



February 13, 2024

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 Representative: Takamoto Taki, Representative Director, President
 Code number: 4025 (Prime Market of Tokyo Stock Exchange)
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Notice regarding action to implement management that is conscious of cost of capital and stock price

Taki Chemical Co., Ltd. (the “Company”) announces that its Board of Directors, at a meeting held on February 13, 2024, resolved policies on actions to implement management that is conscious of cost of capital and stock price toward achieving sustainable growth and enhancing corporate value over the medium to long term as follows:

1. Analysis of current situation

	FY12/2019	FY12/2020	FY12/2021	FY12/2022	FY12/2023
Ordinary profit (million yen)	1,911	2,166	2,982	3,144	1,337
ROE (%)	5.3	5.9	6.8	6.7	4.1
Basic earnings per share (yen)	157.64	180.37	221.46	237.53	156.86
Dividends per share (yen)	40.00	45.00	50.00	50.00	50.00
Net assets per share (yen)	3,033.53	3,114.67	3,378.42	3,689.28	3,994.74
Equity-to-asset ratio (%)	61.5	62.7	63.5	63.5	65.9
Year-end stock price (yen)	4,675	6,520	5,800	4,555	3,215
PBR (times)	1.54	2.09	1.72	1.23	0.80

- The Company and its group companies (collectively the “Group”) achieved record-high earnings in the fiscal year ended December 31, 2021 and 2022 as a result of its efforts to increase profitability. For the fiscal year ended December 31, 2023, however, the Group reported a year-on-year decrease in sales and profit because of slack in the Agriculture business, higher energy cost, and other factors. Amid these trends in business performance, the Company’s stock price has tended to decline from 2020 partly due to delays in the progress of the commercialization of *Tricholoma bakamatsutake*, and PBR has remained below 1.0 since October 2023. The Company considers that this is mainly because it has not lived up to the stock market’s expectations to enhance its corporate value.

2. Policies on actions to address the current situation

- (1) Based on the Taki Chemical Group’s mission of “Tradition and Innovation—Become a Company of Choice 100 Years down the Road,” the Group recently formulated the “Long-Term Vision 2050,”

which clarifies the ideal state of the Group and what it wishes to achieve. Under the Vision, the Group will strive to boost corporate value and achieve sustainable growth from a long-term perspective.

- (2) Meanwhile, under the five-year “Medium-Term Management Plan 2028” started in 2024, the Group will aim to achieve targets set forth as consolidated net sales of ¥42,000 million, consolidated operating profit of ¥3,000 million, and ROE of at least 6.0%.
- (3) The Group will work on strengthening communications with stakeholders and further improving shareholder return.

3. Initiatives in line with the policies

- (1) With putting the environment, society and local community at the core of the strategy, the Group will strengthen the tree pillars of its businesses, namely Agriculture, Chemicals, and Real estate, to achieve sustainable growth through developing creative and innovative new businesses and products.
- (2) In line with the following basic policies set out in the Medium-Term Management Plan 2028, the Group will endeavor to increase sales and improve profits by steadily implementing action plans set for each business, thereby achieving the targets.
 - a. Invest aggressively in growth businesses and create new businesses
 - b. Enhance profitability by strengthening existing businesses
 - c. Implement sustainability transformation
 - d. Promote GRC (Governance, Risk Management and Compliance)

Along with the Long-Term Vision 2050 and the “Medium-Term Management Plan 2028,” please refer to the “Taki Chemical Group—Long-Term Vision and the Medium-Term Management Plan,” which has been disclosed on the Company’s website today, by scanning the QR code.



- (3) Strengthen communication with stakeholders and further improve shareholder return
 - a. Communicate with shareholders and investors
The Group will further enhance the relationship with investors so that they will support us for the medium to long term, by communicating with them through a variety of methods such as timely and appropriate information disclosure, the CSR Report, briefing sessions for individual investors, and each IR meeting.
 - b. Maintain stable dividends on a continual basis and further improve shareholder return
The Company positions the profit return to its shareholders as a key management priority. Accordingly, it has revised its forecast of dividends for the fiscal year ending December 31, 2024 to ¥55 per share, an increase of ¥5 per share from ¥50 per share (planned) for the fiscal

year ended December 31, 2023. In efforts to further bolster shareholder return, the Company will always keep in mind the payout ratio of 30% or more on a consolidated basis. The Company will seek to increase the total payout ratio by continuing to flexibly repurchase its own shares in a timely and appropriate manner, thereby further enhancing shareholder return.

c. Raise capital efficiency

The Group will carry on a financial strategy that is conscious of raising capital efficiency through reducing cross-shareholdings. In addition, the Group will be committed to further enhancing profitability by aggressively investing in growth businesses through the effective use of funds on hand and the utilization of various financing measures to boost ROE.