



February 10, 2025

Name of listed company: Taki Chemical Co., Ltd.
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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 February 10, 2025, resolved to update the policies on actions to implement management that is conscious of the cost of capital and stock price, as disclosed on February 13, 2024, toward achieving sustainable growth and enhancing corporate value over the medium to long term, as follows.

1. Analysis of current situation

	FY12/2020	FY12/2021	FY12/2022	FY12/2023	FY12/2024
Ordinary profit (million yen)	2,166	2,982	3,144	1,337	3,161
ROE (%)	5.9	6.8	6.7	4.1	6.4
Basic earnings per share (yen)	180.37	221.46	237.53	156.86	271.37
Dividends per share (yen)	45.00	50.00	50.00	50.00	55.00
Net assets per share (yen)	3,114.67	3,378.42	3,689.28	3,994.74	4,468.46
Equity-to-asset ratio (%)	62.7	63.5	63.5	65.9	64.9
Year-end stock price (yen)	6,520	5,800	4,555	3,215	3,450
PBR (times)	2.09	1.72	1.23	0.80	0.77

- The Company and its group companies (collectively the “Group”) reported a year-on-year decrease in sales and profit because of slack in the Agriculture business, higher energy costs, and other factors. However, in the fiscal year ending December 31, 2024, despite a decline in fertilizer sales prices, an increase in sales volume, coupled with a significant recovery in demand for water treatment chemicals and high-purity tantalum oxide for smartphones, resulted in higher sales and profit. Amid these trends in business performance, the delay in the commercialization of *Tricholoma bakamatsutake* has contributed to the Company’s PBR remaining below 1.0 since September 2024. The Company’s stock price has been on a declining trend since 2020, which is primarily attributed to its inability to live up to stock market expectations for enhancing 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 has 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 three 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)

At the Board of Directors meeting held on December 2, 2024, a resolution was passed to acquire 56.3% of the shares of Rakuto Chemical Industry Co., Ltd., making it a subsidiary. The acquisition is expected to generate business synergies in our main business segments, namely, the development of biostimulants in the Agriculture business segment, as well as environmentally friendly water treatment chemicals in the Chemicals Business segment, and in new research and development efforts, serving as a strong driving force toward achieving the *Long-Term Vision 2050*.

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 since February 2024, 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 Sustainability 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, 2025, to ¥60 per share, an increase of ¥5 per share from ¥55 per share (planned) for the fiscal year ended December 31, 2024. While the Company remains mindful of maintaining a consolidated payout ratio of 30% or more, its fundamental policy is to ensure stable and continuous dividend payments. As a result, during periods of strong performance, the consolidated payout ratio may fall below this threshold. 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.