

May 14, 2025

Company name: Toho Acetylene Co., Ltd.
 (Securities Code: 4093, Tokyo Stock Exchange Prime Market)
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 President, Representative Director
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Initiatives to Achieve Management with Capital Cost and Stock Price in Mind

Toho Acetylene Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to implement a policy and specific measures for improvement on the basis of the assessment and analysis of the present state of our capital cost and capital profitability. 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
Net sales	Million yen	31,285	34,087	35,423	34,804
Ordinary profit	Million yen	1,354	1,684	2,441	2,170
Profit attributable to owners of parent	Million yen	823	988	1,415	1,287
ROE	%	5.30	6.12	8.33	7.19
PBR	Times	0.51	0.57	0.79	0.68
PER	Times	9.82	9.52	9.77	9.72
Stock price at fiscal year end	Yen	233	271	398	360

We regard the ROE as one of the key management indicators and promote management that delivers ROE that is higher than the cost of equity. The ROE for the fiscal year ended March 31, 2025 is 7.19%, higher than a cost of equity of approximately 6.0%, which is our estimate, but fell below 8.0%, which is the target under the Medium-Term Management Plan. This is due to the regular major repair at the Tagajo Plant, increases in distribution unit costs and other costs, and decreases in ordinary profit and profit attributable to owners of parent.

Meanwhile the PBR was 0.68 times, falling below 1.0 time. This is largely due to a

decrease in the ROE and has not penetrated the market of our corporate value and growth strategy in the stock market. We understand that it is important to formulate a strategy for further growth, improve earning power, and enhance our IR activities.

2. Policy to address the situation

We aim to achieve an ROE of 8.0% or higher.

3. Measures

To achieve the target above, we will implement measures below.

(1) Maximization of profits through the promotion of growth strategies

“Establishment of the espuma-dedicated food gas filling plant” and “Introduction of a hydrogen generator,” investments into which were decided in 2024, will significantly enhance the gas supply capacity. We will strive to maximize profits by implementing sales strategies further and creating demand.

To achieve sustainable growth, it is important to promote capital investment and research and development as well as to invest in human capital. We will aim to further improve the corporate value by increasing capital profitability through the efficient and strategic reinvestment of profits earned.

(2) Shareholder return policy

During the Medium-Term Management Plan ending in FY2025, we adopt a progressive dividend policy with a minimum dividend of 50 yen per share. The annual dividend for FY2024 is equivalent to 70 yen per share. Although we have not set a specific numerical target for the payout ratio, we will strive to increase shareholder returns as much as possible while taking into account the capital investment plan.

(The dividend represents the amount before the stock split. If the stock split is taken into account, the annual dividend for FY2024 would be 14 yen per share.)

(3) Enhancement of IR activities and promotion of dialogues with the capital market

We will increase our market recognition and further strengthen relationships with investors who extend medium- to long-term support to our Group, by improving publicity and IR activities, including promoting dialogues with the media and investors through top management, holding company information sessions for institutional investors, actively holding individual interviews with analysts and investors, aggressively disseminating information through various media and the website, and expanding the contents of the integrated report “Toho Acetylene Report.”

Through these measures, we will aim to achieve an ROE of 8.0% or higher.