

Mid-Term Management Plan **C**hallenge 2024

Grow Up Plan 2024

Review of Business Environment: Changes in the Environment

◆ Environmental changes in 2023~2024

Social and Economic Environment

- ✓ Destabilization global situation affected by the prolonged invasion of Ukraine and radicalization of Middle East conflicts.
- ✓ Fluctuations in transportation costs due to "the 2024 bug" in the Japan's logistics Industry.
- ✓ Ongoing slump in demand for electronic materials and semiconductor materials.

Requests for Listed Companies

- ✓ Requests to improve Return on Capital and Market Valuation for the purpose of increasing PBR.
- Further progress expected after March 2023.

◆ Our situation in 2023-2024

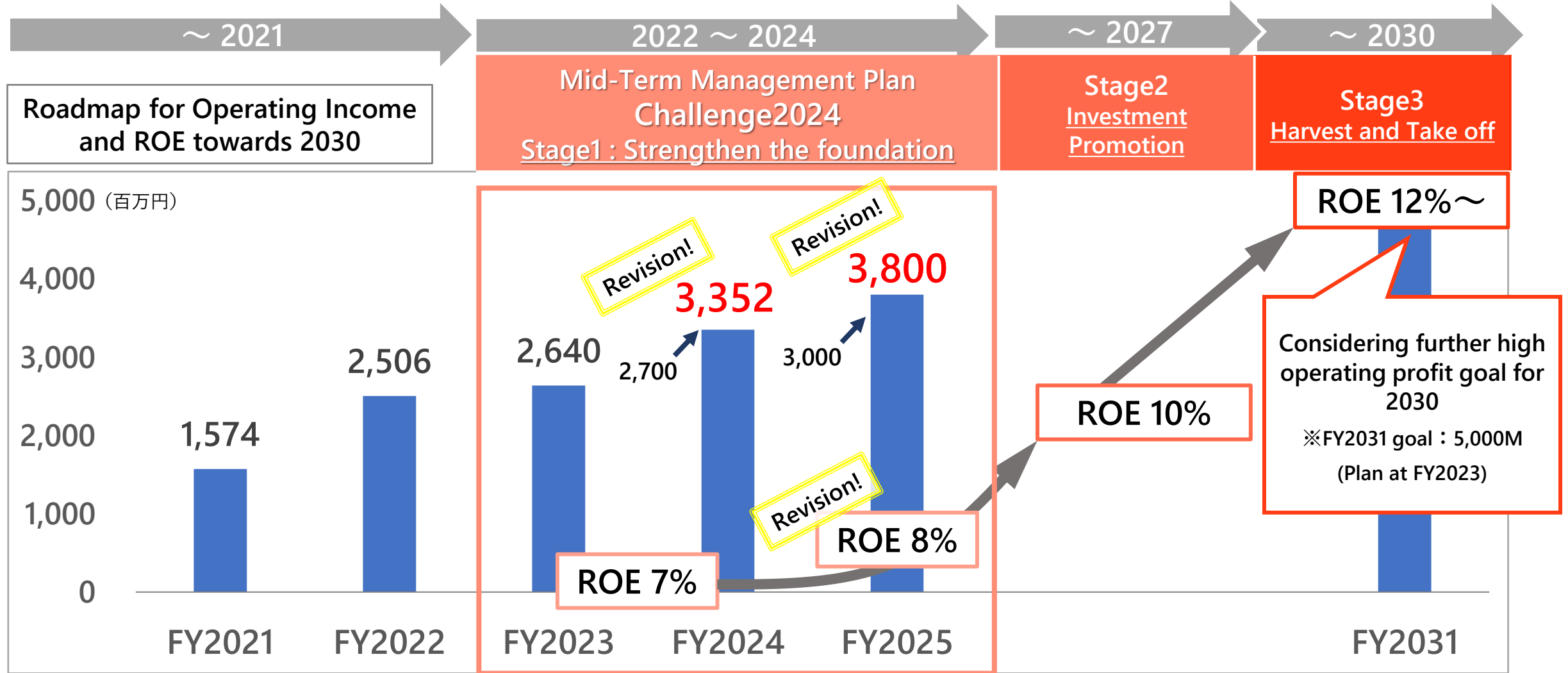
- Forecast of record profit. Achieved "Challenge2024" operating income target ahead of schedule.
- Halfway to improving Return on Capital as stated in "Rolling Plan 2023"



▶ Formulation of "Glow Up Plan 2024" for further growth

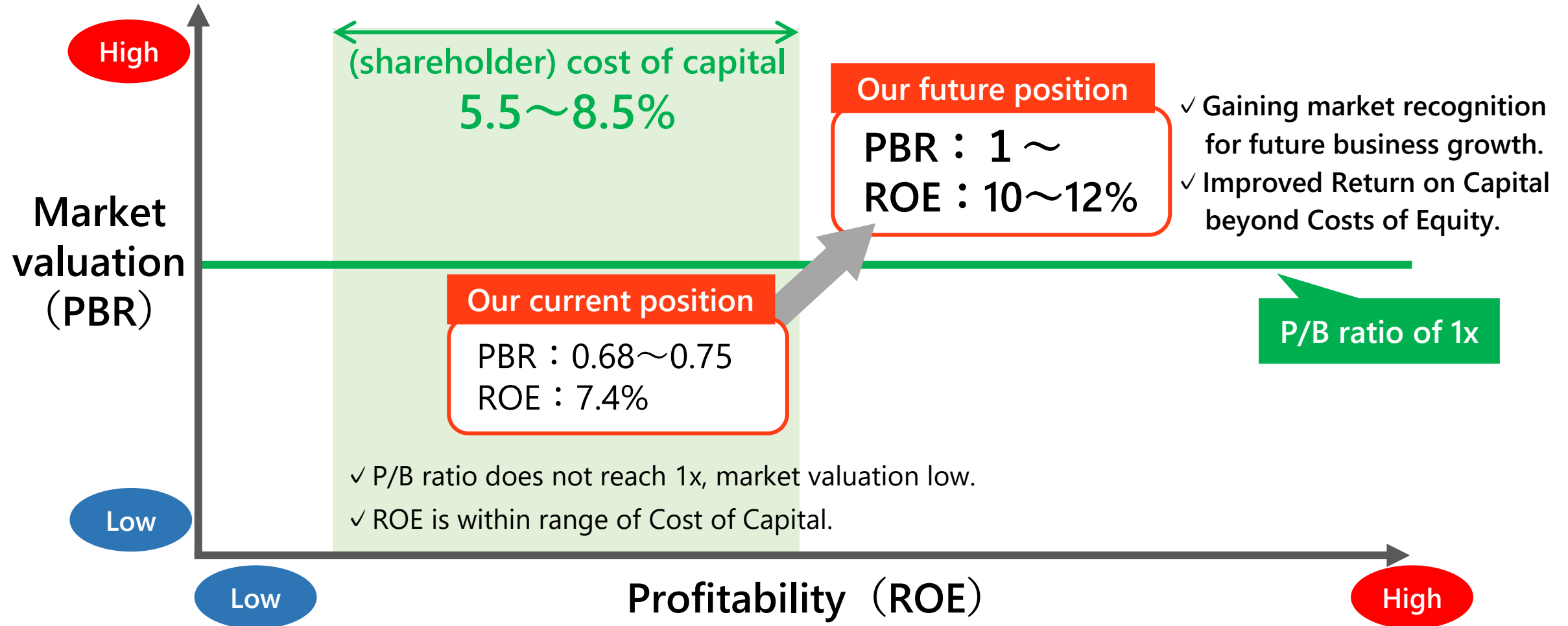
Carlit Group's roadmap toward 2030

◆ Update operation profit goals in roadmap

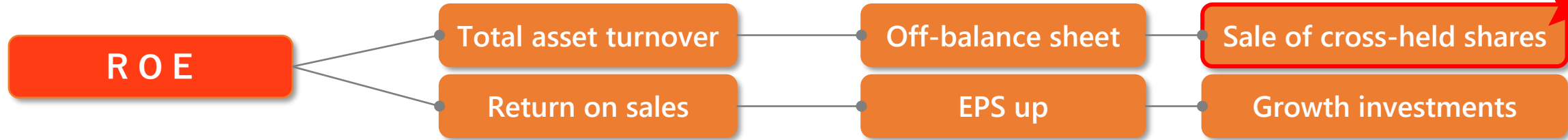


Matrix analysis on Return on Capital and Market Valuation

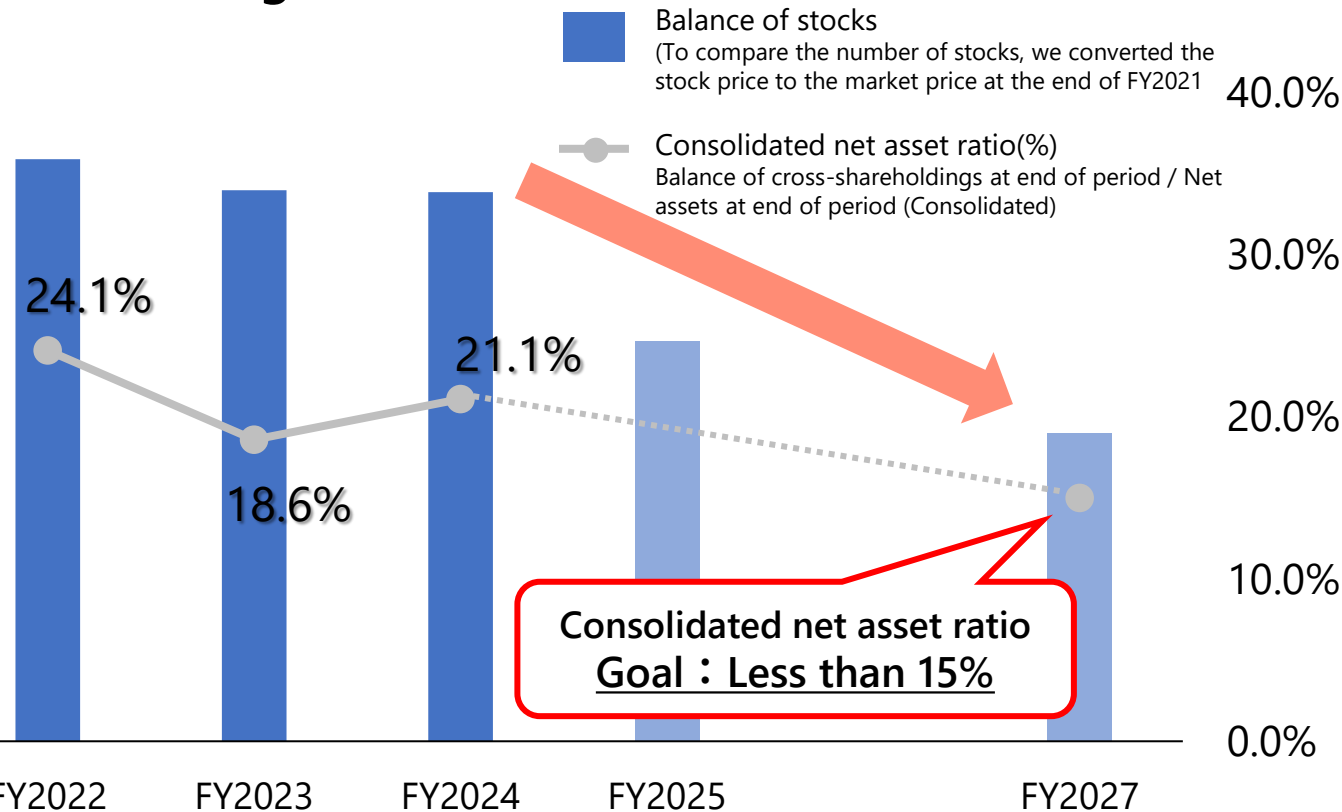
- ◆ Confirm our position in the matrix on Return on Capital and Market Valuation
- ◆ Considering further improvement measures to be added to Medium-Term Management Plan "Challenge2024" and "Rolling Plan 2024"



Policy on Cross-held shares



- ◆ Balance sheet aware management to achieve further growth of the group from a financial perspective
- ◆ Proceeding reduction of sale of cross-held shares and streamlining of assets



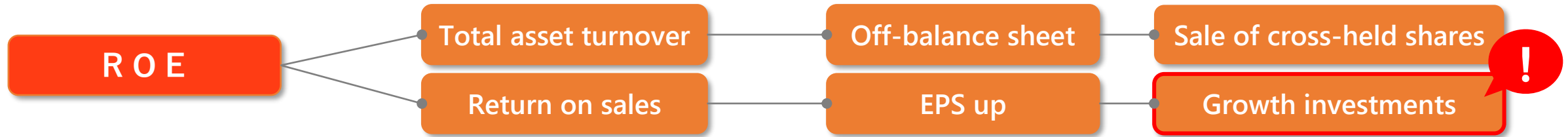
External Environment

- ✓ Increase of consolidated net assets ratio due to recent stock market rally

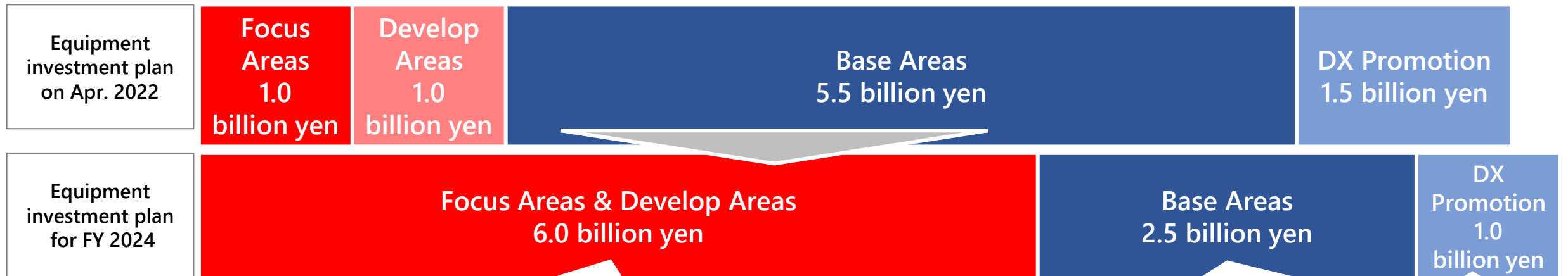
Policy on Cross-held shares

- ✓ Reducing sale of cross-held shares based on comprehensive, mid- and long-term consideration of Cost of Capital and other indicators
- ✓ Reducing consolidated net assets ratio to the goal of under 15% by the end of FY2027

Equipment investment plan & Growth investment



- ◆ Prioritize profitable growth investment projects and progress promptly
- ◆ Carry out investments on business in the Base Area (expecting stable earning due to low volatility)



✓ Expecting high profitability through investments on Focus and Develop Areas

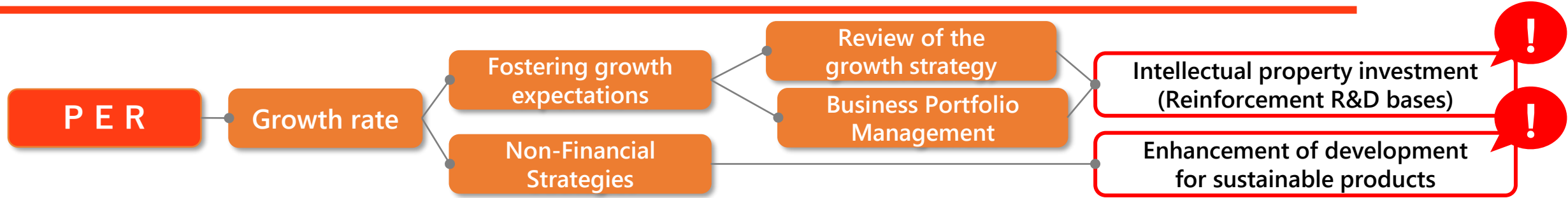
✓ Investments on Base Areas are sufficient on profitability, and expected to generate stable profit, pursuing ESG as energy-saving

Ammonium perchlorate business : 2.5 billion yen
 Material assessment service business : 2.0 billion yen
 Silicon wafers business : 1.0 billion yen
 R&D : 0.5 billion yen

Explosives business : 1.0 billion yen
 Energy- and labor-saving equipment : 0.5 billion yen
 Others (Investment in renewal and aging equipment) : 1.0 billion yen

Core systems update, etc.

Fostering growth expectations by expansion of R&D



- ◆ “ Ideal Carlit Group In 2030 ” in Research and Development
Specialize in chemical and Semiconductor field, and create new products to establish new business

Efforts in the Final Year of the Medium-Term Management Plan

1. New challenge of Electrodes Technology Business
New energy storage device materials, hydrogen generating electrode (NEDO joint research), CO2 capture
2. New challenge of Electronic materials technology
Ionic conductor materials, Conductive polymer
3. Expansion of research and development on Optical, Semiconductor field
Development of high value-added wafer materials, research of optical materials

science
Life

Electronics

The future to be realized

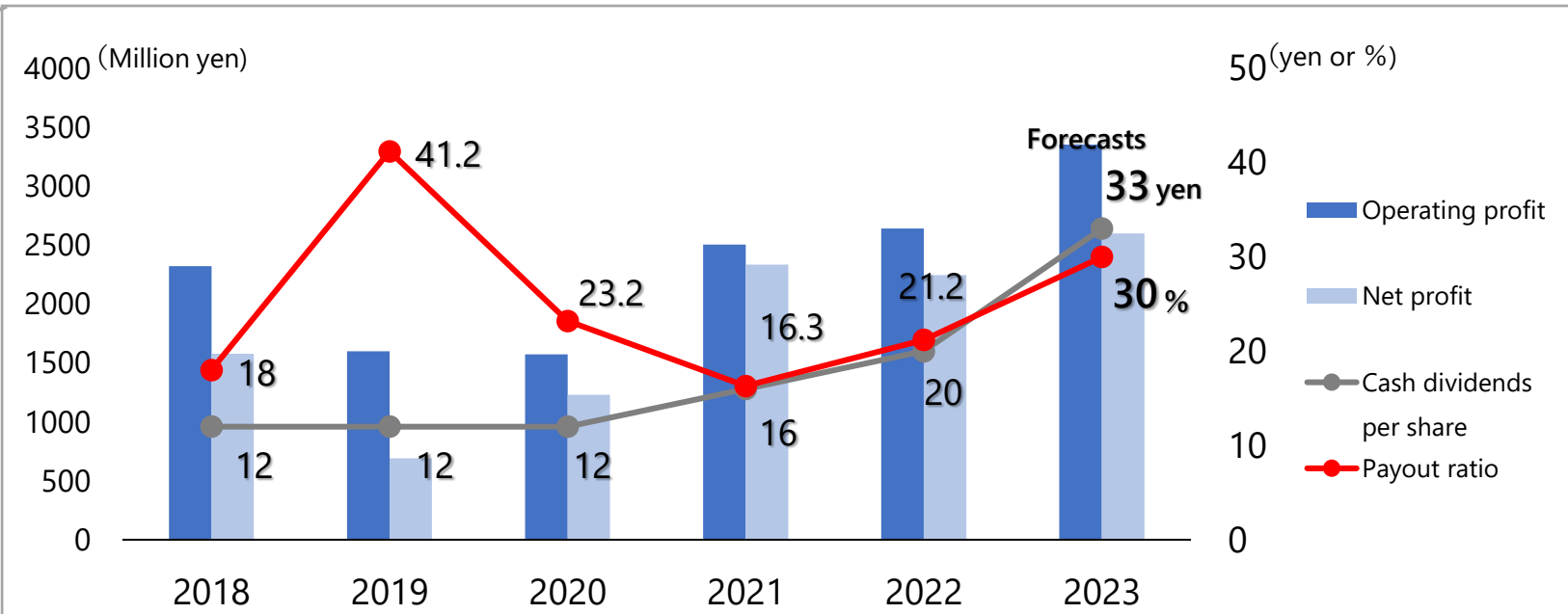
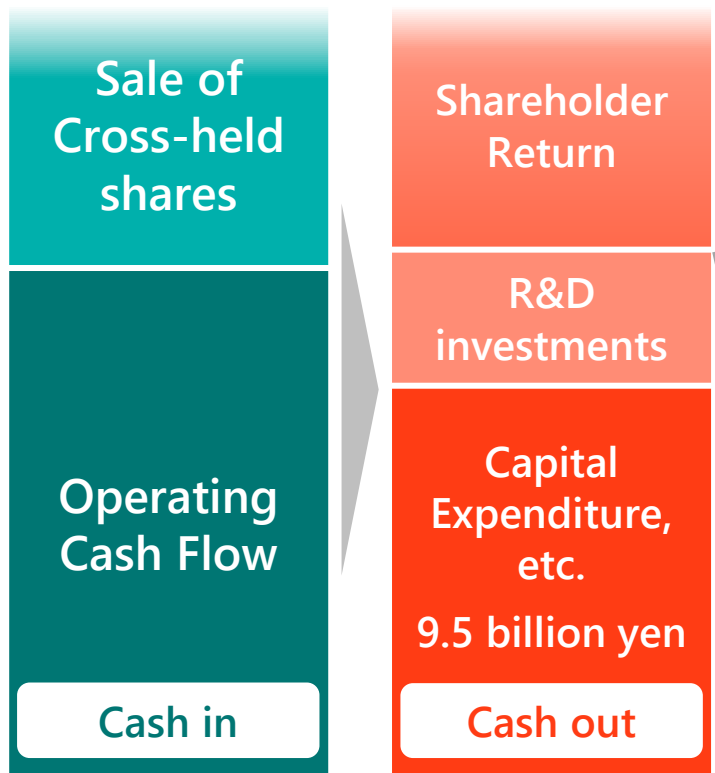
Further promotion of clean energy to achieve carbon neutrality

More advanced electronic devices such as smart phones

Stable dividend payments linked to business performance



- ◆ Control financial leverage appropriately, optimize equity capital level, and maintain soundness
- ◆ Strategically allocate resources from operating cash flow and asset sale, and pursue improvements in profitability and growth expectations

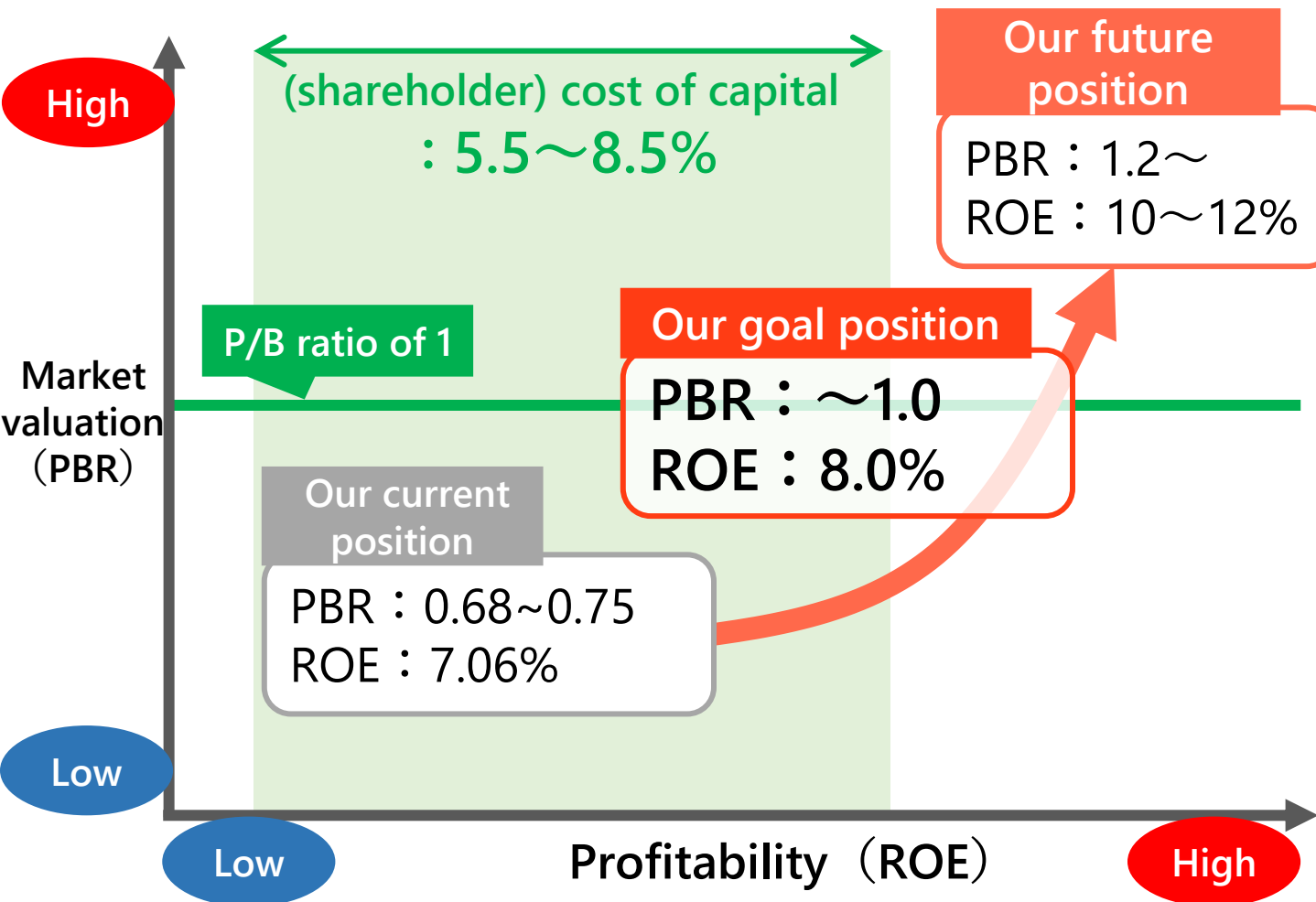


✓ We will promote growth investment, and work to return profits with a total payout ratio of 30%.

※Total payout ratio = (Total dividend payments + Total share buy-back)/ Profit attributable to owners of parent

Final year Mid-Term Management Plan "Challenge2024"

◆ Aim to achieve PBR over 1.0 and ROE 8.0% by accelerating investment in growth-driving businesses and further strengthening shareholder returns



Mid-Term Management Plan "Grow up Plan 2024"

1. Achievement of Mid-Term Management Plan "Challenge2024"
2. Consolidated operating profit margin more to 10%
3. Capital optimization and Improved return on capital
4. Fostering growth expectations by expansion of R&D
5. Execute appropriate shareholder returns

For Confidence and Infinite Challenges



Giving Shape to Infinite Possibilities