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 **TOAGOSEI**



## Semi-annual Financial Results for FY2025

[Title]

[Q&A included] Toagosei to expand market share following termination of U.S. joint venture and shift to sole operation; strong demand for Aronkasei's products to counter aging drainage systems and progress in new technology development

[Lead]

The following is the transcript for Toagosei's financial results briefing for the period up to 2Q of FY2025, released on August 7, 2025.

[Presenter]

Hidenori Kobuchi, President and Representative Director

[Body]

## Table of Contents

### Table of Contents



<b>1. Semi-annual Results for FY2025</b>	<b>P.2-</b>
<b>2. Full-year Results Forecast for FY2025</b>	<b>P.11-</b>
<b>3. Topics in Medium-Term Management Plan 2025</b>	<b>P.18-</b>
<b>4. Appendix</b>	<b>P.27-</b>

1

**Hidenori Kobuchi** (hereinafter “**Kobuchi**”): My name is Hidenori Kobuchi, and I am the COO and Representative Director of Toagosei Co., Ltd. Thank you for taking the time to join us today. We will now begin our financial results briefing for the period up to 2Q of FY2025.

As shown in the agenda slide, I will start with semi-annual results for FY2025, then move on to our full-year results forecast, and finish with key topics.

## Summary of Semi-annual Financial Results for FY2025

### Summary of Semi-annual Financial Results for FY2025



#### Business Environment

- Concerns over a global economic slowdown grew due to the tariff policy of the US and the geopolitical risks stemming from the Ukraine conflict and other factors.
- The US economy remained strong, whereas the Chinese economy continued to suffer from deflationary pressure, and the European economy experienced a low growth.
- The Japanese economy slowly picked up, driven by improvements in employment environment and the recovery of inbound tourism demand. However, it lost momentum due to soaring general prices.

#### Overview of Semi-annual Financial Results for FY2025

- Sales volume of commodity chemicals decreased overall. Acrylic ester overseas market conditions remained sluggish.
- Despite the brisk demand for high-purity inorganic chemicals for AI, sales volume decreased since the recovery of demand for the other applications was lagging.
- Profit of the environmental & infrastructure system products was improved resulting from a rise in sales volume of products to counter the aging of infrastructure and the revision of sales prices.
- Net sales, operating income, ordinary profit, and net income attributable to owners of parent for 1H FY2025 all decreased year on year.
- We plan to pay an annual dividend for FY2025 of 65 yen per share (interim dividend: 32.5 yen, year-end dividend: 32.5 yen).

3

Let's start with our semi-annual financial results for FY2025. The global economy lost momentum as U.S. tariff policies and conflicts in Ukraine and the Middle East weighed on business conditions. The U.S. economy remained strong, but growth in China, Europe, and Japan remained weak.

Next, an overview of our semi-annual financial results. Sales volumes for commodity chemicals decreased overall. Acrylic ester overseas market conditions remained sluggish due to an influx of low-priced products from China into Asia.

In semiconductors, demand for leading-edge AI applications remained strong. But the broader market recovered slowly, which drove a drop in sales of our high-purity inorganic chemicals.

In Aronkasei's environmental & infrastructure system, higher sales of products to counter the aging of infrastructure and price revisions boosted profitability.

As a result, both net sales and profit fell YoY. Under our capital policy, we plan to reduce shareholders' equity and will buy back ¥7.0 billion worth of shares. We expect to raise the year-end dividend by ¥5 per share to ¥65 per share, with total shareholder returns of 115%.

## Overview of Semi-annual Results for FY2025

### Overview of Semi-annual Results for FY2025



	1H FY2024	1H FY2025	Change	Rate of Change
Net sales (Millions of yen)	81,571	80,344	(1,227)	(1.5)%
Operating income (Millions of yen)	7,323	7,018	(304)	(4.2)%
Operating income ratio	9.0%	8.7%	(0.3)pp	–
Ordinary profit (Millions of yen)	8,758	7,497	(1,260)	(14.4)%
Net income attributable to owners of parent (Millions of yen)	7,041	5,715	(1,325)	(18.8)%
Net income per share (Yen)	61.52	51.76	(9.76)	(15.9)%
Interim dividend [Annual dividend] (Yen)	30.0 [60.0]	32.5 [65.0]	2.5 [5.0]	+8.3% [+8.3%]

<Reference>

Average exchange rate (Yen/USD)	149.64	150.20
Average naphtha price (Yen/kl)	75,750	69,850

\* We newly established Toagosei Chemical India Pvt. Ltd in 2025. Therefore, it is included in the scope of consolidation from the current fiscal year (21 consolidated subsidiaries and 2 equity-method affiliates).

4

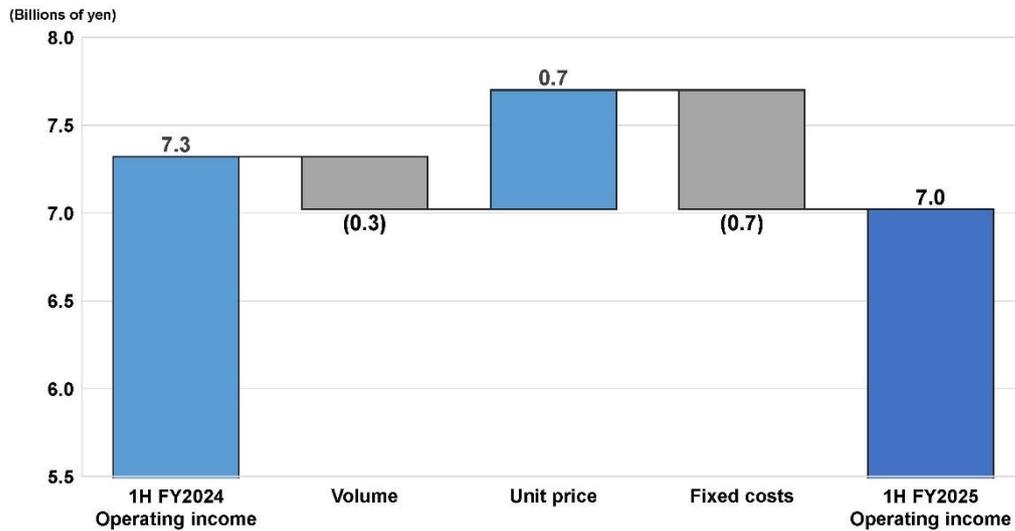
Next, an overview of our semi-annual financial results. Net sales totaled ¥80,344 million and operating income amounted to ¥7,018 million, both slightly down YoY.

In the first half, we saw little impact from price changes or volume shifts related to tariffs introduced by the Trump administration. However, ordinary profit dropped double digits due to the stronger yen, and net income attributable to owners of parent fell by a similar margin because of lower gain on sale of securities.

Meanwhile, we raised the interim dividend by ¥2.5 per share to ¥32.50 per share.

## Analysis of Changes in Operating Income

### Analysis of Changes in Operating Income



5

Here is the analysis of changes in operating income. While appropriate revised prices lifted unit prices, higher fixed costs—including labor, depreciation, and expenses for Kawasaki Frontience R&D Center—offset those gains.

In addition, the termination of certain contract manufacturing and the delayed recovery in semiconductor demand led to a slight decrease in sales volume, resulting in operating income declining by ¥0.3 billion year on year.

## Consolidated Results (by Segment) 1H

### Consolidated Results (by Segment) 1H



(Millions of yen)

Net sales	1H FY2024 A	1H FY2025 B	Volume	Unit price	Change B-A
Commodity Chemicals	38,374	36,180	(1,883)	(311)	(2,194)
Polymer & Oligomer	17,246	17,538	(124)	416	291
Adhesive Material	6,591	6,761	58	111	169
Performance Chemicals	5,080	5,013	(121)	54	(66)
Plastics	13,301	13,733	(328)	760	431
Other/adjustments	975	1,117	142	0	142
<b>Total</b>	<b>81,571</b>	<b>80,344</b>	<b>(2,256)</b>	<b>1,028</b>	<b>(1,227)</b>

Operating income	1H FY2024		1H FY2025		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	4,192	10.9%	4,681	12.9%	488
Polymer & Oligomer	2,123	12.3%	1,266	7.2%	(857)
Adhesive Material	232	3.5%	263	3.9%	31
Performance Chemicals	586	11.5%	459	9.2%	(127)
Plastics	647	4.9%	1,172	8.5%	524
Other/adjustments	(459)	-	(823)	-	(364)
<b>Total</b>	<b>7,323</b>	<b>9.0%</b>	<b>7,018</b>	<b>8.7%</b>	<b>(304)</b>

6

Here is the consolidated results by segment. In Commodity Chemicals, operating income rose by approximately ¥500 million, primarily due to reduced fixed costs for acrylic monomers, which offset declines in sales volume. In Plastics, higher sales of products to counter the aging of infrastructure and price revisions, including life support offerings, also boosted operating income by about ¥500 million.

In Polymer & Oligomer, higher specialty raw material prices and weak sales of mobility-related specialty polymers led to an approximately ¥900 million drop in operating income. In Performance Chemicals, delayed recovery in semiconductor demand caused an approximately ¥100 million decline in operating income.

Higher R&D expenses at the Kawasaki Frontience R&D Center and Nagoya Creatio R&D Center reduced operating income by about ¥400 million. Overall, consolidated operating income fell by around ¥300 million YoY.

## Overview of Consolidated Subsidiaries (by Segment) 1H

### Overview of Consolidated Subsidiaries (by Segment) 1H



(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				1H FY2024	1H FY2025	1H FY2024	1H FY2025	1H FY2024	1H FY2025
1	Toa Techno Gas	Commodity Chemicals	100	2,306	2,134	446	312	322	232
2	Toagosei Singapore	↓	100	1,847	1,960	(247)	(133)	(153)	(71)
3	MT AquaPolymer	Polymer & Oligomer	90	6,150	6,467	287	213	215	140
4	Taiwan Toagosei	↓	100	1,065	1,240	131	188	113	147
5	Toa Jet Chemical	↓	51	935	1,067	89	43	59	43
6	Toagosei (Zhangjiagang)	↓	100	903	885	69	16	58	23
7	Toagosei (Shanghai)	↓	100	325	432	(115)	(80)	(142)	(53)
8	Toagosei (Thailand)	↓	100	1,618	1,282	274	132	240	115
9	Toagosei Vietnam	↓	100	-	85	(1)	(15)	(1)	(19)
10	Toagosei America	Adhesive Material	100	1,275	1,303	(99)	(302)	4	(197)
11	Toagosei Chemical India (Established in March 2025)	↓	100	-	-	-	(14)	-	(14)
12	Toagosei Hong Kong	↓	100	132	145	2	6	3	7
13	Toagosei (Zhuhai)	↓	100	286	275	(47)	(23)	(49)	(25)
14	Aronkasei	Plastics	100	12,500	12,791	705	1,076	477	821
15	Aronkasei Thailand	↓	100	392	543	(57)	81	(88)	15
16	TG Corporation	Other	100	740	783	227	229	160	164

Figures for each company above represent those before consolidation adjustment.

\* Toagosei America: In 1H FY2025, the company recorded 117 million yen of share of profit of entities accounted for using equity method under non-operating income (recorded 95 million yen in 1H FY2024).

7

This shows the overview of consolidated subsidiaries. On the positive side, Aronkasei increased operating income by ¥371 million YoY, and Aronkasei Thailand returned to profitability. Towagosei Singapore reduced operating loss by ¥114 million YoY, due to an impairment loss on equipment recorded in the previous fiscal year. We are currently exploring drastic measures to eliminate the remaining deficits.

On the negative side, Toa Techno Gas and Towagosei Thailand each decreased operating income by about ¥100 million YoY. These declines stemmed from equipment and quality issues, but we expect a solid recovery starting in the second half.

Towagosei America's losses widened due to restructuring expenses. We plan to end the joint venture agreement, build a more aggressive setup, and focus on expanding market share. I will explain the details later in the presentation.

## Consolidated Statement of Income (Non-operating Income/Expenses and Extraordinary Income/Losses)

### Consolidated Statement of Income (Non-operating Income/Expenses and Extraordinary Income/Losses)



(Millions of yen)				(Millions of yen)			
Non-operating income/expenses	1H FY2024	1H FY2025	Change	Extraordinary income/losses	1H FY2024	1H FY2025	Change
Interest and dividend income	1,056	826	(230)	Gain on sale of non-current assets	7	-	(7)
Equity in earnings of affiliates	125	90	(35)	Gain on sales of investment securities	1,465	1,187	(277)
Foreign currency exchange gains	382	-	(382)	Subsidy income	71	46	(25)
Rent income on non-current assets	58	9	(48)	Loss on disposal of non-current assets	(607)	(581)	26
Other income	67	82	15	Loss on disaster (*)	(43)	(50)	(6)
Interest expenses	(73)	(83)	(10)	Loss on valuation of investment securities	-	(182)	(182)
Foreign currency exchange losses	-	(318)	(318)	Special suspense account for tax purpose reduction entry	-	(40)	(40)
Environment readiness fee	(118)	(80)	38	<b>Total</b>	<b>892</b>	<b>379</b>	<b>(513)</b>
Inactive facilities expenses	(6)	(3)	(2)	* Cost of recovery from the Noto Peninsula Earthquake			
Other expenses	(56)	(44)	12	<b>Exchange rate</b>	<b>Jun. 30, 2024</b>	<b>Dec. 31, 2024</b>	<b>Jun. 30, 2025</b>
<b>Total</b>	<b>1,435</b>	<b>479</b>	<b>(955)</b>	Yen/USD	161.07	158.18	144.81
<b>Equity in earnings of affiliates (Breakdown)</b>	<b>1H FY2024</b>	<b>1H FY2025</b>	<b>Change</b>	Yen/THB	4.36	4.64	4.44
Elmer's & Toagosei	95	117	22				
Chubu Liquid Oxygen	30	(26)	(57)				
<b>Total</b>	<b>125</b>	<b>90</b>	<b>(35)</b>				

Let's look at non-operating income/expenses and extraordinary income/losses. Regarding non-operating income/expenses, decreased interest and dividend income from unconsolidated subsidiaries led to an approximately ¥200 million decline YoY. In addition, the impact of yen appreciation was significant last year, when we recorded foreign exchange gains of approximately ¥400 million. However, in the current fiscal year we posted foreign exchange losses of about ¥300 million, resulting in a year-on-year decrease of roughly ¥700 million in total. As a result, total non-operating income/expenses dropped about ¥1,000 million YoY.

Regarding extraordinary income and losses, we recorded approximately ¥1,200 million in gain on sale of securities from selling cross-shareholdings. However, postponing certain sales to the second half caused a ¥300 million drop YoY.

Under extraordinary losses, we recorded a valuation loss of approximately ¥200 million on investment securities, stemming from an investment in a start-up. As a result, extraordinary income, net of extraordinary losses, decreased by around ¥500 million.

## Consolidated Balance Sheet

### Consolidated Balance Sheet



	Dec. 31, 2024	Jun. 30, 2025	Change		Dec. 31, 2024	Jun. 30, 2025	Change
<b>Current assets</b>	<b>122,750</b>	<b>109,339</b>	<b>(13,410)</b>	<b>Total liabilities</b>	<b>64,352</b>	<b>59,194</b>	<b>(5,158)</b>
Cash, deposits and securities (1)	41,821	31,623	(10,197)	Notes and accounts payable	18,740	17,730	(1,010)
Notes and accounts receivable	42,359	37,908	(4,450)	Bank loans	11,044	11,007	(36)
Electronically recorded monetary claims	9,860	10,107	247	Accrued income taxes	2,762	2,220	(542)
Inventories	24,734	25,662	927	Other liabilities	31,804	28,236	(3,568)
Other current assets	4,026	4,087	60				
Allowance for doubtful receivables	(52)	(50)	2				
<b>Fixed assets</b>	<b>155,270</b>	<b>160,498</b>	<b>5,228</b>	<b>Total net assets</b>	<b>213,668</b>	<b>210,643</b>	<b>(3,024)</b>
Property, plant and equipment (2)	111,851	118,025	6,174	Shareholders' equity	191,551	189,938	(1,613)
Intangible fixed assets	1,666	1,533	(133)	Accumulated other comprehensive income	21,034	19,607	(1,427)
Investment securities (3)	34,023	33,259	(763)	Non-controlling interests	1,082	1,097	15
Other fixed assets	7,728	7,679	(49)	<b>Total liabilities and net assets</b>	<b>278,020</b>	<b>269,837</b>	<b>(8,182)</b>
<b>Total assets</b>	<b>278,020</b>	<b>269,837</b>	<b>(8,182)</b>				
(1) Decreased due to capital investment and share buybacks (securities: negotiable certificates of deposit) (2) Increased due to capital investment (3) Decreased due to the sale of cross-shareholdings and down in stock price of shares held				<b>Net worth ratio</b>	<b>76.5%</b>	<b>77.7%</b>	<b>1.2P</b>

This is the consolidated balance sheet. Assets fell by about ¥8,200 million YoY, driven by lower cash and deposits from active capital investments and share buybacks, as well as the sale of cross shareholdings and declines in their market value.

Liabilities fell by about ¥5,200 million YoY, mainly due to lower accounts payable - facilities.

Net assets fell by about ¥3,000 million YoY, mainly due to share buybacks and lower valuation of securities.

Net worth ratio rose 1.2 percentage points to 77.7%. We plan to issue straight bonds in the second half to further improve this ratio.

## Consolidated Cash Flow Statement

### Consolidated Cash Flow Statement



(Millions of yen)

		1H FY2024	1H FY2025	Change
Cash flows from operating activities	A	14,255	16,678	2,423
Cash flows from investment activities	B	(10,062)	(17,313)	(7,251)
Free cash flow	C=A+B	4,192	(634)	(4,827)
Cash flows from financial activities	D	(8,990)	(8,712)	277
Effect of exchange rate change on cash and cash equivalents	E	836	(551)	(1,387)
Net increase or decrease in cash and cash equivalents	F=C+D+E	(3,961)	(9,898)	(5,937)
Cash and cash equivalents at end of the period	G	43,675	30,534	(13,140)

10

This is the consolidated cash flow statement. Net cash provided by operating activities totaled about ¥16,600 million. Although net income decreased, the collection of accounts receivable progressed, resulting in an increase in operating cash inflow of about ¥2,400 million compared with the same period last year.

Net cash used in investment activities amounted to about ¥17,300 million. Cash outflows rose YoY due to aggressive capital investments, but stayed largely within operating cash flow. As a result, free cash flow showed a deficit of about ¥600 million.

Cash used in financial activities totaled about ¥8,700 million. This included ¥4,000 million for share buybacks and roughly ¥3,300 million for dividend payments.

Dividend payments fell by about ¥300 million YoY, as we paid ¥33 per share at the end of FY2023, but lowered it to ¥30 per share for FY2024.

As a result, cash and cash equivalents at the end of the period totaled about ¥30,500 million, down roughly ¥13,100 million YoY.

## Challenges in 2H FY2025

### Challenges in 2H FY2025



#### Business Environment

- There are continued concerns over a global economic slowdown due to the tariff policy of the US and the geopolitical risks stemming from the Ukraine conflict and other factors.
- The outlook is highly uncertain in terms of exchange rates, interest rates, resource prices, and political developments in various countries.
- The Japanese economy continued its gradual recovery, supported by factors such as improvements in employment and wage increases. However, it is exposed to increasing downturn risks, mainly due to concerns over rises in prices as well as the tariff policy of the US.

#### Challenges in the 2nd Half of FY2025

- We will increase profits from the growth drivers of mobility and semiconductor-related products.
- We will improve profit by restructuring the US instant glue business and expand our overseas sales originating in Asia.
- We will forge ahead with research and development to commercialize newly developed products at an early stage.
- We will continue to drive forward our management approach toward achieving a PBR of 1x or more.

12

I will now describe our results forecast for FY2025. We see ongoing global economic slowdown concerns fueled by U.S. tariff policies and rising geopolitical risks from conflicts. This has increased uncertainty about the future.

Amidst this, our key challenge for FY2025 is driving our growth strategy. We believe it is crucial to increase profits from the growth drivers of mobility and semiconductor-related products, and to accelerate results from new developments by pushing R&D forward.

Following a portfolio review and efforts to expand overseas sales, we are transitioning our instant glue business in the U.S. to a proactive strategy aimed at increasing market share and improving profitability.

In Asia, we will lead from Thailand and work closely with our overseas bases to expand sales of instant glue and polymers.

Our financial strategy for FY2025 includes executing share buybacks totaling ¥7,000 million annually. We also issued ¥10,000 million in straight bonds in July to fund growth investments. Through these financial and growth strategies, we aim to achieve a PBR of 1.0x.

## Full-year Consolidated Results Forecast for FY2025 (Year-on-year Comparison)

### Full-year Consolidated Results Forecast for FY2025 (Year-on-year Comparison)



	FY2024 Results			FY2025 Forecast (Announced on Jul. 31, 2025)			Change (B-A)
	1H	2H	Annual (A)	1H Results	2H Forecast	Annual (B)	
Net sales	81,571	86,023	167,594	80,344	82,156	162,500	(5,094)
Operating income	7,323	6,911	14,233	7,018	6,982	14,000	(233)
Operating income ratio	9.0%	8.0%	8.5%	8.7%	8.5%	8.6%	0.1pp
Non-operating income/expenses	1,435	324	1,759	479	321	800	(959)
Ordinary profit	8,758	7,235	15,993	7,497	7,303	14,800	(1,193)
Extraordinary Income (loss)	892	(333)	559	379	1,671	2,050	1,490
Net income attributable to owners of parent	7,041	4,836	11,877	5,715	6,485	12,200	323
Dividend (Yen)	30.0	30.0	60.0	32.5	32.5	65.0	5.0

(Millions of yen)

#### <Reference>

	FY2024 Results	FY2025 Forecast (Announced on Jul. 31, 2025)
Average exchange rate (Yen/USD)	150.70	146.00
Naphtha price (Yen/kl)	75,400	65,600

\* A change of 1,000 yen in the naphtha price per kl will have an impact of 300 million yen on our performance. A depreciation of yen by 1 yen per USD will have an impact of -100 million yen on our performance.

13

This is the consolidated results forecast for FY2025. We expect net sales of ¥162,500 million and operating income of ¥14,000 million, slightly down 3% and 2% YoY, respectively.

We saw little impact from Trump tariffs on price changes or volume shifts in the first half. For the second half, we expect some tariff effects but also factor in recovery in semiconductor and mobility product sales, leading to a slight overall decline.

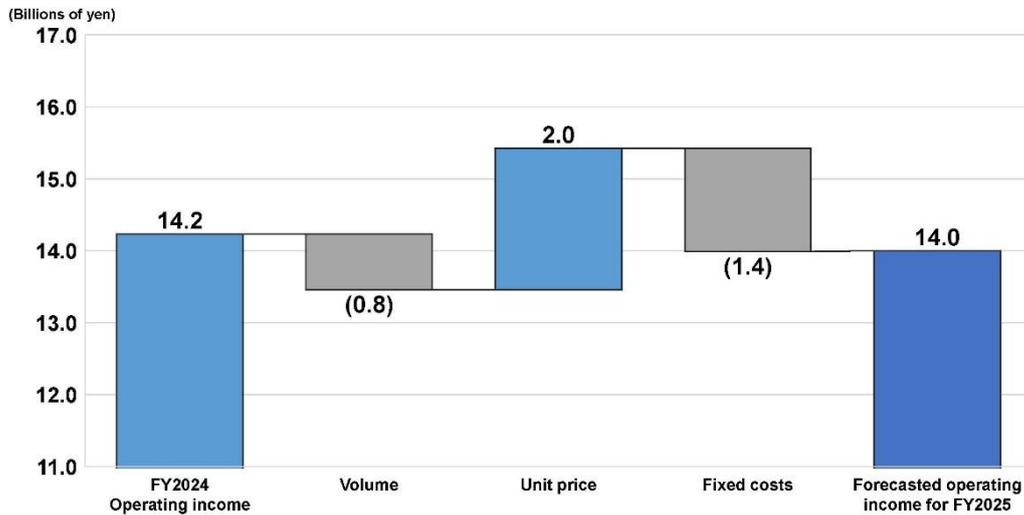
On the other hand, non-operating income and expenses were affected by the stronger yen, causing a foreign currency exchange loss of about ¥700 million YoY in the first half. This led to a roughly ¥900 million drop in non-operating income, and we expect ordinary profit to fall by about ¥1,200 million YoY.

For extraordinary income and losses, we expect an increase in net extraordinary income of approximately ¥1.5 billion year on year, mainly due to progress in the sale of cross-shareholdings and the absence of impairment losses recorded in the previous fiscal year.

As a result, we expect net income attributable to owners of parent to reach ¥12,200 million, up about ¥300 million YoY.

## Analysis of the Forecasted Changes in Operating Income

### Analysis of the Forecasted Changes in Operating Income



14

Here is the analysis of the forecasted changes in operating income. We expect unit price gains of ¥2.0 billion driven by lower variable costs and appropriate price revisions.

On the other hand, aggressive wage increases and increased depreciation from capital investments raised fixed costs by ¥1.4 billion. While we factored in a recovery in semiconductor and mobility product volumes, we expect some tariff impact, leading to a slight operating income decrease of ¥0.2 billion YoY.

## Full-year Consolidated Results Forecast for FY2025 (Year-on-year Comparison by Segment)

### Full-year Consolidated Results Forecast for FY2025 (Year-on-year Comparison by Segment)



Net sales	FY2024 Results			FY2025 Forecast (Announced on Jul. 31, 2025)			Change
	1H	2H	Annual	1H	2H	Annual	
Commodity Chemicals	38,374	40,770	79,145	36,180	35,319	71,500	(7,645)
Polymer & Oligomer	17,246	17,940	35,187	17,538	18,561	36,100	913
Adhesive Material	6,591	6,752	13,344	6,761	7,238	14,000	656
Performance Chemicals	5,080	5,115	10,196	5,013	5,286	10,300	104
Plastics	13,301	14,400	27,702	13,733	14,866	28,600	898
Other/adjustments	975	1,043	2,018	1,117	882	2,000	(18)
Total	81,571	86,023	167,594	80,344	82,156	162,500	(5,094)

(Millions of yen)

Operating income	FY2024 Results				FY2025 Forecast (Announced on Jul. 31, 2025)				Change
	1H	2H	Annual	Rate	1H	2H	Annual	Rate	
Commodity Chemicals	4,192	4,309	8,501	10.7%	4,681	3,918	8,600	12.0%	99
Polymer & Oligomer	2,123	1,656	3,779	10.7%	1,266	1,933	3,200	8.9%	(579)
Adhesive Material	232	176	409	3.1%	263	236	500	3.6%	91
Performance Chemicals	586	688	1,275	12.5%	459	490	950	9.2%	(325)
Plastics	647	1,113	1,761	6.4%	1,172	1,427	2,600	9.1%	839
Other/adjustments	(459)	(1,034)	(1,493)	—	(823)	(1,026)	(1,850)	—	(357)
Total	7,323	6,910	14,233	8.5%	7,018	6,982	14,000	8.6%	(233)

(Millions of yen)

15

This is the consolidated results forecast by segment. In Commodity Chemicals, net sales dropped sharply due to the discontinuation of some products. Although acrylic monomer sales weakened in the second half, strong performance in electrolytic products helps us maintain an annual operating income increase.

In Polymer & Oligomer, net sales for automotive and electronic materials hit bottom in the first half and are set to recover in the second half. We expect annual net sales to rise about ¥900 million YoY, but operating income will fall around ¥600 million, as the substantial first-half loss is not fully offset.

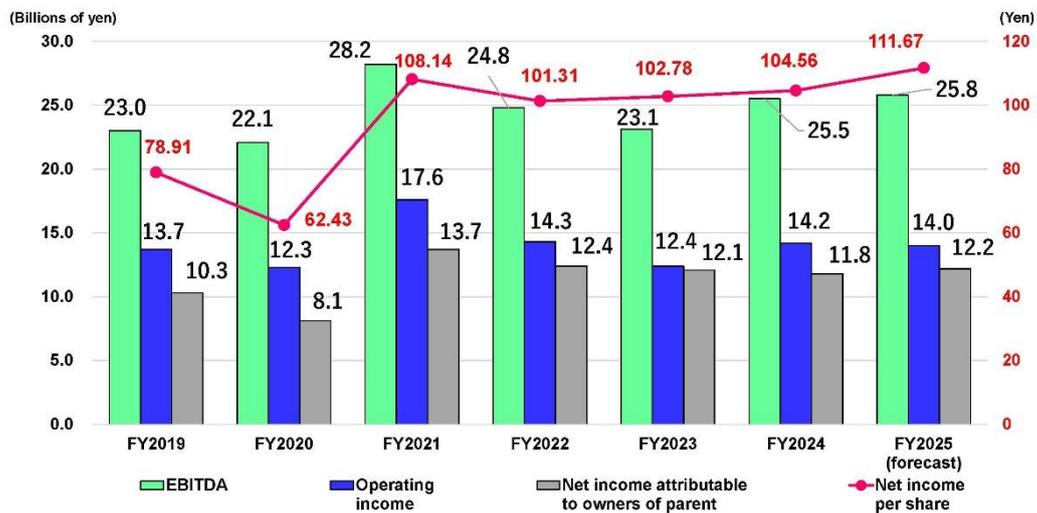
In Performance Chemicals, we expect net sales to rise by about ¥100 million YoY, supported by semiconductor market recovery in the second half. However, operating income will drop by around ¥300 million due to price pressure from low-cost Chinese amenity products and increased R&D expenses for medical care.

In Plastics, we expect net sales to increase by about ¥900 million YoY, driven by strong demand for products to counter the aging of infrastructure and price revisions. Operating income will rise around ¥800 million, supported by cost reductions in overseas-sourced care products and expanded sales of high-performance elastomer products.

On a consolidated basis, demand for automobiles and semiconductors hit bottom in the first half and should recover in the second half. However, with continued active investment in R&D and higher labor costs due to wage increases, full-year operating income is projected to be ¥14,000 million, a slight decrease of about ¥200 million YoY.

## Trends in Consolidated Results

### Trends in Consolidated Results



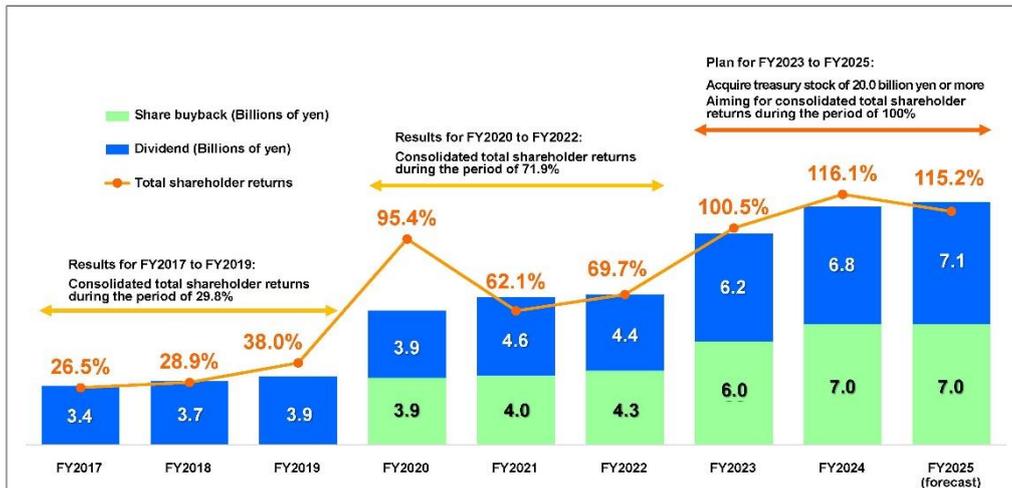
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The graph on the slide shows the trends of EBITDA, operating income, net income attributable to owners of parent, and net income per share. All key indicators fell in FY2022 and FY2023 following the COVID-19-driven surge in FY2021, but they have started to recover since FY2024.

We have revised our 2025 operating income forecast down from ¥15.0 billion to ¥14.0 billion, but continued growth investments helped improve EBITDA. Share buybacks also boosted net income per share.

## Shareholder Return Trends

### Shareholder Return Trends



17

This is the shareholder return trends. The graph on the slide shows dividends in blue, share buybacks in green, and the orange line indicates the total shareholder returns. To improve our PBR, we aim for total shareholder returns of 100% during the period of the Medium-Term Management Plan 2025.

In FY2024, we bought back shares of treasury stock of ¥7.0 billion and raised the annual dividend by ¥7 to ¥60 per share. As a result, the total shareholder returns reached 116.1% in FY2024.

In FY2025, we plan to buy back shares of treasury stock of ¥7.0 billion and set the annual dividend at ¥65 per share. This will result in total shareholder returns of 115.2%.

We will continue to prioritize shareholders and work to improve PBR by reducing shareholders' equity and expanding profits.

# 1. Growth Strategy (1) Growth Drivers (Mobility)

1. Growth Strategy  
(1) Growth Drivers

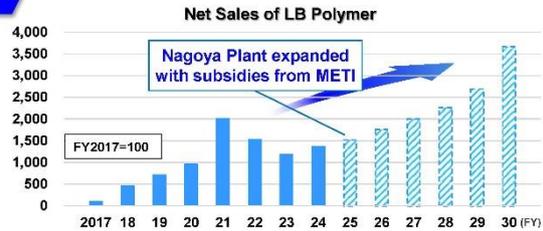
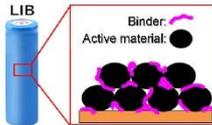
## Mobility



### Lithium ion battery (LIB) binder

LIB binders suppress the expansion of the negative electrode to lead to a longer battery life. We are developing a track record of LIB binders being adopted as applications of consumer products\*, in addition to those for electric vehicles (EVs).

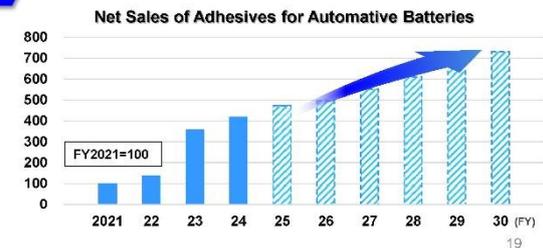
\* Such as those for data centers, drones, smartphones, and electric tools



### Adhesives for automotive batteries (hybrid and fuel cell vehicles)

Our adhesives are currently being adopted in more and more new hybrid vehicles equipped with bipolar nickel metal hydride batteries, as well as in fuel cell vehicles (e.g., MIRAI and Crown). We are promoting the development of adhesives for next-generation batteries.

- Vehicles Using Our Adhesives
- MIRAI
  - Aqua
  - Crown
  - LEXUS RX
  - Alphard
  - Vellfire
  - And more!



Now, I will cover the key topics of the Medium-Term Management Plan 2025. First, I will explain our mobility and semiconductor product lines that drive our growth strategy.

In the mobility sector, lithium-ion battery binders and adhesives for automotive batteries stand out as key growth drivers.

Our lithium-ion battery binder is a new product that extends battery life by suppressing the expansion of the negative electrode in high-performance batteries. Since the world's largest EV manufacturer adopted it in 2017, we have expanded its use into consumer markets like data centers.

The graph at the top right shows sales indexed to 100 in 2017. Sales have steadily grown, and we plan to complete a second factory by the end of 2025. The Ministry of Economy, Trade and Industry recognized this product as having global market potential and will provide subsidies covering one-third of our investment.

Since their adoption in 2021 as specialized adhesives for hybrid and fuel cell vehicle batteries, sales of automotive battery adhesives have grown steadily in line with the expansion of applicable vehicle models. We are actively developing adhesives for next-generation batteries and will continue to deliver and innovate moving forward.

## 1. Growth Strategy (1) Growth Drivers (Chemical Agent Used in Manufacturing Semiconductors)

1. Growth Strategy  
(1) Growth Drivers

Chemical Agent Used in Manufacturing Semiconductors 

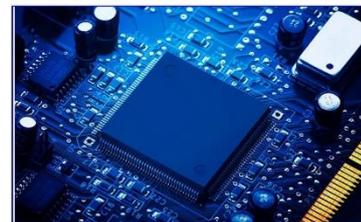
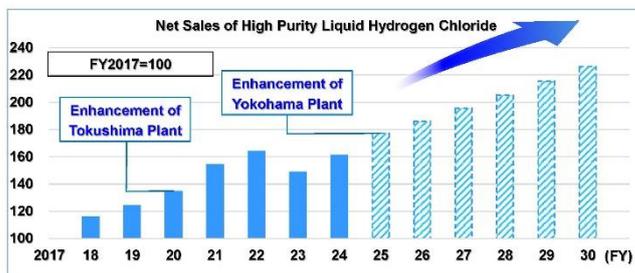
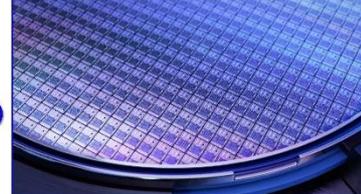
### High purity liquid hydrogen chloride (Top world market share)

Shipment volume saw a sign of recovery, driven by semiconductors for AI.

### High purity caustic potash

Acrylic polymers for high performance chemical mechanical polishing (CMP)

Those for CMP manufacturers were strong.



20

In chemical agent used in manufacturing semiconductors, we offer a wide range of products for each production stage. Our key products include high-purity liquefied hydrogen chloride for premium wafer production, high-purity caustic potash for wafer polishing, and acrylic polymers for high performance chemical mechanical polishing (CMP).

We hold the No.1 global share in high-purity liquefied hydrogen chloride. Driven by demand for cutting-edge AI semiconductors, shipment volumes have been recovering since the second half. With the semiconductor market set for steady growth, we are expanding our supply capacity and further enhancing purity levels to meet miniaturization needs, ensuring we capture rising demand.

We are also enhancing both purity and production capacity for high-purity caustic potash. Sales of acrylic polymers for high performance chemical mechanical polishing (CMP) continue to grow, supported by our polymer manufacturing technology that meets a broad range of customer needs.

We will keep expanding into the semiconductor market through multiple products and strengthen our presence in the market.

# 1. Growth Strategy (2) Profitability Improvement (Strengthening of Our Instant Glue Business in the US)

1. Growth Strategy  
 (2) Profitability Improvement

## Strengthening of Our Instant Glue Business in the US

### Restructure of the US joint venture (JV)

- Advent of competitors has reduced the market share of Krazy Glue in recent years
- Adhesive Materials Business is our key business; in particular, the US business is pivotal to increasing the overseas sales ratio



- Dissolved the JV to launch independent operations by the Toagosei Group
- To build an agile and flexible business operational structure
- Aim to improve profit by expand share



(Reference) FY2024

Segment	Net sales	Net income
Toagosei America	2,489	(113)

(Millions of yen)  
 \* Share of profit from JV in previous 50% equity interest: 204 million yen  
 If the independent operations had been established (100% equity interest), net income would have been (113) + 204 = 91 million yen.

Let me outline our strategy to strengthen our U.S. instant glue business. Our “Krazy Glue,” the U.S. version of “Aron Alpha,” is a product with strong brand recognition in the U.S. market.

Sales have been handled by Elmer’s & Toagosei, our joint venture with Toagosei America and Newell Brands. However, stronger competition has significantly reduced our market share.

Adhesive materials are a core business for our group, and the U.S. business is key to increasing our overseas sales ratio.

Given this situation, we decided to dissolve the joint venture and shift to sole operation by the Toagosei Group. This will build an agile and more strategic business operational structure aimed at expanding our market share.

I will now explain our strategy to grow market share. Compared to competitors, Krazy Glue delivers high quality and strong performance. However, its product lineup outside instant glue is limited, sales focus mainly on mid-sized stores, and advertising efforts remain modest.

To address this situation, we will focus on four key initiatives. First, we will leverage our strengths in technology and development to offer products that meet customer needs. Second, we will expand our product lineup beyond instant glue.

Third, we will expand into home centers and large supermarkets to increase the number of

stores carrying our products and grow shelf space. Fourth, we will boost brand awareness through mass advertising.

To execute these initiatives, we will first partner with an experienced strategic consulting firm that has a strong track record with Crazy Glue. We will also engage a sales agency with established retail channels. Together, these efforts aim to expand our market share and drive sustained profit growth in the growing U.S. market.

# 1. Growth Strategy (2) Profitability Improvement (Deployment of Products to Counter Infrastructure Aging Drainage System)

1. Growth Strategy  
 (2) Profitability Improvement

## Deployment of Products to Counter Infrastructure Aging Drainage System



### Products to counter infrastructure aging drainage system

**Rising demand to counter infrastructure aging backed by road collapse accidents**

**Crack/ Breakage**

- 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**

**Top market share in a PVC catch basin/manhole category**

**Aim to enter the business to investigate/diagnose drainage pipe paths**

**Mapping camera**

Analyze the points to be repaired in pipe paths with a mapping camera

Set up a booth in SEWAGE WORKS EXHIBITION '25 OSAKA (from Jul. 29 to Aug. 4)

22

Let me introduce Aronkasei's products to counter aging drainage systems, which are gaining attention as a key part of our strategy to strengthen profitability. Recently, drainage pipe damage has caused frequent road collapse incidents, with about 2,600 incidents reported annually. Nearly 70% of these occur in old lateral pipes before the main drainage pipe, creating an urgent need for swift repairs.

Aronkasei offers a range of products that efficiently repair lateral pipes, steadily growing sales in this market.

We are developing pipe paths inspection technology using mapping cameras. This technology enables efficient repairs without digging, drawing attention for its innovation. We aim to strengthen national infrastructure by improving drainage repairs using this method.

# 1. Growth Strategy (3) Topics (Focus Product: Glass Alternative Resin)

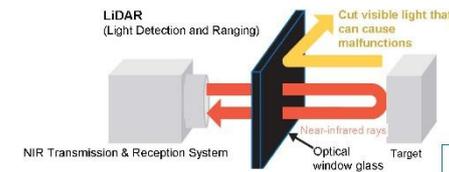
1. Growth Strategy  
(3) Topics

## Focused Products: Glass Alternative Resin

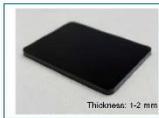


### Glass alternative resin "ARONIX"

→ Adopt for "Cover sheet for LiDAR"

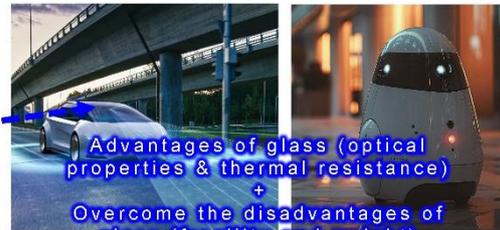


Irradiate the target with near-infrared rays (NIRs)  
Detect the reflected light to measure the distance and shape.



#### Advantages of "Aronix sheet"

- (i) Optical performance: low phase difference (precise measurement)
- (ii) Durability: thermal resistance (high elastic modulus even at temperatures above 200°C)  
high hardness (scratch resistant)
- (iii) Processability: machinability (compatible with laser cutters)



Products with built-in LiDAR (intended applications)



Let me introduce a key product supporting our growth strategy: the glass alternative resin called "ARONIX sheet," which has started to be used as a cover sheet for LiDAR applications to accurately measure distance and shape. This product uses our photo-curable resin technology, ARONIX, along with other advanced techniques.

This is the world's first material that retains glass's superior optical properties and thermal resistance with improved durability and lighter weight, overcoming glass's usual fragility and weight. This product is expected to be widely used in automotive autonomous driving systems and is positioned to attract considerable attention going forward.

# 1. Growth Strategy (3) Topics (R&D in Medical Field)

1. Growth Strategy  
(3) Topics

## R&D in Medical Field



### Commencement of collaborative research with the Innovation Center of NanoMedicine (iCONM) on the siRNA medication

- **Concluded a collaborative research agreement with iCONM on the development of the siRNA medication for the treatment of refractory cancers**  
(Combine our siRNA design technology with iCONM's gene delivery technology)
- **Plan to launch a clinical trial within five years**  
→ This will contribute to the treatment of many refractory diseases and the prevention of another new virus pandemic.

\* 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.

### Medical field Development schedule by key theme (planned)

- **Nucleolaron has great potentialities as siRNA or drug delivery system (DDS)**
- **We will cooperate with universities and other academic institutions, mega pharmaceutical companies, and ventures to move forward with collaborative research and development.**

Key theme	Main target disease	FY2026	FY2027	FY2028	FY2029	FY2030
siRNA*	Refractory cancers	Early Evaluation		Non-clinical		Clinical
DDS	Cardiac disease (intended to use for gene medication and RNA drug delivery)	Early Evaluation	Non-clinical	Clinical		

24

Let me update you on our progress and outlook in the medical field. On May 14, the media reported that we launched the collaborative research with the Innovation Center of NanoMedicine (iCONM) on the siRNA medication.

We are combining our siRNA design technology with iCONM's gene delivery technology to treat many refractory diseases. We plan to start clinical trials within five years.

We are moving forward with entry into the fields of siRNA medication and drug delivery system (DDS) research. Today, we are advancing joint development with academic institutions, ventures, and major pharmaceutical companies in Japan and abroad. Under our next medium-term management plan, we expect to move into non-clinical or clinical trials. We see this area as the strongest candidate for our next growth driver.

## 2. Financial Strategy: Improvement of Capital Efficiency (Issuance of Straight Bonds)

2. Financial Strategy **Improvement in Capital Efficiency  
(Issuance of Straight Bonds)**



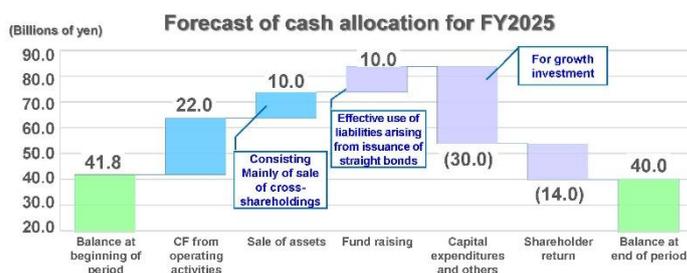
### Purposes of issuance of straight bonds

Issued straight bonds for the first time in 24 years. Secured a low interest rate (1.384%), supported by our creditworthiness and a sense of rarity

- (1) Issue straight bonds to raise investment funds for future growth
- (2) Secure stable finance by diversifying fund raising approaches
- (3) Use financial leverage to improve ROE

### Straight bonds whose conditions were determined around the same time

Issuer	Determination date	Rating	Term to maturity	Issued amount (Billions of yen)	Coupon rate	Spread on JP government bonds
Toagosei	7/11	A	5	10.0	1.384%	37 bp
Company A	7/11	A	5	15.0	1.434%	42 bp
Company B	7/10	A+	5	20.0	1.418%	39 bp
Company C	7/10	A	5	10.0	1.528%	50 bp
Company D	6/11	A	5	20.0	1.413%	39 bp
Company E	6/11	A	5	15.0	1.453%	43 bp
Company F	6/11	A+	5	15.0	1.453%	43 bp



25

Let me explain our straight bond issuance. We issued straight bonds for the first time in 24 years, achieving a low interest rate of 1.384%, thanks to our creditworthiness and a sense of rarity.

This issuance aims to secure funds for growth investments, diversify financing to stabilize our finances, and use financial leverage to boost ROE.

This year's cash allocation is shown in the slide. We expect the year-end cash balance to hold steady at around ¥40.0 billion, nearly the same as at the beginning of the period.

**Question: Impact of US tariffs on operating income for the second half**

**Full-year Consolidated Results Forecast for FY2025**  
(Year-on-year Comparison by Segment)



(Millions of yen)

Net sales	FY2024 Results			FY2025 Forecast (Announced on Jul. 31, 2025)			Change
	1H	2H	Annual	1H	2H	Annual	
Commodity Chemicals	38,374	40,770	79,145	36,180	35,319	71,500	(7,645)
Polymer & Oligomer	17,246	17,940	35,187	17,538	18,561	36,100	913
Adhesive Material	6,591	6,752	13,344	6,761	7,238	14,000	656
Performance Chemicals	5,080	5,115	10,196	5,013	5,286	10,300	104
Plastics	13,301	14,400	27,702	13,733	14,866	28,600	898
Other/adjustments	975	1,043	2,018	1,117	882	2,000	(18)
<b>Total</b>	<b>81,571</b>	<b>86,023</b>	<b>167,594</b>	<b>80,344</b>	<b>82,156</b>	<b>162,500</b>	<b>(5,094)</b>

(Millions of yen)

Operating income	FY2024 Results				FY2025 Forecast (Announced on Jul. 31, 2025)				Change
	1H	2H	Annual	Rate	1H	2H	Annual	Rate	
Commodity Chemicals	4,192	4,309	8,501	10.7%	4,681	3,918	8,600	12.0%	99
Polymer & Oligomer	2,123	1,656	3,779	10.7%	1,266	1,933	3,200	8.9%	(579)
Adhesive Material	232	176	409	3.1%	263	236	500	3.6%	91
Performance Chemicals	586	688	1,275	12.5%	459	490	950	9.2%	(325)
Plastics	647	1,113	1,761	6.4%	1,172	1,427	2,600	9.1%	839
Other/adjustments	(459)	(1,034)	(1,493)	—	(823)	(1,026)	(1,850)	—	(357)
<b>Total</b>	<b>7,323</b>	<b>6,910</b>	<b>14,233</b>	<b>8.5%</b>	<b>7,018</b>	<b>6,982</b>	<b>14,000</b>	<b>8.6%</b>	<b>(233)</b>

15

**Moderator:** The question is as follows: “You mentioned expecting some impact from U.S. tariff policies in the second half. How much do you estimate this will affect operating income? Also, which segment do you expected to be affected?”

**Kobuchi:** We expect semiconductor and lithium-ion battery markets to recover in the second half.

Currently, direct shipments to the U.S. make up about 2% of our sales. Our high-performance products are exempt from the 10% tariff because they are specialized items. In addition, for products that are in short supply in the U.S., we are selling at fair market prices. As a result, we expect no immediate impact from tariffs on our direct shipments.

The challenge lies in assessing indirect tariff impacts, which is very difficult. For end products in key applications—automotive, electronic materials, and electronic components—accurately predicting the potential decline in sales due to tariffs is extremely difficult.

Under these circumstances, we base our sales forecast primarily on our own outlook, factoring in only a minimal impact from tariffs. Quantitatively, the impact is limited. We will continue gathering information, respond flexibly, and manage our approach to tariffs proactively.

**Question: Consumer applications for lithium-ion battery binders**

1. Growth Strategy  
(1) Growth Drivers

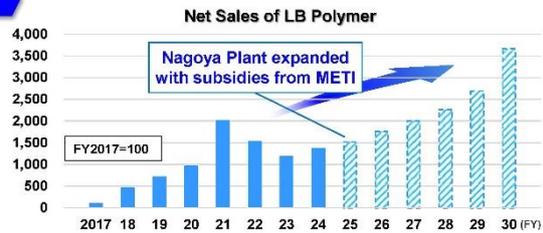
**Mobility**



**Lithium ion battery (LIB) binder**

LIB binders suppress the expansion of the negative electrode to lead to a longer battery life. We are developing a track record of LIB binders being adopted as applications of consumer products\*, in addition to those for electric vehicles (EVs).

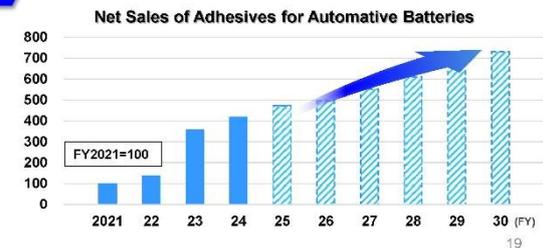
\* Such as those for data centers, drones, smartphones, and electric tools



**Adhesives for automotive batteries (hybrid and fuel cell vehicles)**

Our adhesives are currently being adopted in more and more new hybrid vehicles equipped with bipolar nickel metal hydride batteries, as well as in fuel cell vehicles (e.g., MIRAI and Crown). We are promoting the development of adhesives for next-generation batteries.

- Vehicles Using Our Adhesives**
- MIRAI
  - Aqua
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  - Alphard
  - Vellfire
  - And more!



**Moderator:** The question is as follows: “You mentioned growing adoption of lithium-ion battery binders in consumer applications, such as data centers and drones. Which application is growing the fastest, which region is leading that growth, and what share of total lithium-ion battery binder sales comes from consumer use?”

**Kobuchi:** Adoption in consumer applications has been expanding recently, and we are excited about the outlook. Currently, high-performance battery applications are growing in data centers, drones, and high-end smartphones.

Our strongest growth is in Japan and China, with some contribution from the U.S. market.

In total sales of lithium-ion battery binders, automotive battery applications still account for the largest share, while consumer applications currently make up a relatively small portion.

However, a path has opened for all of these in high-performance consumer batteries for specialized applications. We will continue to focus on developing new areas and aim to expand sales.

**Question: Outlook for adhesives for automotive batteries**

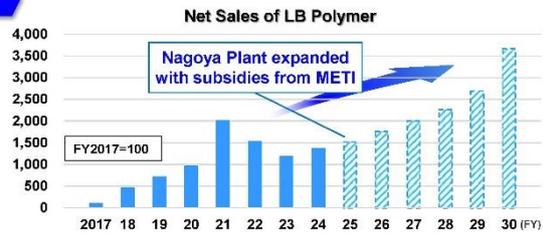
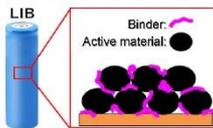
1. Growth Strategy  
(1) Growth Drivers

**Mobility**



**Lithium ion battery (LIB) binder**

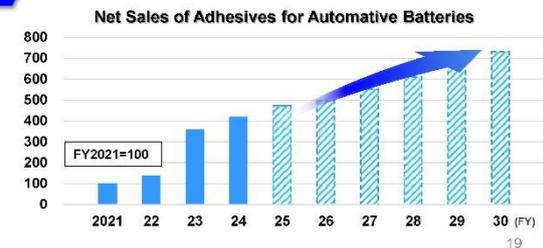
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- Vehicles Using Our Adhesives  
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 Vellfire  
 And more!



**Moderator:** The question is as follows: “Our main automotive battery adhesives currently serve bipolar nickel metal hydride batteries and the hydrogen fuel cells used in the “MIRAI.” Could you share the timeline for new developments and when we can expect them to start contributing?”

**Kobuchi:** I cannot go into too much detail, but for both bipolar nickel metal hydride batteries and fuel cell batteries, customers have set target performance levels for the next-generation batteries a few years out. We are continuously developing to meet these targets. By staying ahead in this competition, we aim to maintain ongoing adoption, continue deliveries, and expand our business.

**Question: Adoption of “ARONIX sheet” and future challenges**

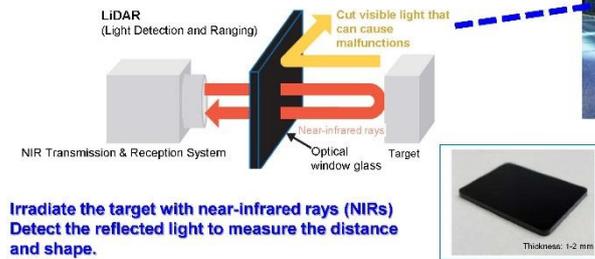
1. Growth Strategy  
(3) Topics

**Focused Products: Glass Alternative Resin**



**Glass alternative resin “ARONIX”**

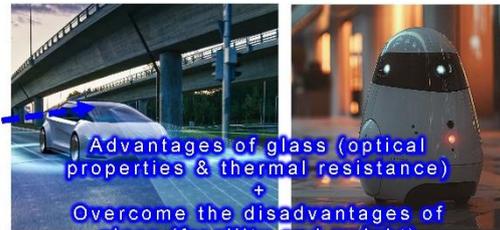
➔ Adopt for **“Cover sheet for LiDAR”**



Irradiate the target with near-infrared rays (NIRs)  
Detect the reflected light to measure the distance and shape.

**Advantages of “Aronix sheet”**

- (i) Optical performance: low phase difference (precise measurement)
- (ii) Durability: thermal resistance (high elastic modulus even at temperatures above 200°C)  
high hardness (scratch resistant)
- (iii) Processability: machinability (compatible with laser cutters)



**Products with built-in LiDAR (intended applications)**



**Moderator:** The question is as follows: “Could you explain the current adoption of the glass alternative resin “ARONIX sheet” and the challenges we face in expanding sales?”

**Kobuchi:** The current applications of our LiDAR include stationary sensors for detecting human movement, as well as devices such as the robot vacuum shown at the top right of the slide and the unmanned autonomous lawn mower displayed at the bottom.

Automotive applications are expected to be the largest market for LiDAR and are technically the most challenging. Since multiple units are often installed in vehicles, we plan to focus on this area going forward.

In LiDAR, we are seeing a shift from glass to resin. ARONIX sheets are being adopted because they are thinner than conventional glass, offer a wider viewing angle, and reduce weight.

The challenges lie in developing the soft properties of ARONIX formulations, turning them into high-quality sheets through specialized processes, and applying new techniques during processing. Some steps involve outsourcing, making the production process long and costly. Going forward, we plan to streamline production through technology integration and reduce manufacturing costs.

## Question: Minimum cash and deposits balance

### Purposes of issuance of straight bonds

Issued straight bonds for the first time in 24 years. Secured a low interest rate (1.384%), supported by our creditworthiness and a sense of rarity

- (1) Issue straight bonds to raise investment funds for future growth
- (2) Secure stable finance by diversifying fund raising approaches
- (3) Use financial leverage to improve ROE

### Straight bonds whose conditions were determined around the same time

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Company B	7/10	A+	5	20.0	1.418%	39 bp
Company C	7/10	A	5	10.0	1.528%	50 bp
Company D	6/11	A	5	20.0	1.413%	39 bp
Company E	6/11	A	5	15.0	1.453%	43 bp
Company F	6/11	A+	5	15.0	1.453%	43 bp



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**Moderator:** The question is as follows: “Could you clarify the required level of cash and deposits? Your plan maintains ¥40.0 billion through straight bond issuance—do you consider this amount the minimum necessary?”

**Kobuchi:** We consider the minimum cash and deposits to be over ¥20.0 billion. This covers roughly two months of net sales and ensures we can pay labor expenses for a reasonable period.

**Question: Target net worth ratio**

**Moderator:** The question is as follows: “Could you explain the target net worth ratio and how you plan to achieve it?”

**Consolidated Balance Sheet**

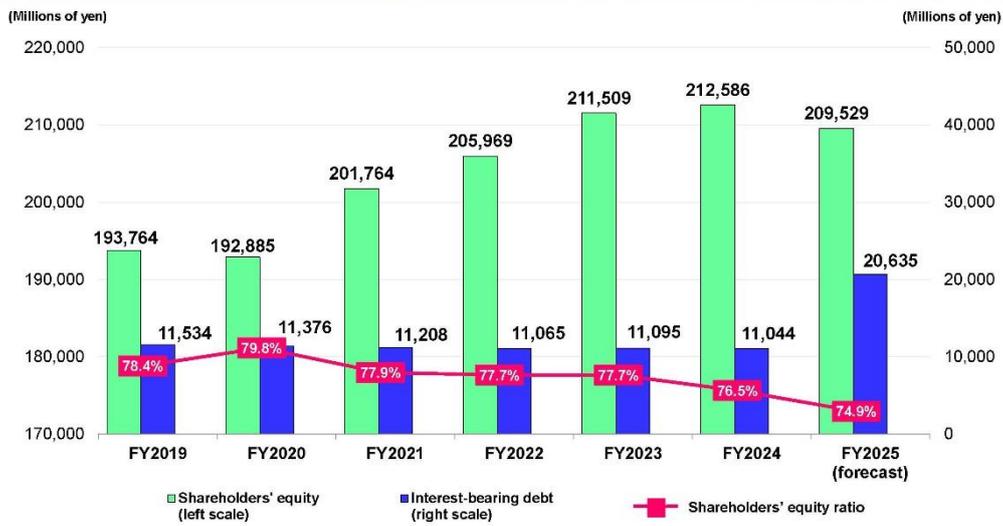


				(Millions of yen)			
	Dec. 31, 2024	Jun. 30, 2025	Change		Dec. 31, 2024	Jun. 30, 2025	Change
<b>Current assets</b>	<b>122,750</b>	<b>109,339</b>	<b>(13,410)</b>	<b>Total liabilities</b>	<b>64,352</b>	<b>59,194</b>	<b>(5,158)</b>
Cash, deposits and securities (1)	41,821	31,623	(10,197)	Notes and accounts payable	18,740	17,730	(1,010)
Notes and accounts receivable	42,359	37,908	(4,450)	Bank loans	11,044	11,007	(36)
Electronically recorded monetary claims	9,860	10,107	247	Accrued income taxes	2,762	2,220	(542)
Inventories	24,734	25,662	927	Other liabilities	31,804	28,236	(3,568)
Other current assets	4,026	4,087	60				
Allowance for doubtful receivables	(52)	(50)	2				
<b>Fixed assets</b>	<b>155,270</b>	<b>160,498</b>	<b>5,228</b>	<b>Total net assets</b>	<b>213,668</b>	<b>210,643</b>	<b>(3,024)</b>
Property, plant and equipment (2)	111,851	118,025	6,174	Shareholders' equity	191,551	189,938	(1,613)
Intangible fixed assets	1,666	1,533	(133)	Accumulated other comprehensive Income	21,034	19,607	(1,427)
Investment securities (3)	34,023	33,259	(763)	Non-controlling interests	1,082	1,097	15
Other fixed assets	7,728	7,679	(49)	<b>Total liabilities and net assets</b>	<b>278,020</b>	<b>269,837</b>	<b>(8,182)</b>
<b>Total assets</b>	<b>278,020</b>	<b>269,837</b>	<b>(8,182)</b>				
(1) Decreased due to capital investment and share buybacks (securities: negotiable certificates of deposit) (2) Increased due to capital investment (3) Decreased due to the sale of cross-shareholdings and down in stock price of shares held				<b>Net worth ratio</b>	<b>76.5%</b>	<b>77.7%</b>	<b>1.2P</b>

**Kobuchi:** As shown on slide 9, the first half of the current fiscal year reached an exceptionally high 77.7%.

Looking ahead, share buybacks and dividends are expected to lower the ratio, which we anticipate will settle around 75% when including straight bonds.

## Reference Trends for Consolidated Performance



35

In any case, ROE will not rise unless we reduce the shareholders' equity shown on the slide. By lowering shareholders' equity (denominator) and simultaneously expanding profits (numerator), we aim to improve both ROE and PBR.

### **Closing Remarks from Hidenori Kobuchi**

Thank you very much for participating in our financial results briefing over a long period of time today. Tariff policies from the new U.S. administration are shaking global markets. So far, we face no direct impact, and we will continue to monitor the situation closely and respond flexibly.

Given the current situation, we plan to maintain and even strengthen our efforts in new development. We see risks as opportunities, stay alert, and aim to enhance corporate value together as a team. We also welcome your continued feedback and suggestions.

Thank you very much for your time today.