



TOAGOSEI GROUP REPORT 2026

Toagosei Co., Ltd.
Corporate Communication Department

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TOAGOSEI GROUP REPORT **INTEGRATED REPORT**

TOAGOSEI

Contents

CHAPTER 01	Group Profile		
	At a Glance	003	
	Toagosei Group's Corporate Philosophy System	004	
	Toagosei Group's Profile	006	
	Toagosei Group's Products Serve Society	008	
	Toagosei Group's Value Creation Trajectory	010	
CHAPTER 02	Value Creation Story		
	Message from the CEO	012	
	Message from the COO	014	
	Roadmap Toward the Vision	018	
	Value Creation Flow	020	
CHAPTER 03	Value Creation Strategy		
	Review of the 2025 Medium-Term Management Plan – 2028 Medium-Term Management Plan (2026–2028)	022	
	Financial Capital Strategy	030	
	▶ Message from the CFO	032	
	R&D (Innovation) Strategy		
	▶ R&D Supporting the Growth Strategy	034	
	▶ Source of Value Creation	038	
	Developing New Businesses	040	
	Special Feature Challenges Toward the Creation of Innovative Next-Generation Oligonucleotide Therapeutics	044	
	Special Feature Dialogue Between Technology & Production and Research & Development Departments X Sales, Purchasing, and Logistics Departments	048	
	DX Promotion	050	
	Business Strategy to Achieve Value Creation		
	▶ At a Glance	052	
	▶ Commodity Chemicals	054	
	▶ Polymer & Oligomer	056	
	▶ Adhesive Material	058	
	▶ Performance Chemicals	060	
	▶ Plastics	062	
	CHAPTER 04	Foundation Supporting Value Creation	
		Sustainability Business	064
		Sustainability Management	065
		⑤ Environment	068
		▶ Initiatives to Mitigate Climate Change	070
▶ Initiatives for Water Resource Conservation		071	
Special Feature Information Disclosure Based on TCFD and TNFD Recommendations		072	
▶ Initiatives to Prevent Pollution		078	
▶ Initiatives for Resource Recycling		079	
⑥ Social			
▶ Human Capital		080	
▶ Social Contribution Activities		087	
▶ Occupational Health and Safety		088	
▶ Safety and Disaster Prevention		089	
▶ Chemical Product Safety		090	
▶ Quality Assurance		091	
⑦ Governance			
▶ Directors		092	
▶ Corporate Governance		094	
▶ Risk Management		100	
▶ Compliance		101	
▶ Respect for Human Rights and Responsible Procurement		102	
▶ Message from Outside Directors		103	
CHAPTER 05	Key Data		
	Financial Data Highlights	106	
	Non-Financial Data Highlights	108	
	Sports Promotion Initiatives	110	
	▶ SPECIAL INTERVIEW	111	

Editorial policy

This report was created to communicate to stakeholders our efforts to improve corporate value in an easy-to-understand way. It discusses management policy and business strategies to help achieve sustainable growth, as well as non-financial information, including our measures to address societal issues. Information is also posted on our website.

Organizations covered by report

Articles in this report cover the Toagosei Group (Toagosei Co., Ltd. and its consolidated subsidiaries). Note, however, that scope of aggregation may differ depending on reporting data. In such cases, specific reporting scopes are indicated.

Reference guidelines

- "International Integrated Reporting Framework," IFRS Foundation
- "Collaborative Value Creation Guidelines 2.0," Ministry of Economy, Trade and Industry (METI)
- "Sustainability Reporting Standards," Global Reporting Initiative (GRI)
- TCFD Recommendations
- TNFD Recommendations

Date of issue of the Japanese version

June 2026 Next: June 2027 (Plan)

Period covered

January 1, 2025 to December 31, 2025

*Some articles include information on activities conducted from January 2026 onward.

For any questions or comments about this report, please contact the following:

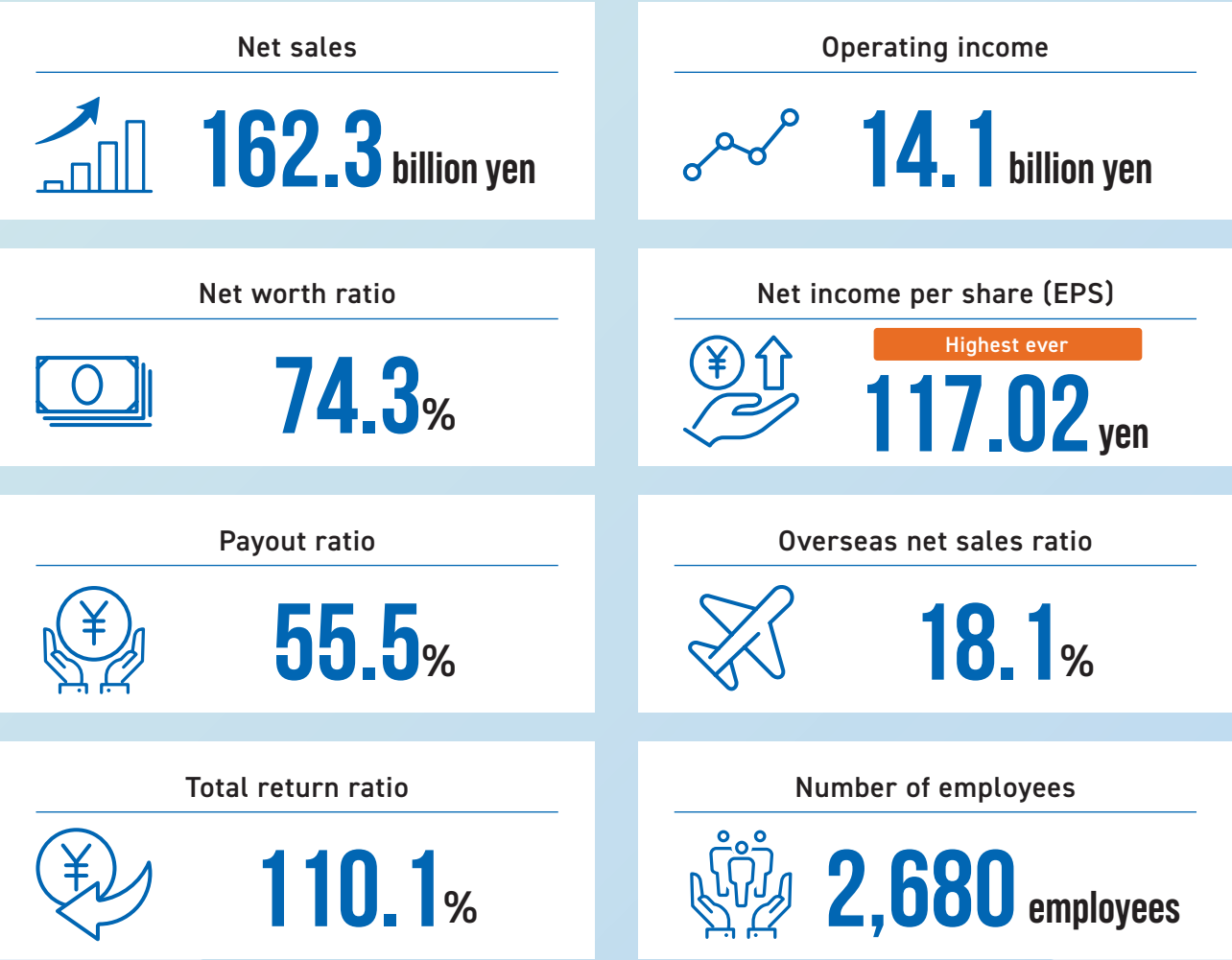
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Toagosei Corporate Website
<https://www.toagosei.co.jp/english/>

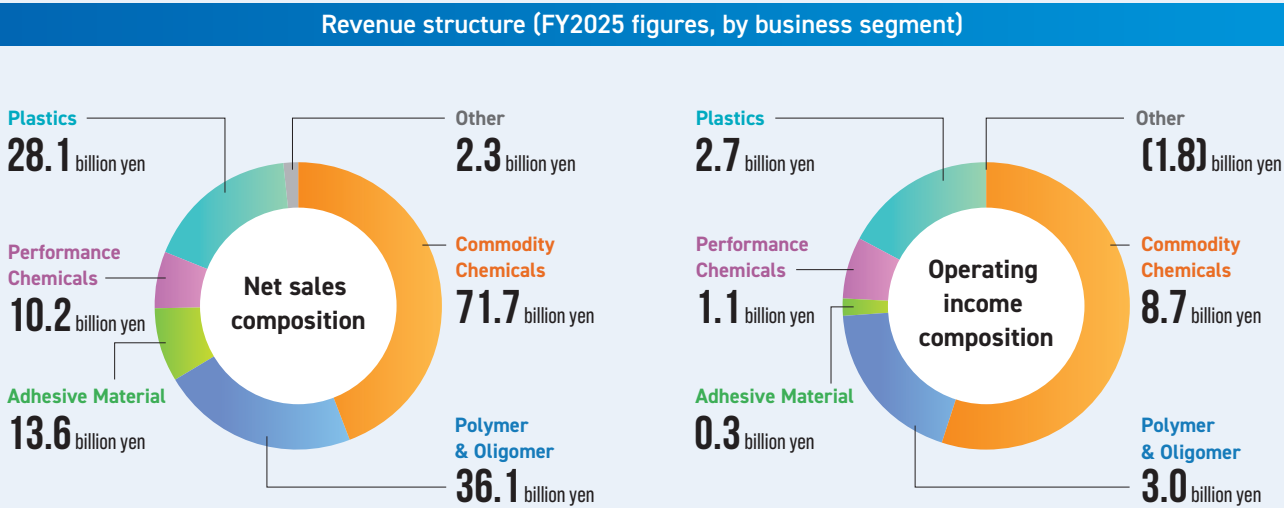


At a Glance

Since its establishment in 1944, Toagosei has inherited originality and created a broad range of products that have contributed to people's lifestyles, industry and society. It will continue developing its businesses by leveraging the potential of chemistry with the aim of creating a healthy and affluent society.



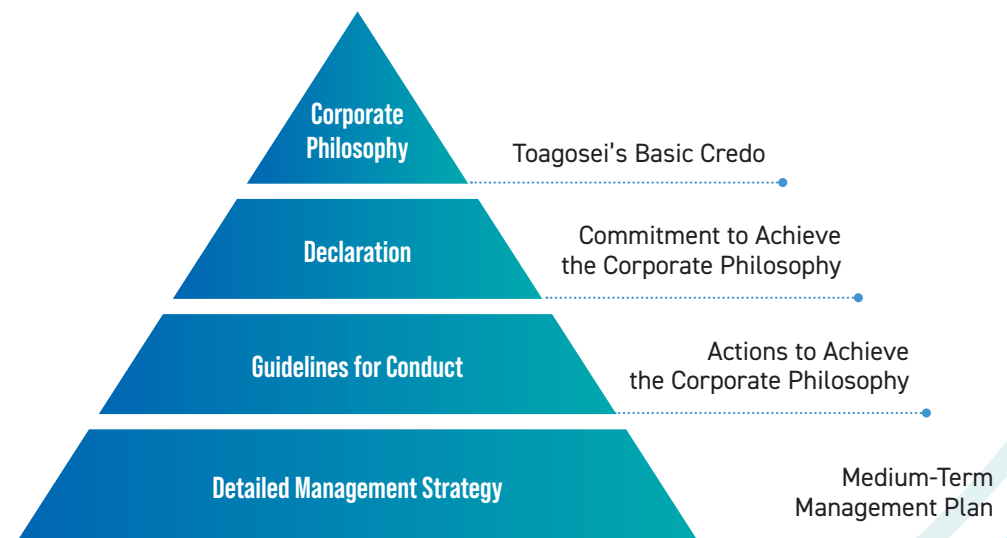
*Figures for the fiscal year ended December 31, 2025.



Toagosei Group's Corporate Philosophy System

Corporate Philosophy

Through the endless possibilities of chemistry,
we bring happiness created by highly functional
materials.



Declaration

New possibilities for society and future happiness for everyone—these are the things that we will deliver through our highly functional materials.

We will continue to challenge ourselves.
Utilizing the technologies we have acquired thus far, we will strive to enter new fields to provide the sort of value that only we can offer.

We will never stop moving.
We will recognize the various changes in the world around us and be a societal leader through the power of chemistry, conducting ourselves as a company that co-exists with the people of society.

Guidelines for Conduct

Vision

Have a vision for the future while creating superior key materials.

Challenges

Push new boundaries with a strong will and imaginative ideas.

Cooperation

Create new businesses together with our customers and partners.

Code of Conduct

1. Mission

We will develop and provide socially useful and safe products and services that contribute to the creation of a comfortable living environment and to the development of a sustainable society.

2. Respect for Human Rights

We respect the human rights of all people.

3. Compliance with Norms

We will comply with domestic and foreign laws and regulations including their spirit, and with internal rules as we act in accordance with high ethical standards, common sense and responsibility. We will maintain sound relationships with politics and government, follow proper business practices in our relationships with business partners, and engage in fair and free competition.

4. Communication

We will disclose information that is necessary for society in a timely and easy-to-understand manner, and strive to maintain and develop relationships of trust through constructive dialogue with all stakeholders.

5. Coexistence with the International Community

As a member of the international community, we will comply with the laws and regulations of each country in which we operate, respect cultures and customs, and contribute to the sustainable development of local communities.

6. Confrontation with Antisocial Forces

We will resolutely confront any antisocial forces or groups that threaten the order and safety of civil society.

7. Social Contribution

We will take a global perspective and, as a good corporate citizen, actively promote contributions that are closely tied to the countries and communities in which we are located.

8. Harmony with the Environment

We will voluntarily and proactively address environmental issues for the sustainable development of society as a whole.

9. Work Environment

We respect the diversity, personality and individuality of our employees, and achieve work styles that enable them to maximize their abilities. In addition, we will strive to create a safe and comfortable work environment that affords comfort and prosperity for our employees.

10. Crisis Management

We furnish an organized crisis management system to prepare for crises that may be anticipated in the course of our corporate activities. In the event of a crisis, we will act in accordance with internal regulations and strive to minimize damage.

11. Actualization of this Charter

Recognizing that it is their role to actualize this Charter, members of management shall prepare an effective governance system and ensure that corporate ethics are thoroughly implemented throughout the Group. In the event that a violation of this Charter occurs, we will endeavor to resolve the situation, determine the cause, and prevent recurrence in a manner that is fully understood by society.



Corporate Slogan

We have expressed our belief that chemistry is becoming increasingly indispensable in various fields, and that the power of chemistry can contribute to the sustainable development of the earth and the happiness of humankind.

Slogan Logo

The corporate slogan of "Unending planet, united through chemistry" is expressed with symbols that indicate infinity (with the planet on the left, and chemical structure formula on the right). The corporate colors of blue and green have been used to create a bright and refreshing feel.

About Our Corporate Logo

Our corporate logo combines the letters "T" for TOA and "G" for GOSEI. The emphasis placed on "T" articulates the words "TRUST" and "TECHNOLOGY." The corporate logo symbolizes our commitment to rich creativity based upon trust and technology. The "T" element expresses "power," the "G" loop expresses "emotion" and the three circles new possibilities generated from this combination.



Toagosei Group's Profile

Since its establishment on July 17, 1944, Toagosei has achieved continued growth in line with the development of the chemical industry in Japan.

The Toagosei Group is expanding its technology and product fields by displaying unique strengths in five business fields: Commodity Chemicals, Polymer & Oligomer, Adhesive Material, Performance Chemicals, and Plastics.

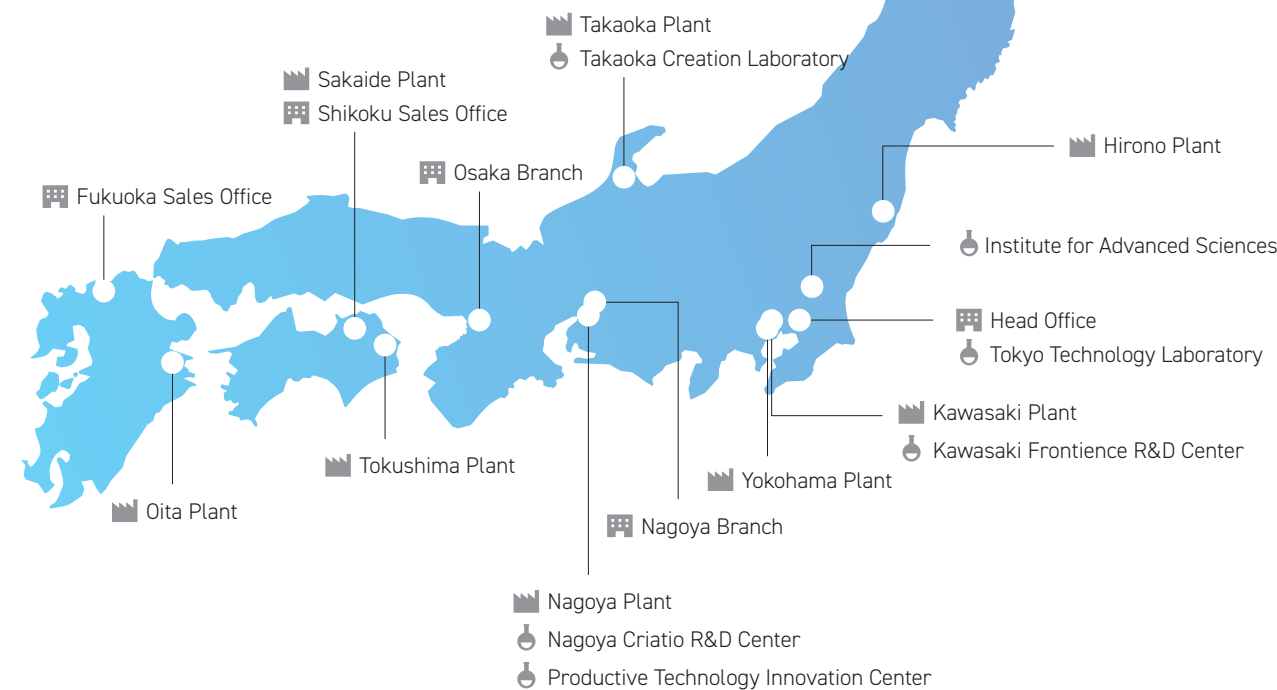
Company Profile

Establishment	July 17, 1944
Head Office	1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo, 105-8419 Japan
Chairman, CEO and Representative Director	Mikishi Takamura
President, COO and Representative Director	Hidenori Kobuchi
Capital	20,886 million yen
Number of employees	2,680 on a consolidated basis (as of December 31, 2025)
Fiscal Year End	December 31
Stock Listing	Tokyo Stock Exchange Prime Market
Securities code	4045

JAPAN

Toagosei Co., Ltd.

Plant Research center Head Office/branch/sales office



ASIA

Singapore

TOAGOSEI SINGAPORE PTE. LTD.

Thailand

Toagosei (Thailand) Co., Ltd.
Aronkasei (Thailand) Co., Ltd.

Taiwan

Taiwan Toagosei Co., Ltd.
Toa-Jet Chemical Co., Ltd.

India

TOAGOSEI CHEMICAL INDIA PRIVATE LIMITED

Vietnam

TOAGOSEI VIETNAM CO., LTD.

South Korea

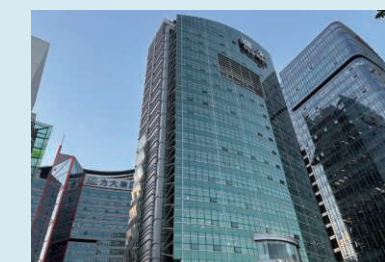
TOAGOSEI KOREA CO., LTD.

Principal affiliated companies

Toa Techno-Gas Co., Ltd.	Toa Kenso Co., Ltd.
MT Ethylene Carbonate Co., Ltd.	TG Corporation
MT AquaPolymer, Inc.	Toa Business Associe Co., Ltd.
Aron Packaging Co., Ltd.	Toa Kogyo Co., Ltd.
Aronkasei Co., Ltd.	Toa Logistics Co., Ltd.

China

Toagosei (Zhuhai) Limited
Toagosei (Zhangjiagang) New Technology Co., Ltd.
Toagosei (Shanghai) Management Co., Ltd.
Toagosei (Shanghai) Management Co., Ltd. Shenzhen Branch



Toagosei (Shanghai) Management Co., Ltd. Shenzhen Branch

AMERICA

USA

Toagosei America Inc.



Toagosei America Inc.

Segments

Commodity Chemicals
Polymer & Oligomer
Adhesive Material
Performance Chemicals
Plastics
Other

Toagosei Group's Products Serve Society

The Toagosei Group's products can be found throughout everyday life. These products help not only to make our lives more comfortable but also to protect the environment.

Businesses with core roles in the growth strategy

Polymer & Oligomer P56

Acrylic polymers

We offer a wide range of acrylic polymers, such as dispersants and thickeners, for various uses such as automotive batteries, semiconductors, pharmaceuticals, and cosmetics.



ARONIX UV-curing resin

The ARONIX series is used in many fields, ranging from paints and inks to adhesives and electronic materials. These environmentally friendly resins are free of organic solvent.



ARONFLOC polymer flocculant

This chemical agent is widely used in wastewater treatment not only at sewage treatment plants but also for treating wastewater from paper manufacturing and food processing plants.



Adhesive Material P58

Aron Alpha instant glues (U.S. brand name: Krazy Glue)

Aron Alpha and Krazy Glue are the top brands in instant glues. Our wide range of organic solvent-free, environmentally friendly adhesives satisfies diverse consumer needs.



Functional adhesives

We offer a wide range of functional adhesives for industrial applications including reactive, light-curable, and hot-melt types, as well as inorganic adhesives. These adhesives are widely used, especially in automotive components and electronic components.



UV-curing adhesives

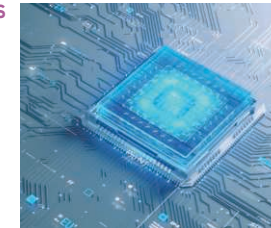
These adhesives are used in many fields such as optical lenses, medical devices, and electronic circuits. We have also developed a new product that allows curing and bonding in areas that cannot be reached by light.



Performance Chemicals P60

High-purity inorganic chemicals

We offer products essential for semiconductor manufacturing, including world number one purified liquefied hydrogen chloride (cleaning gas) and purified caustic potash.



KESMON inorganic deodorant

KESMON is used in various situations, such as for toiletries, clothing and the interior of cars. Odors are adsorbed through a chemical reaction, stopping unpleasant odors from being re-emitted.



"Aron cure"* hemostatic agent

This medical device is used to stop bleeding after tooth extraction. Unlike conventional gauze, it stops bleeding by forming a "cap" over the tooth extraction socket. It dissolves and disappears naturally in the oral cavity, helping to alleviate the burden on the medical front line.



*Uses Wispecs technology

Plastics P62

Anju-brand nursing care products

We are addressing the growing demand associated with the aging population, developing products that match the needs of the nursing care field and everyday life so that seniors can live a full and comfortable life.



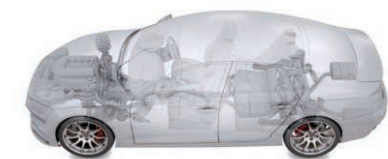
"OneAid" pet support products

Products developed for supporting the lives of elderly pets with bodily functions that have deteriorated with age, which help to alleviate the burden on those involved in pet care.



Elastomer

Used as sealing material for automotive and other applications, thanks to their rubber-like elasticity and ease of molding similar to that of general-purpose plastics.



Commodity Business

Commodity Chemicals P54

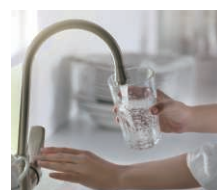
Caustic soda

Caustic soda is a fundamental raw material in industry used in a wide range of products such as synthetic fibers, paper, pulp and chemicals.



Sodium hypochlorite

Used for sterilization of water, sewage, and swimming pools, our products suppress impurities such as chloric acid and bromic acid, helping provide a safe, reliable water supply.



Acrylic monomers

Acrylic acid is a raw material for highly water-absorbent resins, polymer flocculants, etc. Acrylate esters are raw materials for tape adhesives, paints, and various other products.



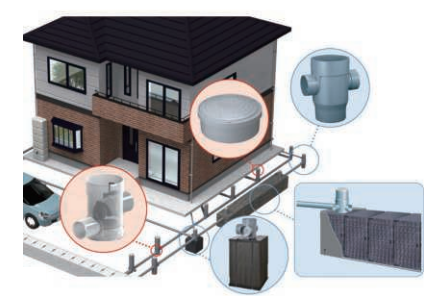
Industrial gases

We handle a wide range of industrial gases including oxygen, nitrogen and argon, meeting the extensive needs of various industries ranging from the steel, chemical and other key industries to cutting-edge industries such as semiconductor manufacturing and medicine.



Infrastructure products and systems

We propose piping systems effective for the drainage of every type of urban structure. We contribute to the construction of infrastructure that supports our daily lives, including products for aging sewer systems that address national resilience requirements.



Toagosei Group's Value Creation Trajectory

The Toagosei Group has been leveraging the power of chemistry to create new value that meets the needs of a rapidly changing society. By providing products that meet the needs of the times, we cultivate solid technical capabilities and trust in our products. With these as our foundation for value creation, we continue to develop new products and technologies that meet the expectations of society and increase our corporate value.

1910 ~

Phase 1

Development of basic chemical products

We built our business mainly on basic chemical products at a time when the chemicals industry was dominated by electrolysis products, which comprise an industry staple, and fertilizers for increasing food production.



Nagoya Plant (historical photo)

1960 ~

Phase 2

Development of petrochemicals

Besides electrolysis products, Toagosei developed a presence in petrochemicals, including acrylic esters, polyvinyl chloride resin, and chlorinated organic solvents.



Tokushima Plant (historical photo)

1970 ~

Phase 3

Development of functional chemicals

In order to overcome the challenges posed by the oil crises, including lackluster demand for mass-produced products, and to make the business less sensitive to economic fluctuations, Toagosei leveraged its original technology and fostered functional products, positioning them as mainstays of the business.



Institute for Advanced Sciences

Phase 4

Development of product lineups forming a fourth pillar fit for the ESG/SDGs era



Kawasaki Frontience R&D Center

POINTS to Value Creation

Supply of products that would form the basis of postwar reconstruction
Stable supply of basic chemical products

Mainstay Products

Caustic soda, hydrochloric acid, sodium hypochlorite



Electrolysis plant



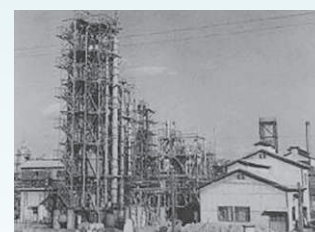
Caustic soda shipment (historical photo)

POINTS to Value Creation

Supply of raw materials for periods of rapid growth
Commencement of commodity petrochemical product production

Mainstay Products

Methyl and ethyl esters of acrylic acid



Acrylic ester production facilities (historical photo)



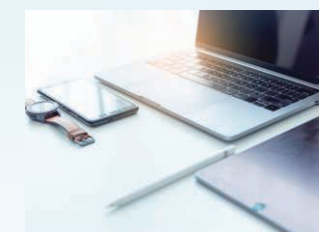
Acrylic acid production facilities

POINTS to Value Creation

Expansion from commodity products to high-performance products
Expansion overseas, beginning with the U.S.

Mainstay Products

Acrylic polymer, ARONIX, Aron Alpha, inorganic antimicrobial agent



ARONIX UV-curing resin



Aron Alpha instant glues

POINTS to Value Creation

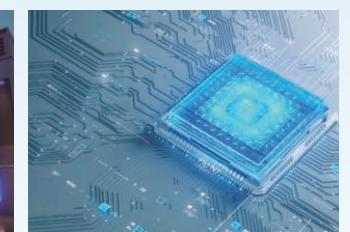
Expansion of high-value-added product businesses
Creation of new business units

Mainstay Products

Mobility-related products, semiconductor and electronic material-related products, medical-related products, cellulose nanofibers



Binders for lithium-ion batteries



Chemical agents for semiconductor manufacturing

Message from the CEO



Realizing sustainable growth and shareholder returns through materials that shape next-generation industry

The core infrastructure that is vital to society

Chemistry has the power to unleash the potentials of substances. That's why it is the core infrastructure that supports the evolution of civilization from a material vantage. The transformations of next-generation industry, such as physical AI and autonomous driving, will also be impossible to implement throughout society without innovative materials to make them possible. The Toagosei Group is proud to be responsible for the creation of these materials that are the foundation of all innovation. We continue to create value that plays a central role in supporting the society of the future. By steadily supplying the commodity chemicals we have developed through the years, we have become elemental in the frameworks of society and economics. At the same time, we offer irreplaceable high-performance solutions in cutting-edge fields such as the semiconductor, electronic materials, and mobility fields. Going forward, we will go beyond the borders of being a material supplier to further solidify our role as a part of the foundation of a sustainable society (an "operating system" that supports society and industry), contributing to both the global environment and the advanced civilization.

Aiming to achieve sustainable growth

During the previous Medium-Term Management Plan period, the Toagosei Group enhanced its R&D capabilities, suspended its production of general-purpose resin, made improvements to its plants to transition to the next generation, and actively promoted globalization efforts with the aim of achieving sustainable growth. In our R&D, we added an R&D center and personnel and accelerated our development in growth areas. At the same time, we expanded our production facilities for high-value-added products through large-scale capital investment. In our global expansion, we boldly updated our business scheme for the first time in approximately 30 years, switching to independent operation for our instant glue business in the United States and reorganizing our subsidiaries in the Southern China region. Furthermore, as part of our efforts to build our fourth pillar of business, we fully ramped up our initiatives in the medical field. We will learn from these experiences and focus on improving our field capabilities and our rapid decision-making to build a more solid growth foundation for the entire Group.

Accelerating our shareholder-focused management and rapidly improving our capital efficiency

Under our 2028 Medium-Term Management Plan, we will further accelerate our shareholder-focused management, which we set our sights on during the previous Medium-Term Management Plan. Our main mission will be the rapid improvement of our capital efficiency. We have set a PBR of 1.0x or higher as a key goal indicator for 2028 and an ROE of approximately 8% as a key goal indicator for 2030. On the finance front, we will maintain our net worth ratio of approximately 70% and our credit rating of A or above, sustaining our financial soundness as we optimize our capital structure. As for shareholder returns, given the reductions we have made to cash and deposits, we will target our total return ratio at approximately 90% and, by increasing our payment ratio, we will raise our average payout ratio over the period to approximately 70%. Along with these measures, we will maintain the shareholder benefit program we launched in December 2025, create new fans over medium to long term, and establish a stable shareholder base. We will do our utmost to increase our corporate value so that we can maximize our market valuation and meet the expectations of our investors.

Chairman, CEO and Representative Director

Mikishi Takamura

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.

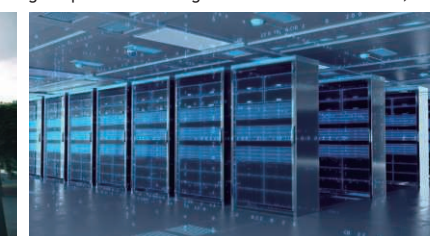
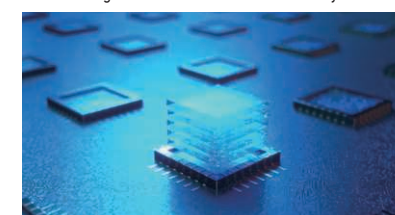
Chemical products are tools for shaping the future. They are engines that drive the transformation of industry. The Group has consistently tracked technological innovation in advanced fields, and has used our accumulated materials expertise and unique technologies developed by co-creation with academia 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.

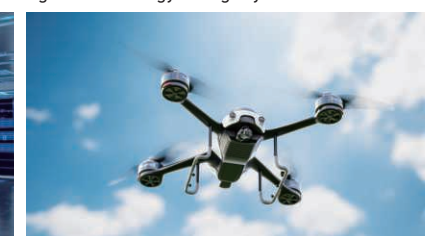


EV

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

Message from the COO

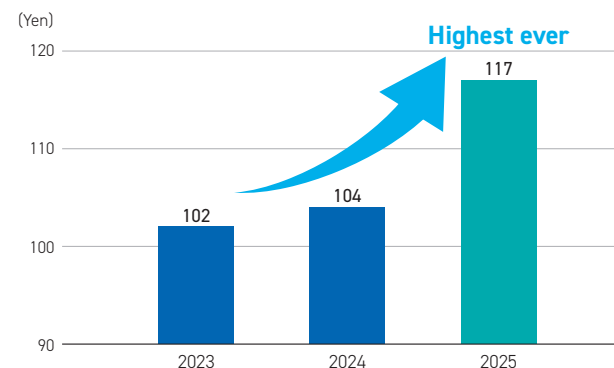
Looking back on the three years of the 2025 Medium-Term Management Plan (2023–2025)

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”

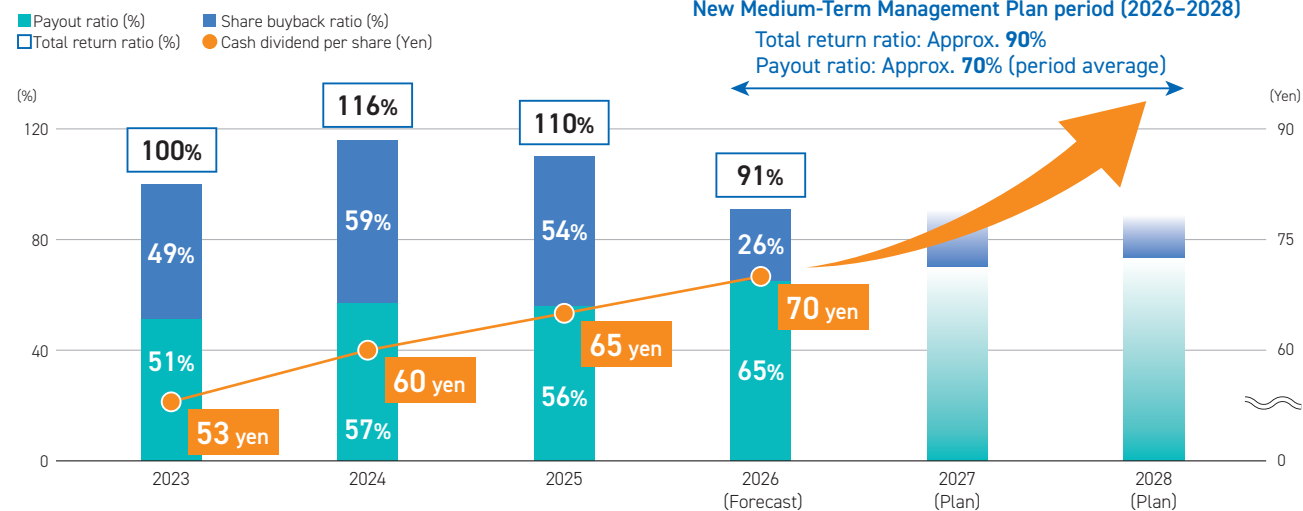
In our vision for 2030, we aim to “own a portfolio of number-one and unique high-performance products that help solve social issues” and to “enhance corporate value through active growth investments and optimized capital structure.” To that end, we are targeting operating income of 18.0 billion yen and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

Roadmap Toward the Vision

We will accelerate the expansion of number-one and unique products and the evolution into a business that solves social issues toward 2030. Building on the strengthening of the revenue base and the establishment of a foundation for growth carried out in the previous 2025 Medium-Term Management Plan, in the new 2028 Medium-Term Management Plan we will continue investment in key focus areas, strengthen R&D capabilities, and advance the sophistication of the production system to build a business structure that supports sustainable growth.

Connect and Create 2028

P24

Backcasting
and planning

— Focus on growth areas —

Semiconductors

Mobility

Medical

Measures to address aging sewer pipelines

— Key initiatives —

Global strategy

R&D strategy

DX strategy

Medium-Term Management Plan (FY2026–2028)

Connect and Create 2028

We will actively invest in key focus areas and improve profitability and corporate value in existing businesses.

2028 Plan

- Net sales **180.0 billion yen**
- Operating income **18.0 billion yen**
- Operating income margin **10.0 %**
- ROE **6.5 %**
- PBR **1.0 x or more**

Medium-Term Management Plan (FY2023–2025)

Leap Forward to the Next 2025

We accelerated the Group's growth through strengthening R&D capabilities and the expansion of high-value-added businesses.

2025 Results

- Net sales **162.3 billion yen**
- Operating income **14.1 billion yen**
- Operating income margin **8.7 %**
- ROE **6.0 %**
- PBR **0.8 x**

Strengthening R&D capabilities,
and development and reinforcement
of the business foundation

**Toagosei Group's
approach to problem
solving**

Social issues

**New products
and
technologies**

Customers Provide products and technologies that contribute to solving customer issues

- By leveraging our superior technologies, we will continuously create original products and technologies.
- We will provide new products and technologies that solve customer issues and contribute to the development of society.

**Sustainability
management**

- In addition to working to reduce energy consumption through improved production efficiency, we will also work to achieve carbon neutrality in terms of energy through means such as introducing green energy generation.
- We will advance the development of eco-products and contribute to solving customers' environmental challenges.

Society Achieve a sustainable society

Vision for 2030

Own a portfolio of “number-one and unique”
high-function products that help solve social issues.

Enhance corporate value through proactive
growth investments and an optimized capital structure.

Sustainable growth of the Group

- Expansion of new and high-value-added businesses
- Strengthening of R&D capabilities while expanding business areas
- Expansion of overseas market share
- Improvement of corporate value

Contributing to a sustainable society

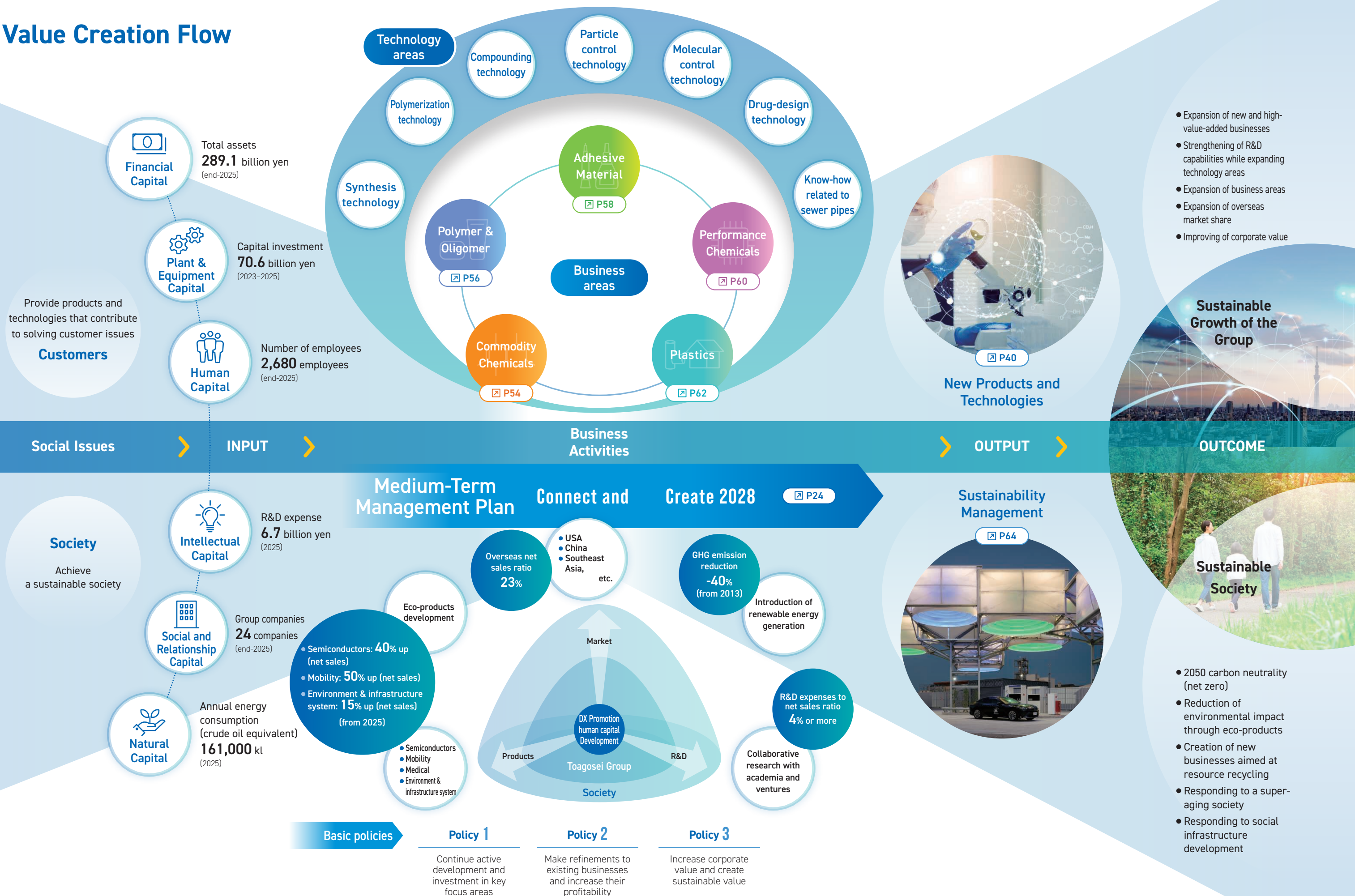
- 2050 carbon neutrality (net zero)
- Reduction of environmental impact through eco-products
- Creation of new businesses aimed at resource recycling
- Responding to a super-aging society
- Responding to social infrastructure development

Targets for 2030

- Operating income **20.0 billion yen or more**
- ROE **Approximately 8 %**
- PBR **1.2 x or more**

Development investment in key
focus areas and improvement of
profitability and corporate value

Value Creation Flow



Review of the 2025 Medium-Term Management Plan (2023–2025)

Although we continued active investment in high-value-added products, operating income for 2025 remained at 14.1 billion yen, falling 5.9 billion yen short of the target, due to delayed monetization of investment projects caused by the slow recovery of the semiconductor market and the slowdown in EV growth in the mobility market, together with increased fixed costs from wage increases implemented as part of human capital investment.

Review of basic policies

1. Strengthen development capabilities for new products and new technologies

Plan	R&D expense (from 2022) +20% High-value-added product to net sales ratio 48%
Review	- We established the Kawasaki Frontience R&D Center and enhanced our development capabilities by increasing our researcher workforce. - The commercialization of new products (such as cellulose nanofibers) and new technologies (such as NUCLEOLARON) fell behind schedule.

2. Increase overseas net sales

Plan	Overseas net sales ratio (from 2022) +30%
Review	- We established overseas bases in Shanghai, Shenzhen, Vietnam, and India to create a system aimed at capturing local needs. - The overseas net sales ratio stagnated mainly due to intensified competition caused by overproduction in China.

3. Contribute to a sustainable society

Plan	GHG emission reduction (from 2013) -35%
Review	- We promoted energy conservation and efficiency improvements in the manufacturing processes at each plant. - We are progressively introducing renewable energy (solar power and small-scale hydroelectric power) (full-scale implementation scheduled from 2026 onward).

Management indicators	2022 (Results)	2025 (Plan)	2025 (Results)	Differences (from 2025 plan)	Level of achievement (from 2025 plan)
1. R&D expense	4.7 billion yen	5.6 billion yen	6.7 billion yen	+1.1 billion yen	120%
High-value-added product to net sales ratio	44%	48%	46%	(2) pp	96%
2. Overseas net sales	31.0 billion yen	40.5 billion yen	29.4 billion yen	(11.1) billion yen	73%
3. GHG emission reduction (from 2013)	(24)%	(35)%	(28)%	(7) pp	80%

Review of development and strengthening of business base (capital investment)

Development and strengthening of business base

Plan	A cumulative total of 68.0 billion yen over the three years of the 2023–2025 plan
Review	- Over the three years of the Medium-Term Management Plan, we made cumulative investments of 70.6 billion yen, exceeding the target of 68.0 billion yen. - The Company increased facilities for high-value-added products, upgraded existing equipment, and developed infrastructure, thereby developing and strengthening the business base to enhance competitiveness.

1. Increase manufacturing facilities for high-value-added products

- Expansion of next-generation semiconductor gas production facilities
- Expansion of LIB binder production facilities

2. Update production facilities

- Updating of caustic soda production facilities

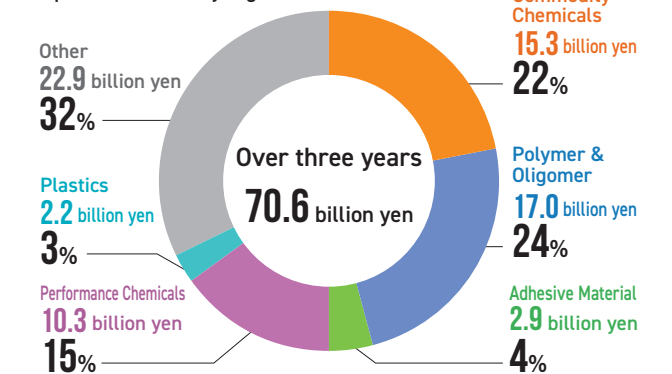
3. Develop infrastructure

- Construction of Nagoya Logistics Center

4. Sustainability-related facilities

- Construction of small-scale hydroelectric power plant

Capital investment by segment



Review of business performance

Net sales and operating income

Plan	2025 plan	Net sales	183.0 billion yen
		Operating income	20.0 billion yen

Review	
Net sales and operating income	In 2025, net sales declined year on year while operating income remained at the previous year's level, with both falling short of the 2025 plan.
Factor analysis	- Commodity products secured an increase in profit mainly through price revisions. - Although we continued to invest actively in high-value-added products, monetization of these investments was delayed due to the slow recovery of the semiconductor market (except for cutting-edge fields such as AI) and the slowdown in EV growth in the mobility market. - Fixed costs such as R&D expenses, depreciation and amortization, and labor costs increased, putting pressure on profits.
Issue	In order to secure stable earnings and achieve sustainable growth, even in an environment of sluggish semiconductor demand and slowing mobility market growth, it is essential to enhance technical capabilities in key focus areas, develop new applications, and strengthen the competitiveness of existing businesses and products.

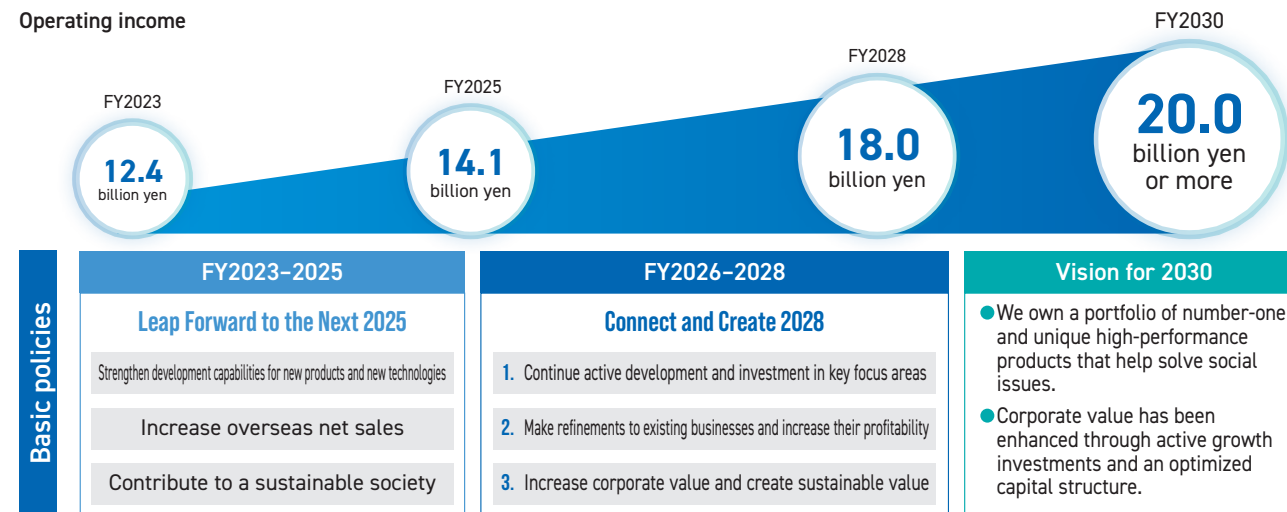
Management indicators	2022 (Results)	2025 (Plan)	2025 (Results)	Differences (from 2025 plan)	Level of achievement (from 2025 plan)
Net sales	160.8 billion yen	183.0 billion yen	162.3 billion yen	(20.7) billion yen	89%
Operating income (operating income margin)	14.3 billion yen (8.9%)	20.0 billion yen (11.0%)	14.1 billion yen (8.7%)	(5.9) billion yen ((2.2) pp)	71%
EBITDA	24.8 billion yen	32.0 billion yen	25.8 billion yen	(6.2) billion yen	81%
Capital investment (cumulative total)	48.4 billion yen (2020–2022)	68.0 billion yen (2023–2025)	70.6 billion yen (2023–2025)	+2.6 billion yen	104%

2028 Medium-Term Management Plan (2026–2028)

The Toagosei Group has formulated a new three-year Medium-Term Management Plan titled “Connect and Create 2028,” under which we will create high-performance product lines (Create) through collaboration with customers, academia, and other internal and external stakeholders (Connect), with the aim of enhancing corporate value. Under the three core basic policies, we aim to achieve operating income of 18.0 billion yen in 2028 and over 20.0 billion yen in 2030.

Connect and Create 2028

Operating income



Basic policies and key initiatives

Basic policy 1 Continue active development and investment in key focus areas

- Pursue greater breadth (expansion of applications) and depth (technological differentiation) in key focus areas (semiconductors, mobility, medical, and environmental infrastructure fields) and promote expansion to users both inside Japan and overseas
- In addition to joint development with academia and ventures, promote strengthening of technical capabilities and expansion of business areas through methods such as M&A
- Accelerate R&D and process development and actively take on the challenge of new fields and markets
- Build strong partnerships with customers and establish deeper levels of customer relationships

Basic policy 2 Make refinements to existing businesses and increase their profitability

- Perform selection and concentration aimed at optimizing our business portfolio
- Further advance globalization efforts and provide unique value not available anywhere else in the world
- Advance digital transformation (DX) through the deployment of digital technologies across all areas of operation, including production, quality management, R&D, and indirect operations
- Promote investment recovery
- Optimize production processes, advance quality management, and achieve cost reductions by introducing advanced technologies such as IoT, AI, and big data analysis

Basic policy 3 Increase corporate value and create sustainable value

- Optimize capital structure and reduce total assets by implementing financial strategies, and improve capital efficiency by making more rigorous investment decisions
- Create an environment in which employees can work with pride and develop and secure diverse professional human capital
- Pursue sustainability and promote ESG

Key goal indicators (KGI)

Anticipated business environment and response

Although a highly uncertain business environment is anticipated due to advances in AI and DX, the increasing sophistication of ESG requirements, geopolitical risks, and inflation, we will focus on monetizing growth investments from the 2025 Medium-Term Management Plan while executing active investments in fields such as the semiconductor and mobility to increase our corporate value and grow into our vision for 2030.

	2025 Results	2028 Plan	From 2025
Increasing profitability and sustainable growth			
Net sales	162.3 billion yen	180.0 billion yen	+17.7 billion yen
Operating income (operating income margin)	14.1 billion yen (8.7%)	18.0 billion yen (10.0%)	+3.9 billion yen (+1.3P)
Strengthening technical capabilities and expansion of business areas			
R&D expenses to net sales ratio (R&D expenses)	4.1% (6.7 billion yen)	4% or more (7.2 billion yen or more)	— (+0.5 billion yen or more)
Capital investment (Plan period)	70.6 billion yen (2023–2025)	59.0 billion yen (2026–2028)	(11.6) billion yen
Contributing to a sustainable society			
GHG emission reduction rate (from 2013)	(28)%	(40)%	Improved by 12 pp
Promoting an environment in which diverse employees can play an active role			
Percentage of women in managerial positions	5.1%	8.0%	Increased by 2.9 pp
Management indicators			
EPS (Net income per share)	117 yen per share	130 yen per share	+13 yen per share
ROE	6.0%	6.5%	Increased by 0.5 pp
Increasing corporate value			
PBR	0.8x	1.0x or more	—

2028 Medium-Term Management Plan (2026–2028)

Basic policy 1 Continue active development and investment in key focus areas

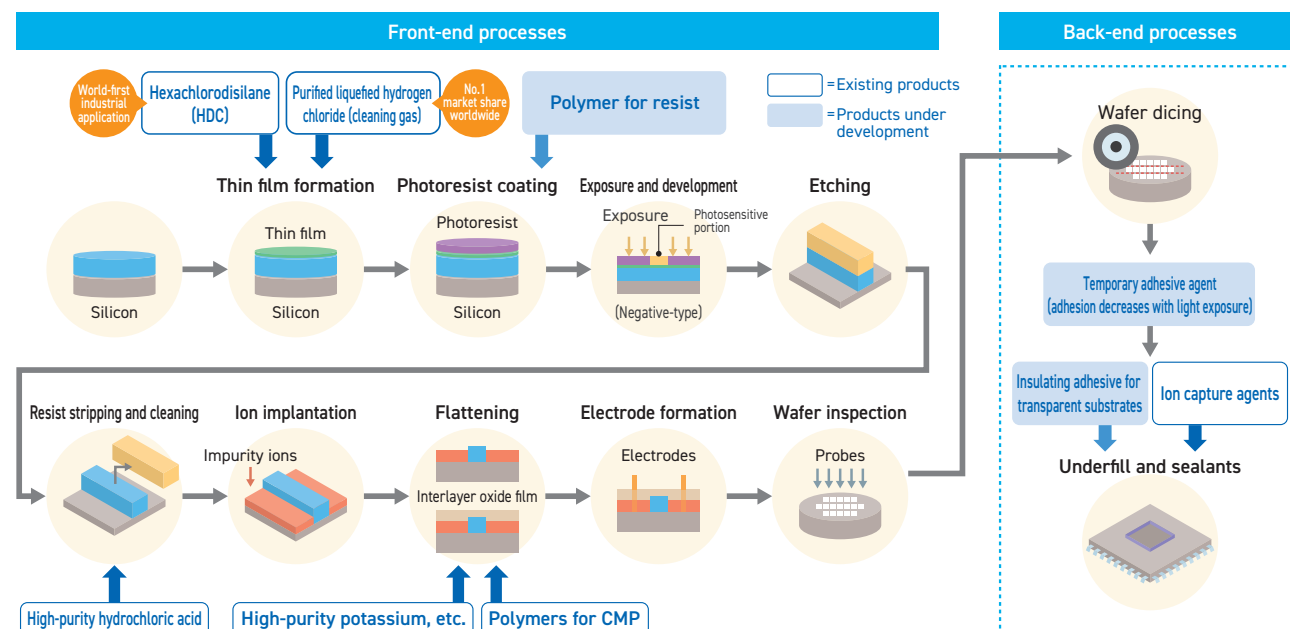
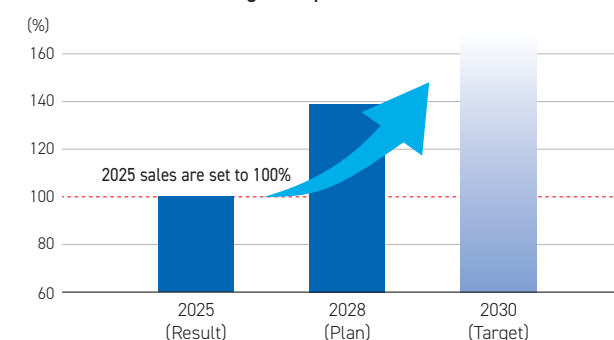
Growth strategy – key focus areas

Semiconductors

We envision a business environment in which the utilization of AI and DX will advance further, everything will become digitized, and demand for the semiconductors that support this will accelerate even more.

- Strength**
- We offer products essential for semiconductor manufacturing, including world number on purified liquefied hydrogen chloride (cleaning gas), purified caustic potash, and acrylic polymers for chemical mechanical polishing (CMP).
 - Leveraging our unique technologies, we excel at achieving higher purity, ensuring stable supply, and providing products that match the needs of our customers.

Semiconductor field sales growth plan



Growth strategy – key focus areas

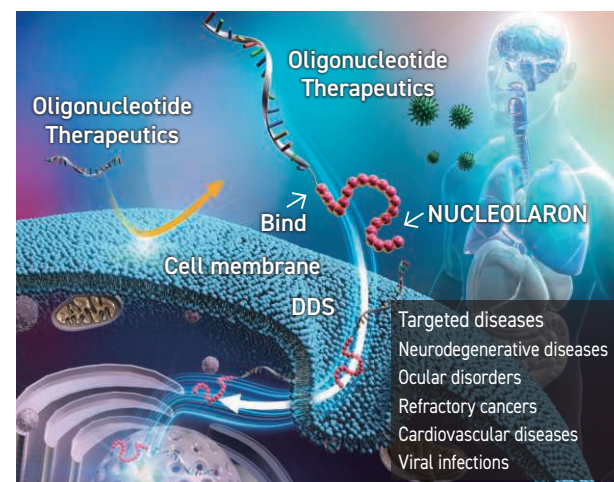
Medical

We envision a business environment in which medical demand for refractory diseases and infectious diseases will increase further and the importance of precision medicine will continue to grow.

- Strength**
- The Company's "siRNA*1," which makes full use of its proprietary drug-design technology, has significant potential as an oligonucleotide therapeutics, while "NUCLEOLARON*2" has great potential as a Drug Delivery System (DDS), and the Company is advancing joint development in collaboration with academia such as universities and venture companies.

*1 siRNA is a nucleic acid capable of suppressing the expression of specific genes. It degrades a target gene to prevent the proliferation of pathogenic proteins. This function is being used to advance R&D on next-generation medications.

*2 NUCLEOLARON is a cell-penetrating peptide developed by Toagosei, and it aims for early practical application as DDS that enhances drug delivery.



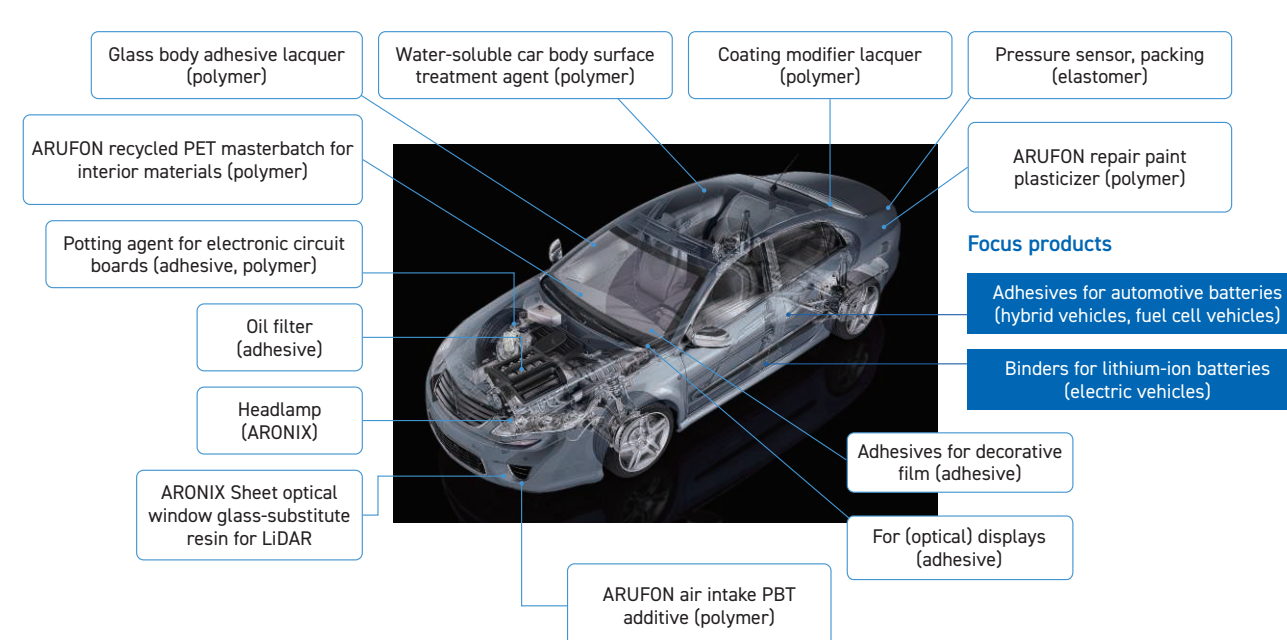
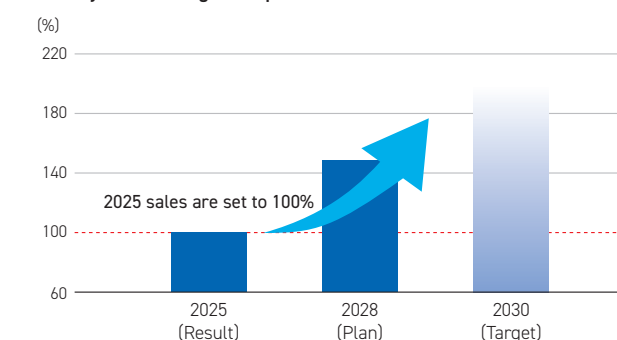
Growth strategy – key focus areas

Mobility

We envision a business environment in which decarbonization and safety requirements will be strengthened due to heightened ESG demands, and the introduction of electrified, automated, and environmentally friendly products will continue to advance.

- Strength**
- We are rolling out omni-directional development for every type of vehicle, including fuel cell vehicles (FCVs), hybrid vehicles (HVs), electric vehicles (EVs), and gasoline vehicles. We secure our competitive advantage by having our core products adopted based on our unique technologies and consistently meeting demands for technological improvement.

Mobility field sales growth plan



Collaborative research into siRNA medications with the Innovation Center of NanoMedicine (iCONM)

We plan to develop pharmaceuticals for the treatment of refractory cancer and start clinical trials within five years.

- The Company is integrating its siRNA design technology with iCONM's Oligonucleotide Therapeutics delivery technology.
- This will also contribute to the treatment of many refractory diseases and the prevention of pandemics caused by new viruses.

Medical field development schedule

Key themes	Main target diseases	2026	2027	2028	2029	2030
siRNA	Refractory cancer, infectious diseases, etc.	Early evaluation		Non-clinical		Clinical
DDS	Cardiovascular diseases, etc. (Gene medication and RNA drug delivery)	Early evaluation	Non-clinical		Clinical	

2028 Medium-Term Management Plan (2026–2028)

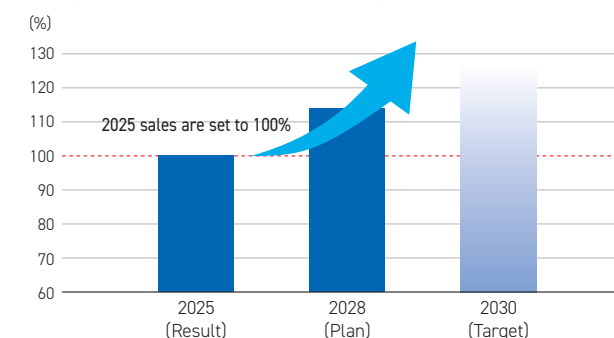
Growth strategy – key focus areas

Measures to address aging sewer pipelines

We envision a business environment in which aging sewer pipes increase the risk of disaster occurrence and accelerate the demand for countermeasures.

- Strength**
- The Company holds the top market share in Japan for PVC mass manholes, and against the backdrop of frequent recent road sinking accidents, demand for products to address aging sewer pipes is increasing.
 - We are developing a solution-proposal-type business for aging sewer pipes by utilizing the know-how we have accumulated up until now.

Sales growth plan for products supporting national resilience



There are 2,600 road collapse accidents per year. 70% of road collapse occur at pipe connections. Countermeasures for aging infrastructure repair are an urgent priority.



Growth strategy – Key initiatives

Each segment

segment	2025	2026–2028		2028
	Operating income (billions of yen)	Key initiatives		Operating income (billions of yen)
Commodity Chemicals	8.7	Expand product applications	Expand sales into diverse applications such as land-based aquaculture, water purification chemicals, and semiconductor chemicals, etc.	8.0
		Increase productivity and reduce energy consumption	Change to bipolar soda electrolysis, renew sulfuric acid plant, and introduce integrated control system	
		Review portfolio	Stop PVC production, streamline and review unprofitable businesses	
Polymer & Oligomer	3.0	Accelerate growth strategy	Develop and expand sales of polymers for automotive batteries, semiconductors, pharmaceuticals, cosmetics, etc.	5.6
		Increase productivity	Streamline through integration of flocculant facilities	
		Promote overseas expansion	Expand sales of high-value-added products in China and Southeast Asia	
Adhesive Material	0.3	Strengthen overseas business	Restore instant glue business in the USA and begin business development in countries around India	1.1
		Implement growth strategy	Develop mobility-related products (fuel cell sheets, LiDAR, etc.)	
		Develop new products	Accelerate development of UV insulating material, hard coatings, etc., and work on new development themes through projects	
Performance Chemicals	1.1	Reinforce chemical agents for semiconductors	Improve quality and strengthen supply systems for liquefied hydrogen chloride and high-purity potassium	1.9
		Expand inorganic functional materials	Accelerate development of new materials for electronics, etc. (ion capture agent, negative thermal expansion material, MOF, etc.)	
		Launch medical business	Begin non-clinical and clinical testing for DDS and siRNA and launch new products for the dental field	
Plastics	2.7	Measures to address aging sewer pipes	Strengthen solution business using mapping cameras and AI	3.4
		Expand lineup of nursing care products	Expand in-home nursing care products such as nursing care robots and monitoring sensors	
		Ecological material products	Develop and promote elastomers with new functions (automotive and semiconductor-related components, etc.)	
Other and adjustments	(1.8)	Sustainability	Promote decarbonization by introducing small-scale hydroelectric power generation, solar power generation, and CN steam	(2.0)
		Corporate and research	Search for new technologies and materials that use AI and promote the use of MI and computational chemistry, etc.	
Total	14.1	*Red text indicates key focus areas		18.0

Basic policy 2

Make refinements to existing businesses and increase their profitability

Capital investment plan

By resource

Growth investment 58%, efficiency investment 20%, other 22%

1. New/expansion projects (44%)

- Soda electrolysis plant update
- High-performance polymer plant expansion
- High-purity potassium plant expansion

2. Streamlining and improvement projects (20%)

- Flocculant facility integration

3. R&D (14%)

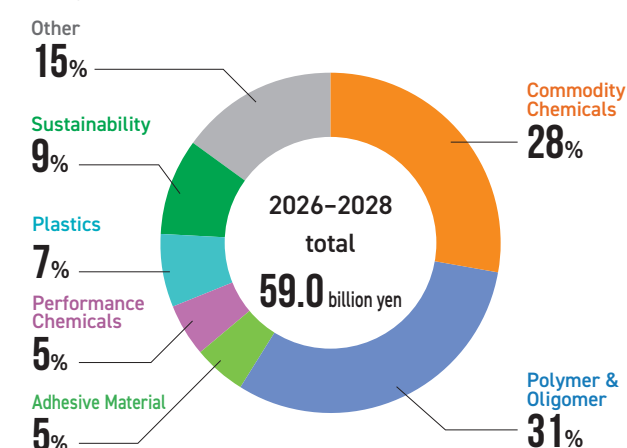
4. Infrastructure, maintenance, and update (13%)

- Core system update

5. Sustainability projects (9%)

- Installation of small-scale hydroelectric and solar power generation facilities

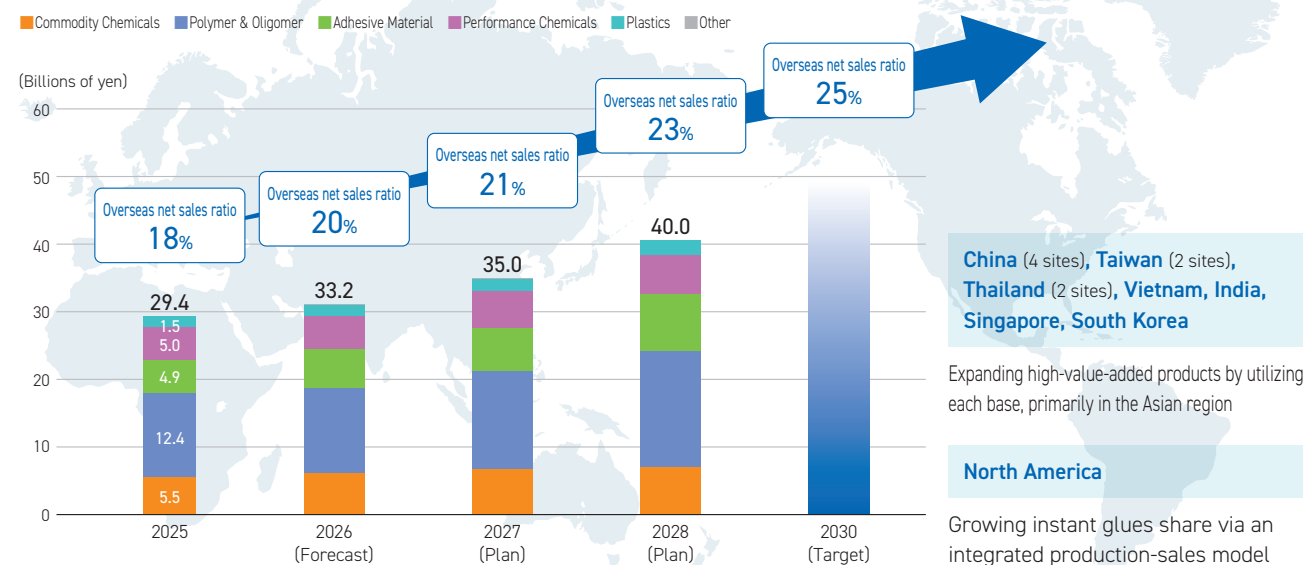
By segment



Global strategy

By utilizing 13 bases in eight countries, we will pursue product development tailored to local needs in new markets and further advance global expansion.

Trend in overseas net sales



Basic policy 3

Increase corporate value and create sustainable value

In this Medium-Term Management Plan, the Company positions the continuous enhancement of corporate value as one of its important basic policies. We will optimize the capital structure and reduce total assets by implementing financial strategies (P30) while improving capital efficiency by making more rigorous investment decisions. In addition, while maintaining a balance between growth investment and financial soundness, we will aim for continuous improvement in PBR and ROE and work to enhance shareholder returns. Moreover, we will promote the creation of an environment in which employees can feel pride and fulfillment in their work, as well as the development and securing of diverse professional human capital (P30). Furthermore, by placing the pursuit of sustainability (P64) and ESG initiatives at the core of management, we will create a virtuous cycle of solving social issues and generating corporate value.

Financial Capital Strategy

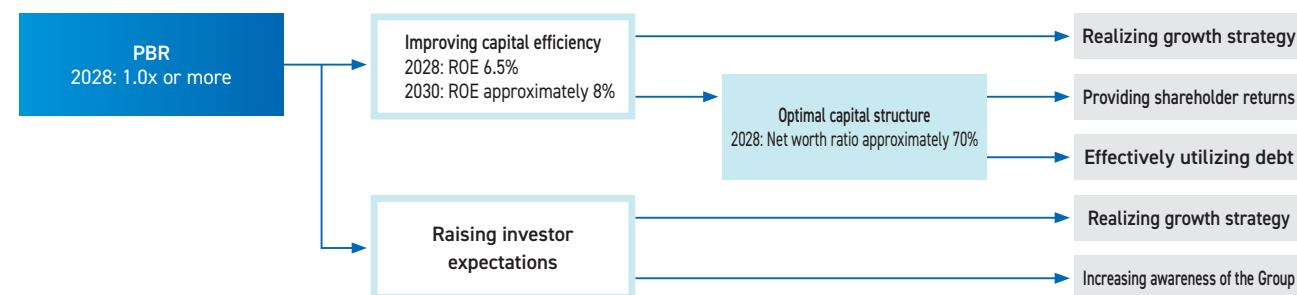
Initiatives for improving PBR

In February 2026, we renewed our initiatives for improving PBR (price book-value ratio) as a means of achieving management with a focus on capital costs and share price.

The Toagosei Group's PBR has stagnated below 1.0x since 2018, despite our efforts to improve it. Upon analysis, we believe that this has resulted from our ROE slumping due to the imbalance between our operating income and net worth. While we have been actively focusing capital investments in high-performance products, it has taken time to monetize these investments through operating income. Meanwhile, we are effectively utilizing shareholder returns and debt to control net worth, and the delayed monetization of our investments has impacted return on capital.

Going forward, we will provide shareholder returns and effectively utilize our debt to control capital and achieve an optimal capital structure. At the same time, we will realize our growth strategy by reinforcing key focus areas such as mobility and semiconductors and by promoting overseas expansion, which will improve our capital efficiency. In addition to realizing our growth strategy, we will raise expectations and market valuation among investors by increasing awareness of the Toagosei Group through the shareholder benefit program, IR activities, and SR activities.

PBR breakdown



Initiatives

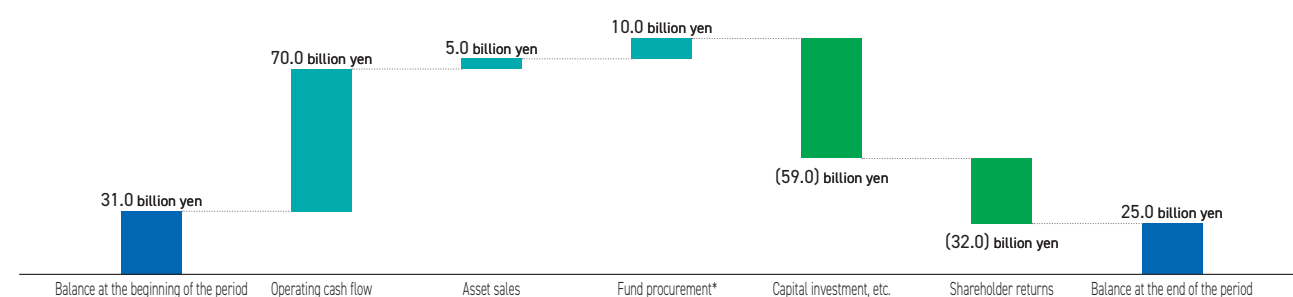
Realizing growth strategy	- Reinforce key focus areas (mobility, semiconductors, medical, and environment & infrastructure) - Accelerate our global expansion, with a focus on emerging markets
Providing shareholder returns	Target a total return ratio of approximately 90% and raise the average payout ratio over the period to approximately 70%
Effectively utilizing debt	Maintain a credit rating of A or above and utilize low-cost interest-bearing debt
Increasing awareness of the Group	Showcase the Group to investors through its shareholder benefit programs and by enhancing IR and SR interviews, etc.

Cash allocation

Previously, we implemented capital investments for growth and shareholder returns using cash on hand, operating cash flow, and debt procurement. In order to achieve our 2028 targets (PBR of 1.0x or more), we will continue to implement active capital investments and ongoing shareholder returns, while aiming to improve capital efficiency. We envisage our cash allocation until 2028, based on these factors, as follows. We plan to use operating cash flow through 2028 as the primary funding for capital investment and shareholder returns, and we also plan to procure some funds by procuring interest-bearing debt to improve our capital efficiency.

Through these efforts, we will strive to enhance corporate value over the medium and long term by improving both profitability and capital efficiency.

2026–2028 cash allocation plan



*Fund procurement will take the form of external procurement for sustainability investment.

Improving capital efficiency

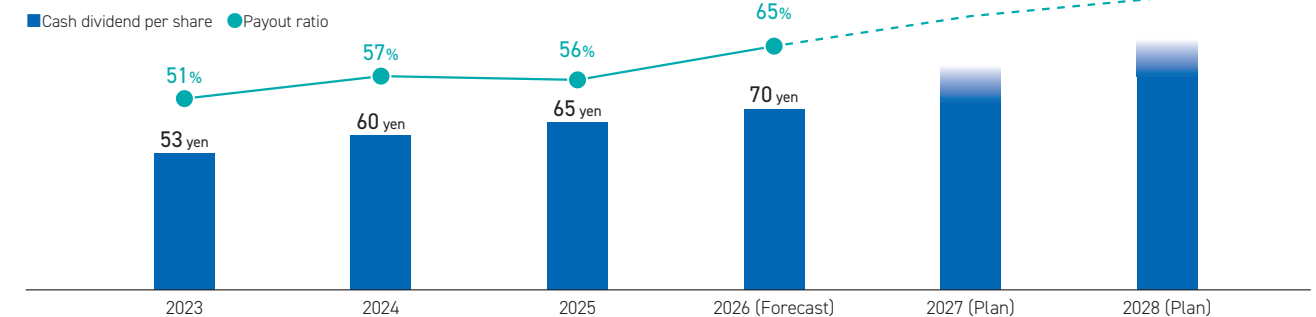
Strengthening shareholder returns

The Company's basic policy for shareholder returns is to maintain stable dividends and increase the consolidated total return ratio, aiming for a consolidated payout ratio of approximately 30% and a consolidated total return ratio of approximately 50%.

In 2025, the Company increased the annual dividend based on this policy to 65 yen per share (+5 yen year-on-year), and bought back approximately 7.0 billion yen of its own shares. As a result, the consolidated payout ratio was 55.5% and the consolidated total return ratio was 110.1%.

During the Medium-Term Management Plan from 2026 to 2028, we will aim for a total return ratio of approximately 90% and raise our average payout ratio over the period to approximately 70%.

Cash dividend per share and payout ratio



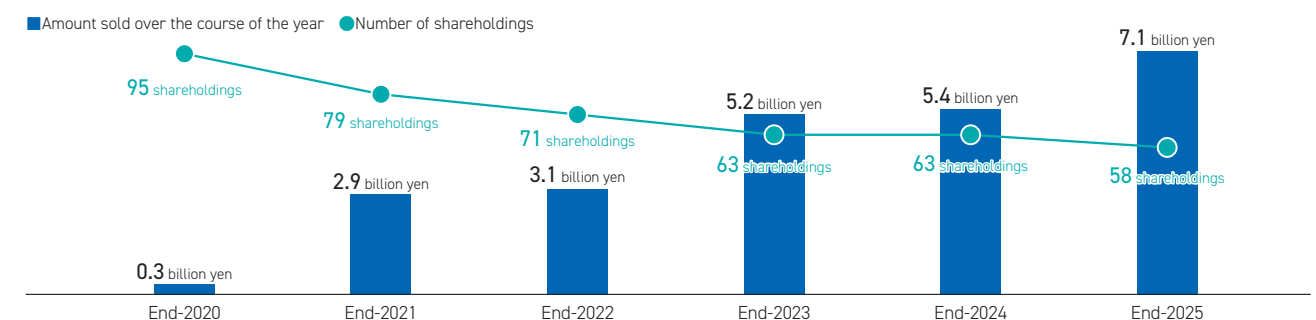
Selling off cross-shareholdings

Cross-shareholdings have been sold off to ensure that the amount of shares owned through cross-shareholding is less than 10% of the consolidated net assets on the balance sheet.

The Company acquires and owns shares of its business partners if it has determined that they contribute to increasing the medium- to long-term corporate value of the Company from the perspective of factors such as maintaining better relationships with those business partners or building up business alliances. We annually review the effectiveness of our holdings, taking into consideration whether the benefits and risks associated with maintaining and strengthening the overall relationship with the relevant counterparty and holding shares are commensurate with the cost of capital.

We sold off a total of 7.1 billion yen of cross-shareholdings with lower holding effectiveness in 2025. We will continue to sell off shares of brands determined to have diminished effectiveness in the future.

Sell-off state of cross-shareholdings



Increasing awareness among individual investors

Introduction of shareholder benefit program

To encourage shareholders to retain their shares long term, we have introduced a shareholder benefit program.

Our business is a primarily B2B-oriented, and raising awareness among individual investors has always been a challenge. Through our shareholder benefit program, we seek to increase awareness and, consequently, our share price. We hope that long-term stock holdings by individual investors will help stabilize our share price when market volatility is high.



Through the shareholder benefit program, we present shareholders with Aron Alpha instant glue to deepen their understanding of our business.

Financial Capital Strategy

Message from the CFO



What led to the strong focus on “management with a focus on capital costs and share price” in the 2028 Medium-Term Management Plan (hereinafter the “new Medium-Term Management Plan”)?

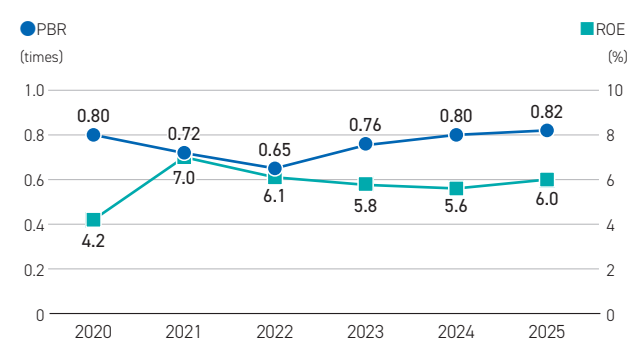
During the 2025 Medium-Term Management Plan (hereinafter the “previous Medium-Term Management Plan”), we continued to actively invest in future growth, such as by investing in R&D, capital investment, and human capital. As a result of these efforts, we succeeded in steadily strengthening our technical capabilities and business base, but our business was affected by the market environment, and our capital investments did not always produce sufficient profitability improvements.

Our ROE has remained around 6%, and our PBR below 1.0x. We have not been able to fully live up to expectations for the returns of our growth investments to exceed their capital costs, and that has caused our market valuation to struggle. I believe we need to take this seriously as a management issue.

Based on that recognition, in addition to promoting our growth strategy, one of the things we have positioned as a pillar of our new Medium-Term Management Plan is to stay clearly

conscious of capital costs and evolve our management to provide a clear sense of our corporate value improvements.

Trends in PBR and ROE



As CFO, where do you place the greatest emphasis with respect to improving capital efficiency?

I place the greatest emphasis on establishing an organization-wide approach of making management decisions with a focus on capital efficiency.

Going forward, when making decisions about investments, we need to pay very close attention not only to growth potential, but also the recoverability of the investment and return on capital. For the growth investment we are already implementing, we have to speed up the monetization and tightly link to profit.

Another important task will be to review our business portfolio. We will clarify the priorities of our businesses from the perspectives of profitability and growth potential, and we will carry out selection and concentration to improve our asset efficiency and our capital turnover ratio. I want to firmly establish management with a focus on indicators such as ROIC and ROE in our Group's everyday decision-making.

What kinds of policies will you be advancing to achieve an optimal capital structure?

So far, our Group has maintained a relatively high net worth ratio, but in the future we plan to utilize appropriate financial leverage, without damaging our financial soundness.

In addition to reducing our cross-shareholdings and our total assets, we will maintain a credit rating of A or above so that we can engage in steady, low-cost fund procurement.

By doing so, we will aim for a PBR of 1.0x or higher and an ROE of 6.5% in FY2028. These targets are all milestones, and we will further improve our capital efficiency as we head towards 2030, becoming a company that is consistently recognized by the market.

What is the new Medium-Term Management Plan's stance with respect to shareholder returns?

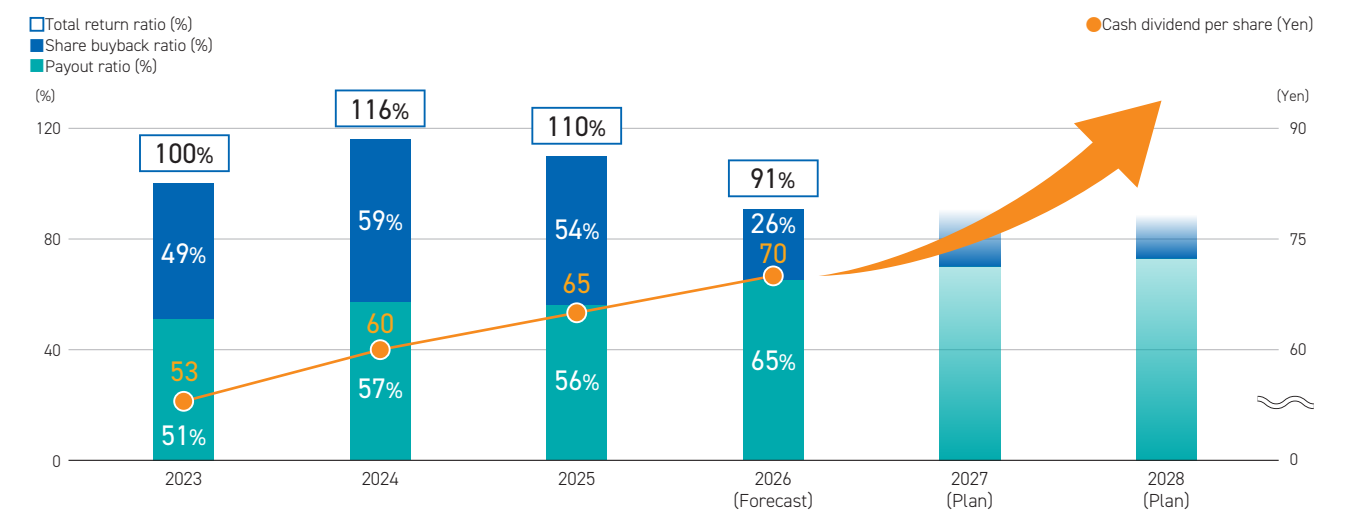
I believe that providing returns to shareholders is an important method of concretely demonstrating the results of corporate value improvement measures.

The new Medium-Term Management Plan reappraises our payout and share buyback ratios. It raises the average payout ratio over the period to approximately 70% while also flexibly acquiring treasury shares. It also targets the total return ratio

at approximately 90%, and we will continue to provide shareholder returns with an emphasis on stable dividends.

In addition, through our shareholder benefit program, we will provide shareholders with a greater understanding of our Group's products and our businesses, striving to expand our base of shareholders who will support us over the medium to long term.

Payout ratio and share buyback ratio



Do you have any final words for our stakeholders?

While our business environment continues to be marked by heavy volatility, we have technical capabilities primarily focused on materials and functions, along with a diverse business portfolio.

As CFO, I think my greatest duty, going forward, will be to not only connect these strengths to growth investment, but to also steadily produce returns.

By refining and elevating our financial and capital policies and by transparently disclosing information, we will engage in deeper dialogue with the market and work to sustainably increase our corporate value. I look forward to the ongoing support and understanding of our shareholders, our investors, and all other stakeholders.



R&D (Innovation) Strategy

R&D Supporting the Growth Strategy

Basic policies

Our Group positions R&D and intellectual property (IP) as an integrated function to support the growth strategy in the key focus areas under the Medium-Term Management Plan. At the same time, we are engaged in research and exploration that will lead to future competitive advantages and are nurturing the seeds of medium- to long-term growth.

Based on the above, in 2026 we will pursue initiatives in accordance with the following basic policies on research and development.

Basic policies on research and development

- Reinforcement of the research foundation aimed at rapid and steady profit generation
- Acquisition of large-scale themes by Research Solution Department
- Acquisition of new technologies and new businesses through the promotion of open innovation
- Promotion of environmentally friendly themes for business expansion and strengthening of overseas expansion

To strengthen marketing, we have reinforced the Research Solution Department at both the Nagoya and Kawasaki R&D Centers to accelerate the discovery of high-value-added themes in the short-, medium-, and long-term. We are also strengthening efforts to acquire new businesses and new technologies through open innovation with academia and venture companies.

Furthermore, we are promoting the protection and utilization of IP to establish the results created through R&D as a competitiveness. In addition to protecting our key focus areas, we are driving business growth by advancing risk management including responses to third-party rights and activating discussions through the IP landscape.

Strategy

R&D strategy

Our Group is strengthening R&D investment in our key focus areas of mobility, semiconductors, medical, and environment & infrastructure system. With the expansion of application (breadth) and the deepening of technological differentiation (depth) as the two axes, we are promoting the strengthening of technical capabilities and the expansion of our business areas.

Moreover, we are focusing on acquiring new technologies such as next-generation communications, Drug Delivery Systems (DDS), oligonucleotide therapeutics, carbon-neutral solutions, biomass utilization, and biosynthesis, and will continuously create highly competitive, highly functional product groups.

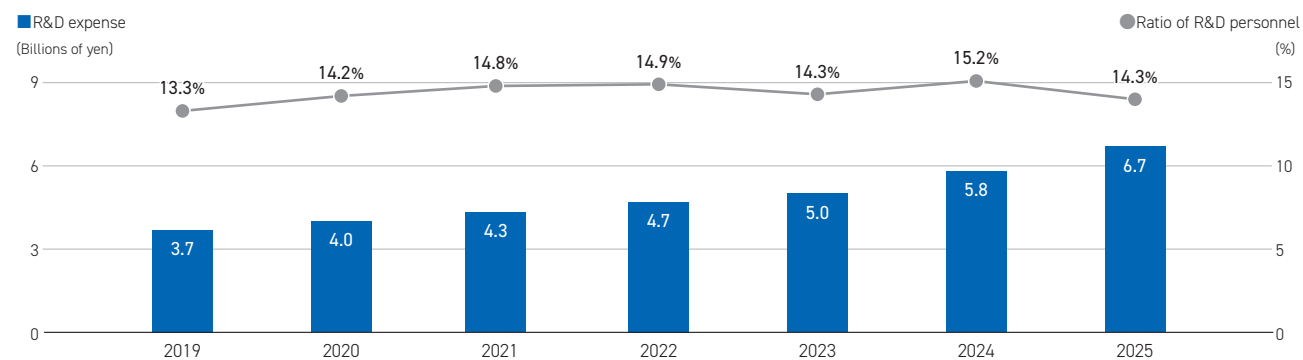
Our Group is advancing the expansion of R&D investment and the strengthening of R&D personnel to establish competitive advantages in its key focus areas.

R&D expense in 2025 was 6.7 billion yen (4.1% of net sales). To further strengthen our innovative R&D capabilities and make our technological foundation unshakable, we will continue to increase R&D expenses and maintain a ratio of at least 4% to net sales.

We will also actively introduce external technologies through collaborative research with universities and investment and partnerships with startups. At the same time, we will promote the acquisition of higher-order processing technologies as well as analysis and evaluation technologies to expand and deepen our core technologies.

Furthermore, we are promoting the utilization of DX and AI, including materials informatics (MI), to improve R&D efficiency. Through the use of data, we will streamline exploration and process optimization, as we aim to accelerate development speed and improve the investment efficiency of R&D.

R&D expense and ratio of R&D personnel*



*Ratio of R&D personnel (%): number of research, technology and development personnel ÷ Consolidated number of employees × 100

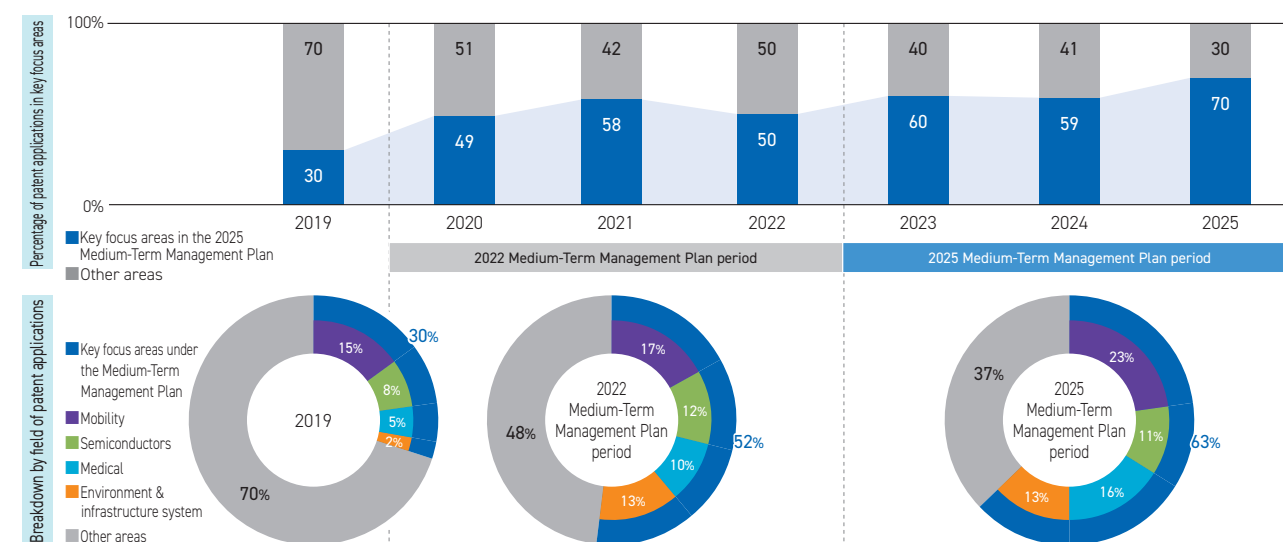
IP strategy

In the key focus areas under the Medium-Term Management Plan, our Group is prioritizing efforts to discover short-term themes aimed at deepening technology and achieving early profit generation. At the same time, we are also advancing the exploration of medium- to long-term themes, both within our key focus areas and beyond them.

The status of R&D investment for each period of the Medium-Term Management Plan is shown in the figure as a comparison between the percentage of patent applications in key focus areas and the breakdown by field. In 2025, by continuing focused investment in key focus areas, the proportion of patent applications in these areas grew. Furthermore, regarding the composition of applications within key focus areas, we are building a well-balanced patent portfolio with an eye to future business development.

Going forward, we will continue to enhance competitive advantages in our key focus areas while working to expand our business domains.

Comparison of the percentage of key focus areas and the breakdown by field in our Group's patent applications



*Percentage of patent applications = Calculated as a percentage of the total number of patent applications filed by the Group in Japan

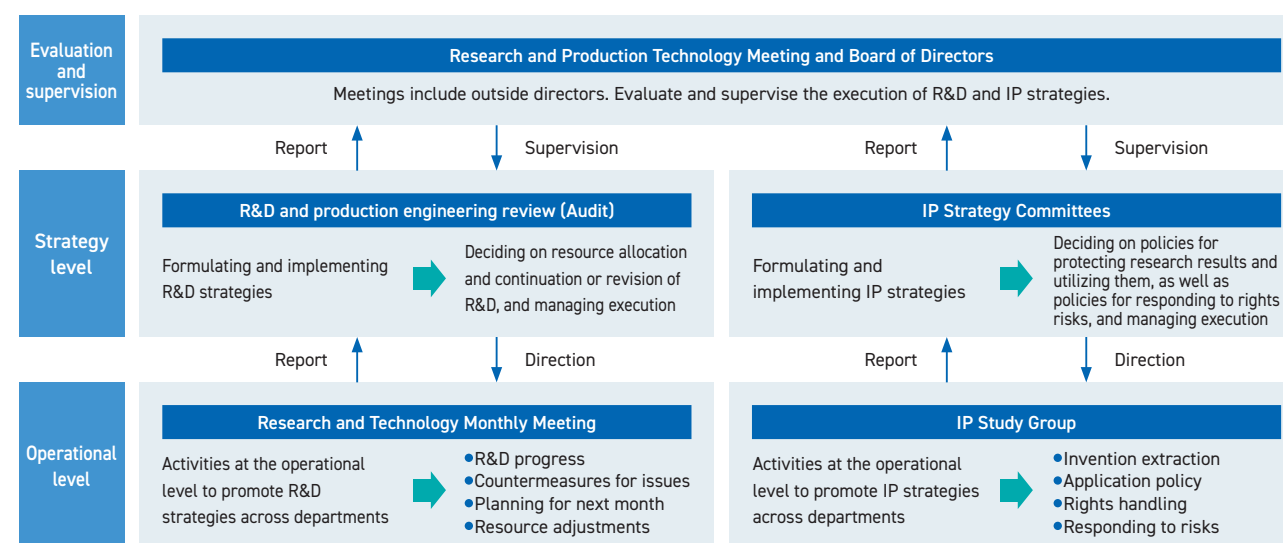
Governance system

In order to promote R&D and IP activities consistent with its business strategy, our Group has established a governance system, as shown in the figure below, in which the Research and Production Technology Meeting and the Board of Directors including outside directors supervise the execution of strategies for business, R&D, and IP.

At the strategy level, we formulate key R&D policies and resource allocation as well as policies for protection and utilization of IP, and regularly monitor the status of execution. We have established cross-functional meetings involving related departments such as R&D, production technology, IP and business divisions to promote themes while ensuring alignment among business strategies, R&D strategies, and IP strategies. On the operational level, we carry out activities to implement the policies decided at the strategy level for research and IP and to manage the progress of these activities.

For priority themes, these meetings are used to determine how to proceed with research and policies on the use of IP particularly quickly as a framework to update these policies in response to changes in the external environment.

R&D and IP governance system



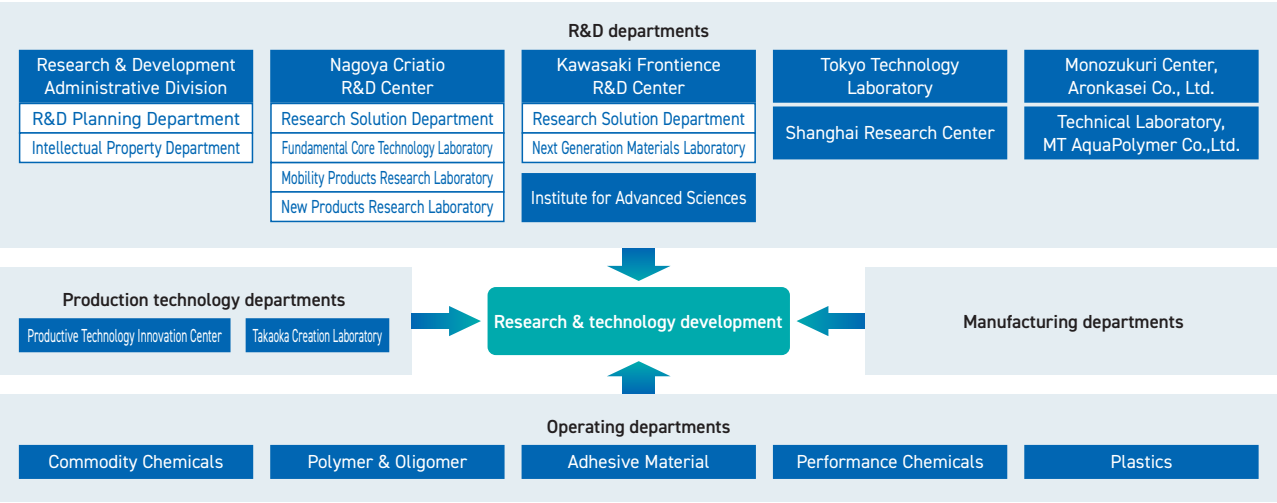
R&D (Innovation) Strategy

System

Research and technology development system and initiatives

Our Group will continually tackle new challenges in the creation and provision of new value through the chemicals business with an eye on the future of society. We also aim to become a corporate group whose created value is trusted by society and contributes to society. We have positioned the Kawasaki Frontience R&D Center and the Nagoya Criatio R&D Center as our two major east-west R&D bases, and we will promote co-creation and value creation by leveraging the strengths of each location. We are strengthening the Research Solution Department to accelerate the acquisition of large-scale themes and overseas expansion. We flexibly deploy R&D personnel to promote effective and efficient research and development to accelerate new product development and strengthen our core competencies.

Research and technology development system



Research and technology development bases

Nagoya Criatio R&D Center

The center is positioned as a core base for R&D of promising technologies and materials, and high-value-added product groups that will open up the future of the Toagosei Group. We have established the Fundamental Core Technology Laboratory, the New Products Research Laboratory, the Mobility Products Research Laboratory, and the Research Solution Department, and the Intellectual Property Department is also stationed there. We are strengthening our core competencies and expanding our core businesses. In addition, we also strengthen research and technology development aimed at acquiring higher-order processing technologies at our two technology development laboratories.

- Research Solution Department**
Engages in business expansion by creating new markets different from our existing businesses through the exploration of new applications for our high-value-added products and co-creation with customers in Japan and overseas. Consistently executes everything from theme exploration to proposals, and accelerate the discovery of high-value-added themes over the short-, medium-, and long-term.
- Fundamental Core Technology Laboratory**
Promotes the development and strengthening of assessment and analysis technologies that form the foundation of research and development and product differentiation, as well as the establishment and utilization of environments for machine learning and computational chemistry. The laboratory also conducts exploratory research and application research based on our core technologies. As a corporate function, it will accelerate research and technological development by acting as a cross-cutting link connecting related departments.
- Mobility Products Research Laboratory**
Advances the development of innovative materials such as functional adhesives and battery materials in the battery materials field, with a primary focus on automotive applications. At the same time, we are working on the development and enhancement of evaluation technologies and capabilities to promote development efficiency.
- New Products Research Laboratory**
Covers development of high-value-added products based on our Company's core technologies. Accelerates the market launch of differentiated new products by promoting development with customers deeply sharing social issues and the value we provide. In addition, the laboratory also collaborates with our overseas bases to promote the overseas expansion of high-performance products.

Kawasaki Frontience R&D Center

The Kawasaki Frontience R&D Center, which opened in 2024, is promoting research and development of next-generation materials that will form the core of new businesses, while strengthening co-creation with customers in the Kanto region and northward to expand existing businesses. With excellent access to Haneda Airport, the center is aiming to spearhead global research and development efforts.

- Research Solution Department**
Matches our core technologies with market trends, identifies promising new large-scale project topics and develops products through co-creation with customers in the Kanto region and northward, primarily in the Tokyo metropolitan area, and practical verification.
- Next Generation Materials Laboratory**
Conducts research and development into innovative technologies and materials, primarily in the life sciences and environmental fields, such as medical products, cellulose nanofibers, and next-generation battery materials that have potential to become the core of our new businesses.

Institute for Advanced Sciences

Works toward the commercialization of cell penetrating peptides for the next-generation Drug Delivery Systems (DDS), which are expected to be used for oligonucleotide therapeutics delivery and gene delivery. The Institute also actively conducts activities from fundamental research to applied studies in a broad range of life-science-related fields, including functional peptide research and nucleic acid research, via partnership programs with the Center for iPS Cell Research and Application at Kyoto University and with the Graduate School of Agricultural and Life Sciences at the University of Tokyo.

Productive Technology Innovation Center

It was established in 2026. Works in close collaboration with new materials development and takes end-to-end responsibility from the initial stages of R&D through to the basic planning of mass production facilities.

Takaoka Creation Laboratory

The Takaoka Creation Laboratory has been established at the Takaoka Plant, our manufacturing base for Adhesive Material business. We promote product development that is closer to our customers by establishing an integrated manufacturing system encompassing all processes from development to manufacturing for various functional adhesives, including instant adhesives.

Tokyo Technology Laboratory

Taking advantage of its excellent location (next to our Head Office), operating departments and sales departments promote swifter solutions for the issues faced by our customers by conducting tests attended by customers and evaluation and analysis of customer-provided base materials by themselves.

Shanghai Research Center

This is a development base established in 2023 to ensure our products can be adopted even in the highly competitive Chinese market. It mainly develops battery materials and adhesives, and repeatedly conducts evaluations and improvements to meet the needs of local customers. Through these initiatives, it is working to gain trust in our technologies and strengthen our technical capabilities. In addition, by feeding back local customer needs to our domestic development teams, it is enhancing the Company's product development capabilities.

Monozukuri Center, Aronkasei Co., Ltd.

As part of our Plastics business, this center contributes to society by addressing social issues (natural disaster risks, aging infrastructure, super-aged society, and global warming) by promoting the development of sewer pipeline repair materials and nursing care products, as well as the development of recyclable materials. It has shifted to a development system that can propose solutions, including systems, and it will also work on research and development with a focus on growth areas (semiconductors, mobility, and healthcare).

Technical Laboratory, MT AquaPolymer Co.,Ltd.

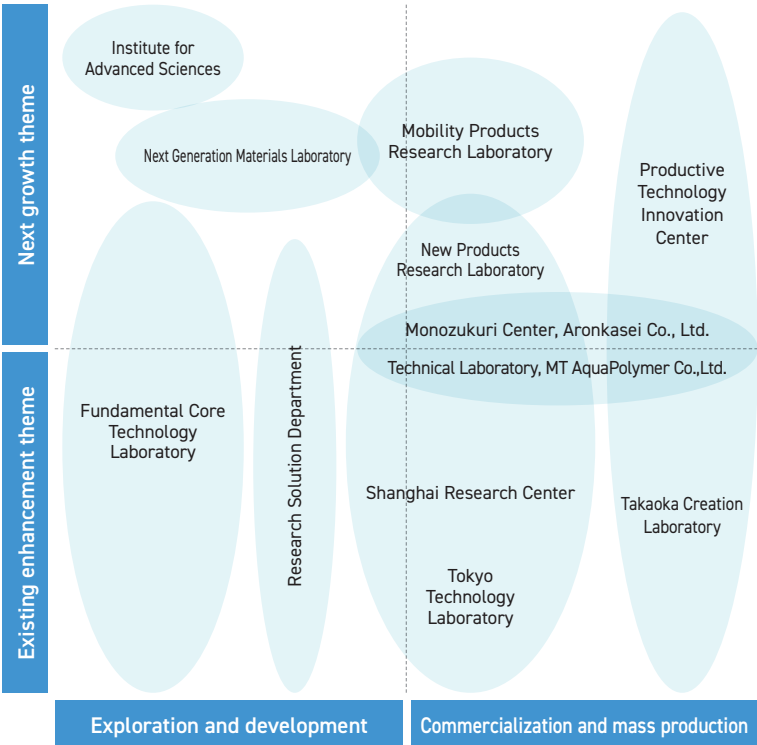
Leveraging the precision polymer technologies it has accumulated to date, it provides technical services that address increasingly sophisticated and diversified wastewater and sludge treatment. It will provide more advanced solutions by integrating these technologies.

Roles of R&D bases

To visualize the roles of each R&D base, we have organized them into four quadrants using the two axes of "exploration and development to commercialization and mass production" and "existing enhancement themes to next growth themes," and illustrated them in a diagram. The positioning of each quadrant is as follows.

- Existing enhancement themes x commercialization and mass production
Maintenance and strengthening of competitiveness in existing business areas
- Existing enhancement themes x exploration and development
Acceleration of expansion in existing business areas
- Next growth themes x commercialization and mass production
Acceleration of monetization of new business areas that will become the fourth pillar
- Next growth themes x exploration and development
Strengthening of exploration of new business areas that will become the fourth pillar

We have three laboratories (Institute for Advanced Sciences, Mobility Products Research Laboratory, and Next Generation Materials Laboratory) that clearly define resource input and output in key focus areas, and we have put in place an R&D system that conducts balanced research and development from exploration to mass production across both key focus areas and other fields. Each R&D base shares roles while collaborating to promote ambidextrous efforts.



R&D (Innovation) Strategy

Source of Value Creation

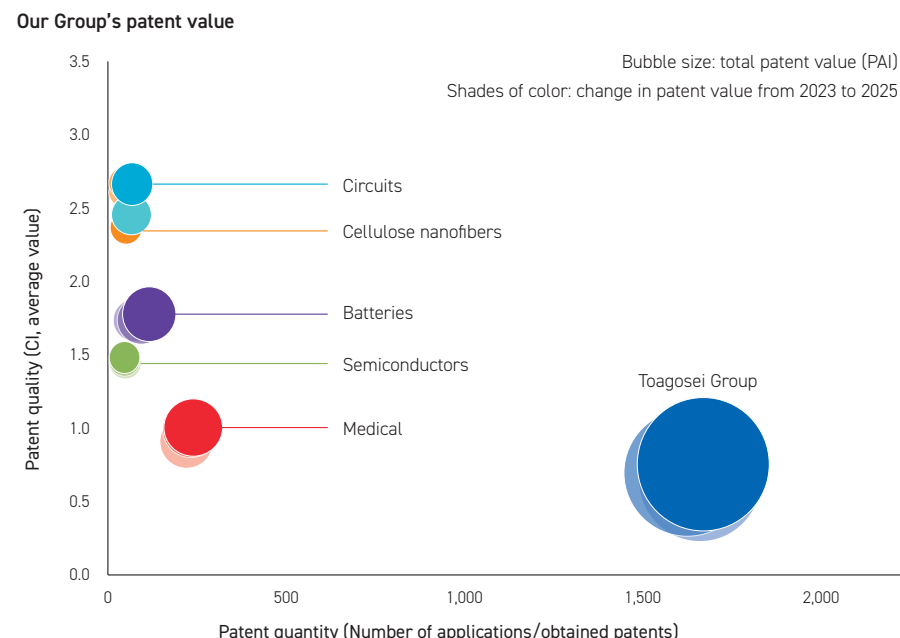
The patent value supporting our business competitiveness

Our Group is strengthening the patent portfolio that serves as the source of competitiveness by advancing R&D and rights acquisition in key focus areas aligned with our business strategy. In this section, we first present an overview of the patents held by our Group, then use lithium-ion battery (LiB) binders as a specific example to illustrate the relationship between patent value and business results.

Overview of patents held by our Group

Our Group is steadily increasing the number of valid patents while continuously working to improve patent value. Although patent value generally tends to decline over time, our Group's patent value is rising, and we are strengthening our patent portfolio in terms of both quality and quantity.

In 2025, patent quality has shown improvement compared to the previous year in circuits, semiconductors, batteries (mobility), and medical technologies, and these are enhancing the Group's patent value.



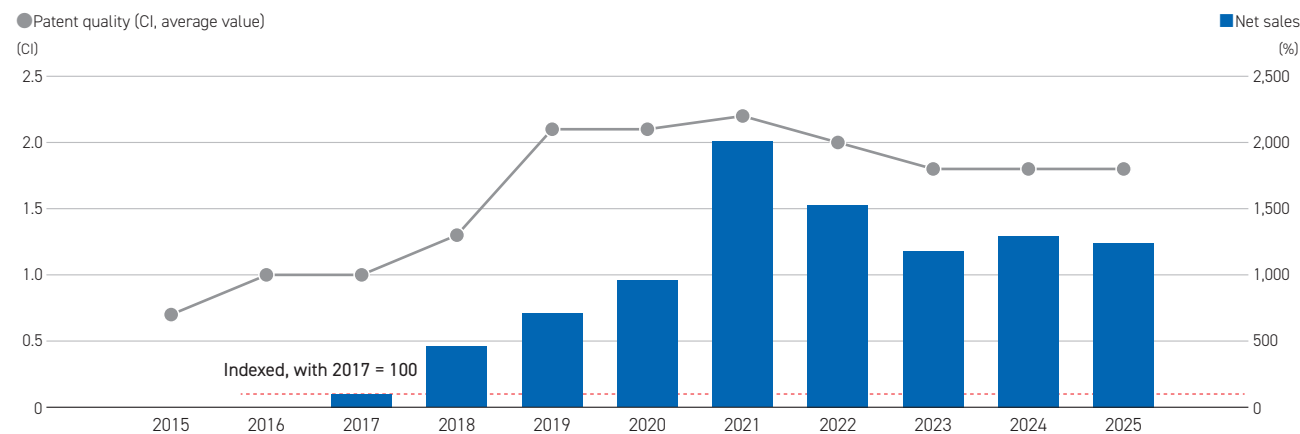
*Prepared by our Group using LexisNexis® PatentSight+, a patent analysis tool of LexisNexis Intellectual Property Solutions, USA. The shades of color show the transition of patent value from 2023 (light) to 2025 (dark) (patent value at the end of each year 2023, 2024, and 2025). Competitive Impact (CI): an average value index per patent family calculated by multiplying the technical value calculated based on the number of citations by the market value calculated based on the status of country application/rights. Patent Asset Index (PAI): total patent value obtained by multiplying average CI by the number of patents.

Relationship between patent value and business results for LiB binders

The strengthening of the patent portfolio described above can also be clearly seen in LiB binders, one of our key focus areas.

In the LiB field, as anode materials become more advanced, the importance of the binders that support them is also increasing. Our Group has continuously pursued R&D and rights acquisition for LiB binders. As a result, patent quality has improved since 2018. Although patent quality declined due to changes in citation trends from later-filed patents and shifts in patent portfolio composition from 2021 to 2023, it has generally remained stable since 2023.

Trends in patent value and sales for LiB binders



*Prepared by our Group using LexisNexis® PatentSight+, a patent analysis tool of LexisNexis Intellectual Property Solutions, USA. CI, the average value of patents at the end of each year from 2015 to 2025, is used.

Although an increase in patent value does not immediately translate into sales, it promotes understanding of our Group's technical capabilities and IP strategy and contributes to expanding opportunities for dialogue and collaboration with customers. Although multiple factors such as market conditions and adoption trends influence sales trends, these IP activities form one of the foundations supporting the expansion of the LiB binder business.

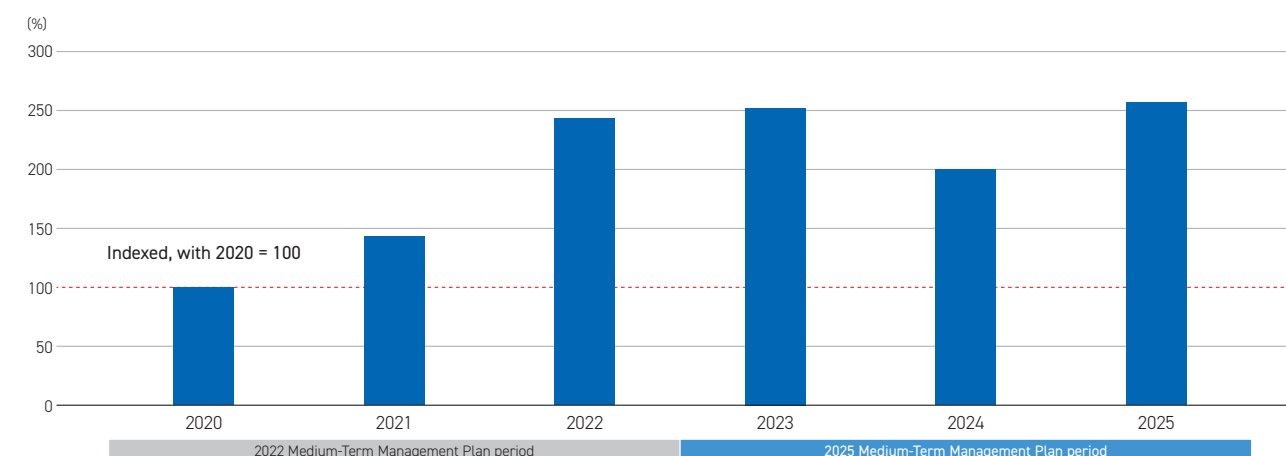
Going forward, we will continue to create high-quality inventions, protect and utilize rights, and enhance business value and corporate value.

Expansion of co-creation with external partners

Our Group is strengthening the foundation of competitive advantage by enhancing our patent value while continuing to promote open innovation that utilizes external knowledge and technologies. In addition to product adoption through collaborative development starting from customer challenges, we are accelerating initiatives from technology exploration to commercialization by leveraging knowledge gained through collaboration with academia and venture companies.

The number of collaborative research and development contracts is on an upward trend, and collaboration with external partners is steadily expanding. "Aron cure," a hemostatic agent, is an example of a product that has been commercialized through these efforts. Going forward, we will continue to explore new businesses through co-creation with external partners.

Trends in the number of collaborative research and development contracts (Indexed, with 2020 = 100)



Human capital development

Our Group is strengthening investment in people while working to create a system that continuously promotes R&D and new business exploration. From the perspective of providing diverse challenges and growth opportunities, we are expanding opportunities for research staff to engage with external knowledge by dispatching them to universities and research institutions, accepting internship students from universities, and making presentations at academic conferences and submitting papers. We are also enhancing our global collaboration capabilities through support for language learning and training programs at overseas research institutions.

Furthermore, by combining IP education with researcher education, we are promoting the development of human capital who can consistently take charge of everything from the creation of research results to the acquisition and utilization of rights. We are strengthening the organization's overall growth capability by developing a support system that leverages the flexible thinking of our young researchers, enabling them to proactively propose and drive research topics while collaborating closely with those around them.



Training utilizing generative AI

Our Group is expanding the information gathering and research education that has been conducted annually mainly by research departments. In recent years, while incorporating the IP landscape approach that provides an overarching view of markets, technologies, and intellectual property, we are expanding training on research and proposal support utilizing generative AI to relevant departments. By utilizing generative AI in researching markets, technologies, and applications, and for drafting proposals aimed at customer acquisition, we are accelerating the initial stages of new business exploration and proposal activities.

We are also sharing specific input methods, description examples, and points to note in order to alleviate concerns about the use of generative AI. All output from generative AI is manually verified and supplemented before use, allowing us to achieve both higher-quality proposals and faster operations.

Developing New Businesses

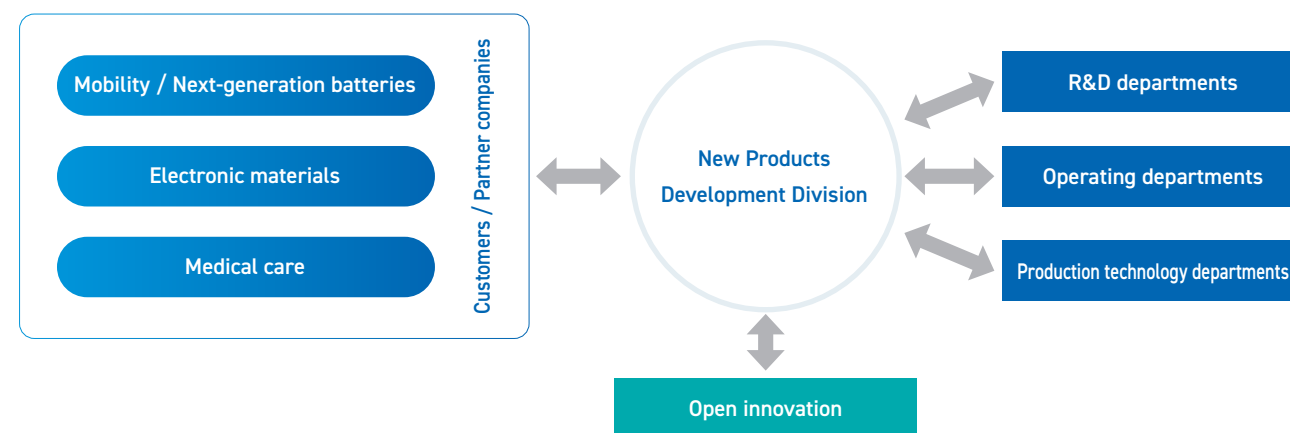
The New Products Development Division is engaged in the research and development of innovative chemical materials that pave the way to the future. Our mission is to provide new value to our customers and society focused on three key focus areas: mobility, electronic materials, and medical care. Using our core technologies in the areas of molecular design, compounding, and analysis, we explore innovative ideas and pursue the highest quality, providing high-value-added products that meet the sophisticated demands of our customers.

We especially value close connections with our customers and aim to propose order-made solutions that quickly and accurately address their needs. Diverse human capital from our R&D departments, operating departments and production technology departments work as a unified team to strengthen collaboration with our partner companies and research institutions, utilizing open innovation to achieve early output for each research theme while continuing to take on challenges aimed at achieving a sustainable society.



Executive Officer, General Manager,
New Products Development Division
Toshiaki Takei

Role of the New Products Development Division



CASE 2 Developing dental bone filling materials using new materials

EGCG-modified gelatin sponge and β -TCP composite

The Company is working on the development of new dental bone graft materials by combining EGCG*-modified gelatin developed by Osaka Dental University and Kyoto Institute of Technology with β -TCP, a highly bioabsorbable material composed of calcium and phosphorus similar to bone. Dental bone graft materials are used in dental implant treatment to regenerate alveolar bone when bone thickness or height is insufficient and play an essential role in improving the success rate of implant treatment. The product under development is expected to improve convenience for dentists with its faster bone regeneration speed and superior usability compared to conventional products. Going forward, we will apply the sponge manufacturing technology we have cultivated over the years and aim for early commercialization.

*EGCG: (-)-epigallocatechin gallate

Schematic diagram of the preparation of EGCG-modified gelatin sponges (EGCG-GS) by aqueous synthesis

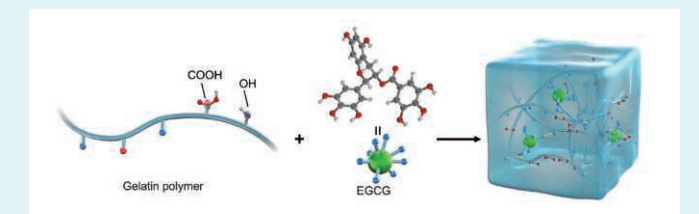
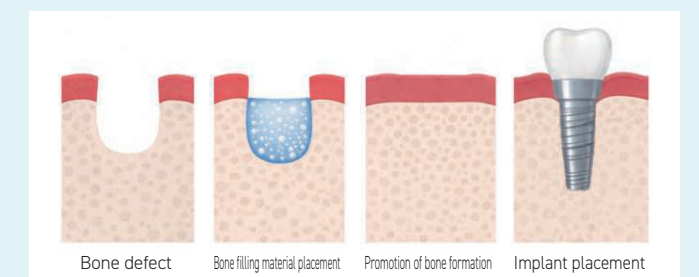


Diagram of alveolar bone regeneration and implant treatment with bone filling materials



CASE 1 Outer lens for LiDAR

ARONIX Sheet

Light Detection and Ranging (LiDAR) is a next-generation sensing technology that uses laser light to detect objects several hundred meters away even in dark locations. It has begun to be used in a wide range of fields to expand autonomous driving in automobiles, robotics, and other applications. ARONIX Sheet is a high-quality sheet created by newly developing proprietary reaction control technology and three-dimensionally cross-linking the acrylic special oligomer "ARONIX," which is normally used in adhesives and coating agents at the thicknesses of several microns, into a plate form. It combines excellent laser light transmittance, environmental durability, and resistance to cracking to maximize LiDAR performance. With adoption in Japan as the starting point, global expansion is accelerating. We are also promoting expansion into new applications such as smart glasses.



CASE 3 Contributing to carbon neutrality in the mobility field

Solid electrolytes for next-generation batteries

To further expand the battery materials business, we are promoting the development of high ion-conductive solid electrolytes for all-solid-state batteries, a market that is expected to grow in the future. While leveraging our technological capabilities developed across our Group's extensive business scope, we are actively incorporating new technologies and working on the development of competitive solid electrolytes from both organic and inorganic materials. Organic materials such as organic crystals and polymers are being developed for practical use as gap fillers and binders in all-solid-state lithium-ion batteries. Meanwhile, oxide-based inorganic electrolytes for sodium-ion batteries have been successfully manufactured at pilot scale, and we are aiming for customer acquisition both in Japan and overseas by targeting applications not only in all-solid-state batteries but also as performance-enhancing materials for conventional liquid-electrolyte batteries.

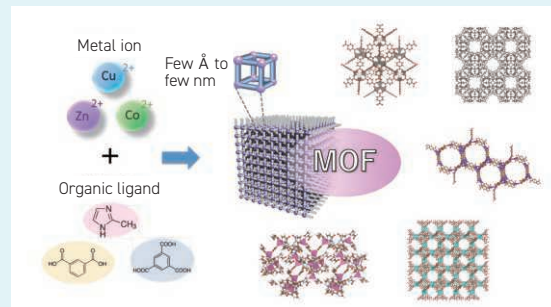


Developing New Businesses

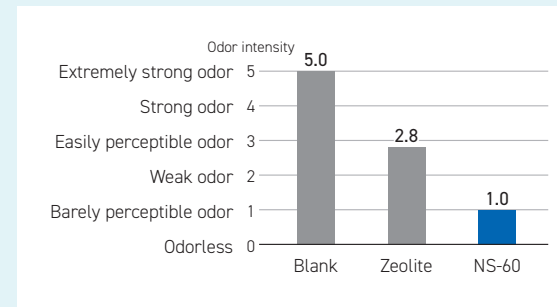
CASE 4 New deodorant developed from the porous material MOF**KESMON “NS-60”**

The Company markets the inorganic deodorant KESMON, which works through chemical adsorption, and it is widely adopted for deodorant textiles and nursing care products. We have developed the new deodorant KESMON “NS-60,” which is made from metal organic framework (MOF), a porous material that has attracted attention in recent years. “NS-60” demonstrates superior deodorizing performance against a wide variety of odors compared with conventional products and can be used for a broad range of applications, including odors from recycled resin. Going forward, based on the design and manufacturing technologies for inorganic functional products that we have developed, we will promote the synthesis and production of various MOFs and aim for social implementation and expansion of applications not only to deodorization but also to environmental purification, gas separation, and a variety of other fields. We believe we can contribute to solving social issues and sustainable growth through these R&D activities.

Diagram of MOF



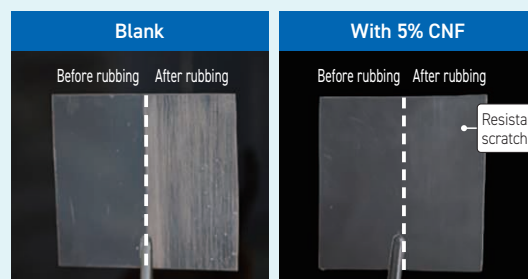
Deodorizing effect of KESMON “NS-60” on recycled resin odor

**CASE 5** Cellulose nanofibers (CNF)**Developing hydrophobic-modified CNF**

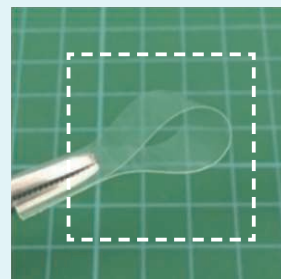
AronFibro T-OP100 (oxidized cellulose), which is currently on the market, leverages its characteristics of low viscosity and high concentration and is adopted for pigment dispersion applications such as paints. However, its use is limited to water-based materials because it is supplied with water as the dispersion medium. We have developed hydrophobic-modified CNF using our unique technology to expand the application of CNF. When incorporated into UV-curing resins, CNF with a diameter of several nanometers does not block light and improves the scratch resistance and bend tolerance of the resin after curing. In particular, it is expected to reinforce transparent materials (optical components, etc.), which have conventionally been difficult to reinforce. Furthermore, by taking advantage of CNF's low coefficient of thermal expansion, it is also expected to be applied to adhesives and other materials that exhibit minimal dimensional change due to temperature. In 2026 we will establish a sample evaluation system, obtain evaluations from many customers, and aim for early adoption.

Reinforcement for both hardness and flexibility

Improved hardness and scratch resistance of coating film



Bend tolerance also improved!



Hydrophobic-modified CNF

*Using polarizing plate

**Toward early output of development themes****Research Solution Department****Fusion of customer needs, and the Company's seeds and functions**

The Research Solution Department, operating under an organizational structure that integrates research, sales, and development functions, is promoting the discovery of high-quality new large-scale themes through the matching of market needs and the Company's seeds. By consistently handling everything from theme exploration to proposal, the department promptly identifies short-, medium-, and long-term high-value-added themes and quickly delivers outputs. Targeting growth fields such as semiconductors and mobility, it will roll out its core business products, including adhesives, polymers, ARONIX, and high-performance inorganic materials. The department is also actively advancing co-creation with major users and expansion into overseas markets. By accurately capturing the latest market trends and customer needs and creating valuable solutions with flexible thinking and a sense of speed, it will continue to contribute to business expansion and the development of new markets.

Productive Technology Innovation Center**End-to-end responsibility from early-stage research through basic planning for mass-production facilities**

The Productive Technology Innovation Center was established with two objectives: to facilitate the smooth scale-up and early market launch of new products, and to realize a next-generation operating model that combines competitiveness with stable operations, taking the integration of three electrolysis plants as a model case. As our R&D divisions work to create “No. 1” - “Only 1” products, numerous new materials have been developed using production technologies that are new to the company. To bring these new products to market rapidly through competitive manufacturing processes, the Center will adopt innovative approaches, establish a collaborative framework with the engineering and plant technology development divisions, and drive development by making active use of pilot facilities and full-scale production equipment at its plants. In the process, the Center will also nurture talent in process development and aim to become a core organization for the company's production technology.

Accelerating conversion of development themes to value at maximum speed**Research Solution Department****Fusion of customer needs and the Company's seeds**
Ability to capture the market

Creating valuable themes from a market-driven perspective

- Exploration of market needs
- Integrated organization of research, sales, and development
- Creation of large-scale themes
- Deployment in semiconductors and mobility
- Co-creation with overseas and major users

**Productive Technology Innovation Center****From process development to basic planning of mass production**
Capability to develop new materials

Establishing a competitive advantage through innovative processes

- Scale-up
- Building competitive processes
- From pilot to actual equipment utilization
- Collaboration between plants and engineers
- Next-generation operating model



Realizing maximum business speed

Early output

Challenges Toward the Creation of Innovative Next-Generation Oligonucleotide Therapeutics

Oligonucleotide Therapeutics are a new generation of treatment that directly act on “disease blueprints” such as mRNA.

Achieving fundamental treatment

By blocking the production of disease-causing proteins upstream, we aim to overcome rare diseases, cancer, and intractable neurological diseases that have been difficult to treat with conventional medicines.

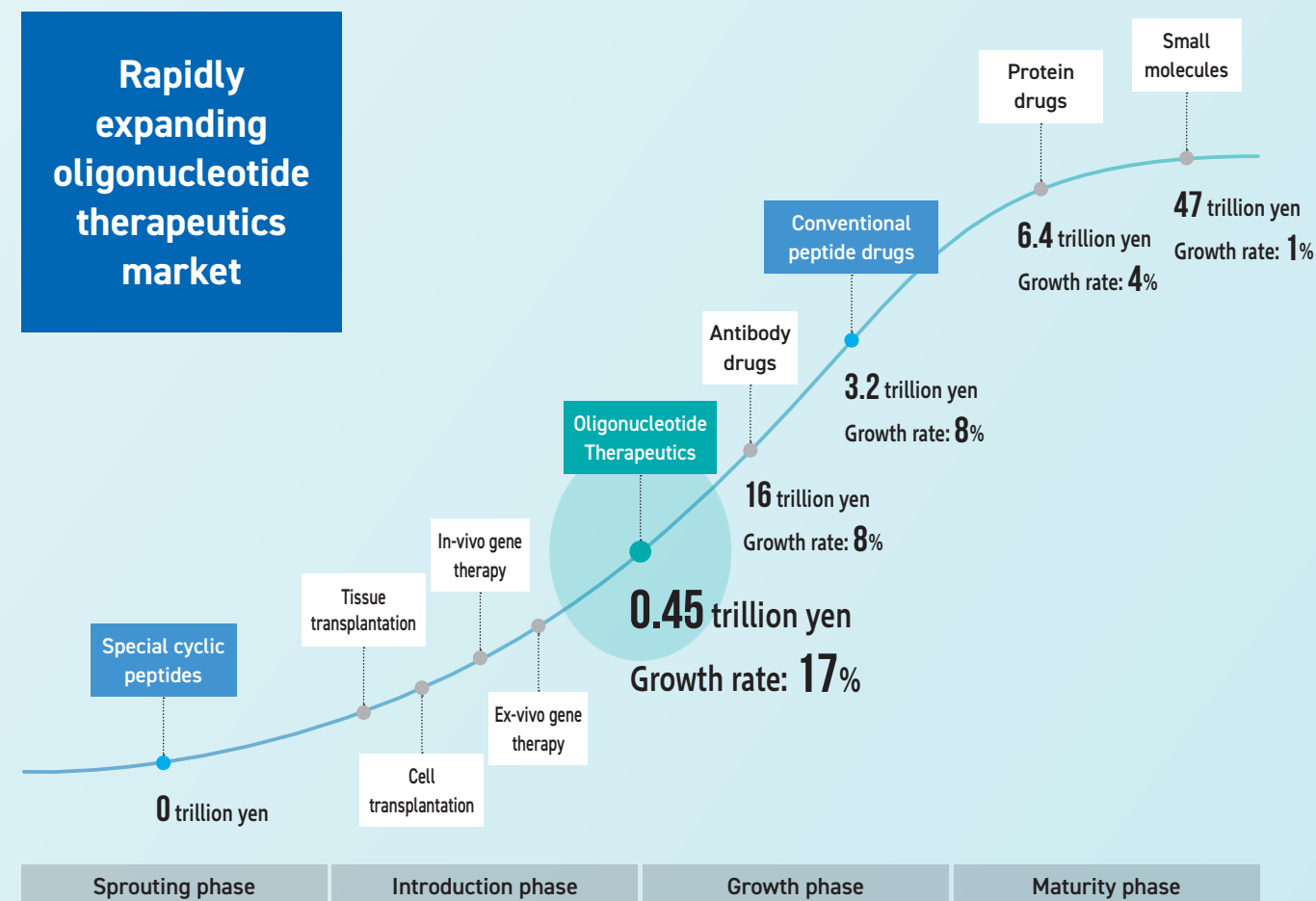
Safety and efficacy

Efficient treatment with minimized side effects is possible by precisely targeting specific genes.

Growth potential

The market size is expected to reach approximately two trillion yen by 2030 (approx. nine times compared to 2018).

The Company will contribute to realizing this “ultimate personalized medicine,” redefine medical standards, and strive to enhance its corporate value.

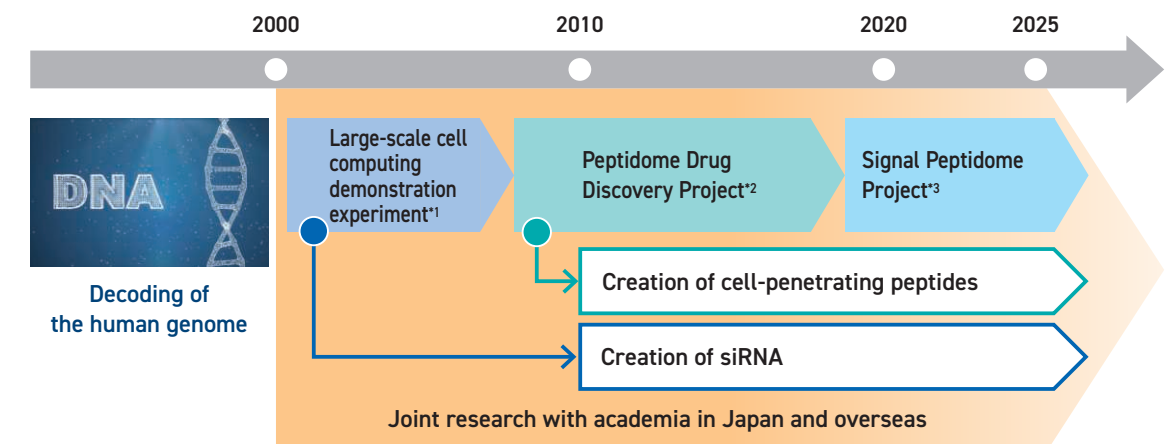


Source: Prepared by modifying the “Survey on Challenges for the Industrialization of Pharmaceuticals and Initiatives Necessary for Solving Them” (Arthur D. Little), Cabinet Secretariat Pharmaceutical Development Council, December 23, 2020. (<https://www.cas.go.jp/jp/seisakukaigi/kenkouiryuu/iyakuhin/dai2/gijisidai.html>).

Our initiatives

[History of our development]

Starting with the production of ammonium sulfate based on ammonia synthesis established in the early Showa era, we developed BT pesticides in the 1980s and entered the field of antibody drugs in the 1990s. The technologies gained through these efforts have been passed down to our medical business from the 2000s onward.



*1 Promoted the gene disease treatment research project and the human genome interchromosomal regularity elucidation project with NTT DATA.

*2 Collaboration with the Molecular Biology Laboratory, Keio University School of Medicine, the Keio University Research Center for Advanced Science and Technology, and the Genetic Medicine Laboratory, Keio University School of Medicine.

*3 Collaboration with the Signal Peptidome Research social cooperation research program in the Graduate School of Agricultural and Life Sciences, The University of Tokyo.



Institute for Advanced Sciences (Tsukuba City, Ibaraki Prefecture)

At the Institute for Advanced Sciences, we started genetic disease treatment research with NTT DATA immediately after the completion of the Human Genome Project. Since 2007, we have been conducting research on genetic medicine, including genome analysis, in collaboration with the Molecular Biology Laboratory, Keio University School of Medicine. **siRNA** designed based on these research outcomes has overwhelming high functionality, and research outcomes are steadily accumulating. Subsequently, we pursued the Peptidome Drug Discovery Project in collaboration with Keio University Research Center for Advanced Science and Technology, and in April 2023, we established the Signal Peptidome Research social cooperation research program in the Graduate School of Agricultural and Life Sciences, The University of Tokyo. We have discovered innovative **cell-penetrating peptides**. Currently, through comprehensive analysis of signal peptides, we are exploring unknown life phenomena, and in collaboration with academia and alliance partners in Japan, we are advancing initiatives toward commercialization.

Challenges Toward the Creation of Innovative Next-Generation Oligonucleotide Therapeutics

Point

1

siRNA

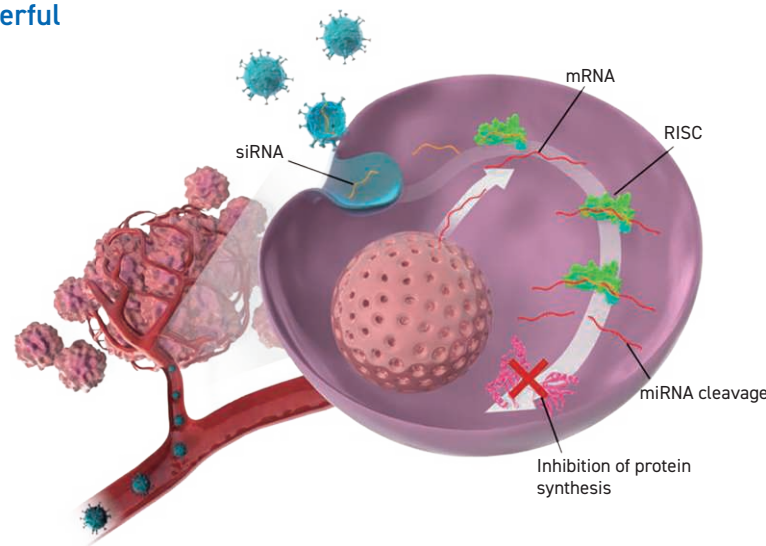
Among oligonucleotide therapeutics, small interfering RNA (siRNA) is currently attracting particular attention. Although there was a time when it was said that practical application would be difficult, it has now become the leading player in oligonucleotide therapeutics development.

1. Why siRNA is the most powerful

The most distinctive feature of siRNA is that it hijacks and utilizes the natural mechanism of RNA interference (RNAi) within the cell. Once siRNA is incorporated into the RNA-induced silencing complex (RISC) in the cell, a single siRNA molecule acts as a catalyst that successively cleaves target mRNA molecules one after another. This allows for dramatic effects at small doses, making it possible to reduce the administered dose and suppress the risk of side effects.

2. Why has siRNA been chosen?

siRNA has overwhelming activity and durability due to RNAi (catalytic degradation). There are cases where administration once every six months is sufficient. Once siRNA enters the cell, it continues to work stably, offering patients the possibility of a lifestyle previously unthinkable with conventional drugs, one in which treatment can be completed with just one or two injections per year. This is a major reason why pharmaceutical companies are moving to accelerate development.



Point

2

Cell-penetrating peptides

Oligonucleotide Therapeutics are not effective unless they enter the cell. However, because nucleic acids are extremely large and carry a negative charge, they are blocked by the lipid membrane of the cell wall. Cell-penetrating peptides (CPP) are attracting attention as the carriers (DDS) that break the cell wall.

1. Unparalleled smallness and simplicity

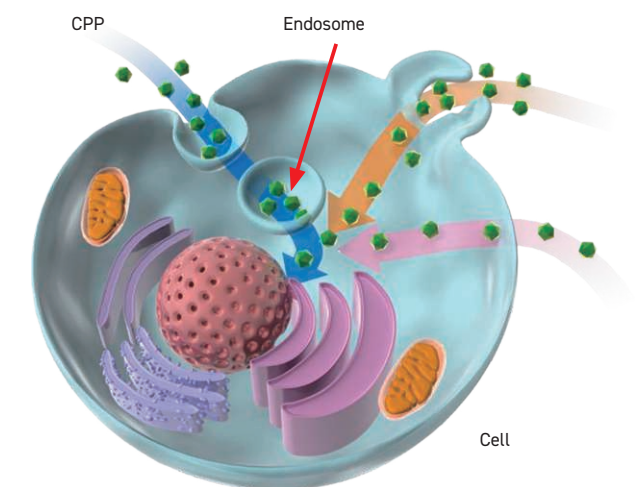
Because of their simple structure and small molecular weight, CPP can easily penetrate deeper into tissues, and there is potential to reduce manufacturing costs.

2. Improving the efficiency of endosomal escape

When cells take in foreign substances, they are usually trapped in an endosome sac and subsequently degraded. For the drug to work, it must escape from this sac. Certain CPPs have the ability to directly pass through the cell membrane or efficiently disrupt the endosomal membrane. This is expected to enable more efficient delivery of the drug to its intended location (cytoplasm or nucleus) compared to lipid nanoparticles (LNP).

3. Various conjugation variations

CPPs can be chemically linked (conjugated) directly to oligonucleotide therapeutics. Unlike those wrapped in lipid sacs such as LNP, it is possible to customize them by combining targeting elements that bind to receptors on the surface of targeted cells. This increases the precision to target only specific organs or cancer cells.



Talking with key personnel

Our strength is in oligonucleotide therapeutics research centered on siRNA and CPP

Institute for Advanced Sciences

Fellow Tetsuhiko Yoshida, Research Manager

Former Visiting Professor at Genetic Medicine Laboratory, Keio University School of Medicine

We are working on the creation of next-generation oligonucleotide therapeutics by advancing the two pillars of the creation and optimization of siRNA based on original molecular design, and research on cell-penetrating peptides (CPP) aimed at oligonucleotide therapeutics DDS. We create high-function siRNA through target sequence design, chemical modification, and improvement of activity and specificity based on mechanism of action, and optimize their selective delivery to target cells, intracellular translocation, and endosomal escape in an integrated manner. We aim to create new treatment concepts for unmet medical needs such as intractable diseases, neurodegenerative diseases, and rare diseases, and are actively expanding joint research with universities in Europe and the U.S.



PICK UP

Development of CPP, a next-generation DDS that surpasses existing technologies
—Revolutionizing nucleic acid and gene therapy through collaborative research with the Center for iPS Cell Research and Application, Kyoto University

We are developing cell-penetrating peptide (CPP), a next-generation Drug Delivery System (DDS) that will accelerate the real-world application of oligonucleotide therapeutics and gene therapies, through collaborative research with the Center for iPS Cell Research and Application, Kyoto University.

Our proprietary design technology optimizes the charge and hydrophobicity of short-chain amino acids of 10 to 30 residues, and has dramatically improved the intracellular delivery and expression efficiency of siRNA and mRNA. Research is currently advancing across four areas: cell targeting, endosomal escape control, conjugation, and multifunctional complexes. We aim to establish innovative next-generation therapies by building a smart DDS platform that combines high efficiency and safety exceeding those of existing delivery technologies.

Special Feature Dialogue

Connect and Create — Discussing the Path to 2030

Technology & Production and Research & Development Departments × Sales, Purchasing, and Logistics Departments

New challenges toward 2030

The three year Medium-Term Management Plan that began in 2026 is an important step toward realizing our vision for 2030. The Group is planning to make 59.0 billion yen in capital investment over the course of three years with the aims of increasing operating income from 14.1 billion yen in FY2025 to 18.0 billion yen in FY2028. To realize our vision for 2030, “Own a portfolio of ‘number-one and unique’ high-function products that help solve social issues” and “Enhance corporate value through proactive growth investments and an optimized capital structure” are essential for the entire Company to work as one under the slogan “Connect and Create.”

In this special feature, Koji Nomura, the officer in charge of the technology & production departments, and Tatsuyuki Nonoyama, the officer in charge of the sales, purchasing, and logistics departments, discuss how their departments will contribute to the Medium-Term Management Plan and open up the future.

Creating the future across departments

Overall vision of the Medium-Term Management Plan

Nonoyama To start off with, I'd like to ask how you see the new Medium-Term Management Plan.

Nomura While being very ambitious, I feel it is an indispensable plan for the Group to move to the next stage. In particular, our four key focus areas, semiconductors, mobility, medical, and environment & infrastructure, are at the heart of the issues being faced by society. I believe that polishing our number-one and unique technologies in these areas and establishing a solid position for ourselves will lead to our vision for 2030.

Nonoyama Even from the perspective of sales, purchasing, and logistics, the fact that the plan has clearly defined growth areas is a significant step given uncertainty in the business environment. The external environment is changing dramatically in many ways, as can be seen in the advancement of AI and DX, increasingly sophisticated ESG demands, geopolitical risks, and inflation. That is exactly why I believe the direction of concentrating on key focus areas and accelerating global expansion is extremely important.

The role of the technology & production departments — Creating the future through technology development and capital investment

Nonoyama Under the action plan, accelerating technical development, helping speed up the generation of profits from

capital investment, and creating smart factories are listed as action plans in technology & production departments.

Nomura Yes. Especially in the semiconductor field, we need to further refine the products where we enjoy particular strengths, like our purified liquefied hydrogen chloride and purified caustic potash, and our acrylic polymer for CMP, which we hold the top market share worldwide. Every year, we're seeing even stronger user demand for purity improvements and supply stability.

Nonoyama Supply stability is also extremely important from a sales perspective. Our users have tight production schedules, and the key to earning their trust is minimizing supply risks.

Nomura In that sense, the creation of smart factories provides a major advantage. We're working to improve supply stability and achieve higher cost competitiveness by using the IoT and AI to optimize production processes and enhance quality management. Our mission is to maximize the returns we generate from our 59.0 billion yen in capital investment and start generating profit from them as soon as possible.

The roles of the sales, purchasing, and logistics departments — Creating a market and delivering value

Nomura Meanwhile, the sales, purchasing, and logistics departments' action plan includes establishing a track record of major projects for power users, enhancing sales capabilities, and optimizing overall logistics.

Nonoyama Yes. On the sales side, our highest priority will be bringing in orders for major projects in key focus areas. For semiconductors and mobility, technologies are evolving quickly, and user demands are becoming more and more advanced. We plan to coordinate with technical departments to discover new themes to address, and we will be enhancing our proposal-based sales.

Nomura On the technical side as well, it's going to come down to how well we can perform development work to address the needs gathered by sales. We will be conducting joint development with academia and ventures, and also taking the potential for M&As into consideration, as we strengthen our technical capabilities and expand our business areas.

Nonoyama In the field of purchasing and logistics, it is essential that we make our supply chain more resilient to deal with

fluctuations in the prices of raw materials and geopolitical risks. We're going to optimize logistics as a whole and centrally manage inventories, shipping, and procurement to create a system that is powerful with respect to both costs and risks.

Issues faced by both departments — Using DX and IT to evolve the organization

Nomura So far, we've been talking about the roles of our respective departments, but there is also a serious issue that affects both the technology & production departments and the sales, purchasing, and logistics departments: the use of DX and IT. For both production and sales, we're in an era in which how you use data has a major impact on competitiveness.

Nonoyama You're absolutely right. In sales, a lot of progress has been made in customer data analysis and demand forecasting AI. We're moving away from our previous sales style, which was highly dependent on individual people, to a data-based proposal-centric sales approach. For purchasing and logistics as well, digital tools are essential for visualizing the entire supply chain and optimizing inventories, shipping, and procurement as an integrated whole.

Nomura In technology & production departments as well, as we move forward with achieving smart factories, DX is at the core of production technology, involving equipment monitoring using IoT and AI, quality prediction through big data analysis, and production simulation via digital twins. These initiatives link directly to greater supply stability and cost competitiveness.

Nonoyama The areas where DX is utilized vary from department to department, but every department shares the same goals: “leveraging data to advance decision-making” and “strengthening cross-departmental coordination.” I feel these are vital to increasing the competitiveness of the Company as a whole.

Nomura If we can connect sales departments' customer information with technology & production departments' quality and operations data and logistics departments' supply network data, we could be even more precise in our decision-making. I don't see DX as just a tool for improving efficiency, but as infrastructure that connects knowledge within the organization.

Issues faced by both departments — Human capital development is the deciding factor for competitiveness in the era of DX

Nonoyama Another incredibly important element in implementing DX is human capital development. The sales, purchasing, and logistics departments need people who understand technologies and are knowledgeable about the industry, and who also have the ability to read and interpret data and to use digital tools. Some of the departments' most important tasks are developing junior employees and hiring specialists.

Nomura We see things in the exact same way in the technology & production departments. To advance the shift to smart factories, it is vital that we have personnel who not only know about existing production technologies and facilities, but who also understand AI and data science and can leverage them in the field. We're coordinating more and more with overseas sites, so it's also important that they have global perspectives and decision-making abilities. At the same time, I feel like there's a misapprehension that simply introducing AI or DX will automatically increase competitiveness. We're in an era where different companies are using the same tools, so that alone is not enough to put you in the number-one and unique position.

Nonoyama You're absolutely correct. AI and DX are, in the end, just tools. I want our personnel to use them correctly. But that just puts us on the start line of competition. I believe that “human ingenuity” is what ultimately makes the difference. I feel this is true for sales departments, too. Even if an AI creates demand forecasts and shows customer trends, it's up to people to decide how to interpret that, what hypotheses to create, and how to connect those to customer value. The essence of the DX era is that DX is “used by people, and the results it achieves depend on how people use it.”

Nomura The same is true for the technology & production departments. Even if an AI detects something abnormal, it's up to a person to understand the processes and risks involved and to make decisions based on quality, safety, and environmental perspectives. You can't let the tools use you. It's people who are in the driver's seat, and DX is just an extension of people's thinking and decision-making.

Nonoyama That's what makes the questions of what to enhance in personnel, and how to carry out human capital development, so important. I feel that not only digital skills but also the ability to think about issues structurally and the ability to understand the perspectives of other departments will lead to proposal capabilities and negotiation power.

Nomura I believe it's important that our human capital development focuses on the synergy between digital skills, on-site skills, and thinking skills. Sales departments understand the market, and technology departments understand customers and applications. DX can serve as truly competitive power when we have mutual understanding that extends across departmental barriers.

Nonoyama Human capital development doesn't just consist of improving individual skills, but is the foundation from which we can strengthen integration between departments.

Nomura That's right. I feel once again that human capital development in the DX era is the most important theme common to the entire Company and the key to achieving the Medium-Term Management Plan.

In closing — How to connect and create

Nomura Technology creates value. Sales create markets. Logistics supports supply networks. And DX and human capital development tie it all together. That's the chain reaction through which we generate value.

Nonoyama It's how we “connect and create.” Let's realize our vision for 2030 by collaborating across departmental barriers and maximizing the potential of our people.

Nomura Yes. Let's all come together as one, connecting and creating.

Senior Executive Officer
General Manager, Technology &
Production Administrative
Division and General Manager,
Research & Development
Administrative Division

Koji Nomura

Director
General Manager, Group
Supply Chain Management
Division

Tatsuyuki
Nonoyama

DX Promotion

Initiatives to promote DX

One of the key policies in the Medium-Term Management Plan is to advance digital transformation (DX) through the deployment of digital technologies across all areas of our operations. Accordingly, we are promoting DX with a focus on five areas: research and production, which are the core of the manufacturing industry, along with sales, indirect operations, and the development of DX talent.

As for the DX promotion system, we established a dedicated DX organization in 2020 and have assigned dedicated personnel in the DX Planning Section of the Information System Department since 2023 to continuously promote DX. The DX Planning Section acts as a company-wide driver, working alongside each department on its DX initiatives, and promotes collaboration among departments through issue identification and organization, information sharing, and support for the development and introduction of common platforms. Furthermore, we established a specialized informatics team within the Fundamental Core Technology Laboratory to provide research and development support through materials informatics (MI) and computational science. In the production departments, we are also promoting digitalization and automation centered on the Productive Technology Innovation Center, and these organizations are working together to promote company-wide DX.

- Manufacturing DX**
 - Realizing Smart Factories
- Research DX**
 - Advancing R&D through Materials Informatics and Computational Science
- Sales DX**
 - Strengthening customer touchpoints through digital marketing, utilizing SFA
- Business DX**
 - Business innovation through company-wide projects
 - Promoting corporate transformation
- Talent Development**
 - Developing human capital capable of utilizing generative AI
 - Enhancing Digital Literacy

Enhancing the DX environment

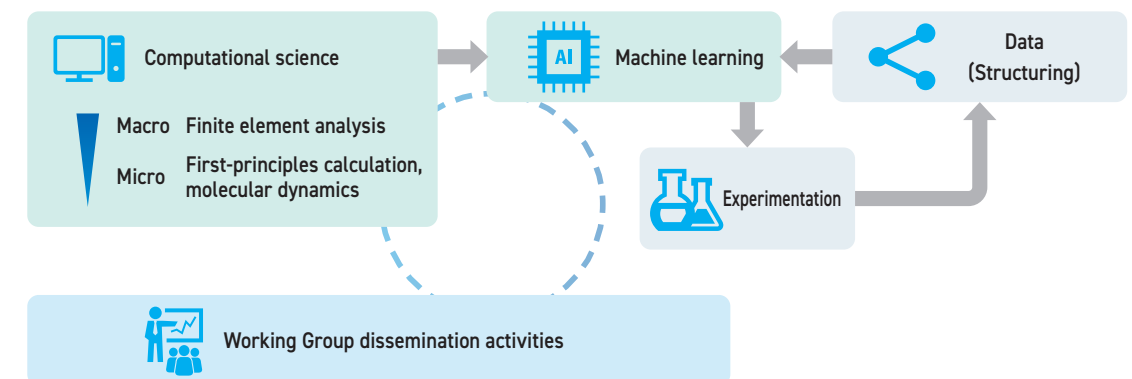
As part of efforts to improve the IT system environment necessary to promote the DX strategy, we are renewing core systems and working to improve the efficiency of indirect operations. In addition, the company-wide replacement of PCs and migration to Windows 11 have been completed to improve security and usability. Furthermore, we are migrating from legacy collaboration tools to Microsoft 365, which is expected to improve operational efficiency and enhance data integration through the use of cloud services. Through these measures, we are developing the IT platforms necessary for DX promotion and continuously improving the IT environment.

DX achievement indicators

DX is positioned as a key policy in the Medium-Term Management Plan, and we will promote DX in all areas, including production, quality management, research and development, and indirect operations, to achieve the 2028 operating income target of 18.0 billion yen and improve profitability. For progress and achievement, we will establish KPIs in stages in the three areas of (1) realizing smart factories (productivity, quality, cost), (2) digital utilization in R&D (speed and sophistication), and (3) operational efficiency improvement (including core system renewal), and monitor them regularly.

Research DX

In R&D, we are promoting materials informatics (MI). Computational science has been extended from the microscale (first-principles calculations, molecular dynamics) to the macroscale (finite element analysis), and we are also working to support the structuring of data, including experimental data and accumulated knowledge. In addition, by analyzing and modeling these data and utilizing them for exploration of promising conditions and prioritization, we are improving the quality of R&D and shortening development time. Furthermore, we are continuously conducting awareness-raising and training activities related to MI and computational science through working groups to improve the efficiency of R&D.



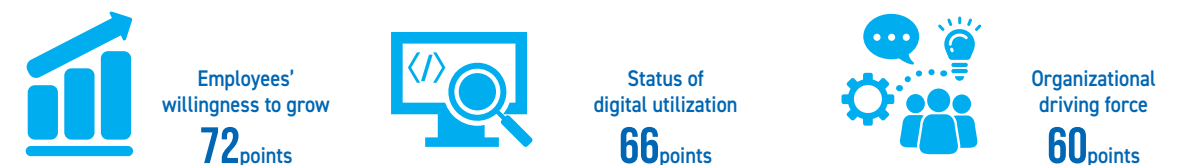
Business DX

The internal generative AI system "Chatoa" is now used by more than 60% of employees and contributes to efficiency in a wide range of tasks, including idea generation, information verification, and document preparation. Furthermore, we have newly introduced an AI-powered tool for speech-to-text transcription and meeting-minutes generation to streamline business processes through efficiency in creating meeting minutes and clearer action items. We will continue to expand its capabilities, aiming for further productivity improvements.



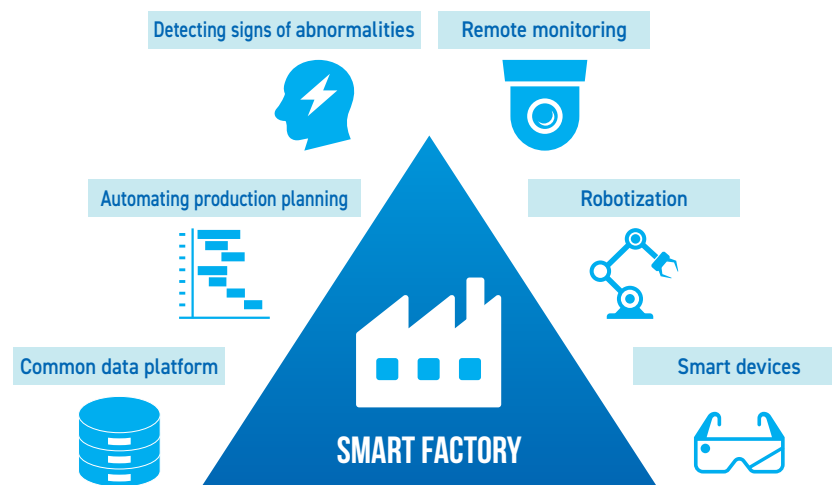
Talent Development

We have defined the desired talent profile as "employees who can solve business issues and drive transformation using data and digital technologies (including generative AI)," with three focus areas: (1) data/AI literacy, (2) business process improvement, and (3) the ability to drive change. Under this policy, while continuing the DX talent development program for all employees, we held company-wide "Skill Up Lab" workshops that provided practical training in the use of generative AI to encourage the use of generative AI. Furthermore, we conducted a digital utilization assessment and found that employees' willingness to develop their skills and status of digital utilization were good, but there were issues with organizational capacity to drive change. We will utilize these results in future measures to further enhance DX talent development which is the key to advancing DX.



Production DX

We are promoting DX with a focus on digitalization and automation with the aim of realizing highly profitable, safe, and stable smart factories. With information visualization, automation, and the advancement of operational technology as the main DX objectives, we are working on specific measures such as automation of production planning, introduction of systems for detecting signs of abnormalities, robotic automation and factory-wide integrated monitoring. Through these measures, we aim to improve efficiency at production sites, enhance quality, and strengthen safety.



Business Strategy to Achieve Value Creation

At a Glance: Five Business Segments (Upstream to Downstream)

Our Group's businesses comprise five segments, and we supply a broad range of products, from basic chemical products used as basic materials for industry to end products for general consumers. With an expansive product lineup spanning from upstream to downstream segments, we are building a well-balanced business structure that is resilient to economic fluctuations.

Commodity Chemicals

P54

Inorganic chemicals

- Caustic soda
- Chlorine
- Sodium hypochlorite

Industrial gases

- Oxygen
- Nitrogen
- Argon

Acrylic monomers

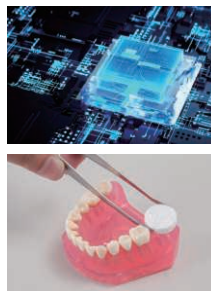
- Acrylic acid
- Acrylic esters

Performance Chemicals

P60

High-purification technology and new product development

- Purified liquefied hydrogen chloride and purified caustic potash
... Agents for semiconductor manufacturing
- Inorganic functional materials
... Ion capture agents, antimicrobial agents
- Medical care
... Adhesive material for medical applications



Polymer & Oligomer

P56

Synthesis and polymerization technology

- Acrylic polymers
... For lithium-ion batteries, cosmetics and pharmaceuticals field
- UV-curing resin
... For semiconductors and substrates
- Polymer flocculants
... Wastewater treatment chemicals
- Cellulose nanofibers

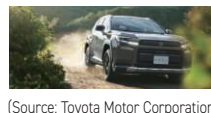


Adhesive Material

P58

Compounding design technology

- Adhesives for automotive batteries
- Adhesives for electronic materials
- Light-curable adhesives



(Source: Toyota Motor Corporation)

Marketing and brand strength

- Aron Alpha



Plastics

P62

Processing and molding technology

- Disaster countermeasure products and systems for flooding and inundation, earthquake resistance and disaster prevention, and infrastructure aging fields
- "Anju" series nursing care products
- Sealing material for automotive applications



Our products with a top market share



Cleaning gas used in semiconductor manufacturing processes

Used for cleaning and etching semiconductors and other electronic materials.



UV-curing resin

Used in internal components and surface coatings of smartphones, as well as in internal components of color resist.



Aron Alpha instant glues for household use (U.S. brand name: Krazy Glue)

Popular since its release in 1971, this product has become the go-to household instant adhesive.



High-grade sodium hypochlorite

Used for the sterilization of water that requires high safety, such as tap water and pool water.



Portable toilet for nursing care

Used as a portable toilet that can be set up near the bed when moving to the toilet is difficult.



PVC mass manhole

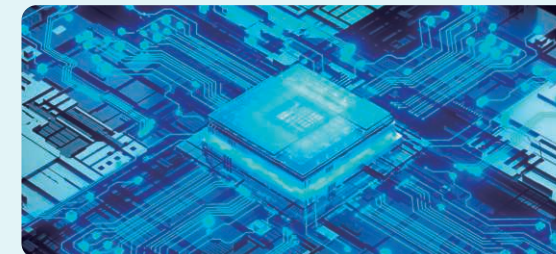
Structure equipped with a cover for inspection and cleaning, used in drainage pipelines that transport wastewater and rainwater from buildings such as toilets to treatment facilities or rivers.

Growth drivers to open up the future

Semiconductors

P26

Our purified liquefied hydrogen chloride, used in semiconductor deposition and etching processes, holds the No. 1 global market share. Additionally, our market share of purified caustic potash, used for CMP slurry and cleaning, is expanding due to its high quality. We will expand our supply system with a view to the future, striving for higher purity and new development in response to miniaturization. In this way, we aim to further increase our market share in the semiconductor field.



Mobility

P27

Many of our products are being adopted in automobiles, including adhesives for vehicle-mounted batteries and binders for lithium-ion batteries. Our strength and uniqueness lie in the broad spread of our products across all fronts, from FCVs (fuel cell vehicles) to HVs (hybrid vehicles), EVs (electric vehicles), gasoline vehicles, and diesel vehicles.



Medical

P26

The Company's "siRNA"¹, which makes full use of its proprietary drug-design technology, has significant potential as a oligonucleotide therapeutics, while "NUCLEOLARON"² has great potential as a Drug Delivery System (DDS), and the Company is advancing joint development in collaboration with academia such as universities and venture companies.



¹ siRNA is a nucleic acid capable of suppressing the expression of specific genes. It degrades a target gene to prevent the proliferation of pathogenic proteins. This function is being used to advance R&D on next-generation medications.
² NUCLEOLARON is a cell-penetrating peptide developed by Toagosei, and it aims for early practical application as Drug Delivery System (DDS) that enhances drug delivery.

Measures to address aging sewer pipes

P28

We have the top domestic market share in products for sewer pipes aging countermeasures, along with advanced diagnostic and repair technologies. Against the backdrop of the plan for national resilience, demand is expected to increase, and we are also developing proposal-based solution businesses such as pipeline diagnostics using mapping systems, thereby contributing to strengthening the safety of social infrastructure.

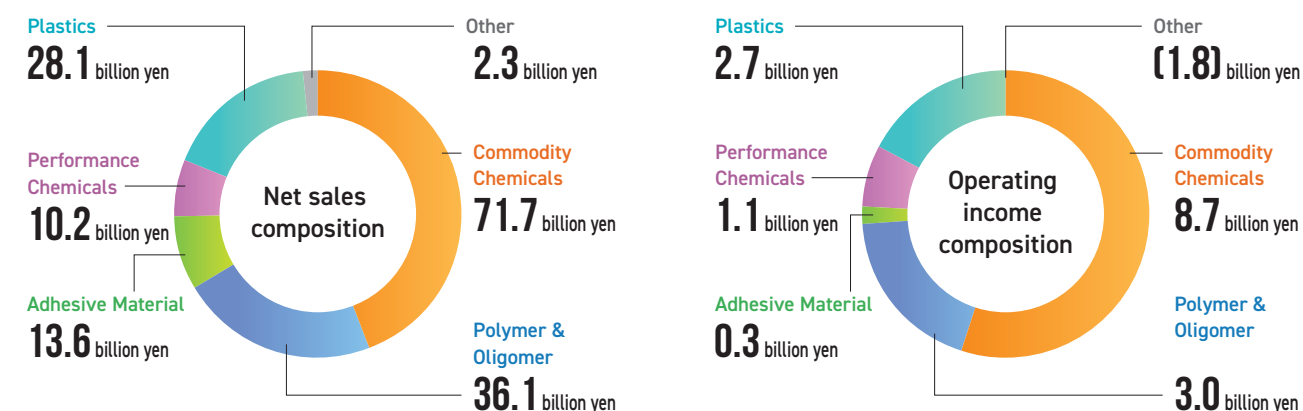


Crack and breakage



Joint at the water leakage point for repair

Revenue structure (FY2025 figures, by business segment)



Business Strategy to Achieve Value Creation

Commodity Chemicals

Business Profile

We supply essential industrial chemicals that support a wide range of industries and social infrastructure. Additionally, we play a vital role in supplying raw materials to businesses within the Group, particularly for the manufacture of high-value-added products.

● Inorganic chemicals business

Chlor-alkali products^{*1}, sulfuric acid, agricultural chemicals^{*2}.

^{*1} Caustic soda, caustic potash, sodium hypochlorite, hydrochloric acid, chlorine, sodium sulfite, copper oxide, etc.

^{*2} Potassium bicarbonate, etc.

● Acrylic monomer business

Acrylic monomers^{*1} and specialty chemicals^{*2}.

^{*1} Acrylic acid, acrylic esters, etc.

^{*2} acrylamide tertiary butyl sulfonic acid (ATBS), ethylene carbonate, etc.

● Industrial gas business

A wide range of industrial gases including oxygen, nitrogen and argon.

Executive Officer,
General Manager,
Commodity Chemicals Division
Kenji Namiki



The mission of the Commodity Chemicals business is to ensure the stable production and supply of basic chemicals essential to industry, but it is also important to assess structural changes in industry and to strengthen and optimize the business accordingly. In addition to meeting the needs of our customers and business partners, we will work to strengthen our future competitiveness through business operations that contribute to the needs of society, such as by transitioning to alternative feedstocks and fuels, more sustainable production processes, and developing recycling and new energy technologies.

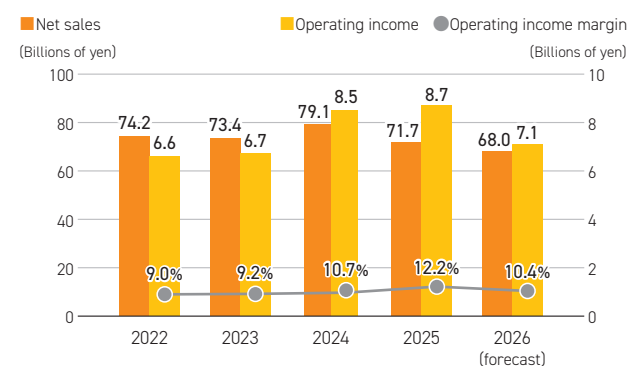
FY2025 in Review

While sluggish demand and business restructuring have been observed for many basic chemical products such as petrochemicals in Japan, chlor-alkali products have been supported by steady demand, and our inorganic chemicals business has also remained strong. In order to ensure a stable supply in the future, we are proceeding with capacity expansion, facility modernization, and maintenance in line with our medium- to long-term plan.

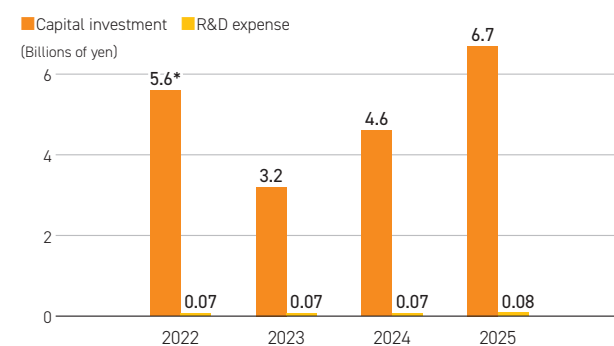
As a business policy, we place importance on contributing to the environment and the SDGs. Regarding our energy-intensive electrolytic plants, renewal work to high-efficiency and energy-saving equipment is currently in progress. In addition, we are participating in a large-scale recirculating aquaculture system (RAS) project, an environmental contribution business, and are preparing to supply various inorganic chemicals. Moreover, demand for high-grade chemicals for tap water purification is increasing, and we have completed facility expansion to meet this demand.

As part of its portfolio strengthening strategy, the Group ended contract manufacturing of PVC resin at the Kawasaki Plant in December 2025.

Segment net sales and operating income



Capital investment and R&D expense



*Kawasaki Plant, excluding 11.5 billion yen of land acquisition cost for plant

Competitive Advantages, Issues, and Growth Opportunities

	Inorganic chemicals business	Acrylic monomer business	Industrial gas business
Competitive advantages	- Manufacturing bases in eastern, central, and western Japan, enabling local production for local consumption and business continuity - Nationwide supply of JWVA special-grade sodium hypochlorite	- High-efficiency, high-quality production system - Quality advantage enabled by ATBS polymerization technology	Largest production site in the Tokai and Hokuriku regions, and a stable supply system utilizing the Group's logistics company
Issues	Planned investment and systematic implementation are essential to roll out advanced technologies and environmental initiatives across all three production sites.	We must enhance our competitiveness through differentiation and cost reduction, as competition from overseas competitors intensifies in the commodity product market	downsizing of domestic manufacturing operations by customers due to rising costs of feedstocks and energy and labor, as well as tariff policies
Growth opportunities	Growing demand for electronic materials and sustainable chemicals will drive the expansion of our product portfolio based on our high-purification technology.	The development of products derived from biomass and recycled materials is accelerating amid rising demand for sustainable products	Improving and modernizing customers' manufacturing processes to enhance energy efficiency and achieve carbon neutrality

Medium- to Long-term Growth Strategy

Inorganic chemicals business

In our chlor-alkali business, as markets become more regionalized due to the necessity of logistics efficiency, we are strengthening our stable supply system through facility modernization and expansion as well as reorganization of the logistics network, while promoting new product development and new business creation through collaboration with regional customers and partners. We will also promote CO₂ emission reduction by transitioning to high-performance, energy-saving equipment and expanding the use of renewable energy.

In our sulfuric acid business, we secure stable operations by meeting growing demand for electronic materials, which are expected to see increased demand. We also contribute to reducing CO₂ emissions at production sites by utilizing the steam generated during manufacturing.

Acrylic monomer business

In the acrylic products business, we will work to establish an operational structure that can flexibly respond to supply-demand fluctuations and continue our cost reduction efforts to maintain and enhance our competitiveness. We will also promote the use of biomass-derived and recycled raw materials and contribute to achieving carbon neutrality. In 2025, we obtained ISCC PLUS certification for acrylic acid. Going forward, we will expand certification to acrylic esters and downstream polymer products, and further differentiate our products through the world's first ISCC PLUS certification for ATBS.

Industrial gas business

We have manufacturing sites in the Chubu and Hokuriku regions, and through business activities closely tied to local industries, we will work to ensure stable supply to one of Japan's leading manufacturing regions, including the automotive industry. We will support our customers' carbon neutrality initiatives and concentrate on exploring and proposing gas applications. In addition, we have one of the few "inspection and maintenance facility for high-pressure gas tank trucks and containers in the region. We aim to operate our business in a more environmentally friendly manner by reducing the environmental impact of the inspections, manufacturing and delivery, through enhanced customer support including facility inspections and the installation liquid level monitoring systems for storage tank facilities.

FOCUS TOPICS

Expansion of production capacity for high-grade sodium hypochlorite

The expansion of facilities for Japan Water Works Association (JWWA) special-grade sodium hypochlorite (special-grade hypochlorite) at the Yokohama Plant has been completed, and full-scale operation has begun. Special-grade hypochlorite is a high-grade sodium hypochlorite with reduced impurities and is an essential material for providing safe water. As a key supplier supporting the water supply infrastructure in the Tokyo metropolitan area, we will strengthen our supply system and contribute to the safety and security of society.



Illustration of water treatment plant

Modernization of electrolysis plants and introduction of an integrated operation management system for all three plants

Construction has begun on the modernization of the electrolysis plant at the Nagoya Plant, which is scheduled to start operation in 2026. In conjunction with the renewal, we are introducing high-efficiency and energy-saving equipment while also working on effective utilization of by-product hydrogen, aiming for further improvement in energy efficiency and reduction of CO₂ emissions.

We will also introduce a system to centrally manage operational data from the three electrolysis plants in Yokohama, Nagoya, and Tokushima. By centrally managing information existing across multiple plants, we aim to achieve further streamlining and value creation, including stable operations and improved efficiency.



Central management system

Business Strategy to Achieve Value Creation

Polymer & Oligomer

Business Profile

We handle acrylic products used in a wide range of fields, from household goods to automobiles, semiconductors and electronic materials, as well as pharmaceuticals and cosmetics. We are also engaged in the development of “AronFibro” cellulose nanofibers.

● Polymer business

Acrylic polymers are used in a wide range of fields from general-use to highly controlled products in Japan and overseas, including chemicals for water treatment, pigment dispersants in paper manufacturing, adhesives for construction, and resins for sealing materials, in addition to our key focus areas, such as mobility, electronic materials, pharmaceuticals, and cosmetics.

● Oligomer business

“ARONIX UV-curing resin” is used in a wide range of fields such as inks, paints, and electronic materials due to its environmental advantages of being solvent-free.

● Flocculant business

Polymer flocculants are used as agents for purifying domestic and industrial wastewater, as well as in paper manufacturing and other applications.

Executive Officer,
General Manager,
Polymer & Oligomer Division
Hiroaki Ishii



The Polymer & Oligomer business is expanding its lineup of high-value-added products developed with the fusion of high-purification technology accumulated over many years based on its outstanding synthesis and polymerization technologies. Through this initiative, the business will achieve development in overseas markets and play a central role in the growth strategy of the entire Group.

FY2025 in Review

● Polymer business

Sales increased due to higher sales volume of products for cosmetics and semiconductor applications. We promoted the expansion of production facilities for lithium-ion secondary battery products and pharmaceuticals and cosmetics, as well as R&D of high-performance polymers for semiconductors.

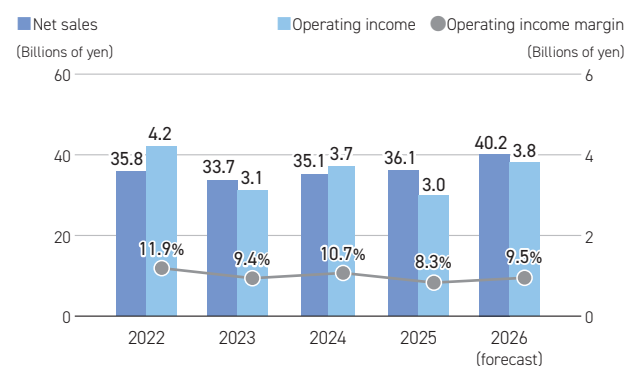
● Oligomer business

Although display manufacturing-related products performed strongly in Japan and overseas, profit decreased due to soaring raw fuel prices. To respond to an increase in demand in AI-related fields, we established an optimal production system spanning three sites—Japan, Taiwan, and China.

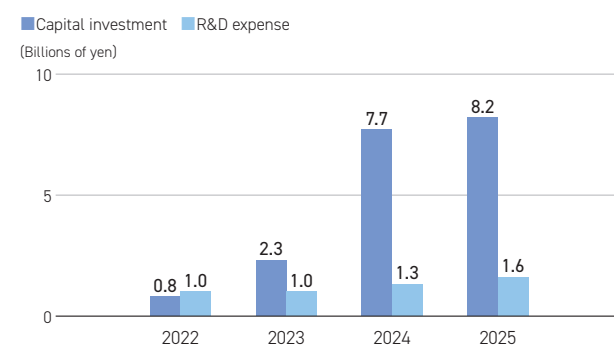
● Flocculant business

Revenue increased due to higher sales volume for overseas markets and improved profitability in the domestic market. We made steady progress on enhancing competitiveness by optimizing our production system, launched high-performance products with excellent sludge dehydration performance, and worked on strengthening our business base.

Segment net sales and operating income



Capital investment and R&D expense



Competitive Advantages, Issues, and Growth Opportunities

	Polymer business	Oligomer business	Flocculant business
Competitive advantages	We can address a wide variety of customer needs through advanced customization technologies (linear, branched, cross-linked, granularity, molecular structure, etc.) and impurities reduction technologies (residual substances, residual liquids, metal impurities, etc.)	The radical-curing ARONIX lineup centers on multifunctional acrylates, and cationic oxetane is also included in the lineup	- We provide high-quality products through manufacturing technology and structural control technology with excellent productivity - We cater to a wide variety of customer needs as the only Japanese manufacturer handling both powdered and liquid products
Issues	Optimizing production sites to increase competitiveness on a global scale	Developing differentiated products with globally competitive quality	Expanding our lineup of globally cost-competitive high-performance products
Growth opportunities	Leverage structural control and high-purification technology to expand applications in the pharmaceutical, cosmetic and semiconductor fields	Expand sales in the fields of electronics, semiconductors, and AI	Contribute to the reduction of energy consumption in the aqueous environment field through structural control technology, expand applications to food and pharmaceuticals and enter the water infrastructure market, primarily in Southeast Asia

Medium- to Long-term Growth Strategy

Polymer business

We are creating high-performance, high-purity polymers required in a diverse range of fields, primarily focused on the key areas of automotive, electronic materials, pharmaceuticals and cosmetics, to meet the needs of the market.

Overseas, we are expanding products to meet the diverse needs of local customers, mainly through Toagosei (Shanghai) Management Co., Ltd., and Toagosei (Thailand) Co., Ltd., in cooperation with Taiwan Toagosei Co., Ltd. and Toagosei America Inc.

Oligomer business

Based on multifunctional acrylates, we will accelerate the development of new products with added functions such as fast curing, thin-film curing, and microfabrication properties to expand sales in the optical materials and electronic materials fields.

To respond to the carbon neutral era, we will consider reducing CO₂ emissions from manufacturing.

In terms of the overseas sector, we are focusing on launching high-value-added products through product development suited to the needs of local customers primarily in the semiconductor and electronic materials fields through the services of our production sites in Taiwan and China.

Flocculant business

With its high-quality ARONFLOC, ACCOFLOC and DIAFLOC polymer flocculant, Group member company MT AquaPolymer, Inc. will provide superior products for solid-liquid separation and aggregation and fitting solutions for a wide range of increasingly diverse applications.

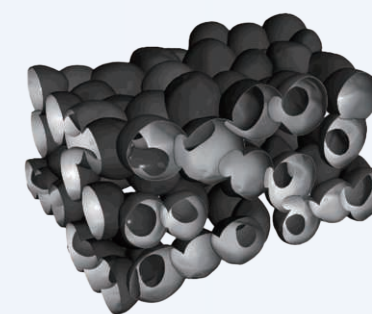
In addition, we will contribute to addressing social issues such as carbon neutrality through new product development, while actively promoting overseas expansion, primarily in Southeast Asia, and enhancing cost competitiveness by optimizing our production system.

FOCUS TOPICS

Investment in 3DC Inc. (“3DC”)

3DC is a startup company from Tohoku University that aims to commercialize a next-generation carbon material, “Graphene MesoSponge® (GMS),” as a conductive additive for lithium-ion battery materials. GMS is a new material with an extremely thin carbon layer forming a sponge-like three-dimensional structure, offering various outstanding characteristics such as flexibility, porosity, electrical conductivity, and corrosion resistance.

Through this investment, we will promote technical cooperation in the battery field and jointly work on the practical application of innovative materials and the creation of new businesses.



GMS (Source: 3DC)



Illustration of practical application in the battery field

Business Strategy to Achieve Value Creation

Adhesive Material

Business Profile

In the Adhesive Material business, we offer a lineup including Aron Alpha, which is synonymous with instant glues, as well as various high-performance adhesives that meet new needs in such fields as electronic materials, automobiles, and precision equipment. In particular, Aron Alpha is outstanding for its ability to bond a wide range of materials strongly with a small amount and in a short time, without the need for heating or other forms of energy. Through our adhesive technologies, we contribute to improved productivity and labor efficiency in a wide range of production activities, helping promote our customers' technological innovations and the reduction of greenhouse gas emissions.

- **Instant glues business (consumer business and global business)**
Instant glues for general consumers, such as Aron Alpha and Krazy Glue.

- **Functional adhesives business**
High-performance adhesives used in electronic materials, automobiles, precision equipment, and other applications, including reactive, light-curable, hot-melt types, and more.

Executive Officer,
General Manager,
Aron Alpha Division
Kentaro Mori

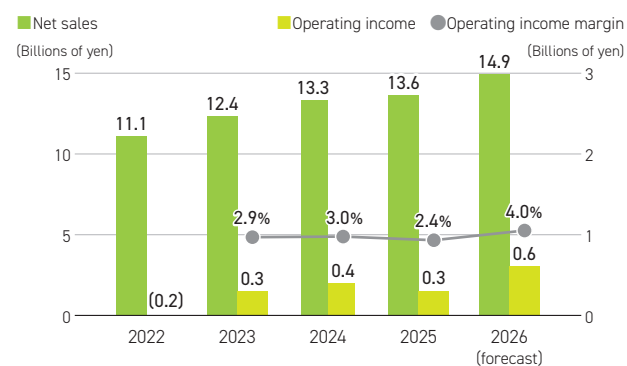


In the consumer business, in Japan, we will leverage brand strength for advertising and promotion, expand sales floors, and develop new markets through the introduction of new products. Overseas, we will strengthen sales capabilities in the United States and China, and expand into markets in Southeast Asia and other developing countries. In the industrial business, we are focusing on growth areas such as mobility and electronic materials, and promoting product rollout not only in Japan but also in overseas markets.

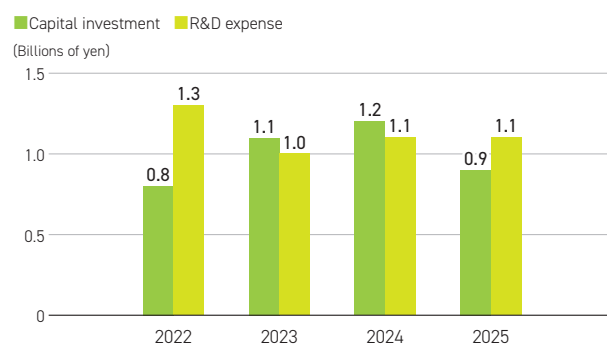
FY2025 in Review

- **Consumer business**
We carried out marketing campaigns centered on Aron Alpha Hikari. We implemented initiatives such as broadcasting TV commercials, installing monitors and POP displays at sales floors, and distributing videos via social media. It was also adopted by convenience stores, leading to an increase in the number of retail stores and shipments significantly exceeded the previous year.
- **Global business**
We are focusing on business development in the United States, China, and Southeast Asia. In the United States, the joint venture agreement was dissolved and we began independent operations. We are expanding sales of Krazy Glue by leveraging the benefits of our integrated manufacturing and sales operations. In China, in addition to e-commerce, we are working to expand sales through physical stores. Sales are growing in Thailand and the Philippines, and we also launched sales in Vietnam in 2025. We have achieved rapid business results by implementing sales strategies tailored to the characteristics of each local market.
- **Functional adhesives business**
In mobility products, sales of adhesives for bipolar nickel-hydrogen batteries have remained strong thanks to global growth in hybrid vehicle demand and the growing number of models adopting these batteries. In functional adhesive products, new adoption by overseas customers has been secured for our IC card adhesives and waterproof wire-sealing materials and we are prioritizing the expansion of overseas sales.

Segment net sales and operating income



Capital investment and R&D expense



Competitive Advantages, Issues, and Growth Opportunities

	Consumer business	Global business	Functional adhesives business
Competitive advantages	High brand strength of Aron Alpha, certified by Guinness World Records as the world's longest-selling consumer super glue brand	Brand power of Krazy Glue, which has become synonymous with instant adhesives in the United States and Aron Alpha, the number one brand in Japan	Technical capabilities to design and customize optimal formulations to meet customer requirements based on a broad product portfolio
Issues	Brand recognition among younger generations and countermeasures against low-priced products	Development and strengthening of sales networks	Expansion of product offerings and sales growth in overseas markets
Growth opportunities	Expanding shelf space by promoting Aron Alpha as a convenient adhesive for quick repairs, while also cultivating demand in hobby applications such as scale modeling and accessory making	The global consumer instant adhesive market continues to expand, and we are focusing on developing new markets, particularly in emerging countries with growing populations and increasing consumer demand.	- Proposing adhesive solutions that support the evolution of next-generation mobility - Achieving both performance and sustainability through advanced functional materials for EVs and hydrogen devices, as well as recycling and easy disassembly technologies for a recycling society

Medium- to Long-term Growth Strategy

Consumer business and global business

We will enhance the strength of the Aron Alpha brand to remain the market leader in instant adhesives. Through not only TV commercials but also various media, we will deliver the appeal of Aron Alpha and aim to acquire fans across a wide range of generations. In addition, we will introduce new products and develop new markets for Aron Alpha.

Overseas, we will further expand global sales by strengthening the Krazy Glue brand in the United States, as well as expanding the Aron Alpha brand in Asian countries.

Functional adhesives business

In the functional adhesives business, we leverage our proprietary molecular design, compounding, and analytical technologies to develop high-value-added products. Currently, we are focusing on the mobility and electronic materials fields as pillars of our growth strategy. In the mobility field, we are developing materials to support the evolution of next-generation batteries, automotive cameras and sensors, and ECU peripheral components, while in the electronic materials field, we are engaged in R&D of insulating sealing materials for circuit boards, nanoimprint resins, and next-generation optoelectronic fusion materials, thereby contributing to the commercialization of cutting-edge technologies.

FOCUS TOPICS

Release of new anime commercial Tsukunoko

To gain recognition among younger generations, we released a new anime commercial in the Kutsutsuke Seishun Series for the first time in seven years, titled Tsukunoko. The video has been viewed more than 12 million times on YouTube and has been featured in many media outlets on social media news. The campaign website on X achieved 2.3 million impressions, and was able to appeal to a younger demographic. As a result, we achieved an improvement in brand recognition of Aron Alpha among people in their teens and twenties.



Introduction of new technology

Light-curable adhesive that cures even in shadowed areas



Examples of uses

Insulating and sealing of components with shadowed areas, such as FPC connectors and electronic substrates

A major feature of light-curable adhesives is that they can bond materials in seconds through light irradiation. On the other hand, when bonding opaque materials such as metals or colored resins, shadowed areas where light does not reach can occur, making it difficult to apply light-curable adhesives. Even in such cases, there have been customer needs to use light-curable adhesives.

To meet these needs, we have established a proprietary reaction mechanism in which curing proceeds even in areas not directly exposed to light, and developed a new technology that allows curing to occur even in shadow areas using only light irradiation. This enables application to components and uses that was previously difficult, and we are aiming for widespread adoption across a broad range of industrial fields.

Business Strategy to Achieve Value Creation

Performance Chemicals

Business Profile

In the Performance Chemicals Division, we pursue the functions of distinctive materials and develop a wide variety of product groups. We handle various products including high-purity inorganic chemicals for semiconductors, as well as inorganic functional materials used in a range of products designed to make our lifestyles more comfortable.

- **High-purity inorganic chemicals business**

high-purity liquefied hydrogen chloride, high-purity alkaline products, hexachlorodisilane, and next-generation materials used in semiconductor manufacturing processes.

- **Inorganic functional materials business**

A range of functional additives, such as IXE impurity ion-trapping agents that suppress malfunctions in electronic materials, KESMON and NOVARON, which perform antimicrobial, antiviral, deodorizing and other comfort-enhancing functions in textile and plastic materials, and ULTEA, a negative thermal expansion material.

- **New product development**

Development of medical care-related products.

Executive Officer,
General Manager,
Performance Chemicals Division
Ryuji Takano



Semiconductors are used in all kinds of products around us, making our lives comfortable and convenient. We supply high-purity chemicals that are indispensable for semiconductor manufacturing. Our functional additives also enhance the performance of our customers' products and contribute to safe and secure living.

FY2025 in Review

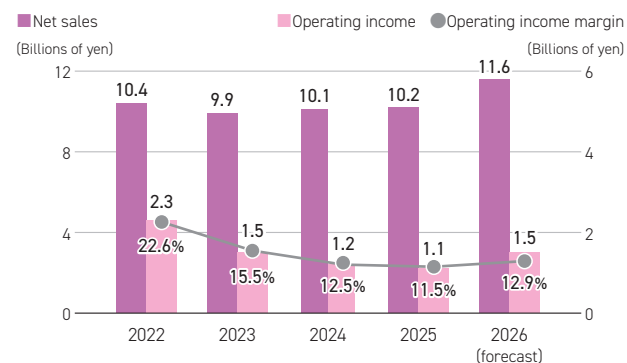
- **High-purity inorganic chemicals business**

Sales of chemicals for the semiconductor field are recovering due to increased demand for AI. From the second half of 2025, sales of high-purity liquefied hydrogen chloride and high-purity potassium hydroxide increased. In response to cutting-edge semiconductor demand, we will not only expand our supply capacity but also further improve quality. Facility expansion work at the Yokohama Plant has been completed for high-purity liquefied hydrogen chloride. For high-purity potassium hydroxide, facility expansion at the Nagoya Plant is scheduled for completion in July 2026. Going forward, we will continue to build a robust supply system that is unrivaled by competitors.

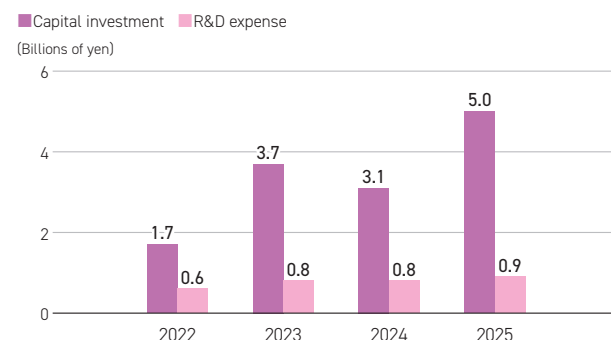
- **Inorganic functional materials business**

Sales of IXE, an ion capture agent, increased in the electronic materials field both in Japan and overseas. Sales of the anti-bacterial and anti-virus agent NOVARON increased due to the price transfer of raw material cost hikes in some products. For the deodorant KESMON, sales for textiles were strong in Japan. In addition, in 2025, we made progress on streamlining manufacturing processes, resulting in a significant improvement in profitability. Going forward, we will continue pursuing technological development of functional materials and work on product differentiation.

Segment net sales and operating income



Capital investment and R&D expense



Competitive Advantages, Issues, and Growth Opportunities

	High-purity inorganic chemicals business	Inorganic functional materials business
Competitive advantages	high-purity liquefied hydrogen chloride and high-purity potassium hydroxide have established a solid position in the semiconductor field due to their high market share and high quality	• Effective synthesis and particle control technology (function, shape, particle size) and development capabilities to meet customer requirements and applications • Evaluation and analysis technologies and support systems to bring out product functionality
Challenges	• Heavily influenced by market trends in the semiconductor industry • Responding to changes in semiconductor structures and manufacturing processes	• Product price increases for antimicrobial agents due to soaring silver prices • Expansion of sales hindered by overseas legal restrictions
Growth opportunities	• Leverage quality superiority to drive sales expansion • Stimulate new demand by increasing complexity in semiconductor back-end processes	• Increasing demand for ion capture agents due to the expansion of the semiconductor market driven by AI demand, etc. • Expansion of the market for functional textiles due to rising living standards in Asia and other regions

Medium- to Long-term Growth Strategy

High-purity inorganic chemicals business

We will further enhance our facilities and improve quality to respond quickly to fluctuations in demand and quality requirements in the semiconductor field. We will also continue research on specialty gases required in semiconductor manufacturing processes and offer new products. In new product development, we will work on the development of materials for back-end processes in addition to the conventional materials for front-end processes of semiconductors.

Inorganic functional materials business

Technological innovation in semiconductor is advancing toward higher performance and higher density integration. We will proceed with product improvements for sealing materials such as IXE and negative thermal expansion fillers such as ULTEA. We will also promote expansion of the deodorant KESMON into new applications beyond just the textile field.

FOCUS TOPICS

Next-generation process development of liquefied hydrogen chloride

In order to meet the increasing demand for semiconductors and quality requirements accompanying miniaturization and high integration, we have completed the construction of facilities based on advanced manufacturing technologies. We plan to proceed with quality evaluation in 2026 and begin full-scale operation from 2027.



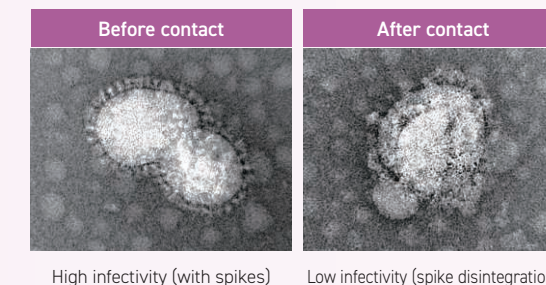
New high-purity liquefied hydrogen chloride facilities of the Yokohama Plant

Development of antiviral agents

We developed NOVARON IV4000, an antiviral processing agent for resin compounding that exhibits high antiviral effectiveness against influenza viruses.

High antiviral effect can be given by compounding this material at 2 wt% into various resins. In addition, because it does not contain silver, it is less prone to discoloration and can be produced at lower cost than conventional antiviral processing agents.

TEM image of virus solution in contact with NOVARON IV4000



High infectivity (with spikes) Low infectivity (spike disintegration)

Purified caustic potash capacity expansion

We established a new automated high-purity potassium hydroxide filling facility in 2025. Through automation, work efficiency has been significantly improved and filling capabilities have been increased. In addition, automatic filling in a clean environment makes it possible to respond to more sophisticated quality requirements. To address the robust demand for high-purity potassium hydroxide, we will expand production capacity to more than 1.5 times the current level in 2026.

Business Strategy to Achieve Value Creation

Plastics



Business Profile

We supply high-value-added products aimed at resolving social issues such as natural disaster risks, aging infrastructure, super-aging society and global warming.

- Environment & infrastructure system business

Providing effective products and systems for addressing risks such as flood damage or large-scale earthquakes or social issues such as extending the life of aging infrastructure.

- Nursing care products business

Supplying mainly assistive products under the Anju-brand for excretory/bathing and mobility/ambulatory purposes, as a leading manufacturer of assistive products. Recently began supplying products for older dogs.

- Ecological materials business

Providing highly recyclable thermoplastic elastomer materials in various fields such as automotive, electric/electronic components, and medical.



Executive Officer
President and Representative
Director, Aronkasei Co., Ltd.
Akihiko Matsuda



The Plastics business covers the downstream areas of the Group. With our development of characteristic materials and plastics processing technologies, we are aiming to expand the business by releasing high-value-added products and creating new businesses in the fields of environmental infrastructure and lifestyle support. We will propose new solutions toward growth areas through business units directly linked to social issues.

FY2025 in Review

- Environment & infrastructure system business

We focused on development in the aging infrastructure field, resulting in increased sales. We have also made progress on the development of the solution theme of mapping camera system for service pipes, which can contribute to solving the issue of aging sewer pipelines.

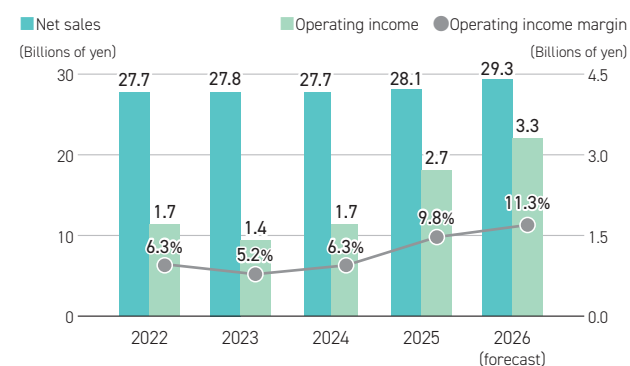
- Nursing care products business

We launched a new A-S series shower bench that is lightweight, easily foldable, and easy to maintain.

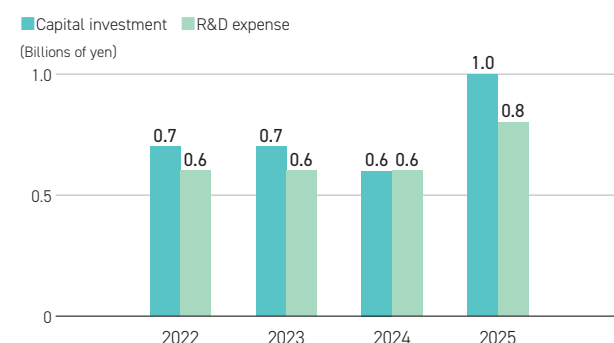
- Ecological materials business

Sales of elastomer materials expanded as we focused on development in the automotive field. We also began proposing a foamed elastomer coating method that contributes to labor-saving in the manual application of foamed cushioning materials in the automotive field.

Segment net sales and operating income



Capital investment and R&D expense



Competitive Advantages, Issues, and Growth Opportunities

	Environment & infrastructure system business	Nursing care products business	Ecological materials business
Competitive advantages	Knowledge and know-how in sewer repair developed through years of product development for aging infrastructure	The power of the Anju brand and the development capability to catch up with demand for nursing care in a super-aging population society	Compounding technology that enables precise response to customer requirements, and production and sales system in Thailand capable of responding to the Asian market
Issues	Proposal of solutions, including systems	Accelerating the development of high-value-added products	Expanding into product lines that target all kinds of eco-friendly materials
Growth opportunities	Increasing demand in the infrastructure field based on the plan for national resilience led by the government and municipalities	Increasing demand for nursing care in a super-aging society	Increasing demand for recycled materials contributing to the development of a carbon-neutral society

Medium- to Long-term Growth Strategy

Environment & infrastructure system business

We will focus on the development of products and systems that contribute to solving the social issue of aging sewer pipelines. We will strongly promote product development aimed at proposal of solutions, including systems, and bring them to market as soon as possible.

Nursing care products business

We will focus on developing systems that utilize robots and AI to support the independence of people requiring nursing care, and propose solutions that contribute to addressing the social issue of labor shortages in caregiving. We will also be expanding the "OneAid" business which includes products for elderly dogs.

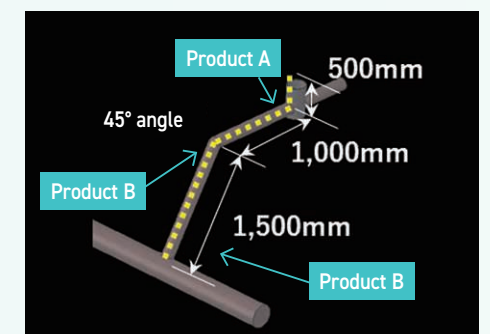
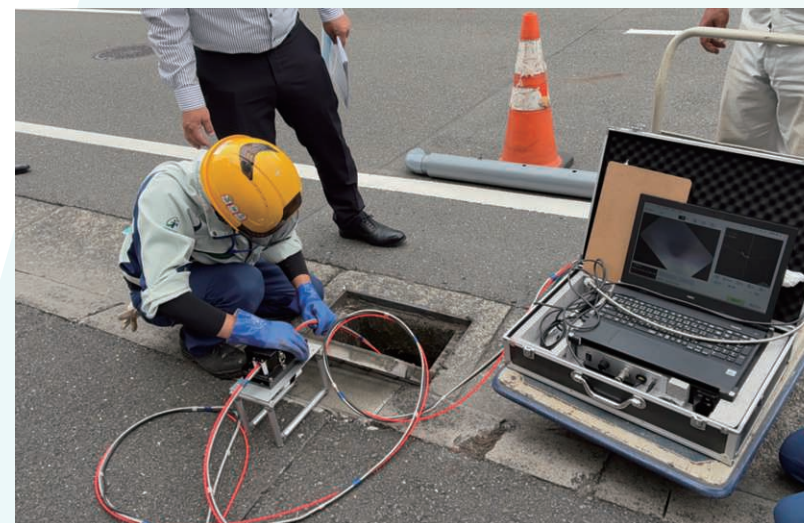
Ecological materials business

As for elastomer materials, we will work to achieve early results with the foamed elastomer coating method proposed in 2025 and expand in the automotive field. We will also expand our business scope from a business centered on material sales to one that also proposes application methods and molded products.

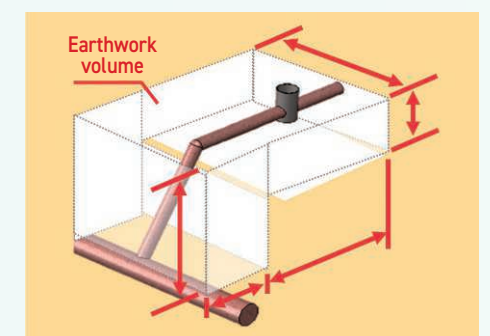
FOCUS TOPICS

Development of a mapping camera system for service pipes

We developed a camera system that supports municipalities in formulating renovation plans for service pipes, with functions such as digitization of piping routes, automatic extraction of repair products, and automatic estimation of excavated soil volume. We are conducting field tests in cooperation with some municipalities, with the aim of launching the product as soon as possible. While working to expand sales of repair products, we aim to enter the inspection and diagnosis business and expand our business.



Digitization of piping routes and automatic extraction of repair products



Automatic estimation of excavated soil volume

Sustainability Business

As the division in charge of and promoting sustainability at our Company, the Sustainability Division is working toward actively utilizing renewable energy that contributes to the achievement of SDGs, achieving a hydrogen society to reach carbon neutrality, and striving to achieve a safe and reliable supply of food.

The division is also responsible for the Toagosei Group's climate change mitigation and biodiversity conservation efforts, as well as the disclosure of related information.



General Manager,
Sustainability Division
Shinji Okada

Main business lines

Renewable energy

We are engaged in the power generation business with the Tahara Solar-Wind Joint Project. Taking advantage of the characteristics of Tahara City in Aichi Prefecture, which benefits from both abundant sunshine hours and excellent wind conditions, we operate a hybrid solar and wind power generation system. The generated electricity is sold utilizing the FIT system. We are also in the process of installing solar power generation facilities on our own facilities. All electricity generated on-site is consumed in-house.



Tahara Solar-Wind power generation business

Utilizing hydrogen

Our own hydrogen produced from the brine electrolysis facilities at the Tokushima Plant is sold at hydrogen stations.

We operate one stationary hydrogen station and two mobile hydrogen stations. The hydrogen is used to refuel FCVs and FC buses. We will continue contributing to the development of a hydrogen society in Tokushima Prefecture.



Toagosei Hydrogen Station Tokushima

Plant factory

We are conducting in hydroponics for lettuce at our plant factory located in Takaoka City, Toyama Prefecture. Our plant factory does not require pesticides and is not affected by climate, because the plants are grown in a clean indoor environment. It provides safe lettuce consistently throughout the year. Starting in 2025, we have newly begun cultivating wood ear mushrooms. We conduct year-round cultivation, making it possible to supply wood ear mushrooms even in winter when distribution volumes typically decline.



Establishment of eco-products certification system

The Company positions contributing to the reduction of environmental impact through its business activities as one of its key issues and provides products that contribute to reducing environmental impact through decarbonization and the preservation of biodiversity. To further promote these initiatives, we are considering the establishment of an internal eco-products certification system that systematically evaluates and certifies environmentally friendly products. Under this system, environmental assessments are conducted that take the entire product life cycle into consideration, and to designate products that meet certain criteria as environmentally friendly products. With the introduction of the system, we visualize environmental performance from the product development stage, promote the creation of products with high environmental value, and further strengthen our contribution to reducing environmental impact through business activities.

Promotion of the calculation of carbon footprint of product (CFP)

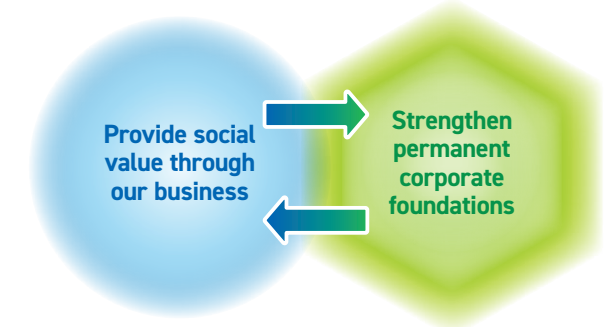
The carbon footprint of products (CFP) is a quantitative assessment of greenhouse gas emissions across the entire life cycle of a product. Recently, interest in environmental information on products has been increasing among companies and consumers to reduce environmental impact and realize a sustainable society. In order to respond to customer demands for us to achieve carbon neutrality, and grasp and reduce emissions across the entire supply chain, we are progressively calculating the CFP. We calculate and provide product CFP information, mainly for bulk chemical products. Moving forward, we will expand the range of products and will work on improving the efficiency of calculation tasks.

Sustainability Management

All Toagosei Sustainability Policy

We take up a challenge to create new value to deliver happiness to future generations.

The Toagosei Group aims to provide social value through our business and strengthen our enduring corporate foundation as initiatives to realize a sustainable society and sustainable growth of the Group.



Sustainability management system

Issues related to sustainability, including the challenges brought about by climate change, are studied as priority topics by the "Sustainability Promotion Committee." Chaired by the President and Representative Director, the "Sustainability Promotion Committee" members are made up of directors (including outside directors), presidents of each group company, and representatives of subordinate organizations or those in charge of auditing organizations. The Committee reviews the progress of initiatives to date regarding important sustainability-related matters, including deliberations on key sustainability management promotion policies and the status of GHG emission reduction, and deliberates and decides on future policies and measures. The Committee reports the results of deliberations to the Board of Directors, which discusses, decides on and supervises response measures and objectives of business strategy formulation and management decisions as well as issues to combat climate change.

Business sites of each our Group's companies formulate action plans and promote and review activities based on the policies of the "Sustainability Promotion Committee." Committees have also been established to discuss individual matters like responsible care (RC) and compliance.



Major sustainability-related meetings

Name	Roles	Meeting frequency	Members
Sustainability Promotion Committee	● A Committee responsible for deliberating and deciding on Group-wide policies, targets, and plans related to sustainability issues such as climate change, natural capital, and human rights, while sharing the progress of indicators and initiatives	1/year	● Chair: President and Representative Director ● Members: Directors (including outside directors), presidents of each group company, and representatives of subordinate organizations or those in charge of auditing organizations
Responsible Care Committee	● A meeting body that shares the status of target achievement for the current fiscal year and the proposed targets for the following fiscal year	1/year	● Secretariat: Technology & Production Administrative Division, Quality Assurance Department and Environment & Safety Department
Company-wide Responsible Care Working Group Meeting	● A meeting body that confirms progress toward targets on a quarterly basis and promotes company-wide implementation of environmental, safety and quality initiatives common to the entire company	4/year	● Members: Site managers, and those in charge of quality management and environmental management at each site
Compliance Committee	● Support the maintenance, improvement, and promotion of management that emphasizes compliance, while supervising and investigating the status of implementation and recommending improvements as necessary ● Support ongoing education and awareness activities and implement corrective measures, etc. based on the "Regulations on whistleblowing" ● For serious issues, propose response measures, including investigations by a third-party committee, to the President, report the results of deliberations to the President, and report the main contents to the Sustainability Promotion Committee	2/year (2025)	● Chair and Vice-chair: Persons appointed by the President ● Members: Persons appointed by the Chair (including one or more outside members) ● Secretariat: Group Corporate Strategy and Administration Division, General Affairs & Legal Department (Legal Affairs)
Responsible Care Audit	● On-site audit to evaluate the status of quality and environmental management and the operational status of the management system at each site	1/year	● Audit Chair: General Manager, Technology & Production Administrative Division ● Secretariat: Technology & Production Administrative Division, Quality Assurance Department and Environment & Safety Department ● Members: Each site

Sustainability Management

Responsible Care (RC) management

Basic Policies for Responsible Care (RC)

As a chemical company, the Group is promoting occupational health and safety, security and disaster prevention, chemical product safety, physical distribution safety, and environmental protection on a Group-wide basis under the Basic Policies for RC.

Across the entire life cycle from raw material procurement to product use and disposal, we give top priority to the safety of workers and local communities, work to reduce environmental impact, publicly disclose results and engages in dialogue with society, and strengthen initiatives through membership in the Japan Responsible Care Council (JRCC) and the signing of the Responsible Care Global Charter by top management.



Environmental preservation

We protect the health of people and nature on Earth

Occupational safety and health

We protect the safety and health of workers

Operational safety and disaster prevention

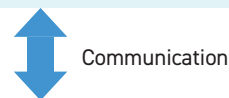
We strive to prevent equipment disasters and take measures against natural disasters

Product stewardship

We clearly state the properties and handling methods of chemical products and protect the safety and health of all people who handle them, including customers, as well as the environment

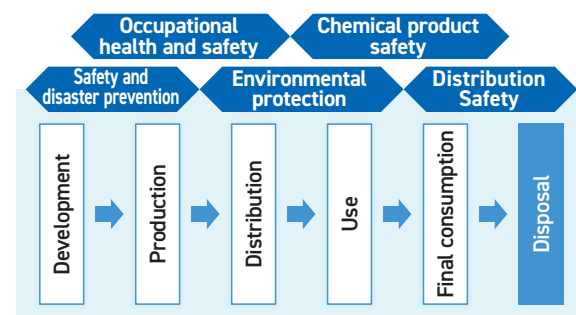
Distribution Safety

We strive to prevent accidents and disasters in distribution



Local communities

We publicly disclose the details and results of our activities and promote dialogue



Major category	Priority items (Materiality elements)	Related SDGs	Indicators	Targets for the final year of the 2028 Medium-Term Management Plan	Targets for 2030	Results for the most recent year (2025)	Major initiatives up to the most recent year (2025)	Reference page
Environment	Response to mitigate climate change	7 AFFORDABLE AND CLEAN ENERGY	1 GHG emission reduction (Scope 1+2) 2 Renewable energy power generation capacity (solar power, small-scale hydroelectric power, etc.)	1 -40% from FY2013 2 8MW	1 -50% from FY2013 2 19MW	1 -28% from FY2013 2 2MW	- Promoted energy conservation at plants - Introduced renewable energy (2-MW solar power generation facility) - Implemented carbon neutral steam compatible construction - Considered CCU introduction - Revision of TCFD disclosures	P70 P72
	Promotion of circular economy (provision of environmentally friendly products and services)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Net sales of target products	+3% from FY2025	+10% from FY2025	Design of the eco-products system	- Promoted establishment of an internal eco-products system - Acquired ISCC PLUS certification at the Oita Plant and promoted acquisition at other plants	P64
	Contributing to a smart society	11 SUSTAINABLE CITIES AND COMMUNITIES	1 Effective hydrogen utilization rate 2 Hydrogen station sales volume	1 98% 2 +0% from FY2025	1 98% 2 +120% from FY2025	1 88% 2 Not disclosed	- Participated in Low-Carbon Hydrogen Model Town Pilot Project in Chita City, Aichi Prefecture - Participated in hydrogen mobility promotion events	P64
	Water resource conservation initiatives	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sales of target products (polymer flocculants)	+7% from FY2025	+11% from FY2025	Not disclosed	- Expanded overseas sales of target products - Installed the latest wastewater treatment facilities - Participated in UMIGOMI Zero Week 2025	P71
	Biodiversity initiatives	13 CLIMATE ACTION	1 Plant factory sales volume 2 Number of participants in social contribution activities (forestry activities, clean-up activities)	1 +100% from FY2025 2 +3% from FY2025	1 +250% from FY2025 2 +5% from FY2025	1 Not disclosed 2 Not disclosed	- Expanded plant factory product varieties - Participated in nature-related volunteer activities - Detailed analysis and information disclosure based on TNFD	P64 P72 P87
	Chemicals management	14 LIFE BELOW WATER	Emissions of substances subject to PRTR (t/year)	Reduction of 3% from FY2025 level (99 t/year or less)	Reduction of 5% from FY2025 level (97 t/year or less)	102 t	Reduced emissions by improving manufacturing processes	P78
	Reduction of industrial waste and pollutant emissions	15 LIFE ON LAND	1 Final landfill rate 2 Recycling rate of waste	1 Maintain 0.5% or less 2 70%	1 Maintain 0.5% or less 2 70%	1 0.1% 2 21%	Thorough waste separation and promotion of reuse	P79
Social	Securing and developing human capital		Investment in training (per person)	Introduction of training programs in response to key measures (global expansion, digital literacy)	Same as on the left	83,271 yen/year	- Continued implementation of language training - Held group training for the use of generative AI	P81 P82
	Diversity promotion	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	1 Female hiring ratio 2 Percentage of women in managerial positions 3 Employment rate of persons with disabilities	1 30% or more among new career-track employees, 20% or more among regular service employees 2 8.0% or more 3 Achievement of the legally mandated employment rate	1 30% or more among new career-track employees, 20% or more among regular service employees 2 10% or more 3 Achievement of the legally mandated employment rate	1 Career-track employees: 32.4%, regular service employees: 38.5% 2 5.1% 3 2.5%	- Held lectures at various group training sessions - Expanded the range of workplaces for employees with disabilities	P83
	Creation of a comfortable working environment	8 DECENT WORK AND ECONOMIC GROWTH	1 Increased engagement 2 Percentage of male employees taking childcare leave 3 Percentage of paid leave usage	1 Improvement in employee happiness score compared to the previous year 2 80% or more 3 95% or more	1 Improvement in employee happiness score compared to the previous year 2 80% or more 3 95% or more	1 +0.7 2 73.0% 3 93.9%	- Enhanced transfer allowances and introduced the transfer postponement program - Established the new Childcare Balance Support Leave	P84
	Maintenance and improvement of employee health	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES	1 Rate of employees undergoing thorough health examinations 2 Rate of employees maintaining desirable weight 3 Smoking rate 4 Ratio of employees with regular exercise habits	1 100% 2 70% 3 15% 4 40%	1 - 2 - 3 - 4 -	1 70.3% 2 60.3% 3 21.8% 4 33.8%	- Promoted activities to encourage medical examinations by strengthening the occupational health system - Implemented a smoking ban on company premises (from October 2025) - Implemented company-wide walking events and dietary habit seminars	P85 P86
	Promotion of occupational health and safety	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1 Number of lost-time injuries 2 Injury incidence rate (lost-time + non-lost-time + minor injuries) / 100 persons	1 0 cases 2 0.31	1 0 cases 2 0.28	1 12 cases 2 0.87	- Implemented special safety audits - Created and distributed a safety rulebook - Implemented heatstroke prevention measures	P88
	Promotion of security and disaster prevention	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	1 Number of explosion or fire accidents 2 Number of serious leakage accidents of harmful substances or hazardous materials	1 0 cases 2 0 cases	1 0 cases 2 0 cases	1 0 cases 2 3 cases	- Review of the content of deliberation meetings (IRC meetings) on new equipment and product mass production systems - Review of work standards (inclusion of know-how and know-why)	P89
	Improvement of product quality		Risk of nonconformity in high-purity, high-performance products	Reduction of 3% from FY2025 level	Reduction of 5% from FY2025 level	Not disclosed	Review of quality risk extraction methods in quality design reviews	P91
	Improvement of distribution quality		Reduction of packaged product complaints caused by distribution	Reduction of 5% from FY2025 level	Reduction of 5% from FY2025 level	Not disclosed	- Rollout of cushioning materials used at distribution company relay points - Verified the effectiveness of outer packaging for packed products	P91
Governance	Strengthening of corporate governance	8 DECENT WORK AND ECONOMIC GROWTH	1 Enhancement of corporate governance 2 Strengthening of internal control system	1 2 Internal control over major business processes Document maintenance	1 Improving the effectiveness of the Board of Directors based on analysis and evaluation, and building further trust with investors 2 Enhancement of employees' risk sensitivity and establishment of self-inspection system for major business processes	1 2 Amendment of the internal control reporting system (expansion of the evaluation scope, etc.)	- Implemented a questionnaire survey to evaluate the effectiveness of the Board of Directors - Conducted 141 individual meetings with analysts and institutional investors (2025 results) - Expanded the scope of internal control evaluation regarding company-wide internal control, major business processes, and IT general control - Notified the key points of the amended internal control reporting system	P98 P99
	Risk management and crisis management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Appropriate management and handling of the Group's major risks	Strengthening of BCP measures against cyberattacks, etc.	Same as on the left	Implementation of crisis response training	- Verified the BCP system in the event of system failure due to a cyberattack - Implemented crisis response drills based on the assumption of an earthquake directly under the Tokyo metropolitan area	P100
	Compliance (legal compliance) and ethics	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Number of major violations, including guidance from administrative and government agencies	0 cases	0 cases	5 cases of administrative guidance 0 cases of major violation	- Held two meetings of Compliance Committee (2025 results) - Implemented employee training on prohibited acts toward quasi-public officials and the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment	P101
	Promotion of sustainable procurement		Sustainable procurement questionnaire collection rate	100%	Same as on the left	95%	- Questionnaire survey of major business partners - Distributed green procurement guidelines and implemented risk surveys at the time of new transactions	P102

Environmental Policy

Make environmental protection integral to business activities and contribute to the sustainable development of society.

1. Work to minimize the environmental impact of our business activities, including the development, manufacture, and shipment of chemical industrial products.
2. Comply with environmental laws and regulations, agreements, customer requirements, and all other applicable requirements.
3. Conduct routine and periodic inspections effectively, strive to take preventive measures to avoid significant environmental impact including in the event of accidents or emergencies, and carry out necessary training.
4. For environmental aspects with significant impact, set measurable environmental targets within technically and economically feasible limits, regularly evaluate and analyze progress against those targets, and take necessary action to spiral up environmental management system. Also focus on the following areas.
 - (1) Global warming mitigation initiatives
 - (2) Environmental impact reduction initiatives
 - (3) Initiatives to realize a recycling society
5. To improve environmental performance, effectively implement, maintain, and manage a documented environmental management system. Also promote education and public relations activities to ensure that all employees and partner business sites understand and are familiar with our Environmental Policy.
6. Disclose this policy to external parties upon request.

Environmental accounting

The Toagosei Group introduced environmental accounting in 2000 to ascertain costs related to environmental activities and their benefits and to utilize the data as a basis for decision-making for the purpose of engaging in more efficient environmental protection activities. Specifically, we aggregate costs such as those for reducing CO₂ through steam utilization at a waste incineration plant operated jointly with the Yokohama City, and for strengthening wastewater treatment facilities to reduce environmental impact.

Scope of calculations

Toagosei Group (production sites in Japan) *See page 68 for the scope of environmental performance data calculation

Calculation method

1. Calculated using our Calculation Rules prepared with reference to the Environmental Accounting Guidelines (2005 version) of the Ministry of the Environment of Japan.
2. Compound costs that include expenditures for purposes other than environmental conservation are prorated in proportion to their impact on the environment then counted as environmental costs.
3. Investment amounts are treated as actual capital investments, and expense amounts are treated as actual facility maintenance and management costs, personnel and other costs.
4. Items for which effects could be clearly calculated were calculated in monetary and quantitative units. However, effects that are difficult to quantify, such as risk aversion and deemed effects, are not included.

Environmental investments and expenses by cost category (Unit: millions of yen)

Types of environmental conservation costs in 2025 (Content of major initiatives)		Investment	Expenses
1. Cost within business area		3,103	9,114
Breakdown	1 Pollution prevention costs (costs to prevent atmospheric and water pollution)	2,320	7,306
	2 Global environmental protection costs (costs to prevent global warming, promote energy-saving, prevent destruction of the ozone layer)	551	1,324
	3 Material recycling costs (costs to use resources efficiently and for disposal and treatment of industrial waste)	233	484
2. Upstream/downstream costs (costs incurred in downstream / upstream from manufacturing and service activities: green procurement, etc.)		189	35
3. Management activity costs (costs to maintain and operate environmental management system, monitor and measure environmental impact, and offer environmental education)		146	463
4. R&D expenses (costs to research and develop products and other items that contribute to environmental protection and reduce environmental impact during manufacturing)		91	1,281
5. Social activity costs (costs of nature conservation and environmental improvements such as greenification, donations to and support for environmental protection organizations, and activities related to local residents)		1	40
6. Environmental damage costs (costs to recover nature and for compensations related to environmental conservation)		26	12
7. Other costs related to environmental conservation		142	150
Total		3,699	11,095

Cost trends (Unit: millions of yen)

Indicators	2021	2022	2023	2024	2025
Investments for the purpose of environmental conservation	2,600	2,963	2,650	4,361	3,699
Expenses for the purpose of environmental conservation	8,103	10,376	9,133	9,386	11,095

Environmental management certification status

The Toagosei Group continues to maintain ISO 14001 certification, the international standard for environmental management. We consider the environment as we develop and manufacture products and provide services. We began obtaining ISO 14001 environmental management system certification in 1998. All 12 of our domestic plants and five overseas Group companies now hold certification.

Going forward, we will continue to pursue ISO 14001 certification across our Group companies, including overseas.

Details of ISO 14001 certified sites

Toagosei Co., Ltd. (non-consolidated) (Plants acquisition rate: 100%)

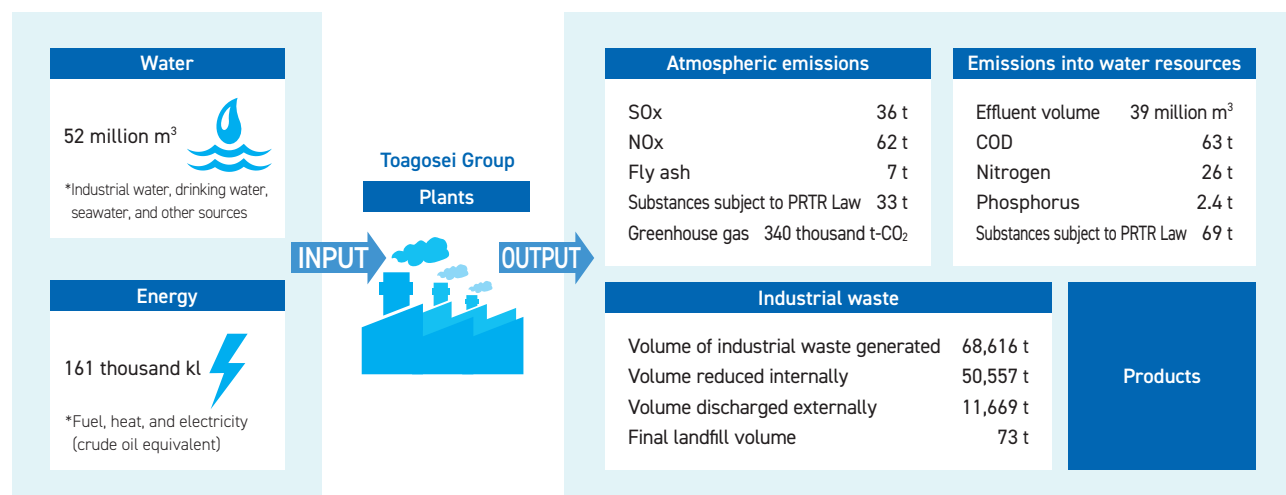
Plants	Certification number	Certification date
Nagoya Plant	JMAQA-E960	December 1998
Takaoka Plant		December 1998
Tokushima Plant		February 1999
Sakaide Plant		February 1999
Yokohama Plant		March 2003
Hirono Plant		November 2005
Oita Plant		May 2007
Kawasaki Plant		April 2010

Group companies in Japan

Company	Certification number	Certification date
Aronkasei Co., Ltd. (four plants)	JCQA-E-0891	April 2002

Environmental performance

Scope				Calculation period
Toagosei Group (Production sites in Japan)	Toagosei	Plants	Nagoya Plant, Yokohama Plant, Takaoka Plant, Tokushima Plant, Sakaide Plant, Oita Plant, Kawasaki Plant, Hirono Plant	One year from January 1 to December 31, 2025
		Research centers	Nagoya Criatio R&D Center, Institute for Advanced Sciences (Ibaraki Prefecture), Kawasaki Frontience R&D Center	
	Group companies	Aronkasei	Kanto Plant (Ibaraki Prefecture), Nagoya Plant, Monozukuri Center (Aichi Prefecture), Shiga Plant, Onomichi Plant	



E Environment

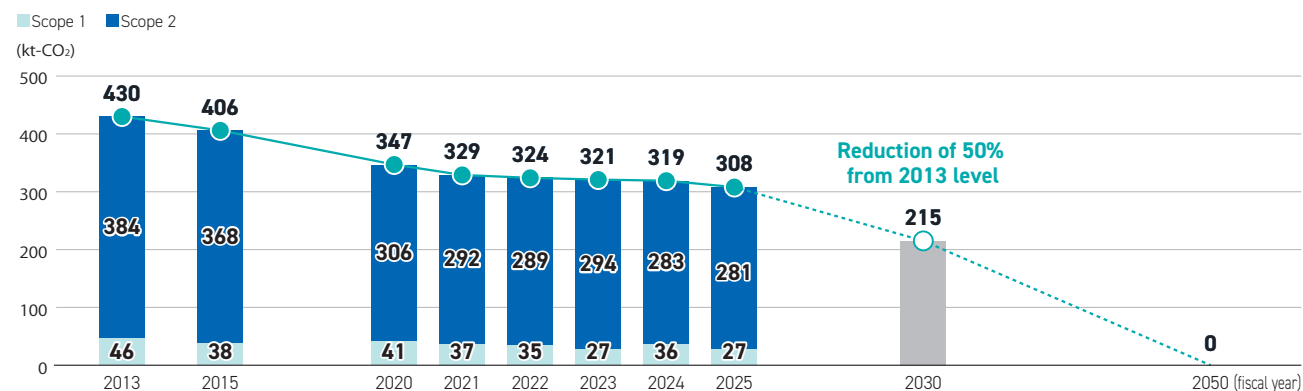
Initiatives to Mitigate Climate Change

Initiatives to achieve carbon neutrality

We are working to reduce greenhouse gas (GHG) emissions with the goal of becoming carbon neutral (net zero) by 2050. For Scope 1 and 2, our target is a 50% reduction by 2030 compared to 2013, and we achieved a 28.4% reduction in 2025 compared to 2013.

To achieve carbon neutrality, in addition to energy conservation and the switch to low-carbon fuels in our existing manufacturing processes, we are expanding our own renewable energy power generation, such as solar power generation and small-scale hydroelectric generation. In addition, we will introduce internal carbon pricing in 2026, building on pilot programs already under way in parts of the business. We will use internal carbon pricing as a reference indicator for capital investment decisions, accelerating our efforts to reduce GHG emissions.

GHG emissions and reduction targets (Scope 1 and 2)



Expanding the introduction of renewable energy

We are expanding the introduction of renewable energy in and around our own plants. Following the Nagoya Logistics Center (1 MW output), we began generating power at the Takaoka Plant in 2025 as well with a 1-MW mega solar power generation facility. In addition, we are proceeding with the construction of mega solar power generation facilities at our Nagoya and Hirono plants. We are also pursuing small-scale hydroelectric power generation. Our first small-scale hydroelectric power plant, currently under construction in Nagano Prefecture, is scheduled to begin generating power in 2026. We plan to expand the introduction of small-scale hydroelectric power plants following the first plant and are advancing surveys and development for subsequent plants.

Utilization of carbon-neutral steam

Steam is used for heating in the manufacturing processes for chemical products. Generating steam primarily involves burning fossil fuels such as city gas in boilers, which produces CO₂ emissions. We are working with the Yokohama City on a demonstration project to supply carbon-neutral steam, generated at a waste incineration plant, to our Yokohama Plant.

Utilization of hydrogen energy

Hydrogen obtained during caustic soda production does not emit CO₂ when burned, unlike fossil fuels. We expanded the installation of hydrogen boilers beyond the Tokushima Plant to the Yokohama Plant and the Nagoya Plant, enabling steam generation without fossil fuels.

Utilization of low-carbon hydrogen

We are participating in the “Feasibility study for a low-carbon hydrogen model town in Chita City, Aichi Prefecture,” which uses hydrogen as an energy source that emits no CO₂ during use. At the Nagoya Plant, we electrolyze brine using renewable electricity and supply the resulting low-carbon hydrogen for a wide range of hydrogen applications, including fuel cells for public facilities and homes, and hydrogen water heaters.

TOPICS

Implementation of demand response

To promote the effective use of renewable energy and advance decarbonization, we are implementing demand response (DR), which adjusts electricity consumption on the demand side. During periods of high renewable energy generation and surplus power, such as spring and autumn holidays, we shift our production facilities' operations. This helps stabilize the overall supply-demand balance across society. At the Nagoya Plant, we use the electrolytic cells to implement “upward-DR,” a program that increases output (electricity consumption) on request. Through advance simulation and on-site coordination, we operate this program while minimizing its impact on production plans.

Initiatives for Water Resource Conservation

Our policies and approach

The Toagosei Group uses industrial water, groundwater, drinking water, and seawater as water resources. Each manufacturing site works to use water resources efficiently, including through in-process circulation, and manages wastewater discharges to comply with local discharge regulations.

Initiatives to ensure wastewater quality

The Toagosei Group has established voluntary wastewater standards in Japan that are stricter than the legally required limits, and manages its operations to protect water quality.

To reduce the environmental impact of wastewater discharge, plants with high wastewater loads have installed treatment facilities using environmental technologies such as the activated sludge process, and manage their wastewater appropriately.

We have confirmed that no violations of wastewater quality regulations occurred in FY2025.



Wastewater treatment facility newly installed at the Nagoya Plant

Water stress assessment

Water supply concerns and flooding in the watersheds where our production sites are located are anticipated to significantly affect our business operations. We therefore assess water-related risks at each site and implement appropriate measures for business continuity, including establishing business continuity plans (BCPs). The Toagosei Group assessed water stress across all production sites and R&D centers, including overseas locations, using Aqueduct 4.0 of the Aqueduct Water Risk Atlas, the water risk assessment tool developed and published by the World Resources Institute (WRI). The assessment identified two currently non-manufacturing sites with a high water stress level: China (Shanghai) and India (Ahmedabad). At our other sites, including those in Japan, no locations fall in high water-stress areas, and we have no facilities, assets, production, or revenue exposed to water stress. We will continue to conduct periodic assessments to monitor water risk, and will work to use water resources efficiently and appropriately regardless of stress level.

Water stress assessment results

Numbers in the table represent the number of sites

Location	Country	High	Medium-high	Medium	Low-medium	Low	Total
Asia	Japan	0	0	9	8	0	17
	China	1	0	1	0	1	3
	Taiwan	0	0	0	1	0	1
	Thailand	0	1	0	0	0	1
	Singapore	0	0	0	0	1	1
	India	1	0	0	0	0	1
Americas	USA	0	0	1	0	0	1
Total		2	1	11	9	2	25

TOPICS

Holding a lecture on rivers

A lecture held at the Tokushima Plant covered the history of water use in the Yoshino River basin, which the plant draws on, as well as recent trends in river administration. The lecture particularly emphasized the importance of “River Basin Disaster Resilience and Sustainability by all”—a community-wide approach—as climate change drives an increase in water-related disasters such as heavy rainfall. The lecture also noted that companies need to implement flood-proofing measures and formulate a business continuity plan (BCP), and that concrete steps toward minimizing damage and achieving early recovery are required.



Scene from the seminar

Special Feature



Information Disclosure Based on TCFD and TNFD Recommendations



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Taskforce on Nature-related
Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) are frameworks that recommend companies treat climate change and challenges around natural capital and biodiversity as key management issues. Under these frameworks, companies organize and disclose risks and opportunities across four categories—governance, strategy, risk management (risk and impact management), and metrics and targets—with an eye toward future changes in the business environment. Companies are required to assess future business and financial impacts through scenario analysis and impact assessments, and to present response policies, KPIs, and targets from a medium- to long-term perspective. Addressing these frameworks strengthens the sustainable business foundation and contributes to medium- to long-term corporate value enhancement.

The Toagosei Group expressed its support for the TCFD recommendations (the TCFD was dissolved in October 2023, and the TCFD recommendations has been succeeded by the ISSB's standards) in June 2019 and for the TNFD recommendations in September 2025. We will proactively disclose information and work to improve transparency through dialogue, and continue to advance our efforts on climate change and biodiversity, as well as the quality of related disclosures.

► For details, please visit [our website](#).

Common items

► For strategy/metrics and targets, please refer to the relevant pages.

Governance

Issues related to sustainability, including the challenges related to the environment, are studied as priority topics by the Sustainability Promotion Committee. Chaired by the President and Representative Director, the Sustainability Promotion Committee members are made up of directors (including outside directors), presidents of each group company, and representatives of subordinate organizations or those in charge of auditing organizations, and held regularly once a year. The Committee reports the results of deliberations to the Board of Directors, which discusses, decides on and supervises response measures and objectives of business strategy formulation and management decisions, issues to combat climate change, as well as natural capital.

Business sites of each our Group's companies formulate action plans and promote and review activities based on the policies of the Sustainability Promotion Committee. Committees have also been established to discuss individual matters like responsible care (RC) and compliance.

► For an organization chart, see [P65](#) [Sustainability management system].

Risk management

Based on the "Toagosei Group Risk Management Regulations," we designate a department in charge of each risk and implements appropriate risk countermeasures, including the formulation of a business continuity plan (BCP) and risk management for the purpose of prevention and avoidance, led by the department in charge. In addition to each department evaluating and responding to risks, the Management Committee and Board of Directors regularly assess the overall risk picture of the Group and confirm the adequacy of countermeasures, to ensure swift response to risks and management of company-wide risks. In the event that a risk materializes, a Group Task Force is established to respond flexibly to the crisis situation.

► For an organization chart, see [P100](#) [Risk management system].

Climate change-related information disclosure based on the TCFD recommendations



As part of our climate change response, the Toagosei Group aims to achieve significant reductions in greenhouse gas emissions through rigorous energy conservation, production process optimization, the adoption of power sources with low CO₂ emissions such as solar power, and the switch to low-emission-factor electricity derived from renewable energy sources. We also aim to decarbonize our entire value chain through the provision of products that contribute to the realization of a decarbonized society and through supplier engagement.

Strategy

Financial impact assessment

The financial impact of carbon taxation, the major risk, is estimated at approximately 3,080 million yen as of 2050.

Calculation basis: 2025 Scope 1+2 emissions of 308 kt-CO₂, assuming a carbon tax of 10,000 yen per t-CO₂

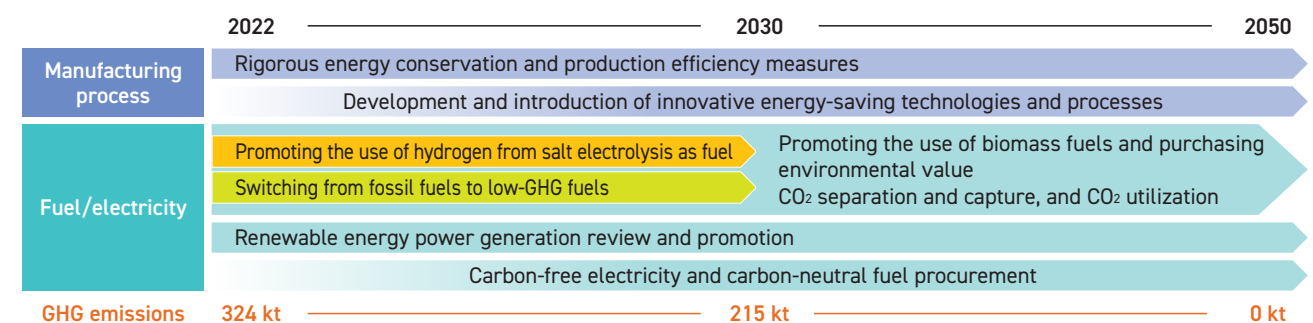
Identification of risks and opportunities (scenario analysis)

We conducted an analysis to identify the significant impacts climate change could have on our Group's business by 2050 under the 1.5°C temperature rise scenario, in which progress is being made with efforts toward decarbonization, and the 4°C temperature rise scenario, in which society continues to progress as is, with reference to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

Risk / Opportunity		Business impact		Response
1.5°C scenario Transition risks	Stronger energy-related regulation	Risk	Increase in manufacturing and raw materials costs due to the introduction of carbon taxes, etc.	- Switch to low-carbon fuels - Expand the introduction of renewable energy
	Spread of environmentally friendly product	Opportunity	Expansion of recycled products and biomass products	- Acquire ISCC PLUS certification - Enhance lineup of biomass products
	Spread of CCUS and other decarbonization technologies	Opportunity	Establishment and spread of CCUS technologies	Develop and expand sales of materials that contribute to CCUS
	Shift to electricity-powered mobility	Opportunity	Decrease in internal combustion engine vehicles Spread of EVs and FCVs	- Develop and expand sales of materials for batteries and fuel cells - Increase in hydrogen demand (hydrogen stations)
	Change in stakeholder behavior	Risk	Penetration of corporate value assessment that focuses on climate change measures	- Continue to promote climate change measures and appropriate information disclosure - Implement fuller dialogue with stakeholders
4°C scenario Physical risks	Rise in average temperatures and changes in weather	Risk	Deterioration of working conditions and decline in productivity due to rising temperatures	Automation of production facilities and labor saving
	More frequent and intense floods and storm surge disasters	Risk	Increased risks of the suspension of plant operations, equipment damage, and logistics disruption	- Diversify production bases and implement measures to protect equipment from water damage - Expand sales of ground improvement agents

GHG emission reduction responses and transition plan

We will pursue rigorous energy conservation and productivity improvements in our manufacturing processes, combined with hydrogen utilization, a switch to low-GHG fuels, expanded renewable energy, and CO₂ separation, capture, and utilization, to ultimately become carbon neutral.



Metrics and targets

Response	Item	Metric	Target	Result (2025)	Disclosure data and initiative reference
Climate change-related targets	GHG emissions (Scope 1+2)	GHG emission reduction rate from 2013	Achieve carbon neutrality (2050) 50% reduction (2030)	28% reduction	P70 Initiatives to Mitigate Climate Change
GHG emissions (FY2025)	Scope 1+2 (emission from use of fuel + emission from use of purchased electricity and heat)			308 kt-CO ₂	
	Scope 3 (indirect emissions across the entire supply chain, excluding Scope 1 and 2)*			763 kt-CO ₂	

*Toagosei Co., Ltd. (non-consolidated)

Environment

Natural capital-related information disclosure based on the TNFD recommendations



Across our value chain, from procurement of raw materials to final disposal, our business activities depend on and affect natural capital and biodiversity. For this reason, we assessed the Group's interactions with nature across its business activities (the dependencies and impacts on natural capital and biodiversity) and identified risks and opportunities that may materialize in the future. We assessed our interactions with nature across business activities by reference to the LEAP approach set out in the TNFD recommendations.

Strategy

Identifying the interface between business activities and nature

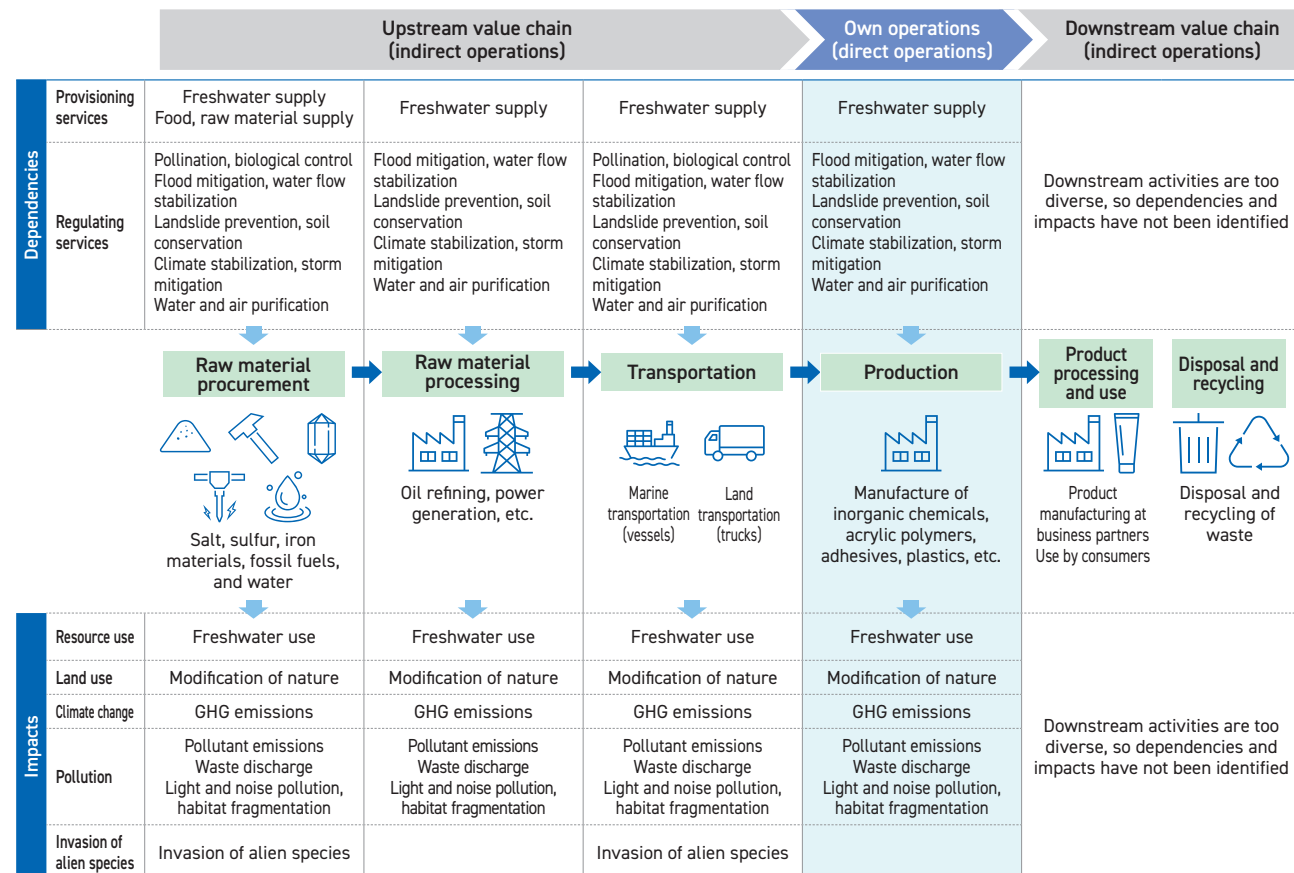
To assess the relationship with natural capital across business activities, we used ENCORE*, a tool for performing a simple evaluation of typical dependencies and impacts, taking into account the Group's specific business characteristics. In this analysis, taking into account the accuracy of available data, we focused on upstream value chain activities and direct operations. The results of the analysis are organized in a heat map and they show that upstream value chain activities across each business contain many items with strong relationships to nature. As the results also show a similar structure across all business segments, we mapped the value chain for the Group as a whole, organizing dependencies and impacts.

ENCORE analysis Materiality and significance of impact High : High Medium : Medium Low : Low — : Not applicable / not assessed

Dependencies / Impacts		Dependencies								Impacts					
		Provisioning services				Regulating and maintenance services				Resource use	Land use change	Climate change	Pollution		Alien species
Upstream	Raw material procurement	High	Low	Low	High	Medium	High	High	Medium	High	High	High	High	High	Low
	Raw material processing	High	—	—	High	Medium	Medium	High	Medium	Medium	High	High	High	High	—
	Transportation	Low	—	Low	High	Low	High	Medium	Low	Medium	High	High	Medium	High	High
	Direct operation	Medium	—	—	Medium	Medium	Medium	Medium	Medium	Low	Medium	High	Medium	High	—

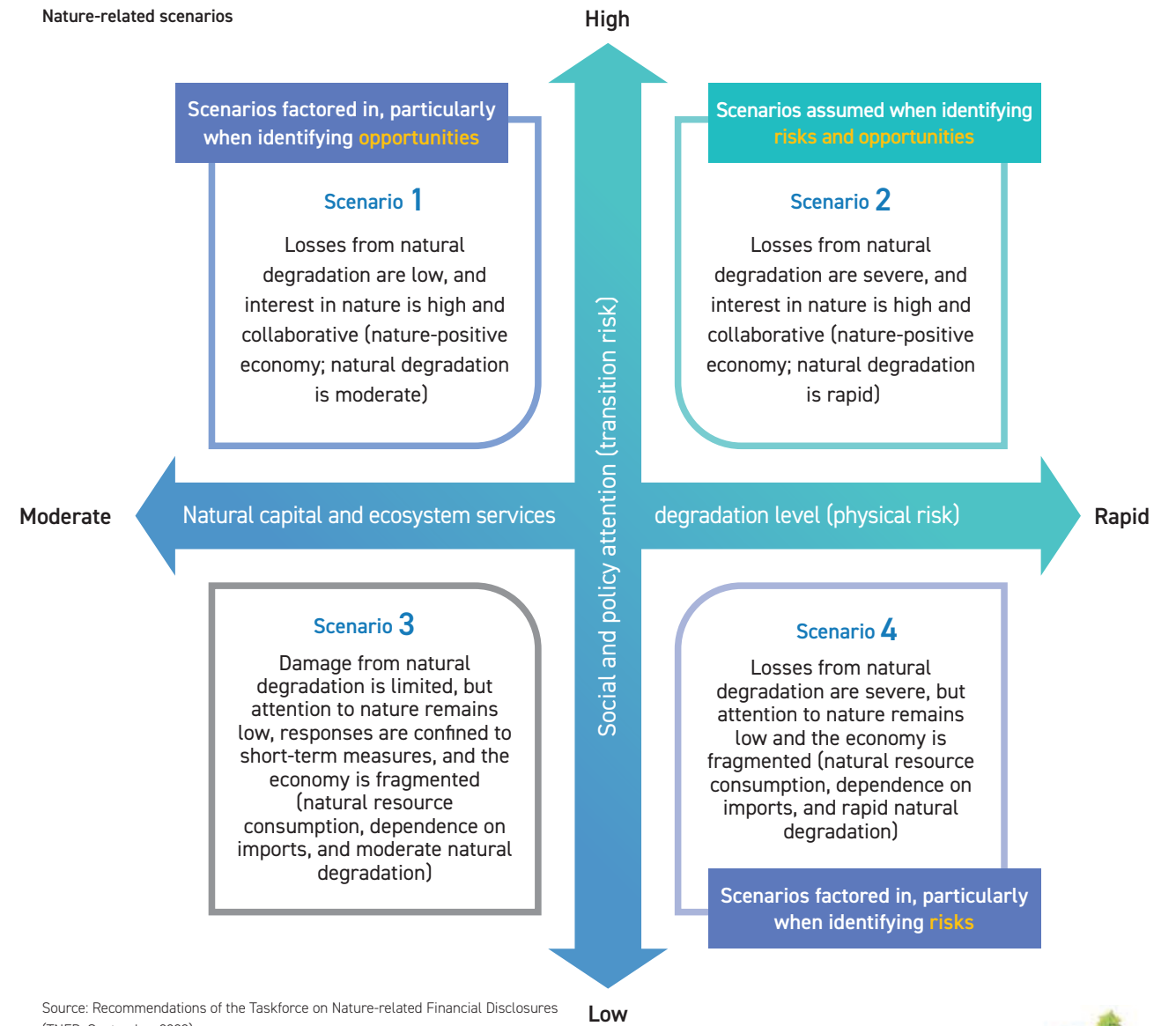
*ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A tool developed jointly by organizations including the Natural Capital Finance Alliance (NCFA), an international network of financial institutions, and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) to help private companies assess the scale of their impacts and dependencies on nature. Partially adapted to reflect the Group's business characteristics.

Overview of dependencies and impacts on natural capital and biodiversity across the value chain (value chain mapping)



Identification of risks and opportunities (scenario analysis)

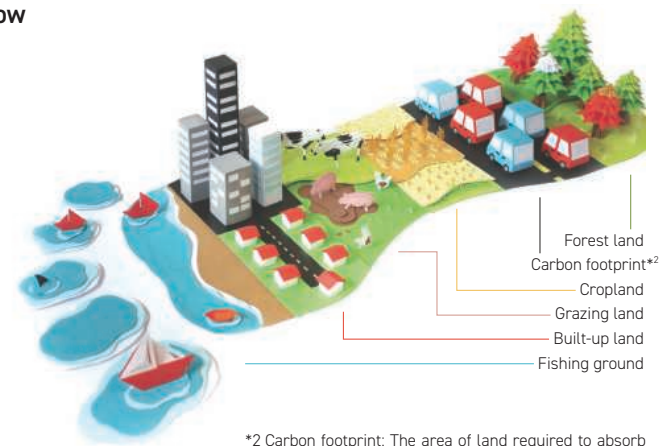
To identify nature-related risks and opportunities over the medium to long term, we referenced the nature risk scenarios set out in TNFD guidance and developed our own scenarios assuming natural degradation and a transition to a nature-positive economy. We then organized risks and opportunities and formulated responses. For the materiality assessment, we used the Ecological Footprint (EF).^{*1}



Source: Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD; September 2023)

*1 Ecological Footprint:

An indicator that expresses, as a virtual land area (gha), the land required to produce the natural capital needed for our business and to absorb the emissions generated by that business. Even when the supply chain of suppliers and similar parties cannot be traced, this metric can serve as an integrated indicator for evaluating multiple dependencies and impacts holistically and quantitatively. The area needed for subsistence is divided into six use types: cropland, grazing land, forest land, fishing ground, carbon footprint, and built-up land.



Source: The Ecological Footprint for Sustainable Living in Japan (WWF Japan, 2015), with additions by the Company

E Environment

High-impact risk/opportunity

Business activity in the value chain		Interactions with nature		Risk / opportunity	Impact on business	Importance	Response measures
Upstream	Raw material procurement, etc.	Dependencies	Freshwater and raw material supply	Risk	Increased procurement costs and reduced sales due to raw material shortages, driven by usage restrictions or natural degradation in raw material sourcing regions	Medium to high	● Addressing high-risk raw materials by securing alternative suppliers and promoting multi-sourcing ● Promoting the transition to sustainable raw materials and manufacturing methods ● Strengthening stable procurement through dialogue with and support for key suppliers
			Climate stabilization, storm mitigation Landslide prevention, soil conservation	Risk	Increased procurement costs and reduced sales resulting from raw material supply disruptions caused by natural disasters in raw material sourcing regions	Medium to high	● Promoting the diversification of supply sources, inventory buildup, and procurement of alternative raw materials ● Developing and reviewing BCP ● Strengthening information sharing and disaster preparedness coordination with suppliers
			Raw material supply	Opportunity	Enhanced corporate value and increased sales through the use of low-environmental-impact raw materials (biomass and recycled materials), driven by the transition to a society in harmony with nature	Medium to high	● Promoting the use of certified raw materials, biomass, recycled materials, etc. ● Advancing the development of sustainable raw materials through stronger collaboration with suppliers
		Impacts	Modification of nature Pollutant emissions	Risk	Increased procurement costs and reduced sales due to emission regulations and environmental measures arising from environmental impacts in raw material procurement and related activities	Medium to high	● Reviewing procurement standards and evaluating alternative raw materials for high-risk raw materials ● Advancing traceability and driving supplier verification and improvement requests ● Advancing the transition to sustainable procurement in anticipation of tightening regulations ● Incorporating a natural capital perspective into procurement risk assessments
			Waste discharge	Risk	Increased procurement costs from shifting to low-environmental-impact raw materials as society transitions to a recycling society	Medium to high	● Advancing resource-efficient design and reviews of containers and packaging ● Expanding the use of recycled and circular materials ● Advancing collection, reuse, and recycling initiatives
			Modification of nature	Risk	Rising procurement costs driven by growing environmental conservation awareness upstream in the value chain	Medium to high	● Advancing procurement management based on the sustainable procurement policy ● Clarifying procurement requirements ● Advancing traceability of key raw materials and supplier dialogue
Direct operation	Manufacturing of products	Dependencies	Freshwater supply	Risk	Increased manufacturing costs and reduced sales due to water shortages caused by declining water supply capacity in the watershed	Medium to high	● Advancing water use reduction at the plants ● Advancing water use efficiency, including cooling water ● Promoting greater water reuse and recycling
		Impacts	Freshwater use	Risk	Increased manufacturing costs and reduced sales due to water intake restrictions caused by downstream environmental degradation	Medium to high	● Promoting more advanced wastewater management ● Promoting reduced water intake and lower water-quality impact ● Exploring the introduction of water-saving equipment and the use of recycled water
Downstream	Use and disposal of products	Dependencies	Regulation and maintenance service complementation	Opportunity	Increased orders for products that enhance water retention, contributing to flood and landslide disaster prevention, driven by natural degradation and the transition to a society in harmony with nature	Medium to high	● Developing products and technologies that help reduce flood and landslide disaster risks ● Promoting proposals for products and applications that enhance water retention and suppress runoff
				Opportunity	Increased orders for products that contribute to water purification in drinking water systems, driven by natural degradation and the transition to a society in harmony with nature	High	● Providing products and services that contribute to water quality maintenance and purification in drinking water systems
		Impacts	Impact mitigation	Opportunity	Increased orders for products that contribute to water treatment for reuse and water purification of wastewater from plants, driven by water resource shortages and tightening water quality management	Medium to high	● Promoting the development and proposal of products and services that contribute to water reuse ● Providing products that contribute to advanced treatment of wastewater from plants
				Opportunity	Increased orders for products that contribute to reducing environmental impact, such as low-carbon and low-plastic products, driven by tightening controls on climate change measures, environmental pollution, and emissions	High	● Promoting the development of products that contribute to low-carbon, resource-efficient, and low-plastic outcomes ● Providing and developing new low-environmental-impact products ● Providing and developing new recyclable products
				Opportunity	Increased orders for products that address the invasion of alien species through ballast water treatment, driven by biodiversity loss and tightening regulations on alien species	High	● Providing products and services that support compliance with regulations on alien species
		Dependencies and impacts	Impact mitigation of regulating and maintenance service complementation	Opportunity	Enhanced corporate value and increased orders for products through food production at plant factories that contribute to sustainable agriculture, driven by the transition to a society in harmony with nature	Medium to high	● Providing agricultural products through plant factories and resource-efficient cultivation ● Enhancing productivity at plant factories

● Selection of priority areas

From the risks assessed as highly significant among the identified risks and opportunities, we conducted priority-area selection (priority assessment) covering two areas: (1) water use in direct operations and (2) raw material procurement in indirect operations.

Priority-area assessment methodology

For water use and raw material procurement, we assessed the following items.

- (1) Water use in direct operations

 - ①Water consumption
 - ②Ecosystem health (Biodiversity habitat around manufacturing sites)
 - ③Water risk (Watershed recharge)
 - ④Indigenous peoples, priority areas, etc. (Regulatory status of water use around manufacturing sites)
 - ⑤Importance of biodiversity (Downstream protected areas and biodiversity information around manufacturing sites)
- (2) Raw material procurement in indirect operations

 - ①Salt procurement volume
 - ②Ecosystem health (Biodiversity Intactness Index around production sites)
 - ③Indigenous peoples, priority areas, etc. (Rights of indigenous peoples and local communities to land and natural resources around production sites)
 - ④Importance of biodiversity (Endangered species, protected areas, and biodiversity information around production sites)

In this assessment, we referenced the databases and maps listed below and evaluated each item qualitatively and quantitatively using the Group's own methodology.

(1) Water use in direct operations • GLOBIO (Aafke M. Schippe et al.) • National Land Numerical Information (Ministry of Land, Infrastructure, Transport and Tourism) • Water supply potential (Calculated from meteorological data (Japan Meteorological Agency) and land use) • Regulatory information (Ministry of Land, Infrastructure, Transport and Tourism; Japan Water Agency) • Environmental Impact Assessment Database System (EADAS) (Ministry of the Environment of Japan) • Mean Species Abundance (MSA) • Wetlands of high importance from a biodiversity perspective (important wetlands) • Important Bird and Biodiversity Area (IBA) • Key Biodiversity Area (KBA) • UNESCO Eco Park (Biosphere reserves) • Ramsar Sites • Habitat protection zones	(2) Raw material procurement in indirect operations • Mean Species Abundance (MSA) • Biodiversity Intactness Index (BII) • Rights of indigenous peoples and local communities to land and natural resources • Protected Area (PA) and OECM • Key Biodiversity Area (KBA) • Importance assessment score (STArT) based on the number of threatened species • GLOBIO (Aafke M. Schippe et al.) Biodiversity Intactness Index (Newbold et al. 2016) • Biodiversity Intactness Index (Newbold et al. 2016) • LandMark (Global platform of indigenous and community lands) • Protected Planet (International Union for Conservation of Nature) (Sourced from IBAT) • Key Biodiversity Areas (Sourced from IBAT) • STArT (International Union for Conservation of Nature) (Sourced from IBAT)
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● Priority-area assessment results

In our direct operations, we identified Commodity Chemicals as the priority business segment, and the Nagoya Plant and Tokushima Plant as the priority sites. In our indirect operations, we identified certain areas in Mexico and Australia as priority areas.

- (1) Water use in direct operations

At the Nagoya Plant and Tokushima Plant, we found that we need to pay attention to changes in watershed ecosystems and land use, as well as their potential impact on biodiversity-critical habitats downstream. At the Tokushima Plant, we found that we need to pay attention to our relationship with the local community regarding water intake restrictions. At these plants, we will explore developing the technologies needed to maintain operations even as available water resources decline.
- (2) Raw material procurement in indirect operations

We surveyed our salt (industrial salt) sourcing regions in Mexico, Australia, and India, and found that we need to pay attention to biodiversity health and potential impacts on biodiversity-critical habitats in all three regions. In certain areas of Mexico and Australia, we need to pay attention to the impacts that extraction activities may have on local communities and indigenous peoples. We are working to diversify and expand our sourcing base while continuously monitoring developments, so that we can identify risks early and respond appropriately.

Metrics and targets

Drawing on the core disclosure metrics for dependencies, impacts, and risks and opportunities recommended under the TNFD framework, we will expand our disclosures going forward and work to reduce our environmental impact.

TNFD core global disclosure metrics cross-reference table

Metric no.	Drivers of natural change	Indicator	Metric	FY2025 results	Data and initiative references
C2.1	Pollution / pollution removal	Wastewater discharge (m³)	Total wastewater discharge	39 million m³	 P71 Initiatives for Water Resource Conservation
C2.2		Waste generation and disposal (t)	Annual waste generation	68,616 t	 P79 Initiatives for Resource Recycling
C2.4		Non-GHG air pollutants (t)	NOx emissions	62 t	 P78 Initiatives to Prevent Pollution
C2.4			SOx emissions	36 t	

E Environment

Initiatives to Prevent Pollution

Our policies and approach

The Toagosei Group complies with laws and regulations, ordinances, and internal standards on air, water quality, and chemical substances, and work to reduce our environmental impact. We measure and monitor emissions and discharges regularly, ensuring early detection of anomalies and thorough corrective and preventive action.

Chemical substance emissions reduction

Each business site conducts appropriate notifications and management under the “Law concerning Pollutant Release and Transfer Register (PRTR Law).” In 2023, we promptly identified and addressed the additional target substances. As a result, we confirmed releases of sodium chlorate into water resources and submitted the required notification accordingly. Looking ahead, we will make efforts to monitor and reduce emissions of newly added target substances together with existing substances.

Emissions of principal substances subject to PRTR (t)

Major emissions	2024	2025
Sodium chlorate	46	68
Chloromethane (methyl chloride)	31	20
Methyl acrylate	4.7	5.1
Chloroethylene (vinyl chloride)	3.1	5.0
Toluene	1.2	1.7

Atmospheric pollution control

*Trends in emissions of NOx, SOx, etc.

By properly managing our combustion equipment, we comply with regulatory limits on soot and smoke, and monitor total emissions of sulfur oxides (SOx) and nitrogen oxides (NOx).

Exhaust gas monitoring trends (t)

		2022	2023	2024	2025
Toagosei	SOx	40	46	42	36
	NOx	71	61	73	62
	Fly ash	5	4	7	7
Aronkasei	SOx	0	0	0	0
	NOx	0	0	0	0
	Fly ash	0	0	0	0
Group companies in Japan	SOx	40	46	42	36
	NOx	71	61	73	62
	Fly ash	5	4	7	7

Rational use and proper management of fluorocarbons

In accordance with the Act on Rational Use and Proper Management of Fluorocarbons, the Group properly maintains and manages covered equipment and facilities, and takes measures to prevent fluorocarbon leaks. The Toagosei Group is rolling out a refrigerant management system (RaMS) to support proper management of covered equipment, including basic inspections and periodic inspections. Calculated on a non-consolidated basis, our fluorocarbon leakage volume for FY2025 was 368 t-CO₂. Calculated on a Group basis, our fluorocarbon leakage volume was 427 t-CO₂. We will continue working to prevent fluorocarbon leaks going forward.

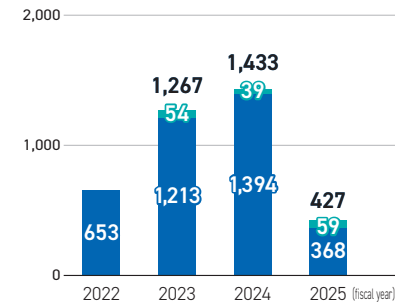
Fluorocarbon leakage

(t-CO₂)

Business sites	Volume discharged
Nagoya Plant	141
Yokohama Plant	31
Tokushima Plant	10
Oita Plant	174
Kawasaki Plant	5
Head Office	7
Total	368
Aronkasei	59

Trends in fluorocarbon leakage volume

(t-CO₂)



TOPICS

Manufacturing of ocean-friendly, environmentally considerate products: “Aron Alpha Tsurimeijin” Soft & Low-Whitening

“Aron Alpha Tsurimeijin” Soft & Low-Whitening is an instant glue recommended for reinforcing fishing line knots, making and repairing floats and lures, and repairing guides, among other uses. The cured adhesive has been confirmed to be biodegradable in soil, seawater, and sediment, meaning it breaks down through microbial action. For this reason, should the adhesive be accidentally lost in a natural environment, it is expected to have a reduced environmental impact.



Initiatives for Resource Recycling

Our policies and approach

The Toagosei Group is advancing the reduction of waste generation and the effective use of resources through the promotion of resource recycling.

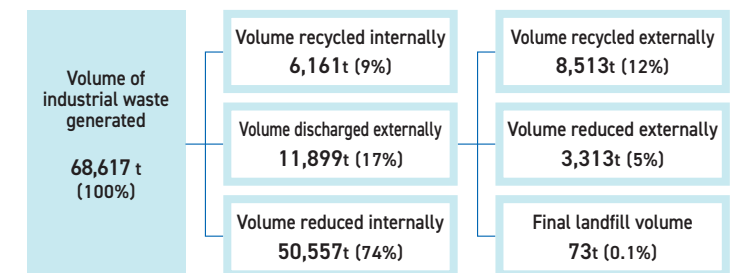
We pursue reductions in final disposal volumes and higher recycling rates based on the three Rs: reduce, reuse, and recycle. Going forward, we will further incorporate circular economy principles and advance the investigation and expansion of external recyclers and recycling channels, strengthening a recycling framework that circulates resources across society as a whole.

Volume of waste generated in operation

We are actively working to reduce industrial waste generation, minimize waste volumes, and increase recycling. For waste generated in normal operations, we are working toward targets of a landfill disposal rate of 0.5% or below and a year-on-year improvement in the recycling rate of at least 1%.

In 2025, our landfill disposal rate for waste reached 0.1%, meeting our target. The recycling rate, however, fell 2% year on year, falling short of our target.

Industrial waste processing flow



TOPICS



Acquire ISCC PLUS certification

ISCC PLUS is an international certification scheme that ensures sustainable raw materials such as recycled and biomass-derived materials are properly managed throughout the supply chain, including in product manufacturing. By using sustainably sourced propylene as a raw material for the acrylic acid manufactured at our Oita Plant, we obtained ISCC PLUS certification. This enables us to sell certified products allocated under the mass balance approach* and to transfer them to other sites.

We are progressively pursuing this certification for derivative products manufactured at other sites, and are building a framework to contribute to a resource-circulating society by supplying low-environmental-impact products that help realize a sustainable society.

*The mass balance approach is an ISCC PLUS-approved management method that, when manufacturing products from a mixture of raw materials (such as petroleum-derived and biomass-derived materials), allows the proportion of biomass-derived raw materials used to be freely allocated to any given product.

Product packaging transitioning to environmentally considerate paper-based materials: The “Aron Alpha” for professional use series

The “Aron Alpha” for professional use series switched to environmentally friendly packaging specifications in FY2023, with the goal of reducing environmental impact. By adopting paper-based packaging materials, we have reduced plastic use by approximately 30%* compared to conventional products. We also use biomass ink made from plant-derived materials for printing. Going forward, we will continue working to reduce resource use and lower our environmental impact through design improvements to our products and packaging materials.

*Reduction figures are based on a comparison of the outer packaging only (excluding the container itself) and represent theoretical values calculated from the dimensions of the plastic used.



Recycling of used disposable diapers

In Japan, where the population is aging and the birthrate is declining, adult disposable diaper waste is growing faster than child disposable diaper waste is shrinking. Used disposable diapers are projected to rise from approximately 5% of municipal solid waste in 2020 to approximately 7% by 2030.

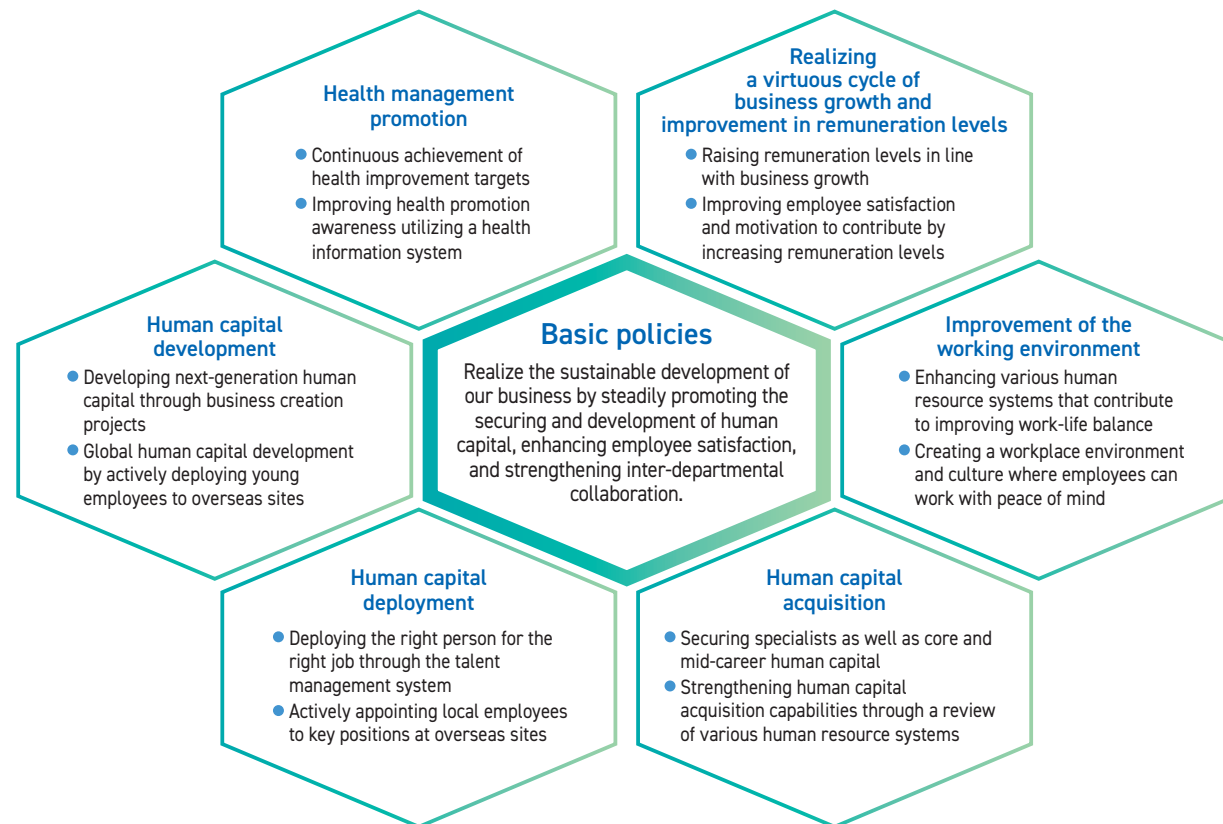
Against this social backdrop, Aronkasei took on the challenge of recycling used disposable diapers—previously considered impractical—and succeeded. This recycled resin has been commercialized as a dedicated collection box for used disposable diapers. Going forward, we will expand the use of this recycled resin across a wider range of applications.

Human Capital

Approach to human capital

Under the recognition that the source of value creation is human capital, the Toagosei Group is promoting the development and securing of human capital and the creation of an environment where each and every employee can work with pride, aiming for the sustainable increase in corporate value.

Specifically, we will promote various human capital measures and active investment focusing on themes such as “realizing a virtuous cycle of business growth and improvement in remuneration levels,” “improvement of the working environment,” “acquisition, deployment, and development of human capital,” and “health management promotion.” Through these efforts, we aim to realize an environment where diverse human capital can make maximum use of their abilities and experience success and growth, thereby improving employee satisfaction and labor productivity. In addition to strengthening the power of these employees, we will promote the strengthening of inter-departmental collaboration throughout the Toagosei Group, leading to the sustainable development of our business.



Realizing a virtuous cycle of business growth and improvement in remuneration levels

With a focus on business growth and enhancement, we will create a virtuous cycle: improved satisfaction through higher remuneration → increased motivation to contribute → improved productivity and business performance → distribution of profits (base salary increases).

Improvement of the working environment

Based on the belief that a working environment where employees can work with peace of mind is essential for their retention and growth, we have implemented bold human resource system reforms. Going forward, we will continue to expand human resource systems that enhance work-life balance and increase the sense of collaboration among employees, striving to foster a workplace culture where everyone can work with peace of mind.

Human capital acquisition

We strive to secure the human capital necessary to promote our business plans through the use of diverse channels and active recruitment activities. In addition to actively acquiring specialists as well as core and mid-career human capital, we are working to strengthen our human capital acquisition capabilities through a review of various human resource systems.

Human capital deployment

To pursue human capital deployment that contributes to business creation and reinforcement, we are promoting the launch of a talent management system that clarifies the requirements for necessary human capital and visualizes the skills and career aspirations of employees. Furthermore, to promote the appointment of local employees to key positions at overseas sites, we will clarify position requirements and candidate abilities, determine suitability, and then appoint the most suitable human capital.

Human capital development

We have focused on building a system that enables each and every employee to autonomously develop their career. Building on this foundation, we will focus on realizing both business creation and the development of human capital with business foresight. In addition, we will accelerate the development of overseas human capital and the business expansion of local subsidiaries by actively assigning young employees to overseas sites.

Health management promotion

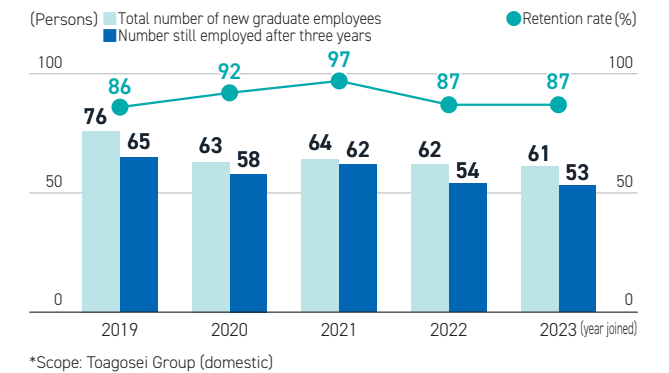
We strive for health maintenance and promotion through an enhanced health management system and a support structure provided by health staff. After achieving priority KPIs, we will further promote employee awareness by spiraling up to even higher levels of health targets.

Securing and developing human capital

Recruiting activities

To achieve sustainable growth and increase corporate value, the Toagosei Group positions human capital as its important management resource and is focusing its efforts on recruiting activities. Regardless of whether they are new graduates or experienced personnel, we value encounters with human capital who possess diverse values and backgrounds, and while opening our doors wide, we are also working to create an environment where diverse human capital can play an active role. Furthermore, from the perspective of preventing mismatches after joining the Group, we conduct exchange events with employees as well as plant and research center tours, and communicate the workplace atmosphere and the voices of employees through our updated recruitment website. In the selection process, we place importance on human capital who empathize with our corporate philosophy and have a motivation for growth.

New graduate recruit retention rate (after three years)



COLUMN

Renewal of the recruitment website

In February 2026, Toagosei completely renewed its recruitment website. In addition to ensuring further understanding of our technical capabilities, this update features content developed based on surveys to present a clearer picture of what it is like to work at the Company. Moreover, to further strengthen our recruitment of experienced personnel, which is a recent area of focus, we have also set up a new page dedicated to experienced personnel.

The website's catchphrase, “Follow your curiosity,” expresses a corporate culture where each and every employee, regardless of their generation or experience, can freely share ideas and take on challenges. We will continue to actively communicate information via our recruitment website to promote greater understanding of the Company.



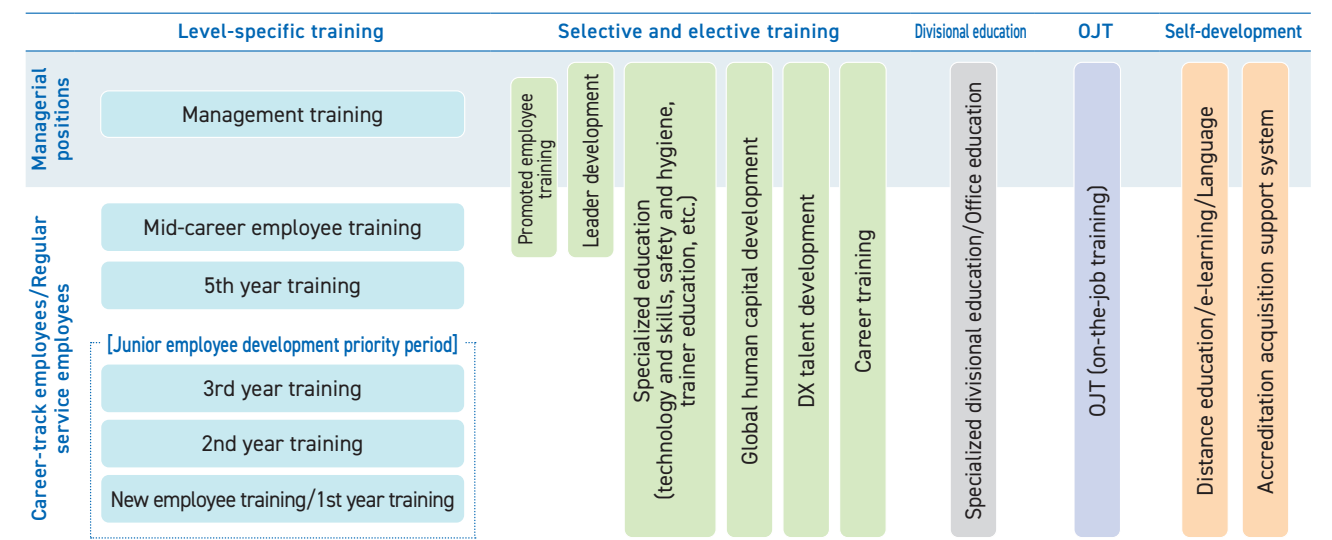
Recruitment website

Human capital development policy

Our initial focus is on helping employees develop the ability to think independently and act autonomously. In the 2028 Medium-Term Management Plan, we aim to develop a diverse range of professional human capital. To do so, we are promoting programs to develop autonomy in employees' careers and creating a culture for autonomous career development, which is fundamental to the above aim. In addition, we are also focusing on the development of

human capital who can use digital skills for operational reforms, as well as providing language training as the first step to enabling employees to flourish overseas. We also plan and operate programs that promote human resources development to enable each and every employee to take responsibility for their own growth. We also endeavor to nurture people who can contribute not only to corporate management but also to the maintenance and development of society.

Human capital development chart





Development of young employees

Our Group has designated the first three years of employment as a priority period for cultivating junior employees. During this period, training focuses on developing human capital who can think and act independently, while also involving others to achieve targets. To achieve this, we implement level-specific training to provide opportunities to learn the fundamental skills of working adults, step-by-step. In addition, we are conducting training to promote the experiential learning cycle through OJT (on-the-job training) by taking what has been learned in level-specific training back to the workplace. For this, the cooperation of managers at each workplace is essential, and we are also developing a mechanism using pulse surveys to increase opportunities for interviews between managers and young employees. Working closely with colleagues gives employees the opportunity to identify their own strengths, shortcomings and areas where they can better themselves, in addition to developing connections with their peer group.



2025 new employee training

Specialized education

The Company provides training in work-related technical skills throughout the entire company to ensure that employees are fully capable at the workplace as early as possible. In technical skill training, we promote a wide range of education from basic to practical applications, including

acquisition of fundamental knowledge with e-learning, understanding of process principles with mock-ups using operating simulators, and hands-on training with instruments, equipment and mini-plants. These types of training help to strengthen a trainee's analytical ability and response capability, in addition to increasing their sensitivity, such as in detecting abnormal signs, responding to abnormal events and identifying their causes. Rather than simply having employees attend lectures, overall we aim to ensure that training sessions and workshops involve many opportunities for discussions between lecture participants. By designing these sessions to ensure active communication, we are working to develop a mindset of independent learning. In safety and health training, we are enhancing the use of VR and simulation equipment to increase sensitivity through hands-on safety training, to cultivate capable human capital of maintaining safe and stable operations, and to transfer the required technologies and skills.

Career autonomous development support

Our Group provides Career Autonomous Development Support to enable each and every employee to plan out a vision for their own career, and take action toward fulfilling it. We are expanding the scope of eligibility for career training by rank every year. Since 2024, we have been working to expand opportunities for career discussions with internal nationally qualified career consultants. In addition, with the aim of enabling them to support their subordinates in self-understanding and self-growth, we conduct "Career Workshops" for employees in managerial positions. Going forward, we will expand these workshops beyond managers to provide all employees with opportunities to learn about their careers more freely. Furthermore, we provide support for self-development so that employees are able to select and acquire the required skills themselves. We are expanding the range of e-learning courses to enhance learning opportunities. In addition to an assistance program under which the Company pays for the cost of distance education, English learning apps, and open seminars, we encourage employees to improve their capabilities by encouraging them to acquire official accreditations through our assistance program for qualification acquisition.

Diversity promotion

Global human capital

The development of global human capital is essential for the Toagosei Group to accelerate its overseas expansion. International communication has become increasingly important, given the rise in the number of overseas business trips and online meetings. To address this, we provide English training program aimed especially at improving speaking skills so as to build a firm foundation for business communication with overseas partners. Training began in 2023 with 22 employees selected from our operating departments. The format was changed to an application-based participation system, and in 2024 and 2025, sessions were held with more than 10 participants each year. By making this a program where employees with greater motivation to learn and more autonomy participate, it has led to higher achievements.

Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Our general business owner action plan under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace extends for five years from 2026, and includes the following goals that we have set.

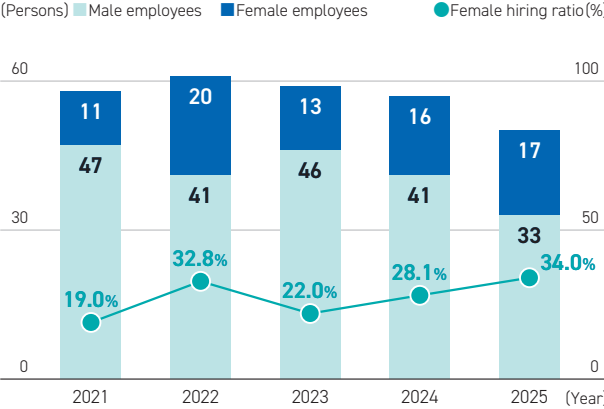
- Maintain new graduate female hiring ratio of 30% or more among new career-track employees and 20% or more among general service employees during the plan period
- Increase the percentage of women in managerial positions to at least 10% by December 31, 2030
- Strive to expand the job categories available to female general service employees at manufacturing sites
- Achieve a childcare leave usage rate for male employees of 80% or higher
- Maintain average monthly overtime and holiday work hours at approximately 10 hours

In addition, to create an environment in which diverse human capital can play an active role regardless of gender, we will implement initiatives to raise awareness in the organization and provide forums for interaction between female employees across different departments.

Greater choice of workplaces where women can display their capabilities

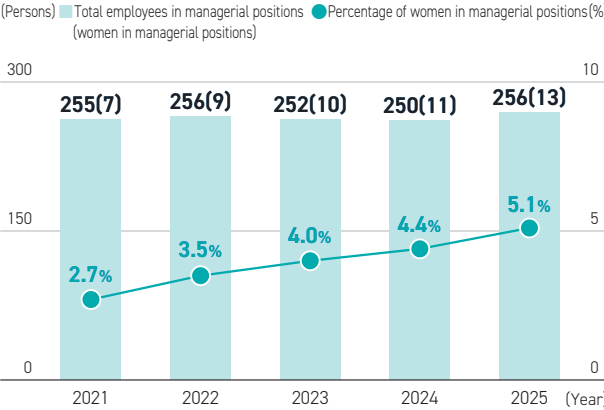
The Toagosei Group positions diversity promotion as a key management issue and is strengthening the expansion of job categories for women and their participation in decision-making levels. In 2025, the appointment of women to general manager positions was realized, making career paths to management levels clearer. The percentage of women on the Board of Directors reached 18.1% as of the end of March 2026, and a system is being established where diverse perspectives are reflected in management decisions. In addition, we have established a system in which female employees participate in recruiting and promotion interviews, striving to build an evaluation process characterized by fairness and transparency. By incorporating multifaceted perspectives, we are proceeding with the creation of an environment where women can work on their career development with peace of mind. Furthermore, we are further advancing the assignment of women to areas such as sales and operations departments, where the ratio of women has traditionally been low, and are working to develop future candidates for female managers. Going forward, through the provision of diverse opportunities for experience and the enhancement of development measures, we will continue to strive to further strengthen the organizational foundation where women can play an active role over the medium to long term.

Employment rate of women among new graduates in past five years



*Scope: Employees registered at Toagosei

Percentage of women in managerial positions in past five years (as of December 31 each year)



*Scope: Employees registered at Toagosei

VOICE

Communication improvement workshops at each business site

As a trend common across the Company, it has been pointed out that there are instances of a lack of smooth communication between veteran and younger employees, particularly at production sites, due to an insufficient depth in the mid-career layer. There were also issues such as the maintenance and improvement of motivation across manufacturing sites as a whole. In response to strong requests from site supervisors to improve the current situation, the implementation of effective measures at each plant was required. Consequently, in 2025, we started a communication improvement program utilizing LEGO® SERIOUS PLAY® at the Kawasaki Plant, followed by a session at the Hirono Plant. Going forward, we will continue to plan and manage workshops while identifying issues specific to each site through interviews and other means at each plant.



Scene of the workshop

Active senior human capital

In 2013, the Group extended the mandatory retirement age from 60 to 65 by introducing a system for retirement at 65. Aiming for a workplace environment where senior human capital can continue to work with even greater motivation and a sense of fulfillment, in 2026, we improved salary levels for those aged 60 and over, in addition to the base salary increase for all union members. Furthermore, under our objectives management system, we have established and are utilizing new criteria to evaluate the inventory of intangible assets, such as the technologies and experience employees have cultivated over their careers. In our existing career training for employees in their 40s and 50s, we provide support for promoting autonomous career development by helping participants reevaluate their own values and judgment criteria while clarifying their future work styles and career visions. We will continue to improve the workplace environment so that employees can achieve self-realization with a sense of fulfillment well into the future.

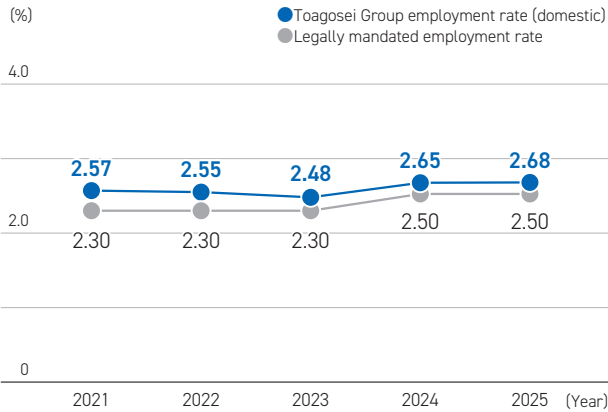
Social

Employment of persons with disabilities

People with disabilities across a wide range of age groups, from their 20s to their 60s, play active roles at business sites throughout Japan.

While working to expand job categories so that even more people can participate, we have also introduced diverse work styles, such as flextime and teleworking, to support autonomous ways of working suited to each individual. The Group's employment rate of persons with disabilities was 2.68% as of the end of 2025, and with the goal of further increasing this rate, we will strengthen collaboration with employment support organizations and Hello Work while also striving to improve the workplace environment.

Employment rate of persons with disabilities in past five years (as of December 31 each year)



Promotion of work-life balance

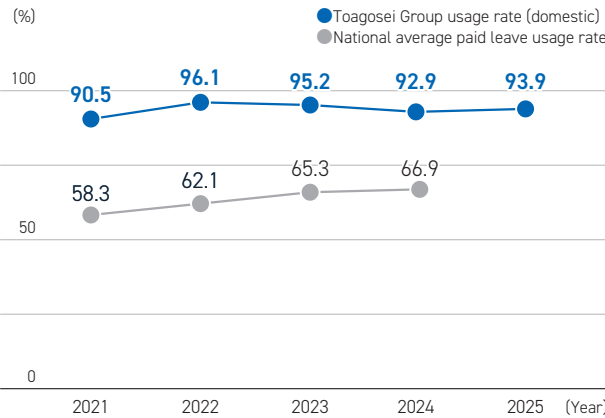
Flexible work styles

Our Group works on various human resource system reforms based on the belief that when employees spend their days feeling fulfilled in both their personal and professional lives, they can apply their abilities to the fullest, which leads to the growth and development of our business.

Main initiatives for flexible work styles

- Encouraging employees to take annual paid leave
 - Sending emails regarding leave usage rates to the employee and their supervisor
- Introduction of an annual leave by hourly increment system
 - Enabling annual paid leave to be taken in one-hour increments
- Introduction of a teleworking system
 - Working from home or other locations in one-hour increments for up to 10 sessions per month

Percentage of annual paid leave usage



*National average paid leave usage rate: General Survey on Working Conditions (Ministry of Health, Labour and Welfare)
*The Group permits annual paid leave past the statutory expiration date (up to 40 days) to be retained, and this figure has been calculated including the amount of this leave that has been taken.

From the perspective of work-life balance, we encourage employees to actively take their annual paid leave. We operate a follow-up system that includes sending emails to encourage leave usage to eligible employees who have not met certain usage criteria and their supervisors. As a result, we have successfully

fostered a culture where employees can take annual paid leave whenever necessary, and the usage rate has maintained a level exceeding 90% for seven consecutive years since 2019. Furthermore, by recommending flexible work styles, we aim to foster an autonomous corporate culture and improve productivity through the development of various systems.

Support in balancing work with parenting/nursing care

The Toagosei Group is also committed to supporting employees in balancing work with parenting and/or nursing care. Regarding support for balancing work with parenting, we have established a system to enable employees to extend their childcare leave until the end of March after their child reaches the age of three if they are unable to enroll their child in a daycare center. We have also established the "Childcare Balance Support Leave (up to 10 times per year)," which enables employees to take leave for reasons such as when their child is feeling unwell. In addition, our support system for balancing work and nursing care has abolished the upper limit on the period for shortened working hours for nursing care, and the number of days granted for nursing care leave has been increased to a maximum of 20 days per year, which exceeds statutory requirements. From 2024, we added "Infertility Treatment" to the approved uses for the Retained Annual Leave System in addition to parenting and nursing care, and are advancing the development of systems that can cater to a wide range of employee life events.

Main initiatives for support in balancing work with parenting/nursing care

- Expansion of the Leave System for Spouse Relocation
 - Expanded to include domestic transfers in addition to international ones. Maximum of three years.
- Establishment of leave/vacation systems exceeding statutory requirements
 - Nursing care leave is granted for up to 20 days per year
 - Childcare leave can be extended until March 31 after the child reaches the age of three if they are unable to enroll in a daycare center
- Financial support measures
 - Providing a certain percentage of remuneration for a portion of the nursing care leave period
- Expansion of uses for the retained annual leave
 - Added infertility treatment in addition to parenting and nursing care

Considerations for transferred employees

Amid increasingly diverse value perceptions and lifestyles, we are advancing the expansion of human resource systems related to transfers to create an environment where employees can work with peace of mind at their assigned locations and perform at a higher level. We have introduced a transfer postponement program for employees who meet the specified childcare and nursing care requirements and wish to apply for it. At the same time, for employees who do transfer, we provide transfer allowances and have implemented a system that effectively reduces out-of-pocket housing costs for those assigned to workplaces away from their families to zero. While aiming to reduce the burden of transfers, we strive to create an environment where employees subject to relocation can assume their new posts with a positive mindset.

Results of the engagement survey and their utilization

Since 2019, we have been conducting regular engagement surveys to continuously ascertain how employees feel about work environment congeniality, including work-life balance, as well as job satisfaction, including pride in their work and their sense of growth. As a result of our efforts to promote flexible work styles and our support for balancing work with childcare and nursing care, employee satisfaction regarding work environment congeniality is trending upward. Going forward, we will focus on improving satisfaction regarding job satisfaction. We aim to improve employee engagement by helping each and every employee develop a future vision and implementing various support measures to realize it, while also enhancing our talent development programs.

Employee happiness (out of 100 points)	2022	2023	2024	2025
	66.6	66.2	67.7	68.4

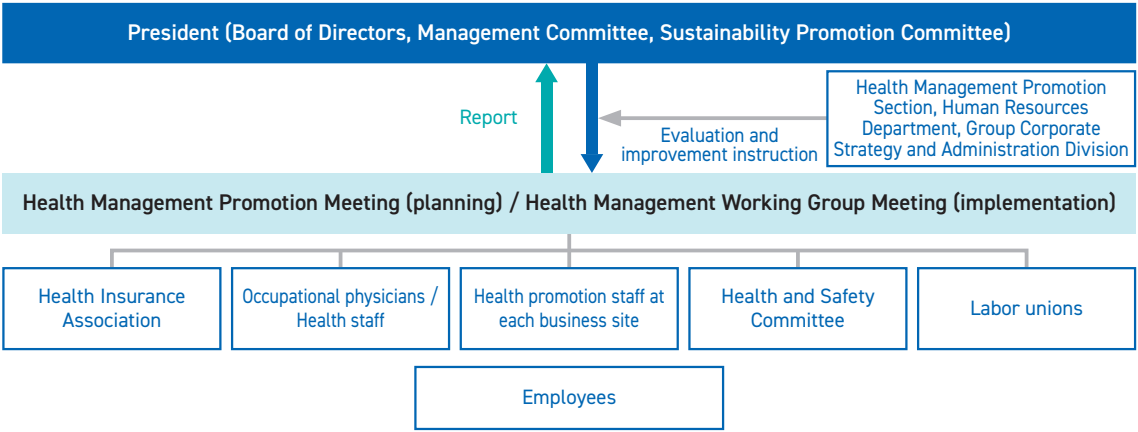
*Scope: Employees registered at Toagosei

Health management promotion

Systems and initiatives relating to the promotion of health management

Good health is necessary for employees to work comfortably and with vitality, be filled with energy, and demonstrate creativity. Therefore, efforts to maintain and improve employee health can be described as building the foundation for our business activities. The Group holds the Board of Directors meetings to

establish annual goals for promoting health management. We check our progress towards achieving final goals (KPIs) and discuss improvements based on our health management strategy map. In line with this policy, occupational physicians, health staff, the Health Management Promotion Section, the Health Insurance Association, Health and Safety Committee, and others cooperate organically to promote health enhancement measures, working to reduce the disease risk for each individual employee.



Promotion of disease prevention

We focus on the prevention of lifestyle-related diseases to ensure that employees can work with vigor and vitality without health concerns. The health management system is used to increase the sophistication of health management by promoting appropriate health guidance for each individual employee through the monitoring of employee health status and identification of issues by health staff. We have also introduced a web-based health consultation service, which allows employees to consult anonymously with their healthcare providers. In addition, we are focusing on encouraging thorough health examinations aimed at accurately understanding health conditions and the early detection and treatment of diseases. In our efforts to promote smoking cessation, we have implemented

a smoking ban on company premises from October 2025, in addition to running a quit smoking campaign to support those trying to quit smoking, accelerating our efforts to maintain and improve employee health.

Health maintenance and promotion

As our initiatives to maintain employee health in 2025, we focused on establishing exercise habits and conducted walking events, offered subsidies for gym membership, and offered subsidies for club activities. In addition, we are planning and implementing seminars and lectures from occupational physicians tailored to the circumstances at each business site. It has been three years since we began hosting walking events, and they have now become a regular event in the Toagosei Group calendar.

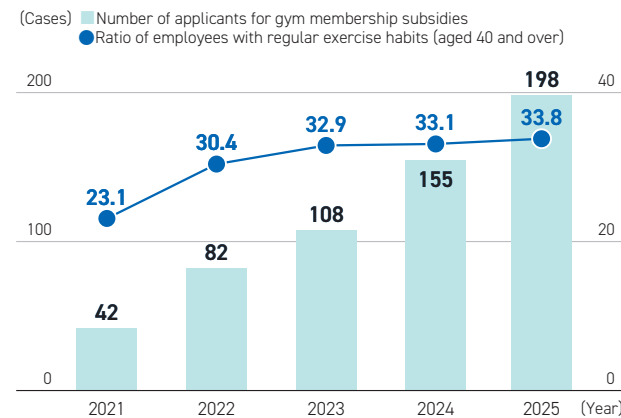
Social

Hosted as a team event, the event is helping to revitalize communication both within and across teams, and promote exercise habits and motivation to exercise by ranking performance by team. New initiatives are included every year, such as the simultaneous hosting of a photo contest using photos of scenery taken when walking, and the number of participants is increasing year on year. The number of applicants for gym membership subsidies is also increasing every year, and as a result, the ratio of employees who exercise regularly continues to rise.



Eating habit improvement seminar

Ratio of employees with regular exercise habits (aged 40 and over)



*Scope: Toagosei (consolidated, domestic)

COLUMN Initiatives for improving eating habits

With the aim of improving awareness of eating habits, we conducted VegeCheck® measurement sessions to visualize vegetable intake. As a result, following a survey, approximately one in five employees who had no intention of improving their diet decided to think about reviewing their diet, while approximately one in six to seven employees who had thought about improving their diets but had not taken action responded that they had improved their diets.

To sustain these achievements, we will continue to promote initiatives aimed at improving lifestyle habits for the health of our employees from the next fiscal year onward.



Sports yell company certification

We were certified with "Sports Yell Company 2026" as a company actively engaged in promoting sports as a means of promoting the health of employees. This certification program is run by the Japan Sports Agency with the aim of promoting sports for the generation in the prime of life and fostering social momentum for sports. This program recognizes companies that are actively promoting sports activities to improve employee health.



Health and Productivity Management Outstanding Organization Certification

We have been certified as an Excellent Corporation for Health Management under the Certified Health & Productivity Outstanding Management Organization Recognition Program since 2019. Moreover, this year we were certified as a "White 500" company, a title reserved for the top 500 certified companies. This program is implemented by the Ministry of Economy, Trade and Industry (METI) in collaboration with Nippon Kenko Kaigi (the Japan Health Council), which is comprised of leaders from the business community, medical-related organizations, and local governments, to recognize corporations that are implementing particularly excellent health management practices.

We will continue to strengthen our health management practices as we regard the physical and mental health of each employee to be an important asset.



COLUMN Office renovation

Aronkasei has renovated its Head Office with the aim of promoting and branding its corporate value, revitalizing communication, and improving productivity. Under the concept of "an office that people want to visit, want to show, and where people connect," the company abolished assigned seating and introduced free-address seating. Additionally, it established an exhibition area where the appeal of company products can be experienced first-hand, as well as a multi-purpose space that can be utilized for casual meetings and social gatherings.

The introduction of free-address seating promotes communication among employees who do not normally interact, and regular exchange events are held in the multi-purpose space to facilitate interaction. Furthermore, the exhibition area is used for product promotion and branding, such as by introducing company products to customers in combination with various usage scenarios.



Social Contribution Activities

Enhancement of contributions to society and local community communication

The Toagosei Group believes that relationships of trust with local communities are essential for carrying out business activities. For this reason, we have been actively engaging in communication with local communities and social contribution activities. We will continue to further deepen interaction and dialogue, striving to be a company that is loved by the community and can develop together with it.

Total number of employee volunteers (Japan)

FY2024	FY2025
393	599

*Aggregation of the number of participants began in FY2024.

Main activity results in 2025

Purpose	Activity contents
Nurturing the next generation / education	- On-site lecture activities - Workplace experience and internships for high school and university students - Participation in learning events Head Office: "Chemistry Personnel Cultivation Program," "Riko-challe," "Kids' Chemistry Experiment Show" Nagoya Plant: "Riko-challe"
Local society / community	- Holding plant tours - Holding Kids' Cafeteria Head Office: Employee dormitory "Rooforumi EGASAKI" - Holding craft events Nagoya Plant: "Minami-ku Citizens' Festival" Takaoka Plant: "Fushiki Tourism Festival," "Tsuginote" Monozukuri Center, Aronkasei Co., Ltd.: "Monozukuri Dojo" - Publication of a local newsletter Nagoya Plant: Publication of "Seiryu" - Sponsorship Hirono Plant: "Hirono-machi Summer Festival," "Iwaki FC" Aronkasei Shiga Plant: "Imazu Fireworks Festival," "Work Life Story Expo 2025" Aronkasei Kanto Plant: "Koga City Fireworks Festival"
Environmental protection / resource recycling	Local cleanup activities Head Office: Participation in "UMIGOMI Zero Week 2025"
Promotion of culture and sports	- Holding sports events on company premises - Sponsorship Head Office: MINATO City Half Marathon, T.LEAGUE official partner Yokohama Plant: "Tsurumi Public Art Project"



Scene of a food education lecture at the Kids' Cafeteria

Donation and gift records

Trend in total amount (Millions of yen)

2020	2021	2022	2023	2024	2025
18	20	19	33	54	34

Main donation and gift recipients

Purpose	Disaster reconstruction support	Health and welfare	Conservation of nature and biodiversity	Support for nurturing the next generation
Donations	- Noto Peninsula (Earthquake and heavy rain) - Taiwan Earthquake - Red Cross Society - Tokushima Earthquake Disaster Prevention Prefectural Council	- NPO WaterAid JAPAN - Japanese Foundation for Cancer Research - Social Welfare Council (Gifts)	- Tokushima Forest-Building Cooperative - Kanagawa Forest Neighborhood Association - Forest thinning support activities	- Tobitate! Study Abroad Initiative - Children's Future Support Fund - Ashinaga Foundation - Chemistry Personnel Cultivation Program

External evaluation

● Toyo Keizai 2026 CSR Company Ranking (20th Edition) Overall rank : **237th**

● Nikkei SDGs Management 2025 : ★**3** stars

Social

Occupational safety and health

Occupational health and safety policy

We engage in health and safety activities in accordance with our Safety Policy of “ensuring accident-free operation and the safety of workers and local communities.”

Priorities for occupational health and safety (OHS) promotion and key policies and measures are determined at the Group's Sustainability Committee meetings, and we engage in health and safety activities accordingly.

Occupational accidents

In 2025, 12 lost-time injuries and 8 no-lost-time injuries occurred in total throughout the Group and partner business sites, and we could not achieve the target of zero injuries. Our accident occurrence rate, for which we have established a KPI as an indicator of the status of accident occurrences including minor

injuries, was 0.87, achieving our target of 0.90 or less. As lost-time injuries and no-lost-time injuries have increased compared to the previous year, particularly at partner business sites, we will strengthen our systems for safety-related information sharing and education.

As we are a chemical company, accidents such as chemical splashes and inhalation are frequent. Therefore, we are working on activities to ensure that workers are fully informed about chemical substance risk assessments, which have been strengthened under the Industrial Safety and Health Act, and the results thereof.

Regarding heatstroke countermeasures, we also share information on health management and education, such as verbal checks to ensure early detection and prevent cases from becoming severe, and the use of wearable devices, implementing these measures according to the conditions at each workplace.

Occupational accidents (Cases)

Year	Toagosei Group			Partner business sites, others			Total			KPI: 0.90 or less
	Lost-time injuries	No-lost-time injuries	Minor injuries	Lost-time injuries	No-lost-time injuries	Minor injuries	Lost-time injuries	No-lost-time injuries	Minor injuries	Accident occurrence rate
2023	1	6	10	5	4	6	6	10	16	0.46
2024	2	2	19	4	1	12	6	3	31	1.09
2025	3	3	6	9	5	6	12	8	12	0.87

*Business site KPI = $\frac{\text{Number of occupational accidents of employees} + \text{Number of occupational accidents of partner business sites}}{(\text{i) Number of employees} + (\text{ii) Number of partner business site personnel}} \times 100$

Occupational health and safety management system

The Group determines priorities for occupational health and safety (OHS) promotion and key policies and measures at the Sustainability Committee meetings, and we engage in health and safety activities accordingly. Each business site is raising the level of health and safety by fusing top-down initiatives and bottom-up initiatives.

Each business site holds a monthly Health and Safety Committee meeting based on the Industrial Safety and Health Act, with labor and management working as one to promote health and safety activities. At each workplace, Health and Safety Meetings are held monthly to maintain and improve occupational health and safety.

Initiatives to improve safety

With the aim of improving the safety of construction work at chemical plants, we have created an original Safety Rulebook

and are promoting its utilization on-site. This booklet is an easy-to-understand summary of basic rules for everyone performing construction work in plants, taking into account the risks and precautions unique to chemical plants.

By utilizing it as a safety guide during pre-work meetings and hazard prediction activities, we aim to share the awareness that “safety takes priority over everything” and to achieve zero accidents. We will continue to work on establishing a safety culture together with all of our partner companies.



TOPICS

Heatstroke countermeasures at Yokohama Plant: Shaved ice event

We serve shaved ice approximately once a week from July to September. It also serves as a venue for communication for both employees and partner business site personnel.



Operational safety and disaster prevention

INNOVATIVE RC Meeting

Based on our Safety Policy of “ensuring accident-free operation and the safety of workers and local communities,” we deliberate on plan details starting from the product development stage and strive to promote products and business activities based on the perspectives of safety, quality, and the environment. Previously, these meetings were operated as disaster prevention meetings. However, starting in 2025, the name was changed to the

Implementation stage



Disaster drills

Each business site regularly conducts disaster drills in cooperation with fire departments and other agencies to ensure readiness in the case of an emergency. In recent years, we have also adopted tablet terminals and helmet cameras to communicate on-site circumstances to the task force in real time.

Amid the increase in severe disasters due to global warming, we are devising ways to respond to unexpected situations by adapting drills to each office's circumstances, such as assuming light staffing due to a holiday, or situations for which no scenario has been determined in advance.



Joint disaster drill with the local fire department

INNOVATIVE RC Meeting to serve as a venue for responsible discussion and deliberation, aiming for the creation of more creative and innovative value at each stage regarding important matters related to products and business, such as the mass production of existing products and the construction of new buildings, in addition to the product realization process from new product development to the vertical start-up of mass production systems.

Number of serious environmental accidents (Leakage or exceeding standards, etc. with external impact)

In FY2025, four environmental accidents occurred within the Group, including minor cases. These accidents included the discharge of effluent exceeding standards as well as the leakage of chemical solutions and vehicle fuel. For each accident that occurred, we promptly reported the matter to the authorities and took corrective measures on-site, confirming that the impact on the environment was limited. The main causes of the accidents were cited as insufficient adherence to work procedures, inadequate equipment management, and insufficient drainage management in construction areas. Going forward, we will strive to strengthen our environmental management system throughout the Group by enhancing work procedures and equipment inspections and ensuring the thorough implementation of recurrence prevention measures.

Status of compliance with environment-related laws and regulations (2025)	Number of cases
Administrative sanctions for violations of laws, ordinances, etc. *Serious environmental accidents leading to improvement orders	1
Accidents, etc. (environmental accidents, etc.) *Environmental accidents resulting in improvement guidance or recommendations from authorities	0
Minor and temporary exceedance of standards, etc. *Environmental accidents not resulting in improvement guidance or recommendations from authorities	3
Complaints and requests (noise, odors, etc.)	0

TOPICS

Utilization of drones for equipment maintenance and safety and disaster prevention

At the Nagoya Plant, we are promoting inspections and situation assessment utilizing drones to strengthen our efforts in equipment maintenance and safety and disaster prevention.

In the field of equipment maintenance, high-place equipment that previously required the installation of scaffolding can now be safely and quickly checked from above using drones. This has not only made inspections more efficient but also established a system for checking wide areas in a short time, leading to the early detection of abnormalities.

Furthermore, in the field of safety and disaster prevention, we have established a mechanism to utilize drones during disaster drills and for initial response during disasters, enabling real-time sharing of on-site footage with the task force. By quickly ascertaining the on-site situation, we are improving our response capabilities for early resolution through accurate judgment and instructions.

The Toagosei Group will continue to work toward achieving safe and reliable operations and sustainable production activities through the utilization of digital technology.





Product stewardship

Product Safety Policy

The Toagosei Group recognizes the impact of chemical substances on human health, safety, and the environment (HSE) as a key management priority issue and is promoting risk-based chemical substance management founded on HSE.

Throughout the entire product life cycle, from development and manufacturing to use and disposal, we continuously improve the safety of our facilities, processes, and technologies while practicing product stewardship.

Furthermore, we fulfill our social responsibility through appropriate management based on scientific evidence, information disclosure, and dialogue, providing safe and reliable products to society.

Flow of chemical substance management for product safety in the life cycle

We conduct our business activities based on chemical substance management for product safety across the entire life cycle of chemical products.

We emphasize risk reduction at the design stage through thorough risk assessments and regulatory research. In addition, we ensure appropriate use and reliability by creating and revising SDS*¹ and managing product labeling to provide accurate information to customers.

Furthermore, regarding exports, we strictly perform applicability judgments based on security export control regulations, conduct transaction screening, and ensure thorough compliance with international laws, thereby conducting our global business responsibly.

Enhancement of Chemical Substance Management for Product stewardship

The Toagosei Group established the Chemical Substance Management Section in 2026 to strengthen its system for responding to domestic and overseas chemical regulations. The Chemical Substance Management Section is improving the accuracy and timeliness of information by reviewing the processes for creating and revising SDS and product labels.

We are also strengthening our product information database and developing a mechanism to reliably and efficiently communicate safety information throughout the supply chain. This supports customers, transportation companies, and other related parties in safely handling products in compliance with laws and regulations.

Furthermore, we regularly conduct internal education on domestic regulations such as the Industrial Safety and Health Act*² and the Act on the Regulation of Manufacture and Evaluation of Chemical Substances*³, as well as foreign regulations related to exports and the transport of hazardous goods, striving to improve the knowledge necessary for legal compliance.

We will continue to strengthen chemical substance management through enhanced expertise, continuous system improvements, and close monitoring of regulatory developments worldwide.

*1 SDS: Safety data sheet

*2 Industrial Safety and Health Act

*3 Act on the Regulation of Manufacture and Evaluation of Chemical Substances



Information communication management for chemical substances contained in products

We appropriately provide information regarding chemical substances through SDS, labels, technical data, etc., and strive to ensure the safety of our customers. Furthermore, we participate in the CMP Consortium and utilize chemSHERPA to strengthen the sharing and communication of chemical substance information throughout the entire supply chain.

In addition, based on our Green Procurement Guidelines, we procure raw materials with a low environmental impact and promote collaboration with suppliers. We thus ensure safety and environmental consideration throughout the entire product life cycle and strive to provide products that are trusted by our customers and society.

Customer health and safety

We strive to prevent adverse impacts on the health and safety of our customers through chemical substance management founded on HSE. Additionally, we provide products that can be used safely by performing appropriate management and provision of hazard information.

Quality Assurance

Quality Policy

The Toagosei Group views quality as the foundation for value creation and aims for the sustainable improvement of corporate value through the provision of products and services that are trusted by society.

We will build a strong management foundation by realizing the optimization of quality costs through the prevention of risks from the design and planning stages and data-driven continuous improvement.

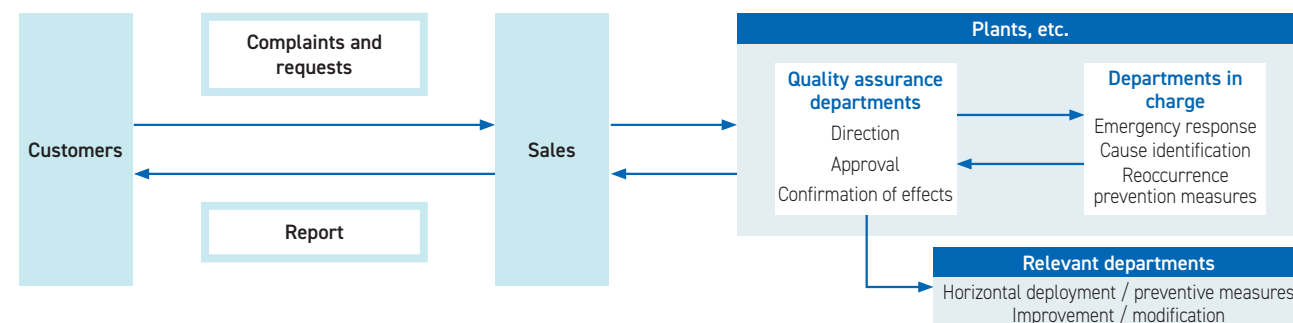
Quality assurance promotion system

We position quality assurance as a function that supports the strengthening of our enduring corporate foundation. In addition to thorough compliance, we promote preventive-type quality assurance that prevents risks from the design and development stages. Furthermore, we aim to increase profitability and achieve sustainable improvement of corporate value by advancing continuous improvement based on data and the reduction of failure costs.

Specific activities

① Transition to preventive-type quality assurance

We are shifting from a focus on correcting non-conformities to a system that identifies risks during the design and planning



Distribution Safety

Safe transport and delivery promotion structure

Ensuring the safe delivery of products is part of our social responsibility as a chemical manufacturer. At each of our business sites, we organize conferences with transportation companies to share safety challenges through continuous dialogue and promote the thorough implementation of basic actions, such as pointing and calling and getting out of vehicles to check when reversing. In the

stages and prevents them from occurring, thereby optimizing quality costs and improving reliability.

② Thorough compliance

We are strengthening traceability and ensuring the reliability of data. Additionally, we are striving to foster a culture that does not hide defects through compliance education and other measures.

To prevent human falsification of inspection results and input errors, we have introduced a system that automates the process from inspection to report preparation.

③ Continuous improvement through data utilization

We have established KPIs for the number of recurring complaints and failure costs. By strengthening recurrence prevention through the analysis and horizontal deployment of information and data, we aim to improve competitiveness and strengthen our earnings base.

Systems to respond to the voice of customers

In order to provide products and services that satisfy and provide peace of mind to our customers, the Group treats complaints and requests as opportunities for improvement, such as product improvements, process improvement, work improvement, and facilities upgrades, and strives for the continuous improvement of its quality management system.

case of new clients, the business sites confirm clients' receiving facilities in advance to establish the system for safe delivery. Furthermore, we share not only information on accidents and incidents but also requests for improvements to customer facilities within the Group to reduce transportation risks. Through the cultivation of such safety culture throughout the entire supply chain, we aim to maintain and improve stable supply and social trust.

TOPICS

The Toagosei Group regularly holds joint safety meetings for drivers who transport chemical substances, such as hazardous materials and powerful agents. In addition to providing education on the properties of chemical substances, we conduct discussions and demonstration drills to prevent human errors, such as incorrect delivery. Through safety management in which not only managers but also every individual driver participates, we support sustainable business operations.



Scene of a demonstration drill



Scene of a training session

Directors

Directors

**Mikishi Takamura** March 28, 1956**Chairman, CEO and Representative Director**

April 1980 Joined the Company
April 2002 General Manager, Finance Group, Administrative Department
April 2005 General Manager, Human Resources & General Affairs Group, Administrative Department
April 2006 General Manager, Human Resources & General Affairs Group and General Manager, Investor Relations & Public Relations Section, Administrative Department
April 2008 Deputy Plant Manager, Nagoya Plant
March 2010 Director, General Manager, Administrative Department
April 2012 Director, General Manager, Administrative Division
March 2013 Director, General Manager, Corporate Strategy Department
March 2015 Vice President and Representative Director and General Manager, Corporate Strategy Division
November 2015 President and Representative Director and General Manager, Corporate Strategy Division
January 2016 President and Representative Director (to present)
January 2025 Chairman, CEO and Representative Director (to present)

Attendance: 13/13 times
(100%)

No. of shares held

136 thousand shares

**Hidenori Kobuchi** December 4, 1963**President, COO and Representative Director**

April 1988 Joined the Company
April 2010 General Manager, Adhesive Group, Functional Chemicals Department
April 2013 General Manager, Polymer & Photopolymer Group, Acrylic Products Department
January 2016 General Manager, Polymer & Photopolymer Group, Acrylic Products Department, General Manager, New Products Research Group, Acrylic Products Department
January 2017 General Manager, Polymer Department, Polymer & Oligomer Division
March 2018 Executive Officer, General Manager, Polymer & Oligomer Division, General Manager, Polymer Department, Polymer & Oligomer Division
January 2019 Executive Officer, General Manager, Polymer & Oligomer Division
January 2021 Executive Officer of the Company, President and Representative Director, MT AquaPolymer, Inc.
March 2023 Director, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department
January 2024 Vice President and Representative Director and General Manager, Corporate Strategy Division
January 2025 President, COO and Representative Director (to present)

Attendance: 13/13 times
(100%)

No. of shares held

42 thousand shares

**Ken Nomoto** November 16, 1967**Director, CFO and General Manager, Group Corporate Strategy and Administration Division**

April 1990 Joined the Company
January 2021 General Manager, General Affairs & Legal Department, Group Administrative Division
January 2022 General Manager, Sales Administrative Department, Supply Chain Management Division
March 2024 Executive Officer, General Manager, Corporate Planning Department, Corporate Strategy Division; General Manager, Information System Department, Corporate Strategy Division
January 2025 Executive Officer, General Manager, Corporate Planning Department, Group Corporate Strategy and Administration Division
March 2026 Director, CFO and General Manager, Group Corporate Strategy and Administration Division (to present)

New appointment

No. of shares held

24 thousand shares

**Tatsuyuki Nonoyama** August 26, 1965**Director, General Manager, Group Supply Chain Management Division; General Manager, Business Planning Department, Group Supply Chain Management Division; General Manager, Logistics Department, Group Supply Chain Management Division; and General Manager, Tokyo Sales Department**

April 1989 Joined the Company
April 2014 General Manager, Manufacturing Department II, Nagoya Plant
January 2017 General Manager, Oligomer Department, Polymer & Oligomer Division
January 2020 General Manager, Manufacturing Department, Nagoya Plant
January 2021 Plant Manager, Hirono Plant
March 2024 Executive Officer, Plant Manager, Takaoka Plant; General Manager, Business Support Department, Takaoka Plant
March 2026 Director, General Manager, Group Supply Chain Management Division; General Manager, Business Planning Department, Group Supply Chain Management Division; General Manager, Logistics Department, Group Supply Chain Management Division; and General Manager, Tokyo Sales Department (to present)

New appointment

No. of shares held

10 thousand shares

Independent Outside Directors

**Takashi Kato** April 22, 1959**Director**

April 1989 Assistant, Department of Chemical Synthesis, Faculty of Engineering, The University of Tokyo
April 1991 Lecturer, Institute of Industrial Science, The University of Tokyo
July 1993 Associate Professor, Institute of Industrial Science, The University of Tokyo
July 1996 Associate Professor, Department of Chemistry and Biotechnology, School of Engineering, The University of Tokyo
April 1999 Associate Professor, Graduate School of Frontier Sciences, The University of Tokyo
May 2000 Professor, Department of Chemistry and Biotechnology, School of Engineering, The University of Tokyo
September 2016 President, The Japanese Liquid Crystal Society
May 2018 President, The Society of Polymer Science, Japan
October 2019 Deputy Director, Research Center for Water Environmental Technology, School of Engineering, The University of Tokyo
April 2022 Member of the Board, The Asahi Glass Foundation
March 2023 Director of the Company (to present)
April 2025 Specially Appointed Professor, Institute for Aqua Regeneration, Shinshu University (to present)
April 2025 Specially Appointed Professor, Research Institute for Interdisciplinary Science, Okayama University (to present)
June 2025 Professor Emeritus, The University of Tokyo (to present)
June 2025 Member of the Board, Izumi Science and Technology Foundation (to present)

Attendance: 13/13 times
(100%)

No. of shares held

0 thousand shares

**Reiko Ishiyama** September 1, 1968**Director**

January 2005 Joined Tokio Marine Nichido Better Life Service Co., Ltd.
June 2015 Executive Director, Japan Care Manager Association
April 2016 Specialist Officer for Care Management, Promotion Division, Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare
April 2018 Professor, Department of Health Services Management, International University of Health and Welfare Graduate School (to present)
April 2019 Board Member, Japan Society of Care Management (to present)
June 2022 Board Member, France Bed Home Care Foundation (to present)
June 2023 Board Member, the Japanese Association of Business Management for Long Term Care (to present)
June 2024 Board Member, Kanagawa Welfare Service Promotion Association (to present)
March 2025 Director of the Company (to present)
April 2025 Outside Director, Tokio Marine Nichido Better Life Service Co., Ltd. (to present)

Attendance: 10/10 times
(100%)^{Note 3}

No. of shares held

0 thousand shares

**Yoshiyuki Kobayashi** February 14, 1964**Director**

April 1988 Joined Sankyo Co., Ltd. (currently Daiichi Sankyo Company, Limited)
April 2015 Director, Medicinal Chemistry Research Laboratories, Research & Development Division, Daiichi Sankyo Company, Limited
April 2016 CEO & President, Daiichi Sankyo India Pharma Private Limited
January 2021 Chief Science Officer, Curyo, Inc.
August 2021 Executive Officer and Chief Science Officer, Curyo, Inc.
September 2023 General Manager, Research and Development Division, Cellshoot Therapeutics, Inc.
May 2024 Founded YK BioPharma (to present)
March 2026 Director of the Company (to present)

New appointment

No. of shares held

—

Director (Full-time Audit and Supervisory Committee Member)

**Yoshihito Takahashi** July 16, 1962**Director (Full-time Audit and Supervisory Committee Member)**

April 1986 Joined the Company
April 2011 General Manager, Finance Group, Administrative Department
April 2012 General Manager, Finance Department, Administrative Division
April 2015 General Manager, Purchasing Department, Supply Chain Management Division
January 2017 General Manager, Human Resources Department, Administrative Division
January 2019 General Manager, Office Management Department and General Manager, Administrative Department, Nagoya Plant
January 2020 Deputy Plant Manager and General Manager, Administrative Department, Nagoya Plant
March 2022 Executive Officer, General Manager, Information System Department, Corporate Strategy Division, President and Representative Director, Toa Business Associe Co., Ltd.
March 2024 Director (Audit and Supervisory Committee Member) of the Company (to present)

Attendance: 13/13 times
(100%)

No. of shares held

30 thousand shares

**Toshiyuki Teramoto** September 15, 1958**Director (Audit and Supervisory Committee Member)**

April 1981 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)
April 2008 Executive Officer, Sumitomo Mitsui Banking Corporation
April 2011 Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April 2014 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
June 2015 Director, Sumitomo Mitsui Financial Group, Inc.
June 2016 Standing Corporate Auditor, Sumitomo Mitsui Financial Group, Inc.
June 2017 Director, Sumitomo Mitsui Financial Group, Inc.
June 2019 Executive Vice President and Executive Officer, HORAI Co., Ltd.
December 2019 Representative Director and President, Executive Officer, HORAI Co., Ltd.
March 2024 Director (Audit and Supervisory Committee Member) of the Company (to present)
October 2024 Representative Director and Chairman, Executive Officer and CEO, HORAI Co., Ltd.
June 2025 Outside Director (Audit and Supervisory Committee Member), ASAX CO., LTD. (to present)
October 2025 Representative Director and Chairman, Executive Officer, HORAI Co., Ltd.
December 2025 Representative Director and Chairman, HORAI Co., Ltd. (to present)

Attendance: 13/13 times
(100%)

No. of shares held

—

Committee Members

**Ikuko Komachiya** July 7, 1963**Director (Audit and Supervisory Committee Member)**

April 1996 Registered as an attorney-at-law
April 1996 Joined Harago & Partners Law Offices
May 2002 Registered as attorney at law of New York State
April 2006 Civil Conciliation Committee Member, Tokyo Summary Court
April 2011 Practicing-Attorney-Professor for Civil Advocacy, the Legal Training and Research Institute of Japan, the Supreme Court of Japan
August 2017 Deputy Secretary General, the Japan Federation of Bar Associations
April 2021 Chairperson, Committee for the Investigation of Broadcasting Ethics, Broadcasting Ethics & Program Improvement Organization (to present)
July 2021 Founded Legal i Plus Law Office (to present)
June 2024 Outside Director, SEIKITOKYU KOGYO CO., LTD. (to present)
March 2025 Director (Audit and Supervisory Committee Member) of the Company (to present)

Attendance: 9/10 times
(90%)^{Note 3}

No. of shares held

0 thousand shares

**Masahiko Enomoto** November 9, 1964**Director (Audit and Supervisory Committee Member)**

July 2014 District Director, Higashimatsuyama Tax Office
July 2015 District Director, Ebara Tax Office
July 2016 Chief Investigator, Criminal Investigation Department, Tokyo Regional Taxation Bureau
July 2017 Senior Internal Inspector, dispatched to Tokyo, Commissioner's Secretariat, National Tax Agency
July 2019 Director, Personnel Evaluation Division, Planning and Administration Department, Tokyo Regional Taxation Bureau
July 2020 Chief Internal Inspector, dispatched to Osaka, Commissioner's Secretariat, National Tax Agency
July 2021 Director, Collection Department, Sendai Regional Taxation Bureau
July 2022 Chief Internal Inspector, Commissioner's Secretariat, National Tax Agency
July 2024 Regional Commissioner, Sapporo Regional Taxation Bureau
October 2025 Certified Public Tax Accountant, Enomoto Masahiko Tax Accountant Office (to present)
January 2026 Outside Director, Bizup Research Institute Inc. (to present)
March 2026 Director (Audit and Supervisory Committee Member) of the Company (to present)

New appointment

No. of shares held

—

Note 1: Current positions and main concurrent positions are as of March 31, 2026.

Note 2: The above number of shares held reflects the number of shares held beneficially as of February 28, 2026. It also includes the number of shares held beneficially through the Toagosei Directors Stock Ownership Association.

Note 3: For directors who joined the Board on March 28, 2025, attendance figures cover meetings held from that date onward.

Governance

Corporate Governance

Our approach and policies (vision)

Our Group has established the Toagosei Group Basic Policy on Corporate Governance. Based on the corporate philosophy of “Through the endless possibilities of chemistry, we bring happiness created by highly functional materials,” the Group strives to fulfill its corporate social responsibility by positioning the enhancement of corporate governance as a key priority for management. The Group pursues transparent, fair, swift and resolute decision-making through effective corporate governance, to achieve sustainable growth and to increase its corporate value over the medium- to long-term. The Group is committed to the continuous enhancement of corporate governance.

The Group's basic approach to corporate governance is shown below.

Basic Approach to Corporate Governance

1. Respect shareholders' rights and ensure their equality.
2. Consider the interests of various stakeholders, including shareholders, customers, business partners, employees and local communities. Build good relationships with these stakeholders and cooperate appropriately with them.
3. Disclose corporate information appropriately and ensure transparency.
4. Strive to ensure effective supervisory functions for business execution by the Board of Directors.
5. Engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits.

Corporate governance system

We are a company with an Audit and Supervisory Committee, and have a system to accelerate decision-making by securing management oversight functions. This is done by separating business execution by directors and executive officers from the supervision by the Board of Directors, which includes outside directors, of management decision-making and business execution.

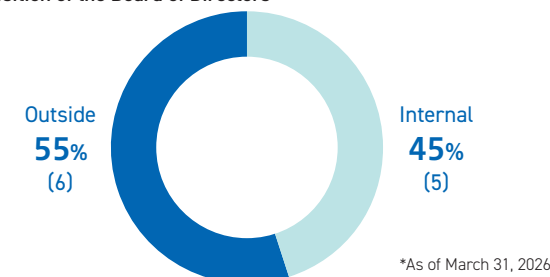
Year	Item	Change in the number of outside directors
2001	Introduction of Executive officer system	
2003	Appointment of outside directors started	
2006	Internal Control Section established Basic Policy on Internal Control system established by resolution	1
2016	Toagosei Group Basic Policy on Corporate Governance established Transition to a company with an audit & supervisory committee	5
2017	Start of assessment for the effectiveness of the Board of Directors	
2018	The proportion of outside directors in the voluntary Nomination Committee/Remuneration Committee increased to a majority	
2019	Increase in the number of outside directors to seven	
2020	Introduction of stock compensation plan	
2022	Outside directors became the majority for the first time (6 internal and 7 outside) Move to the Tokyo Stock Exchange Prime Market	7
2023	Disclosure of initiatives for improving PBR	
2024	Integration of the Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee	
2025	Increase in the number of female directors to two	6

Directors and the Board of Directors

Toagosei's Board of Directors consists of 11 directors (including four directors who serve as Audit and Supervisory Committee Members). The six independent outside directors play the roles mainly in strengthening the Board's oversight over the management. At the meetings of Toagosei's Board of Directors, the directors, including outside directors, engage in lively discussions. The Board of Directors makes decisions on important management matters, such as Toagosei's management policy and management strategy, and fulfills the role of supervision of business execution of directors and executive officers.

The Company selects a well-balanced mix of candidates for directors who possess extensive experience and abundant knowledge in various business fields including R&D, technology, production, sales, corporate management, financial accounting, legal affairs, and labor affairs, while also focusing on the digital transformation (DX) and global sustainability fields. The Board also includes a female director, as part of the Company's efforts to maintain the diverse structure of the Board of Directors.

Composition of the Board of Directors



Audit and Supervisory Committee

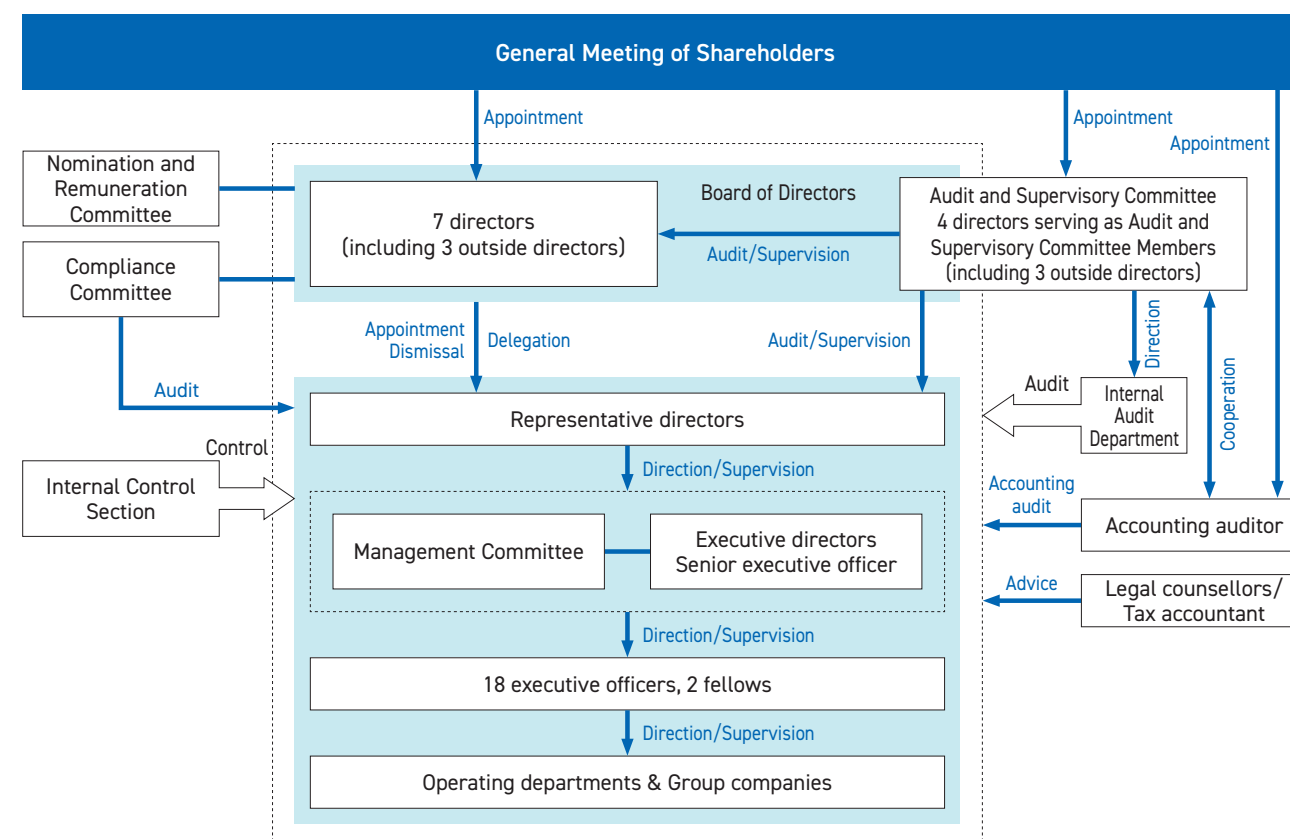
The four-member Audit and Supervisory Committee consists of one director who serves as a full-time Audit and Supervisory Committee Member and three outside directors. The Audit and Supervisory Committee is responsible for contributing to the Company's sound and sustained growth through the audit of legal compliance with respect to the performance of duties by directors and other officers, the appropriateness of the Company's business operations, the status of internal control systems construction and operation, financial conditions, and other matters.

The Audit and Supervisory Committee met 17 times during FY2025, and in addition to performing internal audits related to our Group's compliance conditions and appropriateness of business operations, received reports from directors and employees regarding matters discussed at the Management Committee and important matters that have an impact on operations and business performance.

Management Committee

The Management Committee, composed of four executive directors and one senior executive officer, meets every week, in principle, for the purpose of accelerating management decision-making and improving the efficiency of business advancement. It engages in practical discussions, from an operational perspective, of matters delegated to it based on resolutions by the Board of Directors.

Corporate governance system



Governance

Profile of Directors

Name	2025 Attendance at the Board of Directors meetings (times)	Fields of experience							
		Corporate management/ planning	Sales/ marketing	R&D/ Technology & Production/DX	Finance/ accounting	Legal affairs	HR/ labor affairs	Global	Sustainability
Mikishi Takamura	13/13	●			●		●		●
Hiddenori Kobuchi	13/13	●	●	●					
Ken Nomoto	—	●	●	●	●	●			
Tatsuyuki Nonoyama	—	●	●	●				●	
Takashi Kato Outside	13/13			●				●	●
Reiko Ishiyama Outside	10/10*						●		●
Yoshiyuki Kobayashi Outside	—	●		●				●	
Yoshihito Takahashi	13/13			●	●		●		●
Toshiyuki Teramoto Outside	13/13	●			●				
Ikuko Komachiya Outside	9/10*					●		●	●
Masahiko Enomoto Outside	—				●				

*Since appointment to office in March 2025

Contents of the fields of experience

Fields of experience	Number of directors	
Corporate management/ planning	6	Experience or expert knowledge in the management and supervision of operating companies and the planning and proposal of management plans, business plans, and strategic development
Sales/marketing	3	Experience or expert knowledge in the development and management of businesses, the supply and promotion of products and services, and in logistics, inventory, and other supply chain management activities
R&D/Technology & Production/DX	6	Experience or expert knowledge in the development of new themes and the enhancement of existing themes, the optimization, automation, and overall management of production processes, and in IT technologies required for efficient and advanced business activities
Finance/ accounting	5	Experience or expert knowledge in the supervision of management and financial accounting, management analysis, and financial planning
Legal affairs	2	Experience or expert knowledge in the auditing and oversight of legal risks in corporate activities, and other matters related to the management of legal and compliance systems
HR/labor affairs	3	Experience or expert knowledge in labor policies, organizational and personnel management, personnel evaluations, health management, and human capital development
Global	4	Experience in overseas business and experience or expert knowledge in the management of overseas companies
Sustainability	5	Experience or expert knowledge in activities that contribute to the achievement of a sustainable society and sustainable corporate growth

Nomination and Remuneration Committee

To enhance objectivity and transparency in corporate management, the Board of Directors has established, as its advisory body, the Nomination and Remuneration Committee, comprising one director who is not an independent outside director and several independent outside directors.

Upon request from the Board of Directors for advice, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors on matters such as succession planning for representative directors, procedures for appointing candidates to directorships or representative directorships, candidate qualifications and reasons for appointment, as well as on independence criteria for independent outside directors, including perspectives on diversity of personal attributes and skills.

Upon request from the Board of Directors for advice, the committee deliberates on the remuneration system for directors as well as individual director's remuneration, and reports to the Board of Directors. The amounts of remuneration of individual directors (excluding directors who serve as Audit and Supervisory Committee Members) are determined by the members of the Nomination and Remuneration Committee, which is entrusted with the task, in line with the calculation criteria established by the Board of Directors, based on the results of deliberation submitted by the Nomination and Remuneration Committee, and by resolution of the Board of Directors.

Selection of Directors

The Company has prescribed the selection standards for the Company's directors (excluding directors who also serve as Audit and Supervisory Committee Members and independent outside directors who do not serve as Audit and Supervisory Committee Members) as follows to clarify the qualities expected of directors:

- Persons who possess outstanding knowledge and abilities and extensive experience in regard to the business administration and operational management of the Group, or persons who possess sufficient understanding of the Group's business activities, along with the experience and knowledge needed to appropriately and fairly supervise the business execution of the Company's directors and other personnel, thereby contributing to the achievement of the Group's medium- to long-term management plans.
- Persons who are fair-minded and possess excellent character, views, and job execution capabilities as well as have the ability to execute fair and appropriate supervision of business administration, operational management, and business execution based on high ethical standards.

The Nomination and Remuneration Committee deliberates on matters such as appointment procedures, qualification and reasons for appointment regarding proposals on candidates for directorships prepared by the representative director, and reports on the deliberation results to the Board of Directors.

Remuneration for Directors

Remuneration for the Company's directors consists of three parts, namely, fixed remuneration, performance-linked remuneration, and share-based remuneration, and is paid within the amount approved by the General Meeting of Shareholders.

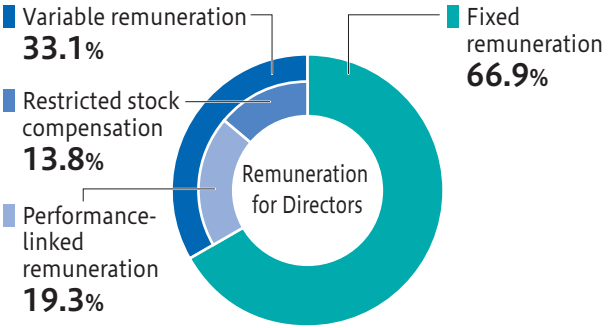
The amounts of fixed remuneration are determined and paid in consideration of each director's duties, responsibilities,

performance and other matters. For the directors who serve as Audit and Supervisory Committee Members, fixed remuneration is paid in consideration of the role and duties of each director.

The amounts of the performance-linked remuneration are determined and paid based on the Company's performance in the previous business year, such as consolidated operating income, as well as duties and responsibilities according to the positions and the business environment, among other factors. Performance-linked remuneration is not paid to directors who serve as Audit and Supervisory Committee Members or to independent outside directors, in light of their important role in overseeing corporate management from independent viewpoints.

Under the stock compensation plan, the Company allocates restricted shares as remuneration to eligible directors, in a number commensurate to the duties and responsibilities of each director, for the purpose of providing incentives to them to sustainably enhance the Company's corporate value and to further promote the sharing of value with the Company's shareholders. As with performance-linked remuneration, the Company does not pay stock-based compensation to directors who serve as Audit and Supervisory Committee Members or to independent outside directors.

Percentages of remuneration by category (excluding directors serving as Audit and Supervisory Committee Members and independent outside directors not serving as Audit and Supervisory Committee Members)



Breakdown of remuneration for Directors (January 2025–December 2025)

Classification	Total amount of remuneration (Millions of yen)	Total amount by remuneration type (Millions of yen)			Number of directors (Persons)
		Fixed remuneration	Performance-linked remuneration	Restricted stock compensation	
Directors (not serving as Audit and Supervisory Committee Members)	232	166	38	27	10
of which, outside directors	31	31	—	—	4
Directors (Audit and Supervisory Committee Members)	54	54	—	—	6
of which, outside directors	33	33	—	—	5

Activity status of the Nomination and Remuneration Committee

Meetings held	Activities
8	● Deliberation and report to the Board of Directors regarding remuneration for directors, executive officers, and fellows ● Deliberation and report to the Board of Directors regarding matters such as changes to the remuneration amount ● Deliberation on successor development training for representative directors and others ● Deliberation on revision of rules ● Deliberation and report to the Board of Directors regarding changes in officers based on the candidates' career experience and skills

6 Governance

Internal Control Section

The Company has established the Basic Policy on Internal Control by the resolution of the Board of Directors in order to strengthen corporate governance. In accordance with the said policy, the Internal Control Section confirms the operating status of internal control from an independent perspective, reports such results to the Audit and Supervisory Committee Members, and performs duties related to internal control (duties to ensure appropriate financial reporting), based on Japan's internal control reporting system (J-SOX).

In cooperation with the Internal Audit Department (an auxiliary organ of the Audit and Supervisory Committee Members) and the accounting auditor, the Internal Control Section ensures that the Group's business operations as a whole are conducted appropriately in compliance with relevant laws and regulations.

Assessment for the effectiveness of the Board of Directors

Each year, the Company's Board of Directors conducts a questionnaire survey among all directors on the effectiveness of the Board of Directors. The survey is designed in a format where each director provides reasons and opinions even for multiple-choice questions. Moreover, a third-party is used to ensure neutrality and objectivity in the analysis and evaluation of the survey results. Based on the third-party evaluation, the Board of Directors discusses ways to resolve any issues and strives to improve its function.

Assessment for the effectiveness of the Board of Directors



1 Questions asked in the survey

The following items are answered on a three-point scale and with free response

- Structure and operation of the Board of Directors
- Enhancement of Board Meeting agenda and discussions
- Enhancement of discussions concerning financial results
- System supporting the Board of Directors
- Constructive dialogue with shareholders
- Contribution to the Board of Directors

In addition to a ranked scale, the evaluation enables the directors to freely write their opinions, and the questionnaire is not anonymous, to ensure that these evaluations help to improve governance.

2 Assessment results

The following is a summary of the results of the survey conducted in January 2026.

- Overall, the effectiveness of the Company's Board of Directors is generally secured.
- While opinions on further enhancing effectiveness were expressed in the free comment section, there were also positive comments concerning new initiatives, and the directors recognized efforts to address the issues from last year's survey results.

Items eliciting high ratings

- Preparation and proceedings of Board of Director meetings
- Initiatives for management that is conscious of the cost of capital and stock price
- Opportunities for Audit and Supervisory Committee members to obtain information and support frameworks

Items identified as future issues

- Improvement of discussions on performance improvements from a long-term perspective
- Enhancement of discussions relating to the future structure of the Board of Directors

3 Issues and future initiatives

In terms of the issues we have identified, we will work on measures aimed at further improving the effectiveness of the Board of Directors while taking into account the results of meetings with institutional investors, revisions to standards for exercising voting rights, and amendments to the Corporate Governance Code.

Dialogue with shareholders and investors, and information disclosure

• Basic policy and framework

In the Toagosei Group Basic Policy on Corporate Governance, the Company stipulates that we "respect the rights of our shareholders and ensure their equality," and that we "engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits."

In terms of information disclosure, we act in compliance with rules on the handling of important information (insider information) specified in the Financial Instruments and Exchange Act, etc., the Regulation on Fair Disclosure, the Rules of Tokyo Stock Exchange (TSE) and other related regulations. In addition, in order to disclose information to all stakeholders in a timely, appropriate, and fair manner, and to enable an accurate understanding of our Group, we are actively promoting the disclosure of release text and financial statements in English in order to eliminate uneven amounts of information depending on the language.

• General Meeting of Shareholders

We disclose the notices of convocation on the Company's website and through the TSE, before the day on which the notices are sent, for early information disclosure to our shareholders to ensure that the General Meeting of Shareholders is a place for more productive dialogue. In view of the increase in the number of foreign shareholders, a summary of the notice of convocation, reference documents and the notice of resolution are translated into English and disclosed on the Company's website and through the TSE concurrently with the Japanese version. Furthermore, to facilitate decision-making by investors at the General Meeting of Shareholders, we disclose the Financial Factbook prior to the meeting.

Moreover, to convey the proceedings of the General Meeting of Shareholders to more of our shareholders, we provide live streaming on the day of the meeting and on-demand streaming after the meeting.

• Financial results briefing and information disclosure

We strive to disclose information proactively, including the voluntary disclosure of information in addition to legal disclosure under applicable laws and regulations and timely disclosure under the Rules of Tokyo Stock Exchange.

We hold financial results briefings (twice annually) and individual interviews with institutional investors and the media, and we disclose transcripts of the briefings for stakeholders who were unable to attend the financial results briefings. Briefing materials for the first quarter and third quarter financial results are also available on our website.

From April 2025, we disclose information simultaneously in Japanese and English (summarized disclosure for some information), and we are striving to provide information to investors both in Japan and overseas.

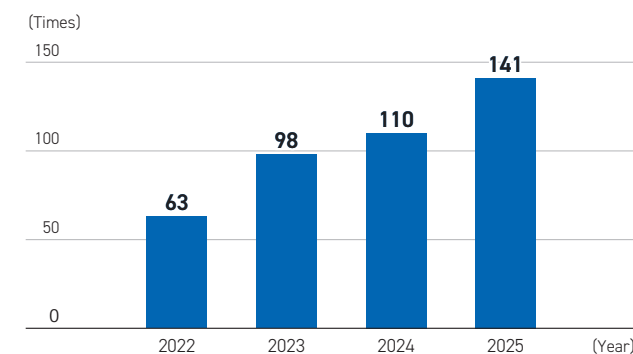
Toagosei website "Investor Relations (IR Library)"

<https://www.toagosei.co.jp/english/ir/library/presentations/index.html>

• Dialogue with stakeholders

The Company actively holds individual dialogue with analysts and institutional investors in Japan and overseas, with dialogue held a total of 141 times in 2025. The General Manager of the Corporate Communication Department is the primary person to meet with shareholders, but other officers or employees of related divisions may be in attendance depending on the topic of the agenda or discussion. We actively engage in dialogue covering a broad range of topics, primarily a summary of our financial results but also including main topics such as the Medium-Term Management Plan, initiatives to improve our PBR, business strategies, and IR activities. The status of meetings and the opinions of shareholders and investors are also reported to the Board of Directors each fiscal quarter through the Director in Charge of Investor Relations (IR) overseeing these matters, and we engage in an exchange of views.

Number of individual interviews held



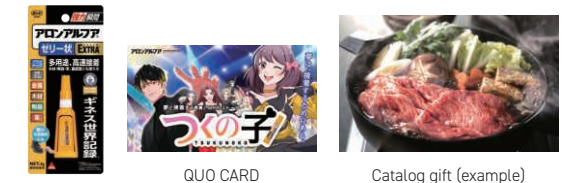
• IR activities for individual investors

To enable individual investors to deepen their understanding of the Group, we are enhancing the content of our financial results briefing materials and Medium-Term Management Plan materials, while also actively utilizing media such as financial magazines for individual investors to enhance our IR activities.

PICK UP

Establishment of shareholder benefit program

In October 2025, we established a shareholder benefit program. Based on the number of shares held and the continuous holding period, we offer Aron Alpha along with a QUO CARD or a catalog gift featuring local specialties from the locations of our plants.



Published in Diamond ZAi (IR report)

In the February 2026 issue (on sale December 19, 2025) of Diamond ZAi, a financial magazine for individual investors, the Company's growth strategies and shareholder returns were featured in an advertorial. As seen in the requests for materials from many individual investors, etc., awareness of the Company is increasing. We will continue to focus on strengthening our PR activities going forward.

Source: February 2026 issue of Diamond ZAi

Featured in "Interview with Top Management" segment on Nikkei CNBC

Once again this year, Toagosei's President Kobuchi appeared in the popular "Interview with Top Management" segment on the dedicated markets and economics channel Nikkei CNBC.* This segment features live-broadcast-style interviews with guests from the top management teams of notable companies, providing deep and multifaceted insights into corporate identity and growth strategies.

He highlighted the Group's attractiveness and growth potential to individual investors through an explanation of its growth drivers, key focus areas, shareholder returns, and his message for viewers.



A view of the segment
(Left: Nikkei CNBC interviewer Masaki Morita; Right: President Kobuchi)

*Nikkei CNBC is a 24-hour dedicated markets and economics channel established primarily by Nikkei Inc. and CNBC, a subsidiary of NBC, which is one of the four major television channels in the United States.

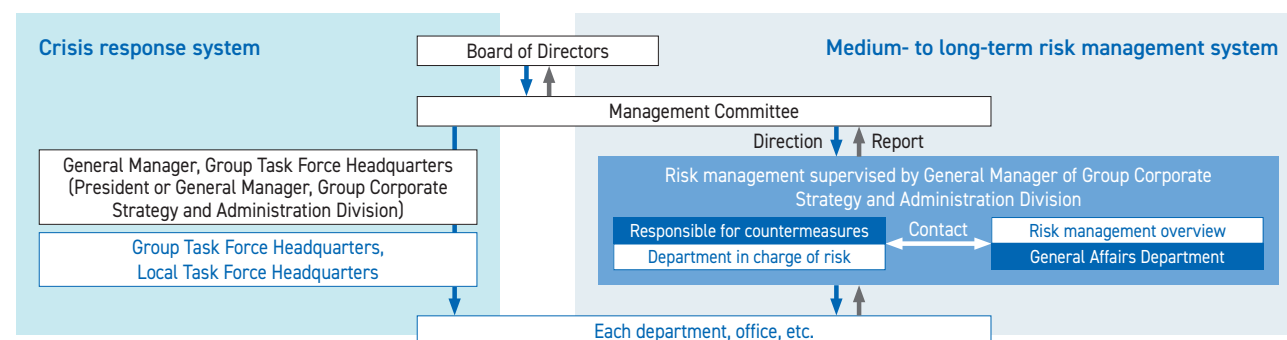
Governance

Risk Management

Our approach and policies (vision)

Based on the “Toagosei Group Risk Management Regulations,” the Group designates a department in charge of each risk and implements appropriate risk countermeasures, including the formulation of a business continuity plan (BCP) and risk management for the purpose of prevention and avoidance, led by the department in charge. In addition to each department evaluating and responding to risks, the Management Committee and Board of Directors regularly assess the overall risk picture of the Group and confirm the adequacy of countermeasures, to ensure swift response to risks and management of company-wide risks. In the event that a risk materializes, a Group Task Force is established to respond flexibly to the crisis situation.

Risk management system



Risk management and BCP

To continue business operations even in the event that a risk is materialized, our Group has formulated the BCP that determines the standards for businesses that should be prioritized to continue operation, as well as the target recovery time according to the damage status.

The Toagosei Group has established the “Toagosei Group Crisis Response Rules” that specify the organizational framework and concrete measures in the event of a crisis. Moreover, the “Emergency Action Manuals” have been prepared according to respective phenomenon and office, and training is conducted regularly.

In addition, risks are assessed based on their probability of occurrence and degree of impact, which are then used for overall risk management and to prioritize countermeasures.

Potential risks

- Natural disasters
- Factory accidents
- Changing market needs and intensifying competition
- Regulations, legal revisions, trade restrictions, deterioration of international relations, etc.
- Impairment of non-current assets
- Product liability, recall, inferior quality, etc.
- Information security
- Soaring prices of raw materials, fuel, and other materials and changes in the prices of crude oil and naphtha
- Infectious and communicable diseases
- Suspension of raw fuel and material supplies and supply chain interruption
- Environmental pollution and calls for sustainability
- Foreign exchange fluctuations
- Human rights and compliance risks

Crisis response training

We conduct crisis response training under a range of different scenarios, to ensure that we can take swift and appropriate action in the event of a crisis incident. We use a variety of training methods based on the circumstances of each situation and the approach we take, including training demonstrations and drills based on diagrams. Issues identified during the training are also shared with each department, and actions are taken to improve them.

In 2025, we implemented crisis response drills based on the assumption of an earthquake directly under the Tokyo metropolitan area. In addition to confirming our initial response in the event that the Head Office building's functions are suspended, we are strengthening our response capabilities for a prolonged crisis situation by conducting work tests at satellite offices using dormitories and company housing, which also serve as BCP bases, as venues.

Information security risk countermeasures

Multi-layered defense is used for security measures at entrances, exits and interior levels. The main countermeasures include firewalls, anti-virus software, behavior detection, and restrictions on sending and receiving e-mails.

In addition, to respond to the increase in cyberattack risks, such as the increasing sophistication of ransomware, we conduct monitoring and security diagnostics via security vendors and are promoting the update of measures based on the diagnostic results. Furthermore, in anticipation of system failures caused by cyberattacks, we are moving ahead with the verification of our BCP structure and striving to brush up our BCPs.

Compliance

Corporate ethics and legal compliance

Code of Conduct and Manual of Behavioral Standards

As fundamental guidelines for the correct behavior for all officers and employees, whether in Japan or overseas, to act as exemplary citizens, the Group has established the “Toagosei Group Code of Conduct” and the “Toagosei Group Manual of Behavioral Standards.”

By including these in the Compliance Handbook, which is distributed to all members of the Group, we are striving to ensure their widespread awareness and thorough implementation.

Compliance Committee

The Company has established the Compliance Committee that includes outside legal counsel. The Committee periodically monitors and reviews compliance practices across all Group companies, including overseas subsidiaries, and issues improvement recommendations. The Compliance Committee met two times in 2025, and members discussed the implementation status of compliance within the Group. For matters requiring improvement, we provide recommendations and support for the implementation of corrective measures, striving to maintain the Group's compliance system.

2026 Compliance Committee

- Chairperson: General Manager, Group Corporate Strategy and Administration Division
 - Vice Chairperson: General Manager, Group Supply Chain Management Division
General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division
 - Members: Chairperson of the Compliance Committee of Aronkasei Co., Ltd.; General Manager, Corporate Strategy Department; internal legal counsel; and outside legal counsel
 - Secretariat: General Affairs & Legal Department
- *Observers may participate depending on the agenda items.

Functions of the Committee

- (1) Support for the maintenance, improvement, and promotion of management that emphasizes compliance
- (2) Supervision and investigation of the status of implementation of compliance measures and recommendations for improvement
- (3) Support for the implementation of continuous education and awareness-raising activities to ensure thorough compliance
- (4) Implementation of corrective measures, etc., as stipulated in the “Regulations on whistleblowing”
- (5) Recommendations to the President on response measures, such as investigations by establishing a third-party committee, when a potential major compliance issue is recognized and its impact inside and outside the Company is significant

Compliance regarding business activities

In the Group, we update our internal policies and conduct employee training on an ongoing basis in response to legislative and regulatory changes.

For example, when revising product prices, we submit the changes for review by the Antimonopoly Act Compliance Committee to prevent violations before they occur. In 2025, we revised our Antimonopoly Act Compliance Manual to reflect the upcoming January 2026 amendments to the Subcontractor Act, and conducted webinar-based training for relevant Group personnel.

Compliance education

To instill awareness of compliance, we are implementing education in various forms tailored to workplaces and careers.

We distribute the compliance handbook, which includes the Toagosei Group Manual of Behavioral Standards and laws and regulations relevant to the Group's business, to all employees and conduct regular reading sessions at each workplace. Additionally, as part of education tailored to each employee's career, we conduct harassment prevention training for new employees and promoted employees. In 2025, focusing on divisions with frequent contact with public officials and quasi-public officials, we held briefing sessions regarding prohibited acts in such interactions, which served as an opportunity to deepen understanding.

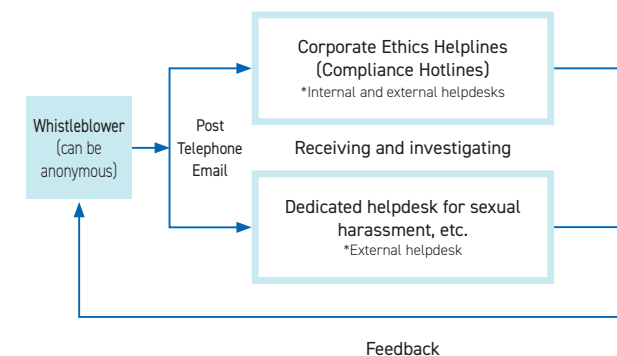
Such education is conducted continuously in response to amendments to laws and regulations and issues at each workplace. In 2025, it was reported that more than 700 sessions were held across the Group for compliance-related matters alone. We will continue to aim for the further strengthening the Group's compliance system through various educational initiatives.



Compliance education

Whistleblowing system

The Group has both in-house and external “Corporate Ethics Helplines,” which is a system for early detection and resolution of compliance and human rights issues. The Helpline is available via dedicated telephone line or email. It has also established a dedicated helpdesk for sexual harassment, etc., in an effort to provide a better work environment regardless of gender. In addition, it appropriately receives, investigates, and provides feedback in line with the whistleblowing flow established under the “Regulations on whistleblowing” aimed at improving the effectiveness of the whistleblowing system and provide whistleblowers with the protection of anonymous reporting. In conjunction with efforts to strengthen the compliance system, employees are also informed about the number of reports and a summary of their content, within a scope that does not infringe on whistleblower privacy.



Respect for Human Rights and Responsible Procurement

Human rights

Human Rights Policy

The Group supports international human rights standards and principles, including the UN “Guiding Principles on Business and Human Rights” and the “Guidelines for Respecting Human Rights in Responsible Supply Chains” formulated by the Japanese government. We do not engage in human rights abuses, including forced labor, child labor, discrimination, harassment and human trafficking.

To clarify this thinking, the Group has established the “Toagosei Group Human Rights Policy,” approved by our Board of Directors, which has been published on our website. This Policy expects the officers and employees of the Group, as well as business partners such as suppliers, to understand and implement its philosophy, and demonstrates the Group’s basic stance regarding human rights to all stakeholders. In accordance with this policy, we are also establishing a human rights due diligence mechanism and working to identify, prevent and mitigate human rights issues, as well as setting up “Corporate Ethics Helplines” to provide assistance in the case of violations of human rights.

Conduct of human rights due diligence

Our Group conducts human rights due diligence in accordance with the “Toagosei Group Human Rights Policy.” We identify and evaluate human rights risks based on the “Practical Reference Materials for Respecting Human Rights in Responsible Supply Chains” developed by the Ministry of Economy, Trade and Industry. Identified issues are examined by sending survey forms to relevant suppliers and contractors, and the required action to be taken is considered and implemented based on the results of the survey. The implementation of human rights due diligence is also reported to the Compliance Committee to verify that it is deemed appropriate.

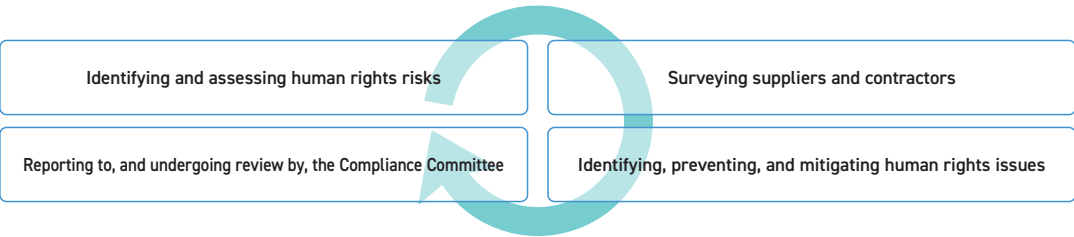
Human rights due diligence in 2025

We distributed the Sustainable Procurement Guidelines to major suppliers of raw materials in Japan and conducted a questionnaire survey on the status of their overall sustainability initiatives. The survey did not reveal any significant issues related to human rights or sustainability at the relevant suppliers.

Furthermore, we distributed our Human Rights Policy to companies to which we outsource logistics operations, urging them to respect our principles on human rights, and conducted a human rights survey. The results of the survey revealed that there were no major risks identified that conflict with the International Labour Organization’s Core Labor Standards and other international norms (elimination of forced labor, abolition of child labor, prevention of human trafficking, elimination of discrimination, a safe and healthy working environment, etc.) or with various domestic laws and regulations. In particular, we confirmed that companies employing foreign workers are taking appropriate measures in compliance with the Ministry of Health, Labour and Welfare’s Guidelines for Employers to Improve the Management of Employment of Foreign Workers, etc.

We will continue to expand the scope of companies surveyed and advance the sophistication of our initiatives, while striving to build a sustainable supply chain that considers human rights and the environment through dialogue with suppliers and contractors.

Companies surveyed	Classification	Number of responding companies in 2025	Response rate in 2025	Year-on-year
Suppliers of raw materials	Survey on the status of overall sustainability initiatives	19	95%	+5pt
Logistics service providers	Human rights survey	15	100%	0pt



Sustainable procurement

Sustainable Procurement Guidelines

The Group has established the Sustainable Procurement Guidelines to reflect perspectives such as environmental protection and respect for human rights in the procurement of raw materials and other materials. These guidelines target major business partners, including suppliers of raw materials and other materials as well as contractors, and call for the promotion of sustainable procurement from perspectives such

as environmental protection, respect for human rights, and legal compliance. We aim to build a sustainable supply chain by promoting initiatives that consider human rights and the environment through dialogue with suppliers and contractors. Going forward, we will advance the sophistication of our initiatives and continuously strengthen our efforts toward the construction of a sustainable supply chain.

Message from Outside Directors

Always pursuing compliance that is felt, not just followed

Outside Director (Audit and Supervisory Committee Member)

Ikuko Komachiya

Past experiences

I have spent approximately 30 years as an attorney at law, and in addition to serving as an outside director at other companies, I have also served as a director and auditor for various organizations. I served as Deputy Secretary General of the Japan Federation of Bar Associations, a mandatory membership organization for attorneys at law with over 45,000 members, where I was involved in the operation of its activities, including general meetings. In addition, for 13 years, I worked at a third-party organization in the broadcasting industry, investigating and reviewing inappropriate incidents at broadcasting stations and announcing opinions, including measures to prevent recurrence. Although I have no experience in corporate management, I have consistently provided legal advice to companies. I have experience in a wide range of business fields, and I have a proven track record of engaging in concrete dispute resolution, not just theoretical discussions, particularly in the fields of human rights, the environment, and information disclosure. Having spent six years living in Europe and the United States, which have societies and cultures that are different from Japan, I also possess a global perspective on politics, society, and economics.

Evaluation of Toagosei Group’s compliance system and initiatives, and future challenges

Toagosei Group has created a handbook that explains compliance in a visually easy-to-understand way, based on the “Toagosei Group Code of Conduct” and the “Toagosei Group Manual of Behavioral Standards.” We conduct employee training in a multifaceted manner, including level-specific training, group training, and workplace-based training. Employee training tends to be comprehensive and general in nature, covering all topics. However, product technology development is a crucial driving force for the Group’s business activities, and we frequently engage with researchers at national and public universities through collaborative research with universities and other research institutions. In light of this, I believe that the focus in training on the themes of bribery and illegal provision of benefits to quasi-public officials through case studies can be seen as part of an effective risk-based approach. In addition to the above, we have established Corporate Ethics Helplines and a dedicated helpdesk for sexual harassment, etc., to promptly resolve compliance and human rights issues, as well as an internal whistleblowing hotline. Therefore, I commend Toagosei for establishing the necessary compliance system. Reports submitted through the internal whistleblowing hotline are shared with the Audit and Supervisory Committee and discussed there.



The actual supervision of compliance is handled by the Compliance Committee, which is composed of members including outside legal counsel. I also attended meetings in the previous fiscal year, and I found that a variety of incidents were reported in detail based on well-organized materials, and this gave me a clear understanding of the Group’s compliance status. However, the Compliance Committee gives the impression of being somewhat distant from employees, and it would be good to see improvements to its operational methods so that it doesn’t simply receive reports compiled internally. It is necessary to verify on a daily basis whether compliance goes beyond simply adhering to standards and internal regulations, and whether it involves a genuine sense of constantly questioning why certain actions must be taken. In addition, given that there are collaborative research projects with researchers at private universities and private companies, it might be wise to clearly state, for example, that the provision of benefits is prohibited, even though they are not considered quasi-public officials.

Role as an outside director

Improvement in corporate value should not only include increasing operating income, but also being a trustworthy entity in society by being a clean company that maintains decency and complies with laws and regulations. While legal advice from attorneys at law can often slow things down, we must also be mindful that excessive adherence to procedures can lead to organizational paralysis and a loss of speed in business operations, which can hinder a company’s growth. From this perspective, I believe that an attorney at law’s role as an outside director is to provide opinions that leverage legal expertise in order to enhance corporate value while complying with laws and regulations. The Group is a mature and stable company with a long history, and I intend to continue questioning whether this might create an environment that makes it difficult to take on new challenges.

To our investors

The first year of the new Medium-Term Management Plan has begun. In order to achieve this Medium-Term Management Plan, we need to advance its overseas business and create a foundation for it to become a pillar of business alongside Japanese business in the future. Overseas, where social backgrounds, cultures, and laws differ, businesses are often forced to operate differently than they do in Japan. I intend to conduct thorough monitoring to ensure the implementation of decisive management.

Governance

Towards the creation of highly functional “future” substances

Outside Director

Yoshiyuki Kobayashi



Past experiences

I have consistently worked in research and development at Daiichi Sankyo Company, Limited. My background is in organic synthesis chemistry and medicinal chemistry. During my time at a research laboratory, I was mainly involved in the exploratory research of new drugs based on sugars, and from that research, the influenza treatment drug “INAVIR” was discovered. In relation to INAVIR, I also have experience in clinical development and product launch as a project manager. Later, as Director of the Medicinal Chemistry Research Laboratories, I managed early-stage drug discovery and synthesis research, as well as lead compound optimization research. Furthermore, I served as CEO & President of the local R&D subsidiary in India, gaining experience in managing overseas R&D units.

In addition to India, I also spent time working in the United States. In total, I spent nine years working abroad. In the United States, I participated in collaborative research with a venture company as a visiting researcher. Subsequently, at a U.S. subsidiary, I was involved in collaborative research with ventures and universities as well as open innovation operations related to product introduction and licensing, and served as head of alliance management for the development of antibody-drug conjugates (ADCs).

After leaving Daiichi Sankyo, I served as Chief Science Officer (CSO) of a Japanese drug discovery venture, and I gained experience in a range of key R&D operations at pharmaceutical companies and venture companies in Japan and the United States.

Appointment as outside director

I believe that my main role as an outside director is to contribute to the development of the medical field, which is one of Toagosei's next-generation growth drivers. The term “medical field” encompasses a wide range of areas, including pharmaceuticals, medical materials, and medical devices. Here, I would like to share my thoughts on drug discovery. Through the aforementioned influenza treatment drug “INAVIR” project, I learned many things about drug discovery. One such thing is the concept that “drugs are highly functional substances that contribute to healthcare.” This led to a major shift in my perspective on drug discovery. It is commonly believed that physiologically active substances that strongly bind to disease-

causing proteins and regulate their function in the body are immediately suitable as drugs, but in reality, this is extremely rare. For a physiologically active substance to become a drug, not only its physiological activity, but also its in vivo functions, such as pharmacokinetics, are important factors. How to extract the functions of these substances is key to the success of drug discovery, and in fact, INAVIR was discovered through such research. In recent years, the term “modality” has been frequently used in drug discovery. In modality research, a major pillar of research is the creation of highly functional physiologically active substances, as seen in ADCs, a representative example of modality research, where “physiologically active substance × functional substance = highly functional physiologically active substance = novel drug that surpasses standard treatment.” I believe that in the coming era, the creation of highly functional physiologically active substances that focus more on the functions of substances will become mainstream in drug discovery.

Toagosei's strength lies in its R&D capabilities, cultivated over many years, which enable the creation of highly functional substances. I am confident that the medical business, which is built upon these R&D capabilities, will create highly functional physiologically active substances that can contribute to the diverse and broad field of medicine. As an outside director, in order to realize the creation of these highly functional physiologically active substances—highly functional “future” substances—I would like to create an environment that makes it easier to take on challenges through dialogue with employees.

To our investors

We possess broad and outstanding technical capabilities for the creation of highly functional substances. Moreover, a great willingness to take on challenges is an invaluable source of energy for activities. I am confident that a combination of technical capabilities and this mindset in the medical business will undoubtedly make a significant contribution to healthcare, and, in turn, lead to substantial growth for Toagosei. In order to achieve this going forward, I would like to engage in discussions from various perspectives with employees, officers, shareholders, and investors, and contribute to improving corporate value.

Aiming to improve corporate value by responding appropriately to the surrounding environment

Outside Director (Audit and Supervisory Committee Member)

Masahiko Enomoto



Past experiences

After engaging in the enforcement of the tax system within the national tax organization, I opened my own practice as Certified Public Tax Accountant. Currently, I work as a Certified Public Tax Accountant while also serving as a corporate advisor and outside director.

Within the national tax organization, I worked for a long time in the National Tax Agency, primarily in internal management and crisis management departments, mainly focusing on personnel. I also gained experience in tax audits and collection management at regional taxation bureaus and tax offices. In tax audits and collections, I have strived to ensure fair and equitable taxation and collection. In addition, I have had the opportunity to interact with people in the legal field through my work.

Although I have no experience in corporate management, I have had opportunities to discuss the realities of management and initiatives to improve corporate value with individuals from companies in private tax-related organizations, and this has proven to be extremely useful in my post-retirement work.

Appointment as outside director

I recognize that my primary role as an outside director is to provide an objective and constructive perspective from a standpoint that is independent from management, and in doing so improve the quality of decision-making. Therefore, I will not only fulfill my oversight functions, but also will actively participate in discussions on the Company's medium- to long-term growth strategies and risk management, and make effective recommendations.

In addition, the business environment surrounding companies is changing rapidly, requiring more complex and diverse perspectives than ever before, including on population decline, responses to ESG and sustainability, globalization, and the advancement of digitalization. To respond to these changes, flexible management that integrates both internal and external expertise is essential. Leveraging my past experience, I aim to contribute to building a foundation for sustainable growth for the Company by providing constructive advice and oversight from a multifaceted and medium- to long-term perspective. I would also like to support the Company in realizing management that fulfills its corporate social responsibilities,

while respecting diverse perspectives both inside and outside the Company.

Furthermore, I hope to build a relationship of trust with management while preserving an appropriate degree of tension, and contribute to the healthy development of the Company through constructive dialogue. I will strive to perform my duties with integrity and responsibility in order to meet the expectations of our stakeholders.

To our investors

In today's business environment, companies are required more than ever before to have highly transparent governance and the ability to make flexible management decisions that are mindful of capital efficiency. The environment surrounding companies is changing at an unprecedented pace. If companies stand still, they will be left behind, and if they are slow to adapt to change, they may end up damaging their own value. To respond quickly and appropriately to changes in the environment, forward-looking management that includes risk management is essential. In the chemical industry, which has a business model where upfront investment in R&D is directly linked to global market fluctuations, I believe my role is to realize governance that supports investments for growth while appropriately controlling risks and ensuring transparency, from a fair and impartial standpoint. In particular, I will strive to meet the expectations of our investors by focusing on management that is mindful of capital efficiency and by disclosing appropriate information, including non-financial information.

In addition, securing personnel is crucial for a company to achieve sustainable growth. To secure top personnel in a so-called seller's market caused by the declining birthrate, companies must earn the love of their employees by improving the working environment, including through the prevention of harassment. I want to contribute to creating a comfortable, bright, and open work environment so that Toagosei becomes a company that people want to be hired by and that they want to continue working for.

I will strive to protect the interests of our investors and to make the Group a company that is truly trusted by society and that continues to grow sustainably.

Financial Data Highlights

		104th term 2016	105th term 2017	106th term 2018	107th term 2019*1	108th term 2020	109th term 2021	110th term 2022*2	111th term 2023	112th term 2024	113th term 2025
Key financial results											
Net sales	(Millions of yen)	135,382	144,708	150,066	144,955	133,392	156,313	160,825	159,371	167,594	162,312
Operating income	(Millions of yen)	16,147	17,453	16,408	13,782	12,336	17,676	14,382	12,499	14,233	14,180
Ordinary profit	(Millions of yen)	16,935	18,492	17,403	15,230	13,054	18,983	16,446	14,503	15,993	15,067
Net income attributable to owners of parent	(Millions of yen)	13,801	12,911	12,748	10,387	8,142	13,771	12,494	12,179	11,877	12,766
Net assets	(Millions of yen)	173,003	187,487	191,296	198,579	197,642	206,612	210,807	212,518	213,668	215,944
Total assets	(Millions of yen)	218,606	238,599	241,164	247,211	241,832	258,955	265,135	272,285	278,020	289,105
Cash flows from operating activities	(Millions of yen)	21,989	15,166	19,841	18,615	20,671	21,219	10,988	21,638	20,183	22,294
Cash flows from investing activities	(Millions of yen)	(17,673)	(23,186)	(11,910)	(15,855)	(11,362)	(10,239)	(3,579)	(3,528)	(13,594)	(29,635)
Cash flows from financing activities	(Millions of yen)	(3,939)	(4,047)	(4,908)	(4,582)	(8,491)	(8,644)	(9,464)	(15,524)	(14,507)	(4,495)
Key indicators											
Net assets per share	(Yen)	1,276.10	1,387.36	1,416.24	1,472.09	1,505.69	1,613.90	1,700.75	1,816.10	1,897.60	2,002.20
Net income per share	(Yen)	104.83	98.08	96.85	78.91	62.43	108.14	101.31	102.78	104.56	117.02
Net worth ratio	(%)	76.8	76.5	77.3	78.4	79.8	77.9	77.7	77.7	76.5	74.3
Ratio of net income to shareholders' equity (ROE)	(%)	8.5	7.4	6.9	5.5	4.2	7.0	6.1	5.8	5.6	6.0
Ratio of ordinary profit to total assets (ROA)	(%)	8.0	8.1	7.3	6.2	5.3	7.6	6.3	5.4	5.8	5.3
Price earnings ratio (PER)	(Times)	11.0	14.6	12.5	16.1	19.4	10.7	11.0	13.3	14.5	14.0
Other indicators											
Capital investment	(Billions of yen)	5.1	10.0	12.5	15.8	13.6	11.9	22.8	15.4	26.9	28.1
R&D expense	(Billions of yen)	3.6	3.7	3.6	3.7	4.0	4.3	4.7	5.0	5.8	6.7
Interest-bearing debt	(Billions of yen)	12.3	12.1	11.6	11.5	11.3	11.2	11.0	11.0	11.0	20.6
Cash dividend per share	(Yen)	26	26	28	30	30	36	36	53	60	65
Payout ratio	(%)	24.8	26.5	28.9	38.0	48.1	33.3	35.5	51.6	57.4	55.5
Total return ratio	(%)	24.8	26.5	28.9	38.0	95.4	62.1	69.7	100.5	116.1	110.1

*1 Effective from the beginning of the 107th term (fiscal 2019), the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc., and figures for the total assets, net worth ratio, and ratio of ordinary profit to total assets (ROA) for the 106th term and earlier have been restated by retrospective application of the said accounting standard, etc.

*2 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 110th term, and each indicator for the 110th term and thereafter are those after the application of the said accounting standard.

Non-Financial Data Highlights

		104th term 2016	105th term 2017	106th term 2018	107th term 2019	108th term 2020	109th term 2021	110th term 2022*3	111th term 2023	112th term 2024	113th term 2025
Human Capital											
Number of employees	(Employees)	2,411	2,393	2,429	2,473	2,527	2,539	2,517	2,554	2,609	2,680
Percentage of annual paid leave usage*1	(%)	88.2	89.6	88.8	90.1	91.8	90.5	96.1	95.2	92.9	93.9
Average years of continued employment*2	(Year)	22.3	22.3	21.6	21.4	21.0	20.4	20.0	19.7	19.2	18.8
Annual turnover rate*3	(%)	1.2	1.2	1.3	1.5	1.3	1.9	1.9	1.9	3.1	2.1
Percentage of female employees*3	(%)	11.6	11.8	12.5	13.2	13.6	13.8	14.6	14.6	14.8	15.1
Percentage of women in managerial positions*3	(%)	1.2	1.6	1.6	2.4	2.4	2.7	3.5	4.0	4.4	5.1
Percentage of employees taking childcare leave*3	(%)	14.8	16.1	13.2	15.6	20.0	41.2	60.0	50.0	63.9	79.6
Training hours per employee*3	(Hours/person)	4.9	7.6	9.6	10.4	6.4	8.3	9.6	7.8	9.2	9.4
Difference in wages between male and female workers*2	(%)	72.1	75.3	72.0	72.8	72.4	74.3	72.3	73.1	75.9	76.2
Environment*4											
CO ₂ emissions (Scope 1)	(Kt-CO ₂)	40	40	38	41	41	37	35	27	36	27
CO ₂ emissions (Scope 2)	(Kt-CO ₂)	355	356	329	322	306	292	289	294	283	281
CO ₂ emissions (Scope 1+2)	(Kt-CO ₂)	395	395	367	363	347	329	324	321	319	308
Reduction rate from 2013 level	(%)	8.1	8.1	14.7	15.6	19.3	23.5	24.7	25.3	25.8	28.4
CO ₂ emissions (Scope 3)	(Kt-CO ₂)	—	—	—	—	853	854	860	736	807	763
Annual energy consumption (Crude oil equivalent, thousand kL/G)		182	186	184	184	178	184	189	179	177	161
Proportion of renewable energy used	(%)	—	—	—	—	—	—	—	0.10	0.10	0.37
Water consumption	(Million m ³)	51	51	50	51	55	57	56	51	54	52
Total effluent volume	(Million m ³)	40	42	42	40	43	44	43	39	41	39
COD emissions	(Tons)	109	116	109	62	83	73	66	68	68	63
Final landfill rate	(%)	0.16	0.01	1.70	0.55	0.15	0.12	2.00	0.59	0.93	0.11
Health and safety											
Frequency rate of occupational accidents*5 Per 1 million hours		0.23	0.23	0.46	0.46	0.93	0.23	0.93	0.00	0.00	0.67
Governance											
Number of directors	(Persons)	13	13	15	14	14	13	13	13	13	12
Percentage of female directors	(%)	0.0	0.0	6.7	7.1	7.1	7.7	7.7	7.7	7.7	16.7
Number of independent outside directors	(Persons)	5	5	7	7	7	7	7	7	7	6
Percentage of independent outside directors	(%)	38.5	38.5	46.7	50.0	50.0	53.8	53.8	53.8	53.8	50.0

*1 Scope: Toagosei (consolidated, domestic) *2 Scope: Toagosei (non-consolidated) *3 Scope: Employees registered at Toagosei

*4 Scope: Toagosei Group production sites in Japan (refer to scope of Business Activities and Environmental Impacts on [P68](#))

*5 Number of fatalities and injuries caused by workplace accidents per 1 million total working hours (scope applies to Toagosei Group employees in Japan)

Sports Promotion Initiatives

At Toagosei, we contribute to the development of sports and the community through our active support for various sporting activities.

/ T.LEAGUE official partner

We endorse the philosophy of the table tennis league T.LEAGUE to realize the world's number one table tennis league, enhance the sports business value of table tennis, and enrich lives through table tennis, and we became an official partner in 2018.

We will continue to support the development of future athletes and the promotion of table tennis culture.



TOPICS

Sponsorship of the men's semifinals and women's semifinals of the nojima T.LEAGUE 2025-2026 season playoffs

We sponsored the semifinals of the nojima T.LEAGUE 2025-2026 season playoffs. The "Toagosei presents Men's Semifinals" and "Toagosei presents Women's Semifinals" were held at the HELSP0 HUB-3 Arena, Toyo University Akabanedai Campus on Saturday, March 21, 2026. On the day, over 2,300 spectators attended to witness an intense match. In the Women's Semifinals, President Kobuchi performed the ceremonial first serve to open the match and greatly entertained the venue with a play involving Nippon Paint Mallets player Saki Shibata.



The ceremonial first serve by President Kobuchi



Scene of the arena

/ Sponsorship of Iwaki FC

Hirono Plant has been in a partnership agreement with Iwaki FC, a professional soccer club in Fukushima Prefecture that is a member of the J2 League, and has been supporting them since 2022.



私たちはIWAKI FC
を応援しています。

/ Sponsorship of MINATO City Half Marathon 2025

The MINATO City Half Marathon 2025 was held on Sunday, November 16, 2025. This race has been held since 2018 by the Minato City Marathon Secretariat with the aim of realizing community coexistence through sports in which many residents can participate.

As a company based in Minato City, Tokyo, we have been sponsoring this tournament since its inauguration from the perspectives of social contribution and promoting health management, and we are currently a top-tier platinum sponsor.

SPECIAL INTERVIEW

What I should change. What I shouldn't. I hope to always be true to myself, valuing both and never giving up on personal growth, no matter what struggles I may face.

MIU HIRANO

Kinoshita Abyell Kanagawa

Miu Hirano

PROFILE

Born in the year 2000. She began playing table tennis at age three, and won the women's singles title at the 2017 Asian Championships. Using her experience as a reserve player in the Rio 2016 Olympics, she took the silver medal in the women's team event in both the Tokyo 2020 Olympics and the Paris 2024 Olympics. She has been a member of Kinoshita Abyell Kanagawa since 2022. She has competed in the T.LEAGUE in eight seasons, starting with the 2018-2019 season, and claimed the championship in seven of them. In the 2025-2026 season, she has won 75% of the singles matches. She has maintained a consistent position at the top of the league's rankings.



T.LEAGUE, a professional table tennis league, was launched in the fall of 2018. Miu Hirano is a central figure in the league, which is officially sponsored by Toagosei. Behind her spectacular results, she has taken on and overcome unseen struggles, her eyes set on the future. She also shared with us an unexpected connection between herself and Toagosei, linked by Aron Alpha.

I consider myself a lucky person. For one, T.LEAGUE was launched at a critical time in my career as an athlete, and I've been able to reach new heights by training together with top athletes. I've also won several T.LEAGUE championships.

As a T.LEAGUE athlete, I feel very grateful to Toagosei, which has been an official partner since 2018. I also feel a personal sense of closeness and connection with Toagosei.

During practice, when my racket hits the table and wood chips off, I use Aron Alpha to fix it. I use the same racket for three to four years, so I think of Aron Alpha as a stalwart supporter that supports my performance.

When T.LEAGUE began, it was a major turning point in my life as an athlete, but I'll also never forget my experience as a reserve for the Rio Olympics. While all the others were out there playing, I was just watching from the spectator area. The situation was very frustrating. I realized deeply that to make the national team, I had to change absolutely everything—from the quantity and quality of my practice to the way I think about the game. In terms of practice volume, I would get so immersed that I'd play from nine in the morning until nine at night. I could truly feel within myself that "I had changed."

I'm sure there are plenty of things I'll need to change throughout the rest of my athletic career. I need to keep evolving my play style and my goals, and even my techniques, as table tennis balls and rackets change over time.

However, there are things that I should keep unchanged. One of those is the determination to never run away. When you win a match, it feels great, but when you lose, it's hard. There are plenty of moments where I lose my love for table tennis. Running away might be easy, but if I ran away, I'd never achieve my dreams. I'd just end up being mediocre, in everything, not just table tennis. I'm going to be persistent, constantly working to achieve what I've set out to do, without ever turning my back on it. Just like the Aron Alpha I always keep handy, I want to be a tough, resilient athlete who never gives up.



*This interview was conducted in March 2026.