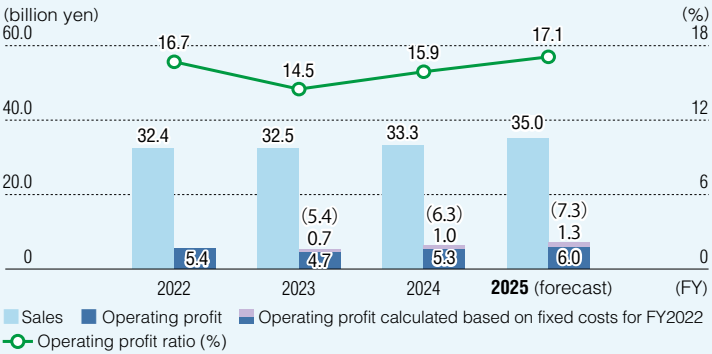


Overview of High Value-added Products

Positioning chemicals for special fibers, chemicals for special electronic parts, lubricating oil additives, permanent antistatic agents, and medical and pharmaceutical products, which contribute to carbon neutrality and improved QOL, as high value-added products, we actively conduct capital investment and work to expand sales. Due to the worse-than-expected deterioration of the business environment, it has become difficult to achieve the operating profit target of 7.9 billion yen for FY2025 for high value-added products set out in the MTP 2025. However, with steadily increasing profits, we will actively expand sales in Japan and abroad while creating new high value-added products.

Our approach to reducing CO₂ emissions through products contributing to carbon neutrality and the sales ratio of eco-friendly products and QOL-related products are posted on our sustainability website.

Operating profit / operating profit ratio for high value-added products



High value-added products	(billion yen)
Incremental target during the MTP 2025 period (Compared to FY2022)	+2.50
FY2022 results vs. FY2025 forecast	+1.94
Difference from the target in the MTP 2025	-0.56

Overview of FY2024 and market forecast

In FY2024, demand for our chemicals for carbon fibers was temporarily sluggish due to factors such as the aggressive expansion of emerging Chinese carbon fiber manufacturers, resulting in performance below expectations despite a recovery compared to FY2023. The overall carbon fiber market is seeing growing demand for windmill blades and aircraft as well as expanded applications for tanks for hydrogen, which is expected to be the next generation energy source, and continued market growth is expected.

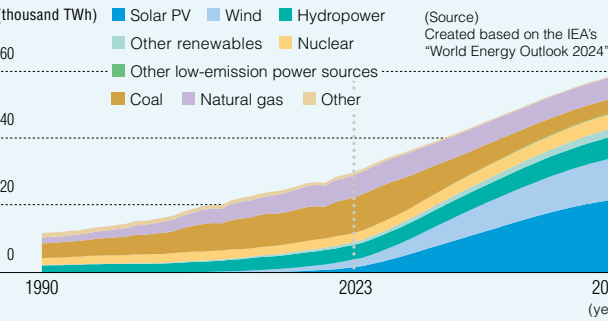
In FY2024, sales of electrolytes for aluminum electrolytic capacitors were weak due to the sluggish EV market despite increased demand caused by the rapid expansion of the AI-related market. Meanwhile, the overall capacitor market is expected to grow, driven by the increasing sophistication of electronic devices, in addition to an increase in automotive electrical parts, such as driving assistance system circuits, due to the electrification of automobiles, including EVs.

In FY2024, although the automobile industry was affected by certification issues, sales of our lubricating oil additives remained steady due to increased demand. The automobile market is expected to see gradual progress in electrification to reduce CO₂ emissions, with gasoline vehicles being replaced by EVs and PHVs. As for lubricating oil additives, demand is expected to remain strong due to the growing need for fuel efficiency and new applications such as for EV drive engines.

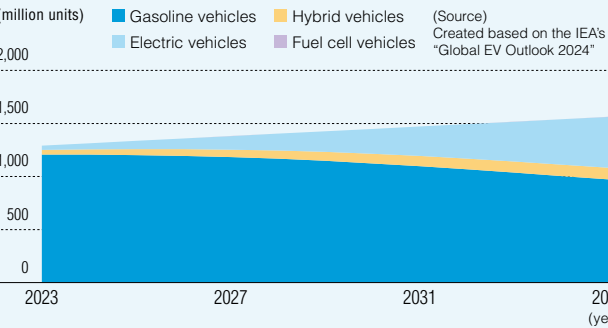
Sales of permanent antistatic agents in FY2024 were strong due to a recovery in demand related to semiconductors and electronic parts. The semiconductor market is expected to grow due to increased investment in data centers in line with the development of AI, as well as rising demand for semiconductors due to an increase in AI-equipped devices.

In FY2024, medical and pharmaceutical products performed well mainly due to increased demand for colonoscopy applications. The aging of the global population is expected to continue, and the market for medical and pharmaceutical products that support the extension of healthy life expectancy is expected to expand further.

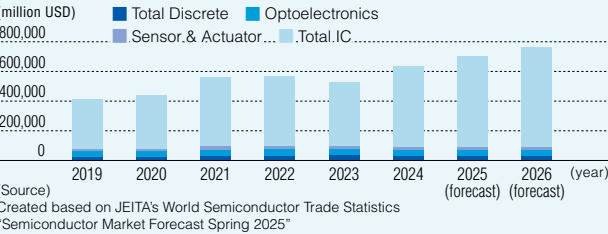
Future forecast of power sources



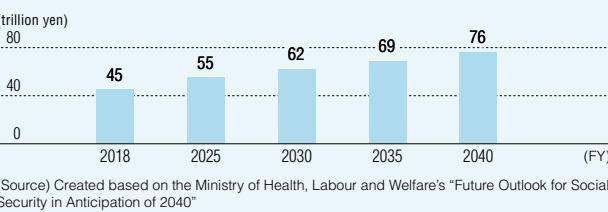
Future forecast for automobiles by engine type



Semiconductor market forecast



Medical expenses growth forecast



Products contributing to carbon neutrality

Chemicals for special fibers

Chemicals for special electronic parts

Lubricating oil additives

Products contributing to improved QOL

Permanent antistatic agents

Medical and pharmaceutical products