

Message from the COO

Embracing change as an opportunity and solving social issues through innovation—as “Toagosei, a technology-driven company,” we will forge the future through co-creation.

President, COO and
Representative Director
Hidenori Kobuchi

One year since taking office as president: Reexamining “Toagosei, a technology-driven company”

The environment surrounding the chemical industry is growing increasingly challenging, with rising geopolitical risks, rapid technological catch-up by overseas emerging competitors, and swift structural shifts across industries. In this environment, sustainably enhancing corporate value requires both a solid defense of our existing businesses and the continuous launch of high-value-added products that meet the demands of the times.

In my first year as president, I visited each of our sites and took a fresh look at the DNA that is the source of the Group's strength. Through direct conversations with dedicated employees on the front lines—in research, production, sales, and beyond—I have felt the spirit of challenge and creation that the Group has consistently carried since its founding. This spirit is a genuine drive to solve social issues through superior technology and to strengthen the competitiveness of our

businesses further. I believe that insights, proposals, passion, and challenge of our people on-site are what generate advances in technology and business.

The Group has the spirit and culture to take on even the most difficult challenges head-on, and our dedicated, skilled employees lead this growth and innovation. In the progress we have made over the past year, I see clear evidence that individual autonomy and co-creation with many internal and external stakeholders are strengthening the Group, and that a corporate culture of evolving alongside society has taken firm root.

Carrying within us the DNA of “Toagosei, a technology-driven company”—built and accumulated through taking on challenges and co-creation—we will press forward as one Group, more determined than ever to shape the future through technology.

The role expected of a chemical manufacturer: Solving social issues through innovation

As a chemical manufacturer, the Group aspires to evolve beyond merely supplying products and become an organization that solves social issues through innovation. At every stage where industrial structures shift and new value is created, chemical products always play a vital role. For example, we offer purified liquefied hydrogen chloride and purified caustic potash—both holding top global market share and essential to advanced semiconductor manufacturing—as well as high-performance adhesives and polymer products that are essential to improve the performance of electric vehicles (EVs), hybrid vehicles (HVs), and fuel cell vehicles (FCVs). We also operate a sewer repair business using a system that combines camera

and AI to identify damage without excavation. All of these are products essential to comfortable living and technological advancement, and they are active across many areas of society.

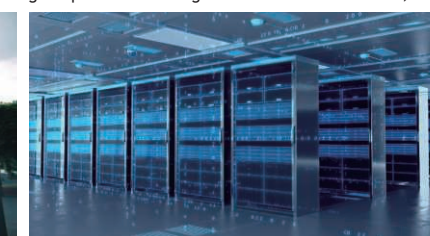
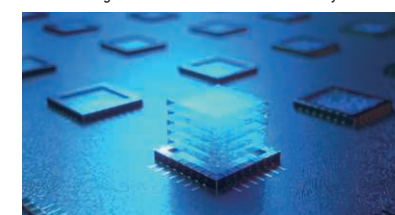
Chemical products are tools for shaping the future. They are engines that drive the transformation of industry. The Group has consistently tracked technological innovation in advanced fields, and has used our accumulated materials expertise and unique technologies developed by co-creation with academia and venture companies to deliver outstanding products that address social issues. We believe our purpose lies in continuing to create innovative product lineups in succession, and in building a prosperous future through the power of chemistry.

Binders for lithium-ion batteries are used in a wide range of products driving industrial transformation, including EVs and energy storage systems for data centers.

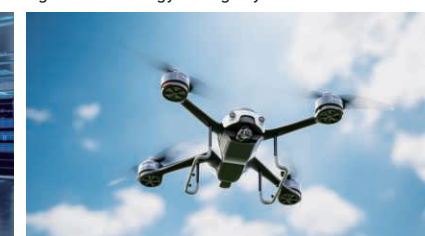


EV

The multilayering of semiconductor memories is increasing the number of CMP process steps. Purified liquefied hydrogen chloride and purified caustic potash, among others—products where we hold the top global market share—are growing in line with the growth in the semiconductor industry.



Data center



Drone

Our high-performance adhesives are currently used in FCVs and HVs equipped with bipolar nickel-hydrogen batteries. Our products form part of the focused product group in the mobility field (source: Toyota Motor Corporation).



RAV4



MIRAI

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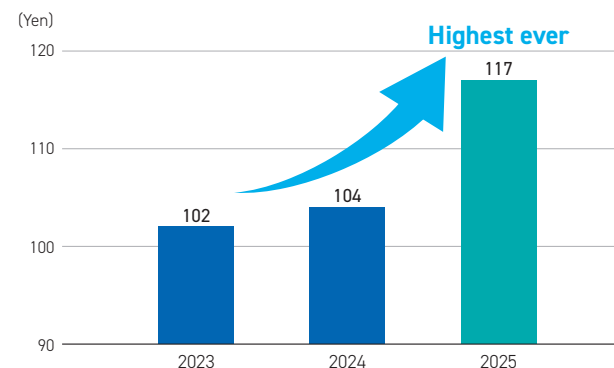
Looking back on the three years of the 2025 Medium-Term Management Plan (2023–2025)

Under the 2025 Medium-Term Management Plan (the “previous Medium-Term Management Plan”), we sought to grow revenue and enhance corporate value by focusing on two principles: strengthening our new product and technology development capabilities, and expanding overseas net sales.

We strengthened our new product and technology development capabilities by establishing a new research center in Kawasaki City and investing a record-high amount in R&D. To expand overseas net sales, we established new sites in China, India, and Vietnam, building a network of 13 sites across eight countries to capture local market demand. We executed planned investments in our growth drivers, semiconductor and mobility segments, on schedule and were poised to go on the offensive. However, delayed market recovery and higher fixed costs weighed on earnings. On the other hand, our core segments—including Commodity Chemicals and Plastics—improved their profitability through measures such as reassessing unprofitable products and implementing appropriate price revisions. The challenge ahead is strengthening our portfolio of high-value-added products.

On the financial side, maintaining a total return ratio of 100% or more contributed to net income per share (EPS) reaching an all-time high in 2025. We also made progress in compressing total assets and using financial leverage through bond issuance. However, our PBR remains below 1.0x, making it important to strengthen measures with a greater focus on our share price.

Net income per share (EPS)



Goals of the 2028 Medium-Term Management Plan (2026–2028): “Connect and Create 2028”

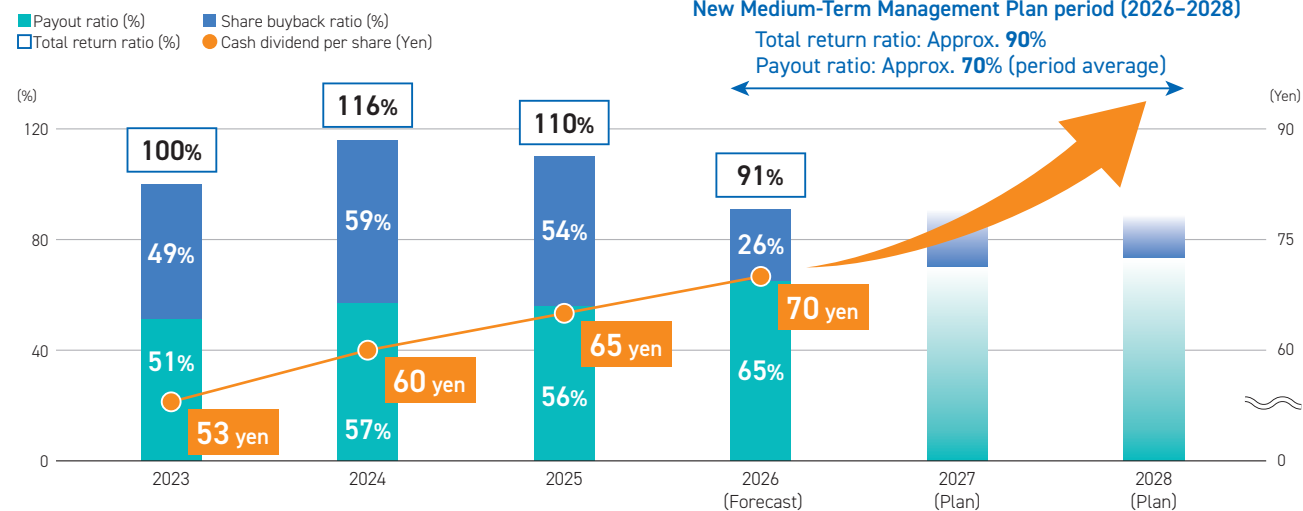
In our vision for 2030, we aim to “own a portfolio of number-one and unique high-performance products that help solve social issues” and to “enhance corporate value through active growth investments and optimized capital structure.” To that end, we are targeting operating income of 18.0 billion yen and a PBR of 1.0x or above by 2028.

Our strengths lie in having both core products that generate stable profits and high-value-added products. Strengthening the profit-generating power of our high-value-added product group remains a challenge. In our 2028 Medium-Term Management Plan (“the new Medium-Term Management Plan”), we will pursue every available measure to restore the profitability of our high-value-added product group. Our key focus areas—mobility, semiconductors, medical, and environmental infrastructure—are rich with opportunity aligned to current trends. We will pursue greater breadth (expanding applications)

and depth (differentiating technologies) as we expand our reach to customers in Japan and overseas. In doing so, we recognize the need to incorporate not only our own technologies but also superior external ones, and to conduct R&D with greater speed. We will therefore explore opportunities for partnerships and M&A with other companies. For our overseas expansion, we will target overseas markets with our high-value-added product group as our core focus. We will also draw on our global sales network, including our instant glues site in the United States and our polymer manufacturing site in Thailand, to grow our business. We will make another push toward the goals that defined our previous Medium-Term Management Plan: new products development and overseas net sales growth.

As part of our financial strategy, we will prioritize achieving a PBR of 1.0x, and we will enhance our standing in the stock market through active shareholder returns and the continuation

Payout ratio and share buyback ratio



of our shareholder benefit program. Over the next three years, we will transform our earnings profile to lay the groundwork for the next Medium-Term Management Plan, while launching many new products that address social issues to support this transformation. Through these efforts, we will communicate the appeal of “Toagosei as a technology-driven company,” raise the price earnings ratio (PER), which reflects our shareholders’ expectations, and achieve a PBR of 1.0x or above.

Promoting sustainability management



The Group aims to provide social value through its business and to strengthen its enduring corporate foundation. We have established clear roadmaps for our non-financial key goal indicators (KGIs), including greenhouse gas (GHG) emission reductions, promotion of women’s advancement, and diversity targets, and are working toward them.

Toward carbon neutrality

We are targeting to achieve carbon neutrality by 2050 and a 50% reduction in GHG emissions from 2013 levels by 2030. Starting in 2025, we brought solar power generation at our major plants in phases. From 2026, we began reducing boiler fuel consumption through the use of carbon-neutral steam from the Yokohama City waste incineration plant. We also plan to begin operating the Group’s first small-scale hydroelectric power generation in 2026. Through these initiatives, we aim to reduce GHG emissions by 40% from 2013 levels by 2028.

To our stakeholders

While many people associate Toagosei with Aron Alpha and think of us as an instant glue company, we supply a wide range of products that are essential to everyday life and industry. Our Commodity Chemicals business has built a broad, stable earnings base, and it supports our efforts to develop high-value-added products, which require a certain amount of development time. Keeping both wheels turning is essential, and it is the source of the Group’s strength. We will continue to

The slogan of our new Medium-Term Management Plan, “Connect and Create 2028,” reflects our commitment to working with customers, academia, venture companies, and our own internal departments to open up the future—swiftly and with certainty. In an era of heightened uncertainty, we will embrace change as an opportunity rather than fear it, and pursue the goals of our new Medium-Term Management Plan together with all stakeholders.

Building a vibrant, creative organization: Promoting our human capital strategy and DX strategy

Our human capital strategy centers on two principles: improving engagement and achieving sustainable growth through co-creation. In response, we will promote efforts to raise remuneration levels, improve working environments through measures such as our transfer postponement program and health management promotion, strengthen our acquisition of human capital develop young employees, and build an inclusive work environment.

We have been certified as a “2026 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category (White 500))” for the sixth time, in recognition of our efforts to prevent employee illness and to improve health awareness. A vibrant, creative organization in which every employee can make maximum use of their abilities is the foundation for enhancing corporate value and achieving sustainable growth. We will continue to promote initiatives to maintain and improve employee health, and to advance our sustainability management.

We position DX not merely as digitalization, but as a management transformation that strengthens our competitiveness—and as a key element of the management strategy for realizing the Group’s Medium-Term Management Plan. Through DX, we will strengthen frontline capabilities that support high profitability, safety, and stable supply, advance our R&D, and transform our business processes, thereby enhancing customer value and driving sustainable growth. Our three priority themes are the shift to smart factories, research process transformation through AI and MI (materials informatics), and indirect operations efficiency improvement. We are advancing these themes across the entire organization while building our digital infrastructure, standardizing operations, and developing and securing DX talent. We will build out and expand our KPIs in stages and drive improvements through regular monitoring, thereby strengthening competitiveness across the organization.