

November 13, 2025

To whom it may concern:

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Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

We at ASAHI YUKIZAI CORPORATION have been promoting our mid-term corporate management plan ("GNT2025"), which was launched in fiscal 2021. Guided by our mission, "To contribute to the customer's manufacturing process by being helpful to them," we aim to enhance our corporate value through the growth and expansion of our businesses.

As part of these efforts, we are undertaking actions to implement management that is conscious of cost of capital and stock price. We would like to inform you that we have recently updated these initiatives.

For further details, please refer to the attached document titled "Actions to Implement Management that is Conscious of Cost of Capital and Stock Price."



**ASAHI
YUKIZAI**

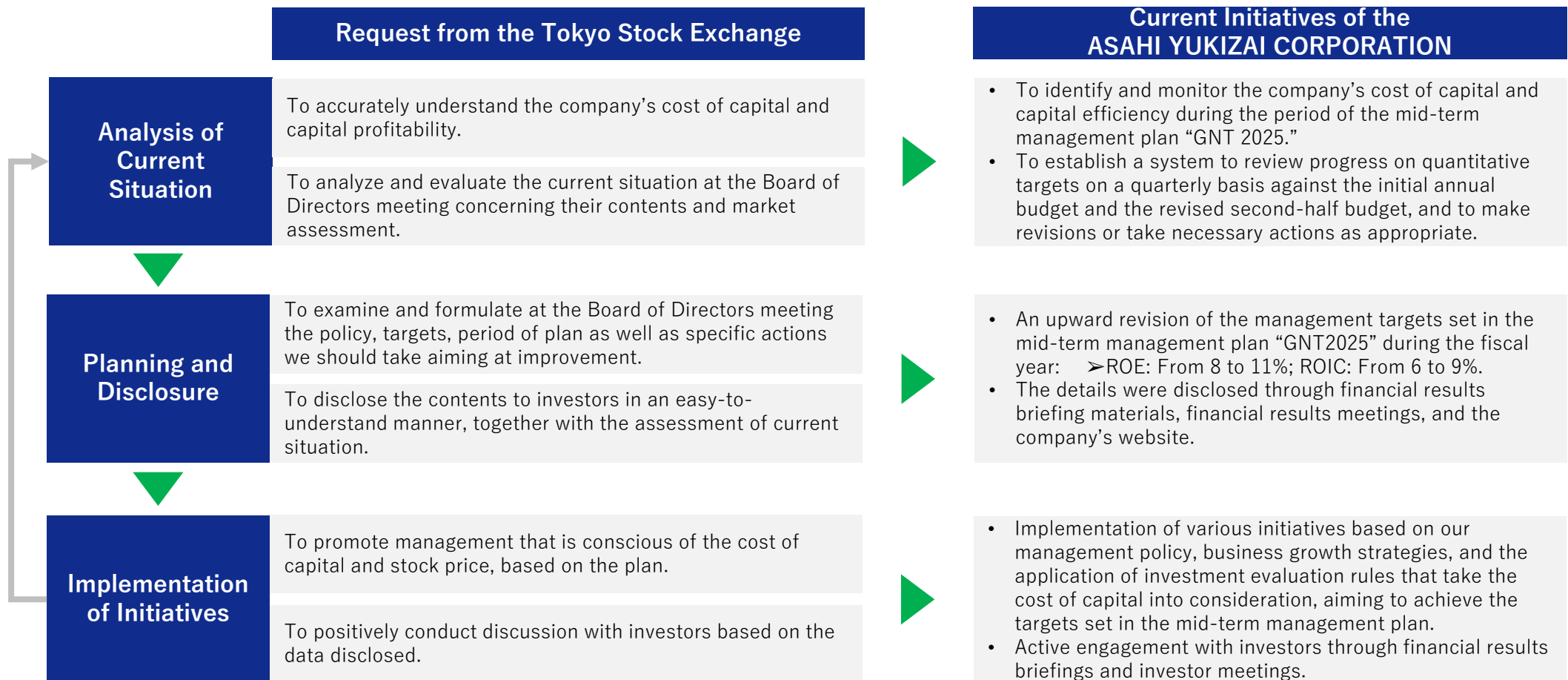
Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

11 / 13 / 2025

ASAHI YUKIZAI CORPORATION

Implementing Management Conscious of the Cost of Capital and Stock Price to Enhance Corporate Value

We at ASAHI YUKIZAI CORPORATION aim to enhance our corporate value by promoting the growth and expansion of our businesses under our mission, “To contribute to the customer’s manufacturing process by being helpful to them.” To achieve this, we are implementing management that is conscious of the cost of capital and stock price.



In addition to reporting on our ongoing initiatives for implementing management that is conscious of the cost of capital and stock price, we would like to present the progress of our updated initiatives related to the cost of capital and capital efficiency, market evaluation, and measures for further enhancing corporate value.

- 【 1 】 Progress in the cost of capital and capital efficiency
 - Cost of equity / ROE
 - WACC / ROIC
- 【 2 】 Trends in market valuation indicators
 - PBR / PER / Stock price, etc.
- 【 3 】 Implementation status of mid-term initiatives to enhance corporate value
 - List of key initiatives
 - Efforts to reduce the cost of capital and improve capital efficiency

1. Setting Capital Profitability Targets Above the Cost of Capital and Tracking Progress

We set capital profitability targets based on our understanding of the cost of capital and implement initiatives in line with the mid-term management plan.

➤ Cost of Equity and FY2025 Target ROE under the Current Mid-term Management Plan

Estimated Cost of Equity (based on CAPM) : 7 to 8%

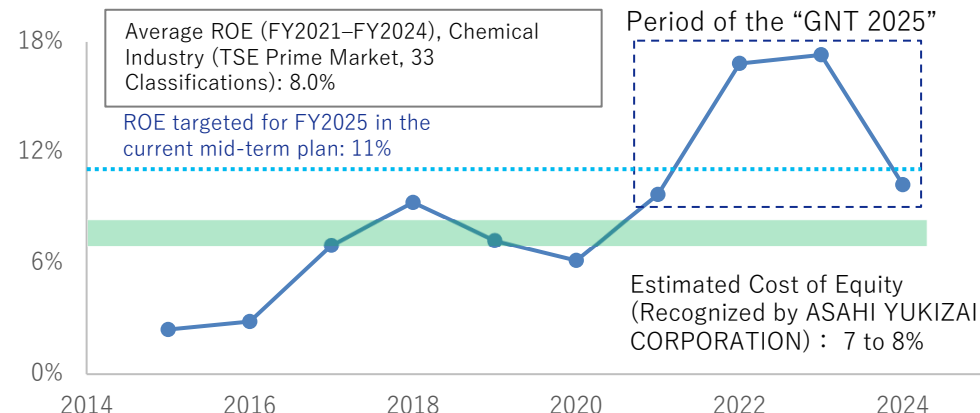
Estimated Cost of Equity (based on CAPM) : 7 to 8%
= Risk free rate (1.1) + [β (1.1) x Stock market risk premium (around 6)]

- Risk free rate: Set based on the 10-year government bond yield
- β : Set based on the ASAHI YUKIZAI CORPORATION and TOPIX return during the past five-year period
- Stock market risk premium: Expected return on the stock market (historical basis) – Risk free rate

Targeted ROE for FY2025 : 11%

➤ ROE progress

ROE : Above the Cost of Equity



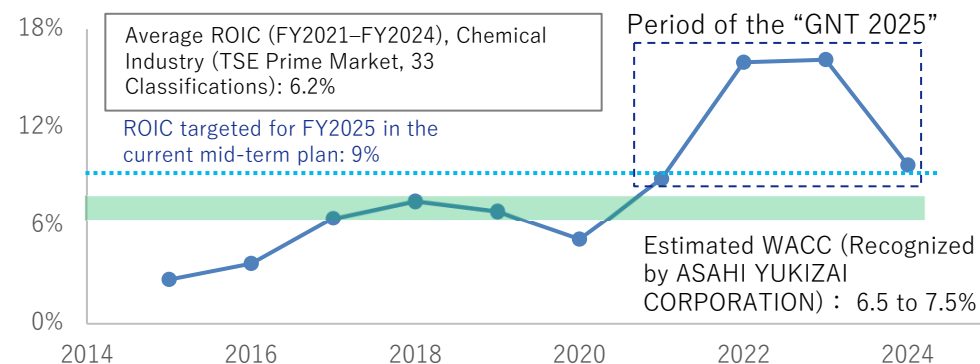
➤ WACC (Weighted Average Cost of Capital) and FY2025 Target ROIC under the Current Mid-term Management Plan

Estimated WACC : 6.5 to 7.5%

Targeted ROIC for FY2025 : 9%

➤ ROIC progress

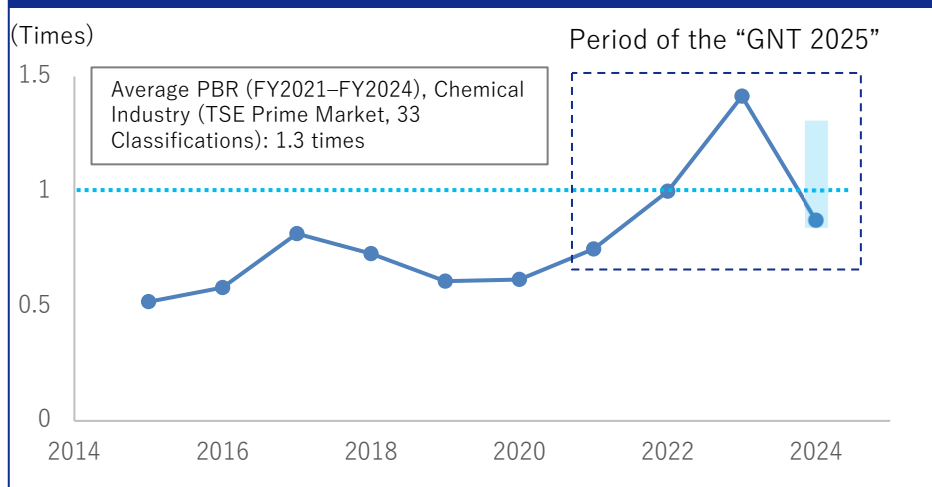
ROIC : Above the WACC



2. Trends in Market Valuation Indicators

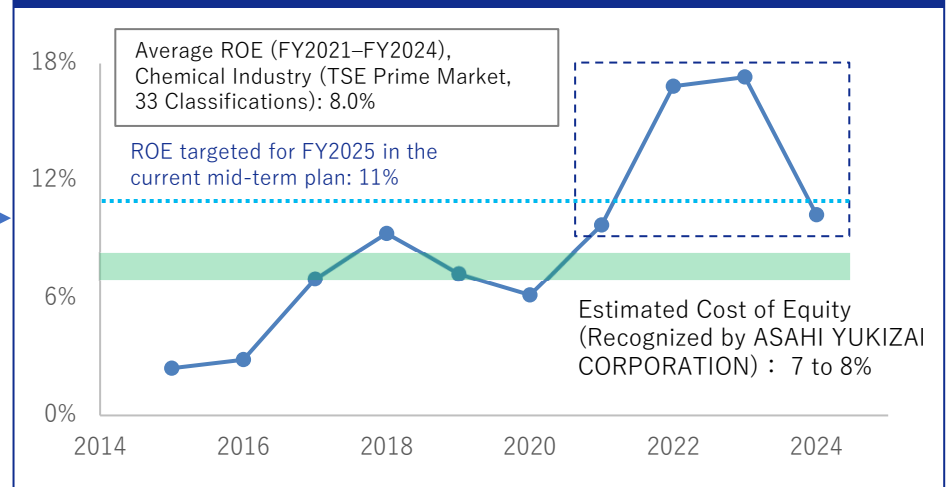
PBR stood at a level lower than 1 at the end of FY 2024.

PBR at the end of FY2024 : Less than 1

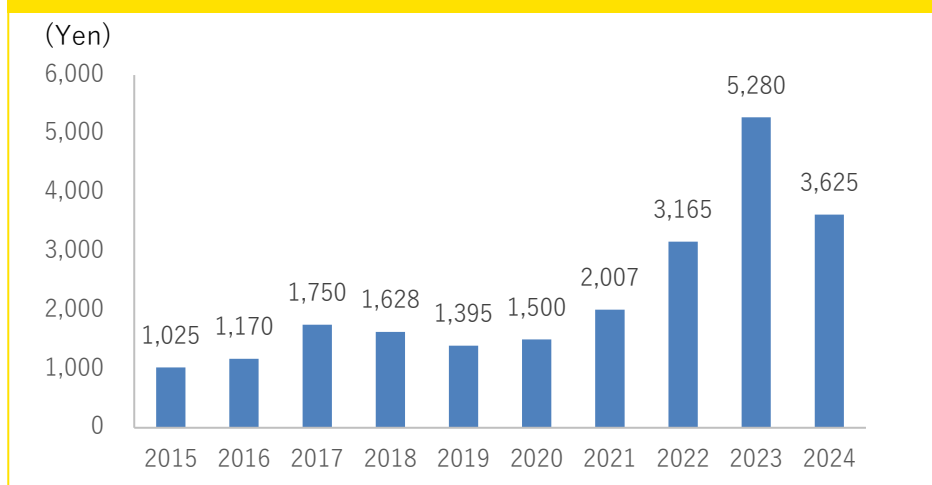


Note: The band represents the range of PBR fluctuations (maximum to minimum) during FY2024.

[Reposted] ROE : Above the Cost of Equity

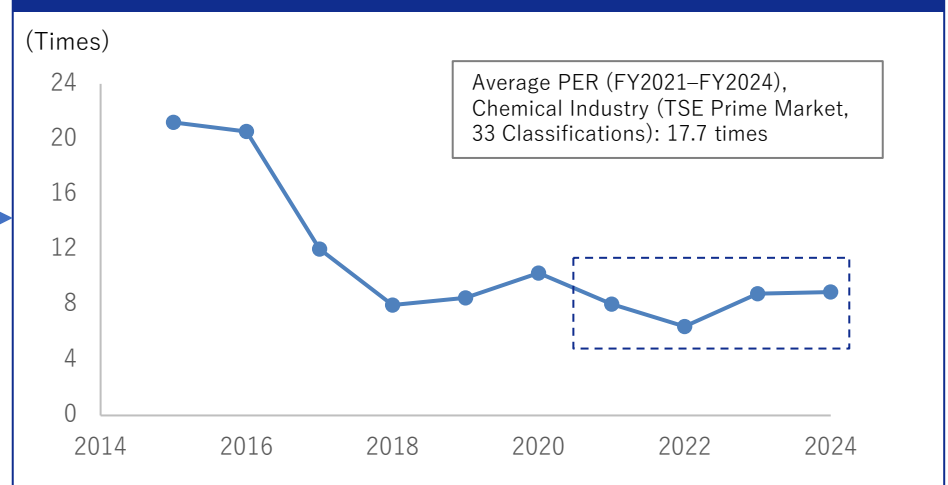


[Reference] Stock Prices at Fiscal Year-End



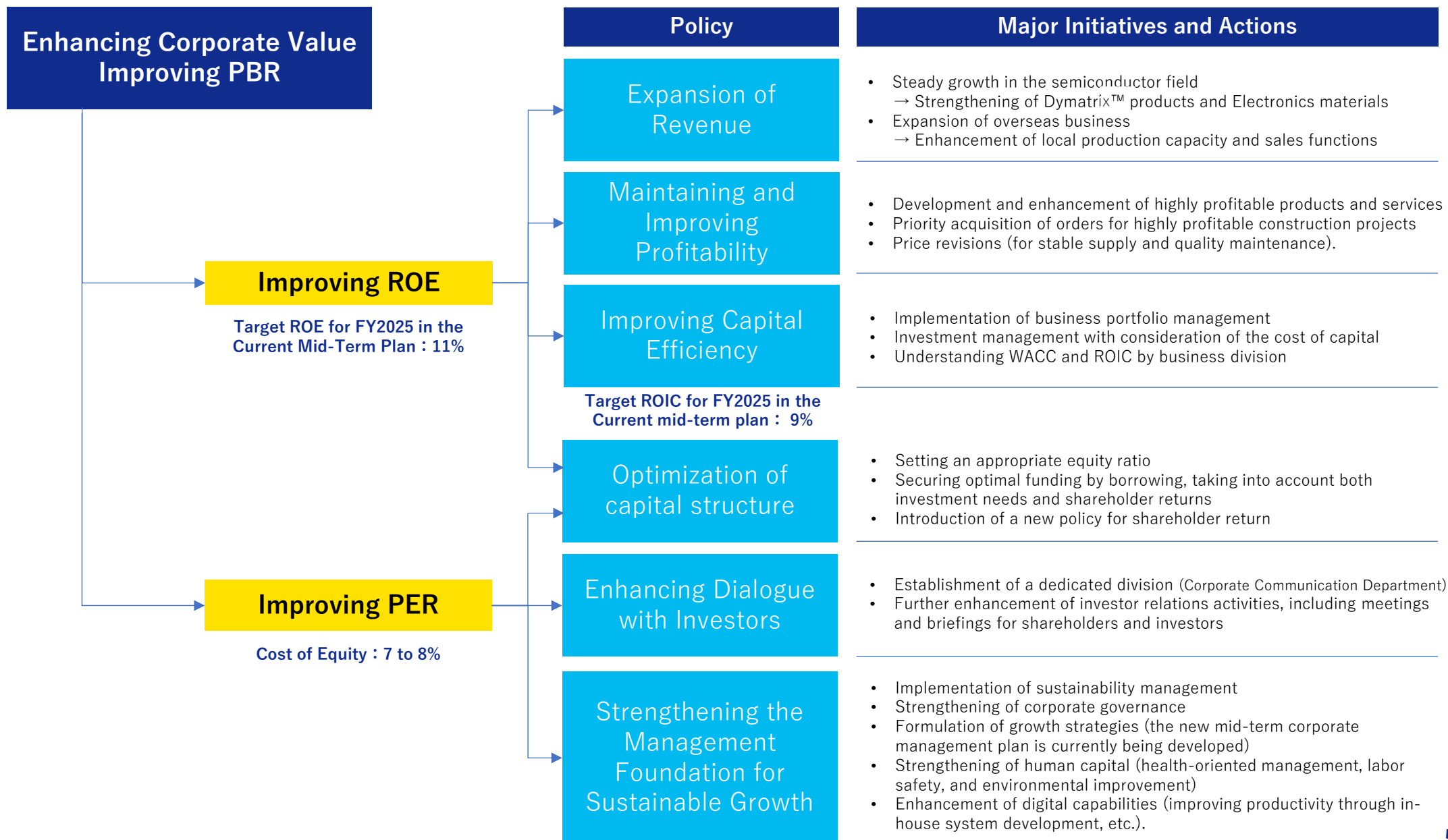
Note: Adjusted closing prices

PER : At a Low Level



3 - 1. Major Initiatives in the Current Mid-Term Management Plan to Enhance Corporate Value

Implementing various measures to further improve capital efficiency and reduce the cost of capital



3 - 2. Key Initiatives to Reduce the Cost of Capital and Improve Capital Efficiency

To enhance corporate value through continuous initiatives.

➤ Examples of Initiatives to Reduce the Cost of Capital

Introduction of a New Shareholder Return Policy (from the fiscal year ending March 2026 through the fiscal year ending March 2031)

- The progressive dividend payout system will be adopted in which per-share annual dividend is kept higher than in the preceding year, aiming at dividend increases through achievement of continuous profit expansion.
- At the same time, the approximate target of the total payout ratio is set at 50–70% as a total for six years, paying due attention to the financial soundness (the D/E ratio being 0.5 or lower).

Enhancement of Dialogue and Feedback with Investors

- For us to sustainably grow and to increase corporate value over the long term, we are aware that it is important to have constructive discussion with shareholders and investors. To enhance our communication activities, in 2024 we established a new division specializing in it.
- We are promoting reliable and transparent disclosure of information through, in addition to improvement of the meetings for investor relations, regularly holding explanatory meetings for institutional investors and individual investors, carrying out factory visiting projects, improving the materials for disclosure and others. Establishment of the system which allows important opinions or concerns given by shareholders will be reported to the management at any time and, as required, shared by members of the Board of Directors.

➤ Examples of Initiatives to Improve Capital Efficiency

Implementation of Business Portfolio Management

- Expansion of investment in semiconductor and overseas businesses, which are in the fields of growth.
 - Semiconductors: Dymatrix™ and electronics materials
 - Overseas: US, China, India and Mexico
- Withdrawal from the businesses, on the other hand, about which no expansion can be expected.
 - Molding compound business (withdrawal in 2023)
 - Asahikanbi Water Treatment(Suzhou)Co., Ltd (dissolution in 2025)

Thorough Implementation of Investment Management with Consideration of the Cost of Capital

- In making investment decisions, a hurdle rate is set for each project by adding an extra margin (α) to the WACC of the respective business division. Investments are managed under disciplined rules to ensure returns exceed the cost of capital.

3 - 3. Expansion of Semiconductor-Related Businesses Driving Improvement in Capital Efficiency

Our global expansion of semiconductor-related businesses is accelerating. Strategies for further growth will be presented in the next mid-term management plan.

Note: This document outlines the activities under the current mid-term management plan. Policies for activities in the next mid-term management plan are described in the Summary of the Mid-Term Management Plan.

Target Markets



Advanced and Legacy Semiconductors



FPDs
(Liquid Crystal and Organic EL Displays)

Valve & Piping Systems Divisions

- Dymatrix™: Products for the most advanced semiconductor manufacturing equipment.
 - Strong points: Low particle emission and high-precision flow control
 - Customers: Japan, Korea, China, Taiwan, and others

➤ Low particle valves



➤ FALCONICS™ (High-Precision Flow Control)



- Semiconductor-related valves
 - Strong points: Low liquation and PFAS-free
 - Customers: Japan, Korea, China, Taiwan, and others



- Semiconductor-related pipes and fittings
 - Strong point: Low liquation
 - Customers: US



- Ultra-pure pipes and fittings (semiconductors and FPDs)
 - Strong point: Low liquation
 - Customers: Japan, Korea, China, Taiwan, and others



- Engineering (consigned construction projects)
 - Strong points: Integrated support covering resin piping designing and follow-up service
 - Customers: Japan



Resin Divisions

- Electronics materials: Resins for Advanced and Legacy Semiconductors
 - Strong points: Stable supply of low-metal, high-quality resin. A wide variety of photoresist and peripheral material products.
 - Customers: Japan

➤ Japan (Aichi Prefecture): Second Electronics materials plant (construction completed in 2024)



- Electronics materials: Resins for Legacy Semiconductors and FPDs
 - Strong points: Stable supply of high-quality resin that meets customers' needs. A wide variety of photoresist and peripheral material products.
 - Customers: China

➤ China: First Electronics materials plant (production capacity raised 50% in 2024)



➤ China: Second Electronics materials plant (construction planned to be completed in 2027)





**ASAHI
YUKIZAI**

Great Niche Explorer™

We will continue to contribute to society
by becoming a Great Niche Explorer,
attempting something never tried before
and making a real difference in customer experience,
providing peace of mind through trusted quality and
supporting the manufacturing process.