

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.

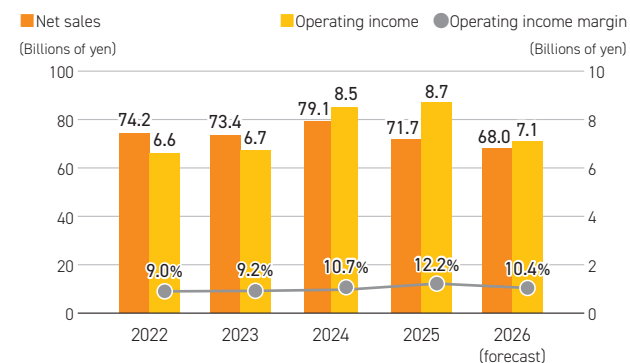
FY2025 in Review

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.

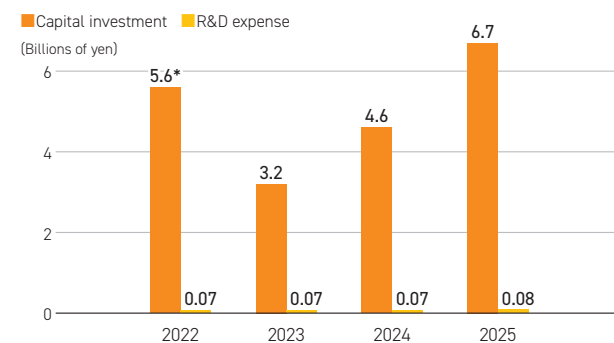
As a business policy, we place importance on contributing to the environment and the SDGs. Regarding our energy-intensive electrolytic plants, renewal work to high-efficiency and energy-saving equipment is currently in progress. In addition, we are participating in a large-scale recirculating aquaculture 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