

Chemicals Business Strategy

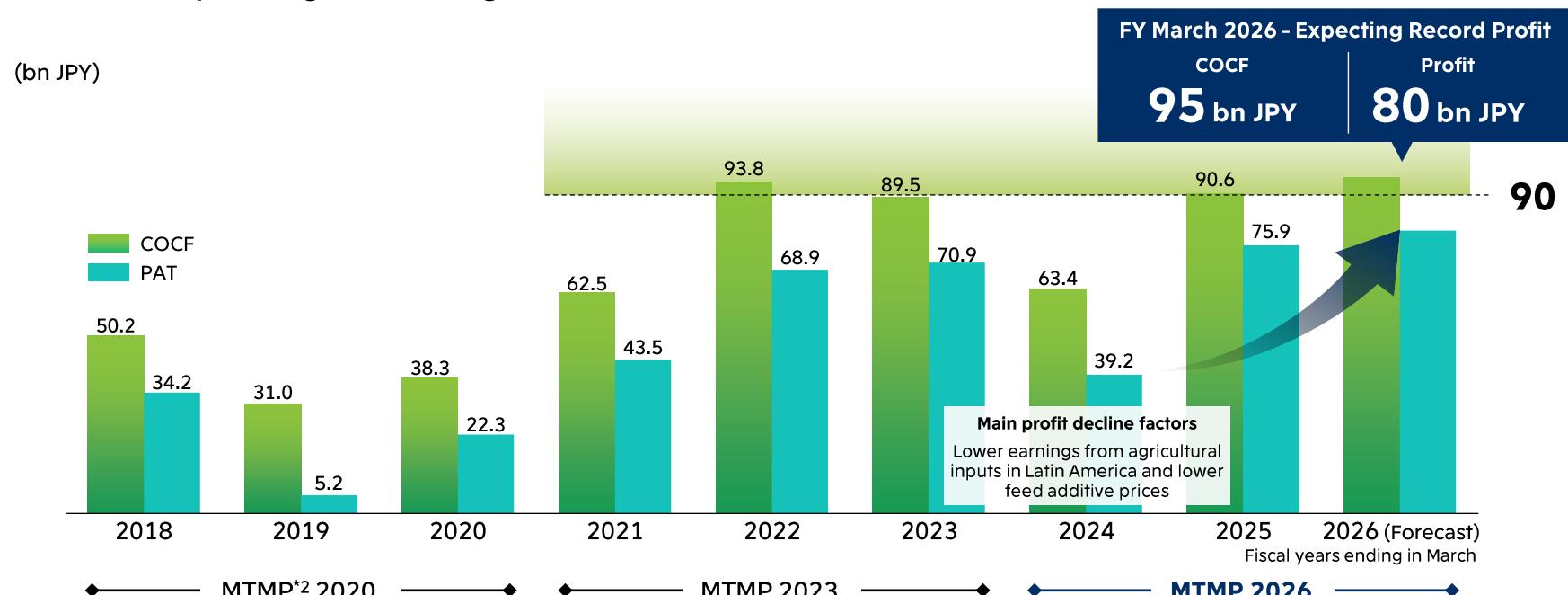
Senior Managing Executive Officer

Takashi Furutani



Chemicals Segment Earnings Performance

- ◆ COCF^{*1}: Approx. 90 billion yen level over last few years
- ◆ Profit: Steady growth at a CAGR of 12.3% since FY March 2018
Expecting record high in FY March 2026

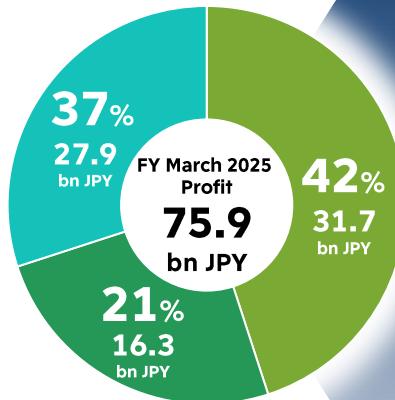


*1 Core Operating Cash Flow *2 Medium-term Management Plan

Main Businesses

- ◆ Leveraging trading as base, create investment opportunities and build core businesses
- ◆ Core businesses with competitive advantages create solid base
Investments continuously made in new growth areas

Basic Materials
 Performance Materials
 Nutrition & Agriculture



Trading x investment

Core businesses

Methanol, terminals, salt

Ammonia



FY March 2025
28
bn JPY

Competitive advantages

- Geographically diversified production sites (methanol)
- In-house tank terminals in key logistic hubs
- Top-class production capacity in Asia (salt)

Automotive resin materials

Forest resources



FY March 2025
10
bn JPY

Competitive advantages

- Business cluster supporting entire automotive supply chain
- Fusion of forest asset management and operational expertise
- Natural capital x finance x material supply

Agricultural inputs

Functional food ingredients



FY March 2025
15
bn JPY

Competitive advantages

- Top class agricultural material sales network in Europe
- Collaboration with Japan based R&D
- High-quality materials in a high entrance barrier market

Trading

- ◆ Trading generates around 30% of segment profit and serves as foundation for growth
- ◆ Leveraging global network and trading assets to identify growth investment opportunities



Strengths

- ◆ Four strengths based on trusted, long-term relationships with global partners

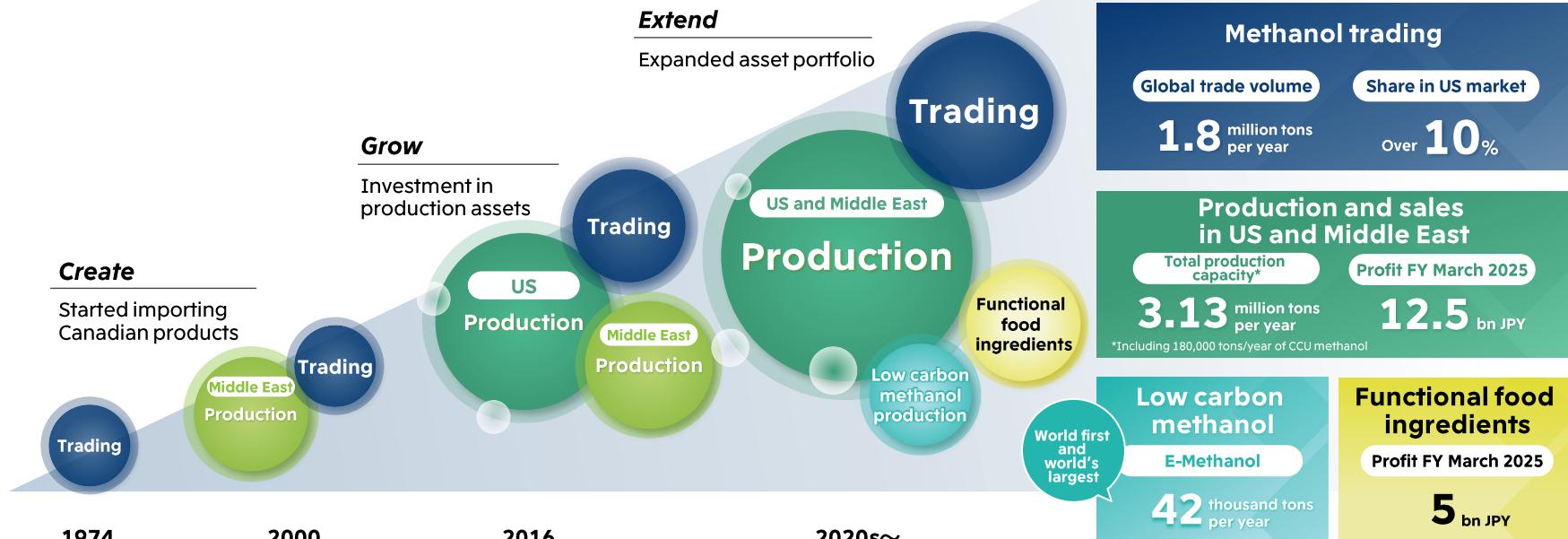


Trusted, long-term relationships with top-tier global partners

Strength 1: Virtuous Cycle of Trading and Investment

Methanol

- ◆ Making investments based on market expertise cultivated through trading
- ◆ Leveraging trading assets acquired through investments to create new value

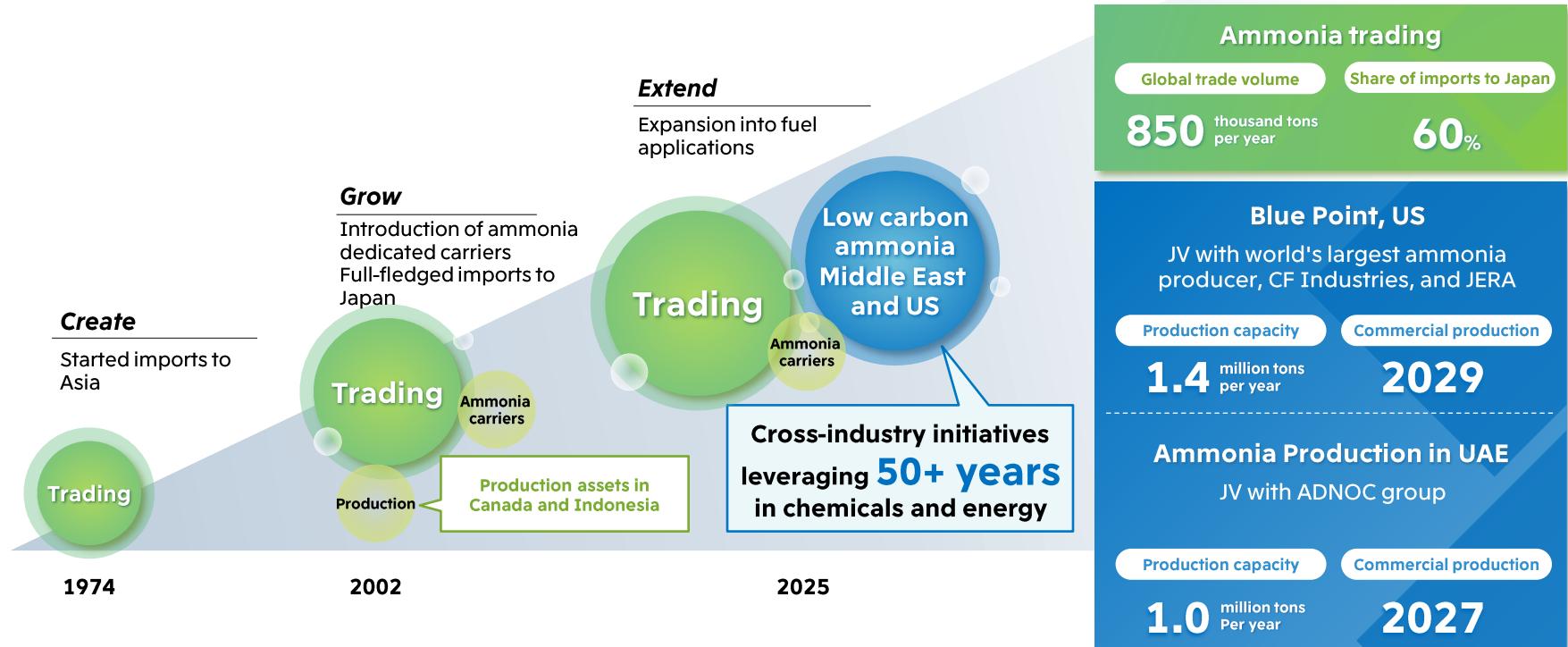


* CCU methanol: Methanol produced by reusing captured CO₂ and certified by a third-party organization to reduce greenhouse gases

Strength 1: Virtuous Cycle of Trading and Investment

Ammonia

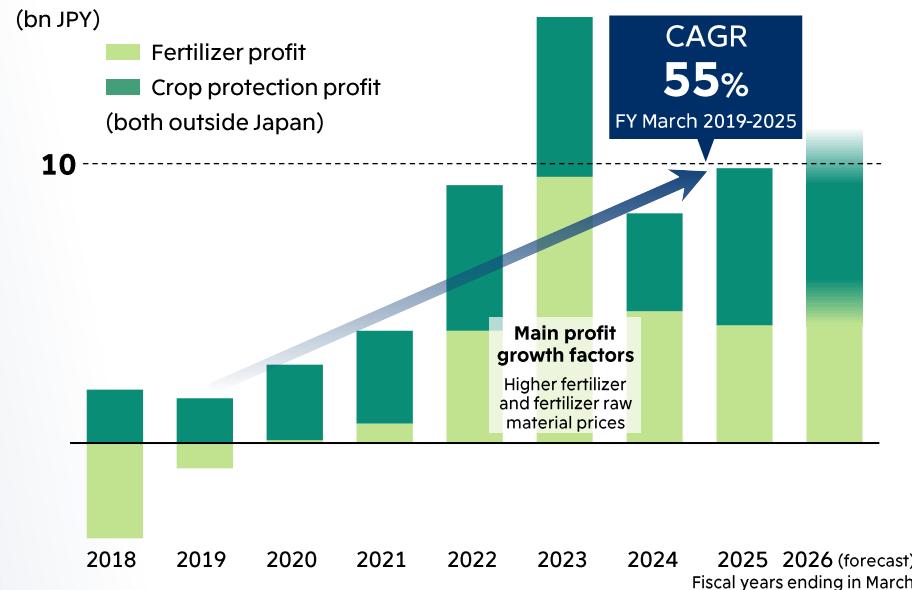
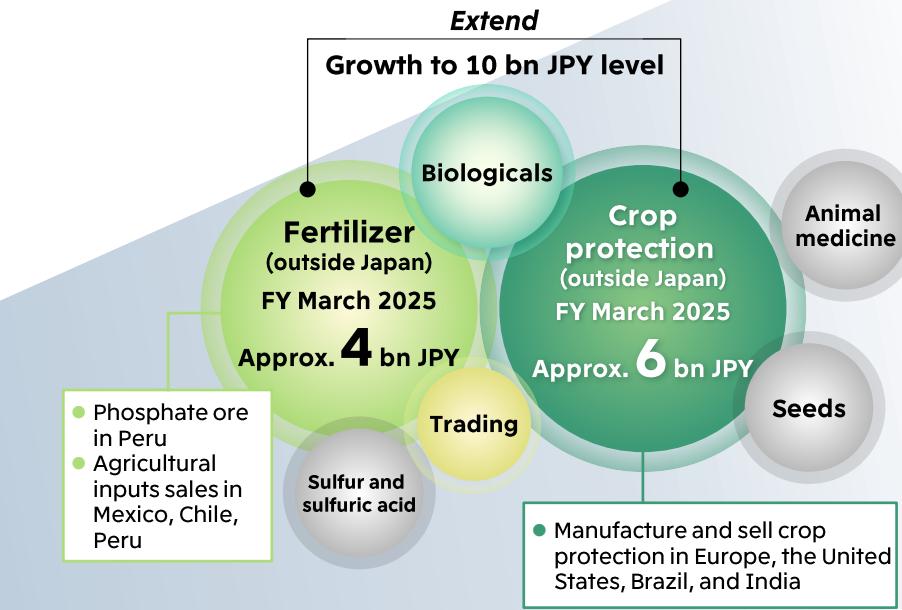
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Strength 2: Steady Growth of Core Clusters

Agricultural inputs
(crop protection and fertilizers)

- ◆ Agricultural inputs profit: Over past six years achieved CAGR of 55%, now at the 10 bn yen level
- ◆ Created synergies through natural and biologically derived bioproducts, seeds, and animal medicine, strengthening core business clusters



Strength 3: Strategic Portfolio Enhancement

- ◆ Based on strong cash generation capabilities, assess market conditions and capital efficiency for timely sale of assets
- ◆ Reinvest that capital into growth areas we are familiar with to enhance the portfolio

(bn JPY)

Cash inflows Approx. 910

FY March 2018 - FY March 2026 Q2

COCF

Approx. 700

Asset sales

Approx. 210

● Thorne HealthTech	: 24
● Sanei saccharification	: 13.5
● Japan Microbiopharma	: 4.3
● B Food Science	: ND* ³
● Hexagon Composites	: ND* ³

Steady enhancement of asset portfolio Investments for growth in familiar areas

Portfolio reconfiguration

FY March 2018-2021^{*1}

FY March 2022-2025^{*1}

ROIC 3.4% → 5.7%

Cash outflows Approx. 640

FY March 2018 - FY March 2026 Q2

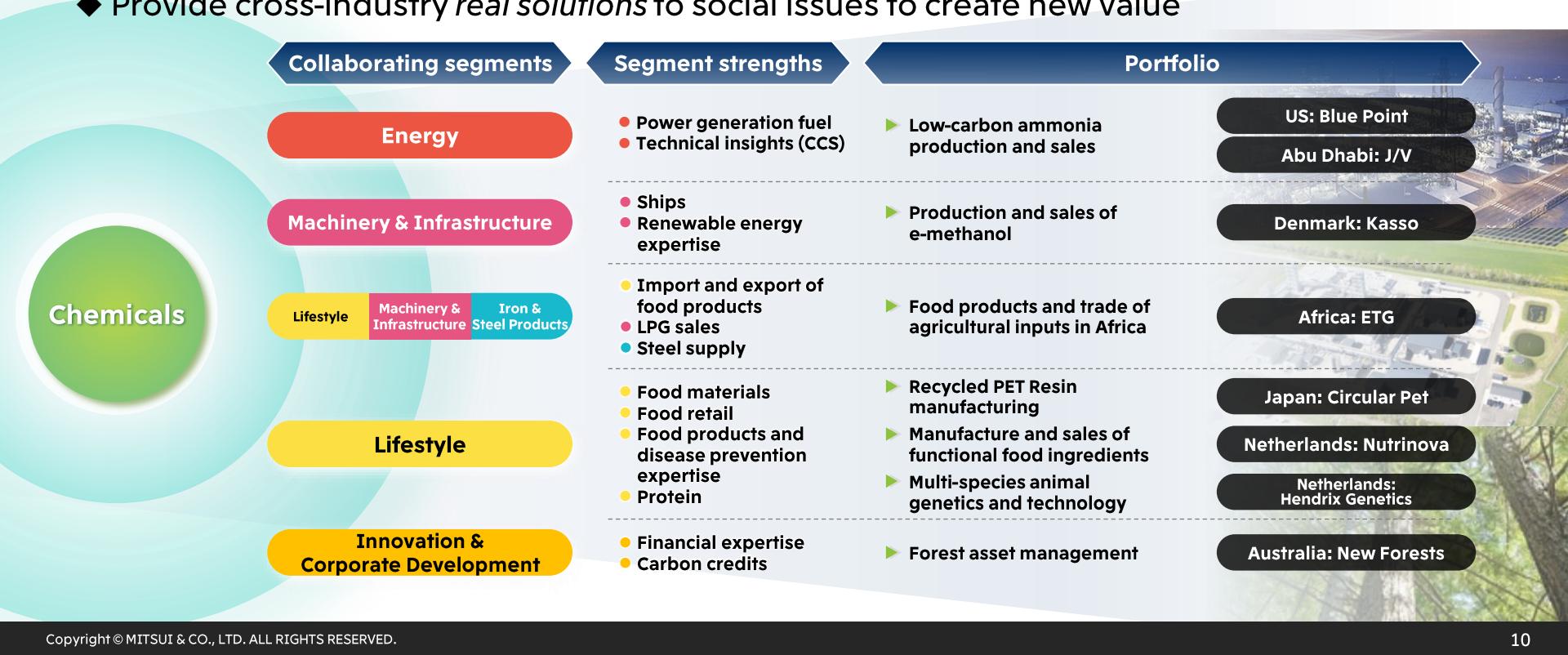
Investments

● Nutrinova	: 66
● ITC Antwerp	: 21.9
● Blue Point	: 17.8* ²
● Eu Yan Sang	: 15
● Bussan Animal Health	: ND* ³
● Ourofino (Brazilian crop protection and animal medicine)	: ND* ³

*1 Four-year average *2 Approx. 1 billion US dollars (approx. 150 billion yen) to be invested in stages by 2029 *3 Not disclosed

Strength 4: Cross-industry Initiatives

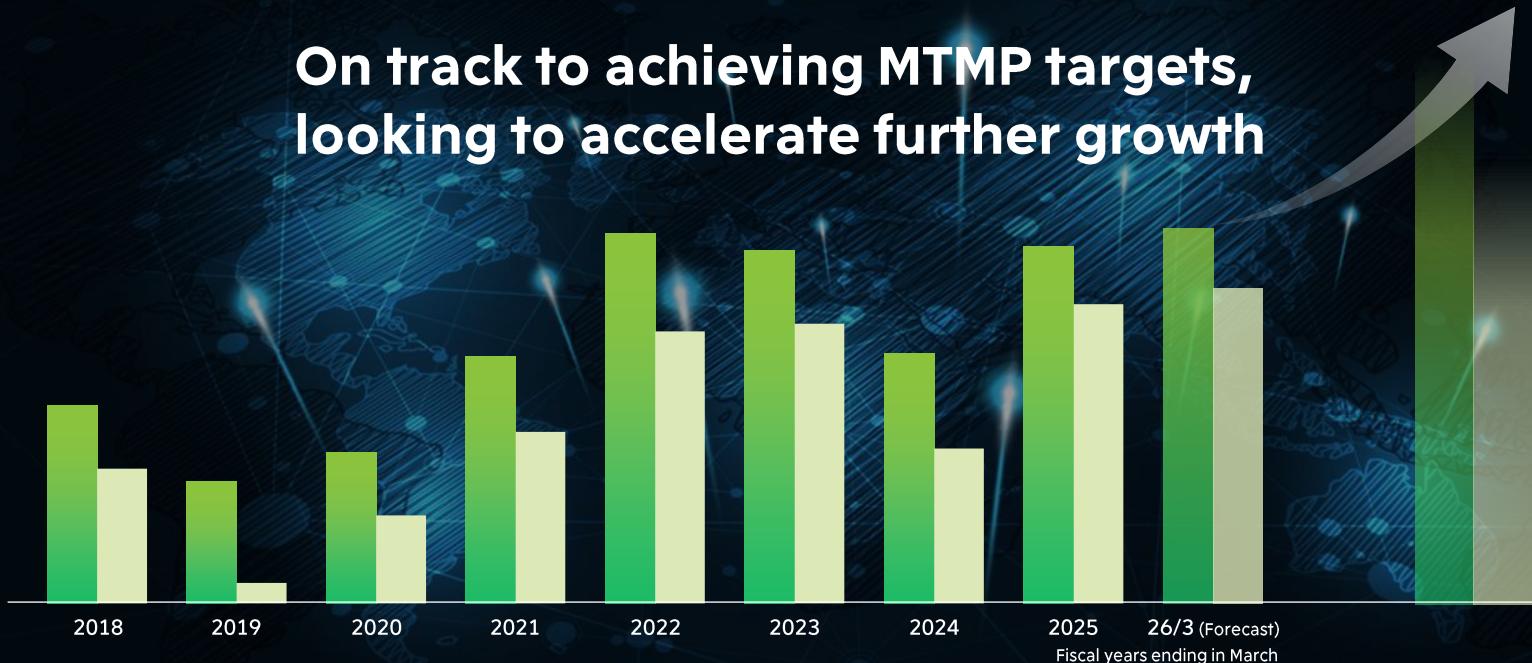
- ◆ Teamwork that brings together company-wide expertise to maximize value across the entire value chain
- ◆ Provide cross-industry *real solutions* to social issues to create new value



Conclusion

- ◆ On track to achieving targets set at start of MTMP 2026: COCF of 130 bn yen and profit of 100 bn yen
- ◆ Will accelerate growth by reinforcing core strengths and driving cross-industry collaboration

**On track to achieving MTMP targets,
looking to accelerate further growth**



360° business innovation.

