



Realizing a decarbonized and circular society through comprehensive strength and organizational capability

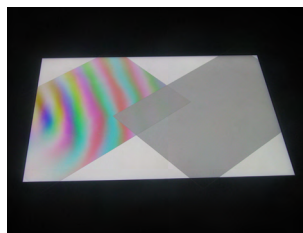


Business overview and market environment

The films business is composed of two areas: industrial films and packaging films, both of which hold top-class market shares domestically.

The industrial film sector covers a wide range of applications, including display, electronic components, automotive, and labels. Notably, COSMOSHINE SRF® stands out for its superior water resistance compared to other materials and holds a significant market share as a polarizer protective films for LCDs. In addition, mold releasing film for multilayer ceramic capacitors (MLCC) leverage the strength of integrated film production and processing, and ongoing equipment investments have bolstered supply capabilities, supporting market growth. The packaging film sector primarily focuses on food packaging and contributes to solving customer challenges through its diverse range of resins, film production and processing technologies, and development capabilities. Being a pioneer in introducing biomass and recycled films to the industry has been highly regarded in the market.

Despite ongoing changes in the business environment, such as increasing societal demands for reducing plastic waste, rising



Polarizer protective film, COSMOSHINE SRF®



Coating equipment for mold releasing film for MLCC
 Tsuruga Films Plant Coater Building

raw material costs, and the yen's depreciation, we view the growth of the market for environmentally friendly films (green films) aimed at a circular economy and carbon neutrality, as well as the expansion of the functional film market driven by advancements in the digital society, as significant opportunities.

Business features and strengths

This business is equipped with the technology to handle a wide range of materials and to carry out integrated development and production processes, from raw materials to film production and subsequent processing, such as coating and vapor deposition. By maintaining close connections with both domestic and international customers, we tackle the challenges and issues they present. This involves the collaborative efforts of our sales, development, and manufacturing teams to create new added value.

Business strategies and initiatives in the 2025 Medium-Term Management Plan (MTP)

For the final year of the 2025 MTP, fiscal 2026, we are targeting ¥170 billion in net sales and ¥10 billion in operating profit. For fiscal 2031, the targets are ¥220 billion in net sales and ¥18 billion in operating profit. To achieve the 2025 MTP goals, specific measures include 1) Increasing production and expanding sales of highly functional films; 2) Expanding environmentally friendly films; 3) Developing and launching new films; and 4) Implementing appropriate pricing strategies. Although capital investment and the market introduction of new products are progressing generally as planned, due to the surge in raw material prices and exchange rate impacts

fiscal 2024 results were limited to net sales of ¥156.5 billion and operating profit of ¥2.7 billion.

By steadily implementing the aforementioned measures, we will regain our earning power.

In the long term, we aim to significantly increase sales of environmentally friendly films and challenge ourselves to provide solutions beyond material sales, thereby contributing to sustainable living environments.

Initiatives to achieve prosperity

People	<p>Efforts toward employee well-being and human rights in the supply chain</p> <ul style="list-style-type: none"> ● Fostering employee safety and job satisfaction ● Achieving zero accidents and disaster prevention (recognized as the most critical issue for our business foundation)
Planet	<p>Efforts toward quality water, air, and soil, and the preservation of biodiversity</p> <ul style="list-style-type: none"> ● Contributing to the reduction of food loss through highly functional packaging films that maintain food freshness <p>Efforts toward resource circulation</p> <ul style="list-style-type: none"> ● Developing a recycling system for mold releasing films for MLCC, involving collaboration with electrical and electronic manufacturers ● Actively participating in cross-industry resource circulation efforts, including a resource circulation project for horizontal recycling of label liners using KAMISHINE NEO® mold releasing film, in collaboration with pharmaceutical companies and the printing industry.
Prosperity	<p>Contributing to business growth by widely supplying highly functional and environmentally friendly films, while supporting the advancement of the digital society and the realization of a decarbonized and circular society</p>