Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

June 25, 2026

Company name: Toho Acetylene Co., Ltd.
(Securities Code: 4093, Tokyo Stock Exchange Standard Market)
Representative: Hidetoshi Horiuchi, President, Executive President, Representative Director
Contact: Keiji Sako, Director, Executive Vice President, Chief Director of Administration
(Phone: +81-22-385-7692)

Initiatives to Achieve Management with Capital Cost and Stock Price in Mind (Updated)

Toho Acetylene Co., Ltd. (the "Company") hereby announces that, at a meeting of the Board of Directors held today, it has evaluated and analyzed the current status of initiatives to achieve management with capital cost and stock price in mind in order to achieve sustainable growth and enhance corporate value over the medium to long term, and updated the status of the initiatives for improvement. The details are as described below.

1. Analysis of the present state

	Unit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	Million yen	31,285	34,087	35,423	34,804	34,576
Operating profit	Million yen	1,228	1,522	2,116	1,914	1,900
Ordinary profit	Million yen	1,354	1,684	2,441	2,170	2,109
Profit attributable to owners of parent	Million yen	823	988	1,415	1,287	1,286
ROE	%	5.30	6.12	8.33	7.19	6.87
PBR	Times	0.51	0.57	0.79	0.68	0.80
PER	Times	9.82	9.52	9.77	9.72	11.90
Stock price at fiscal year end	Yen	233	271	398	360	440

ROE for the fiscal year ended March 31, 2026 was 6.87%, which exceeded the cost of equity of approximately 6% as recognized by the Company, but fell short of the target of 8%. We have been working to strengthen the existing businesses and expand the business scope, and have continued to reinforce our business base through initiatives such as the construction of new hydrogen production facilities, the expansion of sales channels for the espuma business, and expansion into new product areas. On the other hand, due to increased repair costs resulting from soaring prices of raw materials and fuel, rising logistics and labor costs, and the failure to achieve the business expansion targeted through M&A, we were unable to generate sufficient profits to improve ROE, which consequently declined, while ordinary profit and profit attributable to owners of parent remained at the previous year's levels.

Meanwhile, PBR was 0.8 times, continuously falling below 1 time. We recognize that this is primarily due to a decline in ROE and failure to clearly communicate to the market the Company's corporate value and growth strategy within the stock market.

2. Policy for improvement

As part of our strategy for further growth, we disclosed the new medium-term management plan (FY2026–FY2028) on our website on June 9, 2026. Positioned as the "execution phase toward the next leap forward," the plan focuses on "strengthening core and growth businesses," "achieving management with capital cost and stock prices in mind," "promoting sustainable growth," and "advancing CSR management." Through these initiatives, we aim to achieve operating profit of 2.4 billion yen and profit of 1.6 billion yen in FY2028.

During the term of the new medium-term management plan, ROE is expected to improve only to 7.6% as we prioritize growth investments such as large-scale capital investment and the strengthening of supply infrastructure. However, through the initiatives outlined below, we will enhance profitability and asset efficiency, and aim to achieve an ROE of 8% over the medium to long term and a PBR of 1 time or higher through the sustained improvement of corporate value.

3. Specific measures

(1) Strengthening core and growth businesses

During the term of the new medium-term management plan, we will strategically allocate the cash generated by core businesses to the following three growth businesses. At the same time, we will establish a revenue model by expanding the business scope and developing new businesses, thereby driving sustainable growth.

[1] Improving the operating rate of hydrogen production facilities and expanding sales into new markets, such as the semiconductor industry
(Commercial operation to begin in August 2025)

[2] Expanding supply capacity and driving further growth in the food ingredients business through the construction of a new filling plant for food-grade gases
(Scheduled for completion in January 2027)

[3] Expanding production capacity and improving operational efficiency through the construction of a new plant for the ice machine-related business
(Scheduled for completion in May 2027)

In addition, in the core business, we will continue to upgrade our offices, high-pressure gas filling stations, and delivery vehicles, as well as maintain our existing production facilities, with the aim of improving profitability.

(2) Shareholder return policy

During the term of the new medium-term management plan, we will aim for a payout ratio of 40% and will pay dividends on a consistent and flexible basis, while taking into account the need to maintain a balance with retained earnings to support future business expansion, strengthen the earnings base, and fund capital investment.

(3) Strengthening PR and IR activities

Through measures such as holding company information sessions for institutional investors led by management, participating in IR fairs for individual investors, actively engaging in one-on-one interviews with analysts and investors, proactively disseminating information through various media outlets and websites, expanding the content of the integrated report, the “Toho Acetylene Report,” and conducting social contribution activities, we will strive to increase our market recognition while further strengthening relationships with investors who extend medium- to long-term support to our Group.