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**Medium-Term Management Plan 2025**  
**Toagosei Group Medium-Term Management Plan *Leap Forward to the Next 2025***

The Toagosei Group aims to achieve sustained growth by expanding existing businesses and creating new products and businesses set to become future earnings pillars, based on its corporate philosophy of “through the endless possibilities of chemistry, we bring happiness created by highly functional materials.”

Under its new three-year Medium-Term Management Plan called **Leap Forward to the Next 2025** spanning from 2023 to 2025, our Group will invest additional management resources in R&D and capital investment to further reinforce its unique R&D capabilities and strengthen its production base. As a result, we will seek to expand its unique and high value added businesses as well as to build a business base resilient to intense changes in the operating environment.

## **1. Basic Policies**

### **(1) Strengthen development capabilities for new products and novel technologies**

By further strengthening our R&D capabilities, we will continuously create innovative and competitive products and technologies mainly in mobility, electronic materials and medical care and establish a track record of new businesses paving the way toward the Group’s future.

### **(2) Increase overseas net sales**

We will expand production and sales activities in growth markets around the world and increase the market share of our high value added products.

### **(3) Contribute to a sustainable society**

In addition to our focus on reducing greenhouse gas (GHG) emissions within the Group, we will supply products and technologies that help to resolve environmental issues in our society, which will contribute to a sustainable society. We will steadily implement carefully planned measures to lower GHG.

## **2. Key Initiatives**

### **(1) Actively invest management resources in growth businesses and accelerate overseas expansion**

We will invest management resources in a well-balanced manner across existing businesses that should be strengthened and new businesses. While maintaining initiatives from the previous MTP to boost market share, we will seek to quickly launch and establish cellulose nano fiber products and medical care products for the future.

Additionally, by expanding our materials business structure for mobility, semiconductors, batteries and 5G in markets with strong demand centered on the United States, China and Southeast Asia, we will increase the overseas transaction volume of high value added products, primarily in the Polymer & Oligomer, Adhesive Material, and Performance Chemicals businesses.

## (2) Strengthen R&D capabilities

To accelerate business growth and new business development, we will actively invest management resources to strengthen our R&D capabilities. As part of this, we will also actively promote collaboration with start-up companies. In addition, we will establish a research hub in the Tokyo Metropolitan Area to speed up development by conducting user-centric research alongside customers.

## (3) Penetrate and expand DX

We will promote digital transformation (DX) and strengthen the Group's competitiveness and structure by utilizing material informatics and molecular simulations, switching to smart factories, using AI, and fostering digital human resources.

## (4) Secure and cultivate visionary human resources

We will implement a personnel system mindful of increasing motivation at work and actively hire specialized human resources. Furthermore, by promoting overseas human resources and planning/implementing a reskilling plan, we will seek to secure and develop a talent pool compatible with a diverse society.

## (5) Promote sustainable management

To achieve our GHG reduction roadmap aimed at carbon neutrality by 2050, we will work not only to reduce energy consumption by improving production efficiency, but also implement such measures as introducing green energy power generation even in procurement. Additionally, we will promote development of eco-friendly products, and focus on providing products and technologies that contribute to solutions to environmental issues facing customers.

### 3. Quantitative Targets

	Plan for 2025
<b>Materiality - Operations</b>	
<b>Establish stronger presence</b>	
Consolidated net sales	183 billion yen
Consolidated operating income (Operating income to net sales ratio)	20 billion yen (11.0%)
EBITDA	32 billion yen
Capital investment (total between 2023 and 2025)	68 billion yen
<b>Increase high-value-added products</b>	
High-value-added product to net sales ratio	48%
Increase in R&D spending (vs. 2022)	+20%
<b>Expand share of overseas sales</b>	
Overseas net sales growth (vs. 2022)	+30%
<b>Materiality - Business Foundation</b>	
<b>Contribute to a sustainable society</b>	
GHG emissions reduction (vs. 2013)	-35%
<b>Develop and utilize diverse talent pool</b>	
Percentage of female managers	5%
<b>Management indicators</b>	
Earnings per share (EPS)	153 yen
Return on assets (ROA)	8.2%
Return on equity (ROE)	7.3%

**(1) Capital Investment Plan**

We plan total capital investment of 68 billion yen over three years from 2023 to 2025, focusing on increasing manufacturing facilities for high-value-added products, expanding research facilities, developing infrastructure for logistics, and investing in sustainability.

**(2) Capital Policy**

We will promote the following capital policies to further improve capital efficiency.

- Quickly introduce a business administration method focused on return on invested capital (ROIC) and promote business operations mindful of asset efficiency.
- In terms of shareholder returns, aim for a consolidated payout ratio of at least 30% and a consolidated total shareholder return of at least 50%. In addition, see to increase share value and complete share buybacks totaling around 20 billion yen during Medium-Term Management Plan 2025.

End