



# Summary of Consolidated Financial Results

for the Fiscal Year Ended March 31, 2025

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May 23, 2025

# Summary of Financial Results for the Fiscal Year Ended March 2025.

Year ended  
March 31, 2025  
Actual Results

## Net Sales : 38.8 billion yen、 Operating Profit : 3.3 billion yen

- Improvements such as price adjustments, implementation of revenue enhancement measures, and a decrease in loss of valuation of some inventories have contributed to an increase in both sales and profits at all levels compared to the previous year.
- In particular, operating profit has seen a significant increase of 47.6% compared to the previous period.

Year ending  
March 31, 2026  
Forecast

## Net Sales : 39 billion yen、 Operating Profit : 1.4 billion yen

- Due to changes in the market environment and rising costs, a significant decline in operating profit is anticipated.
- At this time, the impact of U.S. tariff measures has not been factored in.
- We are committed to sincerely working towards a prompt recovery.

Return to  
Shareholders

**The annual dividend for the fiscal year ended March 2025 is planned to be 92 yen, an increase of 22 yen.)**  
**The annual dividend for the fiscal year ending March 2026 is planned to be 106 yen, an increase of 14 yen.**

- Update on Dividend Standards for Fiscal Years 2025 and 2026 :  
**A total payout ratio of 40% or DOE of 2%, whichever is higher.**
- Even amidst a decline in profits, we are promoting efforts to achieve stable dividends for our shareholders.

# 1

## **Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025**

# Key Points of the Full-Year Financial Results for the Fiscal Year Ended March 31, 2025



**The outlook remains uncertain due to factors such as persistently high raw material and fuel prices, unstable global conditions, and rising inflation.**

**◆Net sales increased 0.8% YoY while operating profit increased 47.6%.**

- Demand tends to recover for some products for LCDs and semiconductors, as well as for communication
- Net sales and profits at each stage increased from the previous year due to factors such as the implementation of price revisions and earnings improvement measures, a decrease in loss of valuation of some inventories, etc.
- Shift to a business structure in basic fields that ensures stable profits by leveraging our strength in domestic production to increase product value
- Capital investment in growth fields: Carry out flexible investments in line with demand
  - Tokuyama Factory: Dielectric materials for MLCC (barium titanate) \*expected to be completed in the first half of 2025
- Promotion of globalization: Strengthening of sales system mainly in the Asian region
  - Establishment of a local subsidiary in Taiwan (established in June 2024)
- Progress in initiatives to improve business efficiency
  - Liquidate Toho Ganryo Kogyo Co., Ltd., and transfer its main business to us \*expected to be completed in FY 2025, the site of Toho Ganryo Kogyo is scheduled to be sold (the end of May 2025)
  - Withdrawal from bookstore business

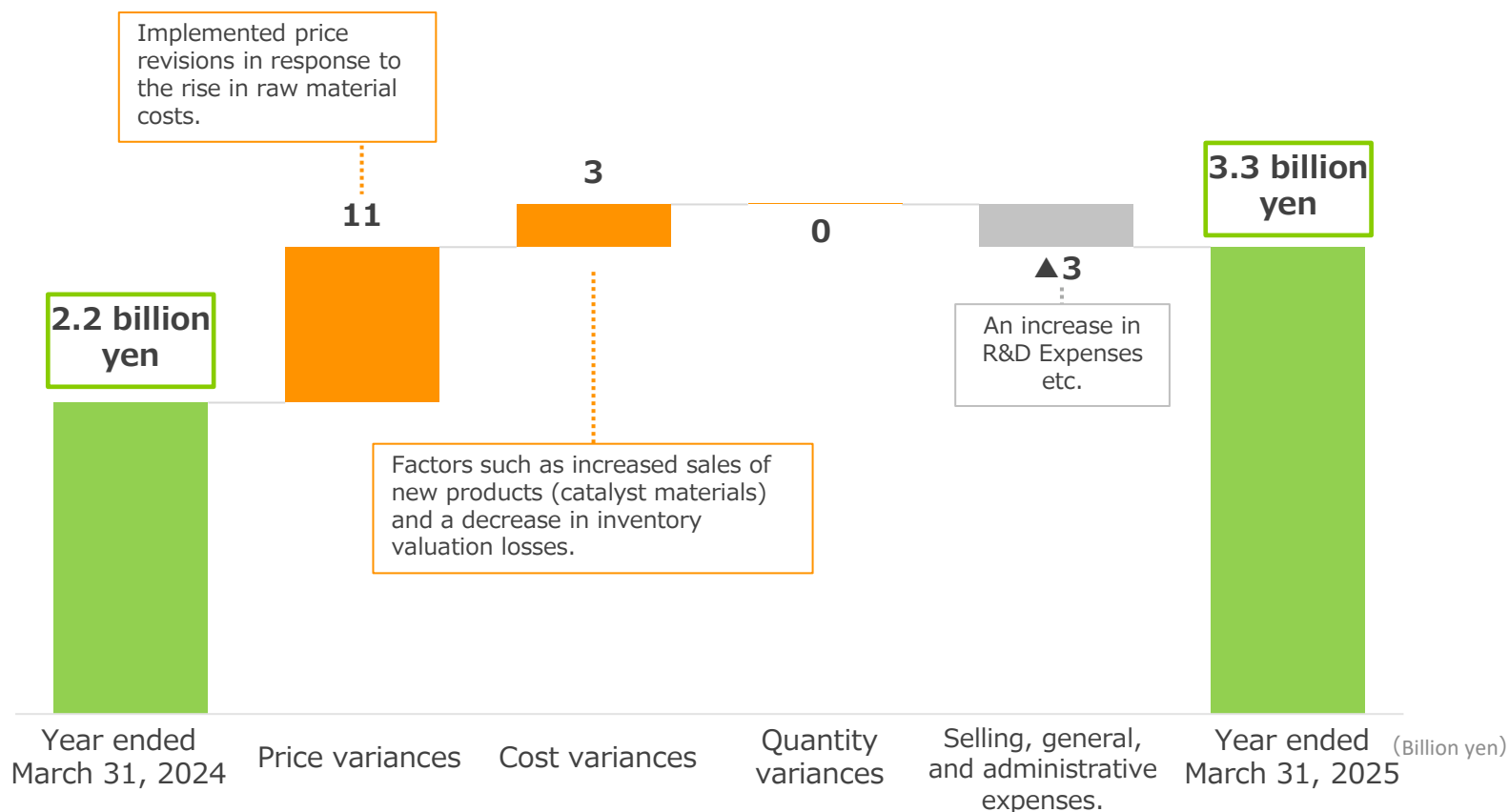
# Consolidated Financial Results for the Year Ended March 31, 2025

(Millions of yen)	Year ended March 31, 2024	Year ended March 31, 2025	Change	Change rate
<b>Net sales</b>	38,538	38,843	304	0.8%
<b>Operating profit</b>	2,264	3,342	1,078	47.6%
Operating profit percentage	5.9%	8.6%	2.7pt	
<b>Ordinary profit</b>	2,383	3,199	816	34.3%
<b>Profit</b>	1,590	2,559	968	60.9%
<b>EBITDA<sup>※</sup></b>	5,947	6,924	977	16.4%
<b>ROE</b>	3.6%	5.6%	2.0pt	
Earnings per share (Yen)	180.35	290.62		
Capital expenditures	4,115	4,966	851	20.7%
Depreciation	3,683	3,582	(101)	(2.7%)
R & D expenses	1,452	1,598	146	10.1%

※ Brief version of EBITDA (operating profit + depreciation) is used

# Factors Affecting Changes in Operating Profit for the Fiscal Year Ended March 2025

Supported by the effects of price revisions and a decrease in valuation losses, operating profit increased to 3.3 billion yen, exceeding the initial expectations for the period.



# Earnings for the Year Ended March 31, 2025, by Business

(Millions of yen)		Year ended March 31, 2024	Year ended March 31, 2025	Change	Change rate
Inorganic Chemicals	Net sales	17,777	18,285	507	2.9%
	Operating profit	1,069	1,542	473	44.2%
Specialty Chemicals	Net sales	19,061	18,876	(184)	(1.0%)
	Operating profit	589	1,213	624	105.9%
Leasing Business	Net sales	915	917	1	0.2%
	Operating profit	528	545	17	3.2%
Other	Net sales	784	763	(20)	(2.7%)
	Operating profit	49	31	(18)	(36.7%)
Total	Net sales	38,538	38,843	304	0.8%
	Operating profit	2,264	3,342	1,078	47.6%

# Net Sales in Inorganic Chemicals for the Year Ended March 31, 2025

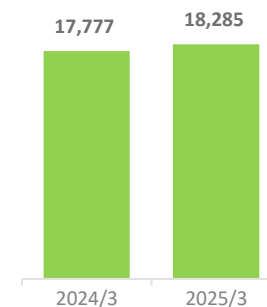
(Millions of yen)	2024/3	2025/3	Change	Change rate
Chromium Compounds	5,217	5,437	220	4.2%
Silicates and Silica	2,487	2,347	(140)	(5.6%)
Inorganic Phosphorus Compounds	6,635	6,759	124	1.9%
Other	3,437	3,739	302	8.8%
<b>Total</b>	<b>17,777</b>	<b>18,285</b>	<b>507</b>	<b>2.9%</b>

◆ **Chromium Compounds:** Strength in plating

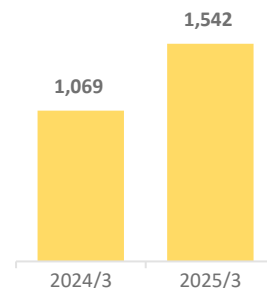
◆ **Silicates and Silica:** Weakness due to lower demand and passiveness in purchasing

◆ **Inorganic Phosphorus Compounds:** Robustness

Net sales



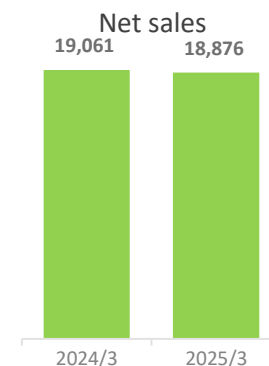
Operating profit



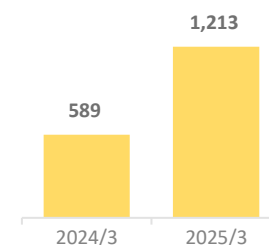


# Net Sales in Specialty Chemicals for the Year Ended March 31, 2025

(Millions of yen)	2024/3	2025/3	Change	Change rate
Electronic Ceramic Materials	8,462	8,446	(16)	(0.2%)
Organic Functional Materials	3,973	4,212	239	6.0%
Battery and Electronic Device Materials	5,044	4,771	(273)	(5.4%)
Other	1,580	1,446	(134)	(8.5%)
<b>Total</b>	<b>19,061</b>	<b>18,876</b>	<b>(184)</b>	<b>(1.0%)</b>



Operating profit



- ◆ **Electronic Ceramic Materials:** Sharp decline for automobiles, but demand continues to recover for communication
- ◆ **Organic Functional Materials**
  - **Phosphine Derivatives:** Sharp decline for overseas catalysts, but strong growth for quantum dots and catalyst materials for organic synthesis
  - **Active Agrochemical Ingredients:** Robustness
- ◆ **Battery and Electronic Device Materials**
  - **Battery Materials:** Execution of price revisions
  - **Circuit Materials:** Strong growth for anisotropic conductive materials, but sharp decline for pastes
  - **High-Purity Electronic Materials:** Weak demand for some products for semiconductors

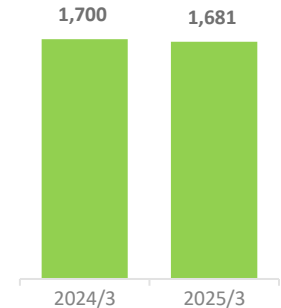
# Net Sales in Leasing Business and Others for the Year Ended March 31, 2025

(Millions of yen)	2024/3	2025/3	Change	Change rate
Leasing Business	915	917	2	0.2%
Book Store Operation	508	461	(47)	(9.3%)
Other	275	302	27	9.8%
<b>Total</b>	<b>1,700</b>	<b>1,681</b>	<b>(19)</b>	<b>(1.1%)</b>

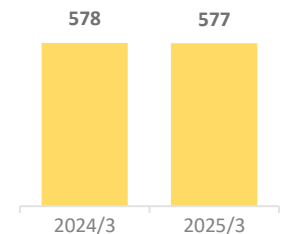
◆ **Leasing Business:** Robustness

◆ **Book Store Operation:** Sharp decline due to withdrawal from business

Net sales



Operating profit

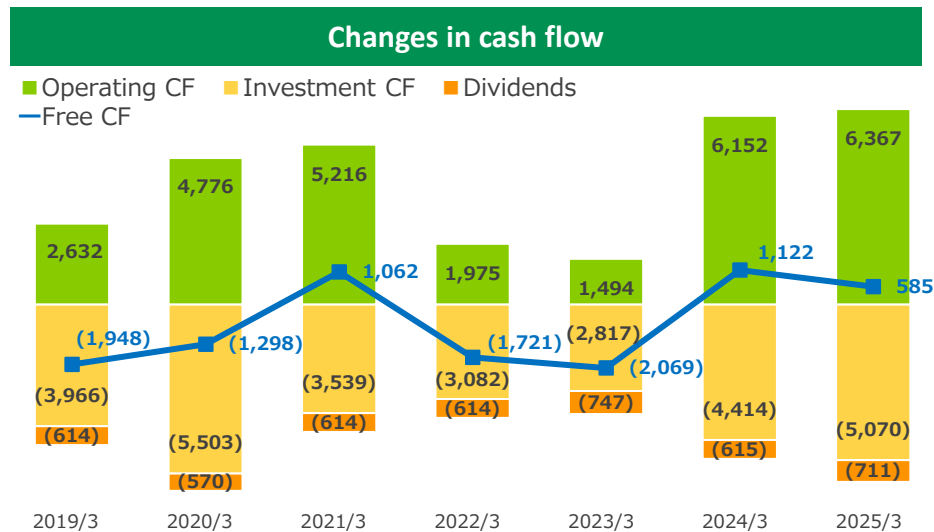


# Balance Sheet

(Millions of yen)	March End, 2024	March End, 2025	Change	Major factors of change
Current assets	33,975	31,448	(2,527)	Accounts receivable-trade: (3,047) Inventory: 1,060
Non-current assets	42,527	43,656	1,129	Property, plant and equipment: 1,278
<b>Total assets</b>	<b>76,503</b>	<b>75,105</b>	<b>(1,398)</b>	
Current liabilities	20,102	20,106	4	Short-term borrowings: 1,418
Non-current liabilities	11,352	8,602	(2,750)	Long-term borrowings: (2,875)
<b>Total liabilities</b>	<b>31,455</b>	<b>28,709</b>	<b>(2,746)</b>	
Shareholders' equity	39,618	41,267	1,649	Retained earnings: 1,844, Treasury shares: (196)
Accumulated other comprehensive income	5,429	5,128	(301)	Valuation difference on available-for-sale securities: (977)
<b>Total net assets</b>	<b>45,047</b>	<b>46,395</b>	<b>1,347</b>	
<b>Total liabilities and net assets</b>	<b>76,503</b>	<b>75,105</b>	<b>(1,398)</b>	
Equity ratio(%)	58.9%	61.8%	2.9pt	Benchmarks for D/E ratio: Around 0.4

# Cash Flows

(Millions of yen)	2024/3	2025/3	Change	Major changing factors
Operating CF	6,152	6,367	215	Profit before income taxes: 1,074 Decrease in accounts receivable: 5,603
Investment CF	(4,414)	(5,070)	(656)	Purchase of property, plant and equipment: (621)
Financial CF	(870)	(2,419)	(1,549)	Acquisition of treasury shares : (235)
Free CF *	1,122	585	(537)	* It was calculated by subtracting investment CF and dividend from operating CF.
Cash and cash equivalents	8,731	7,628	(1,103)	
Dividends paid	615	711	96	
Depreciation	3,683	3,582	(101)	



# 2

## **Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2026**

# Key Points of the Full-Year Forecasts for the Fiscal Year Ending March 31, 2026



**Due to rising uncertainty from geopolitical risks, U.S. tariffs, and currency fluctuations, we expect the tough business environment to persist.**

◆ **Net sales will increase 0.4% YoY while operating profits will decrease 58.1%.**

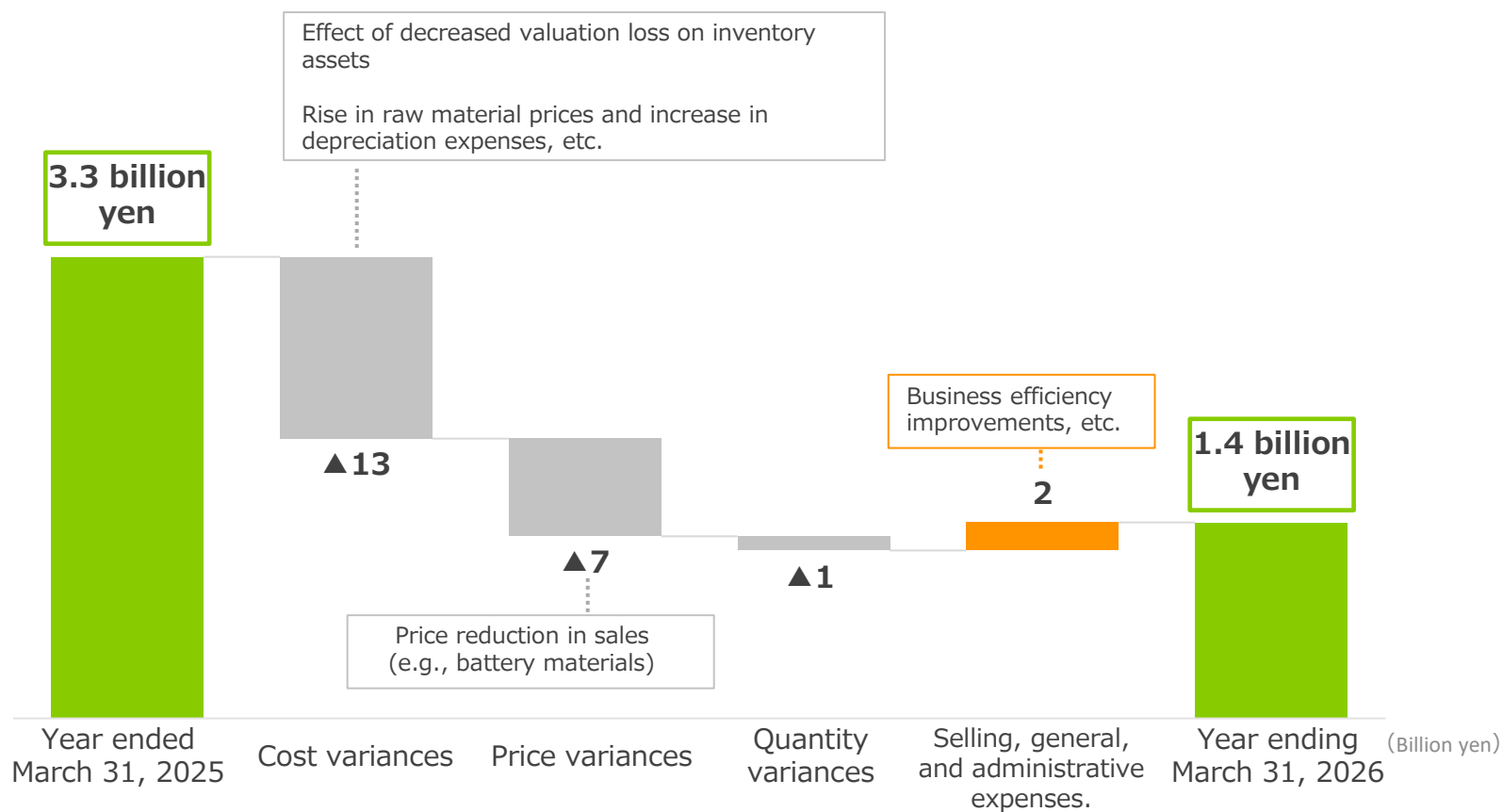
- The impact of U.S. tariff measures is not included in this forecast
- Net sales is expected comparable to the same period last year
- Operating profit is expected to decrease significantly
  - Absence of the decrease in loss of valuation of inventories incurred in the previous fiscal year
  - The impact of rising labor costs and raw material prices
  - Setting sales prices in line with the decline in raw material prices for battery materials.
- Focus on optimization of business portfolio
  - Flexible investments that balance market growth and financial health
  - Efficient management of owned assets
- Promote initiatives aimed at achieving stronger shareholder returns and stable dividends
  - Dividend guidelines (FY 25–26): Either a total payout ratio of 40% or DOE of 2%, whichever is higher

# Forecast of Consolidated Financial Results for the Year Ending March 31, 2026

(Millions of yen)	Year ended March 31, 2025 Actual results	Year ending March 31, 2026 Forecast	Change	Change rate
<b>Net sales</b>	<b>38,843</b>	<b>39,000</b>	<b>157</b>	<b>0.4%</b>
<b>Operating profit</b>	<b>3,342</b>	<b>1,400</b>	<b>(1,942)</b>	<b>(58.1%)</b>
Operating profit percentage	8.6%	3.6%	(5.0pt)	
<b>Ordinary profit</b>	<b>3,199</b>	<b>1,400</b>	<b>(1,799)</b>	<b>(56.2%)</b>
<b>Profit</b>	<b>2,559</b>	<b>1,100</b>	<b>(1,459)</b>	<b>(57.0%)</b>
<b>EBITDA ※</b>	<b>6,924</b>	<b>5,300</b>	<b>(1,624)</b>	<b>(23.5%)</b>
<b>ROE</b>	<b>5.6%</b>	<b>2.4%</b>	<b>(3.2pt)</b>	<b>-</b>
<b>Earnings per share (Yen)</b>	<b>290.62</b>	<b>125.92</b>	<b>-</b>	<b>-</b>
<b>Annual dividends per share (Yen)</b>	Interim : 46yen Year-end : 46yen Anual : 92yen	Interim : 53yen Year-end : 53yen Anual : 106yen	<b>-</b>	<b>-</b>
<b>Capital expenditures</b>	<b>4,966</b>	<b>6,200</b>	<b>1,234</b>	<b>24.8%</b>
<b>Depreciation</b>	<b>3,582</b>	<b>3,900</b>	<b>318</b>	<b>8.9%</b>
<b>R &amp; D expenses</b>	<b>1,598</b>	<b>1,500</b>	<b>(98)</b>	<b>(6.1%)</b>

※ Brief version of EBITDA (operating profit + depreciation) is used

# Factors Affecting Changes in Operating Profit for the Fiscal Year Ending March 2026





# Forecast of Earnings for the Year Ending March 31, 2026, by Business

(Millions of yen)		Year ended March 31, 2025 Actual results	Year ending March 31, 2026 Forecast	Change	Change rate
Inorganic Chemicals	Net sales	18,285	18,700	415	2.3%
	Operating profit	1,542	1,550	8	0.5%
Specialty Chemicals	Net sales	18,876	19,000	124	0.7%
	Operating profit	1,213	(700)	(1,913)	-
Leasing Business	Net sales	917	915	(2)	(0.2%)
	Operating profit	545	545	0	0.0%
Other	Net sales	763	385	(378)	(49.5%)
	Operating profit	31	5	(26)	(83.9%)
Total	Net sales	38,843	39,000	157	0.4%
	Operating profit	3,342	1,400	(1,942)	(58.1%)

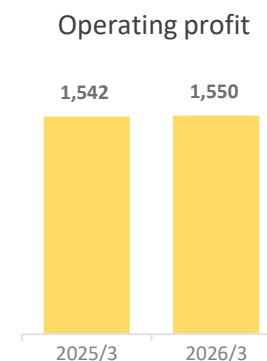
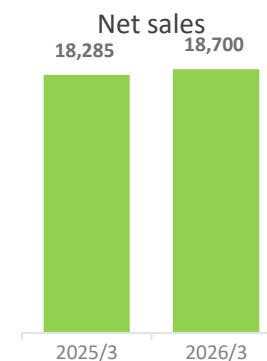
# Forecast of Net Sales in Inorganic Chemicals for the Year Ending March 31, 2026

(Millions of yen)	2025/3 Actual results	2026/3 Forecast	Change	Change rate
Chromium Compounds	5,437	5,550	113	2.1%
Silicates and Silica	2,347	2,250	▲ 97	(4.1%)
Inorganic Phosphorus Compounds	6,759	6,900	141	2.1%
Other	3,739	4,000	261	7.0%
<b>Total</b>	<b>18,285</b>	<b>18,700</b>	<b>415</b>	<b>2.3%</b>

◆ **Chromium Compounds:** Expect an increase

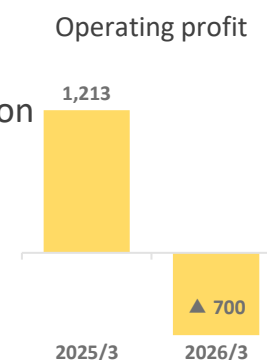
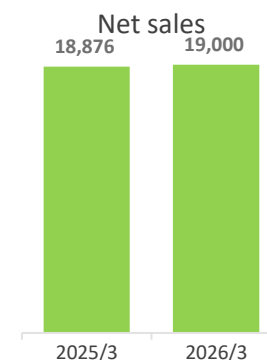
◆ **Silicates and Silica:** Weakness due to lower demand and passiveness in purchasing

◆ **Inorganic Phosphorus Compounds:** Expect an increase



# Forecast of Net Sales in Specialty Chemicals for the Year Ending March 31, 2026

(Millions of yen)	2025/3 Actual results	2026/3 Forecast	Change	Change rate
Electronic Ceramic Materials	8,446	8,750	304	3.6%
Organic Functional Materials	4,212	3,900	(312)	(7.4%)
Battery and Electronic Device Materials	4,771	4,650	(121)	(2.5%)
Other	1,446	1,700	254	17.6%
<b>Total</b>	<b>18,876</b>	<b>19,000</b>	<b>124</b>	<b>0.7%</b>



◆ **Electronic Ceramic Materials:** Increased demand for automobiles and for communication

◆ **Organic Functional Materials**

- **Phosphine Derivatives:** Expect a decrease in catalysts for overseas markets and organic synthesis while the demand for quantum dots is strong
- **Active Agrochemical Ingredients:** Net sales in line with contracted production and customer demand

◆ **Battery and Electronic Device Materials**

- **Battery Materials :** Decline due to price revisions in line with the decline in raw material prices
- **Circuit materials:** Decline among certain customers
- **High-Purity Electronic Materials:** Demand recovery for semiconductors

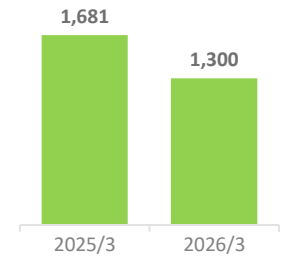
# Forecast of Net Sales in Leasing Business and Others for the Year Ending March 31, 2026

(Millions of yen)	2025/3 Actual results	2026/3 Forecast	Change	Change rate
Leasing Business	917	915	(2)	(0.2%)
Book Store Operation	461	-	(461)	-
Other	302	385	83	27.5%
<b>Total</b>	<b>1,681</b>	<b>1,300</b>	<b>(381)</b>	<b>(22.7%)</b>

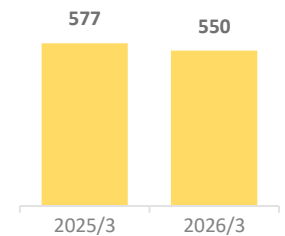
◆ **Leasing Business:** Robustness for major tenants

◆ **Book Store Operation:** Withdrawal from the business

Net sales



Operating profit



# 3

## **Progress of Medium-Term Business Plan (FY 2024 to FY 2026)**

# Policies and Priority Measures in Medium-Term Business Plan

Policy for medium-term business plan

## Promotion of the Growth Strategy and New Value Creation

Three measures based on sustainability management

Measure 1:

**Business expansion  
and strengthening the business structure**

Measure 2:

**Promotion of globalization**

Measure 3:

**New value creation**

**Promotion of  
Sustainability  
Management**

FY 2026

FY 2030

- Expand the business in growth fields
- Strengthen the business structure of basic fields
- Pursue deepening and succession of production technology

- Increase overseas net sales
- Strengthen overseas organizations
- Pursue new opportunities

- Promote development of products with competitive advantage
- Achieve early research results

- Efficiently allocate managerial resources
- Strengthen supply-chain management
- Improve employee satisfaction
- Strengthen and ensure corporate governance and compliance
- Facilitate environmental responses
- Promote contribution to local communities and society

FY  
2024

# Trends in Net Sales and Operating Profit

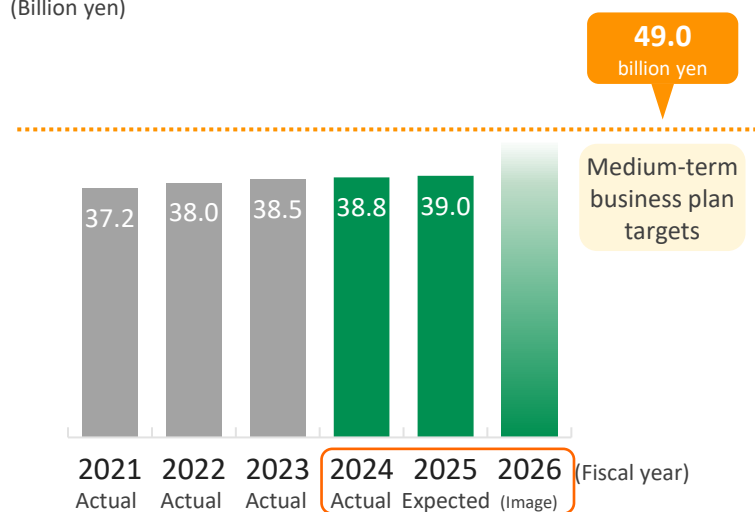
Net sales saw a moderate increase in FY 2024, while profits increased substantially due to price revisions and one-off factors. There is a sizable risk that the targets of the medium-term business plan will not be reached, so the Company will focus on boosting profitability further.

## Progress of net sales and operating profit

- Despite slower-than-expected recovery in the multi-layer ceramic capacitor (MLCC) and semiconductor markets, net sales grew steadily, albeit moderately compared to medium-term business plan targets.
- Operating profit, on the other hand, increased substantially in FY 2024 due to price revisions and other one-off factors, but remains unstable due to aggressive investment in growth amid a weak external climate.
- We will focus on improving profitability by promoting efficiency and labor savings amid growing uncertainty in the global economy due mainly to trade friction and changing international conditions.

### Net sales

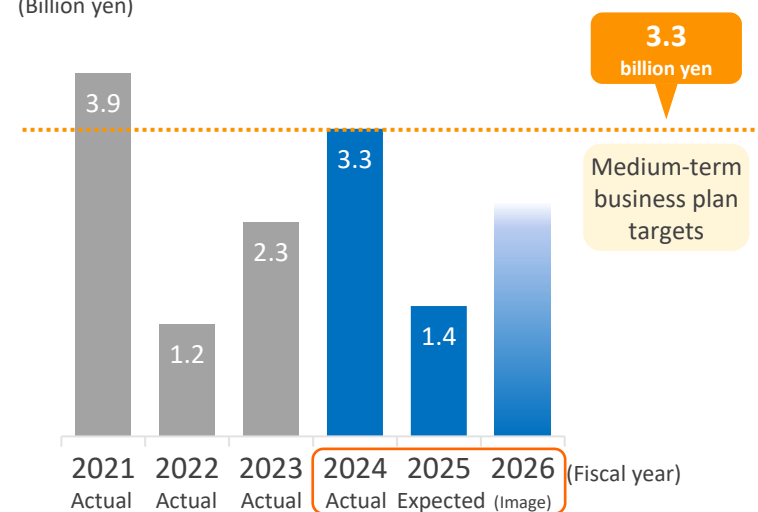
(Billion yen)



Current medium-term business plan period

### Operating profit

(Billion yen)



Current medium-term business plan period

# Measure 1: Business Expansion and Strengthening the Business Structure - Basic Fields



In a market considered to be dominated by commodities, we are shifting to a structure that can generate stable profits through a review of its competitive product portfolio.

## Current Climate

- Establish an unassailable position as the only manufacturer of chromium compounds in Japan
- Geopolitical risks lead to a reappraisal of domestic products, while the influx of cheap imports remains a concern

## Status of Medium-Term Business Plan Initiatives

- Pricing in line with market trends
- Strengthening technology and quality
- Securing sustainable profitability

## Challenges and Responses

- High quality control through domestic production and greater competitiveness through a robust supply chain
- Enhance product value by strengthening QDS (Quality, Delivery, Service)

### <Products in basic fields>



Chromium compounds



Silicates and silica

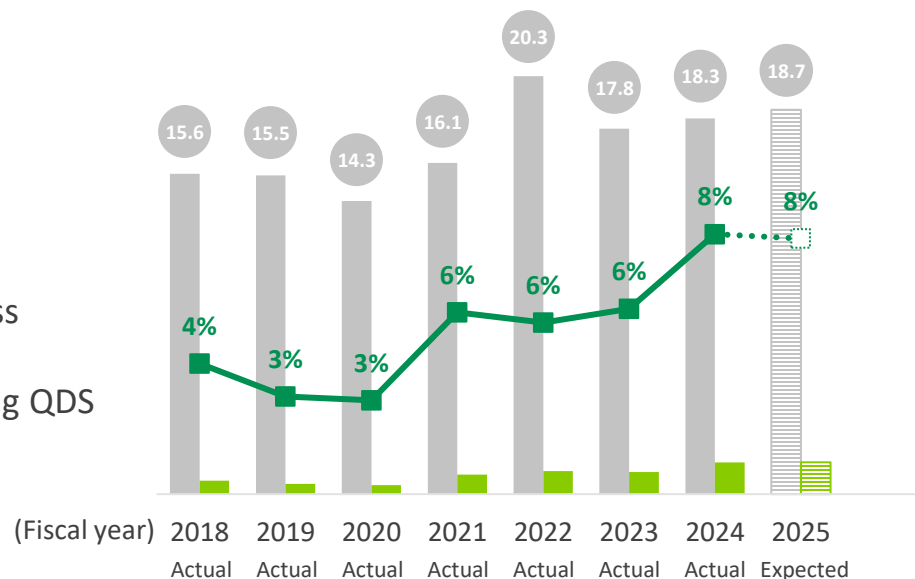


Inorganic phosphorus compounds

### Net sales and operating profit in basic fields

(Billion yen)

- Net sales in inorganic chemicals
- Operating profit in inorganic chemicals
- Operating profit percentage in inorganic chemicals





# Measure 1: Business Expansion and Strengthening the Business Structure - Growth Fields



Growth in demand slowed down temporarily against the medium-term business plan due to changes in the market environment.

Demand is expected to recover in the medium to long term, and we will continue pursuing our strategy for sustainable growth.

## Current Climate

- Continued growth is expected for automotive and communications applications due to advancements in digitalization
- MLCC and semiconductor markets are currently in a phase of inventory adjustment due to decrease of demand
- Increasing investment cost due to rising material costs

## Status of Medium-Term Business Plan Initiatives

- Investment in electronic ceramic materials (for MLCC) progressed steadily. Scheduled to be completed in first half of FY2025
- Investment plans for high-purity phosphine gas (for semiconductors) are under review due to slowing demand and rising material costs

## Challenges and Responses

- Flexible investment planning by appropriate grasp of market trends
- Cultivate new markets by making use of overseas sales bases and step up marketing to global markets

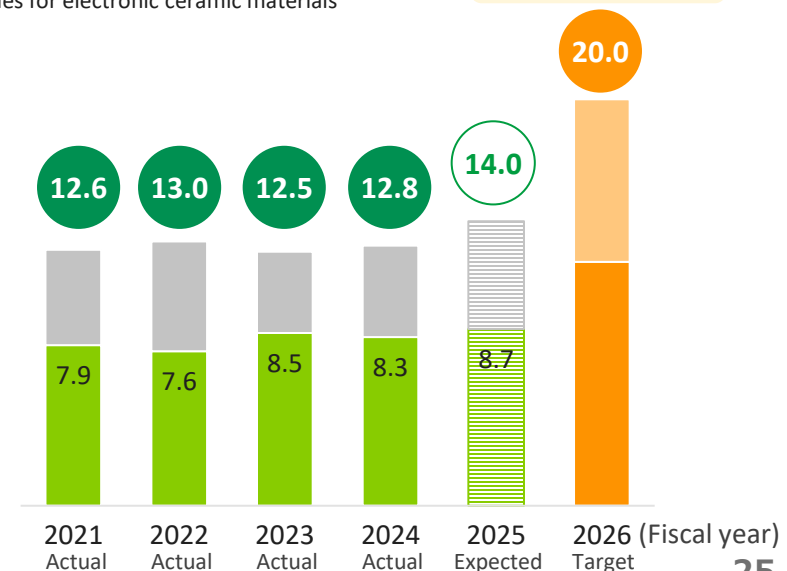
<b>Electronic ceramic materials</b>	Dielectric for MLCC, Dielectric materials (Barium titanate ・ High-purity barium carbonate)
<b>High purity electronic materials</b>	Semiconductor materials, Organic electronic materials (High-purity phosphine gas, High-purity red phosphorus, etc.)
<b>Phosphoric acid for liquid crystal/semiconductors</b>	Etching agent (Phosphoric acid)
<b>Phosphorus raw material for QD</b>	Quantum Dot Display Materials (Phosphine derivatives as TMSP)

## Net sales in growth fields

(Billion yen)

- Total net sales for growth fields
- Net sales for electronic ceramic materials

Medium-term business plan targets



## Measure 2: Promotion of Globalization

Geopolitical changes have increased the need for risk diversification and exploration of new markets.

We will focus on building sustainable supply chains and seizing new business opportunities.

### Current Climate

- Geopolitical changes are producing trade barriers and economic stagnation, but they are also generating new market needs
- Greater consideration for the environment and society is called for, and a sustainable supply chain needs to be established

### Status of Medium-Term Business Plan Initiatives

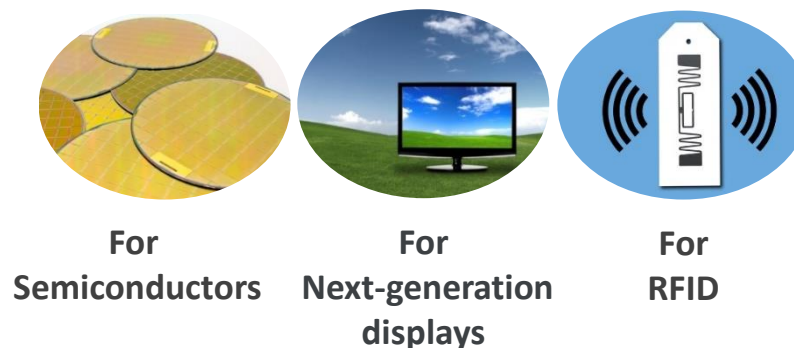
- Established a local subsidiary in Taiwan (June 2024). Focus on capturing the latest information and developing products that meet local needs
- Propose and offer differentiated services for industries with growth potential

### Challenges and Responses

- Strengthening of manufacturing capacity to capture new markets
- Development of differentiated product portfolio
- Development of global human resources



< Example of a product with growing sales in overseas markets >



## Measure 3: New Value Creation

Underpinned by our fundamental technologies and know-how, we will seek to create new value that will lead to solutions to increasingly diverse and complex social issues.

### Current Climate

- Social issues are becoming more diverse and complex due to changes in industrial structure driven by rising awareness of sustainability, geopolitical risks, and digitalization

### Status of Medium-Term Business Plan Initiatives

- Proactive use of open innovation for more efficient and faster R&D
- Establish environmental performance indicators in the selection of research themes and actively promote themes that contribute significantly to the environment

### Challenges and Responses

- Early development of new products that benefit net sales and profits
- Optimal allocation of management resources

<R&D: direction for developing technology>



<Examples of recent development themes>



# Return to Shareholders

In order to bolster shareholder returns and stabilize dividends, we have introduced “DOE” as a new dividend standard during the period of the medium-term business plan through FY 2026.

## Dividend Policy

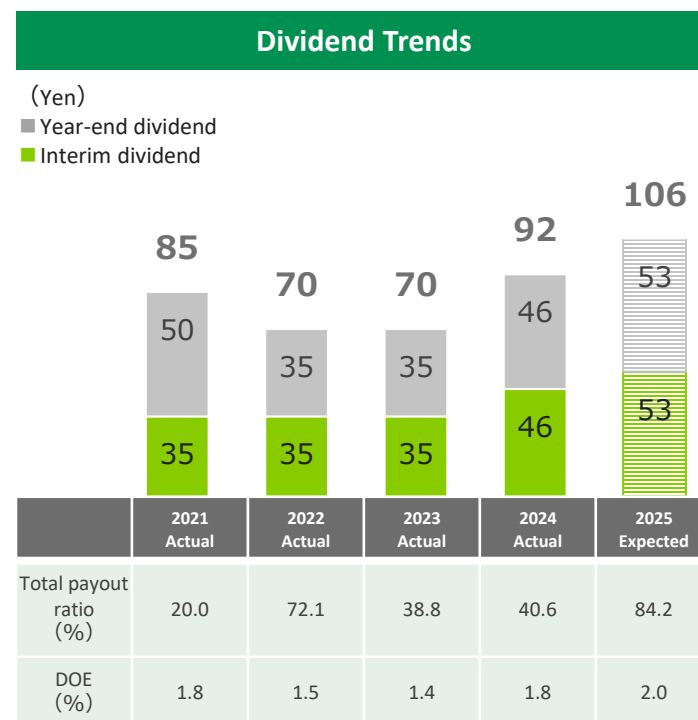
- Stable and continuous dividend payout is positioned as a key management policy
- Flexible investment in growth fields in line with demand, while continuing management efforts to increase dividends

## Status of Medium-Term Business Plan Initiatives

- Raised dividend forecast for FY 2024 (92 yen per share)
- Purchase of treasury shares (235 million yen)

## Review of Return to Shareholders

- More stable shareholder returns through the introduction of DOE
- Stable increase in dividends as the Company grows
- Providing reliable returns to shareholders



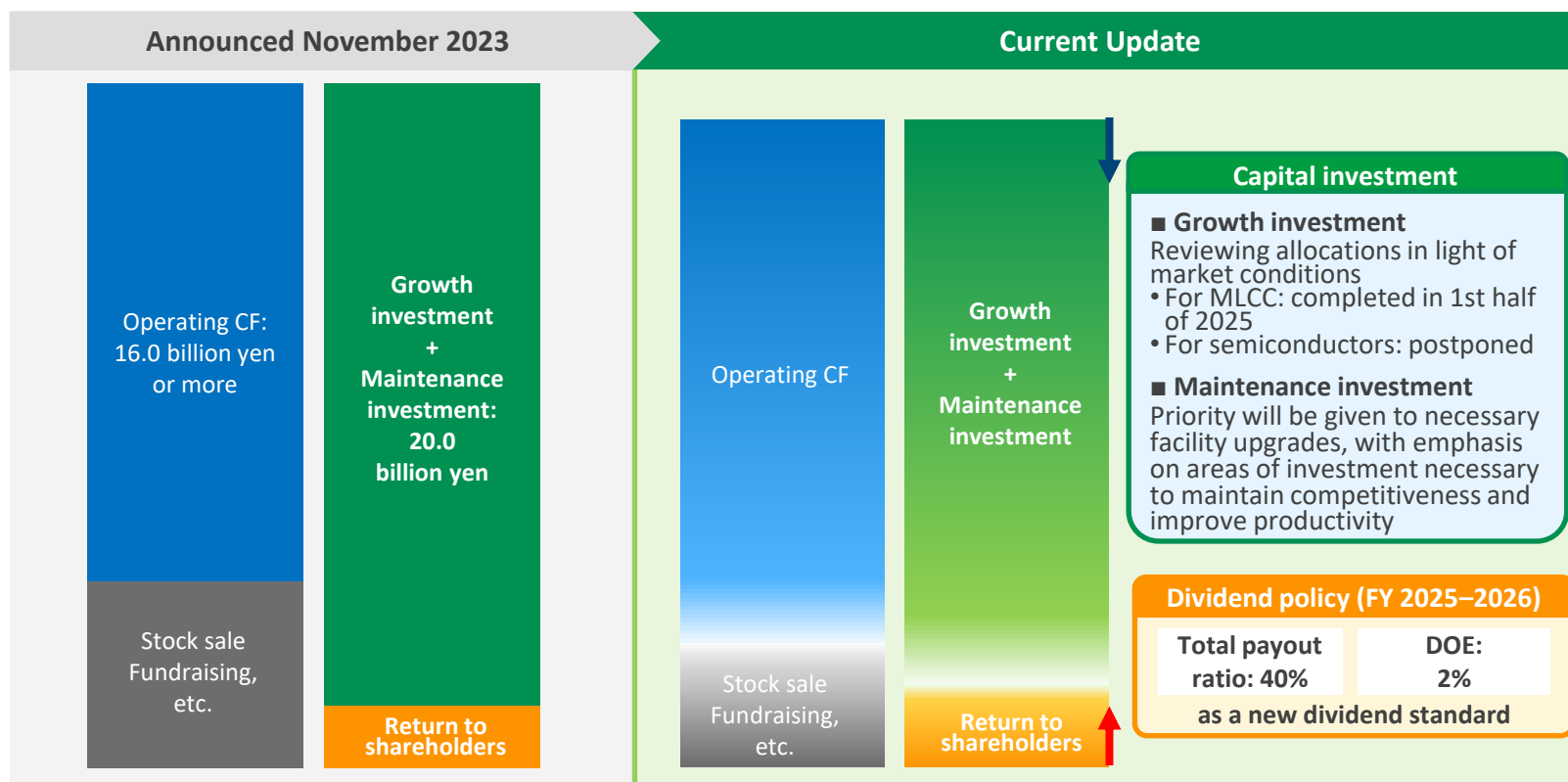
## Dividend policy (FY 2025–2026)

Pay stable and continuous dividends with a target of  
**a total payout ratio of 40% or DOE of 2%, whichever is higher.**

# Cash Allocation (FY2024-2026)

As operating cash flow is expected to return to the original plan level, the Company has reviewed its investments in line with demand. We will also further strengthen shareholder returns.

- Operating cash flow is expected to remain at the same level as announced in November 2023
- The total investment amount is expected to decrease as a result of a review of capital investments to align with demand
- Improvement in return to shareholders



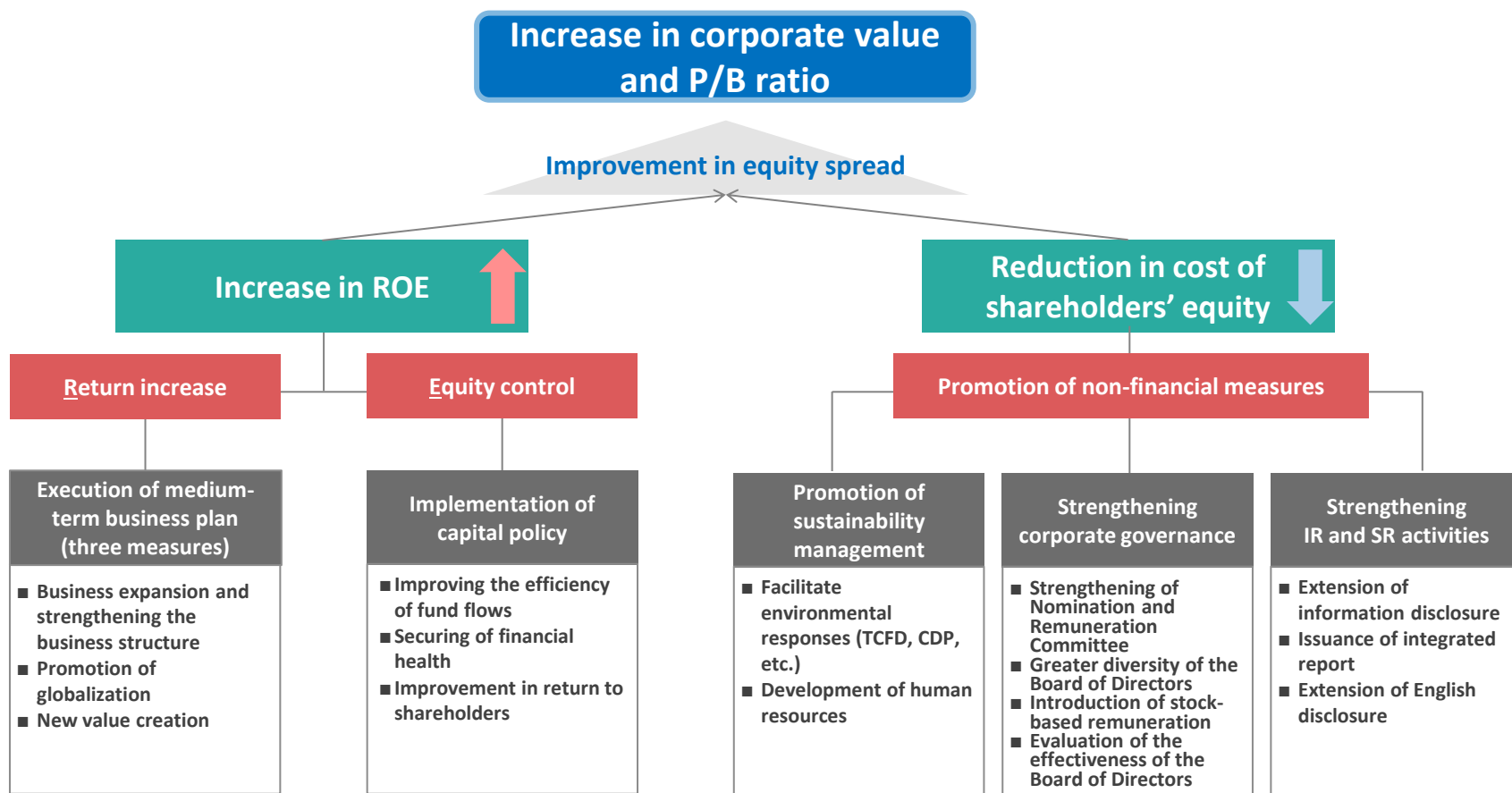
# 4

## **Initiatives for a Sustainable Increase in Corporate Value**

# Initiatives for a Sustainable Increase in Corporate Value



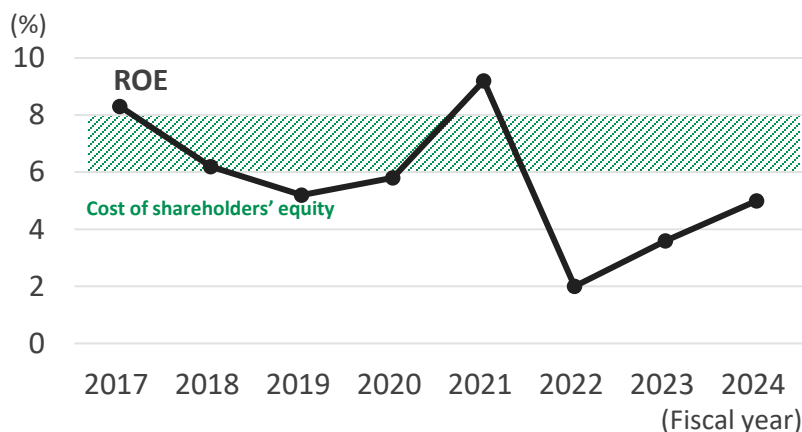
Improvement in equity spread through increase in ROE  
and reduction in the cost of shareholders' equity



# Recognition of Current Status and Issues

ROE has improved but is still below the cost of shareholders' equity. Improvement of equity spread (difference between ROE and cost of shareholders' equity) and P/B ratio remains a challenge.

ROE and cost of shareholders' equity



From CAPM model and shareholder/investor interviews

Cost of shareholders' equity

6-8%

<Current status>

ROE improves with higher profits but remains below the cost of shareholders' equity

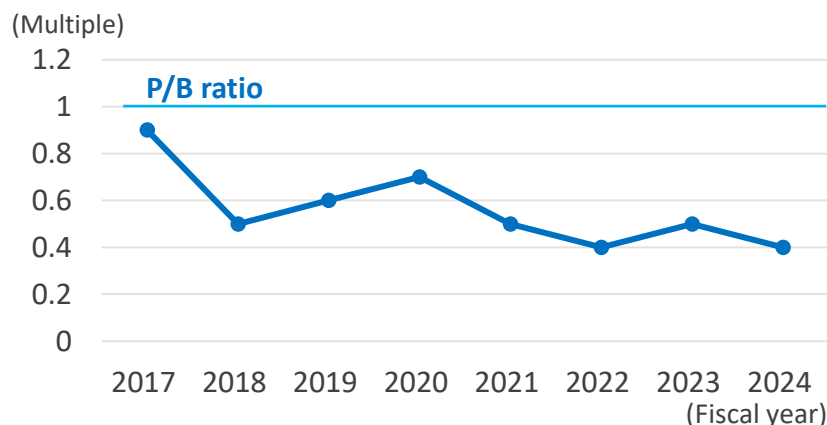


## Future challenges

- Improvement and stabilization of ROE
- Reduction in cost of shareholders' equity
- Improved P/B ratio as a consequence



P/B ratio



As of March 31, 2025

P/B ratio

Around 0.4

<Current status>

P/B ratio remains low, partly due to weak ROE



# Action to Implement Management That Is Conscious of Cost of Capital and Stock Price



## Recognition of current status and issues

- Our current **cost of shareholders' equity** is perceived to be **6–8%**.
- **ROE** was 2.0% in FY 2022, well below the cost of shareholders' equity, but recovered to **5.6%** in FY 2024 due to profit improvement measures.
- **P/B ratio** is currently **around 0.4**, which is recognized as very weak.
- The Company recognizes that key ongoing challenges include improving both the equity spread and P/B ratio by rapidly enhancing ROE, maintaining ROE at a stable level above the cost of shareholders' equity, and reducing the cost of shareholders' equity.

## Policies

**The Company will seek to realize its ideal for 2030 and sustainably increase corporate value.**

- Target in Medium-Term Business Plan: operating profit of 3.3 billion yen, ROE of 6%
- Target for FY 2030: operating profit of 6.0 billion yen, ROE of 8%

## Initiatives

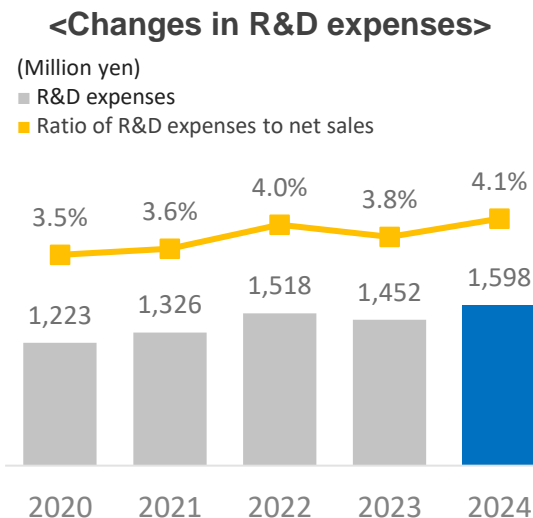
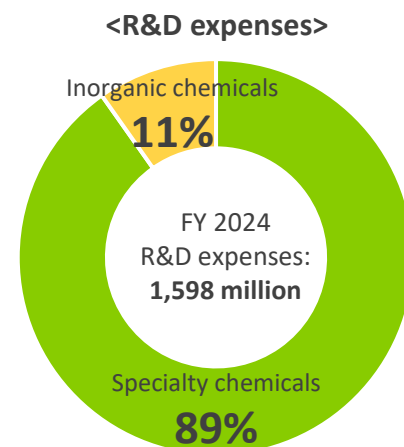
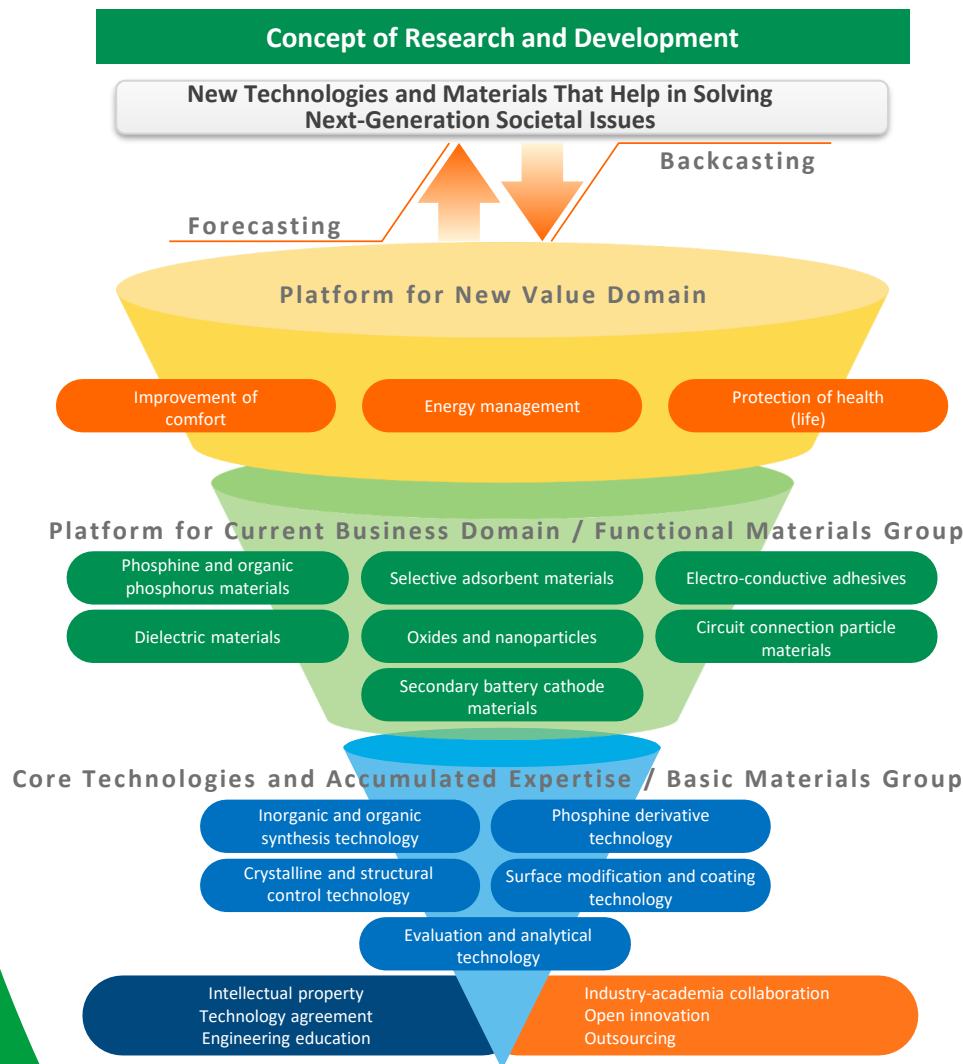
- Increase in ROE: execution of Medium-Term Business Plan (three measures) and implementation of capital policy  
→ ROE targets: **6% for FY 2026, 8% for FY 2030**
- Flexible investments that balance market growth and financial health
- Explore additional ways to improve capital efficiency, including reviewing asset holdings and reducing cross-shareholdings
- Introduce DOE as the standard for dividend guidelines to bolster shareholder returns
- Reduce cost of shareholders' equity through aggressive non-financial measures

# 5

## Initiatives in Research and Development

# Research and Development System

We promote highly efficient development with a focus on specialty chemicals that generate high added value, while leveraging open innovation and outsourcing.



# Overview of Product Development for the RFID Market

Demand for RFID technology, which can contribute to improved work efficiency and labor savings, is increasing in areas such as logistics, inventory management, and facility access control, with the market size growing every year.

## What is RFID?

An automatic recognition technology that uses radio waves to read and write IC information in a contactless manner.

It is capable of reading multiple objects at once from a distance of several meters, which contributes to improved work efficiency, labor savings, and unmanned operations.

## Market

The market encompasses product logistics and inventory management, facility access control, self-checkout at retail stores, and materials management at manufacturing sites. Demand is growing, due in part to rising contactless needs.



Anisotropic  
Conductive  
Adhesive  
(SMERF®)



# New Proposal: UV-Curable Anisotropic Conductive Paste (ACP)



We will provide a quick-acting, low-temperature curing solution that will enable customers to improve productivity, reduce costs, and lessen environmental impact.

## Advantages of UV curing

### Damage-free

- Enables damage-free mounting on low heat-resistant bases (e.g., paper)
- A wider selection of tag bases facilitates use in a variety of applications

### Rapid curing

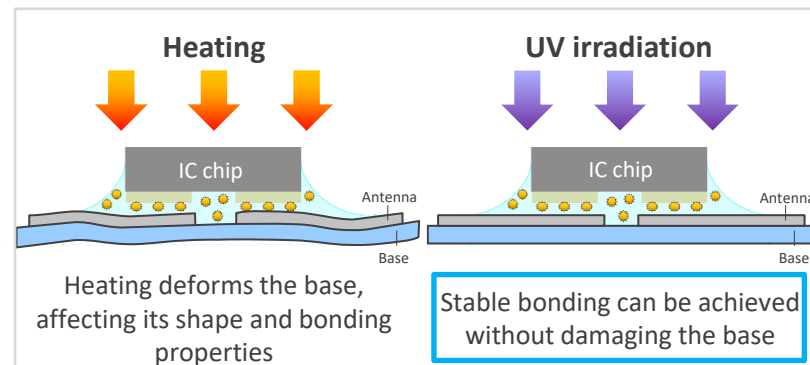
- Cures in as little as 1 to 2 seconds
- Curing time is significantly reduced, contributing to improved productivity for customers

### Energy-saving

- Enables more efficient processes while reducing environmental impact

## <Comparison of heat-curable ACP and UV-curable ACP>

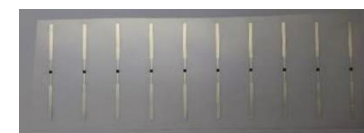
Features	Heat-curable (our existing product)	UV-curable (our developed product)
Curing method	Heat	UV LED
Resin	Epoxy	Epoxy/Acrylic
Curing conditions	170°C / 8 seconds	25°C / 1 to 2 seconds



## <RFID antennas mounted on PET base>



Heat-curable



UV-curable

# Joint Development Case Study: YUPO CORPORATION



Joint development allows us to provide innovative solutions that drive the creation of new value.

## Joint development

### Advantages of YUPO® SMERF®

- Simplified manufacturing processes and reduced lead times
- Reduced manufacturing and labeling costs
- Significantly reduced emissions of environmentally hazardous substances
- Resource-saving

### Scope of application

- Logistics and warehousing: Product tracking and more efficient inventory management
- Smart packaging: Can be used as a new method to provide product information to consumers

### Impact on market

- Provides new value to industries that require parts, product management and logistics management
- Contributes to achieving carbon neutrality

All images in this slide are for illustrative purposes only.  
(Image provided by Yupo Corporation)  
“Yupo” and “YUPO” are registered trademark of Yupo Corporation.

### <Features of YUPO® synthetic paper (example)>

#### Water-resistant



#### Tear-resistant

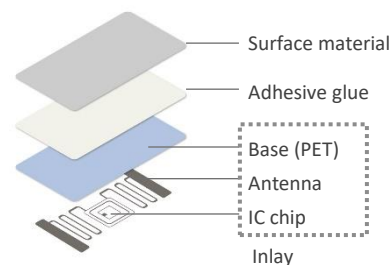


#### Resistant to oil and chemicals

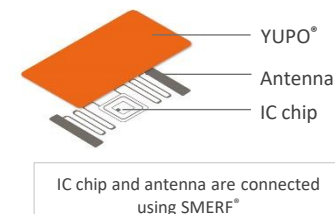


### <General structure of RFID labels>

#### Existing product

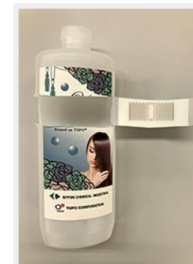
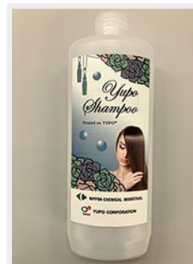


#### Jointly developed product



### <Plastic bottle with RFID>

#### Simultaneous plastic bottle molding and RFID labeling



By using YUPO in-mold labels, which allow for the integrated molding of the container and the label, RFID labeling is carried out simultaneously with the molding of the plastic bottle. This is expected to simplify the production process of labeling.



# 日本化学

The performance forecasts and business plans outlined in this document are based on information currently available to our company and certain assumptions.

They do not guarantee our future performance. Actual results may differ due to various factors.

We kindly ask that any investment decisions be made at the discretion of the user.