



# **SAKAI CHEMICAL INDUSTRY CO., LTD.**

## **Financial Results Presentation for the Fiscal Year Ended March 31, 2026 - Progress of the Medium-Term Management Plan -**

**May 25, 2026**

# Introduction

Final Fiscal Year of the Medium-Term Management Plan “Transformation: BEYOND 2030”

Operating profit for FY03/27, the final fiscal year of the medium-term management plan “Transformation: BEYOND 2030,” is projected to fall significantly short of the target of 9.0 billion yen.

Although the external environment has changed significantly since the formulation of the plan, the primary reason was that expansion in profit from growth businesses has taken longer than expected, which management also finds extremely disappointing.

Meanwhile, the major initiative of terminating the pigment-grade titanium dioxide business was carried out as planned, and efforts to strengthen the profitability of businesses under efficiency review and other businesses achieved results exceeding expectations.

Transformation of the business portfolio is progressing steadily.

In FY03/27, the final fiscal year of the plan, we will focus on achieving the target ROE of 8%.

# FY03/26 Results Summary

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# FY03/26 Results Summary

● YoY performance — Net sales: -3.5% / operating profit: +5.9%

Net sales declined primarily because of reduced sales volumes in businesses under efficiency review.

Operating profit increased as declines in growth businesses were covered by stable businesses, businesses under efficiency review and other businesses.

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
<ul style="list-style-type: none"> <li>Semiconductor market remained firm (particularly for AI server-related products)</li> </ul>	<ul style="list-style-type: none"> <li>Persistent economic stagnation in China</li> <li>Sluggish Thai economy</li> <li>Shift in sunscreen market trends (Increased use of low-cost products due to the economic downturn)</li> <li>Weak demand in the domestic building materials sector</li> </ul>	<ul style="list-style-type: none"> <li>Selling price revisions</li> <li>Improved sales mix (electronic materials)</li> <li>Site consolidation completed (catalysts)</li> </ul>	<ul style="list-style-type: none"> <li>Decline in operating rate (discontinuation of the pigment-grade titanium dioxide business)</li> <li>One-time valuation loss</li> </ul>

● Versus revised forecast: Net sales -5.3% / operating profit -0.7%

Net sales were 5.3% below plan due mainly to factors including the carryover of a portion of sales to FY03/27 associated with the discontinuation of the pigment-grade titanium dioxide business.

Operating profit was generally commensurate with plan as shortfalls in growth businesses were covered by stable businesses and businesses under efficiency review.

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
<ul style="list-style-type: none"> <li>Semiconductor market remained firm (particularly AI server-related demand)</li> </ul>	<ul style="list-style-type: none"> <li>Persistent economic stagnation in China</li> <li>Shift in sunscreen market trends (from inorganic products to organic products)</li> <li>Sluggish Thai economy</li> </ul>	<ul style="list-style-type: none"> <li>Selling price revisions</li> <li>Improved sales mix (electronic materials)</li> </ul>	<ul style="list-style-type: none"> <li>One-time valuation loss</li> </ul>

# FY03/26 Results Overview (YoY, Versus Revised Forecast)

(Millions of yen)

	FY03/25 Actual		FY03/26 Actual		YoY Change		FY03/26 Revised Forecast		Versus Revised Forecast	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	84,409	—	81,447	—	-2,962	-3.5	86,000	—	-4,552	-5.3
Operating profit	6,093	7.2	6,452	7.9	358	5.9	6,500	7.6	-47	-0.7
Ordinary profit	6,279	7.4	6,545	8.0	265	4.2	6,500	7.6	45	0.7
Profit attributable to owners of parent	5,013	5.9	2,752	3.4	-2,261	-45.1	3,000	3.5	-247	-8.2
EPS	309.21 yen		176.42 yen		—		191.20 yen		—	

## YoY Comparison

## Versus Revised Forecast

Net sales	Despite sales growth in the electronic materials business, net sales declined 3.5% YoY due to lower sales volumes mainly in businesses under efficiency review and sluggish sales in cosmetic materials.	Due to progress in efficiency improvements in businesses under efficiency review and other businesses, as well as a temporary adjustment phase in the electronic materials business in the third quarter, results were 5.3% below plan.
Operating profit	Declines in cosmetic materials were covered by electronic materials, businesses under efficiency review (catalysts and barium) and other businesses, resulting in a 5.9% YoY increase in operating profit.	Declines in cosmetic materials were covered by stable businesses and businesses under efficiency review (catalysts and barium), resulting in profit generally commensurate with projections.
Net income	Profit declined due to the impact of an impairment loss recorded in the third quarter of FY03/26 for the multipurpose plant for cosmetic materials (-2,413 million yen).	Results were 8.2% below plan due to the recording of extraordinary losses related to the special career transition support program.

# FY03/27 Earnings Forecast

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# FY03/27 Earnings Forecast

- Impact on net sales from the termination of the pigment-grade titanium dioxide business will be offset by organic chemicals and other businesses.
- Despite anticipated profit growth from improved sales mix in electronic materials and increased sales volumes in organic chemicals, operating profit is expected to decline as these factors will not fully offset the impact from discontinuation of the pigment-grade titanium dioxide business.
- Net income is expected to increase due to gains on sale of fixed assets (disclosed on March 24, 2026; approximately 1.0 billion yen).

(Millions of yen)

	FY03/26		FY03/27						
	Full-year results		1H forecast		2H forecast		Full-year forecast		
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin	YoY
%		%		%		%		%	
Net sales	81,447	—	41,700	—	40,000	—	81,700	—	0.3
Operating profit	6,452	7.9	3,100	7.4	2,900	7.3	6,000	7.3	(7.0)
Ordinary profit	6,545	8.0	3,200	7.7	2,900	7.3	6,100	7.5	(6.8)
Profit attributable to owners of parent	2,752	3.4	2,800	6.7	1,600	4.0	4,400	5.4	59.9

External Factors (Assumptions)		Internal Factors (Assumptions)	
Positives	Negatives	Positives	Negatives
<ul style="list-style-type: none"> <li>• Favorable semiconductor market conditions driven by strong AI-related demand</li> <li>• Thai economy has bottomed out</li> </ul>	<ul style="list-style-type: none"> <li>• Persistent economic stagnation in China</li> <li>• Shift in sunscreen market trends (Increased use of low-cost products due to the economic downturn)</li> </ul>	<ul style="list-style-type: none"> <li>• Improved sales mix (electronic materials)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in fixed cost ratio</li> </ul>

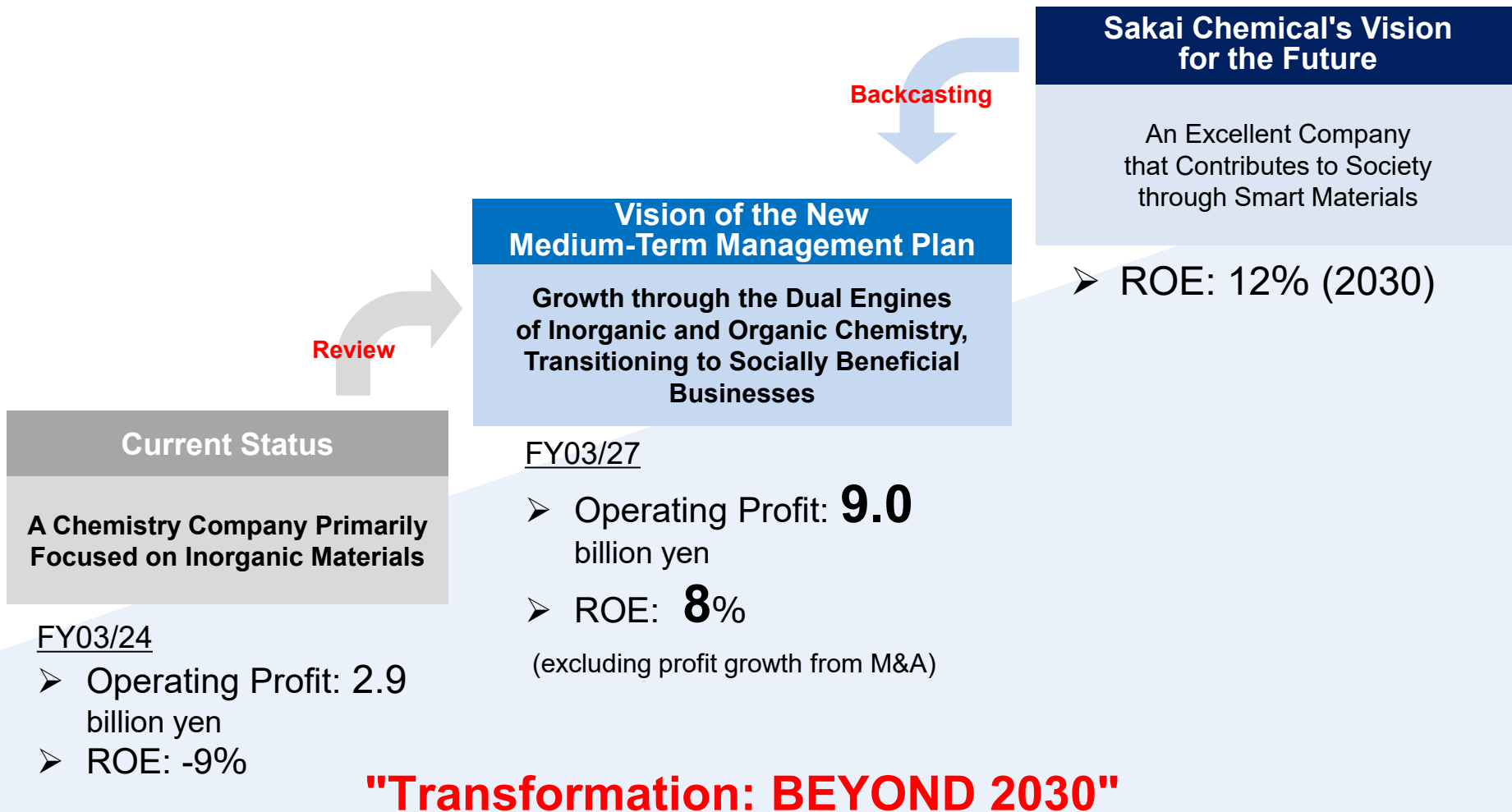
\*Due to the difficulty of predicting their impact, our projections do not reflect potential effects from reciprocal U.S. tariff policies or the situation in the Middle East.

# **Progress of Medium-Term Management Plan “Transformation: BEYOND 2030”**

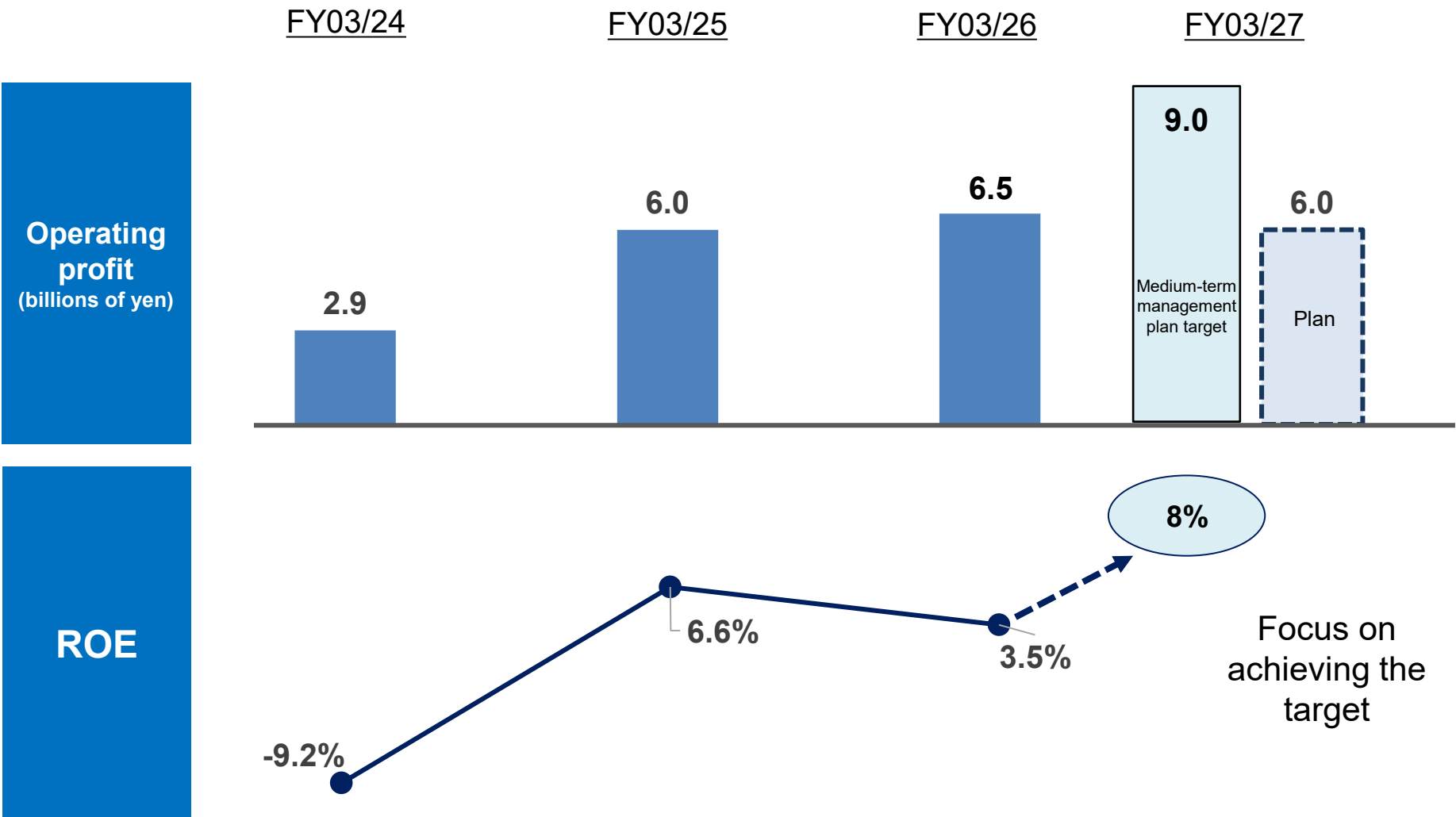
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# Positioning of “Transformation: BEYOND 2030”

Positioned as a transformation stage toward the future, focusing intensively on shifting to high-value-added products

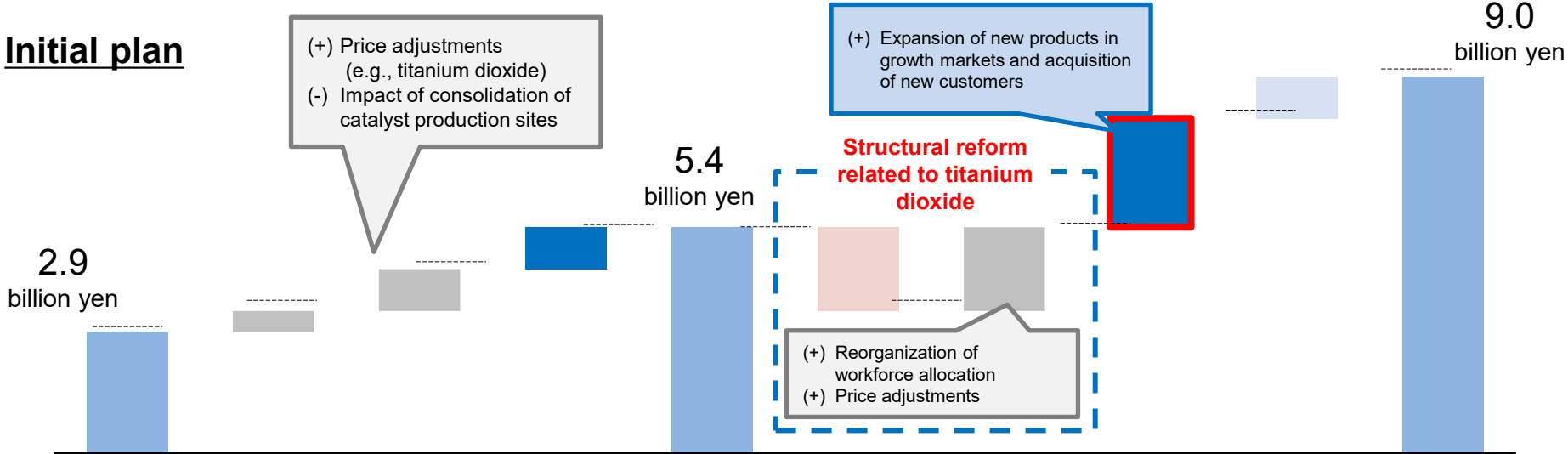


■ Focus on achieving the FY03/27 ROE target of 8% in the final year of the Medium-Term Management Plan



# Progress of Medium-Term Management Plan “Transformation: BEYOND 2030”

## Initial plan



Progress	(1)	(2)	(3)	Year one	(4)	(5)	(6)	(7)	Year two	Year three
FY03/24 Actual	Depreciation, etc.	Improvements in businesses under efficiency review	Capturing market recovery in growth businesses	FY03/25 Actual	Impact of ending pigment-grade titanium dioxide business	Improvements addressing increased fixed cost ratios	Capturing market recovery in growth businesses	Increase in profit from stable businesses	FY03/26 Actual	FY03/27 Plan

FY03/25 (Year one)	In line with plan	Exceeded expectations	Some projections unmet	6.1 billion yen	—	—	—	—	—	—
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Self-assessment (○: On track; △: Slightly delayed; ▲: Not achieved)

FY03/26 (Year two)	—	Improvements impacting performance throughout the year	Deterioration of the external environment for cosmetic materials	—	Proceeding as planned	Review of workforce allocation	Electronic materials ○ Cosmetic materials ▲ Organic chemicals △	Proceeding as planned	6.5 billion yen	—
FY03/27 (Year three)	—	Progress toward building stable businesses as an earnings base	—	—	—	Special career transition support program	Initiatives to improve profitability of cosmetic materials	Proceeding as planned	—	6.0 billion yen



# Divergence from “Transformation: BEYOND 2030”

## Expansion of profit in growth businesses remains a future challenge

Business & Companywide expenses	Operating profit for FY03/27				Comments (Including businesses under efficiency review within stable businesses)
	Former initial plan	*Revised initial plan A	FY03/27 plan B	Difference B-A	
	100 million yen	100 million yen	100 million yen	100 million yen	
Growth businesses	57	65	30	-35	<ul style="list-style-type: none"> <li>Electronic materials: Generally in line with plan</li> <li>Cosmetic materials: Fell significantly short of plan</li> <li>Organic chemicals: Fell short of plan in pharmaceutical API intermediates</li> </ul>
Stable businesses	27	39	40	1	<ul style="list-style-type: none"> <li>Businesses under efficiency review: Successfully achieved profitability</li> <li>Stable businesses: Successfully achieved profitability and expanded sales to new customers</li> </ul>
Medical	2	2	-2	-4	<ul style="list-style-type: none"> <li>Fell short of plan due to the impact of NHI price revisions on mainstay products</li> </ul>
Others	4	7	15	8	<ul style="list-style-type: none"> <li>Improved profitability of unprofitable products, etc.</li> </ul>
Companywide expenses	0	-23	-23	0	<ul style="list-style-type: none"> <li>Controlled companywide expenses through personnel planning and other measures</li> </ul>
<b>Total</b>	<b>90</b>	<b>90</b>	<b>60</b>	<b>-30</b>	

\*Revised initial plan represents approximate figures before allocation of companywide expenses, revised due to segment changes implemented in FY03/25.

## Results and Challenges of Key Initiatives under “Transformation: BEYOND 2030”

Transformation  
01

## Realigning our business portfolio toward high-value-added products

- Expand sales and profits in growth businesses through investment in electronic materials, cosmetic materials, and organic chemicals, and grow businesses through M&A while determining the most suitable ownership for each business
- Make future investments for the next medium-term management plan (including cosmetic materials)
- End the pigment-grade titanium dioxide business

## Year-two results

- Established a path toward transforming businesses under efficiency review and other businesses into cash-generating businesses

Operating profit of the businesses under efficiency review and other businesses (billions of yen)	FY03/24 Actual	FY03/27 Plan	Difference
Plastic additives	0.7	1.2	0.5
Catalysts	0.3	0.7	0.4
Barium	0.2	0.7	0.5
Others	0.7	1.5	0.8
Total	1.9	4.1	2.2

\*Excluding titanium dioxide and zinc products

- Exit from the pigment-grade titanium dioxide business completed as scheduled

## Future challenges

- Expand earnings from growth businesses  
→ Return the cosmetic materials business to a growth trajectory

Operating profit (billions of yen)	Former initial plan	Revised initial plan	FY03/27 Plan	Difference
Growth businesses	5.7	6.5	3.0	-3.5
Stable businesses	2.7	3.9	4.0	0.1
Businesses under efficiency review	—	—	—	
Medical	0.2	0.2	(0.2)	-0.4
Other	0.4	0.7	1.5	0.8

- Advancement of business portfolio management  
→ Continue business portfolio transformation with an awareness of capital costs and enhance communication with the capital markets

## Results and Challenges of Key Initiatives under “Transformation: BEYOND 2030”

Transformation  
02**Achieving ROE that exceeds capital costs and improving PBR**

- Manage cash flow and reduce assets through the sale of underutilized fixed assets
- Improve capital efficiency through active investments, including M&A in growth businesses, and shareholder returns

## Two-year results

- Achieved improvements in asset efficiency ahead of schedule

	Cumulative targets for the Medium-Term Management Plan period	Actual or plan	Notes
CCC reduction	180 days or less	178 days	Second-year result
Working capital reduction	(7.0 billion yen or more)	(8.9 billion yen)	Second-year result
Expansion of shareholder returns	Total of 8.0 billion yen or more	Approximately 9.4 billion yen (117%)	Three-year cumulative plan
Sale of assets	—	Investment securities: approximately 1.5 billion yen Fixed assets: approximately 1.6 billion yen	Second-year result

- Growth investments executed largely as planned

## Future challenges

- Further improvement of ROE and P/B ratio  
→ Further promote business portfolio transformation and continue improving capital efficiency while balancing growth investments and shareholder returns
- Achieve profit growth through proactive investment in growth businesses, including M&A

## Results and Challenges of Key Initiatives under “Transformation: BEYOND 2030”

Transformation  
03**Rebuilding the management foundation through materiality promotion and accelerating non-financial initiatives**

- Ensure thorough measures to prevent recurrence of quality and safety issues
- Implement initiatives for human capital management as a source of growth

■ Strengthening awareness regarding preventive safety and implementing effective human capital strategies remain key ongoing challenges

Materiality	KPI	Self-assessment	Progress / future action
(1) Contribute to people's well-being	Major labor incidents: Zero cases	△	Although an accident requiring leave of at least four days occurred, we have completed all necessary response and prevention measures. We will continue to work on strengthening awareness regarding preventive safety.
	Engagement improvement	△	The third-party evaluation score improved by 1.0 point (63.4 → 64.4 [Target/Chemical industry average: 66.4]) Visualized issues through third-party surveys and promoted highly effective improvement measures in each division through reviews of rank-based training and factor score analysis.
	Promotion of diversity	○	To achieve diversity goals set for FY2030, we have defined intermediate milestones aligned with our current Medium-Term Management Plan targets. To facilitate achievement of these milestones, we are currently implementing recruitment, talent development, and policy reforms.
(2) Protect the global environment	Reduction in CO2 emissions	○	We have achieved a 31% reduction in Scope 1 and 2 emissions relative to FY2013 levels. Meanwhile, we plan to steadily undertake efforts aiming to improve visibility and data accuracy for Scope 3 emissions.
	Major compliance violations: Zero cases	○	We will continue closely monitoring changes in specific environmental variables through routine scheduled checks.
(3) Address social challenges through manufacturing	Launch of Smart Material products	○	Under the Smart Material certification system, we promoted product development that balances solutions to social issues with profitability. Three products—Lumate, Multihol, and the SZR series—were certified as Smart Materials. We will pursue sustainable growth and enhancement of corporate value through expansion of high-value-added products.
(4) Build a transparent and strong management structure	Major compliance violations: Zero cases	○	Through ongoing compliance training and educational initiatives, we will sustain efforts aiming to raise organizational awareness and uphold ethical standards.

Self-assessment (○: Achieved; △: Not achieved or in progress)

### Year-two progress

- **Dielectrics:** ○  
Growing demand for high-end products primarily for next-generation consumer smartphones and AI-related applications
- **Dielectric materials:** ○  
As with dielectrics, growing demand for high-end products primarily for next-generation consumer smartphones and AI-related applications requiring high-quality materials

### Profit growth measures

- **Keys toward expanding earnings under competitive conditions**  
  - Considering capital investment to increase production of high-end products for both dielectrics and dielectric materials
  - Expand market share through development and high-value-added products in response to changes in the MLCC market

(Millions of yen)

Industry environment analysis (MLCC market)	
Market	<ul style="list-style-type: none"> <li>Market trends move in strong alignment with those in the semiconductor industry</li> <li>Demand continues to expand (currently driven particularly by strong AI-related demand)</li> <li>Ongoing trend toward miniaturization in the MLCC market, with rising demand for thinner dielectric layers and higher multilayer integration</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Dielectrics: External suppliers and in-house manufacturers</li> <li>Dielectric materials: several companies</li> </ul>
Sakai Chemical	<ul style="list-style-type: none"> <li>Capable of supplying both base dielectric compounds and application-ready dielectric materials</li> <li>Dielectrics: Utilization of a hydrothermal synthesis method suited to thinner-layer and multilayering needs</li> <li>Dielectric materials: extensive product lineup and high market share</li> </ul>

	FY03/26		FY03/27 Plan		Change	Ratio
	Amount	%	Amount	%	Amount	%
Sales	11,377	—	11,500	—	123	1.1
Operating profit	1,816	16.0	2,400	20.9	584	32.2

- In FY03/27, strong AI server-related demand continuing from FY03/26 is planned to offset the projected decline in smartphone applications and other areas.
- Business progress generally proceeding as planned against the initial profit plan.

Self-assessment (○: On track; △: Slightly delayed; ▲: Not achieved)

## Year-two progress

- **Sunscreen agents:** ▲  
In addition to declining sales volumes in the Chinese and US markets, our products are struggling due to cost-cutting trends and increased adoption of organic materials driven by their falling prices.
- **Makeup products:** △  
Replacement from MPB itself, as well as from silica materials that have been leading alternatives to MPB, is progressing more slowly than expected.  
(microplastic beads [MPBs])

## Profit growth measures

- **Keys toward expanding earnings under competitive conditions**  
**Fully leveraging our strengths in powder processing technology to swiftly promote new sales expansion and product PR**
- **Sunscreen agents**
  - Existing: Deepen adoption pipelines with major overseas manufacturers
  - New: Expand initiatives targeting mid-tier cosmetics manufacturers and local manufacturers in China, India, and other markets
- New value propositions through hybrid formulations with organic UV absorbers
- **Makeup products**
  - Promote as a unique material that combines safety and a mineral-oriented approach, while also offering skincare functionality as an added value

### Industry environment analysis (sunscreen market)

- Market**
- The sunscreen market is expected to continue growing
  - Japanese cosmetics manufacturers had been struggling but are showing signs of recovery  
**[Short term]**
  - Globally inflationary trends continuing, with an increasing emphasis on cost-consciousness
  - The shift from organic materials to inorganic materials is progressing more slowly than expected  
**[Medium to long term]**
  - Shift toward inorganic materials that are friendly to both people and the environment
  - Increasing demand for ultrafine zinc oxide, an inorganic material effective for UVA protection (rising anti-aging demand)

- Competitors**
- Only a handful of manufacturers produce high-quality inorganic materials
  - New organic UV absorbers expected to receive FDA approval

- Sakai Chemical**
- Powder processing technology (major strengths in particle refinement and quality stability)
  - Increasing adoption of our ultrafine zinc oxide and applicable products among major overseas manufacturers

Self-assessment (○: On track; △: Slightly delayed; ▲: Not achieved)

(Millions of yen)

	FY03/26		FY03/27 Plan		Change	Ratio
	Amount	%	Amount	%	Amount	%
<b>Sales</b>	1,720	—	2,000	—	280	16.3
<b>Operating profit</b>	(437)	(25.4)	(400)	(20.0)	37	—

- FY03/27 will be a period of laying the groundwork for profit growth, with full-scale results expected from the next Medium-Term Management Plan onward.
- Due to slower-than-expected changes in materials used in the cosmetics market, FY03/27 operating profit is expected to fall short of the target.

### Year-two progress

#### Organic sulfur compounds: ○

Materials for eyeglass lenses remained firm.  
Multhiol, a new product, also began gradually contributing to profits for adhesives used in electronic materials such as smartphones.

#### Pharmaceutical APIs and intermediates: △

Existing core contract manufacturing products are struggling due to worsening competitive conditions at clients and the impact of patent expirations. New inquiries, including CDMO-related projects, are being received, but securing projects is expected to take time.

### Profit growth measures

#### ■ Keys toward expanding earnings under competitive conditions

- Organic sulfur compounds  
For both eyeglass lens materials and adhesive applications, strengthening production systems to meet increasing demand

- Pharmaceutical APIs and intermediates  
Building on the trust established through our strong CMO track record, expand sales while continuing to strengthen our CDMO framework and build a track record in this area

(Millions of yen)

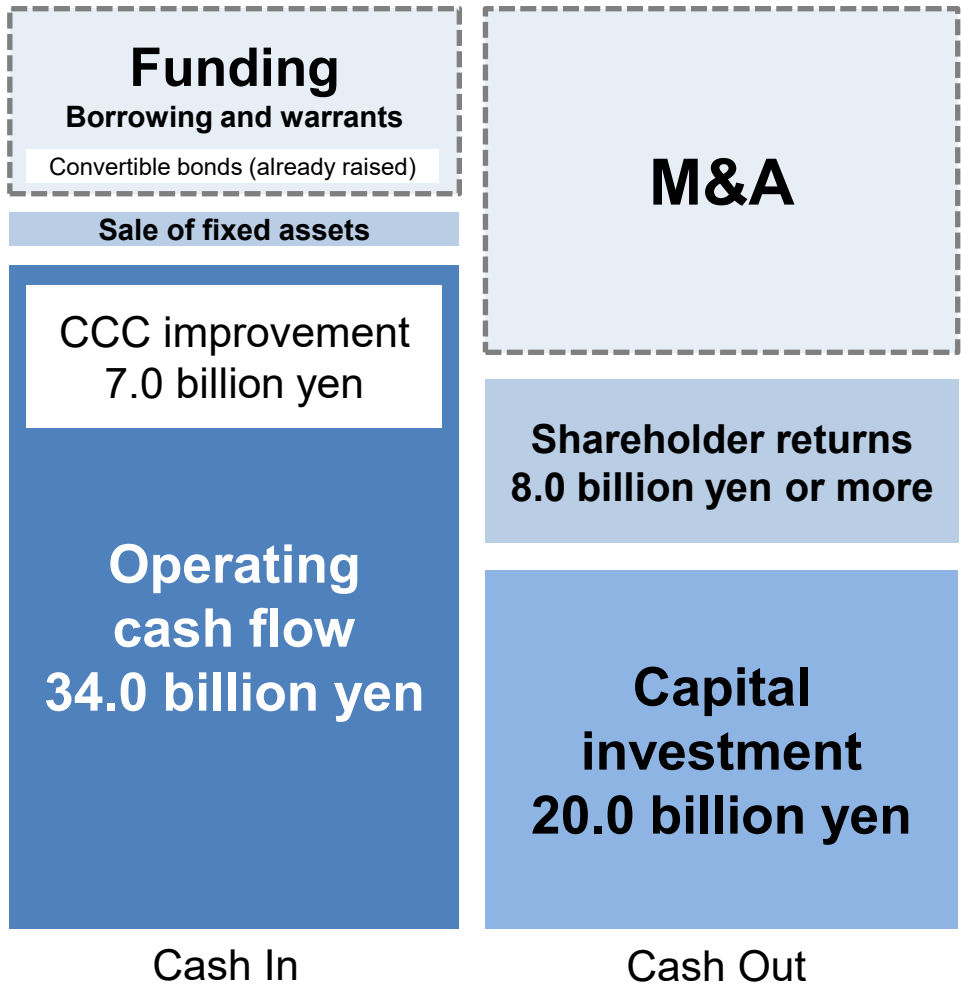
Industrial environment analysis	
	Organic sulfur compounds
	Pharmaceutical APIs and intermediates
Market	<ul style="list-style-type: none"> <li>• For eyeglass lenses Growing myopic population ⇒ Growth in demand for high-refractive-index lenses</li> <li>• For adhesives used in electronic materials, etc. Miniaturization and higher functionality of electronic devices ⇒ Improved performance requirements for adhesives used</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Major pharmaceutical companies strategically narrowing allocation of development resources toward core priorities ⇒ Outsourcing of development processes</li> <li>• Geopolitical risks associated with API production ⇒ Return to domestic API manufacturing</li> </ul>
Sakai Chemical	<ul style="list-style-type: none"> <li>• Few manufacturers are capable of handling organic sulfur compounds</li> <li>• Large number of well-established early-mover manufacturers</li> <li>• Sole supplier in Japan for eyeglass lens applications</li> <li>• Technological capabilities for handling organic sulfur compounds</li> <li>• Extensive experience as a contract manufacturer (CMO) for leading pharmaceutical companies</li> </ul>

	FY03/26		FY03/27 Plan		Change	Ratio
	Amount	%	Amount	%	Amount	%
Sales	7,185	—	8,000	—	815	11.3
Operating profit	721	10.0	1,000	12.5	279	38.7

- In FY03/27, organic sulfur compounds are expected to remain firm as in the second year, while the competitive environment for pharmaceutical API intermediates is expected to remain challenging.
- Due to a greater-than-expected deterioration in the competitive environment for pharmaceutical API intermediates, operating profit for FY03/27 is expected to fall short of the target.

Self-assessment (○: On track; △: Slightly delayed; ▲: Not achieved)

[3-Year cumulative] Allocate cash generated from profit, CCC improvement, and asset sales to capital investment, shareholder returns, and M&A



### Shareholder Return Policy

- Target dividends exceeding previous levels, aiming for a DOE of 3%
- Implement flexible share buybacks

### Capital Investment Plan

Investment Type	Percentage
Renewal investments (Including restructuring investments)	58%
Growth investments	42%

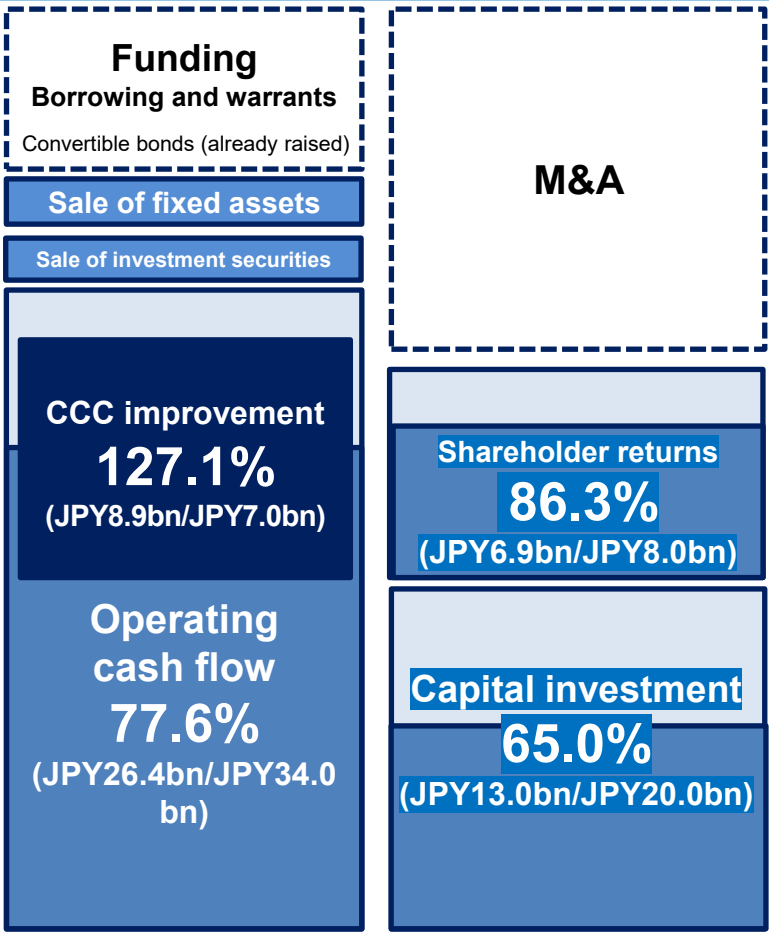
- Growth investments will focus on production expansion in growth businesses (electronic materials, cosmetic materials, and organic chemicals)



### Year two progress summary

**Both cash inflow and outflow outcomes were more favorable than expected**  
 (Inflow: Progress exceeded plans due to monetization centered on businesses under efficiency review, improvements in the cash conversion cycle, asset sales, and other factors)  
 (Outflow: Certain capital investments reviewed, while shareholder returns exceeded the initial plan through dividends and share repurchases)

- **Funding**  
No large-scale borrowings or capital increases
- **Sale of non-current assets**  
Sale of affiliated company’s Tokyo office (approximately 1.6 billion yen)
- **Sale of investment securities**  
Sold approximately 0.2 billion yen in the second year; cumulative total of approximately 1.5 billion yen
- **CCC improvement**  
Successfully reduced inventories and shortened accounts receivable turnover periods, reducing working capital by approximately 8.9 billion yen
- **Operating CF**  
Significant progress in improving the cash conversion cycle, with progress rate reaching 77.6%



- **M&A**  
Continuing review efforts while focusing on growth businesses
- **Shareholder returns**  
CCC progressed ahead of plan  
Dividend increase: 130 yen/share ⇒ 145 yen/share  
Share buyback: 2.5 billion yen  
Implemented shareholder returns totaling approximately 6.9 billion yen
- **Capital investment**  
In line with plan  
【Growth investments】  
Executed investments as planned for organic chemicals/pharmaceutical APIs and intermediates and cosmetics materials/makeup materials applications  
【Renewal/restructuring】  
Executed investments aimed at consolidating and streamlining catalyst business production sites; projects for which plans were partially revised are scheduled for implementation from FY03/27 onward



■ Cash conversion cycle target: 180 days or less

Target cumulative three-year cash flow generation of 7.0 billion yen on a monetary basis

⇒ **In FY03/26, CCC was 178 days (reduced by 38 days compared with FY03/24)**

**Cumulative operating cash flow over the two-year period generated JPY8.9bn, achieving the medium-term management plan target ahead of schedule.**

	Unit	FY03/24	FY03/25	FY03/26	Change (FY03/24 ↔ FY03/26)
Trade receivables turnover period	Days	130	115	111	-19
Inventory turnover period	Days	126	115	106	-20
Accounts payable turnover period	Days	40	37	38	-2
<b>CCC</b>	<b>Days</b>	<b>216</b>	<b>194</b>	<b>178</b>	<b>-38</b>
<b>Working capital</b>	<b>JPYbn</b>	<b>49.2</b>	<b>45.4</b>	<b>40.3</b>	<b>-8.9</b>

Calculation formula: Working capital ÷ sales × 12 months (6 months) × 30 days

### Our Actions

- Trade receivables: Shorten collection period
- Inventory: Reassess appropriate inventory levels and reduce inventory quantities

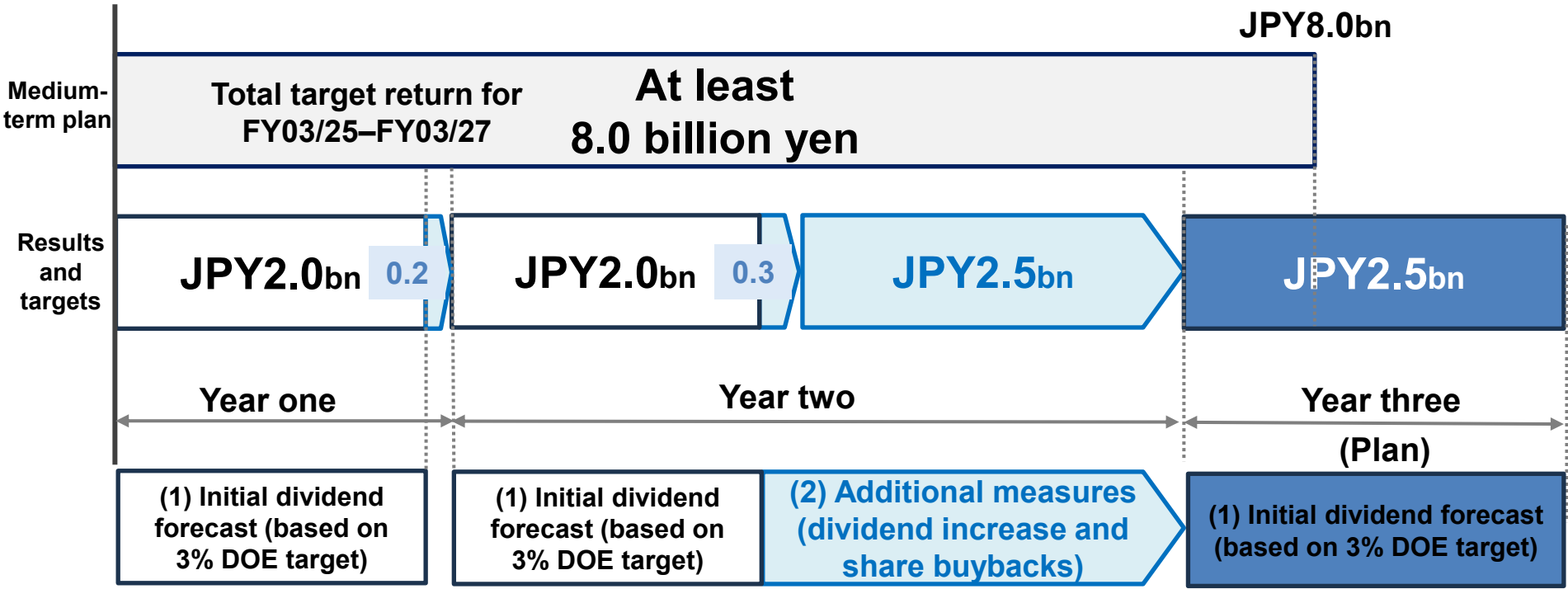
# Progress of Medium-Term Management Plan “Transformation: BEYOND 2030” Shareholder Returns

■ Total shareholder returns over the three-year period are expected to reach approximately 9.4 billion yen, significantly exceeding the medium-term plan target of 8.0 billion yen.

## 【Policy on Shareholder Returns】

No changes to the basic policy: implementation of total shareholder returns of 8.0 billion yen or more during the Medium-Term Management Plan period (FY03/25–FY03/27)

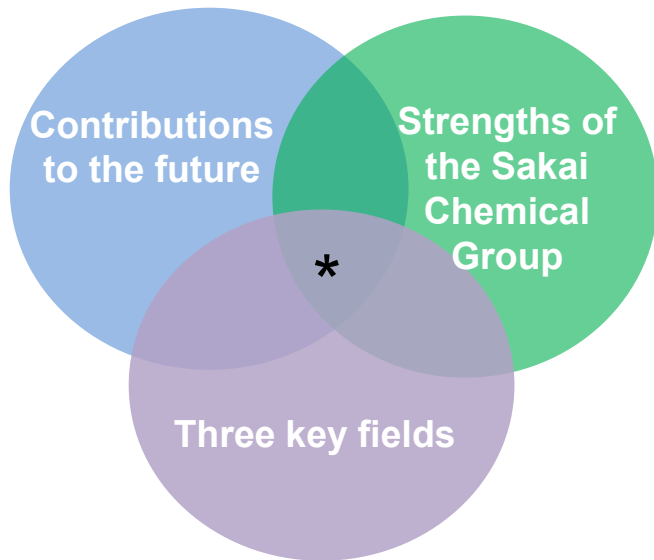
- (1) Pay stable dividends while maintaining a DOE benchmark of 3%
- (2) While monitoring business performance and **remaining mindful of our target ROE**, consider additional measures such as dividend hikes and share buybacks



## Smart Material Development and Early Commercialization

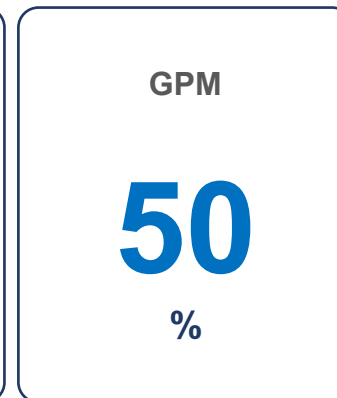
### \* Smart Material

→ Products and services that **transform the future** by leveraging the strengths of the Group



- (1) Environment & Energy
- (2) Life Sciences & Healthcare
- (3) Electronics

### FY2030 targets



## ■ Inorganic Phosphors: Lumate Series (Cosmetic Materials segment)

**Market demand**

Materials capable of enabling “new functions and behaviors not seen before” are required.



**Customer value provided**

Target: skincare cosmetics  
Function: Not only cuts ultraviolet rays but converts them into visible light, resulting in improved skin tone and a brightening skin effect



**Strengths utilized**

**Powder Processing Technology**  
Deployed processing technologies cultivated in industrial applications to cosmetics applications



- Enhance skin tone correction when applied to the skin while providing a brightening effect
- High points such as the bridge of the nose are illuminated, creating a natural highlighting effect
- Can be used in face powders, foundations, eye shadows, and other cosmetic products

■ A distinctive product handled exclusively by our Company, with expansion into overseas markets also being pursued

# Progress of Medium-Term Management Plan “Transformation: BEYOND 2030” Smart Material (Research and development initiatives)

## ■ Multhiol Series (Organic Chemicals segment)

**Market changes**  
Due to the increasing sophistication of electronic devices, components mounted in them are becoming smaller and higher in performance, driving growing demand for enhanced functionality in adhesives used during assembly.



**Customer value provided**  
Target: electronic device adhesives  
Function: provide high adhesion, moisture resistance, and impact resistance, supporting electronic device manufacturing and long-term use



**Strengths utilized**  
**Organic Synthesis Technology**  
Applied technology for handling organic sulfur compounds and revised the structure of existing products

Market changes	Emerging challenges	Property requirements
Miniaturization	Secure small components within a narrow bonding area	High adhesion
Higher performance	Protect high-performance components from heat generated during bonding	Lower bonding temperature
Multi-functionality	Enable longer-term use of high-value electronic devices	Improved impact resistance and moisture resistance

■ Actively advancing preparations toward mass production



\* Illustration of smartphone camera module structure

## ■ Zirconium Oxide Dispersion SZR Series (Barium segment)

● Effectiveness of SZR

**Market changes**

As the myopic population grows and eyeglasses become increasingly widespread, demand is rising for eyeglass lenses that are thin, provide clear vision, and are durable (scratch-resistant).

**Customer value provided**

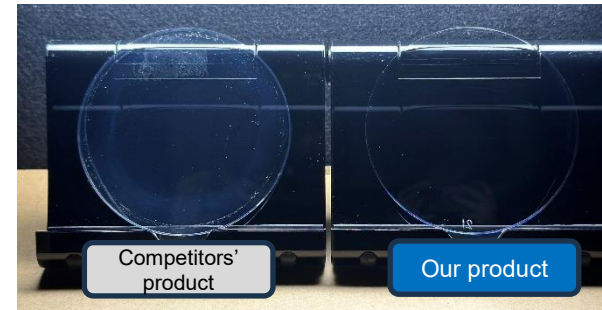
Target: eyeglass lenses  
Function: achieve higher refractive index and hard coating while maintaining lens transparency

**Strengths utilized**

**Powder Processing Technology**  
Utilized the new material zirconium oxide and enabled supply in dispersion form.

Key functions required for eyeglass lenses		SZR
Item	Details	
Refractive index adjustment	Supports myopia and hyperopia	●
Lens durability	Scratch resistance	●
Eye protection	UV protection / blue light protection Contrast adjustment (polarized lenses)	
Transparency	Clear vision Anti-reflection treatment for lens front, back, and side surfaces	●
Maintenance	Anti-soiling, water-repellent, and dust-resistant properties	

■ Continue expanding sales and strengthening mass production capabilities



# Looking Ahead

Finally, the key issue we have reaffirmed through this Medium-Term Management Plan is how to strengthen our “earning power” through our business and generate profits.

To that end, we will continue to advance business portfolio transformation while leveraging powder processing technology and other capabilities cultivated since our founding, and provide the market with uniquely original materials and services.

Asset compression and cash flow improvements have already delivered certain results in enhancing asset efficiency; we will aim for further improvement while remaining mindful of capital costs and monitoring the balance between growth investments and shareholder returns.

## Reference: FY03/26 Financial Results Presentation Materials

- For detailed information regarding the FY03/26 financial results, please refer to the presentation materials from the briefing held on May 13 (hover over the link below and click while holding the Ctrl key).



**SAKAI CHEMICAL  
INDUSTRY CO., LTD.**

**Financial Results Presentation  
for the Fiscal Year Ended March 31, 2026**

**May 13, 2026**

[TSE Prime; Securities Code: 4078]



# **We appreciate your kind attention.**

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