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Code number : 4045

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Formulation of Medium-Term Management Plan (2026-2028)

"Connect and Create 2028"

Guided by its corporate philosophy—"Through the endless possibilities of chemistry, we bring happiness created by highly functional materials."—the Toagosei Group aims to achieve the following vision for 2030:

- Own a portfolio of "number-one and unique" high-function products that help solve social issues.
- Enhance corporate value through proactive growth investments and an optimized capital structure.

In recent years, uncertainty in the business environment has increased due to factors such as geopolitical risks and rising inflation. However, we view the advancement of AI/DX and the increasing sophistication of ESG requirements as opportunities to strengthen our competitiveness.

During the three-year period of **"Connect and Create 2028"**, we will continue to invest in priority fields while reaping the benefits of past investments. By further reinforcing our innovative R&D capabilities and strengthening our production base, we aim to build a business structure that remains resilient to environmental changes.

1. Basic Policies and Key Initiatives

(1) Continued active development and Investment in key focus areas

- Pursue both breadth (expand applications) and depth (differentiate technologies) in our four focus areas—Mobility, Semiconductors, Medical, and Environmental Infrastructure—and promote deployment to customers in Japan and overseas.
- In addition to joint development with academia and startups, accelerating technology enhancement and new business domain expansion through M&A and other strategic approaches.

(2) Make refinements to existing businesses and increase their profitability

- Practice “selection and concentration” to optimize the business portfolio.
- Further promote global expansion and deliver unique value worldwide.
- We will drive digital transformation (DX) across all areas—including production and quality control, R&D, and indirect operations—by leveraging digital technologies.

(3) Increase corporate value and create sustainable value

- Improve capital efficiency by optimizing the capital structure through financial strategies and applying stricter investment criteria.
- Continue active capital expenditure while accelerating the recovery of past investments.
- Create a workplace employees can take pride in, and secure/develop diverse professional talent.
- Promote ESG and pursue sustainability in all corporate activities.

2. Performance Targets and Capital Strategy

To achieve our 2030 vision, a Medium-Term management plan through 2028.



	FY2025 Results	FY2028 Plan	Vs. FY2025 Results
Net Sales	162.3 billion yen	180.0 billion yen	+17.7 billion yen
Operating Income (Operating income to sales ratio)	14.1 billion yen (8.7%)	18.0 billion yen (10.0%)	+3.9 billion yen (+1.3P)
R&D Costs Ratio (R&D Cost)	4.1% (6.7 billion yen)	at least 4% (at least 7.2 billion yen)	(+0.5 billion yen)
EPS (Earnings per Share)	117 yen/share	130 yen/share	+13 yen per share
Capital Investment (Plan Period)	70.6 billion yen (2023–2025)	59.0 billion yen (2026–2028)	-11.6 billion yen
GHG Emissions Reductions (from 2013)	-28%	-40%	Improve by +12P
Ratio of Female Managers	5.1%	8.0%	Improve by +2.9P
ROE	6.0%	6.5%	Improve by +0.5P
PBR	0.8x	1.0x or more	—

(1) R&D costs and Capital Investment Plan

- We will maintain an R&D-to-sales ratio of 4 % or higher.
- Capital expenditures amounting to ¥59.0 bn are planned for FY2026–FY2028, focusing on projects such as update of soda electrolysis plant, expansion for high-performance polymer plant, and sustainability project investments.

(2) Financial Capital Strategy

Aiming for a PBR of at least 1.0x in FY2028, we will swiftly improve capital efficiency and enhance market valuation through proactive shareholder returns—including continuation of the shareholder benefit program—while maintaining financial soundness and seeking an optimal capital structure.

- Shareholder return policy: during the Medium-Term Management Plan, we will target a total payout ratio of around 90% and aim to raise the average dividend payout ratio to approximately 70% over the period.

(3) Human Capital Strategy

Positioning “investment in people” as essential to achieving the plan, we will strengthen institutional reforms and improvements to the working environment to maximize the capabilities of our organization and human assets.

To remain a company of choice for employees—key stakeholders— we will actively provide diverse opportunities for challenge and growth and promote new work-style reforms to create an environment where employees can perform at their best.