

Business Strategy to Achieve Value Creation

Performance Chemicals

Business Profile

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

- **High-purity inorganic chemicals business**

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

- **Inorganic functional materials business**

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

- **New product development**

Development of medical care-related products.

Executive Officer,
General Manager,
Performance Chemicals Division
Ryuji Takano



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

FY2025 in Review

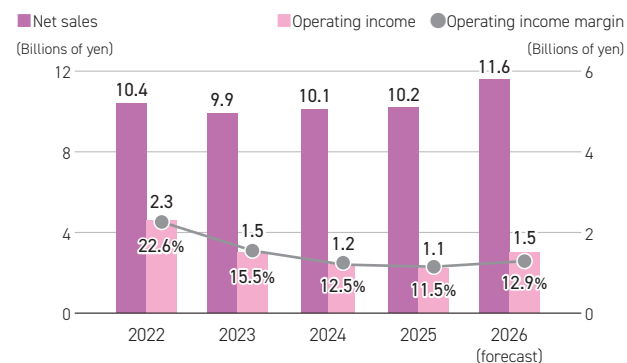
- **High-purity inorganic chemicals business**

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

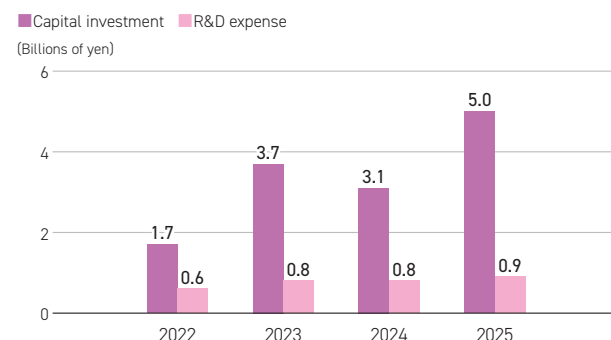
- **Inorganic functional materials business**

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

Segment net sales and operating income



Capital investment and R&D expense



Competitive Advantages, Issues, and Growth Opportunities

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

Medium- to Long-term Growth Strategy

High-purity inorganic chemicals business

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

Inorganic functional materials business

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

FOCUS TOPICS

Next-generation process development of liquefied hydrogen chloride

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



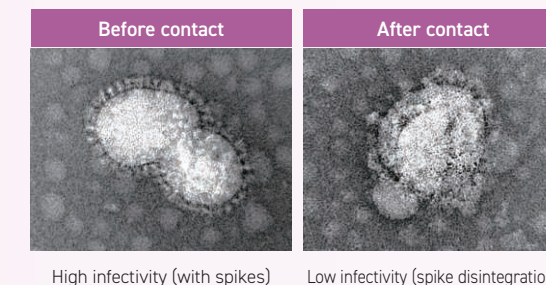
New high-purity liquefied hydrogen chloride facilities of the Yokohama Plant

Development of antiviral agents

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

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

TEM image of virus solution in contact with NOVARON IV4000



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

Purified caustic potash capacity expansion

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