Progress on the 2025 Medium-Term Management Plan

Status of Progress on the 2025 Medium-Term Management Plan

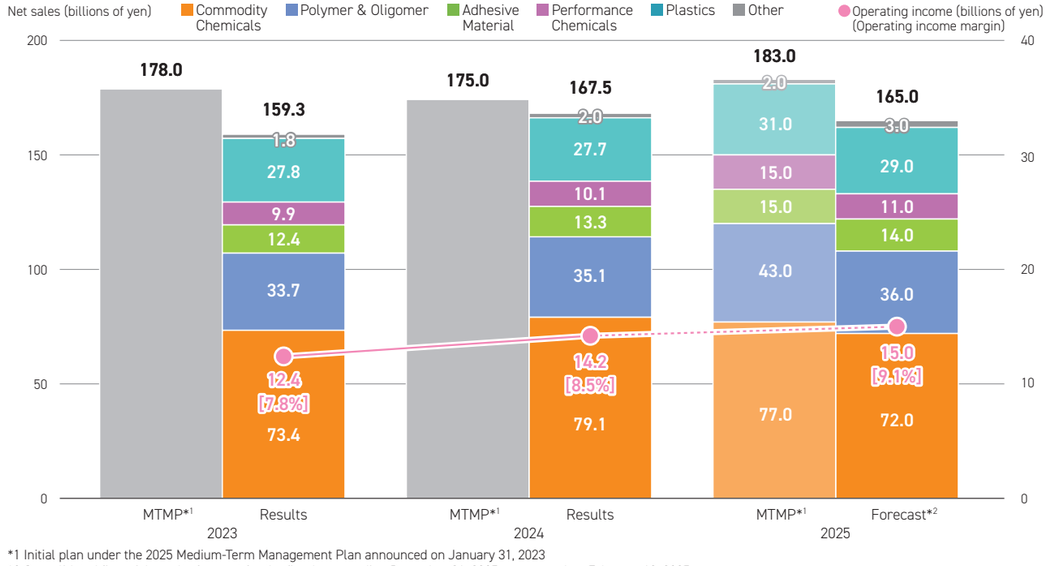
Differences between the 2024 results and the Medium-Term Management Plan targets

- Growth drivers (mobility, semiconductor-related products, etc.) fell behind the plan amid lackluster growth in mobility products and the prolonged adjustment phase in the semiconductor market.
- Factors such as human capital investment in wage increases led to a rise in fixed costs (labor costs, depreciation and amortization, R&D expense, etc.), and the results fell short of the plan targets.

◆ Numerical targets

Item	2023	2024	2025	2023	2024	2025	2024	2025
	Medium-Term Management Plan (MTMP)*1			Results		Forecast*2	Vs. MTMP	Vs. MTMP
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)
High-value-added product to sales ratio (%)	43.0	46.0	48.0	44.1	43.6	46.2	(2.4)	(1.8)
Overseas net sales ratio (%)	19.8	21.8	22.1	16.7	17.3	17.8	(4.5)	(4.3)
Capital investment (Billions of yen)	12.8	29.0	26.2	15.4	26.9	25.3	(2.2)	(0.9)
R&D expense (Billions of yen)	5.1	5.3	5.6	5.0	5.8	6.4	0.5	0.9
ROE (ratio of net income to shareholders' equity) (%)	6.4	6.7	7.3	5.8	5.6	6.1	(1.1)	(1.2)

◆ Net sales and operating income plan



*1 Initial plan under the 2025 Medium-Term Management Plan announced on January 31, 2023
*2 Consolidated financial results forecast for the fiscal year ending December 31, 2025, announced on February 13, 2025

Initiatives Toward 2027

Focus areas for each segment

We will work on the new initiatives shown below in each segment. Through these new initiatives, we aim to expand sales of both existing products and high-value-added products, targeting an operating income of 24.0 billion yen by 2027.

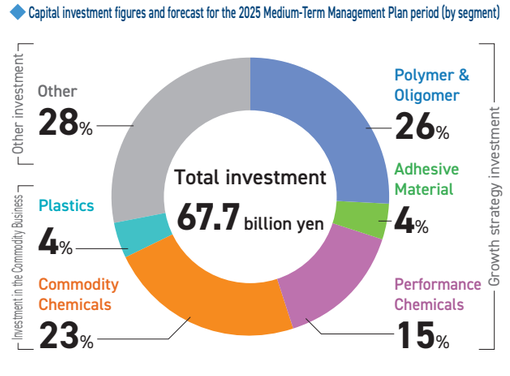
Segment	2025	2025–2027	2027
	Operating income (billions of yen)	Focus areas	Operating income (billions of yen)
Commodity Chemicals	8.0	Continuing Renew electrolysis facilities to save electricity New Promote new applications for land-based aquaculture and other chemicals New Restructure unprofitable businesses	8.0
Polymer & Oligomer	4.0	Continuing Expand sales of polymer for automotive batteries and semiconductor materials Continuing Accelerate development of cellulose nanofibers (CNF) New Increase the productivity of polymer flocculants	6.0
Adhesive Material	0.5	Continuing Strengthen the instant glue business in the USA and expand sales in Southeast Asia New Develop next-generation battery adhesives for mobility	2.5
Performance Chemicals	1.5	Continuing Strengthen supply systems for high-purity inorganic chemicals Continuing Swiftly commercialize Drug Delivery Systems (DDS) New Promote the development of new semiconductor materials	5.0
Plastics	2.6	New Strengthen activities to address aging infrastructure New Expand sales of ecological material products	3.0
Other	(1.6)	Continuing Promote the introduction of renewable energy	(0.5)
Total	15.0		24.0

Investment plan

Capital investment during the 2025 Medium-Term Management Plan period is forecast at 67.7 billion yen (compared to the plan of 68.0 billion yen). Capital investments will continue being made in growth areas such as mobility, semiconductors and electronic material-related products, with the aim of expanding future earnings.

◆ Capital investment figures and forecast for the 2025 Medium-Term Management Plan period (compared to the Medium-Term Management Plan)

◆ Capital investment figures and forecast for the 2025 Medium-Term Management Plan period (by segment)

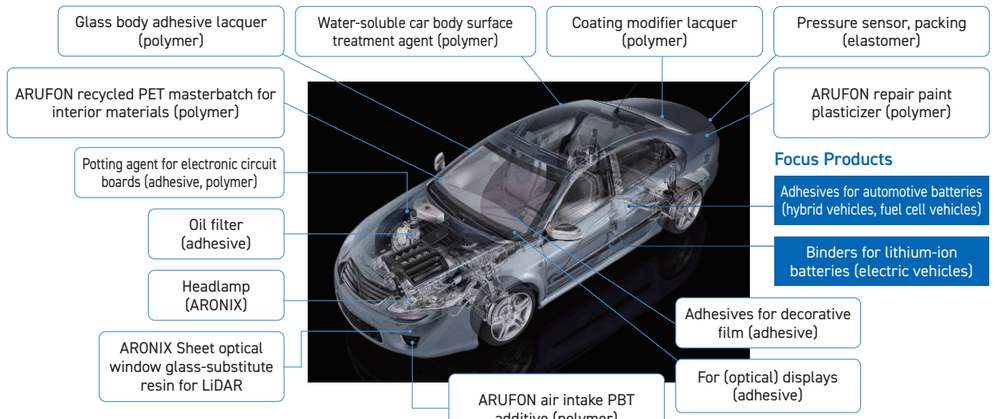


Progress on the 2025 Medium-Term Management Plan

Growth Drivers (Mobility)

Expanding in all directions with fuel cell vehicles (FCV), hybrid vehicles (HV), electric vehicles (EV), and gasoline vehicles

Technological innovation is in demand in the mobility industry, starting with EVs, to achieve zero greenhouse gas emissions and reduce environmentally harmful substances. We are pursuing rapid product development by capturing user needs for lighter-weight vehicle bodies and vehicle electrification. This includes products such as glass-substitute resin, adhesives for dissimilar materials, electronic component materials, and materials for lithium-ion batteries.



Contributing to longer battery lifespan by suppressing expansion of the negative electrode

Sales of adhesives for automotive batteries have continued to expand since 2023 due to the increasing range of vehicle models using them. HVs are expected to continue to perform well. Sales of binders for lithium-ion batteries have trended upward since 2024, despite the slowdown in EV sales. EV sales are anticipated to grow steadily in the medium and long term. Accordingly, we plan to commence the operation of a new plant in 2026, subsidized by the Ministry of Economy, Trade and Industry.

Adhesives for automotive batteries (hybrid vehicles, fuel cell vehicles)

Progressively being adopted for bipolar nickel-hydrogen batteries in new-model hybrid vehicles and fuel cell vehicles.

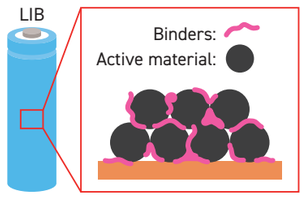
Installed models:

- MIRAI
- Aqua
- Crown
- LEXUS RX
- Alphard
- Vellfire, etc.

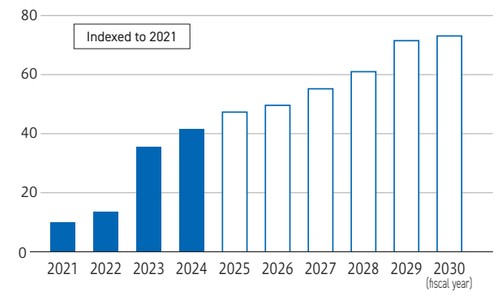
Source: Toyota Motor Corporation

Binders for lithium-ion batteries (LIB)

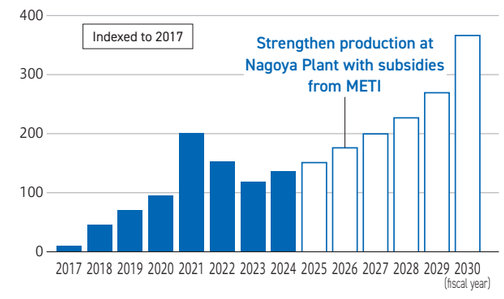
Lengthen battery lifespan by suppressing expansion of the negative electrode.



Trend in net sales of adhesives for automotive batteries



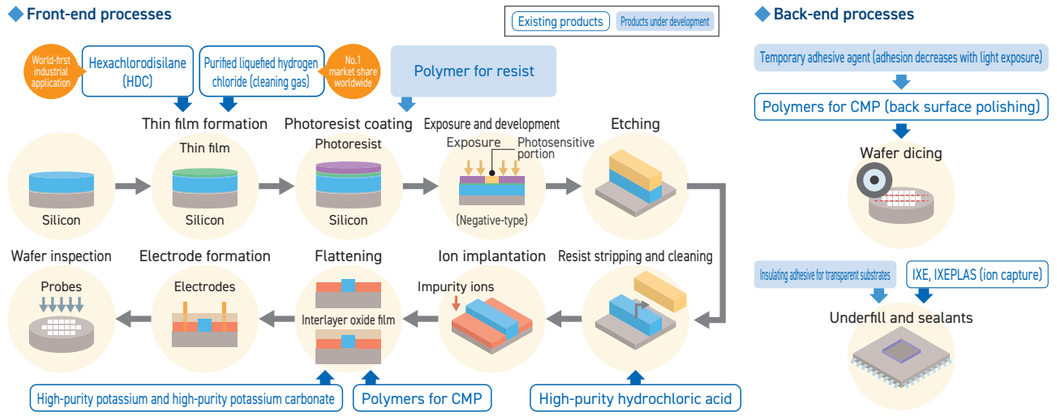
Trend in net sales of LB polymers



Growth Drivers (Semiconductors)

Chemical agents for semiconductor manufacturing

The use of digital technologies powered by AI is driving the radical and accelerating transformation of business models and social structures. We offer the high-purity chemical agents essential for semiconductor manufacturing. We boast world-class-quality high-purity products through high-purification capabilities and new development in response to miniaturization.

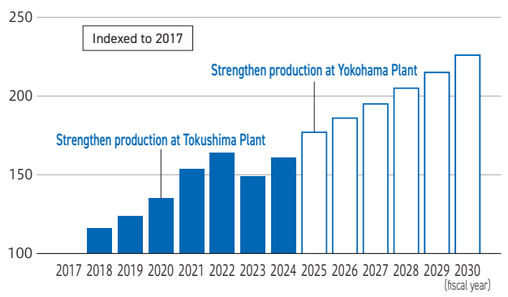


- Purified liquefied hydrogen chloride
- Purified caustic potash
- Acrylic polymers for high-performance CMP

(Applications: Cleaning and polishing during semiconductor manufacturing)

We use industrial chemicals such as hydrochloric acid and caustic potash as raw materials to manufacture high-purity products, which are used for etching and cleaning semiconductors and other electronic materials. Although the overall recovery in the semiconductor market has been sluggish so far, semiconductor sales are anticipated to continue to expand in the future. We are progressively establishing an early supply system and promoting higher purity to serve further miniaturization needs. In these ways, we aim to ensure that we can effectively capture the anticipated expansion in demand.

Trend in net sales of purified liquefied hydrogen chloride



Next-Generation Growth Drivers (Medical)

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

In May 2025, we launched collaborative research with the Innovation Center of NanoMedicine into the development of a small interfering RNA (siRNA) medication as a new treatment for triple-negative breast cancer. The triple-negative breast cancer subtype is the most progressive, has the poorest prognosis among all breast cancer types, and is resistant to hormonal therapy and HER2 molecular-targeted drugs.

The siRNA medication is a groundbreaking treatment that suppresses the function of specific genes that cause diseases, characterized by high target specificity and sustained effects. Our siRNA design technology, based on RNAi (RNA interference), directly and efficiently inhibits the abnormal expression of disease-causing genes. We therefore believe that this technology can be applied to address many unmet medical needs, including treatments for intractable diseases such as various refractory cancers, neurological diseases, and rare diseases, as well as prevention of rapid infection spread when a new virus pandemic occurs.

Through collaborative research, we aim to provide new options for the treatment of triple-negative breast cancer patients through a new modality,* while also rapidly and accurately advancing the creation of siRNA medicines that can be used to address various unmet medical needs on a global level, contributing to better healthcare in the future.

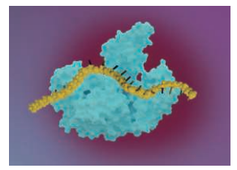


Illustration of RNAi (RNA interference)

*A modality refers to a drug discovery platform technology.