

Mid-term Management Plan and Sustainability

Moving forward to realize our “future vision” in line with the 11th mid-term management plan

We defined our 2030 vision as a company that “provide new value through co-creation × evolution × power of chemistry” This vision embodies our wish to “provide sustainable value through co-creation with stakeholders,” “achieve evolution with technologies and services that surpass the speed of change,” and “keep up with environmental changes and contribute to social issues through chemistry.” Following the launch of the 11th mid-term management plan in April 2023 as our first step toward achieving our long-term goal, we will move forward to realize our future vision.

Identification of social issues and values which Fujikura Kasei can provide

Based on the awareness that realizing our 2030 vision is directly related to addressing social issues through our businesses, we first identified relevant social issues and contemplated what values we can provide through each of our five business segments with regard to those issues. By deriving our future direction from the values we can provide through our five business segments, we will push forward initiatives that ride on our company’s strengths based on the 11th mid-term management plan.



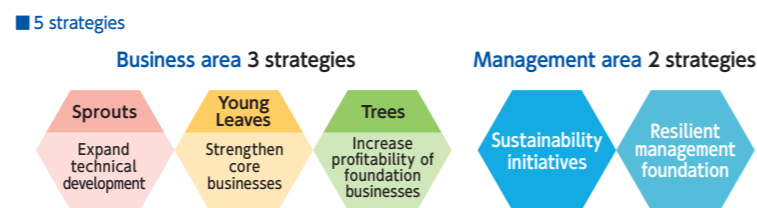
Executive Director and General Manager of Administration Headquarters
Susumu Kurihara

Social issues	Values that can be provided (keywords)
<ul style="list-style-type: none"> Changes in the mobility environment Realization of a DX society Safe and sound infrastructure Comfortable and convenient lifestyles and homes Health promotion and enhanced leisure time Responses to climate change 	<p>Coatings for plastics business Functional, CO₂ reduction (reduced work processes, reduced energy consumption, biomass), high design, global</p> <p>Architectural coatings business High design, high durability, environment (reduced work processes, water-based products, dry processes), construction quality</p> <p>Electronic materials business 5G, IoT, EV, automated driving, medical care, nursing care</p> <p>Functional polymers/polymers & resins business Environment (low energy, biomass, VOC-free), high functional resins, in-vitro diagnostic pharmaceuticals (new diagnostic items), reagent ingredients</p> <p>Synthetic resins business Carbon neutral materials, material recycling, chemical recycling</p>

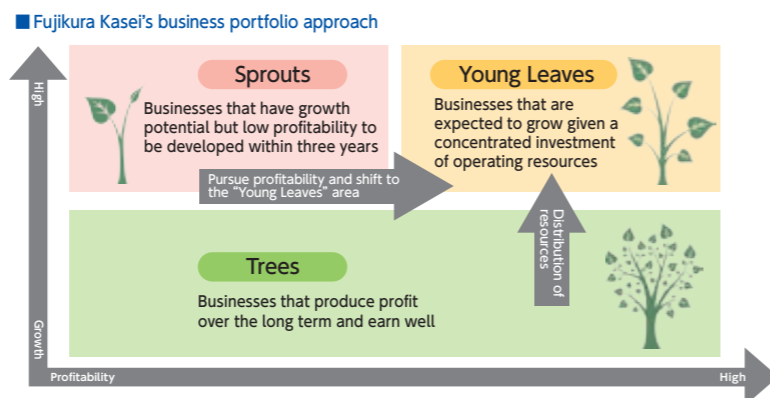
11th mid-term management plan “Creating a New Vision for the Next Generation”

In the 11th mid-term management plan, we set forth the basic policy of “creating a new vision for the next generation.” Based on this policy, we have formulated three strategies in the business area and two strategies in the management area also within the plan, and will pursue them through company-wide efforts as our five strategies for sustainable growth.

The three strategies in the business area include “Sprouts: Expand technical development,” “Young Leaves: Strengthen core businesses,” and “Trees: Increase profitability of foundation businesses.” The business portfolio approach was introduced and these strategies were placed along the two axes of “profitability” and “growth.” Our five business segments will carry out their business portfolio strategy by dividing the business areas and products they each handle into three areas. Their respective efforts to continuously create new value and promote a renewal of our business content will lead to sustainable growth.



The two strategies in the management area are “sustainability initiatives” and “resilient management foundation.” In April 2023, we established a Sustainability Committee and are taking initiatives with the awareness that sustainability is an important management issue. In addition to our CSR activities to date, we will also pursue efforts to solve social issues through our businesses so we may ultimately achieve sustainable growth. Additionally, with an eye to making our management foundation more resilient, we will promote DX as suited to the operations of each department and support their responses to changes and sustainable growth. Furthermore, in addition to information about our achievements and business strategies, we will also proactively disclose non-financial information, to enhance our disclosure of information to all stakeholders.



Fujikura Kasei identified the year 2030 as a long-term milestone and launched the 11th mid-term management plan in April 2023 as the first step toward that goal. With the support of all our stakeholders, we will make steady steps toward our future vision.

Implementation of the business portfolio approach and a capital efficiency-oriented management

In line with the growth strategy that is based on the respective business portfolio of our five business segments, the Fujikura Kasei Group aims to achieve 63 billion yen in sales and 4 billion yen in operating profit by the final fiscal year of the 11th mid-term management plan. We will aim to realize this goal by executing three strategies in the business area and two strategies in the management area.

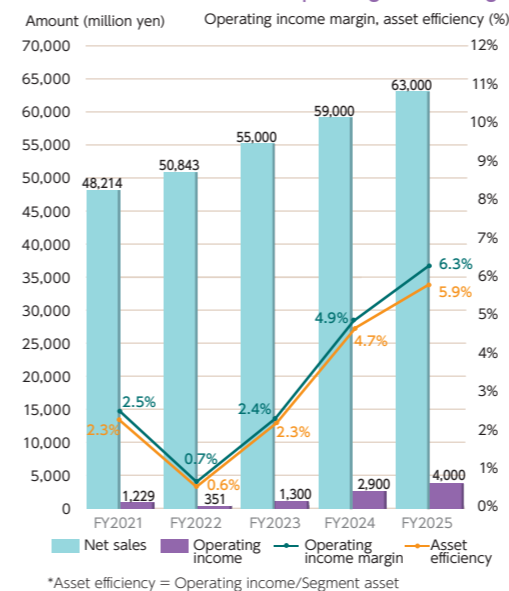
Profit plan in the 11th mid-term management plan

Firstly, priority will be placed on the early recovery of our Group’s performance that has been on the decline over the past few years. Raw material prices are surging, but we will strive to improve profitability by ensuring fair purchase and sales prices on the premise of providing stable supplies to our customers. The “Trees” area of the business portfolio will play an important role in the recovery of our immediate business performance. As such, we will focus on improving the earnings structure of all our operations. With respect to making new investments in the “Sprouts” and “Young Leaves” areas as a growth strategy, we will ascertain not only growth potential but also the efficiency of invested capital in quantitative terms so we may establish an optimal business portfolio and ultimately enhance our corporate value.

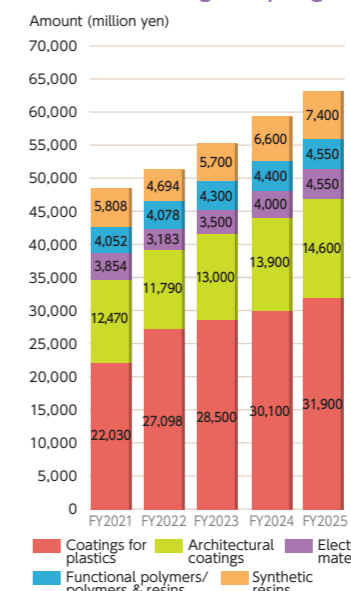


Executive Director and Deputy General Manager of Administration Headquarters
Toyohiro Tsuchiya

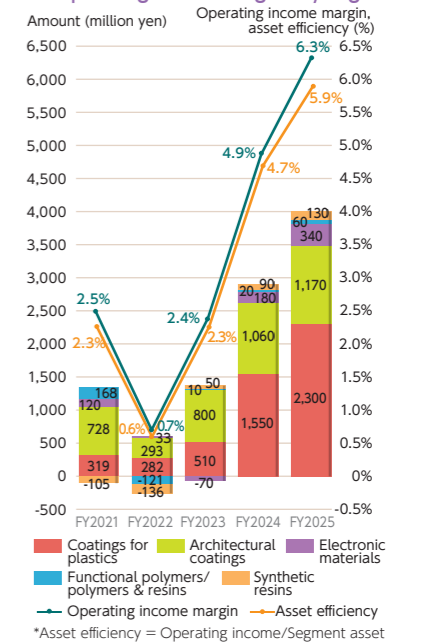
Consolidated net sales & operating income targets



Net sales targets by segment



Operating income targets by segment



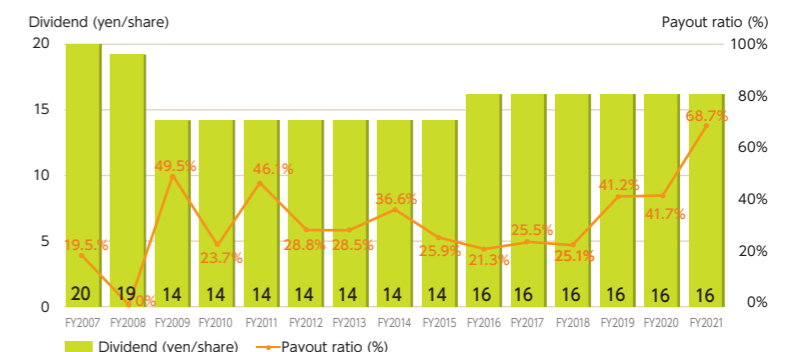
Shareholder return and capital policy

The 11th mid-term management plan sets forth specific numerical targets for shareholder return and capital policy. By pursuing these targets, we will aim to enhance our corporate value. At Fujikura Kasei, we believe it is important to realize sustainable shareholder return not only by focusing on capital efficiency but also by making active investment toward future growth and by considering the proper weight of investment in ensuring safe and stable supply, which is our primary responsibility as a manufacturer.

- Aim to achieve an ROE of 8% or more
- Acquire treasury shares in a timely manner

Shareholder return

• Aim for a total return ratio of 70% or more during the period of the 11th mid-term management plan (maintain a dividend of 16 yen or more)



Business Portfolio Approach

Toward Sustainability and a Stronger Management

Coatings for Plastics



Basic policy for value creation

Pursue next-generation functions to provide new value on a global scale

Business overview and value creation policy

Overview, features, and strengths

The coatings for plastics business is a pioneer in its field, providing coating materials with excellent design and functional properties for diverse sectors and leading the industry in Japan and overseas. In recent years, we are actively pursuing the development of eco-friendly, high-performance products. In the automobile market, we have gained a high global share and trust as a leading company in coatings for plastics. In other markets as well, we provide a wide range of products that satisfy diverse needs, including plastics for cosmetics containers and home appliances, among others. A global network serving Asia, North and South America, and Europe allows us to provide products and services of the same quality within Japan and throughout the world.

The "basic policy of value creation" of the coatings for plastics business

Creating value with our stakeholders and providing sustainable value calls for the advancement of technologies and services surpassing the speed of rapid changes in the external environment. The coatings for plastics business will pursue functions that are needed to address these environmental changes and issues accompanying the transition to a carbon neutral society. We will seamlessly provide newly created values to the world via a global network as our contribution to solving social issues through our company's products.

Toward realizing value creation, sustainable growth, and enhanced corporate value

Looking ahead to the transition to a carbon neutral society, we will promote product development while aiming to reduce CO₂ emissions. Our core products will be eco-friendly products that are conducive to decarbonization. Toward this end, we will shift to water-based and biomass products that have eco-friendly properties, propose energy savings through shorter work processes, and utilize new technologies such as plating alternatives and films. Additionally, we will strengthen our global network to respond to the anticipated reorganization of the supply chain and aim to solve worldwide social issues, such as changes in the mobility environment, climate change, and others.



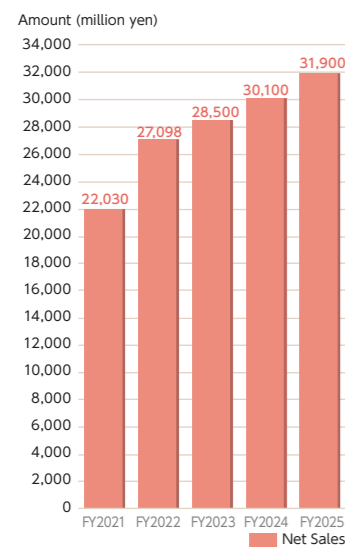
Executive Director and General Manager of the Coatings for Plastics Division
Hitoshi Kawaguchi

Opportunities Transition to a carbon neutral society, expansion of EVs

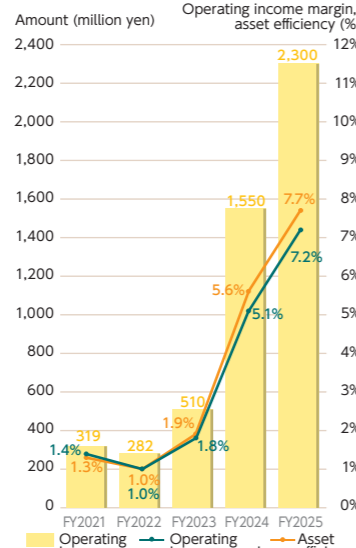
Risks Major changes in the supply chain

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Promotion of development toward reduction of CO₂ emissions
 - Film market
 - Sophistication of elemental resin technologies
- Young Leaves**
 - Strengthen core businesses
 - Plating alternatives
 - Functional coatings
 - Acquisition of global approval
- Trees**
 - Increase profitability of foundation businesses
 - Automotive parts
 - Cosmetics containers
 - Hobbies

Fujikura Kasei has introduced the business portfolio approach from the 11th mid-term management plan. In all our business segments—the coatings for plastics, architectural coatings, electronic materials, functional polymers/polymers & resins, and synthetic resins businesses—we will "identify social issues and ascertain the values we can provide" and strive to achieve our targets and sustainable growth of our businesses.

Architectural Coatings



Basic policy for value creation

Contribute to the future society from residential sector through the co-creation of material strengths and construction strengths

Business overview and value creation policy

Overview, features, and strengths

The architectural coatings business is centered on architectural coatings for residential homes. Dedicated coatings and specifications are customized for each housing manufacturer, to deliver values such as high durability, functionality, and design. In the area of coatings for renovation, our Group company provides high-quality construction under a manufacturer-responsible construction system. In the area of multicolor coatings, we boast top-level performance in the industry, by reproducing the textures of natural materials and providing excellent workability based on our long years of history and experience. Furthermore, our high-durability coatings contribute to long-life housing with performance backed by a wide range of durability tests conducted by R&D Center as well as our long years of field data.

The "basic policy of value creation" of the architectural coatings business

No matter how high the quality of a coating is, it cannot exhibit outstanding performance unless it has been made according to proper specifications and conditions. By undertaking the entire series of operations from the R&D and production of architectural coatings to their delivery and construction management, the Fujikura Kasei Group acts as one to create new value from two approaches: "materials development with a long perspective up to the construction stage" and "construction based on thorough knowledge of materials."

Toward realizing value creation, sustainable growth, and enhanced corporate value

To realize a sustainable society, we will promote homes that provide even longer life, higher functionality, and carbon neutrality by pursuing high-performance coatings such as ultra-durable coatings, heat-shielding/insulating coatings, and completely water-based coatings. For the application of such coatings, we will promote the development of human resources as a priority issue to ensure safety, quality, and efficiency. Furthermore, we will endeavor to address the social issue of aging infrastructure based on the technologies and knowledge we have acquired to date mainly in the field of residential coatings.



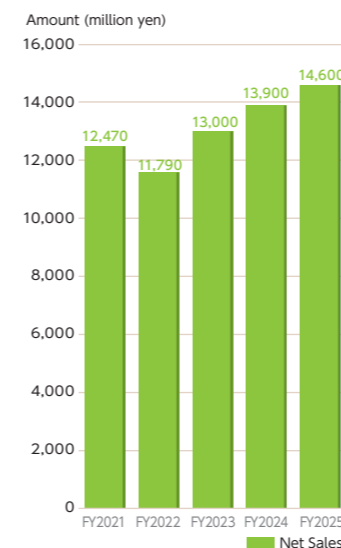
Senior Vice President and General Manager of the Architectural Coatings Division
Hisashi Kajiwara

Opportunities Contribution to long-life homes, expansion of business based on construction capabilities

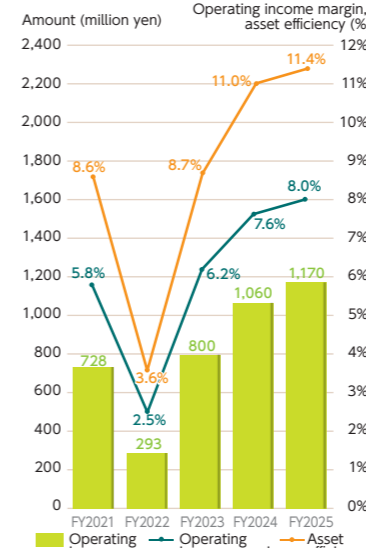
Risks Decrease in the number of housing starts in Japan, aging of coating engineers

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Development of new materials
 - Provision of one-stop exterior renovation works
 - Civil engineering field
- Young Leaves**
 - Strengthen core businesses
 - Coatings for new homes
 - Differentiation of coating works
 - New components for non-residential buildings
- Trees**
 - Increase profitability of foundation businesses
 - Coatings for existing and new buildings
 - Coatings for renovation of existing buildings
 - Expansion of coating works

Electronics Materials



Basic policy for value creation

Leverage the history and strengths of Dotite™ to achieve sustainable growth in the area of cutting-edge electronic materials

Business overview and value creation policy

Overview, features, and strengths

In 1957, the electronic materials business marketed the electroconductive resin Dotite™ which it jointly developed with the Electrical Communication Laboratory of Nippon Telegraph and Telephone Public Corporation (now NTT) and succeeded in industrializing for the first time in Japan. For more 60 years thereafter, we have served and contributed to people's lives and industries as a pioneer in step with the growth of the electronics industry.

The "basic policy of value creation" of the electronic materials business

In anticipation of the business environment in 2030, we have defined our priority fields as the "next-generation automobile industry (autonomous driving, dissemination of EVs)," "information communications industry (expansion of communication infrastructure, dissemination of IoT)," and "healthcare industry (growth of remote sensing/wearable devices)." In these fields, we are expanding our business with our sights on "Society 5.0" as a vision of future society, as advocated by the Cabinet Office.

Toward realizing value creation, sustainable growth, and enhanced corporate value

In the automobile industry, we will respond to the increase in demand for on-board devices such as high-reliability control components and sensors, accompanying the dissemination of advanced driving systems. In the information communications industry, we will contribute to the development of IoT-based high-speed communications and infrastructure for digital home appliances such as smartphones and personal computers. In the healthcare industry, we will contribute to solving social issues by reducing the human burden of nursing care using robots and artificial intelligence (AI). We will also promote the design and development of customized products in response to our customers' voices and individual needs. Products of the electronic materials business are produced at the Sano Plant, which has acquired the IATF16949 international certification for automotive quality management systems. The market for electronic materials is increasingly shifting to "lighter, thinner, shorter, smaller" components. As silver powder is the principle raw material for our products, we will work to curb the use of the natural resource and respond to the trend in the development of resource-saving products. At the same time, we will strive to reduce the use of environmentally harmful substances in anticipation of a carbon neutral society and promote the sales of energy-saving (low-temperature, quick curing) products. Furthermore, we will support customers who engage in procuring local materials from throughout the world, based on our reliable framework that ensures comparable quality and services.



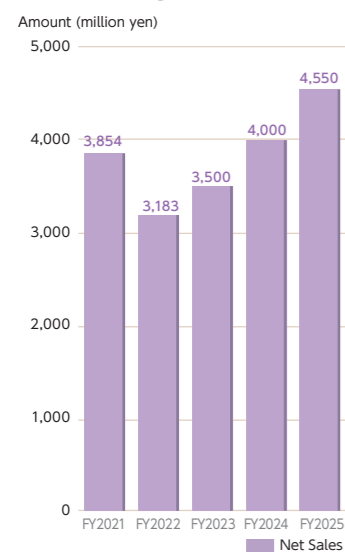
Executive Director and General Manager of the Electronic Materials Division
Takahiro Ishii

Opportunities High growth of the materials market based on the dissemination of DX, IoT, and EVs

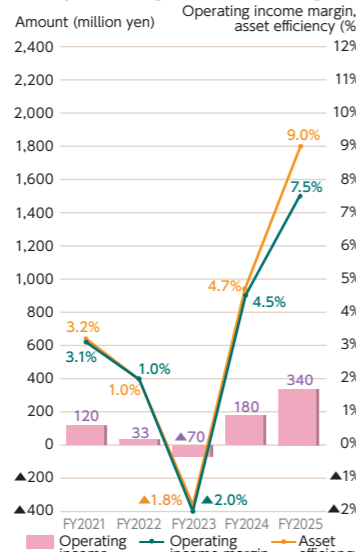
Risks Local procurement by overseas customers

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Electronic parts, semiconductors, modules
 - Automobiles, medical care, nursing care
 - Global expansion
- Young Leaves**
 - Strengthen core businesses
 - Acquisition of new applications
 - Increased market share
 - Eco-friendly products
- Trees**
 - Increase profitability of foundation businesses
 - Expansion of existing markets
 - Strong reliability and customer response
 - Response to high-mix, low-volume production

Functional polymers / polymers & resins



Basic policy for value creation

Evolve by providing fine, functional technologies and products based on our founding resin polymerization technology

Business overview and value creation policy

Overview, features, and strengths

The functional polymers/polymers and resins business has developed based on the polymer synthesis technology. We provide high molecular polymers that are functional and safe to diverse sectors, in the form of industrial adhesives, materials for electronic parts, and electrophotographic materials, and so on. We also develop latex reagents that incorporate polymer properties and have advanced into the field of in vitro diagnostic pharmaceuticals for diabetes, rheumatism, and other such diseases. These products are helping to enhance people's daily lives in inconspicuous ways. In recent years, we are also focusing on solvent-free and water-based products in consideration of the environment, and are providing products that respond to wide-ranging needs.

The "basic policy of value creation" of the functional polymers/polymers & resins business

We are aiming to expand our share in new fields we have technically advanced into during the period of our previous mid-term management plan, such as the fine materials, functional polymers, sintered resin, and new in vitro diagnostic pharmaceuticals and materials fields. Based on technologies we have cultivated to date, including the suspended particulate, functional emulsion synthesis, urethane synthesis, triblock and UV technologies, we will develop products that satisfy customer needs in each field and live up to their trust.

Toward realizing value creation, sustainable growth, and enhanced corporate value

The business portfolio of the functional polymers/polymers & resins business can be largely divided into the polymers and resins division, which handles high molecular polymers, and the medical materials department, which handles in vitro diagnostic pharmaceuticals. In the polymers and resins division, we have grouped our products in the business portfolio with an eye on the opportunity for market expansion in the new materials field triggered by decarbonization, DX, and IoT. Fine polymer particles and urethane resins, such as adhesives and ceramic sintering resins for fine materials, tapes, and films, have been grouped in the "Sprouts" area, and carrier coatings and UV curable materials have been grouped in the "Young Leaves" area as items that will play a key role in the next mid-term management plan. The medical materials department will roll out in vitro diagnostic pharmaceuticals, latex for in vitro diagnostic pharmaceuticals, magnetic and fluorescent particles for in vitro diagnostic pharmaceuticals, and other such products on the back of a growing health awareness. These products will contribute to further expanding the functional polymers/polymers & resins business.



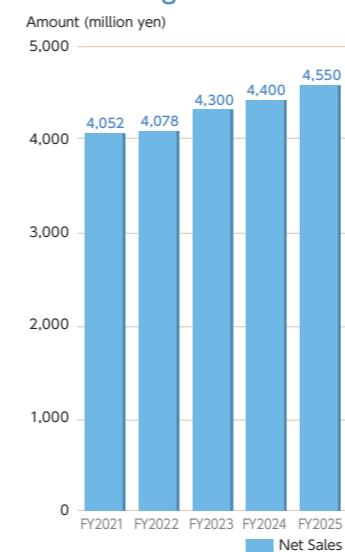
Executive Director and General Manager of the Functional Polymers/Polymers & Resins Division
Satoshi Watanabe

Opportunities Market expansion in new materials fields triggered by decarbonization, DX, and IoT

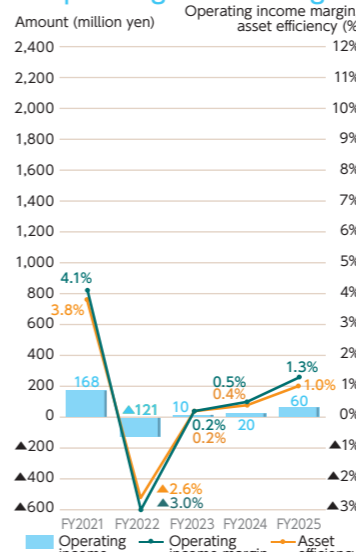
Risks Downsizing of provided values due to a shrinking market

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Cultivation of fine chemicals
 - Decarbonization based on the use of biomass
 - Diagnostic pharmaceuticals field
- Young Leaves**
 - Strengthen core businesses
 - Functional products based on molecular design
 - Eco-friendly products
 - Expansion of sales of new diagnostic pharmaceuticals and ingredients thereof
- Trees**
 - Increase profitability of foundation businesses
 - Retention of existing customers and discovery of new overseas demand
 - Optimization of production processes
 - Expansion of existing diagnostic pharmaceuticals

Synthetic Resin



Basic policy for value creation

Make active proposals to a broad customer base to contribute to solving social issues

Business overview and value creation policy

Overview, features, and strengths

The synthetic resins business is undertaken by Tohkoh Jushi Co., Ltd. (founded in 1964), a trading company specializing in the sale of raw materials and plastic sheets, films, and processed products. We do not simply supply products to customers, but we also engage in fine-tuned sales and follow-up activities. For example, we provide product development information based on the management and sales strategies of our customers, introduce new materials and products, and make project proposals from the selection of raw materials to product sales.

The "basic policy of value creation" of the synthetic resins business

In this day and age when petrochemical-derived plastics are regarded as a social and environmental issue, we must adapt to the changes of the times. By widely proposing products that are born from a process of evolution to customers we have cultivated through our sales of synthetic resins and expanding our sales network, we will contribute to solving social and environmental issues.

Toward realizing value creation, sustainable growth, and enhanced corporate value

In the synthetic resins business, we address environmental and social issues based on our business as a specialized trading company. To create new value, we will coordinate businesses between customers and suppliers, such as by introducing energy-saving products that contribute to reducing CO₂ emissions, proposing materials for lithium-ion batteries in response to the expansion of electrification, and developing new applications that increase yields of synthetic resins toward resource conservation, among other efforts.



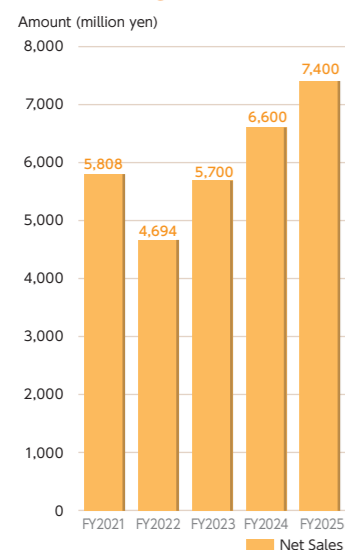
Tohkoh Jushi Co., Ltd.
President
Manabu Ikegami

Opportunities Provision of value to new markets such as the environmental products market

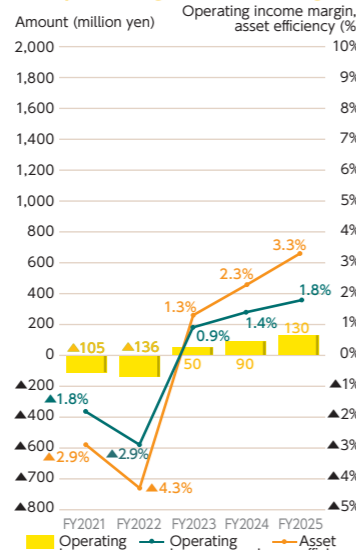
Risks Structural changes in existing entry-level markets

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Products that mitigate environmental pollution
 - Products that contribute to decarbonization
 - Material/chemical-recycled products
- Young Leaves**
 - Strengthen core businesses
 - Expansion of sales of processed goods to assembly manufacturers
 - Contribution to social issues through coordination of efforts
 - Expansion of the North American market based on new products
- Trees**
 - Increase profitability of foundation businesses
 - Maximizing the strengths of existing markets
 - Expansion of materials that are handled
 - Enhancement of added value by providing functionality

Production



Basic policy for value creation

Increase productivity along the entire supply chain to create new value and realize well-being

Business overview and value creation policy

Features and strengths

Fujikura Kasei's production department has kept in step with market changes and diverse customer needs from its flagship Sano Plant and production bases in and outside of Japan. Always with priority on safety, our company produces diverse products under a sophisticated quality control system, including coating materials, architectural coatings, conductive pastes, and acrylic resins. To ensure proper manufacturing work and quality value from the customer perspective, various management system certifications have been acquired, namely ISO 9001, IATF 16949 (electronic materials division), ISO 13485 (medical materials department), ISO 14001, and ISO 45001.

The "basic policy of value creation" of the production department

Quality manufacturing cannot be achieved by our company alone. The cooperation of diverse business partners, including raw materials manufacturers and affiliated companies, is indispensable. In particular, the production department values human relationships and dialogue as its basic policy for increasing productivity. Based on relationships of trust with all relevant parties, we will strive to create value throughout our entire supply chain, from the procurement of raw materials to production and physical distribution.

Toward realizing value creation, sustainable growth, and enhanced corporate value

We will make prompt and active capital investments in response to market changes so that we may enhance safety, ensure stable factory operations, introduce automation and digitalization, and thereby increase production efficiency. Additionally, we will engage our employees in dialogue toward creating a comfortable and safe workplace environment for all employees and realize their well-being. By strengthening safety, quality and human resource development while also giving consideration to earth's environment, we will create new value and realize sustainable corporate growth.



Executive Director and Director of Sano Plant
Masahiro Takano

Opportunities Expansion of demand for high-quality, high-efficiency products

Risks Changes in the chemical industry accompanying decarbonization

Policies under the mid-term management plan



Sano Plant

