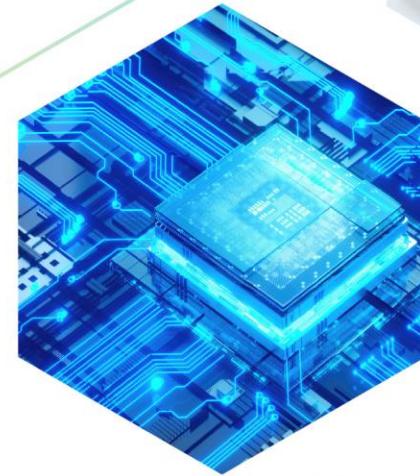


2026-2028 Medium-Term Management Plan

February 19, 2026



I. Review of the Previous Medium-Term Management Plan (2023-2025)

- Level of Achievement of Our Basic Policies
- Strengthening Our Business Base (R&D, Capital Investment)
- Business Performance

II. New Medium-Term Management Plan (2026-2028)

- Positioning of the New Medium-Term Management Plan
- Basic Policies and Key Initiatives
- Key Goal Indicators (KGI) and Core Strategies
 - Growth Strategy
 - (Initiatives(By Segment), Capital Investment Plan and R&D Expense, Key Focus Areas)
 - Global Strategy - Human Capital and DX Strategy - Sustainability Strategy

III. Measures to Achieve Management Conscious of Capital Costs and Stock Prices

- Progress in Strengthening Our Management Base (Management Indicators)
- Financial Capital Strategies of the New Medium-Term Management Plan
 - Financial Capital Policy, Shareholder Returns Policy, Cash Allocation

Review of the Previous Medium-Term Management Plan (Level of Achievement of Our Basic Policies)

1 Strengthen development capabilities for new products and novel technologies (R&D Expense +20% (vs. 2022) High-value-added product to net sales ratio: 48%)

- We established the Kawasaki Frontience R&D Center and enhanced our development capabilities by increasing our researcher workforce.
- The commercialization of new products (such as cellulose nanofibers) and novel technologies (such as NUCLEOLARON) fell behind schedule.

2 Increase overseas net sales (Overseas net sales growth +30% (vs. 2022))

- We launched overseas bases (Shanghai, Shenzhen, Vietnam, and India). We established a structure that allows us to capture local needs.
- Intensified competition, primarily due to excess production in China, caused our overseas net sales ratio to remain flat.

3 Contribute to a sustainable society (GHG emissions reduction: ▲35% (vs. 2013))

- We are promoting energy-saving and efficiency improvements in manufacturing processes of our plants.
- We are steadily introducing renewable energy (solar power generation, small-scale hydroelectric power generation).

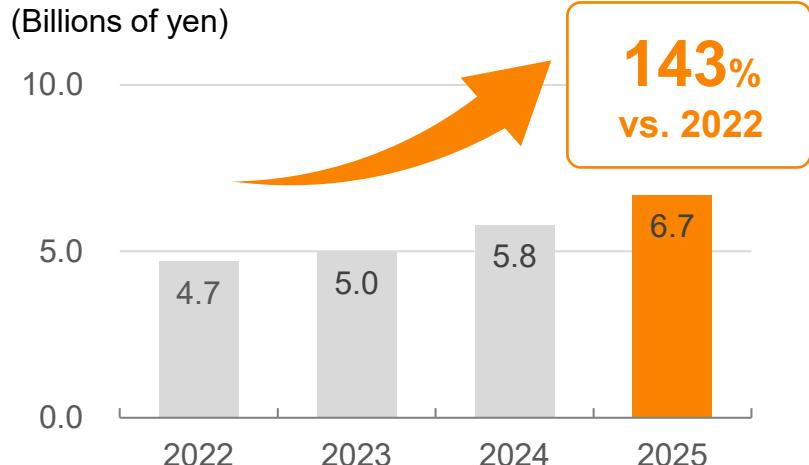
Management Indicators	2022 (Results)	2025 (Plan)
(1) R&D expense	4.7 billion yen	5.6 billion yen
High-value-added product to net sales ratio	44%	48%
(2) Overseas net sales	31.0 billion yen	40.5 billion yen
(3) GHG emissions reduction (vs. 2013)	▲24%	▲35%



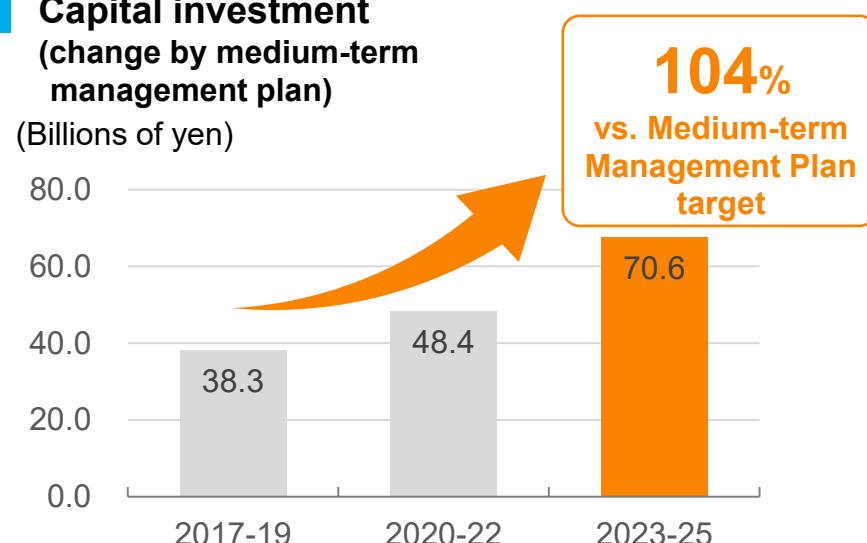
2025 (Results)	Change (vs. 2025 plan)	Level of achievement (vs. 2025 plan)
6.7 billion yen	+1.1 billion yen	120%
46%	▲2P	96%
29.4 billion yen	▲11.1 billion yen	73%
▲28%	▲7P	80%

Review of the Previous Medium-Term Management Plan (Strengthening Our Business Base: R&D, Capital Investment)

R&D Expense (change from previous Medium-term Management Plan)



Capital investment (change by medium-term management plan)



Leap Forward to the Next 2025

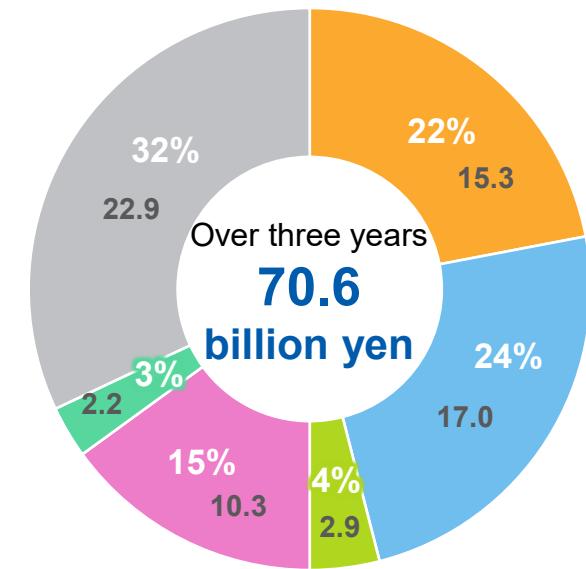
Strengthen R&D capabilities

- We increased the number of research bases, actively invested in growth areas by increasing our researcher workforce, and focused on R&D related to our growth strategies.
- We submitted applications for a greater number of mobility and medical care-related patents.

Business base improvement and reinforcement

1. Increase manufacturing facilities for high-value-added products
 - Expansion of next-generation semiconductor gas production facilities
 - Expansion of LIB binder production facilities
2. Update production facilities
 - Updating of caustic soda production facilities
3. Develop infrastructure
 - Construction of Nagoya Logistics Center
4. Sustainability-related facilities
 - Construction of small-scale hydroelectric power generation facilities

Capital investment by segment



Commodity Chemicals
Performance Chemicals
Polymer & Oligomer
Plastics
Adhesive Material
Other

Review of the Previous Medium-Term Management Plan (Business Performance)



Management indicators	2022 (Results)	2025 (Plan)	2025 (Results)	Change (vs. 2025 plan)	Level of achievement (vs. 2025 plan)
Net sales	160.8 billion yen	183.0 billion yen	162.3 billion yen	▲20.7 billion yen	89%
Operating income (Operating income to net sales ratio)	14.3 billion yen (8.9%)	20.0 billion yen (11.0%)	14.1 billion yen (8.7%)	▲5.9 billion yen (▲2.2P)	71%
EBITDA	24.8 billion yen	32.0 billion yen	25.8 billion yen	▲6.2 billion yen	81%
Capital investment (cumulative total)	48.4 billion yen (2020-2022)	68.0 billion yen (2023-2025)	70.6 billion yen (2023-2025)	+2.6 billion yen	104%



Leap Forward to the Next 2025

Net sales, operating income

- Net sales fell year-on-year in 2025, and operating income was in line with the previous year. We failed to reach the targets of net sales and operating income under the 2025 plan.

Factor analysis

- We were able to secure an increase in profit through measures such as price revisions for general-purpose products.
- We continued to actively invest in high-value-added products, but the recovery of the semiconductor market was slow (except for cutting-edge fields such as AI) and the growth of EVs slowed in the mobility market, causing delays in our generation of revenue from our investments.
- Fixed expenses such as R&D expense, depreciation and amortization, and labor costs are rising, putting downward pressure on profits.

Issue

- To ensure stable profitability and sustainable growth despite the current decline in semiconductor demand and the deceleration of the mobility market, it is imperative to enhance technological capabilities and develop new applications in our Key Focus Areas, while also reinforcing the competitiveness of existing businesses and products.

II. New Medium-Term Management Plan (2026-2028)

Positioning of the New Medium-Term Management Plan



Corporate Philosophy

Through the endless possibilities of chemistry, we bring happiness created by highly functional materials.

With the slogan “Connect and Create 2028”, we have formulated this medium-term management plan for the three years from 2026 to 2028 in order to realize our vision (goals) for 2030.

Operating income

FY2023

12.4
billion yen

FY2025

14.1
billion yen

FY2028

18.0
billion yen

FY2030

20.0
billion yen
or more

Basic Policies

FY2023-2025

Leap Forward to the Next 2025

Strengthen development capabilities for new products and novel technologies

Increase overseas net sales

Contribute to a sustainable society

FY2026-2028

Connect and Create 2028

1. Continue active development and investment in key focus areas
2. Make refinements to existing businesses and increase their profitability
3. Increase corporate value and create sustainable value

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.

Basic Policies and Key Initiatives

1

Continue active development and investment in key focus areas

- Pursue greater breadth (expand applications) and depth (differentiate technologies) in key focus areas (the mobility, semiconductor, medical, and environmental infrastructure fields) and promote expansion to users both inside Japan and overseas

2

Make refinements to existing businesses and increase their profitability

- Perform selection and concentration aimed at optimizing our business portfolio
- Further advance globalization efforts and provide unique value not available anywhere else in the world

- In addition to joint development with academic institutions and ventures, engage in M&As to strengthen our technical skills and expand business domain

3

Increase corporate value and create sustainable value

- Optimize capital structure and compress total assets by implementing financial strategies, make more rigorous investment decisions to improve capital efficiency

- Advancing digital transformation (DX) through the deployment of digital technologies across all areas of operation, including production and quality management, R&D, and corporate support functions

- Create environments that employees are proud to work in, develop and secure a diversity of specialists
- Pursue sustainability and promote ESG

Key Goal Indicators (KGI)

Our business environment predictions and response

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. We will focus on generating revenue from the growth investment of the previous Medium-Term Management Plan while actively investing in fields such as the semiconductor and mobility fields to increase our corporate value and grow into our vision for 2030.

	2025 Results	2028 Plan	Vs. 2025 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)
Net sales-R&D ratio (R&D expense)	4.1% (6.7 billion yen)	4% or more (7.2 billion yen or more)	(+0.5 billion yen or more)
EPS (Earnings Per Share)	117 yen per share	130 yen per 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 reduction (from 2013)	▲28%	▲40%	Improve by 12P
Ratio of Female Managers	5.1%	8.0%	Increase by 2.9P
ROE	6.0%	6.5%	Improve by 0.5P
PBR	0.8x	1.0x or more	—

Growth Strategy – Initiatives (By Segment)

Segment	2025 Operating income (Billions of yen)	2026-2028 Initiatives	2028 Operating income (Billions of yen)
Commodity Chemicals	8.7	Expand product applications	8.0
		Increase productivity and reduce energy consumption	
		Review portfolio	
Polymer & Oligomer	3.0	Accelerate growth strategy	5.6
		Increase productivity	
		Promote overseas expansion	
Adhesive Material	0.3	Strengthen overseas business	1.1
		Implement growth strategy	
		Develop new products	
Performance Chemicals	1.1	Reinforce chemical agents for semiconductors	1.9
		Expand inorganic functional materials	
		Launch medical business	
Plastics	2.7	Measures to address aging sewer pipelines	3.4
		Expand lineup of nursing care products	
		Ecological material products	
Other and adjustments	▲1.8	Sustainability	▲2.0
		Corporate/research	
Total	14.1		18.0

※Red text = Key Focus Areas

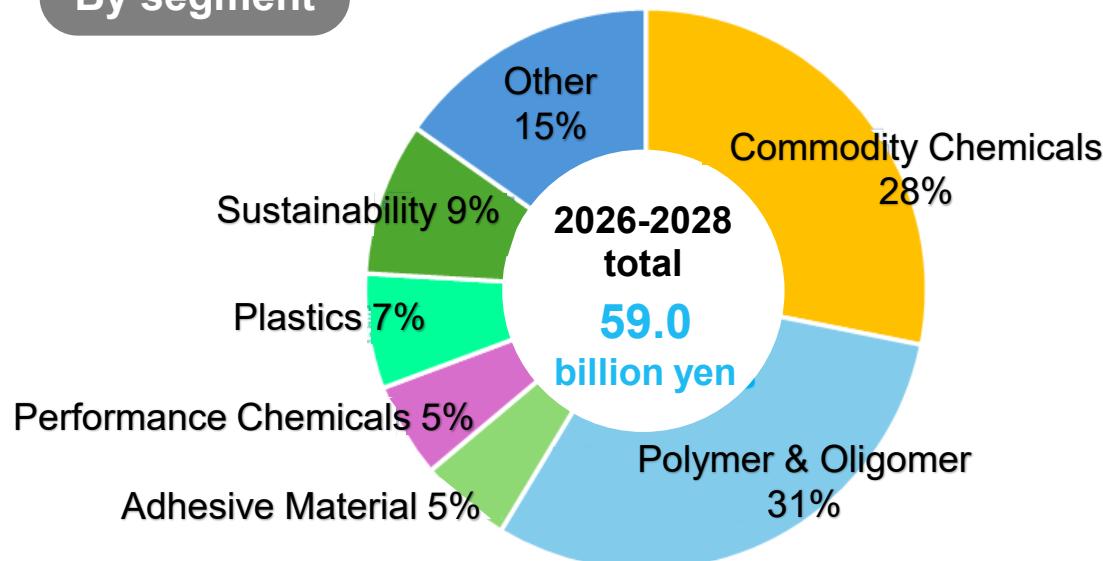
Capital Investment Plan

By resource

(Growth investment 58%, Efficiency investment 20%, Other 22%)

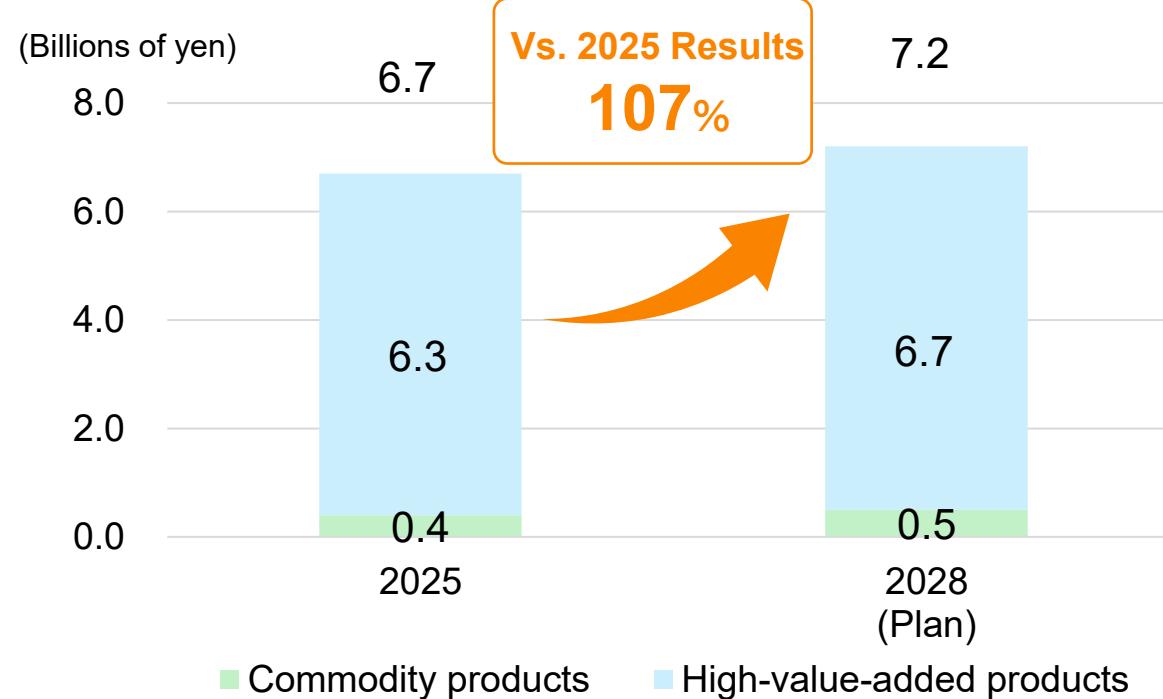
1. **New/expansion projects (44%)**
 - Soda electrolysis plant update
 - High-performance polymer plant expansion
 - High-purity potassium plant expansion
2. **Streamlining and improvement projects (20%)**
 - Flocculant facility integration
3. **R&D (14%)**
4. **Infrastructure, maintenance, and update (13%)**
 - Core system update
5. **Sustainability projects (9%)**
 - Installation of small-scale hydroelectric and solar power generation facilities

By segment



R&D Expense

- We will promote open innovation and expand our R&D to strengthen our development capabilities and obtain novel technologies in key focus areas (semiconductor, mobility, medical, and measures to address aging sewer pipelines fields).
- We will maintain an R&D-to-sales ratio of 4 % or higher.
- R&D expense for high value-added products (FY2028)
 - Polymers & Oligomers: 33%
 - Performance Chemicals: 32%
 - Adhesive Materials: 22%

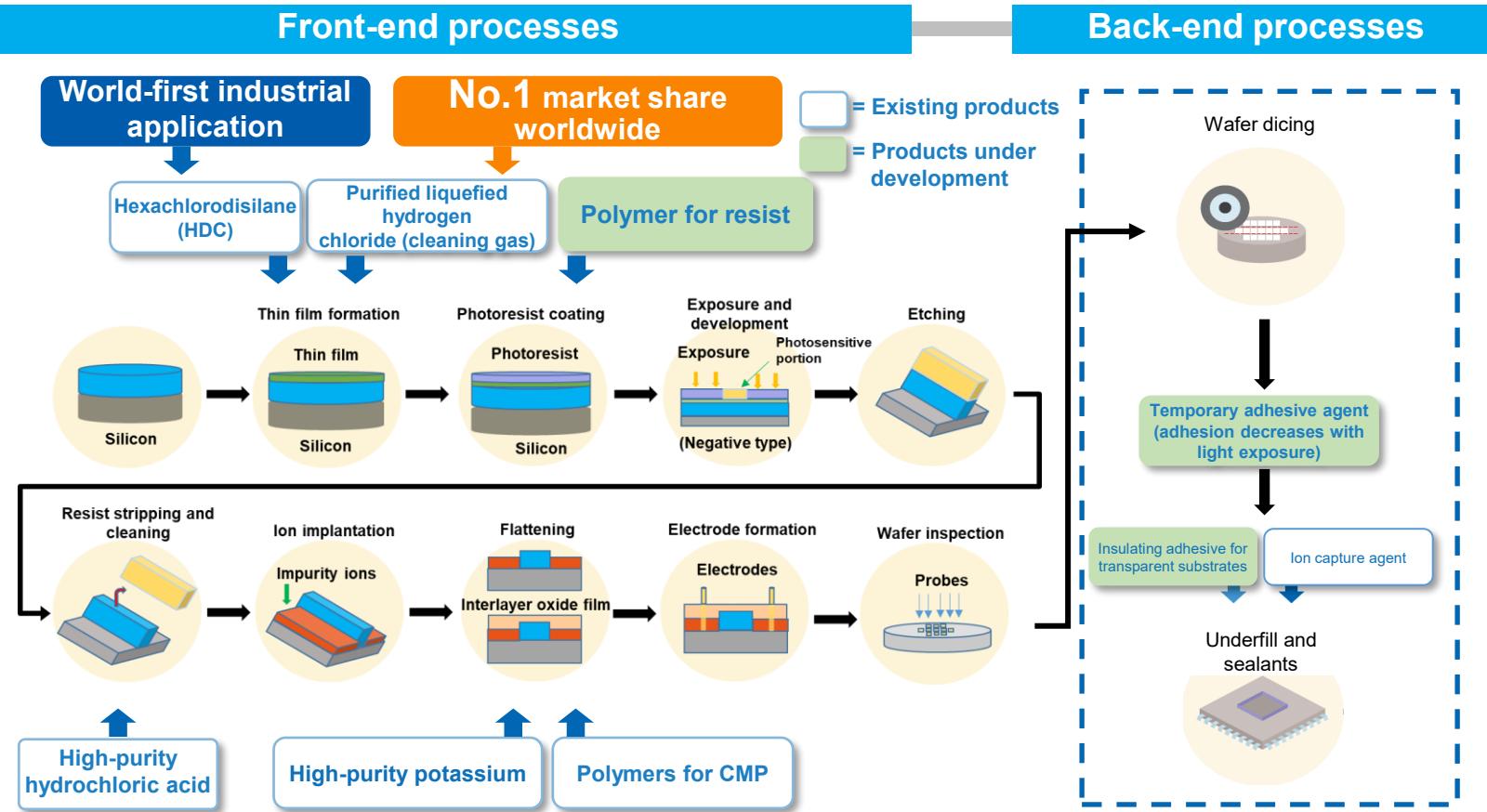


Growth Strategy – Key Focus Areas (Semiconductor)

We foresee rapid AI/DX advances driving full-scale digitalization and further accelerating semiconductor demand.

Strength

We supply products that are essential for semiconductor manufacturing, such as purified liquefied hydrogen chloride (cleaning gas) and purified caustic potash, for which we have the No. 1 market share in the world, acrylic polymers for chemical mechanical polishing (CMP), and more. We excel at achieving high purity and providing a stable supply of products by leveraging our unique technologies.

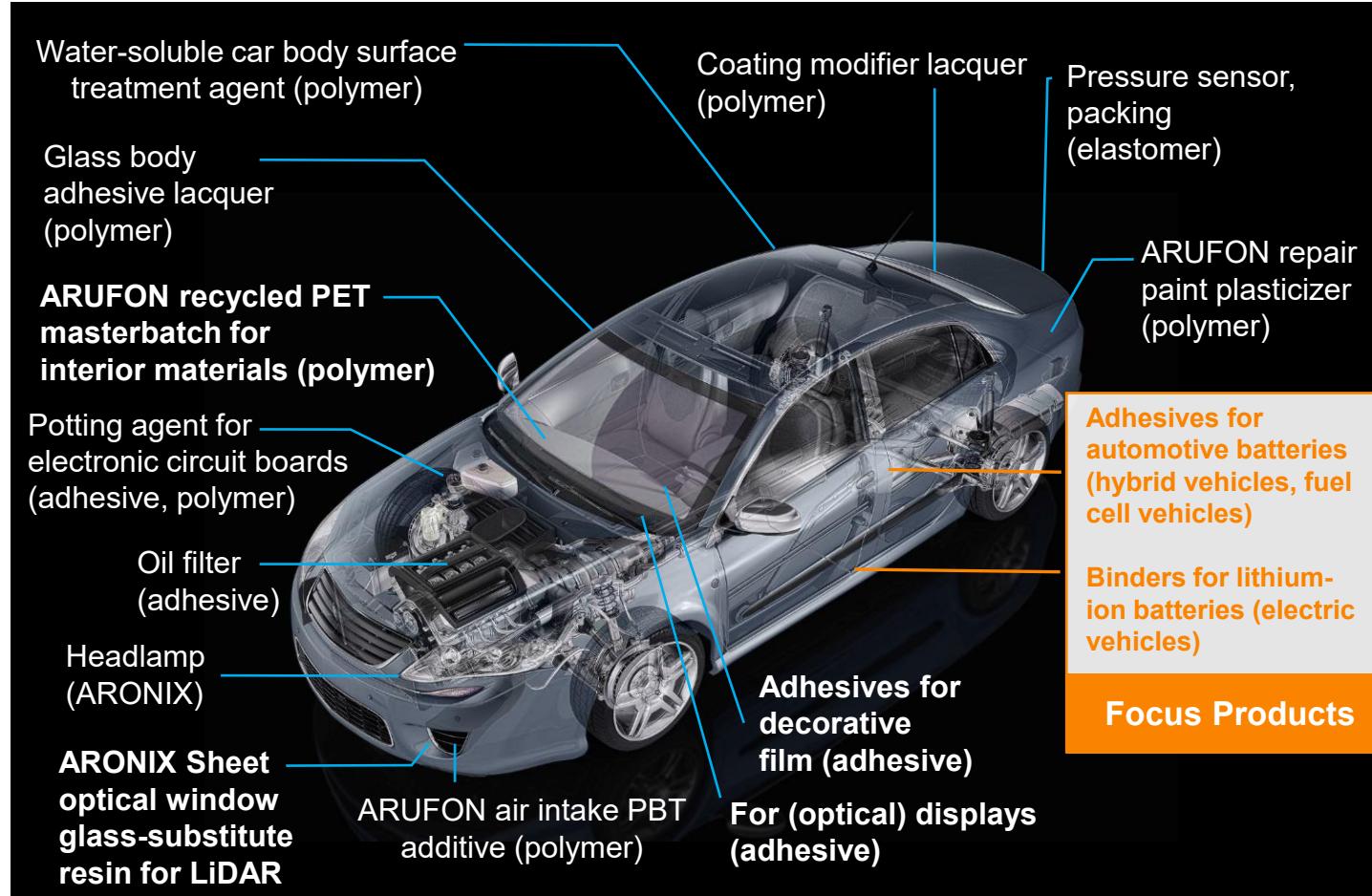


Growth Strategy – Key Focus Areas (Mobility)

We foresee ESG-driven decarbonization, safety demands, electrification, and autonomous driving acceleration.

Strength

Our omni-directional development encompasses all types of vehicles, such as fuel cell vehicles (FCVs), hybrid vehicles (HVs), electric vehicles (EVs), and gasoline vehicles. By supporting diverse energy sources and technologies, we meet wide-ranging market needs.



Growth Strategy – Key Focus Areas (Medical)

We foresee increasing demand for treatments for difficult diseases and infections, and a greater emphasis on precision medicine.

Strength

Our siRNA, developed using our proprietary drug-design technologies, has great potential as a nucleic acid medication, and NUCLEOLARON has great potential as a DDS. We are engaging in joint R&D with academic institutions such as universities and ventures.

* NUCLEOLAEON is a cell-penetrating peptide developed by us, aimed at early commercialization as a drug delivery system (DDS) that enhances drug transport efficiency.

Launching collaborative research into siRNA medications with the Innovation Center of NanoMedicine

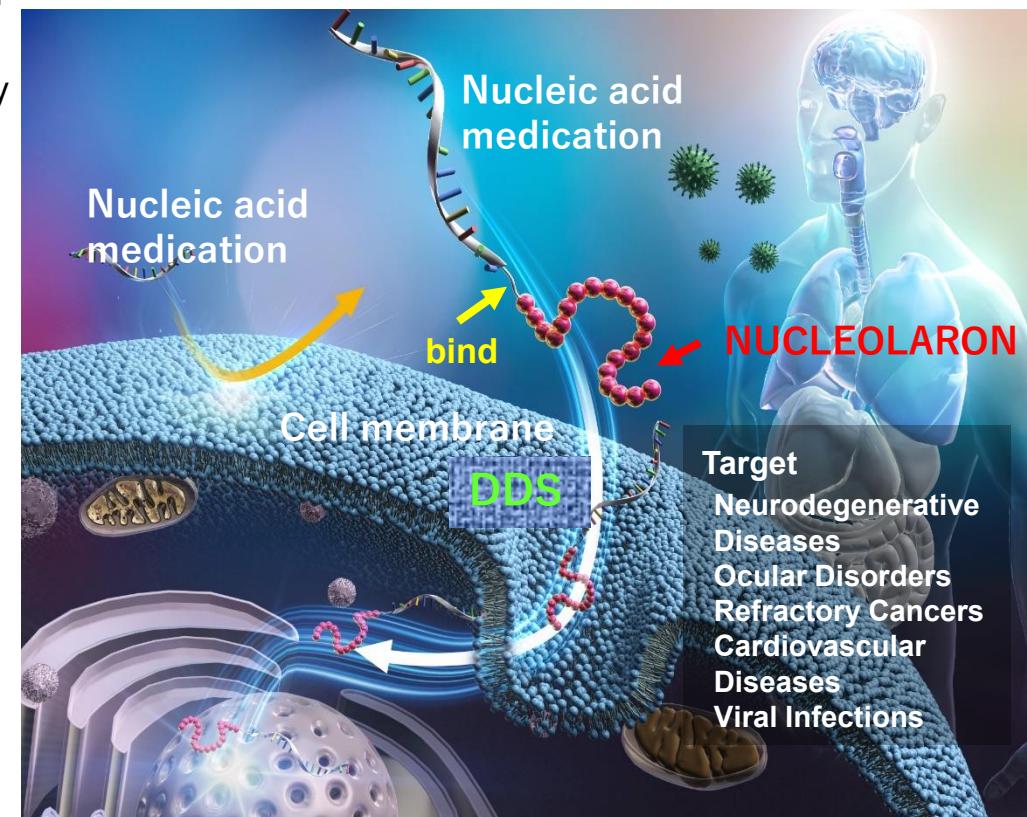
We plan to develop pharmaceuticals for refractory cancer and begin clinical testing within five years.

- Combine our siRNA design technology with iCONM's gene delivery technology
- This will contribute to the treatment of many refractory diseases and the prevention of another new virus pandemic.

Medical field development schedule

Key theme	Main target disease	2026	2027	2028	2029	2030
siRNA*	Refractory cancer Infectious diseases, etc.		Early Evaluation	Non-clinical	Clinical	
DDS	Cardiac disease (intended to use for gene medication and RNA drug delivery)		Early Evaluation	Non-clinical	Clinical	

* siRNA is a nucleic acid capable of suppressing the expression of specific genes. It degrades a target gene to prevent the proliferation of pathogenic proteins. We leverage this siRNA function to move forward with the research and development of next-generation medications.



Growth Strategy – Key Focus Areas (Measures to address aging sewer pipelines)

We foresee increasing disaster-related risks from aging sewer pipelines, accelerating the demand for countermeasure solutions.

Strength

We have the top market share in Japan for PVC mass manholes, and **demand for products for countering aging sewage is rising**, backed by the frequent occurrence of road collapses recently. We are leveraging our expertise gained up until now in order to **expand our business based on proposing solutions** for dealing with aging sewer pipelines.

2,600 road collapse accidents p.a.

70% of road collapse occurred at pipe connections.

► **Urgent need for aging infrastructure repairs**



Joint at the water-leakage point for repair



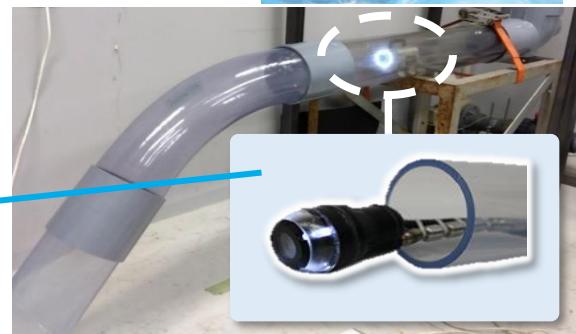
Convert a corroded aging pipe to a PVC pipe with a single joint



Enter the business to investigate/diagnose sewer pipelines

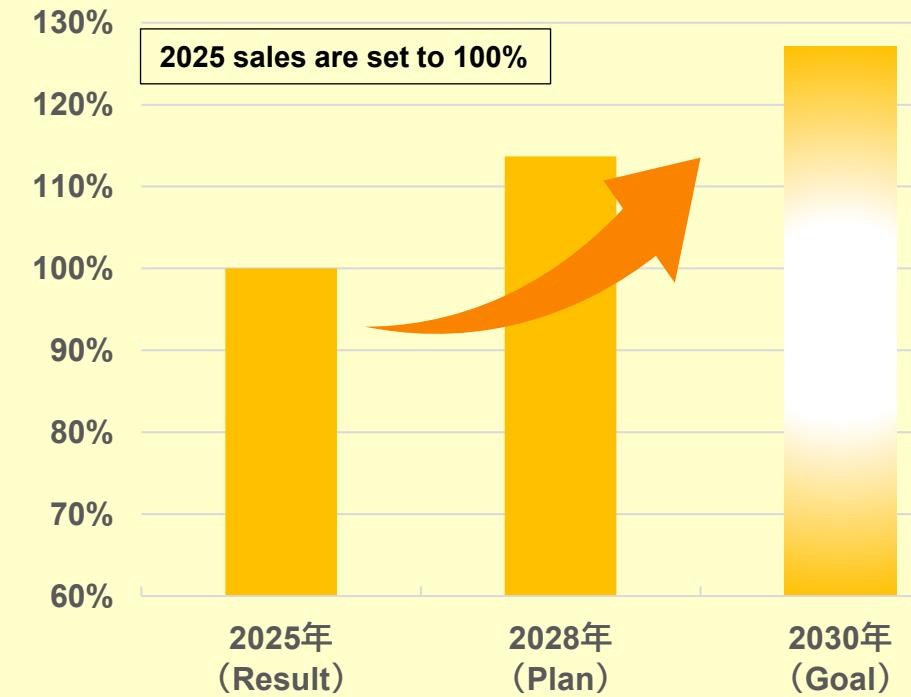
“Mapping system”

Mapping camera



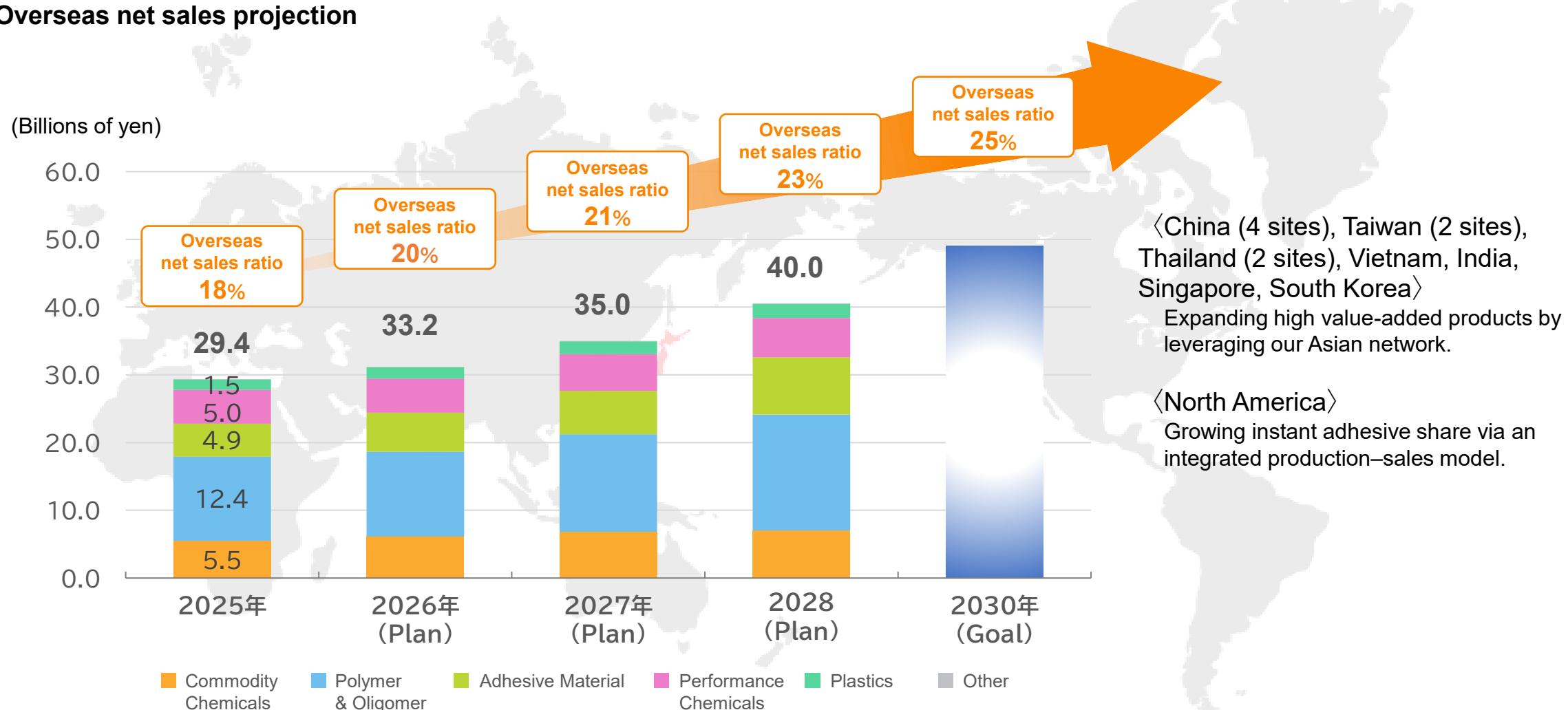
Analyze the points to be repaired in pipelines

Sales growth plan for the measures to address aging sewer pipelines field



We will use our 13 bases in 8 countries to develop products matched to local needs in new markets and to further advance our global expansion.

Overseas net sales projection



Human capital strategy – Basic policy

We will build a workplace employees are proud of, develop diverse professional talent, improve engagement, and strengthen collaboration between departments to achieve sustainable growth for our businesses.

1 Raise compensation levels

- We will proactively raise compensation levels in line with our business growth.

2 Improve working environments

- We will advance HR system reforms aligned with societal changes, including the introduction of a transfer-deferral system and the enhancement of transfer-related allowances.
- We will promote health and productivity management and pursue reaccreditation under the White 500 certification.

3 Secure, develop, and assign human resources

- We will strengthen our efforts to secure specialists and mid-level employees, while at the same time actively assigning junior employees to overseas bases to develop global personnel.
- We will promote the development of an inclusive work environment by increasing the ratio of female hires and women in management positions..

DX strategy – Basic policy

We will actively promote operational reforms that utilize digital technologies (DX) and achieve sustainable growth and greater competitiveness in the dramatically changing market environment.

1 Promote smart factories

- We will introduce advanced technologies such as IoT, AI, and big data analysis, optimize production processes, take quality management to the next level, and accelerate our cost-cutting.

2 Utilize digital technologies in the R&D field

- We will utilize AI, materials informatics (MI), and computational chemistry to accelerate our exploration of novel technologies and new materials to elevate and accelerate our R&D.

3 Utilize DX to improve operational efficiency

- We will update to the newest core system and promote efficiency improvements in our indirect operations.

Sustainability Strategy (Initiatives to Achieve Carbon Neutrality)

We are working to reduce greenhouse gas (GHG) emissions with the goal of becoming carbon neutral (net zero) by 2050. For Scope 1 and 2, our target is a 50% reduction by 2030 compared to base year 2013.

GHG emissions reduction

1) Scope 1 (direct emissions)

- Reduce boiler fuel consumption through the use of carbon neutral (CN) steam from Yokohama City waste incinerators
- Begin supplying hydrogen through the low-carbon hydrogen model town verification project in Chita City, Aichi Prefecture

2) Scope 2 (indirect emissions)

- Renewable energy
 - Solar power generation: Introduce solar power generation equipment at each base
 - Small-scale hydroelectric power generation: Build small-scale hydroelectric power plant in Nagano Prefecture

3) Scope 3 (indirect emissions other than Scope 1 and 2 emissions)

- Third-party verification of carbon footprint (CFP) figures and deliberation of measures for reducing our CFPs

Recent initiatives

(forecast GHG emissions reduction of 8.4 kt/year)

Yokohama Plant: Began using CN steam in 2026

Recent initiatives

• Solar power generation

(forecast GHG emissions reduction of 1.9 kt/year)

Takaoka Plant: Put into operation in 2025

Nagoya Plant: Put into operation in 2026

Hirono Plant: Began construction in 2026

• Small-scale hydroelectric power generation

(forecast GHG emissions reduction of 2.0 kt/year)

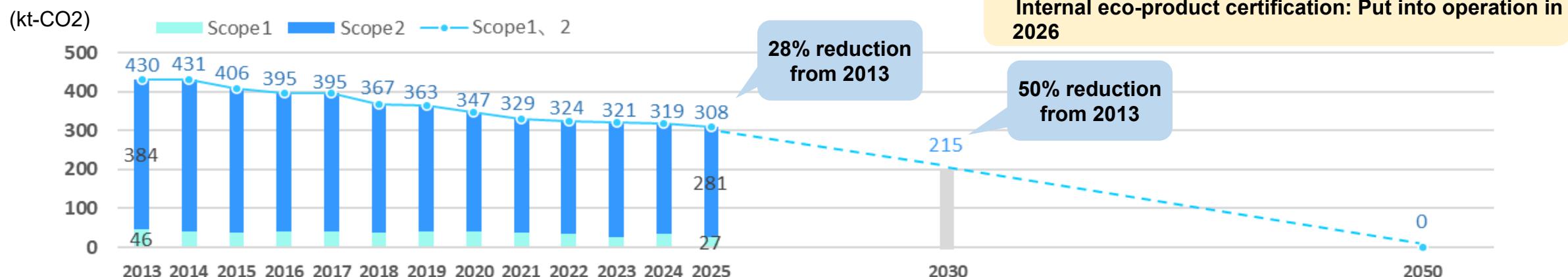
Small-scale hydroelectric power plant: Put into operation in 2026

Began designing other small-scale hydroelectric power plants

Recent initiatives

Internal eco-product certification: Put into operation in 2026

◆GHG Emissions and Reduction Targets (Scope 1 and 2)



III. Measures to Achieve Management Conscious of Capital Costs and Stock Prices

Progress in Strengthening Our Management Base (Management Indicators) (Review of the Previous Medium-Term Management Plan)

Management indicators	2022 (Results)	2025 (Plan)	2025 (Results)
Earnings per share (EPS)	101 yen	153 yen	117 yen
Return on equity (ROE)	6.1%	7.3%	6.0%



- We are compressing total assets through measures such as the selling off of cross-shareholdings, and we are reviewing our capital structure through financial leveraging by issuing corporate bonds.
- We are striving to **maintain a total shareholder return of 100% or higher** and compress our shareholders' equity. **Our earnings per share (EPS) reached a record high in 2025.**
- While we have made capital investments exceeding our initial plans, these investments have not yet generated sufficient returns.
- Our stock price is showing a generally upward trend, but our PBR remains below 1.0, so **we need to deepen initiatives to improve ROE and drive additional share price growth.**

Basic policy

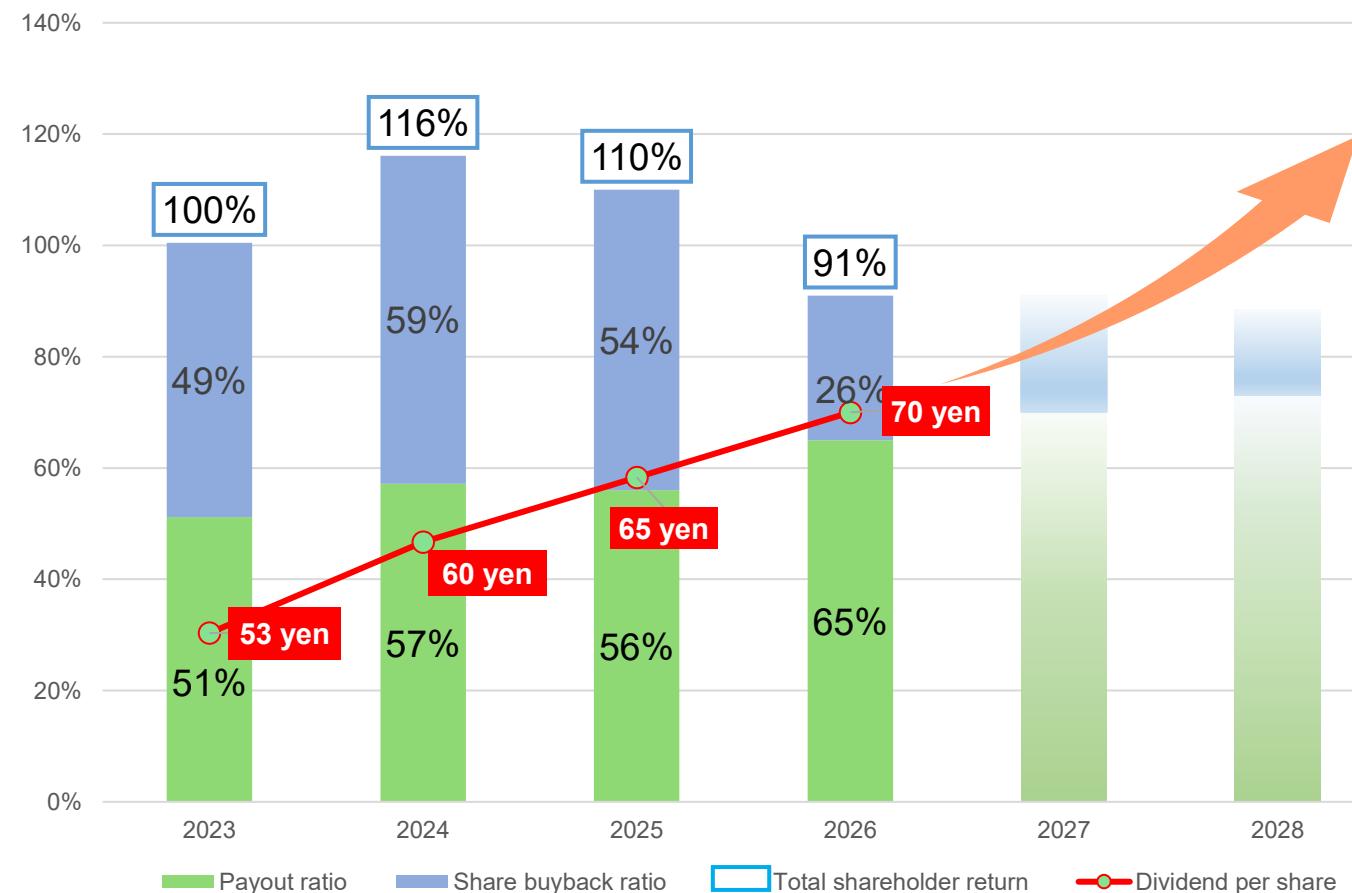
Aiming for a PBR of at least 1.0x in FY2028, we will swiftly improve capital efficiency and enhance market valuation through proactive shareholder returns—including continuation of the shareholder benefit program—while maintaining financial soundness and seeking an optimal capital structure.

	2025 (Results)	2026-2028 (Plan)	Targets
PBR	0.82x	1.0x or more	Rapidly achieve a PBR of 1.0x or more and aim to raise it to 1.2x or more by 2030
Net worth ratio	74.3%	Roughly 70%	Maintain a net worth that is appropriate in comparison to the risks associated with business activities
ROE	6.0%	6.5%	Efficiently utilize capital and achieve sustained profit growth, aiming for an ROE of roughly 8% by 2030
Credit rating	Rank A	Rank A or higher	Acquire necessary credit rating by procuring funding needed for business expansion at low cost

Financial Capital Strategies (Shareholder Returns Policy)

	2025 (Result)	2026-2028 (Plan)	Returns policy for the 2026-2028 Medium-term Management Plan period
Payout ratio	55.5% (65 yen per share)	Roughly 70%	Keep the total return ratio at roughly 90% and raise the payout ratio over the period to roughly 70%. Conduct share buybacks flexibly.

Payout ratio and share buyback ratio



Introduction of a shareholder benefit program

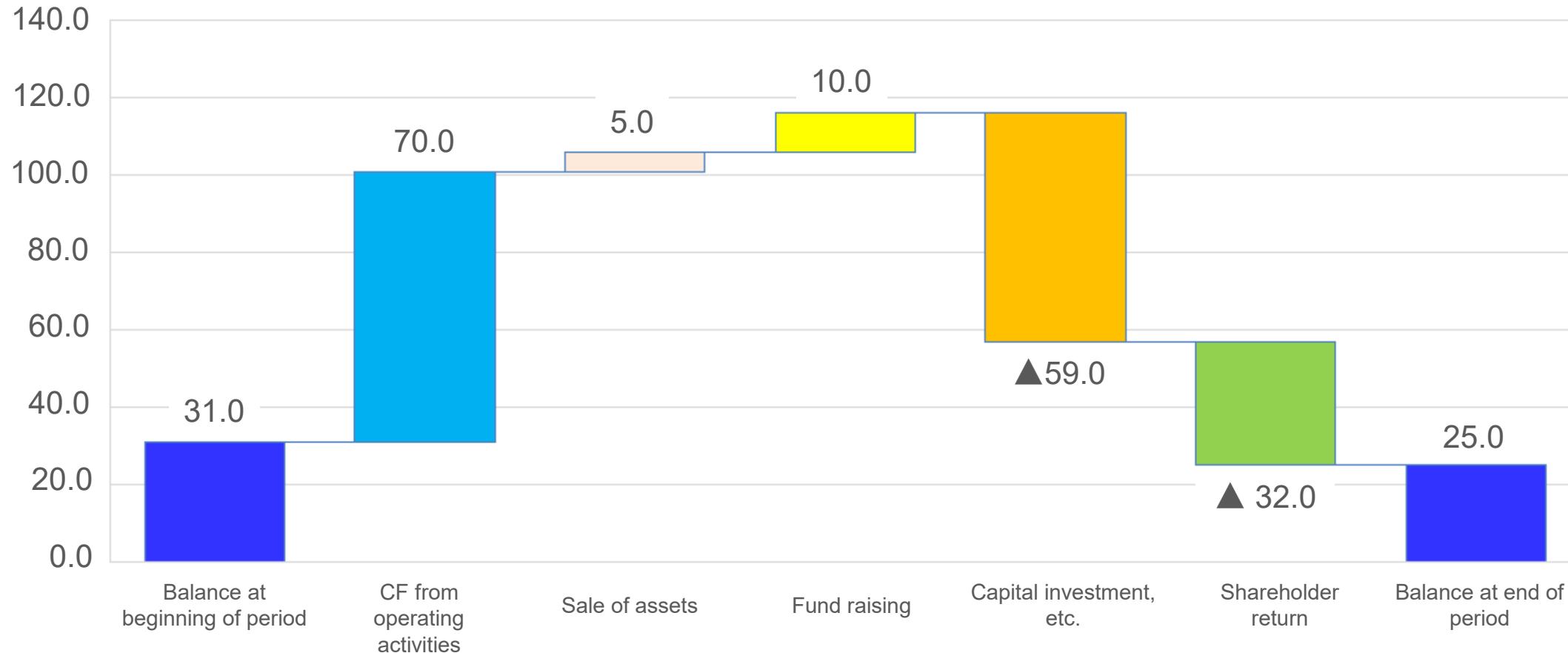
- Foster greater shareholder understanding of and support for our business
- Expose shareholders to our products (Aron Alpha) through shareholder benefits with the aims of increasing brand value and creating new fans
- Increase the number of shareholders who hold shares of the Company over the medium to long term to create a stable shareholders composition

Financial Capital Strategies (Cash Allocation)

**We aim to achieve sustainable growth and maximize corporate value
by securing financial soundness while actively utilizing outside capital.**

Cash allocation plan for 2026-2028

(Billions of yen)



* The funding raising comes from outside the Company in the form of sustainability investment.



The plans in this document represent forecasts based on currently available information. Actual business results may differ significantly from plan values due to future domestic and international economic situations and unforeseeable factors, etc.