

FY2024 Financial Results and the Progress of Mid-term Management Plan

May 21, 2025

President KADOYA Hiroki



**FY2024 Financial Results
and the Progress of
Mid-term Management Plan**

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Summary

Paving the Path to the Future by Exploring the Potential of Metals

Chemicals Business Division



Electronic component materials



Battery materials



Use of metal resources

Building Materials Division



Fireproof ventilation molding



Exterior products

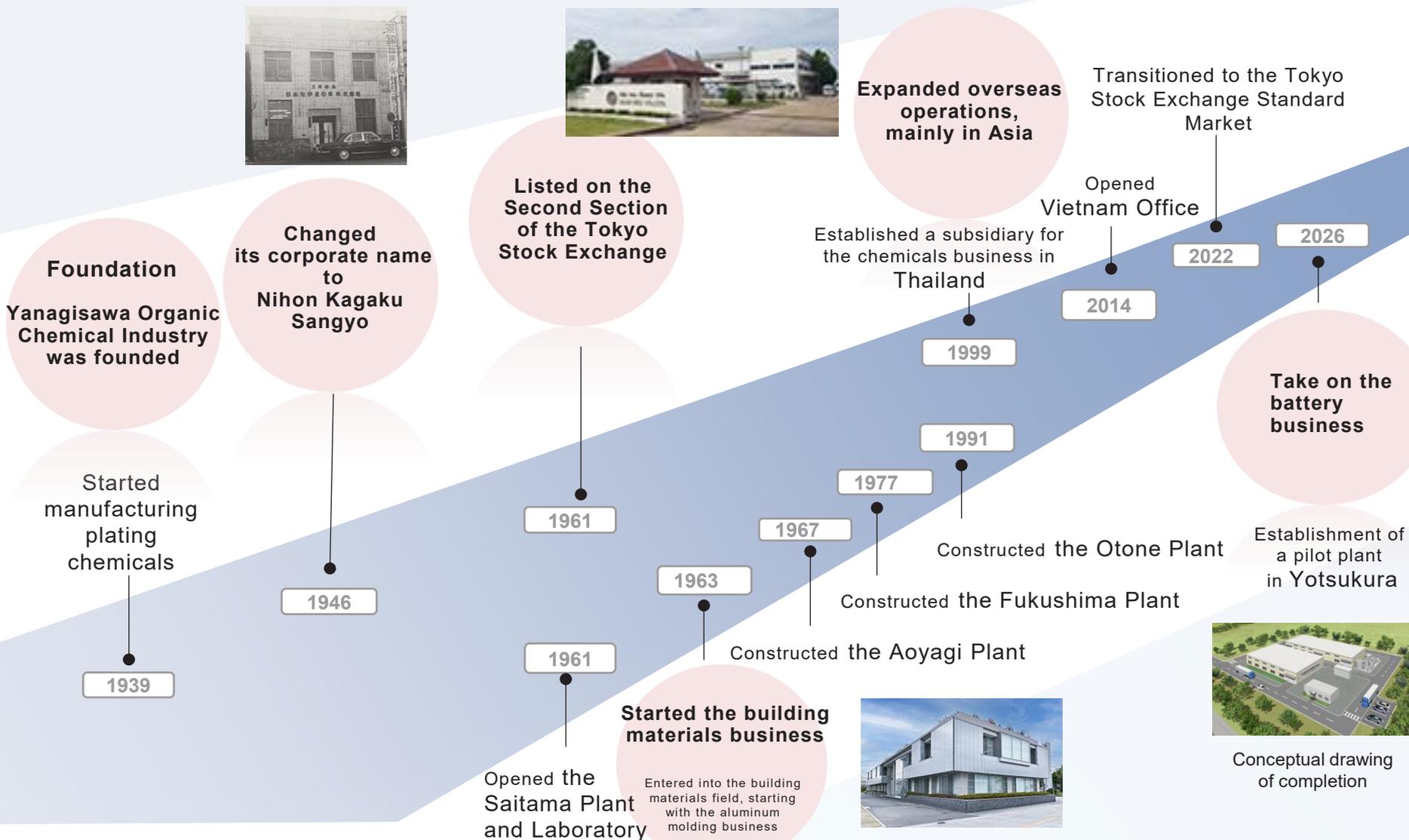
Sales Composition (FY2024 Results)

Chemicals Business Division : 85%

Building Materials Division

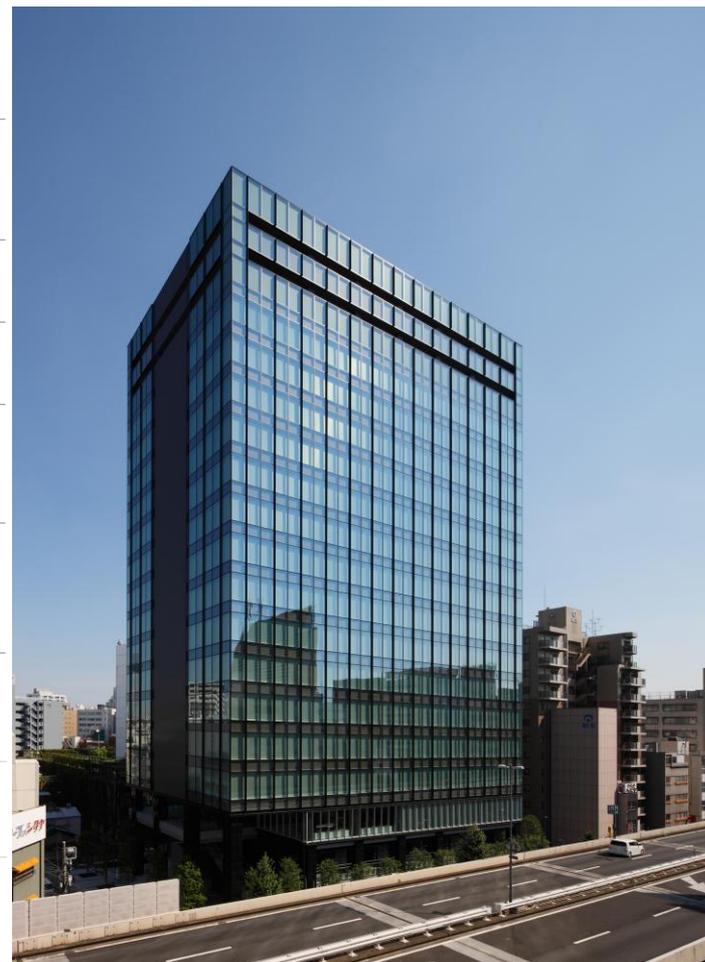
: 15%

History



Corporate Profile

Company Name	NIHON KAGAKU SANGYO CO.,LTD.
Head Office Location	8-1, Higashi Ueno 4-chome, Taito-ku, Tokyo, Japan
Foundation	August , 1939
Capital	1,034 million Yen
No. of Employees	450 (as of March 31, 2025 Consolidated)
Business	Manufacturing and Sales of Industrial Chemicals and Molded Products
Representative	KADOYA Hiroki, President
Listed Stock Exchange	Tokyo Stock Exchange, Standard (4094)
Financial Results / Unit Shares	End of March / 100 shares



Key highlights

Progress of Mid-term Management Plan

- Initiated construction of a pilot plant for the lithium-ion battery recycling business
- Operating income of 2.86 billion yen (FY2024)

Core technology for business growth

- **Chemicals Business**
Revitalization of existing businesses and creation of new businesses with metal recycling technology at its core
- **Building Materials Business**
Expansion into areas outside of fire-prevention zones, development of non-residential domains, centered on metal forming and processing technologies

Shareholder returns

- **Expansion of shareholder returns**
 - Changing the dividend policy to target a 4% DOE
 - Dividend of 75 yen per share for FY03/25 (of which 45 yen is the year-end dividend)
 - Introduction of shareholder benefit program

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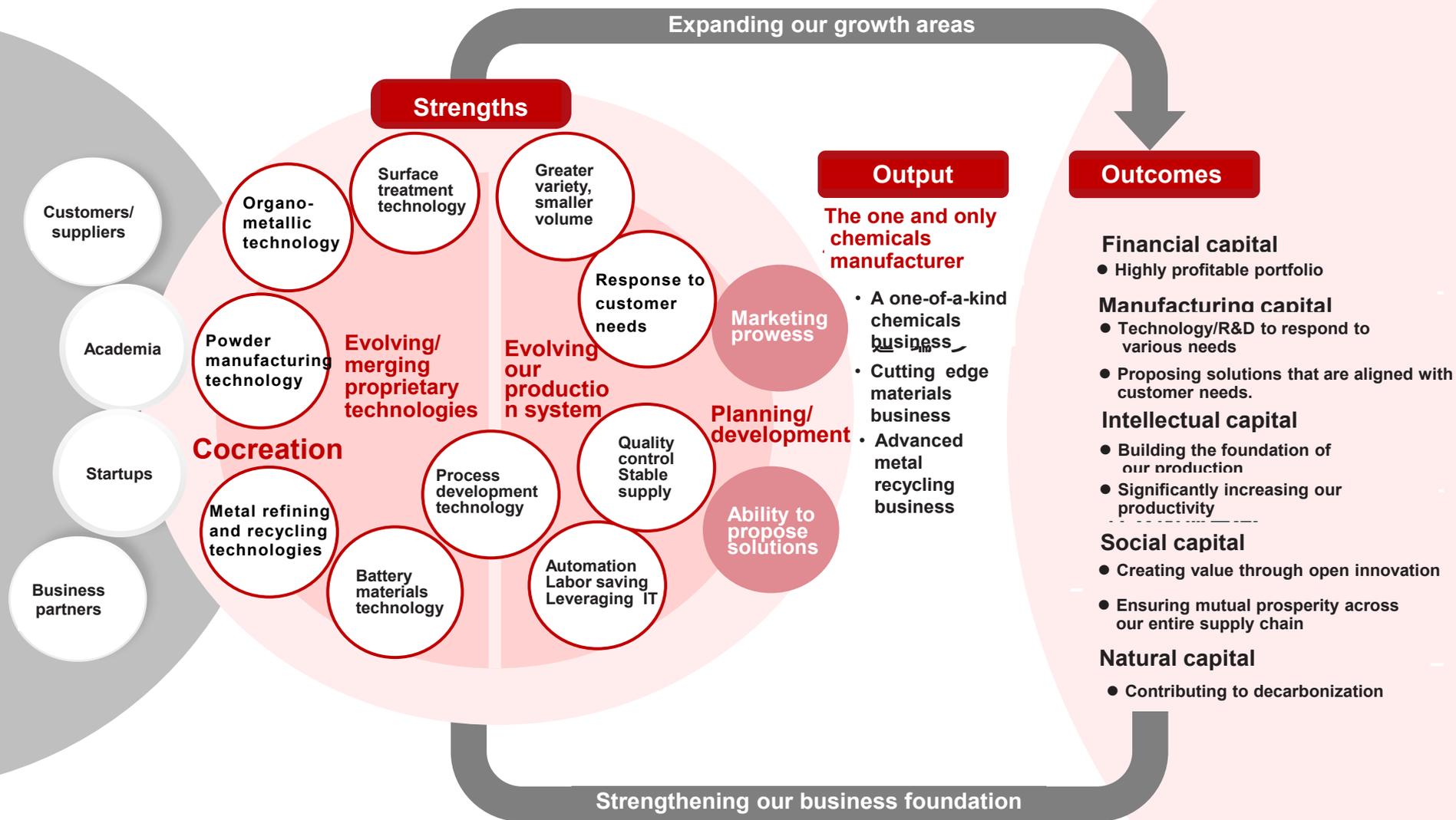
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Summary

Characteristics of our Business 1

Chemicals Business: Value Creation Model



Characteristics of our Business 2

Chemicals Business: Metal Recycling Business

Increasing the recycling of metals

Collection

- Strengthening the supply chain for collecting the waste to be recycled into raw materials

Refinement

- Expanding the variety of metals collected
- Refining processes that cater to many different metals
- High-purity refining

Production

- Developing products derived from recycled materials

Enhancing decarbonization

- Developing technologies to reduce the carbon footprint of our production
- Reducing our carbon footprint through recycling of waste
- Reducing the carbon footprint of our strategic products

Tackling social issues

Contributing to circular economy

- Recycling of waste into raw materials
- Enhancing the value of recycled metals



Contributing to decarbonization

- Reducing our own GHG emission
- Decarbonizing our entire supply chain

Enhancing our corporate value

Vertically integrated recycling model

Long track record of supplying recycled/commercialized waste to the industries

Collection from many different collaborators

Separation/
refining
Enhanced purification

Analysis/
Evaluation

Reusing many different metals across the product portfolio

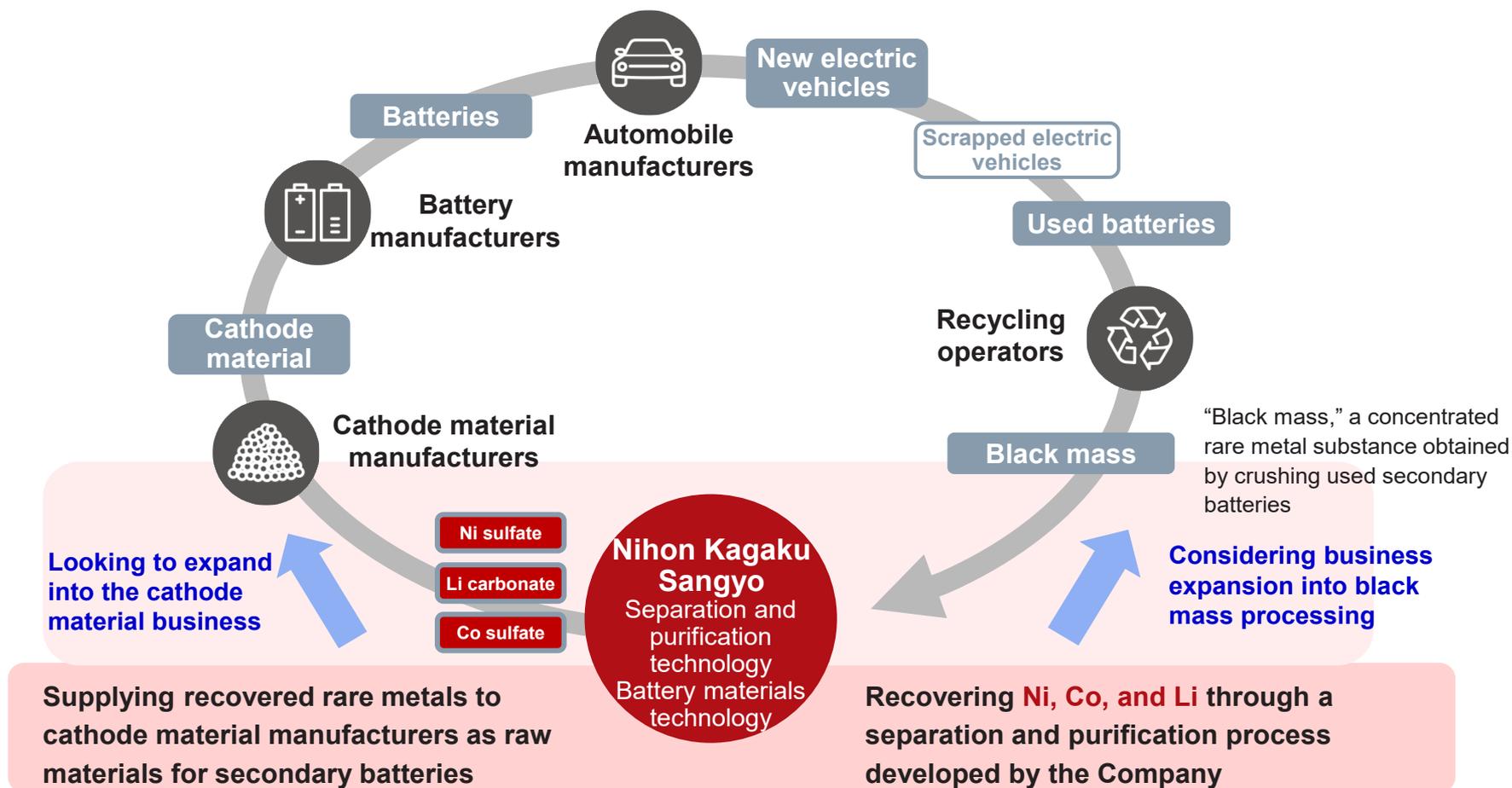
Recycling

Commercialization

Characteristics of our Business 3

Chemicals Business: B to B recycling business development (closed-loop recycling)

Strengthening proprietary technologies, reducing costs and CO₂ emissions, and contributing to a circular society



Characteristics of our Business 4 Building Materials Business

Achievements

Many years of **experience** in delivering construction-related products that ensure fireproofing, ventilation, and waterproofing by leveraging our unique metal forming processing technology.

Development capabilities

Product development capabilities that contribute to societal sustainability by developing products that help achieve safer and more comfortable living in response to the needs of target industries including house makers.

Our unique strengths

We will further develop our unique metal processing technology, **deliver new value in the fields of housing construction materials and industrial metal processing**, thereby contributing to building a sustainable society.

Providing products that are essential for ensuring safe and secure homes

Providing products that improve the durability and comfort of homes, etc.

Expanding into new fields

Realizing competitive smart factories



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Summary

Progress of Mid-term Management Plan1

01 One-of-a-kind chemicals business

We expanded sales of custom products created together with customers

02 Cutting-edge new materials business

Catalyst support for fuel cells and water electrolysis

Metal nanoparticles for electronic components, etc.

03 Advanced metal recycling business

In January 2025, we began constructing a pilot plant which aims to demonstrate the development of technology to recover rare metals from lithium-ion batteries (Scheduled for completion in March 2026)

04 Providing new value to the fields of housing construction materials and industrial metal processing

In October 2024, we launched new products for non-fire prevention districts in the market

05 Strengthening human capital

We have implemented a hierarchical training program since FY2023. We initiated a reform of the personnel evaluation system in FY2024.

Released on September 26, 2024

Construction of Pilot Plant to Develop an Advanced Metals Recycling Business

Nihon Kagaku Sangyo Co., Ltd. (President: KADOYA Hiroki) is pleased to announce that it recently decided to build a pilot plant in the Iwaki Yotsukura Core Industrial Park located in the city of Iwaki in Fukushima Prefecture. We are building this plant as part of our efforts to conduct technological validation aimed at commercial development of a metal recycling process for used secondary batteries from electric vehicles (EVs). Construction of the plant is due to start during the fiscal year ending March 31, 2025, and to be completed in March 2026; plans call for the plant to start operating as soon as construction is completed.

In October 2023, we finalized and announced our New Mid-Term Management Plan. As we strive to contribute to a recycling society and to decarbonization by the year 2030, we set out in the management plan a three-part vision for our chemicals business, aspiring to develop a one-of-a-kind chemicals business, a cutting-edge materials business, and an advanced metals recycling business. We are currently pursuing proactive, strategic initiatives to make our vision a reality.

For many years, we have conducted research and development on the separation and refining technologies required for metal recycling, as well as on battery materials. By combining these proprietary technologies to generate synergies, it will be possible to separate and refine metals such as nickel, cobalt, and lithium found in used EV secondary batteries and reuse them as EV battery materials. We are therefore conducting technological validation at the pilot plant to accelerate technological development including development targeting mass production.

In addition, we are using this technological development as the basis to collaborate with various partners in establishing closed-loop recycling of EV batteries with a view to reducing the environmental impact of not only Nihon Kagaku Sangyo itself, but also our entire supply chain.

Overview of Pilot Plant

Proposed construction site:

**Iwaki Yotsukura Core Industrial Park,
Iwaki, Fukushima Prefecture**

Estimated investment: Approx. 3.1 billion yen

Processing capacity: Approx. 60 tons/year as black mass

Planned start of operations: April 2026



Conceptual image of completed plant

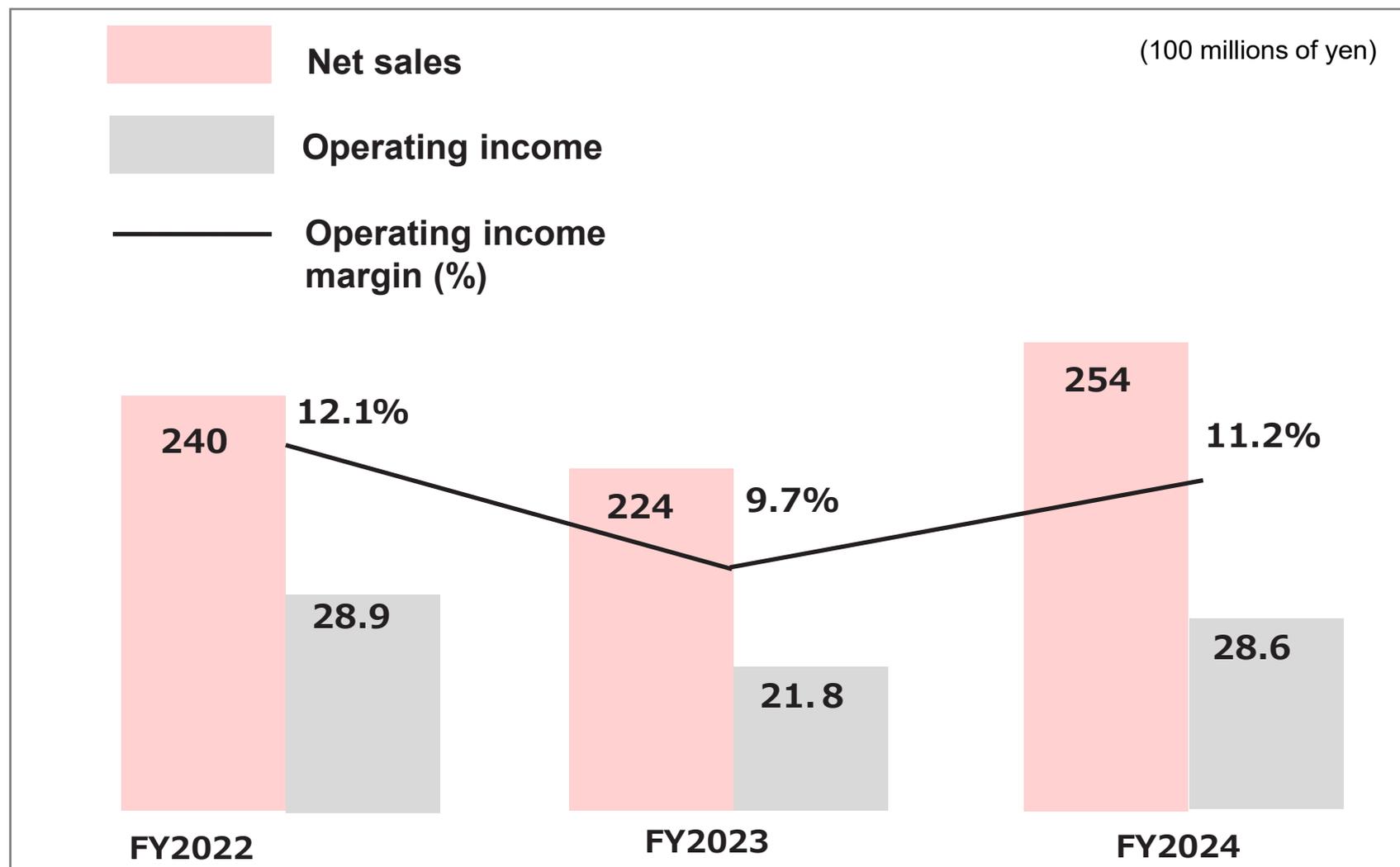
Financial Results for FY2024 and Progress of Mid-term Management Plan2

(100 millions of yen)

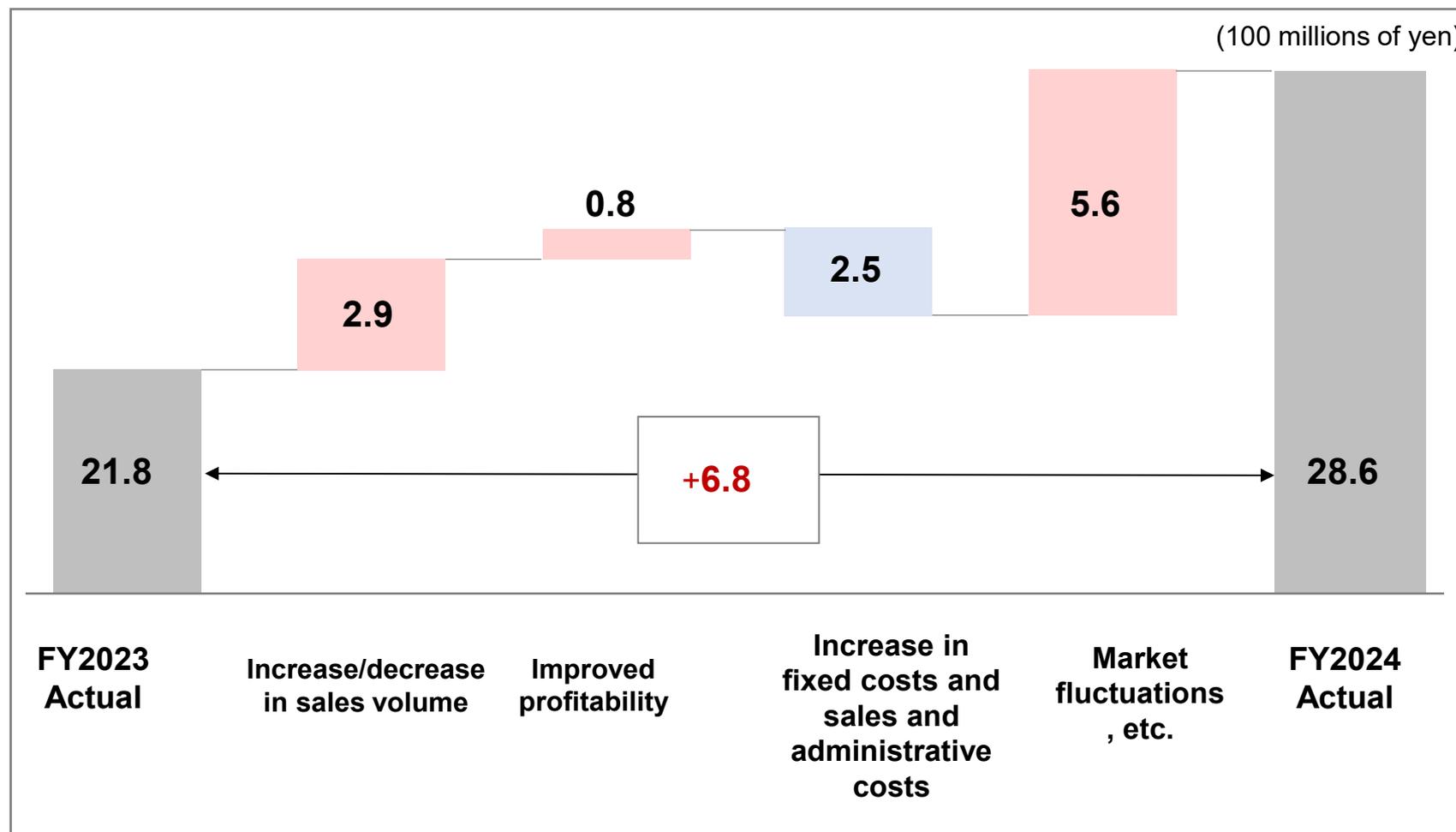
	FY2022	FY2023	FY2024
Net sales	240	224	254
Operating income	28.9	21.8	28.6
Operating income margin (%)	12.1	9.7	11.2
EBITDA	39.5	32.9	39.3
EBITDA margin (%)	16.4	14.7	15.4
ROE (%)	5.2	3.9	5.1
PBR	0.48	0.62	0.65

Mid-tem Plan

Financial Results for FY2024 and Progress of Mid-term Management Plan 3



Financial Results for FY2024 and Progress of Mid-term Management Plan4 Analysis of increase/decrease in operating income



Financial Results for FY2024 by Segments and Progress of Mid-term Management Plan5

(Millions of yen)

Net sales

Operating income

	FY2023	FY2024	Compared to the P.Y.	Difference from the P.Y.		FY2023	FY2024	Compared to the P.Y.	Difference from the P.Y.	
Chemicals Business Division	18,536	21,715	17.2%	3,179	Major reasons for difference - Recovery in demand - Increase in non-ferrous metal prices - Robust sales at the Thai subsidiary	2,244	3,170	41.2%	925	Major reasons for difference - Increase in net sales - Increase in unit sales price
Building Materials Division	3,907	3,725	△4.7%	△182	- Decrease in sales volume	757	599	△20.8%	△157	- Decrease in net sales - Increase in fixed costs

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How We Want to Be in FY2030 - Quantitative Targets 1

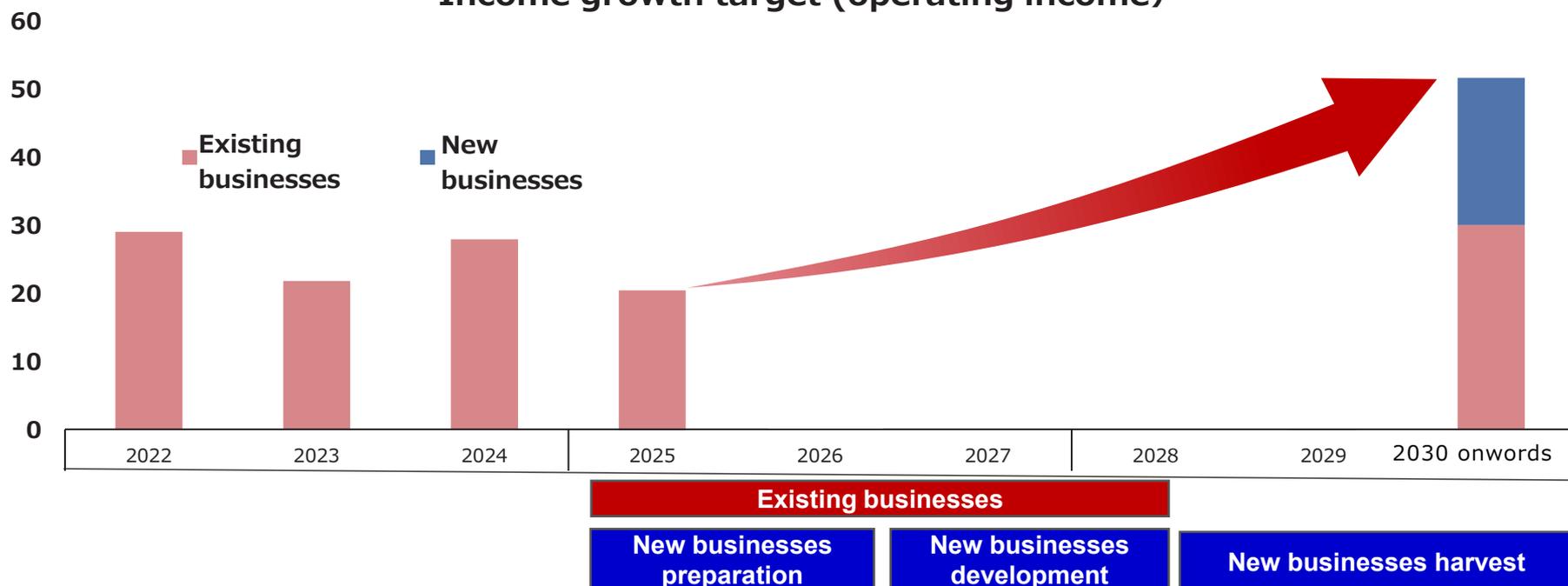


Existing businesses **3.0 billion yen**
 New businesses **2.0 billion yen**

We will achieve stable profit growth by revitalizing existing businesses and creating new businesses

(100 millions of yen)

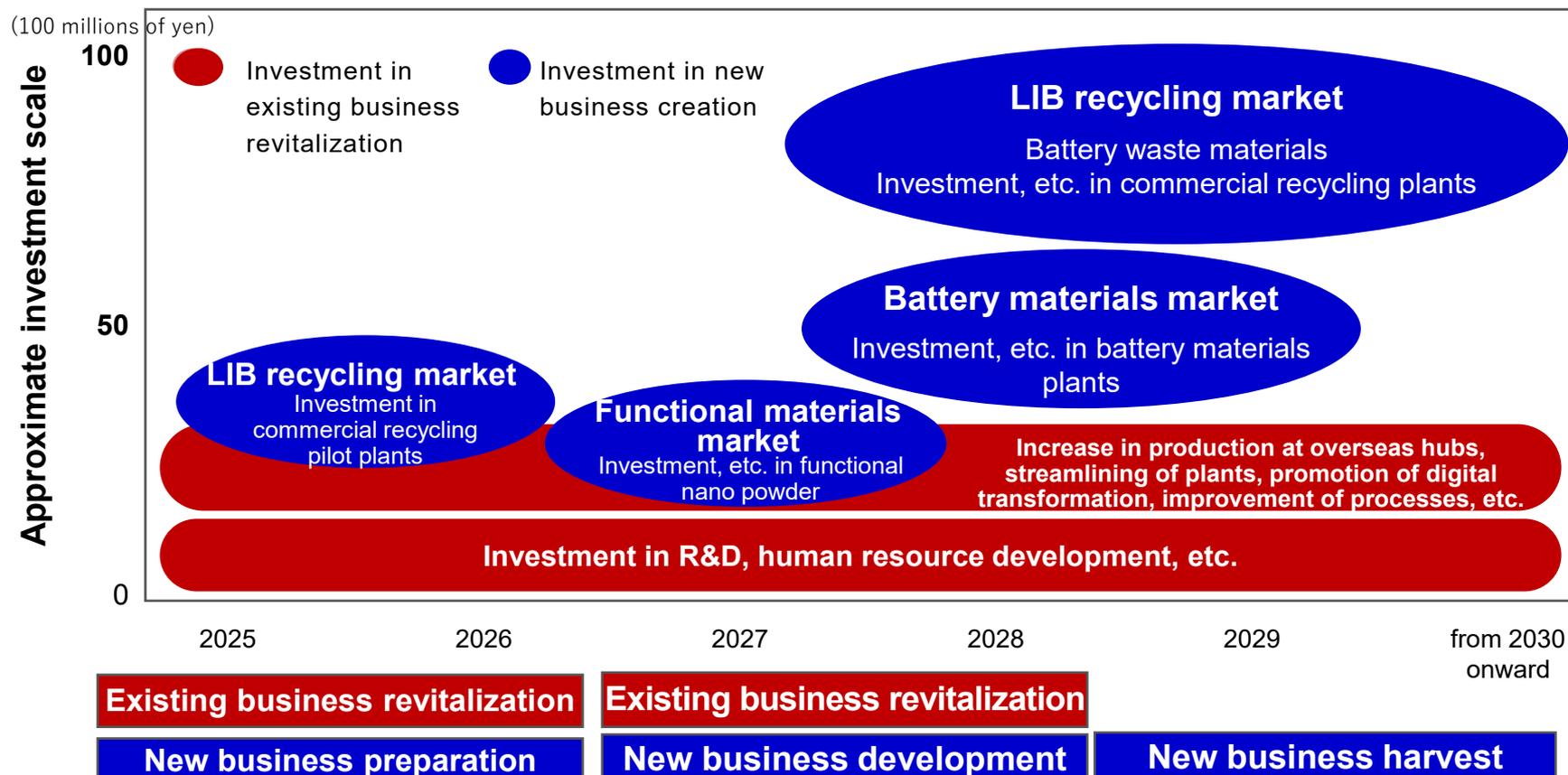
Income growth target (operating income)



How We Want to Be in FY2030 - Quantitative Targets 2

We will significantly increase strategic capital investments, research and development investments, etc. in order to revitalize existing businesses and create new ones, allocating a total growth investment budget of 20 billion yen over the next six years (2025–2030).

Investments under consideration and their respective fields



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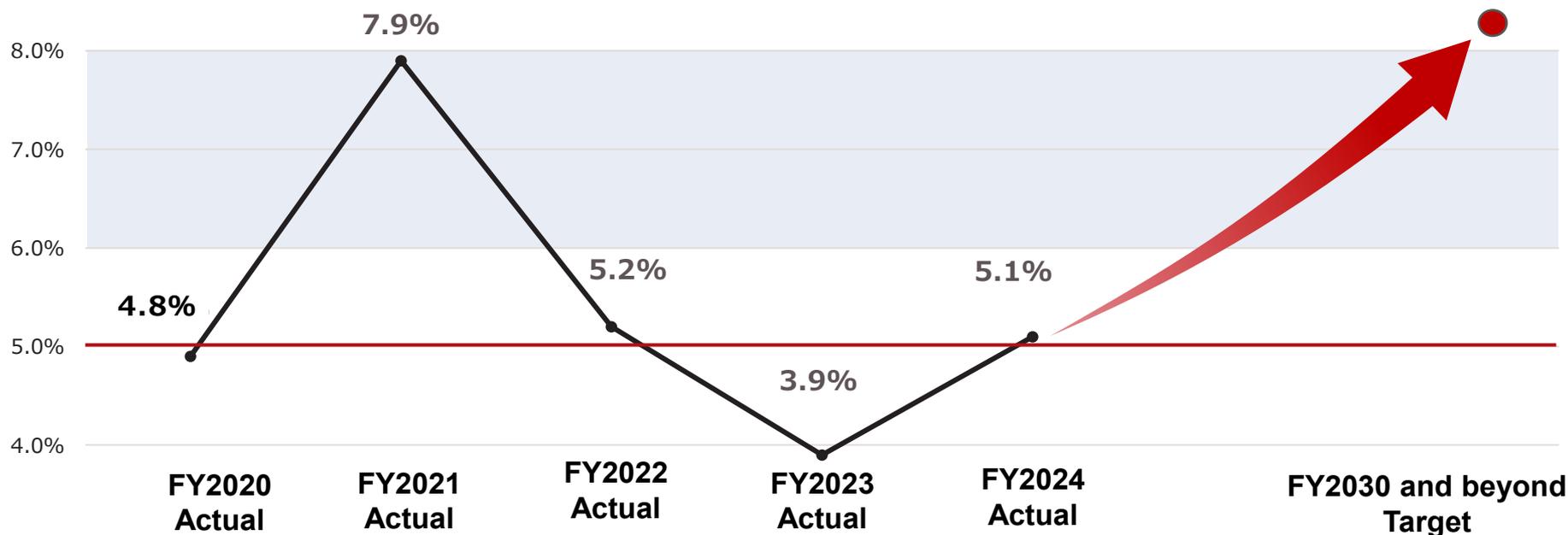
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Summary

Cost of shareholder's equity and return on equity

To further increase corporate value, we aim to achieve a return on equity that surpasses the cost of shareholders' equity (e.g. long-term average returns of Japanese and US capital markets).



Long-term average returns of Japanese and US capital markets (per annum)

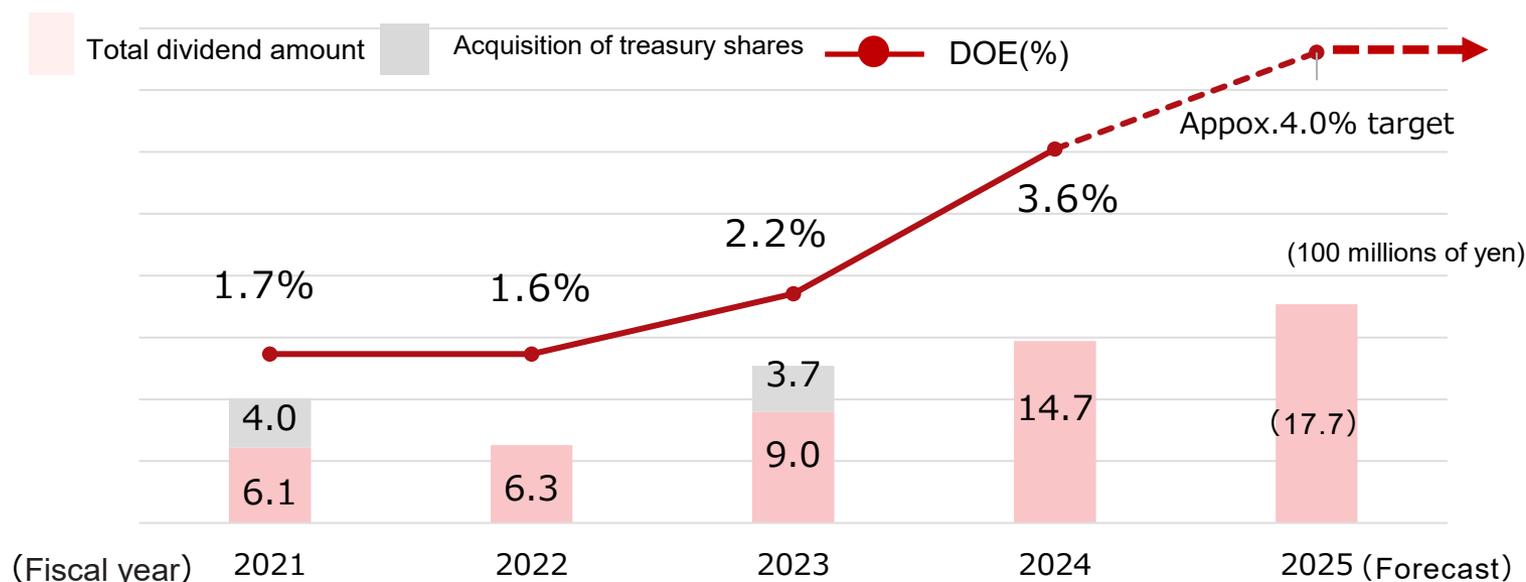
(Source: Nomura Asset Management)

TOPIX	1949-2023	Approx. 7%
S&P500	1927-2023	Approx. 6%
"	2003-2023	Approx. 8%
The Company	CAPM based (2024 Q3)	Approx. 5%

Expansion of Shareholder Returns

1.Dividend Policy

We will increase to pay dividends with a target **DOE 4%**, premised on maintaining a stable financial and earnings structure.



Dividend per share	2021	2022	2023	2024	2025
	31yen	32yen	46yen	75yen	90yen

Expansion of Shareholder Returns

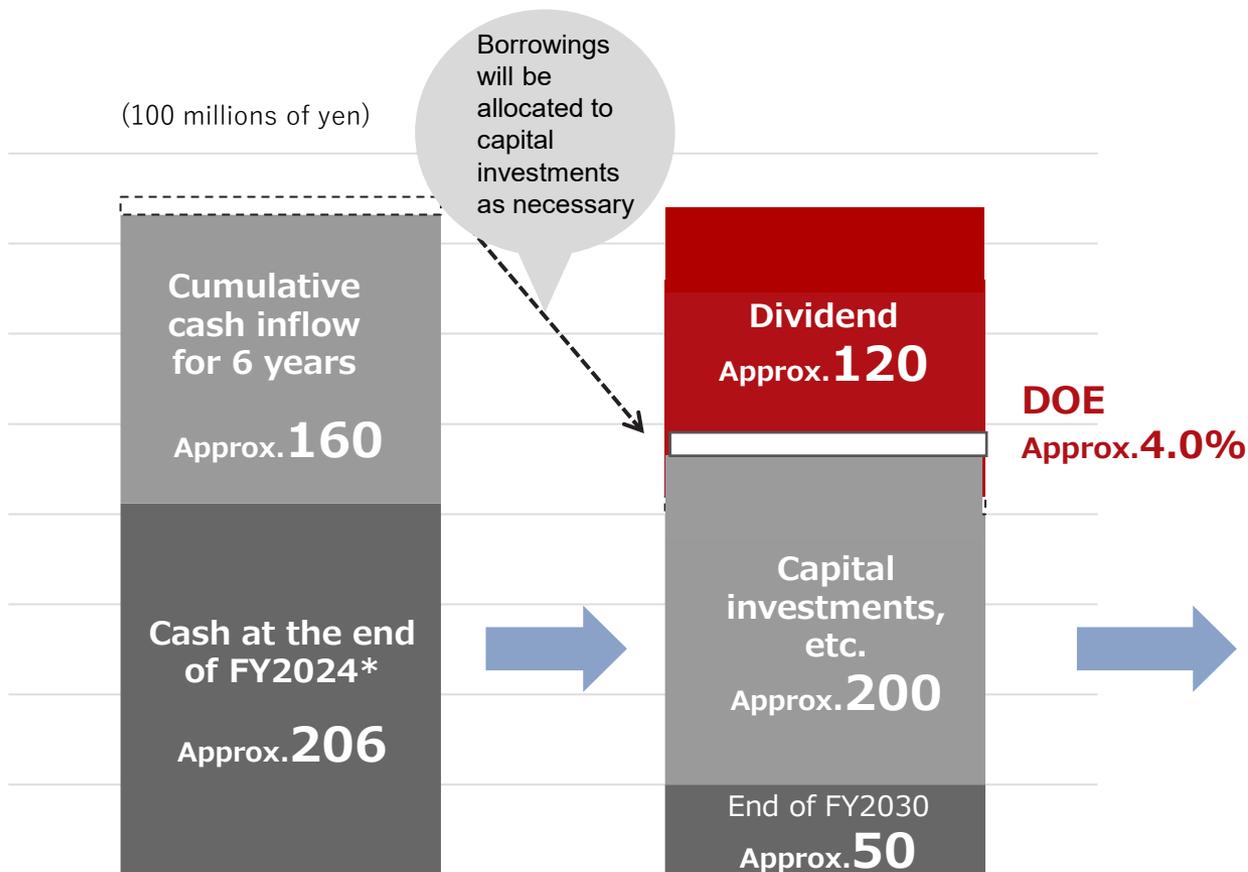
2. Introduction of a program for stockholders

This program has been introduced to enhance the appeal of investing in our company's stock and to encourage more individuals to hold our shares for the long term.

Overview	<p>Eligible Shareholders</p> <p>Shareholders recorded on our shareholder register as of the end of September and the end of March of every year who own at least 300 shares (3 trading units) or more of our company stock.</p>								
	<p>Shareholder Benefits:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Holding Period</th> <th style="text-align: left;">Benefit</th> </tr> </thead> <tbody> <tr> <td>3 years or more</td> <td>QUO Card worth 15,000 yen</td> </tr> <tr> <td>1 year or more and less than 3 years</td> <td>QUO Card worth 10,000 yen</td> </tr> <tr> <td>Less than 1 year</td> <td>QUO Card worth 5,000 yen</td> </tr> </tbody> </table>	Holding Period	Benefit	3 years or more	QUO Card worth 15,000 yen	1 year or more and less than 3 years	QUO Card worth 10,000 yen	Less than 1 year	QUO Card worth 5,000 yen
	Holding Period	Benefit							
3 years or more	QUO Card worth 15,000 yen								
1 year or more and less than 3 years	QUO Card worth 10,000 yen								
Less than 1 year	QUO Card worth 5,000 yen								
<p>Start of Shareholder Benefit Program:</p> <p>This program will be implemented from the end of September, 2025.</p>									

Idea of cash allocation (FY2025-2030)

We will implement the growth investment, etc. and shareholder returns, guided by the following gross cash inflow anticipation and a balanced approach to its use.



We will proactively invest in new and growth areas and also consider M&As.

*To be replaced with the figure at the end of FY2024 once the financial results are finalized

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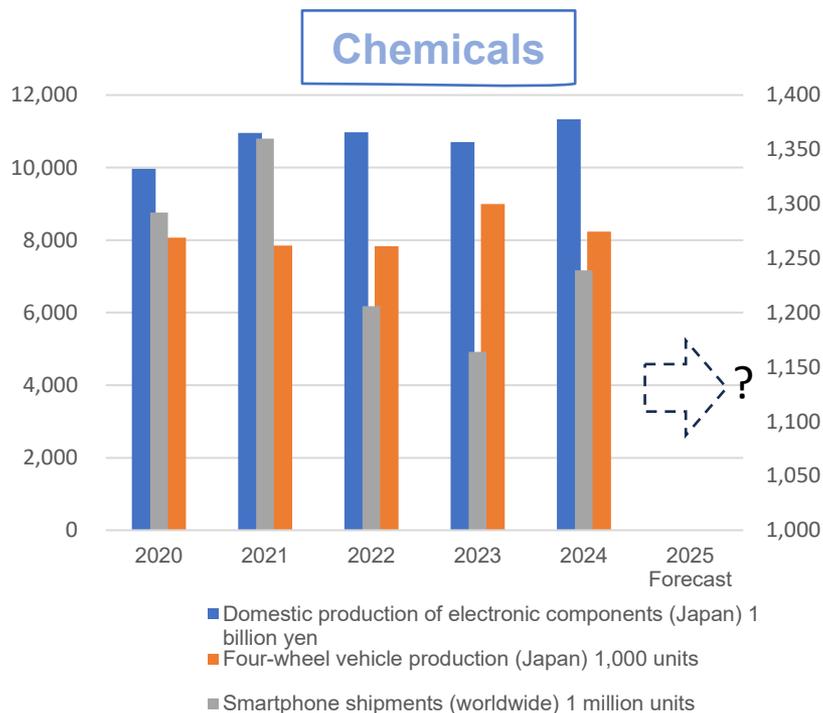
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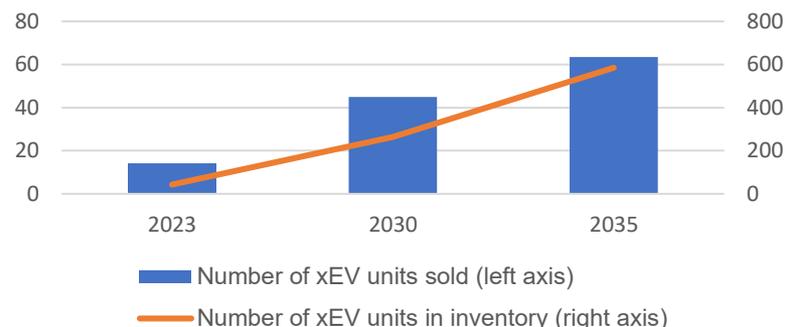
Summary

Perception of Business Environment in FY2025

Trends in major demand areas



Forecast for the global number of xEV units sold and in inventory
Million units ; source: IEA)



Building materials



- We are unable to foresee the magnitude of the impact, etc. of the U.S. tariff policy on electronics components, automobiles, and smartphones, which are the primary end-use areas for our chemical products.
- The non-ferrous metal market is weak.
- The long-term growth for EVs is expected to remain secure, although their expansion will level off over the next few years.
- The number of wooden house construction starts, which represent the primary demand for our building materials, is expected to remain flat through FY2025.

Source : JEITA, JAMA, IDC, MLIT, IEA

FY 2025 Financial Forecast

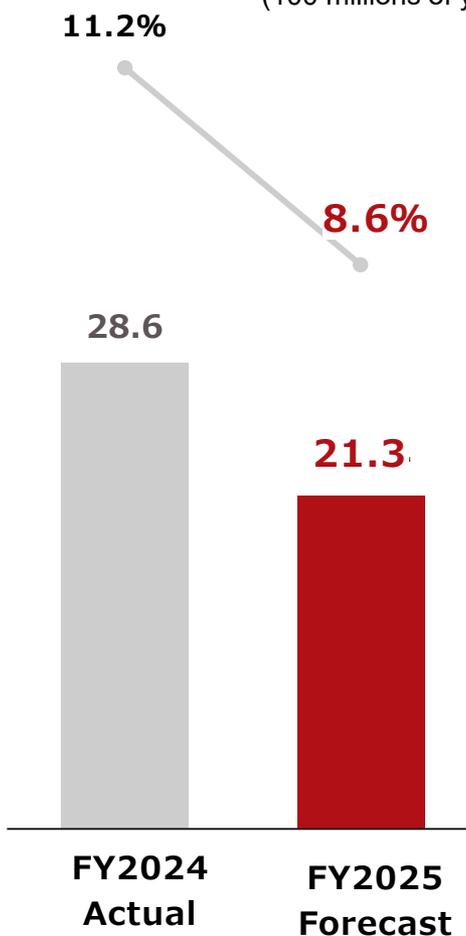
Net sales

(100 millions of yen)



Operating income (%)

(100 millions of yen)



EBITDA (EBITDA margin (%))

FY 2024 Actual (100 millions of yen)

39.3

(15.4%)

FY2025 Forecast

33.3

(13.5%)

Dividend per share

FY2024 Actual

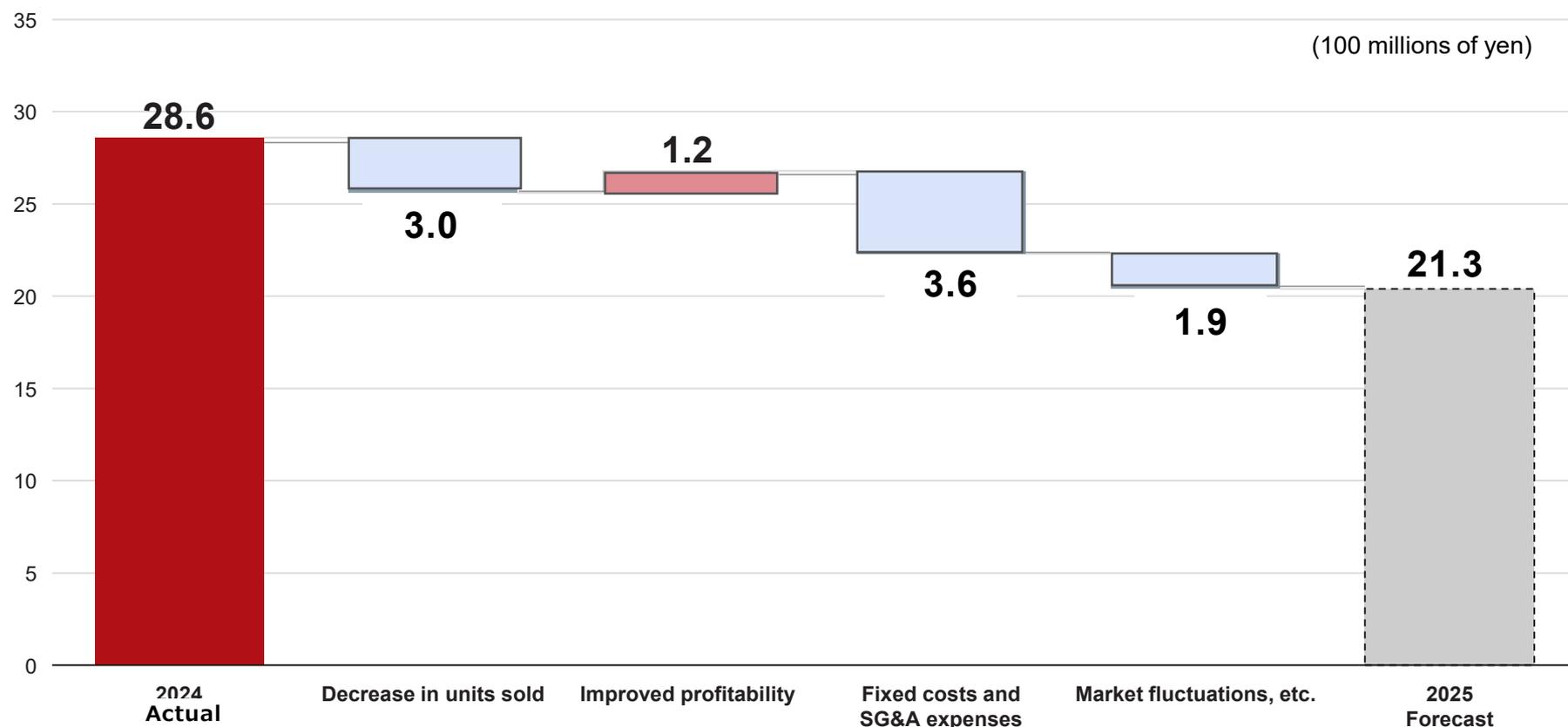
75Yen

FY2025 Forecast

90yen

FY2025 Financial Forecast: Operating Income Variance Analysis (vs. prior fiscal year)

We expect operating income to decline by 730 million yen from the previous year although we maintain our efforts to improve profitability. This is due to increased uncertainty about the future of the global economy caused by geopolitical risks and U.S. tariff policies, as well as increased upfront costs for human capital, research and development, and depreciation and amortization expenses for future growth. We are continuing to examine the matter amid drastic changes in the operating environment.



FY2025 Financial Forecast

By segment

(100 millions of yen)

Net sales

Operating income

	FY2024	FY2025	Compared to the P.Y.	Difference from the P.Y.
Chemicals Business Division	217.1	208.6	△4.0%	△8.7
			Major reasons for difference - Decrease in units sold - Slowing growth of the EV market	
Building Materials Division	37.2	37.9	+1.9%	+0.7
			- Sales promotion for new products	

	FY2024	FY2025	Compared to the P.Y.	Difference from the P.Y.
Chemicals Business Division	31.7	25.0	△21.1%	△6.7
			Major reasons for difference - Decrease in net sales - Increase in strategic business restructuring costs, including depreciation expenses and human capital costs	
Building Materials Division	5.9	5.7	△3.3%	△0.2
			- Increase in strategic business restructuring costs, including depreciation expenses and human capital costs	

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Business environment and policy for initiatives

The current business environment is growing increasingly uncertain, driven by geopolitical risks and unpredictable policy trends from the new U.S. administration.

Even in this business environment, as mentioned above, we will continue to take proactive measures while further developing our strengths in both the chemicals and building materials fields. We will significantly increase investments in facilities, research and development, and human resource development, not only to strengthen existing businesses but to also expand into new business fields.

In addition, as part of our shareholder returns policy, we will consistently pay dividends, targeting a DOE of 4%.

Sustainability

GHG reduction target: Achieving a 60% decrease in 2030 (compared to FY2019) and achieving carbon neutrality in 2050

We will promote the disclosure of related matters with consideration for the Sustainability Disclosure Standards (SSBJ, March 2025).

None of the information in this presentation should be construed as an enticement to purchase or sell our shares. This presentation merely reflects the views held by us as at the time of its preparation; we do not guarantee the accuracy of any information contained in this presentation, and we reserve the right to alter any such information without notice in the future. Please kindly note that neither we, nor any third party who provided any of the information contained in this presentation, will in any way be liable for any loss whatsoever you may suffer by acting on any information contained in this presentation.