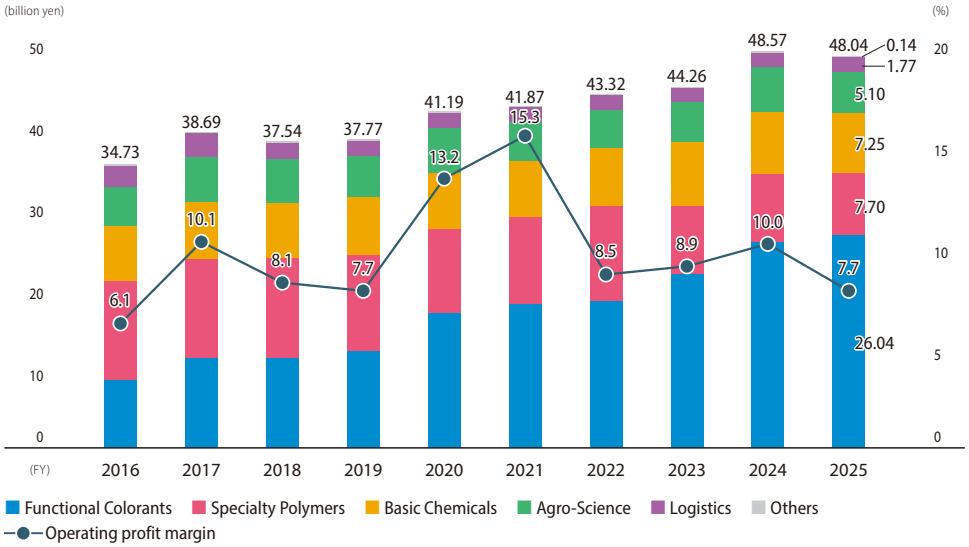
MD&A

FY2025 Performance Summary

Net sales	Operating profit	Operating profit margin	Profit attributable to owners of parent	ROE
48.04 billion yen	3.71 billion yen	7.7%	3.05 billion yen	6.0%

The Group's consolidated results for FY2025 were net sales of 48.04 billion yen, operating profit of 3.71 billion yen, an operating profit margin of 7.7%, profit attributable to owners of parent of 3.05 billion yen, and ROE of 6.0%. Net sales decreased 1.1% year on year. In the Functional Colorants Segment, sales of aluminum coloring dyes and other products in the Colorant Materials Business increased, while Specialty Polymers, Basic Chemicals, Agro-Science, and other segments were affected by customer inventory adjustments and lower demand. On the profit front, operating profit decreased 23.9% year on year due to lower sales volumes and higher selling, general and administrative expenses, among other factors.

Trends in net sales and operating profit margin



Segment Overview

In FY2025, net sales in the Functional Colorants Segment increased 3.6% year on year, supporting overall Group sales. In the OLED Materials Business, demand for Bio materials for PCR diagnostic kits and health functional foods remained steady in addition to smartphone-related demand, while the Colorant Materials Business grew on increased demand for aluminum coloring dyes and other products. In Specialty Polymers, urethane materials, construction materials, and specialty chemicals were affected by lower demand and inventory adjustments. In Basic Chemicals, demand for semiconductor applications increased, while sales to the pulp and paper industry and sales of sodium percarbonate declined. Agro-Science was affected by inventory adjustments at customers, while Logistics was impacted by sluggish cargo movements for exports and imports.

Segment	FY2025 net sales	Year on Year	FY2025 results	Future direction
Functional Colorants	26.04 billion yen	+3.6%	Sales of Imaging Materials decreased due to inventory adjustments by some customers. Meanwhile, demand for OLED materials for smartphones and Bio materials remained steady, while sales of Colorant Materials, including aluminum coloring dyes, increased.	For OLED materials, we will reduce costs and strengthen the R&D structure in response to intensifying development competition. In the Colorant Materials Business, we will expand sales and promote the development and market launch of environmentally friendly products.
Specialty Polymers	7.70 billion yen	-8.8%	Although there was demand for new products, sales declined as urethane materials, construction materials, and specialty chemicals were affected by lower demand and inventory adjustments.	In the Polymer Materials Business, we will expand sales by resuming sales of specialty-grade products and taking other measures. In the Specialty Chemicals Business, we will strengthen the business through production systems in Japan and overseas for phosgene derivatives.
Basic Chemicals	7.25 billion yen	-3.4%	Hydrogen peroxide sales remained at the previous-year level, supported by increased demand from the semiconductor industry. Sodium percarbonate sales declined due to inventory adjustments at customers.	For hydrogen peroxide and sodium percarbonate, we will pursue appropriate price pass-through and cost reductions. We will also expand sales of hydrogen peroxide to the semiconductor market.
Agro-Science	5.10 billion yen	-7.3%	Herbicide sales declined due to inventory adjustments by customers for golf course and home gardening applications.	For herbicides, in addition to existing markets for home gardening, railways, forestry, and golf courses, we will develop new markets such as public infrastructure facilities.
Logistics	1.77 billion yen	-0.2%	Although cargo movements for exports and imports were sluggish, increased handling of ISO tank containers enabled sales to remain at the previous-year level.	In the warehousing business specializing in hazardous substances and poisonous and deleterious substances, we will capture stable demand and maintain and strengthen profitability. Leveraging our expertise in handling hazardous substances, we will develop new customers and expand the business.

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Cash Flow Status

Cash and cash equivalents at the end of FY2025 totaled 8.12 billion yen, an increase of 0.52 billion yen from the end of the previous fiscal year. Net cash provided by operating activities was 6.09 billion yen, reflecting profit before income taxes of 4.59 billion yen and depreciation of 3.40 billion yen, among other factors. Net cash used in investing activities was 5.02 billion yen, mainly due to 6.32 billion yen in purchases of property, plant and equipment and intangible assets, as well as payments into and withdrawals from time deposits. Net cash used in financing activities was 0.69 billion yen. Although there were proceeds from long-term borrowings, cash outflows included repayments of borrowings, dividend payments, and purchases of treasury shares by a subsidiary.

Financial Position

At the end of FY2025, total assets were 86.41 billion yen, up 6.55 billion yen from the end of the previous fiscal year. The main increases were in property, plant and equipment, investment securities, deferred tax assets, and accounts receivable - trade. Total liabilities were 22.79 billion yen, up 1.47 billion yen, primarily due to increases in short- and long-term borrowings and accounts payable - trade. Net assets were 63.61 billion yen, up 5.08 billion yen, due to increases in retained earnings, non-controlling interests, valuation difference on available-for-sale securities, and foreign currency translation adjustment, among other factors. The equity ratio was 60.8%, remaining nearly unchanged from 60.9% at the end of the previous fiscal year.

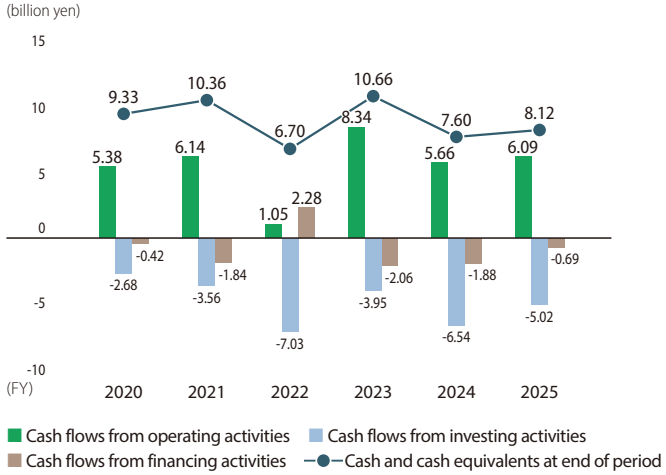
R&D Expenses

R&D expenses in FY2025 totaled 5.92 billion yen. The Group has developed R&D strategies from a long-term perspective around the themes of Agricultural & Food, Environment & Energy, Electronics & Information, Life Sciences, and Mobility. In particular, in the Functional Colorants Segment, we are advancing the development of OLED materials, perovskite solar cell materials, semiconductor resist materials, Bio materials, and other products. Under the Mid-term Management Plan CODE/CHORD 2030, we will accelerate the creation of new businesses by promoting open innovation and introducing DX into R&D.

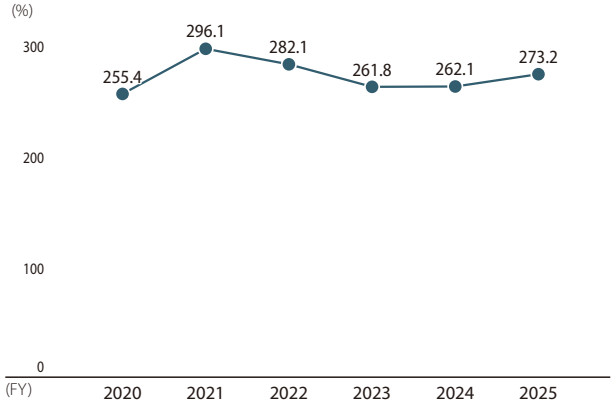
FY2026 Outlook

For FY2026, the outlook is expected to remain uncertain amid surging raw material and fuel prices, disruptions to logistics networks, concerns over an economic slowdown, and other factors stemming from heightened tensions in the Middle East. Assuming that the situation persists, our forecast incorporates these risks as well as a certain degree of progress in price optimization initiatives. We forecast net sales of 52.0 billion yen, operating profit of 3.4 billion yen, ordinary profit of 3.3 billion yen, and profit attributable to owners of parent of 1.3 billion yen. Net sales are expected to increase due to the contribution from the consolidation of Framochem, while profit is expected to reflect one-time expenses associated with the acquisition and risks arising from the external environment. As FY2026 is the first year of the Mid-term Management Plan CODE/CHORD 2030, we will work to enhance corporate value over the medium to long term through agile responses while closely monitoring changes in the external environment.

Trends in cash flows



Trends in the Current Ratio



Trends in the Equity Ratio

