

Chemicals Business Strategy

Senior Executive Managing Officer

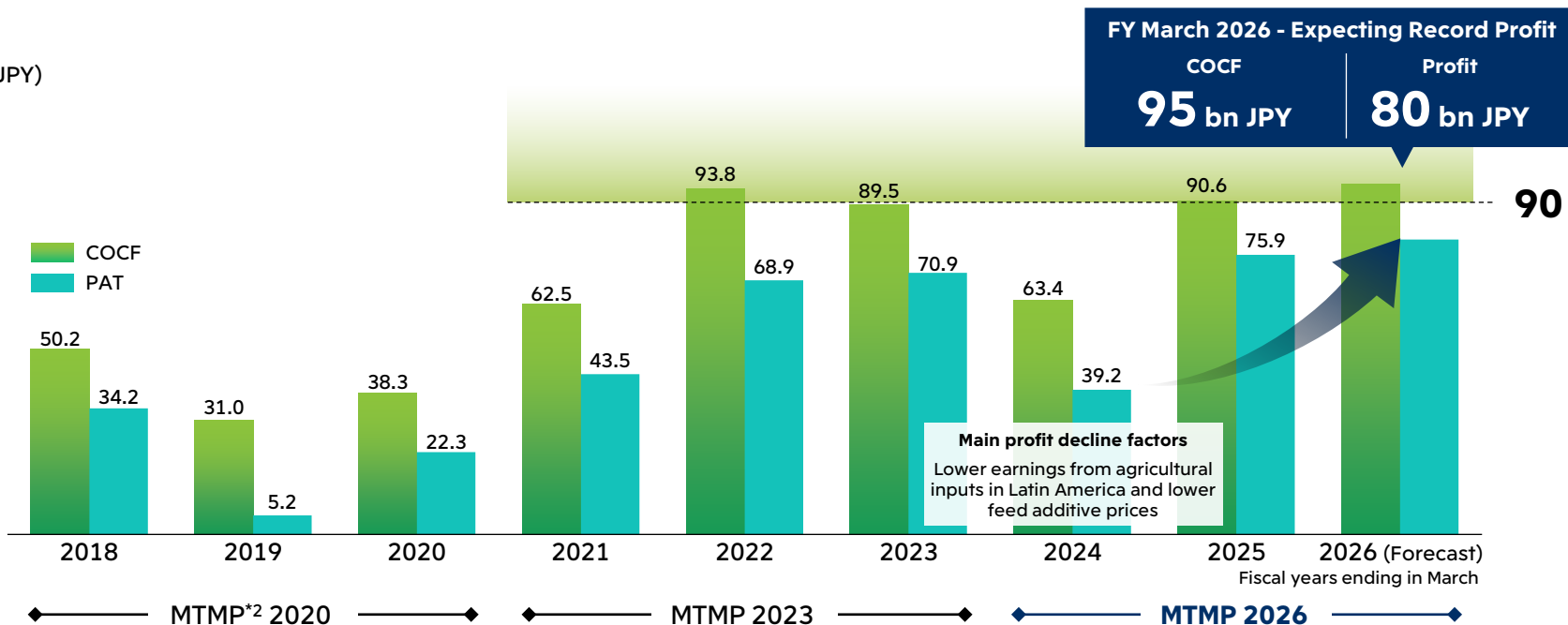
Takashi Furutani



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

(bn JPY)



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

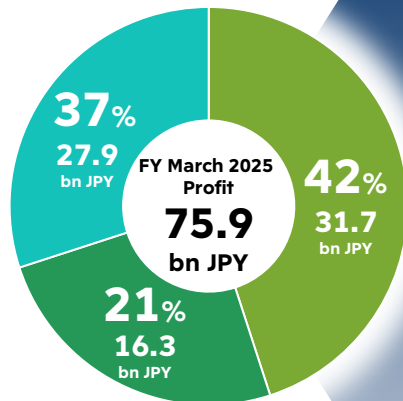
Main Businesses

- ◆ 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




Base

Methanol, terminals, salt

Growth

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)

Base

Automotive resin materials

Growth

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 × finance × material supply

Base

Agricultural inputs

Growth

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

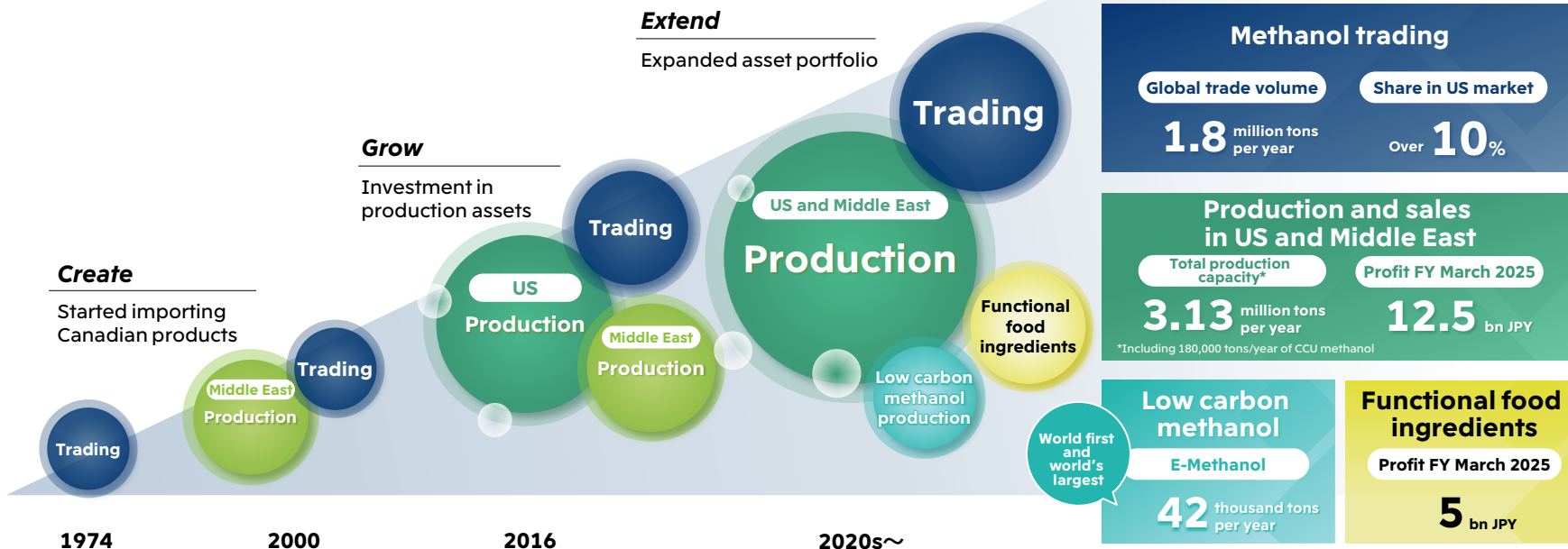


Trusted, long-term relationships with top-tier global partners

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



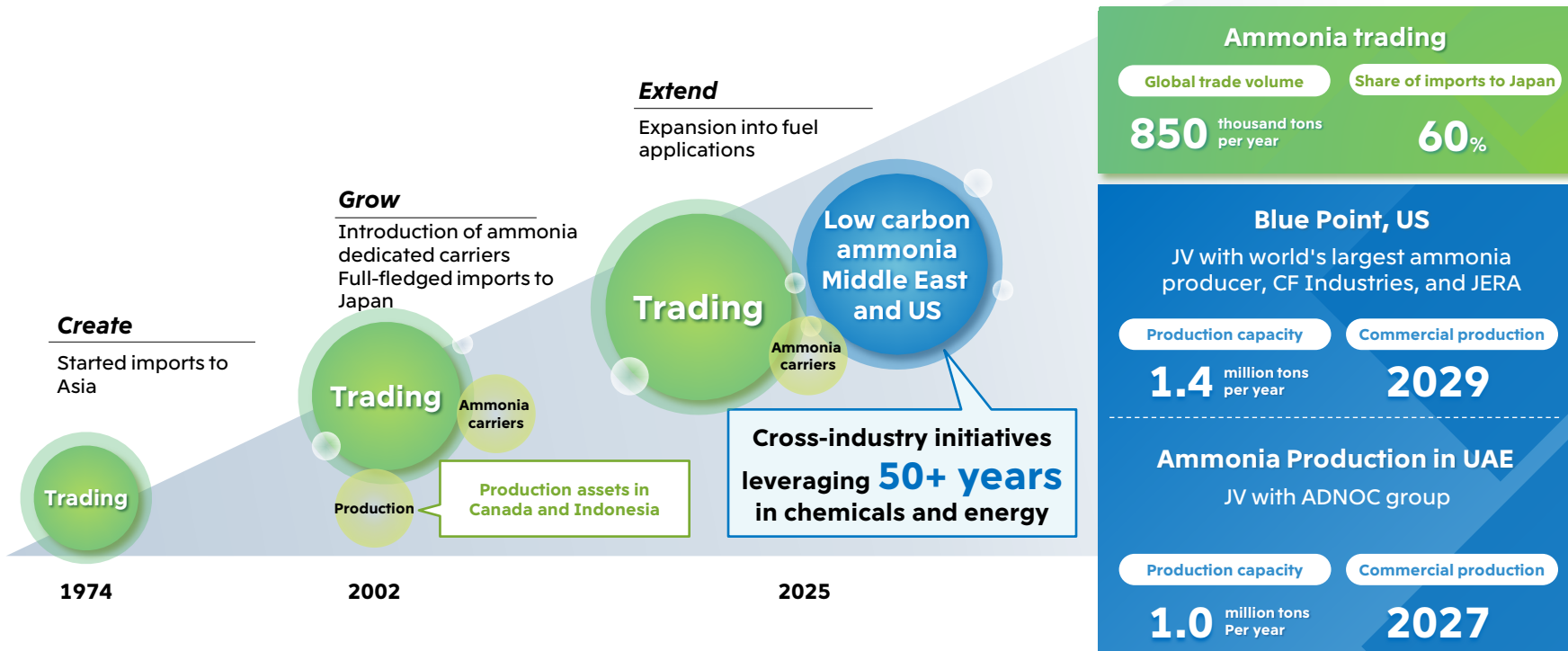
* CCU methanol: Methanol produced by reusing captured CO₂ and certified by a third-party organization to reduce greenhouse gases

Strength 1: Virtuous Cycle of Trading and Investment

Ammonia



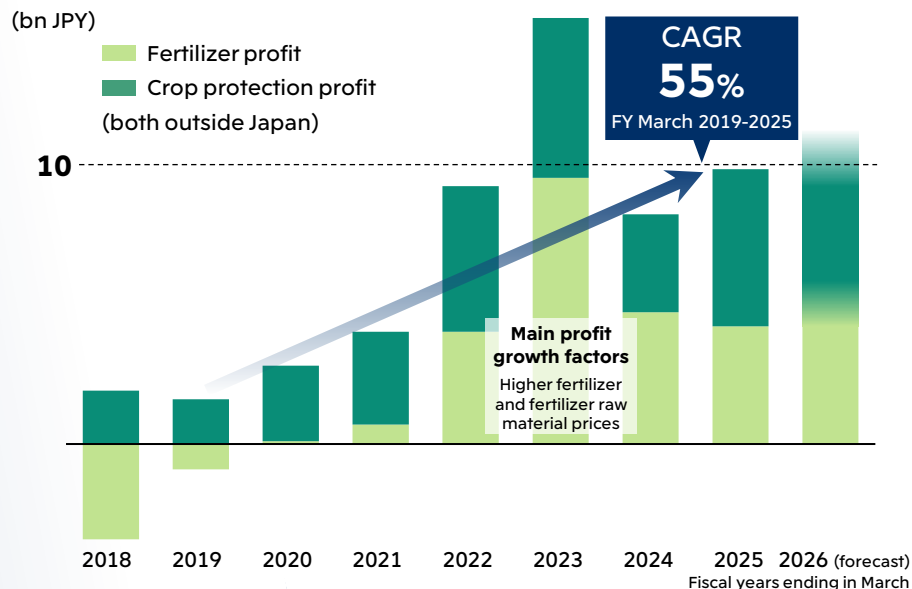
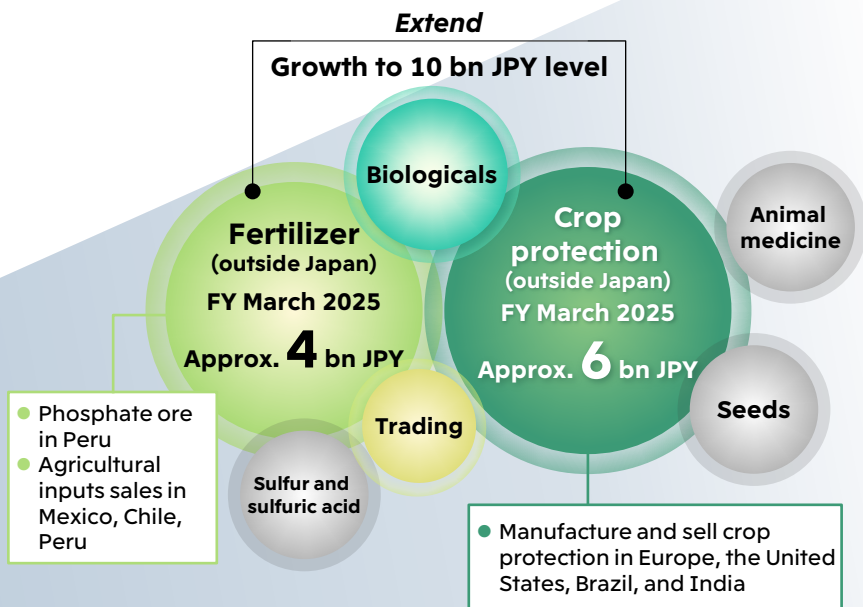
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Strength 2: Steady Growth of Core Clusters

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**

ROIC **3.4%** → **5.7%**
FY March 2018-2021^{*1} FY March 2022-2025^{*1}

Cash outflows Approx. **640**

FY March 2018 - FY March 2026 Q2

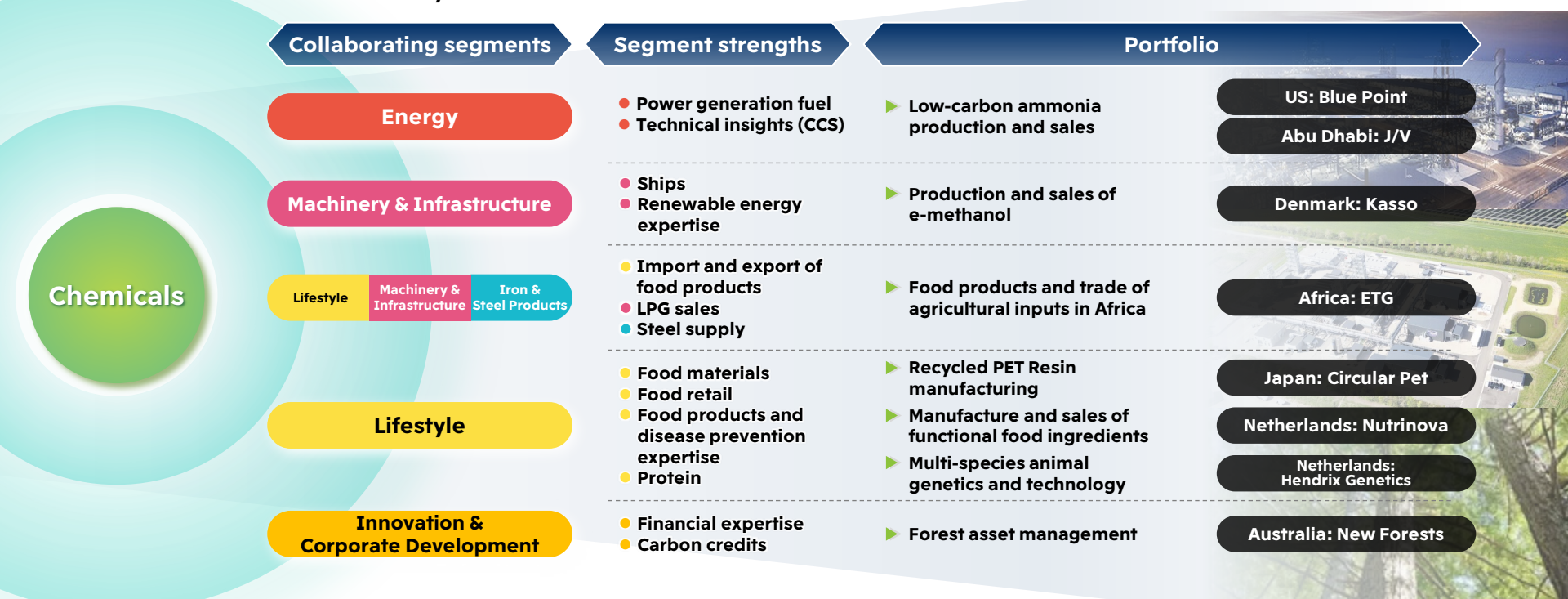
Investments

- 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

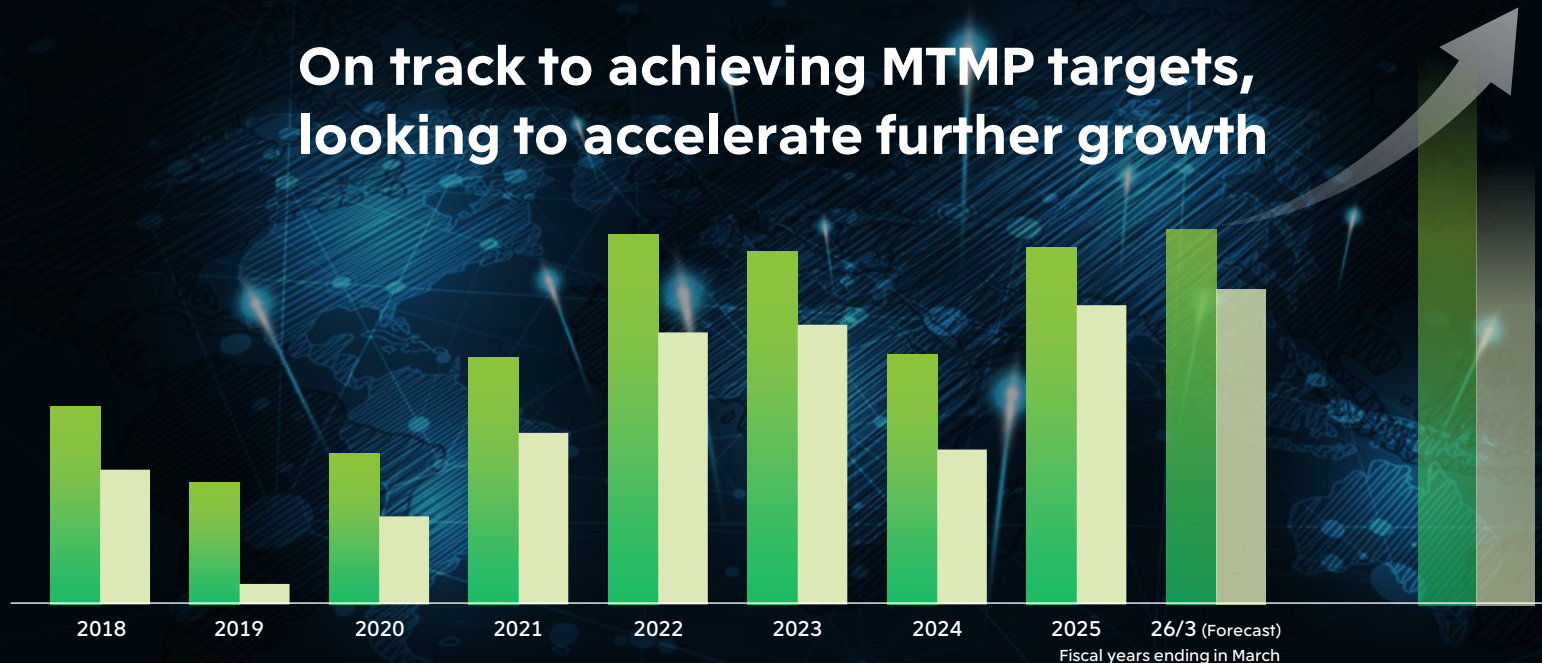
- ◆ Teamwork that brings together company-wide expertise to maximize value across the entire value chain
- ◆ Provide cross-industry *real solutions* to social issues to create new value



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.



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