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Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

June 30, 2026

Fuso Chemical Co., Ltd.

FUSO CHEMICAL

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



To manage with a clear focus on the cost of capital and our share price, we will: (1) carry out the growth strategies set out in our Medium-Term Management Plan, "Next Growth 2030"; (2) build a framework to use ROIC in management decisions; and (3) deliver both profit growth and stronger capital efficiency. Through these initiatives, we aim to achieve a ROIC of 13% or more by the final fiscal year of the plan.

Request from the Tokyo Stock Exchange

Our initiative



Analysis of Current Situation

- Understand the company's cost of capital and returns on capital accurately.
- Have the Board of Directors analyze and assess the current situation, including these metrics and the market's valuation.

- Track key metrics: PBR, ROE, cost of equity, and ROIC.
- Keep ROE at 10% or higher, and raise PBR to 2.5x.
- Review our cost of equity as needed, based on the market's expected return.

Planning & Disclosure

- Revision of corporate governance
- After the revision, the Board of Directors will review and set our policies, targets, planning period, and specific actions.

- Disclose our growth strategy and value-up actions through our Medium-Term Management Plan.
- Set ROIC in the final year of the plan as a KPI, and aim for 13%.

Implementation of initiative

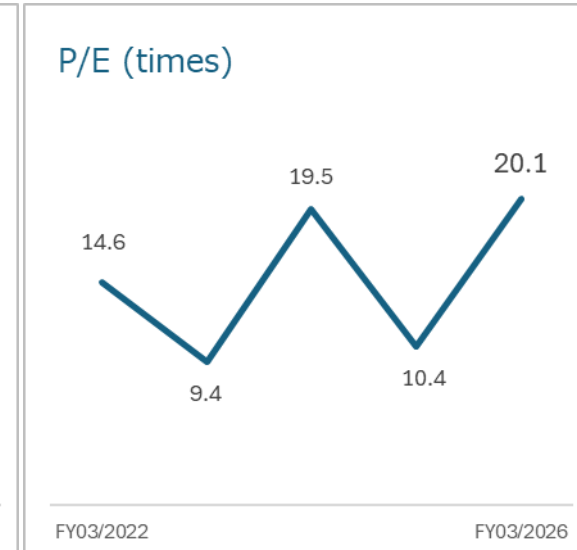
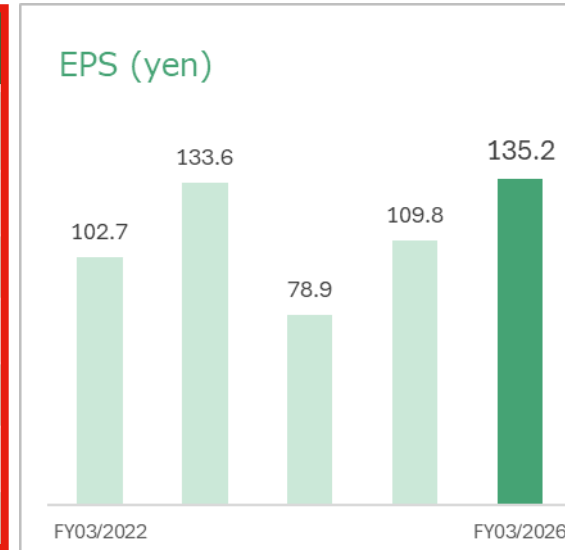
- Clearly explain our current situation to investors.
- Use these disclosures as a basis for proactive dialogue with investors.

- Drive management focused on cost of capital and share price through the Corporate Value Enhancement Committee, established to deliver the Medium-Term Management Plan.
- Strengthen investor dialogue led by our IR team and management.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price - Analysis of Current Situation



Management Index	FY03/2022	FY03/2023	FY03/2024	FY03/2025	FY03/2026
Stock price	1,503yen	1,255yen	1,535yen	1,146yen	2,726yen (March 31,2026)
EPS*	102.7yen	133.6yen	78.9yen	109.8yen	135.2yen
P/E	14.6x	9.4x	19.5x	10.4x	20.1x
ROE	15.4%	17.4%	9.1%	11.7%	12.9%
Cost of Capital	6.3%	6.3%	6.3%	7.5~8.5%	8.0~9.0%
P/B	2.1x	1.5x	1.7x	1.2x	2.5x
ROIC	15.4%	17.4%	8.2%	9.7%	11.1%



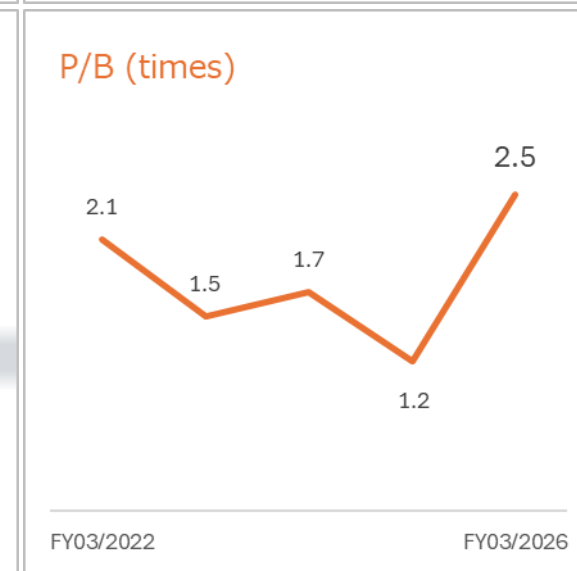
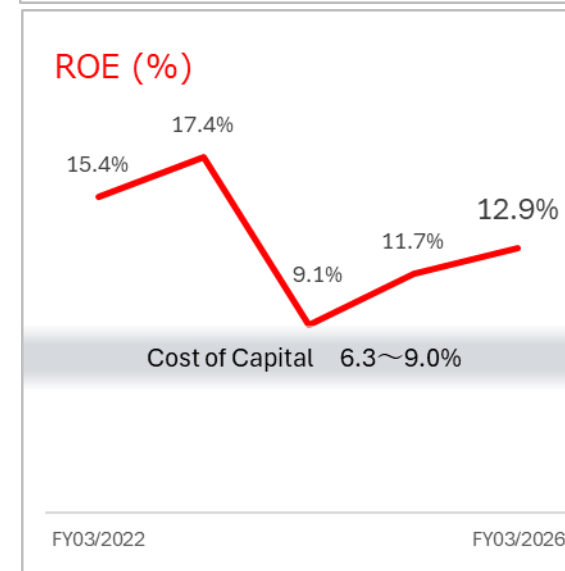
*Because we executed a stock split in April 2026, we show the share price and EPS on a post-split basis.

◆Capital efficiency

ROE (return on equity) : above our shareholders' cost of equity
 ROIC(return on invested capital) : 11.1% due to an increase in total assets from capital expenditures, but we continue to keep it above 10%
 Cost of equity : We estimate that our cost of equity has risen to 8.0% - 9.0%
 CAPM: Life Science business 6.5%; Eletronic Materials business 9.1%
 Earnings yield approach: 5.0%

◆Market valuation of our share price

P/B (price-to-book) : increased to 2.5x
 P/E (price-to-earnings) : rose to 20.1x, supported by higher expectations for future growth



Disclosure content for May 2025

1

Improve profitability and maintain ROE/ROIC over 10%

- Establishing a supply system capable of meeting increasing demand during the semiconductor market recovery phase
- Maximization of operating profit before depreciation
- Focusing on capturing sales opportunities overseas



ROE/ROIC
12.9%・11.1%

2

Decrease β value by properly providing financial/non-financial information to the market

- Disclosing both financial and non-financial information required by the market
- Enhancing dialogue with investors

3

Properly identify investment opportunities for sustainable growth and consider financing activity with conscious of cost of capital when needed

- Identifying demand for our products and making necessary investment decisions at the appropriate timing
- Pursuing opportunities to integrate external resources through M&A
- Considering and implementing funding methods with a focus on capital cost awareness

Achievements over the past year

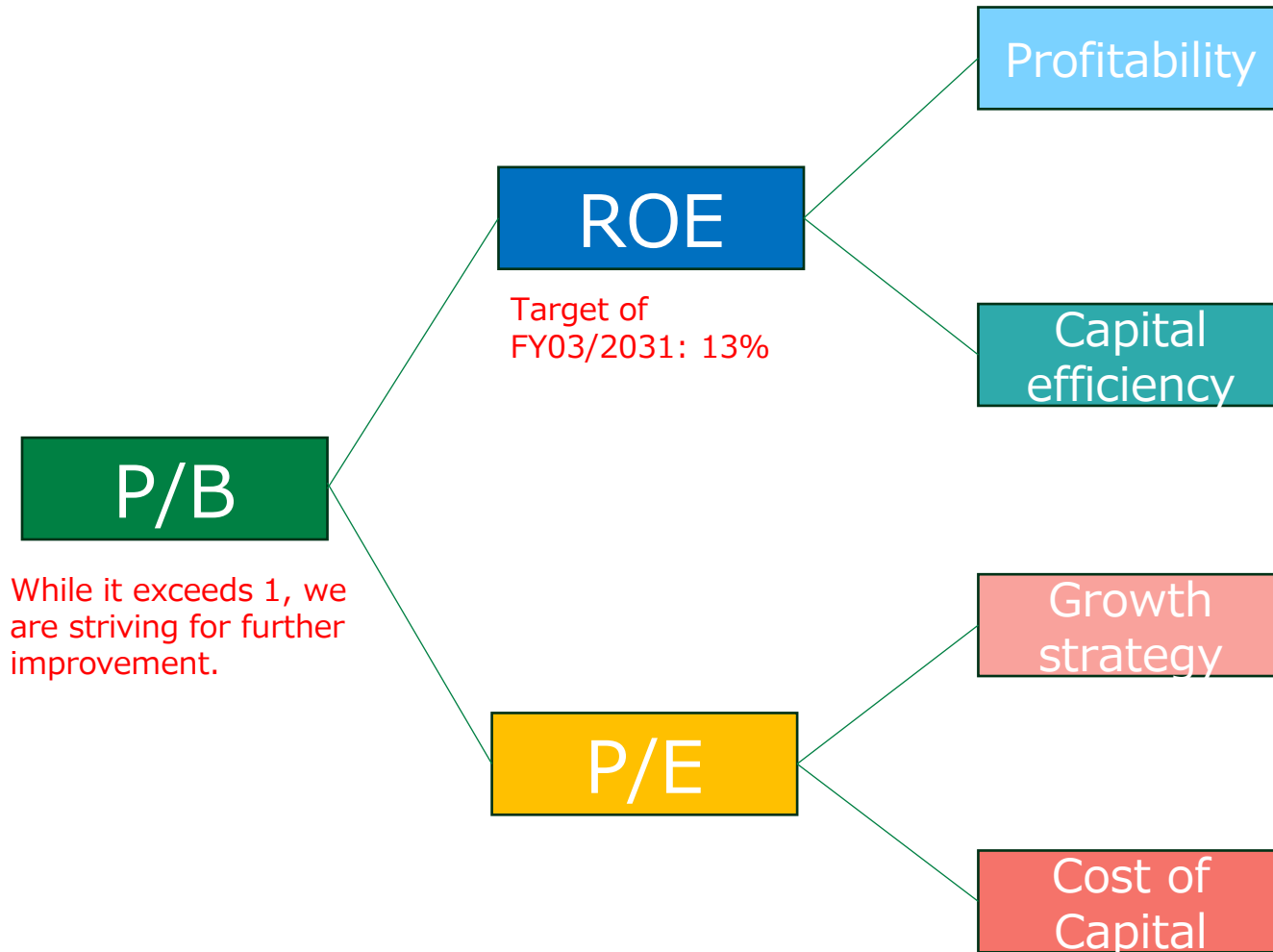
- Kashima site capital investment: completed in August 2025
→ Established technologies to shorten the start-up period for new production lines.
- Achieved a record operating profit before depreciation of ¥29,787 million.
Life Science: higher overseas sales of malic acid and gluconic acid products
Electronic Materials: higher sales volumes, mainly for AI semiconductor applications
- Overseas sales ratio increased to 55.1%, driven by expanded sales of gluconic acid products (North America) and ultra-high-purity colloidal silica (worldwide).

- Provided proactive disclosure, including voluntary disclosures.
- Institutional investor visits: 17 companies
(Attendees: CEO, CFO, Department Manager of Corporate Communication Office)
- Individual meetings (including face-to-face and web conferences): 155 meetings (Handled by Corporate Communication Office)
- Held an institutional investor tour of the electronic materials facilities at the Kashima site.

*We consider that promoting dialogue and disclosure helped reduce uncertainty.

- Announced an investment of ¥40.0 billion in a manufacturing facility for ultra-high-purity colloidal silica at the Kyoto site (scheduled for completion in February 2029).
- Planned a new R&D center (target start of operations in 2028).
- No new developments in financing or M&A.
- We will review these options as needed, taking into account capex needs and interest rate trends.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price - Our initiatives -



Maximize earnings
 Develop and expand sales of high-margin products in Japan and overseas.
Bring new facilities online quickly and turn them into profits
 Move forward with the qualification process for the new Kashima facility, which was completed in August 2025.

Maintain and improve utilization rates by ensuring stable quality and supply.
 Continue our progressive dividend policy and consider flexible shareholder return measures as needed.
 Promote ROIC-based management and start building a decision-making framework that focuses on capital efficiency.

Execute the growth strategies set out in our Medium-Term Management Plan, "Next Growth 2030."
 Expand overseas sales by strengthening global collaboration.
 Develop new products using our core technologies and enter new business areas.
 Improve productivity and reduce costs through DX and other initiatives.

Maintain constructive dialogue with the capital markets.
 Strengthen management control, including business risk management.
 Proactively disclose non-financial information.
 Ensure active involvement of top management in investor relations.

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