FY2026 First Half Financial Results

Nov. 9, 2026

日本化学産業
NIHON KAGAKU SANGYO

FY2026 First Half Financial Results

01 FY2026 First Half Results

02 Shareholder Returns

03 FY2026 Financial Forecast

Key Highlights

FY2026 First Half Results

- **Net sales** ¥15.1 billion
  Compared to the P.Y. + ¥1.8 billion
  Difference from the P.Y. + 13.8%
- **Operating income** ¥1.3 billion
  Compared to the P.Y. △ ¥0.2 billion
  Difference from the P.Y △14.1%

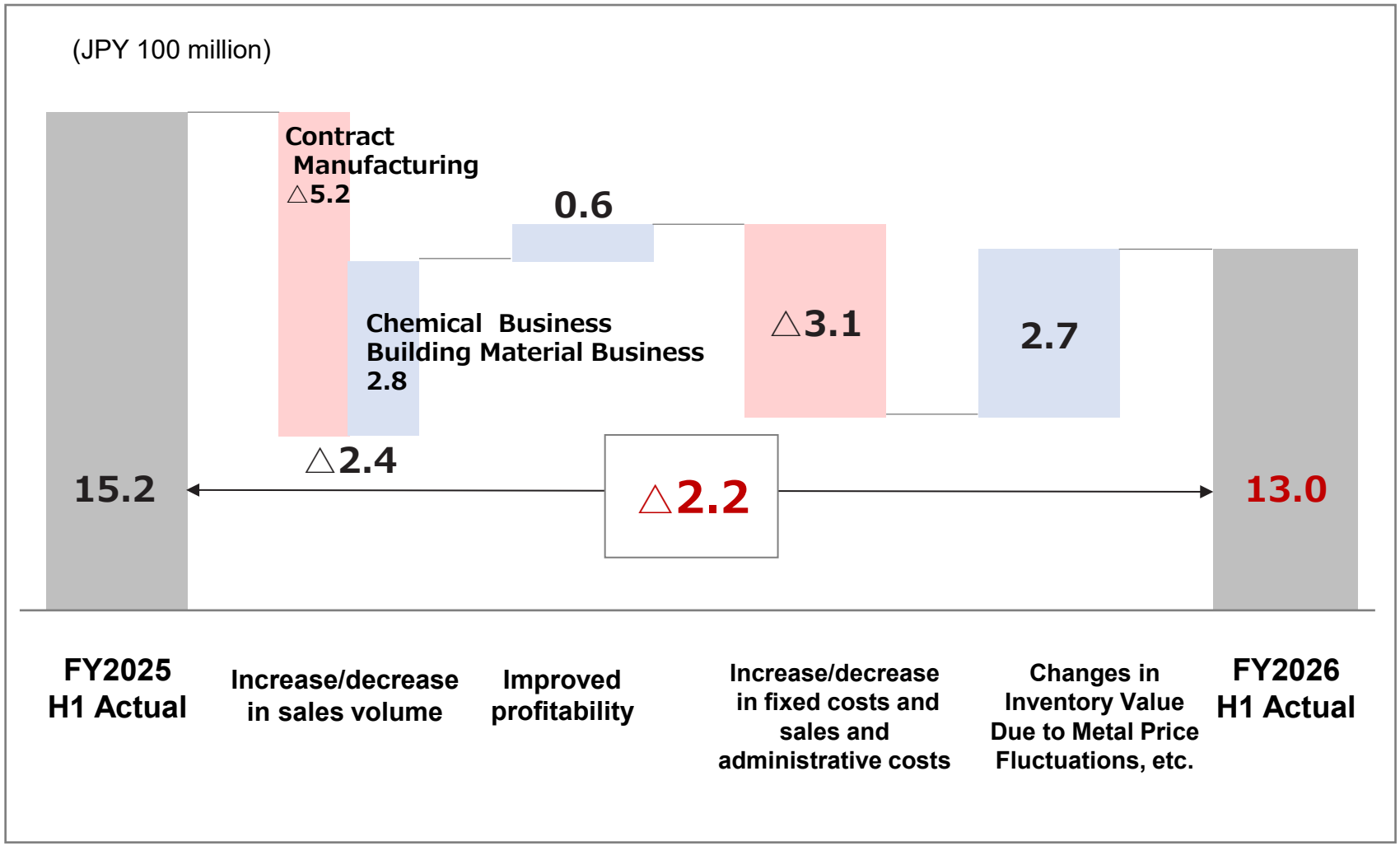
Shareholder Returns

- **Dividend policy**
  - **DOE of 4%（Target）**： Fiscal Year 2026 dividend: ¥90 per share
  - **Shareholder Benefits**： QUO Cards will be presented based on the number of shares held and the length of continuous holding period.

FY2026 First Half Financial Results

(Millions of yen)	FY2025 Actual	FY2026 Actual	Compared to the P.Y.	Difference from the P.Y.
● Net sales	13,289	15,119	13.8%	1,829
● Operating income	1,517	1,303	△14.1%	△214
● Operating income margin (%)	11.4%	8.6%	—	△2.8pt
● Ordinary income	1,734	1,727	△0.4%	△7
● Net profit	1,253	1,195	△4.6%	△58

Analysis of increase/decrease in operating income



FY2026 First Half Results by Segment

(Millions of yen)

Net sales

	FY2025 Actual	FY2026 Actual	Compared to the P.Y.	Difference from the P.Y.
Chemicals Business Division	11,422	13,005	13.9%	1,583
Building Materials Division	1,867	2,113	13.2%	246

Chemicals Business Division

Major reasons for difference
- Increase in sales volume of products for electronics industry
- Increase in unit sales prices of non-ferrous metals driven by the market

Building Materials Division

Major reasons for difference
- Rebound from the previous year's temporary decline in demand
- Successful development of new clients

Operating income

	FY2025 Actual	FY2026 Actual	Compared to the P.Y.	Difference from the P.Y.
Chemicals Business Division	1,745	1,445	△17.2%	△299
Building Materials Division	275	402	46.2%	127

Chemicals Business Division

Major reasons for difference
- Termination of contract manufacturing of battery cathode materials
- Increase in R&D costs

Building Materials Division

Major reasons for difference
- Impact of cost increase absorbed by sales increase

2030 Growth Strategies

Our strengths (core technologies)

- **Rare metal recycling technologies**
- **Synthesis and control technologies for metal compounds**
- **Battery material technologies cultivated over many years**
- **Metal material forming and processing technologies**
- **Ability to handle small-lot, multi-variety operations and accommodate customer demands**

Growth approaches

Customer co-creation
Providing customized materials+ solutions

Differentiation
Upgrading existing product features further

Resource circulation
Recycling resources into advanced materials

Overseas Expansion
powered by the Thai subsidiary, SIAM NKS

Focused growth sectors

❶ Circular economy

Recycling automotive secondary batteries and developing rare earth recovery technologies

▲ **Securing stable supply of critical minerals**

❷ Overseas Expansion

Capturing Asian market demand

▲ **China Plus One**

❸ Next-generation products

Venturing into fields of AI semiconductors, electronic parts, and new energy.

▲ **Expanding demand for functional materials**

❹ Building materials

Capturing demand such as for fire-resistant homes and higher construction efficiency

▲ **Disaster-related demand**

Medium-Term Management Plan: 2028 Three Engines of Growth

2026–2028 is a phase to **develop** next-generation profit pillars **for growth** toward “how we want to be in 2030.”

1 Creating New Business Value through the Circular Economy

■ **Growth tactics**

- Develop technologies to recycle battery-derived resources
- Accumulate technological validation data and work toward the commercialization at Iwaki Technology Center
- Develop technologies to recycle waste materials and waste liquids into functional materials (e.g., cupric oxide DC)

Background: growing social needs for securing critical mineral resources

2 Expand into overseas market by leveraging the Thai subsidiary, SIAM NKS

■ **Growth tactics**

- Manufacturing of surface treatment agents and other products at the Thai subsidiary
- Capture demand in Asia
- Expand our R&D and production capacity

Background: high economic growth in Asia

3 Develop next-generation products through customer co-creation

■ **Growth tactics**

Chemicals business

- Develop next-generation product, including items for electronic parts
- Enhance the performance of Surface Treatment Agent

Building materials business

- Develop disaster-resilient building material products

Background: growing demand for functional materials as well as needs for decarbonization, disaster prevention, and construction efficiency

Core Growth Enablers

- Active investment
- Funding primarily through the balance sheet
- Strengthening human capital

*Although profits will temporarily decline due to the termination of contract manufacturing of cathode materials and an increase in depreciation expenses, among other factors, we will continue to transform our business portfolio and develop new pillars of earnings for the future.

Contributing to the Circular Economy Through New Business Creation: Completion of Iwaki Technology Center

Forging a future in which batteries and metals gain a new lease of life.

The Center operates **as the core site** that brings our recycling vision into reality and drives new business creation with our recycling technologies as growth engines.

Iwaki Technology Center Overview



April 2026
Operation started

Approx. 3.1 billion yen
Estimated investment

Ministry of Economy Trade and Industry approves our initiative as a plan for securing stable supplies of critical minerals

- Location: Iwaki Yotsukura Core Industrial Park, Iwaki City, Fukushima Prefecture
- Full-scale validation of EV battery recycling technologies has begun.

The Center's significance to the Company

1 Secure stable resource supply

Enhance resilience of our critical minerals supply chain

Domestically circulate rare metals used in EV batteries, contributing to establishing **closed loop** recycling in Japan.

2 Concentrate strengths

Separation and refining technologies × battery materials

Integrate **advanced separation/refining technologies** and **battery material R&D**, recovering EV battery materials from black mass.

3 Starting point for long-term growth

The center as the core driver of our portfolio pivot

Broaden from the existing metal recycling to **battery recycling**, aiming to **boost sales and profit in the medium-to-long term**.

Roadmap for commercialization

2024– Build R&D pilot plant

FY2026–2028 (Medium-term plan period) Develop technologies ★Technological validation begins in April 2026.

2030 Commercialize and deploy advanced functional materials

Depreciation expenditures and other expenses arise in FY2026, but this is **a strategic investment in strengthening our next-generation profitability** for the commercialization in 2030.

Developing products through customer co-creation: Launching new building material products

Launching new products engineered with proprietary technologies into the expanding eaveless house market.

1. Expanding market opportunities for eaveless houses

24.7%

One in four houses are with eaves no wider than 200mm

Reference: Flat 35 Survey on Residential Specifications (FY2023), Japan Housing Finance Agency

Rising land prices and construction costs
Homes that optimize limited space and budget are increasing.

Rising needs for simple and modern home appearances
Homes with abbreviated eaves such as cube homes are increasing.

Arising new technological challenges
Direct exposure to the elements requires water proofing, fire resistance, and ventilation, all balanced with construction efficiency.

2. Our solution: Develop products

Develop **soffit vent dedicated for eaveless houses**.



5 features successfully merged into one product

Fire-resistance	water-proof	Ventila-tion	Design	Construc-tion efficiency

Water stop flap
It provides both waterproofing and ventilation.

Connector
Enhance construction efficiency through standardization

3. Venture to develop new sales models

Expand our customer base in the building materials business through a dual approach.

Deepen B2B
Co-develop products with major homebuilders.

Widen B2C
Appeal directly to local builders and architecture and design firms nationwide.

1. **Gain recognition through digital marketing**
   Disseminate information via B2B sites and email newsletters
2. **Grow adoption through contents marketing**
   Promote product awareness through dedicated websites and product reports
3. **Focus more on proposing effective solutions to customers' challenges**
   Enhance sales propositions and contents

Steps to business expansion

Co-develop products with major homebuilders through OEM

October 2026: Launch our proprietary product TM5N, disseminating and embedding information across Japan

Core concept
Deliver a safe and secure home life through reliable features

Make proprietary product proposals by drawing inspiration from market trends: **Stay ahead of the structurally shrinking new homebuilding market to grow our building materials business through innovative proposals.**

FY2026 First Half Financial Results

01 FY2026 First Half Results

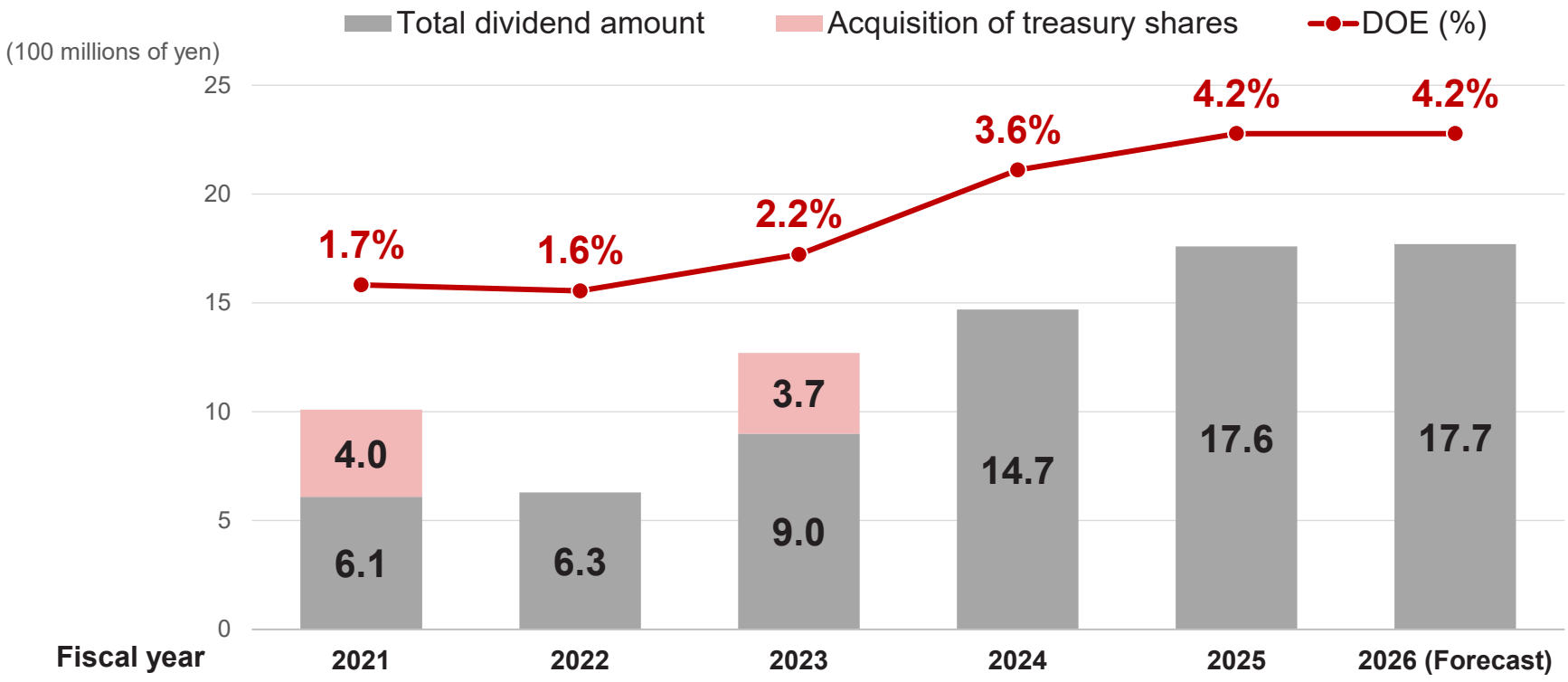
02 Shareholder Returns

03 FY2026 Financial Forecast

Shareholder Returns

Dividend Policy

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



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

Shareholder Returns

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.

Eligible Shareholders

Shareholders recorded on our shareholder register as of the end of March and the end of September of every year who own at least **300 shares (3 trading units)** or more of our company stock.

Shareholder Benefits

Shares Held	Holding Period*	Benefit
300 shares or more	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

*The period during which shareholders holding 300 shares or more have been continuously recorded under the same shareholder number in the shareholder register as of the end of March, June, September and December. The holding period is determined retroactively from the record dates (end of March and end of September).

Distribution Schedule

Benefits will be sent out **twice a year**, with the end of March and the end of September as the record dates, targeting dispatch **within three months** thereafter.

FY2026 First Half Financial Results

01 FY2026 First Half Results

02 Shareholder Returns

03 FY2026 Financial Forecast

FY2026 Financial Forecast

During the interim consolidated accounting period of the fiscal year ending March 31, 2027, the Chemicals Business performed well, driven by increased AI-related demand for products for the electronics industry, a key market segment, as well as higher non-ferrous metal prices.

Although contract manufacturing of battery cathode materials ended in August this year as originally scheduled, demand in both the Chemicals and Building Materials businesses is expected to remain robust. Accordingly, full-year results are expected to exceed the previously announced earnings forecast (announced on May 14, 2026), and we have revised our forecast as follows.

FY2026 Financial Forecast

Net sales: ¥29,830 million (+¥1,190 million / +4.2% vs. previous forecast)

Operating income: ¥1,800 million (+¥490 million / +37.4% vs. previous forecast)

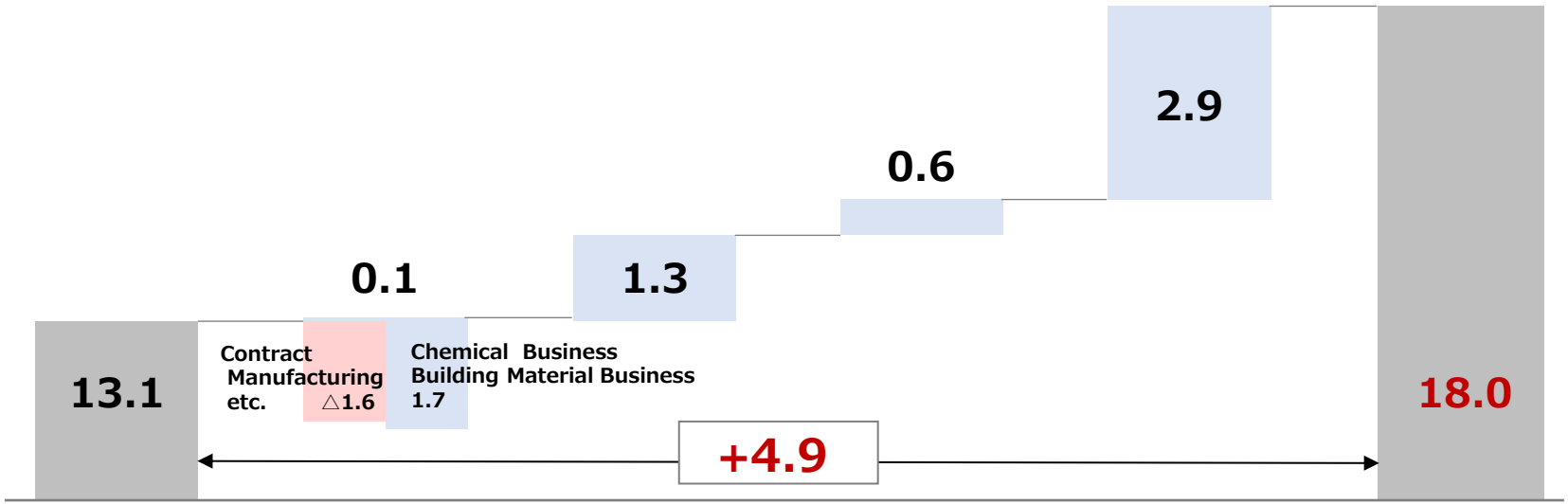
FY2026 Financial Forecast (Revised)

Net Sales: 29.8billion yen (Compared to the P.Y. +4.2%)

Operating Income: 1.8billion yen (Compared to the P.Y. +37.4%)

Analysis of increase/decrease in operating income
(Compared to the previous forecast)

(100 millions of yen)



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.

日本化学産業
NIHON KAGAKU SANGYO