



# Summary of Consolidated Financial Results

for the Fiscal Year Ended March 31, 2026

- 1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2026**
- 2 Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2027**
- 3 Progress of Medium-Term Business Plan (FY 2024 to FY 2026)**
- 4 Initiatives for a Sustainable Increase in Corporate Value**
- 5 Initiatives in Research and Development**

May 22, 2026

# Summary of Financial Results for the Fiscal Year Ended March 31, 2026.

Year ended  
March 31, 2026  
Actual Results

## Net Sales: 40.1 billion yen, Operating Profit: 2.4 billion yen

- Net sales: Increased due to higher sales volume of Electronic Ceramic Materials
- Operating profit: Decreased due to the loss of temporary factors and increased costs

Year ending  
March 31, 2027  
Forecast

## Net Sales: 40.8 billion yen , Operating Profit: 2.8 billion yen

- Net sales and operating profit are expected to increase year on year
- Reflects the effects of increased sales volume, price revisions, and profitability improvement measures

\* Medium-Term Business Plan targets  
(net sales: 49.0 billion yen, operating profit: 3.3 billion yen)  
are expected to fall short of the targets

Return to  
Shareholders

## Annual dividend forecast: Year-end dividend to be determined (interim dividend planned)

- Dividend policy: **A total payout ratio of 40% or DOE of 2%, whichever is higher.** with consideration of business performance trends and financial position
- Interim dividend: Planned at 60 yen, unchanged from the previous fiscal year
- Year-end dividend: To be determined, taking into account the business environment in the second half, financial soundness, and the balance with growth investments

# 1

## **Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2026**

# Key Points of the Full-Year Financial Results for the Fiscal Year Ended March 31, 2026



**The outlook remains uncertain due to factors such as unstable global conditions and fluctuations in financial and capital markets.**

**◆ Net sales increased 3.4% YoY while operating profit decreased 27.7%**

## **Factors for increase in net sales**

- Significant increase for MLCC (multilayer ceramic capacitors) in both automotive and communication applications
- Significant increase for semiconductor markets driven by demand recovery

## **Factors for decrease in operating profit**

- Absence of the positive impact from reduced inventory valuation losses in the previous year
- One-off expenses related to the consolidation of production sites

## **Progress of key initiatives (structural reforms and growth investments)**

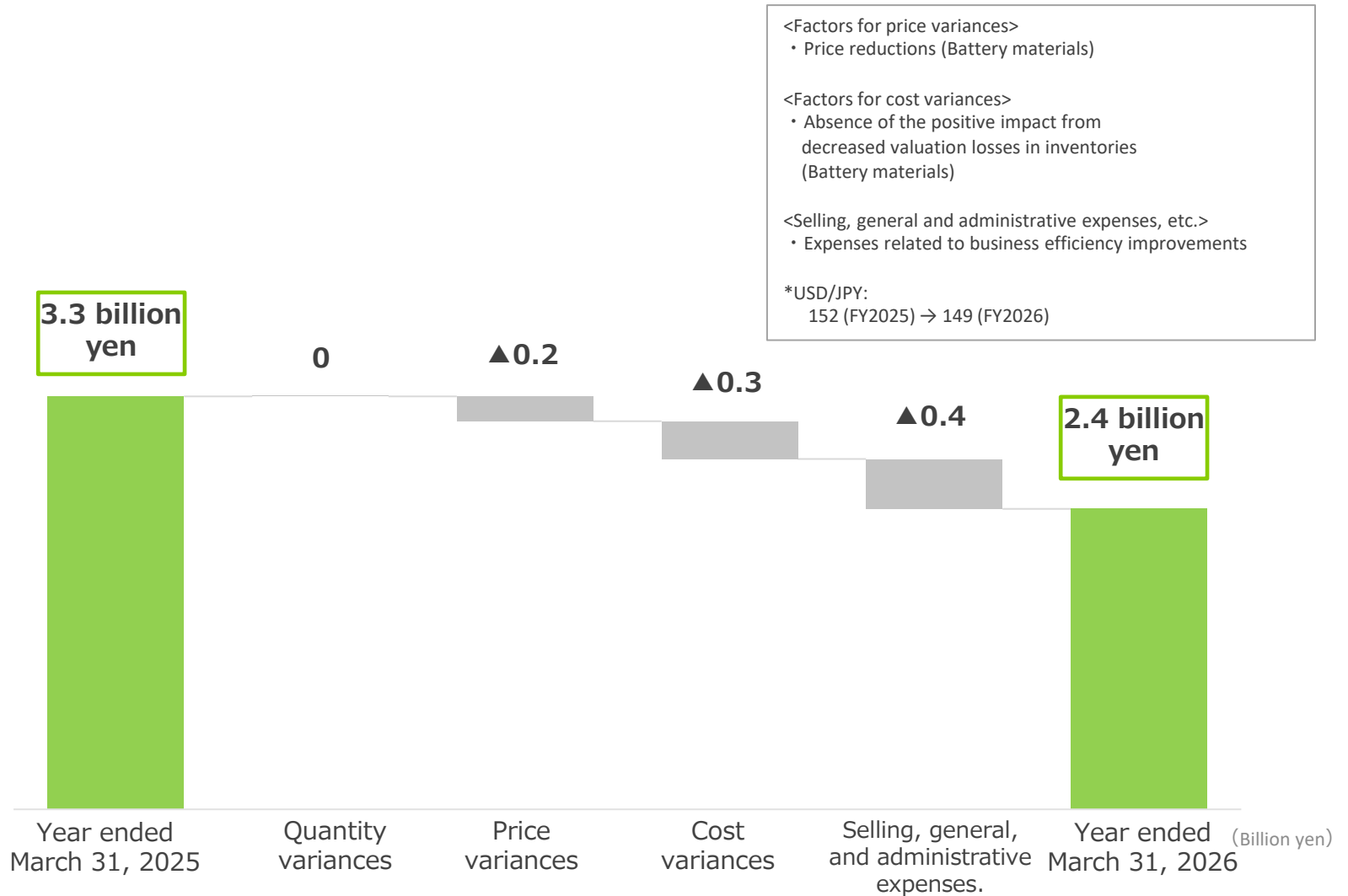
- Basic domain: Strengthen sales strategies by leveraging the strengths of domestic production
- Growth domain: Strengthening business foundations in anticipation of demand growth
  - Completion of large-scale investment at the Tokuyama Factory, establishing a two-site production system with the Fukushima No.1 Factory
  - Strengthening development capabilities and market responsiveness through collaboration with strategic partners
  - Diversification of raw material and fuel procurement sources and dispersion of procurement regions
  - Business efficiency improvements: Dissolution of Toho Ganryo Kogyo Co., Ltd., and transfer of core business to the Aichi Factory

# Consolidated Financial Results for the Year Ended March 31, 2026

(Millions of yen)	Year ended March 31, 2025	Year ended March 31, 2026	Change	Change rate
<b>Net sales</b>	38,843	40,182	1,339	3.4%
<b>Operating profit</b>	3,342	2,415	(926)	(27.7%)
Operating profit percentage	8.6%	6.0%	(2.6pt)	
<b>Ordinary profit</b>	3,199	2,375	(824)	(25.8%)
<b>Profit</b>	2,559	2,894	335	13.1%
<b>EBITDA<sup>※</sup></b>	6,924	6,155	(769)	(11.1%)
<b>ROE</b>	5.6%	6.0%	0.4pt	
<b>Earnings per share (Yen)</b>	290.62	331.39		
Capital expenditures	4,966	4,387	(579)	(11.7%)
Depreciation	3,582	3,740	157	4.4%
R & D expenses	1,598	1,580	(18)	(1.1%)

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

# Factors Affecting Changes in Operating Profit for the Fiscal Year Ended March 31, 2026



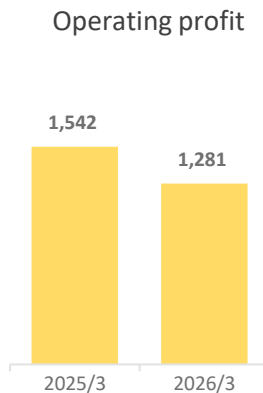
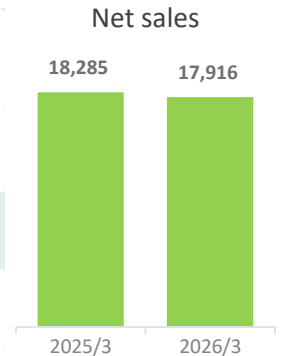


# Earnings for the Year Ended March 31, 2026, by Segments

(Millions of yen)		Year ended March 31, 2025	Year ended March 31, 2026	Change	Change rate
Inorganic Chemicals	Net sales	18,285	17,916	(368)	(2.0%)
	Operating profit	1,542	1,281	(260)	(16.9%)
Specialty Chemicals	Net sales	18,876	21,010	2,133	11.3%
	Operating profit	1,213	513	(699)	(57.6%)
Leasing Business	Net sales	917	940	23	2.5%
	Operating profit	545	559	13	2.5%
Other	Net sales	763	315	(448)	(58.8%)
	Operating profit	31	32	1	3.5%
Total	Net sales	38,843	40,182	1,339	3.4%
	Operating profit	3,342	2,415	(926)	(27.7%)

# Net Sales in Inorganic Chemicals for the Year Ended March 31, 2026

(Millions of yen)	2025/3	2026/3	Change	Change rate
Chromium Compounds	5,437	5,456	19	0.3%
Silicates and Silica	2,347	2,327	(20)	(0.9%)
Inorganic Phosphorus Compounds	6,759	6,577	(182)	(2.7%)
Other	3,739	3,554	(185)	(4.9%)
<b>Total</b>	<b>18,285</b>	<b>17,916</b>	<b>(368)</b>	<b>(2.0%)</b>

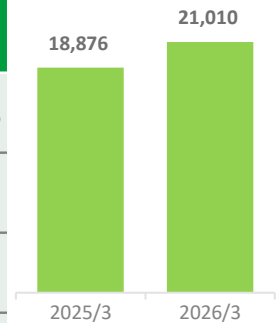


- ◆ **Chromium Compounds:** Solidness for plating
- ◆ **Silicates and Silica:** Solidness
- ◆ **Inorganic Phosphorus Compounds:** Weakness for general industry

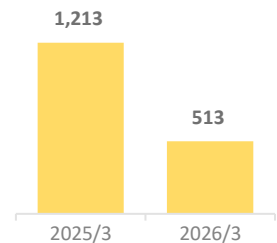
# Net Sales in Specialty Chemicals for the Year Ended March 31, 2026

(Millions of yen)	2025/3	2026/3	Change	Change rate
Electronic Ceramic Materials	8,446	10,424	1,978	23.4%
Organic Functional Materials	4,212	4,064	(148)	(3.5%)
Battery and Electronic Device Materials	4,771	4,714	(57)	(1.2%)
Other	1,446	1,806	360	24.9%
<b>Total</b>	<b>18,876</b>	<b>21,010</b>	<b>2,133</b>	<b>11.3%</b>

Net sales



Operating profit



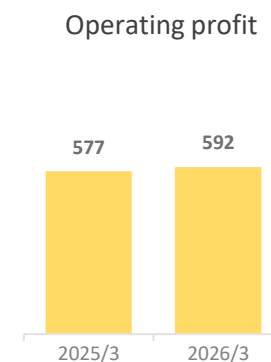
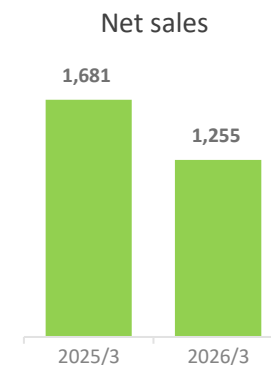
- ◆ **Electronic Ceramic Materials:** Strong growth for both automotive and communication
- ◆ **Organic Functional Materials**
  - **Phosphine Derivatives:** Strong growth for overseas catalysts and Quantum Dot and sharp decline for raw material for catalysts
  - **Active Agrochemical Ingredients:** Strong growth for major customers
- ◆ **Battery and Electronic Device Materials**
  - **Battery Materials:** Execution of price revisions
  - **Circuit Materials:** Sharp decline for paste, and positive impact from price revisions for anisotropic conductive materials
  - **High-Purity Electronic Materials:** Demand recovery for semiconductors

# Net Sales in Leasing Business and Others for the Year Ended March 31, 2026

(Millions of yen)	2025/3	2026/3	Change	Change rate
Leasing Business	917	940	23	2.5%
Book Store Operation	461	-	(461)	-
Other	302	315	13	4.3%
<b>Total</b>	<b>1,681</b>	<b>1,255</b>	<b>(425)</b>	<b>(25.3%)</b>

◆ **Leasing Business: Solidness**

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

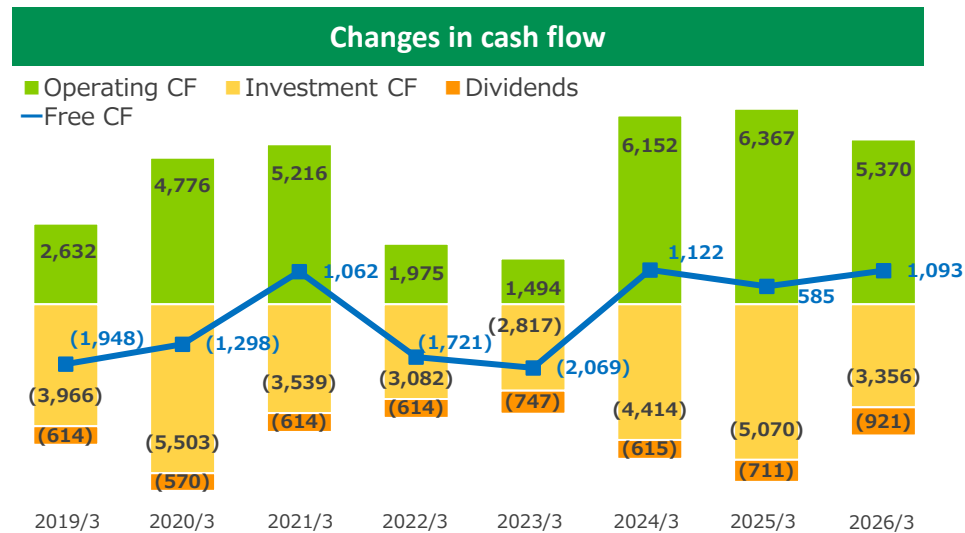


# Balance Sheet

(Millions of yen)	March End, 2025	March End, 2026	Change	Major factors of change
<b>Current assets</b>	<b>31,448</b>	<b>31,070</b>	(377)	Accounts receivable-trade: 1,531 Inventory: (1,321)
<b>Non-current assets</b>	<b>43,656</b>	<b>47,386</b>	3,730	Property, plant and equipment: 264 Retirement benefit asset: 2,873
<b>Total assets</b>	<b>75,105</b>	<b>78,457</b>	<b>3,352</b>	
<b>Current liabilities</b>	<b>20,106</b>	<b>19,522</b>	(584)	Notes and accounts payable-trade: (321) Short-term borrowings: (300)
<b>Non-current liabilities</b>	<b>8,602</b>	<b>8,613</b>	11	Long-term borrowings: (375)
<b>Total liabilities</b>	<b>28,709</b>	<b>28,136</b>	(573)	
<b>Shareholders' equity</b>	<b>41,267</b>	<b>43,016</b>	1,749	Retained earnings: 1,957
<b>Accumulated other comprehensive income</b>	<b>5,128</b>	<b>7,305</b>	2,176	Remeasurements of defined benefit plans: 1,660
<b>Total net assets</b>	<b>46,395</b>	<b>50,321</b>	3,925	
<b>Total liabilities and net assets</b>	<b>75,105</b>	<b>78,457</b>	<b>3,352</b>	
<b>Equity ratio(%)</b>	<b>61.8%</b>	<b>64.1%</b>	2.3pt	Benchmarks for D/E ratio: Around 0.4 to 0.5

# Cash Flows

(Millions of yen)	2025/3	2026/3	Change	Major changing factors
Operating CF	6,367	5,370	(997)	Trade receivables: 4,232 Inventory: (2,383)
Investment CF	(5,070)	(3,356)	1,714	Sale of property, plant and equipment: 800 Proceeds from sale of investment securities: 515
Financial CF	(2,419)	(1,870)	549	Increase (decrease) in borrowings: 782
Free CF *	585	1,093	508	* It was calculated by subtracting investment CF and dividend from operating CF.
Cash and cash equivalents at end of period	7,628	7,784	156	
Dividends paid	711	921	210	
Depreciation	3,582	3,740	158	



# 2

## **Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2027**

# Overview and Key Assumptions for the Fiscal Year Ending March 31, 2027



The earnings forecast is based on assumptions that are considered reasonable at this time, taking into account the uncertain business environment.

◆ Both net sales and operating profit are expected to increase year on year

## Basis for the forecast

- The forecast is based on assumptions that are considered reasonable at this time, taking into account the uncertain business environment
- No major risks such as significant supply chain disruptions are expected in raw material procurement
- Demand in key customer industries (MLCC and semiconductors) is expected to recover and expand
- Foreign exchange and market conditions are assumed to remain at current levels, with no significant fluctuations expected

## Factors for increase in net sales

- Increase in sales volume for MLCC and semiconductor markets in the Specialty Chemicals business
- Implementation of price revisions for certain products

## Factors for increase in operational profits

- Progress in operational efficiency improvements
- Improvement in profitability and growth in sales of high-value-added products

## Shareholder Returns

- Interim dividend: Planned at 60 yen per share (unchanged from the previous fiscal year)
- Year-end dividend: To be reviewed based on business conditions in the second half, financial soundness, and the balance with growth investments

# Forecast of Consolidated Financial Results for the Year Ending March 31, 2027

(Millions of yen)	Year ended March 31, 2026 Actual results	Year ending March 31, 2027 Forecast	Change	Change rate
<b>Net sales</b>	40,182	40,800	618	1.5%
<b>Operating profit</b>	2,415	2,800	385	15.9%
Operating profit percentage	6.0%	6.9%	0.9pt	
<b>Ordinary profit</b>	2,375	2,700	325	13.7%
<b>Profit</b>	2,894	3,000	106	3.7%
<b>EBITDA※</b>	6,155	7,000	845	13.7%
<b>ROE</b>	6.0%	6.0%	0.0pt	-
<b>Earnings per share (Yen)</b>	331.39	345.75	-	-
<b>Annual dividends per share (Yen)</b>	Interim : 60yen Year-end : 60yen Annual : 120yen	Interim : 60yen Year-end : TBD Annual : TBD	-	-
<b>Capital expenditures</b>	4,387	5,900	1,513	34.5%
<b>Depreciation</b>	3,740	4,200	460	12.3%
<b>R &amp; D expenses</b>	1,580	1,600	20	1.3%
<b>Exchange rate (¥/\$)</b>	149	156		

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

# Factors Affecting Changes in Operating Profit for the Fiscal Year Ending March 2027

<Factors for price variances>

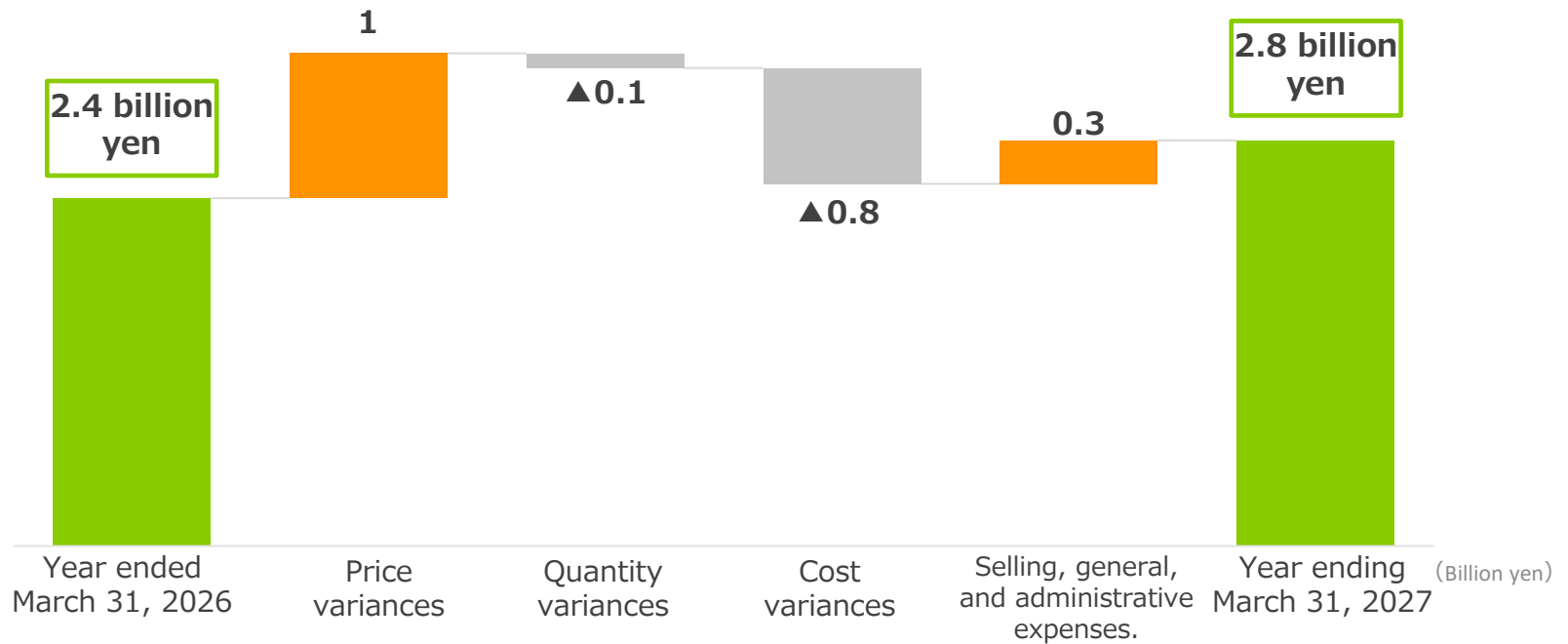
- Price revisions due to rising raw material and fuel prices

<Factors for cost variances>

- Increase in procurement costs

\*USD/JPY:

149 (FY2025) → 156 (FY2026)



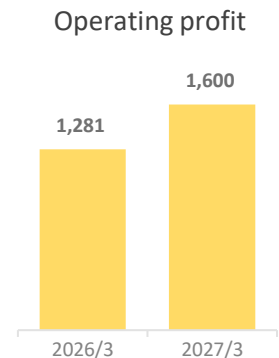
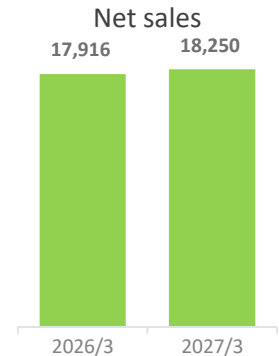
# Forecast of Earnings for the Year Ending March 31, 2027, by Segments

		Year ended March 31, 2026 Actual results	Year ending March 31, 2027 Forecast	Change	Change rate
(Millions of yen)					
Inorganic Chemicals	Net sales	17,916	18,250	334	1.9%
	Operating profit	1,281	1,600	319	24.9%
Specialty Chemicals	Net sales	21,010	21,300	290	1.4%
	Operating profit	513	600	87	17.0%
Leasing Business	Net sales	940	950	10	1.1%
	Operating profit	559	570	11	2.0%
Other	Net sales	315	300	(15)	(4.8%)
	Operating profit	32	30	(2)	(6.3%)
Total	Net sales	40,182	40,800	618	1.5%
	Operating profit	2,415	2,800	385	15.9%

# Forecast of Net Sales in Inorganic Chemicals for the Year Ending March 31, 2027

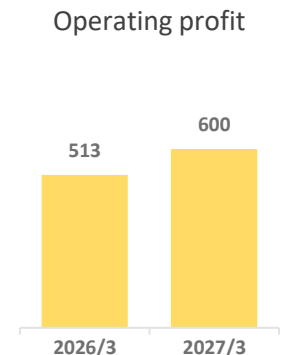
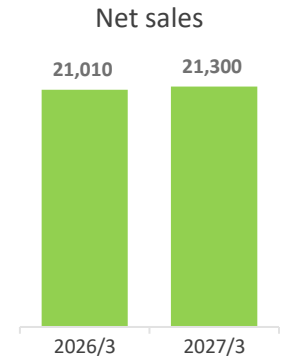
(Millions of yen)	2026/3 Actual results	2027/3 Forecast	Change	Change rate
Chromium Compounds	5,456	5,200	(256)	(4.7%)
Silicates and Silica	2,327	2,500	173	7.4%
Inorganic Phosphorus Compounds	6,577	6,400	(177)	(2.7%)
Other	3,554	4,150	596	16.8%
<b>Total</b>	<b>17,916</b>	<b>18,250</b>	<b>334</b>	<b>1.9%</b>

- ◆ **Chromium Compounds:** Expect a decrease for plating
- ◆ **Silicates and Silica:** Expect strongness
- ◆ **Inorganic Phosphorus Compounds:** Expect weakness in general industry



# Forecast of Net Sales in Specialty Chemicals for the Year Ending March 31, 2027

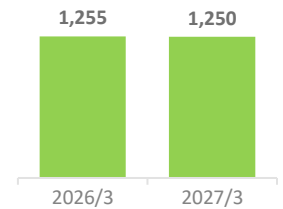
(Millions of yen)	2026/3 Actual results	2027/3 Forecast	Change	Change rate
Electronic Ceramic Materials	10,424	10,900	476	4.6%
Organic Functional Materials	4,064	3,800	(264)	(6.5%)
Battery and Electronic Device Materials	4,714	5,000	286	6.1%
Other	1,806	1,600	(206)	(11.4%)
<b>Total</b>	<b>21,010</b>	<b>21,300</b>	<b>290</b>	<b>1.4%</b>



- ◆ **Electronic Ceramic Materials:** Increased demand for automotive and data center application
- ◆ **Organic Functional Materials**
  - **Phosphine Derivatives:** Expect solidness
  - **Active Agrochemical Ingredients:** Net sales in line with contracted production and customer demand
- ◆ **Battery and Electronic Device Materials**
  - **Battery Materials:** Expect solidness
  - **Circuit materials:** Expect price revisions
  - **High-Purity Electronic Materials:** Increased demand for semiconductors

# Forecast of Net Sales in Leasing Business and Others for the Year Ending March 31, 2027

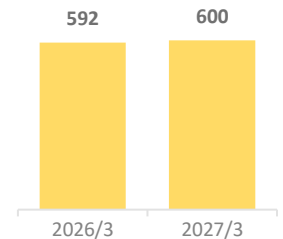
Net sales



(Millions of yen)	2026/3 Actual results	2027/3 Forecast	Change	Change rate
Leasing Business	940	950	10	1.1%
Other	315	300	(15)	(4.8%)
<b>Total</b>	<b>1,255</b>	<b>1,250</b>	<b>(5)</b>	<b>(0.4%)</b>

◆ **Leasing Business:** Solidness for major tenants

Operating profit



# Return to Shareholders

Even in an uncertain business environment, the Company positions stable shareholder returns as one of its key management priorities.

## Dividend Policy

- While following the dividend policy for FY2025–2026, the Company aims to provide stable and sustainable dividends, taking into account the business environment and performance trends.

## Status of Medium-Term Business Plan Initiatives

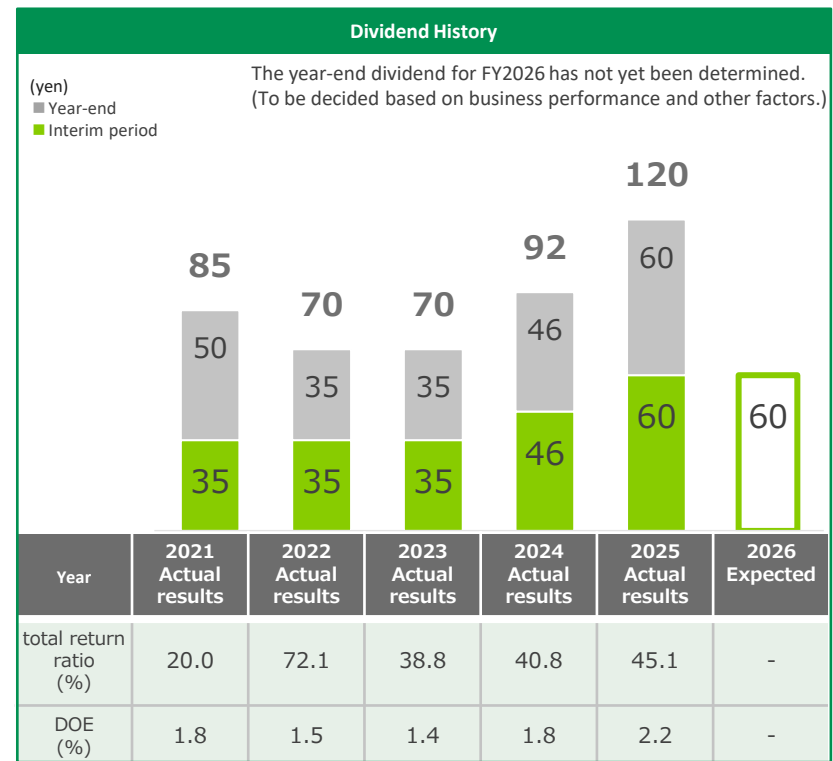
- DOE has been introduced as a new indicator to clarify the shareholder return policy and improve predictability.
- The Company will utilize share buybacks in a flexible manner to enhance shareholder value.

## Medium- to long-term shareholder return policy

- Even during periods of earnings volatility, the Company will comprehensively consider shareholder returns while ensuring financial soundness and securing funds for growth investments.

**Dividend Policy (FY2025-2026)**

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



# 3

## **Progress of Medium-Term Business Plan (FY 2024 to FY 2026)**

# Policies and Priority Measures in Medium-Term Business Plan

Policy for medium-term business plan

**Promotion of the Growth Strategy and New Value Creation**

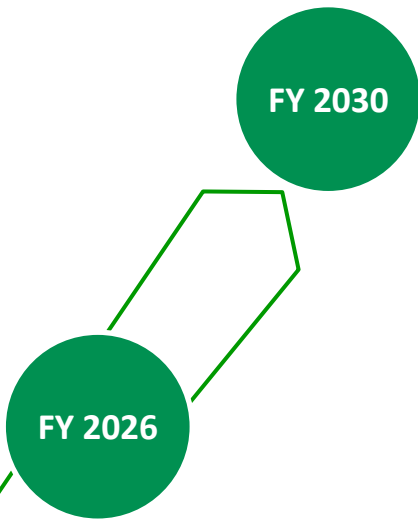
Three measures based on sustainability management

**Measure 1:  
Business expansion  
and strengthening the business structure**

**Measure 2:  
Promotion of globalization**

**Measure 3:  
New value creation**

**Promotion of  
Sustainability  
Management**



- Expand the business in growth fields
- Strengthen the business structure of basic fields
- Pursue deepening and succession of production technology

- Increase overseas net sales
- Strengthen overseas organizations
- Pursue new opportunities

- Promote development of products with competitive advantage
- Achieve early research results

- Efficiently allocate managerial resources
- Strengthen supply-chain management
- Improve employee satisfaction
- Strengthen and ensure corporate governance and compliance
- Facilitate environmental responses
- Promote contribution to local communities and society

FY 2024

# Progress and Key Takeaways of the Medium-Term Management Plan



Due to delays in the expansion of demand in related markets and the investment-related costs, the targets under the Medium-Term Management Plan are expected to fall short. Meanwhile, initiatives aimed at improving profitability are progressing.

## Background of Underperformance

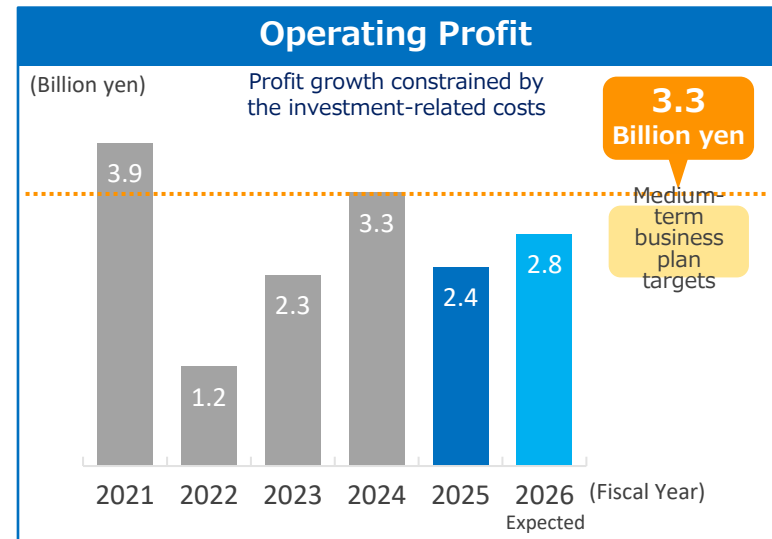
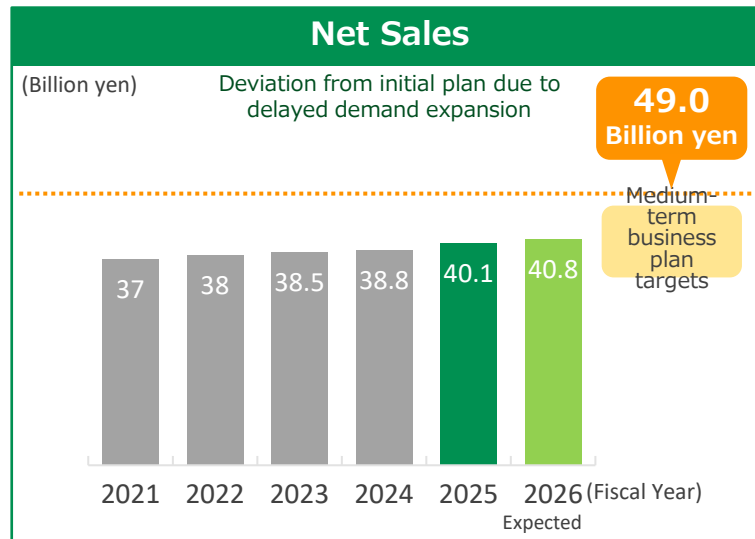
- The growth of demand in MLCC and semiconductor-related markets has been slower than initially expected.
- Upfront investments made in anticipation of demand growth have led to a rise in costs

## Current Assessment

- Revenue growth remains moderate due to delayed demand expansion
- Profit growth is constrained by the burden of upfront investments

## Key Initiatives

- Continued efforts to improve efficiency and profitability
- Steady progress in improving the earnings structure in the chemicals business



# Measure 1: Business Expansion and Strengthening the Business Structure - Basic Fields



By enhancing competitiveness through product supply capacity and quality tailored to specific uses and customer needs, we are transitioning toward a business structure capable of delivering stable profits.

## Business Environment

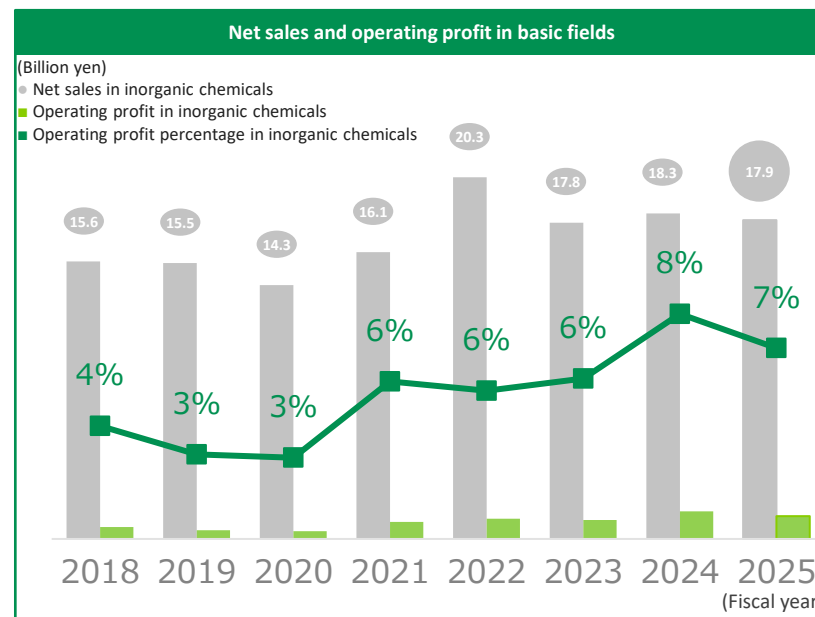
- Amid rising geopolitical risks, efforts to prioritize domestic manufacturing in pursuit of stable supply continue
- In the commodity market, differentiating through quality and supply capacity is becoming increasingly important

## Status of Medium-Term Business Plan Initiatives

- Appropriate price revisions based on market trends
- Optimizing product design and quality standards tailored to specific uses and customer needs
- Delivering stable profits through improvements to our revenue structure

## Key Measures for Medium- to Long-Term Growth

- Boosting competitiveness through product supply capacity and quality tailored to specific uses and customer needs
- Improving customer satisfaction through high-quality products and a stable supply that leverage domestic production strengths
- Establishing a stable revenue structure through the continuous enhancement of QDS (Quality, Delivery, Service)



# Measure 1: Business Expansion and Strengthening the Business Structure - Growth Fields



As fields expected to achieve medium- to long-term growth, we continue our sustainable growth strategy with an eye toward the demand expansion phase

## Business Environment

- Backed by advancing digitalization, the electronic components and semiconductor sectors are currently showing signs of increasing demand following a period of consolidation
- We must rapidly adapt to changes in the business environment, such as fluctuations in customer demand and rising material costs

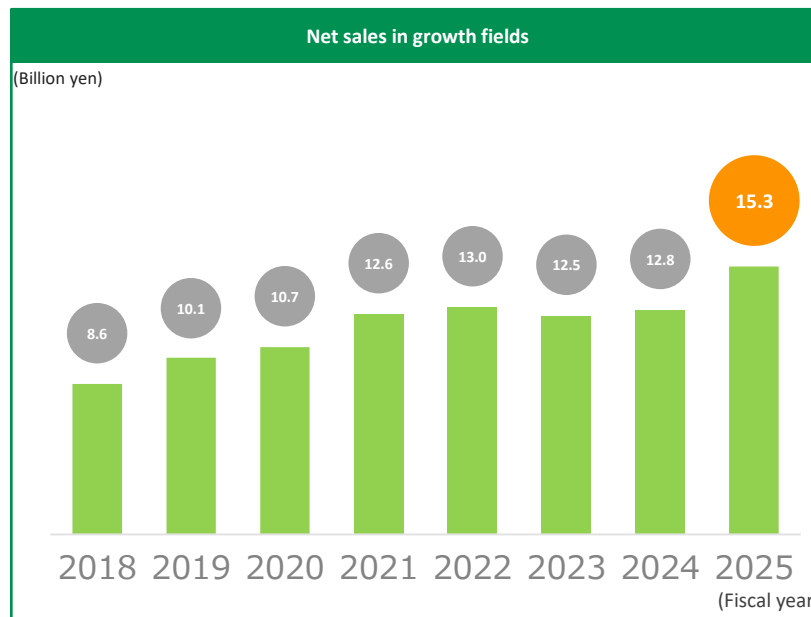
## Status of Medium-Term Business Plan Initiatives

- We are focusing efforts on building a structure capable of adapting flexibly to future increases in demand within the electronic components industry
- We will persist in our efforts to achieve medium- to long-term growth in other growth fields, such as the semiconductor industry, while factoring in changes in the external environment

## Key Measures for Medium- to Long-Term Growth

- Establishing a business foundation in anticipation of growing demand
- Strengthening development capacity and market responsiveness through collaboration with strategic partners

Main applications in growth fields	
Electronic ceramic materials	Dielectrics and dielectric materials for MLCCs (barium titanate, high-purity barium carbonate)
High-purity electronic materials	Compound semiconductor materials and photoresist materials for semiconductors (high-purity phosphine gas, high-purity red phosphorus, etc.)
Phosphoric acid for LCDs/semiconductors	Etching agents (phosphoric acid)
Phosphorus materials for QD	Quantum dot display materials (phosphine derivatives including TMSP)



# Electronic Ceramic Materials Business

Establishing a business foundation for further growth by completing a major investment and collaborating with external partners

## Strengthening Production Systems

- Major investment in the Tokuyama Factory (Shunan City, Yamaguchi Prefecture) has been completed
- Strengthening production capacity and ensuring a stable supply through a two-site operation comprising the Fukushima No. 1 Factory and the Tokuyama Factory
- Building a system capable of flexibly adapting to future increases in demand within the electronic components industry

## Collaboration with Strategic Partners

- Collaboration with TDK Corporation, a major customer
- Promoting collaboration in the development of electronic component materials and manufacturing processes
- Striving to improve market responsiveness and development speed from the perspectives of both materials and processes

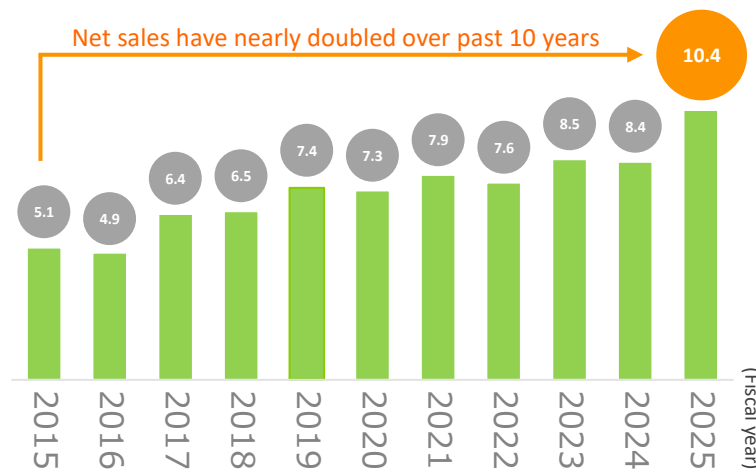
By strengthening both production and development capabilities, the electronic ceramics materials business will move into a new stage of growth.

## Electronic ceramic materials production sites



## Net sales for electronic ceramic materials

(Billion yen)



# High-purity Electronic Materials

## Capturing Expanding Demand Based on Technological Advantages

### Our Strengths

- Contamination control technology
- Integrated production system from yellow phosphorus to high-purity phosphine (high-purity red phosphorus and high-purity phosphine gas)
- High-purity gas production technology, including phosphine
- Analytical and quality assurance technologies

→ **High barriers to entry in the high-purity field**

### Market Environment

- Advancement and capacity expansion of optical communications
- Growth in data center traffic
- Increasing sophistication and miniaturization of semiconductor manufacturing

→ **Rising demand for higher purity and performance**

**Leveraging technological excellence to capture expanding demand and drive growth**

### Main Applications of High-Purity Electronic Materials

#### High-purity red phosphorus, high-purity phosphine gas

- Dopants for silicon semiconductor
- compound semiconductor materials (InP etc.)

#### Organic electronic materials

- Raw materials for photoresists

### Major Investments in High-Purity Electronic Materials



**New Production Facility for High-Purity Red Phosphorus (Completed in 2022)**

**New Production Facility for Organic Electronic Materials (Completed in 2019)**

**Fukushima No. 2 Factory**

# Measure 2: Promotion of Globalization

Geopolitical changes have increased the need for risk diversification and exploration of new markets. We are focused on building sustainable supply chains and securing new business opportunities.

## Business Environment

- Against a backdrop of geopolitical changes and international developments, the importance of responding to supply chain disruption risks and developing new markets is growing
- Against a backdrop of stricter environmental regulations and decarbonization efforts, there is a growing global demand for products that contribute to environmental impact reduction

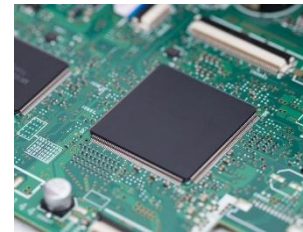
## Status of Medium-Term Business Plan Initiatives

- Promoting collaboration to enhance customer response capacity
- For overseas markets, we are focusing on expanding sales of environmental contribution products in addition to semiconductor and electronic component-related products

## Key Measures for Medium- to Long-Term Growth

- Expansion of a differentiated product portfolio
- Diversification of raw material and fuel suppliers and dispersion of procurement regions
- Creating new business opportunities centered around sustainability
- Strengthening human resource development and organizational structures to support global expansion

### Examples of products prioritized for sales expansion and promotion (demand expansion fields)



For electronic components and semiconductors



Products that contribute to environmental impact reduction

### Overseas sales offices

We have established four overseas sales offices



# Measure 3: New Value Creation

We place sustainability at the core of our business strategy and strive to create new value that helps to solve societal issues

## Business Environment

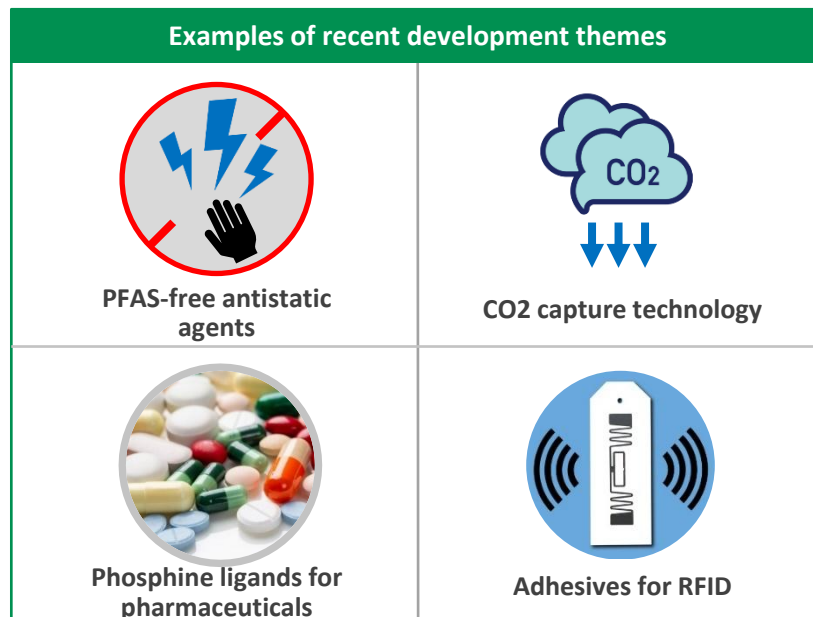
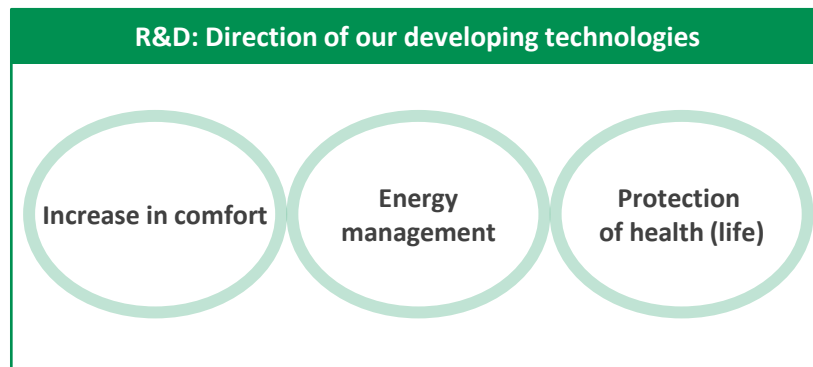
- As societal issues become increasingly diverse and complex, hopes are rising that technology will provide solutions to these issues
- There is a growing need to create products and solutions that offer new value in areas such as reducing environmental impact and promoting better health and safety.

## Status of Medium-Term Business Plan Initiatives

- Actively promoting open innovation to streamline and accelerate R&D
- With an eye toward mass production and business development, we are developing collaborative systems between our R&D and business departments

## Key Measures for Medium- to Long-Term Growth

- Creating new products and solutions that help solve societal issues
- Creating high-value-added products and achieving early profitability by treating R&D and business development as an integrated process
- Optimal allocation of management resources with an emphasis on growth potential

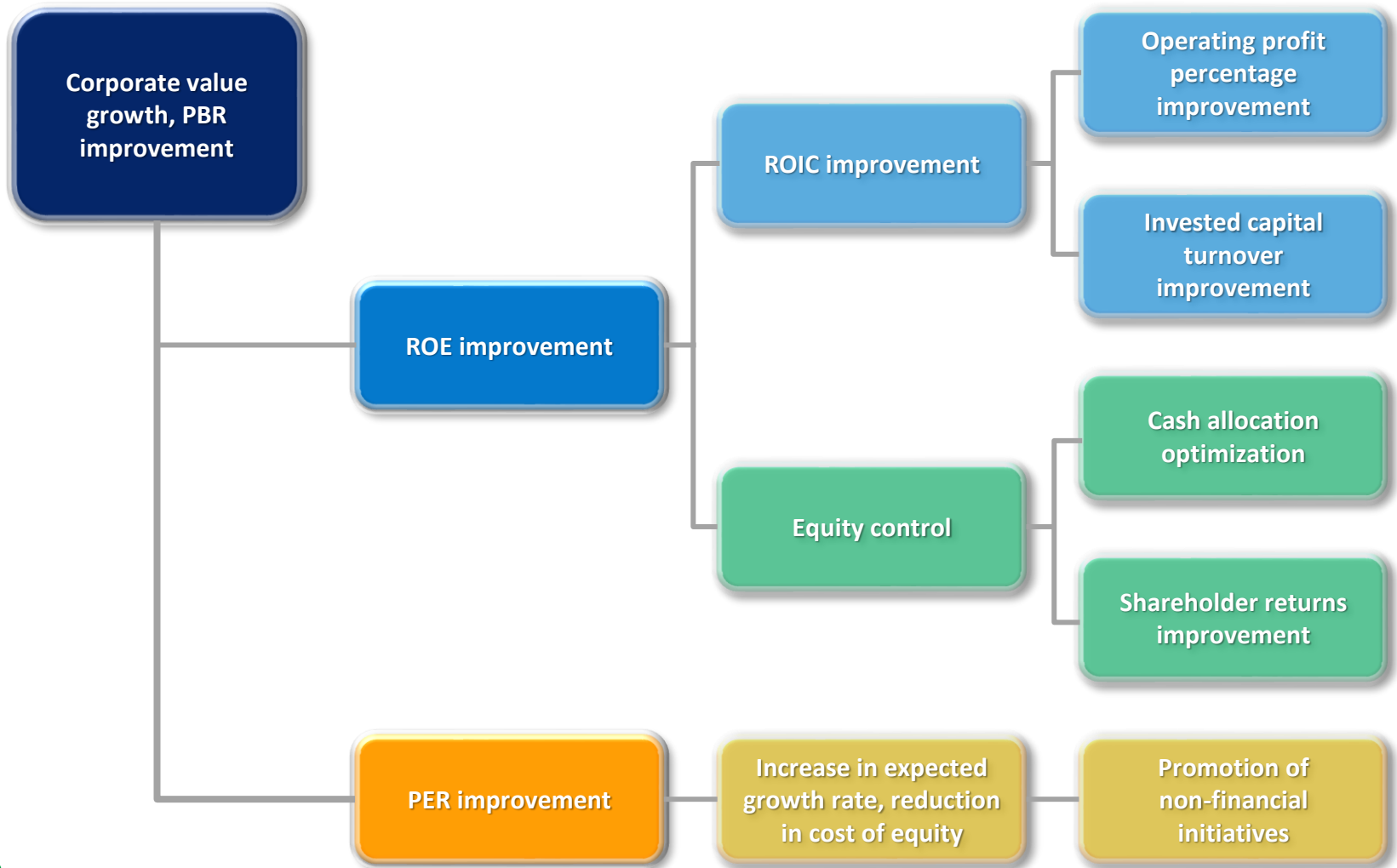


# 4

## Initiatives for a Sustainable Increase in Corporate Value

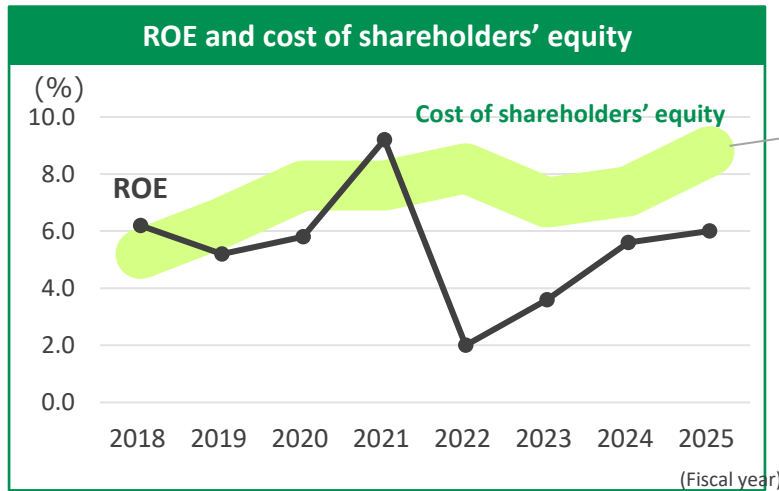
# Basic approach to raising corporate value

Improve equity spread through ROE improvement and reduction of cost of equity, aiming for sustained improvement in corporate value and PBR.



# Recognition of Current Status and Issues

ROE has been on a recovery trend; however, it continues to remain below the cost of equity based on theoretical models and investors' expected returns. Improving capital efficiency remains an ongoing management challenge.



### Cost of shareholders' equity

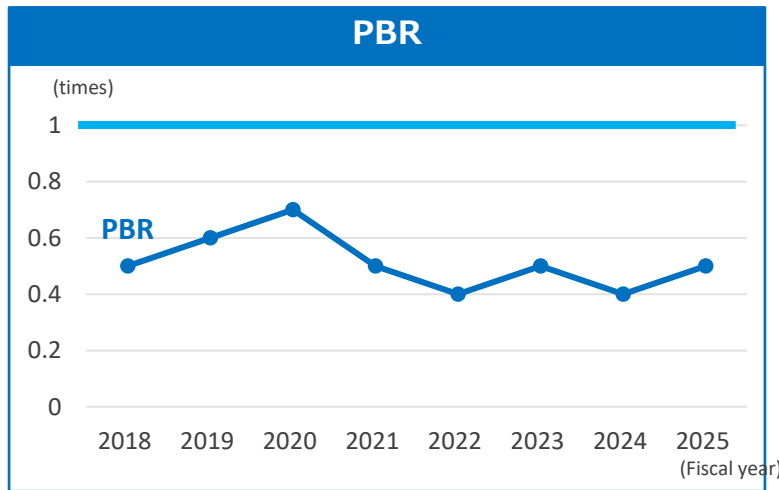
Note: Based on the Company's assessment using the CAPM and investor dialogue

- Cost of equity calculated based on the CAPM: **8–11%**
- Expected return recognized through dialogue with investors: approximately **8%**



### Future challenges

- Sustained improvement in ROE through enhanced capital efficiency
- Reduction of the cost of equity
- Enhancement of corporate value and improvement in PBR



As of March 31, 2026

### PBR

**Around 0.5**



# Introduction of Our New Slogan



To further strengthen our brand value, the Company has established a new slogan :  
“Pioneering Tomorrow through Chemistry,” marking a new step in our brand development.  
The phrase “pioneering through chemistry” conveys our commitment to understanding  
phenomena through the power of chemistry and contributing to the resolution of social  
issues.

Nippon Chemical Industrial will continue to leverage the power of chemistry to address  
social challenges and create new value.

**明日をカガク。**

**見えるかな？カガクがつくるみんなの未来。**

昨日と今日を積み重ねた先にある未来。  
そこは可能性にあふれ、どんな世界も描けます。  
人々と社会が今以上により良く、もっと素敵になるように、  
カガクの力を使って明日を生み出していきます。  
見えないけれど、きっとある。だから進む、だからつくる。  
私たち日本化学工業は創業以来130余年、そう願っています。  
さまざまな化学製品とともに、明日を生きるみんなのために。  
日本化学工業の描くこれからの、ぜひご期待ください。

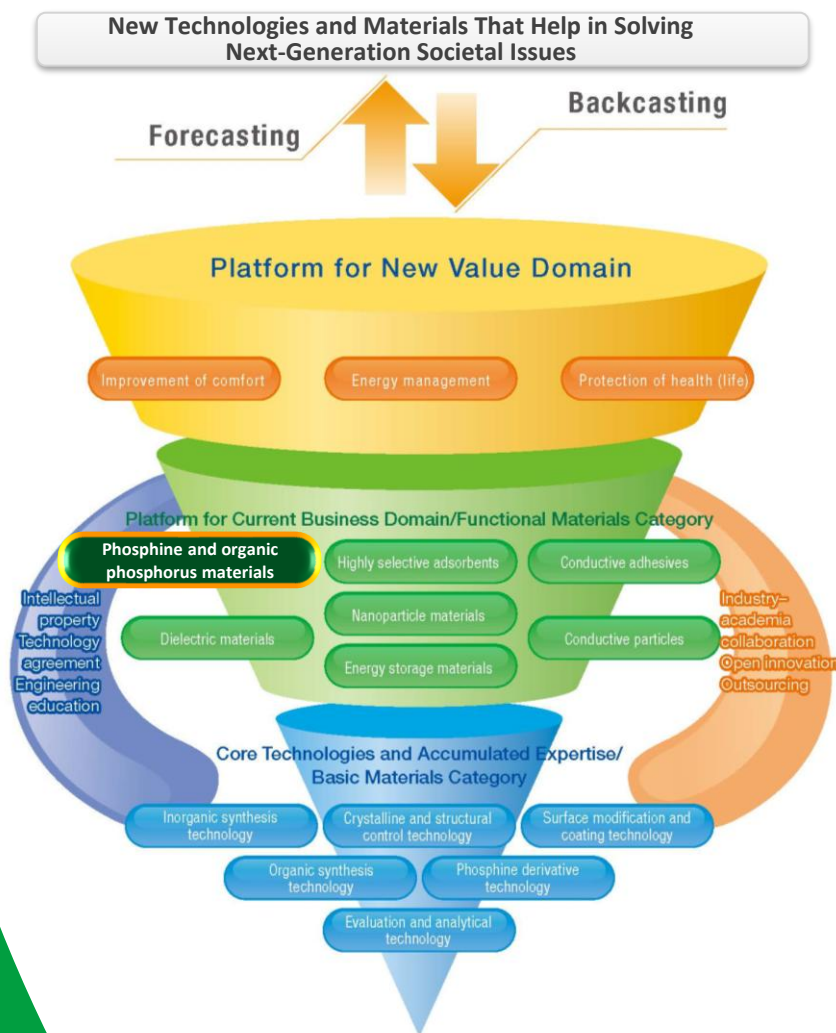
# 5

## Initiatives in Research and Development

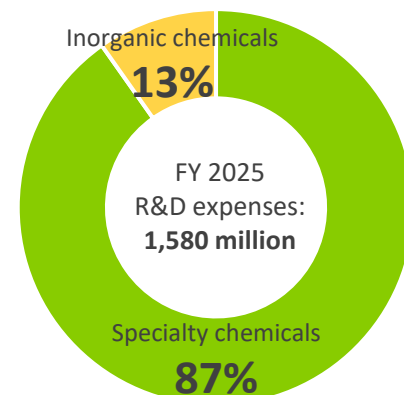
# Research and Development System

We promote highly efficient development with a focus on specialty chemicals that generate high added value, while leveraging open innovation and outsourcing.

## Concept of Research and Development



## <R&D expenses>



## About Phosphine Derivatives

### <What are phosphine derivatives?>

Phosphine derivatives are phosphorus-based organic compounds used in a wide range of applications, including catalysts and antistatic agents.

### <Our Strengths>

- Safety control technology for phosphine
- Integrated production from yellow phosphorus
- Diverse product lineup utilizing highly controlled reactions

# Introduction of Products Developed for the Antistatic Agent Market



## What is an Antistatic Agent

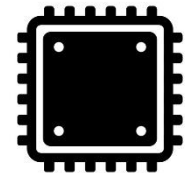
A functional additive that prevents the buildup of static electricity when added to resins and films, thereby reducing defects caused by contamination and electrostatic discharge (ESD).

## Market

Used in a wide range of resin products.

Stable growth expected amid rising risks of static electricity-related defects.

Increasing substitution demand from fluorinated to non-fluorinated antistatic agents due to stricter environmental regulations



# Introduction of PFAS-Free Antistatic Agents (1)

Developed PFAS-free phosphonium salt-based antistatic agents in response to tightening PFAS regulations. Two types: additive and reactive

## What is PFAS

PFAS (per- and polyfluoroalkyl substances) are persistent, non-degradable organic fluorinated compounds that pose environmental and health concerns, resulting in increasing global regulation and monitoring.

## Additive Type

# PFAS-free without compromising performance



## Additive Type

- Easy-to-handle ionic liquid
- Exhibits the same level of performance as PFAS antistatic agents
- Excellent compatibility with resins
- Maintains high transparency after addition to resins
- High temperature durability (decomposition onset temperature 422°C)



## Examples of Applications

- Paints and coatings
- Various films
- Incorporation into resins

## Evaluation Example

Product Name	Surface Resistance Value ( $\Omega/\square$ )
<b>PFAS-Free Additive-Type Antistatic Agent (In-house product)</b>	<b><math>\leq 10^{10}</math></b>

# Introduction of PFAS-Free Antistatic Agents (2))

## Reactive Type

# PFAS-Free Antistatic Coating with Excellent Wipe Durability

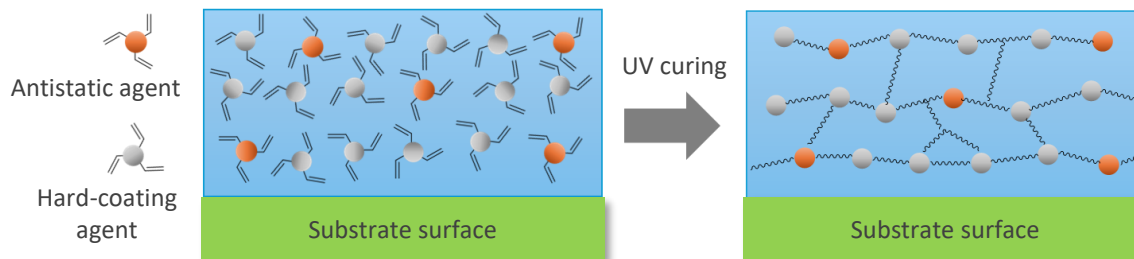


### Reactive type

- Maintains antistatic performance even after wiping with water
- Fast UV curing using multifunctional acrylates, enabling high productivity
- Maintains high transparency and a clear appearance
- High pencil hardness (6H) and excellent wear resistance

### Examples of Applications

- Display film materials
- UV curing paints
- UV inks



### Evaluation Example

Product Name	Surface Resistance Value ( $\Omega/\square$ )	After wiping with moistened absorbent cotton Surface Resistance Value ( $\Omega/\square$ )	total luminous transmittance (%)	haze (%)	pencil hardness
<b>PFAS-Free Reactive-Type Antistatic Agent (In-house product)</b>	$\leq 10^{10}$	$\leq 10^{10}$	<b>92.2</b>	<b>1.32</b>	<b>6H</b>



# 日本化学

The performance forecasts and business plans outlined in this document are based on information currently available to our company and certain assumptions.

They do not guarantee our future performance. Actual results may differ due to various factors.

We kindly ask that any investment decisions be made at the discretion of the user.