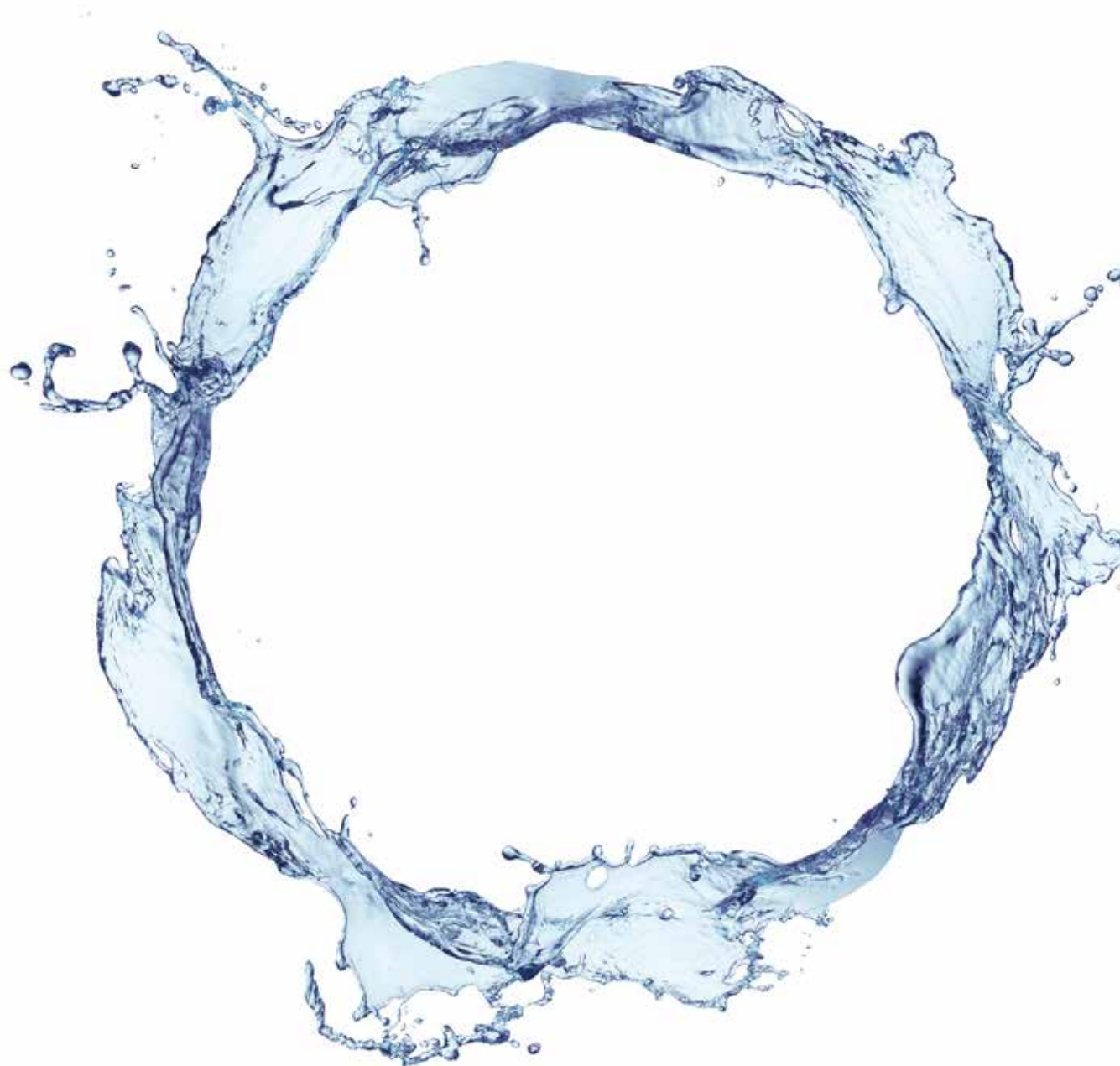


TechnoAmenity Report 2025

Integrated Report

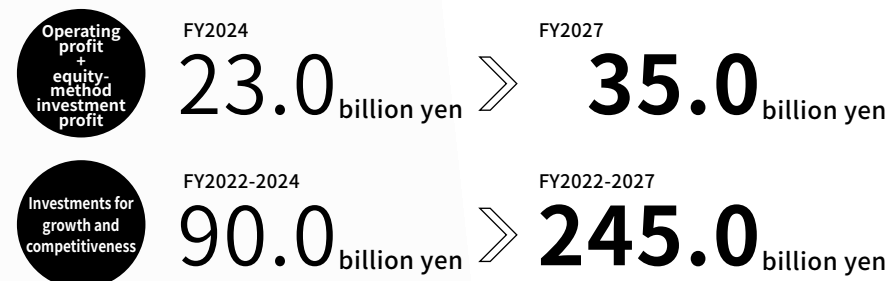


New Mid-Term Management Plan

Mid-Term Management Plan 2027

Accelerating Transformation

The Accelerating



Under the new Mid-Term Management Plan starting in FY2025, additional resources will be allocated to the Solutions Business, with the transformation of the business portfolio positioned as the highest priority.

In the Solutions Business, we will expand business scale and profitability through aggressive capital investment in high-growth areas such as specialty chemicals, electronics, and batteries. Additionally, by leveraging digital technologies to accelerate technological innovation and talent development, we aim to commercialize advanced functional materials more quickly. In the Materials Business, we will increase productivity through facility optimization, while strengthening profitability, by expanding sales in global growth markets and forming strategic alliances with other companies.

As a stepping stone for accelerating transformation toward 2030, we aim to achieve 35.0 billion yen for operating profit plus the share of profit of investments accounted for using equity method, along with an ROE of 7% or higher, by FY2027.

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Nippon Shokubai Business

Creating New Value for Society with the Power of Chemistry

Our strengths lie in our technological capabilities and ability to offer novel solutions, enabling the creation of advanced functional materials that are unmatched anywhere in the world. These technological capabilities are based on three core technologies.



Introductory videos about Nippon Shokubai
<https://www.shokubai.co.jp/en/company/movie/>

Inorganic Catalyst



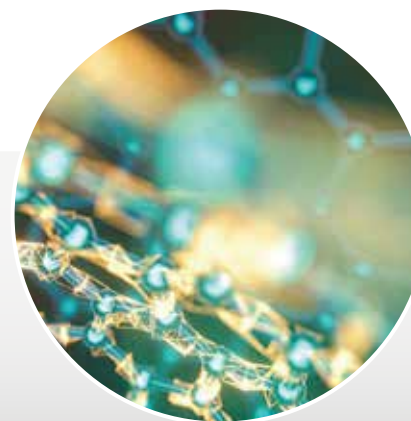
Inorganic catalysts are substances made from carbon-free inorganic materials that promote specific chemical reactions

Organic Synthesis



Chemical reactions for producing organic compounds (carbon-containing substances)

Polymer



Polymers are very large molecules formed by the repeated linking of many small molecules (monomers)

Three Core Technologies

Materials Business

- Raw materials for surfactants (ethylene oxide (EO))
- Raw materials for polyester fibers (ethylene glycol derivatives)
- Raw materials for adhesives and paints (acrylic acid esters (AES))
- Materials used in disposable diapers (superabsorbent polymer (SAP))



▶ p.28 Direction of the Materials Business

Solutions Business

- Enhance wastewater treatment processes (EPOMIN™)
- Improve performance of coatings and adhesives (UWR™)
- Improve performance of lithium-ion batteries (IONEL™)
- Enhance the performance of liquid crystal displays (LCDs) (ACRYVIEWA™)



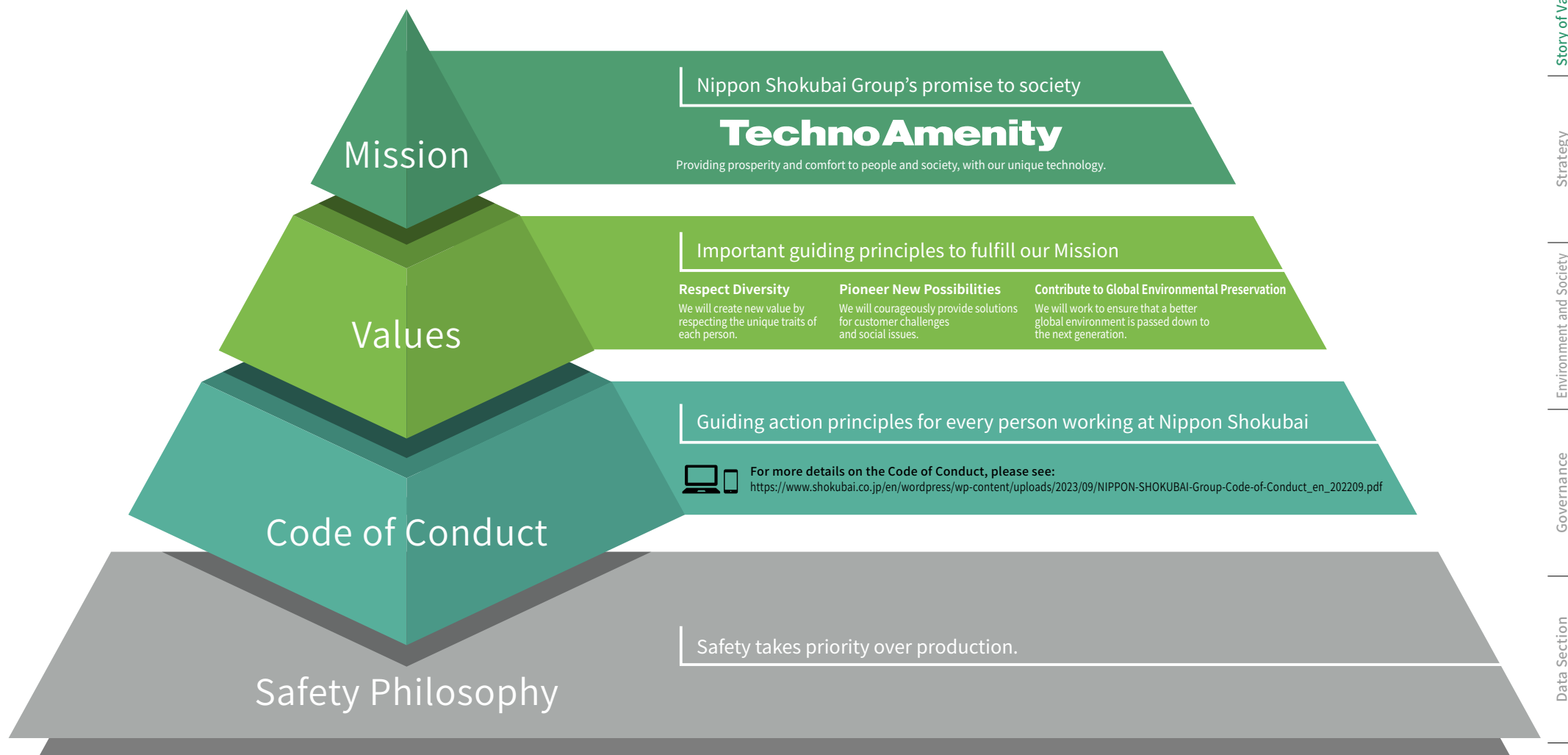
▶ p.21 Direction of the Solutions Business

Group Mission Framework

Providing Prosperity and Comfort to People and Society

Nippon Shokubai Group conducts business activities in pursuit of the fulfillment of its Mission: TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.

This Mission reflects our strong desire to contribute to creating a society where people can not only enjoy material affluence, but also lead a comfortable life, physically and mentally, with hope for the future.



The Journey to Create Value

From Products to Solutions. Over 80 Years of Meeting the Needs of the Times

We have continued to grow by bringing products to market that meet the needs of the times. In the past, delivering safe, high-quality products over a wide area to many people was the solution that supported prosperity and comfort. However, as times change, the meaning conveyed by words like prosperity and comfort has evolved. Merely delivering the same products over a wide area to many people is no longer sufficient to break free from fierce international competition.

What is now required is to transform into a chemical company that keeps evolving by identifying social trends. We will constantly change to provide the materials and solutions that people, society, and the times demand.

The Era of War and Postwar Reconstruction

1941–1955

Supporting industrial revival with phthalic anhydride

In 1941, Osame Gosei Kagaku Kogyo Co., Ltd., the predecessor of Nippon Shokubai, was the first company in Japan to succeed at industrializing the production of phthalic anhydride—a raw material for aircraft coatings and synthetic resins—with Japanese technology. Used in a wide range of applications, including clothing and construction materials, it supported postwar reconstruction.



Suita Headquarters Factory
(Osaka)

- 1941 Established as Osame Gosei Kagaku Kogyo Co., Ltd. Successfully industrialized phthalic anhydride using Japanese technology
- 1949 Company renamed Nippon Shokubai Kagaku Kogyo Co., Ltd.
- 1953 Used proprietary technology to be the first in Japan to industrialize the production of unsaturated polyester resin

The Era of Rapid Economic Growth

1955–1980

Commercializing various basic products by leveraging catalyst technology

Ethylene oxide (EO), widely used as a raw material for PET bottles, polyester fibers, construction materials, and detergents, was developed through the application of catalyst technology. The commercialization of basic products like acrylates and process catalysts also supported Japan's high economic growth.

Meanwhile, unique technologies enabled the development of products addressing consumer demand and societal issues. The launch of enduring brands like AQUALIC™ and SOFTANOL™ laid the groundwork for the later Solutions Business.



Completion ceremony for the Kawasaki Plant
(Kanagawa)

- 1959 Opened the Kawasaki Plant (currently Kawasaki Chidori Plant) Industrialized EO using Japanese technology
- 1960 Opened the Himeji Factory (currently Himeji Plant)
- 1970 Successfully industrialized acrylic acid (AA) and AES at the Himeji Plant
- 1972 Launched AQUALIC™, an acrylic acid-based water-soluble polymer
Launched SOFTANOL™, a surfactant
- 1974 Launched production of automotive catalysts

The Age of Globalization

1980–2000

(Abbreviations)

NAI: Nippon Shokubai America Industries, Inc.

NSI: PT. NIPPON SHOKUBAI INDONESIA

NSC: NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD.

Successive establishment of subsidiaries in Asia, North America, and Europe

In 1983, we commercialized superabsorbent polymer (SAP), which dramatically improved the performance of disposable diapers. We have maintained our position as the global leader in this field ever since.

We also began full-scale overseas expansion, starting with a local subsidiary in North America, followed by the successive establishment of subsidiaries in Asia and Europe. We built factories in various regions, advancing the global expansion of production. This marked the origin of our Materials Business expansion.



Established NAI (U.S.)



Established NSI (Indonesia)

- 1983 Commercialized SAP AQUALIC™ CA
- 1988 Established NA Industries, Inc. (currently Nippon Shokubai America Industries, Inc.) in Tennessee, USA
- 1996 Established joint venture PT. Nisshoku Tripolyta Acrylindo (currently PT. NIPPON SHOKUBAI INDONESIA) in Indonesia
- 1997 Established joint venture American Acryl NA, LLC and American Acryl L.P. in the U.S.
- 1998 Established NIPPON SHOKUBAI (ASIA) PTE.LTD. in Singapore
- 1999 Established NIPPON SHOKUBAI EUROPE N.V. in Belgium

The Era of IT and the Environment

2000–

We advanced new business development, selection and concentration to build the foundation for our current position

We advanced the commercialization of products responding to lifestyle changes driven by information technology and the expansion of renewable energy, building the foundation for our current Solutions Business. We launched the lithium-ion battery electrolyte IONEL™ and also advanced the establishment of a business foundation in the life sciences field through M&A. In the materials area, we concentrated our business on fields of expertise. In 2021, we announced our Long-term Vision for FY2030, “TechnoAmenity for the future,” aiming for evolution through what we call Three Transformations.



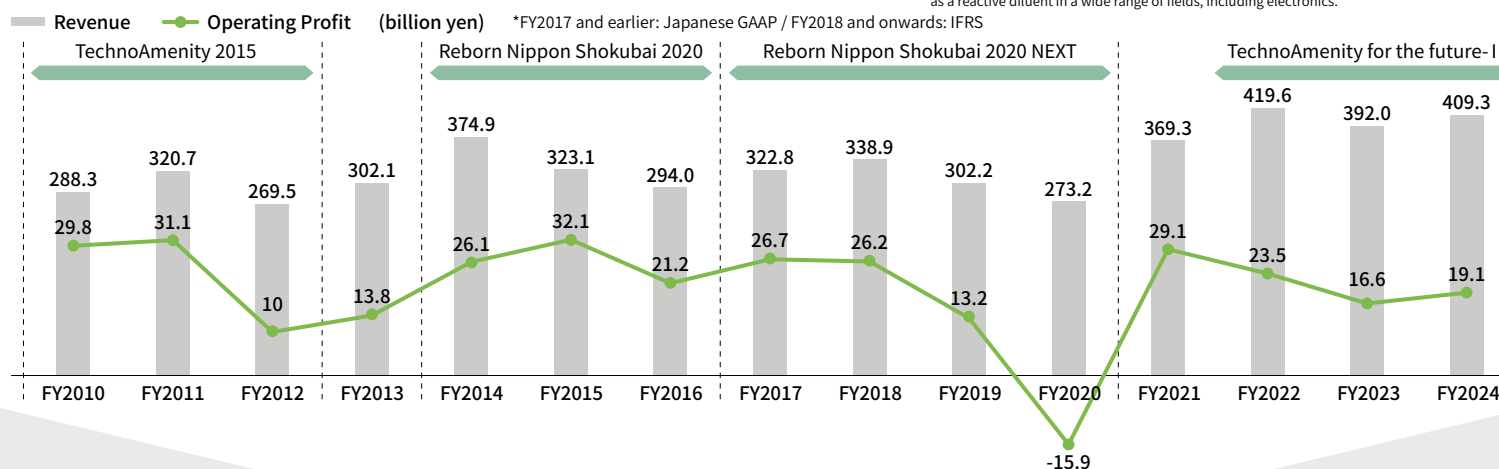
Established NSC (China)



VEEA™ Plant at Himeji Plant (Hyogo)

*VEEA: a type of hybrid monomer. It has excellent UV curability and is used as a reactive diluent in a wide range of fields, including electronics.

- 2000 Commercialized fuel cell materials
- 2002 Acquired the acrylic acid (AA) business and transferred the MMA monomer business through a business exchange with SUMITOMO CHEMICAL COMPANY, LIMITED
- 2003 Established NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD. in China
- 2004 Acquired SUMITOMO CHEMICAL COMPANY LIMITED's AA business in Singapore
- 2006 Commenced production of acrylic resin for optical materials (ACRYVIEWA™)
- 2014 Commercialized IONEL™
- 2019 Completed a medium-molecular API synthesis facility
- 2019 Acquired Renna Therapeutics Inc. as a subsidiary



Nippon Shokubai's Value Creation

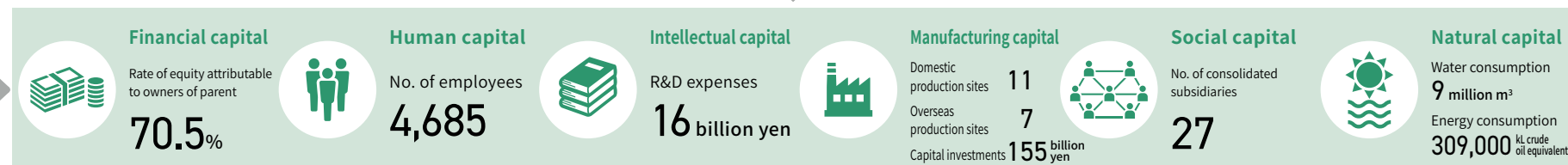
Social trends

Population growth, an aging society, growing economies of emerging countries, etc.

Social issues

Achieving a long healthy life, responding to climate change, inventing new materials to support technological development, etc.

INPUT



Solutions Business



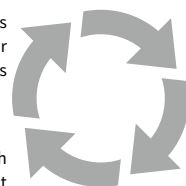
Our Strength

The Technological Capability and Proposal Power to Create High-Performance Materials Unmatched Anywhere in the World

Direction

Visualize and share sales information with partner companies in specific markets

Analyze and plan through group-scale measurement



Integrate diverse products and technologies

Propose integrated solutions through high value-added product lines



Way to Go

Fulfilling latent market needs
(Solving social and customer issues)

- In understanding our customers' situations, we will identify issues and propose solutions that combine our broad technological strengths, generating high added value.
- We will proactively commit resources to capture market expansion and grow our business.
- We will expand capital primarily by securing talent with deep expertise in each market and establishing new connections.

Inorganic Catalysts



Organic Synthesis



Polymers



Nippon Shokubai's Core Technology

Supply acrylic monomers and superabsorbent polymers globally



Materials Business

Our Strength

Integrated Production from Raw Materials, Globally Deployed Network of Sites

Direction

Supply ethylene oxide (derivatives) in Japan

Way to Go

Promotion of decarbonization



- We supply high-quality chemical materials, such as acrylic acid (AA), superabsorbent polymers (SAP), and ethylene oxide (EO), to customers across various industries.
- We leverage not only our technological capabilities to produce high-quality materials but also our organizational strength to ensure stable global supply through our Japanese and international bases.
- While distributing large volumes of products globally, we are growing the capital that underpins the Nippon Shokubai Group.

OUTPUT

Solutions Business

Expand business scale and profits through proactive investment
(approximately double the amount during
the previous Mid-Term Management Plan period)

① Growth business areas

Specialty Chemicals

Electronics

Construction

Energy (Batteries)

② Next-generation business areas

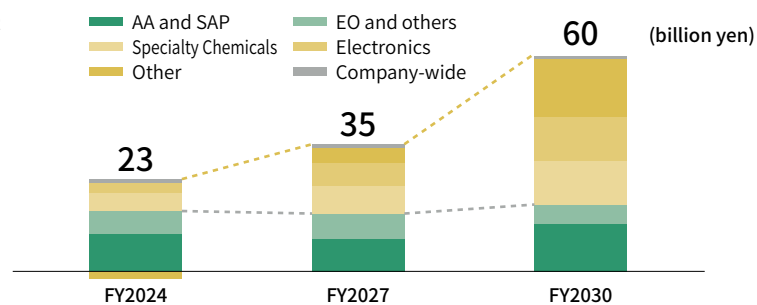
Energy (hydrogen)

Health & medical

*The totals of operating profit are each based on
the figures reported in the consolidated financial results
for the fiscal year ended March 31, 2025.

Transforming the Business Portfolio

Operating profit and equity-method income by business segment



OUTPUT

Materials Business

Implement business improvement
measures to strengthen profitability

● Business improvement measures = expand sales
in growth markets, reorganize production
systems to meet regional demand
(such as plant consolidation)

AA, SAP

EO

Financial capital



FY2025–FY2027
Operating cash flow

150
billion yen

Human capital



- Development of autonomous talent
- Promote the active participation of diverse talent

Intellectual capital



- Continuous creation of new products
- Promotion of the development and sales of Environmental Contribution Products

Manufacturing capital



Promotion of safe
and stable
production activities

Social capital



- Strengthening supply chain management
- Strengthening efforts to respect human rights
- Enhancing compliance awareness

Natural capital



- Contribution to achieving carbon neutrality
- Conservation and efficient use of water resources
- Contribution to resource recycling

OUTCOME



Develop electronic devices
that connect to the world



Contribute to the
advancement of electric
vehicles



Develop innovative
medicines to fight against
intractable disease



Improve sanitary
environments to support
anxiety-free living



Enhance well-being across
all generations



Ensure stable supply of
materials that support
diverse industries

OUTCOME

Long-Term Vision TechnoAmenity for the future

FY2030 Goals

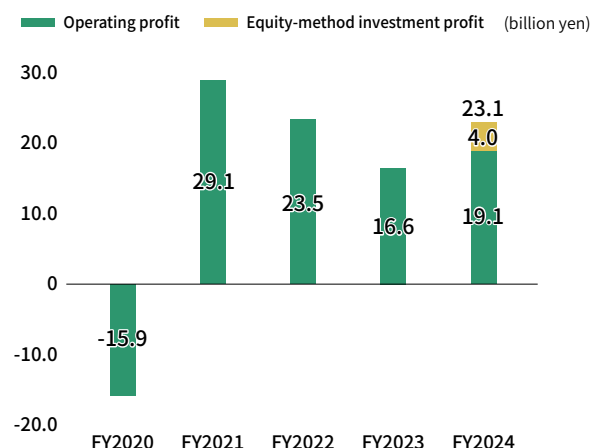
- Provide materials and solutions required by people and society
- Become a chemical company that keeps evolving by identifying social trends
- Develop with various stakeholders inside and outside the company

► p.17

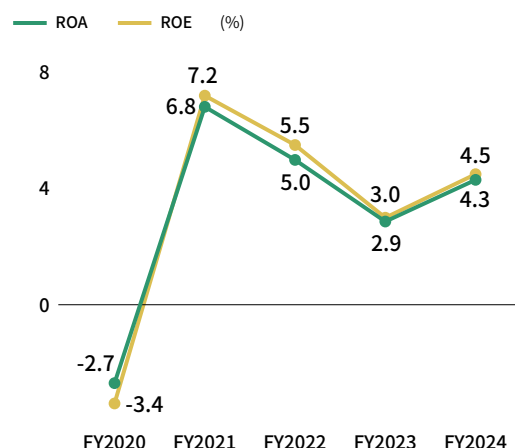
Financial Highlights

(note) All annual data is for fiscal years ending on March 31.

Operating profit and equity-method investment profit

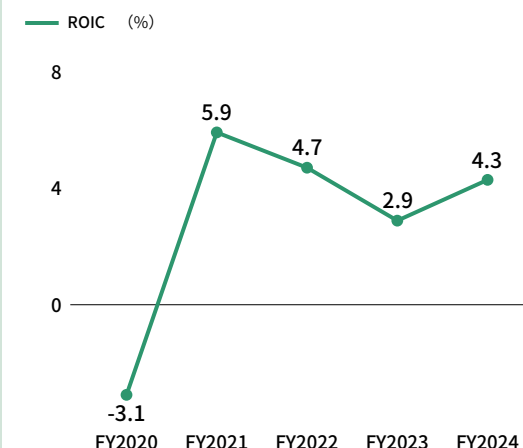


ROA¹ and ROE²



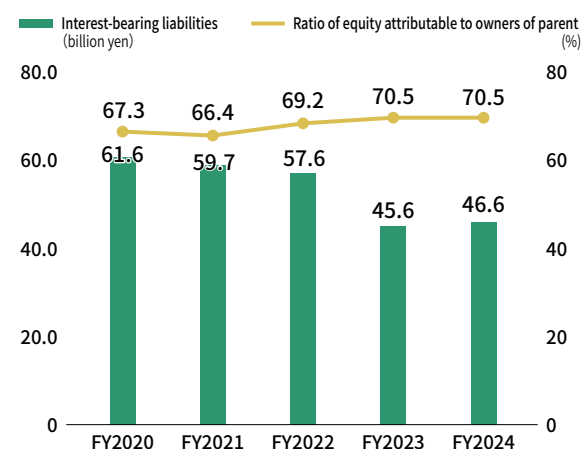
1 ROA: Ratio of Profit Before Tax to Total Assets
2 ROE: Ratio of Profit to Equity Attributable to Owners of Parent

ROIC³

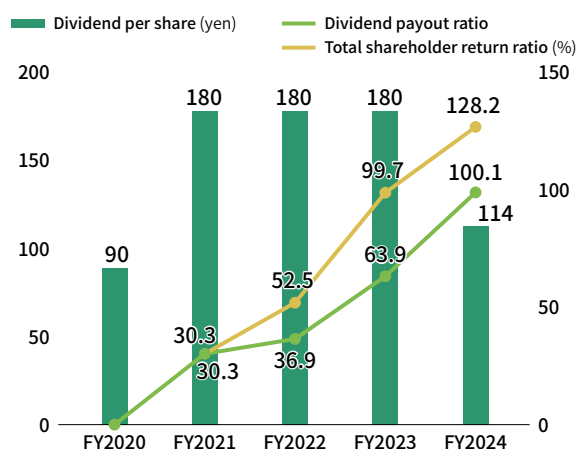


3 ROIC: Return on Invested Capital

Interest-bearing liabilities and ratio of equity attributable to owners of parent

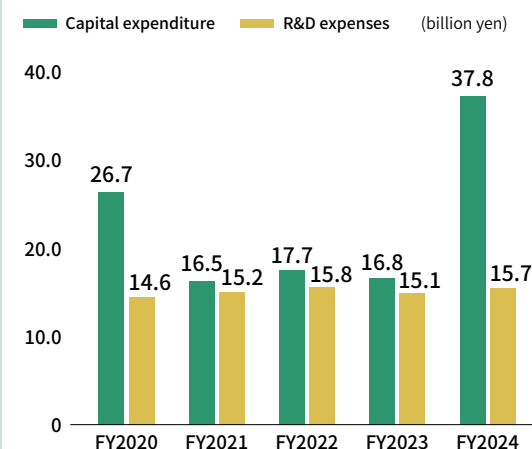


Dividend per share, dividend payout ratio, and total shareholder return ratio



* On April 1, 2024, Nippon Shokubai conducted a 4-for-1 stock split of common shares. The dividend amounts prior to the fiscal year ended March 2024 has been calculated assuming that the stock split had been conducted.

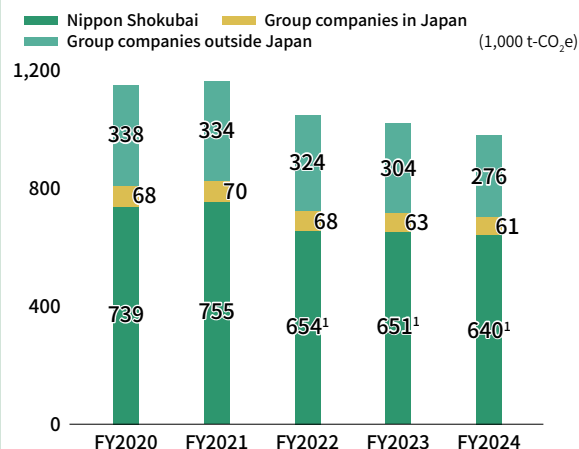
Capital expenditure and R&D expenses



Non-Financial Highlights

(note) All annual data is for fiscal years ending on March 31.

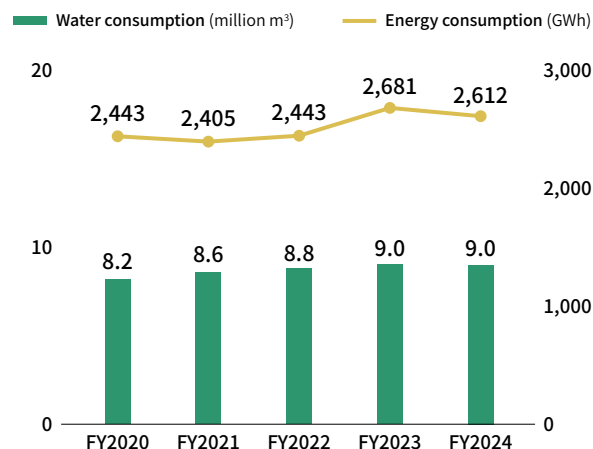
GHG emissions (Scope 1 & 2)^{1,2}



1 Includes offset from the purchase of carbon offset city gas, formerly known as carbon neutral city gas (FY2022: 61,000 t-CO₂ per year, FY2023: 62,000 t-CO₂ per year, FY2024: 58,000 t-CO₂ per year).

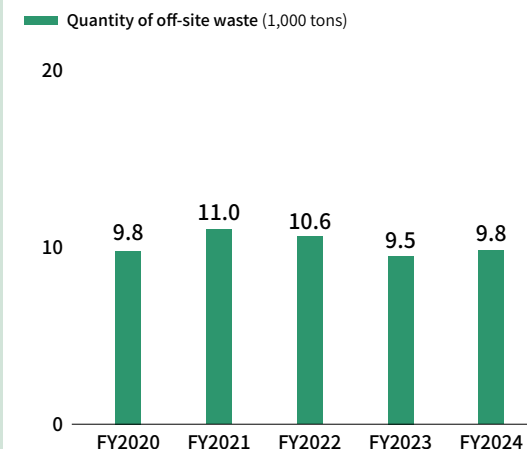
2 Calculated based on the GHG Protocol and includes GHG emissions from non-energy sources not subject to calculation under the Act on Promotion of Global Warming Countermeasures.

Water consumption³ and energy consumption



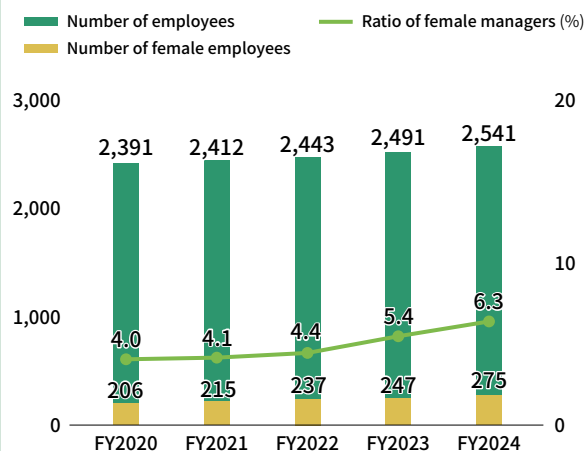
3 Water consumption (excluding sea water) is calculated by subtracting water discharge (excluding sea water) from water withdrawal (excluding sea water).

Quantity of off-site waste⁴

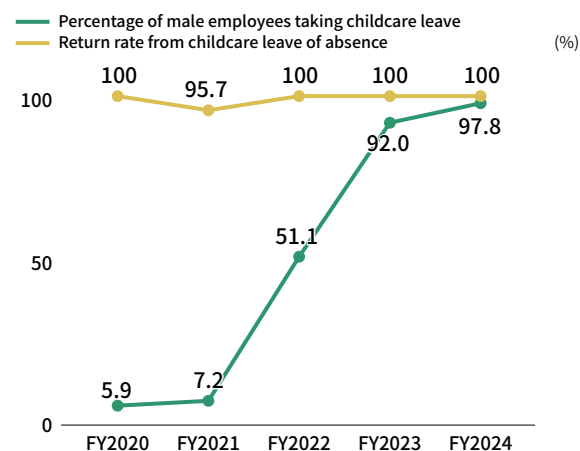


4 The quantity of off-site waste is obtained by subtracting the quantity of on-site reduction, on-site recycling, on-site landfill and off-site recycling from the quantity of waste generated.

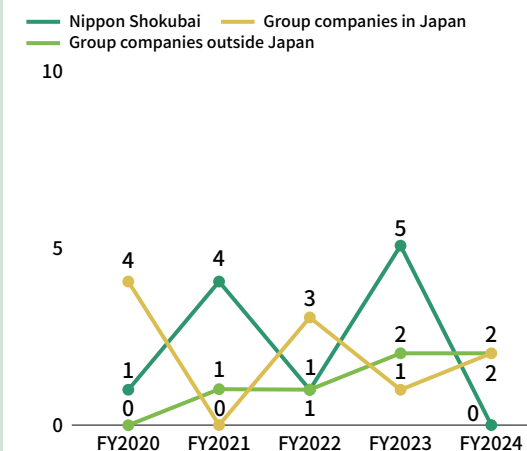
Number of employees and ratio of female managers (Nippon Shokubai)



Percentage of male employees taking childcare leave and return rate from childcare leave of absence (Nippon Shokubai)



Number of injuries with lost workdays (Nippon Shokubai and Group companies)



Message from the President

We Will Expand the Solutions Business and Transform Our Business Portfolio

President & CEO
Member of the Board

Kazuhiko Noda

Demonstrating strong leadership and taking on challenges myself

Q: As president of the Nippon Shokubai Group, what do you wish to bring to society? And, what kind of leadership do you believe is necessary to achieve this?

A: What I wish to accomplish as president boils down to achieving our Group Mission, TechnoAmenity. Through our business, we aim to help build a society where people can live comfortably and with a sense of security. I believe this will lead to a sustainable society. It is our reason for being, as well as my own mission.

TechnoAmenity is a term we coined in 1990. I don't think the word “sustainability” was used as widely back then as it is today, but we have consistently upheld this mission to the present day. There have been discussions about changing the term several times, but we always end up sticking with it.

To realize TechnoAmenity, I believe that I must be a strong leader. However, it's not about blindly pushing forward. What's needed is the power to change for the better without being bound by the past. It's crucial that I take on challenges myself as president and lead by example.

Three years into my tenure, I've implemented many changes, one being our personnel system—specifically, changing the very method of evaluation. We've shifted to a system that not only evaluates results against targets but also the act of taking on difficult tasks. We are especially firm on this with executives and upper management, for whom maintaining the status quo will not be rewarded. The evaluation asks what challenges were taken on and what changes were made.

Of course, I, as president, am no exception. Of the three transformations outlined in our Long-term Vision for FY2030—Business Transformation, Strategic Transformation for Environmental Initiatives, and Organizational Transformation—the latter two are progressing largely as planned. However, the crucial Business Transformation is lagging behind expectations. I often get asked by people inside and outside the company if this can really be done, and they want to know how committed I am as president. I tell them that I'm putting my neck on the line every day. I don't think true transformation is possible without that level of resolve.

I've always been someone who constantly thinks “this must be changed.” Since I was young, whenever I thought something was wrong, I'd bluntly speak my mind to those above me and get scolded. That part of me hasn't changed. I also believe that witnessing the mindset of global companies and the way they are structured when I was in my early 30s was very formative. The way they think is completely different. Buyers and sellers are equals, and win-win relationships are emphasized, while everyone firmly asserts their own ideas in meetings. There is rigor, yet diversity is also embraced. Witnessing this reaffirmed my belief that this is how business should be.

Ultimately, from my 30s to 50s, I learned a great deal by placing myself in environments where it was normal that meetings would involve people from several countries. Nothing will change by staying cooped up in Japan.

The previous Mid-Term Management Plan:
Targets unmet but groundwork progressed

Q: Please summarize the previous Mid-Term Management Plan, including lessons learned.

A: As mentioned earlier, the previous Mid-Term Management Plan (hereinafter “the previous MTMP”), which concluded at the end of March 2025, saw delays in business transformation. Consequently, the Solutions Business, which we had positioned as a growth business, did not grow as much as initially expected. The primary reasons were the impact of the economic downturn and inflation even after the COVID-19 pandemic, coupled with the fact that attempting to grow all ten of our business areas simultaneously resulted in the dispersion of resources. Consequently, we did not meet our operating profit, ROE, nor ROA¹ targets.

On the other hand, I believe we laid the groundwork to grow our business over the next three years. For example, regarding our lithium-ion battery electrolyte IONEL™, we expanded production capacity in our main market, China, by addressing bottlenecks. We also plan to install new facilities in 2026. Furthermore, adding Emulsion Technology Co., Ltd., which handles waterproofing materials for construction, to our Group has enabled us to expand our product lineup in areas such as the high-performance emulsion² business. We are also expanding our facilities for amines³, which are used in water treatment agents and CO₂ absorbers, as well as for fine particles used in displays and semiconductors. Overall, these three years were also a period of steady preparation.

¹ ROE: Ratio of profit to equity attributable to owners of parent, ROA: Ratio of profit before income tax to total assets
² Emulsion: A mixture in which one liquid—such as water or oil—that is normally immiscible with another liquid is dispersed in the other liquid in a very fine state

³ Amines: Compounds in which the hydrogen atom in ammonia (NH₃) is replaced by a hydrocarbon group

Mid-Term Management Plan 2027:

Concentrating investment and personnel in four growth areas

Q: Please explain the concept of the new Mid-Term Management Plan (MTMP).

A: Following the timeline I've outlined, we launched our new MTMP in April 2025. There is but one thing for us to accomplish: transform our business portfolio. Our Group has grown over many years by rolling out our acrylic acid (AA) and superabsorbent polymers (SAP) around the globe. Over the past 10 to 20 years, we've tried and failed to build new pillars of business beyond AA and SAP; but this time, I'm sure we will succeed. The new MTMP was designed specifically to do that.

Based on lessons learned from the previous MTMP, the new MTMP narrows our focus to four growth business areas: Specialty Chemicals, Electronics, Construction, and Energy (Batteries). As mentioned earlier, we have been laying the groundwork to enhance our production capacity in these fields. We have also newly allocated over 100 personnel to these areas. I believe our chances of success are higher than ever before.

Our target is to increase Solutions Business profit (operating profit + share of profit (loss) of investments accounted for using equity method) from the 6.1 billion yen of FY2024 to 18.5 billion yen in FY2027, raising its share of the total to over 50%. This would be a new scene for our Group, which has long relied on AA and SAP; but if we can meet this target, it will undoubtedly change the way both internal and external stakeholders view us. The Materials Business will continue to generate stable earnings, while the Solutions Business will help us grow. This is the new Nippon Shokubai.

Meanwhile, we will continue to lay the groundwork in areas beyond our four growth business areas. These will be Energy (hydrogen) and Health & Medical, which we are positioning as business areas for the next generation. In Energy (hydrogen), we are advancing the commercialization of large-scale separators for the decomposition of ammonia. We will further establish mass production systems for zirconia sheets used in solid oxide fuel cells (SOFCs), while also using these sheets in solid oxide electrolytic cells (SOECs) to produce hydrogen via the electrolysis of water. In Health & Medical, we are expanding our facilities to increase production capacity tenfold.

Nevertheless, in several areas, including these, we still lack sufficient groundwork. To further enhance production capacity and expand the scale of our business, I believe it is also necessary that we procure production resources and other assets externally through M&A and business integration. The three years of the new MTMP also serve as a period to advance these preparations. Without such preparation, we cannot achieve the targets of our Long-term Vision for FY2030.

Solutions Business:

The four growth business areas are certain to grow

Q: What is the outlook for the four growth business areas?

A: Looking ahead to the new MTMP period and the business environment thereafter, all four growth business areas are expected to see significant growth. In Specialty Chemicals, amines are growing thanks to demand for water treatment, and the market for CO₂ absorbers is poised to take off soon, increasing the likelihood of explosive growth.

Electronics will see growth in products related to the semiconductor industry as that industry expands. China is the main market for displays and the market for high-definition large-screen LCD TVs is currently expanding there. We are aiming to supply components to meet this demand.

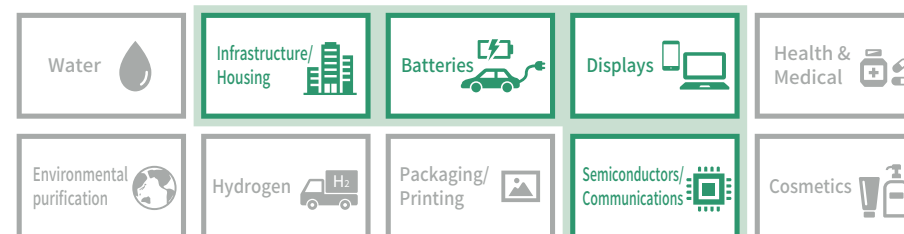
I view Construction as the most challenging of the four. In Japan, it will face declining demand due to the low birthrate; but because demand for high-performance coatings and adhesives will grow, we will shift our focus to those products. While competition is fierce overseas, we are aiming to become the preferred choice by creating high-quality, high-performance products that stay one step ahead.

Energy (Batteries) will undoubtedly grow, even though it is behind initial projections. We anticipate the shift to EVs will accelerate even among Japanese and European automakers going forward. At present, demand is particularly strong in China, where we have been producing IONEL™ at full capacity but still cannot keep up with demand. Demand is certain to increase across all four business areas, so we plan to firmly establish our supply systems.

Prioritization of resource allocation

Criteria for prioritization

- Our competitive advantages
- Potential for long-term business expansion



Materials Business: Targeting the rapidly-expanding Global South market

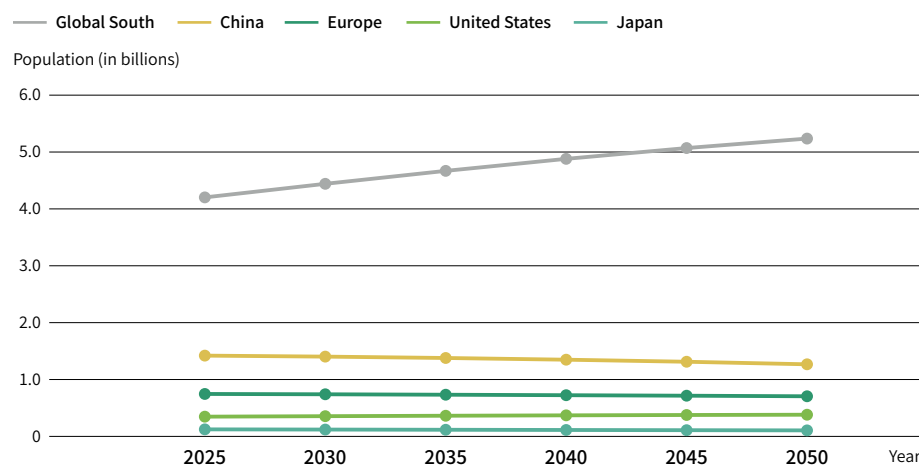
Q: In FY2024, Nippon Shokubai decided to invest in its Indonesian subsidiary NSI.

Please explain the global strategy for the Materials Business.

A: Within our new MTMP, the Materials Business fulfills the role of generating stable profits. We are currently increasing SAP production capacity in Indonesia; with operations set to begin in 2027, we plan to increase annual production capacity by 50,000 tons, bringing total local production capacity to 140,000 tons. Our target is the Global South market. Currently, the income-earning segment that can make use of disposable diapers is rapidly expanding in India, the Middle East, and Africa, so we can expect steady growth going forward. We plan to sell high-quality SAP to manufacturers that supply disposable diapers to these regions.

As for AA, we already have production sites worldwide and expect steady sales growth. Unlike SAP, AA products are difficult to differentiate based on quality or performance. However, because they are difficult to transport, having plants near markets with demand will be a strength. We plan to leverage this strength to generate stable profits.

World population projections



Note: Created in-house using data from the United Nations' "World Population Prospects"

What matters is how we enhance overall corporate value

Q: Are there any additional measures that were implemented to enhance corporate value more efficiently?

A: Implementing the above strategies will require significant investment, mainly in growth business areas, necessitating the monitoring of capital efficiency. Therefore, we have newly added ROIC as a MTMP target. This decision also reflects our recognition that previous monitoring focused primarily on profit and loss, with a weak emphasis on capital efficiency. Each business division must be cognizant of how much equipment and inventory it holds to generate profits. What matters is how we enhance overall corporate value.

This is also why we shifted from the traditional operating profit target to an "operating profit + share of profit (loss) accounted for using equity method" target. The Chinese market is one example, so minority-owned joint ventures will also be an option going forward. This is because securing business opportunities while limiting capital investment would allow us to maintain financial flexibility while diversifying risk. Local joint venture partners have strong connections with local governments and know the market well. If they are reliable partners, entrusting them with majority control often leads to more effective operations, ultimately enhancing the corporate value of our entire Group.

We will also proceed with optimizing our shareholders' equity ratio. While it stood at 70.5% at the end of FY2024, we plan to enhance capital efficiency by lowering it to 60%.

For FY2024, we set our dividend payout ratio at 100% and also announced a share buyback program totaling approximately 20 billion yen over the four years through FY2027. Although we have already seen some effects, the stock price remains in the 1,700 yen range as of the end of July 2025, and the PBR* is still at a low level. Going forward, we will aim to achieve a PBR of 0.8 times or higher for the time being by increasing earnings and improving capital efficiency.

* PBR: Price-to-Book Ratio

Bringing in diverse human resources

Q: Please tell us about the initiatives you are strengthening from a sustainability perspective.

A: We will further evolve the Strategic Transformation for Environmental Initiatives and Organizational Transformation initiatives that we advanced under the previous MTMP.

We place great emphasis on transforming our environmental initiatives because it directly connects to our corporate philosophy. We believe—because we are chemical manufacturers—that we can contribute to the environment through our diverse products. We possess technologies that benefit the global environment, from CO₂ absorbers, to secondary battery materials, and hydrogen- and ammonia-related products. We are also advancing the development of biomass-derived acrylic acid. While the issue remains of who will bear the higher costs associated with environmentally friendly products, we intend to thoroughly prepare so that we are ready whenever that time comes.

As for the people aspect of organizational transformation, we are aiming to enhance diversity within the organization. Our basic policy is to attract human resources with diverse experiences and backgrounds through mid-career recruitment, while concentrating personnel in growth business areas. We have also begun implementing cross-departmental rotations to find the most suitable departments for placing human resources.

What matters is that we have diverse human resources within the organization. This is because diverse perspectives and ways of thinking make the organization stronger. We are also focused on hiring women, currently aiming for female employees to comprise 30% of administrative and chemical roles—although if we could, we would like to increase this to around half. To achieve this, we have begun creating an environment where women can work on the manufacturing floor. In terms of creating a better work environment, we renovated our offices in Osaka and Tokyo, with the plants and research center in Himeji and Kawasaki up next. We also plan to gradually make improvements across our Group companies.

Personally, I'd like us to hire more foreign employees, but the language barrier remains a persistent challenge. I'm really hoping AI can progress and help with that. Having diverse human resources join us would definitely provide a great stimulus.

Strengthening governance is also a key priority for organizational transformation. While we are a company with an Audit and Supervisory Board, we have already delegated significant executive authority, positioning the Board of Directors primarily for oversight and medium to long term strategic discussions. We also held quite in-depth discussions within Board of Directors meetings regarding the formulation of the new MTMP. We will continue to discuss within the Board of Directors

whether increasing the number of Outside Directors of the Board, as seen in Europe and the United States, and solely strengthening the oversight function would be truly beneficial for the Company, as well as continue to seek a better approach.

A company in which everyone can place greater expectations

Q: Finally, please share a message for our stakeholders.

A: We now have just over five years remaining until the deadline for our Long-term Vision for FY2030. It's about time to start envisioning the next long-term vision. I have some ideas myself, but I think it's still too early to share them. A vision should be paired with strategy, and saying something now could potentially constrain those who follow me. I want the next generation to have the freedom to do things their way.

However, no matter what form the next vision takes, I imagine the core concept of TechnoAmenity will remain steadfast. While the wording itself may change, the message it embodies is universal for our Company.

I want to ensure we generate solid profits until then and enhance corporate value in various aspects. Furthermore, I aspire to make our Group one in which our stakeholders can place greater expectations than ever before. I sincerely look forward to everyone's continued support.



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18	Summary of the Previous Mid-Term Management Plan and Current Status
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40	Corporate Research Division
42	Intellectual Property
43	Promotion of Digital Transformation (DX)

Strategy

Dawn
light

06:00

Long-Term Vision

FY2030 Goal: Become a chemical company that keeps evolving

The Nippon Shokubai Group has defined its Long-term Vision for 2030 as “TechnoAmenity for the future.”

In today’s rapidly changing business environment, our Group will need to respond flexibly to the globalization of chemical products and increasingly diverse customer needs. Guided by this need, we are undertaking three key transformations to become a chemical company that keeps evolving.

FY2030 Goals

Become a chemical company that keeps evolving by identifying social trends

Provide materials and solutions required by people and society

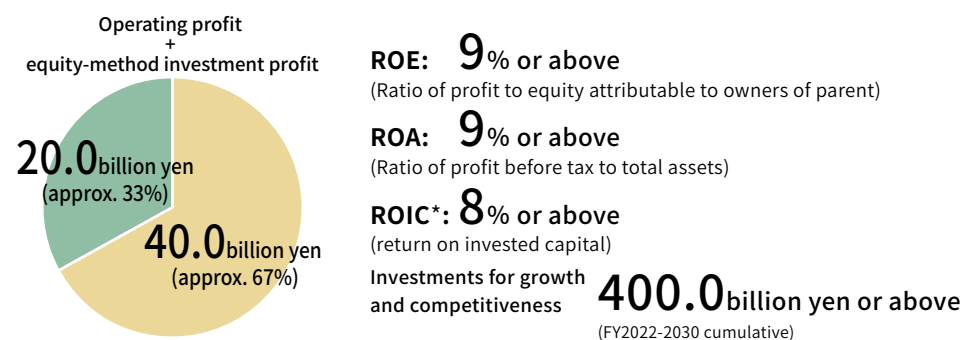
Develop with various stakeholders inside and outside the company

■ Three transformations

The three transformations serve as concrete guidelines for achieving our aspired future state. Business transformation is being promoted with the aim of achieving a 1:1 sales ratio between the Materials Business and the Solutions Business through portfolio transformation. In addition, strategic transformation for environmental initiatives and organizational transformation interact synergistically to generate a virtuous cycle, contributing to the achievement of financial targets and the realization of sustainable growth for the Group.



■ Financial Targets for 2030



• **Revising the definition of operating profit: incorporating the equity-method investment profit**
To more accurately reflect growth in the Energy (Batteries) area, a new performance indicator has been introduced that combines operating profit with equity-method investment profit, including those from the Chinese joint venture.

• **Adopting ROIC as a measure to improve capital efficiency**

Starting with the Mid-Term Management Plan 2027, ROIC (return on invested capital) has been newly introduced as a key management indicator, reflecting a stronger focus on capital efficiency.

* ROIC (return on invested capital) = (NOPAT + equity-method investment profit) / (interest-bearing debt + shareholders' equity)

Summary of the Previous Mid-Term Management Plan and Current Status

Establishing a Robust Base for Mid-Term Management Plan 2027

Throughout the previous Mid-Term Management Plan (FY2022–FY2024), we actively promoted the three transformations. Although the financial targets were not achieved, strategic investments for business expansion were executed as planned. Environmental initiatives and organizational reforms also progressed steadily, laying a robust base for the upcoming Mid-Term Management Plan 2027.

Three transformations		Original Plan	Status of progress up to FY2024
1: Business transformation	Expand the Solutions Business	● Strengthen solution proposals and concentrate resources on selected markets ● Expand sales of the strategic product line-up to improve profitability	● Established a framework to strengthen solution proposal capabilities - Expanded workforce by 100 employees, established an information-sharing platform by introducing SFA¹ and CRM², etc. ● Focused on key growth areas (energy, electronics, and life science) and implemented business expansion measures, launched IONEL™ joint venture in China, made Emulsion Technology Co., Ltd. (E-TEC) a subsidiary, etc.
	Achieve Materials Business resilience	● Strengthen profitability and improve added value through sustainability initiatives	● Started operations at expanded AA facilities in Indonesia, decided to expand SAP production in Indonesia, advanced control of the EO production process, etc.
2: Strategic transformation for environmental initiatives		Contribute to reducing environmental impact throughout the entire life cycle ● Reduce GHG emissions from production processes. Develop and expand sales of Environmental Contribution Products	● Establish a foundation to reduce GHG emissions - Obtained ISCC PLUS³ certification, developed multiple bio-based AA production methods, introduced internal carbon pricing, etc.
3: Organizational transformation		Establish frameworks able to foster individual and organizational growth ● Revise personnel systems, strengthen corporate governance, put in place measures to enhance productivity, and delegate authority	● Implement a new HR system - Process and challenge evaluation system, preferred career declaration system, etc. ● Improve the effectiveness of the Board of Directors - Strengthened the Board's functions (e.g., discussions on medium- to long-term issues), developed a skills matrix, etc.

1 SFA: sales force automation system. 2 CRM: customer relationship management system.

3 ISCC PLUS: an international certification system that ensures and manages the use of sustainable raw materials and products throughout the supply chain. It allows for the shipment of products derived from biomass or recycled materials allocated using the mass balance approach.

Progress on three-year financial targets

Target	FY2021 Results	FY2024 Outlook*	FY2024 MTMP*
Operating Profit (billion yen)	29.1	20.0	33.0
Operating Profit (billion yen) (Solutions Business)	7.8	4.6	17.0
ROE(%)	7.2	4.3	7.5
ROA(%)	6.8	4.2	6.9

*The outlook figures as of the end of March 2025 are presented as assumptions for formulating the Mid-Term Management Plan (MTMP).

Breakdown of Operating Profit Variances: FY2024 Mid-Term Management Plan vs. FY2024 Forecasts

Business	Operating profit difference (billion yen)	Main causes
Electronics	-4.5	Sluggish demand for display materials resulting from the global economic slowdown and delays in adoption of our products
Life Science	-2.0	Delays in the development of middle-molecule drugs by domestic pharmaceutical companies as well as delayed expansion in our manufacturing capacity
Energy	-1.5	Market slowdown in LIB-related materials due to decelerating growth in the EV sector
I&H*	-1.5	Decline in demand for building materials and detergents due to the global economic slowdown
Other	-3.5	Delays in commercialization of new businesses and impacts from affiliated companies, etc.

*I&H: Industrial and Household

-13.0



Delayed profit growth in the Solutions Business led to shortfalls in ROE and ROA

Positioning of Mid-Term Management Plan 2027

Expanding Sales in Growth Markets and Business Areas

The long-term vision “TechnoAmenity for the future,” formulated in FY2021, is intended to be realized through three successive Mid-Term Management Plans.

Under the Mid-Term Management Plan 2027, the expansion of the Solutions Business remains a strategic priority.

By further advancing selection and concentration, and strengthening investment in this business area, we aim to accelerate transformation.

Materials Business

Implement business strengthening measures to increase profitability.

- Business strengthening measures: expand sales in growth markets and restructure production systems (including plant consolidation and closures) to meet regional demand

AA,SAP

EO

Solutions Business

Aggressive investments—approximately double the amount made during the previous Mid-Term Management Plan period—are being executed to expand business scale and profitability.

1 Growth business areas

Specialty Chemicals

Electronics

Construction

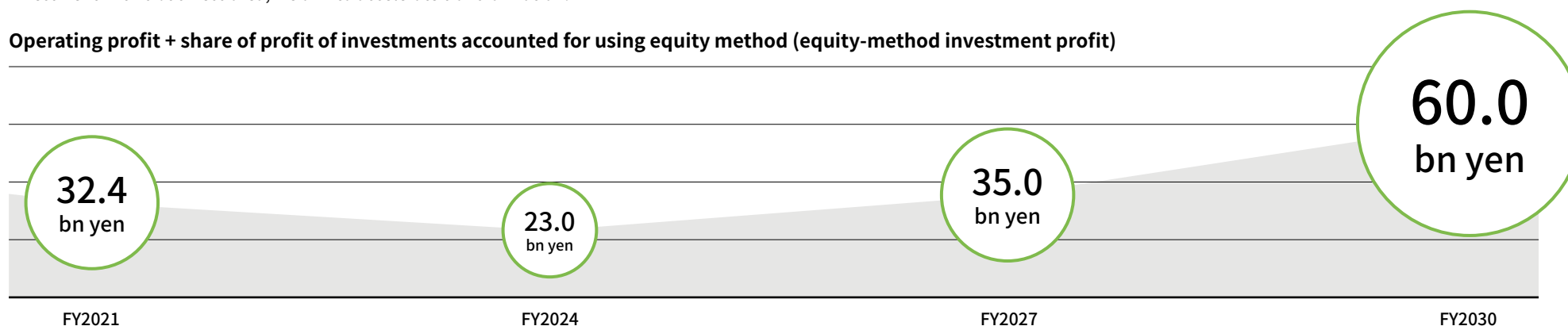
Energy (Batteries)

2 Next-generation business areas

Energy (Hydrogen)

Health & Medical

Operating profit + share of profit of investments accounted for using equity method (equity-method investment profit)



	FY2022–2024	FY2025–2027	FY2028–2030	
	Laying the groundwork and implementing transformation	Accelerating transformation	Breakthrough and realization	Vision
Materials	● Reduce manufacturing costs ● Establish a supply system for biomass-based products (ISCC PLUS certified)	● Expand sales in growth markets ● Restructure production systems to match demand ● Form alliances with other companies	● Expand business leveraging increased capacity ● Reduce costs through use of digital technologies ● Establish a small-scale supply system for bio-based AA	Achieve business resilience through increased profitability and sustainability initiatives
Solutions	● Build a foundation through resource allocation (Increase staff by 100 over 3 years) ● Prioritize resource allocation ● Investment (IONEL™, China JV, E-TEC becoming a subsidiary, etc.)	● Invest proactively (New domestic plant for IONEL™, etc.) ● Expand business and enter markets in growth business areas (introduce low-cost processes for IONEL™, focus on the Chinese market for ACRYVIEWA™, etc.)	● Invest in further business expansion ● Grow business in next-generation business areas	Achieve business portfolio transformation, with a clear path toward further growth

Mid-Term Management Plan 2027: Concept & Financial Targets

Core Concept

Accelerating transformation

Key Points

Transforming the business portfolio through proactive resource allocation to the Solutions Business
→ **Generate over 50% of total profit from this segment.**

As part of the overall sustainability strategy, the Group aims to realize a sustainable society and enhance corporate value through continuous dialogue with stakeholders, guided by the following three strategic pillars.

- Contribute to people and society (driven by Mid-Term Management Plan 2027, and market domain-specific strategies)
- Promote environmental initiatives (positioned as part of the GX strategy)
- Strengthen the corporate foundation and ensure sustainable growth (using HR and DX strategies)

(billion yen, unless otherwise noted)

	Target	FY2024 Result	FY2027 New MTMP ¹	FY2030 Goals
Financial targets	Operating profit + equity-method investment profit	23.1	35.0	60.0
	Solutions Business operating profit + equity-method investment profit	6.1	18.5	40.0 or above
	ROE (%)	4.5	7 or above	9 or above
	ROA (%)	4.3	6 or above	9 or above
	ROIC (%)	4.3	6 or above	8 or above
	Investments for growth and competitiveness	90.0 (FY22–24 cumulative)	245.0 (FY22–27 cumulative)	400.0 (FY22–30 cumulative)
Non-Financial Targets	GHG emissions reduction rate (Scopes 1 and 2 emissions) (%) ²	17	-	30
	Revenue from Environmental Contribution Products	47.0	55.0	135.0
	Ratio of females hired in clerical and chemical positions (%)	38.8	30 or above	-
	Ratio of female managers (%)	6.3	8 or above	-
	Ratio of male employees taking childcare leave (15 days or more) (%)	95.7	100	-

Assumptions: FY2024 → 153 USD/JPY, 164 EUR/JPY FY2027 → 145 USD/JPY, 155 EUR/JPY

¹ Mid-Term Management Plan

² Reduction in emissions by FY2030 from the base year as Nippon Shokubai Group total (achievement year: each by FY2030)

(In Japan) 30% reduction from FY2014 levels (Outside Japan) Reduction by [reduction objectives for each company] from [base year for each company] levels

The FY2024 results indicate progress toward the domestic target (In Japan).

Mid-Term Management Plan 2027 Direction of the Solutions Business

Aim to Expand profit in Growth Business Areas

Mid-Term Management Plan 2027 focuses management resources on four strategically selected growth business areas, identified based on the company's strengths and long-term growth potential. These areas were carefully chosen from the ten markets highlighted in the previous plan, with priority given to those offering the highest growth and profitability prospects. We intend to make aggressive investments in these areas—approximately double the amount invested under the previous plan—to drive sustainable growth.

Four growth business areas

Previous Mid-Term Management Plan

Specialty chemicals

Strengthen the production system of the main product groups

Electronics

- Increase the workforce by 25% over 3 years
- Operate medium-sized equipment full time to accelerate sample supply and establish the production process

Construction

- Acquire E-TEC* as a subsidiary to strengthen proposal capabilities
- Expand emulsion product lineup for civil engineering applications

Energy (Batteries)

- Establish a joint venture with IONEL™ in China
- Decided to build a new factory in Fukuoka and increase workforce for the factory launch

*Emulsion Technology Co., Ltd.

Mid-Term Management Plan 2027

- Expand sales of products that contribute to solving social issues, such as raw materials for water treatment agents and CO₂ absorbents
- Grow sales of both acrylic resins for optical films used in large LCD displays and fine particles for semiconductors
- Launch newly developed products that contribute to reducing CO₂ emissions
- Expand the product lineup through synergies with E-TEC
- Expand production capacity at the China JV (Hunan Fluopont*) and reduce costs by introducing new processes

*Hunan Fluopont New Materials Co., Ltd.

Next-generation business areas

In addition to the growth business areas, Mid-Term Management Plan 2027 identifies two next-generation business areas—Energy (Hydrogen) and Health and Medical—as key drivers of future profit expansion. We will pursue the specific targets for each area.

Energy (Hydrogen)

Sales growth of electrolyte sheets for Solid Oxide Electrolysis Cell (SOEC) / Solid Oxide Fuel Cell (SOFC) driven by the expansion of the hydrogen market

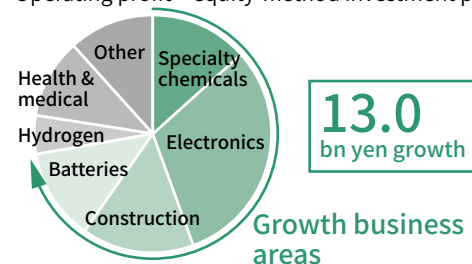
Health and Medical

Increase the number of contracted development projects and expand sales of clinical trial drug contracts through strengthened production capabilities

Profit targets and investment amounts

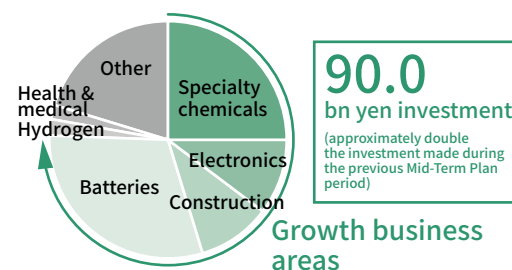
Breakdown of profit growth

(New Mid-Term Management Plan period)
Operating profit + equity-method investment profit



Breakdown of investment amounts

(New Mid-Term Management Plan period)



Profit targets by segment

(billion yen)

	FY2024 Results	FY2027	FY2030
AA and SAP	9.5	9.0	13.0
EO and others	6.4	7.0	8.0
Specialty chemicals	5.3	7.0	12.0
Electronics	3.6	6.5	12.0
Others*	(1.5)	5.0	14.5
Company-wide	1.0	0.5	0.5
Materials	15.9	16.0	21.0
Solutions	6.1(27%)	18.5(53%)	38.5(64%)
Total	23.1	35.0	60.0

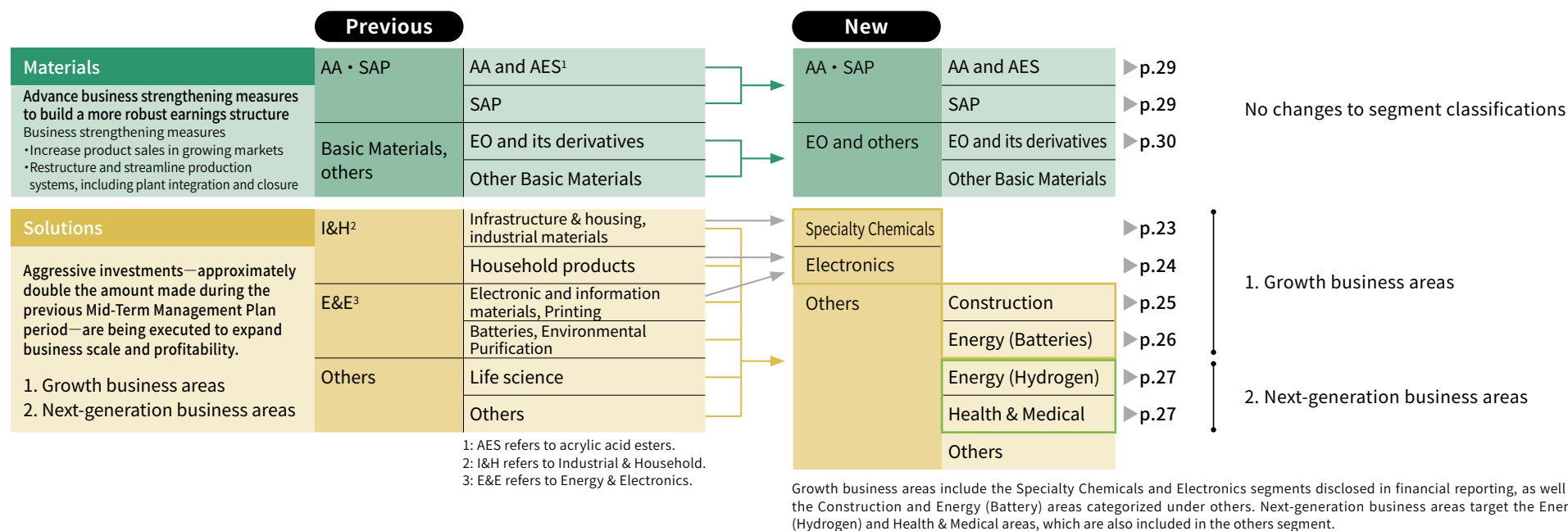
*Includes: Energy (Batteries, Hydrogen), Construction, Life science (Health & Medical, Cosmetics), Household (detergents, inks), Environment (catalysts, water treatment), etc.

Mid-Term Management Plan 2027 Reclassification of Business Segments

Business Segments were Reclassified to Better Align with the Strategic Growth Objectives of the Solutions Business.

In Mid-Term Management Plan 2027, we aim to achieve sustainable growth in the Solutions Business with proactive resource allocation to promising growth business areas and reinforcement of a stable earnings foundation. In addition, to increase future corporate value, next-generation domains have been clearly defined as drivers of medium- to long-term profit expansion, and are being nurtured as new pillars to support our further growth.

The recent reclassification of disclosure segments is intended to communicate these strategic initiatives across each area more clearly to stakeholders and foster greater understanding.

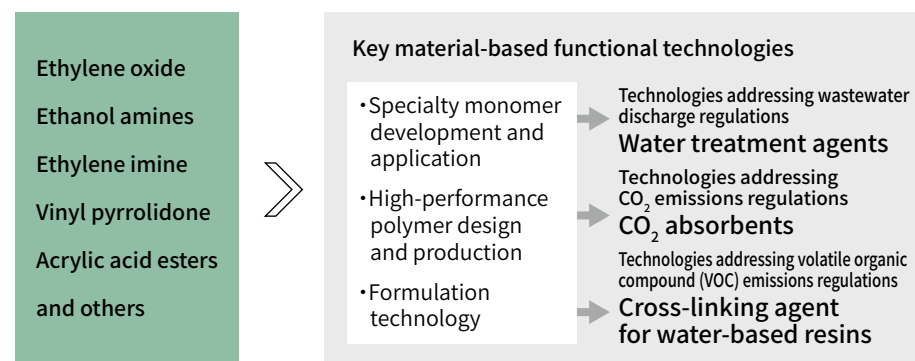


Growth Business Area 1: Specialty Chemicals

Strategic Approach: Driving Business Expansion through the Timely Provision of Products and Technologies That Address Social Issues.

Our specialty products are used across a wide range of fields both in Japan and overseas. In addition, they are important tools for us in gathering and analyzing diverse customer needs. Furthermore, by collaborating with other business areas such as Electronics, Construction, and Energy, they contribute to delivering optimal solutions to customers across the entire Group.

■Core Specialty Chemical products



Our specialty chemicals achieve a high level of differentiation through proprietary raw materials and distinctive molecular structures. Leveraging their unique functionalities, we are expanding their applications across a wide range of fields.

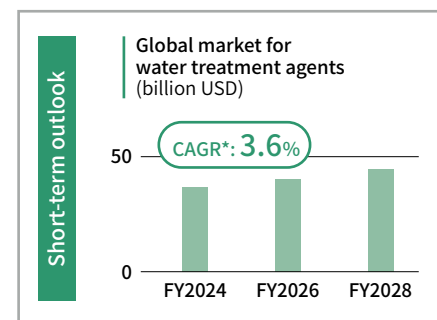
■Financial plan

(billion yen)

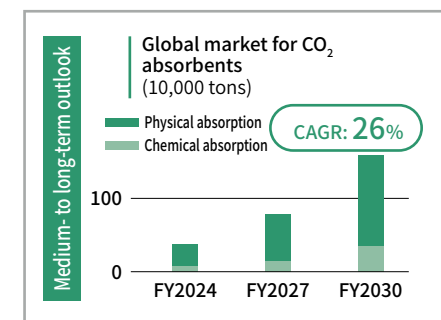
	FY2024 Results	FY2025	FY2027
Revenue	51.6	51.4	-
Operating profit	5.3	5.1	-
Operating profit + equity-method investment profit	5.3	5.1	7.0

■Forecast for key target markets

Water scarcity and pollution accompanying climate change are critical global challenges that transcend national and regional boundaries. Furthermore, technologies for absorbing and removing carbon dioxide (CO₂), the primary driver of climate change, are expected to experience rapid market growth in the coming years.



Source: MarketsandMarkets
*CAGR: compound annual growth rate



Source: MarketsandMarkets

■Business overview and initiatives

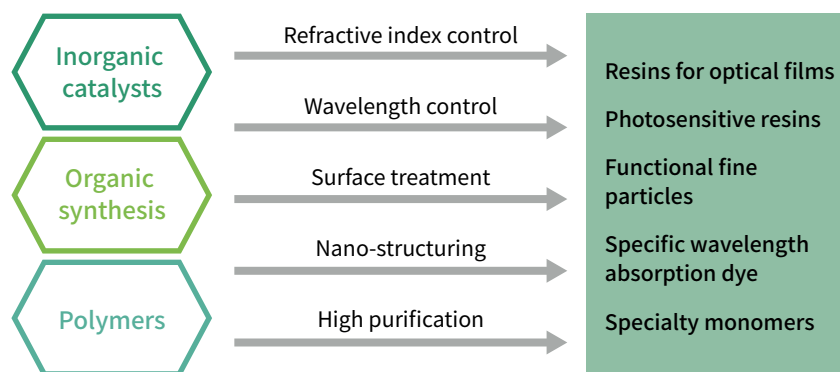
	Various types of amines	Cross-linking agent for water-based resin surfactants
Market environment	Demand for water treatment-related products tends to grow due to stricter wastewater regulations worldwide	Stricter environmental regulations are expected to create further needs
Our status	- Sales increased due to recovery in demand from various customers - Firm demand for water treatment-related products	- Sales struggled due to a price offensive (other inexpensive cross-linkers) by Chinese competitors - Sales volume remained at the same level as in the previous year
Short-term initiatives	Focus on expanding sales in the water-related market, which is firm	Accelerate acquisition of new customers by disclosing low-temperature hardening technology
Medium- to long-term initiatives	Aim to develop and market products that meet the growing need to reduce environmental impact	

Growth Business Area 2: Electronics

Strategic Approach: Expand Niche Top Products Centered on Optical Control Technologies and Fine Particle Materials

Building on our expertise in liquid crystal material development, we offer high-performance optical materials with excellent transparency, optical characteristics, and heat resistance. Our diverse lineup of fine particle materials, each with unique refractive indices, is driving broader applications and next-generation innovations.

■Core Electronics products



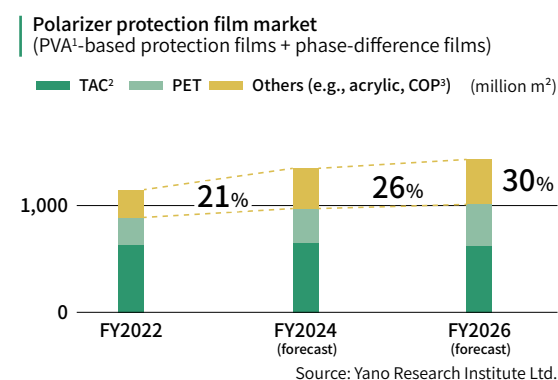
Nippon Shokubai integrates core technologies in inorganic catalysis, organic synthesis, and polymer science to develop and deliver materials for electronics with unique performance characteristics. In the field of fine particles, we contribute to a wide range of applications through technologies that enable flexible control of particle size from the nano to micron scale.

■Financial plan

(billion yen)

	FY2024 Results	FY2025	FY2027
Revenue	20.9	23.7	-
Operating profit	3.6	3.8	-
Operating profit + equity-method investment profit	3.6	3.8	6.5

■Forecast for key markets



1 PVA: polyvinyl alcohol 2 TAC: cellulose triacetate 3 COP: cyclic olefin polymer

Driven by the increasing demand for high-resolution displays in televisions, PCs, and smartphones, the market for optical films is expanding. In addition, the growing adoption of VR (virtual Reality) and AR (augmented reality) technologies, along with the advancement of miniaturization and 3D integration in the semiconductor field, is fueling demand for fine particles.

■Business overview and initiatives

In response to the shift of the LCD display market to China, we are expanding sales of products tailored for the Chinese market. Over the medium- to long-term, we aim to achieve sustainable business growth by entering emerging markets, such as next-generation displays and semiconductors, and by promoting the development of new products.

	Electronics
Market environment	•LCD market continues to shift to China •Strong demand for LCD materials due to larger TV panels and higher panel operation rates, but uncertainties exist due to external factors such as U.S. tariffs
Our status	Increase in sales volumes of LCD panel-related products for China
Short-term	•Expand sales in response to the shift of the LCD market to China •Increase sales of high value-added products
Medium to long term	•New product development for next-generation displays •Enter medium- to long-term growth markets, primarily semiconductors

Growth Business Areas 3: Construction

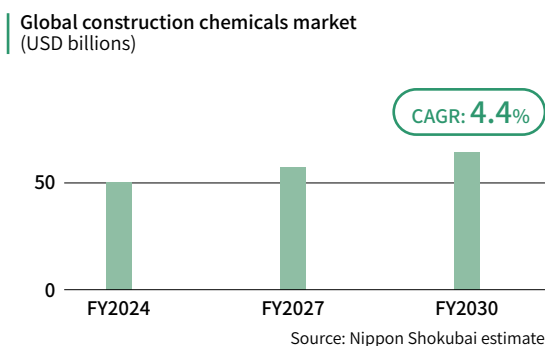
Strategic Approach: Expand Product Portfolio and Business Development in High-Growth Regions

We are strengthening our business both domestically and internationally, with a focus on both cement admixture polymers that increase concrete strength, and emulsions used as raw materials for paint.

As an initial step, we welcomed Emulsion Technology Co., Ltd., a company specializing in construction waterproofing materials, to our Group in April 2025. With this strategic integration we are looking to expand our product portfolio and accelerate market development.

■Forecast for key markets

The construction sector is expected to continue growing globally, driven by an increasing population. At the same time, the industry must address key challenges such as achieving carbon neutrality (reducing CO₂ emissions) and responding to a worsening labor shortage.

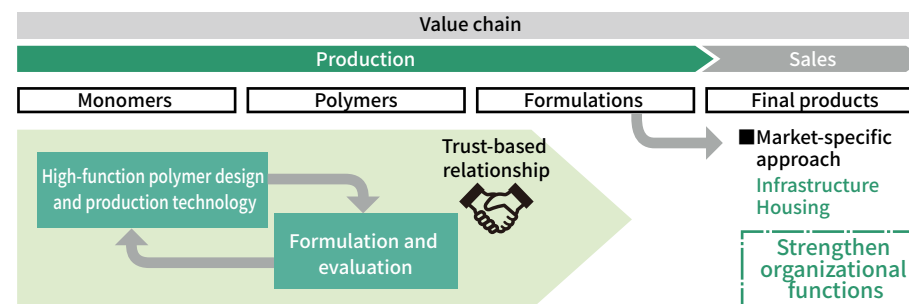


■Market-specific initiatives

	Cement admixture polymers	Emulsions
Market environment	Concrete-related products •Growing global demand and declining Japanese demand	Renovation demand in Japan is strong despite a downward trend in new construction starts
Our status	In the Japanese market, sales volume increased due to a gain in market share, despite a decline in demand In the overseas market, sales volume decreased due to competition from Chinese and Korean products	•Solid sales of acrylic resins for paints for renovations •Decreased sales volume for ceramic building materials
Short-term	Maintain and expand the spread of existing products Improve profitability and market share with product renewal and high-function products	
Medium to long term	Focus on products that solve social issues, such as environmentally responsive concrete	Shift from commodity products to high value-added products Focus on development of other applications, such as civil engineering and overseas markets

Topic Emulsion Technology Co., Ltd. joined our Group

We have utilized our proprietary monomer portfolio, along with their safe handling due to deep knowledge of their properties and our technologies to design and manufacture high-performance polymers to provide cement admixture polymers and emulsions to the market. In the construction sector, we are expanding our business by integrating external technologies and operations, aiming to improve our ability to deliver comprehensive solutions that address customer issues.



Emulsion Technology Co., Ltd. manufactures and sells waterproofing materials, adhesives, and pressure-sensitive adhesives for the construction, civil engineering, and industrial sectors. Their strengths lie in their proprietary emulsion polymerization¹ and compounding technologies².

They also offer high-performance products made from synthetic rubber and acrylic-based raw materials, meeting a wide range of customer needs. The integration of Emulsion Technology into our Group reinforces our construction chemicals portfolio, along with improving emulsion polymerization and compounding technologies and increasing production capacity. Furthermore, we will aim to grow the corporate value of both companies with synergies in research and development and market expansion.

1 From fundamentals to applications: an explanation of emulsion technology!
https://en.www.solution.shokubai.co.jp/product/emulsion_tech/

2 Technology that enhances performance when combined with other materials

Growth Business Areas 4: Energy (Batteries)

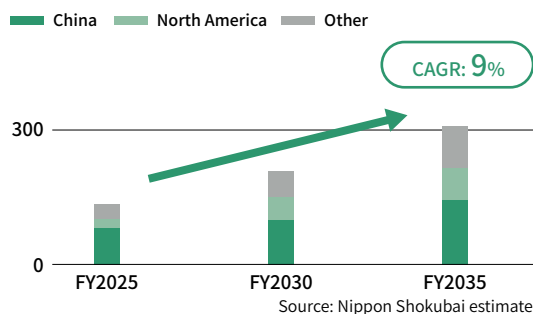
Strategic Approach: Increase Profits by Establishing Production Structures in Line with the Strategy of Local Production for Local Consumption

As the urgency to address climate change intensifies, the electric vehicle (EV) market continues to expand. In response, we are strengthening the production system for our new electrolyte IONEL™, which addresses key issues of lithium-ion batteries (LIBs) for EV use, and accelerating the development of a stable supply framework.

■Forecast for key markets

IONEL™ is a product expected to contribute to the extended lifespan and increased safety of LIBs. Currently produced in China, additional production is scheduled to begin at the Kitakyushu Plant in Japan in FY2028. While we are considering starting production in North America in FY2029, we are carefully monitoring developments in U.S. government policy. We are also proceeding with efforts to introduce cost-efficient manufacturing methods and further expand profitability, aiming for FY2030.

Global Market for Vehicle LIB Electrolyte salt
(1,000 tons)



Extension of Vehicle LIB Lifespan



Enhancement of LIB safety

■Business overview and initiatives

	Energy (Batteries) area
Market environment	- Steady EV sales in China despite slowing growth. - U.S. EV market growth will be weakened due to subsidy cuts.
Our status	Sales plummeted due to customers' temporary inventory adjustments, but demand is on a recovery trend
Short-term	Respond to strong demand growth in the Chinese market
Medium to long term	- Establish a production process aligned with a local production for local consumption strategy. - Accelerate the development of new peripheral materials for differentiation.

Status of production capacity expansion for IONEL™

Region	Business type	Production capacity*	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
China	JV / Capchem	1,200 tons/year ⇒several k tons/year ⇒over 10k tons/year							
Japan	Non-consolidated	3k tons/year							
North America	Under review	Several k tons/year							

*In the case of JV, we plan to secure off-take corresponding to our shareholding.

Commercial operation planned to begin

Commercial operation planned to begin

●Initiatives in Japan

Kitakyushu City is convenient for logistics and utility facilities, has a low risk of disasters, and is home to many automotive and environment-related industries. Based on these perspectives, we have determined that the city provides an optimal business environment for battery materials. On April 7, 2025, we intend to construct a new plant in the city, Fukuoka Prefecture, and signed a location agreement with the city.



●Initiatives in China

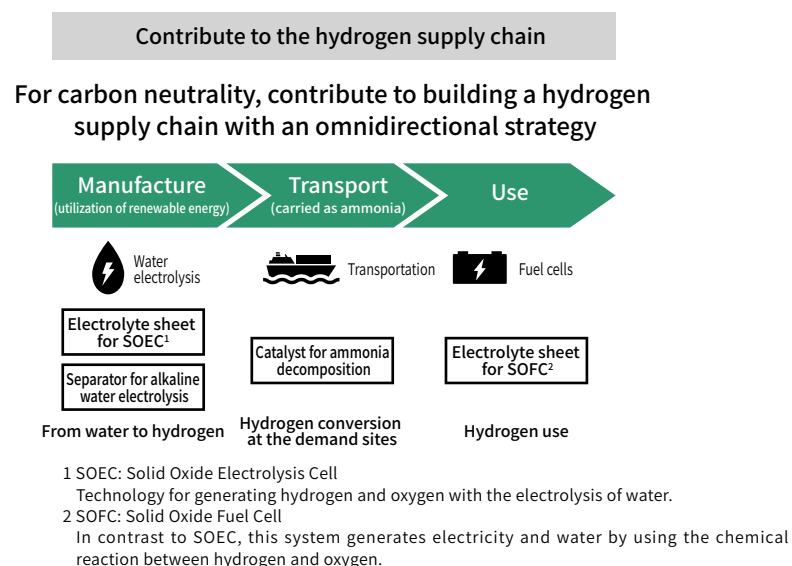
On September 12, 2022, we, with Toyota Tsusho Corporation, invested in Hunan Fluopont New Materials Co., Ltd. (with a 38.0% ownership stake) and began manufacturing and sales of the lithium-ion battery electrolyte LiFSI in China.

IONEL™ LF-101
<https://www.shokubai.co.jp/en/products/detail/lifsi/>

Next-Generation Business Area 1: Energy (Hydrogen)

Strategic Approach: Become a Major Supplier by Improving Performance and Production Capacity to Prepare for Full-scale Market Expansion

By bringing together the technologies accumulated in the hydrogen supply chain, we will be ready for full-scale market expansion. With a clear understanding of market trends, efforts are focused on improving performance and reinforcing the production framework, aiming to establish a solid position as a key supplier.



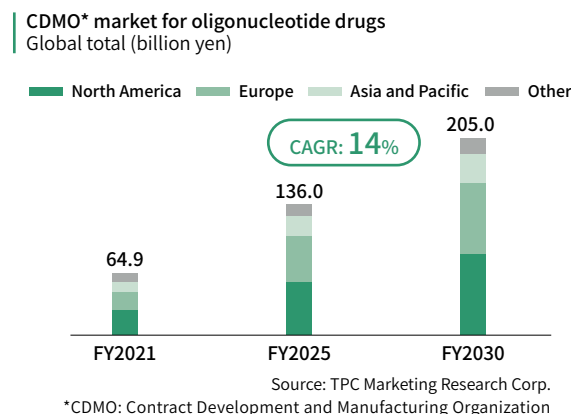
Business overview and initiatives

	Energy (Hydrogen)
Market environment	SOFC market is expanding rapidly in Europe, the US, and Korea.
Our status	Despite ongoing market expansion, a significant decline in sales was observed as a result of temporary inventory adjustments by customers. Nonetheless, demand is on a recovery trend.
Short-term	-
Medium to long term	• Increase production capacity and reduce costs. • Develop and introduce GX-related products (hydrogen, ammonia, effective use of energy, etc.)

Next-Generation Business Area 2: Health & Medical

Strategic Approach: Strengthen the Supply System and Increase the Number of Outsourcing Contracts through Enhancing Production Capability

We possess advanced synthesis technologies and proprietary drug delivery system (DDS) technologies in the fields of oligonucleotide and peptide therapeutics. We will leverage these technological strengths and establish a stable supply system by expanding production capacity. In parallel, we will grow the contract manufacturing business by expanding globally.



For details on our value chain and business activities, please visit the dedicated page on our website.
<https://www.lifescience.shokubai.co.jp/en/>

Business overview and initiatives

	Health & Medical
Market environment	• Middle-molecular drugs (oligonucleotide and peptides) maintain high growth rate • Growth rate (2024–2030) Oligonucleotide: 22% Peptides: 3%
Our status	• The number of small-scale synthesis orders received was approximately double that of the previous fiscal year. • Orders for large-scale manufacturing projects were also received, showing rapid growth. • Small-scale synthesis facilities were in full operation.
Short-term	• Increase production capacity of Large-scale manufacturing facilities • Strengthen North American expansion • Consider growth strategies through M&A and alliances with other companies
Medium to long term	Increase the intake of medium- to large-scale contracts

Mid-Term Management Plan 2027 Direction of the Materials Business

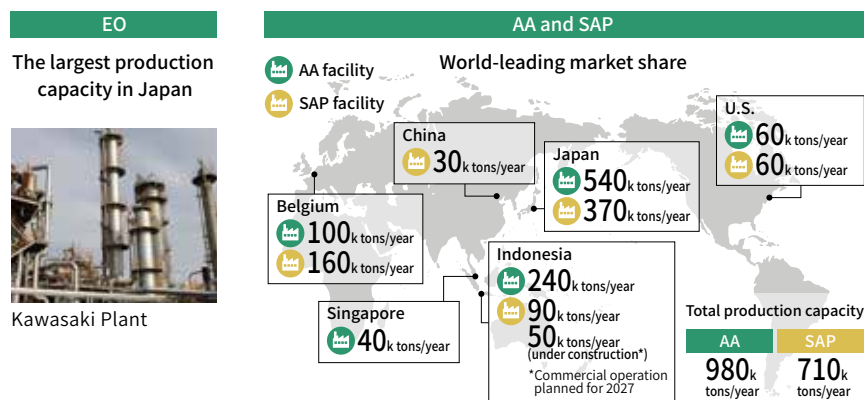
Group-Foundational Core Business

Acrylic acid (AA) and ethylene oxide (EO), which are core materials in the Materials product lineup, are widely used across various industries and applications.

In particular, AA is an essential raw material for superabsorbent polymers (SAP) used in disposable diapers and other products that support comfortable living.

As the core business of our Group, the Materials segment is focused on maximizing profitability with improved efficiency and increased competitiveness.

Stable global supply of high-quality materials is ensured with advanced production technologies



EO is produced at two manufacturing sites in the Kawasaki area, where we have the largest production capacity in Japan. Our production plants for AA and SAP are located across the globe. We are one of the world's top producers of AA, and the top producer of SAP. These globally distributed sites operate in coordination to form a flexible supply system, enabling stable and efficient delivery of products.

Profit targets by segment (Operating profit + equity-method investment profit)

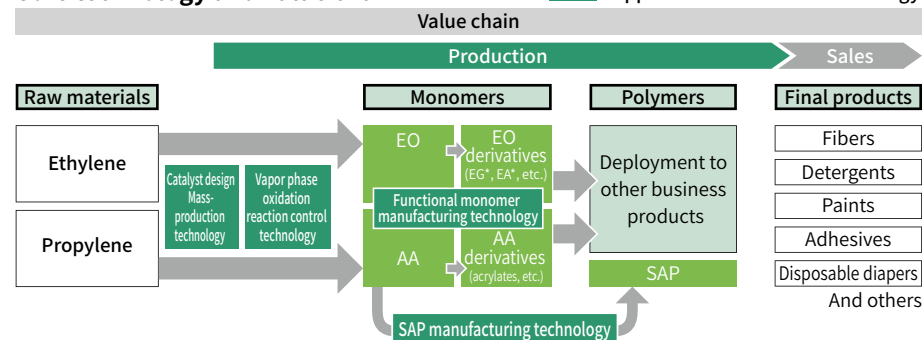
(billion yen)

	FY2024 Results	FY2027	FY2030
AA and SAP	9.5	9.0	13.0
EO and others	6.4	7.0	8.0
Specialty Chemicals	5.3	7.0	12.0
Electronics	3.6	6.5	12.0
Others*	(2.8)	5.0	14.5
Company-wide	1.0	0.5	0.5
Materials	15.9	16.0	21.0
Solutions	6.1 (27%)	18.5 (53%)	38.5 (64%)
Total	23.0	35.0	60.0

* Includes: Energy (Batteries, Hydrogen), Construction, Life science (Health & Medical, Cosmetics), Household (Detergents, Inks), Environment (Catalysts, Water treatment), etc.

Core technology and value chain

■ Nippon Shokubai's core technology



*EG: Ethylene glycol
*EA: Ethanolamine

Leveraging proprietary technologies, we ensure the stable production of basic chemicals, such as EO and AA, which are typically difficult to handle. These chemicals are further processed into derivatives, such as AA esters, and serve as high-quality raw materials that support the Solutions Business. With an integrated production system—from raw materials to finished products—we respond flexibly to changes in demand and increase competitiveness through collaboration across business segments.

Expansion of SAP Production Facilities in Indonesia

We expanded AA production by 100,000 MT/Y to a total of 240,000 MT/Y at PT. NIPPON SHOKUBAI INDONESIA, so it will be possible to take advantage of the vertically integrated production from AA to SAP and increase SAP production capacity by 50,000 MT/Y to meet the strong demand growth in Asia and the expected synergism with the existing plant. Commercial operation is scheduled to begin in July 2027.



<https://www.shokubai.co.jp/en/news/2024080214262/>

Business Area 1: AA and SAP

Strategic Approach: Strengthen Sales to Growing Markets and Streamline with Restructuring of Production System by Reflecting Regional Demand

An optimized production and distribution framework is being established across five global locations. Productivity is being increased with a scrap-and-build approach, while sales efforts are being strengthened in growth markets, such as the Global South.

■Core AA and SAP products

Acrylic acid (AA): widely used across various industries as a raw material for products such as AES and SAP.

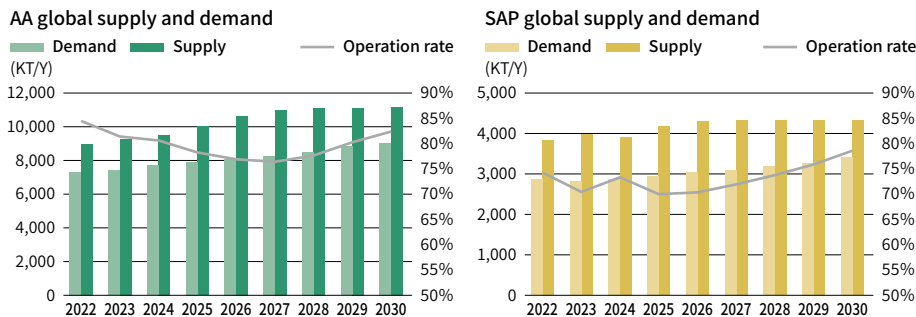
Acrylic acid esters (AES): used as raw materials in coatings and adhesives for applications in the construction and automotive sectors.

Superabsorbent polymers (SAP): primarily used as absorbent materials in disposable diapers.

■Financial plan

	(billion yen)		
	FY2024 Results	FY2025	FY2027
Revenue	222.1	212.4	-
Operating profit	9.5	8.1	-
Operating profit + equity-method investment profit	9.5	8.1	9.0

■Forecast for key markets



Global demand for AA is estimated to reach approximately 7.8 million tons in FY2025, with a medium-term annual growth rate projected at around 3%. The oversupply of AA is expected to bottom out around FY2027, leading to a gradual increase in operating rates.

For SAP, global demand is projected at approximately 3 million tons in FY2025, also with an anticipated annual growth rate of 3%. Operating rates are expected to bottom out in FY2025, followed by a gradual recovery starting in FY2026 and 2027.

■Business overview and initiatives

	AA and AES	SAP
Market Environment	- Asian market conditions remains weak due to increased competition from Chinese oversupply - Domestic demand is firm for automotive but weak for construction; AES import inflows are on the rise	Although demand for children's diapers in emerging countries and adult diapers in developed countries is expected to grow, global demand is expected to grow only slightly due to inflation and other factors.
Our status	- Continued weak overseas market conditions - Sales volumes increased due to expansion of sales in emerging countries, mainly in India. In particular, sales volumes of AES for India increased due to NSI's BIS certification	- Sales volume increased due to expansion of sales in emerging countries and demand intake following domestic restructuring - Spreads narrowed due to lower overseas market prices
Short-term	- Optimize production across the group - Capture demand in India and Southeast Asia	- Capture demand in line with market growth in emerging countries - Increase market share in adult-use products - Improve profitability with cost reductions - Expand sales in the non-hygienic materials field
Medium- to long-term	- Maximize AA operation throughout the group - Secure stable customers and implement cost-cutting measures	- Studying production and supply systems for medium- and long-term demand growth - Sustainability measures (bio, recycle) - Establish a research system in Indonesia

Business Area 2: EO

Strategic Approach: Fully Leverage the Existing EO Production Capacity by Strengthening EO Derivatives and Increasing Contract Manufacturing Services

We are increasing profitability by expanding EO derivatives and contract manufacturing, alongside efforts to strengthen the shipping framework and improve productivity with advanced process control.

■Core products

Ethylene oxide (EO): a key raw material for ethylene glycol (EG), ethanolamine (EA), and surfactants

Ethylene glycol (EG): a key raw material for PET resins, polyester fibers, and antifreeze formulations

Other products: organic acids, specialty esters, and process catalysts

■Financial plan

(billion yen)

	FY2024 Results	FY2025	FY2027
Revenue	72.0	66.6	-
Operating profit	3.4	2.9	-
Operating profit + equity-method investment profit	6.4	4.3	7.0

■Forecast for key markets

The market for EO itself continues to be firm.

However, one of its derivatives, EG, is facing global oversupply due to capacity expansions by Chinese manufacturers. In Japan, demand for EG is declining, reflecting broader market stagnation. Under these conditions, expanding EO derivatives and contract manufacturing are becoming increasingly important initiatives.



■Business overview and initiatives

	EO and others
Market environment	• Global oversupply of EG continues • Japanese demand is sluggish, especially for surfactant applications
Our status	• Reduced sales volume due to weak Japanese demand • Increased costs, such as fixed costs, repair costs, logistics costs, etc.
Short-term	• Maintain a stable supply system as the largest EO manufacturer in Japan • Optimize operations • Expand EO derivatives
Medium- to long-term	Consider alliances with upstream, downstream, and peer companies

Advanced process control system

Nippon Shokubai is implementing an advanced process control system that uses DMC* software to monitor and predict plant operation data. Based on a constructed operational model, the system makes possible the simultaneous optimal control of multiple measuring instruments. By reducing operational variability compared to conventional operator-based control, the system contributes to energy efficiency and stable plant operations.

*DMC (dynamic matrix control): a type of model predictive control method

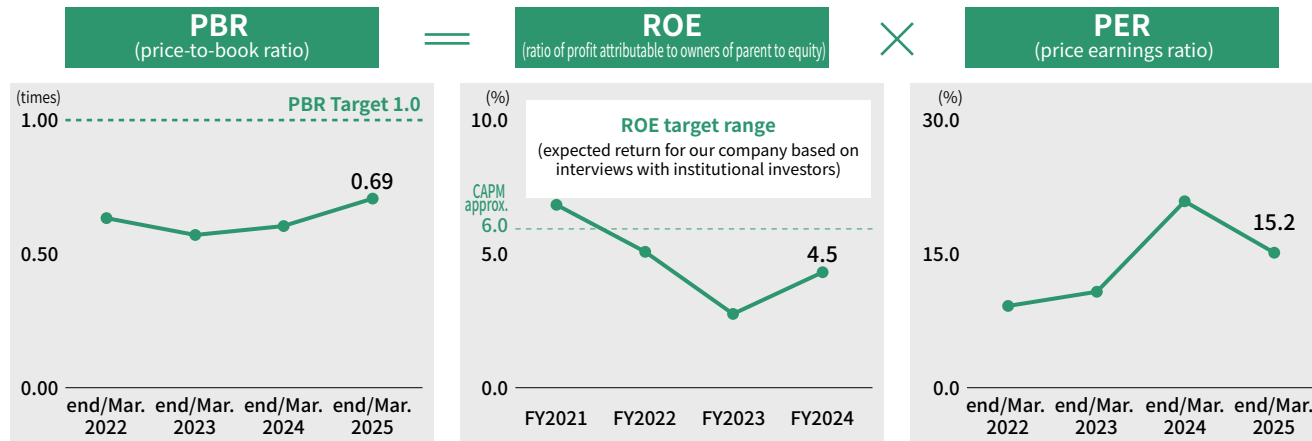
Mid-Term Management Plan 2027: Financial Strategy

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

To realize the portfolio transformation outlined in our long-term vision and Mid-Term Management Plan 2027, we are steadily advancing various initiatives.

By actively allocating resources to the Solutions Business, which offers high profitability and asset efficiency, we aim to improve ROE (ratio of profit to equity attributable to owners of parent) and ROA (ratio of profit before tax to total assets).

Analysis of current situation



Since FY2022, PBR has remained below the target level of 1.0, and in the most recent fiscal year, ROE also fell short of the cost of shareholders' equity (approximately 6.0% based on CAPM¹).

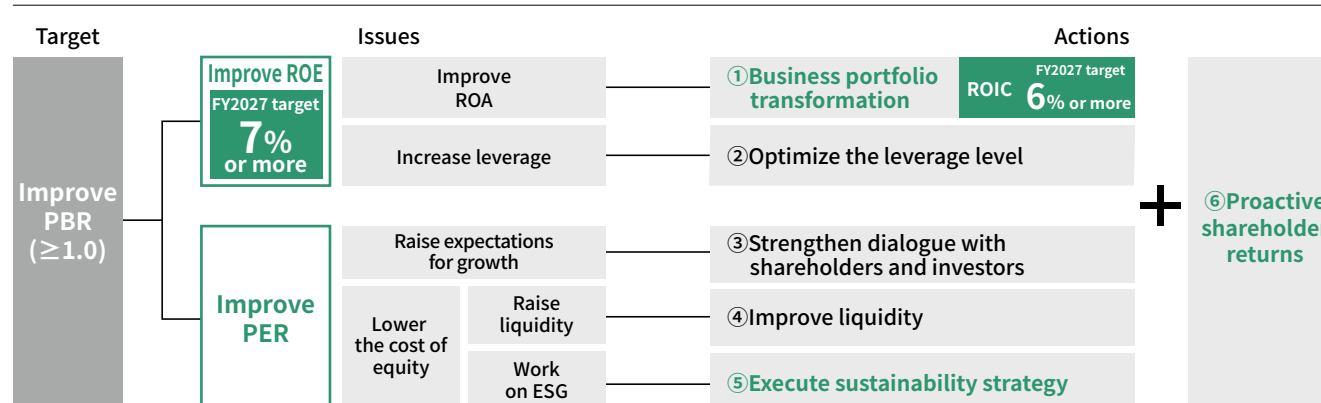
However, the PER has improved compared to FY2022–2023, and according to our analysis, the enhancement of shareholder returns announced in May 2024 has had a certain impact.

Given these circumstances, we recognize that improving ROE and fundamentally enhancing PER remain key challenges in achieving our target PBR.

¹ CAPM = Capital Asset Pricing Model

Update on targets and initiatives for improving PBR

Issues and actions



In conjunction with the launch of Mid-Term Management Plan 2027, we have broken down PBR into its component elements through a tree analysis and updated our initiatives and targets to drive improvement. By our business portfolio transformation, we aim to achieve the ROE targets set forth in our long-term vision and Mid-Term Management Plan—7% or higher in FY2027 and 9% or higher in FY2030—and to raise our PBR to at least 1.0 times.

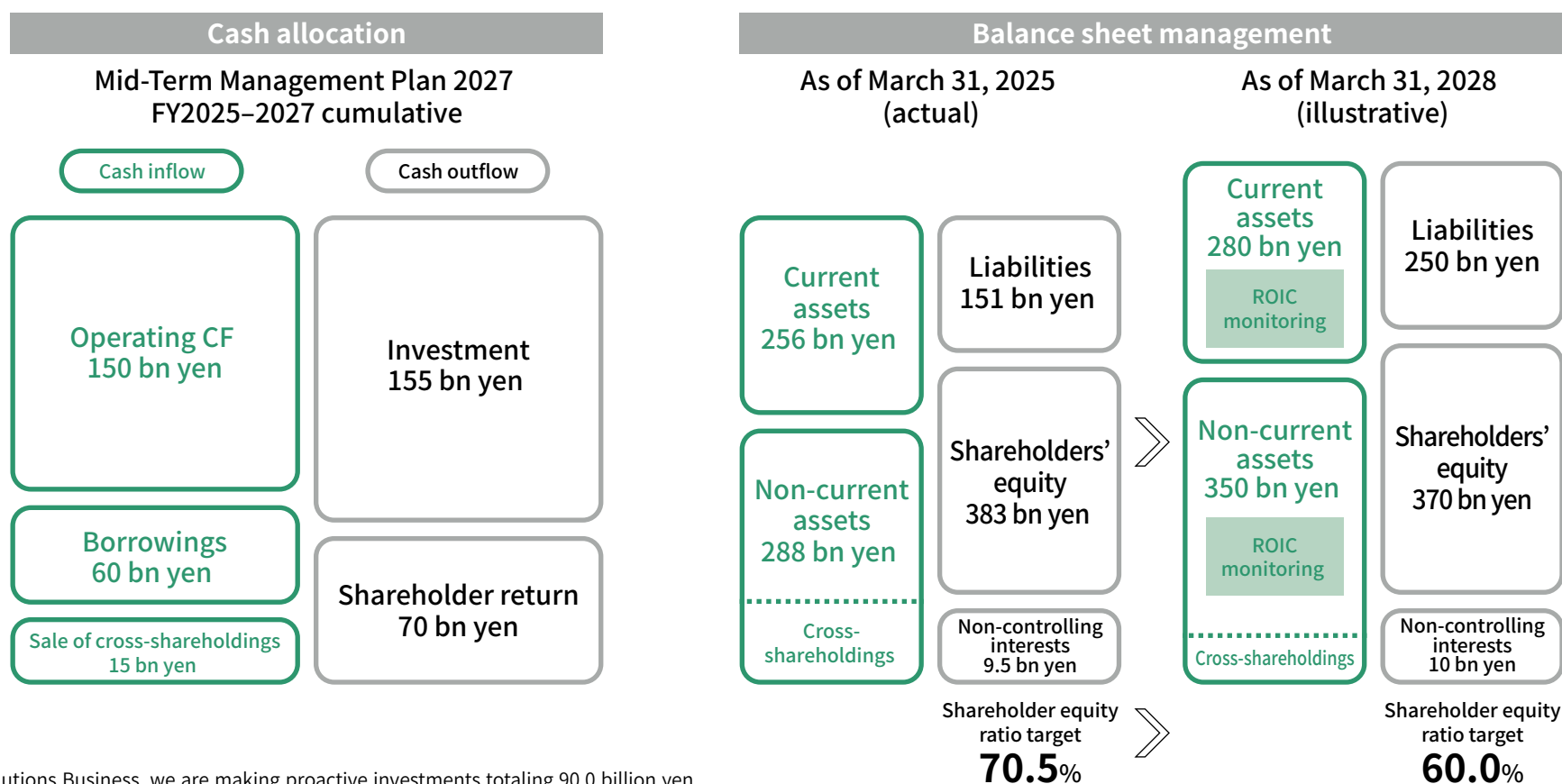
Additionally, ROIC² has been newly introduced as a management target. Under Mid-Term Management Plan 2027, we are targeting ROIC of 6% or higher in FY2027, exceeding our weighted average cost of capital (WACC) of 5%. We will monitor ROIC for each business and implement improvement measures, such as enhancing CCC³ and optimizing asset efficiency.

² ROIC (return on invested capital) = (NOPAT + equity-method investment profit) / (interest-bearing debt + shareholders' equity)

³ CCC: cash conversion cycle = receivables days + inventory days - payables days

Cash Allocation and Target Balance Sheet

In Mid-Term Management Plan 2027, we continue to uphold the policy of maintaining a target equity ratio of 60% by the end of FY2027. By utilizing interest-bearing debt and implementing proactive shareholder returns, we aim to lower the equity ratio from the current level, thereby improving capital efficiency and reducing the weighted average cost of capital (WACC).



In the Solutions Business, we are making proactive investments totaling 90.0 billion yen —approximately double the amount invested during the previous Mid-Term Management Plan — to expand both business scale and profitability. As a first step, Emulsion Technology Co., Ltd., a manufacturer and distributor of waterproofing materials, adhesives, and pressure-sensitive adhesives for construction, civil engineering, and various industrial applications, joined the Nippon Shokubai Group in April 2025.

Accordingly, we are withdrawing from unprofitable products and businesses as appropriate. In addition, we are currently considering the establishment of quantitative criteria to evaluate restructuring or withdrawal options for businesses and products with persistently low profit margins or low ROIC.

Shareholder Return

Proactive shareholder return

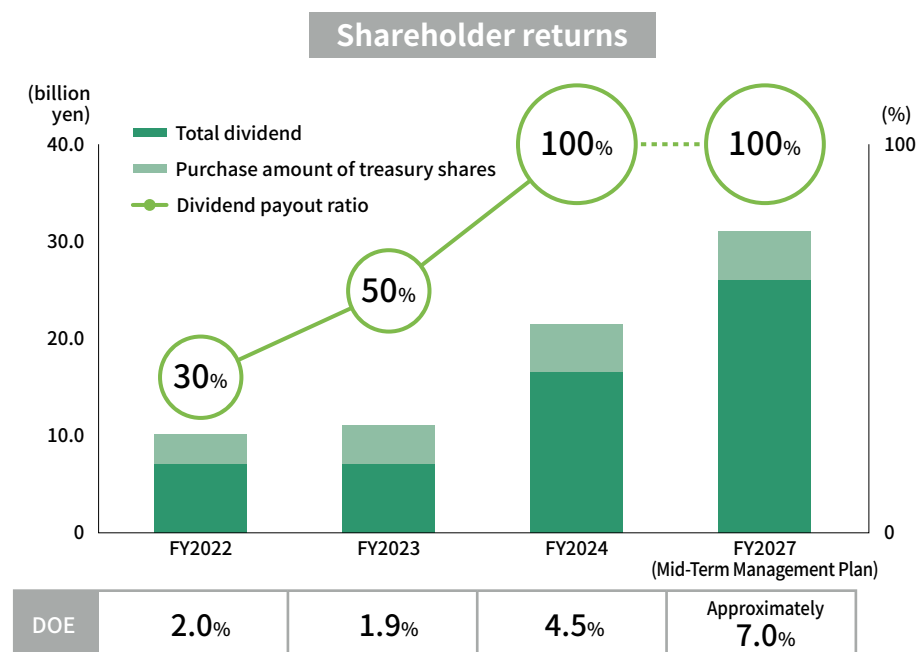
Based on the financial strategy, which was revised in May 2024, we plan to continue our proactive shareholder return policy.

Maintain a high dividend payout ratio

Continue the policy of paying dividends with a dividend payout ratio of 100% or a dividend on equity (DOE) of 2%, whichever is greater, up to FY2027.

Acquisition of treasury stock

Reduce cross-shareholdings by 50% compared to FY2023 by the end of FY2027, and use the funds from the sales to repurchase treasury stock.



Implementation of an Incentive Plan Aimed at Increasing Corporate Value

Revision of the incentive plan

We have revised the remuneration system for Directors and Executive Officers and resolved to continue it as a share benefit trust for officers (BBT-RS) with transfer restrictions on the Company shares to be delivered. Through this revision, the system will further strengthen incentives for improving the Company's performance and corporate value over the medium- to long-term.

Strengthening the link between executive remuneration and corporate value

The calculation method for the performance-linked portion of stock compensation has been revised in line with Mid-Term Management Plan 2027. It is now variable based on the achievement levels of targets for ROE, profit, and ROIC. In principle, the shares will be granted after the finalization of business performance for each fiscal year, with a transfer restriction agreement executed at that time. The ratio between fixed and performance-linked remuneration has also been adjusted, with the performance-linked portion increased by 5 percentage points to 45%. This 45% consists of 30% bonus and 15% stock compensation.

	After amendment: share benefit trust (BBT-RS)
Method to calculate the number of shares to be delivered (performance-linked remuneration)	Variable based on the achievement level of the ROE, profit, and ROIC targets as stated in the Mid-Term Management Plan
Timing of delivery of the shares	In principle, after the finalization of business performance for each fiscal year upon execution of a transfer restriction agreement
Approximate ratio of fixed and performance-linked remuneration for Directors of the Board	Fixed 55%: performance-linked 45% (performance-linked = bonuses 30% + stock compensation 15%)

Granting incentives to employees to encourage the growth of corporate value

Through the employee stockholding association, the Company has granted treasury shares to employees, including those of its subsidiaries. (shares granted in March 2025: 56,000 shares, total value of 1.03 billion yen)

Strengthen Dialogue with Shareholders

Approaches for shareholders and investors

We will strengthen our engagement with individual shareholders, individual investors, and overseas institutional investors by continuing to hold financial results briefings, small meetings, and one-on-one interviews for institutional investors, and briefings for individual investors. Furthermore, we will improve our investor communications regarding our growth strategies and ESG initiatives.

For individual shareholders/investors

- Renew and enhance the content of shareholder meeting notices and shareholder communications
- Organize company presentations for individual investors featuring discussions with an economic analyst

For overseas institutional investors

- Attend the conferences organized by foreign securities companies
- Simultaneously disclose various documents in Japanese and English, and enrich the content

■ Starting from FY2024, the following improvements to the financial results presentation materials were made

- Financial presentation materials were disclosed for the first and third quarters in addition to the second quarter and full-year materials
- Transcripts of the Q&A sessions from investor briefings from the second quarter were disclosed
- The unit of operating profit disclosure in the presentation materials was further subdivided starting from the full-year financial results

Reflect the content of dialogue in management strategies

Insights and opinions obtained through dialogues with shareholders and investors are regularly communicated to the management team and the Board of Directors.

■ Main dialogue topics

- Future growth strategies
- Cost of capital and financial strategies
- ESG (reduction of CO₂ emissions, corporate governance, etc.)

■ Examples of dialogue content that has been reflected in management strategies

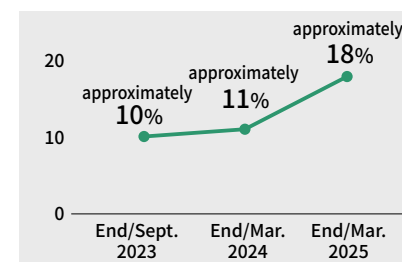
- ROIC added as a company-wide target in the new Mid-Term Management Plan
- Revised the remuneration system (increased proportion of performance-linked remuneration)

Improvement in liquidity

■ Stock split and individual shareholders ratio

Following the four-for-one stock split implemented in April 2024, the proportion of individual shareholders has increased.

■ Percentage of individual shareholders



■ Dissolution of cross-shareholdings

We have been continuously engaging in discussions with our shareholding partners regarding the dissolution of cross-shareholdings. In FY2024, approximately 6 million shares of the Company's stock were sold by our shareholding partners. We will continue these discussions with each partner and steadily advance the dissolution of cross-shareholdings.

Mid-Term Management Plan 2027 Materiality

We Reviewed and Revised Our Approach In Light of Society's Conditions and Environmental Changes as We Formulated a New Mid-Term Management Plan

Materiality identification process

In formulating the Mid-Term Management Plan 2027, the Nippon Shokubai Group conducted a review through the following process in FY2024.



Based on changes in social conditions and the business environment, we conducted cross-company discussions and identified the following items as social issues and changes closely related to our group.

Social issues / Changes

Environment

- Climate change issues
- Water resources / Biodiversity

Social

- Achieving safety and security life / long healthy life
- Global population growth
- Domestic aging population
- Diversification of needs
- Increasing awareness of human rights

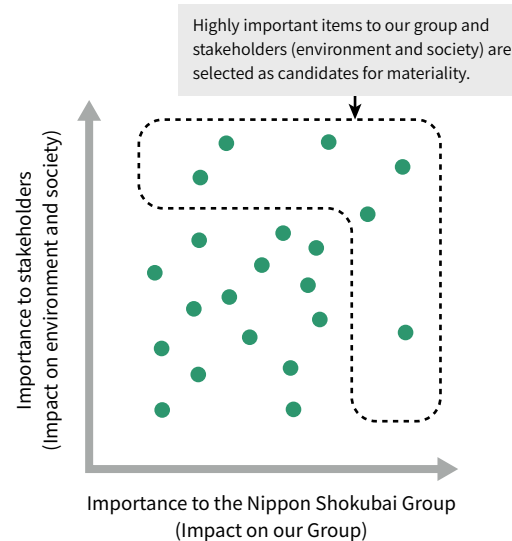
Economy

- Growing economies of emerging countries
- Advancements in digital technology
- Increasing importance of information security
- Growing demand for new materials supporting technological development

In addition to the aforementioned social issues and changes, we conducted a more extensive review than in the previous materiality identification, referencing the following items, and comprehensively identified sustainability-related issues.

- International guidelines and disclosure standards (The Ten Principles of the UN Global Compact, GRI Standards, SASB, CSRD, ISSB, etc.)
- Evaluation criteria of ESG rating agencies (FTSE, S&P CSA, MSCI, etc.)
- Materiality identified in FY2021
- Discussions on the Mid-Term Management Plan 2027
- Opinions from internal and external stakeholders (institutional investors, employees, etc.)
- Discussions in the Risk Management Committee
- CSR supplier survey and Supply Chain Ethical Information Sharing Platform (Sedex, EcoVadis)
- SDGs (Sustainable Development Goals)

We evaluated each identified issue from two perspectives: its importance to stakeholders and its importance to our Group. We then prioritized these issues. For the high-priority issues, we held discussions with relevant departments and selected materiality and candidates for its corresponding individual elements.



These candidates were discussed by the Sustainability Promotion Committee, identified and approved as six items of materiality and fifteen individual elements, and reported to the Board of Directors.

We will promote materiality initiatives by managing the progress of KPIs set for each individual element by the Sustainability Promotion Committee.

Materiality List

Materiality	Initiatives	KPI and Ideal state
1. Contribution to solving social issues	Continuous creation of new products	- Swiftly develop customer-oriented materials and solutions and contribute to the realization of a sustainable society - Possess, acquire, and continuously advance world-class core technologies to ensure competitiveness in target markets - Actively exchange information with people inside and outside the company to engage in collaboration that sparks innovation (achievement year: each by FY2030)
	Promotion of the development and sales of Environmental Contribution Products	Revenue from Environmental Contribution Products: ・ 55 billion yen (FY2027) ・ 135 billion yen (FY2030)
2. Promotion of environmental initiatives	Contribution to achieving carbon neutrality	- Greenhouse gas (GHG) emissions: 30%* reduction in emissions by FY2030 from the base year as Nippon Shokubai Group total (achievement year: by FY2030) * (In Japan) 30% reduction from FY2014 levels (Outside Japan) Reduction by [reduction objectives for each company] from [base year for each company] levels
	Reduction of Product Carbon Footprint (CFP)	Continuous improving calculation accuracy and reducing GHG emissions for each product through ongoing activities (achievement year: by FY2027)
	Conservation and efficient use of water resources	Continuous monitoring of water risks (stress) and actions based on assessment results (achievement year: by FY2027)
	Contribution to resource recycling	- Quantity of final off-site landfills: maintaining zero emissions¹ (achievement year for Nippon Shokubai alone: by FY2027) - Waste plastic emissions: 50% reduction in emissions from FY2021 level (achievement year for Nippon Shokubai alone: by FY2030)
3. Developing / promoting the active participation of talent	Development of autonomous talent	- Participant ratio of self-selected training programs (e-learning, skill development training, online English conversation classes, etc.): Maintain 70% or above - Continue to implement career training (second career training, promoting women's participation and advancement in workplaces, training for young employees and others) according to hierarchical levels - Continue to implement interviews between supervisors and subordinates through the career declaration system (achievement year for Nippon Shokubai alone: each by FY2027)
	Promote the active participation of diverse talent	- Increase the positive response rate for D&I-related items in the employee survey: 80% or above - Ratio of female employees hired in the clerical and chemical position: 30% or above - Improve ratio of female managers (managerial positions): 8% or above - Ratio of male employees taking childcare leave (15 days or more): 100% (achievement year for Nippon Shokubai alone: each by FY2027)
4. Promotion of CSR in the value chain	Strengthening supply chain management	CSR supplier survey coverage rate (based on raw material purchase amount): Maintain 95% or above (achievement year for Nippon Shokubai alone: by FY2027)
	Strengthening efforts to respect human rights	Human rights due diligence: Starting implementation across the entire Group (achievement year: by FY2027)
5. Strengthening governance	Enhancing compliance awareness	- Participant ratio of compliance training (by hierarchical level): Maintain 95% or above (achievement year for Nippon Shokubai and Group Companies in Japan: by FY2027) - Number of significant violations of laws or regulations in the social and economic area: Maintain 0 (achievement year for Nippon Shokubai alone: by FY2027)
	Enhancing the effectiveness of the Board of Directors through the exercise of its roles and demonstration of its functions	- Review and fulfill the necessary skills and attributes of the Board of Directors - Continue to implement the evaluation of the effectiveness of the Board of Directors and address key issues based on the survey results (achievement year for Nippon Shokubai alone: each by FY2027)
	Strengthening medium- to long-term incentives for executives	Consider and complete expanding the proportion of performance-linked and stock-based remuneration for executives (achievement year for Nippon Shokubai alone: each by FY2027)
6. Promotion of safe and stable production activities	Safety culture development / strengthening safety infrastructure	- Class 1 and Class 2 process safety accidents²: 0 - Serious injuries³: 0, injuries with lost workdays: 0 (achievement year: each by FY2027)
	Improvement of product quality and trust	Serious quality complaints: 0 (achievement year: by FY2027)

1 (Quantity of final off-site landfill) ≤ (total amount of waste generated x 0.1%)

2 Class 1 process safety accident: Severity point is 18 or more according to CCPS/Japan Petrochemical Industry Association, or fatal accident. Class 2 process safety accident: Severity point is 1 or more but less than 18 according to CCPS/Japan Petrochemical Industry Association.

3 Resulting in injuries with 4 or more lost workdays, or disability class from 1 to 14 according to Industrial Accident Compensation Insurance Act Enforcement Ordinance Appendix Table 1 Disability Class Table

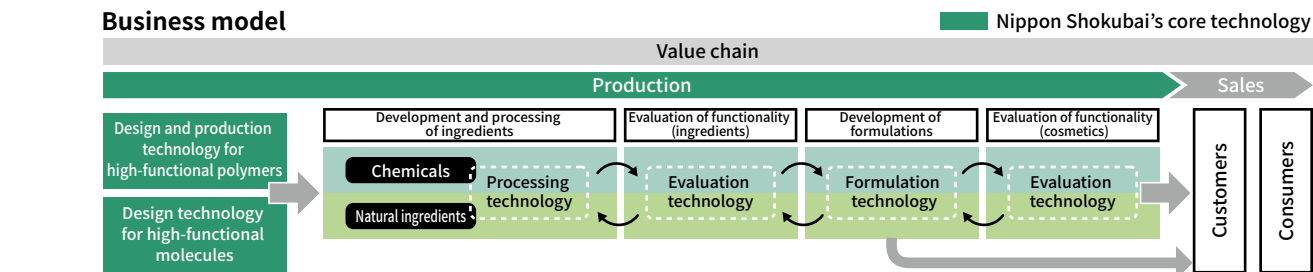
New Business Promotion Division

By integrating emerging business areas—namely cosmetics, water & environmental solutions, and printing materials—into the New Business Promotion Division, Nippon Shokubai aims to:

1: Facilitate information sharing and generate synergies 2: Accelerate commercialization 3: Strengthen the implementation framework

Cosmetics Business Department

The development of cosmetic ingredients is being advanced through the utilization of proprietary products and technologies. Furthermore, by expanding ingredient variations and acquiring formulation technologies, via M&A and strategic alliances we are rolling out a solution proposal-oriented cosmetics business, which maximizes ingredient functionality and facilitates story-driven proposals.



Societal challenges and market trends

The market for cosmetic ingredients is expected to continue growing at an annual rate of over 4%, driven by the following factors:

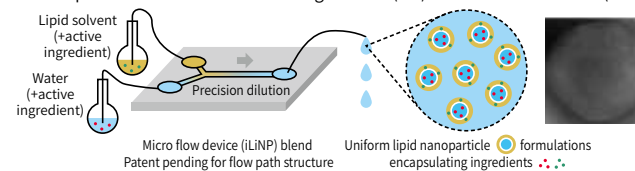
- Increasing demand for high-performance ingredients in developed countries
- Changing lifestyles and rising purchasing power in emerging markets
- Rapid growth of multifunctional ingredients
- Growing demand for sustainable raw materials influenced by the SDGs



https://www.shokubai.co.jp/en/products/detail/cosmetics/?utm_source=exhibition&utm_medium=mail&utm_campaign=cite_japan

Topics

- Promote the development and sales of multifunctional polymers and emulsion polymers by leveraging proprietary technologies.
- Acquired Lilac pharma Inc., a startup from Hokkaido University, as a wholly owned subsidiary, securing lipid nanoparticle manufacturing technology. Multiple customized projects with major clients have been launched.
- Initiated domestic sales of emulsifying thickeners through a partnership with FTC KOREA Co., Ltd.
- Began domestic deployment of biosurfactants and plant-derived exosomes through partnerships with Holiferm Manufacturing Limited (UK) and ACTIVON Co. Ltd. (Korea)



Lipid nanoparticles and micro-fluid channels for producing lipid nanoparticles

Printing Materials Business Department

To address the shift toward water-based products in the printing industry, a dedicated department was launched to deliver comprehensive solutions through the integration of materials, formulation techniques, and compounding technologies. Efforts are underway to achieve early entry into the expanding market of water-based digital printing by leveraging proprietary materials.

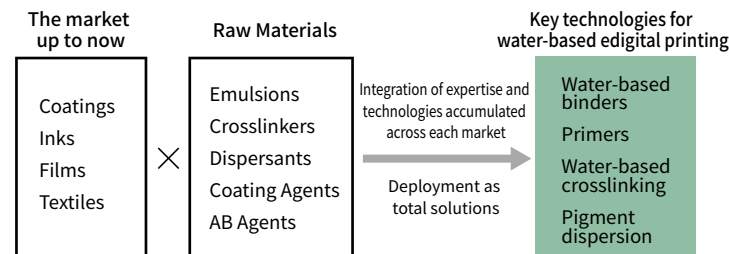
Strengthen solution capabilities

Water-based digital printing requires diverse technologies.

Our expertise, gained through operations in various markets, along with the products and technologies developed for each market, are essential to improving water-based digital printing.

We are developing new materials based on the expertise, products, and technologies cultivated across various markets.

AB agents (anti-blocking agents): they are used to prevent blocking phenomena, where ink surfaces or film layers adhere to each other when stacked.
Primer: a pre-treatment agent applied to the surface of printing substrates



Societal issues and market trends

Conventional solvent-based analog printing faces issues such as waste generation, microplastic pollution, and worker safety. As a result, the shift toward water-based digital printing is accelerating to reduce environmental impact and improve working conditions.

- In the textile printing sector, water-based inkjet printing is expected to grow to a market share exceeding 12%.
- The transition to water-based digital printing is progressing in sectors such as flexible food packaging and corrugated cardboard.

Topics

- Water-based materials, such as ink binders and primers, are being developed by leveraging acrylic polymer design technologies and proprietary materials.
- A series of practical solutions have been commercialized to address environmental and technical issues, including highly redispersible white pigment dispersions, high-adhesion binders, and water-based adhesives.



Water and Environmental Solutions Business Department

To meet global demands related to the acquisition, use, and purification of water resources, we are promoting technological innovation through the research and development of high-performance materials that contribute to the sustainable circulation of water—from water generation to wastewater treatment. These innovations are aimed at addressing a wide range of social issues in the water sector.

Social issues and market trends

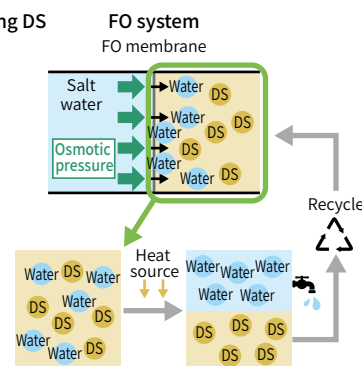
Water scarcity is becoming increasingly severe worldwide, making the securing of water resources a critical issue.

- Reverse osmosis (RO) systems are widely used for seawater desalination, but they require high-pressure pumps and consume significant amounts of electric power.
- To address this, forward osmosis (FO) systems, which utilize draw solutes (DS) as a key component, are gaining attention.

Concept of water recovery utilizing DS

1. Water is separated from seawater by osmotic pressure toward a highly concentrated solution and a membrane that allows only water molecules to pass through. This process results in a mixture of DS and water.

2. The DS-water mixture can be easily separated by heating, enabling the recovery of water. The separated DS is reusable, allowing for the development of an economic and sustainable water recovery system from seawater. The recovered water can be further purified depending on its intended use.



Topics

■ Our proprietary DS generates high osmotic pressure in FO systems, enabling the extraction of water from seawater. The resulting mixture of DS and water can be easily separated by heating, and the separated DS is recyclable. By utilizing waste heat from factories or solar thermal energy, FO systems can achieve greater energy efficiency and lower CO₂ emissions compared to RO systems. Our DS was used in a 500 m³/day demonstration test conducted by Trevi Systems Inc., a U.S.-based FO system developer, on the island of Hawaii.



■ Collaboration with Aqua Regeneration (ARG) Institute, Shinshu University (from April 2025)

A collaborative office between Shinshu University and our company has been established within the ARG Co-Creation Research Center (ARCH), the research hub of the ARG Institute. Through this partnership, we aim to create new business opportunities that contribute to solving various social issues related to water and the environment.

ARG Institute is a research organization in Shinshu University focused on water and hydrogen. It was selected by the Ministry of Education for the Program for Forming Japan's Peak Research Universities (J-PEAKS).



Provided by SHINSHU UNIVERSITY

Research and Development (R&D)

Slogan: Contribute to the Earth and Humankind with World-Class Technologies and Human Capital

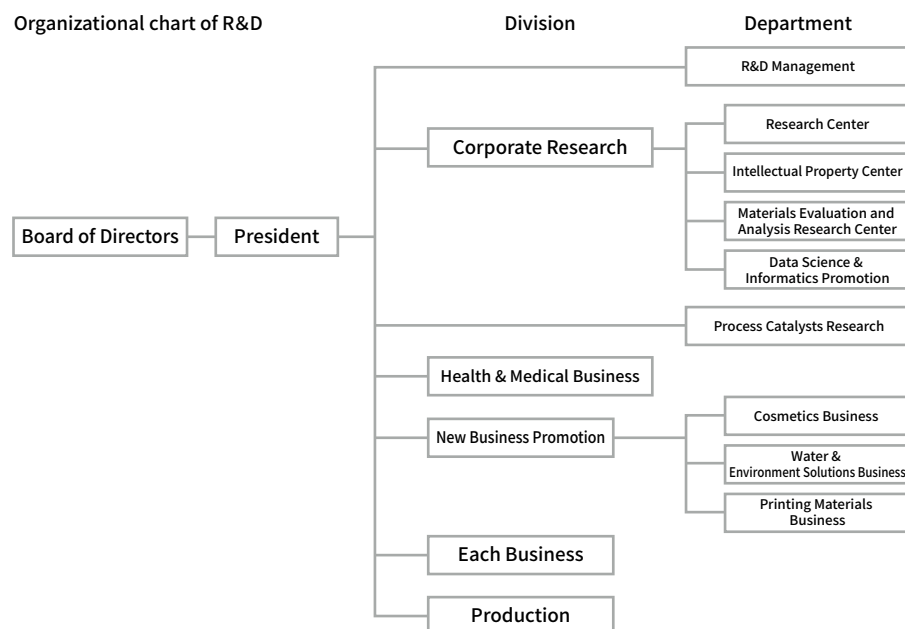
We will continue to contribute to the realization of a sustainable society by putting the Group Mission into practice. Our R&D Division aims to continue creating competitive product lines by further advancing our capacity to develop key materials centered on the three core technologies we have cultivated to date (inorganic catalysis, organic synthesis, polymerization), all in an effort to respond to customers more swiftly and improve their level of satisfaction.

Research and development organization

Our research and development activities are supported by the following specialized organizations, each fulfilling distinct roles:

- **Corporate Research Division:** Responsible for acquiring new technologies and creating next-generation materials
- **Process Catalysts Research Department:** Focused on developing catalysts for chemical production and technologies for manufacturing chemicals derived from biomass
- **R&D Departments of Each Business Division:** Dedicated to strengthening existing businesses and expanding into adjacent fields
- **R&D Departments of the Health & Medical Business and New Business Promotion Division:** Aims to create new business opportunities in each sector
- **Process Technology Center:** Accelerates commercialization by designing and developing production-ready processes
- **Data Science & Informatics Promotion:** Pursuing the strengthening of data-driven research and development

Organizational chart of R&D



R&D policy and strategy

Goals of our R&D Division

- Swiftly develop customer-oriented materials and solutions and contribute to the realization of a sustainable society
- Possess, acquire, and continuously advance world-class core technologies to ensure competitiveness in target markets
- Actively exchange information with people inside and outside the company to engage in collaboration that sparks innovation

R&D Strategies

- **Promote the development of new technologies, create/cultivate new businesses**
Swiftly respond to customers' needs
Set technological development targets
Enhance capability to explore new markets
- **Contribute to the achievement of a sustainable society**
Adapt to an age of carbon neutrality
Intensify business development for eco-friendly technologies
- **Strengthen our R&D organization**
Secure talent and allocate flexibly
Promote the use of tools for efficient research and development
Enhance cross-organizational functions (intellectual property strategies, human capital strategies)

Corporate Research Division

Next-Generation Products and Technologies Aligned with Our Business Strategy: Aiming to Create the Next De Facto Standards Driven by Market Inflection Points

Amid uncertain market conditions, the Corporate Research Division is steadily developing next-generation products. Co-creation initiatives are driven by a high-certainty launch strategy leveraging IP landscape analysis, with development targets aligned to medium- to long-term business strategies in growth areas. To reinforce our R&D foundation against intensifying competition in the chemical industry, we are accelerating the implementation of high-speed development technologies using robotics and materials informatics.

■ Research Center mission

Strategic planning is conducted under the company-wide framework, focusing on the Company's ideal state and identifying inflection points in materials and applications. Through internal and external co-creation, new materials and technologies are acquired and integrated with existing capabilities to continuously develop unique, high-performance products that aim to become industry de facto standards. In priority domains, key success factors are clarified to deliver innovative value to society and our customers through advanced, forward-thinking methodologies.

- 1: Strategic R&D initiatives are advanced from a medium- to long-term perspective, focusing on market attractiveness and competitive advantage in delivering proprietary products that contribute to the expansion of the Solutions Business.
- 2: Value co-creation is pursued through collaboration with customers, affiliated companies, and internal stakeholders, leveraging future-oriented backcasting and breakthrough innovation to support sustainable business development.
- 3: These efforts also foster the growth of future talent who will lead the organization forward.

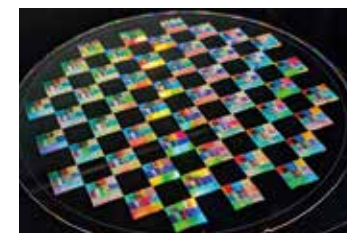
Development item (development status*)	Overview	Market
Multi-functional hydrophilic particles (★★★)	These submicron particles feature a high density of polar functional groups, improving compatibility with aqueous formulations—an area where conventional hydrophilic organic particles face limitations. This enables easier functionalization of various materials.	Semiconductors and communications
Derivatives of AOMA™ (★★)	Development is underway on derivatives of the proprietary monomer AOMA™. This multifunctional monomer group imparts heat resistance and toughness to resins while improving adhesion to both organic and inorganic substrates.	Packaging/printing
iOLED™ (★★★★★)	This iOLED film light source is an ultra-thin, highly flexible material with a thickness of approximately 0.1 mm. It can allow for integration into confined space, contributing to device miniaturization and space-saving design.	Display
Marine biodegradable plastics (★~★★)	Development is underway on high-performance marine biodegradable plastics featuring excellent gas barrier properties and enhanced biodegradability in polylactic acid through polymer blending.	Environment
Biocompatible polymers (★★★★)	This polymer exhibits excellent antithrombogenic properties and suppresses the adhesion of proteins and bacteria. It also demonstrates outstanding lubricity and abrasion resistance, making it highly valued as a raw material for catheter coating agents.	Health & medical

*Development status indicators ★ Element technology development stage

★★ Application and customer exploration stage ★★★ Commercialization feasibility evaluation stage

TOPIC High-refractive index materials (★★)

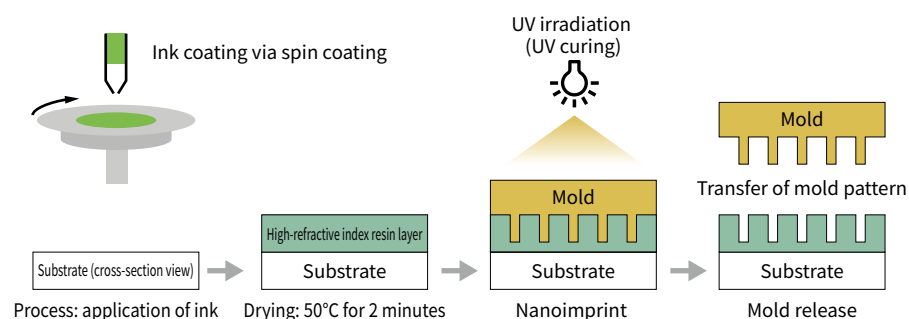
With the growing adoption of AR and VR technologies, innovation is expected across various fields, such as education, healthcare, and entertainment. Our group has developed a UV-curable ink that enables a shift to nanoimprint lithography—a cost-effective process that allows repeated use of molds—for manufacturing key components like diffractive optical elements (DOE) in AR and VR devices, such as smart glasses.



Nanoimprint molded parts fabricated using ink developed at the Research Center

Nanoimprint inks require both high fluidity to accurately replicate mold patterns and a high refractive index to expand the viewing angle of devices. These two properties are typically in trade-off, making their coexistence challenging. By leveraging our core technologies in organic synthesis, inorganic synthesis, and formulation, we have successfully developed proprietary organic-inorganic hybrid materials that achieve both.

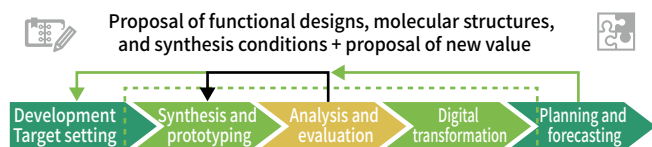
We offer a lineup tailored to customer needs, including types with ultra-high refractive indices comparable to optical glass, and others combining a high refractive index with excellent transparency and light resistance. In addition to material development, we provide processing solutions, such as nanoimprint condition optimization, actively driving market expansion.



Enhancement of Materials Evaluation and Analysis Capabilities and Promote R&D Digital Transformation (DX)

Materials Evaluation and Analysis Research Center

The department provides prompt and accurate solutions, **combining analysis technology, evaluation technology, and computer science** to handle the technical issues faced by each section (research, technology, and production). By collaborating closely with relevant divisions, efforts are made to support issue resolution, drive research themes, and contribute to new business creation. In addition to the conventional analysis functions, we strengthened the evaluation functions and expanded our areas of responsibility to include synthesis and prototyping, digitalization and data accumulation, and made connections to data science (DS).



Advanced Analysis Group

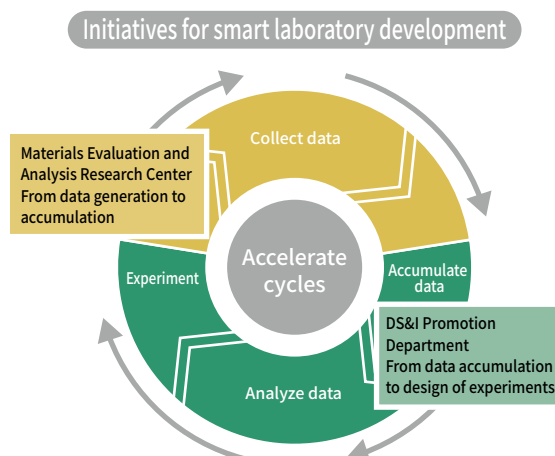
By utilizing diverse analytical technologies, we contribute to solving complex challenges and promote the adoption of innovative technologies through collaboration with academic and external partners.

Materials Science Group

Comprehensive research support is provided through computer science, from functional prediction and design to performance evaluation of materials and products.

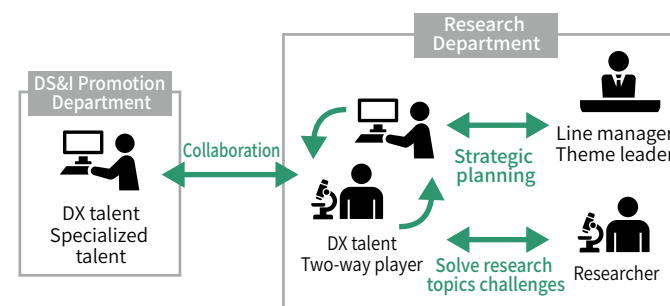
TOPICS

The Materials Evaluation and Analysis Research Center is advancing the automation and acceleration of experiments, and the online integration of analytical instruments from the generation of data, to its accumulation, as illustrated in the figure on the right. A batch-type automated synthesis robot is scheduled to begin operation in April 2026, with robotics also being considered for acceleration of experimentation. Online integration is progressing from the Suita site, with completion expected by the end of FY2025 and expansion planned for the Himeji site. These initiatives contribute to the realization of a smart laboratory and the advancement of research.



Data Science & Informatics (DS&I) Promotion Department

Established in 2020 as a DX promotion unit within the R&D domain, the department was integrated into the Corporate Research Division in FY2024, with expanded functions. It contributes to solving research challenges by acquiring and developing talents specialized in natural language processing and materials informatics. It also provides education in data science for researchers, promoting the development of two-way players capable of both experimentation and data analysis. Furthermore, it supports operational efficiency through the use of the Python programming language, enabling researchers to focus on more creative and value-added tasks.



TOPICS Data Science Day event

To promote DX as part of Nippon Shokubai's R&D culture, the DS&I Promotion Department hosted Data Science Day at the Suita Research Center on February 25, 2025. The event featured a lecture by an external expert and internal case studies presented by specialized talents and two-way players. It attracted a large number of participants, reflecting strong interest in DX.



Intellectual Property

Enhancing Competitiveness and Corporate Value with Intellectual Property

Intellectual property (IP) is positioned as a key management resource.

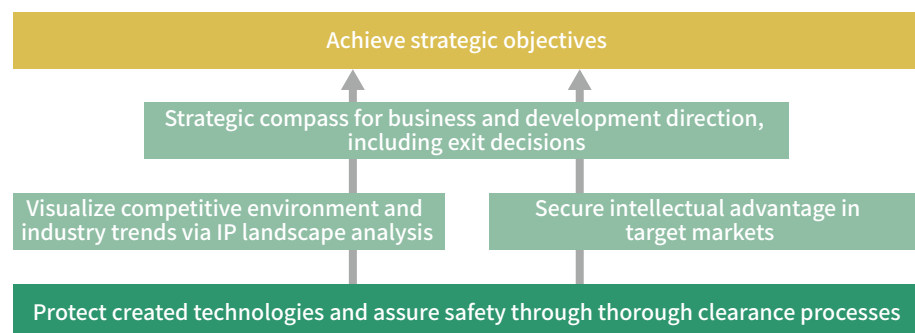
By strengthening it in a timely manner, ensuring appropriate protection, and promoting effective use, we aim to enhance competitiveness while maximizing corporate value.

Consistent with our recognition of intellectual property as essential assets of the company and sources of competitive advantages, our business, research, and development divisions are united in their promotion of intellectual property strategies to expand and strengthen existing businesses and create new businesses. We also minimize intellectual property risks by conducting patent surveys as we engage in development and move toward commercialization to show our respect for the intellectual property of other companies and avoid unnecessary disputes.

IP initiatives

Our IP activities focus on protecting proprietary technologies and ensuring business stability via thorough clearance processes. In addition, comprehensive initiatives, including industry trend visualization via IP landscape analysis, strengthening external partnerships through Open/Close strategies, improving IP search efficiency via digital transformation, ensuring proper IP management, incentivizing invention through enhanced reward systems, and fostering IP awareness and talent development through education, have been implemented.

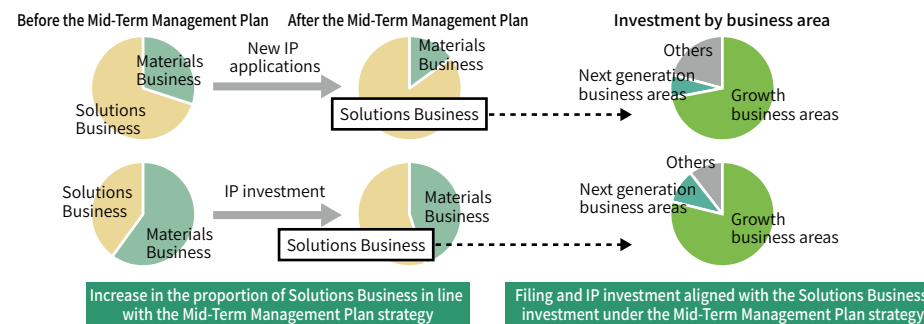
These initiatives support business growth and innovation, contributing to the achievement of strategic objectives.



IP Strategy

IP strategies are formulated to align with each business domain, product market, technology development, and business environment. These strategies ensure optimal protection and utilization of IP, enhancing competitiveness. Specifically, IP rights are secured through patent and trademark filings, while collaboration with external partners is strengthened through licensing and joint research, promoting the sharing and advancement of technologies.

Investments in IP are increasingly focused on the Solutions Business, supporting the development of market-driven products and services.



Drive business creation through IP landscape analysis

To strengthen the Materials Business and expand the Solutions Business under the Mid-Term Management Plan, IP landscape analysis is used to address challenges across sales, planning, and R&D. This approach enables visualization of technical issues and trends, and helps identify the true needs of not only direct customers but also end users, thereby driving research and business development activities.

Furthermore, by combining IP data with market and customer information and applying business frameworks, we identify key challenges and internal strengths to formulate strategies for new businesses that enable sustainable growth and agility in responding to market changes.

Promotion of Digital Transformation (DX)

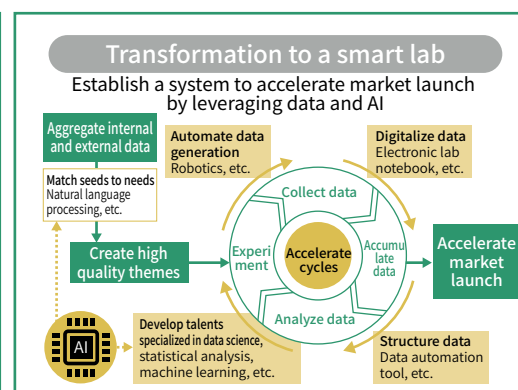
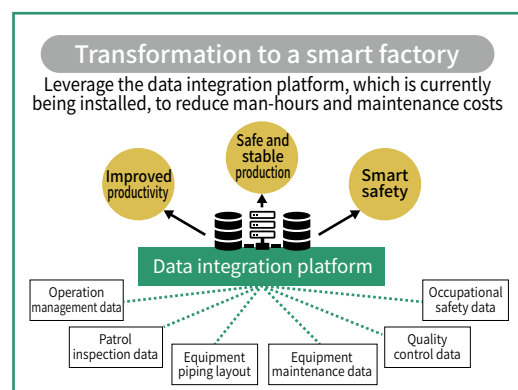
As part of our long-term vision for business transformation, we are working to increase productivity and create new value through digital transformation.

By the end of FY2024, we had advanced the introduction of robotic process automation (RPA) and generative AI, while also establishing a data platform to support effective use. Furthermore, we steadily progressed our initiatives by providing DX-related training to a cumulative total of 4,440 employees. Building on this platform, we will continue to pursue the creation of new value and aim to evolve into a company where DX-driven transformation is seamlessly integrated into our daily operations.

Targets and initiatives



Through the potential of these technologies, our plants aim to reduce operational workload and maintenance costs, while our R&D divisions are building systems to accelerate product commercialization. On a daily basis, we promote company-wide understanding of DX by holding DX promotion meetings to foster engagement. Additionally, success and failure stories are shared as DX use cases via our internal portal site. Starting in FY2024, we launched new initiatives, such as the RPA experience lab, to support the automation of routine tasks.



DX promotion meeting at Osaka Office

45	Promote Climate Change Response
48	Develop and Empower Human Resource
53	Promote Safe and Stable Production Activities
54	Environmental Protection Initiatives
56	Process Safety and Disaster Prevention Initiatives, and Occupational Safety and Health Initiatives
57	Chemical Safety Initiatives, and Quality Initiatives
58	Communication with Society
59	Supply Chain Management

Environment and Society

Daybreak

06:15

Promote Climate Change Response

Aiming to Achieve Carbon Neutrality by 2050

Nippon Shokubai recognizes the issue of climate change as a major social issue that must be resolved and has the slogan “Strategic Transformation for Environmental Initiatives” to promote a variety of initiatives to achieve carbon neutrality by 2050. In March 2021, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are enhancing disclosure of information in line with them.

 For more details, please see
https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/09/TCFD-Report-202509_en.pdf

Governance system for climate change issues

We recognize the promotion of sustainability activities as a core theme of our management. Promoting a climate change response is one of our important initiatives, and the Sustainability Promotion Committee determines the related policies and strategies, provides instructions to relevant departments, and evaluates the performance of their activities. The Sustainability Promotion Committee is chaired by the president and consists of several designated members. The Board receives reports on policies, strategies, plans, and performance related to climate change issues discussed by the committee, and provides necessary instructions.

Strategy on climate change issues

We do scenario analysis that takes into consideration various factors, such as changes in the market and corporate activities, policies and legal regulations to promote the transition to a decarbonized society and circular economy, and stakeholder evaluations, and assess the financial impact on a three-level scale. Business opportunities include increased demand for materials that contribute to the realization of a decarbonized society. For example, we believe that our lithium-ion battery-related materials can contribute to accelerating the transition from gasoline engines to electric motors.

Business risks include the loss of business opportunities if we are late in the development of technologies related to climate change and the greening of energy and raw materials and are not selected by customers. We will focus on decarbonization-related development themes to meet market demand, and promote the adoption of non-fossil raw materials and fuels.

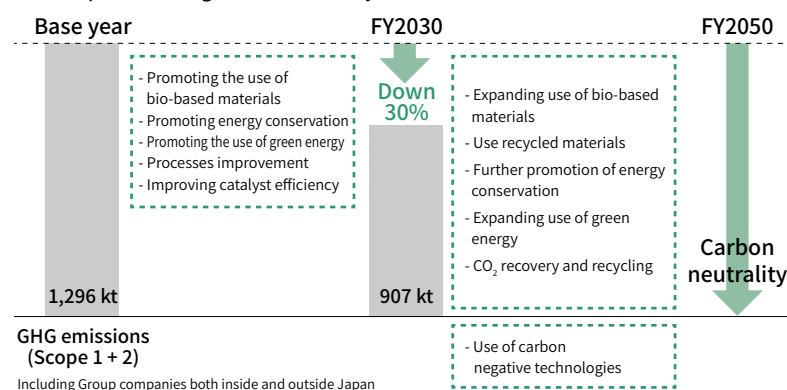
Reduce greenhouse gas (GHG) emissions (Scope 1 + Scope 2)

We formulated a roadmap for reducing GHG emissions by 2050 in terms of the “strategic transformation for environmental initiatives,” one of the “three transformations” set out in “Techno-Amenity for the future,” the Nippon Shokubai Group long-term vision published in April 2021.

In conjunction with the development of the company's Medium-term Management Plan announced in April 2025, we have reviewed our materiality. While our previous GHG emissions (Scope 1 + 2) reduction targets applied only to Group companies in Japan, we have now newly established Group-wide goals that also include Group companies outside Japan.

KPI / Ideal state	Achievement
GHG emissions: 30% reduction in emissions by FY2030 from the base year as Nippon Shokubai Group total (In Japan) 30% reduction from FY2014 levels (Outside Japan) Reduction by [reduction objectives for each company] from [base year for each company] levels	End of FY2030

Roadmap for reducing GHG emissions by 2050



By 2030, we will reduce GHG emissions through measures centering on the promotion of energy conservation with manufacturing process improvements, the use of green energy, the partial replacement of raw materials with biomass, and the improvement of catalyst efficiency.

From 2030 to 2050, we will promote the above measures and reduce energy-origin GHG emissions by promoting green fuels, such as hydrogen and ammonia. Additionally, we plan to reduce non-energy-origin GHG emissions by expanding the use of biomass and recycled raw materials and by using carbon recycling technology (carbon dioxide capture, utilization, and storage).

Promote reduction of GHG emissions from our entire supply chain (Scope 3)

Nippon Shokubai discloses Scope 3 emissions for specific categories for which data can be collected and calculated.

 For more details, please see https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/07/esgdata2024_250707_en.pdf

We will continue to calculate Scope 3 emissions and explore the possibility of reducing GHG emissions resulting from all corporate activities.

*The GHG Protocol classifies GHG emissions into three classes: Scope 1, Scope 2, and Scope 3.
 Scope 1: direct GHG emissions by the reporting company itself (e.g. fuel combustion, industrial process)
 Scope 2: indirect emissions from the use of electricity, heat, or steam supplied by others
 Scope 3: indirect emissions other than Scope 1 and Scope 2 (emissions by others related to the company's activities)

In order to solve the issue of climate change, it is important to reduce GHG emissions not only from the manufacturing stage of our products but also throughout the entire supply chain, including the stages of use and disposal.

After an internal review based on checklists and data, we internally certify products that contribute to reducing GHG emissions throughout the entire supply chain as Environmental Contribution Products. We have also set the sales revenue from these products as a KPI to promote their widespread use.

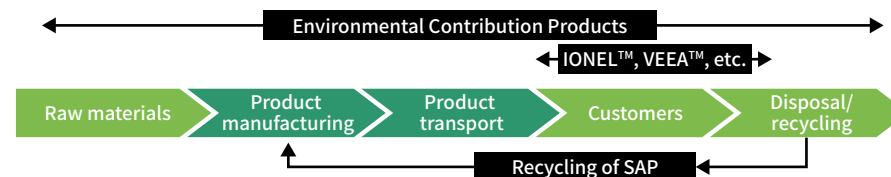
For example, the following products contribute to the reduction of CO₂ emissions at the customer use stage: IONEL™, a lithium-ion battery material; VEEA™, a UV-curable reactive diluent; and AQUALOC™, a raw material for concrete admixtures.

We are also proceeding with the development of new Environmental Contribution Products and technologies, such as the development of new recycling technologies for superabsorbent polymer (SAP) in used disposable diapers, aiming to reduce CO₂ emissions by recycling carbon. Recycling used SAP is expected to reduce CO₂ emissions not only at the disposal stage, but also at the manufacturing stage by using recycled raw materials.

Expand the use of Environmental Contribution Products

KPI / Ideal state	FY2024 result	Achievement
Revenue from Environmental Contribution Products: (1) 55 billion yen (2) 135 billion yen	47 billion yen	(1) End of FY2027 (2) End of FY2030

Extent of the impact of Scope 3 on the supply chain (conceptual image)



Examples of Environmental Contribution Products



IONEL™
(lithium-ion battery materials)



VEEA™
(UV-curable reactive diluent)



AQUALOC™
(concrete admixtures)

TOPICS

Acquisition of ISCC PLUS certification

As a leading global supplier of acrylic acid (AA) and super absorbent polymer (SAP), Nippon Shokubai Group has been working to obtain ISCC PLUS certification¹ for products manufactured in Belgium, Japan, and Indonesia since 2021.

Following the recent certification in the United States in 2025, Nippon Shokubai Group has established a four-region global supply system for ISCC PLUS-certified AA and SAP using biomass-derived raw materials allocated via the mass balance method². This enables the global supply of AA and SAP with a carbon footprint considered net zero.

¹ An international certification system that ensures and manages the use of sustainable raw materials and products throughout the supply chain. It allows for the shipment of products derived from biomass or recycled materials allocated using the mass balance method.

² The mass balance method: When biomass-derived and petroleum-derived raw materials are used together in production, the proportion of biomass input can be allocated to specific end products. This method is officially recognized under the ISCC PLUS certification system.

Internal Carbon Pricing (ICP)

We implemented the ICP system on February 1, 2023. Since then, this system has been utilized to raise awareness of decarbonization within the Nippon Shokubai Group, promote energy conservation, and study business opportunities and risks related to reducing CO₂ emissions.

In FY2024, we conducted studies of investment using ICP in multiple projects, such as facility renewal and new construction.

- ICP: ¥10,000/t-CO₂ (shadow price based on market prices in Japan and abroad)
- Method of application: The cost was calculated using ICP based on a change of CO₂ emissions, and used as a criterion for investment decisions.
- Scope of application: Nippon Shokubai Group
- GHG Scope: Scope 1 + Scope 2

A life cycle assessment (LCA) was conducted on used disposable diapers, focusing on the reuse of the three major components

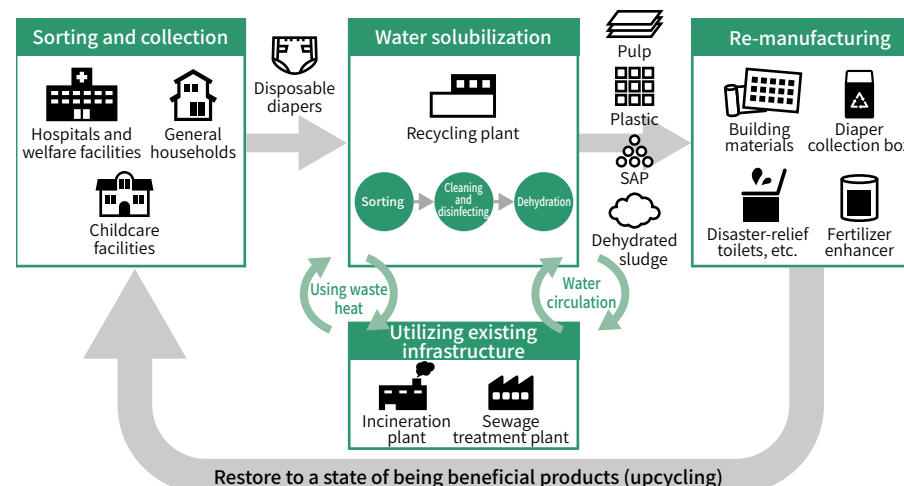
As part of building a novel material recycling system for disposable diapers, an LCA was conducted by six private companies, including Nippon Shokubai, and the University of Kitakyushu, Kitakyushu, Fukuoka, Japan.

As a result, it was found that recycling all three major components—pulp, SAP, and plastic film—from 5,000 tons of used disposable diapers annually (equivalent to 1,500 tons on a dry-weight basis) could reduce CO₂ emissions by approximately 2,813 tons compared to incineration. This reduction is equivalent to the annual CO₂ emissions of about 1,000 households.

■ Targets and features of the novel material recycling system for disposable diapers from the six collaborating companies

(Targets)

- (1) Recover the three main components (pulp, SAP, plastic film) from the diapers
- (2) Restore to a state of being beneficial to the emitter (upcycling)
- (3) Consider economically viable processes in collaboration with existing infrastructure (sewage treatment plants, incineration plants)



Develop and Empower Human Resources

Promote Transformation into an Organization with Sustainable Growth and a Company where Diverse Human Resources Are Motivated to Work

Achieving this long-term vision depends on the active contribution of human resources. Based on its human resource development policy, the Nippon Shokubai Group has defined the qualities and capabilities it expects from its people.

In addition, to build an organization that continuously grows and expands its business, the Group promotes specific initiatives (Human Resources Strategy) aligned with key challenges.

Talent development policy

The Nippon Shokubai Group views employees as essential assets based on the recognition that people are the source of constant value creation.

The following three points are the focus of our talent development.

- Utilizing the individuality, willingness, and abilities of diverse talent
- Providing support to talent who think, act, and grow on their own initiative
- Fairly evaluating and rewarding employees under company systems

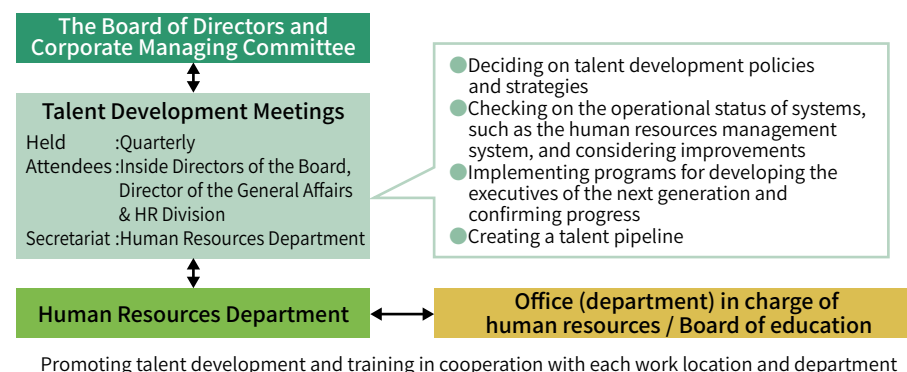
To become a chemical company that continuously evolves based on an acute awareness of changes in society, we implement and promote the invigoration of talent with a focus on individual employees so that they can exhibit their individual strengths to the fullest.

The company and employees are on equal footing; the Company provides employees with opportunities for growth and expects them to have high aspirations and motivation to grow, as well as to contribute to the Company.



Governance

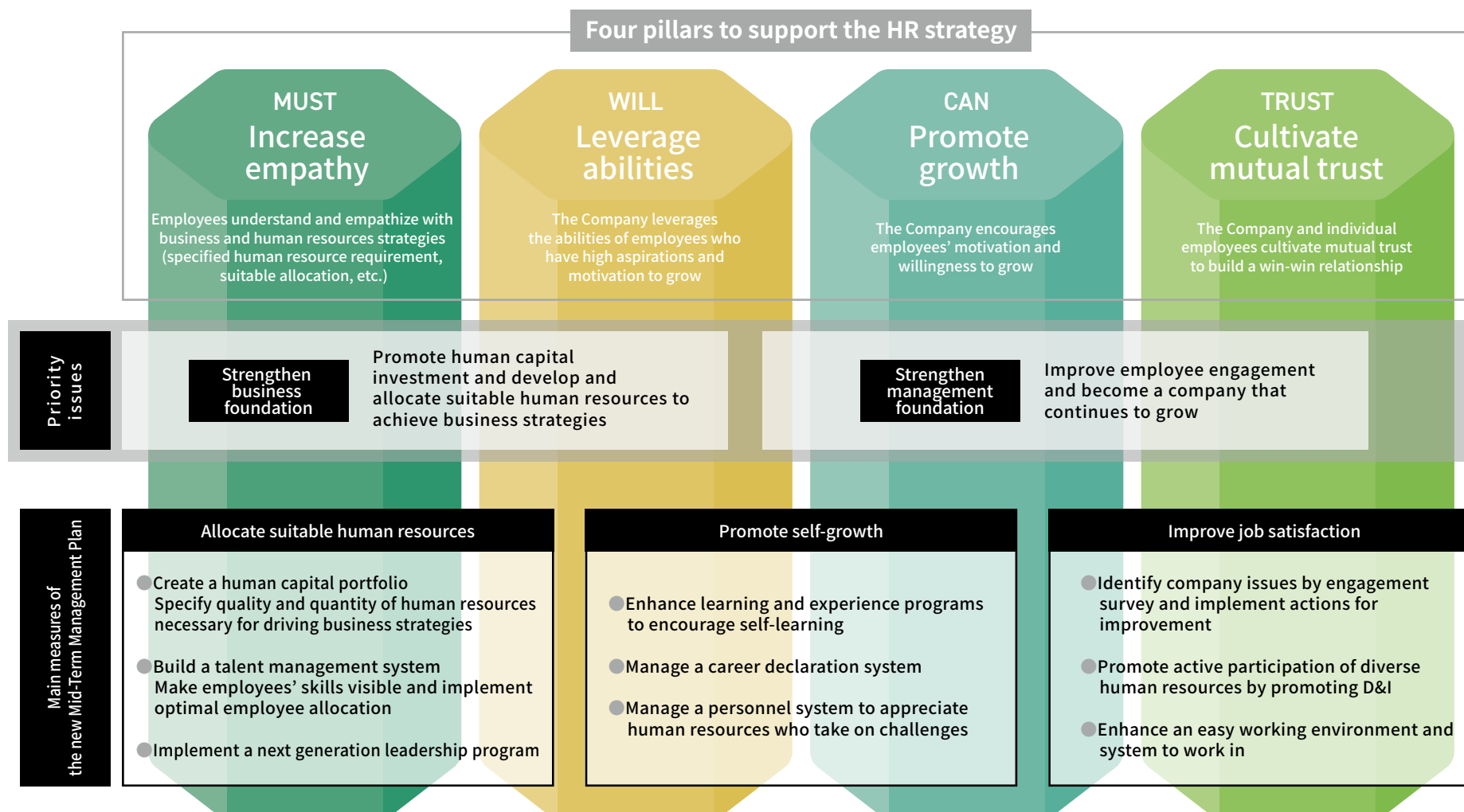
All Inside Directors of the Board attend talent development meetings, which are held periodically, to check on the progress of talent development initiatives, the operation of the human resources management system, and the development of the executives of the next generation, as well as to implement and review measures such as the construction of a talent pipeline. The Human Resources Department also promotes talent development and training in cooperation with each work location and department.



Human resource strategy

Under the new Mid-Term Management Plan (FY2025–FY2027), the sustainability strategy emphasizes strengthening the Company's foundation and growing sustainably.

A human resource strategy has been established to drive business expansion and build an organization that continues to grow, with various initiatives being implemented accordingly.



Allocate suitable human resources

■Strengthen talent management

To effectively drive future business strategies, we are clarifying both the quality and quantity of talent required (developing a talent portfolio) and visualizing the skills possessed by our employees. This will enable us to implement strategic education and placement aligned with our business goals.

In addition, we utilize career declarations and internal recruitment systems to ensure talent placement that reflects each employee's career aspirations.

■Next generation leadership program

We are implementing a variety of measures to cultivate leaders who can drive the organization.

Specifically, we provide leadership and management training for leadership-level employees through rank-based education.

In addition, selective development programs have been established for department and section managers across the organization: the Next Leaders Development Program (NLDP) and the Future Leaders Development Program (FLDP), respectively. Each program runs for about a year and concludes with presentations to senior management. These initiatives support the development of future leaders who will drive Nippon Shokubai's growth.



Percentage of positions filled internally (management position) FY2024 **96.3%**

Line director, general manager, manager*

*Individuals who joined the company mid-career within the past five years, including the current fiscal year, are defined as external hires.

Promote self-development

■Career declaration system

A career declaration system is in place, allowing employees to reflect on their career paths and communicate their aspirations to their supervisors.

By setting goals based on their desired future, employees are encouraged to learn and grow autonomously.

Through regular one-on-one meetings between supervisors and subordinates, career intentions are shared and discussed, helping to promote learning and inform work assignments and placements.

■Expand learning and experience programs to encourage self-learning

We promote the development of autonomous talent who find their own purpose and take the initiative to work toward solutions rather than waiting for instructions.

As part of the initiative, we offer autonomous learning programs (ALPs) for all employees, along with self-selected training tailored to each site and department.

Employees can freely choose the format and duration of training based on their individual needs, enabling effective skill and capability development. We continue to improve these programs to further increase participation rates.



Participation rate in self-selected training programs FY2024 **84.6%**

(e-learning, skill development training, and online English conversation programs)

Human resource development system

We promote the development of autonomous talents who find their own purpose and take the initiative to work toward solutions rather than waiting for instructions. We visualize the skills required for each job family and advancement in terms of the definition of the different job classes under the human resources management system and the matters considered for advancement. In addition to ongoing level-based training, we provide opportunities for each and every employee to apply their skills in systematic learning to progress toward the next level.

Measures Level	Autonomous learning programs (ALPs)	Elective training	Career support	Company- wide training
Division directors				
Department general managers		NLDP		
Section managers	Company-recommended training (internal)	FLDP		
Leaders/veterans	Open seminars (external)		English specialist training	
Potential leaders/ established employees	Subscription-based video training		Career support program for women	
Probationers/ leaners	Correspondence courses		Career support program for seasoned employees	
	A variety of English language training programs, cross-cultural communication training			Training on D&I, mental health, compliance, human rights, etc.
	Companywide measures	Global/English measures		

In addition to hierarchical training, such as onboarding and career development programs, skill development initiatives are also implemented at the site and departmental levels.

For more details, please see
<https://www.shokubai.co.jp/en/sustainability/society/human-resource/>

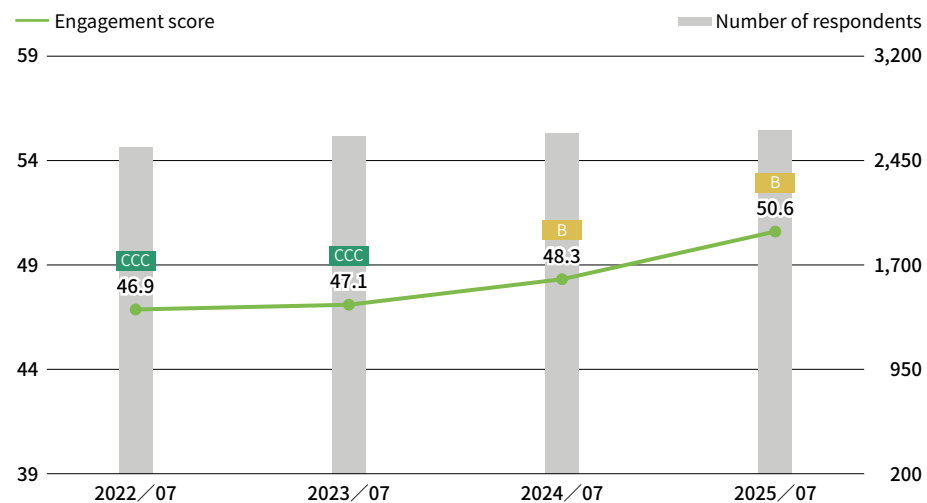
Improve job satisfaction

■ Visualization of organizational status and implementation of improvement actions through an engagement survey

To support organizational revitalization activities at each workplace and enhance employee engagement, we conduct an annual engagement survey.*

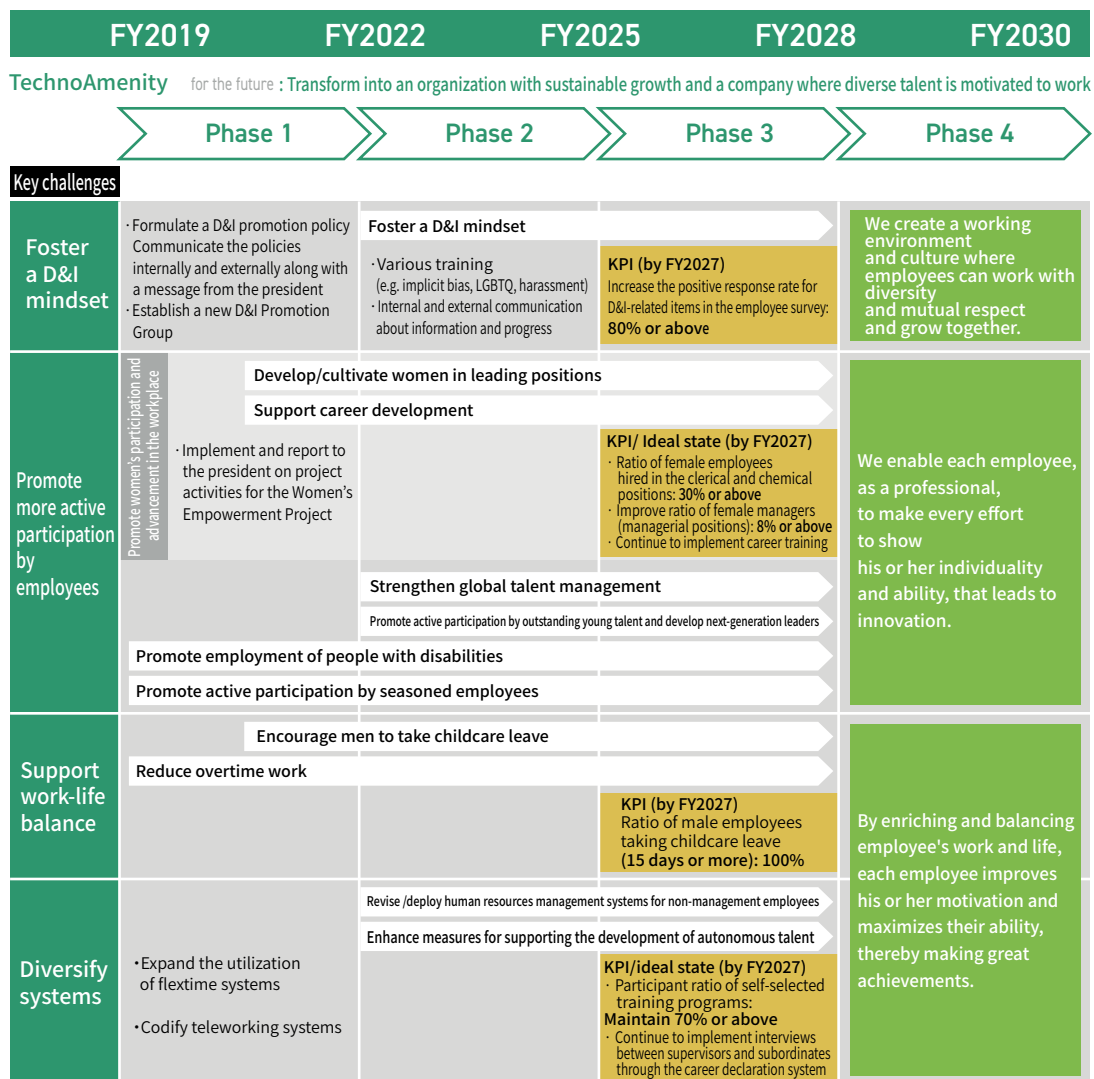
Based on the visualized survey results, division leaders identify organizational issues and implement improvement initiatives. In addition, progress surveys are conducted to assess the effectiveness of these initiatives, thereby promoting continuous organizational improvement and engagement enhancement.

*We use Motivation Cloud, provided by Link and Motivation Inc., to assess organizational engagement. Scores are calculated using a benchmark average of 50.0, based on historical data that includes other companies.



■ Promote active participation of diverse human resources by promoting D&I

Based on our D&I Promotion Policy, we have created a D&I Promotion Roadmap and are working on initiatives with a long-term perspective.



D&I Promotion Policy

- 1: We will create a working environment and culture where employees can work with diversity and mutual respect, and grow together.
- 2: Each employee, as a professional, will make every effort to show his or her individuality and ability, that will lead to innovation.
- 3: By enriching and balancing employee's work and life, each employee will improve his or her motivation and maximize their ability, thereby make great achievements

➤ Positive response rate for D&I-related items in the employee survey (FY2024): **68.8%**

➤ **Promoting women's participation and advancement in the workplace**
 Our biggest challenge now is to increase the number of women in decision-making positions. To achieve this, we need to fill the pipeline for female employees, and in order to increase the number of female candidates for managerial positions, we need to raise the ratio of female employees across the company.

➤ **Raising the percentage of male employees taking childcare leave**
 To promote gender-neutral and equitable work practices, a target was set to achieve an increased childcare leave utilization rate among male employees. Initiatives have included fostering D&I awareness among core management personnel and developing handbooks to raise awareness of the childcare leave system.
 Percentage of male employees taking childcare leave (15 days or more) (FY2024): **95.7%**

➤ **Improve workplace environments and systems to support employee well-being and productivity.**

Promote Safe and Stable Production Activities

Promote Voluntary Initiatives to Ensure Safety, Environmental Protection, and Quality

Responsible Care initiatives

Corporate members of the chemical industry that work with chemical substances undertake and publish the outcomes of voluntary initiatives to ensure excellence in environment, safety, and health in all processes, from the development to the manufacture, distribution, and industrial and consumer use of chemical substances, and to their disposal and recycling. By doing so, they engage in dialogue and communication with society, which is collectively known as “Responsible Care” (RC). The Nippon Shokubai Group proactively implements RC initiatives based on environmental protection, process safety and disaster prevention, occupational safety and health, chemical safety, quality, and communication with society.

RC Policy

In order to achieve our Group Mission and put our Values, Code of Conduct, and Safety Philosophy into practice, the Nippon Shokubai Group takes the priority actions listed below with regard to the environment, safety, and quality. In doing so, we consider contributing to society by providing technologies and products that facilitate environmental protection to be a key management strategy; our actions are guided by the principle of Sustainable Development, and we work conscientiously to achieve harmony with environmental conservation on a global scale.

- 1 We consider environmental impact and take steps toward environmental protection throughout the entire lifecycle of our products, from development to disposal.
- 2 We strive to ensure safety for our employees and society at large by striving to completely avoid accidents and injuries based on our Safety Philosophy of “Safety takes priority over production.”
- 3 We consider the health of our employees, logistics partners, customers, and others by verifying the safety of the raw materials, intermediate goods, products, and other chemical substances we work with.
- 4 We consistently provide reliable, high-quality products and services that satisfy our customers.
- 5 We publish the outcomes of the aforementioned activities in an effort to ensure that our message is understood properly.

RC promotion system

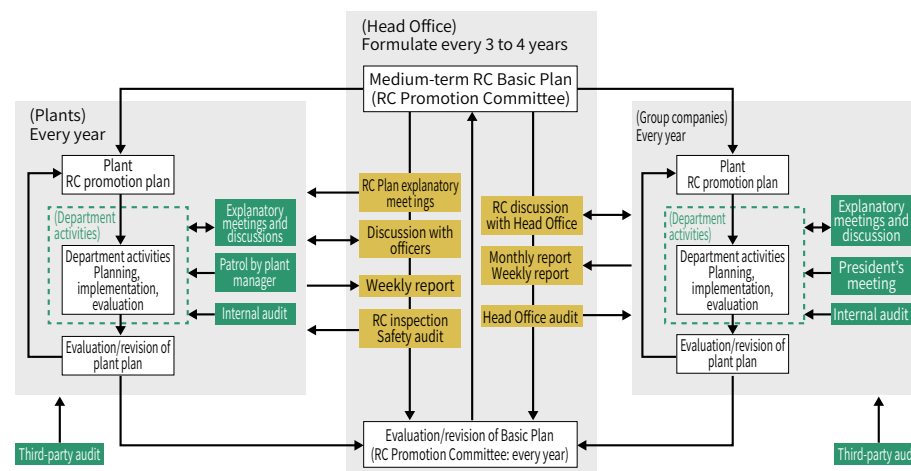
Our RC Promotion Committee chaired by the Company President reviews basic and overall matters to make concrete progress in implementing the RC Policy and guidelines set out in other company regulations in all activities: environmental protection, process safety and disaster prevention, occupational safety and health, chemical safety, quality, and communication with society. We also have specialized subcommittees under the RC Promotion Committee to promote company-wide RC initiatives.



Promotion cycle for RC initiatives

To put the RC Policy into practice, the Group makes efforts to contribute to society and fulfill its corporate social responsibility by undergoing the PDCA cycle each year within the promotion cycle for RC initiatives in collaboration with each plant and Group company.

For more details, please see
<https://www.shokubai.co.jp/en/sustainability/rc/initiative/>



Environmental Protection Initiatives

Environmental Protection Policy

The Nippon Shokubai Group has set out the following Environmental Protection Policy based on the RC Policy.

- Actively seek to improve energy efficiency, use renewable energy and bio-based raw materials, and engage in other efforts to reduce greenhouse gas emissions.
- Reduce emissions of waste and chemical substances and promote the recycling and effective use of resources, including water resources to contribute to the realization of a sound material-cycle society.
- Actively seek to develop and provide products and technologies that help reduce environmental impact.
- Seek to minimize the negative impacts of business activities and develop products and technologies that contribute to increasing the positive impacts on ecosystems in an effort to preserve and restore biodiversity.
- Actively disclose and communicate information about environmental conservation to further mutual understanding with stakeholders.

Overview of FY2024

In FY2024, following on from last fiscal year, we underwent third-party verification of our greenhouse gas (GHG) emissions in Japan. We also continued to use the new system established in FY2023 to calculate product carbon footprints more accurately and efficiently, and participated in the GX League. As part of our energy-saving initiatives, we achieved a reduction of approximately 7,700 kL (crude oil equivalent) through the optimization of operating conditions and the deployment of advanced process control systems. As a result of increased production volume of energy-generating products, our energy intensity improved. Furthermore, our GHG emissions decreased due to the continued use of carbon offset city gas (formerly carbon neutral city gas) and improvements in CO₂ emission intensity.

Environmental impact of business activities

In addition to striving to provide better products and services, we engage in various activities to reduce the environmental impact of our business activities, which we extend to include our supply chains. We recycle the water we use in our production locations to a high degree and thoroughly treat it before releasing it into the natural environment in an effort to effectively use water resources in addition to the obvious benefits of saving energy and combating climate change. Also, so that people in the vicinity of our production locations can live free of worry, we ask them to monitor the air for foul smells, and we conduct odor patrols and measure noise ourselves on a regular basis. There were no environmental pollution incidents or complaints in FY2024.

INPUT		Nippon Shokubai	OUTPUT	
Energy	Crude oil equivalent 190,000 kL		Atmospheric emissions	GHG 640,000 tons* SOx 4 tons NOx 184 tons Dust 8 tons
				Substances subject to the PRTR Law 45 tons 
Purchased raw materials	895,000 tons		Waste emissions	Quantity of off-site waste emissions 1,891 tons 
Water	14.0 million m ³	Waste Quantity of on-site recycling 28,585 tons 	Wastewater	Wastewater 7.5 million m ³ COD 36 tons Total phosphorus 2 tons Total nitrogen 27 tons Substances subject to the PRTR Law 40 tons 
				Products 

Note: This FY2024 data is only for Nippon Shokubai (including our head offices, research centers and other sites).

*Includes a carbon credit offset of 58,000 tons of CO₂ emissions due to the purchase of carbon offset city gas.

Objectives for FY2022–FY2024	FY2024 results
● Energy saved: 6,000 kL (over 3 years) ● Energy consumption intensity: 5% reduction from FY2019 levels (annual reduction of 1%, 96.9 L/t-production) ● CO₂ emissions¹ for FY2030: 30% or greater reduction from FY2014 levels (including Group companies in Japan) ● Fuel consumption intensity for road transport: 4% reduction from FY2020 levels (annual reduction of 1%, 33.7 L/1,000 t-km) ● Promote modal shifts ● Water use intensity: reduction to at least FY2020 levels (8.45 m³/t-production) ● Maintain zero emissions²: (quantity of final off-site landfill) ≤ (total amount of waste generated × 0.1%) ● Emissions of substances subject to the PRTR Law³: 99 t/yr⁴ or less	● Energy saved: 7,693 kL⁵ (22,710 kL over 3 years) ● Energy consumption intensity: increased 11.6%^{5,6} ● CO₂ emissions: decreased 16.8%^{5,7} ● Fuel consumption intensity for road transport: increased 1.1% ● Modal shift promotion ongoing ● Water use intensity: increased 7.7% from FY2020 levels ● Zero emissions maintained ● Emissions of substances subject to the PRTR Law: 84.9 t/yr

1 The emissions reduction target is for greenhouse gases, but those are mostly carbon dioxide (CO₂). Therefore, it is referred to as CO₂ here.

2 Zero emissions: Reducing the quantity of waste subject to final disposal at off-site landfills to 0.1% or less of the total amount of waste generated.

3 PRTR Law: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.

4 Due to amendment of the PRTR Law, this objective was re-set.

5 Each coefficient has been revised due to the amendment in FY2023 of three laws (Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, and Act on Rational Use and Appropriate Management of Fluorocarbons).

6 Due to the amended Act on the Rational Use of Energy, waste oil used as fuel is treated as energy, but calculations exclude waste oil for comparison with the base year.

7 Including a carbon credit offset of 6.9% due to the purchase of carbon offset city gas.

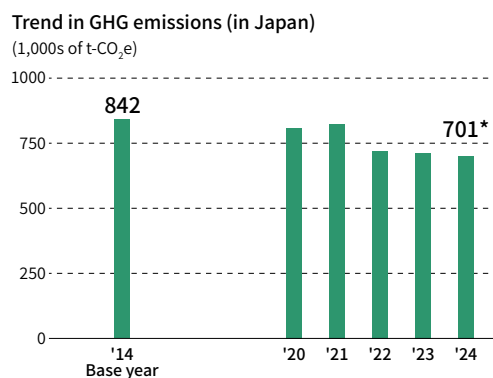
Trend in GHG emissions (in Japan)

Nippon Shokubai formulated a roadmap for reducing GHG emissions by 2050 in terms of the “Strategic Transformation for Environmental Initiatives,” one of the three transformations set out in “TechnoAmenity for the future,” the Nippon Shokubai Group long-term vision published in April 2021.

Regarding our GHG emissions reduction goal for FY2030, the final year of our long-term vision, we set a goal of reducing our GHG emissions in Japan, which constitute roughly 70% of Group-wide emissions, by at least 30% from FY2014 levels by FY2030.

We have purchased carbon offset city gas since FY2022, and increased the amount of renewable energy introduced in FY2023. Our GHG emissions of FY2024 in Japan, including those offset by carbon offset city gas, amounted to 701,000 t-CO₂e,* a 16.8%* reduction from FY2014 levels.

* Including an offset of 58,000 tons of carbon credits (equivalent to 6.9% of GHG emissions in FY2014) from the introduction of carbon offset city gas



Implementation of third-party verification on GHG emissions

We have prepared a Calculation Report based on measurements and calculation methods stipulated in GHG Emissions Calculation Manual, which we developed to ensure consistency with both domestic and international guidelines.

The FY2024 Calculation Report was also subjected to third-party verification by the Japan Quality Assurance Organization (JQA) in FY2025, and it has been verified that the GHG emissions of the Nippon Shokubai Group in Japan were 759,000 t-CO₂e.



For more details, please see

https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/09/Third-party-Verification-Report-on-GHG_2025_EN.pdf

Process Safety and Disaster Prevention Initiatives

Basic approach to safety issues

We have incorporated the lessons learned from the explosion and fire at the acrylic acid production facility at the Himeji Plant in 2012 to reinforce our basic approach to safety issues. We have clarified our Safety Philosophy, Safety Oath, and the safety management principles presented below, as well as the roles of the company at each organizational level, and are ensuring that all employees stay fully informed.

Principles for safety management

The Company's "Rules for Safety Management" sets out the basic principles for safety management, guidelines for manufacturing activities, and more, which we put into practice.

Excerpt from basic principles for safety management

(1) Ensure safety based on our Safety Philosophy, "Safety takes priority over production."

Guidelines for manufacturing activities

(1) When you detect anything out of the ordinary during operations, immediately shut down operations. You are not responsible for the consequences of the shutdown.

Occupational Safety and Health Initiatives

Occupational Safety and Health Policy

The Nippon Shokubai Group continues to create comfortable working environments and promote occupational safety and health activities together to prevent occupational injuries and health problems and to ensure safety and health for our employees based on the RC Policy.

In the past several years, occupational injuries at the Company have often involved younger employees. Similarly, our contractors have reported many injuries among relatively inexperienced workers. To improve risk awareness among younger and inexperienced employees and contractors, we incorporate experience-based education into our safety training. We also work to prevent occupational injuries by ensuring all employees and contractors put the following basic safety behaviors into practice: 1) Think before you act; 2) Pointing and calling; and 3) Hold the handrail when going up or down stairs.

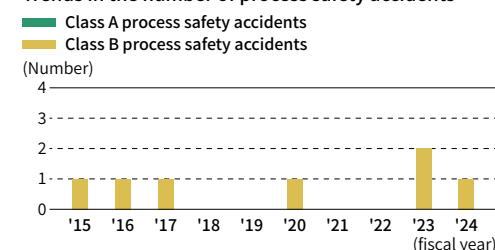
Overview of FY2024

Objectives for FY2022–FY2024	FY2024 targets	FY2024 results
Zero Class A ¹ or Class B ² process safety accidents (aim to completely avoid serious process safety accidents)	Zero Class A or Class B process safety accidents	Class A process safety accidents: 0 Class B process safety accidents: 1

1 Class A: Level 9 or higher according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.
2 Class B: Level 3 to 8 according to the Nippon Shokubai method on the Japan Petrochemical Industry Association chart.

In FY2024, there was no Class A process safety accident, but one Class B process safety accident occurred. To strengthen our safety infrastructure, we have been working to prevent process accidents through further enhancement of change management and risk assessment, as well as the promotion of safety culture development.

Trends in the number of process safety accidents

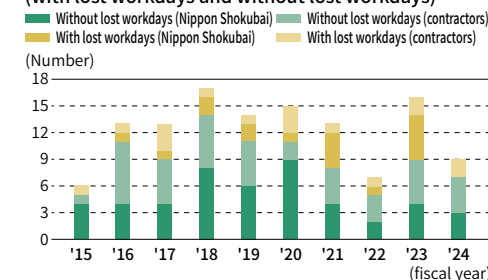


Overview of FY2024

Objectives for FY2022–FY2024	FY2024 targets	FY2024 results
- Zero injuries with lost workdays¹ - Zero injuries without lost workdays² (including contractors)	- Zero injuries with lost workdays - Zero injuries without lost workdays (including contractors)	Nippon Shokubai - Injuries with lost workdays: 0 - Injuries without lost workdays: 3 Contractors - Injuries with lost workdays: 2 - Injuries without lost workdays: 4

1 Injury with lost workdays: injury requiring at least one lost workday for medical treatment.
2 Injury without lost workdays: injury requiring no loss of workdays for medical treatment.

Trends in total number of occupational injuries (with lost workdays and without lost workdays)



Chemical Safety Initiatives

Basic approach

As per RC Basic Plan, which was formulated in light of both domestic and international situations regarding chemical management, the Nippon Shokubai Group has been enhancing chemical management through keeping legal compliance and providing information to stakeholders, in order to maintain *zero* legal and/or social problems related to chemical safety throughout the entire life cycle of our products.

Overview of FY2024

In FY2024, in line with the trend of chemical management requirements getting stricter due to domestic and international regulations, and industry standards, we made every effort to ensure product safety and legal compliance, maintaining *zero* legal and/or social problems.

We will continue to strengthen our chemical management system in order to respond to further complexity of laws and regulations, and diversifying social conditions.

Objective for FY2022–FY2024	FY2024 target	FY2024 result
Zero legal/social problem related to chemical safety	Zero legal/social problem related to chemical safety	Legal/social problem related to chemicals safety: 0

Quality Initiatives

Basic approach

Nippon Shokubai makes efforts to maintain and improve quality under a basic quality policy of consistently providing products and services that satisfy customers and are worthy of their trust.

Overview of FY2024

All our plants and all the Group companies both inside and outside of Japan engaged in manufacturing have introduced quality management systems. We implement our quality assurance initiatives from the customer's perspective from the product development stage through manufacturing and delivery.

The quality assurance departments at our Head Offices conduct quality audits at our plants and Group companies and engage in other efforts to monitor the state of quality assurance systems and quality control at all Group manufacturing facilities.

Objectives for FY2022–FY2024	FY2024 targets	FY2024 results
● To achieve zero serious quality complaints ● To improve customer satisfaction by strictly complying with quality-related laws and promoting priority initiatives regarding quality	● To achieve zero serious quality complaints ● To improve customer satisfaction by strictly complying with quality-related laws and promoting priority initiatives regarding quality	● Serious complaints about quality: 0 ● Accomplished quality priority initiatives designed to improve customer satisfaction

Communication with Society

Building Trust through Proactive Dialogue with Stakeholders

Nippon Shokubai promotes information sharing with stakeholders through disclosure. In addition, guided by our Group Mission of “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we are implementing and promoting various Corporate Citizenship initiatives.

Overview of information disclosure

Objective for FY2022–FY2024	FY2024 results
Engage in dialogue with and properly disclose information to stakeholders	- Published details of RC initiatives on the website - Revised the TCFD Report

Overview of Corporate Citizenship

We share its policy on Corporate Citizenship activities and have identified the following three themes as priority areas for focused efforts. These themes have been selected based on their strong relevance to our Group Mission Framework (Mission, Values, and Code of Conduct), the nature of our business (components of value creation), and our Materiality priorities.

Community co-creation

We engage, connect and cooperate with a diverse range of people in local communities, utilizing their unique characteristics to help solve problems and promote activities that create new values.

- Cleanup activities
- Potato harvesting
- Dialogue with local communities



Developing the next generation

Through programs that utilize the characteristics of our business, we help young people to acquire the knowledge and thinking that will enable them to carve out their own future and lead independent lives as members of society.

- Riko Challenge
(supporting girls' taking on challenges in STEM fields)

As part of FY2024 initiatives, participation in the “Himeji Riko-Challe Support Bus Tour 2024,” organized by the City of Himeji, provided 56 female students over two days with hands-on experiments using company products, a tour of the manufacturing site, and opportunities to interact with researchers and engineers.

- Internship program
- Outreach classes at junior high schools



Realization of Leave No One Behind

We promote Leave No One Behind initiatives so that children, the elderly, people with disabilities and their families, disaster victims, and all those who need support due to poverty and other various reasons, can create and enhance their communities, livelihoods and purpose in life together.

- Matching gift program
This program adds a fixed amount to employee donations. Donations were made to seven organizations tackling social issues of high employee interest.
- Relief donation
- Donation activities such as resource recycling

Supply Chain Management

Contribute to the Realization of a Sustainable Society through Sustainable Procurement Initiatives

In our supply chain, from the procurement of raw materials to the manufacture, sale, use, and disposal of products, we are promoting various initiatives with the aim of putting into practice our Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology”.

Sustainable procurement policy

The Nippon Shokubai Group recognizes our suppliers as important partners, and we will build a relationship of mutual understanding and trust with them. We will also conduct fair and impartial business transactions in compliance with laws and regulations, and with high ethical standards for the sustainable development of both parties.

With the cooperation of our suppliers, we will also promote sustainable procurement initiatives that take human rights and environmental preservation into consideration.

CSR Procurement Guidelines

The Nippon Shokubai Group is committed to sustainable procurement to fulfill our social responsibility throughout the supply chain. We strongly believe that the understanding and cooperation of our suppliers is indispensable in promoting such efforts. Based on this belief, we have compiled a set of CSR Procurement Guidelines that we invite our suppliers to collaborate on with our Group companies.



For more details, please see

https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2024/03/CSR-Procurement-Guidelines_en_2403.pdf

Initiative (1) Conduct of CSR supplier surveys

To promote sustainable procurement, we have been conducting CSR questionnaire-type surveys of our major suppliers since FY2021. The survey takes place every 2 years, using the CSR Procurement Self-Assessment Questionnaire that is prepared by GCNJ (Global Compact Network Japan). By requiring suppliers to respond to the survey, we are able to confirm whether they have conducted business activities in accordance with our CSR Procurement Guidelines.

In FY2023, based on the survey conducted during the year, significant suppliers (equivalent to 95% of raw material purchases) participated and responded from 96% of them. For suppliers whose response do not meet our company’s standards, we have conducted hearings to confirm their current situation of their activities and provided support for improvement, and confirmed that there are no serious issues. We will continue to strengthen cooperation with our suppliers and promote sustainable procurement initiatives.

Initiative (2) Promote responsible procurement

We endeavor to steadily respond to human rights, labor practices, health and safety, environment, and Fair Operating Practices in Nippon Shokubai and our group companies, while we also implement a variety of initiatives to ensure responsibility on the supply chain. We utilize Supply Chain Ethical Information Sharing Platforms, such as Sedex¹ and EcoVadis², to disclose sustainability information. We have acquired RSPO³ (Roundtable on Sustainable Palm Oil) certification.

¹ An online platform is organized by non-profit organization Sedex, for storing and accessing data regarding ethical and responsible business practices. Enterprises in the global 35 industries, including food, automobile, cosmetics and amenity over 180 countries and regions, have joined Sedex.

² The supply chain ethical information sharing platform is operated by the French CSR rating agency EcoVadis. The platform is used by over 150,000 multinational companies in about 185 countries.

³ RSPO stands for Roundtable on Sustainable Palm Oil, a non-profit organization promoting the sustainable production and use of palm oil.

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Governance

Dawn

06:50

Management (as of June 19, 2025)

Directors



Kazuhiro Noda
President & CEO,
Representative Director



Kuniaki Takagi
Director of the Board,
Managing Executive
Officer



Yasutaka Sumida
Director of the Board,
Managing Executive
Officer



Yukihiro Matsumoto
Director of the Board,
Managing Executive
Officer



Kenjiro Komoda
Director of the Board,
Managing Executive
Officer



Tetsuo Setoguchi
Director of the Board
**Outside
Independent**



Miyuki Sakurai
Director of the Board
**Outside
Independent**



Akiko Ikeda
Director of the Board
**Outside
Independent**

Audit & Supervisory Board Members



Takashi Kobayashi
Audit & Supervisory Board
Member (Full-Time)



Atsushi Tabata
Audit & Supervisory Board
Member (Full-Time)



Tsukasa Takahashi
Audit & Supervisory Board
Member
**Outside
Independent**



Kazumasa Murai
Audit & Supervisory
Board Member
**Outside
Independent**

Senior Executive Officers

Naoki Hijikuro
President
SINO-JAPAN CHEMICAL
CO., LTD.

Kenta Kanaida
President
Nippon Shokubai America
Industries, Inc.

Kazuhiro Sakuma
Director
Industrial & Household
Solutions Div.

Shinya Kataoka
Director
Acrylics Business Div.

Shigeru Harada
Director
General Affairs & HR Div.

Tomiyuki Sawada
Director
Electronics & Environmental
Solutions Div.

Executive Officers

Takanori Murakami
Director
Engineering Div.

Shinichi Ito
Director
Finance & Accounting Div.

Koji Takeda
Director &
Plant Manager
Kawasaki Plant

Kazuto Okazaki
Director &
Plant Manager
Himeji Plant

Hisakazu Fujita
President
NIPPON NYUKAZAI
CO., LTD.

Yasuharu Nakabayashi
Director
Basic Materials Business
Div.

Shigetaka Takamiya
Director
Production Div.
General Manager of
Production Technology
Dept.

Nobuo Akanuma
Director
Superabsorbents
Business Div.

Specialty and Experience of the Directors of the Board and Audit & Supervisory Board Members

Name	Position	Responsibility in the Company	Number of Shares of the Company Owned ¹	Number of Years in Office	Attendance at the Board of Directors Meetings/ Audit & Supervisory Board Meetings (FY2024)	Skill Matrix							
						Corporate Management	Inter-nationality	Sustainability	Compliance/ Governance	Finance/ Accounting	Production Technology/ R&D	Sales and Marketing	Other
Kazuhiro Noda	President & CEO, Representative Director		29,012	5	15/15	✓	✓			✓			
Kuniaki Takagi	Director of the Board, Managing Executive Officer	In charge of Administration, HR, Finance, Accounting	21,300	5	15/15		✓		✓	✓			
Yasutaka Sumida	Director of the Board, Managing Executive Officer	In charge of Innovation & Business Development Corporate Research Div. Health & Medical Business Div. New Business Promotion Div. R&D Management Dept. Process Catalysts Research Dept.	20,968	4	15/15			✓			✓		✓ (Intellectual property)
Yukihiro Matsumoto	Director of the Board, Managing Executive Officer	In charge of Production & Technology DX ² Promotion Div. Responsible Care Div. IONEL Project Div. Indonesia Project Dept.	23,412	2	15/15	✓					✓		✓ (DX ²)
Kenjiro Komoda	Director of the Board, Managing Executive Officer	In charge of Business Sector Battery Business Solutions Div. Business Planning Div. Purchasing & Logistics Div.	9,612	-	-	✓	✓					✓	
Tetsuo Setoguchi	Outside Director of the Board		0	7	15/15	✓	✓					✓	
Miyuki Sakurai	Outside Director of the Board		0	5	15/15				✓				✓ (Internal control, Audit)
Akiko Ikeda	Outside Director of the Board		0	1	10/11 ³	✓						✓	✓ (Business development)
Takashi Kobayashi	Audit & Supervisory Board Member (Full-Time)		15,500	3	15/15	✓	✓			✓			
Atsushi Tabata	Audit & Supervisory Board Member (Full-Time)		6,975	-	-				✓				✓ (HR)
Tsukasa Takahashi	Outside Audit & Supervisory Board Member		0	5	15/15				✓				
Kazumasa Murai	Outside Audit & Supervisory Board Member		0	1	11/11 ³			✓		✓			

(Notes) In the table above, up to three main areas of specialty and experience are marked for each person.

1. Number of shares as of the end of September 2025.

2. DX is an acronym for Digital Transformation.

3. The number of meetings held varies due to the difference in the dates of assumption of office.

Roundtable Discussion with Outside Directors of the Board

We Want to Stimulate the Company with Differing Opinions, and Invigorate Discussions and Exchanges of Views

The mission of Outside Directors of the Board is to provide diverse perspectives to the Board of Directors and promote governance. During the formulation of our new Mid-Term Management Plan(MTMP), too, our three Outside Directors of the Board played a crucial role. Therefore, we gathered all three of them this time to evaluate the MTMP formulation process and discuss the ideal state of governance.



Outside Director of the Board
Tetsuo Setoguchi

Former Representative Director Executive Vice President of Osaka Gas Co., Ltd., and Advisor to the company. Former Chairman and Director of OSAKA GAS URBAN DEVELOPMENT Co., Ltd. Former Outside Auditor of YOMIURI TELECASTING CORPORATION, among other positions, possesses extensive experience as an executive.

Outside Director of the Board
Miyuki Sakurai

Attorney-at-law, partner at Hanamizuki Law Office. Former External Director of Nippon Shinyaku Co., Ltd. and Outside Auditor of MBS MEDIA HOLDINGS, INC. among other roles. Possesses both legal expertise and diverse experience as an Outside Member of the Board.

Outside Director of the Board
Akiko Ikeda

Former President and Representative Director of Jolly-Pasta Co., Ltd. and COCO'S JAPAN CO., LTD. Former Executive Officer of Ito-Yokado Co., Ltd. Outside Director of J-OIL MILLS, INC., among other roles. Possesses extensive experience in corporate and human resource management, as well as sales and marketing.

Content of Medium- to Long-Term Discussions at the Board of Directors

Sustainability

- Selection of serious Group-wide risks and responsible personnel (draft)
- Serious Group-wide risks / response policies and measures (draft)
- Serious Group-wide risks / report on status of management
- Basic Policy on Human Rights
- Revision of response framework for large-scale earthquakes

Management Strategy

- Progress of the previous Mid-Term Management Plan
- Outline of Mid-Term Management Plan 2027
- Mid-Term Management Plan 2027 Business strategy (interim report)
- Progress of the previous Mid-term Management Plan
- Mid-Term Management Plan 2027 Report on business strategy, etc.
- Mid-Term Management Plan 2027 Draft disclosure materials
- Mid-Term Management Plan 2027 Final draft

Governance

- Action to Implement Management that is Conscious of Cost of Capital and Stock Price
- Results of the 2023 evaluation of the effectiveness of the Board of Directors
- Revision and disclosure of the corporate governance report
- Verification of the appropriateness of cross-shareholdings
- Review of the role and functions of the Board, 1
- Report on the 2024 evaluation of the effectiveness of the Board of Directors
- Review of the role and functions of the Board, 2

* ●: indicates an item voted on by the Board

New MTMP (1) Formulation Process

Supporting documents were also presented, and progress was made in visualization

Setoguchi: This is not limited to the current MTMP formulation, but we Outside Directors of the Board have consistently requested that we be involved in the deliberation process for important decisions as needed. When we are simply presented with a finished plan stating, "This is the plan we will proceed

with," it's difficult to understand how market and customer trends were analyzed, how the Company's strengths were assessed, and what strategies are being considered for each business area. This makes it hard to judge the plan's validity. In formulating this plan, however, each step of the process was presented to us, and we were able to participate in some of the steps. This allowed us to gain a clear understanding of the process and ultimately accept the proposed plan.

Sakurai: We were able to review the source materials used to formulate the plan at an early stage, engage in multiple rounds of discussions, and see our input reflected in the final draft. From a governance

perspective, this was a highly commendable process.

Ikeda: I was appointed as an Outside Director of the Board in June 2024, but I already have the impression that the company is quite advanced in visualizing its Mid-term planning. The process, timeline, and objectives are clearly defined. On the other hand, while the company excels at presenting matters that can be expressed in quantitative terms, it seems less adept at discussing qualitative aspects, like a desired future state. However, the Board maintains a flexible and receptive stance on these matters.

Regarding the plan itself, I feel the gap between the current “As is” state and the desired future “To be” state is a significant issue. While setting ambitious goals for growth areas, it is equally necessary to thoroughly examine how to sustainably generate profits from our current core businesses.

Sakurai: The numerical targets themselves are bold particularly within a challenging industry environment, demonstrating our company's resolve. The strategy is also quite well-thought-out. However, I feel there is room for improvement, including how it is disclosed, in ensuring it effectively communicates to external stakeholders, starting with shareholders.

Setoguchi: We need to add credibility to the idea that these challenging goals can be achieved. It is important to more clearly demonstrate that we will ultimately achieve these targets through specific investments, development initiatives, and the cultivation of human resources.



New MTMP (2) Contribution and Expectations

Present diverse perspectives and encourage the sharing of information both internally and externally.

Setoguchi: During the planning process, we ensured opinions were presented from diverse external perspectives, including how to allocate funds and talent based on our company's strengths, and whether we were prioritizing and focusing resources as needed. We also spoke up from the viewpoint of whether top management and the workplace were communicating effectively to share not just goals, but also purpose. Having been involved in our company's management for a long time, I recognize the risk of becoming too entrenched in our internal norms. Therefore, I consciously strive to maintain an external perspective.

When executing plans, I want everyone to keep challenging themselves without fear of failure. While top management clearly communicates this message, it can sometimes get bottlenecked due to assumptions or hesitation at intermediate levels of the organizational hierarchy. It is essential to continuously convey the sincerity of top management's commitment throughout the company.

Sakurai: Based on my experience serving as an Outside Officers at other companies, I suggested that a clear and passionate message from top leadership, supported by a concrete and story-driven strategy leading to goal achievement, offers a persuasive and easy-to-understand framework. I also emphasized that achieving the goals of the MTMP hinges on our people, so valuing our employees is crucial.

In this MTMP, our company has clearly identified investments that will lead to future profits. I believe this is possible because we possess the technological strength to deliver on those investments. I now expect us to achieve these goals quickly.

Ikeda: Based on my extensive experience in industries where frontline operations like B2C and C2C are paramount, I've consistently advocated, from a different perspective, the importance of interpersonal trust and communication as practical knowledge. This is because companies often believe they are communicating effectively, yet their messages frequently fail to resonate both internally and externally.

I also share the expectation for speed and agility. While it can be difficult to get moving when responding to change, I hope we can work together to become a company capable of making clear decisions to stop and go.

Progress in Governance

Make human resource development and revisions to remuneration for Members of the Board more transparent

Setoguchi: I believe our governance continues to evolve steadily. We bring in external agencies to conduct surveys, for example, to evaluate the effectiveness of the Board of Directors. We hold individual interviews with Directors of the Board based on the results, compile the feedback, and then have the Board of Directors discuss it. We see value in incorporating external perspectives to objectively and continuously evaluate and improve effectiveness.

The Nomination and Remuneration Committee also continues to evolve. Previously, we were only presented with personnel proposals from Directors of the Board and asked for opinions. In response to our requests for not only point information, like final personnel proposals, but also line information, we now participate in the final report sessions of the development program for the executive candidates of future generations. This provides opportunities to directly assess the capabilities and character of the next generation of executive candidates through Q&A sessions. Regarding remuneration, too, changes have

been made to align more closely with performance and increase the proportion of stock compensation, moving toward a structure more desirable to shareholders and other stakeholders. A new system with even greater linkage has been started this fiscal year.

Sakurai: I have also participated in the Committee's discussions. As an additional point, there had long been views that the activities and discussions of the Nomination and Remuneration Committee should be more widely shared within the Board. Improvements have been made in this area as well, and now the Board is provided with information—including sensitive details—regarding personnel proposals, along with the rationale behind the selection of specific individuals. This represents a significant change. Regarding compensation revisions, the Board has also begun to seek input based on the Committee's discussions. I believe this represents a step forward in terms of the Board's oversight function.

Ikeda: The compensation structure was rather austere, or rather, it reflected self-restraint. I felt it was the result of serious consideration about how compensation should be handled to build a profitable company while also addressing the need to improve the PBR (price-to-book ratio). Furthermore, recent Board of Directors have seen increasing discussion on digital governance, such as security and DX. This has long been an issue for our company, and I felt we were perhaps a bit slow in taking countermeasures.

What Should an Outside Director of the Board Be Like?

Exploring management that brings happiness to all stakeholders

Setoguchi: The role of Outside Directors of the Board is to bring an external perspective. In complex situations, where logic alone cannot bring about a conclusion, the diversity of opinions exchanged becomes crucial. I attend every Board of Directors with the intention of offering perspectives that deliberately challenge the norm, hoping to stimulate the company internally.

Sakurai: Regarding M&A deals, I deliberately ask whether anticipated risks and exit criteria are properly addressed from a compliance perspective. During progress reports from each business division, I also ask about company-wide policies and approaches. At such times, the President may make remarks, and I feel it's important to share the opinions and perspectives of each Director of the Board.

Furthermore, in 2024, we revised our Basic Policy on Human Rights. As with other matters, our

company is highly sensitive to such issues and handles them appropriately. However, the crucial point is how to make this policy truly effective. Ensuring its thorough implementation, including monitoring of overseas suppliers, is an extremely difficult task. It's not just about creating the policy; the extent to which it is implemented is vital. I deliberately point this out as well.

Ikeda: Even in workplaces traditionally dominated by male employees, efforts to improve the environment for women in the workplace are gradually advancing. However, from a diversity and inclusion perspective, I believe there is still significant room for improvement. The work environment is crucial for achieving sustainable engagement improvement. This importance is clearly evident from the engagement surveys. Since this concerns all employees, not just women, I intend to move forward by fostering a work environment in which everyone feels motivated to contribute voluntarily.

Setoguchi: While there is no single reason why diversity is necessary today, I believe it is because creating new value requires diverse backgrounds, the clash of values, and their fusion. What matters is whether the organization enables free and active communication among people with diverse backgrounds and values. As a serious company, we respond earnestly to what society needs. However, are all employees—including those in the workplace who have access to the most critical information—truly convinced about why we are doing this and how far we should go? It is vital that everyone participates in the decision-making process and shares a sense of purpose, not just because it's a policy handed down from above.

I believe the role expected of Directors of the Board is to discuss what constitutes management that will bring long-term happiness to shareholders and all other stakeholders. I hope to continue contributing so that discussions among the Board delve into the essence of matters and become high-quality debates examined from multifaceted perspectives.

Ikeda: A company is not just for shareholders, after all. Employees, customers, and other stakeholders are all important. I want to offer advice that incorporates the perspectives of all stakeholders, leveraging experience from entirely different industries. I also intend to actively propose initiatives regarding diversity and the Company's human resource strategy.

Sakurai: People are the foundation of any company. It is the diverse individuals who make a company what it is, isn't it? We will continue our initiatives for the Company's human resource strategy, leveraging our strengths while striving to quickly improve the effectiveness of plan implementation. We will dedicate ourselves to monitoring and providing advice to the best of our ability.



Corporate Governance

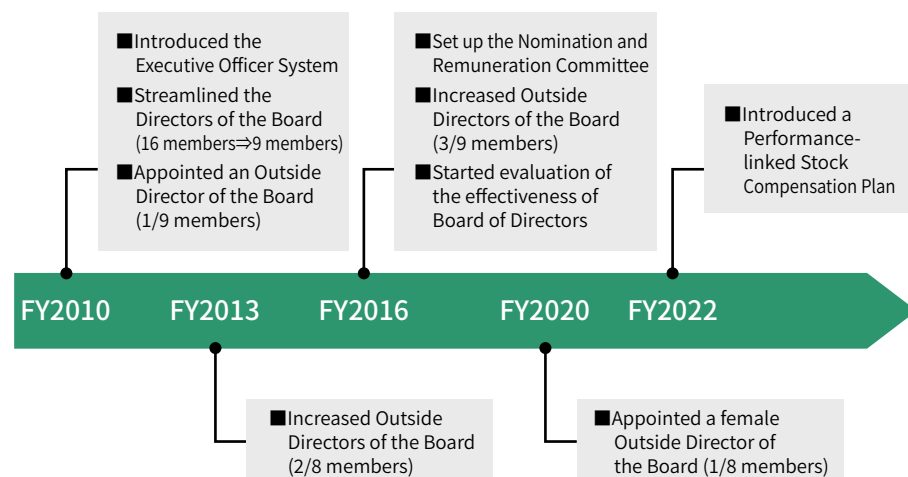
We are working on continuously improving our systems and their operation to strengthen and enhance a viable corporate governance.

Our basic approach to corporate governance

Under the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we will increase our corporate value and achieve sustainable growth.

We consider viable corporate governance to be essential and have adopted initiatives toward that end. We ensure the rights and equality of our shareholders and maintain an open dialogue, collaborate with various stakeholders as appropriate, disclose information as appropriate and ensure transparency, ensure that the roles of Board of Directors and management teams relate to the appropriate execution of duties, ensure appropriate supervision of the execution of these duties, and strengthen and enhance our internal control systems.

Initiatives to strengthen governance

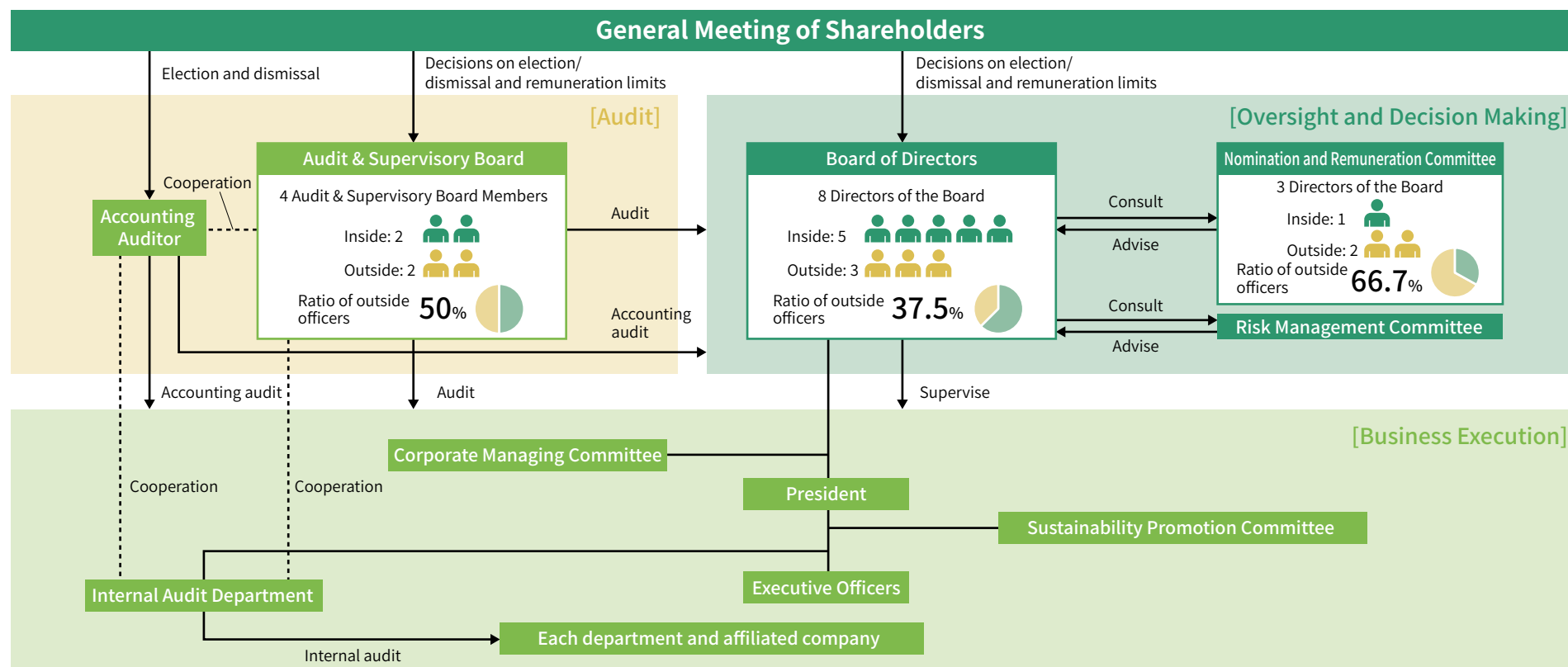


Our basic information on corporate governance system (as of June 19, 2025)

Main Items	Content
Institutional design	Company with an Audit & Supervisory Board
Number of Directors of the Board	8 (5 Inside, 3 Outside), including 2 female Directors of the Board
Ratio of Outside Directors of the Board (Independent Officers)	38%
Term of office of the Directors of the Board	1 year
Number of Board of Directors (FY2024) (Average attendance rate of Outside Directors of the Board/Outside Audit & Supervisory Board Members each)	15 times (98%/100%)
Number of Audit & Supervisory Board Members	4 (2 Inside, 2 Outside)
Ratio of Outside Audit & Supervisory Board Members (Independent Officers)	50%
Term of office of Audit & Supervisory Board Members	4 years
Number of Audit & Supervisory Board (FY2024) (Average attendance rate of Outside Audit & Supervisory Board Members)	15 times (100%)
Executive Officer system	Have already been introduced
Number of Executive Officers	19, including 5 who concurrently serve as a Directors of the Board
Advisory body to the Board of Directors	Nomination and Remuneration Committee established

*The ratios are rounded to the nearest unit.

Our corporate governance system (as of June 19, 2025)



Roles and functions of various bodies and committees

Board of Directors

Comprising eight Directors of the Board, including three Outside Directors of the Board, Board of Directors reports, deliberates and resolves important matters related to business operations, and supervises the business operations of each Director of the Board. In general, meetings are convened monthly under the chairmanship of a Director of the Board selected from members by a resolution of the Board of Directors. Four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, also attend to give advice and state their opinions when necessary.

Corporate Managing Committee

Comprising the President and Executive Officers, this committee generally convenes once a month to deliberate on items related to the implementation of basic policies and important management issues. Among proposals discussed by the Corporate Managing Committee, important issues are forwarded to Board of Directors for consideration.

Audit & Supervisory Board

Comprising four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, the Audit & Supervisory Board usually convenes monthly, submits reports and engages in discussions and deliberations on important matters related to audits.

Accounting Auditor

Nippon Shokubai is audited by Ernst & Young ShinNihon LLC.

Nomination and Remuneration Committee

An advisory body to the Board of Directors, this is a voluntary organization comprising three or more Directors of the Board (including a majority of Outside Directors of the Board). It advises on the election/dismissal of the President and Director of the Board, as well as draft nominations of candidates for Directors of the Board and Audit & Supervisory Board Member positions, and on remuneration and bonuses for Directors of the Board.

Nomination and Remuneration Committee members

Name	Status	Attendance rate
Kazuhiro Noda	President & CEO, Representative Director	100%
Tetsuo Setoguchi	Outside Director of the Board	100%
Miyuki Sakurai	Outside Director of the Board	100%

Risk Management Committee

An advisory body to the Board of Directors, this is an organization consisting of the president, who is the chairperson, and members appointed by the president. Based on consultation from the Board of Directors, it advises the Board of Directors on matters related to identification, response policies, response measures, and the person responsible for management of serious Group-wide risks, etc.

Sustainability Promotion Committee (formerly the TechnoAmenity Promotion Committee)

This is an organization consisting of the President, who is the chairperson, and members appointed by the President. We promote sustainability activities based on our belief that promoting sustainability means implementing the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.” We consider promotion of sustainability activities as a core theme of our corporate management. The Committee is responsible for deciding policies and strategies, therefore providing instructions to relevant departments, and evaluating the results of the activities.

Internal Audit Department

The Internal Audit Department (6 members) conducts audits on the effectiveness and efficiency of each operational process, compliance and other matters, from a standpoint independent from other executive sections, and thereby verifies the appropriateness of internal control of the Company. The Internal Audit Department strives to improve the effectiveness of internal audits by working in close cooperation with Audit & Supervisory Board Members and the Accounting Auditor through mutual exchange of information and opinions. Also, the Internal Audit Department holds regular opinion exchange meetings with Outside Directors of the Board and Outside Audit & Supervisory Board Members.

In addition, the results of internal audits are regularly reported to the President, the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board.

Policy and procedure for election/dismissal of Directors of the Board and Audit & Supervisory Board Members

The Board of Directors, including three Independent Outside Directors of the Board, decides on election/dismissal of management executives and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, taking thoroughly into account their expertise, experience, achievements, qualities, abilities, personalities and the like. Also, the Nomination and Remuneration Committee, a voluntary organization consisting mainly of Independent Outside Directors of the Board, has been established to receive advice on election/dismissal of the President and Director of the Board and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, thereby ensuring transparency and fairness in election/dismissal of the President and Director of the Board, and nomination of candidates for Directors of the Board and Audit & Supervisory Board Members.

Outline of the executive remuneration system

1. Basic policy

- To have Directors of the Board put the Company's mission into practice and provide an incentive to sustainably enhance corporate value
- To have Directors of the Board share interests with shareholders according to the Company's business results and commensurate with their responsibilities
- To set the executive remuneration system at a reasonable level in light of the Company's business results, the level of employee salaries, and that of other companies
- To have the Nomination and Remuneration Committee, consisting mainly of Independent Outside Directors of the Board, deliberate on the matter, thereby ensuring transparency and fairness

2. Components of the remuneration

The remuneration for Directors of the Board (excluding Outside Directors of the Board) consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked remuneration. Outside Directors of the Board receive only basic remuneration as fixed remuneration because they oversee business operations from an independent standpoint.

	Fixed remuneration	Performance-linked remuneration	
	Basic remuneration	Bonuses	Stock compensation
Type	Fixed remuneration	Short-term incentive	Medium- and long-term incentive
Persons to be paid	Directors of the Board	Directors of the Board (excluding Outside Directors of the Board)	Directors of the Board (excluding Outside Directors of the Board)
Method of payment	Money	Money	Shares and money
Time of payment	Monthly	Paid at a certain time after the Ordinary General Meeting of Shareholders each year	Delivered and paid at a certain time after the end of each fiscal year
Description	-Paid based on the position and responsibilities. -The amount of remuneration for Outside Directors of the Board is determined by comprehensively considering the level of remuneration of the Company's Officers, and that of other companies.	-Bonuses are paid according to evaluation indicators: the degree of achievement of key performance indicators (KPIs) and the degree of achievement of individual performance targets. -KPIs consist of operating profit ratio and operating profit, with evaluation weights of 25% for operating profit ratio, 25% for operating profit, and 50% for the degree of individual performance targets. -The range of adjustment based on KPI achievement shall be 70 to 110% of the standard amount, and that based on individual performance targets shall be 80 to 120% of the standard amount.	-Utilizing the share benefit trust (Restricted Stock) mechanism for Officers, deliveries of shares and payments shall be made according to the number of points, which are linked to their positions in the Company and the achievement level of the mid-term management plan. -The above points are calculated based on standard points for each Director of the Board and a predetermined formula according to the achievement level of KPIs set forth in the mid-term management plan. -KPIs used for calculation consist of ROE (ratio of profit to equity attributable to owners of parent), profit, and ROIC (return on invested capital), with evaluation weights of 40% for ROE 40% for profit, and 20% for ROIC. -The range of adjustment based on the degree of achievement shall be from 30% to 100% of the standard amount.

The Ratio of remuneration for the Directors of the Board (excluding Outside Directors of the Board)



*The above ratio is only a guide and is subject to change according to the Company's business results, stock market conditions, and degrees of achievement of targets by each individual as assessed by the target management system.

3. Process for determining remuneration

- The Nomination and Remuneration Committee, a voluntary advisory organization consisting mainly of Independent Outside Directors of the Board, has been established. The Committee deliberates on policies, systems, and issues related to the determination of remuneration for Directors of the Board, as well as the appropriateness of the level of remuneration and the amount of remuneration for individual Directors of the Board, and reports back to the Board of Directors.
- Based on the Committee's report, the Board of Directors determines the policy for determining the details of remuneration, etc. for each individual Director of the Board and details of remuneration, etc. within the framework of the amount of remuneration approved by the General Meeting of Shareholders. After the determination of the Board of Directors, the President and Director of the Board is entrusted with decisions regarding the amounts of basic remuneration and bonuses, excluding stock compensation, for individual Directors of the Board in light of the contents of the Committee's report.

Aggregate amount of remuneration to Directors of the Board and Audit & Supervisory Board Members

Category of positions	Aggregate amount of remuneration (million yen)	Aggregate amount of remuneration by type (million yen)			Number of persons to be paid ¹ (persons)
		Fixed remuneration	Performance-linked remuneration		
		Basic remuneration	Bonuses ²	Stock compensation ³	
Directors of the Board (Outside Directors of the Board)	342 (40)	221 (40)	105 (-)	16 (-)	9 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	74 (20)	74 (20)	- (-)	- (-)	5 (3)
Total ⁴ (Outside Officers)	416 (60)	295 (60)	105 (-)	16 (-)	14 (7)

1 One person who retired as an Outside Director of the Board and one person who resigned as an Outside Audit & Supervisory Board Member at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 20, 2024 are included in the numbers of persons paid and the payment amounts as stated above.

2 The amount of bonuses represents the amount of provision for directors' bonuses for the current fiscal year.

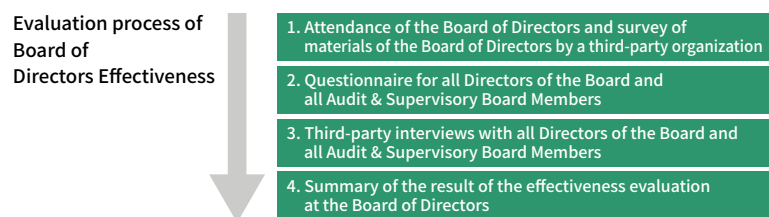
3 The amount of stock compensation is the amount posted for the current fiscal year.

4 The total amount of the above-mentioned remuneration has been paid based on the executive remuneration system prior to its revision.

Evaluation of the effectiveness of the Board of Directors

1. Process of evaluating the effectiveness of the Board of Directors

As an initiative to improve the effectiveness of the Board of Directors, the Company conducts surveys such as questionnaires to both of the Directors of the Board and Audit & Supervisory Board Members once a year to evaluate the effectiveness of the Board of Directors. In FY2024, we have implemented the evaluation through a third-party.



* The decision will be made each fiscal year regarding viewing and hearing to materials held by the Board of Directors and conducting interviews with all Officers.

2. Items for improvement

The items for improvement identified in the evaluation of the previous fiscal year are as follows:

- Enhancing and actively engaging in discussions on key topics and the strategic direction of the Board of Directors
- Enhancing discussions within the Board of Directors and the Nomination and Remuneration Committee
- Implementing investor-focused information disclosure

3. Evaluation results and initiatives for the future

- It was confirmed that all the systems that support the composition, operation, deliberations/reports and the supervision of business execution of the Board of Directors were functioning properly and that the effectiveness of the Board of Directors was ensured. It was also confirmed that the measures taken based on the items for improvement identified in the evaluation of the effectiveness of the Board of Directors in the previous fiscal year had been implemented properly.
- To steadily achieve “stronger corporate governance” to foster sustainable growth and enhance medium- to long-term corporate value set forth in mid-term management plan launched in FY2025, we are currently making the following efforts:

◀Discussions towards strengthening the functions of the Board of Directors▶

- Ensuring opportunities for the Board of Directors to monitor and discuss the progress of the company's medium- to long-term management plan
- Implementing analysis of the factors contributing to variances between medium- to long-term targets and actual progress

Cross shareholding

Under the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we are willing to further advance our contributions to industry and society. To this end, Nippon Shokubai, as a chemical manufacturer, with a view to continuously improving its corporate value, believes that long and stable relationships of trust with business partners are important in development, production, sales and other activities. Based on this belief, we own shares of our partners for the purpose of cross shareholding when deemed necessary.

Each year, the Board of Directors, including three Independent Outside Directors of the Board, comprehensively examines all the listed shares we own by issue in light of the above purpose, taking into consideration the capital costs, and confirms the importance of the shareholding. We sell shares if it is judged no longer important to hold such shares.

In FY2024, we sold all shares of three issues. As a result, the number of issues of cross shareholdings as of March 31, 2025 decreased from 70 as of the end of the fiscal year before the introduction of the Corporate Governance Code (March 31, 2015), to 30.

We plan to further reduce the number of cross-shareholdings from FY2025 onward, with a policy of reducing such holdings by approximately 20 billion yen over the four years from FY2024 through FY2027.



Corporate Governance Report

https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/06/G-7-1_Corporate-Governance-Report_250701_en3.pdf

Risk Management

In accordance with our risk management regulations, we implement a variety of measures to accurately identify and respond to risks that accompany changes in management and business environments and that could impact the long-term continuation of Nippon Shokubai Group.

Risk management system

At our Group, we classify various internal and external risks that threaten our Group into serious Group-wide risks and department risks,” and we develop a risk management system appropriate for each risk category, thereby maintaining and improving our corporate value.

For serious Group-wide risks, potential serious risks underlying execution of the Group’s management strategies, sustainable improvement of corporate value, and acquisition of trust from stakeholders are subject to risk management, and we have established a risk management system based on serious Group-wide risks management process.

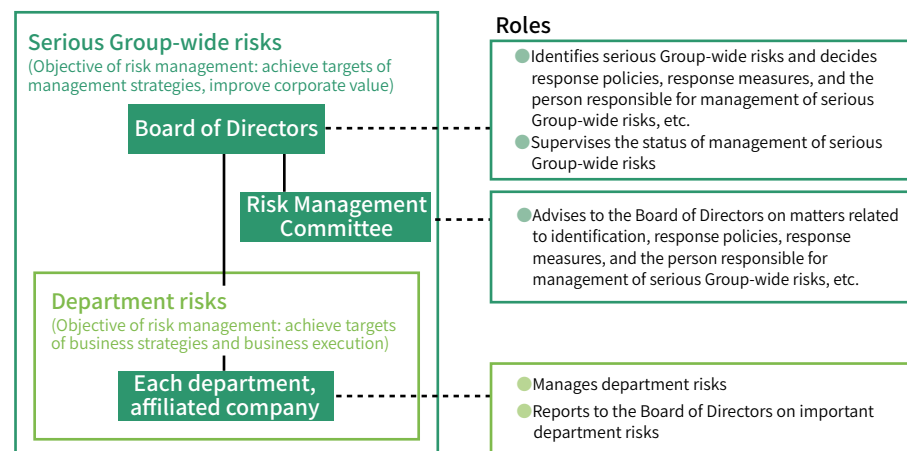
For department risks, on the other hand, potential risks underlying execution of business strategies or business operations by each department or affiliated company are subject to management, and we have established a system in which each department or affiliated company is responsible for risk management, thereby promptly responding to the risks.

With these two systems, we aim to develop and enhance the Group-wide risk management system, which includes our affiliated companies.

Serious Group-wide risks management process

- 1: The Risk Management Committee evaluates the proposed serious Group-wide risks candidates based on their impact (such as financial impact) and probability of occurrence. The committee then identifies the serious Group-wide risks and appoints the management responsible and submits a report to the Board of Directors. The Board of Directors decides on the serious Group-wide risks and the person responsible for management based on the report.
- 2: The person responsible for management reviews the response policies and measures and submits them to the Risk Management Committee. The Risk Management Committee verifies the validity of the submitted content and reports to the Board of Directors. The Board of Directors decides on the response policies and measures based on the report.
- 3: The person responsible for management conducts risk management and reports the management status to the Board of Directors at least once a year. The Board of Directors supervises this process.
- 4: The Risk Management Committee holds meetings as needed to assess changes in the external environment and determine the necessity of responses, reports the results to the Board of Directors.

Risk management system



Risk Management Committee

The Risk Management Committee, as an advisory body to the Board of Directors, is composed of the members listed in the table below.

Chairperson	President
Members	Inside Directors of the Board, Executive Officers and others appointed by the President
Secretariat	General Affair & HR Division
Observers	Inside Audit & Supervisory Board Members

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Data Section

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8-Year Consolidated Financial Data

								(Unit: Millions of yen)
IFRS	2017	2018	2019	2020	2021	2022	2023 ⁴	2024 ⁴
For the fiscal year								
Revenue	313,939	338,869	302,150	273,163	369,293	419,568	392,009	409,346
Gross profit	67,544	66,577	53,484	48,047	77,707	80,392	68,004	70,446
Operating profit (loss)	25,610	26,170	13,178	-15,921	29,062	23,528	16,562	19,062
Profit before income tax (loss)	29,805	32,119	15,748	-12,926	33,675	26,175	15,744	23,203
Profit attributable to owners of parent (loss)	22,641	23,849	11,094	-10,899	23,720	19,392	11,008	17,394
Cash flows from operating activities	44,206	35,918	37,499	35,277	35,058	41,447	57,880	46,974
Cash flows from investing activities	-31,563	-31,316	-32,806	-30,623	-23,158	-25,976	-15,684	-30,506
Cash flows from financing activities	-10,601	-9,982	-7,859	-12,750	-10,751	-17,321	-28,364	-16,780
Depreciation and amortization	22,918	25,626	28,653	29,470	28,875	29,312	31,853	31,551
Capital investments	30,355	29,919	30,440	26,726	16,522	17,720	16,849	37,759
R&D expenses	14,251	13,996	14,774	14,603	15,182	15,753	15,138	15,736
As of the end of the fiscal year								
Total assets	480,316	481,668	475,641	471,617	518,151	523,319	544,060	543,659
Total equity	316,188	329,227	326,108	323,725	351,123	369,998	392,562	392,533
Interest-bearing debt	58,474	56,633	63,375	61,572	59,677	57,612	45,612	46,573
Per share information								
Basic earnings per share (loss) (Yen)	567.71	598.05	278.21	-273.33	594.86	488.29	70.48	113.90
Diluted earnings per share	-	-	-	-	-	488.22	70.46	113.86
Equity attributable to owners of parent per share (Yen)	7,750.24	8,099.97	8,017.17	7,959.07	8,624.02	9,213.91	2,482.45	2,527.98
Dividends (Yen)	160.00	170.00	180.00	90.00	180.00	180.00	180.00	114.00
Payout ratio ¹	28.2%	28.4%	64.7%	-	30.3%	36.9%	63.9%	100.1%
Management index								
Rate of equity attributable to owners of parent	64.3%	67.1%	67.2%	67.3%	66.4%	69.2%	70.5%	70.5%
ROA (Ratio of profit before income tax to total assets) ²	6.4%	6.7%	3.3%	-2.7%	6.8%	5.0%	2.9%	4.3%
ROE (Ratio of profit to equity attributable to owners of parent) ³	7.6%	7.5%	3.5%	-3.4%	7.2%	5.5%	3.0%	4.5%
Overseas sales ratio	52.8%	53.8%	53.9%	55.1%	56.9%	56.6%	55.9%	55.6%

1 The payout ratio is not presented for FY 2020 because the Company reported a net loss.

2 ROA (Ratio of profit before income tax to total assets) = Profit before income tax/Total assets (average of beginning and ending balance of the year)

3 ROE (Ratio of profit to equity attributable to owners of parent) = Profit attributable to owners of parent/Total equity attributable to owners of parent (average of beginning and ending balance of the year)

4 Basic earnings per share, diluted earnings per share, and equity attributable to owners of the parent per share are calculated assuming that a four-for-one stock split of common stocks was carried out at the beginning of FY2022. (The figures shown are from the annual securities report for the 112th fiscal period [April 1, 2023 to March 31, 2024].)

Outline

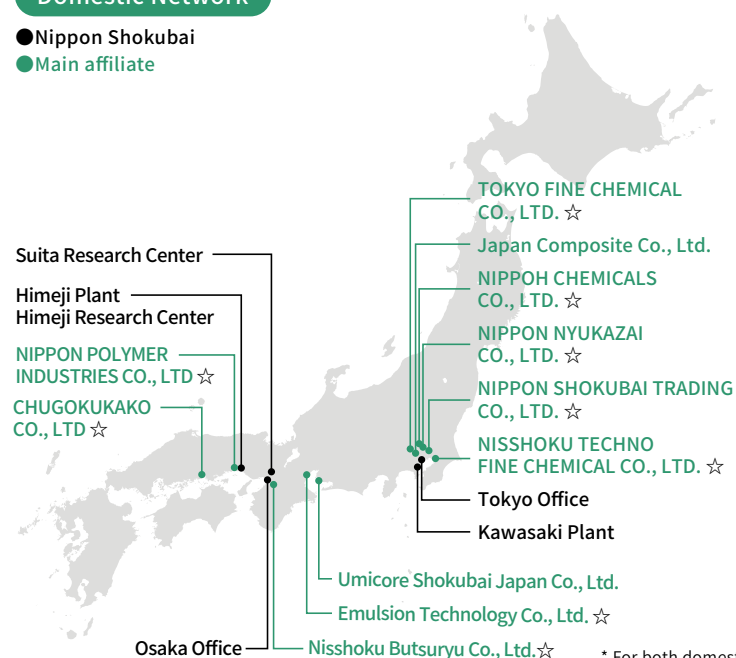
Established	August 21, 1941	Osaka Office	Kogin Bldg., 4-1-1 Koraihashi, Chuo-ku, Osaka 541-0043, Japan Tel: +81-6-6223-9111 Fax: +81-6-6201-3716
Share capital (as of March 31, 2025)	¥25,038 million	Tokyo Office	Hibiya Dai Bldg., 1-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan Tel: +81-3-3506-7475 Fax: +81-3-3506-7598
Revenue (FY2024)	¥409,346 million (consolidated) ¥244,193 million (non-consolidated)	Main Plants and Research Centers	Himeji Plant, Kawasaki Plant, Suita Research Center, Himeji Research Center
Number of employees (as of March 31, 2025)	4,685 (consolidated) 2,541 (non-consolidated)		

Business Locations

Nippon Shokubai has established a group network encompassing the fields of chemical manufacturing, processing and transportation, which can provide prompt, safe, and secure supply in response to customer needs. Our Group was formed to ensure improved global production and a more effective supply chain (as of April 1, 2025).

Domestic Network

- Nippon Shokubai
- Main affiliate



Global Network

- Main affiliate

- 1 NIPPON SHOKUBAI EUROPE N.V. ☆
- 2 Umicore Shokubai S.A.
- 3 LX MMA Corporation
- 4 NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD. ☆
- 5 HUNAN FLUOPONT NEW MATERIALS CO., LTD. (Hunan province)
- 6 SINO-JAPAN CHEMICAL CO., LTD. ☆
- 7 SINGAPORE ACRYLIC PTE LTD ☆
- 8 NIPPON SHOKUBAI (ASIA) PTE. LTD. ☆
- 9 PT. NIPPON SHOKUBAI INDONESIA ☆
- 10 American Acryl L.P.
- 11 American Acryl NA, LLC
- 12 Nippon Shokubai America Industries, Inc. ☆

* For both domestic and overseas networks: ☆ Consolidated subsidiary



Stock Information (as of March 31, 2025)

- Total number of shares authorized 508,800,000 shares
- Total number of shares issued and outstanding 156,000,000 shares
- Number of shareholders 45,203
- Major Shareholders (Top 10)

Name	No. of Shares Held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	17,953	11.83
ENEOS Holdings, Inc.	8,516	5.61
Custody Bank of Japan, Ltd. (trust account)	5,778	3.80
Resona Bank, Limited	5,493	3.62
SUMITOMO CHEMICAL COMPANY, LIMITED	5,455	3.59
Sanyo Chemical Industries, Ltd.	5,070	3.34
Mizuho Bank, Ltd.	3,795	2.50
artience Co., Ltd.	3,618	2.38
STATE STREET BANK AND TRUST COMPANY 505001	3,469	2.28
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	3,131	2.06

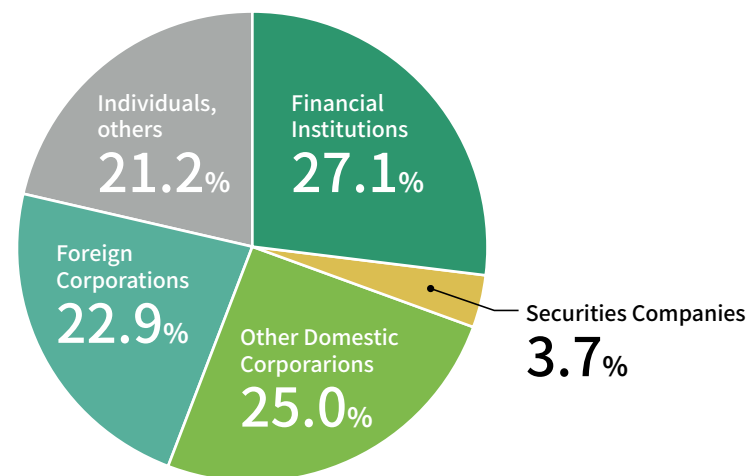
(Notes)

1 In addition to the above, the Company has treasury shares of 4,307 thousand shares. Treasury shares do not include 176 thousand shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) in connection with the Performance-linked Stock Compensation Plan.

2 In calculating the ratio of capital contribution, the number of treasury shares is deducted.

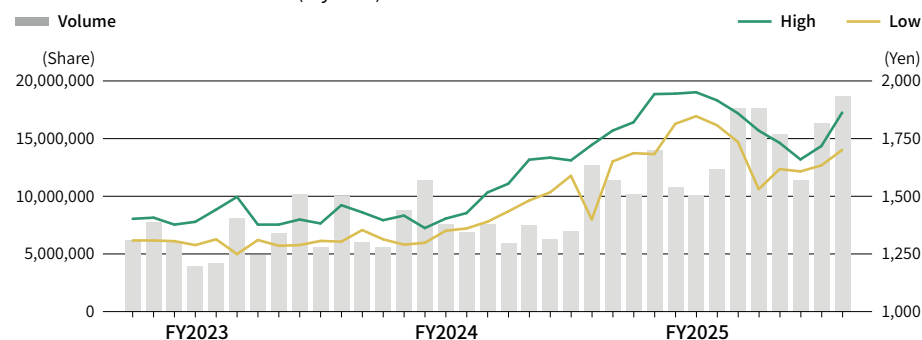
3 Figures in "Number of Shares Owned" and "Shareholding Ratio of the Total Shares Outstanding" are truncated.

■ Distribution of Shareholders



* Treasury stock is included in "Individuals, others."

Historical Share Prices (3 years)



* The high and low share prices are from the first section or the Prime Market of the Tokyo Stock Exchange.

* The Company has carried out a four-for-one stock split of common stocks, with an effective date of April 1, 2024.

The share prices for the 112th fiscal period are the high and low share prices after the ex-rights due to the stock split, and the high and low share prices before the stock split are shown in parentheses.

Editorial Policy

Starting from 2019, Nippon Shokubai Group has published “TechnoAmenity Report” as a report that covers both financial information, such as business plans and results, and non-financial information, such as ESG (environmental, social, and governance) activities.

From FY2022 onward, we have decided to publish the TechnoAmenity Report as an integrated report that provides a wide range of information—including materiality, value creation processes, business strategies, governance, and financial data—in order to clearly convey Our Company’s medium- to long-term initiatives for value creation to all stakeholders, including shareholders and investors.

ESG Data compiling numerical figures of our ESG initiatives (including our Responsible Care activities) is available on our company website.

Overview of our Reporting Media

Story of Value Creation ● TechnoAmenity Report (Japanese/English)	
Financial data	Non-financial data
● Annual Securities Report (Japanese) 📄 https://ssl4.eir-parts.net/doc/4114/yyuho_pdf/S100VVV3/00.pdf ● Financial Report (English) 📄 https://ssl4.eir-parts.net/doc/4114/ir_material_for_fiscal_yml3/186596/00.pdf ● Website pages Investor Relations 📄 https://www.shokubai.co.jp/en/ir/	● RC-related information* 📄 https://www.shokubai.co.jp/en/sustainability/rc/ ● Website pages Sustainability 📄 https://www.shokubai.co.jp/en/sustainability/ ● Website pages ESG Data 📄 https://www.shokubai.co.jp/en/sustainability/data/esgdata/ ● TCFD Report 📄 https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/09/TCFD-Report-202509_en.pdf

* Since FY2024, the RC Report has been integrated with the present report, with the specific details of our RC activities being made public on the website.

Scope of this Report

This Report contains the Nippon Shokubai Group’s corporate activity details, ESG information, and financial data.

Reporting period April 1, 2024 to March 31, 2025
Some topics in and after April 2024 are also contained in the report.

Publication date December 2025

Reference guideline IIRC (International Integrated Reporting Council: International Integrated Reporting Framework)

We are included in these ESG investment indices (as of August 2025).



**FTSE Blossom
Japan Index**



**FTSE Blossom
Japan Sector
Relative Index**

2025



Sompo Sustainability Index



**2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

* The inclusion of Nippon Shokubai in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nippon Shokubai by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

About the cover

We used a motif of liquid chemical products as the main visual. From basic chemicals to functional materials, our group handles a wide range of liquid products. We used the fluidity of liquids—their ability to flexibly change shape and sometimes burst forth with force—to represent the image of our group attempting self-transformation through Mid-Term Management Plan 2027.



TechnoAmenity

Providing prosperity and comfort to people and society,
with our unique technology.

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Website: <https://www.shokubai.co.jp/en/>



NIPPON
SHOKUBAI

Our corporate symbol
represents the spirit of

TechnoAmenity

Providing prosperity and comfort to people and society, with our unique technology.

- | | |
|----------------------------|--|
| Hexagon | ▶ One of the fundamental symbols used in chemistry |
| Cosmo yellow | ▶ Represents the hidden energy of the sun |
| Earth green | ▶ Represents the life-supporting nature of the earth |
| Horizon between two colors | ▶ Represents the future we always seek |



Sequential photographs of Himeji Plant, etc.

A cluster of plants centered around the Himeji Plant is renowned throughout the Kansai region as a nighttime viewing spot offering dreamlike scenery. The sequential photographs used in this integrated report were taken in early winter 2024 from the Aboshirinkaibashi Bridge, which overlooks the entire factory complex, with a camera on a tripod from late night until dawn.