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Notice Concerning Partial Revision of the Performance-linked Share-based Remuneration Plan for Directors, etc.

Tokuyama Corporation (hereinafter the “Company,” “Tokuyama” or “we”) hereby announces that the Board of Directors of the Company, at its meeting held today, decided to submit a proposal concerning the renewal and partial revision of the performance-linked share-based remuneration plan (the “Plan”) for Directors (excluding Directors who are Audit and Supervisory Committee Members, non-executive Directors, External Directors, and persons not resident in Japan; hereinafter the same applies) and Executive Officers (excluding non-residents of Japan; hereinafter the same applies; hereinafter collectively referred to with Directors as “Directors, etc.”) of the Company to the 162nd Ordinary General Meeting of Shareholders (hereinafter the “Ordinary General Shareholders’ Meeting”) to be held on June 26, 2026 as follows.

1. Renewal of the Plan

(1) The Plan is a scheme under which shares in the Company and cash equivalent to the conversion amount of the Company’s shares (hereinafter “the Company’s shares, etc.”) will be delivered or paid as officer remuneration in accordance with the rank of Directors, etc., the level of achievement of business performance targets in the Medium-Term Management Plan, and other factors, over the fiscal years covered by the Medium-Term Management Plan set forth by the Company, (hereinafter “the Plan Period”).

The Company considers that this Plan is closely linked to its corporate performance and has high transparency and objectivity, and that it continues to serve as an effective incentive to enhance the corporate performance and corporate value over the medium-to long term. Accordingly, the Board of Directors of the Company, at its meeting held today, resolved to renew the Plan.

(2) The Plan employs a framework called Board Incentive Plan trust (hereinafter referred to as the “BIP Trust”). As with performance shares and restricted shares in Europe and North America, a BIP trust is a system whereby shares in the Company will be delivered in accordance with the recipient’s rank and business performance.

(3) Tokuyama will, upon the renewal of the Plan, extend the trust period of the trust that it has already created (hereinafter the “Trust”) while making partial revisions to the Plan, subject to the approval at the Ordinary General Shareholders’ Meeting as provided in 2. below.

(4) Renewal and partial revision of the Plan was introduced after deliberations at the Nomination and Remuneration Advisory Committee of which the majority of committee members are External Directors.

2. Partial revisions to the Plan

Tokuyama will, upon renewal of the Plan, extend the trust period of the Trust while making partial revisions to the System, subject to the approval at the Ordinary General Shareholders' Meeting. The Plan after the revisions is as follows.

Items not specified below will remain unchanged, and the fundamental framework of the plan, as established in 2018 and partially revised in 2021, will be maintained.

(1) Trust period after extension

The trust period of the Trust after extension will be the period of five fiscal years from September 1, 2026 (planned) to the end of August 2031 (planned).

When the trust period after extension expires, the Company may continue the Trust by amending the trust agreement and making additional entrustments. In this case, a number of years corresponding to the medium-term management plan formulated by the Company at that time shall be the new Plan Period, the trust period of the Trust will be extended by the same length of period as the new Plan Period, and the Company will make additional contributions within the range of the total maximum amount of trust money to be contributed to the Trust, as approved by resolution at the Ordinary General Shareholders' Meeting, and continue granting points to Directors, etc., during the extended trust period. However, when making these additional contributions, if there are shares in the Company (excluding shares in the Company corresponding to points granted to Directors, etc., whose delivery or payment is incomplete) and money remaining in the trust assets on the final day of the trust period prior to extension (hereinafter "Remaining Shares, etc."), the total amount of the monetary amount of the Remaining Shares, etc., and any trust money additionally contributed shall be within the range of the maximum amount of trust money to be contributed to the Trust in the new Plan Period, as approved by resolution at this Ordinary General Shareholders' Meeting. Such extensions of the trust period shall not be limited to one time only, and the trust period may subsequently be similarly re-extended.

(2) The Company's shares, etc. to be delivered or paid to Directors, etc.

At a certain time every year during the trust period (scheduled for June 2027 for the first Plan Period after extension), points calculated based on the following calculation formula shall be granted to Directors, etc., in accordance with their rank and the level of achievement of business performance targets. Provided, however, that the Company will not grant Base Points for fiscal years for which it did not pay dividends.

(Calculation formula for Point)

Base amount of share-based remuneration determined by rank \div Average closing price of the Company's shares on the Tokyo Stock Exchange during the month before the first month of the Plan Period (any fractions less than one shall be discarded) \times Performance-linked coefficient (*1)

(*1) The performance-linked coefficient shall be determined within a range of 0% to 150%, based on the level of achievement of performance evaluation criteria.

For the Target Period from the fiscal year ending March 31, 2027 until the fiscal year ending March 31, 2031, the performance evaluation criteria shall be consolidated operating margin and ROE.

For Plan Period on and after the fiscal years ending March 31, 2032, the performance evaluation criteria and their applicable range shall be determined by the Board of Directors, taking into account the medium-term management plan in effect at that time.

The number of Company Shares, etc. to be delivered or paid to Directors, etc. shall be determined based on the points accumulated during the Target Period (hereinafter referred to as the “Accumulated Number of Points”) after the end of the Target Period, as one (1) point shall equal one (1) share in the Company, and fractions less than one point shall be discarded. If a share split, share consolidation, etc., of the Company’s shares is conducted during the trust period, the number of the Company’s shares per point and the total maximum number of the Company’s shares to be delivered, etc. from the Trust (as defined in the below item (4)) shall be adjusted in accordance with the split ratio, consolidation ratio, etc., of the Company’s shares.

(3) Method and timing of delivery or payment of the Company’s shares, etc., to Directors, etc.

Directors, etc., shall receive delivery from the Trust of a number of the Company’s shares corresponding to 50% of the Accumulated Number of Points (shares less than one unit will be discarded) basically around July immediately following the final day of the final fiscal year of the Plan Period (however, if a Director, etc., retires during the trust period, it shall be after a certain period of time from the retirement), and shall receive payment of cash equivalent to the conversion amount of the number of the Company’s shares corresponding to the remaining Accumulated Number of Points, after conversion in the Trust.

If a Director, etc. retires during the trust period, the Company’s shares, etc. shall be delivered or paid to such individual based on Accumulated Number of Points at the time of retirement. In the event that a Director, etc., dies during the trust period, his or her heir shall receive payment from the Trust of cash equivalent to the conversion amount of the number of the Company’s shares corresponding to the Accumulated Number of Points at that time, after conversion in the Trust. In addition, if a Director, etc., is transferred overseas during the trust period, he or she shall receive payment from the Trust by the date of his or her transfer overseas of cash equivalent to the conversion amount of the number of the Company’s shares corresponding to the Accumulated Number of Points, at that time, after conversion in the Trust.

(4) Total maximum amount of trust money to be contributed to the Trust and total maximum number of the Company’s shares, etc. to be delivered or paid from the Trust

The total maximum amount of trust money to be contributed to the Trust during the trust period and the total maximum number of the Company’s Shares, etc. to be delivered or paid from the Trust shall be within the following limits, subject to resolution at the Ordinary General Shareholders’ Meeting.

(i) Total maximum amount of trust money to be contributed to the Trust

An amount equivalent to 260 million yen multiplied by the number of years in the new Plan Period (*2)

(*2) This shall be the total amount, including funds for the acquisition of shares by the Trust during the trust period, and trust fees and trust expenses

(ii) Total maximum number of the Company’s shares, etc. to be delivered or paid from the Trust during the trust period

A number of shares equivalent to 96,000 shares multiplied by the number of years in the new Plan Period (*3)

(*3) The total maximum number of the Company’s shares, etc. to be delivered or paid shall be established based on the above total maximum amount of trust money, taking into consideration the recent share prices and other relevant factors.

(5) Method of acquisition of the Company's shares by the Trust

The Company intends for the Trust to acquire the Company's shares from the stock market, within the range of the funds for the acquisition of shares and the total maximum number of the Company's shares to be delivered from the Trust described in the above item (4).

(6) Exercise of voting rights of the Company's shares in the Trust

In order to ensure neutrality toward management, voting rights of the Company's shares in the Trust will not be exercised during the trust period.

(7) Treatment of dividends of the Company's shares in the Trust

Dividends from the Company's shares in the Trust shall be received by the Trust and used for the trust fees and trust expenses of the Trust.

(8) Treatment of residual shares and residual dividends at the expiration of the trust period

If residual shares occur upon expiration of the trust period owing to the failure to achieve business performance targets during the Plan Period, etc., the Company may, by amending the trust agreement and making additional contribution to the Trust, continue to use the Trust as part of the Plan as it is, or as a similar share-based remuneration plan.

In addition, any residual dividends pertaining to the Company's shares in the Trust when the trust period expires will be utilized as acquisition funds for shares if the Trust continues to be used, but if the Trust ends upon the expiration of the trust period, the portion in excess of the trust expense reserve after deduction of share acquisition funds from the trust money will be donated to organizations that have no interest in the Company and eligible persons.

(Reference)

[Trust Agreement Content]

1) Type of trust	Trust of money other than money trust (third-party benefit trust)
2) Trust objective	To provide incentive to Directors, etc.
3) Settlor	The Company
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
5) Beneficiaries	Directors, etc., who fulfill the beneficiary requirements
6) Trust administrator	Third party with no special interests with the Company (Certified Public Accountant)
7) Date of trust agreement	September 2018 (to be amended to August 2026)
8) Trust period	September 3, 2018 to August 2026 (to be extended to the end of August 2031 due to the above revision)
9) Plan Period after extension	April 2026 to March 2031
10) Exercise of voting rights	Voting rights will not be exercised
11) Class of shares to be acquired	Common shares of the Company
12) Upper limit of trust money	1.3 billion yen (planned) (including trust fees and trust expenses)
13) Timing of share acquisition	August 6, 2026 (planned) to September 4, 2026 (planned)
14) Method of share acquisition	Acquisition from the stock market
15) Rights holder	The Company
16) Residual assets	Residual assets that may be received by the Company, the rights holder, shall be within the range of the reserve fund for trust expenses after deducting share acquisition funds from the trust money.