate}}$$

Equality

1

Reduce the cost of capital

▶ Transform Business Portfolio:

- ◎ Business expansion in the growth areas of electronics, healthcare, and the environment
- ◎ Transfer of the domestic sales business for cement and solidification agents due to the decline in the domestic market.
- ◎ Business restructuring leading to GHG reduction

▶ Increasing management efficiency:

- ◎ Improve productivity by promoting personnel system reforms
- ◎ Promote DX in production processes

▶ IR strategy:

- ◎ Further strengthen dialogue with shareholders through IR, SR, etc.

▶ ESG:

- ◎ Publish a TCFD report
- ◎ Participate in the DX League
- ◎ Participate in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum

Enhance the Anticipated growth rate

▶ Growth businesses:

- ◎ Expand the Polycrystalline Silicon Business in Malaysia and Vietnam
- ◎ Acquisition of certain in vitro diagnostics and in vitro diagnostic pharmaceutical materials businesses (Tokuyama Life Science)
- ◎ Strengthen the dental materials and equipment business supply chain (Tokuyama Dental)

▶ Overseas expansion:

- ◎ Expand the IC Chemical Business in Taiwan and Korea
- ◎ Establish a subsidiary in India (marketing in the electronics, healthcare, and environmental fields)

▶ ROIC management:

- ◎ Perform management conscious of cost of capital (reduce cross-shareholdings, etc.)
- ◎ Disclosure of ROIC and WACC data on a Group-wide basis and the continued implementation of business assessments

Shareholder return trends					
	FY2021	FY2022	FY2023	FY2024	FY2025
Dividends per share :yen	70	70	80	100	120
Payout ratio: %	18.0	53.8	32.4	30.8	38.9
DOE(dividend on equity ratio): %	2.4	2.3	2.5	2.9	3.3

Cross-holding trends					
	FY2021	FY2022	FY2023	FY2024	FY2025
Number of cross-shareholding issues	21	20	20	11	9
Year-end market value : billion of yen	126	126	179	148	175

See the financial results briefing materials

(3. Efforts to Realize Management Conscious of the Cost of Capital and Stock Price)
published the same date.

https://www.tokuyama.co.jp/eng/ir/pdf/2026mar_setsumeikai_e.pdf

IR	Financial results briefing	4 times, quarterly
	Management Briefing	1 time, June 2025
	Business Briefing	1 time, September 2025
	IR meetings with domestic institutional investors	219 cases
	IR meetings with overseas institutional investors	10 cases
	Briefing for individual investors	1 time, February 2026
SR	Engagement with major institutional investors, etc.	5 cases, handled by the President and Representative Director

Main themes	Medium-Term Management Plan	<ul style="list-style-type: none"> ◎ Progress and challenges in transforming the business portfolio ◎ Growth business future outlook ◎ Certainty of achieving final fiscal year targets
	ESG/DX	<ul style="list-style-type: none"> ◎ Human Resource Strategy initiatives ◎ Progress in reducing GHG emission ◎ Productivity improvements using DX
	Other	<ul style="list-style-type: none"> ◎ Approach toward stock price levels and returns