Business Briefing

Overview of FY2025 Financial Results

and Next Medium-Term Management Plan (2026-2028)

May 21, 2026

KADOYA Hiroki, President and Representative Director

日本化学産業

NIHON KAGAKU SANGYO

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Corporate Overview

Company Name	NIHON KAGAKU SANGYO CO., LTD.
Head Office Location	8-1, Higashi Ueno 4-chome, Taito-ku, Tokyo, Japan
Foundation	August 1939 (Showa 14)
Capital	1,034 million yen
Business Overview	Manufacturing and sales of industrial chemicals and molded and processed products
Stock Exchange Listing	Tokyo Stock Exchange (Standard Market) (Securities Code: 4094)
Fiscal Year-End / Trading Unit	March 31 / 100 shares
Representative	KADOYA Hiroki, President and Representative Director
Number of Employees	454 (As of March 31, 2026 / Consolidated)

Corporate Overview

Pursue the possibilities of metals and pioneer the future

Chemicals Business Division

Electronic component materials

Battery materials

Use of metal resources

Building Materials Division

Fire-resistant ventilated trim

Exterior building materials

Exterior products

Sales Breakdown (FY2025 Results)

Chemicals: 86% | **Building materials: 14%**

Key highlights

Status of Achievement of the Medium-Term Management Plan 2023-2025

- Completed a pilot plant for automotive secondary battery recycling
  Started demonstration testing
- Operating income of 3.4 billion yen (FY2025)

Key Measures for the Next Medium-Term Management Plan (2026-2028)

- Focus on creating new businesses by leveraging recycling technology
- Strengthen expansion into overseas markets driven mainly by SIAM NKS (local subsidiary in Thailand)
- Continue active investment in plant, R&D, and human resources

Financial Targets

Shareholder Return Policy

- Although operating profit will temporarily decrease due to the termination of cathode material contract manufacturing and higher depreciation expenses, we forecast operating profit of 2.7 billion yen for the final year of the Medium-Term Management Plan (FY2028).
- Maintain the shareholder return policy (4% DOE + shareholder incentives)

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Achievements and Challenges

Main Objectives How we want to be in FY2030

- **One-of-a-kind chemicals business**
- **Advanced metal recycling business**
- **Cutting-edge new materials business**
- **Providing new value to the fields of housing construction materials and industrial metal processing**
- **Strengthening human capital**

Achievements

- **Expansion of recycling technology**

  Completed a pilot plant for the verification testing of secondary battery recycling.
  Launched the development of a business to recover valuable materials from scrap automotive batteries

- **New product launch**

  (Chemicals Business) PFAS-free plating chemicals, etc.
  (Building Materials Business) Trims for non-fire-rated areas, etc.

- **Work style reform**

  Shift from a labor-intensive to a knowledge-intensive model by enhancing hierarchical training, reforming the personnel evaluation system, and having executives mentor management candidates

- **Promotion of management practices conscious of cost of capital and stock price**

  PBR (0.45 - >0.91*) *As of the end of March 2026
  Significant increase in the number of individual shareholders

- **Expansion of Business Scale at SIAM NKS (local subsidiary in Thailand)**

Changes and Challenges in the Business Environment

Termination of NCA contract manufacturing

Expansion of demand sectors, particularly in semiconductors and electronic materials

Designation of rare metal recycling as a national policy

Commoditization of some chemical products

- **Accelerate new chemicals business development by uncovering customer needs, providing solutions, and strengthening initiatives in growth sectors**

<u>Decline in new housing starts</u>

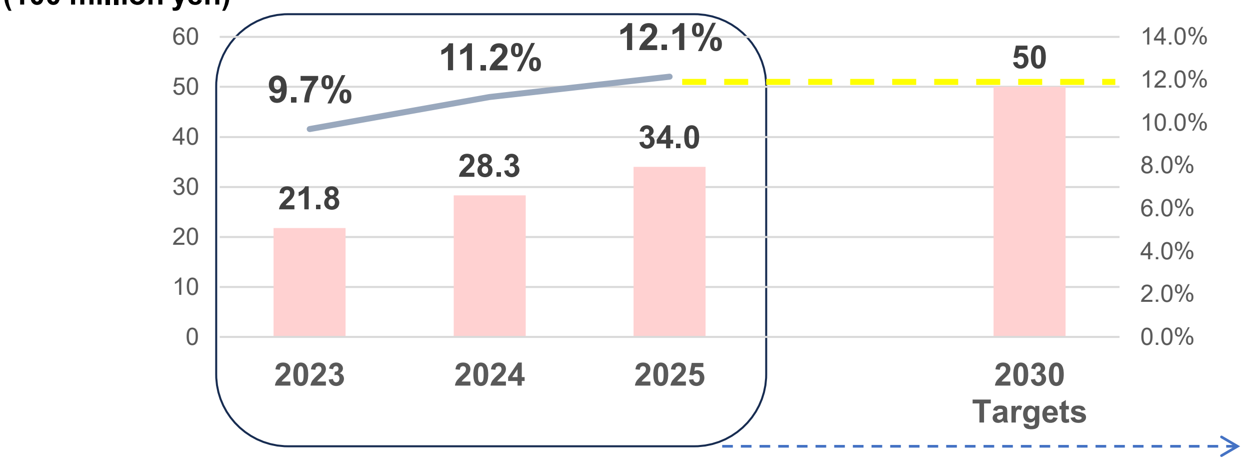
- **Continuously launch new products in the building materials sector**

<u>Further enhancement of capital efficiency</u>

- **Proactively utilize cash on hand**

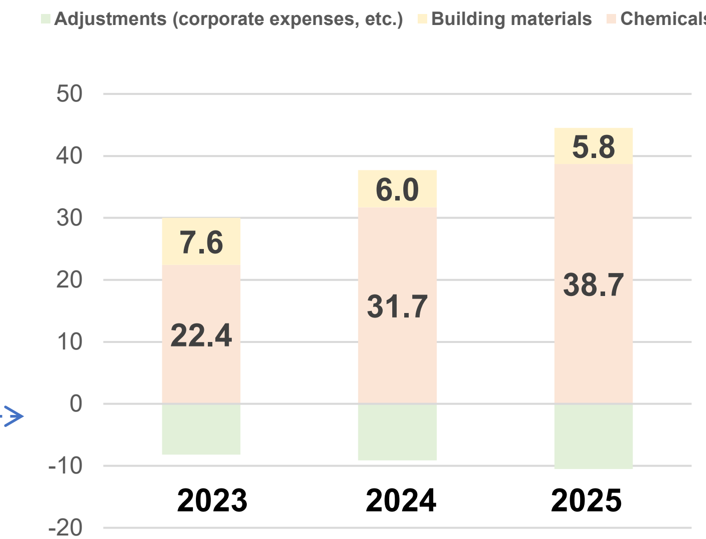
2. Progress of the Medium-Term Management Plan 2025

Consolidated operating income



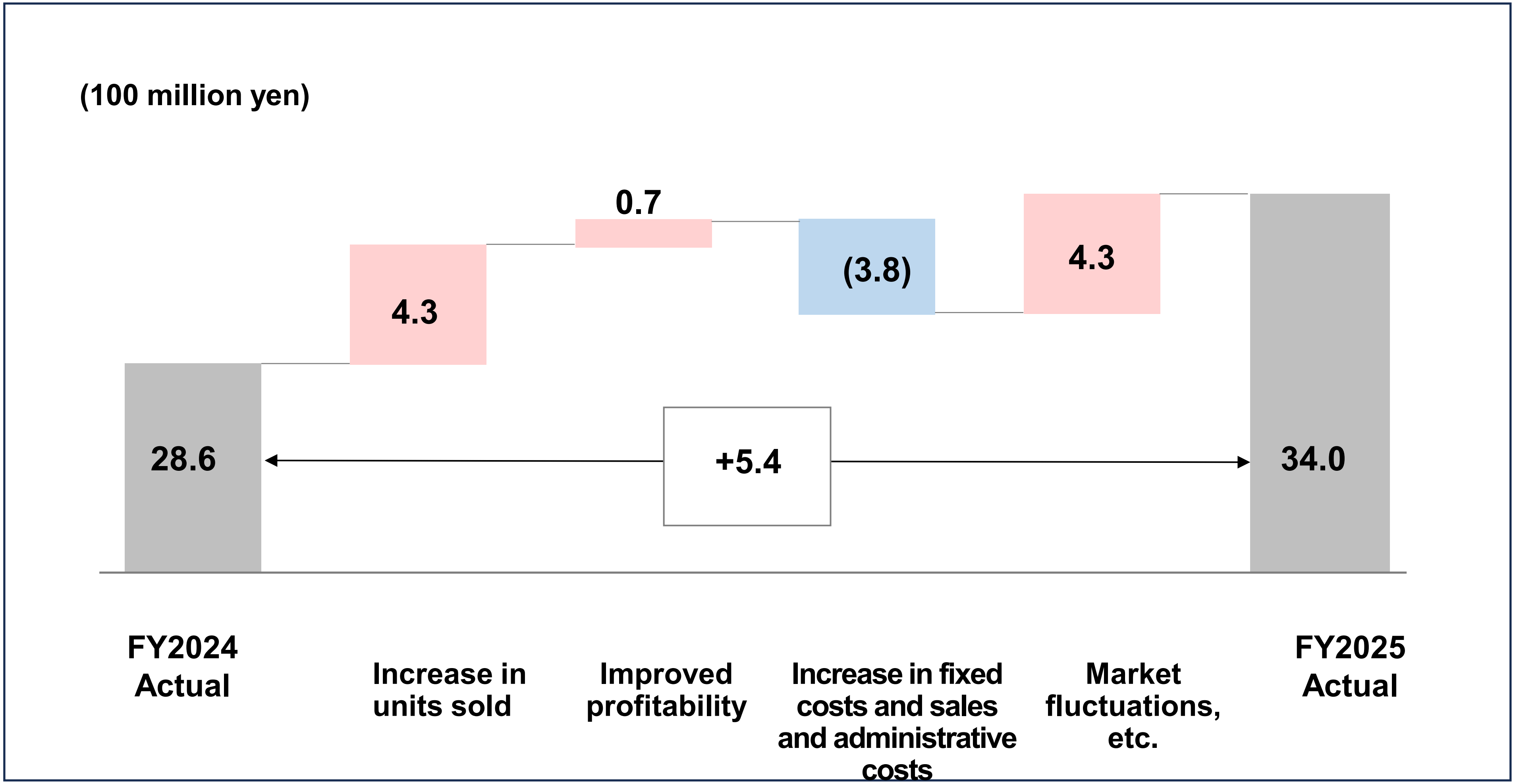
*No numerical targets for operating income have been set for the Medium-Term Management Plan 2025 period.

Operating income by segment



	FY2025 Results	FY2030 Targets
■Operating income	3,400 million yen	5,000 million yen
■Operating income margin	12.1%	No less than 12%
■EBITDA margin	16.1%	No less than 17%
■ ROE	4.7%	No less than 8%

Year-on-Year Analysis of FY2025 Results



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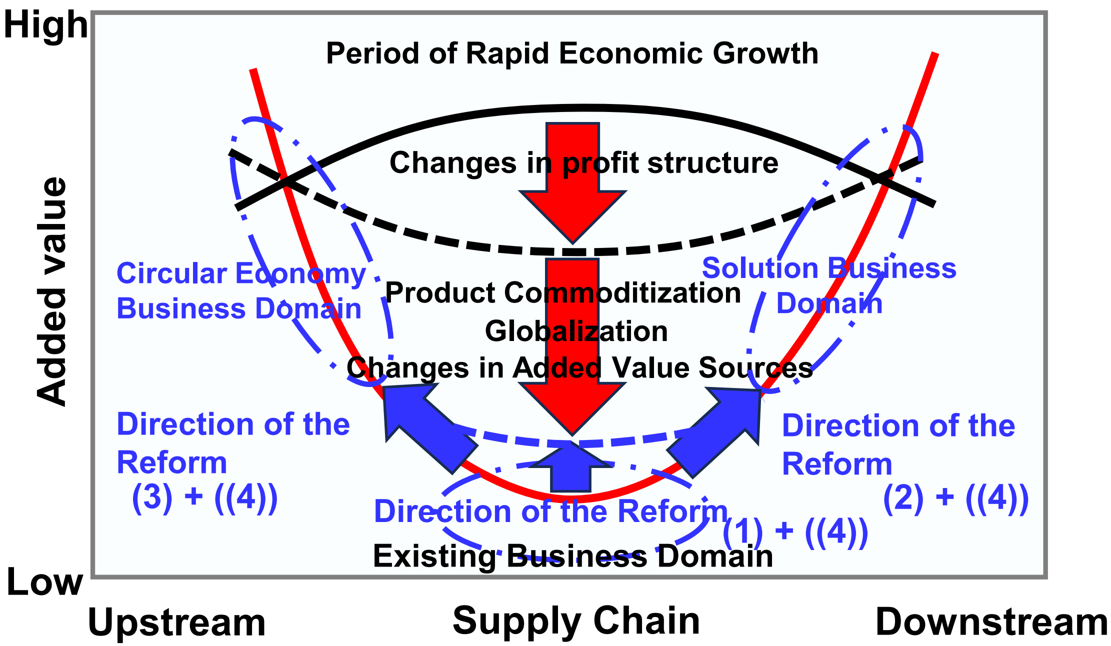
3. Business Environment Outlook and Our Growth Opportunities

	Long-term (–2035)	Our Growth Opportunities
Global	- Explosive spread of AI - Strong demand for decarbonization and stricter environmental regulations - Critical minerals (rare metals, rare earths) will play a key role in resource security - Product features and differentiated business models are sources of profit - ASEAN and Global South countries are experiencing rapid economic development - Rising inflation and resource prices - Heightened geopolitical risks	- Expanding demand for functional materials and new battery materials that contribute to decarbonization - Rapid economic growth in Vietnam, India, and Southeast Asia - Expansion of the recycling market for rare metals and related metals - The semiconductor and peripheral electronic components market supporting AI Proactive business development in the market - Environmentally friendly products and process needs
Japan	- Declining population and accelerating aging (further labor shortages) - Intensifying climate change - Rapid shift to a circular economy	- National strategies for rare metal/rare earth recycling and increasing self-sufficiency (Circular Economy) - Development of disaster-related infrastructure - Increasing demand for construction efficiency at project sites

3. Direction for Our Business Revitalization



Five Preparations

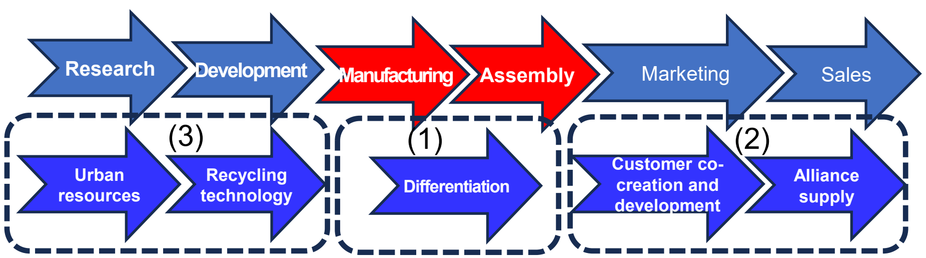
(1) Revitalization of existing businesses by turning product features into stronger strengths through differentiation

(2) Shift from a conventional raw material business to a customer co-creation materials solutions business

(3) Multi-layered circular economy business development centered on recycling technologies

(4) Expansion of proactive materials business linked to growth markets

(5) Strengthening human capital to shape the future and advancing work-style reform



Strengthening existing businesses

Future creation

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Core Technologies Supporting Our Business

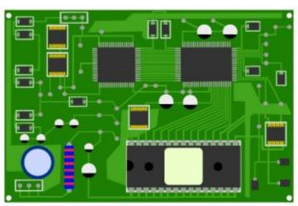
● Chemicals Business	○ Rare Metal Recycling Technology ○ Synthesis, advanced control, and purification technologies for metal compounds ○ Battery material technology cultivated over many years
● Building Materials Business	○ Metal Material Forming and Processing Technology (Roll forming, Metal stamping)
● Common to chemicals and building materials	○ Ability to handle small-lot, multi-variety operations ○ Ability to respond to customer demands ○ Niche top products

Materials Solution Business Linking to Growth Markets through Co-Creation with Customers

- **Development and provision of advanced functional products that support customers through technology in growing markets**
- **Solving social issues like decarbonization through "Customized Materials" + "Solutions" co-created with customers**

Main applications of our chemicals

Printed circuit boards

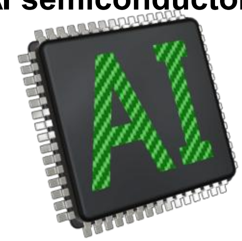


EVs

Petrochemical catalysts

Smartphones

AI semiconductors



Perovskite solar cells

Fuel cell catalysts

EV wireless Power Transfer

The main applications of our building materials will be described later.

4. Basic Policy of Medium-term Management Plan 2028

Positioned as a phase for strengthening development to achieve the 2030 targets

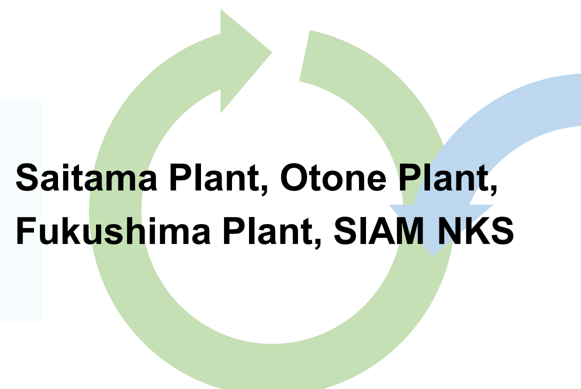
- **Continue and reinforce the differentiation strategy** to turn existing business features into strengths
- **Create new businesses** centered on our core rare metal recycling technology
- **Strengthen expansion into overseas markets** driven mainly by SIAM NKS
- **Accelerate the development of next-generation flagship products** for both chemicals and building materials through customer co-creation of advanced functional, customized solutions
- Make **proactive investments in capital expenditures, R&D, and human capital** to realize these goals, with funding primarily through the balance sheet while considering borrowing as needed
- Proactively consider M&A and strategic alliances
- **Maintain current shareholder return levels (DOE 4% + shareholder benefits)**

5. Medium-Term Management Plan 2028: Key Measure 1
Further Strengthening of Business Development Centered on Recycling Technology

Leverage the long-standing, refined technology base in raw material recovery, purification, and material conversion to accelerate the development of advanced functional materials through customer co-creation while capturing new growth opportunities in the resource circulation sector.

Our customers (manufacturers of semiconductors, printed circuit boards, electronic components, and automotive batteries)

Recycle them into advanced functional materials, such as cupric oxide DC and secondary battery materials



General industrial sectors (various emission sources)
Various waste materials and waste liquids, including rare metals

Our recycling technologies

- **Separation and purification technology for removing inorganic and organic impurities**
- **Material conversion technology that enhances the quality and performance of recycled raw materials to the same quality and performance as mine-derived raw materials**
- **Flexible process design capabilities leveraging expertise in handling diverse waste materials**

5. Medium-Term Management Plan 2028: Key Measure 1

Background of the Measure (1): Rapid expansion of demand for our products

With the explosive spread of AI and the advancement of electronic materials, demand for functional materials, such as copper, nickel, and cobalt, is rapidly expanding.

Our products co-created with customers to meet the demand (including those under development)

- **Copper-based compounds**

  Semiconductors for AI (packaging process), EV wireless charging

- **Nickel-based compounds**

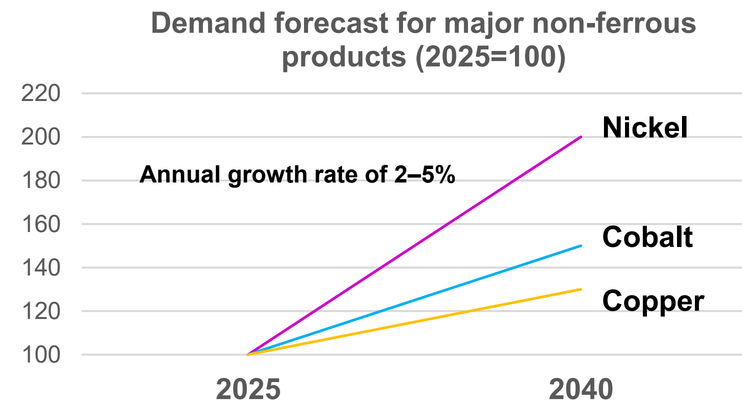
  Semiconductors for AI (packaging process), MLCCs (multilayer capacitors), PFAS-free plating agents

- **Tin-based compounds**

  Nano-chain ceramics (catalyst supports for fuel cells)

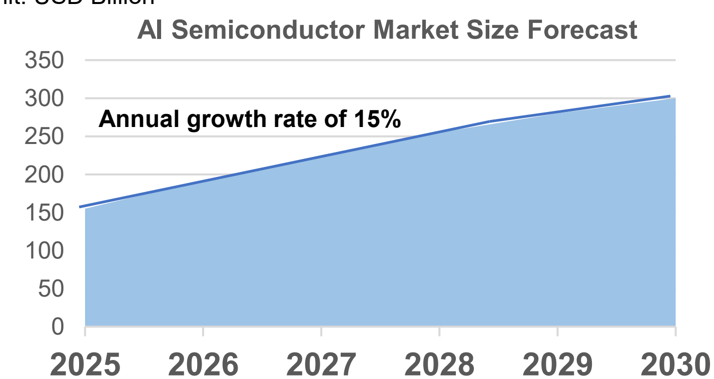
- **Other compounds**

  Perovskite solar cell materials



(Source: IEA)

Unit: USD Billion



(Source: NMSC)

5. Medium-Term Management Plan 2028: Key Measure 1

Background of the Measure (2): Positioning of resource security and rare metal recycling as a national strategy

With the recent rise in geopolitical risks, securing rare metals and rare earths—essential for manufacturing advanced industrial products—has emerged as a national-level policy issue, in addition to energy resources (crude oil and gas)*1

- As a result, the importance of metal resource recycling from so-called 'urban mines' is increasing even further.

- In the EU, legislation has already been established regarding the proportion of recycled raw materials used from used batteries. *2

*1 Economic Security Promotion Act
(Promulgated in May 2022, enforced in phases)

Rare metals are positioned as leading 'specified important materials,' and the government provides subsidies to companies that build smelting plants and introduce recycling facilities in Japan.

*1 Circular Economy Action Plan
(April 2026, Meeting of Relevant Ministers on Circular Economy)

A public-private investment of 1 trillion yen will be allocated to critical minerals and plastic recycling.

*2 European Battery Regulation - Recycled material utilization rate

	Co (Cobalt)	Pb (Lead)	Li (Lithium)	Ni (nickel)
On and after August 18, 2031	16%	85 %	6%	6 %
On and after August 18, 2036	26%	85 %	12%	15%

Recycling of Secondary Batteries for Automotive Use

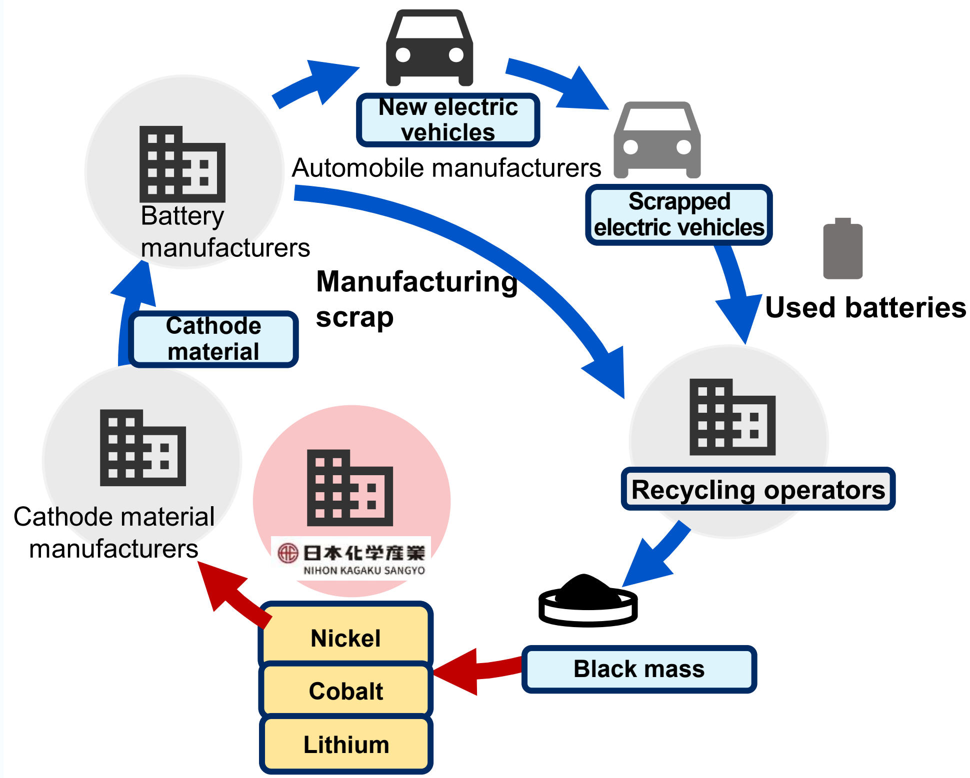
● Initiatives for Secondary Battery Recycling

We have recovered valuable metals*, such as nickel, cobalt, and lithium, from secondary battery scrap and black mass derived from waste batteries by leveraging our separation and purification technologies, as well as metal resource utilization and recycling technologies developed over the years.
We aim to contribute to resource circulation and decarbonization by reusing recovered metals as raw materials for battery materials.

● Pilot plant (Iwaki Technology Center) launched

We built a pilot plant in Iwaki City, Fukushima Prefecture, to acquire design data for medium-scale demonstration and commercialization of laboratory technology.
Operations will begin in April 2026, and going forward, data will be accumulated for commercialization through technology demonstrations and process improvements.

* In addition to recovering nickel from waste nickel-metal hydride batteries, we are also working on developing rare earth recovery technologies.



5. Medium-Term Management Plan 2028: Key Measure 1

Recycling of Secondary Batteries for Automotive Use (Pilot Plant Start-up)

NIHON KAGAKU SANGYO

Completion of the Iwaki Technology Center

—Full-scale demonstration toward establishing an advanced metal recycling business—

NIHON KAGAKU SANGYO CO., LTD. (President: KADOYA Hiroki) held its completion ceremony on April 9 following the completion of the "Iwaki Technology Center," which has been under construction since spring 2024 at the Iwaki Yotsukura Core Industrial Park (Iwaki City, Fukushima Prefecture). This pilot plant was established as a technology center for the technological development of our advanced metal recycling business, having received certification from the Ministry of Economy, Trade and Industry for the "Critical Mineral Supply Securing Plan."

Ribbon-Cutting Ceremony

Presidential Address

5. Medium-Term Management Plan 2028: Key Measure 2

Strengthening of Overseas Expansion Based in Local Subsidiaries in Thailand

- In June 2000, we established a subsidiary, SIAM NKS, in Thailand, to produce copper oxide DC, electroless nickel plating solutions, and other products locally, strengthening our business in Thailand, Vietnam, and other ASEAN countries.

- In recent years, especially under the China Plus One initiative, the expansion of electronic component factories into various Asian countries has been remarkable, capturing demand and boosting SIAM NKS' performance.

- We plan to increase R&D and capital expenditures to expand our production capacity going forward.

	2024	2025	2026	2027	2028
SNKS Production Quantity 2024 = 100	100	106	110	141	161
Overseas Sales Ratio (on a consolidated basis)	19%	19%	21%	24%	25%
			Plan		

Overview of SIAM NKS

Established: 2000
Location: Ayutthaya, Thailand
Number of employees: Approximately 60
Main customers: Manufacturers of printed circuit boards, automotive parts, and building materials with operations in Thailand, Vietnam, Malaysia, and other countries

5. Medium-Term Management Plan 2028: Key Measure 3 Initiatives to Meet Emerging Needs through Metalworking Technologies (Building Materials Business)

Our current flagship product: Fire-resistant ventilated trim

Normal conditions: Promotes **attic ventilation**, contributing to the longevity of detached houses

During a nearby fire: Detects rising temperatures, causing the internal intumescent material to expand

Semi-fire-resistant performance that suppresses temperature rise and fire spread in the attic for 30 to 60 minutes.

* Obtained Minister's Certification through advanced quality control
  Holding the top market share in urban areas

Sill flashing for waterproofing, currently under co-creation with another company

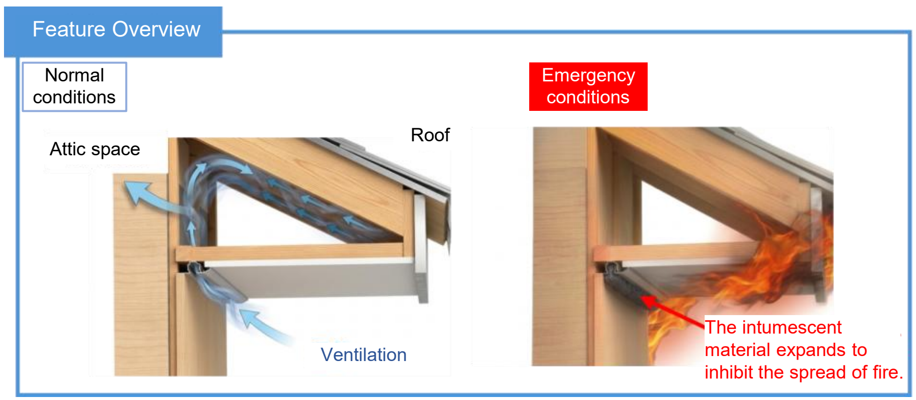
Normal conditions: Promotes **underfloor and foundation ventilation**, extending the building's lifespan

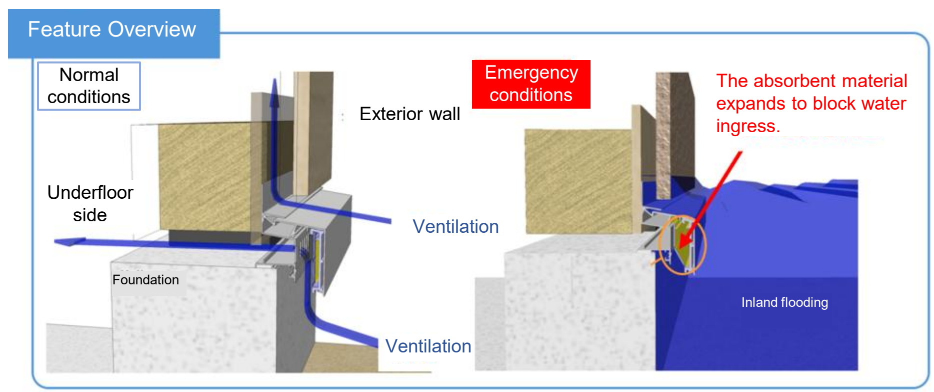
During floods: Detects water ingress, causing the internal absorbent material to expand

locks outdoor water ingress to minimize damage from both underfloor and above-floor flooding

* Scheduled for launch within this fiscal year
  Selected for adoption by major home builders

In both cases, the key lies in our advanced metalworking technology, which enables high-precision and complex cross-sectional shapes.





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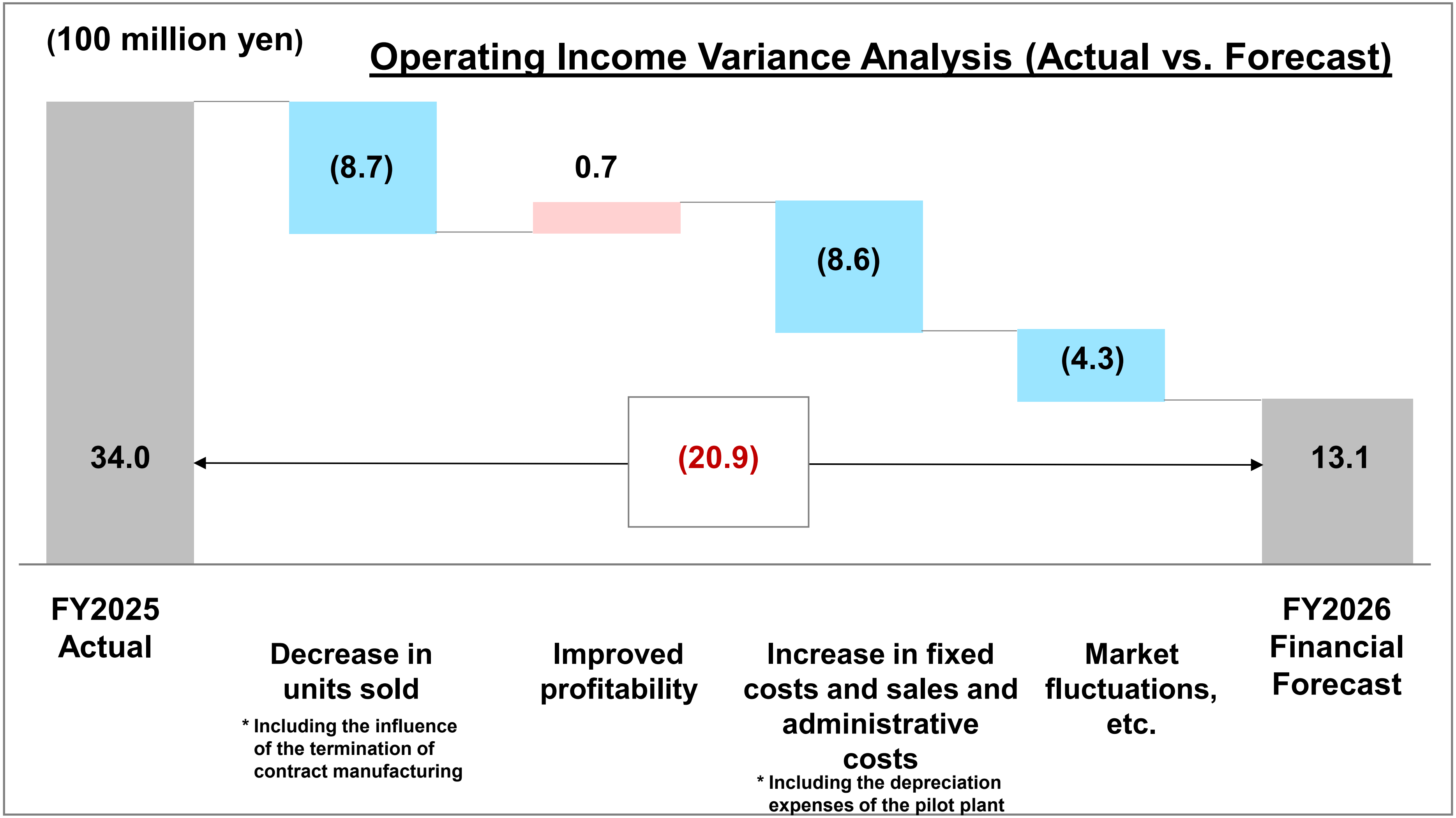
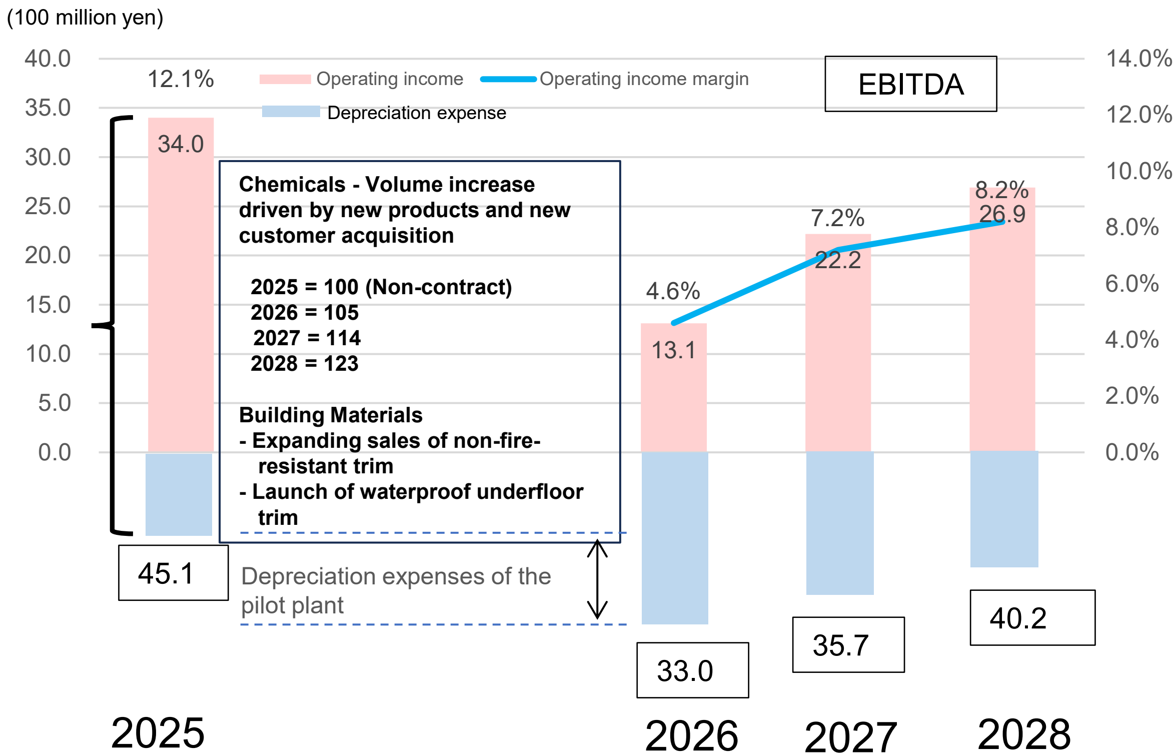
6. Numerical Targets

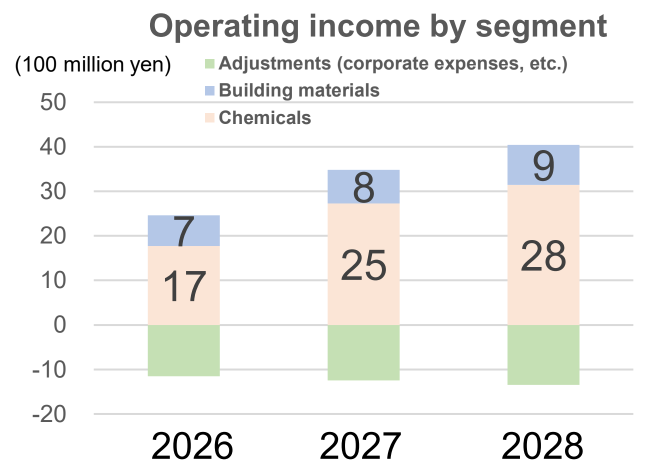
2025 Results vs 2026 Forecast: Analysis of Operating Income Fluctuations



6. Numerical Targets

Medium-Term Management Plan 2026-2028: Operating Income and EBITDA

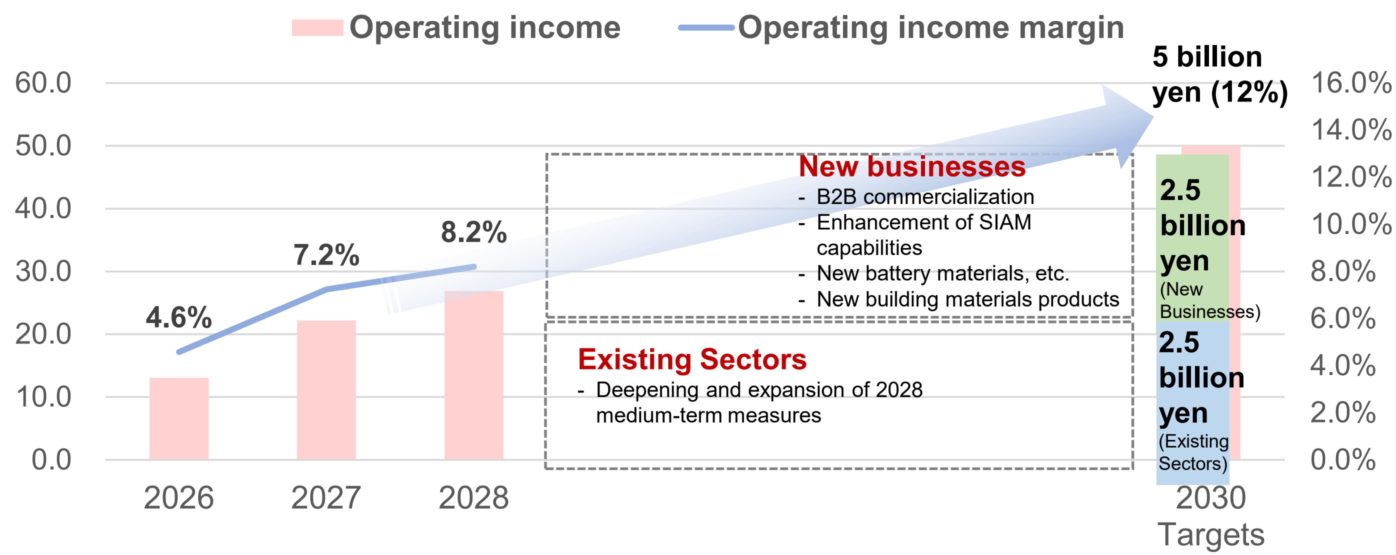




- While each division is striving to bolster profitability, accounting profits during the Medium-Term Management Plan period are projected to decrease due to the conclusion of cathode material manufacturing contracts and the start of depreciation for the pilot plant.
- Cash flow (Simple EBITDA) has seen a sharp recovery.

6. Numerical Targets

2028 Medium-Term Management Plan -> 2030 Targets



	2026	2027	2028	2030 (Targets)
■ Operating profit margin	4.6%	7.2%	8.2%	No less than 12%
■ ROE	3.0%	4.7%	5.4%	No less than 8%
■ EBITDA margin	11.5%	11.6%	12.2%	No less than 17%

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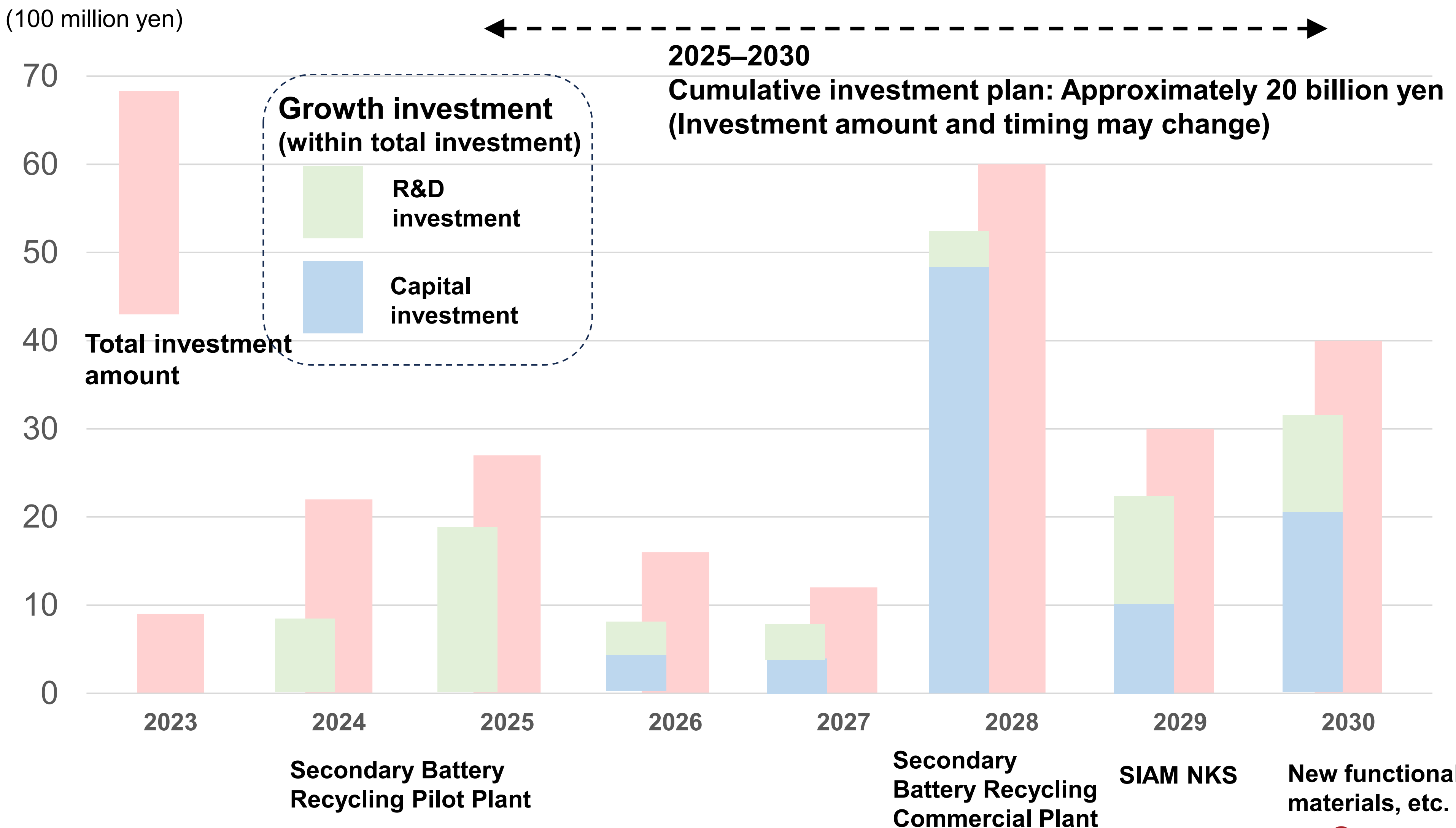
7. Growth Investments

Plan aggressive investments to realize each initiative



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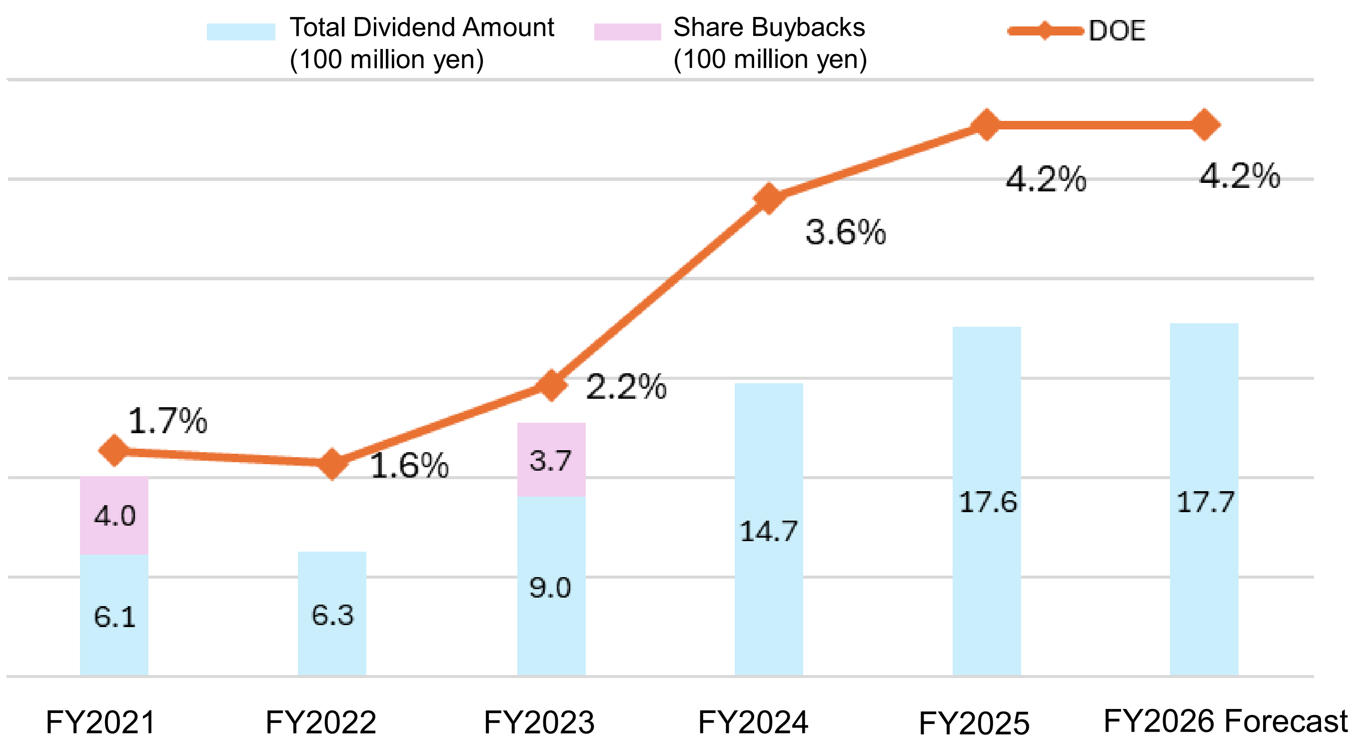
8. Shareholder Returns and Cash Allocation

We will maintain stable dividends with a target **Dividend on Equity (DOE) of 4%**, **while ensuring financial soundness and taking into comprehensive consideration our consolidated performance and future funding needs**.

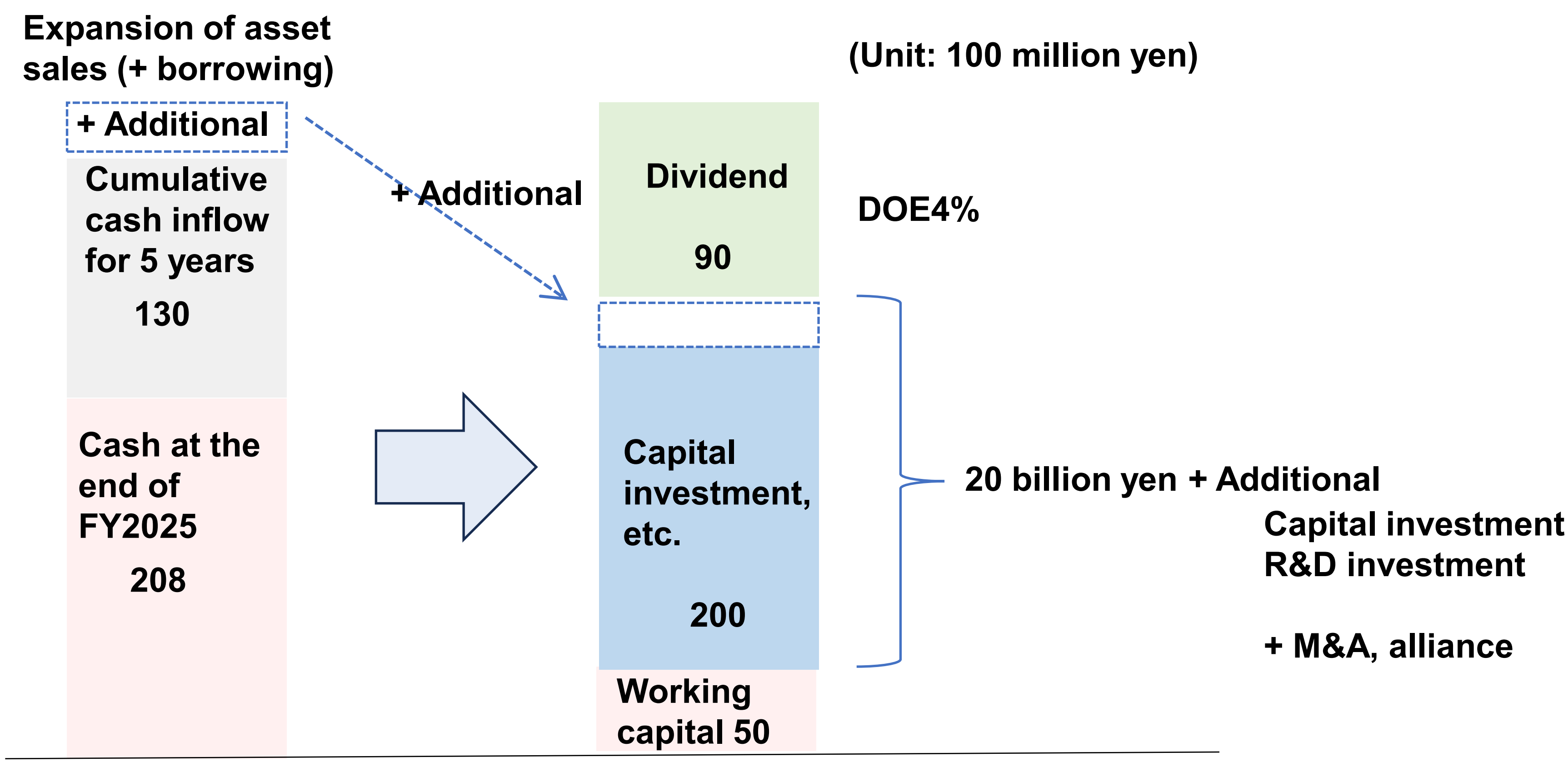
We also intend to maintain our shareholder benefit program.



Dividend per share	31 yen	32 yen	46 yen	75 yen	90 yen	90 yen

8. Shareholder Returns and Cash Allocation

5-year cumulative (2026–2030)



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9. ESG and Decarbonization Initiatives

Our Basic Sustainability Policy

Through business activities that create and provide new value, we contribute to solving medium- and long-term issues in environmental, social, and economic aspects and achieving sustainability, ensuring growth together with all stakeholders.

In the past year, we have initiated and are continuing to execute the following measures:

- June 2025: Disclose an analysis based on the TCFD framework, in alignment with the SSBJ sustainability disclosure standards (published in March 2025).
  We have set a target to reduce Scope 1 and 2 CO_2 emissions by 60% by FY2030 (relative to FY2019) and achieve carbon neutrality by 2050, while actively promoting energy-saving investments, etc.

- December 2025: **Achieved a "B" score in the CDP 2025 Climate Change assessment,** conducted by the international environmental non-profit organization CDP (Carbon Disclosure Project).

CDP Disclosure 2025

- March 2026: **Formulated and published the NIHON KAGAKU SANGYO Group Human Rights Policy**

Key highlights

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Pursue the possibilities of metals and pioneer the future