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[Title]

[Q&A included] Toagosei Co., Ltd. achieved over 10% growth in both operating income and ordinary profit year-on-year, planning for total shareholder returns of 108.2% and ¥5 dividend increase, aiming for a PBR of over 1x.

[Lead]

The following is a transcript of Toagosei Co., Ltd.'s financial results presentation for the fiscal year ended December 31, 2024, released on February 20, 2025.

[Speakers]

Mr. Hidenori Kobuchi, President, COO and Representative Director

## Summary of Financial Results for FY2024



### Business Environment

- The US economy continued to be strong. In Europe, the economy remained steady, despite concerns about a slowdown.
- The Chinese economy is not expected to recover, and cheap general-purpose chemicals manufactured in China continued to flow into the Southeast Asian market.
- The Japanese economy remained relatively strong, despite continued rises in prices.

### Overview of Financial Results for FY2024

- Sales volume of commodity chemicals increased overall. Acrylic ester overseas market conditions remained sluggish.
- Sales volume of oligomers for displays and adhesives for automotive batteries increased.
- Although sales volume of high-purity inorganic chemicals increased, the overall semiconductor market recovery was lagging.
- Operating income and ordinary income increased by double digits, but net income for the period was at the same level year on year.
- We bought back approximately 4.5 million treasury shares (3.9% of the number of outstanding shares as of the end of 2023; approximately 7.0 billion yen). We canceled approximately 4 million shares.
- We declared a year-end dividend of 30 yen per share. The annual dividend was 60 yen per share (payout ratio 57.4%), an increase of 7 yen from the previous year. Total shareholder returns were 116.1%.

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Hidenori Kobuchi (hereafter Kobuchi): I am Kobuchi, President, COO and Representative Director. We appreciate your ongoing support. As highlighted earlier, we are committed to launching a range of products that address social issues, with the goal of contributing to society and boosting corporate value. Now, let's begin the financial results presentation for the fiscal year Ended December 31, 2024.

First, let's review the summary of financial results for FY2024. The business environment in the U.S., Europe, and Japan remained steady. However, the Chinese economy is not expected to recover, and cheap general-purpose chemicals manufactured in China continued to flow into the Southeast Asian market.

Next, let's look at overview of financial results for FY2024. Sales volume of commodity chemicals increased overall. However, the acrylic ester overseas market conditions remained sluggish, due to the impact of cheap Chinese goods. On the other hand, sales volume of oligomers for displays and adhesives for automotive batteries increased. Additionally, sales volume of high-purity inorganic chemicals increased, although the overall semiconductor market recovery was lagging.

As a result, operating income and ordinary profit increased by double digits compared to the previous fiscal year. However, net income attributable to owners of the parent was at the same level year on year, due to impairment losses.

As part of our capital policy, we aim to reduce net worth. We plan to buy back approximately ¥7,000 million treasury shares, increase the year-end dividend by ¥7 to ¥60 per share, and set the total shareholder returns at 116.1%.

## Overview of Results for 1-4Q FY2024

### Overview of Results for 1-4Q FY2024



		1-4Q FY2023	1-4Q FY2024	Change	Rate of Change
Net sales	(Millions of yen)	159,371	167,594	8,222	+5.2%
Operating income	(Millions of yen)	12,499	14,233	1,734	+13.9%
Operating income ratio		7.8%	8.5%	+0.6p	—
Ordinary profit	(Millions of yen)	14,503	15,993	1,489	+10.3%
Net income attributable to owners of parent	(Millions of yen)	12,179	11,877	(302)	(2.5)%
Net income per share	(Yen)	102.78	104.56	1.78	+1.7%
Annual dividend	(Yen)	53.0	60.0	7.0	+13.2%

< Reference >

Average exchange rate	(Yen/USD)	139.74	150.70
Average naphtha price	(Yen/kl)	67,600	75,400

\* We newly established Toagosei Vietnam Co., Ltd. in 2024. Therefore, it is included in the scope of consolidation from this consolidated fiscal year (20 consolidated subsidiaries and 2 equity-method affiliates).

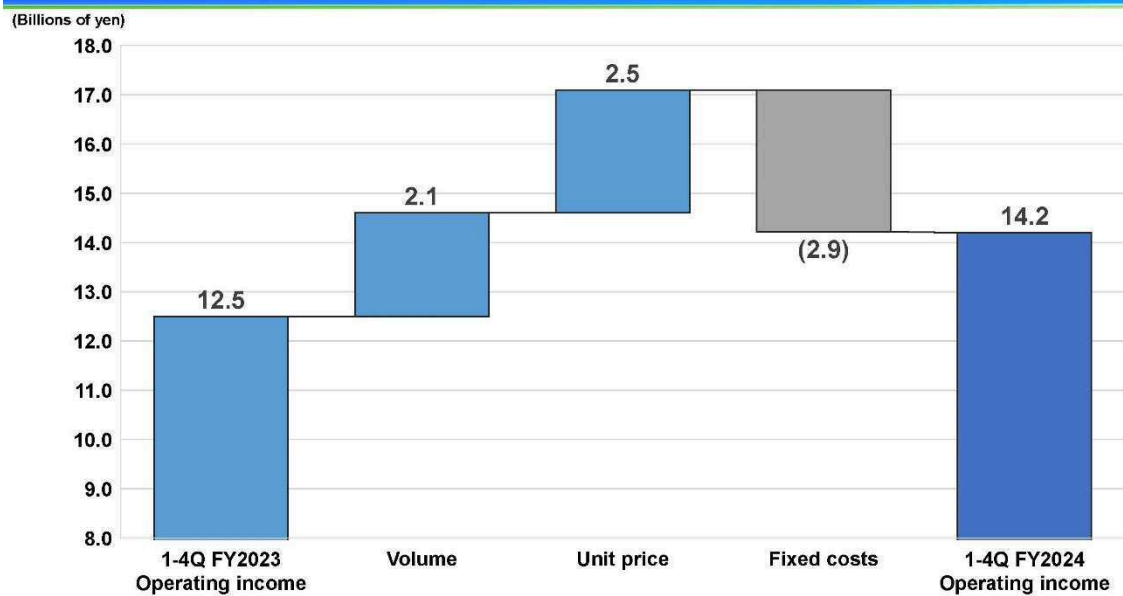
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Here's the financial results for 1-4Q FY2024. Net sales totaled ¥167,594 million, slightly up year on year. On the other hand, operating income was ¥14,233 million, and ordinary profit was ¥15,993 million, with both growing by over 10% year-on-year.

Despite this, net income attributable to owners of the parent remained flat at ¥11,877 million, the same as the previous fiscal year, due to the impairment losses from Toagosei Singapore.

## Analysis of Changes in Operating Income

### Analysis of Changes in Operating Income



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Here's the analysis of changes in operating income. Fixed costs increased due to higher labor and depreciation expenses. However, sales volumes of inorganic chemicals, polymers and oligomers, adhesives for mobility, and inorganic chemicals for semiconductors grew, and appropriate revised prices boosted unit prices. As a result, operating income increased by ¥1,700 million year on year to reach approximately ¥14,200 million.

## Consolidated Results (by Segment)

### Consolidated Results (by Segment)



Net sales	1-4Q FY2023	1-4Q FY2024	Volume	Unit price	Change	(Millions of yen)
	A	B			B - A	
Commodity Chemicals	73,488	79,145	4,436	1,219	5,656	
Polymer & Oligomer	33,765	35,187	1,193	228	1,421	
Adhesive Material	12,410	13,344	370	562	933	
Performance Chemicals	9,943	10,196	308	(55)	253	
Plastics	27,867	27,702	(754)	589	(164)	
Other/adjustments	1,896	2,018	122	0	122	
<b>Total</b>	<b>159,371</b>	<b>167,594</b>	<b>5,676</b>	<b>2,545</b>	<b>8,222</b>	

Operating income	1-4Q FY2023		1-4Q FY2024		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	6,769	9.2%	8,501	10.7%	1,732
Polymer & Oligomer	3,182	9.4%	3,779	10.7%	597
Adhesive Material	361	2.9%	409	3.1%	47
Performance Chemicals	1,547	15.6%	1,275	12.5%	(272)
Plastics	1,473	5.3%	1,761	6.4%	287
Other/adjustments	(834)	—	(1,493)	—	(658)
<b>Total</b>	<b>12,499</b>	<b>7.8%</b>	<b>14,233</b>	<b>8.5%</b>	<b>1,734</b>

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This is the consolidated results by segment. When looking at operating income, the change in Other/adjustments resulted in a negative impact of ¥658 million, driven by the development costs incurred by the Kawasaki Frontience R&D Center. The ¥272 million losses in Performance Chemicals resulted from higher depreciation and delays in medical product development, leading to a decrease in income.

However, the total income increased year-on-year due to higher sales volumes in Commodity Chemicals, strong demand for automotive displays in Polymers and Oligomers, and revised prices and volume growth in Adhesive Material.

## Consolidated Statement of Income (Non-operating Income/Expenses and Extraordinary Income/Losses)

### Consolidated Statement of Income (Non-operating Income/Expenses and Extraordinary Income/Losses)



(Millions of yen)

Non-operating income/expenses	1-4Q FY2023	1-4Q FY2024	Change
Interest and dividend income	1,320	1,643	322
Equity in earnings of affiliates	185	227	42
Foreign currency exchange gains	343	579	236
Rent income on non-current assets	174	91	(83)
Miscellaneous income	383	143	(239)
Interest expenses	(131)	(152)	(21)
Inactive facilities expenses	(13)	(10)	2
Environment readiness fee	(120)	(592)	(472)
Miscellaneous expenses	(137)	(169)	(32)
<b>Total</b>	<b>2,004</b>	<b>1,759</b>	<b>(245)</b>

(Millions of yen)

Equity in earnings of affiliates (Breakdown)	FY2023	FY2024	Change
Elmer's & Toagosei	169	204	34
Chubu Liquid Oxygen	52	76	24
<b>Total</b>	<b>221</b>	<b>280</b>	<b>59</b>

(Millions of yen)

Extraordinary income/losses	1-4Q FY2023	1-4Q FY2024	Change
Gain on sales of investment securities	4,079	4,332	252
Subsidy income	84	80	(3)
Loss on disposal of non-current assets	(1,255)	(1,930)	(675)
Loss on valuation of investment securities	(3)	(302)	(298)
Loss on sale of investment securities	(2)	—	2
Impairment loss on property, plant and equipment	—	(1,487)	(1,487)
Loss on disaster	—	(141)	(141)
Provision for product recalls	(311)	—	311
<b>Total</b>	<b>2,591</b>	<b>559</b>	<b>(2,032)</b>

Year-end exchange rate	Dec. 31, 2023	Dec. 31, 2024
Yen/USD	141.83	158.18
Yen/THB	4.13	4.64

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Here's the non-operating income/expenses and extraordinary income/losses. The significant difference in extraordinary income/losses comes from the loss on disposal of non-current assets related to factory upgrades and the impairment loss at Toagosei Singapore, caused by the market downturn from the influx of cheap Chinese goods, as mentioned earlier.



## Consolidated Balance Sheet

### Consolidated Balance Sheet



(Millions of yen)

	Dec. 31, 2023	Dec. 31, 2024	Change		Dec. 31, 2023	Dec. 31, 2024	Change
<b>Current assets</b>	134,860	122,750	(12,110)	<b>Total liabilities</b>	59,767	64,352	4,584
Cash, deposits and securities (1)	56,108	41,821	(14,287)	Notes and accounts payable	19,091	18,740	(350)
Notes and accounts receivable	42,237	42,359	122	Bank loans	11,095	11,044	(51)
Electronically recorded monetary claims - operating	8,865	9,860	995	Accrued income taxes	2,281	2,762	481
Inventories	24,792	24,734	(57)	Other liabilities	27,298	31,804	4,505
Other current assets	2,904	4,026	1,122				
Allowance for doubtful receivables	(47)	(52)	(5)				
<b>Fixed assets</b>	137,425	155,270	17,845	<b>Total net assets</b>	212,518	213,668	1,149
Property, plant and equipment (2)	96,532	111,851	15,318	Shareholders' equity	193,828	191,551	(2,277)
Intangible fixed assets	1,579	1,666	87	Accumulated other comprehensive income	17,681	21,034	3,353
Investment securities (3)	32,912	34,023	1,110	Non-controlling interests	1,008	1,082	73
Other fixed assets	6,401	7,728	1,327	<b>Total liabilities and net assets</b>	272,285	278,020	5,734
<b>Total assets</b>	272,285	278,020	5,734				
				<b>Net worth ratio</b>	77.7%	76.5%	(1.2)P

(1) Decreased due to capital investment and share buybacks (securities: negotiable certificates of deposit)  
 (2) Increased due to capital investment  
 (3) Increased due to a rise in the market value of shareholdings

This is the consolidated balance sheet. Regarding assets, cash and deposits fell due to active capital investments and share buybacks, while property, plant and equipment grew. Furthermore, the increase in the market value of cross-share holdings contributed to a rise in total assets year on year.

Liabilities increased due to the rise in accounts payable - other related to expansion projects. Net assets grew by ¥1,149 million as a result of the increase in the market value of investment securities.

Net worth ratio is 76.5%, down by 1.2 percentage points year on year.

## Consolidated Cash Flow Statement

### Consolidated Cash Flow Statement



(Millions of yen)

		FY2023	FY2024	Change
Cash flows from operating activities	A	21,638	20,183	(1,455)
Cash flows from investment activities	B	(3,528)	(13,594)	(10,066)
Free cash flow	C=A+B	18,110	6,588	(11,522)
Cash flows from financial activities	D	(15,524)	(14,507)	1,016
Effect of exchange rate change on cash and cash equivalents	E	210	716	505
Net increase or decrease in cash and cash equivalents	F=C+D+E	2,796	(7,202)	(9,999)
Cash and cash equivalents at the end of the year	G	47,636	40,433	(7,202)

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This is the consolidated cash flow statement. Cash provided by operating activities decreased year on year, due to lower net profit and higher working capital. Cash used in investment activities increased year on year, due to active capital investments. Cash used in financial activities decreased year on year, due to the absence of costs related to last year's increase ownership of MT AquaPolymer, despite higher share buybacks and dividend payments.

Consequently, as of December 31, 2024, cash and cash equivalents decreased by ¥7,202 million year on year.



## Overview of Consolidated Subsidiaries

### Overview of Consolidated Subsidiaries



(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
1	Toa Techno Gas	Commodity Chemicals	100	4,312	4,576	486	890	356	635
2	Toagosei Singapore	↓	100	3,313	3,638	(736)	(608)	(570)	(1,809)
3	MT AquaPolymer	Polymer & Oligomer	90	13,026	12,877	217	332	118	276
4	Taiwan Toagosei	↓	100	2,084	2,254	257	300	214	252
5	Toa Jet Chemical	↓	51	1,817	1,984	133	165	96	125
6	Toagosei (Zhangjiagang)	↓	100	1,708	1,871	143	138	90	119
7	Toagosei (Shanghai)	↓	100	118	624	(93)	(266)	(101)	(288)
8	Toagosei (Thailand)	↓	100	2,883	2,983	262	487	198	416
9	Toagosei Vietnam	↓	100	—	18	—	(18)	—	(19)
10	Toagosei America	Adhesive Material	100	2,118	2,489	(148)	(355)	(497)	(113)
11	Toagosei Hong Kong	↓	100	326	285	26	0	26	(54)
12	Toagosei (Zhuhai)	↓	100	750	560	(48)	(67)	(54)	(74)
13	Aronkasei	Plastics	100	26,198	25,934	1,716	1,792	743	1,251
14	Aronkasei Thailand	↓	100	501	928	(252)	(47)	(300)	(61)
15	TG Corporation	Other	100	1,438	1,562	425	466	295	324

Figures for each company above represent those before consolidation adjustment.

\* Toagosei America: In FY2024, the company recorded 227 million yen of share of profit of entities accounted for using equity method under non-operating income (recorded 185 million yen in FY2023).<sup>10</sup>

This shows the overview of consolidated subsidiaries. Looking at the year-on-year comparison of operating income for FY2024 from a positive perspective, Toa Techno Gas saw an increase of about ¥400 million, and Toagosei (Thailand), involved in polymers, saw an increase of ¥225 million.

On the other hand, Toagosei America and Toagosei (Shanghai) experienced a decline in operating income. Toagosei Singapore and Toagosei America, which continue to report losses, are currently undergoing a restructuring process.

### Challenges in FY2025



#### Business Environment

- It is unclear what the impact on the global economy will be of the Trump administration's policies, such as raising tariffs.
- The recovery of the Chinese economy will be lagging. Cheap Chinese goods will continue to flow into the Asian region continues.
- The Japanese economy will be on a steady recovery path, with inbound tourism and wage increases, and is heading towards a return to inflation.

#### Challenges in FY2025

- We will increase profits from mobility, lithium-ion batteries and semiconductor-related products.
- We will achieve profitability in the areas of medical-related materials, cellulose nanofibers, and next-generation battery materials at an early point.
- We will strengthen our instant glue business in the US and expand our overseas sales by developing a range of high-value-added products originating in Asia.
- We will consider the active introduction of solar and micro-hydroelectric power generation, as well as the development of products that contribute to the SDGs.
- We will promote management aimed at achieving a PBR of over 1x.

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This is the full-year results forecast for FY2025. First, let's look at the business environment. It is unclear what the impact on the global economy will be of the Trump administration's policies, such as raising tariffs. While cheap Chinese goods will continue to flow into the Asian region continues, the Japanese economy is expected to be on a steady recovery, with inbound tourism and wage increases.

Amidst this, our key challenge for 2025 is driving our growth strategy. We believe it is particularly important to increase profits in mobility, lithium-ion batteries (LiB), and semiconductor-related products, and to achieve profitability in the areas of medical-related materials and cellulose nanofibers (CNF).

We will also strengthen our instant glue business in the U.S. and expand our overseas sales by developing a range of high-value-added products originating in Asia.

Furthermore, we are committed to introducing renewable energy, including our first micro-hydroelectric power generation. By driving these core initiatives, we aim at achieving a PBR of over 1x.

## Consolidated Results Forecast for FY2025

### Consolidated Results Forecast for FY2025



(Millions of yen)					
	FY2024 results (A)	FY2025 1H (forecast)	FY2025 2H (forecast)	FY2025 forecast (B)	Change (B-A)
Net sales	167,594	80,800	84,200	165,000	(2,594)
Operating income	14,233	7,500	7,500	15,000	767
Operating income ratio	8.5%	9.3%	8.9%	9.1%	0.6P
Non-operating income/expenses	1,759	600	500	1,100	(659)
Ordinary profit	15,993	8,100	8,000	16,100	106
Extraordinary income (loss)	559	1,830	140	1,970	1,410
Income before income taxes (a)	16,553	9,930	8,140	18,070	1,516
Income taxes (b)	(4,589)	(2,800)	(2,200)	(5,000)	(410)
Tax rate (b)/(a)	27.7%	28.2%	27.0%	27.7%	(0.1)P
Net income attributable to non-controlling interests	(86)	(30)	(40)	(70)	16
Net income attributable to owners of parent	11,877	7,100	5,900	13,000	1,122
Dividend (Yen)	60.0	32.5	32.5	65.0	5.0
<Reference>					
Average exchange rate (Yen/USD)	150.70	—	—	150.00	—
Average naphtha price (Yen/kl)	75,400	—	—	70,000	—

\* A change of 1,000 yen in the naphtha price per kl will have an impact of 300 million yen on our performance. A depreciation of yen by 1 yen per USD will have an impact of -130 million yen on our performance.

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This is the consolidated results forecast for FY2025. We expect net sales of ¥165,000 million and operating income of ¥15,000 million, reflecting lower revenue but higher income. We forecast net income attributable to owners of the parent to increase by ¥1,122 million year-on-year to ¥13,000 million. This increase is due to excluding foreign currency exchange gains from non-operating income/expenses and not having FY2023's ¥1,500 million impairment loss for FY2024.

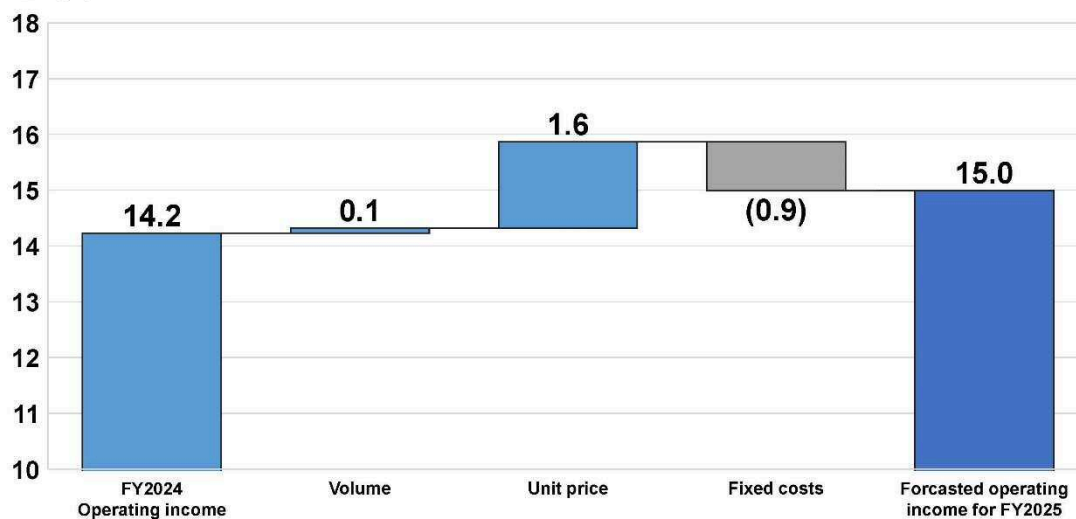
Based on this, we plan to increase the dividend by ¥5, raising it from ¥60 in FY2024.

## Analysis of the Forecasted Changes in Operating Income

### Analysis of the Forecasted Changes in Operating Income



(Billions of yen)



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Here is the analysis of forecasted changes in operating income. The unit price increased by ¥1,600 million thanks to the appropriate revised prices, while the volume has only increased by ¥100 million. While we anticipate more volume from sales expansion, the discontinuation of certain products and a focus on profitability in sales have limited the volume increase.

Fixed costs are expected to rise by ¥900 million due to higher labor expenses from aggressive wage increases and increased depreciation from capital investments. As a result, we plan for an operating income of ¥15,000 million for FY2025, an ¥800 million increase year-on-year.

## Consolidated Results Forecast for FY2025 (by Segment)

### Consolidated Results Forecast for FY2025 (by Segment)



(Millions of yen)

Net sales	FY2024 results		FY2025 forecast		Change	Factors for change
	Operating income	Operating income ratio	Operating income	Operating income ratio		
Commodity Chemicals	79,145		72,000		(7,145)	[Decrease] Inorganic chemicals and acrylic monomer
Polymer & Oligomer	35,187		36,000		813	[Increase] Acrylic polymers and acrylic oligomer
Adhesive Material	13,344		14,000		656	[Increase] General-use and functional adhesives
Performance Chemicals	10,196		11,000		804	[Increase] High-purity inorganic chemicals
Plastics	27,702		29,000		1,298	[Increase] Environment & infrastructure system, nursing care products, and ecological materials
Other/adjustments	2,018		3,000		982	
<b>Total</b>	<b>167,594</b>		<b>165,000</b>		<b>(2,594)</b>	

(Millions of yen)

Operating income	FY2024 results		FY2025 forecast		Change	Factors for change
	Operating income	Operating income ratio	Operating income	Operating income ratio		
Commodity Chemicals	8,501	10.7%	8,000	11.1%	(501)	[Decrease] Sales volume decrease in both inorganic chemicals and monomers.
Polymer & Oligomer	3,779	10.7%	4,000	11.1%	221	[Increase] Sales volume increase in LB polymer
Adhesive Material	409	3.0%	500	3.6%	91	[Increase] Sales volume increase for mobility.
Performance Chemicals	1,275	12.5%	1,500	13.6%	225	[Increase] Sales volume increase due to growth in the semiconductor market.
Plastics	1,761	6.3%	2,600	9.0%	839	[Increase] The environment & infrastructure system will expand sales of products to counter infrastructure aging.
Other/adjustments	(1,493)	—	(1,600)	—	(107)	
<b>Total</b>	<b>14,233</b>	<b>8.5%</b>	<b>15,000</b>	<b>9.0%</b>	<b>766</b>	

This is the consolidated results forecast for FY2025 by segment. Commodity Chemicals expect a decline in revenue and income due to support shipments to industry peers in FY2024, along with a focus on profitability in sales in FY2025.

However, we anticipate increased revenue and income across all other segments. Polymers are performing well in the automotive and cosmetics industries, while Oligomers are performing well in the electronics materials field. Performance Chemicals are expected to benefit from the recovery in the semiconductor market. Plastics anticipate a significant increase in income through the expanded sales of solutions for aging infrastructure, improvements in profitability, and cost reductions. We forecast a year-over-year increase in total operating income.

## Overview of Consolidated Subsidiaries (FY2025 Forecast)

### Overview of Consolidated Subsidiaries (FY2025 Forecast)



(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				FY2024	FY2025 forecast	FY2024	FY2025 forecast	FY2024	FY2025 forecast
1	Toa Techno Gas	Commodity Chemicals	100	4,576	4,178	890	613	635	446
2	Toagosei Singapore	↓	100	3,638	3,546	(608)	(396)	(1,809)	(396)
3	MT AquaPolymer	Polymer & Oligomer	90	12,877	12,257	332	193	276	128
4	Taiwan Toagosei	↓	100	2,254	2,237	300	310	252	249
5	Toa Jet Chemical	↓	51	1,984	1,779	165	156	125	125
6	Toagosei (Zhangjiagang)	↓	100	1,871	1,990	138	174	119	137
7	Toagosei (Shanghai)	↓	100	624	690	(266)	(270)	(288)	(282)
8	Toagosei (Thailand)	↓	100	2,983	3,384	487	508	416	443
9	Toagosei Vietnam	↓	100	18	101	(18)	(26)	(19)	(26)
10	Toagosei America	Adhesive Material	100	2,489	2,453	(355)	(431)	(113)	(294)
11	Toagosei Hong Kong	↓	100	285	307	0	18	(54)	19
12	Toagosei (Zhuohai)	↓	100	560	596	(67)	(54)	(74)	(58)
13	Aronkasei	Plastics	100	25,934	27,178	1,792	2,413	1,251	1,828
14	Aronkasei Thailand	↓	100	928	1,315	(47)	143	(61)	110
15	TG Corporation	Other	100	1,562	1,535	466	442	324	309

Figures for each company above represent those before consolidation adjustment.

\* Toagosei America: In FY2025, the company is expected to record [TBD] million yen of share of profit of entities accounted for using equity method under non-operating income (recorded 204 million yen in FY2024).

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This is the overview of consolidated subsidiaries. Toagosei Singapore's higher income year-on-year is due to the impact and effect of the impairment loss in FY2024. We anticipate ongoing challenges from the influx of cheap Chinese goods into Southeast Asia and are actively considering various responses.

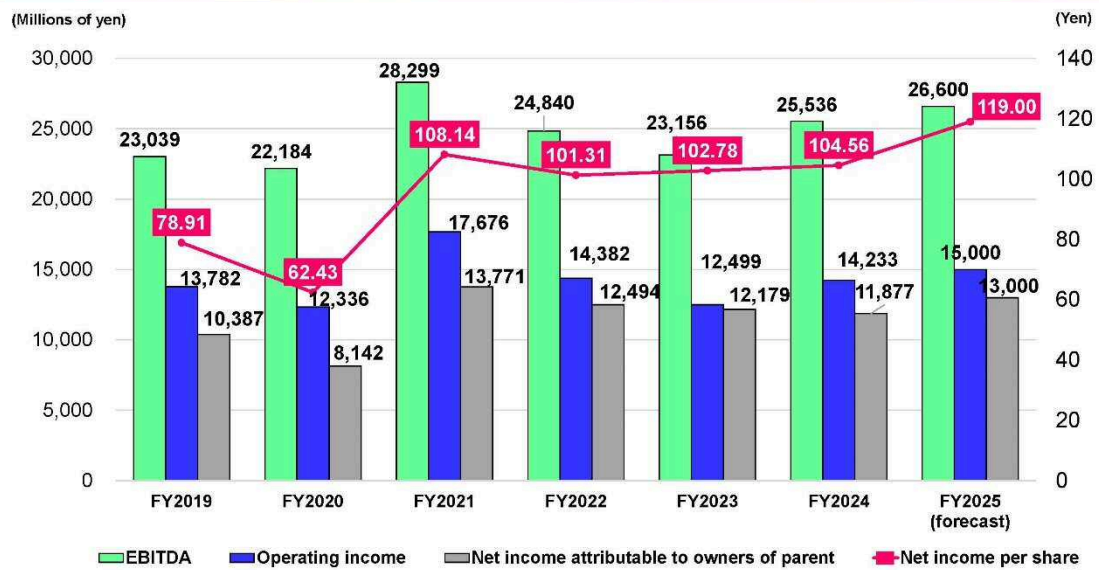
Toagosei America will continue to experience losses, but is restructuring its sales system, expecting to reach a conclusion by the end of the year.

Aronkasei Thailand is expected to achieve profitability for the full year due to increased sales and reduced depreciation.



## Trends in Consolidated Results

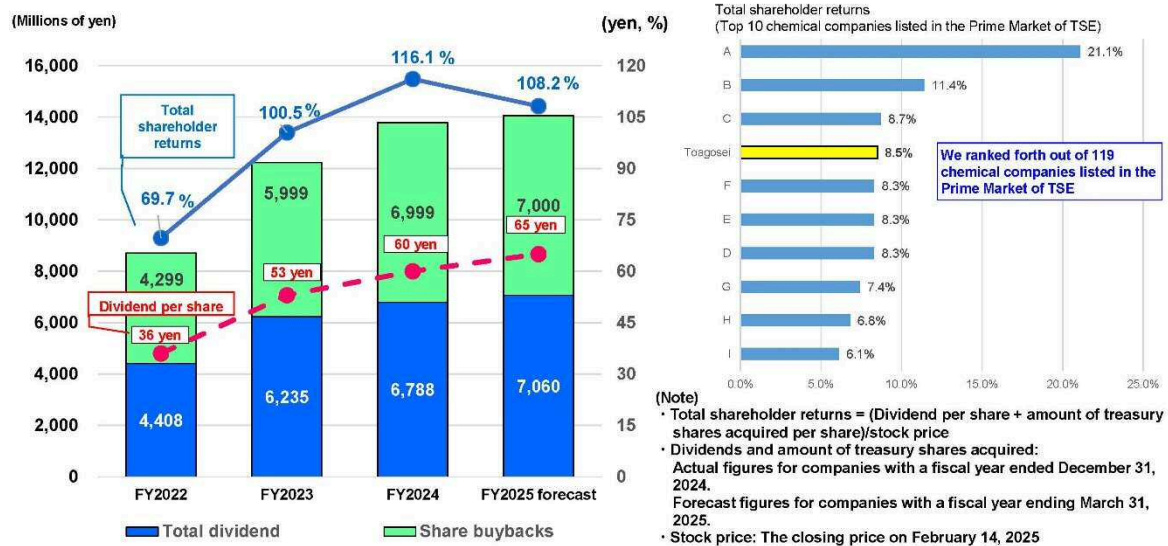
### Trends in Consolidated Results



The graph on the slide shows the trends of EBITDA, operating income, net income attributable to owners of parent, and net income per share. Since FY2021, operating income has remained at a high level. EBITDA has stayed strong, although active capital investment has been a factor contributing to lower income.

## Shareholder Return Trends

### Shareholder Return Trends



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This is the shareholder return trends. The bar graph on the slide uses blue for the total dividend, green for the share buybacks, and the blue line graph for the total shareholder returns. The total shareholder returns for FY2023 was 100.5%, expecting to rise to 116.1% in FY2024.

We expect to buy back ¥7,000 million worth of shares in FY2025, following the three-year plan to reach ¥20,000 million. Additionally, we plan to raise the dividend from ¥60 to ¥65 per share from FY2024. As a result, we expect the total shareholder returns to be 108.2%, steadily achieving the medium-term management plan target of 100% total shareholder returns.

Our total shareholder returns ranked fourth out of the 119 chemical companies listed in the Prime Market of TSE.

## Our Recognition of Our Current Situation (as of February 2025)

### Our Recognition of Our Current Situation (as of February 2025)

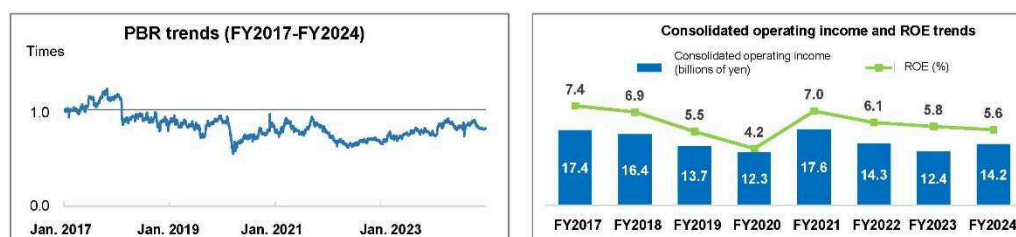
#### Our Current Situation

Although we have been working to improve our PBR, our PBR has continued to be below 1x.

→ The slump in our return on equity (ROE) due to an imbalance between our operating income and net worth is the reason why our PBR is less than 1x.

(i) We have been promoting proactive capital investment in high-performance products. However, it takes time to monetize that investment.

(ii) The imbalance between the increase in our net worth and the growth in our profits is affecting our capital profitability.



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I will explain the actions we are taking to achieve management that focuses on capital costs and stock prices. Although we have been working to improve our PBR, our PBR has continued to be below 1x. This is because the slump in our return on equity (ROE) due to an imbalance between our operating income and net worth.

We have been promoting proactive capital investment in high-performance products. However, it takes time to monetize that investment. As a result, the imbalance between the increase in our net worth and the growth in our profits is affecting our capital profitability.

## Our Recognition of Our Current Situation: Comparison with medium-term target values

### Our Recognition of Our Current Situation: Comparison with medium-term target values

	FY2023 mid-term mgt plan	FY2024 mid-term mgt plan	FY2025 mid-term mgt plan	FY2023 Results	FY2024 Results	FY2025 Forecast	Compared to FY2024 mid- term mgt plan	Compared to FY2025 mid- term mgt plan
Net sales (billions of yen)	178.0	175.0	183.0	159.3	167.5	165.0	(7.5)	(18.0)
Operating income (billions of yen)	15.0	18.0	20.0	12.4	14.2	15.0	(3.8)	(5.0)
Ratio of high value- added product sales (%)	43.0	46.0	48.0	44.1	43.6	46.2	(2.4)	(1.8)
Overseas sales Ratio (%)	19.8	21.8	22.1	16.7	17.3	17.8	(4.5)	(4.3)
R&D costs (billions of yen)	5.1	5.3	5.6	5.0	5.8	6.4	0.5	0.9
ROE (%)	6.4	6.7	7.3	5.8	5.6	6.1	(1.1)	(1.2)

#### <FY2024 Results> Compared to the medium-term management plan

- The growth drivers (mobility, semiconductors, etc.) fell behind schedule due to factors such as sluggish growth in mobility products (certification fraud, decline in EVs), and the prolonged adjustment phase in the semiconductor market.
- The plan was not achieved due to an increase in fixed costs (labour costs, depreciation costs, R&D costs, etc.) resulting from factors including the promotion of wage increases as an investment in human capital.

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This slide shows the comparison with medium-term target values. While revenue and income increased year-on-year for FY2024, they fell short of the medium-term management plan. This is due to sluggish growth of growth drivers like mobility and semiconductors, as well as an increase in fixed costs resulting from factors including the promotion of wage increases.

The forecast for FY2025 follows similar factors, with operating income expected to be ¥5,000 million below the medium-term management plan target. The medium-term management plan for FY2025 aimed for ¥20,000 million in operating income, driven by higher sales ratio of high-performance products and a greater share of overseas sales, but both targets have not been achieved at this point.

The trend from FY2023 to FY2025 shows a slight increase, but both remain at low levels with slow growth. We see this as the key area for improvement.

## Measures to Improve Our PBR (updated in February 2025)

### Measures to Improve Our PBR (updated in February 2025)



We aim to achieve a PBR of 1x or more upon achieving an ROE of 8% by 2027.

\* The updated parts are in red.

1. Growth strategy	(1) Strengthening of Profitability Consolidated operating income target: 15.0 billion yen by 2025 24.0 billion yen by 2027	Strengthen development capabilities and expand overseas in the mobility, semiconductor and medical care fields (i) Increase the pace of the development of high-performance products by strengthening our R&D capabilities (strengthen our development capabilities in the mobility, semiconductor and medical care fields by newly establishing Kawasaki Research Laboratory) (ii) Increase overseas sales by expanding our overseas sales bases and production bases (establish a development base in Shanghai (China), an automotive battery polymer production base in North America, and sales promotion bases for flocculants and adhesives in Southeast Asia and the Middle East) (iii) Monetize the growth investment in the period of our previous medium-term management plan (enhance the robustness of our automotive battery polymer and semiconductor product supply structure)
2. Financial strategy	(2) Improvement in Capital Efficiency	Net worth control (i) Strengthen shareholder returns (aiming for total shareholder returns of 100% during the period of the Medium-Term Management Plan 2025) (ii) Sell cross-shareholdings (reduce to less than 10% of our net assets by the end of 2025)
3. Nonfinancial strategy	(3) Contribution to a Sustainable Society	Development of human resources who will support sustainable growth and realization of sustainability (i) Achieve a virtuous cycle of improved engagement (growth and distribution through incentives such as improved compensation and severance pay levels) (ii) Reduce greenhouse gas (GHG) emissions (FY2025: 35% reduction compared to FY2013)

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This slide outlines the measures for improving the PBR shared in August 2023. They consist of three main pillars: a growth strategy focused on strengthening development and expanding overseas, a financial strategy centered on controlling net worth, and a non-financial strategy promoting contributions to a sustainable society. These are the fundamental policies of the medium-term management plan, and we aim to evolve and accelerate progress toward these goals moving forward.

The red text indicates the updated parts. While the target of ¥20,000 million in operating income has not been revised downward, the projected value of ¥15,000 million is listed.



## <1. Growth Strategy> Progress and Future Plans

### <1. Growth Strategy> Progress and Future Plans



Expand overseas and strengthen development capabilities and in the mobility, semiconductor and medical care fields		
(i) Increase the pace of the development of high-performance products by strengthening our R&D capabilities	Progress	<ul style="list-style-type: none"> <li>• Sep. 2023 Released Aron Alpha Hikari</li> <li>• July 2024 Opened the Kawasaki Frontience R&amp;D Center</li> <li>• Sep. 2024 Released Aroncure Dental, a hemostatic agent for dentists</li> </ul>
	Future plan	<ul style="list-style-type: none"> <li>• We will promote the development of CNF, medical, and next-generation battery materials, etc. through the expansion of our research facilities.</li> <li>• We will explore new themes by the Research Solution Department.</li> </ul>
(ii) Increase overseas sales by expanding our overseas sales bases and production bases	Progress	<ul style="list-style-type: none"> <li>• May 2024 Established Toagosei Vietnam</li> <li>• Overseas sales 26.6 billion yen in FY2023 → 28.9 billion yen in FY2024</li> </ul>
	Future plan	<ul style="list-style-type: none"> <li>• We will establish Toagosei India (in March 2025)</li> <li>• We will expand sales of flocculants and adhesives in Southeast Asia, develop and expand sales of high-performance products starting in Thailand.</li> </ul>
(iii) Monetize the growth investment in the period of our previous medium-term management plan	Progress	<ul style="list-style-type: none"> <li>• Semiconductor-related: FY2024 sales: 98% (compared to FY2022) due to the impact of the sluggish semiconductor market</li> <li>• Automotive battery-related: FY2024 sales 162% (compared to FY2022) due to the impact of reduced demand for EVs and certification fraud</li> </ul>
	Future plan	<ul style="list-style-type: none"> <li>• Semiconductor-related: We will expand supply and promote higher purity in line with the recovery of the semiconductor market.</li> <li>• Automotive battery-related: We will expand use of polymers for new customers and adhesives for next-generation vehicles.</li> </ul>

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This is an update on the progress and future plans of the growth strategy. The first focus is “increasing the pace of the development of high-performance products by strengthening our R&D capabilities.” As for progresses, we released Aron Alpha Hikari, opened the Kawasaki Frontience R&D Center, and released Aroncure Dental, a hemostatic agent for dentists.

Going forward, we will promote the development of CNF, medical, and next-generation battery materials, etc. through the expansion of our research facilities. Additionally, we will explore new themes by the Research Solution Department in Kawasaki and Nagoya, continuing from ongoing projects.

The second focus is “increasing overseas sales by expanding our overseas sales bases and production bases.” As for progresses, we established Toagosei Vietnam in May 2024. Overseas sales have grown from ¥26,600 million in FY2023 to ¥28,900 million in FY2024, but the target has not yet been met.

Moving forward, we will establish Toagosei India in March 2025. We will also expand sales of flocculants and adhesives in Southeast Asia. Toagosei (Thailand) has developed a system capable of producing a wide variety of polymers in small quantities. With the demand already secured, we will continue to develop and expand sales of high-performance products.

The third focus is “monetizing the growth investment in the period of our previous medium-term management plan.” As for progresses, semiconductor-related sales in FY2024 were 98% (compared to FY2022), due to the significant impact by the sluggish semiconductor market. Automotive battery-related sales in FY2024, including LiB binders and adhesives for automotive batteries, reached 162% (compared to FY2022). This growth was driven by an increase in more vehicle models equipped with these products and a boost in electric vehicle (EV) sales.



Looking ahead, we will expand supply and promote higher purity in line with the recovery of the semiconductor market. For automotive battery-related, we are developing polymers for new customers and expanding the use of adhesives for next-generation vehicles.

## <1. Growth Strategy> Priority Items by Segment

### <1. Growth Strategy> Priority Items by Segment



Segment	FY2025 Operating income	FY2025-2027 Priority items	FY2027 Operating income
Commodity Chemicals	8.0	(Continuation) Updating of energy-saving electrolysis equipment (New) Promotion of the development of new applications for land-based aquaculture chemicals, etc. (New) Reorganization of unprofitable businesses	8.0
Polymer & Oligomer	4.0	(Continuation) Expansion of sales of automotive battery and semiconductor material polymers (Continuation) Acceleration of the development of cellulose nanofibers (CNF) (New) Improvement of the productivity of polymer flocculants	6.0
Adhesive Material	0.5	(Continuation) Strengthening of the US business of instant glue and expansion of sales in Southeast Asia (New) Development of adhesives for next-generation batteries for mobility	2.5
Performance Chemicals	1.5	(Continuation) Strengthening of the supply system for high-purity inorganic chemicals (Continuation) Promotion of the early commercialization of drug delivery systems (DDS) (New) Promotion of the development of new semiconductor materials	5.0
Plastics	2.6	(New) Strengthening of activities to counter the ageing of infrastructure (New) Expansion of sales of eco-material products	3.0
Other/adjustments	(1.6)	(Continuation) Promotion of the introduction of renewable energy	(0.5)
Total	15.0		24.0

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Here are the priority items by segment. The slide outlines the operating income for FY2025, the initiatives planned from FY2025 to FY2027, and the expected operating income for FY2027, by segment.

Commodity Chemicals will focus on both ongoing and new projects. One of the new initiatives involves promoting the development of new applications for land-based aquaculture chemicals, etc. We also have invested in the company and plan to deliver caustic soda to its factory. Additionally, we are considering the reorganization of unprofitable businesses as part of these new projects.

Polymer and Oligomer will focus on both ongoing and new projects. One of the new initiatives involves improving the productivity of polymer flocculants. With a capital ratio of 90:10 between Toagosei and Mitsui Chemicals, Inc., we will take the lead in driving further productivity improvements.

Adhesive Material is driving the development of adhesives for next-generation batteries for mobility. The schedules and development plans for the second and third generations are in place, so we will focus on these and continue moving forward with the plans.

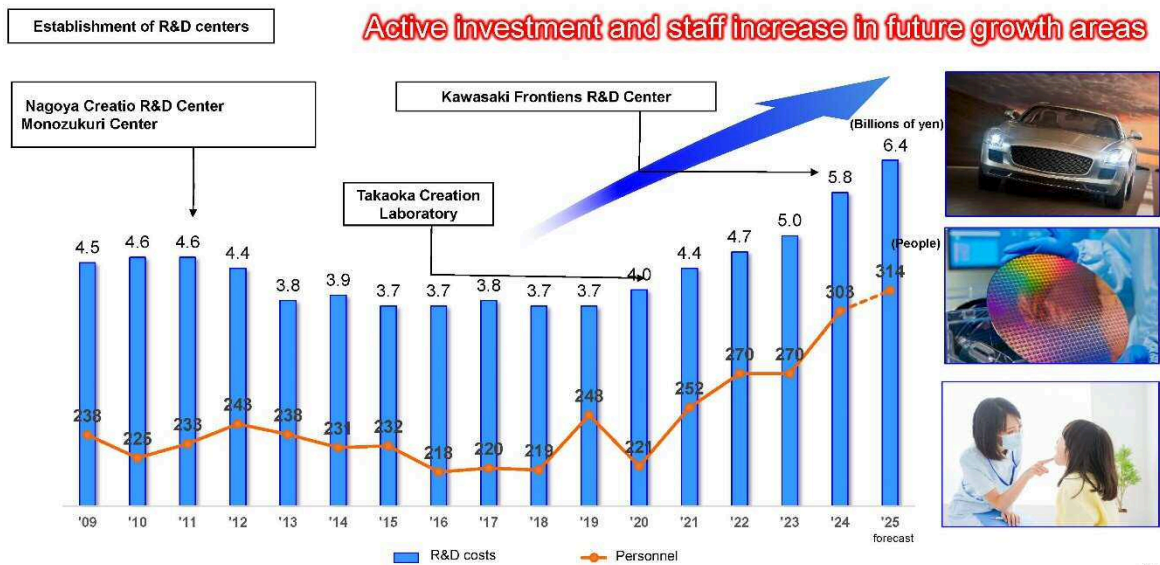
Performance Chemicals will aggressively advance the development of new semiconductor materials in new projects, and focus on the early commercialization of the ongoing drug delivery systems (DDS) projects.

Plastics will focus on new initiatives, including strengthening of activities to counter the aging of infrastructure and expanding sales of eco-material products.

By concentrating on these initiatives, we plan to achieve an operating income of ¥24,000 million in FY2027. The increase from ¥15,000 million in FY2025 will come from expanding sales of value-added and existing products.

<1. Growth Strategy> R&D Costs and Number of R&D Personnel

<1. Growth Strategy> R&D Costs and Number of R&D Personnel **TOAGOSEI**



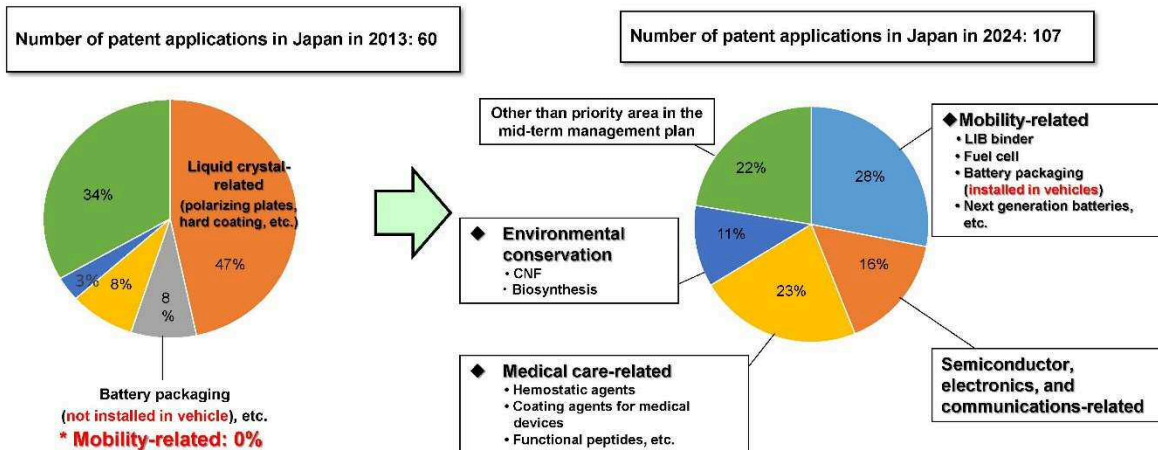
This slide shows the R&D structure supporting our growth strategy. The blue bars represent the R&D budget, while the orange bars show the personnel. We have increased both the personnel and R&D costs every year since 2020, aiming to invest ¥6,400 million in R&D in 2025. In 2024, we also opened the Kawasaki Frontience R&D Center. We will continue driving R&D forward without slowing down, focusing on growth areas.

## <1. Growth Strategy> Status of Patent Application Fields

### <1. Growth Strategy> Status of Patent Application Fields



We have focused on research and development related to growth drivers, and in recent years, we have been increasing the number of patent applications related to mobility and medical care.



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This slide shows the status of our patent application fields. We have raised the number of patent applications increased 1.8-fold to 107 in 2024, compared to 60 in 2013, 10 years ago.

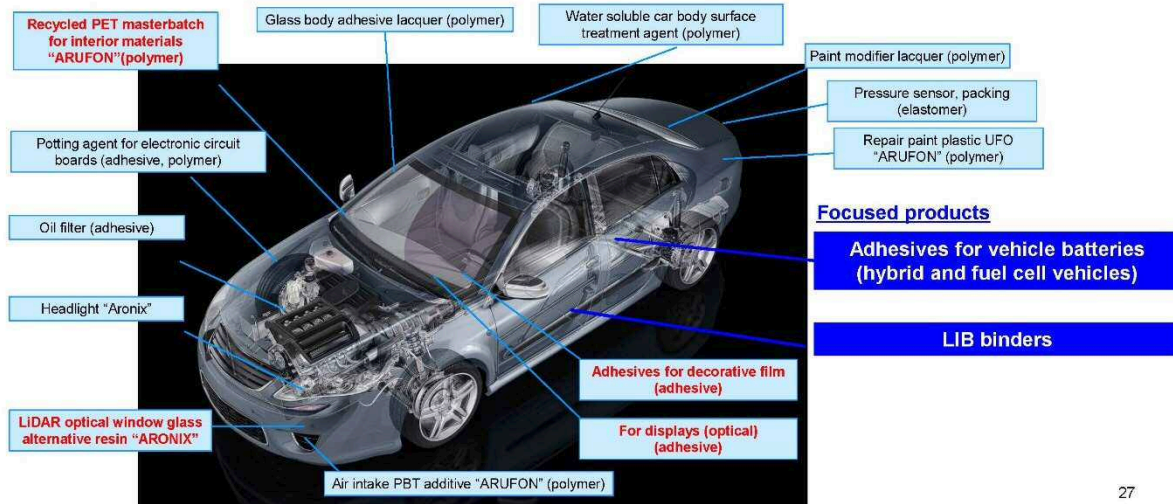
While our main development focus in 2013 was on liquid crystal-related technology, the past decade has brought significant changes. We are focusing our development on key growth areas, like mobility, semiconductors, electronics, communications, medical care, and environmental conservation, including CNF, as outlined in our medium-term management plan. We will continue to follow this development approach moving forward.

## <1. Growth Strategy> Growth Drivers (Mobility)

### <1. Growth Strategy> Growth Drivers (Mobility)



We are developing our business in all directions of FCV, HV, EV, and gasoline vehicles.



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I will introduce our product groups that are our growth drivers. As shown in the slide, many of our products are used in mobility, ranging from general-purpose products to high-end products. The products in red are high-end products with particularly distinctive features. Our focused products are adhesives for vehicle batteries and LIB binders, which are listed on the right side of the slide.

Our company has a wide range of products, from fuel cell vehicles (FCVs) to hybrid vehicles (HVs), EVs, gasoline vehicles, and diesel vehicles, which make us different from other companies. For example, even with the recent slowdown in the EV market, HVs are doing well, and this is having the effect of maintaining our overall sales.

Although we cannot disclose this information due to NDA agreements, we also have functional polymers for special parts that have the world's largest market share, and these products are driving the earnings of our Polymer businesses.



<1. Growth Strategy> Growth Drivers (Mobility)

<1. Growth Strategy> Growth Drivers (Mobility)



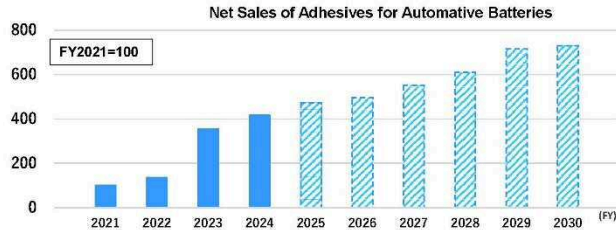
■ Adhesives for automotive batteries (hybrid and fuel cell vehicles)

Our adhesives are currently being adopted in more and more new hybrid vehicles equipped with bipolar nickel-metal hydride batteries and fuel cell vehicles.

Vehicles Using Our Adhesives  
 MIRAI  
 Aqua  
 Crown  
 LEXUS RX  
 Alphard  
 Vellfire  
 And more!

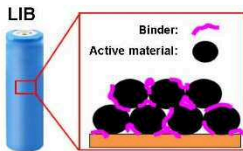


Crown (Sports)



■ LIB binders

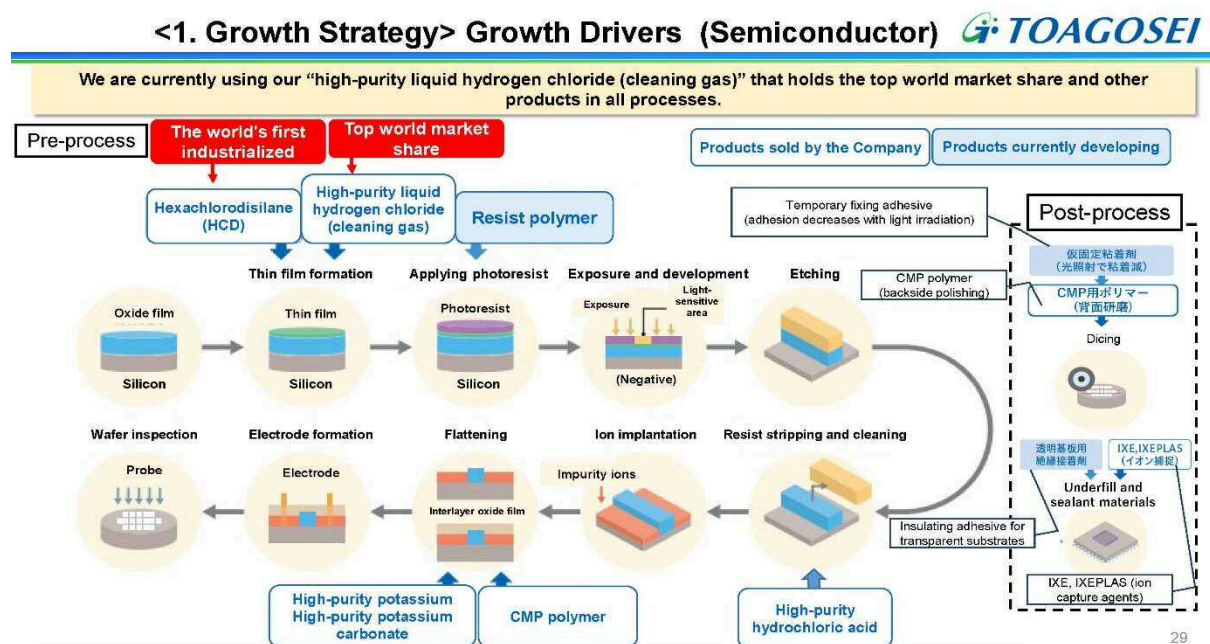
LIB binders suppress the expansion of the negative electrode to lead to a longer battery life.



The slide shows the trend in net sales of the two growth drivers for Mobility. Net sales of adhesives for automotive batteries have continued to grow since FY2023 due to an increase in the number of vehicle models that use them. We expect that net sales of HVs will continue to be strong.

Net sales of LIB binders were stagnant for a while due to the impact of securing inventory in response to the disruption of logistics in 2021, but they have been on an upward trend since FY2024, even amid the slowdown in EV sales. We expect that EV vehicles will certainly grow over a medium to long term. In addition, we have received a subsidy of 1.8 billion yen from the Ministry of Economy, Trade and Industry for our new plant, which is scheduled to be completed in 2026.

## <1. Growth Strategy> Growth Drivers (Semiconductor)



We are developing a range of semiconductor materials, which are our growth drivers, for each process. Among the various products listed on the slide, our high-purity liquid hydrogen chloride in particular boasts the top world market share based on higher purity and an advanced supply system, and is used in a wide range of wafer-related products and memory and other logic-related products.

In addition, we are also receiving a lot of inquiries for high purity caustic potash and CMP polymers as the semiconductor market expands. We are steadily developing products that meet the needs of our customers by developing higher purity caustic potash and diverse and small-lot, multi-variety CMP polymers.

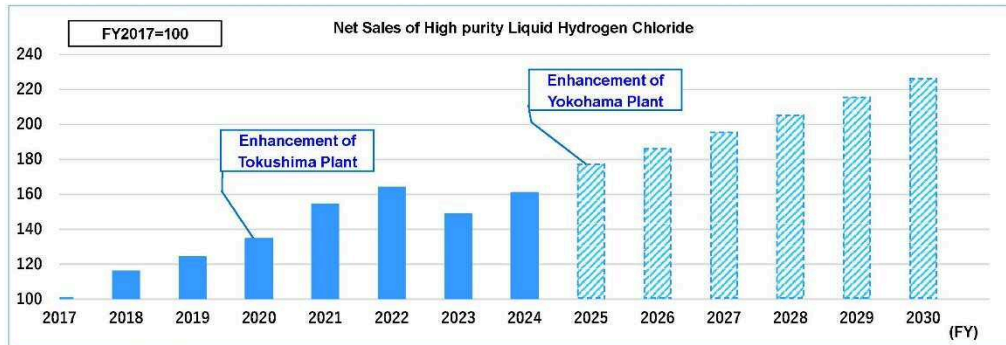
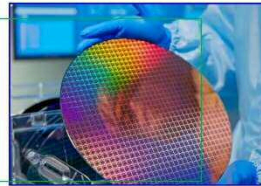
## <1. Growth Strategy> Growth Drivers (Semiconductor)

### <1. Growth Strategy> Growth Drivers (Semiconductor)



- High purity liquid hydrogen chloride
- High purity caustic potash
- Acrylic polymers for high performance CMP

(Applications: Cleaning and polishing during semiconductor Manufacturing)



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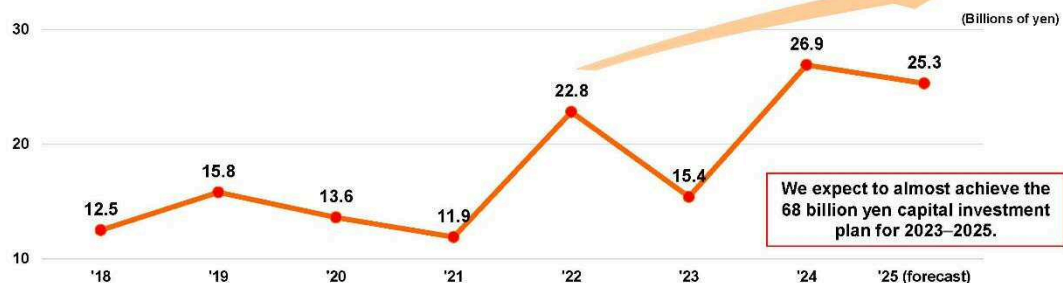
Although the overall semiconductor market recovery is somewhat slow, we expect that semiconductor sales will continue to expand steadily. In line with this, we are working to establish a supply system as soon as possible, and to achieve higher purity in response to further miniaturization of semiconductors to securely capture the growing demand for semiconductors.

<1. Growth Strategy> Capital Investment (Excluding Land, Inspection Basis)

<1. Growth Strategy> Capital Investment (Excluding Land, Inspection Basis) 

We are actively promoting capital investment in growth areas (such as mobility and semiconductors).

We also place importance on rationalizing investment in core businesses that generate stable cash flow.



Main investment projects	Investment amount	Completion date
Expansion of next-generation semiconductor gas production facilities	6.9 billion yen	Nov. 2025
Expansion of LIB binder production facilities	6.4 billion yen	Dec. 2025
Updating of caustic soda production facilities	5.0 billion yen	Nov. 2026
Expansion of flocculant facilities	4.4 billion yen	Dec. 2026
Introduction of battery adhesive compound facilities	1.0 billion yen	Dec. 2024
Construction of Nagoya Plant Logistics Center	9.0 billion yen	Aug. 2024

\* Major investments (including estimates) to be made during the period for the FY2023-25 medium-term management plan

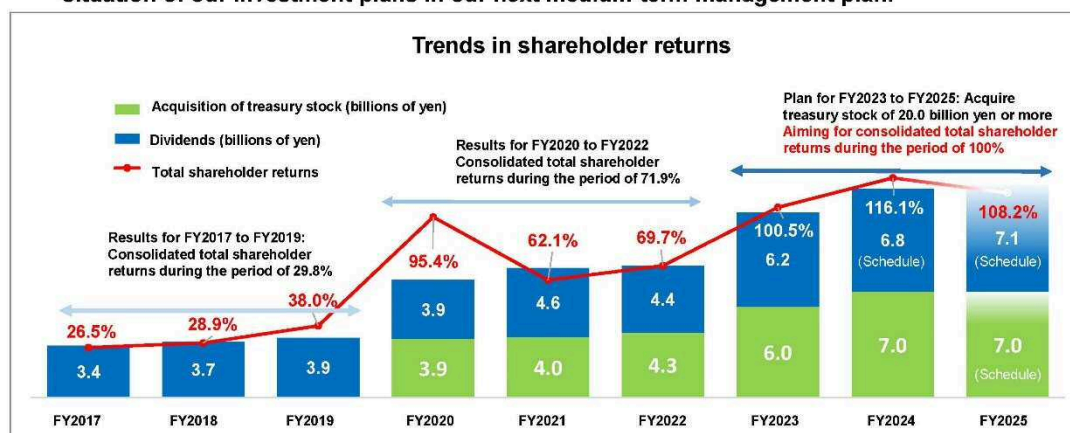
I now move on to capital investments in our growth strategy. We have been actively making capital investments since FY2023. The investment scale is 67.7 billion yen over the three years of the medium-term management plan, which is roughly in line with the capital investment plan for 2023-2025. In addition to growth areas, we also place importance on rationalizing investment in core businesses that generate stable cash flow, and our investment is well-balanced.

## <2. Financial Strategy> Strengthening of Shareholder Returns

### <2. Financial Strategy> Strengthening of Shareholder Returns

We will strengthen shareholder returns and control the size of our net worth.

- We will return profits to shareholders aiming for consolidated total shareholder returns of 100% during the period of our current medium-term management plan (FY2023 to FY2025).
- We will determine our shareholder returns policy for FY2026 and beyond after judging the situation of our investment plans in our next medium-term management plan.



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I now move on to strengthening shareholder returns as part of our financial strategy. The graph on the slide shows dividends in blue, the acquisition of treasury stock in green, and the red line indicates the total shareholder returns. Looking at each three-year period of the medium-term management plan, both dividends and the acquisition of treasury stock have increased, and the total shareholder returns for the period of the current medium-term management plan are expected to be over 100%.

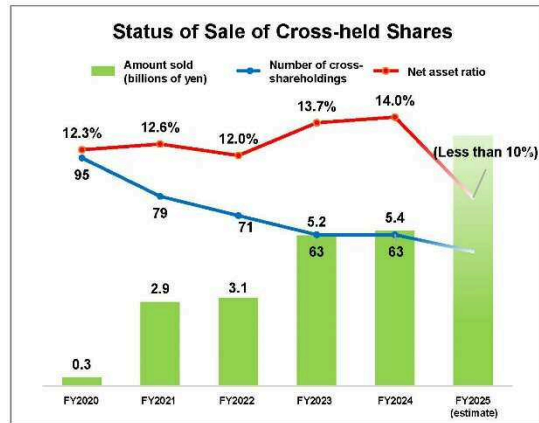
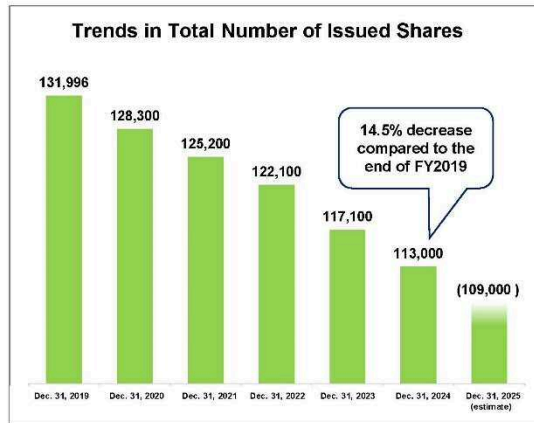
As a result, we believe that this is contributing to the control of our net worth. We will determine our shareholder returns policy for FY2026 and beyond after judging the situation of our investment plans in our next medium-term management plan.



## <2. Financial Strategy> Trends in Total Number of Issued Shares and Sale of Cross-held Shares

### <2. Financial Strategy> Trends in Total Number of Issued Shares and Sale of Cross-held Shares

- We will reduce the total number of issued shares by cancelling the treasury shares we have acquired, with the aim of increasing shareholder value over a medium to long term.
- We will improve capital efficiency by selling cross-held shares that have become less meaningful.  
(We will sell cross-held shares with the aim of reducing the ratio to net assets to less than 10% by the end of FY2025.)



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This slide looks at the total number of issued shares and the status of sale of cross-held shares. As shown in the slide, we are steadily acquiring and cancelling treasury shares every year to increase shareholder value. We also sell cross-held shares every year to improve capital efficiency.

In FY2023 and FY2024, the net asset ratio increased due to the rise in the market value of cross-held shares, but we will proceed with the sale of shares with the aim of achieving less than 10% of ratio of cross-shareholdings to net assets by the end of FY2025.

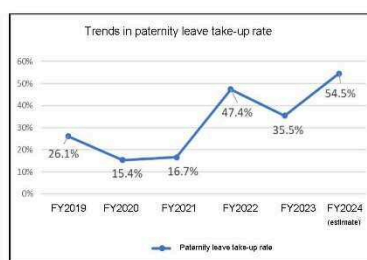
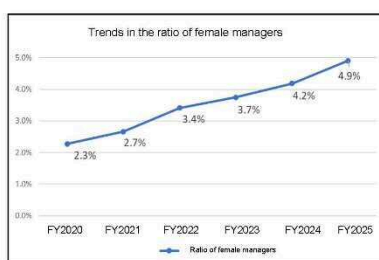
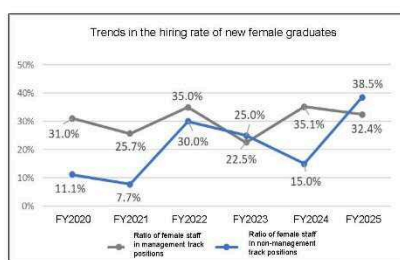


### <3. Non-financial Strategy> Enhancement of human capital

#### <3. Non-financial Strategy> Enhancement of human capital



1. Correcting compensation standards → **Achieving greater job satisfaction and productivity**
  - Salary correction → Pay rise of 4.0%, 6.1%, and 6.4% in FY2023, FY2024, and FY2025, respectively
  - Correcting the treatment of senior staff → Increase in bonus levels for top performers
  - Introduced an employee stock ownership plan (ESOP) in FY2023.
2. Reviewing the system of transfers → **Balancing the needs of employees' families with human resources strategy (organizational revitalization through reassignment, human resources development)**
  - Introducing a system to postpone transfers and expanding transfer allowances
3. Creating an environment where a diverse range of employees can exert their full potential
  - Our goal: Ratio of female employees (30% for management track positions, 20% for non-management track positions), ratio of female managers: 5%



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Moving on to improving engagement that is our non-financial strategy. As a way of correcting compensation standards, we raised wages by more than 6% in FY2024 and FY2025. In addition, we introduced an employee stock ownership plan (ESOP) in FY2023, aiming to achieve greater job satisfaction and productivity.

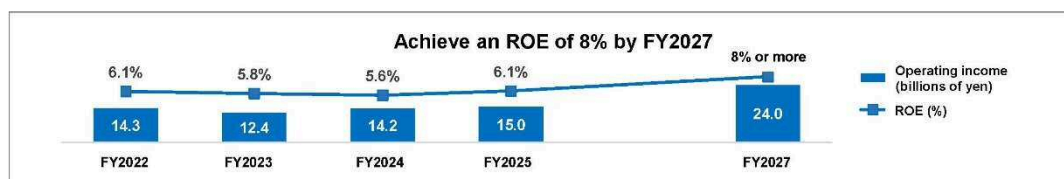
From FY2025 and beyond, we will introduce a system to postpone transfer and expand transfer allowances, etc., in order to balance the needs of our employee' families with our human resources strategy. Furthermore, we have achieved our targets for the ratio of female employees and the ratio of female managers, and we believe that we are creating an environment where a diverse range of employees can exert their full potential.

## Quantitative targets to achieve an ROE of 8%

### Quantitative targets to achieve an ROE of 8%



		FY2022 result	FY2025 forecast	FY2027 target
Growth strategy	Net sales	160.8 billion yen	165.0 billion yen	205.0 billion yen
	Operating income	14.3 billion yen	15.0 billion yen	24.0 billion yen
	EBITDA	25.0 billion yen	26.6 billion yen	38.0 billion yen
	ROE	6.1%	6.1%	8% or more
Financial strategy	Payout ratio	35.5%	Total shareholder returns during the period 100% target	To be determined in the next medium-term management plan
	Total shareholder returns	69.7%		
		FY2022 result	FY2025 forecast	FY2030 target
Non-financial strategy	GHG emissions (compared to FY2013)	(24)%	(35)%	(50)%

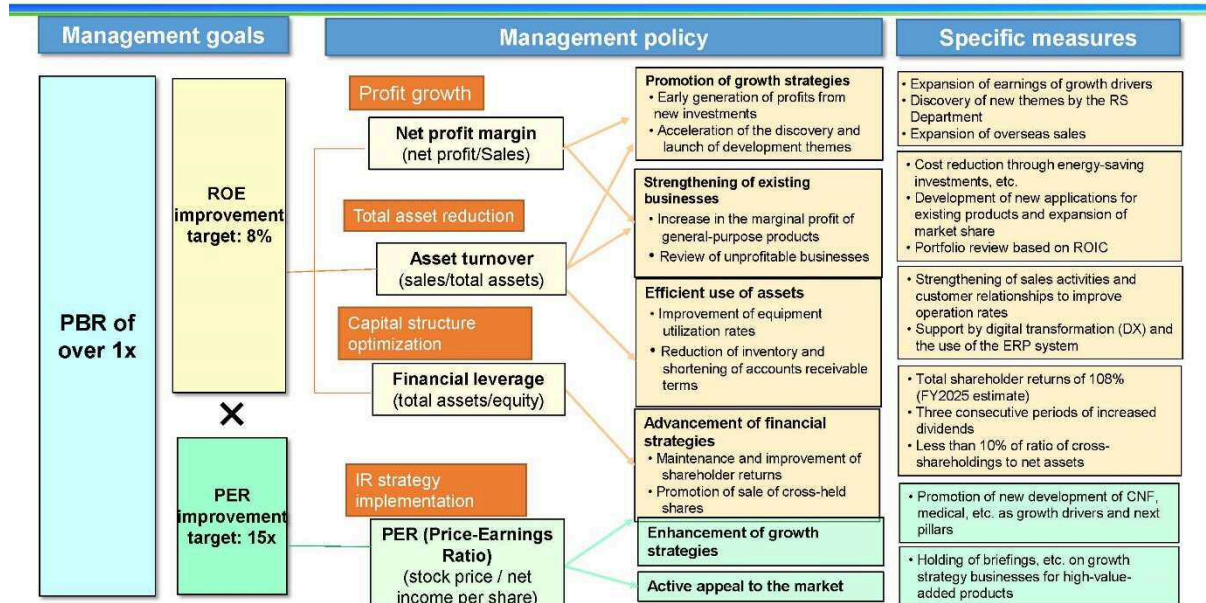


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I will explain the quantitative targets for achieving an ROE of 8%. This slide shows the figures originally presented in August 2023, now updated with forecasts for FY2025. Operating income is expected to increase from 15.0 billion yen in FY2025 to 24.0 billion yen in FY2027, and the ROE target is to increase from 6.1% to 8% or more, so we will need to see a significant increase in profits.

## 2025 Initiatives: Measures to achieve a PBR of over 1x

### 2025 Initiatives: Measures to achieve a PBR of over 1x



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I will explain our measures to achieve a PBR of over 1x. In order to improve ROE, we will focus on three indicators: profit growth, total asset reduction, and optimization of capital structure. As action plans to achieve them, we will promote growth strategies, strengthen existing businesses, make efficient use of assets, and advance financial strategies. We will put them into concrete measures, and implement these measures throughout the company.

In particular, we will focus on measures that lead to the expansion of profits as the numerator. Of the specific measures listed on the right side of the slide, the top three measures will lead to profit growth, and we will focus on them in particular.

We will also work to enhance growth strategies and appeal to the market to improve the PER, and aim to achieve a PBR of over 1x, along with ROE improvement.

## Question 1: Factors for the increase in operating income in FY 2025

### Consolidated Results Forecast for FY2025 (by Segment)



(Millions of yen)

Net sales	FY2024 results		FY2025 forecast		Change	Factors for change
	Operating income	Operating income ratio	Operating income	Operating income ratio		
Commodity Chemicals	79,145		72,000		(7,145)	[Decrease] Inorganic chemicals and acrylic monomer
Polymer & Oligomer	35,187		36,000		813	[Increase] Acrylic polymers and acrylic oligomer
Adhesive Material	13,344		14,000		656	[Increase] General-use and functional adhesives
Performance Chemicals	10,196		11,000		804	[Increase] High-purity inorganic chemicals
Plastics	27,702		29,000		1,298	[Increase] Environment & infrastructure system, nursing care products, and ecological materials
Other/adjustments	2,018		3,000		982	
<b>Total</b>	<b>167,594</b>		<b>165,000</b>		<b>(2,594)</b>	

(Millions of yen)

Operating income	FY2024 results		FY2025 forecast		Change	Factors for change
	Operating income	Operating income ratio	Operating income	Operating income ratio		
Commodity Chemicals	8,501	10.7%	8,000	11.1%	(501)	[Decrease] Sales volume decrease in both inorganic chemicals and monomers.
Polymer & Oligomer	3,779	10.7%	4,000	11.1%	221	[Increase] Sales volume increase in LB polymer
Adhesive Material	409	3.0%	500	3.6%	91	[Increase] Sales volume increase for mobility.
Performance Chemicals	1,275	12.5%	1,500	13.8%	225	[Increase] Sales volume increase due to growth in the semiconductor market.
Plastics	1,761	6.3%	2,600	9.0%	839	[Increase] The environment & infrastructure system will expand sales of products to counter infrastructure aging.
Other/adjustments	(1,493)	—	(1,600)	—	(107)	
<b>Total</b>	<b>14,233</b>	<b>8.5%</b>	<b>15,000</b>	<b>9.0%</b>	<b>766</b>	

Moderator: The question is as follows: “The limited quantity effect of 100 million yen in the profit increase factors for FY 2025 is partly due to the review of low profitable products. However, the fact that it is still only 100 million yen is a little strange. Could you please explain in more detail how much of the increase in operating income is due to the positive effects of growing products such as semiconductor materials, and how much of the decrease is due to the withdrawal from unprofitable product lines?”

Kobuchi: Slide 15 shows the forecast for operating income by segment. As you can see from the figures, there was a significant decrease in net sales and operating income in the commodity chemicals segment, and the decrease in net sales was concentrated entirely in commodity chemicals.

We are focusing systematically on our growth drivers, as we are already achieving significant segment profits. However, there are some commodity chemicals that we have to stop selling due to changes in our partner's portfolio.

In addition, as I mentioned earlier, there are also circumstances such as emphasizing profitability and reducing sales volumes, and the impact of commodity chemicals is becoming quite large.

Therefore, if you look only at the figures for the volume effect, they are very low at 100 million yen, but I hope you will understand that we are planning to steadily take measures including those for growth drivers.

Although we have started to review our portfolio, we have not yet seen any significant effects. We plan to withdraw from the manufacture and sale of polyvinyl chloride resin, but as production will

end at the end of 2025, the impact of this has not yet appeared in the actual figures. We also recognized an impairment loss several years ago. Therefore, the impact of vinyl chloride resin is not reflected here.

Question 2: Forecast of net sales for growth drivers

<1. Growth Strategy> Growth Drivers (Mobility)



■ Adhesives for automotive batteries (hybrid and fuel cell vehicles)

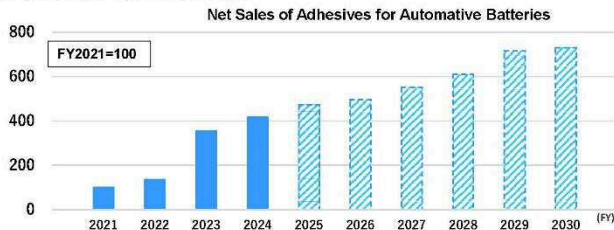
Our adhesives are currently being adopted in more and more new hybrid vehicles equipped with bipolar nickel-metal hydride batteries and fuel cell vehicles.

Vehicles Using Our Adhesives

- MIRAI
- Aqua
- Crown
- LEXUS RX
- Alphard
- Vellfire
- And more!

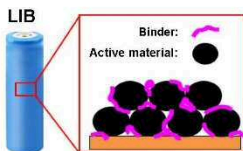


Crown (Sports)



■ LIB binders

LIB binders suppress the expansion of the negative electrode to lead to a longer battery life.



Moderator: The question is as follows: “Slides 28 and 30 show graphs of the sales trends for growth products, and the outlook for FY2025 is for increased sales in both slides. Are they the latest forecasts? The EV market is not doing so well, but will the sales of LB polymers increase this year too?”

Kobuchi: We expect LIB-related sales to increase by around 10% compared to the previous fiscal year. This is the latest forecast from around the end of the previous fiscal year, when the budget was being drawn up. Although it is said that EV sales are in decline, sales of high-end products are still strong, so we expect them to increase by 10% compared to the previous fiscal year.

However, under the Trump administration, various negative effects are expected, such as increased tariffs and no subsidies for EV purchases under the Inflation Reduction Act. We will continue to collect the latest information on how this situation will affect us.

We believe that EVs will increase in the long term, so we plan to continue focusing on this area in our investment plans for the next fiscal year. As the quantity of adhesives for vehicle batteries is also estimated at the budget stage, we will also keep a close eye on the latest information.

In both of these businesses, our products are indispensable because they have a significant effect with very small blended amount.

Therefore, even if our products would face tariff increases, it is assumed that our partners will not be troubled. Instead, we believe the main issue is that prices of various products would increase, leading to an overall increase in vehicle costs, which would ultimately result in decreased sales of

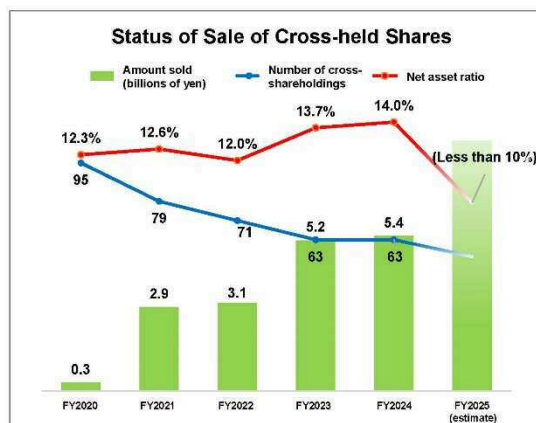
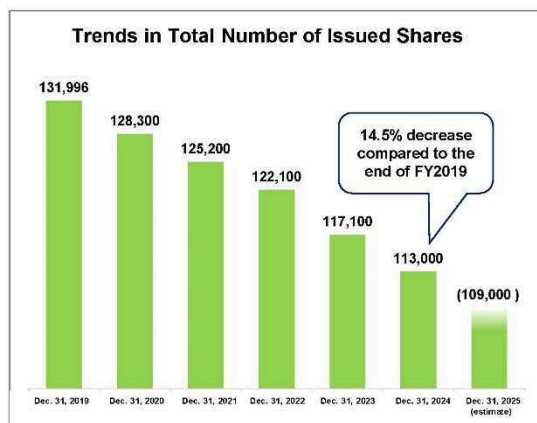


vehicles. Regarding this, we would like to continue to update information on actual delivery volumes while exchanging information closely with our customers.

### Question 3: The amount of extraordinary income and cash flow included in the full-year results forecast for FY2025

#### <2. Financial Strategy> Trends in Total Number of Issued Shares and Sale of Cross-held Shares

- We will reduce the total number of issued shares by cancelling the treasury shares we have acquired, with the aim of increasing shareholder value over a medium to long term.
- We will improve capital efficiency by selling cross-held shares that have become less meaningful.  
(We will sell cross-held shares with the aim of reducing the ratio to net assets to less than 10% by the end of FY2025.)



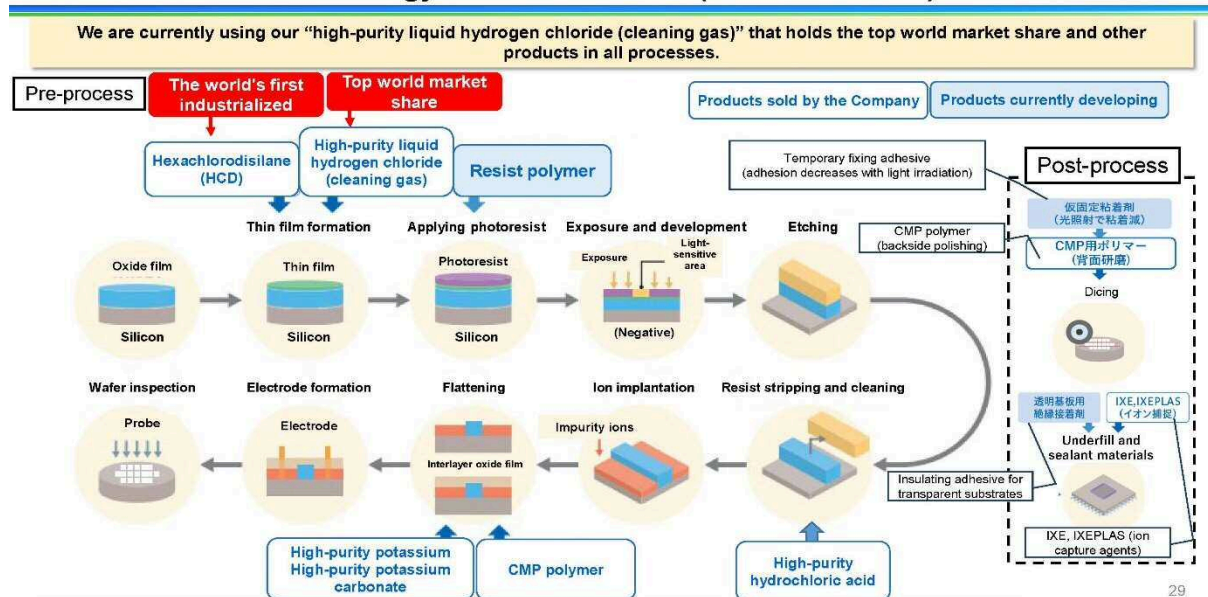
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Moderator: The question is as follows: “To reduce cross-held shares to less than 10% of net assets by the end of FY 2025, I think that it is necessary to sell approximately 8.0 billion yen worth of cross-held shares in FY2025, based on the balance of cross-held shares of 29.8 billion yen in FY2024 and the projected equity of 211.5 billion yen at the end of FY2025. Please tell us the amount of extraordinary income and cash flow included in the results forecast for FY2025.

Kobuchi: The forecast for the sale of cross-held shares for FY2025 is approximately 8.5 billion yen in net sales (cash flow) and approximately 5.0 billion yen in extraordinary income. We aim to generate steady profits, reduce cross-held shares, and proceed with shareholder returns as planned, thereby improving ROE.

## Question 4: Outlook for performance chemicals

### <1. Growth Strategy> Growth Drivers (Semiconductor)



Moderator: The question is as follows: "The operating income target for performance chemicals for FY2027 is 5.0 billion yen, but there is a big difference from the actual result of 1.3 billion yen for FY2024 and the forecast of 1.5 billion yen for FY2025. Please tell us about the outlook for semiconductor materials sales, the timing of commercialization of products under development, the timing of commercialization of DDS, and other expansion in the medical care business, as described on slide 29."

Kobuchi: For semiconductor-related products where we have a clear sales outlook, we have indicated as such. It seems that the commercialization of products under development will take a bit more time. However, we are working on these products in collaboration with various influential downstream companies, so once they are sold, we expect them to generate considerable profits. Nevertheless, it will still take some time from development to market launch, so for the time being, we will continue to rely on the products listed on the slide for profitability.

The development related to DDS progressed to the stage just before clinical trials in FY2023, but has been stalled at that point. However, we have various development projects and partners, and we are making steady progress on practical matters. Since it is not always possible to bring medical-related products to market, we are creating many networks, establishing numerous partnerships, and are currently working on how to turn this into results.

As I mentioned earlier, we have a significant number of patents related to medical care. Therefore, while steadily increasing the number of patents, we will work closely with our partners to explore various possibilities.

As you can see, although DDS has a lot of potential, it takes a lot of time, including clinical trials. We will be establishing various themes and development projects under the next medium-term management plan, but we think it will be a little while before we actually see significant sales.

However, I expect that the next medium-term management plan will also see significant sales related to clinical trials. This will increase the future value of Toagosei, or PER, so we are expecting a variety of benefits.

### **Question5: Investment in renewable energy**

Moderator: The question is as follows: "Please tell us about the scale of investment in renewable energy such as small hydroelectric power generation and the profitability of such investment."

Kobuchi: The investment scale is several billion yen. This small hydroelectric power generation plant is a system that keeps producing electricity 24 hours a day. Also, the depreciation period is very long, from 40 to 50 years, so after a certain period of time, it will be completely profitable. However, as a single plant only accounts for a small portion of the total electricity output, we think that multiple plants must be prepared to utilize them as a stable power source.

We are entering an era of carbon neutrality, so the amount of carbon reduction will also determine the investment cost. While taking into account the benefits of the carbon emission coefficient for purchased electricity, we will make a comprehensive judgment on how much of what scale of equipment to introduce in the future. We have almost completed the list of small hydroelectric power generation plants, so I think we will make decisions in the future.

## **Question 6: Applications of high-purity hydrochloric acid and the current state of technical competition**

Moderator: The question is as follows: "I understand that high-purity hydrochloric acid is used for resist stripping and cleaning. What generations of exposure light sources are resists used for? For example, do their uses differ across generations, such as KrF, ArF, or EUV? In addition, please explain the technical competitive situation with other stripping and cleaning agents."

Kobuchi: I can't go into too much detail, but we are also providing such products to our most advanced customers. I am not yet able to accurately confirm whether we are actually developing EUV. However, even if I had some understanding of the situation, I would not be able to share specific details.

We have a considerably high market share for high-purity hydrochloric acid in Japan. We understand that our product quality is quite satisfactory, and that along with high purity caustic potash and high purity liquid hydrogen chloride, it holds a respectable position in the market.

The technical competitive situation with other stripping and cleaning agents differs depending on the product. Our products have formed the de facto standard for high purity liquid hydrogen chloride, but overseas, we have the impression that Chinese companies are gradually starting to make inroads.

However, I think that our company still has an overwhelming global share.

High purity caustic potash is a product that is extremely difficult to purify, and only a handful of manufacturers in Asia have succeeded in achieving high purity. We are currently working to increase our market share, and we are actually seeing this happen.



### **Question 7: Your aspirations as the new president and your vision for an ideal chemical company**

Moderator: The question is as follows: "With the appointment of a new president, the company has established a new structure. What is your vision for the company's future? I would like to ask you about your aspirations and determination, as well as your thoughts on what a chemical company should be like."

Kobuchi: It may be obvious for a company, but the most important thing for a company is profit. And it is technology that generates profit, and it is people that support technology. We would like to make efforts to create a positive spiral of profit, technology and people, through various systems and measures.

As I mentioned at the beginning, I think it is important to develop new products one after another that solve social issues, and thereby contribute to society and improve corporate value. Increasing capital efficiency is also very important, so we will continue to work toward this, but I think profit growth is the top priority.

The employees of Toagosei are very diligent and sincere, and when given an opportunity, they can demonstrate their abilities all at once. I have seen this happen many times before. While working to spread this situation throughout the company, I would like to use my experience to build a strong company with a promising future.

Message from Hidenori Kobuchi

Thank you very much for participating in our financial results briefing over a long period of time today. We anticipate significant changes in the political and economic landscape in the future. While the competition in development will intensify further, we believe that this era of transformation also presents opportunities.

This year marks the final fiscal year of our current medium-term management plan, and will be a crucial year for formulating our next medium-term management plan. We will endeavor to work on our challenges by mobilizing full strength of the Toagosei Group. We hope to continue to receive your various opinions. Thank you very much for attending the briefing today.

[END]