

TOAGOSEI GROUP REPORT 2025

TOAGOSEI GROUP REPORT INTEGRATED REPORT



Toagosei Co., Ltd.
Corporate Communication Department
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Editorial policy

This report was created to communicate to stakeholders our efforts to improve corporate value in an easy-to-understand way. It discusses management policy and business strategies to help achieve sustainable growth, as well as non-financial information, including our measures to address societal issues. Information is also posted on our website.

Degrees of achievement indicated in PDCA tables

★★★★ : Target achieved
★★★ : Progress slower than originally envisaged and target not achieved (target achievement rate of 80% or higher)
★ : Target not achieved (target achievement rate of less than 80%)

Organizations covered by report

Articles in this report cover the Toagosei Group (Toagosei Co., Ltd. and its consolidated subsidiaries). Note, however, that scope of aggregation may differ depending on reporting data. In such cases, specific reporting scopes are indicated.

Reference guidelines

- "International Integrated Reporting Framework," IFRS Foundation
- "Collaborative Value Creation Guidelines 2.0," Ministry of Economy, Trade and Industry (METI)
- "Sustainability Reporting Standards," Global Reporting Initiative (GRI)
- TCFD Recommendations

Date of issue of the Japanese version

June 2025 Next: June 2026 (Plan)

Period covered

January 1, 2024 to December 31, 2024

*Some articles include information on activities conducted from January 2025 onward.

For any questions or comments about this report, please contact the following:

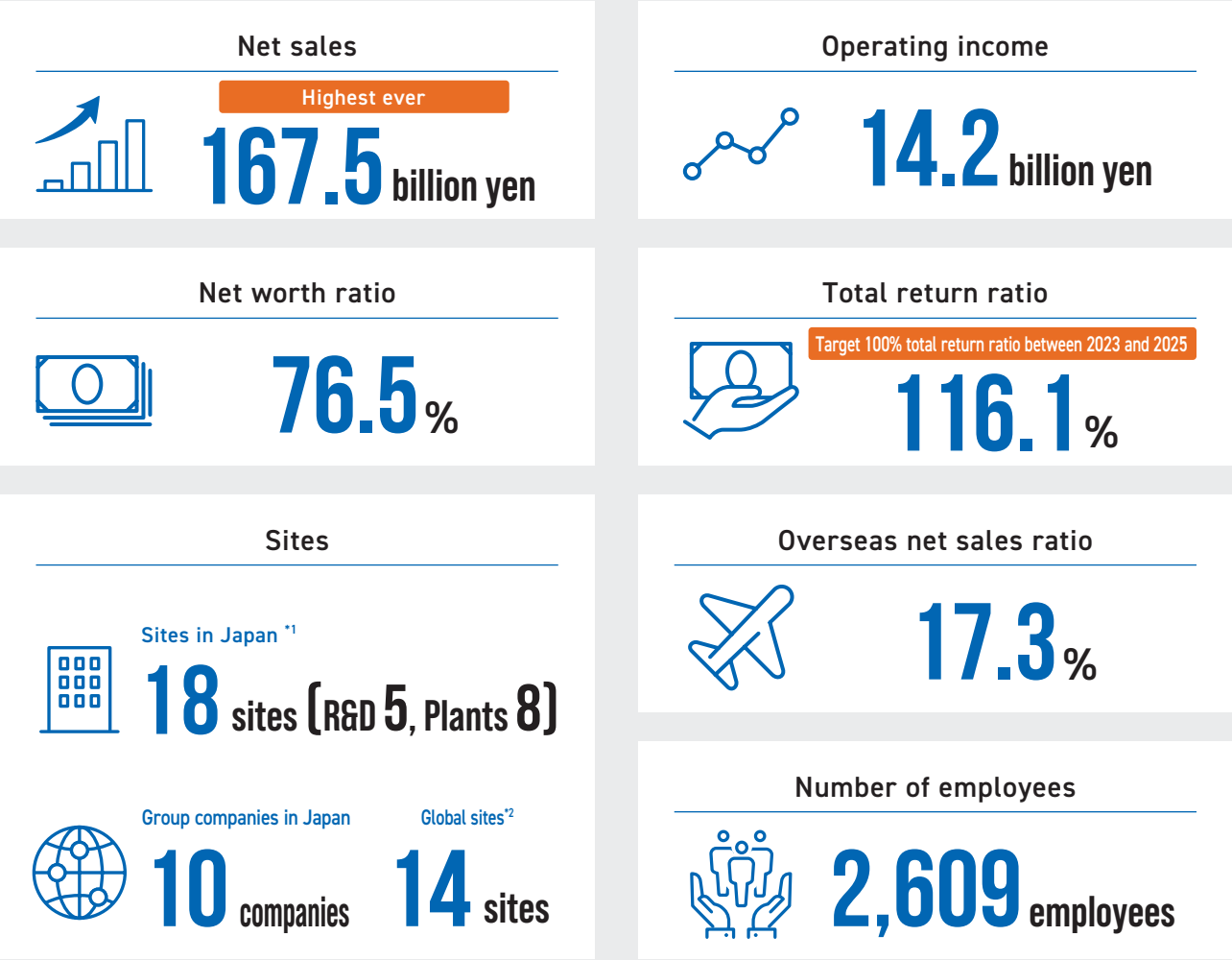
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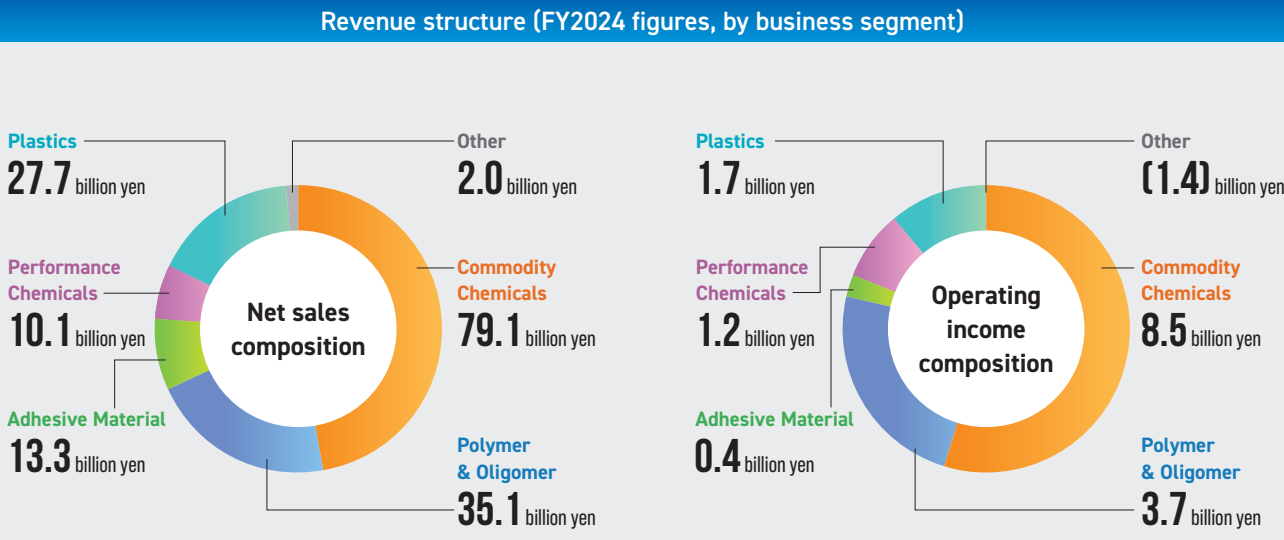


At a Glance

Since its establishment in 1944, Toagosei has inherited originality and created a broad range of products that have contributed to people's lifestyles, industry and society.
It will continue developing its businesses by leveraging the potential of chemistry with the aim of creating a healthy and affluent society.



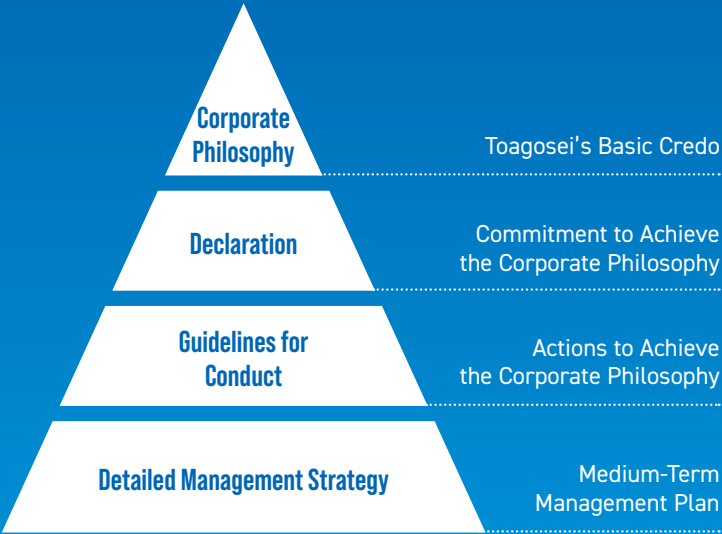
*1 The number of sites in Japan is the number of non-consolidated sites.
*2 The number of global sites is the number of sites of the Group, and includes Toagosei Chemical India Private Limited (established in March 2025).
All other figures except *2 are for the fiscal year ended December 31, 2024.



Toagosei Group's Corporate Philosophy System

Corporate Philosophy

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



Declaration

New possibilities for society and future happiness for everyone – these are the things that we will deliver through our highly functional materials.

We will continue to challenge ourselves. Utilizing the technologies we have acquired thus far, we will strive to enter new fields to provide the sort of value that only we can offer.

We will never stop moving. We will recognize the various changes in the world around us and be a societal leader through the power of chemistry, conducting ourselves as a company that co-exists with the people of society.

Guidelines for Conduct

- Vision** | Have a vision for the future while creating superior key materials.
- Challenges** | Push new boundaries with a strong will and imaginative ideas.
- Cooperation** | Create new businesses together with our customers and partners.

Code of Conduct

- 1. Mission**

We will develop and provide socially useful and safe products and services that contribute to the creation of a comfortable living environment and to the development of a sustainable society.
- 2. Respect for Human Rights**

We respect the human rights of all people.
- 3. Compliance with Norms**

We will comply with domestic and foreign laws and regulations including their spirit, and with internal rules as we act in accordance with high ethical standards, common sense and responsibility. We will maintain sound relationships with politics and government, follow proper business practices in our relationships with business partners, and engage in fair and free competition.
- 4. Communication**

We will disclose information that is necessary for society in a timely and easy-to-understand manner, and strive to maintain and develop relationships of trust through constructive dialogue with all stakeholders.
- 5. Coexistence with the International Community**

As a member of the international community, we will comply with the laws and regulations of each country in which we operate, respect cultures and customs, and contribute to the sustainable development of local communities.
- 6. Confrontation with Antisocial Forces**

We will resolutely confront any antisocial forces or groups that threaten the order and safety of civil society.
- 7. Social Contribution**

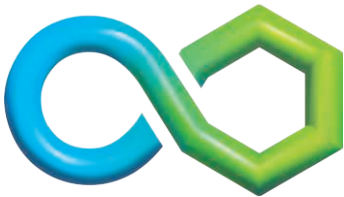
We will take a global perspective and, as a good corporate citizen, actively promote contributions that are closely tied to the countries and communities in which we are located.
- 8. Harmony with the Environment**

We will voluntarily and proactively address environmental issues for the sustainable development of society as a whole.
- 9. Work Environment**

We respect the diversity, personality and individuality of our employees, and achieve work styles that enable them to maximize their abilities. In addition, we will strive to create a safe and comfortable work environment that affords comfort and prosperity for our employees.
- 10. Crisis Management**

We furnish an organized crisis management system to prepare for crises that may be anticipated in the course of our corporate activities. In the event of a crisis, we will act in accordance with internal regulations and strive to minimize damage.
- 11. Actualization of this Charter**

Recognizing that it is their role to actualize this Charter, members of management shall prepare an effective governance system and ensure that corporate ethics are thoroughly implemented throughout the Group. In the event that a violation of this Charter occurs, we will endeavor to resolve the situation, determine the cause, and prevent recurrence in a manner that is fully understood by society.



Corporate Slogan

We have expressed our belief that chemistry is becoming increasingly indispensable in various fields, and that the power of chemistry can contribute to the sustainable development of the earth and the happiness of humankind.

Slogan Logo

The corporate slogan of "Unending planet, united through chemistry" is expressed with symbols that indicate infinity (with the planet on the left, and chemical structure formula on the right). The corporate colors of blue and green have been used to create a bright and refreshing feel.

About our corporate logo

Our corporate logo combines the letters "T" for TOA and "G" for GOSEI. The emphasis placed on "T" articulates the words "TRUST" and "TECHNOLOGY." The corporate logo symbolizes our commitment to rich creativity based upon trust and technology. The "T" element expresses "power," the "G" loop expresses "emotion" and the three circles new possibilities generated from this combination.



Toagosei Group's Profile

Since its establishment on July 17, 1944, Toagosei has achieved continued growth in line with the development of the chemical industry in Japan. The Toagosei Group is expanding its technology and product fields by displaying unique strengths in five business fields: Commodity Chemicals, Polymer & Oligomer, Adhesive Material, Performance Chemicals, and Plastics.

Company Profile

Establishment

Head Office

Chairman, CEO and Representative Director

President, COO and Representative Director

Capital

Number of employees

Fiscal Year End

Stock Listing

Securities code

July 17, 1944

1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo, 105-8419 Japan

Mikishi Takamura

Hidenori Kobuchi

20,886 million yen

2,609 on a consolidated basis (as of December 31, 2024)

December 31

Tokyo Stock Exchange Prime Market

4045

Main business lines

Commodity Chemicals

Polymer & Oligomer

Adhesive Material

Performance Chemicals

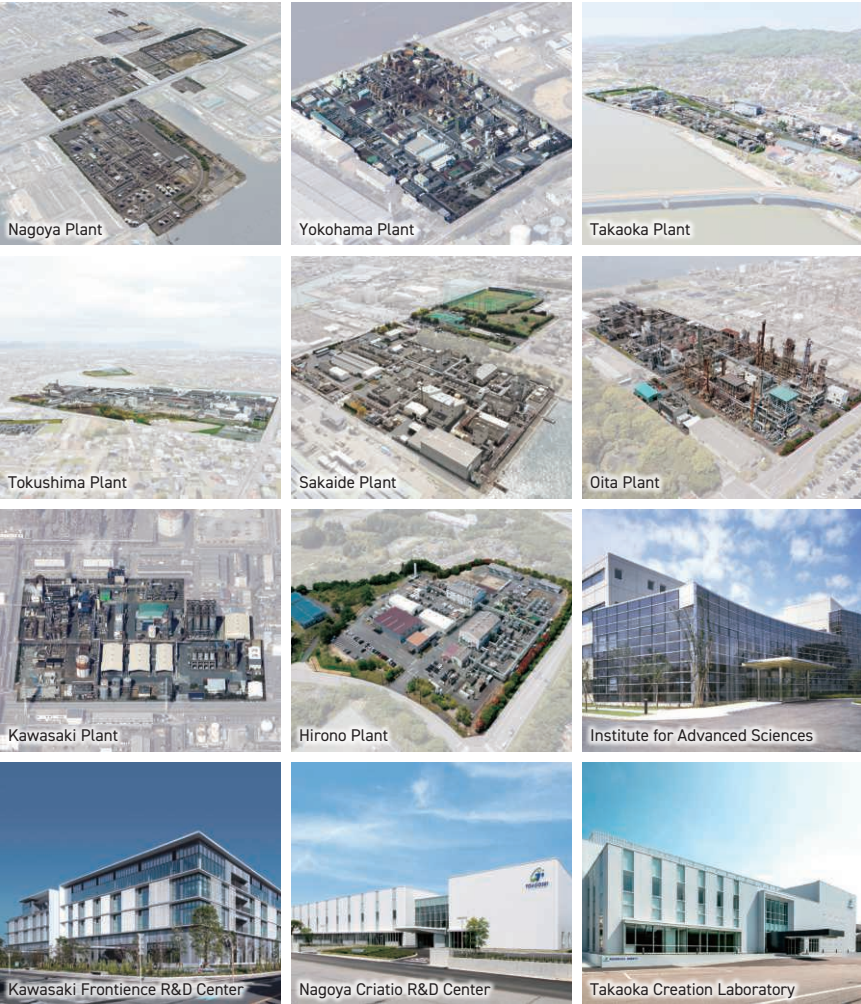
Plastics

Other

JAPAN

Toagosei Co., Ltd.

Head Office, Osaka Branch, Nagoya Branch, Shikoku Sales Office, Fukuoka Sales Office, Nagoya Plant, Yokohama Plant, Takaoka Plant, Tokushima Plant, Sakaide Plant, Oita Plant, Kawasaki Plant, Hirono Plant, Institute for Advanced Sciences, Kawasaki Frontience R&D Center, Nagoya Criatio R&D Center, Takaoka Creation Laboratory, Tokyo Technology Laboratory



ASIA

- Singapore

Toagosei Singapore Pte Ltd.
- Thailand

Toagosei (Thailand) Co., Ltd.

Aronkasei (Thailand) Co., Ltd.
- Taiwan

Taiwan Toagosei Co., Ltd.

Toa-Jet Chemical Co., Ltd.
- India

Toagosei Chemical India Private Limited

*Established in March 2025
- China

Toagosei Hong Kong Limited

Toagosei (Zhuhai) Limited

Toagosei (Zhangjiagang) New Technology Co., Ltd.

Toagosei (Shanghai) Management Co., Ltd.
- South Korea

Toagosei Korea Co., Ltd.
- Vietnam

Toagosei Vietnam Co., Ltd.

Principal Affiliated Companies

- Toa Techno-Gas Co., Ltd.

MT Ethylene Carbonate Co., Ltd.

MT AquaPolymer, Inc.

Aron Packaging Co., Ltd.

Aronkasei Co., Ltd.
- Toa Kenso Co., Ltd.

TG Corporation

Toa Business Associe Co., Ltd.

Toa Kogyo Co., Ltd.

Toa Logistics Co., Ltd.

AMERICA

- USA

Toagosei America Inc.

Elmer's & Toagosei Co.
- Toagosei America Inc.



Toagosei Group's Products Serve Society

The Toagosei Group's products can be found throughout everyday life. These products help not only to make our lives more comfortable but also to protect the environment.

Businesses with core roles in the growth strategy

Polymer & Oligomer

P44



Polymers

Acrylic polymers

We offer a wide range of acrylic polymers, such as dispersants and thickeners, for various uses such as pharmaceuticals, cosmetics and toiletries.



ARONFLOC polymer flocculant

This chemical agent is widely used in wastewater treatment not only at sewage treatment plants but also for treating wastewater from paper manufacturing and food processing plants.



Oligomer

ARONIX UV-curing resin

The ARONIX series is used in many fields, ranging from paints and inks to adhesives and electronic materials. These environmentally friendly resins are free of organic solvent.



Adhesive Material

P46



Aron Alpha instant glues (U.S. brand name: Krazy Glue)

Aron Alpha and Krazy Glue are the top brands in instant glues. Our wide range of organic solvent-free, environmentally friendly adhesives satisfies diverse consumer needs.



Functional adhesives

We offer a wide range of functional adhesives for industrial applications including reactive, light-curable, and hot-melt types, as well as inorganic adhesives. These adhesives are widely used, especially in automotive components and electronic components.



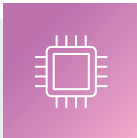
UV-curing adhesives

These adhesives are used in many fields such as optical lenses, medical devices, and electronic circuits. We have also developed a new product that allows curing and bonding in areas that cannot be reached by light.



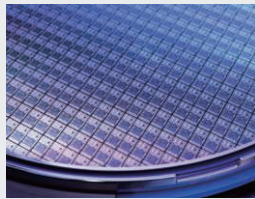
Performance Chemicals

P48



High-purity inorganic chemicals

Chemicals that are essential in the cutting-edge semiconductor field, such as Liquefied hydrogen chloride used for forming epitaxial layers in silicon wafers and manufacturing semiconductors.



KESMON inorganic deodorant

KESMON is used in various situations, such as for toiletries, clothing and the interior of cars. Odors are adsorbed through a chemical reaction, stopping unpleasant odors from being re-emitted.



"Aron cure" hemostatic agent

Aron cure is a dental hemostatic agent for tooth extraction sockets. It makes compression and removal procedures unnecessary and enables faster hemostasis than conventional gauze methods, helping to alleviate the burden on the medical front line.



Plastics

P50



Anju-brand nursing care products

We are addressing the growing demand associated with the aging population, developing products that match the needs of the nursing care field and everyday life so that seniors can live a full and comfortable life.



"OneAid" pet support products

Products developed for supporting the lives of elderly pets with bodily functions that have deteriorated with age, which help to alleviate the burden on those involved in pet care.



Elastomer

Used as sealing material for automotive and other applications, thanks to their rubber-like elasticity and ease of molding similar to that of general-purpose plastics.



Commodity Business

Commodity Chemicals

P42

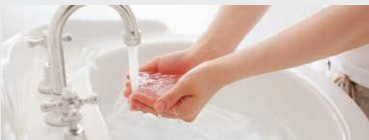
Caustic soda

Caustic soda is a fundamental raw material in industry used in a wide range of products such as synthetic fibers, paper, pulp and chemicals.



Sodium hypochlorite

Used for sterilization of water, sewage, and swimming pools, our products suppress impurities such as chloric acid and bromic acid, helping provide a safe, reliable water supply.



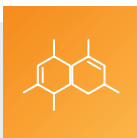
Acrylic monomers

Acrylic acid is a raw material for highly water-absorbent resins, polymer flocculants, etc. Acrylate esters are raw materials for tape adhesives, paints, and various other products.



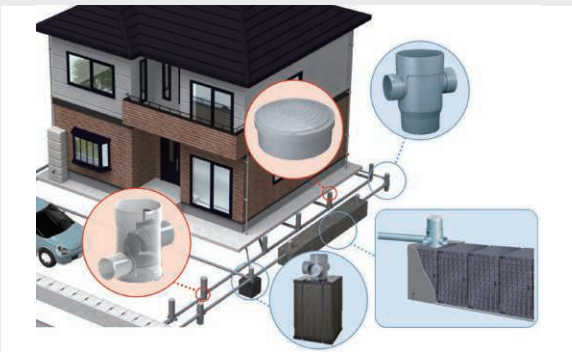
Industrial gases

We handle a wide range of industrial gases including oxygen, nitrogen and argon, meeting the extensive needs of various industries ranging from the steel, chemical and other key industries to cutting-edge industries such as semiconductor manufacturing and medicine.



Infrastructure products and systems

We propose piping systems effective for the drainage of every type of urban structure and contribute to the construction of infrastructure that supports our daily lives.



Toagosei Group's Value Creation Trajectory

The Toagosei Group has been leveraging the power of chemistry to create new value that meets the needs of a rapidly changing society. By providing products that meet the needs of the times, we cultivate solid technical capabilities and trust in our products. With these as our foundation for value creation, we continue to develop new products and technologies that meet the expectations of society and increase our corporate value.



Nagoya Plant (historical photo)



Tokushima Plant (historical photo)



Institute for Advanced Sciences



Kawasaki Frontience R&D Center



Development of basic chemical products

We built our business mainly on basic chemical products at a time when the chemicals industry was dominated by electrolysis products, which comprise an industry staple, and fertilizers for increasing food production.

POINTS to Value Creation

Supply of products that would form the basis of postwar reconstruction
Stable supply of basic chemical products

Mainstay Products
Caustic soda, hydrochloric acid, sodium hypochlorite



Electrolysis plant



Caustic soda shipment (historical photo)

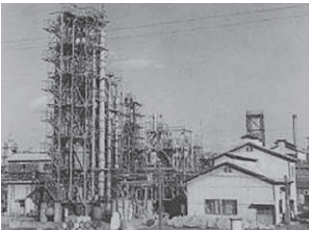
Development of petrochemicals

Besides electrolysis products, Toagosei developed a presence in petrochemicals, including acrylic esters, polyvinyl chloride resin, and chlorinated organic solvents.

POINTS to Value Creation

Supply of raw materials for periods of rapid growth
Commencement of commodity petrochemical product production

Mainstay Products
Methyl and ethyl esters of acrylic acid



Acrylic ester production facilities (historical photo)



Acrylic acid production facilities

Development of functional chemicals

In order to overcome the challenges posed by the oil crises, including lackluster demand for mass-produced products, and to make the business less sensitive to economic fluctuations, Toagosei leveraged its original technology and fostered functional products, positioning them as mainstays of the business.

POINTS to Value Creation

Expansion from commodity products to high-performance products
Expansion overseas, beginning with the U.S.

Mainstay Products
Aron Alpha, acrylic polymer, ARONIX, inorganic antimicrobial agent



ARONIX production facilities



Aron Alpha for household use

Development of product lineups forming a fourth pillar fit for the ESG/SDGs era

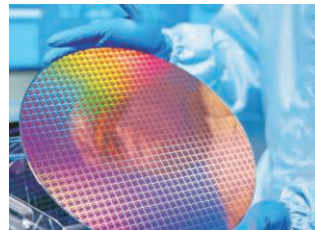
POINTS to Value Creation

Expansion of high-value-added product businesses
Creation of new business units

Mainstay Products
Mobility-related products, semiconductor and electronic material-related products, medical care-related products, cellulose nanofibers



Polymer plant for lithium-ion batteries



Chemical agents for semiconductor manufacturing (for high-quality wafer manufacturing applications, etc.)

Message from the CEO



Leveraging the power of chemistry to drive industrial transformation

With our cutting-edge technology and materials, we will solve social issues and trace out a sustainable growth trajectory

The future created by the chemical industry

In a dramatically changing society, the Toagosei Group pioneers the future through the power of chemistry, consistently providing new value.

Chemical products play a vital role in the process of creating new value and innovation amid changing industrial and product systems, such as autonomous driving technology and AI. The products created by the chemical industry are tools for shaping the future. They are engines that drive the transformation of industry.

Within this chemical industry, the Toagosei Group supports industrial, social, and economic infrastructure through the stable supply of commodity chemicals. At the same time, we have leveraged our advanced technologies and abundant management resources in the continuing quest to develop high-performance products.

We have successively created innovative products in the fields of semiconductors and electronic materials, mobility, and medical care. These chemical products play a crucial role in today's society.

The Group's purpose lies in leading the way with the creation of outstanding products that solve social issues, delivering new happiness through the chemical business, and building a prosperous future. We aspire to be a corporate group that continues to rise to this challenge.

Transforming the management structure

In January 2025, we transitioned to a new management structure. Japan's economy is undergoing significant changes as the nation strives to achieve a sustainable society. Meanwhile, the United States has sparked accelerating global changes. In this context, accurate decision-making and swift management judgment are essential for us to achieve a growth trajectory. Therefore, we used the recent appointment of a new President as an opportunity to introduce the Chief x Officer system. I have taken on the role of Chairman, CEO and Representative Director, while Hidenori Kobuchi has been appointed as the President, COO and Representative Director.

As the CEO, I will oversee the entire Toagosei Group and lead sustainable growth for the new era. The new President and COO, Mr. Kobuchi, has extensive experience primarily in the high-value-added product operating departments and possesses excellent judgment concerning the creation of growth businesses.

We will work in tandem, identifying new management challenges to overcome in this new era and leading the Group's growth and innovation.

Leveraging cutting-edge technology and materials to solve social issues

In the chemical industry, a certain amount of time is required before capital investment and R&D result in the generation of income. Therefore, it is vital to approach investment from a medium- to long-term perspective. Under the Toagosei Group's 2025 Medium-Term Management Plan, we have actively implemented capital investment focused on growth areas with an eye to future development. In terms of R&D, we opened the Kawasaki Frontience R&D Center, a new R&D facility located in the Tokyo metropolitan area. We will actively grasp customer needs and further leverage the Group's advanced technologies and materials to solve issues from the perspective of "collaborative creation with customers."

Going forward, we will work to swiftly bring each investment to fruition, beginning with growth drivers, to create a positive growth spiral and establish a sustainable growth trajectory.

We will make every effort possible to meet the expectations of all our stakeholders so that we can continue to win their trust and develop into a corporate group that is even more appealing.

We look forward to your continued support.

Chairman, CEO and Representative Director **Mikishi Takamura**

Message from the COO



We will refine our technologies and develop our human resources to expand profits while also contributing to an affluent society.

President, COO and Representative Director
Hidenori Kobuchi

Reaffirming the importance of our unwavering commitment through the exploration of development themes

Leveraging my project experience in corporate management

With my appointment as President, COO and Representative Director on January 1, 2025, I have been placed at the helm of management as the Chief Operating Officer.

Since joining Toagosei in 1988 as a member of the Nagoya R&D center (now renamed the Nagoya Criatio R&D Center), I gained work experience in the sales and business divisions. Throughout my career, I have focused on development, mainly in the Polymer & Oligomer and Adhesive Material businesses.

Out of many years of struggles and failures, my most memorable experience, and the one that shaped me most, was my involvement in the “Acrylic Products Enhancement Project” launched in 2013.

The Polymer & Oligomer business faced a persistent struggle for profits from the 2000s through the early 2010s. To overcome this situation, we gathered elite members from research, plants, sales, and business divisions, and resolutely began exploring new themes that would shape the future. As the project leader, I worked diligently with team members to identify potential needs from megatrends and relevant literature worldwide. One by one, we verified how these needs matched with the seed technologies we possessed. One of the themes we uncovered was binders for lithium-ion batteries, which now play a significant role as one of the Group’s growth drivers. This was a successful example of needs-seeds matching, where we were able to quickly detect customer needs for improved battery performance and match them with our unique seeds technologies, leveraging the polymer synthesis technology in which the Group excels.

This project reaffirmed my belief that exploring new themes requires the “sensitivity” to quickly perceive the future potential of the field, the “judgment” to determine how to leverage our own technology for breakthroughs, and “product development” backed by unique and unparalleled technology that cannot be replicated by our competitors.

Even after we arrived at the theme of developing binders for lithium-ion batteries, we faced many difficulties. These included establishing manufacturing technologies for mass production and meeting strict quality assurance standards. However, all of our team members worked together across different parts of the organization, enabling us to achieve stable supply. This experience taught me the importance of dedication and never giving up. In terms of the scale and speed of results, it also taught me how vital it is to work together as an organization towards a single goal.

A stage for promoting the growth of individuals and the organization

Employees in the teams that accomplish such tasks feel a sense of fulfillment, knowing that their company’s high-value-added products contribute to society through their use as essential materials in customers’ manufacturing processes. This leads to an increase in engagement. I believe that it is important for me to be involved in these development processes and similar initiatives to prepare a stage for promoting the growth of individuals and the organization. The efforts of my team were subsequently expanded to include the exploration of development themes in the Adhesive Material business. Here, as before, the efforts of everyone in the relevant departments bore fruit: a high-performance adhesive for automotive batteries that became a new growth driver.

Then, in 2024, the Nagoya Criatio R&D Center was joined by the newly opened Kawasaki Frontience R&D Center, and the Research Solution Department was established at each center to perpetually explore new themes. The Research Solution Department has expanded our capabilities by building on the exploration and development methods we have established through our past projects.

◆ Profile

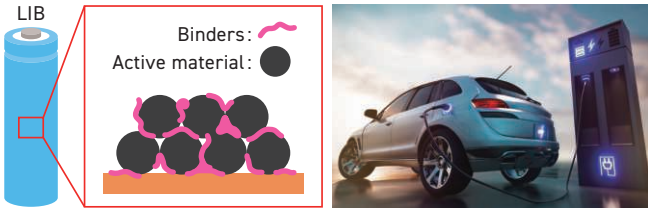
1988	Joined the Company (Nagoya R&D center)
2010	General Manager, Adhesive Group, Functional Chemicals Department
2013	General Manager, Polymer & Photopolymer Group, Acrylic Products Department [Project Leader, Acrylic Products Enhancement Project]
2017	General Manager, Polymer Department, Polymer & Oligomer Division
2018	Executive Officer, General Manager, Polymer & Oligomer Division
2021	Executive Officer of the Company, President Representative Director, MT AquaPolymer, Inc.
2023	Director, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department
2024	Vice President and Representative Director and General Manager, Corporate Strategy Division
2025	President, COO and Representative Director (to present)

◆ Career highlights and project results

Consistently engaged in functional products in the Polymer & Oligomer and Adhesive Material businesses

- Background in R&D
- Helped to establish the theme of solving social issues using unique and unparalleled technology

Commercialized binders for lithium-ion batteries (LIB)





Mission as the new President and the purpose of the Toagosei Group

The Toagosei Group celebrated the 80th anniversary of its founding in July 2024. Over our long history, we have overcome many difficulties and expanded the scale and scope of our business by developing and providing products adapted to our changing market. As the new President, I believe that my mission is to build on this DNA to further enhance corporate value.

The next five to ten years will be crucial. We have entered an era of significant social and industrial change. Under these conditions, I believe that the Group's future depends on us using this five-to-ten-year period to further expand our capabilities so that we can continually produce high-value-added products and win against the competition in sustainable growth areas aligned with megatrends.

Our Corporate Philosophy embodies our aspirations to “continually tackle new challenges in the creation and provision of new value through the chemicals business with an eye on the future of customers and society” and “contribute to a better world through our indispensable role to customers and society based on the trust earned from society for the value we have created” as a shared value. In order to continue to be needed by society, we will refine our technologies and develop our human resources to expand profits, while simultaneously realizing the Group's purpose.

Progress of the Medium-Term Management Plan and status of growth drivers

In FY2024, the second year of the current 2025 Medium-Term Management Plan (2023-2025), we achieved an increase in sales across all business segments, primarily in the Commodity Chemicals business. This resulted in a year-on-year increase in both revenue and profit, with operating income of 14.2 billion yen. At the same time, this is still well short of our operating income target of 20.0 billion yen for 2025, the third year of the plan.

The product group we have positioned as growth drivers struggled to grow as expected due to the delayed recovery of the semiconductor market and the slowdown in EV demand. An increase in costs, including R&D-related investments and labor costs, also weighed on income. However, these markets are sure to recover, and their future expansion is beyond doubt.

Moreover, our products have been extremely well received by customers, and we believe that they will contribute to performance as anticipated in the medium term. We have made preparations for aggressive expansion, with investments in R&D and capital investments progressing on the largest scale ever, in line with our plan. Furthermore, we aim to expand the applications of binders for lithium-ion batteries beyond anodes to cathodes and related materials. In this way, rather than treating them as a single product, we will give them “lateral spread” to meet the needs of peripheral areas. We are promoting this lateral development of materials and customers across all our growth drivers. We believe it will enable us to expand our presence in key markets and achieve a quicker return on our investments.

Continuing to challenge ourselves to enhance profitability, improve capital efficiency, create and provide new value through our businesses

Growth strategy, financial and non-financial strategies to improve PBR

At the Toagosei Group, we are striving to improve our PBR to achieve management that is conscious of the cost of capital and stock price. Specifically, we aim to raise the PBR, currently between 0.7 and 0.8 (as of April 30, 2025), above 1.0. To accomplish this, we are targeting an increase in operating income from 14.2 billion yen in 2024 to 24.0 billion yen in 2027 and an increase in ROE from 5.6% to 8.0%.

We will continue to strive to enhance profitability through the main focuses of our growth strategy: the development of high-performance products and the expansion of overseas sales. At the same time, we will push ahead with the review of unprofitable businesses and advance initiatives for the efficient utilization of assets, such as enhancing equipment utilization, to improve the overall asset turnover ratio.

In terms of our financial strategy, we will strengthen shareholder returns, implement shareholders' equity control through the sale of cross-shareholdings, and improve capital efficiency. We are targeting a total return ratio of 100% for shareholder returns over the three years of the 2025 Medium-Term Management Plan (2023-2025) through increased dividends and flexible share buybacks, and we will continue to prioritize shareholder interests.

In terms of our non-financial strategy, we will focus on developing the human resources to support sustainable growth, as well as employee engagement. We have been implementing annual salary increases from 2023 to correct salary levels. We are striving to enhance motivation and productivity through improvements to the HR system, such as the introduction of a transfer postponement program (see page 66). The Group's measures to prevent employee

illness and our efforts to improve health awareness have been recognized with certification as an Excellent Corporation for Health Management for seven consecutive years since 2019. We will continue to focus on maintaining and promoting health within the Group. We aim to enhance corporate value by creating an organization and workplaces where all employees can make full use of their abilities.

The great potential of both growth businesses and existing businesses

At the Toagosei Group, we will continue to create high-value-added products in growth areas aligned with megatrends, aiming to further expand our business scale and scope. These efforts involve many themes that we are engaged with behind the scenes, in addition to the specific cases that are publicly announced. We are leveraging our unique and unparalleled technology to take on challenges in new domains, focused on future needs.

In addition to growth businesses, existing businesses, too, form part of our “ambidextrous management” approach. We will push ahead with investments aimed at rationalizing our existing businesses, primarily in the Commodity Chemicals business, to enhance competitiveness and provide social value that supports life and industry through stable operations. While there are many aspects of our endeavors that cannot be discussed openly due to the nature of the supplier business, we hope that you understand that both our growth businesses and existing businesses have significant potential.

We look forward to the continued support of all our stakeholders as we continue our efforts to provide value.

Targeting medium- to long-term growth by giving “lateral spread” to the value we provide through growth drivers

“Ambidextrous management” — existing businesses and growth businesses

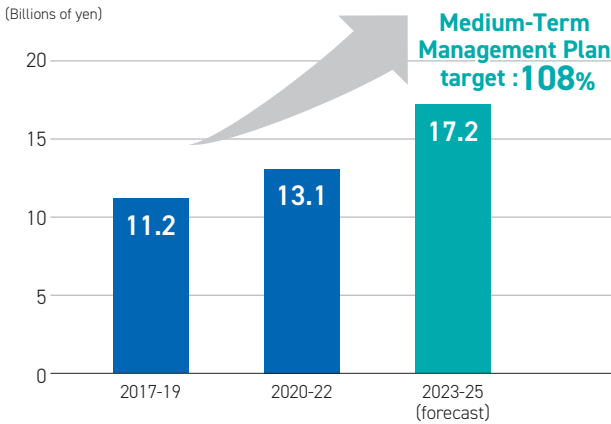
One of the Toagosei Group's great strengths lies in providing commodity chemicals, which generate stable profits with a widespread market base, together with the high value-added products that enable us to achieve growth and expand profitability. By ensuring that these two aspects of the Group's businesses work in tandem, we can support the time-intensive development of growth drivers and take on new challenges.

The Group's growth drivers include mobility-related products, such as the binders for lithium-ion battery launched by the project described above, as well as products used in semiconductor manufacturing processes. Our stable growth so far has been guided by “ambidextrous management” — in other words, simultaneously strengthening the competitiveness of existing businesses and actively investing in growth businesses.

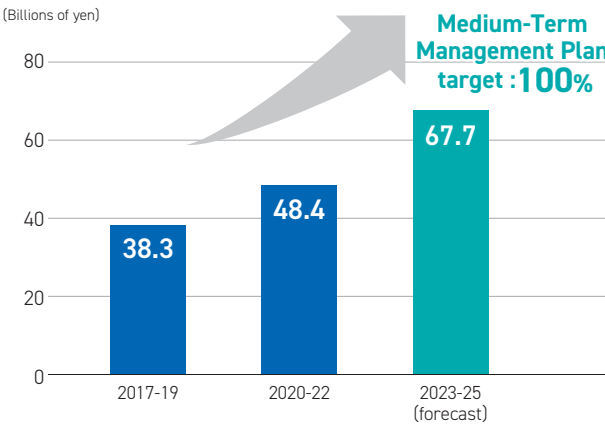
Going forward, we will accelerate the development of cellulose nanofibers and aim for the early commercialization of medical-related materials as potential drivers for the next stage of our growth.

I believe that it is also necessary to break away from the self-sufficiency mindset. Only in this way will we be able to overcome global competition in high-value-added areas that align with megatrends. It is important that we utilize external resources through business alliances and M&A so that we can maintain our competitive advantage by speeding up business development and reducing risks. At the same time, to secure and develop outstanding human resources, we will prepare a stage for active participation by our employees to enhance engagement, as described above, and support the growth of each individual employee.

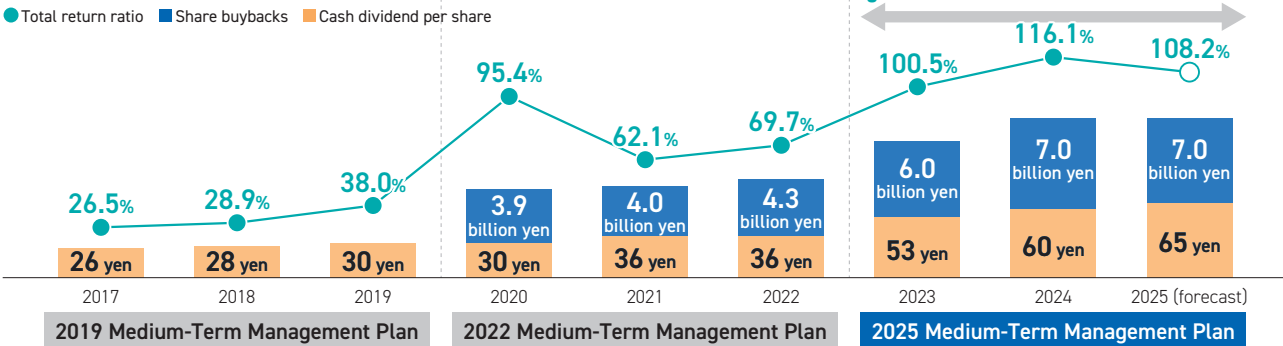
R&D expense (trend during each medium-term management plan period)



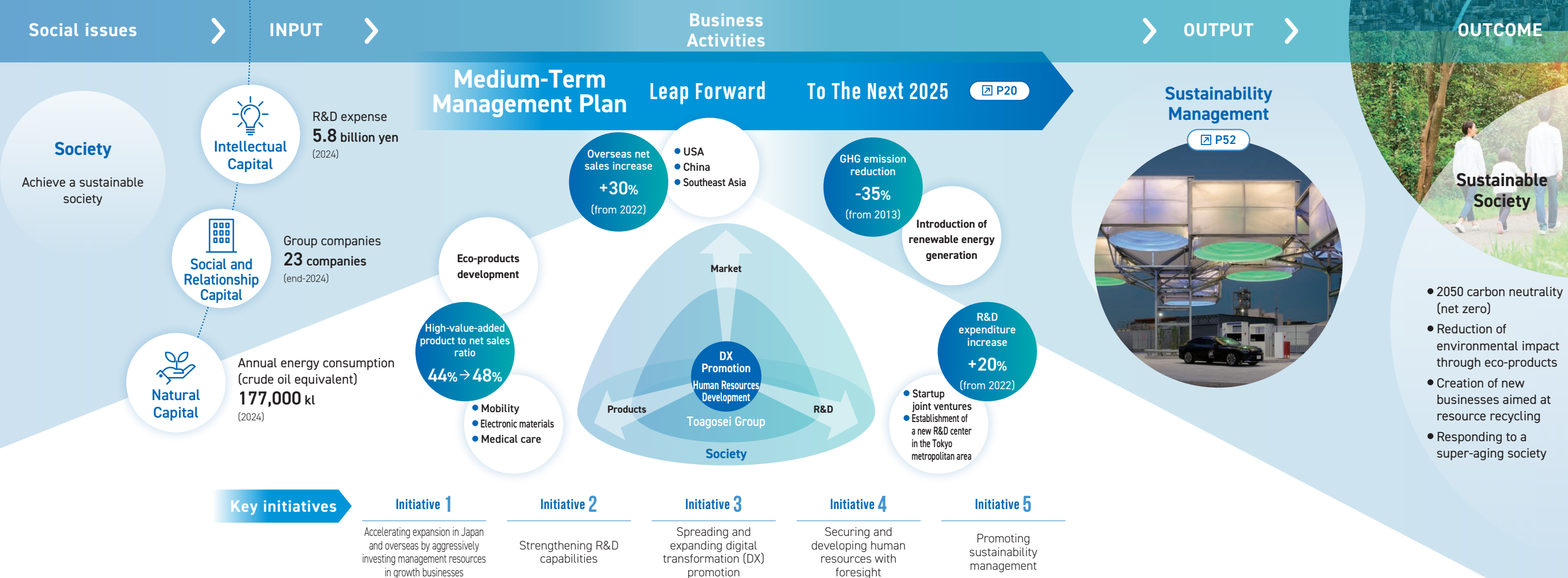
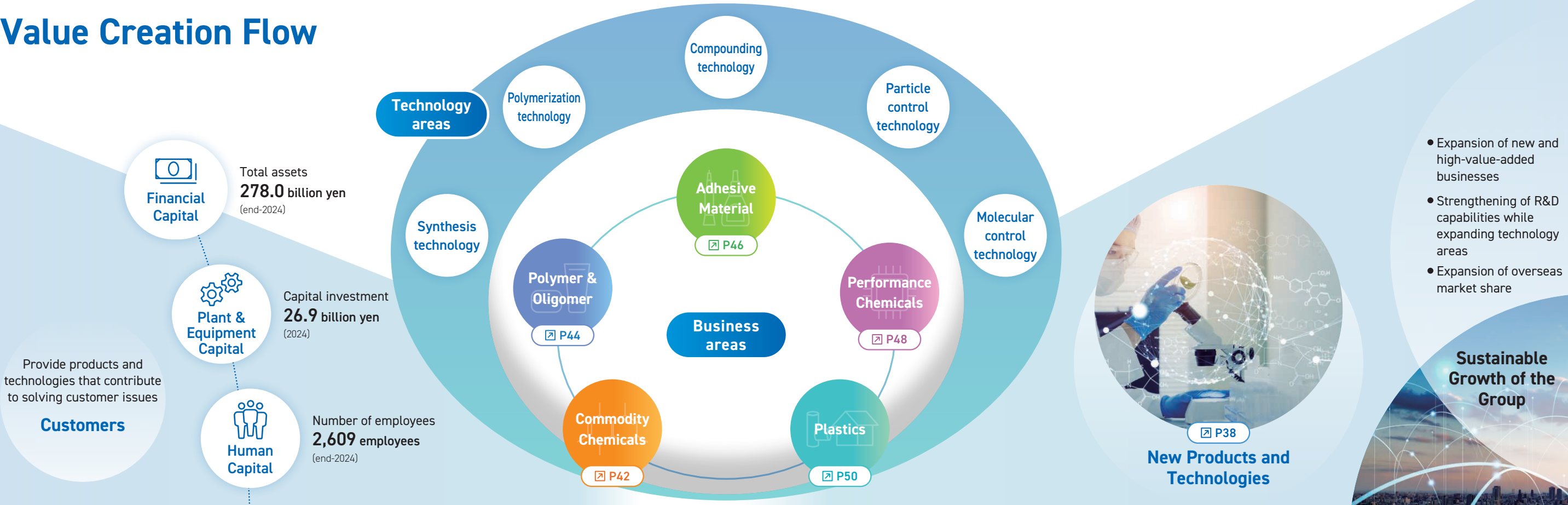
Capital investment (trend during each medium-term management plan period)



Strengthening shareholder returns



Value Creation Flow



Progress on the 2025 Medium-Term Management Plan

Status of Progress on the 2025 Medium-Term Management Plan

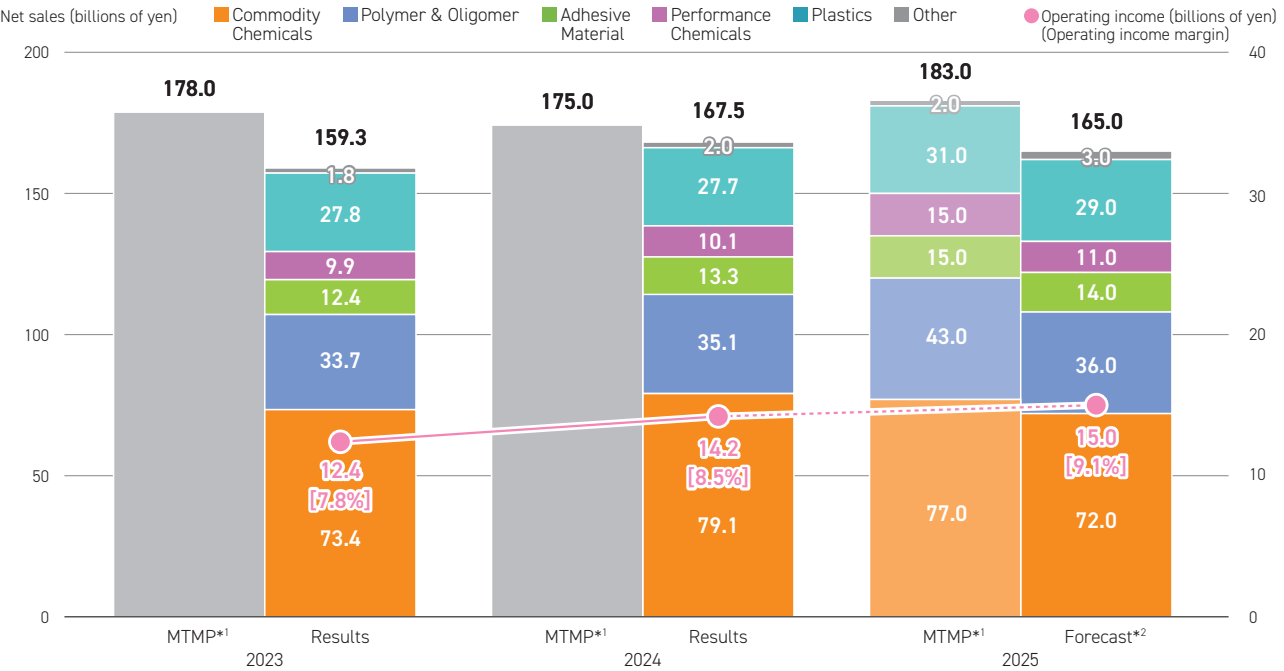
Differences between the 2024 results and the Medium-Term Management Plan targets

- 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

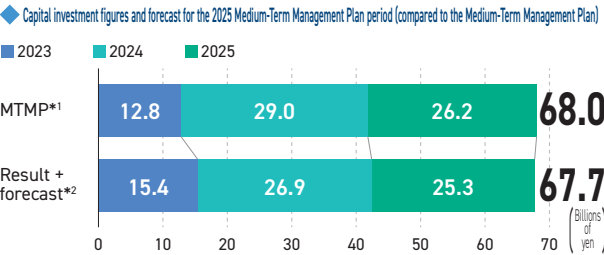
Focus areas for each segment

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.

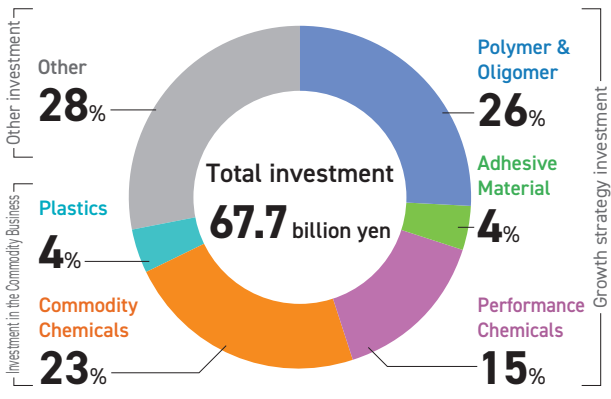
Segment	2025	2025-2027	2027
	Operating income (billions of yen)	Focus areas	Operating income (billions of yen)
Commodity Chemicals	8.0	<div>Continuing</div> Renew electrolysis facilities to save electricity <div>New</div> Promote new applications for land-based aquaculture and other chemicals <div>New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

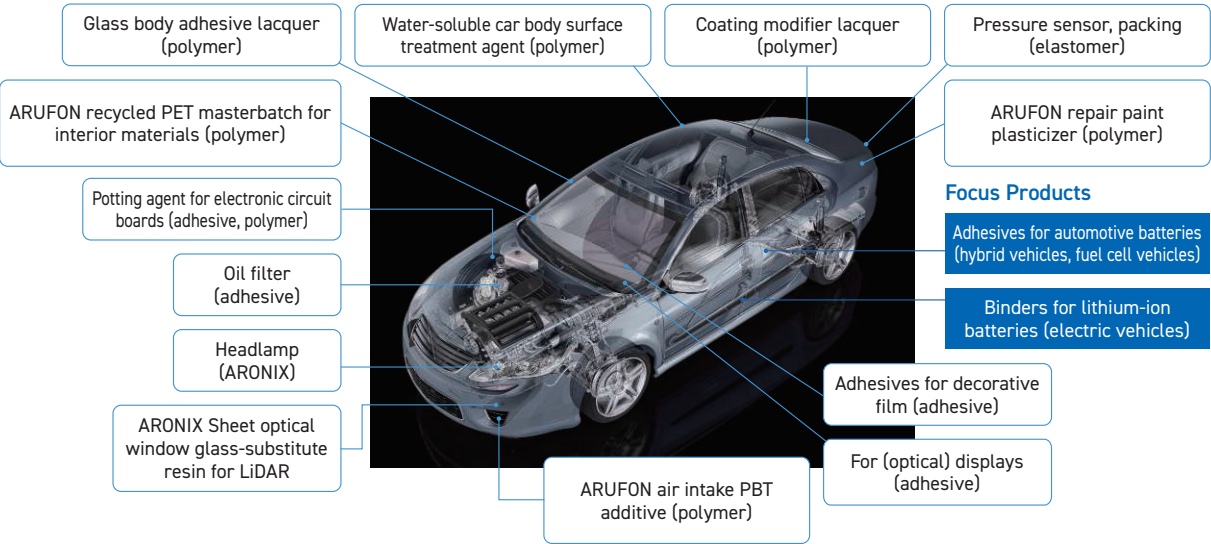


Progress on the 2025 Medium-Term Management Plan

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)

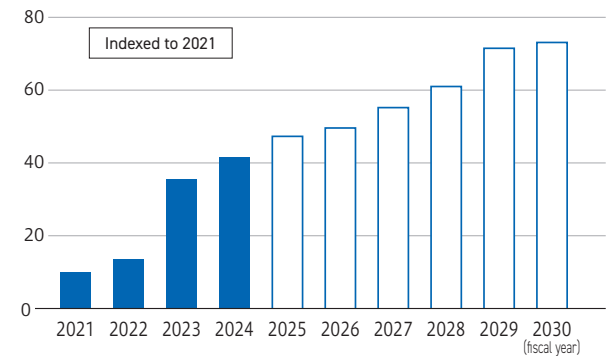
Progressively being adopted for bipolar nickel-hydrogen batteries in new-model hybrid vehicles and fuel cell vehicles.

- Installed models:
- MIRAI
 - Aqua
 - Crown
 - LEXUS RX
 - Alphard
 - Vellfire, etc.



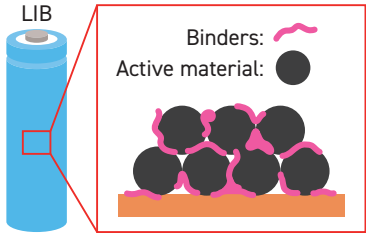
Source: Toyota Motor Corporation

Trend in net sales of adhesives for automotive batteries

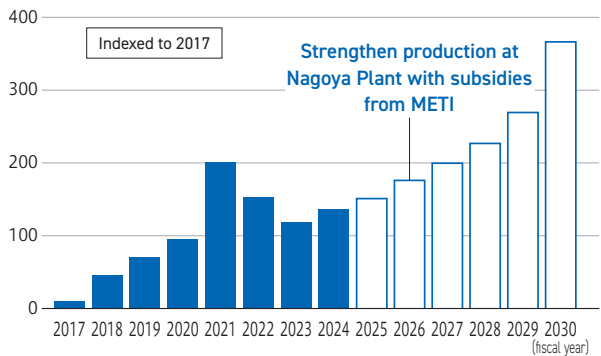


Binders for lithium-ion batteries (LIB)

Lengthen battery lifespan by suppressing expansion of the negative electrode.



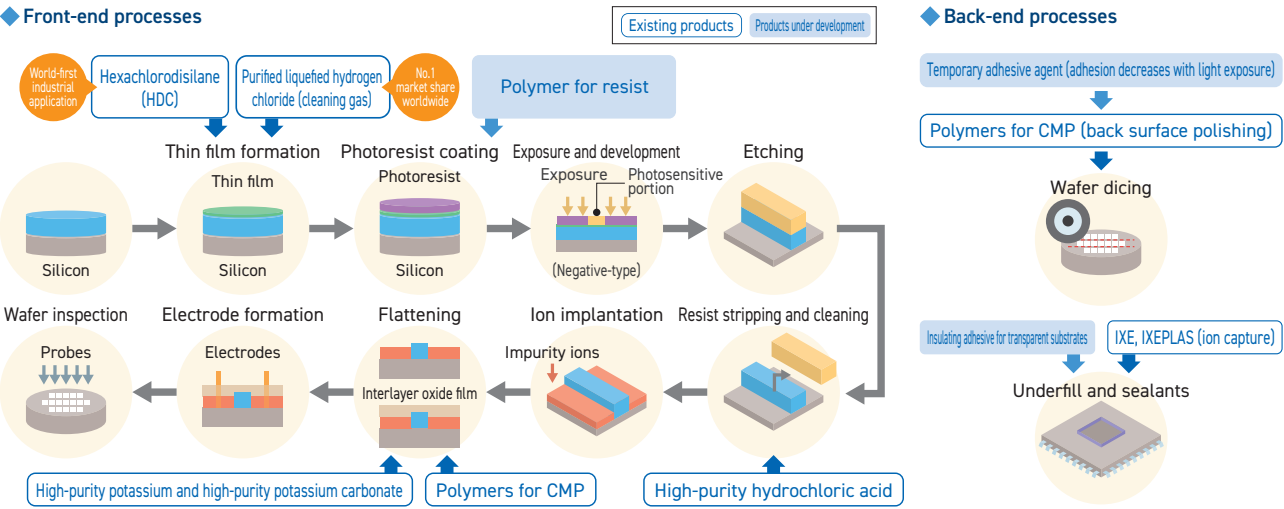
Trend in net sales of LB polymers



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.

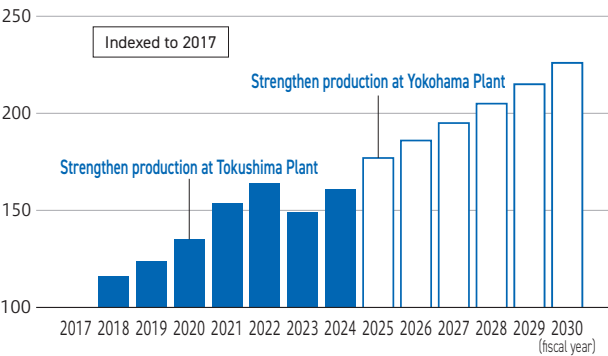


- Purified liquefied hydrogen chloride
 - Purified caustic potash
 - Acrylic polymers for high-performance CMP
- (Applications: Cleaning and polishing during semiconductor manufacturing)



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.

*A modality refers to a drug discovery platform technology.

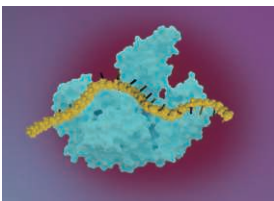


Illustration of RNAi (RNA interference)

Financial Capital Strategy

Initiatives for improving PBR

In February 2025, we renewed our initiatives for improving PBR (price book-value ratio) as a means of achieving management with a focus on capital costs and share price.

The Toagosei Group's PBR has stagnated below 1.0x since 2018, despite our efforts to improve it. Upon analysis, we believe that this has resulted from our ROE slumping due to the imbalance between our operating income and net worth. While we have been actively focusing capital investments in high-performance products, it has taken time to monetize these investments through operating income.

Meanwhile, we are using shareholder returns to control net worth, and the delayed monetization of our investments has impacted return on capital.

Therefore, to achieve our growth strategy, we will enhance our R&D capabilities and further strengthen our expansion into overseas markets, thus increasing sales of our highly profitable high-performance products. Meanwhile, we will continue to execute our financial strategy, controlling the level of shareholders' equity and improving capital efficiency. At the same time, through the balanced implementation of a non-financial strategy that contributes to a sustainable society, we aim to achieve operating income of 24.0 billion yen and ROE of 8% by 2027, thus improving our PBR to 1.0x or more.

Aim to achieve PBR of 1.0x or more by achieving an ROE of 8% by 2027

<p>Growth Strategy</p>	<p>1 Strengthening profitability</p> <p>Consolidated operating income target</p> <p>15.0 billion yen by 2025</p> <p>24.0 billion yen by 2027</p>	<p>Strengthen development capabilities and overseas expansion of the mobility, semiconductor and medical care fields</p> <ul style="list-style-type: none"> ● Accelerate development of high-performance products by strengthening R&D capabilities (strengthen development capabilities in the mobility, semiconductor and medical care fields with newly established research center in Kawasaki) ● Expand overseas sales by expanding overseas sales bases and production bases (development base in Shanghai, China, production base in North America for polymers for automotive batteries, sales bases for flocculants and adhesives in Southeast Asia and the Middle East) ● Monetization of growth investments during previous Medium-Term Management Plan (reinforce product supply system for polymers for automotive batteries and for semiconductors)
<p>Financial Strategy</p>	<p>2 Improving capital efficiency</p>	<p>Shareholders' equity control</p> <ul style="list-style-type: none"> ● Strengthen shareholder returns (target 100% consolidated total return ratio during 2025 Medium-Term Management Plan) ● Sell off cross-shareholdings (under 10% ratio of net assets at end-2025)
<p>Non-Financial Strategy</p>	<p>3 Contributing to a sustainable society</p>	<p>Achieve human resources development and sustainability supporting sustainable growth</p> <ul style="list-style-type: none"> ● Improve engagement (achieve a virtuous cycle of growth and distribution) ● GHG emission reduction (2025: -35% vs. 2013)

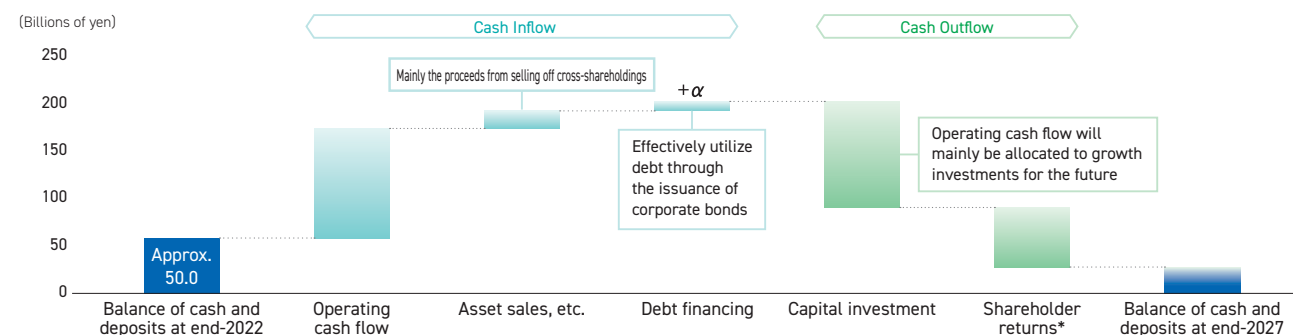
Cash allocation (illustration)

Previously, we implemented capital investments and shareholder returns primarily using cash on hand and operating cash flow. However, in order to achieve our 2027 targets (ROE of 8% and PBR of 1.0x or more), we have decided to issue corporate bonds, given anticipated interest rate increases going forward. We aim to effectively utilize debt as we continue to implement aggressive capital investments and ongoing shareholder returns. We envisage our cash allocation until

2027, based on these factors, as follows. To achieve future growth, we plan to allocate an amount equivalent to our expected operating cash flow from 2023 to 2027, primarily for capital investments focused on growth.

We will consider shareholder returns in conjunction with our next medium-term management plan. Through these efforts, we will strive to enhance corporate value over the medium and long term by improving both profitability and capital efficiency.

◆ Cash allocation (illustration)



Note: We will consider shareholder returns for 2026 onward in conjunction with our next medium-term management plan. The shareholder returns in this illustration are assumed to stay at the same level as under the 2025 Medium-Term Management Plan through 2026 and beyond.

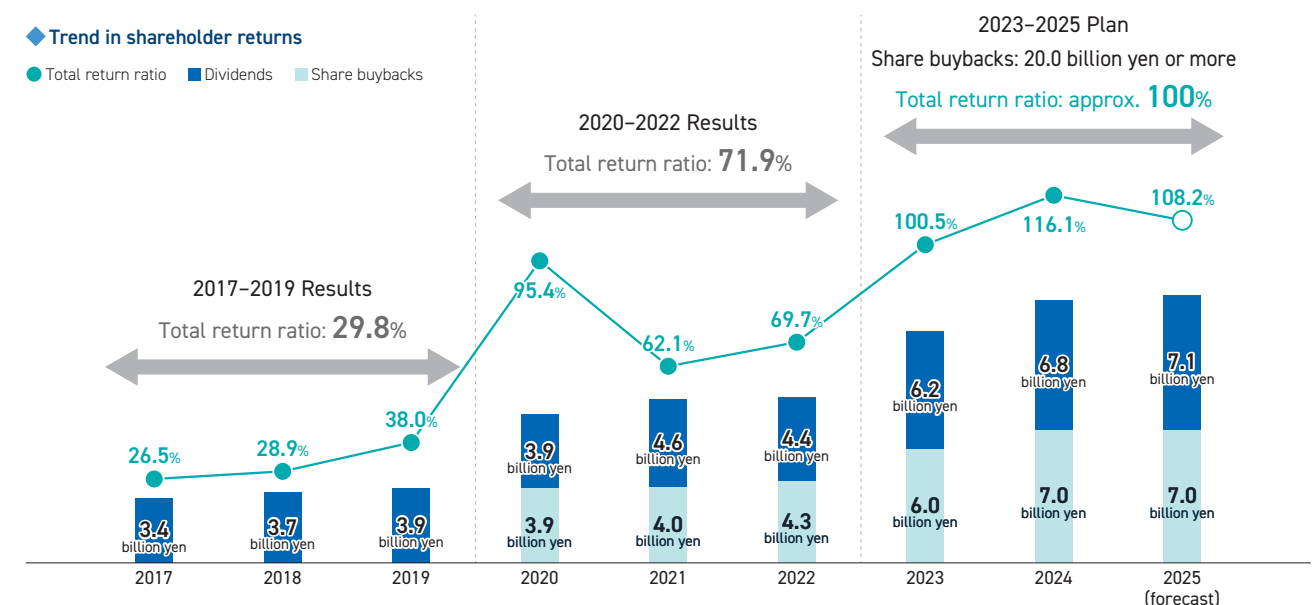
Improving capital efficiency

■ Strengthening shareholder returns

The Toagosei Group's basic policy for shareholder returns is to maintain stable dividends and increase the consolidated total return ratio, aiming for a consolidated payout ratio of approximately 30% and a consolidated total return ratio of approximately 50%. A target of approximately 100% consolidated total return ratio has been set as shareholder returns during the 2025 Medium-Term Management Plan.

In 2024, the Group increased the annual dividend per share based on this policy to 60 yen per share (+7 yen year-on-year), and bought back approximately 7.0 billion yen of its own shares. As a result, the consolidated payout ratio was 57.5% (51.6% in 2023) and the consolidated total return ratio was 116.1% (100.5% in 2023).

◆ Trend in shareholder returns



Selling off cross-shareholdings

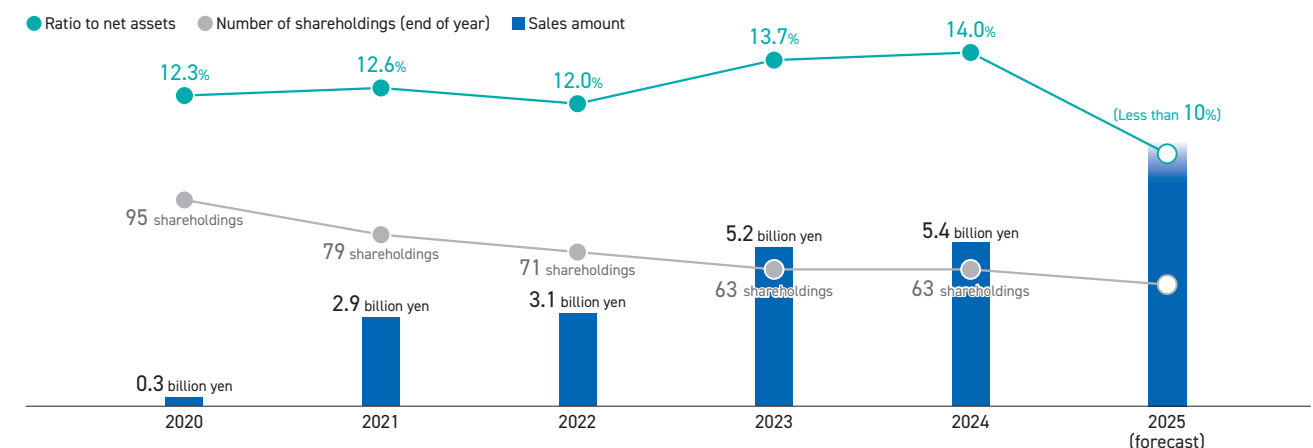
Cross-shareholdings have been sold off to ensure that the amount of shares owned through cross-shareholding is less than 10% of the consolidated net assets on the balance sheet at the end of 2025.

The Company acquires and owns shares of its business partners if it has determined that they contribute to increasing the medium- to long-term corporate value of the Company from the perspective of factors such as maintaining better relationships with those business partners or building up

business alliances. We annually review the effectiveness of our holdings, taking into consideration whether the benefits and risks associated with maintaining and strengthening the overall relationship with the relevant counterparty and holding shares are commensurate with the cost of capital.

We sold off a total of 5.4 billion yen of cross-shareholdings with lower holding effectiveness in 2024. We will continue to sell off shares of brands determined to have diminished effectiveness in the future.

◆ Sell-off state of cross-shareholdings



Financial Capital Strategy

Message from the CFO



We will diversify our funding sources to control the level of shareholders' equity and improve ROE.

At the same time, we will actively engage in IR activities to enhance recognition and valuation of the Toagosei Group, aiming for a PBR of over 1.0x.

Director, CFO and General Manager, Group Corporate Strategy and Administration Division **Akihiko Matsuda**

Dialogue with shareholders and investors

We actively engage in dialogue with shareholders and investors, providing us with a range of different views as reference points for management as we aim to enhance corporate value over the medium- to long-term.

The themes of this dialogue often revolve around our vision for the products that will drive growth in the future, as well as management indicators such as PBR and ROE. We will continue to engage in constructive dialogue while earnestly considering the opinions and advice we obtain from our shareholders and investors.

Initiatives for improving PBR

We are striving to improve our PBR, and have set a PBR target of 1.0x or more, which we aim to achieve through an ROE of 8% by 2027. A plan was created in August 2023, and we announced

its progress at the financial results briefing held in February this year (2025).

To improve ROE, it is necessary to grow our profit, which is the numerator, while controlling the level of shareholders' equity, which is the denominator, without letting it become bloated.

(1) Growth investment

Ongoing research and development activities are essential for the continued expansion of the high-performance product business: the core of our growth strategy. Last year (2024), we opened the Kawasaki Frontience R&D Center and invested 5.8 billion yen as R&D expense to strengthen our R&D capabilities. This exceeded our target of 5.6 billion under the 2025 Medium-Term Management Plan. Going forward, we will promote the early launch of development themes to secure returns on our R&D activities, while continuing to explore new development themes and seeking ongoing returns. We also plan 68.0 billion

yen in capital investment under the 2025 Medium-Term Management Plan. We are actively making capital investments in areas such as mobility, semiconductors, and electronic materials. Recent years have seen a spate of events that have rocked the economy on a global scale, but we will strive to strengthen relationships with customers and develop new customers to achieve the early monetization of our capital investments, while also increasing the operating rate of the facilities we invest in.

We will review our portfolio based on metrics such as ROIC and continue to take appropriate measures to address unprofitable products and businesses, including withdrawal and business sales.

TOPICS

Strengthening portfolio management

In January 2025, we announced the "end of PVC resin contract manufacturing and the shutdown of related production facilities."

We had been engaged in the manufacture and sale of PVC resin for over half a century since 1952. Since 2011, we had continued contract manufacturing at our Kawasaki plant amid a decrease in domestic demand. We ceased these contract manufacturing operations in December 2025 and shut down the related production facilities.

We have consistently focused on R&D and capital investment aimed at expanding our highly profitable high-performance products, as well as working to strengthen portfolio management. Our recent withdrawal from the contract manufacturing of PVC resin is part of these efforts. To improve ROE, we will reassess unprofitable products and businesses and optimize the allocation of management resources, focusing on the expansion of new high-performance products.

(2) Capital relationships and cash allocation

(1) Capital relationships

We are working to control the level of shareholders' equity by strengthening shareholder returns and progressively selling our cross-shareholdings. We are progressively selling cross-shareholdings to reduce them to a level of less than 10% of net assets by the end of 2025. We are allocating the proceeds of these sales to growth investments and shareholder returns. We actively proceeded with the sale of these shares in 2024 (with sales totaling approximately 5.4 billion yen), but rising share prices have resulted in cross-shareholdings equivalent to 14.0% of net assets (as of the end of 2024). We will further advance our efforts to achieve a level of less than 10% of net assets by the end of 2025 and effectively utilize the cash generated from the sale of these shares.

(2) Cash allocation

We have set a plan for 68.0 billion yen in capital investment over the three years of the 2025 Medium-Term Management Plan. Our current forecast is for capital investments of 67.7 billion yen over the three years to 2025.

In 2025, we plan shareholder returns including an annual dividend of 65 yen per share, representing a year-on-year increase of 5 yen per share, as well as share buybacks totaling 7.0 billion yen. With this, we expect to achieve total share buybacks of 20.0 billion yen and a consolidated total return ratio of 100% for the three years from 2023 to 2025, our targets under the Medium-Term Management Plan. We will consider

shareholder returns for 2026 onward in conjunction with the investment plan and capital structure under our next medium-term management plan.

TOPICS

Shareholders' equity control

In April 2025, we announced the issuance of corporate bonds.

These bonds were issued to fund capital investments in growth areas such as mobility and semiconductor-related products with the aim of improving medium- to long-term earnings.

The issuance of these bonds also aims to diversify financing methods to ensure financial stability and improve capital efficiency by reducing the weighted average cost of capital.

To improve ROE, we will control the level of shareholders' equity to optimize the capital structure.

In closing

While steadily advancing these measures, we will control the level of shareholders' equity through the diversification of funding to ensure a healthy cash flow in the long term. We will also engage in strategic investments aimed at future cost reductions. For example, we are considering ways to support the Group, not only by holding shares but also purchasing corporate bonds and providing long-term loans, taking into account economic trends and balance.

We also plan to engage in activities to enhance the recognition and valuation of the Group more actively than ever before. We will increase business briefing sessions and other opportunities to encourage understanding our future growth potential and substantial shareholder returns. By boosting the Group's valuation, as well as improving ROE, we aim to achieve a PBR of over 1.0x.

I hope that all investors will be looking forward to the Group's efforts and future growth.



R&D (Innovation) Strategy

R&D Supporting the Growth Strategy

Basic policies

The Toagosei Group's basic policies on research and development for 2025 are as follows.

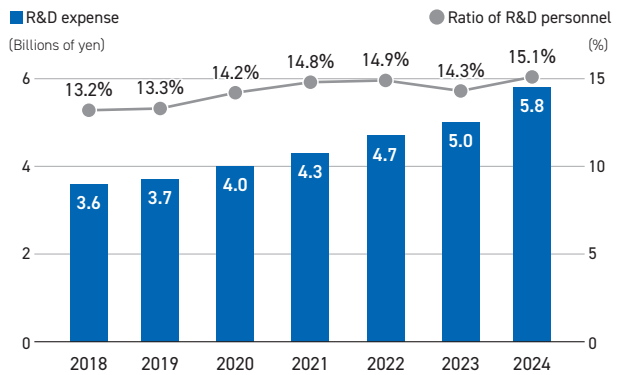
- Early commercialization of next-generation materials
- Taking challenges in cutting-edge technology
- Discovery of research and productive technology themes through more opportunities for collaboration

Strategy

R&D strategy

Aiming for product development that contributes to the Sustainable Development Goals (SDGs), we are advancing research and development that suits the needs of society while taking into consideration the environmental impact of manufac-

R&D expense and ratio of R&D personnel*



*Ratio of R&D personnel (%): number of research, technology and development personnel ÷ Consolidated number of employees × 100

System

Research and technology development system and initiatives

Our Group aims to benefit society while ensuring sustainable group development by supplying a wide range of useful, appealing chemical products. We opened the Kawasaki Frontience R&D Center in August 2024. We have commenced operation of this new center as a core R&D base together with the Nagoya Criatio R&D Center.

The operation of these two R&D centers will enable us to respond more quickly to the needs of customers and cultivate new fields through active external collaboration, thus serving to strengthen our core competencies.

To accelerate product development in areas with growth potential, research personnel have also been deployed flexibly on key projects to maximize R&D efficiency.

In August 2024, we opened the Kawasaki Frontience R&D Center as a new base for research. Together with the Nagoya Criatio R&D Center this new center will form a core R&D base, where we aim for the early commercialization of next-generation materials. As a technical team taking challenges in cutting-edge technology, it is also promoting product development through collaboration.

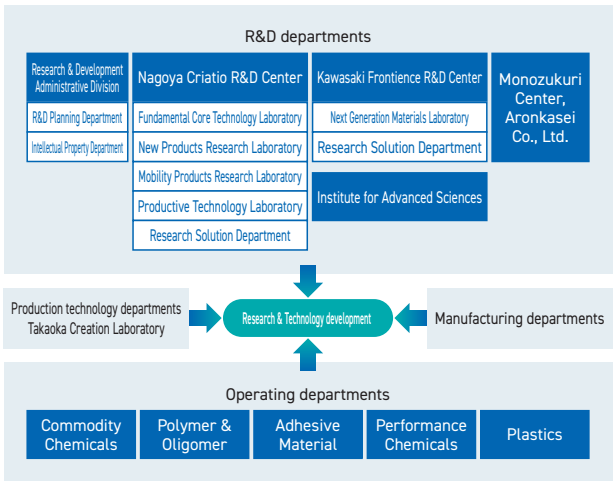
turing products. In particular, we are focused on R&D in the areas of medical care, cellulose nanofibers, and next-generation battery materials, aiming for early commercialization. We are actively investing resources in growth areas like semiconductors and electronic materials and promoting the continuous creation of competitive and creative products and technologies.

R&D expense in 2024 was 5.8 billion yen (3.4% of net sales). We are making positive efforts to enhance resources with the view to increasing R&D expense by 20% (from 2022) for the 2025 Medium-Term Management Plan. We are also strengthening our collaborative research with universities and investing in start-ups as we work toward acquiring and cultivating new core technologies.

IP strategy

Our Group has established IP Strategy Committees tasked with formulating and implementing IP strategies. These committees meet regularly with operating departments, research and technology development departments, and other related departments to establish effective IP strategies in line with the Group's business strategy. These committees work toward achieving offensive and defensive IP strategies that take into account the trends in markets, our customers, and our competitors.

Research and technology development system



Nagoya Criatio R&D Center

The center is positioned as a core base for the development of promising technologies and high-value-added products that will underpin the Toagosei Group's future. This year, we have established the new Research Solution Department in addition to the four existing laboratories: the Fundamental Core Technology Laboratory, the New Products Research Laboratory, the Mobility Products Research Laboratory, and the Productive Technology Laboratory. In this way, we aim to further expand our core businesses. We also advance research and technology development aimed at acquiring higher-order processing technologies at our two technology development laboratories.

Fundamental Core Technology Laboratory

Coordinates efforts for advancing research by strengthening assessment and analysis technologies that form the foundation of research and development, accelerating development through establishing and utilizing environments for machine learning and computational chemistry, and developing applied technologies that lie at the heart of our core technologies.

New Products Research Laboratory

Covers development of high-value-added products based on our Company's core technologies. Promotes the development of new, differentiated products through development in close cooperation with customers. The laboratory also collaborates with our overseas bases to promote the overseas expansion of high-performance products.

Mobility Products Research Laboratory

Aims to develop innovative materials such as functional adhesives and battery materials in the battery materials field, with a primary focus on automotive applications. At the same time, we are improving our evaluation capabilities and promoting development efficiency.

Productive Technology Laboratory

Establishes production technologies such as the selection of raw materials and improving and tuning each process, to ensure that materials with positive test results can be supplied at fair and stable costs during development at product laboratories. The laboratory also addresses long-term technical issues faced by manufacturing sites.

Research Solution Department

Engages in business expansion by creating new markets different from our existing businesses through the exploration of new applications for our high-value-added products and collaborative creation with customers.

Institute for Advanced Sciences

Works toward the commercialization of cell penetrating peptides for the next-generation Drug Delivery Systems (DDS), which are expected to be used for nucleic acid drug delivery and gene delivery. The Institute also actively conducts activities from fundamental research to applied study in a broad range of functional peptide research and nucleic acid research via

partnership programs with the Center for iPS Cell Research and Application at Kyoto University and with the Graduate School of Agricultural and Life Sciences at the University of Tokyo.

Kawasaki Frontience R&D Center

The Kawasaki Frontience R&D Center, newly opened in 2024, is a core base for our research and development, together with the Nagoya Criatio R&D Center. It is engaged in the research and development of next-generation materials and also facilitates the expansion of existing businesses with customers in the Tokyo metropolitan area through the concept of collaborative creation. With excellent access to Haneda Airport, the center is aiming to spearhead global research and development efforts.

Next Generation Materials Laboratory

Conducts research and development into innovative technologies such as medical products, cellulose nanofibers, and next-generation battery materials that have potential as new businesses.

Research Solution Department

Matches our core technologies with market trends, identifies promising new large-scale project topics, and develops products through collaborative creation with customers, especially in the Tokyo metropolitan area, and practical verification.

Takaoka Creation Laboratory

The Takaoka Creation Laboratory has been established at the Takaoka Plant, our manufacturing base for Adhesive Material business. Using this laboratory, we promote product development that is closer to our customers through an integrated manufacturing system encompassing all processes from development to manufacturing for various functional adhesives, including instant adhesives.

Monozukuri Center, Aronkasei Co., Ltd.

As part of our Plastics business, this center contributes to society by addressing social issues (natural disaster risks, aging infrastructure, super-aged society, and global warming) through the development of sewer pipeline repair materials and nursing care products, as well as the development of recyclable materials. Going forward, it will shift toward a development system that can propose solutions, including systems, while working on research and development focused on growth areas (semiconductors, mobility, and healthcare).

Tokyo Technology Laboratory

Taking advantage of its excellent location (next to our Head Office), the facility promotes swifter solutions for the issues faced by our customers using tests attended by customers and evaluation and analysis of customer-provided base materials.

Human resources development

R&D human resources development

We actively promote joint research with universities and other institutions with the aim of acquiring new technologies. We also aim to revitalize our human resources through exchanges, including dispatching research staff to universities and accepting internship students from universities. Furthermore, our personnel make presentations at academic conferences and submissions to academic papers, and are engaged in education as researchers.

A support system has also been developed catering to young researchers in particular, to allow them to come up with research topics based on a flexible approach to thinking. We further promote the development of human resources to train research personnel capable on the global stage, by providing language learning opportunities and training programs at overseas research institutions.



On-the-job training

R&D (Innovation) Strategy

Intellectual Property Strategy

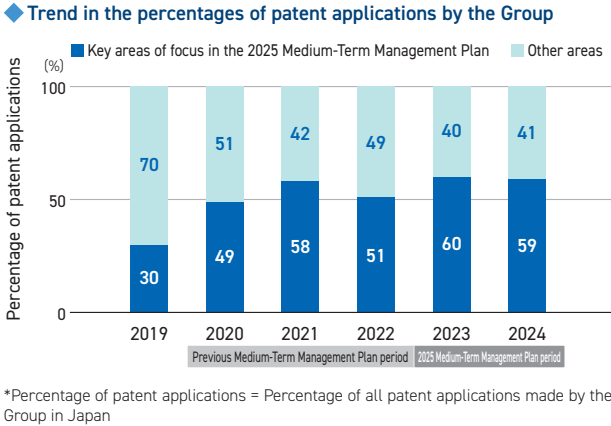
Promoting key focus areas under the Medium-Term Management Plan and strengthening our technology base

We have identified mobility-related, electronic materials-related, and medical care-related fields as the key areas of focus under our 2025 Medium-Term Management Plan, and we are investing management resources in these areas.

We are working to exploit the Group's technologies and strengthen its competitiveness in these focus areas. Research and development are advancing, and we are steadily accumulating achievements such as patent applications.

At the same time, we are also working to strengthen our technology base and explore future technologies outside of our focus areas.

Through this simultaneous "exploitation" and "exploration," we will enhance the Group's overall research and development capabilities and strive to secure medium- and long-term technological competitiveness.



Initiatives to create new technologies

Our Group is utilizing the IP (Intellectual Property) landscape and engaging in stimulating discussion among related staff including management in order to create new business and enhance corporate value. In the IP landscape, we map news, academic papers, patents and other information to visualize the relationships between technologies and the competitive landscape. This enables us to identify areas where the competition is intensive and others that are unexplored, facilitating the generation of innovative ideas.

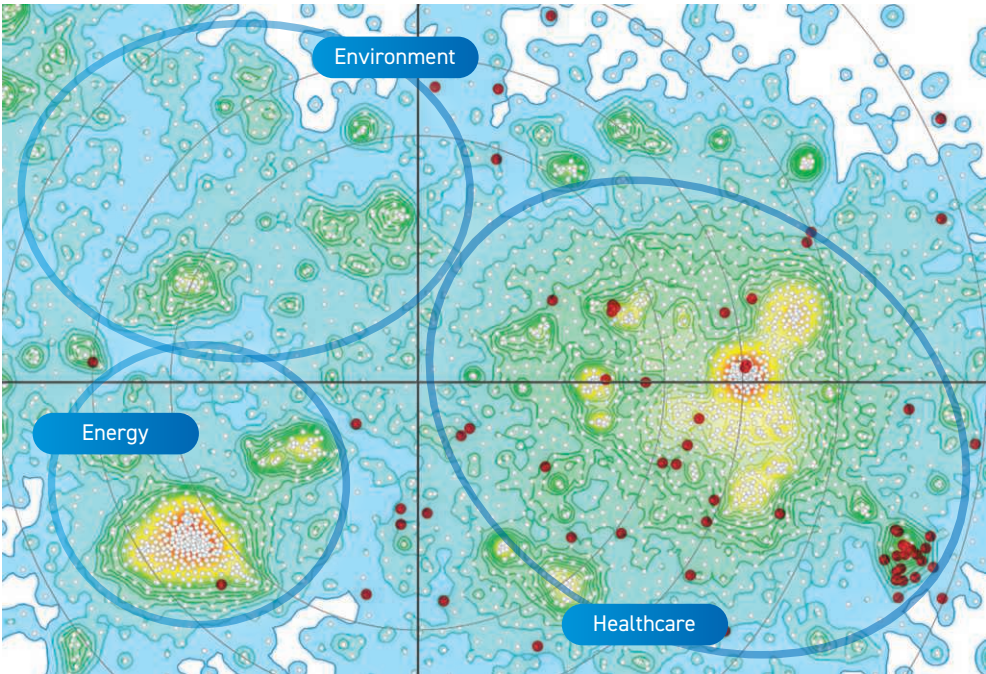
The diagram below maps an overview of research papers and patent information relating to inorganic functional materials. A point represents an academic paper or a patent, and the distance between points indicates their technological similarity.

By highlighting our own technologies and those of our competitors (shown in red in the diagram below), we have explored the possibilities of new technologies and utilized them for idea generation. We also apply this method to the development of solid electrolytes for next-generation batteries.

Furthermore, we are strengthening collaboration through the use of management design sheets to understand the current situation and sharing and integrating perspectives between different departments.

We regularly review and improve these initiatives. We will be continuing with such activities to ensure the sustainable growth of our Group.

◆ Example mapping of research papers and patent information relating to inorganic functional materials



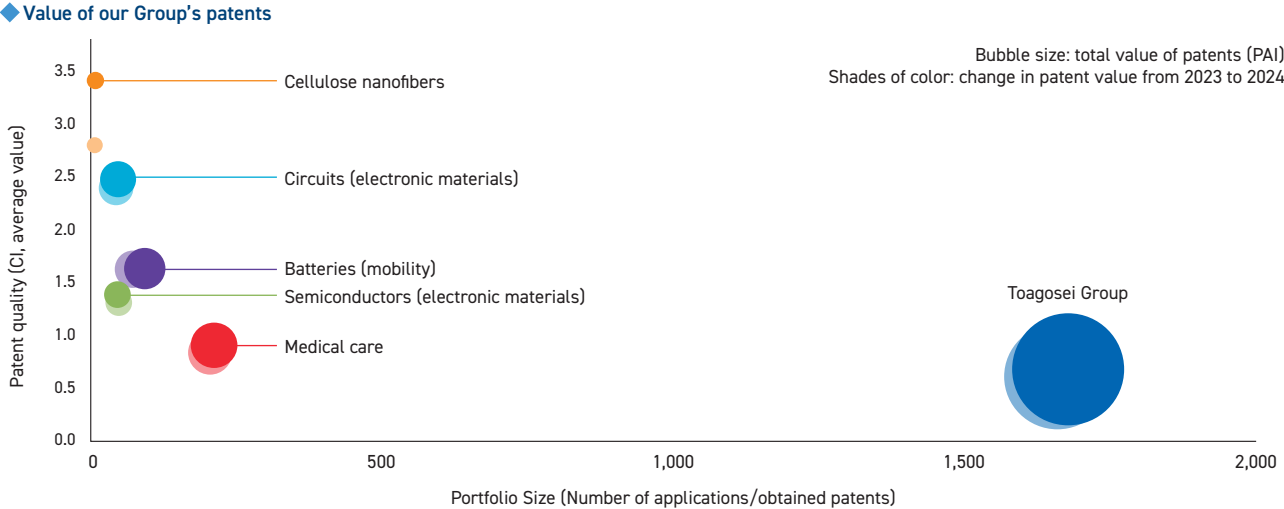
*Created using the VALUENEX Inc. Radar analytical tool.

The value of patents supporting our business competitiveness

Our Group views IP as an investment for long-term profitability, and promotes the improvement of patent value. The quality of patents has shown significant improvemet since 2023, especially related to batteries (mobility), semiconductors and circuits (electronic materials), medical care, and cellulose nanofibers, and these are enhancing the value of the Group's

patents.

We will continue to strengthen our research and development capabilities and effectively protect intellectual property, including patents. By strategically utilizing the high-quality intellectual property created, we aim to strengthen our business competitiveness and maximize corporate value.



*Prepared by our Group using LexisNexis® PatentSight+, a patent analysis tool of LexisNexis Intellectual Property Solutions, USA. The shades of color show the transition of patent value from 2023 (light) to 2024 (dark) (patent value at the end of each year 2023 and 2024). Competitive Impact (CI): an average value index per patent family calculated by multiplying the technical value calculated based on the number of citations by the market value calculated based on the status of country application/rights. Patent Asset Index (PAI): total patent value obtained by multiplying average CI by the number of patents.

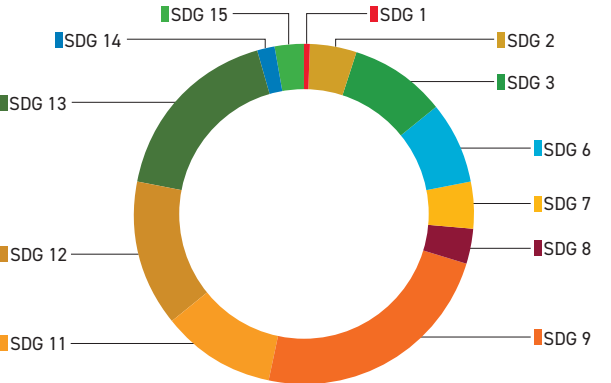
Contributing to the SDGs through R&D

We are actively contributing to the SDGs through research and development. Specifically, we are enhancing our contribution to SDG 3 (Good Health and Well-being), SDG 9 (Industry, Innovation and Infrastructure), and SDG 13 (Climate Action) through research and development in the areas of focus established in the Medium-Term Management Plan.

We are also continuing research and development aimed at strengthening our technological base in other areas. These initiatives have substantial socially significance and contribute to addressing other SDGs.

We will continue to contribute to society through research and development as we work toward building a sustainable society.

◆ Proportions of the Group's SDGs-related patents



*Prepared by our Group using LexisNexis® PatentSight+, a patent analysis tool of LexisNexis Intellectual Property Solutions, USA. This diagram is a visualization of the relative proportions of the number of the Group's patent families related to SDGs as of the end of 2024.

◆ Some of the SDGs addressed by the Group's technology and related patents

SDGs	Related technology	Examples of the Group's patented technologies
3 GOOD HEALTH AND WELL-BEING	Medicine and health	● Advanced medicine ● Regenerative medicine ● Infection control measures
6 CLEAN WATER AND SANITATION	Water resource management	● Drinking water purification ● Wastewater and water-saving technologies ● Water supply infrastructure
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Energy and new materials	● Next-generation batteries ● New materials and manufacturing technologies ● Environmental impact reduction technologies
11 SUSTAINABLE CITIES AND COMMUNITIES	Urban infrastructure and transport	● Disaster-resistant infrastructure ● Barrier-free equipment ● Mobility support technologies
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable production and consumption	● Recycling technologies ● Waste processing ● Energy-saving manufacturing
13 CLIMATE ACTION	Decarbonization and renewable energy	● Environmentally friendly materials ● GHG reduction ● Renewable energy

R&D (Innovation) Strategy

The Research and Development Center That Opens Up the Future

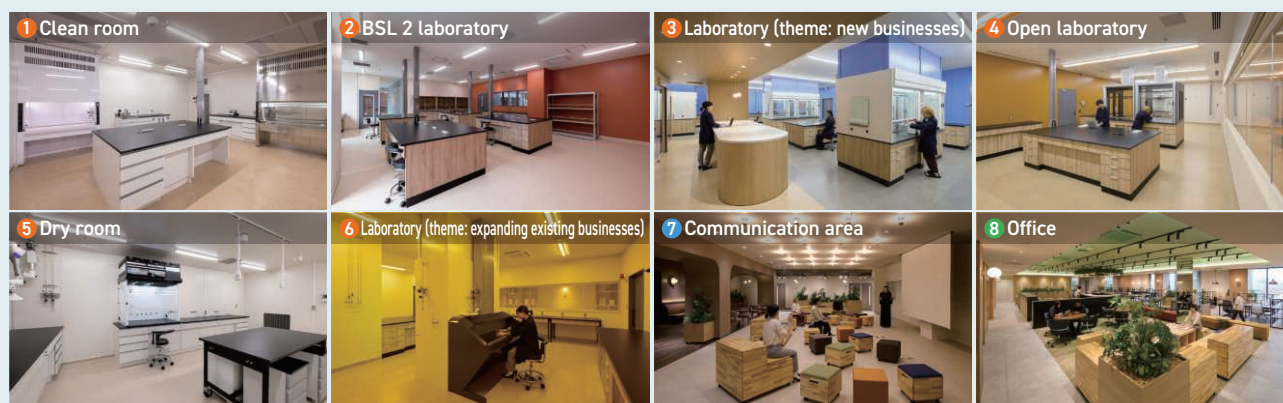
Kawasaki Frontience R&D Center

Opened
August
2024



Research facilities in domestic and international markets.

The Kawasaki Frontience R&D Center, opened in August 2024, is equipped with various facilities that enable advanced research and development, as well as a research environment that encourages the creation of ideas. Together with our customers, we will leverage innovative approaches and exceptional expertise to challenge the unknown, advancing technologies and creating new products that pave the way for the future.



Focus development and research themes

Next Generation Materials Laboratory

Cellulose nanofibers

We will advance the development of applied technologies for cellulose nanofibers, which are promising next-generation materials, aiming for practical applications both inside and outside the company.

Research aimed at the commercialization of iPS cells

We will focus on developing commercialization technology based on the findings of the collaborative research by the Center for iPS Cell Research and Application at Kyoto University and our Institute for Advanced Sciences.

Medical care materials

We will enhance our development capabilities in the medical care field, a growth area, and promote business expansion with attractive products such as hemostatic agents.

Bio-synthesis technology

We promote research and development of manufacturing that utilizes biological functions, and build technologies that contribute to a sustainable society.

Materials for next-generation batteries

We aim to develop solid electrolytes and other key materials for use in next-generation batteries.

Research Solution Department

Exploring high-value-added themes

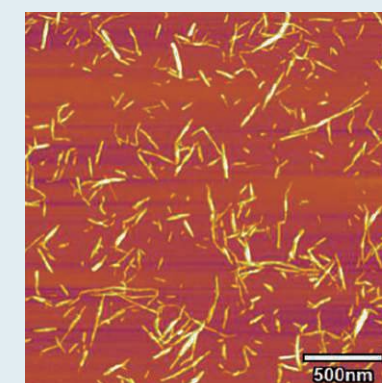
We will focus on growth areas such as semiconductors and mobility, leveraging our strengths in products and technologies to promote the expansion of our business scope.

Product development

1. Cellulose nanofibers

Our cellulose nanofibers (CNF) feature short fiber length and low viscosity, making them easy to handle. We are progressively developing applications that utilize these features. In addition to the development of applications for water-based systems, we will also promote the practical use of hydrophobic-modified materials that can be used in non-water-based systems.

Our CNF



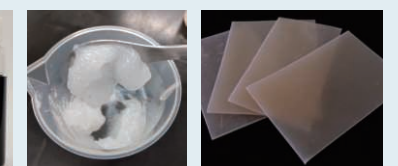
- Dispersal and thickening applications
- Compounding with rubber

Water-based

Dispersants



Thickeners



Rubber masterbatch

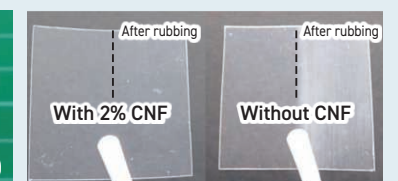


Non-water-based

- Providing hydrophobic-modified and reactive properties
- Application in UV-curing resin, etc.



Achieves both surface hardness and bend tolerance



Scratch resistance also improved

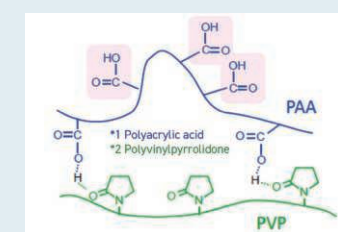
2. Medical devices and materials for medical devices

We are leveraging our polymer design, synthesis, and other technologies to develop several materials for medical applications. In the previous fiscal year, we obtained approval for a medical device and started manufacturing and sales of a hemostatic agent used as extraction sockets.* We will use this as a stepping stone to advance the development of new products.

*This product uses Wispecs® (<https://www.wispecs.com/en/>) technology.

Our new hemostatic agent: Aron cure

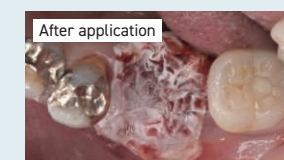
The Aron cure technology



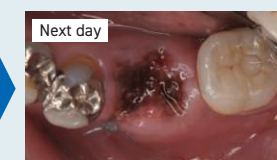
[Features]

- High adhesion to biological tissue
- Swells in water (forms a hydrated gel)
- Demonstrates excellent hemostatic properties

Clinical case of the use of hemostatic agent after the extraction of teeth



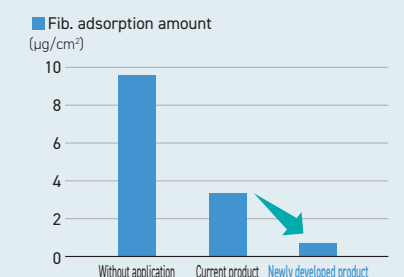
The bleeding was stopped immediately



The hemostatic agent has disappeared (no removal needed)

Medical coating agent

Polymer with excellent anti-thrombogenic properties developed by Toagosei



[Features]

- Contains a large amount of intermediate water, suppressing the adsorption of fibrinogen and platelets
- Demonstrates excellent anti-thrombogenic properties
- Coating is also possible on difficult-to-adhere materials such as PP
- Selectively adheres to specific cells

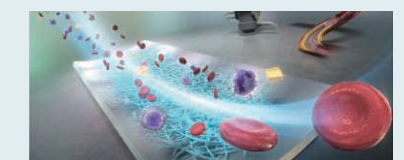
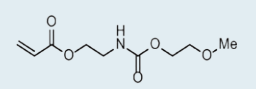


Illustration of anti-thrombogenic properties



Monomer structure that demonstrates anti-thrombogenic properties

3. Electrolytes for next-generation batteries

We are working on the development of high ion-conductive solid electrolytes for all-solid-state batteries in a dry room that can handle moisture-sensitive materials under ultra-low humidity conditions. We will pursue development through active collaborative research with academia and promote customer acquisition in domestic and international markets.

Organic electrolyte



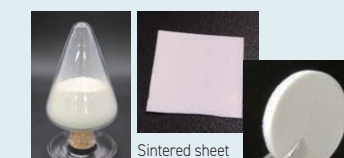
Electrolyte membrane



Pouch cell

We made a small cell including our newly developed product and checked that it works as a battery

Inorganic electrolyte



Powder

Sintered pellet

Hybrid electrolyte



Composite membrane made of organic and inorganic electrolytes

Forms a high-density filling and flexible film without the need for a high-temperature sintering process

R&D (Innovation) Strategy

Conversation on R&D

At the Toagosei Group, we have further strengthened our research and development system with the opening of the Kawasaki Frontience R&D Center (hereinafter the “Kawasaki R&D Center”) in August 2024. In this section, Executive Officer Matsuzaki, who serves as Research Manager of the center, and Director Kato, an Outside Director of the Company and a leading expert in functional molecular chemistry, discuss strengths, challenges, and future prospects for research and development at the Group.



Outside Director

Takashi Kato

Doctor of Engineering
Former Professor of The University of Tokyo, currently Specially Appointed Professor of Shinshu University and Specially Appointed Professor of Okayama University

Executive Officer

Hideo Matsuzaki

Research Manager of the Kawasaki Frontience R&D Center

Capturing true customer needs and solving them with technology:
we will enhance the value we provide to society through open innovation.

The unique quality of Toagosei’s research and development as seen through an external perspective and internal aspirations

Kato: I feel that Toagosei is somewhat of an unsung hero in terms of its strength as a chemical manufacturer. There are various examples of research and development that demonstrate this strength. For instance, its acrylics chain: this technology allows for integrated production from acrylic acid to acrylic polymers. By utilizing the molecular design of monomers and structural control of polymers, it enables the production of a variety of functional materials and exemplifies Toagosei’s unique strength. This strength is not flashy nor immediately obvious to the general public. However, the public benefits from Toagosei’s technologies, even if it is unaware of its true strength or even its existence. This highlights Toagosei’s unique characteristics and importance as a chemical manufacturer. The full extent of Toagosei’s chemical capabilities is not easily visible from outside the Group, but since joining as an Outside Director in 2023, I have gained a new awareness of its advanced technologies.

Matsuzaki: Did you know a lot about the Group before you became a director?

Kato: I was aware of its existence, of course, through the activities of the Society of Polymer Science, Japan, and the Chemical Society of Japan. However, I did not know the details of the Group’s technologies apart from the research content it presented at academic conferences. I am also closely watching its research and development system.

Matsuzaki: I believe that one of the characteristics of the Group’s research and development system is the high degree of freedom it allows. This enables researchers to thoroughly pursue their research interests. I believe that the Group’s advanced development capabilities are only possible because we, as researchers, enjoy our work and approach it with passion.

Kato: Yes, I feel that too. It’s an important element.

Matsuzaki: Speaking from personal experience, this atmosphere has enabled me to immerse myself in research and development and achieve product commercialization, contributing to profit. I joined Toagosei in 1990 and was engaged in research and development relating to acrylic polymers until 2013. When I first joined the company, I was initially responsible for products with high expected sales volumes, such as adhesives and binders. I studied emulsion polymerization dynamics and pursued cost reductions through the optimization of reaction conditions. This enabled me to gain experience in securing profits. On the other hand, I was driven by the desire to create high-performance products that would contribute more to society and achieve higher profit margins. Therefore I proceeded to immerse myself in particle structure control technology and worked diligently on its social implementation. These efforts resulted in the launch of high-profit products in fields such as mobility and cosmetics. Looking back, this development experience was both rewarding and personally

fulfilling for me. My experience was founded on the direct guidance I received from renowned professors in polymer dynamics and particle synthesis through collaborative research and academic activities. I strongly realized the importance of learning fundamental theories from top-level experts.

Kato: In order to improve a product, it is vital to understand the fundamentals of that product. By understanding the “fundamentals,” I mean knowing the structure of the product and fully comprehending the correlation between that structure and its physical properties and functions, to the extent that one can explain the overall effect that it has on the product. Based on the great freedom allowed by Toagosei’s research and development system, collaboration with universities is prioritized. There is no doubt that the efforts that Toagosei has made to acquire and refine fundamental theories have been partly responsible for its sustainable growth.

Matsuzaki: The Group is mainly engaged in manufacturing as a B2B materials supplier, excluding some products for general consumers such as Aron Alpha. By understanding the challenges and needs of customers and developing products that meet those needs through our accumulated technology, firmly grounded in fundamental theory, we can create products that truly delight them, ultimately realizing value that generates profit. We firmly believe that the size of our profits is directly linked to our level of technology and its contribution to society.

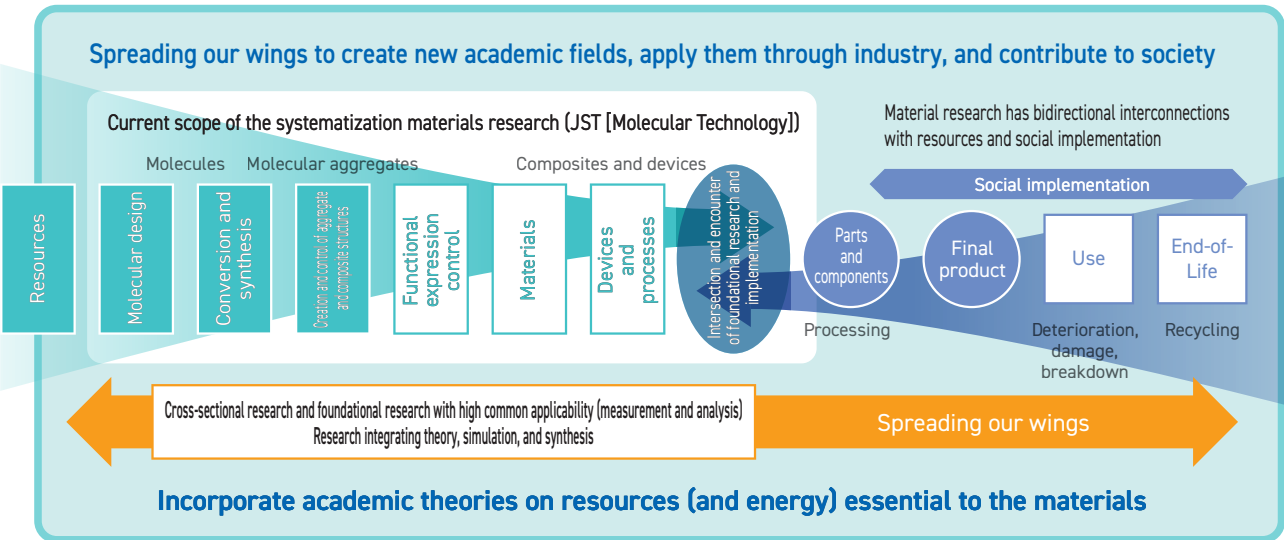
Kato: The purpose of any company’s products is for people to use them. I think Toagosei has great potential as a chemical manufacturer that contributes to various possibilities in line with customer needs.

The Group’s role in expanding the social applications of molecular materials

Matsuzaki: Professor Kato, you have presented numerous research results in the field of functional molecular chemistry, such as supramolecular liquid crystals, functional polymers, and bio-mineralization, which have attracted attention worldwide. How do you perceive the connections between these outstanding academic research results and the Group’s businesses?

Kato: As the leader of the materials project at the Engineering Academy of Japan, I made recommendations for the further development of materials research. I aimed to show what the research and development of molecular materials should look like (see Figure 1). Academia is primarily responsible for long-term fundamental research based on academic principles in the realm of molecular technology, particularly concerning the design of molecules and the control of functional expression. Companies should then incorporate the results of this research through open innovation to achieve social applications. What is vital is materializing this contact point in terms of devices, processes, components, and materials. The Toagosei Group has the capabilities to independently engage in all the steps from molecular design to product commercialization, but it is also

◆ Figure 1: Illustration of the development of molecular material research leading to social implementation



Source: The Engineering Academy of Japan Report "Fusion and Collaboration for the Further Development of Materials Research in Japan," (Materials Project, Leader: Takashi Kato; sourced and partially modified from page18 "Organization-building for the creation of new academic fields, industrial application, and contribution to society," March 16, 2018)

keenly focused on joint research with academia. I hope to see it implement cutting-edge research results from academia in the form of products with "dream functions" in society, thus achieving a greater social contribution and higher profits. In academia, we are also engaged in research related to resources, energy, and recycling in each wing of material research (see Figure 1). I feel that a mechanism is now in place that enables industry and academia to execute open innovation more efficiently and effectively, partly through the participation of academia-driven startups in the stages from device and process development to final product development. I hope to see the Group actively engage in the utilization of open innovation and expand the scope of value it contributes to society as a whole.

Matsuzaki: Based on our open innovation with academia, we aim to contribute to society and expand profits through the social implementation of cutting-edge technology. We are fortunate to have your great support for our research and development, Professor Kato, including advice from the perspective of molecular technology related to polymer materials and substances and their applications in industrial fields beyond functional expression control. In addition to providing consultations relating to specialized fields such as these and guidance on the challenges we face in our actual development work, there are also occasions when you help by using your extensive network to match us with clients who might be interested in the products we develop. We sometimes also ask you to give lectures or hold discussions for our researchers concerning your approach to research and development, how to structure stories, and new research results. It seems that having direct discussions and receiving advice from you, as a leading expert in functional molecular chemistry, has been a great encouragement for our promising young researchers.

Kato: Going forward, it will be essential for the Group to expand its initiatives from "points" to "areas" and "series." For example, the dental hemostatic agent that has been approved as a medical device is an impressive achievement in itself, but it is just a single product: a "point." Given its solid research and development basis, established with a consciousness of the application of polymer composite technologies, the Group should further broaden the range of applications through which it provides value.

Matsuzaki: As you say, we need to swiftly implement efforts to expand the range of products utilizing the technologies we have developed. In other words, we must expand our applications into "areas" and "series," so that we can be recognized as the go-to company for medical device and materials applications of polymer design technologies.

Kato: One effective method to facilitate such an expansion is to increase presentations to the outside world through academic societies and international conferences, as I mentioned at the beginning. This would enhance the Group's presence. There is the issue of confidentiality, of course. In the chemical industry, especially, there is a lot of know-how that is difficult to share externally. However, if the Group does not communicate its own information as much as possible, it will not gain access to external information that may be necessary and beneficial. To put it another way, unless it interacts with the outside world to some extent, the Group will find it difficult to gain opportunities for co-creation with external organizations and the discovery of potential new developments. Inquiries about the technologies and products announced by the Group may also lead to new uses and applications. I hope that the Group will also focus on organizing external presentations led by its R&D departments. I would like to see it develop new products with expansion potential through these research connections with the outside world.

Matsuzaki: Following your advice, I made presentations on hemostatic agents at forums such as the meeting of the Japanese Society for Biomaterials in 2024. These presentations created opportunities for meaningful dialogue with university research institutions and dental professionals. They also made me confident that our technology and products are at a level recognized by academic conferences and provided opportunities to showcase the Group's presence to customers and the market. If we can find a way to communicate this progress to investors and shareholders, it is sure to lead to the enhancement of corporate value.

Kato: External recognition boosts researchers' morale. It also helps us with recruitment of outstanding talent as university professors and students will become aware of and evaluate the Group, which will have a positive impact on our talent acquisition.

The Research Solution Department's quest to develop high-value-added core technologies

Matsuzaki: Before the opening of the Kawasaki R&D Center in August 2024, the Nagoya Criatio R&D Center (hereinafter the "Nagoya R&D Center") was known as the General Center of R&D. Today, the Nagoya R&D Center holds four laboratories — the Fundamental Core Technology Laboratory, the Mobility Products Research Laboratory, the New Products Research Laboratory, and the Productive Technology Laboratory — while the Kawasaki R&D Center holds the Next Generation Materials Laboratory (see

Figure 2). At the Next Generation Materials Laboratory, we are pursuing research and development themes that are expected to be the Group's next growth drivers, such as medical devices, medical materials, and other medical care-related topics, as well as the development of new applications for cellulose nanofibers. In addition, our two R&D centers in Nagoya and Kawasaki are collaborating in the research and development of next-generation battery materials such as solid electrolytes for all-solid-state batteries. The Kawasaki R&D Center is also engaged in developing technology to commercialize the research results of the Institute for Advanced Sciences in areas such as functional peptides.

◆ Figure 2: Structure of the Group's R&D departments

Research & Development Administrative Division	Nagoya Criatio R&D Center	Kawasaki Frontience R&D Center	Monozukuri Center, Aronkasei Co., Ltd.
R & D Planning Department	Fundamental Core Technology Laboratory	Mobility Products Research Laboratory	Next Generation Materials Laboratory
Intellectual Property Department	New Products Research Laboratory	Productive Technology Laboratory	Research Solution Department
	Research Solution Department		Institute for Advanced Sciences

(See pages 28-29 "R&D Supporting the Growth Strategy" and pages 32-33 "Kawasaki Frontience R&D Center.")

Kato: The new Research Solution Department (hereinafter referred to as the "RS Department") established at each of the two R&D centers in Kawasaki and Nagoya will no doubt play a crucial role for the Group in the future.

Matsuzaki: The RS Department gathers human resources with new product development capabilities from both sales and R&D backgrounds. Its mission is to develop new customers, expand applications, and launch high-quality large-scale themes based on the Group's core technologies. It specifically targets growth areas such as semiconductors and mobility. In recent years, the high-performance inorganic products used in industrial adhesives, deodorants, and antimicrobial agents have struggled. In this context, it is urgent for us to launch new high-value-added large-scale themes in this area, and this is one of the most pressing tasks for the RS department. To acquire large-scale themes with rapid growth in growth areas, it is vital that we understand the reality of customer needs and quickly propose solutions. The RS department will ensure close communications with promising customers to identify their specific needs.

Kato: I look forward to seeing the Group's future growth in this area. At the risk of repeating myself, I might add that using the presentation materials from academic conferences is probably an effective way to approach customers. As well as providing a more understandable explanation from a technical perspective, I think these materials will establish the Group's credibility by demonstrating its solid status within the academic community. If it can accurately perceive customer needs, the Group will be able to demonstrate its true capability to match these needs with a high level of precision and reflect them in product development.

The Group's vision for its R&D departments and the expansion of future possibilities

Matsuzaki: Looking ahead, we aim to build the R&D departments so that they can focus on our efforts for social implementation, having firmly established a solid foundation in science. The motivation of each individual researcher is crucial to achieving this goal. This motivation is undoubtedly enhanced by the researchers' experience of making customers happy with

the technology and products they have developed themselves. To achieve this, we will ensure we listen to the voices of our customers and make sure our Group works on a grass-roots level to gather the true needs of society. We will also strengthen our collaboration with academia to develop technologies to address these needs and expand the value we provide to society.

Kato: The past quarter of a century has seen great excitement over the potential of nanotechnology, which has garnered significant attention in the world of science and technology. Today, we have already developed it to a very high standard of material construction capabilities and advanced analytical abilities. This technology, developed to precisely control atomic and molecular structures at the scale of nanometers (one millionth of a millimeter), will lead to the further advance of next-generation manufacturing, contributing to sustainability in ways such as solving environmental and energy issues and realizing a super-smart society. Chemical manufacturers that can provide new value through the pursuit of molecular technology, encompassing everything from resource development to product commercialization and recycling, are in a unique position to achieve this. I have high expectations for the potential of the Toagosei Group's research and development. I intend to provide the Group my full support as an Outside Director in the research field as it takes challenges for the future.



R&D (Innovation) Strategy

Developing New Businesses

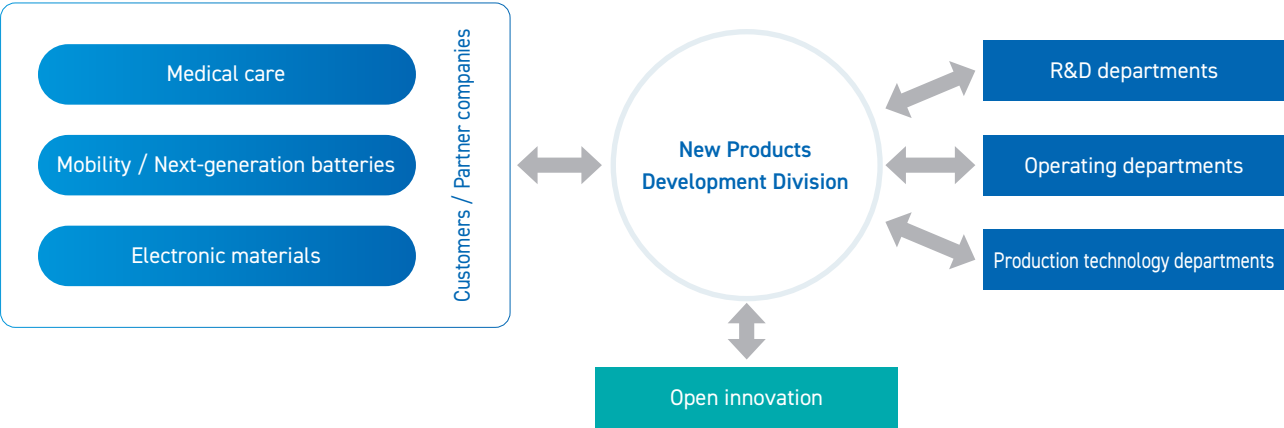
The New Products Development Division is engaged in the research and development of innovative chemical materials that pave the way to the future. Our mission is to provide new value to our customers and society focused on three key areas: medical care, mobility, and electronic materials. Using our core technologies in the areas of molecular design, compounding, and analysis, we explore innovative ideas and pursue the highest quality, providing high-value-added products that meet the sophisticated demands of our customers.

We especially value close connections with our customers and aim to propose order-made solutions that quickly and accurately address their needs. Diverse human resources from our R&D departments, operating departments and production technology departments work as a unified team to strengthen collaboration with our partner companies and research institutions, utilizing open innovation in ongoing endeavors aimed at achieving a sustainable society.



Executive Officer, General Manager,
New Products Development Division
Toshiaki Takei

◆ Role of the New Products Development Division



CASE 1 Hemostatic agent

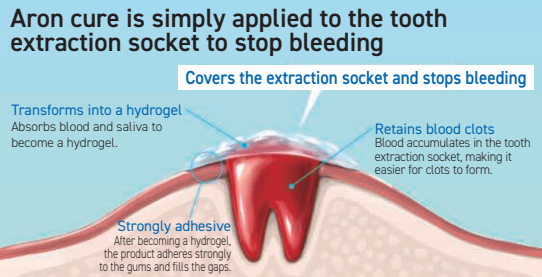
Aron cure

Last year, we obtained pharmaceutical and medical device marketing approval for a secondary healing hydrogel wound dressing and protective material, which is classified as specially-controlled medical devices, and commenced sales. This product was developed through the introduction of polyacrylic acid-based technology* and launched after consultation with several experts. In the dental field, it can be used to protect the surface and shallow portions of tooth extraction sockets through its ability to absorb fluids such as blood and saliva, becoming a flexible hydrogel. Looking ahead, we will utilize post-product-launch feedback received from the medical front line to improve this product so that we can continue to help enhance the quality of life for patients and healthcare professionals.

*Wispecs: Polymer composite technology
<Developer>
Dr. Yoshiyuki Koyama
(Director, Obara Hospital Research Institute and Visiting Professor, Institute of Medical Science, Tokyo Medical University)
Dr. Tomoko Ito
(Deputy Director, Obara Hospital Research Institute and Visiting Lecturer, Institute of Medical Science, Tokyo Medical University)



Example application



Hemostasis and protection through adhesive power (illustration)

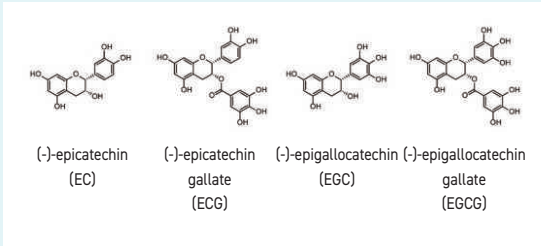
CASE 2 Developing medical care products with new materials

EGCG-modified gelatin sponge

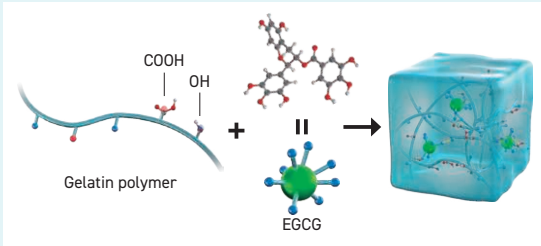
We focused on EGCG*-modified gelatin sponge, a material developed at universities using polymer technology, through the joint efforts of Professor Honda of Osaka Dental University and Professor Tanaka of Kyoto Institute of Technology. EGCG is one of the catechin groups obtained from green tea, and while it has many physiological effects, its low retention and tendency to easily leach out of the body have made practical applications challenging. To solve this problem, it was found that by compounding EGCG with a highly biocompatible polymer (gelatin), we can create a functional material with excellent properties, and we are advancing joint development together with universities. Looking ahead, we aim to apply our experience in sponge manufacturing gained from hemostatic agents to accelerate product development in the medical care field, with the goal of contributing to regenerative medicine.

*EGCG: (-)-epigallocatechin gallate

◆ Catechins found in green tea



◆ Schematic diagram of the preparation of EGCG-modified gelatin sponges (EGCG-GS) by aqueous synthesis



CASE 3 Contributing to carbon neutrality in the mobility field

Solid electrolytes for next-generation batteries

We are exploring high ion-conductive solid electrolytes, which are key materials for all-solid-state batteries, aiming to further expand our battery business. We have been working on the development of competitive solid electrolytes, leveraging our technological capabilities based on our Group's extensive business scope in both organic and inorganic materials. Hybrid solid electrolytes, which combine organic and inorganic electrolytes, can form a thin, high-density filling, and flexible film with excellent performance in lithium-ion conductivity. Starting in 2025, we have been working on mass-production processes. We will also proceed to engage in customer acquisition in domestic and international markets, aiming for applications in the all-solid-state lithium-ion batteries that are currently under active development and the all-solid-state sodium-ion batteries that are expected to play a part in the future.



Business Strategy to Achieve Value Creation

At a Glance —Five business segments (upstream to downstream)—

Our Group's businesses comprise five segments, and we supply a broad range of products, from basic chemical products used as basic materials for industry to end products for general consumers. With an expansive product lineup spanning from upstream to downstream segments, we are building a well-balanced business structure that is resilient to economic fluctuations.





Business Strategy to Achieve Value Creation

Commodity Chemicals

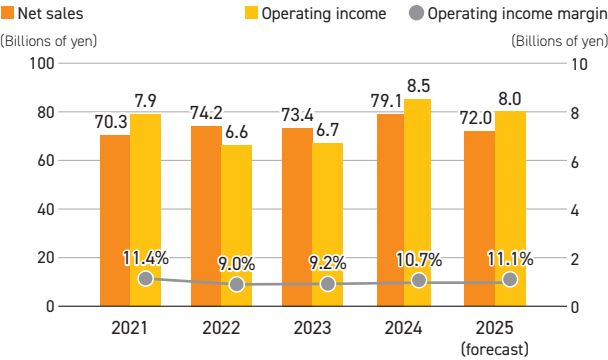
Business Profile

We supply essential chemicals for a wide range of industries and social infrastructure. Additionally, we play a key role in supplying raw materials to businesses within the Group, particularly for the production of high-value-added products.

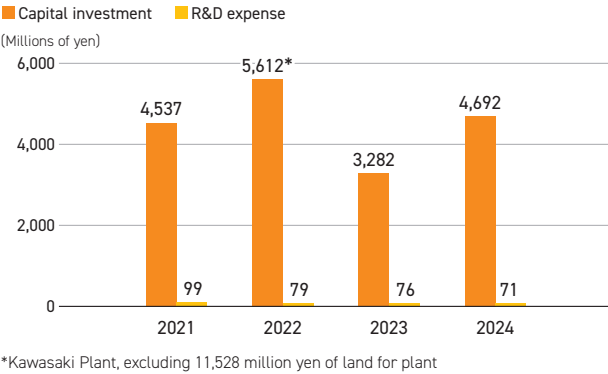
- Inorganic chemicals business:** Electrolysis-related products (caustic soda, caustic potash, chlorine, hydrochloric acid, sodium hypochlorite, sodium sulfite, copper oxide, etc.), as well as sulfuric acid and agricultural products (potassium bicarbonate, etc.)
- Acrylic monomer business:** Acrylic products (acrylic acid, acrylic esters, etc.) and chemical products (ATBS: acrylamide tertiary butyl sulfonic acid, ethylene carbonate, etc.)
- Industrial gas business:** A wide range of industrial gases including oxygen, nitrogen and argon.



Segment Net Sales and Operating Income



Capital investment and R&D expense



FY2024 in Review

The Japanese economy experienced moderate growth in 2024, and a corresponding recovery trend was also observed in the demand for various industries. During the first half of the year, domestic supply was temporarily tightened due to a series of plant issues and maintenance activities among competitors. However, the implementation of capacity expansion, upgrades, and maintenance aligned with our medium- to long-term plan proved effective, enabling us to increase shipments to meet rising demand. As a result, sales volume increased.

From an environmental and SDGs perspective, we have decided to upgrade our energy-intensive electrolytic equipment to high-efficiency and energy-saving equipment. We also participated in a large-scale closed-loop land-based aquaculture project, including investment. We are currently preparing to supply a range of inorganic chemicals for use in this project.

Strengths, Issues and Growth Opportunities

	Inorganic chemicals business	Acrylic monomer business
Strengths	Electrolysis facilities at three locations in eastern, central, and western Japan, enabling local production for local consumption and BCP support / Nationwide supply of JWVA special-grade sodium hypochlorite through high-purity technology	Production system with both high-efficiency and high-quality / Quality advantage due to advanced ATBS polymerization technology
Issues	Dispersed factories require large investments for the horizontal deployment of the latest technology	We must strengthen competitiveness through cost reduction and differentiation, as competition with foreign companies intensifies in the generic product market
Growth opportunities	Increasing demand for chemicals for electronic materials and other cutting-edge applications and environmentally friendly chemicals will accelerate the development of low-impurity grade products using high-purity technology	The development of products derived from biomass and recycled materials is accelerating amid rising demand for environmentally friendly products

Medium- to Long-term Growth Strategy

The mission of the Commodity Chemicals business is to ensure the stable production and supply of basic chemicals essential to industry, but it is also important to assess changes in the demand structure of the industrial sector and to strengthen and reorganize the business accordingly. In addition to responding to requests from customers and partners, we will work to strengthen our future competitiveness through business operations that contribute to the realization of a carbon-neutral society by transitioning to alternative raw fuels, adopting innovative manufacturing methods, and effectively utilizing hydrogen.



Executive Officer
General Manager, Commodity
Chemicals Division
Kenji Namiki

Inorganic chemicals business

In the electrolysis business, we will contribute to a carbon-neutral society by increasing the proportion of renewable energy we use and converting to high-performance, power-saving equipment, as well as through the effective use of hydrogen produced through electrolysis. We will also enhance the development of production and supply systems for product grades with reduced harmful impurities, as well as low-concentration products that require significant transportation energy. By promoting local production for local consumption, we aim to further reduce our environmental impact.

In the sulfuric acid business, we secure stable operations by capturing new demand for lithium-ion batteries and electronic materials, which are expected to see increased demand. We will also contribute to reducing CO₂ emissions at production sites by utilizing the steam generated during manufacturing.

Acrylic monomer business

In the acrylic products business, we are committed to promoting the use of biomass-derived raw materials as part of our efforts to achieve carbon neutrality. We will complete the acquisition of ISCC Plus certification for acrylic monomers in 2025, and we have also begun preparations to obtain ISCC Plus certification for ATBS. Achieving this certification for ATBS would mark the first instance in the world. In addition, we will expand the scope of obtained certifications to create a foundation for polymer and other products downstream in the acrylics chain in the future.

Industrial gas business

We have manufacturing sites in the Chubu and Hokuriku regions, and will continue supporting manufacturing in regional communities with business activities closely tied to local industries. Our major sales lineup of oxygen, nitrogen and argon is produced using the cold energy derived from LNG (liquid natural gas), which helps improve energy efficiency and reduce environmental impact.

In addition, we have one of the few high-pressure gas tanker truck container maintenance facilities in the Chubu region. We aim to operate our business in a more environmentally friendly manner by reducing the environmental impact of the inspections, manufacturing and delivery, through enhanced inspections including high-pressure gas storage tank facilities and installing liquid level monitoring systems for storage tank facilities.

FOCUS TOPICS

Participating in a land-based salmon farming project

We have concluded a capital and business alliance with Pure Salmon Japan K.K. (PSJ), which operates Japan's largest recirculating aquaculture system (RAS) for farming Atlantic salmon. We will stably supply various liquid chemicals that control harmful impurities, essential for the water purification of RAS. PSJ's advanced circulating water purification system, combined with our liquid chemicals, will help reduce environmental impact while enabling the cultivation of safe and healthy fish. Through this initiative, we aim to help address critical social challenges, including marine pollution and food security.



PSJ's Mie plant (illustration)



Atlantic salmon (illustration)

Industrial gases

Our main plant, Chubu Liquid Oxygen Co., Ltd., utilizes the cold energy of LNG for production. With 45 years having passed since the start of operations, we anticipate potential disruptions in the supply of LNG cold energy in the future due to the gradual reduction in fossil fuel usage. To address this, we have decided to upgrade to an all-electric cryogenic air separation, which is scheduled to begin operations in November 2026. We will continue to work to ensure the stable supply of the industrial gases essential for the development of the Chubu economic zone.



Business Strategy to Achieve Value Creation

Polymer & Oligomer

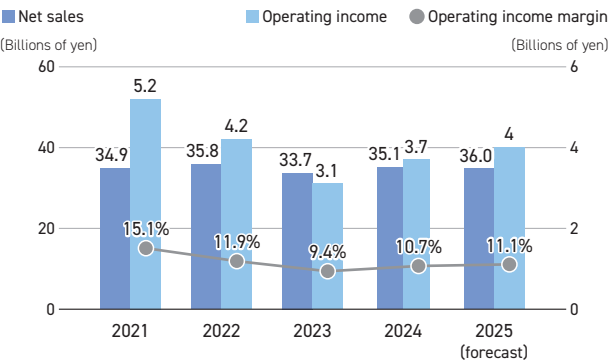
Business Profile

We handle acrylic products used in a wide range of fields, from household goods to automobiles, semiconductors and electronic materials, as well as pharmaceuticals and cosmetics. We are also engaged in the development of “AronFibro” cellulose nanofibers.

- ▶ **Acrylic polymers:** Used in a wide range of fields from general-use to highly controlled products in Japan and overseas, including chemicals for water treatment, pigment dispersants in paper manufacturing, adhesives for construction, and resins for sealing materials, in addition to our key areas of focus, such as mobility, electronic materials, pharmaceuticals, and cosmetics.
- ▶ **Acrylic oligomers:** “ARONIX UV-curing resin” is used in a wide range of fields such as inks, paints, and electronic materials due to its environmental advantages of being solvent-free.
- ▶ **Polymer flocculants:** Polymer flocculants are used as agents for purifying domestic and industrial wastewater, as well as in paper manufacturing and other applications.

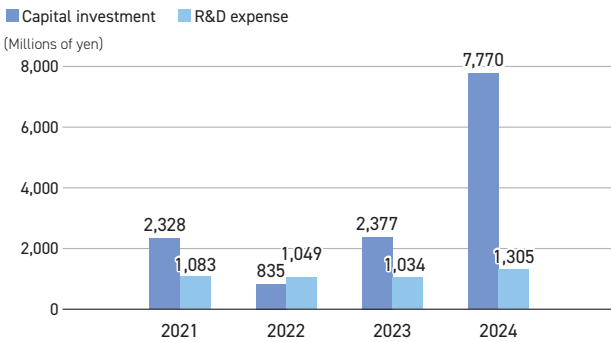


◆ Segment Net Sales and Operating Income



*2025 (forecast) includes cellulose nanofibers

◆ Capital investment and R&D expense



FY2024 in Review

- ▶ **Polymer business:** Sales increased due to an increase in sales volume of products for automotive parts. We planned the expansion of production facilities for manufacturing products for lithium-ion secondary batteries, pharmaceuticals and cosmetics. We also strengthened the research and technology development system for polymers for high-performance semiconductors.
- ▶ **Oligomer business:** Display manufacturing-related products performed strongly in Japan and overseas. The price of raw materials remained elevated, but we were able to secure a profit increase through appropriate price revisions. We also engaged in building an optimal production system spanning three sites — Japan, Taiwan and China — in anticipation of an increase in demand in AI-related fields.
- ▶ **Flocculant business:** We strove to adjust prices to reflect the cost of raw materials, but sales declined due to a decrease in exports resulting from stagnation in the Chinese economy. We made steady progress on enhancing competitiveness by optimizing our production system, launched high-performance products with excellent sludge dehydration performance, and worked on strengthening our business base. In addition, to further expand our business in Southeast Asia, we established a local subsidiary in Vietnam.

Strengths, Issues and Growth Opportunities

	Polymer business	Oligomer business	Flocculant business
Strengths	We can address a wide variety of customer needs through advanced customization technologies (linear, branched, cross-linked, granularity, molecular structure, etc.) and impurities reduction technologies (residual substances, residual liquids, metal impurities, etc.)	The ARONIX lineup of UV-curing resins includes multifunctional acrylates and cationic oxetane	We provide high-quality products through manufacturing technology and structural control technology with excellent productivity. We cater to a wide variety of customer needs as the only Japanese manufacturer handling both powdered and liquid products
Issues	Optimizing production sites to increase competitiveness on a global scale	Developing differentiated products with globally competitive quality	Expanding our lineup of globally cost-competitive high-performance products
Growth opportunities	Leverage structural control and high-purification technology to expand applications in the pharmaceutical, cosmetic and semiconductor fields	Expand sales in the fields of electronics, semiconductors, and AI	Contribute to the reduction of energy consumption in the aqueous environment field through structural control technology, expand applications to food and pharmaceuticals and enter the water infrastructure market, primarily in Southeast Asia

Medium- to Long-term Growth Strategy

The Polymer & Oligomer business is expanding its lineup of high-value-added products developed with the fusion of high-purification technology accumulated over many years based on its outstanding synthesis and polymerization technologies. Through this initiative, the business will achieve development in overseas markets and play a central role in the growth strategy of the entire group.



Executive Officer
General Manager, Polymer &
Oligomer Division
Hiroaki Ishii

Polymer business

We are creating high-performance, high-purity polymers required in a diverse range of fields, primarily focused on the key areas of automotive, electronic materials, pharmaceuticals and cosmetics, to meet the needs of the market.

Overseas, we are expanding products to meet the diverse needs of local customers, mainly through Toagosei (Shanghai) Management Co., Ltd., established last year, and Toagosei (Thailand) Co., Ltd.

Oligomer business

We aim to improve quality to meet customers' requirements in the field of electronic materials such as resist agents, as well as enhance our cost competitiveness.

To respond to the carbon neutral era, we will not only progressively consider reducing CO₂ emissions from manufacturing but also proceed with the transition to bio-sourced alcohols for many of the alcohols that form our main raw materials. We will also advance our response to the mass balance method in acrylic acid.

In terms of the overseas sector, we are focusing on launching high-value-added products through product development suited to the needs of local customers primarily in the semiconductor and electronic materials fields through the services of our production sites in Taiwan and China.

Flocculant business

With its high-quality ARONFLOC, ACCOFLOC and DIAFLOC polymer flocculant, Group member company MT AquaPolymer, Inc. will provide superior products for solid-liquid separation and aggregation and fitting solutions for a wide range of increasingly diverse applications.

In addition, we will contribute to addressing social issues such as carbon neutrality through new product development, while actively promoting overseas expansion, primarily in Southeast Asia, and enhancing cost competitiveness by optimizing our production system.

FOCUS TOPICS

Expanding our production facilities for lithium-ion secondary battery binders

Our binders for lithium-ion battery anodes can contribute to extended battery lifespan by suppressing expansion and enable rapid charging capabilities through reduced resistance. Our investment in enhancing these production facilities has been certified by the Ministry of Economy, Trade and Industry as a plan for initiatives aimed at ensuring a stable supply of storage batteries, etc., from the perspective of economic security.



Production facilities within the Nagoya Plant



Business Strategy to Achieve Value Creation

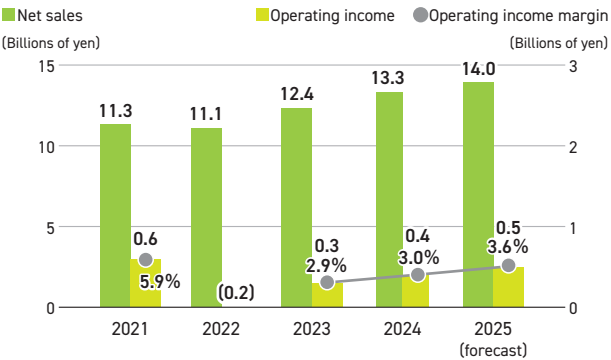
Adhesive Material

Business Profile

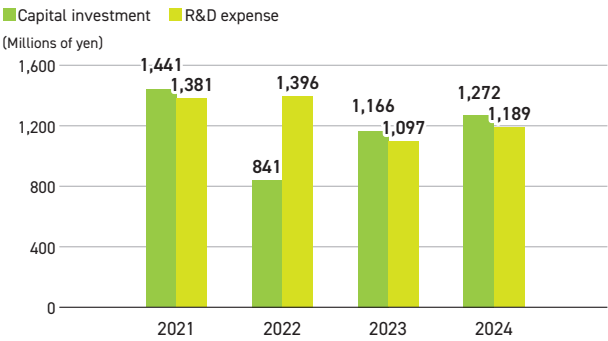
In the Adhesive Material business, we offer a lineup including Aron Alpha, which is synonymous with instant glues, as well as various high-performance adhesives that meet new needs in such fields as electronic materials, automobiles, and precision equipment. In particular, Aron Alpha is outstanding for its ability to bond a wide range of materials strongly with a small amount and in a short time, without the need for heating or other forms of energy. Through “adhesion,” we will strive for labor-saving and productivity improvements in a wide range of production activities, helping promote our customers’ technological innovations and the reduction of greenhouse gas emissions.



◆ Segment Net Sales and Operating Income



◆ Capital investment and R&D expense



FY2024 in Review

- ▶ **Consumer business:** In order to communicate the features of Aron Alpha to consumers in an accessible way, product pamphlets are always available at stores and POP displays have been introduced. We are also posting videos explaining suggested uses on various online media. These have been well received. For “Aron Alpha Hikari,” which was positively received when we released it in 2023, we have responded to requests from heavy users by launching a light-free version in December 2024.
- ▶ **Global business:** We are focusing on business development in the United States, China, and Southeast Asia. In the United States, in addition to Krazy Glue instant adhesive, we are expanding the range of Krazy brand products, including various adhesives and tapes. In China, we are leveraging e-commerce to suggest unique uses for our products and expand sales. In Thailand, we are expanding sales channels primarily through major convenience stores and also through home centers, etc. Likewise, in the Philippines, we are pursuing sales through diverse routes such as stationery and hardware. We have achieved swift results thanks to these sales strategies, tailored to each country’s market.
- ▶ **Functional adhesives business:** Sales of our adhesives for bipolar nickel-hydrogen batteries are steadily growing, as they are used in an increasing range of automobile models. The development of products for next-generation batteries is also progressing according to our plan, and we will continue to focus on commercialization.

Strengths, Issues and Growth Opportunities

	Consumer business	Global business	Functional adhesives business
Strengths	High brand strength of Aron Alpha, certified by Guinness World Records as the world’s longest-lived brand of instant adhesives for general consumers	Brand power of “Krazy Glue,” which has become synonymous with instant adhesives in the United States.	Technical capability to customize the optimal adhesive according to customer requirements
Issues	Brand recognition and penetration among young people	Revision of overseas sales systems	Strengthening overseas sales
Growth opportunities	Expand the market by proposing use for fabrication applications such as models and accessories, in addition to the prevalent image among consumers of using the product for repairs	The global market for instant adhesives for general consumers is expanding, and sales should focus on Asian countries in particular where the population is increasing	Propose adhesive materials for use in next-generation batteries and peripheral components amid the electrification of automobiles and the development of a hydrogen society

Medium- to Long-term Growth Strategy

In the consumer business, while the Aron Alpha brand is growing further in Japan, partly due to the introduction of new products, overseas, we will strive to strengthen the business in America and China and expand it to Southeast Asia and other countries.
In the industrial business, we are creating innovative new functional adhesives focused on growth areas such as the mobility, medical care, and electronic materials fields.



Executive Officer
General Manager,
Aron Alpha Division
Yutaka Sasaki

Consumer business and global business

We will further enhance the strength of the Aron Alpha brand to remain the top runner in instant adhesives.
The prevalent image of Aron Alpha is as a glue for repairs, but we are proposing interesting ways to use it through social media and various other media, aiming to expand its applications in areas such as modeling, crafts, and accessories.
Overseas, we will further expand global sales by strengthening the Krazy Glue brand in North America and South America, as well as expanding the Aron Alpha brand in Asian countries.

Functional adhesives business

In the functional adhesives business, we leverage our unique molecular design, compounding, and analysis technologies to develop high-performance value-added products that are not available from other companies. In terms of growth strategy, we are focusing our development on growth areas such as mobility and electronic materials. We are currently developing new products such as adhesives for next-generation batteries and UV coatings for onboard cameras, sensors, and vehicle-mounted substrates in the mobility field, as well as 5G-compatible noise absorption sheets for high-frequency substrates in the electronic materials field.

FOCUS TOPICS

Exhibiting at various events

In Shizuoka, renowned as the global capital of models, we participated in the Shizuoka Hobby Show in May and the Christmas Festa in December. In addition to introducing the use of Aron Alpha to many model fans and children, these events also enabled us to highlight the features of “Aron Alpha Hikari,” which combines the advantages of instant bonding and light curing. We launched a light-free version of “Aron Alpha Hikari” in December 2024, which was positively received by heavy users.

TikTok video

We have posted various Aron Alpha-themed videos to TikTok. These videos have attracted a number of views greatly exceeding our expectations.
We will continue to introduce consumers to aspects of Aron Alpha that are not usually seen.



*TikTok and the TikTok logo are trademarks or registered trademarks of ByteDance Ltd. or its affiliates.

Examples of utilization as an alternative coating

ARONTACK MPT/MF series heat-resistant adhesive

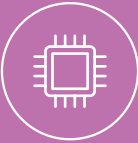
ARONTACK has been adopted for decorative film lamination applications in automotive parts, a recognition of its superior heat-resistant adhesive properties. We have also developed an adhesive that can be applied to difficult-to-bond polypropylene (PP) resin. This newly developed product demonstrates high adhesion without the need for primers or corona treating of PP, and it is also capable of bonding PP to dissimilar materials such as impact-resistant resins (ABS, polycarbonate) and acrylic resins.



Forms of the product
Solution form: MPT (left); film form: MF (right)



Illustration of the processing of decorative film



Business Strategy to Achieve Value Creation

Performance Chemicals

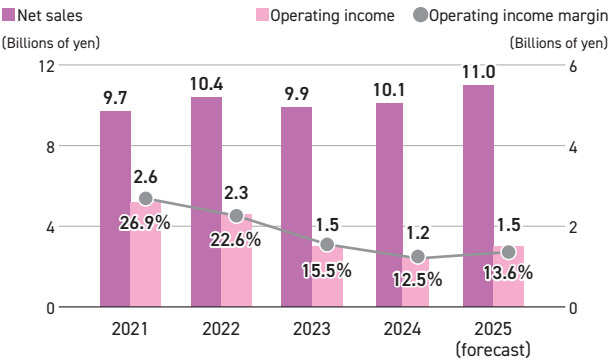
Business Profile

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

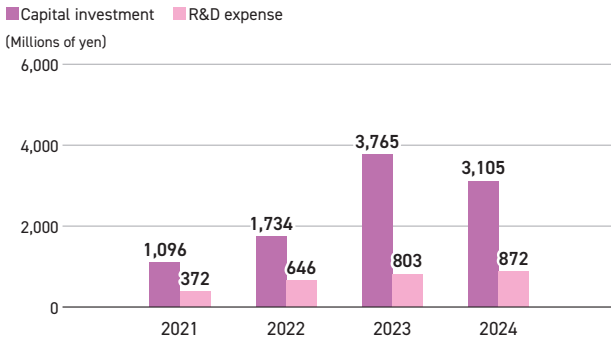
- ▶ **High-purity inorganic chemicals business:** Purified liquefied hydrogen chloride and high-purity alkaline products with applications in semiconductor miniaturization, as well as semiconductor deposition materials such as hexachlorodisilane.
- ▶ **Inorganic functional materials business:** A range of functional additives, such as IXE and IXEPLAS impurity ion-trapping agents that suppress malfunctions in electronic materials, as well as KESMON and NOVARON, which perform antimicrobial, antiviral, deodorizing and other comfort-enhancing functions in textile and plastic materials.
- ▶ **New product development:** Development of medical care-related products.



◆ Segment Net Sales and Operating Income



◆ Capital investment and R&D expense



FY2024 in Review

- ▶ **High-purity inorganic chemicals business:** Specific demand related to the spread of AI drove the overall demand for semiconductors. Sales and profit both increased year on year, mainly due to a recovery in memory products after the early completion of inventory adjustments. However, demand relating to applications such as electric vehicles and industrial machinery remained sluggish, with any recovery postponed until subsequent fiscal years. Looking ahead, the integration of edge AI into smartphones and PCs is expected to progress further and become widespread throughout society, including in areas such as autonomous driving and high-performance computing (HPC). In response to these cutting-edge demands, we will not only expand our supply capacity but also further enhance quality, establishing a robust supply system our competitors cannot imitate.
- ▶ **Inorganic functional materials business:** IXE saw steady shipments supported by mature demand for smartphones and electronic materials. Meanwhile, sales of the anti-bacterial and anti-virus agent NOVARON increased due to the price transfer of raw material cost hikes in some products. However, KESMON deodorant, which has hitherto continued to expand its market, faced increasingly intense competition from overseas competitors, resulting in a slump in sales volume. We are actively working to streamline our manufacturing processes to strengthen competitiveness, while also promoting technological development and striving for product differentiation.

Strengths, Issues and Growth Opportunities

	High-purity inorganic chemicals business	Inorganic functional materials business
Strengths	Stable supply capability by actively driving investments / High-purification technology and product development capabilities based on proprietary development	Synthesis and particle control technologies (function, shape, particle diameter) effective for application-specific optimization / Evaluation and analysis technologies and support systems to bring out product functionality
Issues	Importing primary raw materials makes the business vulnerable to exchange rates and international conditions	The high costs of meeting overseas regulations for antimicrobial agents are hindering growth of sales
Growth opportunities	Expansion of semiconductor applications due to lifestyle changes, semiconductor supply chain enhancement initiatives in each country, and technological innovation	Expansion of the market for functional textiles due to rising living standards in Asia and other regions

Medium- to Long-term Growth Strategy

We will continue to pursue stable supply and improved quality in high-purity inorganic chemicals. Demand has temporarily subsided after reaching its peak in 2022, but it is expected to return to a growth trajectory from 2025 onward. Despite rising political uncertainty, we will continue to operate our businesses from a long-term and comprehensive perspective. Inorganic functional materials are facing increasingly intense competition in existing markets due to advances in Biocidal Products Regulation (BPR) and the rise of competing companies. For this reason, it is important that we constantly develop products that respond to new demands. We will accelerate new development, including new materials.



Executive Officer
General Manager,
Performance Chemicals
Division
Atsushi Tamura

High-purity inorganic chemicals business

Semiconductor manufacturing is entering a period of significant change. The presence of AI has increased more than ever and is already beginning to transform people's lives. AI is now being progressively introduced into semiconductor design. At the same time, there is ongoing consideration of new, unexplored materials for manufacturing the semiconductors themselves. Our products have become essential materials for existing semiconductor manufacturing, but these products will eventually become obsolete unless we keep pace with technological innovation. The biggest challenge for the spread of AI, in particular, is developing materials that contribute to power-saving and the conservation of resources. In addition to improving the quality of existing products and strengthening our supply system, we are committed to pursuing the development of new products as our top priority moving forward.

Inorganic functional materials business

The use of technology such as AI and perovskite solar cells is expected to spread in the future. In this context, it is of primary importance to minimize malfunctions. Our IXE is being considered for adoption in many fields, and demand is expected to expand further due to its unique ability to capture cations and anions. We face increasingly intense competition in the amenities field, but we are leveraging our unique technology to create various differentiated products, including particle control technology.

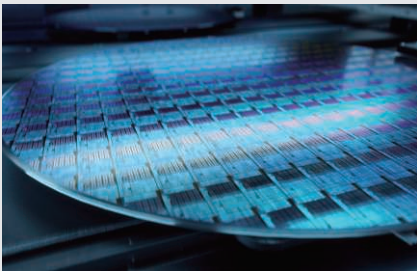
FOCUS TOPICS

Next-generation process development of liquefied hydrogen chloride

In order to meet the increasing demand for semiconductors and quality requirements accompanying miniaturization and high integration, we are currently constructing facilities based on advanced manufacturing technologies. The completion of these facilities is scheduled in 2025, and we then plan to conduct quality evaluations.

Developing new materials

Currently, the 2.5D and 3D development of semiconductor packages is progressing at a tremendous pace worldwide. The suppression of thermal expansion is a vital element in this field. We have been selling the negative thermal expansion material ULTEA for many years, but many of our customers are demanding performance that exceeds that of the existing product. We are actively pursuing product development to meet these demands.



Semiconductor and electronic material manufacturing applications



Purified caustic potash filling facility

Establishing a new purified caustic potash filling facility

We have established a new purified caustic potash filling facility to meet the expanding demand for semiconductors. In addition to improving quality, we are planning to enhance filling capabilities through improved work efficiency and automation. The new facility was completed in 2024 and operation is planned from July 2025.



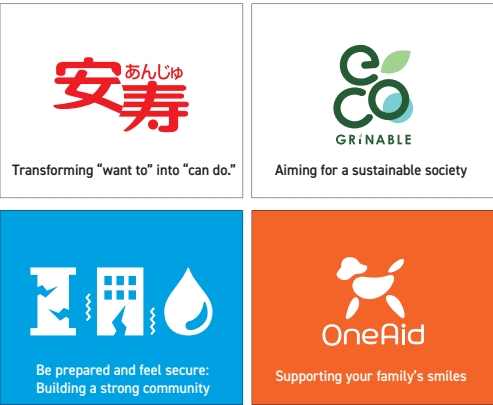
Business Strategy to Achieve Value Creation

Plastics

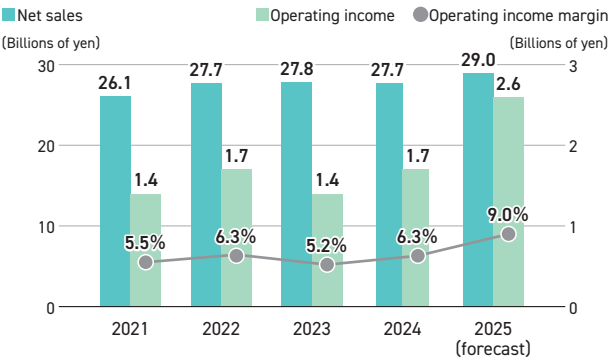
Business Profile

We supply high-value-added products aimed at resolving social issues such as natural disaster risks, aging infrastructure, super-aging society and global warming.

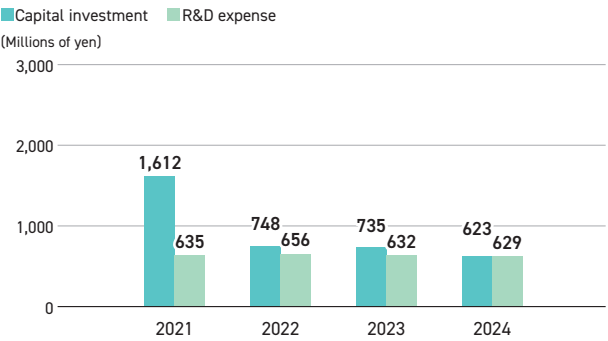
- ▶ **Environment & infrastructure system business:** Providing effective products and systems for addressing risks such as flood damage or large-scale earthquakes or social issues such as extending the life of aging infrastructure.
- ▶ **Nursing care products business:** Supplying mainly assistive products under the Anju-brand for excretory/bathing and mobility/ambulatory purposes, as a leading manufacturer of assistive products. Recently began supplying products for older dogs.
- ▶ **Ecological materials business:** Providing highly recyclable thermoplastic elastomer materials in various fields such as automotive, electric/electronic components, and medical.



Segment Net Sales and Operating Income



Capital investment and R&D expense



FY2024 in Review

- ▶ **Environment & infrastructure system business:** We focused on expanding sales of our lineup of countermeasure products and systems, such as sewer pipeline repair materials, emergency toilet waste systems, and rainwater storage and infiltration systems.
- ▶ **Nursing care products business:** We have added the “Little Turn II Slow Speed Plus” and “Little Turn Z Slow Speed Plus” lineup, equipped with speed adjustment functions, to the “Little Turn” series of assisted walkers, which are popular for their compactness.
- ▶ **Ecological materials business:** Sales of elastomer materials expanded as we focused on development in the automotive field. We also made progress in using the recycled materials from collected used diapers to produce molded products.

Strengths, Issues and Growth Opportunities

	Environment & infrastructure system business	Nursing care products business	Ecological materials business
Strengths	Knowledge and know-how in sewer repair developed through years of product development for aging infrastructure	The power of the Anju brand and the development capability to catch up with demand for nursing care in a super-aging population society	Compounding technology that enables precise response to customer requirements, and production and sales system in Thailand capable of responding to the Asian market
Issues	Proposal of solutions, including systems	Accelerating the development of high-value-added products	Expanding into product lines that target all kinds of eco-friendly materials
Growth opportunities	Increasing demand in the infrastructure field based on the plan for national resilience led by the government and municipalities	Increasing demand for nursing care in a super-aging society	Increasing demand for recycled materials contributing to the development of a carbon-neutral society

Medium- to Long-term Growth Strategy

The Plastics business covers the downstream areas of the Toagosei Group. With our development of characteristic materials and plastics processing technologies, we are aiming to expand the business by releasing high-value-added products and creating new businesses in the fields of environmental infrastructure and lifestyle support. We will undergo restructuring as a business unit directly linked to social issues.



Executive Officer
President and Representative
Director, Aronkasei Co., Ltd.
Susumu Miho

Environment & infrastructure system business

We are extending our lineup in the flooding and inundation, earthquake resistance and disaster prevention, and infrastructure aging fields. In particular, we will focus on the development of products and systems that contribute to the repair of aging sewer pipes. Going forward, we will shift to a development system that can propose solutions, including systems.

Nursing care products business

“Anju” has grown to become a leading brand in the assistive products field, and we are developing high-value-added products equipped with IoT technology and other features with the aim of contributing to further advances in assistive products and resolving social issues. We will also be expanding the “OneAid” business which includes products for elderly dogs.

Ecological materials business

We will expand into product lines that target all kinds of recyclable eco-friendly materials, such as the use of recycled materials from disposable diapers. For elastomer materials, we will heighten our focus on expansion in the automotive field and continue to develop products that enable labor-saving in assembly tasks and the sensors used in autonomous driving technologies.

FOCUS TOPICS

Product development utilizing recycled materials from disposable diapers

We provided local governments with “Station Box” waste collection storage containers made from recycled materials from collected used diapers. Development is progressing toward the creation of molded products from recycled materials sourced from disposable diapers, and we expect to explore various applications going forward.



Developing a new model of assisted walkers

We have developed “Little Turn,” a compact and maneuverable assisted walker equipped with 3-way casters that enable the user to change their orientation according to walking ability. We have also added a new lineup of speed-control types that feature a wider range of speed adjustment settings, enabling greater ease of use.



Sustainability Business

As the division in charge of and promoting sustainability at our Company, the Sustainability Division is working toward actively utilizing renewable energy, achieving a hydrogen society to reach carbon neutrality, and striving to achieve a safe and reliable supply of food. The division is also reducing the Toagosei Group's GHG emissions and addressing the transition to a circular economy. It is responsible for the disclosure of climate change-related information.

Executive Officer
General Manager, Sustainability Division
Ryuji Takano



Renewable Energy

We are expanding the introduction of renewable energy in and around our own plants. The mega solar power generation facilities installed at our Nagoya Logistics Center began generating power in 2024. We are also constructing mega solar power generation facilities at our Nagoya Plant and Takaoka Plant, and we plan to bring these online in 2025.

We are engaged in the solar power and wind power generation business with the Tahara Solar-Wind Joint Project.

We are also installing small-scale hydroelectric power generation facilities. We are currently constructing our first small-scale hydroelectric power plant in Nagano Prefecture, aiming for completion in 2026. The plan is to continue to increase the number of small-scale hydroelectric power plants in the future.



Nagoya Logistics Center

Utilizing Hydrogen

Our own hydrogen produced from the brine electrolysis facilities at the Tokushima Plant is sold at hydrogen stations.

With one stationary hydrogen station and two mobile hydrogen stations, the hydrogen is used to refuel FCVs and FC buses. We will continue contributing to the development of a hydrogen society in Tokushima Prefecture.

We are also participating in a feasibility study for a low-carbon hydrogen model town in Chita City, Aichi Prefecture, addressing a wide range of hydrogen applications, not only in automobiles but also fuel cells for public facilities and homes, and hydrogen water heaters.



Toagosei Hydrogen Station Tokushima

Plant Factory

We are engaged in hydroponics for lettuce at our plant factory located in Takaoka City, Toyama Prefecture. Our plant factory does not require pesticides and is not affected by climate, because the plants are grown in a clean indoor environment. It provides safe lettuce consistently throughout the year. Going forward, we will consider cultivating other plants in addition to lettuce.



Plant Factory

Sustainability Management

All Toagosei Sustainability Policy

We take up a challenge to create new value to deliver happiness to future generations.

The Toagosei Group aims to provide social value through our business and strengthen our enduring corporate foundation as initiatives to realize a sustainable society and sustainable growth of the Group.

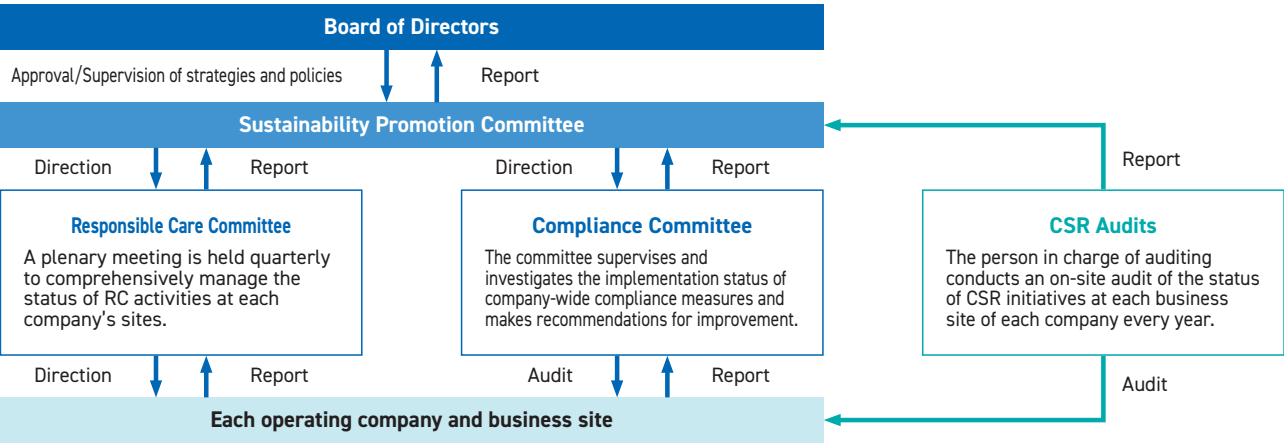


Sustainability Management System

Issues related to sustainability, including the challenges brought about by climate change, are studied as priority topics by the "Sustainability Promotion Committee." Chaired by the President and Representative Director, the "Sustainability Promotion Committee" members are made up of directors (including outside directors), presidents of each group company, and representatives of subordinate organizations or those in charge of auditing organizations.

The Committee reports the results of deliberations to the Board of Directors, which discusses, decides on and supervises response measures and objectives of business strategy formulation and management decisions as well as issues to combat climate change.

Business sites of each our Group's companies formulate action plans and promote and review activities based on the policies of the "Sustainability Promotion Committee." Committees have also been established to discuss individual matters like responsible care (RC), risk management and compliance.



Climate Change-Related Information Disclosure Based on the TCFD Recommendations

In the process of manufacturing various chemical products, we use large amounts of electric power and fuel, and emit greenhouse gases (GHG).

On the other hand, we also offer many products that are making a contribution with respect to climate change in fields such as mobility, electronics and critical infrastructure. Responding to climate change is an important aspect of management, both in terms of reducing GHG emissions and making a difference with our products, and in June 2019, we endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

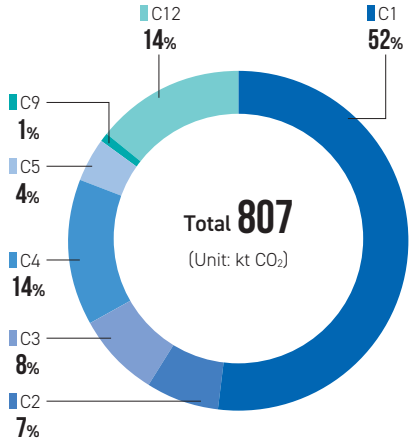
In accordance with TCFD guidelines, we manage GHG emissions, including those in our supply chain, in three categories (Scope 1 to 3).

◆ Scope 3 categories

Upstream	Toagosei	Downstream
Scope 3 C1: Purchased goods and services 417 kt-CO ₂ C2: Capital goods 59 kt-CO ₂ C3: Energy activities not included in Scope 1 or Scope 2 60 kt-CO ₂ C4: Transport and distribution (upstream) 115 kt-CO ₂ C5: Waste generated in operations 32 kt-CO ₂ C8: Leased assets (upstream) Not applicable	Scope 1 36 kt-CO ₂ Emission from use of fuel Scope 2 283 kt-CO ₂ Emission from use of purchased electricity and heat Scope 3 C6: Business trips 0.4 kt-CO ₂ C7: Commuting 0.4 kt-CO ₂	Scope 3 C9 : Transport and distribution (downstream) 10 kt-CO ₂ C10: Processing of sold products Not applicable C11: Use of sold products Not applicable C12: End-of-life treatment of sold products 114 kt-CO ₂ C13: Leased assets (downstream) Less than 0.1 kt-CO ₂ C14: Franchise Not applicable C15: Investment Not applicable

*Scope 1 and 2: Toagosei Group; Scope 3: Toagosei Co., Ltd. (non-consolidated)

◆ Breakdown of Scope 3 emissions



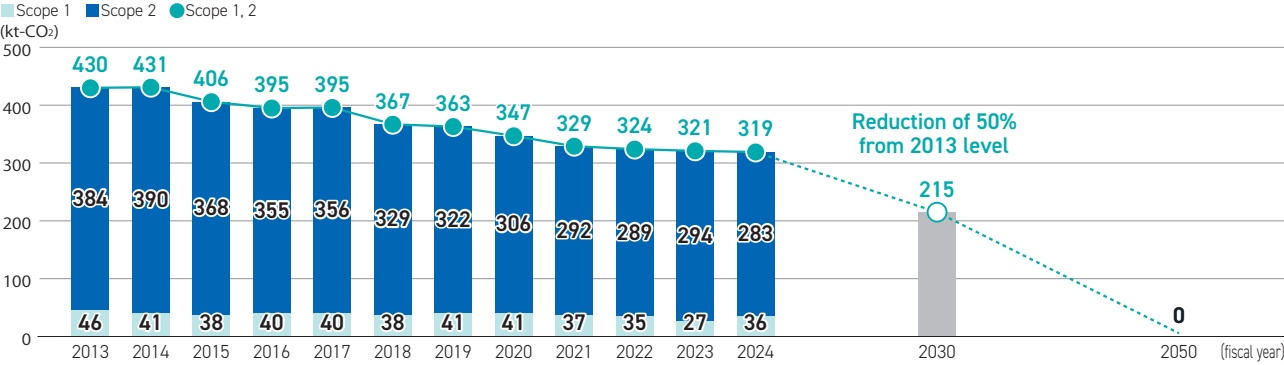
*2024 Results

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, and we achieved a 25.8% reduction in 2024 compared to 2013.

To achieve carbon neutrality, in addition to energy conservation and the switch to low-carbon fuels in our existing manufacturing processes, we have also begun specific studies and deliberations on various measures to achieve our goal of owning our own renewable energy power generation.

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



Sustainability-related Initiatives in the 2025 Medium-Term Management Plan

The entire company is committed to contributing to the realization of a sustainable society, a materiality of the Medium-Term Management Plan.

Revision of Climate-Related Risks and Opportunities (Scenario Analysis)

In 2021, we conducted a scenario analysis to identify the risks and opportunities of climate change on the Group's business. We developed our response based on this analysis. In 2024, we revised our scenario analysis to expand its scope and improve accuracy. We analyzed the significant risks and opportunities that could impact our business by 2050 under 1.5°C and 4°C temperature rise scenarios with reference to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

Risk / Opportunity		Business impact		Response
Transition risks 1.5°C scenario	Stronger energy-related regulation	Risk	Increase in manufacturing and raw materials costs due to the introduction of carbon taxes, etc.	● Switch to low-carbon fuels ● Expand the introduction of renewable energy
	Spread of environmentally friendly product	Opportunity	Expansion of recycled products and biomass products	● Acquire ISCC PLUS certification ● Enhance lineup of biomass products
	Spread of CCUS and other decarbonization technologies	Opportunity	Establishment and spread of CCUS technologies	● Develop and expand sales of materials that contribute to CCUS
	Shift to electricity-powered mobility	Opportunity	Decrease in internal combustion engine vehicles Spread of EVs and FCVs	● Develop and expand sales of materials for batteries and fuel cells ● Increase in hydrogen demand (hydrogen stations)
	Change in stakeholder behavior	Risk	Penetration of corporate value assessment that focuses on climate change measures	● Continue to promote climate change measures and appropriate information disclosure ● Implement fuller dialogue with stakeholders
Physical risks 4°C scenario	Rise in average temperatures and changes in weather	Risk	Deterioration of working conditions and decline in productivity due to rising temperatures	● Automation of production facilities and labor saving
	More frequent and intense floods and storm surge disasters	Risk Opportunity	Increased risks of the suspension of plant operations, equipment damage, and logistics disruption	● Diversify production bases and implement measures to protect equipment from water damage ● Expand sales of ground improvement agents

Promotion of the Calculation of Carbon Footprint of product (CFP)

In order to respond to customer demands for us to achieve carbon neutrality, and grasp and reduce emissions across the entire supply chain, we are progressively calculating the CFP of our products. Up to 2024, we have calculated the product CFP for our commodity chemicals products. Moving forward, we will expand the range of products and will work on improving the efficiency of calculation tasks.

Materiality Element	Key Initiatives	2024 Results	Targets for 2025
Climate change mitigation	● Basic Targets 2030 Reduction of CO ₂ emissions by 50% (from 2013) 2050 Carbon Neutrality	CO ₂ emission reduction 25.8% (from 2013)	CO ₂ emission reduction 35% (from 2013)
	● Promotion of plant energy conservation (electrolysis facilities updates, heat use efficiency improvement, conversion to low-GHG fuels)	CO ₂ emission reduction 10.8 kt (from 2022)	CO ₂ emission reduction 20 kt (2023 to 2025)
	● Introduction of renewable energy (solar power, small-scale hydroelectric power, biomass power, etc.)	1MW solar power generation facility in operation, solar power and small-scale hydroelectric power facilities under construction	CO ₂ emission reduction 17 kt (2023 to 2025)
	● Providing society with products that contribute to CO ₂ emission reduction	Promoted ISCC PLUS certification standard	ISCC PLUS certification
	● Disclosure of CFP figures of our products to customers and strengthening of CFP management	Calculated and disclosed commodity chemical products	Information disclosure on all bulk chemical products
	● Contribution to effective use of hydrogen and building social infrastructure	89% utilization rate of electrolytic hydrogen	Over 98% utilization rate of electrolytic hydrogen
	● Consideration of CCUS and energy storage systems	Consideration of feasibility of CCUS and energy storage systems	Introduction of fuel cells and storage batteries
Climate change adaptation	● Reduction of GHG through the supply chain (promotion of lower GHG in raw material procurement and transport, product transportation, etc.)	Scope 3 reduction by 7% (from 2022)	Scope 3 reduction by 3% (from 2022)
	● Continuation of business activities in the event of a natural disaster	Revised TCFD scenarios	Complete establishment of BCP for major products
Promotion of biodiversity	● Operational and facilities response to chronic extreme weather events (heat, cold, drought, prolonged rainfall, etc.)	Revised TCFD scenarios	Planning and investment calculation
	● Promotion based on the National Biodiversity Strategy 2023-2030	—	TNFD disclosure
	Promotion of the use of ship ballast water chemicals, reducing the rate of invasive alien species introduction, and reducing impacts in high-priority sites	Net sales of ballast water chemicals +73% (from 2022)	Net sales of ballast water chemicals +10% (from 2022)
	Increase in plant factory operation, reducing the impact of pollutants, including eutrophication, biocides, and plastic waste reduction	Plant factory lettuce net sales -18% (from 2022)	Plant factory lettuce net sales +10% (from 2022)
Promotion of a circular economy	● Promotion of social contribution activities (expansion of the scope of participation in forest conservation activities and river/coastal cleanup activities)	Number of participants +6% (from 2022)	Number of participants +10% (from 2022)
	● Enhancement of the in-house sustainable products certification system and expansion of the number of products	—	Establish and operate the in-house sustainable products certification system
	● Development of environmentally friendly products (expansion of biomass-derived, biodegradable and recycled products)	—	

Sustainability Management

Responsible Care (RC) Management

Basic policies for RC

Mindful of its responsibilities as an enterprise engaged in the chemical business, the Group is promoting Responsible Care (RC) activities under the Basic Policies for RC in order to ensure safety (occupational health and safety, security and disaster prevention, product safety, and physical distribution safety) and to continue efforts to protect the environment.

In accordance with the corporate philosophy and based on our policy of contributing to society by offering useful chemical products, our priority is to ensure safety of workers and people in society at large throughout our business activities. Our aim is to reduce environmental impacts of all our processes from procurement of raw materials to final disposal of products after use.

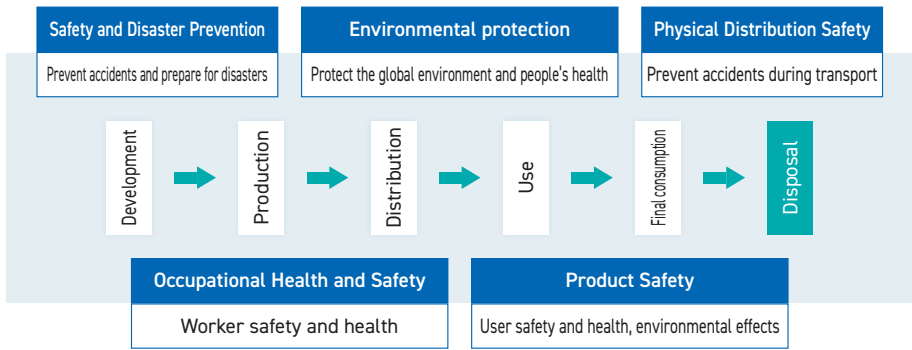


Toagosei Group and Responsible Care

Responsible Care (RC) activities are voluntary initiatives of companies handling chemical substances to ensure environmental protection and health and safety throughout product life cycles. Companies disclose the results of their activities and thus communicate with society.

Toagosei has been a member of the Japan Responsible Care Council (JRCC) since its establishment by the Japan Chemical Industry Association (JCIA) in 1995 and is promoting RC activities throughout the Group.

Toagosei endorsed the Responsible Care Global Charter established by the International Council of Chemical Associations (ICCA) in 2009 and revised in 2014. The president is a signatory of this charter and Toagosei is committed to the vigorous promotion of RC activities.



Environmental Protection

Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Global Warming Mitigation	Medium- to Long-Term Targets for CO ₂ Emission Reduction (Scope 1+2) <ul style="list-style-type: none">2030 Reduction by 50% (from 2013)2050 Carbon Neutrality	CO ₂ emissions: 319 kt (26% reduction from 2013)	★★	Medium- to Long-Term Targets for CO ₂ Emission Reduction (Scope 1+2) <ul style="list-style-type: none">2030 Reduction by 50% (from 2013)2050 Carbon NeutralityImprove energy consumption per unit by 1% or more (compared to the previous fiscal year)
	Strengthen management by implementing management system for chlorofluorocarbons	<ul style="list-style-type: none">Leakage volume for FY2023 was CO₂ equivalent 1,394 tons reported to government in FY2024Expanded the use of the management system for chlorofluorocarbons	★	<ul style="list-style-type: none">Strengthen management through the use of the management system for chlorofluorocarbons
Initiatives to Realize a Recycling Society	<ul style="list-style-type: none">Final landfill disposal rate: 0.5% or less	<ul style="list-style-type: none">Final landfill disposal rate: 0.9% (including waste from building demolition, without which the final landfill disposal rate was 0.1% under normal operations.)	★	<ul style="list-style-type: none">Final landfill disposal rate: 0.5% or less
	<ul style="list-style-type: none">Continue sorting of waste and appropriate disposal	<ul style="list-style-type: none">Continued sorting of waste and appropriate disposal	★★★★	<ul style="list-style-type: none">Continue sorting of waste and appropriate disposal
	<ul style="list-style-type: none">Promotion of recycling and waste volume reduction	<ul style="list-style-type: none">Switching to a value recovery service provider	★★★★	<ul style="list-style-type: none">Recycling rate: Improve by 1% or more compared to the previous fiscal year
Environmental Impact Reduction Initiatives	<ul style="list-style-type: none">Emissions of substances subject to PRTR: 41 tons or less	<ul style="list-style-type: none">PRTR emissions: 88 tons	★	<ul style="list-style-type: none">Establish reduction plans for each substance subject to PRTR
	<ul style="list-style-type: none">Zero serious environmental accidents	<ul style="list-style-type: none">Serious environmental accidents: three cases	★	<ul style="list-style-type: none">Zero serious environmental accidentsPrevent pollution of rivers and oceans by microplastics

Global warming mitigation initiatives

We have set medium- to long-term targets for the reduction of CO₂ emissions from production activities (Scope 1+2) in the two steps of the PDCA chart above. We have formulated an energy conservation roadmap to achieve these targets at each business site and are steadily introducing equipment and technologies.

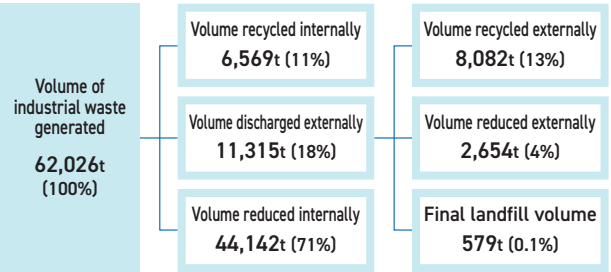
The sources of CO₂ emissions will be identified thoroughly to accurately calculate the amount of GHG emissions. We also promote the optimal use of energy by introducing renewable energy in-house and in partnership with local communities.

Initiatives to realize a recycling society

We worked to reduce industrial waste toward a target for the final landfill disposal rate of 0.5% or less, but we failed to achieve the target as the final landfill disposal rate was 0.9% due to surplus soil during construction following the removal of buildings in 2024. The final landfill rate due to normal production activities was 0.1%.

We will be addressing this by re-examining waste treatment processes and revising methods for setting future targets.

Industrial waste processing flow



Chemical substance emissions reduction

Each business site conducts appropriate notifications in compliance with the "Law concerning Pollutant Release and Transfer Register (PRTR Law)." As a result of identifying the additional target substances in 2023, we confirmed the emission of sodium chlorate into water resources and submitted an additional notification. Looking ahead, we will make efforts to reduce the emission of sodium chlorate together with existing substances. We will set a target for each substance and work to achieve zero emissions of all chemical substances including the 26 substances voluntarily controlled under the Japan Chemical Industry Association, and not just PRTR target substances.

Emissions of principal substances subject to PRTR (t)

Major emissions	2023	2024
Sodium chlorate	45	46
Chloromethane (methyl chloride)	32	31
Methyl acrylate	5.0	4.7
Chloroethylene (vinyl chloride)	3.0	3.1
Toluene	1.2	1.2

Environmental accounting

The Toagosei Group introduced environmental accounting in 2000 to ascertain costs related to environmental activities and their benefits and to utilize the data as a basis for decision-making for the purpose of engaging in more efficient environmental protection activities.

Scope of calculations:	Companies and offices listed in the chart below (Business Activities and Environmental Impacts section)
Period covered:	January 1 to December 31, 2024
Calculation method:	1.Calculated using our Calculation Rules prepared with reference to the Environmental Accounting Guidelines (2005 version) of the Ministry of the Environment of Japan. 2.Compound costs that include expenditures for purposes other than environmental conservation are prorated in proportion to their impact on the environment then counted as environmental costs. 3.Investment amounts are treated as actual capital investments, and expense amounts are treated as actual facility maintenance and management costs, personnel and other costs. 4.Items for which effects could be clearly calculated were calculated in monetary and quantitative units. However, effects that are difficult to quantify, such as risk aversion and deemed effects, are not included.

Environmental investments and expenses by cost category

Types of environmental conservation costs (Content of major initiatives)			Investment (Millions of yen)	Expenses (Millions of yen)
1. Cost within business area			3,480	7,622
Breakdown	1	Pollution prevention costs (costs to prevent atmospheric and water pollution)	2,858	6,054
	2	Global environmental protection costs (costs to prevent global warming, promote energy-saving, prevent destruction of the ozone layer)	341	1,118
	3	Material recycling costs (costs to use resources efficiently and for disposal and treatment of industrial waste)	281	451
2. Upstream/downstream costs (costs incurred in downstream/upstream from manufacturing and service activities: green procurement, etc.)			40	34
3. Management activity costs (costs to maintain and operate environmental management system, monitor and measure environmental impact, and offer environmental education)			69	490
4. R&D expenses (costs to research and develop products and other items that contribute to environmental protection and reduce environmental impact during manufacturing)			554	1,049
5. Social activity costs (costs of nature conservation and environmental improvements such as greenification, donations to and support for environmental protection organizations, and activities related to local residents)			166	42
6. Environmental damage costs (costs to recover nature and for compensations related to environmental conservation)			0	12
7. Other costs related to environmental conservation			52	136
Total			4,361	9,386

Business activities and environmental impacts

Scope				Calculation period
Toagosei Group	Toagosei	Plants	Nagoya Plant, Yokohama Plant, Takaoka Plant, Tokushima Plant, Sakaide Plant, Oita Plant, Kawasaki Plant, Hirono Plant	One year from January 1 to December 31, 2024
		Research centers	Nagoya Criatio R&D Center, Institute for Advanced Sciences (Ibaraki Prefecture), Kawasaki Frontience R&D Center	
	Group companies	Aronkasei	Kanto Plant (Ibaraki Prefecture), Nagoya Plant, Monozukuri Center (Aichi Prefecture), Shiga Plant, Onomichi Plant	

INPUT

Energy Consumption		2023	2024	Water consumption		2023	2024
Energy Consumption (crude oil equivalent, thousand kl)		179	177	Water resources (million m³)		51	54

Toagosei Group Production Sites in Japan

OUTPUT

		2023	2024
Business Activities	Production volume (thousand tons)	1,090	1,102

Industrial Waste	Volume of industrial waste generated (tons)	59,000	62,026
	Volume reduced internally (tons)	43,329	44,142
	Volume discharged externally (tons)	9,178	11,315
	Final landfill volume (tons)	349	579
	Final landfill rate (%)	0.59	0.9

Environmental Impacts on Water Resources		2023	2024
	Total effluent volume (million m³)	39	41
	COD (tons)	68	68
	Total nitrogen (tons)	22	24
	Total phosphorus (tons)	1.9	2.0
	Substances subject to PRTR (tons)	47	47

Environmental Impacts on Atmosphere		2023	2024
	CO ₂ (CO ₂ equivalent, thousand tons)	330	340
	SO _x (tons)	46	42
	NO _x (tons)	61	73
	Soot and dust (tons)	4	7
	Substances subject to PRTR (tons)	44	41

Safety and disaster prevention initiatives

Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Safety and Disaster Prevention	● Zero explosion or fire accidents	● Zero explosion or fire accidents	★★★★	● Zero explosion or fire accidents
	● Zero serious leakage accidents of harmful substances or hazardous materials	● Three serious leakage accidents of harmful substances or hazardous materials	★	● Zero serious leakage accidents of harmful substances or hazardous materials
	● Review work standards so that anybody can work properly	● Reviewed the work standards to ensure "Know-Why" understanding		

Disaster prevention meetings

Before manufacturing a new product or changing production methods or facilities, Toagosei holds disaster prevention meetings. At these meetings, the details of plans are discussed from the perspectives of process safety and disaster prevention, occupational health and safety, environmental protection, product safety, and quality assurance, and any issues are addressed. Disaster prevention meetings are classified into a three-tier hierarchy according to the size and agenda of the meeting: formal disaster prevention meetings, simplified disaster prevention meetings, and disaster prevention manager meetings. These meetings also serve as venues for confirming and recording details to be examined in "Risk assessments."

Disaster drills

Each business site regularly conducts disaster drills in cooperation with fire departments and other agencies to ensure readiness in the case of an emergency. In recent years, we have also adopted tablet terminals and helmet cameras to communicate on-site circumstances to the task force in real time. Amid the increase in severe disasters due to global warming, we are devising ways to respond to unexpected situations by adapting drills to each office's circumstances, such as assuming light staffing due to a holiday, or situations for which no scenario has been determined in advance.

Occupational health and safety

Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Occupational Health and Safety	● Zero lost-time injuries	● Lost-time injuries: 5	★	● Zero lost-time injuries
	● Zero no-lost-time injuries	● No-lost-time injuries: 3	★	● Prevent injuries at partner business sites
	● Sharing of safety rules with partner companies	● Implementation by devising methods at each workplace	★★★★	● Prevent heat-stroke injuries

Occupational health and safety management system

Priorities for occupational health and safety (OHS) promotion and key policies and measures are determined at the Group's Sustainability Committee meetings, and we engage in health and safety activities accordingly. Each business site is raising the level of health and safety by fusing top-down initiatives and bottom-up initiatives from workplaces.

Occupational accidents

In 2024, 5 lost-time injuries and 3 no-lost-time injuries occurred in total throughout the Group and partner business sites, and we could not achieve the target of zero injuries. Injuries at partner business sites related to construction, transportation and other sectors in particular accounted for the majority of lost-time injuries, so in 2025 we will strengthen our efforts to prevent injuries at partner business sites.

Number of occupational accidents

(Cases)	Toagosei Group		Partner business sites, others		Total	
Year	Lost-time injuries	No-lost-time injuries	Lost-time injuries	No-lost-time injuries	Lost-time injuries	No-lost-time injuries
2019	2 (1)	12	4	4	6 (1)	16
2020	4	6	2	2	6	8
2021	1 (1)	8	0	2	1 (1)	10
2022	4 (1)	7	2	1	6 (1)	8
2023	0 (1)	6	5	4	5 (1)	10
2024	1 (1)	2	4	1	5	3

(Figures in parentheses indicate the number of accidents at overseas business sites.)

Product safety

Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Product Safety	● Response to domestic and overseas laws and regulations	● Response to domestic and overseas chemicals-related laws and regulations	★★★★	● Response to domestic and overseas chemicals-related laws and regulations
	● Appropriate response to requests for submission of SDS and various survey forms	● Response to requests for submission of SDS and various survey forms	★★★★	● Appropriate response to requests for submission of SDS and various survey forms throughout the supply chain

Chemicals safety management system

At our Group, our first task at the product development stage is to conduct a safety examination. We also perform necessary safety tests when making notifications required by laws and regulations when a product falls under the category of a new chemical substance. We also make necessary responses to new substances in the inventory of each country. At disaster prevention meetings held before test production or scaling up of production, we discuss the safety of materials handled and products, as well as disaster prevention during manufacturing. We check chronic effects as well as acute health hazards, such as the danger of chemical injury, through chemical substance risk assessments and also deliberate on compliance with legal and regulatory requirements, environmental impacts, and other matters.

We issue SDS to customers, sales agents, transportation companies, and other companies that handle the Group's products. SDS for some products can be downloaded from the corporate website.

The number of target substances for chemical substance risk assessments increased following the amended system for voluntary control of chemical substances, so we are taking the appropriate action such as organizing SDS and other means. The mandatory provision of SDS and product labels in national languages in accordance with Globally Harmonized System of Classification and Labeling of Chemicals (GHS)* has spread in various countries around the world including Japan.

We are creating and updating SDS and product labels as needed in response to such trend.

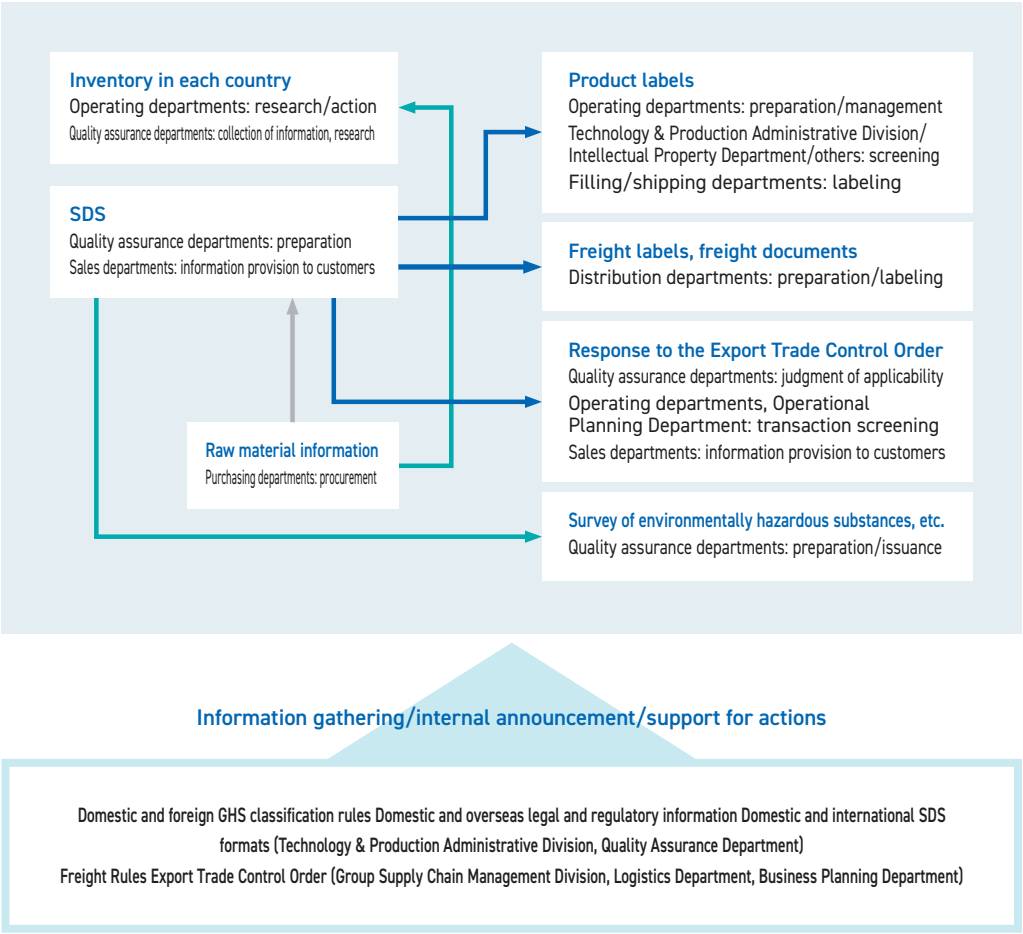
Many departments are involved to manage product information and appropriately communicate it to the supply chain. Members of the Technology & Production Administrative Division and the Group Supply Chain Management Division are engaged in information gathering, internal education, response to consultation and other tasks to support implementing departments.

*GHS: Globally Harmonized System

Provision of safety information

We provide chemical product safety information using safety data sheets (SDS), product labels, yellow cards, and other means.

SDS are documents prepared for communicating detailed information related to chemical product handling methods and safety.



Quality assurance

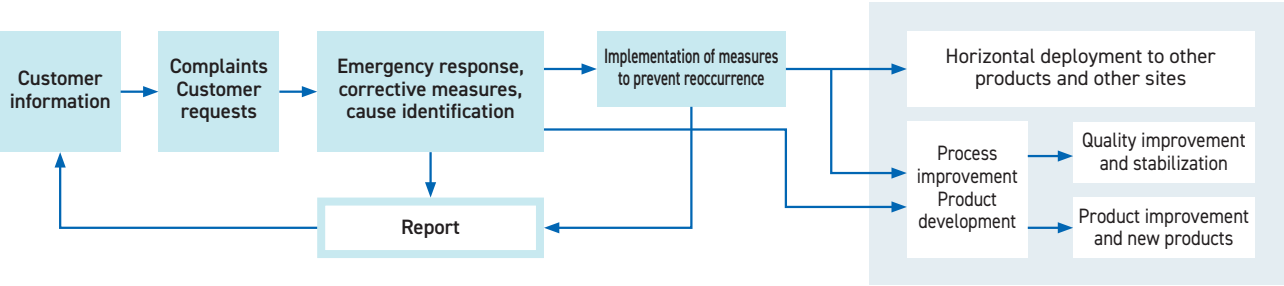
Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Quality Assurance	● Strengthening of quality risk evaluations ● Formulation and implementation of effective measures to prevent accidents and outflow ● Promotion of operational improvements by increasing lineup and quality	● Revision of relevant standards, promotion of risk assessment ● Promotion of reflection of measures in standards	★★★★ ★★★★	● Appropriately address customer requirements through the improvement of quality management and quality assurance levels

Quality assurance system

Based on its quality policy to "enhance quality management and offer products and services that satisfy our customers," the Group is working to achieve ongoing improvement of the management system. In addition, we promote various activities by setting quality objectives such as improving the level of raw material management, strengthening manufacturing process control, improving the quality of analytical work, and utilizing the in-house Quality Assurance Liaison Committee.

Initiatives in response to the voice of the customer

We are striving to appropriately and quickly respond to complaints and submit delivery specifications and various documents. Quality assurance departments of our plants are responding to opinions of customers from their perspectives. As a result, submission of various documents to customers has become expedited year by year. Considering customer complaints and requests as opportunities for product improvements, process improvement, work improvement, and facilities upgrades, we enhance the level of quality management from a broad perspective.



Safety management during product transport

Item	P	D	C	A
	Targets for 2024	Results in 2024	Achievement	Targets for 2025
Physical Distribution Safety	● Reduction in the number of physical distribution problems	● The target for logistics complaints was achieved, but the target for problems was not.	★★	● Reduction in the number of physical distribution problems

Safe transport and delivery promotion structure

Each business site organizes conferences with carriers to promote safe transport and safe delivery. The business sites set annual targets at the conferences and confirm the progress and whether rules for carrying out safe operations are being observed through meetings and safety patrols. In the case of new clients, the business sites confirm clients' receiving facilities in advance to establish the system for safe delivery. If a carrier requests improvement of a client's receiving facility, we ask the client to make those improvements.

Horizontal deployment of problem information

The logistics departments undertake sharing and horizontal deployment of information at all plants by registering problems in shipping and transport in a database. Each business site regularly holds meetings with carriers to share risk information such as examples of actual accidents and close calls in order to raise awareness for the elimination of serious troubles.

PICK UP

Begin operation of the Nagoya Logistics Center

The construction of the Nagoya Logistics Center, utilizing idle land at our Nagoya Plant, was completed in September 2024. The Center achieves joint logistics, with rental warehouse facilities that can be operated as commercial warehouses in addition to our own warehouse.



Nagoya Logistics Center

- Internal operation through third-party logistics (3PL)
- Monetization through leasing
- Rationalization of storage and transportation

Sustainability Management

Human Capital

P	D	C	A
Targets for 2024	Results in 2024	Achievement	Targets for 2025
Achieve employment rate of persons with disabilities of 2.5% or higher	Employment rate of persons with disabilities of 2.65% (as of December 31, 2024)	★★★	Maintain employment rate of persons with disabilities of 2.5% or higher
Promotion of women's participation and advancement (Period: Five years from April 1, 2021 to January 1, 2026) ● Female hiring ratio: 30% or more among new career-track employees, 20% or more among regular service employees ● Ratio of female managers: 5% (13 as of January 1, 2026)	● Female hiring ratio: 35.1% among new career-track employees, 15.0% among regular service employees ● Ratio of female managers: 4.4% (as of January 1, 2025)	★★	Promotion of women's participation and advancement (Period: Five years between April 1, 2021 to January 1, 2026) ● Female hiring ratio: 30% or more among new career-track employees, 20% or more among regular service employees ● Ratio of female managers: 5% (13 as of January 1, 2026)
Implementation of disease prevention measures and enhancement of health awareness ● Rate of employees undergoing thorough health examinations: 100% ● Rate of employees maintaining desirable weight: 70% ● Smoking rate: 23% (achieve 15% by 2026) ● Ratio of employees with regular exercise habits: 40%	● Rate of employees undergoing thorough health examinations: 72.5% ● Rate of employees maintaining desirable weight: 60.6% ● Smoking rate: 23.7% ● Ratio of employees with regular exercise habits: 33.1%	★★	Implementation of disease prevention measures and enhancement of health awareness ● Rate of employees undergoing thorough health examinations: 80% ● Rate of employees maintaining desirable weight: 70% ● Smoking rate: 20% (achieve 15% by 2026) ● Ratio of employees with regular exercise habits: 40%

Approach to human capital

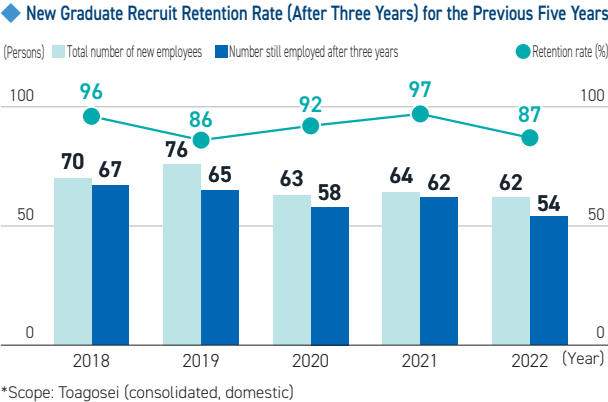
In today's rapidly changing business environment, with the swift advance of technological innovation, it is not easy for companies to continue creating new value to fulfill their social responsibilities. At the Toagosei Group, we believe that the source of value creation is human resources. We think it is essential to realize an organizational culture in which employees and the company grow together, and we are working to develop human resources, promote diversity, achieve work-life balance, and promote health management. We aim to create an environment where personnel with diverse backgrounds can make maximum use of their abilities and experience success and growth, by promoting human resources policies that increase employee motivation and actively investing in the development of human resources. Through these measures, we will increase employee engagement and labor productivity, eventually leading to a sustainable increase in corporate value.



Securing and developing human resources

Recruiting activities

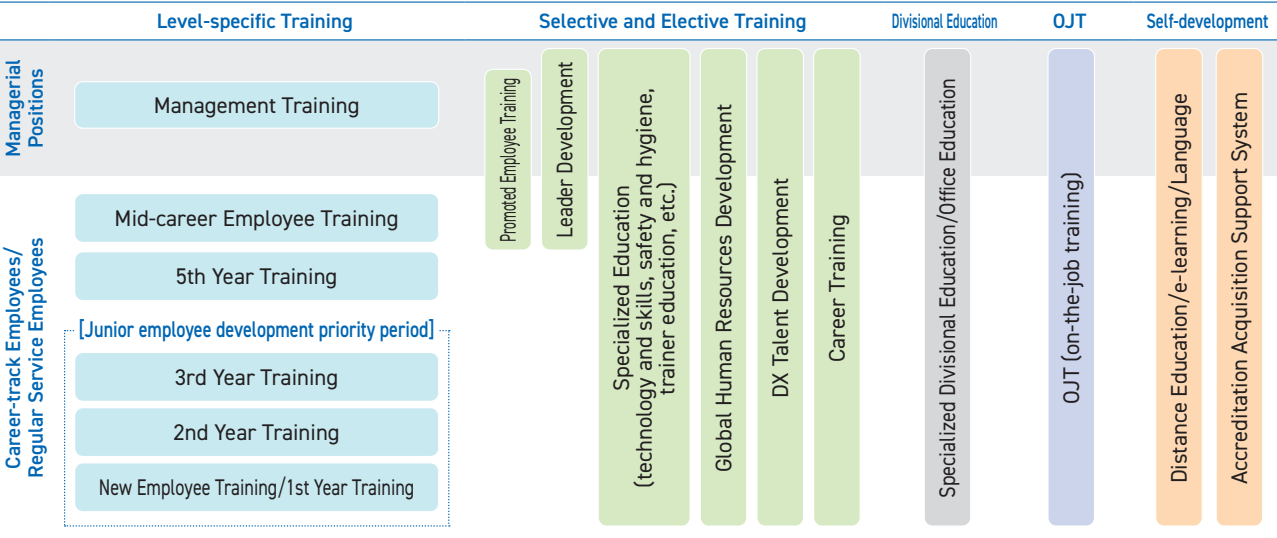
Recruiting activities are essential initiatives to secure the valuable human resources needed to achieve our growth strategy. At the Toagosei Group, we secure diverse human resources by actively hiring a wide range of both new graduates and experienced personnel. In addition, to prevent mismatches after joining the Group, we actively hold exchange events with current employees, plant and research lab tours, and provide information through our website to help candidates get a concrete image of their potential job duties and career paths. In the selection process, we conduct interviews with a focus on personal qualities, judging people on whether they can empathize with the Group's corporate philosophy, and enjoy and share the Group's growth.



Human resources development policy

Our initial focus is on helping employees develop the ability to think independently and act autonomously. The 2025 Medium-Term Management Plan focuses on key measures such as expanding overseas operations and promoting digital transformation (DX).To achieve this, we are focusing on cultivating human resources with an international mindset and human resources capable of bringing about business reform through the use of digital skills. We also plan and operate development programs and promote human resources development to enable every employee to take responsibility for their own growth. At the same time, we endeavor to nurture people who can contribute not only to corporate management but also to the maintenance and development of society.

Human resources development chart



Development of young employees

Our Group has designated the first three years of employment as a priority period for cultivating junior employees. During this period, training focuses on developing human resources who can think and act independently, while also involving others to achieve targets. To achieve this, we implement level-specific training to provide opportunities to learn the fundamental skills of working adults, step-by-step, as well as conducting training to promote the experiential learning cycle through OJT (on-the-job training). Working closely with colleagues gives employees the opportunity to identify their own strengths, shortcomings and areas where they can better themselves, in addition to developing connections with their peer group.



Scene of new employee training

Specialized education

The Company provides training in work-related technical skills throughout the entire company to ensure that employees are fully capable at the workplace as early as possible. In technical skill training, we promote a wide range of education from basic to practical applications, including acquisition of fundamental knowledge with e-learning and classroom lectures, understanding of process principles with mock-ups using operating simulators, and hands-on training with instruments, equipment and mini-plants. These types of training help to strengthen a trainee's analytical ability and response capability, in addition to increasing their sensitivity, such as in detecting abnormal signs, responding to abnormal events and identifying their causes. Classroom lectures do not only involve passive lectures but are also designed to provide opportunities for actively engaging in communication and activities, such as many forums for discussions and exchanging views with other lecture participants. In this way, we aim to help employees themselves develop their attitude toward learning. In safety and health training, we are enhancing the use of VR and simulation equipment to increase sensitivity through hands-on safety training, to cultivate human resources capable of maintaining safe and stable operations, and to transfer the required technologies and skills.



Scene of operating simulator training

Career autonomous development support

Our Group provides Career Autonomous Development Support to enable each and every employee to plan out a vision for their own career, and take action toward fulfilling it. From 2018, we have run career training by rank, and we are expanding the scope of eligibility for training every year. In 2023, we also developed an environment where employees can have consultations about their career with nationally qualified career consultants. Starting from 2024, we actively engage with employees and endeavor to expand opportunities for career discussions.

Furthermore, we provide support for self-development so that employees are able to select and acquire the required skills themselves. In particular, we are expanding the range of e-learning courses to enhance learning opportunities. In addition to an assistance program under which the Company pays for the cost of distance education, English learning apps, and open seminars, we encourage employees to improve their capabilities by encouraging them to acquire official accreditations through our assistance program for qualification acquisition.

VOICE

Career Seminars

Since July 2024, we hold Career Seminars for employees in management positions and operational managers as part of the Group's support for autonomous career-building. Speakers from within the Group conduct face-to-face sessions at each location to help participants understand the concept of career and promote self-understanding, as well as to enable them to support their subordinates in self-understanding and self-growth. A total of 25 sessions have been held, with 338 participants. The workshop-style face-to-face format of these seminars enabled participants to gain a deeper understanding of careers.

In surveys concerning the seminars, participants responded that they would be useful in facilitating conversations with subordinates, and they are expected to contribute to smoother communication among employees.

Diversity promotion

Global human resources

The development of global human resources is essential for the Toagosei Group to accelerate its overseas expansion. International communication has become increasingly important, given the rise in the number of overseas business trips and online meetings. To address this, we provide support for enhancing English language skills so as to build a firm foundation for business communication with overseas partners. In 2023, we introduced a new English training program aimed especially at improving speaking skills. A course was conducted with 22 participants based on recommendations from the operating departments, achieving results. In 2024, the format was changed to an application-based participation system. This resulted in a group of participants with greater motivation to learn and more autonomy, leading to higher achievements.

Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Our general business owner action plan under the Act on Promotion of Women's Participation and Advancement in the Workplace extends for five years from 2021, and includes the following goals that we have set.

- Annual female hiring ratio of 30% or more among new career-track employees, 20% or more among general service employees
- Increase in the percentage of female managers to at least 5% by January 1, 2026
- Retention rate of at least 90% as of March 31, 2026 for new female hires in general service employment

In addition, to create an environment in which diverse human resources can play an active role regardless of gender, we will implement initiatives to raise awareness in the organization and provide forums for interaction between female employees across different departments.

Greater choice of workplaces where women can display their capabilities

We are working to expand the job categories available to women so that career opportunities are never restricted due to gender. Believing that a workplace that is comfortable for women to work in is also friendly to all workers, we are engaged in ongoing efforts to reduce workloads at workplaces responsible for production activities and improve the workplace environment.

In 2024, we automated the control of production processes involving outdoor work and upgraded the ladders needed to reach different levels in plants to safer stairs. We are also expanding the relaxation spaces to respond to the increase in the number of female employees.

We will continue to implement measures aimed at creating a comfortable working environment, not only in terms of facilities but also when it comes to awareness, based on interviews with women assigned to manufacturing sites.

Active senior employees

In 2013, the Group extended the mandatory retirement age from 60 to 65 by introducing a system for retirement at 65.

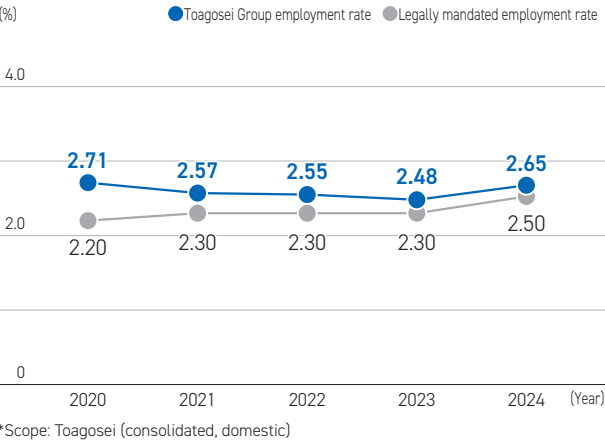
In order to promote autonomous career development and enable even more active participation among senior human resources, we provide multiple career training sessions for personnel in their 50s. During the training, participants look back over their past experiences, organize the knowledge and skills they have acquired, and reevaluate their own sense of values and their own priorities. Based on this, participants examine their approach to work and the ideal position they want to achieve in the future, clarify their career vision, and harness this as the first step toward their future.

Employment of persons with disabilities

Our Group includes 53 people with disabilities, ranging broadly in age from their 20s to 60s, and working in a wide range of workplaces across the country.

In order to support the independence of people with disabilities, we are working to expand their employment through measures such as ensuring greater choice of workplaces, and as of the end of 2024, the employment rate of people with disabilities across the Group as a whole was 2.65%. In addition, we have partnered with employment support organizations, Hello Work and other groups to improve workplace environments so that people with disabilities can work with peace of mind. We will continue to create workplaces where diverse human resources, including people with disabilities, can make maximum use of their individual abilities and engage in rewarding work.

Change in employment rate of persons with disabilities in past five years



Promotion of work-life balance

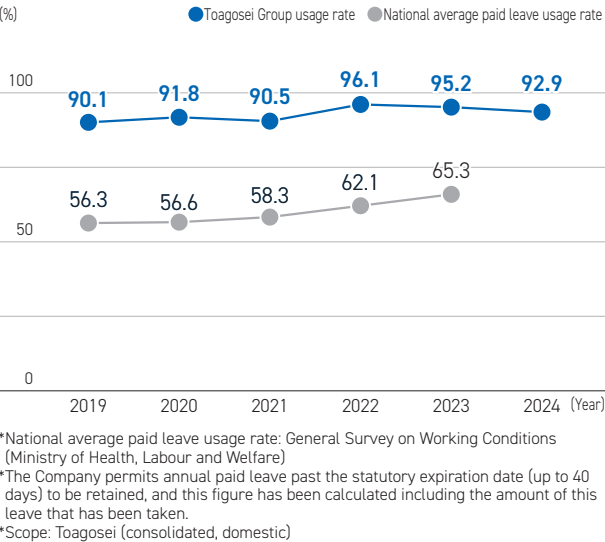
Flexible work styles

Our Group strives to achieve work-life balance based on the belief that when employees spend their days feeling fulfilled in both their personal and professional lives, they can apply their abilities to the fullest, which leads to the growth and development of our business.

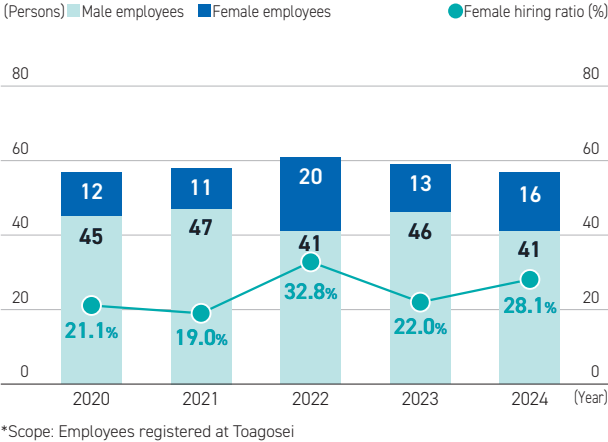
We encourage employees to actively take their annual paid leave, and the Group's annual paid leave usage has remained at a high level since 2016. In 2024, we are also introducing an "Inter-shift Interval System" that ensures at least 11 hours of rest between the end of one workday and the start of the next day's workday, as part of ongoing efforts to limit long working hours.

Furthermore, we have established various systems to promote flexible work styles among employees in the belief that doing so will help foster an autonomous corporate culture and improve productivity. We have created a "Teleworking System" that gives employees the option of working from home or other locations in one-hour increments for up to ten sessions per month, and an "Annual Leave by Hourly Increment System" that allows employees to take their annual paid leave in one-hour increments, thereby promoting workstyle flexibility and how employees can take time off.

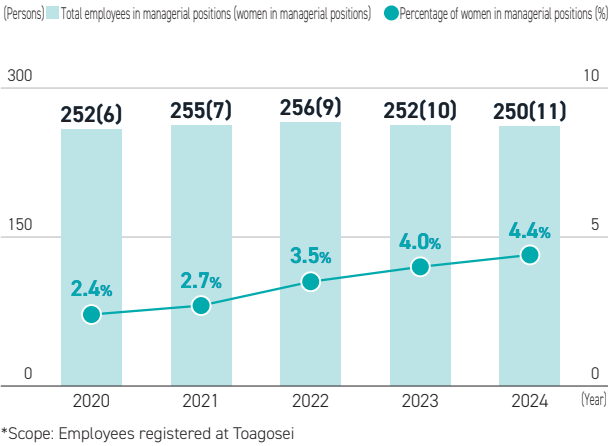
Change in annual paid leave usage



Employment rate of women among new graduates in past five years



Percentage of women in managerial positions in past five years



Support in balancing work with parenting/nursing care

To create a fulfilling working environment for a diverse workforce, we commit ourselves to supporting employees in balancing work with parenting and/or nursing care. Since 2021, we have conducted an annual employee awareness survey on job satisfaction and work environment congeniality (engagement survey), and expanded our support systems for balancing work and home life. As a result of these efforts, we were certified by the Minister of Health, Labour and Welfare as a “child-care supportive institution” (Kurumin certification) in 2023.

To help employees balance work and parenting, we changed our system to enable employees to extend their childcare leave until the end of March after their child reaches the age of three if they are unable to enroll their child in a daycare center. Additionally, starting in 2025, we have established the new “Childcare Balance Support Leave,” which employees can take up to ten times per year, with the aim of supporting them to raise children while working.

Regarding support for balancing work and nursing care, the upper limit on the period for shortened working hours for nursing care has been abolished, and the number of days granted for nursing care leave has been increased to 20 days per year. In addition, we have established a financial support system under which the Company provides a certain percentage of remuneration for a portion of the nursing care leave period.

We have also developed a “Retained Annual Leave System” that allows employees to accumulate expired annual paid leave and use it for childcare, nursing care or other purposes. “Family Hospital Care Assistance” and “Infertility Treatment” have been added to the scope of this system from 2024, ensuring a system capable of catering to a wide range of employee life events in addition to childcare and nursing care.



Leave system for spouse relocation and reentry system

Toagosei has introduced the Leave System for Spouse Relocation Overseas, which allows leave of up to three years for employees accompanying their spouses on overseas assignment—this had

been used by two employees as of 2023. From 2024, the system has been expanded to include employees accompanying their spouses on domestic and international transfers, providing for greater flexibility in catering to the family circumstances of employees.

We also have a “Reentry System” that handles people wishing to reapply for employment with the company as candidates for reemployment after they have resigned. From 2023, this system has been available not only to cater to employees’ family circumstances such as childcare or nursing care, but also for those who leave the company to advance their careers such as job changes or higher education, creating an environment where diverse human resources can continue with their careers.

Introducing the transfer postponement program and enhancing transfer allowances

Amid increasingly diverse value perceptions and lifestyles, we have introduced a transfer postponement program and enhanced transfer allowances to create an environment where employees can work with peace of mind and perform at a higher level. Under the transfer postponement program, employees who meet the specified childcare and nursing care requirements may apply to postpone their transfer to other workplaces. In terms of enhancing transfer allowances, we have established a new transfer allowance, increased the separation allowance for employees assigned to workplaces away from their families, and made efforts to improve the environment for employees transferring to new workplaces.

Results of the engagement survey and their utilization

Since 2019, we have been conducting regular engagement surveys to ascertain how employees feel about work environment congeniality, including work-life balance, as well as job satisfaction, including pride in their work and their sense of growth. As a result of our efforts to promote flexible work styles and our support for balancing work with childcare and nursing care, employee satisfaction regarding work environment congeniality is trending upward. Regarding job satisfaction, we aim to improve employee engagement by supporting the career development of each employee while enhancing our talent development programs.

*2024 Employee happiness: Average 67.7 points (out of a maximum of 100 points) among all employees, up 1.5 points year on year

COLUMN Completion of the New Employee Dormitory Roiformi EGASAKI

In May 2024, construction was completed of Roiformi EGASAKI in Egasaki-cho, Tsurumi-ku, Yokohama. Roiformi EGASAKI is themed around “employee living environments for the future,” and features common amenities such as a cafeteria, shared lounge, and working spaces. The dormitory is also equipped with disaster response and business continuity planning measures, such as small storage batteries linked to solar power generation units and flood prevention panels, with the aim of providing a comfortable environment for the future.

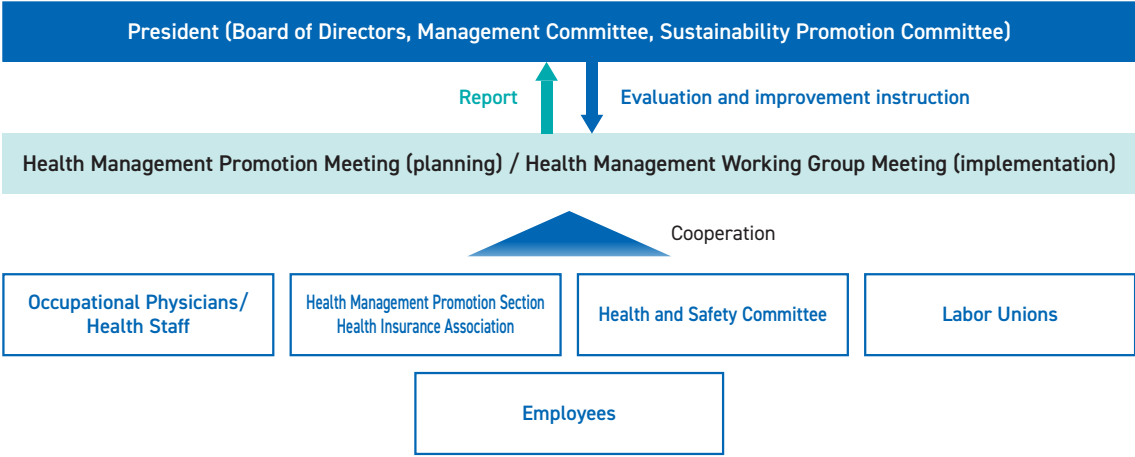
Roiformi EGASAKI has been awarded a Good Design Award for 2024 for embodying a new concept of dormitories incorporating the natural environment, community, disaster response, and life & work style.



Health management promotion

Systems and initiatives relating to the promotion of health management

We are promoting efforts to maintain and improve the health of our employees because we believe that creating a vibrant and creative organization in which each and every employee can work in comfort and with vitality that will lead to the growth of the company. The Group holds the Board of Directors meetings to establish annual goals for promoting health management. We check our progress towards achieving final goals (KPI) and discuss improvements based on our health management strategy map. In line with this policy, occupational physicians, health staff, the Health Management Promotion Section, the Health Insurance Association, Health and Safety Committee, and others cooperate organically to promote health enhancement measures, working to reduce the disease risk for each individual employee.



Promotion of disease prevention

We focus on the prevention of lifestyle-related diseases to help employees reduce the risk of disease and work with vigor and vitality.

The health management system is used to increase the sophistication of health management by promoting appropriate health guidance for each individual employee through the monitoring of employee health status and identification of issues by health staff. We have also introduced a web-based health consultation service, which allows employees to consult anonymously with their healthcare providers.

In addition, we are focusing on encouraging thorough health examinations aimed at accurately understanding health conditions and the early detection and treatment of diseases. In our efforts to promote smoking cessation, we have been working on a smoking ban during work hours since the beginning of this year, in addition to running a quit smoking campaign to support those trying to quit smoking. Starting this autumn, we will implement a smoking ban on company premises, accelerating our efforts to maintain and improve the health of our employees.

Health maintenance and promotion

During 2024, we ran health seminars with a focus on improving eating habits, preventing metabolic syndrome, and addressing women's health problems as part of efforts to assist employees



Food and health seminar

in maintaining health. In addition, we are planning seminars tailored to the circumstances at each business site, and we are holding talks at business sites by occupational physicians and others.

To support health promotion, we conduct walking events, provide financial assistance for gym usage, and offer subsidies for club activities. We also engage in recreational activities to promote health and wellness in local communities.



Summary of the walking event

Sports yell company certification

We were certified with “Sports Yell Company 2025” as a company actively engaged in promoting sports as a means of promoting the health of employees. This certification program is run by the Japan Sports Agency with the aim of promoting sports for the generation in the prime of life and fostering social momentum for sports. This program recognizes companies that are actively promoting sports activities to improve employee health.



Excellent corporations for health management

We have been certified as an Excellent Corporation for Health Management under the Certified Health & Productivity Outstanding Management Organization Recognition Program since 2019. This program is implemented by the Ministry of Economy, Trade and Industry (METI) in collaboration with Nippon Kenko Kaigi (the Japan Health Council), which is comprised of leaders from the business community, medical-related organizations, and local governments, to recognize corporations that are implementing particularly excellent health management practices. We will continue to strengthen our health management practices as we regard the physical and mental health of each employee to be an important asset.



COLUMN Company-wide Walking Event

Since 2023, we hold an annual company-wide walking event utilizing a smartphone app. Many employees participate in these events, and awareness of exercise habits is increasing. In the photo contest held simultaneously with the event, participants submit a large number of photos of walking and landscapes from all over the country. This contributes to more active communication among participants through voting. We will continue to plan events that contribute to increasing exercise and promoting communication.



Winning photograph from the photo contest

Other welfare programs and initiatives to improve engagement

Base salary increase

On January 20, 2025, we established our Multi-stakeholder Policy and declared our intention to raise wages through appropriate methods based on our corporate situation, aiming to provide sustainable returns to employees. Under this policy, in January 2025, we implemented a base increase of 17,000 yen per month for union members (an increase of 6.4%, including the regular salary increase rate). We will continue to have sincere discussions between labor and management regarding wage increases and strive for appropriate returns on a continuing basis.

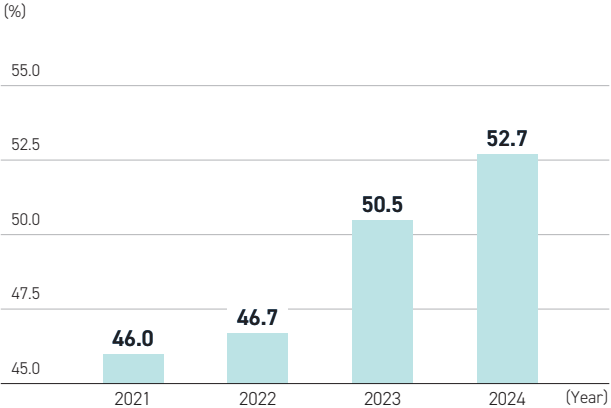
Employee stock compensation plan

The “Employee Stock Compensation Plan” was introduced in 2023, in addition to enhancing the welfare and benefits plan. The Employee Stock Compensation Plan is an incentive plan whereby money contributed by the Company will be used to establish a trust, and Company Shares will be granted to employees through the trust based on points awarded to the employees who satisfy certain conditions. By introducing this plan, employees will be able to benefit economically from increases in the price of company shares, which is expected to provide an incentive for employees to execute business operations mindful of share price and to increase their motivation for participating in management.

Group employee stock ownership association

We raised the incentive ratio of the Group Employee Stock Ownership Association in October 2023 from the stance of providing greater welfare benefits, such as support for long-term and planned asset building, as well as to raise awareness of participating in management. We hold information sessions about the Association on an ongoing basis as part of employees’ asset building, and its membership ratio has reached 52.7% (as of the end of 2024).

Group employee stock ownership association membership ratio



Sustainability Management

DX Promotion

Initiatives to promote DX

In 2020, we established a dedicated division to engage in promoting DX. In the initial stages, we steadily promoted DX, focusing on production and research, which are at the core of the manufacturing industry. As a result, we have achieved results through the use of materials informatics (MI), the application of AI, and the promotion of automation. Currently, we are expanding our focus to include sales departments, indirect departments, and the development of DX talent, as we implement a range of measures. In sales departments, we are leveraging digital tools to enhance customer engagement. We are also advancing automation and labor-saving in business processes in indirect departments. In developing DX talent, we aim to boost digital skills that serve as the foundation for promoting DX. We will continue to promote DX by enhancing the digital environment, as well as human resources development, striving for growth and the creation of social value.

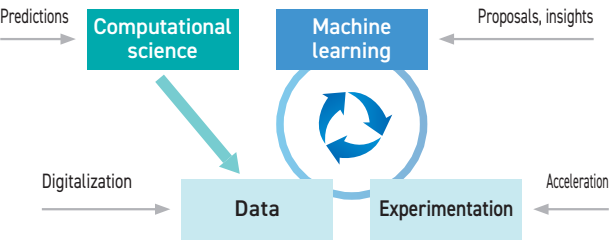


DX talent development

We implement a DX talent development program divided into standard skills for all employees and special skills for each field. Currently, we are focusing on the acquisition of standard skills and providing e-learning for all employees to enhance digital skills. We are also holding in-house IT tool seminars and generative AI utilization workshops, with many employees participating. To enhance motivation, we use open badges to provide visible evidence of learning outcomes. Looking ahead, we will promote the development of special skills training in various fields, aiming to cultivate human resources with specialized knowledge and advanced skills.

Materials informatics

We have introduced materials informatics as part of our efforts to promote DX in research and development. Based on machine learning and computational science, we use our proprietary tools to analyze data on materials and develop new materials. This has resulted in progress in research and development efficiency across a broad range of fields, including new insights in adhesives and battery materials research.



Utilizing Generative AI

We have introduced the internal generative AI system “Chatoa” with the aim of improving operational efficiency. The nickname “Chatoa” is a combination of “Chat” and “toa” from our company name. It is now widely used by employees, improving work efficiency by supporting the generation of ideas, the verification of information, and the preparation of documents. We will continue to expand its capabilities, aiming for further productivity improvements.



Classification and targets		Program
Level 5	Special skills (departmental DX promoters)	Digital technology training focused on specific fields
Level 4		
Level 3		
Level 2	Standard skills (all employees)	Digital literacy training
Level 1		

Sustainability Management

Enhancement of Contributions to Society and Local Communication

Activities for social contribution, aesthetic maintenance and conservation of biodiversity

Our Group conducts activities for social contribution, aesthetic maintenance and conservation of biodiversity, including donations and gifts, sports support, volunteer cleanups, and sponsorships.

At Aronkasei, a group company, we have launched activities where we make donations to the NPO WaterAid JAPAN* in line with the number of products we sell, from the standpoint of achieving clean water and lives for all people.

The main results for 2024 are shown in the following table. We will continue actively promoting social contribution activities into the future.

*An NPO that promotes activities to deliver water, sanitation, and correct hygiene habits to developing countries.

◆ Results in 2024

Site	Activity contents
Site in Japan	Local and neighborhood cleanup activity <ul style="list-style-type: none">● T.LEAGUE Official Partner● Support for the MINATO City Half Marathon 2024 in Minato-ku, Tokyo● Donations to the Children's Future Support Fund (led by the central government) and the Ashinaga Foundation
Head Office	<ul style="list-style-type: none">● Donations for the Noto Peninsula earthquake, the heavy rain disaster in the same area, and the earthquake off the east coast of Taiwan● Donation to the Tobitate! Study Abroad Initiative● Donation to the Chemistry Personnel Cultivation Program● Donation to the Japanese Foundation for Cancer Research (supporting technical development for cancer treatment)
Nagoya Plant	Higashiyama Zoo sponsorship, donation of equipment to the Social Welfare Council
Tokushima Plant	Donation to Tokushima Forest Development Promotion Organization Partnership Agreement
Hirono Plant	Sponsorship of Iwaki FC
Aronkasei	<ul style="list-style-type: none">● Support for regions affected by the Noto Peninsula earthquake through the supply of products (with simple installation that can enable a Japanese-style toilet to be used as a Western-style toilet)● Donations in line with the number of eligible products sold (NPO WaterAid JAPAN)
Toagosei America Inc.	Donations to local municipalities and neighborhood sports organizations
Toagosei (Zhuhai) Limited	Donation of books to Zhuhai City Welfare Center
Toagosei (Zhangjiagang) New Technology Co., Ltd.	Visits to welfare schools, donations to the local community
Toagosei KOREA Co., Ltd.	Donation to UNICEF, participation in blood donations drives and volunteer activities



Awareness-raising poster

Communication with local communities

Our Group organizes events such as plant tours, school visits and on-site lectures at each business site. In 2024, we held a "Kids' Cafeteria" for local families in the cafeteria of our new employee dormitory Rooformi EGASAKI (Tsurumi-ku, Yokohama).

This event went beyond simply providing meals to combine informative lectures on the importance of breakfast and food education with classes themed around biodiversity, creating opportunities to broaden children's knowledge of healthy eating and expand their interest in sustainability.

As a member of the local community, the Toagosei Group aims to contribute to society and nurture the next generation through this initiative.

◆ Results in 2024

Site	Activity contents
Site in Japan	Participation in plant tours and community events
Head Office	Participation in the "Kids' Chemistry Experiment Show 2024" summer event Holding Kids' Cafeteria in the new employee dormitory Rooformi EGASAKI Participation in the "Youngsters' Science Festival 2024 Nagoya"
Nagoya Plant	Published the "Seiryu" local newsletter Participation in "Riko-challe Summer of 2024"
Takaoka Plant	Lectures at Kanazawa Institute of Technology and University of Toyama
Tokushima Plant	Participation in the Tokushima Forest-Building Cooperative
Aronkasei	Participation in the "Shiga Job Encyclopedia" experiential program for children in Takashima City.



The Kids' Cafeteria

Corporate Governance

P	D	C	A
Targets for 2024	Results in 2024	Achievement	Targets for 2025
Further strengthening of capital policy based on the Medium-Term Management Plan	<ul style="list-style-type: none">● Establishment and implementation of plans for selling off cross-shareholdings● Total shareholder return ratio of 116.1%	★★★★	Further strengthening of capital policy based on the Medium-Term Management Plan
Strengthening corporate governance	<ul style="list-style-type: none">● Integration of the Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee	★★★★	Strengthening initiatives to improve corporate governance
Further disclosure of non-financial information	<ul style="list-style-type: none">● New inclusion of non-financial data highlights (human resources, environment, disaster data) and employee stock ownership association membership ratio in the GROUP REPORT.	★★★★	Further disclosure of non-financial information
Respond proactively to the amended internal control reporting system	<ul style="list-style-type: none">● Revised scope of internal controls evaluation● Created a risk and control matrix to address cyberattacks (operation commenced in 2025)● Created internal control measures targeting business email fraud (operation commenced in 2025)	★★★★	Respond proactively to the amended internal control reporting system
Promote autonomous internal control for group companies	<ul style="list-style-type: none">● Revised the company-wide internal control checklist	★★★★	Promote autonomous internal control for group companies

Our approach and policies (vision)

Our Group has established the Toagosei Group Basic Policy on Corporate Governance. Based on the corporate philosophy of "Through the endless possibilities of chemistry, we bring happiness created by highly functional materials," the Group strives to fulfill its corporate social responsibility by positioning the enhancement of corporate governance as a key priority for management. The Group pursues transparent, fair, swift and resolute decision-making through effective corporate governance, to achieve sustainable growth and to increase its corporate value over the medium- to long-term. The Group is committed to the continuous enhancement of corporate governance.

The Group's basic approach to corporate governance is shown on the right.

Basic Approach to Corporate Governance

1. Respect shareholders' rights and ensure their equality.
2. Consider the interests of various stakeholders, including shareholders, customers, business partners, employees and local communities. Build good relationships with these stakeholders and cooperate appropriately with them.
3. Disclose corporate information appropriately and ensure transparency.
4. Strive to ensure effective supervisory functions for business execution by the Board of Directors.
5. Engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits.

Corporate governance system

We are a company with an Audit and Supervisory Committee, and have a system to accelerate decision-making by securing management oversight functions. This is done by separating business execution by directors and executive officers from the supervision by the Board of Directors, which includes outside directors, of management decision-making and business execution.

◆ Progress of initiatives to strengthen corporate governance

Year	Item	Change in the number of outside directors
2001	Introduction of Executive officer system	
2003	Appointment of outside directors started	
2006	Internal Control Section established Basic Policy on Internal Control system established by resolution	1
2016	Toagosei Group Basic Policy on Corporate Governance established Transition to a company with an audit & supervisory committee	
2017	Start of assessment for the effectiveness of the Board of Directors	5
2018	The proportion of outside directors in the voluntary Nomination Committee/Remuneration Committee increased to a majority	
2019	Increase in the number of outside director to seven	
2020	Introduction of stock compensation plan	
2022	Outside directors became the majority for the first time (6 internal and 7 outside) Move to the Tokyo Stock Exchange Prime Market	7
2023	Disclosure of initiatives for improving PBR	
2024	Integration of the Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee	

Directors and the Board of Directors

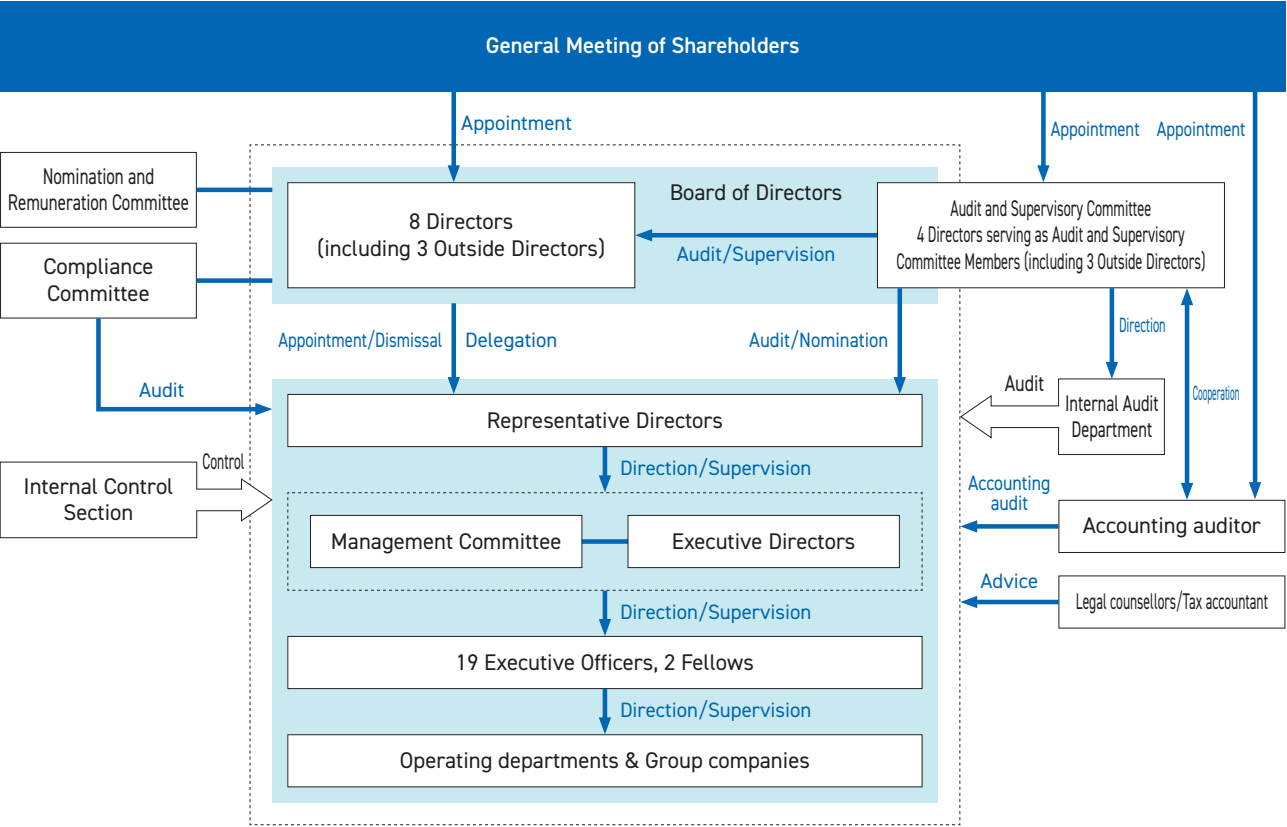
Toagosei's Board of Directors consists of 12 directors (including four directors who serve as Audit and Supervisory Committee Members). The six independent outside directors play the roles mainly in strengthening the Board's oversight over the management. At the meetings of Toagosei's Board of Directors, the directors, including outside directors, engage in lively discussions. The Board of Directors makes decisions on important management matters, such as Toagosei's management policy and management strategy, and fulfills the role of supervision of business execution of directors and executive officers.

The Company selects a well-balanced mix of candidates for directors who possess extensive experience and abundant knowledge in various business fields including R&D, technology, production, sales, corporate management, financial accounting, legal affairs, and labor affairs, while also focusing on the digital transformation (DX) and global sustainability fields. The Board also includes a female director, as part of the Company's efforts to maintain the diverse structure of the Board of Directors.

Composition of the Board of Directors



Corporate Governance System



Audit and Supervisory Committee

The four-member Audit and Supervisory Committee consists of one director who serves as a full-time Audit and Supervisory Committee Member and three outside directors. The Audit and Supervisory Committee is responsible for contributing to the Company's sound and sustained growth through the audit of legal compliance with respect to the performance of duties by directors and other officers, the appropriateness of the Company's business operations, the status of internal control systems construction and operation, financial conditions, and other matters.

The Audit and Supervisory Committee met 19 times during FY2024, and in addition to performing internal audits related to our Group's compliance conditions and appropriateness of business operations, received reports from directors and employees regarding matters discussed at the Management Committee and important matters that have an impact on operations and business performance.

Management Committee

The Management Committee, composed of five executive directors, meets every week, in principle, for the purpose of accelerating management decision-making and improving the efficiency of business advancement. It engages in practical discussions, from an operational perspective, of matters delegated to it based on resolutions by the Board of Directors.

Profile of Directors

Name	2024 Attendance at the Board of Directors meetings (times)	Fields of experience							
		Corporate management/planning	Sales/marketing	R&D technology/production DX	Finance/accounting	Legal affairs	HR/labor affairs	Global	Sustainability
Mikishi Takamura	13/13	●			●		●		●
Hidehiko Kobuchi	13/13	●	●	●					
Etsuzo Marumoto	10/10*			●					●
Shoji Takayama	10/10*	●	●						
Akihiko Matsuda	—	●	●		●			●	
Takashi Kato	Outside12/13			●				●	●
Masahiko Ito	Outside10/10*	●	●	●					●
Reiko Ishiyama	Outside—						●		●
Yoshihito Takahashi	10/10*			●	●		●		●
Nobuhiko Takano	Outside13/13				●				
Toshiyuki Teramoto	Outside10/10*	●			●				
Ikuko Komachiya	Outside—					●		●	●

*Since appointment to office in March 2024

Nomination and Remuneration Committee

To enhance objectivity and transparency in corporate management, the Board of Directors has established, as its advisory body, the Nomination and Remuneration Committee, comprising one director who is not an independent outside director and several independent outside directors.

Upon request from the Board of Directors for advice, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors on matters such as succession planning for representative directors, procedures for appointing candidates to directorships or representative directorships, candidate qualifications and reasons for appointment, as well as on independence criteria for independent outside directors, including perspectives on diversity of personal attributes and skills.

Upon request from the Board of Directors for advice, the committee deliberates on the remuneration system for directors as well as individual director's remuneration, and reports to the Board of Directors. The amounts of remuneration of individual directors (excluding directors who serve as Audit and Supervisory Committee Members) are determined by the members of the Nomination and Remuneration Committee, which is entrusted with the task, in line with the calculation criteria established by the Board of Directors, based on the results of deliberation submitted by the Nomination and Remuneration Committee, and by resolution of the Board of Directors.

Selection of Directors

The Company has prescribed the selection standards for the Company's directors (excluding directors who also serve as Audit and Supervisory Committee Members and independent outside directors who do not serve as Audit and Supervisory Committee Members) as follows to clarify the qualities expected of directors:

- Persons who possess outstanding knowledge and abilities and extensive experience in regard to the business administration and operational management of the Group, or persons who possess sufficient understanding of the Group's business activities, along with the experience and knowledge needed to appropriately and fairly supervise the business execution of the Company's directors and other personnel, thereby contributing to the achievement of the Group's medium- to long-term management plans.
- Persons who are fair-minded and possess excellent character, views, and job execution capabilities as well as have the ability to execute fair and appropriate supervision of business administration, operational management, and business execution based on high ethical standards.

The Nomination and Remuneration Committee deliberates on matters such as appointment procedures, qualification and reasons for appointment regarding proposals on candidates for directorships prepared by the representative director, and reports on the deliberation results to the Board of Directors.

Remuneration for Directors

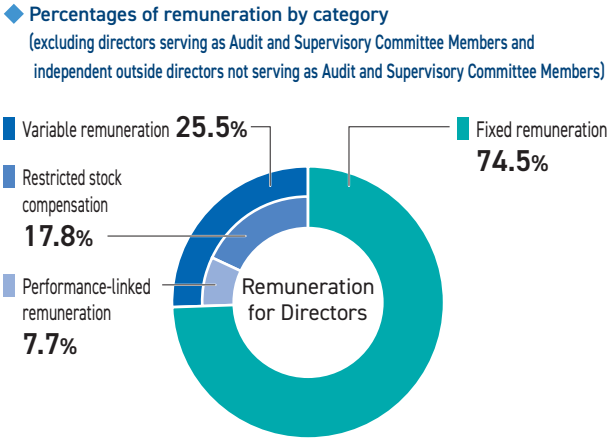
Remuneration for the Company's directors consists of three parts, namely, fixed remuneration, performance-linked remuneration, and share-based remuneration, and is paid within the amount approved by the General Meeting of Shareholders.

The amounts of fixed remuneration are determined and paid in consideration of each director's duties, responsibilities, performance and other matters. For the directors who serve as Audit and Supervisory Committee Members, fixed remuneration is paid in consideration of the role and duties of each director.

The amounts of the performance-linked remuneration are determined and paid based on the Company's performance in the previous business year, such as consolidated operating income, as well as duties and responsibilities according to the positions and the business environment, among other factors. Performance-linked remuneration is not paid to directors who serve as Audit and Supervisory Committee Members or to independent outside directors, in light of their important role in overseeing corporate management from independent viewpoints.

Under the stock compensation plan, the Company allocates restricted shares as remuneration to eligible directors, in a number commensurate to the duties and responsibilities of each director, for the purpose of providing incentives to them to

sustainably enhance the Company's corporate value and to further promote the sharing of value with the Company's shareholders. As with performance-linked remuneration, the Company does not pay stock-based compensation to directors who serve as Audit and Supervisory Committee Members or to independent outside directors.



◆ Breakdown of Remuneration for Directors (January 2024-December 2024)

Classification	Total amount of remuneration (Millions of yen)	Total amount by remuneration type (Millions of yen)			Number of directors (Persons)
		Fixed remuneration	Performance-linked remuneration	Restricted Stock compensation	
Directors (not serving as Audit and Supervisory Committee Members)	187	147	12	28	11
of which, Outside Directors	28	28	-	-	4
Directors (Audit and Supervisory Committee Members)	54	54	-	-	7
of which, Outside Directors	38	38	-	-	5

◆ Activity status of the Nomination and Remuneration Committee

Name	Meetings held	Activities
Nomination Committee	3	<ul style="list-style-type: none">● Deliberation on successor development training● Deliberation on revision of rules● Deliberation on revision of the composition of the Board of Directors
Remuneration Committee	1	<ul style="list-style-type: none">● Deliberation and report to the Board of Directors regarding remuneration for directors, executive officers, and fellows● Deliberation and report to the Board of Directors regarding other matters such as changes to the remuneration amount
Nomination and Remuneration Committee	4	<ul style="list-style-type: none">● Deliberation and report to the Board of Directors regarding changes in officers based on the candidates' career experience and skills● Deliberation on succession planning for representative directors and others● Deliberation and report to the Board of Directors regarding matters such as changes to the remuneration amount

*The Nomination Committee and The Remuneration Committee were integrated into the Nomination and Remuneration Committee by resolution of the Board of Directors on July 31, 2024.

Internal Control Section

The Company has established the Basic Policy on Internal Control by the resolution of the Board of Directors in order to strengthen corporate governance. In accordance with the said policy, the Internal Control Section confirms the operating status of internal control from an independent perspective, reports such results to the Audit and Supervisory Committee Members, and performs duties related to internal control (duties to ensure appropriate financial reporting), based on Japan's internal control reporting system (J-SOX).

In cooperation with the Internal Audit Department (an auxiliary organ of the Audit and Supervisory Committee Members) and the accounting auditor, the Internal Control Section ensures that the Group's business operations as a whole are conducted appropriately in compliance with relevant laws and regulations.

Assessment for the effectiveness of the Board of Directors

Each year, the Company's Board of Directors conducts a questionnaire survey of all directors and analyzes and evaluates the effectiveness of the Board of Directors. The survey questions are designed to prompt the directors to reflect. We assign a third party to analyze and evaluate the questionnaire results to ensure the objectivity of the assessment. Based on the third-party evaluation, the Board of Directors discusses ways to resolve any issues and strives to improve its function.



1 Questions asked in the survey

The following items are answered on a 3-point scale and with free response

- Structure and operation of the Board of Directors
- Enhancement of Board Meeting agenda and discussions
- Enhancement of discussions concerning financial results
- System supporting the Board of Directors
- Constructive dialogue with shareholders
- Contribution to the Board of Directors (self-assessment)

In addition to a ranked scale, the evaluation enables the directors to freely write their opinions, and the questionnaire is not anonymous, to ensure that these evaluations help to improve governance.

2 Assessment results

The following is a summary of the results of the survey conducted in January 2025.

- Overall, the effectiveness of the Company's Board of Directors is generally secured.
- While there were some critical opinions expressed in the free comment section, there were also positive comments concerning new initiatives, and the directors recognized efforts to address the issues from last year's survey results.

Items eliciting high ratings

- Discussion on the future structure of the Board of Directors
- Overall approach to discussions by the Nomination and Remuneration Committee, and information-sharing
- Opportunities for Audit and Supervisory Committee members to obtain information and support frameworks

Items identified as future issues

- Discussions from medium- to long-term perspectives

3 Issues and future initiatives

We will work on measures aimed at further improving the effectiveness of the Board of Directors, taking into account the opinions received concerning the items identified as issues.

Support system for outside directors

We have taken various steps to establish the environment that enables outside directors to properly supervise that medium- to long-term management directions are deliberated in a multi-dimensional way and the Company's management strategies are executed appropriately. Specifically, we provide outside directors with opportunities to visit each business site of the Company periodically with a view to deepen their understanding of the Company's business. Furthermore, they receive monthly briefings regarding the contents discussed by the Management Committee, and share their understanding of the Company's management issues, constructively exchanging opinions as needed through attendance at important meetings regarding research and development, sustainability policy, etc.

Dialogue with shareholders and investors, and information disclosure

Basic policy and framework

In the Toagosei Group Basic Policy on Corporate Governance, the Company stipulates that we "respect the rights of our shareholders and ensure their equality," and that we "engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits."

In terms of information disclosure, we act in compliance with rules on the handling of important information (insider information) specified in the Financial Instruments and Exchange Act, etc., the Regulation on Fair Disclosure, the Rules of Tokyo Stock Exchange (TSE) and other related regulations. In addition, in order to disclose information to all stakeholders in a timely, appropriate, and fair manner, and to enable an accurate understanding of our Group, we are actively promoting the disclosure of release text and financial statements in English in order to eliminate uneven amounts of information depending on the language.

General Meeting of Shareholders

We disclose the notices of convocation on the Company's website and through the TSE, before the day on which the notices are sent, for early information disclosure to our shareholders to ensure that the General Meeting of Shareholders is a place for more productive dialogue. In addition, in view of the increase in the number of foreign shareholders, a summary of the notice of convocation, reference documents and the notice of resolution are translated into English and disclosed on the Company's website and through the TSE concurrently with the Japanese version.

Moreover, to convey the proceedings of the General Meeting of Shareholders to more of our shareholders, we provide live streaming on the day of the meeting and on-demand streaming after the meeting.

Financial results briefing and information disclosure

We strive to disclose information proactively, including the voluntary disclosure of information in addition to legal disclosure under applicable laws and regulations and timely disclosure under the Rules of Tokyo Stock Exchange.

We hold financial results briefings (twice annually) and individual interviews with institutional investors and the media, and we disclose transcripts of the briefings for stakeholders who were unable to attend the financial results briefings. Briefing materials for the first quarter and third quarter financial results are also available on our website.

From April 2025, we disclose information simultaneously in Japanese and English (summarized disclosure for some information), and we are striving to provide information to investors both in Japan and overseas.

<https://www.toagosei.co.jp/english/ir/library/presentations/index.html>

Dialogue with stakeholders

The Company actively holds individual dialogue with analysts and institutional investors in Japan and overseas, with dialogue held a total of 110 times in 2024. The General Manager of the Corporate Communication Department is the primary person to meet with shareholders, but other officers or employees of related divisions may be in attendance depending on the topic of the agenda or discussion.

We actively engage in dialogue covering a broad range of topics, primarily a summary of our financial results but also including main topics such as the Company's Medium-Term Management Plan, initiatives to improve our PBR, and IR activities.

The status of meetings and the opinions of shareholders and investors are also reported to the Board of Directors each fiscal quarter through the Director in Charge of Investor Relations (IR) overseeing these matters, and we engage in an exchange of views.

Number of individual interviews held	2022	63 times
	2023	98 times
	2024	110 times

PICK UP

IR activities for individual investors

On May 8, 2025, Toagosei's President Kobuchi appeared in the popular "Interview with Top Management" segment on the dedicated markets and economics channel Nikkei CNBC.* This segment features live-broadcast-style interviews with guests from the top management teams of notable companies, providing deep and multifaceted insights into corporate identity and growth strategies. President Kobuchi introduced himself as Toagosei's new president (including an overview of his career so far) and highlighted the Group's attractiveness and growth potential to individual investors through an explanation of its growth drivers, key products, shareholder returns, and his message for viewers.



A view of the segment (Left: Nikkei CNBC interviewer Masaki Morita; Right: President Kobuchi)

* Nikkei CNBC is a 24-hour dedicated markets and economics channel established primarily by Nikkei Inc. and CNBC, a subsidiary of NBC, which is one of the four major television channels in the United States.

Corporate Governance

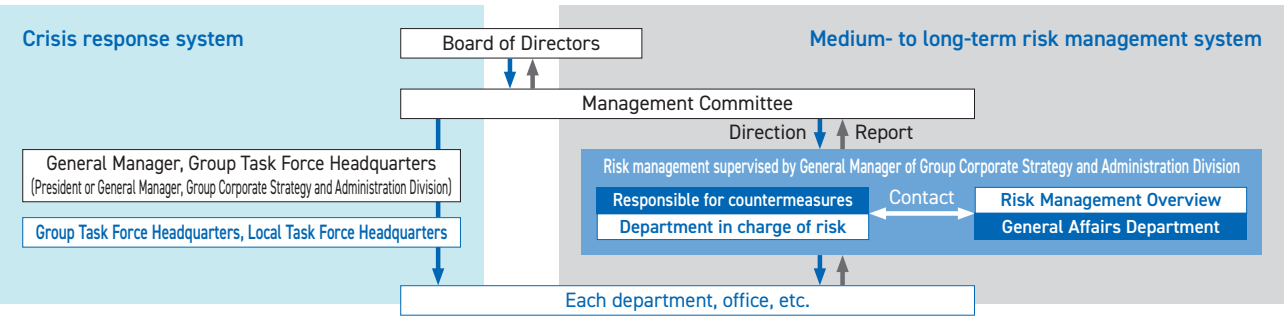
Risk Management

P	D	C	A
Targets for 2024	Results in 2024	Achievement	Targets for 2025
Continue making improvements to the risk management system	● Continue operation of a risk management system that enables departments and workplaces to respond more autonomously and flexibly	★★★★	Verify and improve the BCP operating structure
Conduct crisis response training in response to new potential risks	● Conduct crisis preparedness training in anticipation of cyberattacks	★★★★	Conduct crisis response training in response to new potential risks
Improvement of drills at each site in preparation for earthquakes, accidents, etc.	● Disaster prevention drills and safety confirmation drills, etc., conducted at each site	★★★★	Improvement of drills at each site in preparation for earthquakes, accidents, etc.

Our approach and policies (vision)

Based on the "Toagosei Group Risk Management Regulations", the Toagosei Group designates a department in charge of each risk and implements appropriate risk countermeasures, including the formulation of a business continuity plan (BCP) and risk management for the purpose of prevention and avoidance, led by the department in charge. In addition to each department evaluating and responding to risks, the Management Committee and Board of Directors regularly assess the overall risk picture of the Group and confirm the adequacy of countermeasures, to ensure swift response to risks and management of company-wide risks. In the event that a risk materializes, a Group Task Force is established to respond flexibly to the crisis situation.

Risk management system



Risk management and BCP

To continue business operations even in the event that a risk is materialized, our Group has formulated the BCP that determines the standards for businesses that should be prioritized to continue operation, as well as the target recovery time according to the damage status.

The Toagosei Group has established the "Toagosei Group Crisis Response Rules" that specify the organizational framework and concrete measures in the event of a crisis. Moreover, the "Emergency Action Manuals" have been prepared according to respective phenomenon and office, and training is conducted regularly.

In addition, risks are assessed based on their probability of occurrence and degree of impact, which are then used for overall risk management and to prioritize countermeasures.

Crisis response training

We conduct crisis response training under a range of different scenarios, to ensure that we can take swift and appropriate action in the event of a crisis incident. We use a variety of training methods based on the circumstances of each situation and the approach we take, including training demonstrations

and drills based on diagrams. Issues identified during the training are also shared with each department, and actions are taken to improve them.

In 2024, we conducted crisis preparedness training in anticipation of cyberattacks. In addition to confirming our initial response when core systems are down, we were also able to outline issues such as our response priorities in the event of a prolonged crisis situation. We are currently moving ahead with developing response measures based on these issues.

Information security risk countermeasures

Multi-layered defense is used for security measures at entrances, exits and interior levels. The main countermeasures include firewalls, anti-virus software, behavior detection, and restrictions on sending and receiving e-mails.

With the increase in information security risks such as cyber-attacks, we also conduct monitoring and security diagnostics via security vendors.

In 2024, we also implemented e-learning for all Group employees to raise awareness of information security. We are progressively implementing measures from the perspectives of both hardware and software.

Corporate Governance

Compliance

P	D	C	A
Targets for 2024	Results in 2024	Achievement	Targets for 2025
Continuous compliance education	<ul style="list-style-type: none">Compliance courses held for newly hired and promoted employeesCompliance education held at each workplaceHarassment prevention measures implemented when new recruits join the Group	★★★	Continuous compliance education
Continuation of monitoring and checks by the Compliance Committee	<ul style="list-style-type: none">Compliance Committee meetings held (twice)	★★★	Continuation of monitoring and checks by the Compliance Committee
No major violation	<ul style="list-style-type: none">Two cases of administrative guidance, no major violation	★★★	No major violation

Corporate ethics and legal compliance

Code of Conduct and Manual of Behavioral Standards

As fundamental guidelines and the basis for the correct behavior for all officers and employees to act as exemplary citizens, the Group has established the “Toagosei Group Code of Conduct” and the “Toagosei Group Manual of Behavioral Standards”. Both of these are included in the Compliance Handbook, which is carried by everyone in the Group, to ensure that all employees are aware of them.

Compliance education

In order to instill awareness of compliance, we are implementing education by employee position, Group-wide education, and voluntary education at workplaces. In addition to providing education for new employees and managers by job rank, the Group ordinarily conducts training at each workplace using a compliance handbook and other materials. In an easy-to-understand manner, the handbook describes various matters to be careful about in business activities as well as relevant laws and regulations, contributing to comprehensively raising awareness among employees.

In 2024, we also translated the handbook into three languages (English, Chinese, and Thai) and distributed it to local staff overseas. This will enable workplace-based compliance training to be conducted regularly overseas, contributing to the strengthening of the compliance system Group-wide.

In addition, we continued to conduct group training and workplace education at Toagosei and group companies, holding over 800 sessions in total during 2024. We will continue to maintain and strengthen the Group’s compliance system through various educational initiatives.



Compliance education

Compliance Committee

The Company has established the Compliance Committee that includes external members (outside legal counsel). The Committee periodically monitors the status of implementation of compliance measures at Toagosei’s sites and group companies (including overseas subsidiaries) and provides recommendations for improvement in order to ensure management that emphasizes compliance. The Compliance Committee met two times in 2024, and members discussed the reported matters. We maintain the Group’s compliance system by defining methods for improvements and making recommendations on matters that require improvements.

Compliance regarding business activities

To ensure that the Group’s business activities are in compliance with laws and regulations, we establish rules and conduct reviews by internal organizations.

For example, regarding the Antimonopoly Act and the Subcontractor Act, we stipulate Toagosei’s guidelines and describe initiatives in the Antimonopoly Act Compliance Manual, conduct pre-screening of legal content when concluding contracts, and also require a review by the Antimonopoly Act Compliance Committee upon the revision of product prices as part of efforts to prevent any violation of laws and regulations.

Use of the compliance handbook overseas

We have prepared versions of the Compliance Handbook in English, Chinese, and Thai to be used for compliance training at group companies overseas.



Human Rights Policy

The Group supports international human rights standards and principles, including the UN “Guiding Principles on Business and Human Rights” and the “Guidelines for Respecting Human Rights in Responsible Supply Chains” formulated by the Japanese government. We do not engage in human rights abuses, including forced labor, child labor, discrimination, and harassment.

To clarify this thinking, the Group has established the “Toagosei Group Human Rights Policy”, approved by our Board of Directors in 2022, which has been published on our website. In addition to the officers and employees of our Group, this policy expects suppliers and other business partners to support this thinking. In accordance with this policy, we are also establishing a human rights due diligence mechanism and working to identify, prevent and mitigate human rights issues, as well as setting up “Corporate Ethics Helplines” to provide assistance in the case of violations of human rights.

Conduct of human rights due diligence

Our Group conducts human rights due diligence in accordance with the “Toagosei Group Human Rights Policy.” We identify and evaluate human rights risks based on the “Practical Reference Materials for Respecting Human Rights in Responsible Supply Chains” developed by the Ministry of Economy, Trade and Industry. Identified issues are examined by sending survey forms to relevant suppliers and contractors, and the required action to be taken is considered and implemented based on the results of the survey. The implementation of human rights due diligence is also reported to the Compliance Committee to verify that it is deemed appropriate.

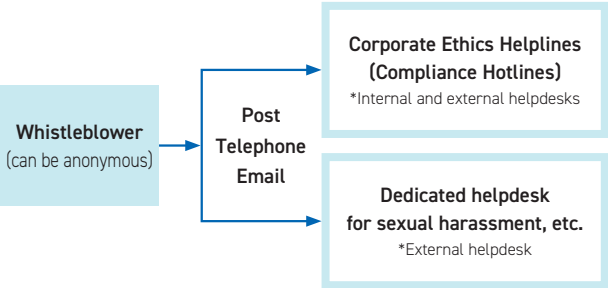
Past initiatives

In 2024, we distributed the Sustainable Procurement Guidelines to major suppliers of raw materials in Japan. We also conducted a survey on the status of overall sustainability initiatives and received responses from 26 out of 29 companies (89.7% response rate). The survey did not reveal any significant issues related to human rights or sustainability at the relevant suppliers. Looking ahead, we will be expanding the scope of companies surveyed and making improvements to our survey methods.

In 2024, we distributed our Human Rights Policy to companies that are consigned with work on a continuing basis, urging them to make an effort to respect our principles on human rights. We then conducted a survey on human rights and received responses from 8 out of 8 companies (100% response rate). We also conducted individual interviews with representatives from some of the companies. The results of the survey revealed that there were no major risks identified that conflict with the International Labor Organization’s Core Labor Standards and other international norms (elimination of forced labor, abolition of child labor, elimination of discrimination, a safe and healthy working environment, etc.) or with various domestic laws and regulations. We were able to confirm that companies to which we outsource advertising and promotions, in particular, are implementing appropriate measures to avoid complicity with human rights violations when selecting advertising performers and agencies.

Corporate ethics helplines

The Group has both in-house and external “Corporate Ethics Helplines”, which is a grievance mechanism for early detection and resolution of compliance and human rights issues. The Helpline is available via dedicated telephone line or email. It has also established a dedicated helpdesk for sexual harassment, etc., in an effort to provide a better work environment regardless of gender. In addition, it appropriately receives, investigates, and provides feedback in line with the whistleblowing flow established under the “Regulations on whistleblowing” aimed at improving the effectiveness of the whistleblowing system and provide whistleblowers with the protection of anonymous reporting. In conjunction with efforts to strengthen the compliance system, employees are also informed about the number of reports and a summary of their content, within a scope that does not infringe on whistleblower privacy.



TOPICS

More substantial education to prevent harassment

The Group has been conducting compliance education, including harassment prevention, as part of its level-specific and selective training. In 2024, the Group’s departments in charge of human resources development and compliance collaborated to incorporate compliance education into the training for young employees responsible for plant operations and their supervisors. The participants took part in education focused on appropriate communication, primarily covering the differences between guidance and harassment, as well as how to engage in active listening. They deepened their understanding of the importance of harassment prevention through lectures and group work. Going forward, we plan to continue compliance education through level-specific and selective training, as well as incorporating compliance education into large-scale training programs, aiming to further instill awareness of harassment prevention among employees.

Message from Outside Directors

Toagosei Group from the Perspective of Outside Directors

Looking forward to Toagosei being a company that grows together with its employees

Nobuhiko Takano Outside Director
(Audit and Supervisory Committee Member)



Responding to changes with outstanding ideas and technology as we aim for even higher growth

Reiko Ishiyama Outside Director



Past experiences

After working in the enforcement of tax administration at the National Tax Agency, I registered as a tax accountant. I currently serve as a tax advisor and outside auditor for several companies listed on the Tokyo Stock Exchange Prime Market.

I personally had no experience in corporate management, but I often had opportunities to exchange opinions with business leaders as part of my role in promoting “tax corporate governance” within companies.

It is also not uncommon for topics such as organizational management, internal controls, and human capital management to arise during consultations with the companies at which I serve as a tax advisor, or during meetings with business owners.

I receive requests for tax-related support from companies considering the formulation of tax policies, in addition to consultations on tax risks relating to overseas expansion, transactions between group companies including overseas entities, organizational restructuring, subsidiary liquidation, and revisions to executive compensation.

Toagosei’s challenges

This year is the final year of the “Leap Forward to the Next 2025” Medium-Term Management Plan that we embarked on in 2023. It is a crucial year, as we formulate our new medium-term management plan, which will begin in 2026.

I think that the content of the new medium-term management plan is likely to be the biggest concern for many stakeholders, including shareholders.

We must thoroughly reflect on the current plan and engage in even deeper discussions concerning potential changes in the business environment in the future.

In doing this, it is important for us to outline our vision for realizing Toagosei’s corporate philosophy and the pathway to achieving it, as well as discuss the management strategies, business strategies, and short-, medium- and long-term management plans necessary to realize that pathway.

We must also invest more than ever in “people” — the employees who will formulate and implement the measures needed to realize these strategies and plans.

We want to be an organization where each employee understands and owns the strategies and plans for realizing our vision, as well as the Group’s medium- to long-term challenges, and does what needs to be done from their own perspective.

In this sense, human capital investment is of utmost importance to boost employee motivation and engagement.

Role as an outside director and changes in governance

I believe that the role of the outside directors is to provide opinions and proposals from various perspectives based on their expertise, knowledge, experience, and values, while also contributing to corporate management and monitoring from an independent, fair, and neutral position.

We have made significant progress in improving Toagosei’s governance. However, we should further strengthen the Company’s management and oversight systems as the parent company of its overseas subsidiaries, taking into account the business environment in each country.

The Board of Directors contains people with expertise in a wide variety of different fields, and this composition also ensures the diversity of the outside directors. I feel that we now engage in the free and active exchange of opinions and discussions more frequently than back when I first joined the Board, and the Board’s effectiveness has also increased.

Message to investors

In corporate management and organizational operations, it is important to reaffirm the indispensable presence of “people.” The costs associated with recruitment, human resources development, work style reforms, enhancing workplace environments, health management, and so on should be viewed as “human capital investments” essential for enhancing corporate value and achieving sustainable growth. Since my appointment, I have met with various individuals in different positions at Toagosei and have witnessed their positive approach to tackling challenges. I believe that the power of these individuals will transform the company in the future.

Recent years have seen more investment in human resources at Toagosei than ever before. By further enhancing the skills and abilities of our employees, we are contributing to the efficiency of operations and productivity improvements. Actively investing in our employees, reforming work styles, and enhancing work environments will help boost employee motivation and engagement. The power of each individual employee will become the power of the organization: the source that drives higher performance Group-wide. I believe that this will lead to an increase in corporate value and sustainable growth in the future.

It takes some time to achieve tangible results from human resource investment, but I hope that Toagosei can become a company that is easy to work for, fulfilling, and makes employees feel it is worth working here — a company that grows together with its employees.

Past experiences

During my career, I have been involved with companies as well as government, education, and research organizations, aiming to address various issues relating to nursing care based on my experience on the nursing front line. In terms of corporate activities, I conducted employee training to support the achievement of management goals at a subsidiary of Tokio Marine Holdings. I was also engaged in creating a personnel system to enhance the effectiveness of this training. In terms of government organizations, I was involved in the amendment of the Long-Term Care Insurance Act and the Act on Childcare Leave/Caregiver Leave at the Ministry of Health, Labour and Welfare. Currently, as well as my role in education and research at the International University of Health and Welfare Graduate School, I am involved in policy formation as a member of several study groups and expert meetings related to nursing care, which are established by various government ministries each year. One example of this is the guidelines regarding unpaid caregivers created by the Ministry of Economy, Trade and Industry. It is estimated that unpaid home nursing care provided by working people will cost Japan almost nine trillion yen by 2030. Today, elderly people make up approximately 30% of the Japanese population. The various issues related to nursing care are important for these people and their families, of course, but they also affect the management of companies that employ workers who provide unpaid nursing care at home. In fact, the provision of nursing care is a matter that directly affects the future of Japan in terms of the well-being of its citizens and the development of its enterprises. Japan is being called upon to respond to this challenge — the first challenge of its kind faced by any society in human history — and the way it adapts has become a focus of attention at international conferences.

Appointment as Outside Director

I believe that the role of outside directors is to enhance governance from a perspective independent of the management team, conduct management supervision and risk management, and make strategic proposals to maximize profits. Corporate management is becoming increasingly difficult by the day due to the rapid changes affecting international relations and economic conditions. In today’s world, even forecasting the near future is not easy. Managers find their ability to swiftly perceive change, adapt flexibly and appropriately, and respond to new situations is being called into question. Careful decision-making is crucial. On the other hand, delaying decisions now could lead to the

worst possible outcomes down the track. Managers are required to make precise decisions at precisely the right timing.

Although I have no direct experience in management, I will leverage the perspectives I have gained from my career experience and my independent position as an outside director to check whether Toagosei’s management system and practices are in line with the times, whether they are reliably implemented, and whether its corporate philosophy adapts to changes in social conditions. If I find that they do not, I will push the executive team to make improvements.

Moreover, as a female director, I will focus on the following points. (1) Cultivating a system that enables more creative and innovative proposals through the promotion of diversity and inclusion; (2) Improving employee satisfaction and productivity by promoting and prioritizing work-life balance; (3) Facilitating growth for the entire Group by supporting women’s careers; (4) Strengthening governance through more comprehensive risk management by deepening our understanding of the unique risks and challenges faced by women; and (5) An increased emphasis on social responsibility. Through these efforts, we will strive to further enhance Toagosei’s corporate value.

To our investors

Since last year, I have been consulted on setting new product development themes, market research, and planning at Aronkasei Co., Ltd., which handles the development and manufacturing of nursing care products. Through these consultations, I have gained a new appreciation for the Group’s outstanding employees — their creativity and sincerity in tackling these themes. If we can establish scenarios that connect the Group’s excellent ideas and technical skills to social value, I am confident that we can stay ahead in the rapidly changing business environment. By doing this, I firmly believe that we can achieve even greater growth. I hope to contribute to enhancing corporate value through discussions with the other outside directors, drawing on their extensive experience, so that Toagosei can meet the expectations of all our shareholders and other stakeholders.

Directors

1 Mikishi Takamura

Chairman, CEO and Representative Director

1980 Joined the Company
2010 Director
2015 President and Representative Director
2025 Chairman, CEO and Representative Director (to present)

2 Hidenori Kobuchi

President, COO and Representative Director

1988 Joined the Company
2023 Director
2024 Vice President and Representative Director
2025 President, COO and Representative Director (to present)

3 Etsuzo Marumoto

Director

1987 Joined the Company
2024 Director
General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division (to present)

4 Shoji Takayama

Director

1985 Joined the Company
2024 Director
General Manager, Group Supply Chain Management Division (to present)

5 Akihiko Matsuda

Director

1986 Joined the Company
2025 Director
CFO and General Manager, Group Corporate Strategy and Administration Division (to present)

6 Takashi Kato

Outside Director

2023 Director of the Company (to present)

Main concurrent positions :

Specially Appointed Professor, Institute for Aqua Regeneration, Shinshu University
Specially Appointed Professor, Research Institute for Interdisciplinary Science, Okayama University

Career highlights :

Former Professor, Department of Chemistry and Biotechnology, School of Engineering, The University of Tokyo
Former President, The Society of Polymer Science, Japan
Former President, The Japanese Liquid Crystal Society

Note: Current positions and main concurrent positions are as of April 30, 2025.

7 Masahiko Ito

Outside Director

2024 Director of the Company (to present)

Main concurrent positions :

Outside Director, TechnoPro Holdings, Inc.

Career highlights :

Former Chairman of the Board of Directors, Fujikura Ltd.

Former Chairman of the Japanese Electric Wire & Cable Makers' Association

8 Reiko Ishiyama

Outside Director

2025 Director of the Company (to present)

Main concurrent positions :

Professor, Department of Health Services Management, International University of Health and Welfare Graduate School

Outside Director, Tokio Marine Nichido Better Life Service Co., Ltd.

9 Yoshihito Takahashi

Director (Audit and Supervisory Committee Member)

1986 Joined the Company
2024 Director (Audit and Supervisory Committee Member) (to present)

10 Nobuhiko Takano

Outside Director (Audit and Supervisory Committee Member)

2018 Director (Audit and Supervisory Committee Member) of the Company (to present)

Main concurrent positions :

Certified Tax Accountant (Nobuhiko Takano Tax Accountant Office)

Outside Auditor of NICHIAS Corporation

Career highlights :

Former Regional Commissioner, Kumamoto Regional Taxation Bureau

11 Toshiyuki Teramoto

Outside Director (Audit and Supervisory Committee Member)

2024 Director (Audit and Supervisory Committee Member) of the Company (to present)

Main concurrent positions :

Representative Director and Chairman, Executive Officer and CEO, HORAI Co., Ltd.

Career highlights :

Former Director, Sumitomo Mitsui Financial Group, Inc.

12 Ikuko Komachiya

Outside Director (Audit and Supervisory Committee Member)

2025 Director (Audit and Supervisory Committee Member) of the Company (to present)

Main concurrent positions :

Attorney at Law (Legal i Plus Law Office)

Chairperson, Committee for the Investigation of Broadcasting Ethics, Broadcasting Ethics & Program Improvement Organization

Outside Director, SEIKITOKYU KOGYO CO., LTD.



Financial Data Highlights

		103rd term 2015	104th term 2016	105th term 2017	106th term 2018	107th term 2019	108th term 2020	109th term 2021	110th term 2022*4	111th term 2023	112th term 2024
Key financial results											
Net sales	(Millions of yen)	139,848	135,382	144,708	150,066	144,955	133,392	156,313	160,825	159,371	167,594
Operating income	(Millions of yen)	12,347	16,147	17,543	16,408	13,782	12,336	17,676	14,382	12,499	14,233
Ordinary profit	(Millions of yen)	13,201	16,935	18,492	17,403	15,230	13,054	18,983	16,446	14,503	15,993
Net income attributable to owners of parent	(Millions of yen)	6,696	13,801	12,911	12,748	10,387	8,142	13,771	12,494	12,179	11,877
Net assets	(Millions of yen)	163,020	173,003	187,487	191,296	198,579	197,642	206,612	210,807	212,518	213,668
Total assets	(Millions of yen)	208,018	219,520	239,338	241,164*3	247,211	241,832	258,955	265,135	272,285	278,020
Cash flows from operating activities	(Millions of yen)	23,313	21,989	15,166	19,841	18,615	20,671	21,219	10,988	21,638	20,183
Cash flows from investing activities	(Millions of yen)	(4,592)	(17,673)	(23,186)	(11,910)	(15,855)	(11,362)	(10,239)	(3,579)	(3,528)	(13,594)
Cash flows from financing activities	(Millions of yen)	(3,949)	(3,939)	(4,047)	(4,908)	(4,582)	(8,491)	(8,644)	(9,464)	(15,524)	(14,507)
Key indicators											
Net assets per share*1	(Yen)	1,201.46	1,276.10	1,387.36	1,416.24	1,472.09	1,505.69	1,613.90	1,700.75	1,816.10	1,897.60
Net income per share*1	(Yen)	50.86	104.83	98.08	96.85	78.91	62.43	108.14	101.31	102.78	104.56
Net worth ratio	(%)	76.0	76.5	76.3	77.3*3	78.4	79.8	77.9	77.7	77.7	76.5
Ratio of net income to shareholders' equity (ROE)	(%)	4.3	8.5	7.4	6.9	5.5	4.2	7.0	6.1	5.8	5.6
Ratio of ordinary profit to total assets (ROA)	(%)	6.4	7.9	8.1	7.3*3	6.2	5.3	7.6	6.3	5.4	5.8
Price earnings ratio (PER)	(times)	20.5	11.0	14.6	12.5	16.1	19.4	10.7	11.0	13.3	14.5
Other indicators											
Capital investment	(Billions of yen)	5.8	5.1	10.0	12.5	15.8	13.6	11.9	22.8	15.4	26.9
R&D expense	(Billions of yen)	3.7	3.6	3.7	3.6	3.7	4.0	4.3	4.7	5.0	5.8
Interest-bearing debt	(Billions of yen)	12.6	12.3	12.1	11.6	11.5	11.3	11.2	11.0	11.0	11.0
Cash dividend per share*2	(Yen)	18	26	26	28	30	30	36	36	53	60
Payout ratio	(%)	47.2	24.8	26.5	28.9	38.0	48.1	33.3	35.5	51.6	57.4
Total return ratio	(%)	47.2	24.8	26.5	28.9	38.0	95.4	62.1	69.7	100.5	116.1
Number of employees	(employees)	2,441	2,411	2,393	2,429	2,473	2,527	2,539	2,517	2,554	2,609

*1 The Company has implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015. Net assets per share and net income per share are calculated assuming that the share consolidation was executed at the beginning of the 98th term.

*2 For the 103rd term (fiscal 2015), the total annual dividend of ¥18 per share consists of an interim dividend of ¥6 per share and a term-end dividend of ¥12 per share. As the Company implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015, the interim dividend of ¥6 per share is an amount before the share consolidation and the term-end dividend of ¥12 per share is an amount after the share consolidation.

*3 Effective from the beginning of the 107th term (fiscal 2019), the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc., and figures for the consolidated financial position for the 106th term have been restated by retrospective application of the said accounting standard, etc.

*4 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the 110th term, and the key management indicators for the 110th term are those after the application of the said accounting standard.

Non-Financial Data Highlights

		103rd term 2015	104th term 2016	105th term 2017	106th term 2018	107th term 2019	108th term 2020	109th term 2021	110th term 2022*4	111th term 2023	112th term 2024
Human Resources/Ease of Work											
Number of employees*1	(employees)	2,441	2,411	2,393	2,429	2,473	2,527	2,539	2,517	2,554	2,609
Percentage of annual paid leave usage*2	(%)	93.4	88.2	89.6	88.8	90.1	91.8	90.5	96.1	95.2	92.9
Average years of continued employment*3	(Year)	21.6	22.3	22.3	21.6	21.4	21.0	20.4	20.0	19.7	19.2
Turnover rate*4	(%)	1.3	1.2	1.2	1.3	1.5	1.3	1.9	1.9	1.9	3.1
Percentage of female employees*4	(%)	11.1	11.6	11.8	12.5	13.2	13.6	13.8	14.6	14.6	14.8
Percentage of women in managerial positions*4	(%)	1.2	1.2	1.6	1.6	2.4	2.4	2.7	3.5	4.0	4.4
Percentage of employees taking childcare leave*4	(%)	3.8	14.8	16.1	13.2	15.6	20.0	41.2	60.0	50.0	63.9
Environment*5											
CO2 emissions (Scope 1+2)	(thousand tons)	406	395	395	367	363	347	329	324	321	319
from 2013 level	(%)	94	92	92	85	84	81	77	75	75	74
Crude oil equivalent energy consumption	(1,000 kl)	184	182	186	184	184	178	184	189	179	177
Water consumption	(million m³)	50	51	51	50	51	55	57	56	51	54
Industrial waste final landfill rate	(%)	0.02	0.16	0.01	1.70	0.55	0.15	0.12	2.00	0.59	0.93
Chemical substance emissions (subject to PRTR)	(tons)	94	34	44	43	53	35	44	32	92	88
Accident Statistics											
Frequency rate of occupational accidents*6		0.70	0.23	0.23	0.46	0.46	0.93	0.23	0.93	0.00	0.00

*1 Scope: Toagosei (consolidated)

*2 Scope: Toagosei (consolidated, domestic)

*3 Scope: Toagosei (non-consolidated)

*4 Scope: Employees registered at Toagosei

*5 Scope: Toagosei Group Production Sites in Japan (refer to scope of Business Activities and Environmental Impacts on p58)

*6 Number of fatalities and injuries caused by workplace accidents per 1 million total working hours (scope applies to Toagosei Group employees in Japan)

Sports Promotion Initiatives

At Toagosei, we contribute to the development of sports and the community through our active support for various sporting activities.

T.LEAGUE official partner

We endorse the philosophy of the table tennis league T.LEAGUE to realize the world's number one table tennis league, enhance the sports business value of table tennis, and enrich lives through table tennis, and we became an official partner in 2018.

We will continue to support the development of future athletes and the promotion of table tennis culture.



TOPICS

Sponsorship of the men's semifinals of the nojima T.LEAGUE 2024-2025 season playoffs

We sponsored the men's semifinals of the nojima T.LEAGUE 2024-2025 season playoffs. The "Toagosei presents Men's Semifinals" was held at the Yoyogi 2nd Gymnasium on March 22, 2025. On the day, over 1,000 spectators attended to witness an intense battle between T.T. Saitama and Okayama Rivets.

Chairman Takamura performed the ceremonial first serve to open the match and greatly entertained the venue with a play involving Okayama Rivets player Kazuki Yoshiyama.



The ceremonial first serve



Scene of the arena

Sponsorship of Iwaki FC

Hirono Plant has been in a partnership agreement with Iwaki FC, a professional soccer club in Fukushima Prefecture that is a member of the J2 League, and has been supporting them since 2022.



私たちは **IWAKI FC** を応援しています。

Sponsorship of MINATO City Half Marathon 2024

The MINATO City Half Marathon 2024 was held on Sunday, November 17, 2025. This race has been held since 2018 by the Minato City Marathon Secretariat with the aim of realizing community coexistence through sports in which many residents can participate.

As a company based in Minato City, Tokyo, we have been sponsoring this tournament since its inauguration from the perspectives of social contribution and promoting health management, and we are currently a top-tier platinum sponsor.

SPECIAL INTERVIEW

Even in difficult times,
my greatest weapon is
the determination
to continue moving forward
without giving up



Judo men's 100kg category

Aaron Phillip Wolf

Profile

Born in 1996 in Tokyo. Started practicing judo at an early age at his grandfather's suggestion, and won the World Judo Championships in 2017 and the All Japan Judo Championships in 2019. Won a gold medal at the Tokyo 2021 Olympics, becoming only the 8th person in history to achieve the judo triple crown. He actively appears in the media for judo promotion and public relations, and his humorous and unpretentious personality has become popular with the public. He retired from judo in June 2025.

In 2021, Mr. Aaron Phillip Wolf became a gold medalist, becoming only the eighth person in history to achieve the "judo triple crown."* A 2021 social media post suggesting he should appear in a commercial led to him starring in a TV commercial for Aron Alpha, a brand for which he had long felt a sense of affinity due to its name. Mr. Wolf, who was connected to us through this unexpected bond, agreed to write a special comment for the Toagosei Group Report 2025.

*The "judo triple crown" refers to victory at the All Japan Judo Championships, the World Judo Championships, and the Olympics.

Ever since I was a child, I have felt a sympathy for Aron Alpha, manufactured by Toagosei, because we share the same name. Becoming a gold medalist and appearing in a commercial for Aron Alpha: the achievement of these two things in 2021 represented a significant turning point in my life.



I see Aron Alpha as a symbol of "strength." I thought to myself, if I'm going to be in that commercial, I must also be strong as an athlete. That thought motivated me to train hard, day by day.

In my long career as an athlete, I have gone through some difficult times. I damaged the meniscus in my left knee in 2018, followed by the meniscus in my right knee in 2019. The damaged meniscus in my right knee has been removed, and no matter how much I try, I cannot return to being the person I was before the injury. However, if I had given up on winning just because I got injured, then I would never have evolved or advanced as an athlete. My injuries taught me the importance of an attitude that does not seek what I do not have; rather, it is vital that I consider how to use my body as it is and how to build on what I have developed so far to perform judo that surpasses my opponents.

President Hidenori Kobuchi of Toagosei tells his employees the attitude that there is always a way to move forward, no matter what difficulties lie in the way.

I feel that this mindset is deeply connected with what I have learned through judo. If you stop in the face of adversity, there is no way forward. I firmly believe that no matter how difficult the situation is, if you continue to focus more clearly on your goals and strive to move towards them without giving up, a path will surely open up before you.

I will retire as a judo athlete in June 2025, but I want to continue to take on new challenges. I hope to constantly renew myself and continue to move forward.

At the same time, I hope to continue to strive together with Toagosei, the producer of Aron Alpha, with which I share my name, and the company with which I share aspirations.