

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

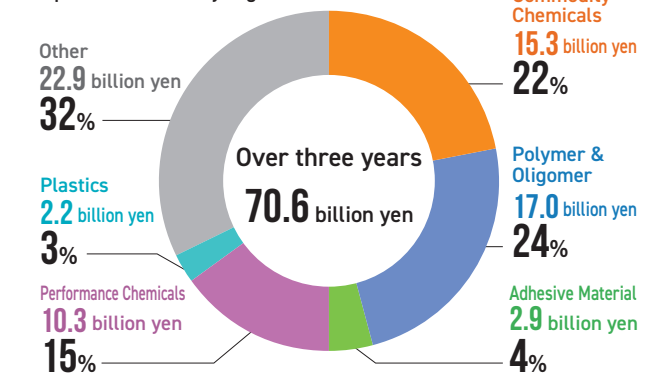
3. Develop infrastructure

- 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%