日本化学工業株式会社

First Quarter of Fiscal Year March 2027

Summary of Financial Results

August 10, 2026
Nippon Chemical Industrial Co., Ltd. 4092

Summary of Financial Results for the First Quarter of FY March 2027

FY March 2027 1Q Actual Results	■ Net sales remained flat YoY and operating profit increased ■ Despite the sluggish performance for automotive electronic ceramic materials and the adjustment of the production schedule for active agrochemical ingredients, the demand related to AI servers and phosphine derivatives has been strong ■ Operating profit increased due to improved profitability resulting from changes in the sales mix and higher production efficiency ahead of the scheduled maintenance shutdown.
FY March 2027 Forecast	**Forecasts for net sales and operating profit remain unchanged, but forecast for profit has been revised** ■ Financial results for 1Q exceeded the initial forecast ■ The level of demand, particularly related to AI servers, is exceeding expectations ■ To ensure careful assessment of changes in the external environment, forecasts for net sales and operating profit remain unchanged ■ The forecast for profit attributable to owners of parent has been revised, taking into account the recording of an extraordinary income due to the sale of cross -shareholdings
Return to Shareholders	**Forecast for the annual dividend increased to 240 yen and decision made on acquisition of treasury shares** ■ The forecast for the annual dividend has been revised to 240 yen (previously 120 yen) ■ Decision on acquisition of treasury shares (Maximum acquisition: 110,000 shares, 500 million yen) ■ Promotion of capital efficiency improvement and enhancement of shareholder returns

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Consolidated Results for First Quarter of FY March 2027

Key Points of Financial Results

◆Net sales remained flat YoY and operating profit increased

- In addition to the sluggish performance for automotive electronic ceramic materials, net sales were affected by the adjustment of the production schedule for active agrochemical ingredients due to delays in raw material delivery. However, sales related to AI servers in electronic ceramic materials and high-purity electronic materials has been strong.
- Overseas catalysts and raw materials for catalyst of phosphine derivatives have significantly expanded, maintaining net sales at the same level as the previous year.
- In addition to improved profitability resulting from changes in the sales mix, higher production efficiency ahead of the scheduled maintenance also contributed, resulting in a 5.0% year-on-year increase in operating profit and an improvement in the operating profit margin to 10.6%.

◆Profit decreased YoY

- The decrease is due to the absence of gain on sale of non-current assets recorded in the same period of the previous fiscal year

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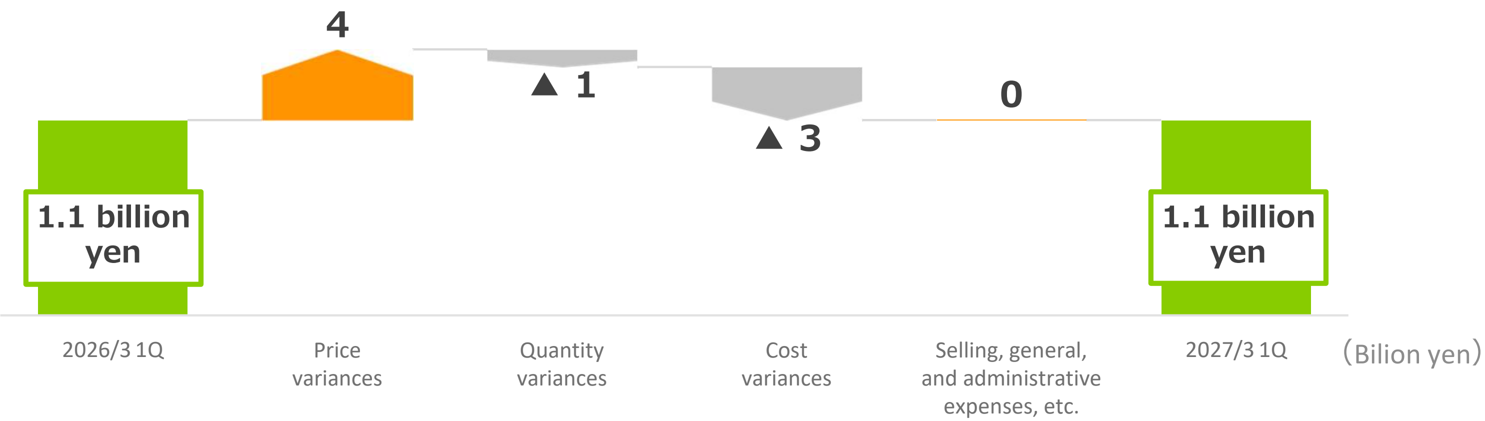
Consolidated results for first quarter of FY March 2027 (Overview)

(Millions of yen)	FY March 2026 1Q	FY March 2027 1Q	Change	Change rate
Net sales	10,949	11,036	86	0.8%
Operating profit	1,110	1,165	55	5.0%
Operating profit percentage	10.1%	10.6%	0.4pt	
Ordinary profit	1,134	1,232	98	8.7%
Profit	1,203	903	▲ 299	▲ 24.9%
EBITDA※	2,062	2,208	146	7.1%
Earnings per share (Yen)	137.74	104.13	-	-

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

【Factors Affecting Changes in Operating Profit (YoY)】



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Consolidated results for first quarter of FY March 2027 (Performance by segment)

(Millions of yen)		FY March 2026 1Q	FY March 2027 1Q	Change	Change rate
Inorganic Chemicals	Net sales	4,783	4,995	212	4.4%
	Operating profit	391	401	10	2.6%
Specialty Chemicals	Net sales	5,870	5,741	▲ 129	▲ 2.2%
	Operating profit	577	620	43	7.5%
Leasing Business	Net sales	234	235	0	0.3%
	Operating profit	139	152	12	8.9%
Other	Net sales	60	64	3	5.8%
	Operating profit	▲ 5	▲ 11	▲ 6	-
Total	Net sales	10,949	11,036	86	0.8%
	Operating profit	1,110	1,165	55	5.0%

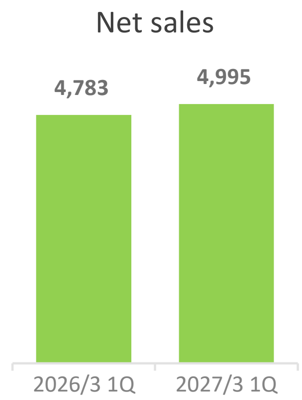
Consolidated results for first quarter of FY March 2027 (Inorganic chemicals)

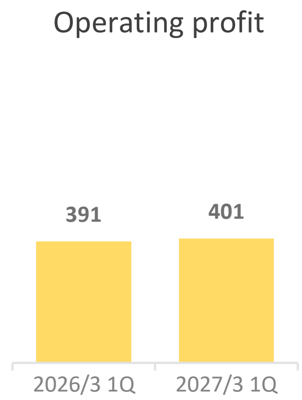
(Millions of yen)	FY March 2026 1Q	FY March 2027 1Q	Change	Change rate
Chromium Compounds	1,454	1,417	▲ 36	▲ 2.5%
Silicates and Silica	615	608	▲ 7	▲ 1.2%
Inorganic Phosphorus Compounds	1,710	1,691	▲ 18	▲ 1.1%
Other	1,003	1,278	274	27.4%
Total	4,783	4,995	212	4.4%

◆**Chromium Compounds:** Weakness for plating

◆**Silicates and Silica:** Solidness

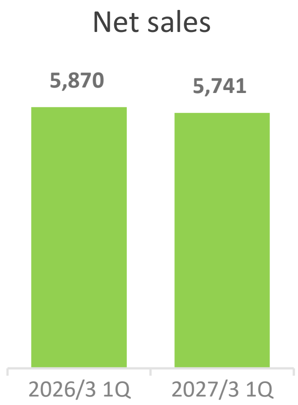
◆**Inorganic Phosphorus Compounds**: Solidness

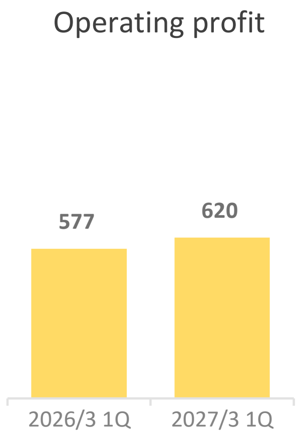




Consolidated results for first quarter of FY March 2026 (Specialty chemicals)

(Millions of yen)	FY March 2026 1Q	FY March 2027 1Q	Change	Change rate
Electronic Ceramic Materials	2,621	2,465	▲ 156	▲ 6.0%
Organic Functional Materials	1,656	1,508	▲ 148	▲ 9.0%
Battery and Electronic Device Materials	1,191	1,287	95	8.1%
Other	400	479	79	19.7%
Total	5,870	5,741	▲ 129	▲ 2.2%





◆**Electronic Ceramic Materials:** Strong growth for communication, including AI servers, despite weakness for automotive grade

◆**Organic Functional Materials**
- **Phosphine Derivatives:** Sharp decline for Quantum Dot, despite strong growth in overseas catalysts and raw material for catalyst
- **Active Agrochemical Ingredients:** Production adjustment due to raw material delivery delays

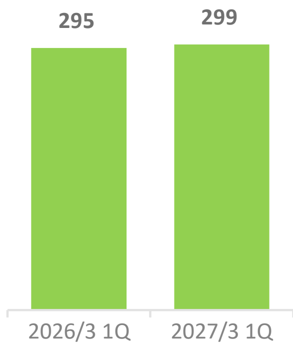
◆**Battery and Electronic Device Materials**
- **Battery Materials:** Price revision reflecting the decline in raw material prices
- **Circuit Materials:** Price revision reflecting the increase in raw material prices
- **High-Purity Electronic Materials:** Strong growth for semiconductors, mainly for AI server applications

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

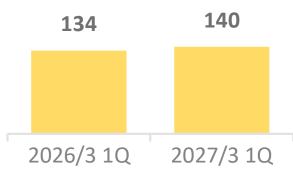
(Millions of yen)	FY March 2026 1Q	FY March 2027 1Q	Change	Change rate
Leasing Business	234	235	0	0.3%
Other	60	64	3	5.8%
Total	295	299	4	1.4%

◆**Leasing Business:** Solidness

Net sales



Operating profit



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Balance Sheet

(Millions of yen)	March End, 2026	June End, 2026	Change	Major factors of change
Current assets	31,070	31,276	205	Cash and deposits: (1,881) Accounts receivable-trade:1,368 Inventory: 518
Non-current assets	47,386	54,561	7,174	Property, plant and equipment: (593) Investment securities: 7,758
Total assets	78,457	85,837	7,379	
Current liabilities	19,522	18,774	▲ 747	Notes and accounts payable-trade: 1,190 Income taxes payable:(943) Payables for property, plant and equipment:(758)
Non-current liabilities	8,613	11,219	2,605	Deferred tax liabilities: 2,620
Total liabilities	28,136	29,993	1,857	
Shareholders' equity	43,016	43,399	382	Retained earnings: 382
Accumulated other comprehensive income	7,305	12,444	5,139	Valuation difference on available-for-sale securities: 5,259
Total net assets	50,321	55,843	5,522	
Total liabilities and net assets	78,457	85,837	7,379	
Equity ratio(%)	64.1%	65.1%	0.9pt	Benchmarks for D/E ratio: Around 0.4 to 0.5

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Forecast of Consolidated Results for FY March 2027

Key Points of Revisions to Forecasts

◆Full-year forecast

・1Q performance exceeded initial expectations due to improved profitability from changes in the sales mix and higher production efficiency ahead of scheduled maintenance.

・Level of demand, particularly related to AI servers, is exceeding expectations.

・To ensure careful assessment of changes in the external environment, forecasts for net sales, operating profit, and ordinary profit remain unchanged.

・The forecast for profit has been revised upward, reflecting an extraordinary income due to the sale of cross-shareholdings.

◆Strengthening shareholder returns

・The annual dividend forecast has been revised to 240 yen (previously 120 yen).

・Decision on acquisition of treasury shares
(Maximum acquisition: 110,000 shares, 500 million yen)

・Promotion of capital efficiency improvement and enhancement of shareholder returns

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Forecast of consolidated results for FY March 2027 (Overview)

Upwardly revised earnings forecast based on the latest information.

(Millions of yen)	FY March 2026 Results	FY March 2027		vs. initial forecast	
		Announced on May 13	This forecast	Change	Change rate
Net sales	40,182	40,800	40,800	0	0.0%
Operating profit	2,415	2,800	2,800	0	0.0%
Operating profit percentage	6.0%	6.9%	6.9%	0pt	
Ordinary profit	2,375	2,700	2,700	0	0.0%
Profit	2,894	3,000	4,500	1,500	50.0%
EBITDA*	6,155	7,000	7,000	0	0.0%
ROE	6.0%	6.0%	8.7%	2.7pt	-
Earnings per share (Yen)	331.39	345.75	518.63	-	-
Annual dividends per share (Yen)	Interim:60 Year-end:60 Annual:120	Interim:60 Year-end:TBD Annual:TBD	Interim:120 Year-end:120 Annual:240	-	-
Capital expenditures	4,387	5,900	5,900	0	0.0%
Depreciation	3,740	4,200	4,200	0	0.0%
R & D expenses	1,580	1,600	1,600	0	0.0%
Exchange rate (\/$)	149	156	156		

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

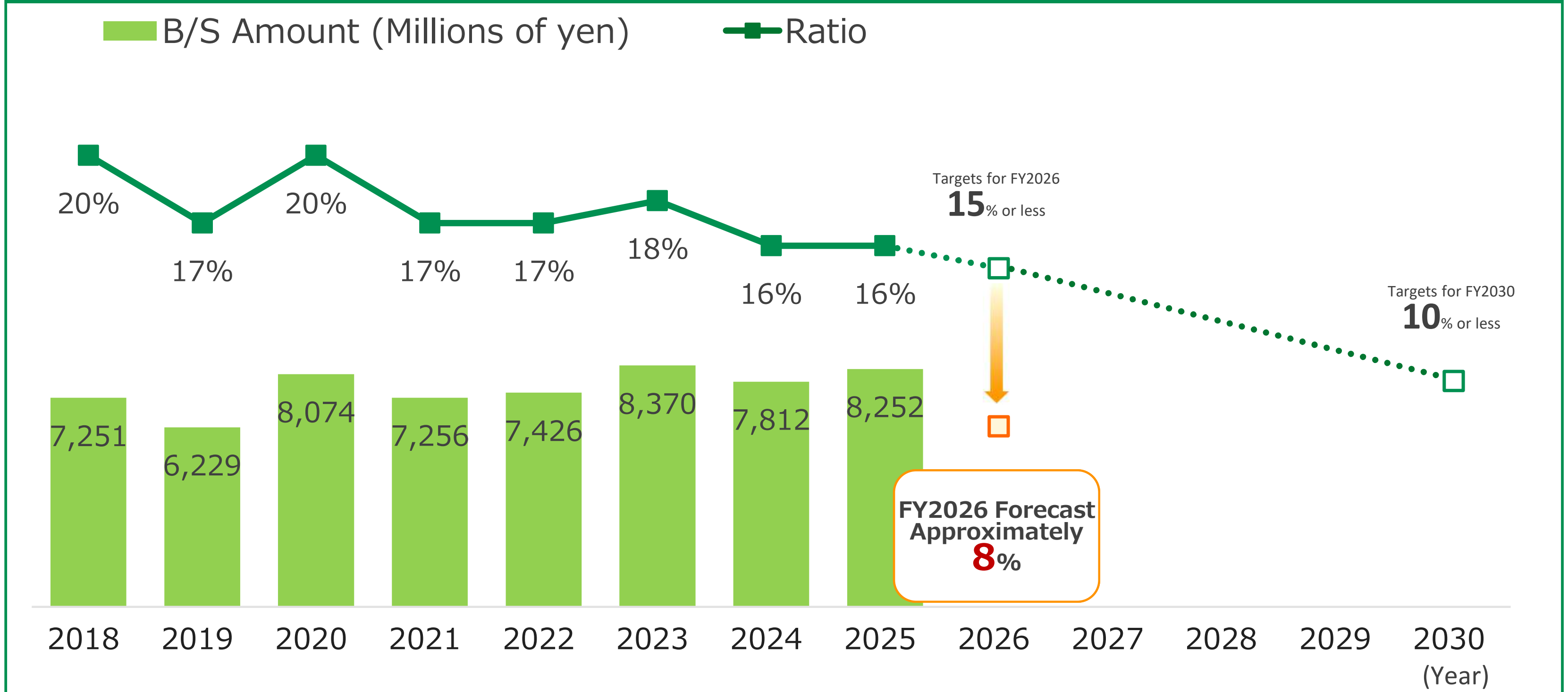
Reduction of Cross-Shareholdings

To improve capital efficiency and enhance corporate value, we will steadily promote the reduction of cross-shareholdings

Goal: Reduce to 10% or less of net assets by FY2030

- The target of reducing strategic shareholdings to less than 10% of net assets is expected to be achieved ahead of schedule in FY2026 (based on market value).
- The ratio of strategic shareholdings to net assets is expected to decline to approximately 8% in FY2026 (after completion of the sales announced in August 2026).
  → Decided to sell four stocks held in a retirement benefit trust and one investment security (announced in August 2026)
- Proceeds from the sales will be allocated in a balanced manner among growth investments, shareholder returns, and the strengthening of financial soundness, thereby contributing to sustainable enhancement of corporate value.

Progress in the reduction of cross-shareholdings



Utilization of Capital Unlocked Through the Reduction of Cross-Shareholdings

Improve capital efficiency (ROE) through the reallocation of capital generated from the reduction of cross-shareholdings

Reduction of Cross-Shareholdings ＋ Operating CF ＝ Capital Available for Reallocation

Capital Allocation to Improve ROE

Growth Investments – Semiconductor Fields

- Capacity Expansion of High-Purity Red Phosphorus **[Approved]**
- Barium Titanate Capacity Expansion [Under Consideration]
- High-Purity Phosphine [Under Consideration]

Shareholder Returns

- Annual Dividend Increased to 240 yen per Share
- Share Repurchases of 500 million yen (Maximum acquisition: 110,000 shares)

Financial Soundness

- Maintain Financial Soundness
- Flexible Capital Management

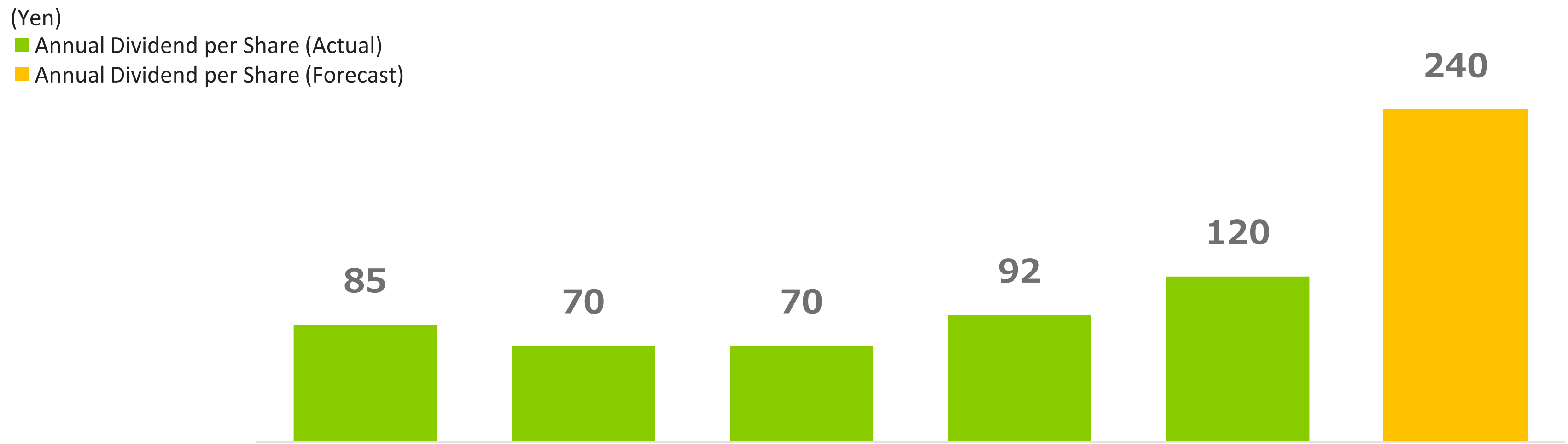
Through the appropriate allocation of capital unlocked through the reduction of cross-shareholdings to growth investments, shareholder returns, and financial soundness, we will improve capital efficiency and sustainably enhance corporate value.

Improving capital efficiency and enhancing shareholder returns

Shareholder Return Policy

Our basic policy is to provide stable, continuous devidends while balancing growth investment and financial soundness to sustainably enhance corporate value. Considering the business environment and financial position, we will use flexible treasury stock acquisitions and improved capital efficiency to further enhance returns.

Trend in Shareholder Returns



Annual	2021 Actual Results	2022 Actual Results	2023 Actual Results	2024 Actual Results	2025 Actual Results	2026 Forecast
Total Return Ratio (%)	20.0	72.1	38.8	40.8	45.1	About 56%
DOE (%)	1.8	1.5	1.4	1.8	2.2	About 4%
Acquisition of treasury shares (Millions of yen)	—	—	—	235	259	500

Expansion of Production Capacity for High-Purity Red Phosphorus

Strengthening the Stable Supply of Semiconductor Materials for High-Speed Optical Communications in the AI Era

Approximately 60% Expansion of Production Capacity for High-Purity Red Phosphorus

Applications and Market Growth

Demand for optical communication driven by generative AI

An important raw material for InP (indium phosphide) compound semiconductors for high-speed optical communications. Driven by the expansion of AI data centers and demand for advanced semiconductors, demand is steadily growing.

Our Strengths

Integrated manufacturing with phosphine technology

Leveraging our proprietary integrated manufacturing technology centered on phosphine technology, we have continued manufacturing and supply for many years. As one of the leading domestic suppliers, we support stable supply.

High barriers to entry

Ultra-high purity of 6N (99.9999%)

Advanced refining and quality control technologies, a consistent technical foundation, and years of operational know-how are required. The high level of technical expertise required creates significant barriers to entry.

[Purpose of this investment]

Through the stable supply of semiconductor materials, we contribute to the development of the semiconductor industry in Japan and worldwide. We will continue to strengthen our supply base in response to market growth and expanding customer demand.

(For reference) Capacity expansion completion and start of operations: Scheduled for fiscal 2027

High-purity red phosphorus (semiconductor material)

High-purity red phosphorus with ultra-high purity of 6N (99.9999%).

High-purity red phosphorus (product appearance: 6N grade)

Product Features and Main Applications

Purity
Ultra-high purity of 99.9999% (6N)

Supply System
One of the few suppliers worldwide

Main Applications

- AI Data Centers
- High-Speed Optical Communications (InP Laser)
- Compound Semiconductors

[Strengthening the Stable Supply System]

With this production capacity increase (approximately 60% compared to the current level), we will be able to meet growing demand for optical communications driven by AI.
We will further enhance the stable supply of high-purity red phosphorus.

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Cautionary Statement Regarding Forward-Looking Information

The forecasts of financial results and business plans contained in this material are based on information currently available to the Company and certain assumptions deemed reasonable at the time of preparation. Actual results may differ materially from these forecasts due to various factors, including changes in economic conditions, market trends, foreign exchange rates, raw material prices, and other risks and uncertainties. Readers are cautioned not to place undue reliance on these forward-looking statements. Any investment decisions should be made at the sole discretion and responsibility of the user.