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日本化学工業株式会社

First Quarter of Fiscal Year March 2026

Summary of Financial Results

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Nippon Chemical Industrial Co., Ltd. 4092

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Summary of Financial Results for the First Quarter of FY March 2026

FY March 2026 1Q Actual Results

- Despite a year-on-year increase in net sales, operating profit decreased.
- Sales have increased compared to the initial forecast announced on May 14, and profits at each stage have significantly grown.
The rise in quantity, particularly for electronic ceramic materials (for MLCCs), along with the strengthening of the yen in the foreign exchange market, has contributed to this growth.

FY March 2026 Forecast (Revised Upwardly)

Net Sales: 40.5 billion yen, Operating Profit: 3.2 billion yen

- **We upwardly revised earnings forecast** to reflect the latest trends in demand and exchange rates.
- Net sales are expected to increase due to a recovery and increase in demand in specialty chemicals.
- Operating profit is expected to improve due to cost reductions resulting from an increase in quantity of electronic ceramic materials.
- Assumed exchange rate has been revised from 158 yen to 145 yen, and raw material procurement costs are expected to be significantly reduced.

Return to Shareholders

Annual dividend raised to 120 yen (An increase of 28 yen YoY)

- Dividends will be increased in line with the upwardly revised earnings forecast.
- Dividend policy: “a total payout ratio of 40% or DOE of 2%, whichever is higher.”

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Consolidated Results for First Quarter of FY March 2026

Key Points of Financial Results

◆ Net sales increased 5.5% YoY while operating profit decreased 34.2% YoY.

- Net sales increased due to increased sales volumes both in inorganic chemicals and specialty chemicals
- Operating profit decreased
 - Costs associated with the consolidation of production facilities
 - Time lag between fluctuations in raw material market prices for battery materials and their pass-through to sales prices
 - Absence of the decrease in loss of valuation of some inventories
 - Despite the positive impact of increased sales on profits, operating profit decreased YoY due to the above factors
- Compared to the initial estimates, both net sales and operating profit have made significant progress
 - The demand for electronic ceramic materials in the specialty chemicals has increased
 - The cost of raw material procurement has decreased, leading to an improvement in production costs
- We recorded gain on sale of non-current assets from the sale of land by a consolidated subsidiary

Consolidated results for first quarter of FY March 2026 (Overview)

(Millions of yen)	FY March 2025 1Q	FY March 2026 1Q	Change	Change rate
Net sales	10,379	10,949	570	5.5%
Operating profit	1,688	1,110	(578)	(34.2%)
Operating profit percentage	16.3%	10.1%	(6.2pt)	
Ordinary profit	1,741	1,134	(607)	(34.9%)
Profit	1,252	1,203	(48)	(3.9%)
EBITDA[※]	2,623	2,062	(561)	(21.4%)
Earnings per share (Yen)	141.94	137.74	-	-

※ Brief version of EBITDA (operating profit + depreciation) is used

【Factors Affecting Changes in Operating Profit (YoY)】



Consolidated results for first quarter of FY March 2026 (Performance by segment)

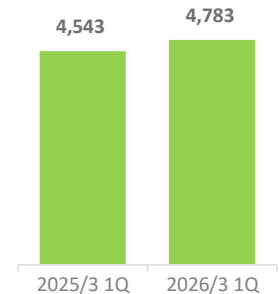
(Millions of yen)		FY March 2025 1Q	FY March 2026 1Q	Change	Change rate
Inorganic Chemicals	Net sales	4,543	4,783	240	5.3%
	Operating profit	460	391	(69)	(15.0%)
Specialty Chemicals	Net sales	5,420	5,870	450	8.3%
	Operating profit	1,082	577	(505)	(46.7%)
Leasing Business	Net sales	228	234	5	2.6%
	Operating profit	139	139	0	0.0%
Other	Net sales	186	60	(125)	(67.7%)
	Operating profit	(0)	(5)	(5)	-
Total	Net sales	10,379	10,949	570	5.5%
	Operating profit	1,688	1,110	(578)	(34.2%)

Consolidated results for first quarter of FY March 2026 (Inorganic chemicals)

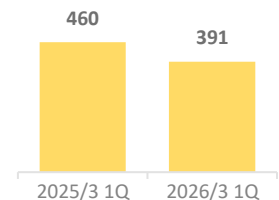
(Millions of yen)	FY March 2025 1Q	FY March 2026 1Q	Change	Change rate
Chromium Compounds	1,358	1,454	96	7.1%
Silicates and Silica	618	615	(3)	(0.5%)
Inorganic Phosphorus Compounds	1,692	1,710	18	1.1%
Other	872	1,003	131	15.0%
Total	4,543	4,783	240	5.3%

- ◆ **Chromium Compounds:** Strong demand for plating
- ◆ **Silicates and Silica:** Solidness
- ◆ **Inorganic Phosphorus Compounds:** Solidness

Net sales



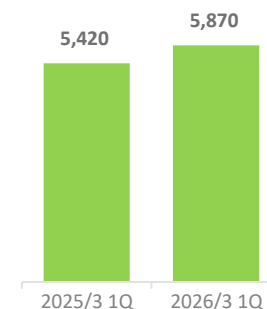
Operating profit



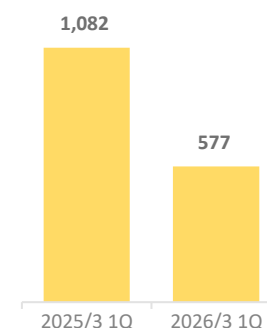
Consolidated results for first quarter of FY March 2026 (Specialty chemicals)

(Millions of yen)	FY March 2025 1Q	FY March 2026 1Q	Change	Change rate
Electronic Ceramic Materials	2,378	2,621	243	10.2%
Organic Functional Materials	1,290	1,656	366	28.4%
Battery and Electronic Device Materials	1,408	1,191	(217)	(15.4%)
Other	342	400	58	17.0%
Total	5,420	5,870	450	8.3%

Net sales



Operating profit



◆ **Electronic Ceramic Materials:** Solidness for automotive grade and strong growth for communication

◆ **Organic Functional Materials**

- **Phosphine Derivatives:** Sharp decline for raw material for catalyst and strong growth for overseas catalysts and Quantum Dot
- **Active Agrochemical Ingredients:** Strong growth for major customers

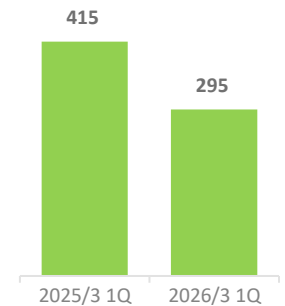
◆ **Battery and Electronic Device Materials**

- **Battery Materials:** Decline in raw material prices
- **Circuit Materials:** Weak demand for anisotropic conductive materials and sharp decline for pastes
- **High-Purity Electronic Materials:** Demand recovery for semiconductors

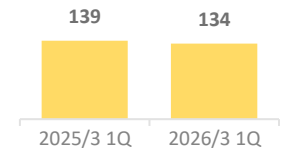
Consolidated results for first quarter of FY March 2026 (Leasing)

(Millions of yen)	FY March 2025 1Q	FY March 2026 1Q	Change	Change rate
Leasing Business	228	234	5	2.6%
Book Store Operation	127	-	(127)	-
Other	59	60	1	1.7%
Total	415	295	(120)	(28.9%)

Net sales



Operating profit



◆ Leasing Business: Solidness

✂ The Book Store Operation withdrew from the market last year.

Balance Sheet

(Millions of yen)	March End, 2025	June End, 2025	Change	Major factors of change
Current assets	31,448	32,719	1,271	Cash and deposits: (302) Inventory: (362)
Non-current assets	43,656	43,494	(162)	Property, plant and equipment: (22) Investment securities: (149)
Total assets	75,105	76,214	1,109	
Current liabilities	20,106	20,767	661	Notes and accounts payable-trade: 518
Non-current liabilities	8,602	8,446	(156)	Deferred tax liabilities: (144)
Total liabilities	28,709	29,714	1,005	
Shareholders' equity	41,267	42,068	801	Retained earnings: 801
Accumulated other comprehensive income	5,128	4,930	(198)	Valuation difference on available-for-sale securities: (112)
Total net assets	46,395	46,999	603	
Total liabilities and net assets	75,105	76,214	1,109	
Equity ratio(%)	61.8%	61.7%	(0.1pt)	Benchmarks for D/E ratio: Around 0.4

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Forecast of Consolidated Results for FY March 2026

Key Points of Revisions to Forecasts

◆ Revisions to the full-year forecast

- Reflecting the result of the first quarter and the latest outlook for the second quarter and beyond, we have upwardly revised our full-year earnings forecast.
- With the improving costs resulting from the increase in sales and the assumed exchange rates, we expect that profits at each stage will significantly exceed our previous forecasts.

(Millions of yen)	Announced on May 14	This forecast	Change	Change rate
Net sales	39,000	40,500	1,500	3.8%
Operating profit	1,400	3,200	1,800	128.6%
Profit	1,100	2,600	1,500	136.4%
Exchange rate (¥/\$)	158	145		

◆ Return to Shareholders (dividend)

- Based on the revised earnings forecast, we have raised the annual dividend forecast for FY 2025 to 120 yen, an increase of 28 yen compared to the previous fiscal year (60 yen for the interim and 60 yen for the year-end dividend forecasts).

Forecast of consolidated results for FY March 2026

(Overview)

Upwardly revised earnings forecast based on the latest information.

(Millions of yen)	FY March 2025 Results	FY March 2026		vs. initial forecast	
		Announced on May 14	This forecast	Change	Change rate
Net sales	38,843	39,000	40,500	1,500	3.8%
Operating profit	3,342	1,400	3,200	1,800	128.6%
Operating profit percentage	8.6%	3.6%	7.9%	4.3pt	
Ordinary profit	3,199	1,400	3,200	1,800	128.6%
Profit	2,559	1,100	2,600	1,500	136.4%
EBITDA*	6,924	5,300	7,100	1,800	34.0%
ROE	5.6%	2.4%	5.5%	3.1pt	-
Earnings per share (Yen)	290.62	125.92	297.63	-	-
Annual dividends per share (Yen)	Interim:46 Year-end:46 Annual:92	Interim:53 Year-end:53 Annual:106	Interim:60 Year-end:60 Annual:120	-	-
Capital expenditures	4,966	6,200	5,500	(700)	(11.3%)
Depreciation	3,582	3,900	3,900	0	0.0%
R & D expenses	1,598	1,500	1,500	0	0.0%
Exchange rate (¥/\$)	152	158	145		

* Brief version of EBITDA (operating profit + depreciation) is used

Factors Affecting Changes in Operating Profit for the Fiscal Year Ending March 2026

<Main factors of cost variance>

- Effect of decreased valuation loss on inventory assets
- Rise in raw material prices and increase in depreciation expenses.

<Main factors of price variance>

- Price reduction in sales (battery materials)

※Assumed against the dollar:

152 yen (Previous year's results) → 158 yen (Announced on May 14)

<Main factors of cost variance>

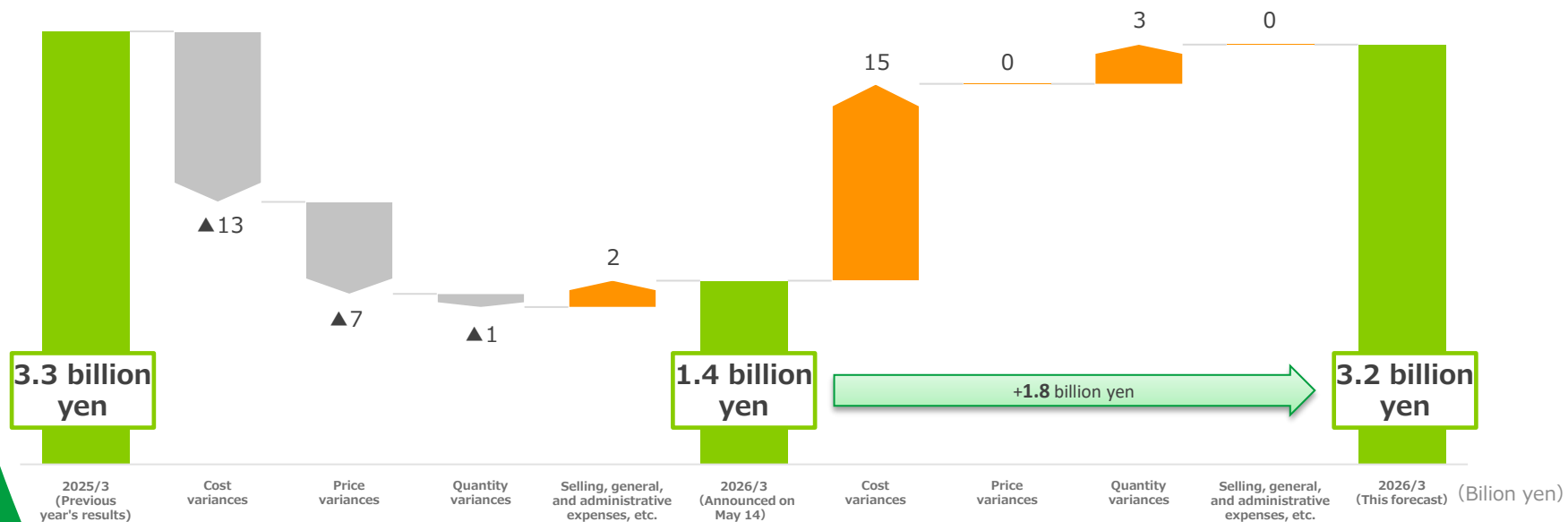
- The Recovery effect in the operations of electronic ceramic materials
- Decrease in raw material procurement costs

<Main factors of quantity variance>

- Increase in quantity of electronic ceramic materials

※Assumed against the dollar:

158 yen (Announced on May 14) → **145 yen** (This forecast)



Forecast of Consolidated results for FY March 2026

(Performance by segment)

(Millions of yen)		FY March 2025 Results	FY March 2026		vs. initial forecast ^②	
			Announced on May 14	This forecast	Change	Change rate
Inorganic Chemicals	Net sales	18,285	18,700	18,500	(200)	(1.1%)
	Operating profit	1,542	1,550	1,800	250	16.1%
Specialty Chemicals	Net sales	18,876	19,000	20,700	1,700	8.9%
	Operating profit	1,213	(700)	850	1,550	-
Leasing Business	Net sales	917	915	915	0	0.0%
	Operating profit	545	545	545	0	0.0%
Other	Net sales	763	385	385	0	0.0%
	Operating profit	31	5	5	0	0.0%
Total						
Net sales		38,843	39,000	40,500	1,500	3.8%
Operating profit		3,342	1,400	3,200	1,800	128.6%

Forecast of Net Sales in Inorganic Chemicals for FY March 2026

(Millions of yen)	FY March 2025 Results	FY March 2026		vs. initial forecast ^②	
		Announced on May 14	This forecast	Change	Change rate
Chromium Compounds	5,437	5,550	5,550	0	0.0%
Silicates and Silica	2,347	2,250	2,300	50	2.2%
Inorganic Phosphorus Compounds	6,759	6,900	6,750	(150)	(2.2%)
Other	3,739	4,000	3,900	(100)	(2.5%)
Total	18,285	18,700	18,500	(200)	(1.1%)

<Sales variance factors> (Announced on May 14 → This forecast)

◆ Chromium Compounds

No change from the figures announced on May 14

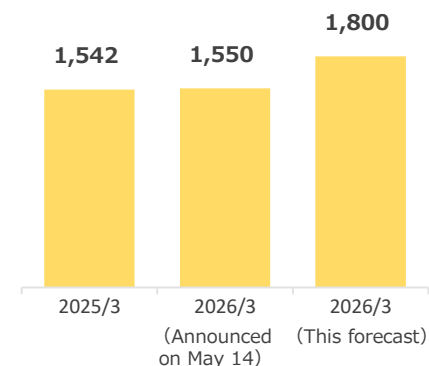
◆ Silicates and Silica

Forecast for sales recovery

◆ Inorganic Phosphorus Compounds

Although the volume for LCDs and semiconductors applications is increasing, demand trends for general industry are unstable.

Operating profit



Forecast of Net Sales in Specialty Chemicals for FY March 2026

(Millions of yen)	FY March 2025 Results	FY March 2026		vs. initial forecast	
		Announced on May 14	This forecast	Change	Change rate
Electronic Ceramic Materials	8,446	8,750	10,600	1,850	21.1%
Organic Functional Materials	4,212	3,900	3,900	0	0.0%
Battery and Electronic Device Materials	4,771	4,650	4,550	(100)	(2.2%)
Other	1,446	1,700	1,650	(50)	(2.9%)
Total	18,876	19,000	20,700	1,700	8.9%

<Sales variance factors> (Announced on May 14 → This forecast)

◆ **Electronic Ceramic Materials**

The demand for MLCCs (multilayer ceramic capacitors) is expected to significantly exceed initial estimation for automotive grade and communication.

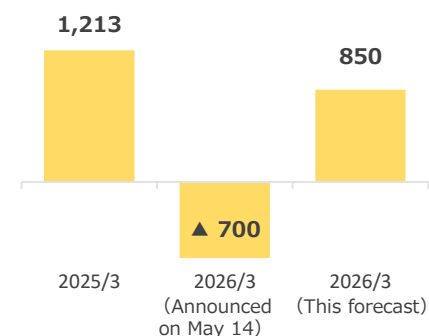
◆ **Organic Functional Materials**

No change from the figures announced on May 14

◆ **Battery and Electronic Device Materials**

The demand for high-purity electronic materials is expected to decline, as there are signs of a delay in the recovery of demand for semiconductors.

Operating profit

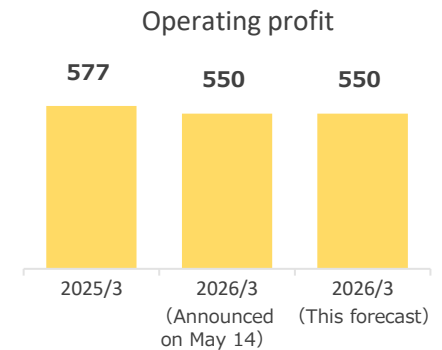


Forecast of Net Sales in Leasing Business and Others for FY March 2026

(Millions of yen)	FY March 2025 Results	FY March 2026		vs. initial forecast ²⁾	
		Announced on May 14	This forecast	Change	Change rate
Leasing Business	917	915	915	0	0.0%
Book Store Operation	461	-	-	-	-
Other	302	385	385	0	0.0%
Total	1,681	1,300	1,300	0	0.0%

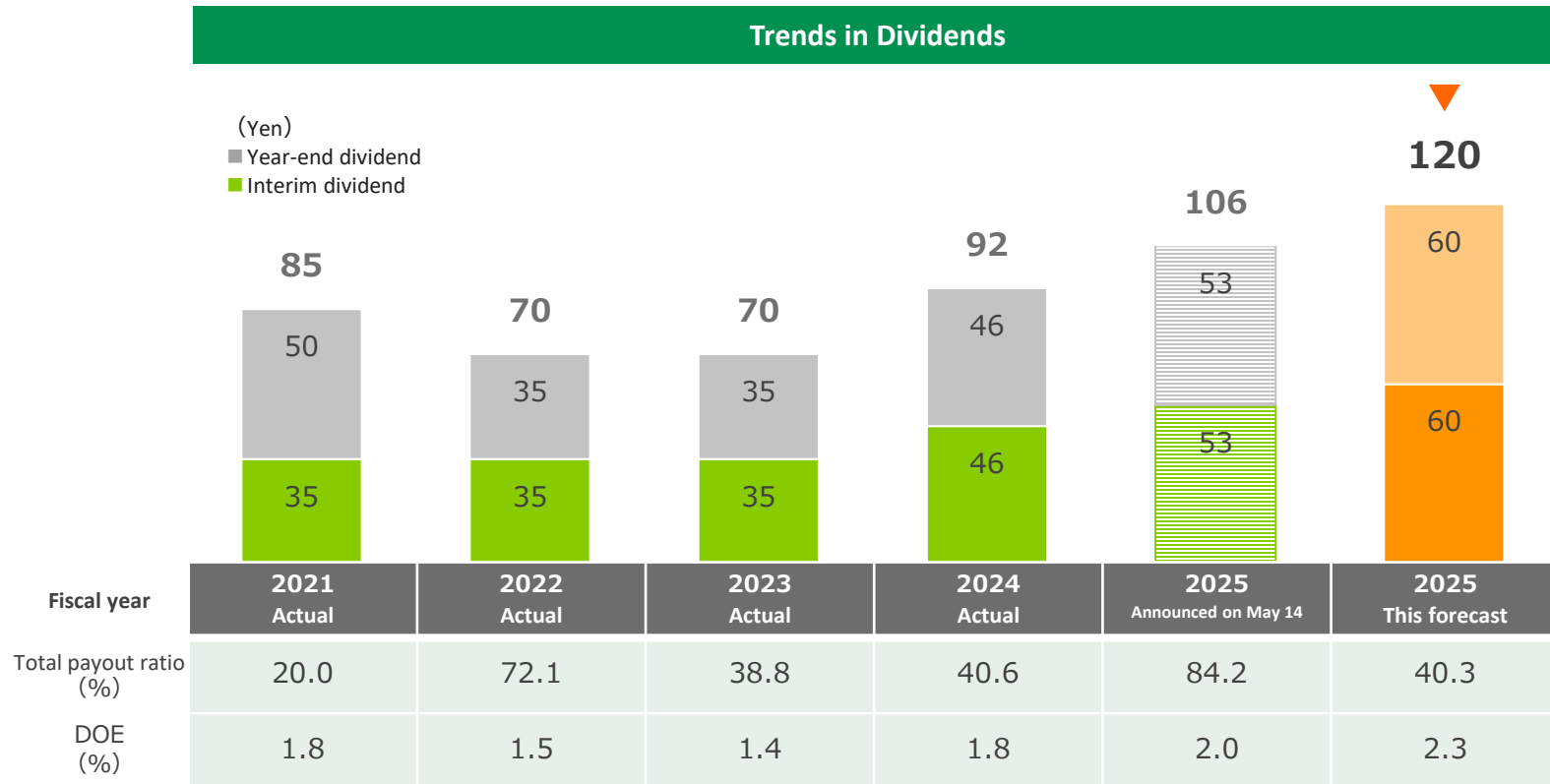
<Sales variance factors> (Announced on May 14 → This forecast)

No change from the figures announced on May 14



Return to Shareholders

Based on the revision of our performance forecast, we will strengthen shareholder returns.



Dividend policy (FY 2025–2026)

Pay stable and continuous dividends with a target of
a total payout ratio of 40% or DOE of 2%, whichever is higher.



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Cautions:

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