

Elastomer & Infrastructure Solutions

Message from the Division Head



Koya Takahashi

Executive Officer
Head of Elastomer & Infrastructure Solutions

Since our founding, this division has been providing products that contribute to society through a wide range of technologies—organic to inorganic—including products utilizing the calcium carbide chain such as chloroprene rubber (CR) and calcium cyanamide, as well as special admixtures and corrugated pipes that support national resilience.

We are also actively working to contribute to a sustainable world by effectively utilizing the hydroelectric power plant at our large-scale Omi Plant, and through technologies such as biostimulants and carbon-negative concrete. We position FY2025 as a major year of transformation for this division and will steadily implement various initiatives.

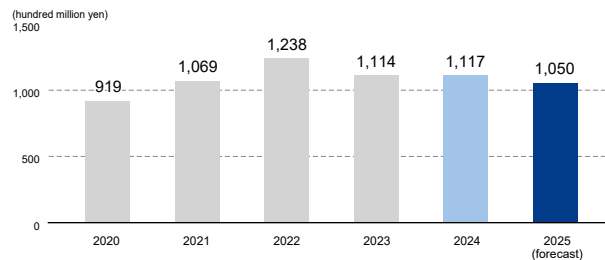
Regarding our CR business in the United States, we will implement an indefinite temporary suspension, consolidate CR production at the Omi Plant, and carefully consider all options, including business and asset transfers, as we move forward with our approach in a steady manner. Furthermore, we will carry out portfolio transformation such as withdrawing from the cement business, with the aim of profitability in the EIS division and achieving sustainable growth.

Strategies for Achieving the Goals of the Management Plan “Mission 2030”
(Strategies toward 100% “Three-Star Businesses”)

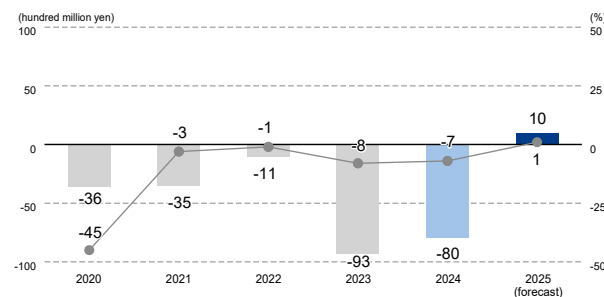
Strategic areas and markets	[Key products]	[2024 results]	[2026 plan]	[Division Goals for 2030]
Food	● Biostimulants*: PRULA, RECOLTE, and AZUMIN * An agricultural material to keep plants healthy and contribute to the reduction of chemically synthetic agrochemicals ● Environmental conservation type agrochemicals: calcium cyanamide, YORIN (Fused Magnesium Phosphate), TORE-TARO (Fused Silicate Phosphate)	● With growing interest in biostimulants due to climate change and abnormal weather in various countries, we have started sales in Japan, China, and Taiwan, and are working to register for sales in South America and Southeast Asia to further expand sales Create and boost demand through strategic use of digital marketing (1) Hold regular webinars (2) Acquire potential customers using LINE (3) Enhance web content	● Promote the spread of our biostimulant technology and develop products tailored to market needs in each country to accelerate global business expansion	● Transform into a business division where each individual takes on challenges to acquire their own expertise and contributes to achieving company-wide goals by proudly providing products that make the world better. ● Contribute to ESG by expanding the adoption of low-carbon concrete products and globally deploying agricultural-related materials
Infrastructure	● Special cement additives ● Toyo Drain ● “LEAF” carbonated admixture for carbon negative concrete	● On-site application of carbon negative concrete ● Global expansion of the environmentally friendly, rapid-hardening admixture “FASTRONG” ● Indefinite temporary suspension of the U.S. chloroprene rubber business (May 2025) ● End of cement sales (September 2025)	● Achievement of new carbon cement additives (Social implementation of results of the Green Innovation Fund Project)	

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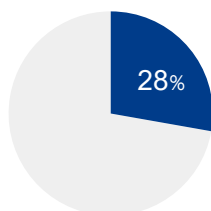
Net Sales Trends and Outlook



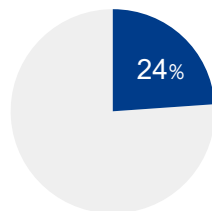
Trends and Outlook for Operating Income/ Operating Income Ratio



Percentage in Overall Net Sales (FY2024)



Percentage in All Employees (FY2024)



SWOT Analysis

- Technology for absorbing and immobilizing CO₂ in concrete
- Chloroprene rubber business with the world's largest production capacity
- One of Japan's largest in-house hydroelectric power generation facilities
- Possession of core technologies for electric furnace and kiln manufacturing and material development capabilities
- A rare domestic fertilizer manufacturer

Strengths

- Growing demand associated with enhancing the resilience of buildings and civil infrastructure to mitigate natural disaster damage
- Growing demand associated with the maintenance and renewal of domestic infrastructure constructed mainly during the period of high economic growth in Japan that is currently deteriorating
- Growth in the biostimulant market due to growing food demand in step with the growing global population
- Expanding sales for infrastructure markets, mainly in emerging countries
- Expanding the market for products that contribute to low-carbon and labor-saving needs

Opportunities

Weaknesses

- Difficulty in securing robust brand recognition in markets overseas (special cement additive business)
- Increase in fixed costs unique to equipment industries and CO₂ emissions derived from manufacturing methods
- Product deployment in product life cycle and mature market sectors

Threats

- Expansion in the scope of various environment-related regulations influenced by a growing trend toward carbon neutrality
- Shrinking construction and agricultural markets, and labor shortages due to declining domestic population
- Soaring global raw material and fuel prices
- Global reorganization of market players

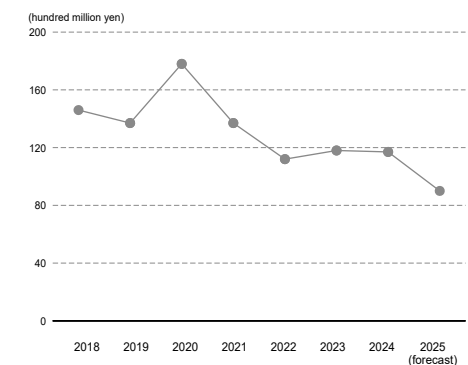
"Investment" for Further Growth

- Kyushu Plastic Industry: Domestic sales expansion through increased production of corrugated pipes
- Promote R&D in smart agriculture by combining subsurface irrigation systems, biostimulants, and drone technology

"Cash Generation" through Strengthening Existing Businesses

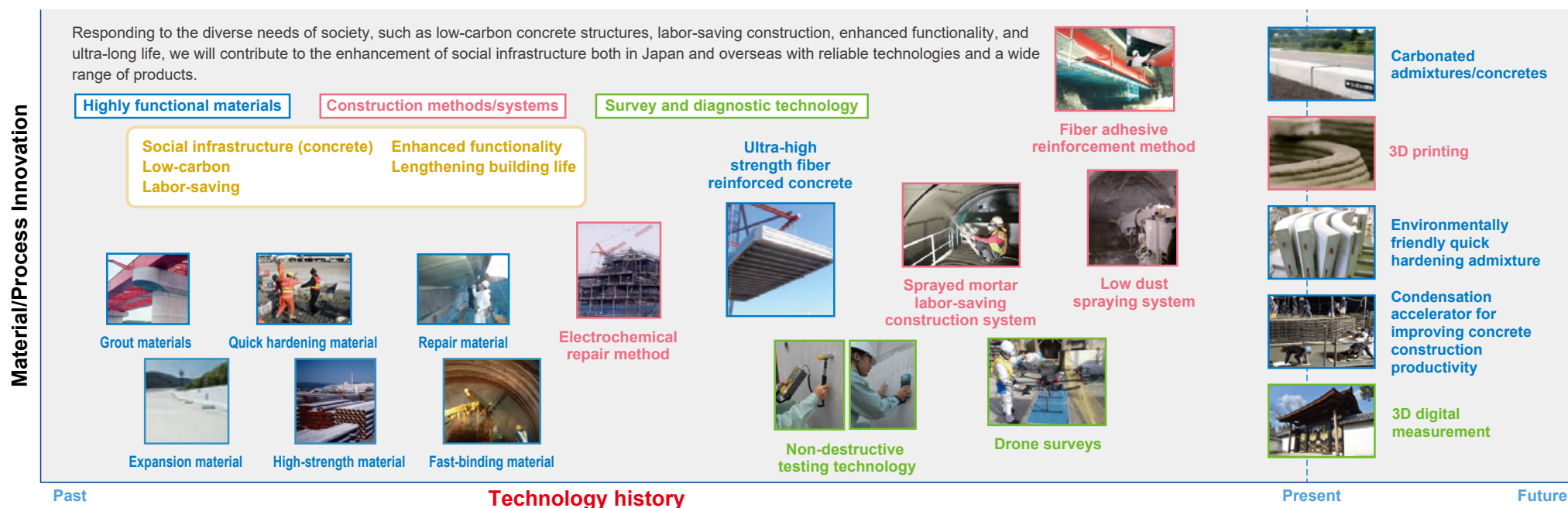
- Temporary suspension of U.S. chloroprene rubber plant: Improve the profitability of the chloroprene rubber business
- Accelerate global expansion of biostimulants and strengthening web marketing
- Deployment of environmentally friendly, rapid-hardening admixtures for precast concrete

Investment value trends



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Special Cement Additives



Contributing to Society through Business

● Carbon Negative Concrete “CUCO” Project

CUCO is a consortium of 55 companies led by Denka, Kajima Corporation, and Takenaka Corporation implementing the “Green Innovation Fund Project/Project for Development of Concrete and Other Manufacturing Technologies Using CO₂,” adopted by the New Energy and Industrial Technology Development Organization (NEDO). Through this project, we aim to realize highly versatile carbon negative concrete by developing carbonation admixtures and construction technologies, establishing quality assessment technologies, and promoting the use of these technologies around the world. Also, through active CO₂ fixation in concrete—a goal we are pursuing through development of this technology—we will promote the transition from decarbonization to “active carbon” to play our role in the reduction of greenhouse gases.

As a result of the consortium’s joint development, our carbonation admixture “LEAF” has been used in the “CUCO-SUICOM Dome (Sustaina Dome)” (constructed by Kajima Corporation) at the Osaka-Kansai Expo, in the “CUCO-SUICOM Shot” for part of the dome

CUCO website
<https://www.cuco-2030.jp/>



structure, and in the “CUCO-SUICOM Paving Blocks” laid on the EXPO Arena walkways. Technologies developed by this consortium are branded as CUCO, and we are working to promote their widespread adoption for social implementation.



CUCO-SUICOM Dome (Sustaina Dome)



CUCO-SUICOM Paving Blocks