



SAKAI CHEMICAL INDUSTRY CO., LTD.

Third Quarter Financial Results Presentation for the Fiscal Year Ending March 2026

February 12, 2026

Key Points of This Presentation

Nine months ended December 31, 2025 (Q3 FY03/26)

- **Results generally commensurate with projections**
Declines in performance in cosmetic materials and plastic additives were offset by increased sales volumes in electronic materials and other businesses
- Sales declined YoY, while profit expanded 14.7%
Electronic materials continued to perform well, and in other businesses, selling price revisions and sales volume growth were seen
- In the third quarter of the fiscal year ending March 2026, impairment losses of 2.4 billion yen were recorded for cosmetic materials

FY03/26 full-year forecast

- **In line with the plan at the beginning of the fiscal year, operating profit is expected to be 6.5 billion yen**
Although growth in performance from cosmetic materials has been sluggish, electronic materials and other businesses are driving profits
Profit attributable to owners of parent was revised downward by 2.5 billion yen due to impairment losses

Shareholder returns

- No changes have been made to the basic policy of our current medium-term management plan, which calls for total shareholder returns of at least 8.0 billion yen
- The dividend was increased by 15 yen per share from the initial annual dividend target of 130 yen per share **to 145 yen per share (total dividend of 2.2 billion yen)**
- 914,000 shares of treasury stock (2.5 billion yen) were acquired, and 1.0 million shares including these have been retired

Medium-term management plan

- ROE: A temporary decline is unavoidable due to impairment losses in the cosmetic materials business, **but we will pursue all options to achieve an ROE of 8% in FY03/27**
- Operating profit: Considering external changes and delays in cosmetic materials earnings growth, **the FY03/27 plan is under review (to be disclosed in FY03/26 results)**



Impairment in the Cosmetic Materials Business

An impairment loss of 2.4 billion yen was recorded in the third quarter

- Earnings from our mainstay sunscreen materials deteriorated due to factors such as the Chinese economic slowdown
- In the medium to long term, the strategy is to pursue expansion through the two pillars of sunscreen materials and makeup materials, and the Company is currently investing in a multipurpose plant for makeup materials, which is expected to contribute to earnings under the next medium-term management plan (from the fiscal year ending March 2028 onward). As a result of conservatively estimating the achievability of the plan for both sunscreen materials and makeup materials, **impairment losses were recorded for all manufacturing facilities.**
- As the multipurpose plant is scheduled for completion in February, an additional approx. 300 million yen is expected to be recorded in the fourth quarter
- Depreciation expenses for FY03/27 are expected to decline by approx. 100 million yen

Current assessment

- While the target market for UV-blocking materials is expected to continue to grow, the current trend in sunscreens is cost-consciousness. Our core high-quality inorganic materials are experiencing sluggish growth.
 - Sluggish consumer sentiment in China, where sunscreen consumption is high, and inflation in the US also had an impact
 - Rising use of low-cost organic UV absorbers
- No further decline is expected, and the direct impact of the deterioration of Japan–China relations has not yet materialized

Measures to increase sales volume are being implemented at a rapid pace, with the aim of an early return to profitability

Review of Measures Following Impairment Losses

Review and accelerate measures to return to profitability

- Under the mission of “Chemistry for a Friendly Future,” the Company will maintain its policy of promoting inorganic materials with low environmental and human impact by leveraging its strength in advanced powder processing technology
- Continue to review sales strategies in line with sunscreen trends

① Expanding sales to overseas markets

- **Expand sales mainly in Southeast Asia and China**, where the timeframe from development to mass production is short
- **Promote the rollout of brands primarily using ultra-fine zinc oxide**, which has been adopted for the first time by major manufacturers in Europe and the US
- Sales resources have been expanded, and the overseas bases and personnel of the Group’s Sakai Trading are also being utilized

② Enhancing the lineup of volume zone products in response to changes in market needs

- To compete with low-cost organic UV absorbers that hold a high market share by material, we will review prices as appropriate while verifying profitability and enhance our competitiveness in the volume zone

③ Differentiating quality in developed and improved products and strengthening market position

- Optimize development and production systems to bring products to market in a timely manner



Considering changes in the external environment and the progress of the above initiatives, the plan for the fiscal year ending March 2027 is currently under review

Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 2026

- Despite growth in sales secured through electronic materials and other growth businesses, net sales declined 3.5% YoY due to declines in sales volumes for businesses under efficiency review
- Operating profit expanded 14.7% YoY as an improved sales mix among pharmaceutical APIs and intermediates marketed through the organic chemicals business and improved earnings and sales volumes from other businesses complemented strong performance from the electronic materials business

(Millions of yen)

	Nine Months Ended December 31, 2024		Nine Months Ended December 31, 2025		YoY Comparison	
	Amount	%	Amount	%	Amount	%
Net sales	63,567	—	61,370	—	-2,196	-3.5
Operating profit	4,679	7.4	5,367	8.7	688	14.7
Ordinary profit	4,970	7.8	5,479	8.9	508	10.2
Profit attributable to owners of parent	3,726	5.9	2,900	4.7	-825	-22.2
EPS	229.82 yen		184.88 yen			

External factors

Positives

- Recovery in the semiconductor market

Negatives

- Persistent economic stagnation in China
- Decline in domestic zinc market prices

Internal factors

Positives

- Expanded implementation of revised selling prices

Negatives

- Downturn in sales of high-value-added products (cosmetic materials)



FY03/26 Earnings Forecast

- We anticipate that the electronic materials business and other operations will offset the decline in cosmetic materials, bringing net sales **in line with initial projections**
- On the profit side, **profit attributable to owners of parent was revised downward due to impairment losses recognized in the cosmetic materials business**

Operating profit and ordinary profit are expected to be **in line with initial projections**

	FY03/25		FY03/26					
			Initial forecast			Revised forecast		
		Margin		Margin	YoY		Margin	YoY
	Amount	%	Amount	%	%	Amount	%	%
Net sales	84,409	—	86,000	—	1.9	86,000	—	1.9
Operating profit	6,093	7.2	6,500	7.6	6.7	6,500	7.6	6.7
Ordinary profit	6,279	7.4	6,500	7.6	3.5	6,500	7.6	3.5
Profit attributable to owners of Parent	5,013	5.9	5,500	6.4	9.7	3,000	3.5	-40.2

External Factors (Assumptions)

Positives

- Semiconductor market: Robust AI-related demand
- Recovery in automotive demand

Negatives

- Prolonged slowdown in the Chinese economy
- Weak demand in the domestic building materials sector

Internal Factors (Assumptions)

Positives

- Curtailment of maintenance costs

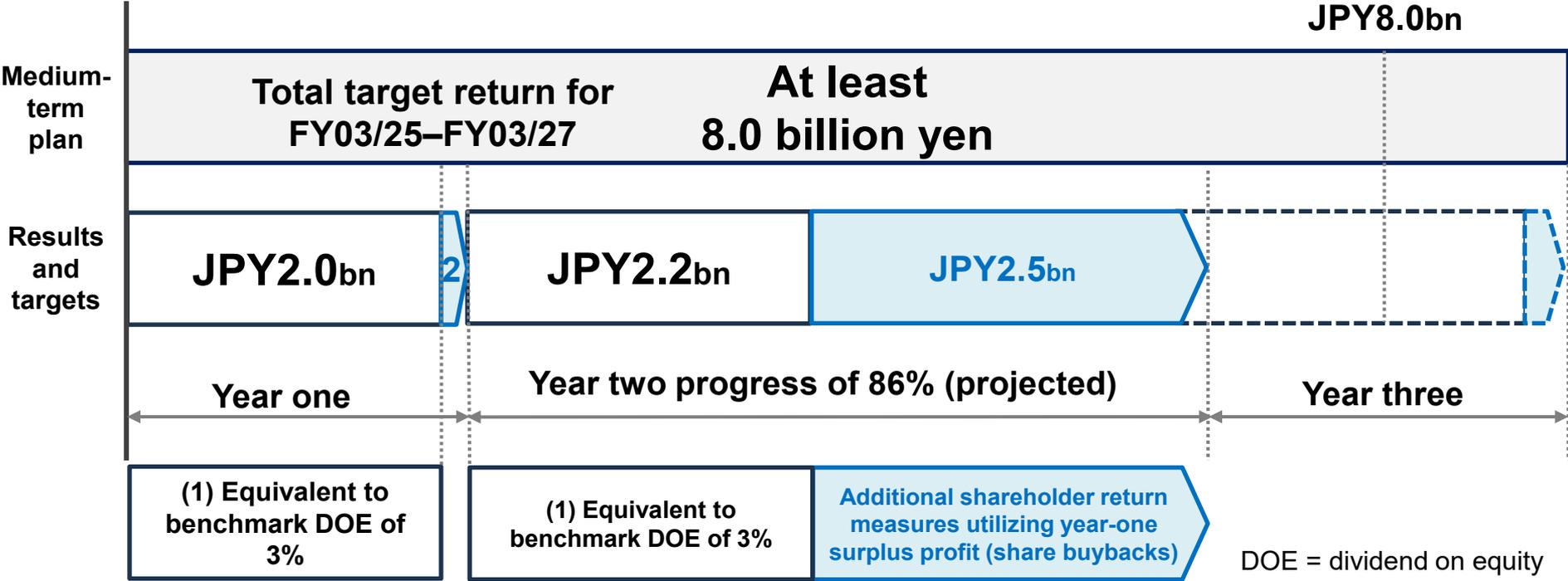
Negatives

- Decline in operating rate of production facilities

* As the impact of reciprocal US tariff policies is minor, our projections do not reflect them in the revised plan.

Shareholder Returns

- **No changes to the basic policy (implementation of total shareholder returns of at least 8.0 billion yen during the medium-term management plan period)**
 - (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
- The annual dividend was increased from 130 yen per share to **145 yen per share** (the year-end dividend is 80 yen per share, up 15 yen from the initial plan)
- Total shareholder returns amounted to **4.7 billion yen**, more than double the previous fiscal year (share buybacks of **2.5 billion yen** and dividends of **2.2 billion yen**)
- A total of 1.0 million treasury shares have been retired (including 914,000 shares acquired this fiscal year).



Reference Materials

- **Quarterly Performance**
- **Operating Profit by Segment**
- **Forecasts by Segment**
- **Balance Sheet, etc.**



Quarterly Performance

セグメント業績推移（四半期）

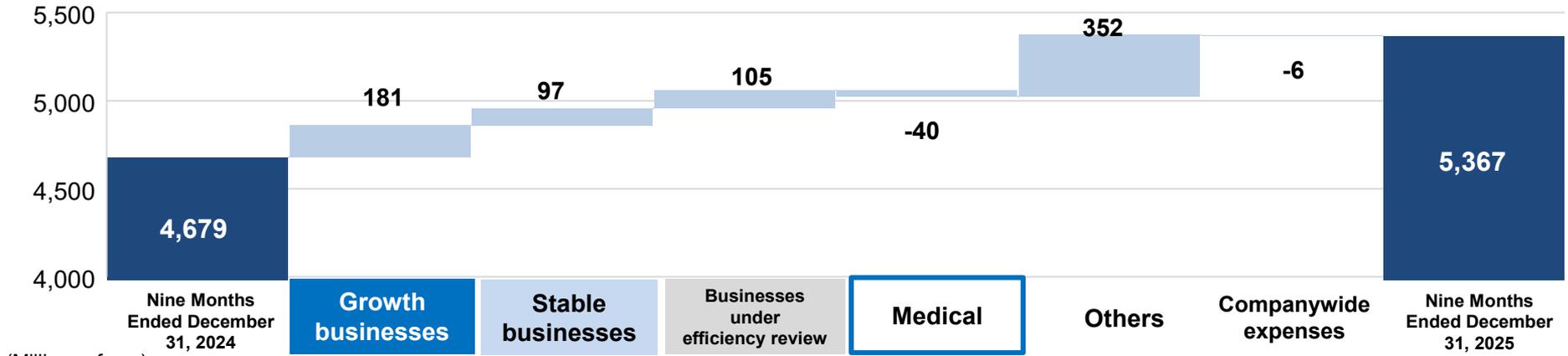
(Segment Performance Trends (Base on Quarterly))

新集計

Revised Aggregation Method

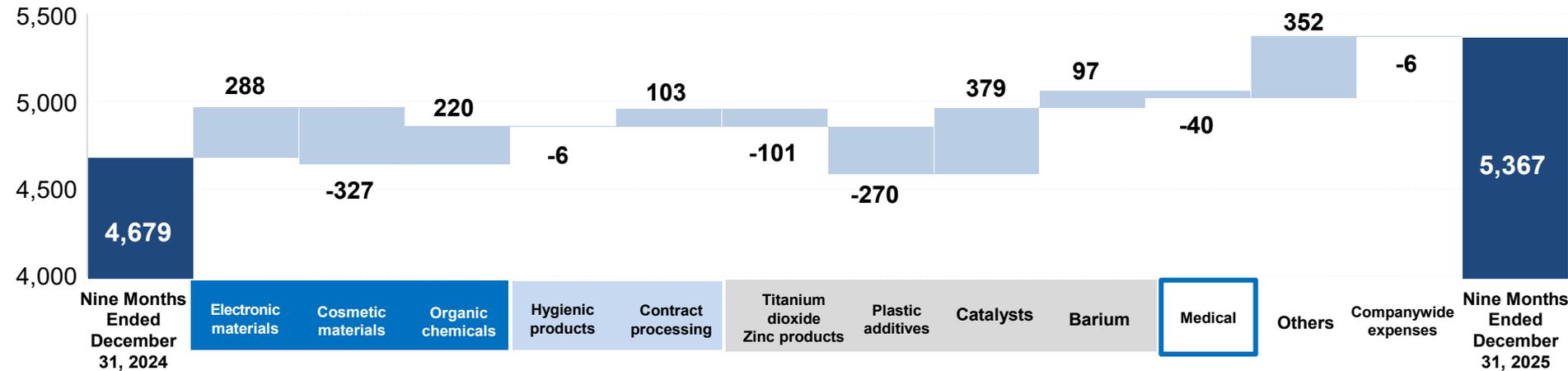
単位：百万円 (Unit: Million Yen)			25.3期 (FY 2024)				26.3期 (FY 2025)			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
電子材料	売上高	Net Sales	2,716	2,448	2,383	2,465	2,870	2,976	2,821	
Electronic materials	営業利益	Operating Profit	341	327	481	342	476	538	424	
化粧品材料	売上高	Net Sales	757	454	590	873	337	357	426	
Cosmetics Materials	営業利益	Operating Profit	85	-62	88	182	-63	-152	0	
有機化学品	売上高	Net Sales	1,953	1,230	1,437	2,016	2,121	1,692	1,613	
Organic chemicals	営業利益	Operating Profit	372	-36	151	282	459	43	206	
衛生材料	売上高	Net Sales	1,433	1,410	1,419	1,361	1,283	1,287	1,417	
Hygienic products	営業利益	Operating Profit	111	95	107	112	79	101	127	
受託加工	売上高	Net Sales	1,610	1,549	1,639	1,623	1,596	1,695	1,702	
Contract processing	営業利益	Operating Profit	179	151	166	122	171	180	248	
酸化チタン・亜鉛製品	売上高	Net Sales	3,558	3,174	3,277	3,109	2,688	2,450	2,496	
Titanium dioxide and zinc products	営業利益	Operating Profit	369	187	369	553	409	248	167	
樹脂添加剤	売上高	Net Sales	3,197	3,328	3,461	3,073	3,012	2,808	2,886	
Plastic additives	営業利益	Operating Profit	298	383	390	320	341	178	282	
触媒	売上高	Net Sales	791	882	758	754	472	748	1,222	
Catalysts	営業利益	Operating Profit	-10	103	70	-144	-3	154	392	
無機材料	売上高	Net Sales	1,247	1,628	1,130	1,168	1,341	1,291	1,317	
Barium business	営業利益	Operating Profit	207	254	328	36	289	201	396	
医療事業	売上高	Net Sales	2,126	1,871	2,581	1,741	2,097	2,258	2,224	
Medical business	営業利益	Operating Profit	-10	78	133	-226	6	65	89	
その他	売上高	Net Sales	2,476	2,320	2,719	2,653	2,313	2,649	2,888	
Other	営業利益	Operating Profit	254	143	386	386	314	410	411	
全社費用 (HQ expenses)		HQ Expenses	-603	-596	-622	-553	-574	-591	-662	
合計	売上高	Net Sales	21,869	20,299	21,399	20,842	20,136	20,216	21,017	
TOTAL	営業利益	Operating Profit	1,596	1,030	2,052	1,414	1,904	1,379	2,083	

Operating Profit by Segment (YoY Change)



(Millions of yen)

- In the growth businesses, although the recovery of cosmetic materials has been slow, electronic materials have grown, resulting in higher profits
- Improved earnings and increased sales volumes in the catalyst business, for which the consolidation of production sites has been completed, and in other businesses also contributed



Business Environment Assessment

	Segment	Assumptions for Revised FY03/26 Forecast (as of October 2025)		Current assessment (as of February)
Growth businesses	Electronic materials	Semiconductor market <ul style="list-style-type: none"> Continuously favorable AI-related demand Recovery in automotive demand 		<ul style="list-style-type: none"> Unchanged from October
	Cosmetic materials	<ul style="list-style-type: none"> Conditions in the Chinese market expected to remain challenging Weakening demand in the US market due to inflation Rising use of low-cost organic UV absorbers 		<ul style="list-style-type: none"> Unchanged from October
	Organic chemicals	<ul style="list-style-type: none"> Solid and stable conditions projected for the eyeglass lens market Acquisition of orders for contract-based manufacturing of our core pharmaceutical API/intermediate products projected to decline as competition intensifies 		<ul style="list-style-type: none"> Unchanged from October
Businesses under efficiency review	Titanium dioxide and Zinc products	Titanium dioxide	<ul style="list-style-type: none"> Ongoing influx of low-priced imports expected to prolong the state of oversupply 	<ul style="list-style-type: none"> Production of pigment-grade titanium dioxide terminated in December as planned, and sale of inventory, which had been scheduled through March, planned to be partially extended
		Zinc products	<ul style="list-style-type: none"> Domestic zinc market prices on a growth trend since around the summer 	<ul style="list-style-type: none"> Domestic zinc market prices on an upward trend since second quarter
	Plastic additives	Japan	<ul style="list-style-type: none"> Downward slide in polyvinyl chloride (PVC) market 	<ul style="list-style-type: none"> Polyvinyl chloride (PVC) market conditions remained sluggish.
		Overseas	<ul style="list-style-type: none"> Medium-to-long-term expansion in PVC market Near-term slowdown in PVC market due to sluggish Thai economy and economic conditions in China 	<ul style="list-style-type: none"> Unchanged from October
Barium	<ul style="list-style-type: none"> Sluggish performance from automotive parts and materials Strong and steady conditions in eyeglass lens market 		<ul style="list-style-type: none"> Unchanged from October 	

Forecasts by Segment (Versus FY03/25 Results)

(Millions of yen)

	FY03/25 Actual			Revised FY03/26 Forecast			Difference			
	Sales	Operating profit	OPM	Sales	Operating profit	OPM	Sales		Operating profit	
	Amount	Amount	%	Amount	Amount	%	Amount	%	Amount	%
Electronic materials	10,014	1,493	14.9	12,000	1,860	15.5	1,986	19.8	367	24.6
Cosmetic materials	2,676	293	11.0	1,700	(180)	(10.6)	-976	-36.5	-473	-161.4
Organic chemicals	6,638	770	11.6	7,500	730	9.7	862	13.0	-40	-5.2
Hygienic products	5,623	427	7.6	5,200	360	6.9	-423	-7.5	-67	-15.7
Contract processing	6,422	620	9.7	6,900	710	10.3	478	-7.4	90	14.5
Titanium dioxide and zinc products	13,118	1,479	11.3	11,900	1,270	10.7	-1,218	-9.3	-209	14.1
Plastic additives	13,061	1,393	10.7	11,500	1,000	8.7	-1,561	-12.0	-393	-28.2
Catalysts	3,186	18	0.6	3,500	570	16.3	314	9.9	552	3,066.7
Barium	5,175	826	16.0	5,400	930	17.2	225	4.3	104	12.6
Medical	8,321	(24)	(0.3)	8,600	0	0.0	279	3.4	24	-100.0
Others	10,169	1,171	11.5	11,800	1,550	13.1	1,631	16.0	379	32.4
Companywide expenses	—	(2,376)	—	—	(2,300)	—	—	—	76	-3.2
Consolidated	84,409	6,093	7.2	86,000	6,500	7.6	1,591	1.9	407	6.7

Balance Sheet Comparison

Consolidated B/S (Millions of yen)	FY03/25	Dec. 2025	Change
Cash and deposits	16,183	11,488	-4,695
Notes and accounts receivable - trade	26,997	27,682	684
Inventories	26,993	25,305	-1,688
Other	1,241	941	-299
Total current assets	71,416	65,417	-5,998
Property, plant and equipment	44,520	43,220	-1,299
Other	7,382	8,757	1,374
Total property, plant and equipment	51,903	51,978	74
Total assets	123,319	117,395	-5,923
Notes and accounts payable - trade	8,561	8,218	-343
Short-term borrowings	11,512	10,575	-937
Other	7,835	6,600	-1,236
Total current liabilities	27,910	25,394	-2,516
Long-term borrowings	7,406	5,005	-2,400
Convertible-bond-type bonds with share acquisition rights	3,000	3,000	-
Other	5,616	5,887	271
Total non-current liabilities	16,022	13,893	-2,129
Total liabilities	43,933	39,287	-4,646
Shareholders' equity	74,679	72,920	-1,758
Other	4,706	5,188	481
Total net assets	79,386	78,108	-1,277
Total liabilities and net assets	123,319	117,395	-5,923

[Key factors driving change]

• **Notes and Accounts Receivable 684 million yen (+2.5%)**

Growth in sales

• **Inventories -1,688 million yen (-6.3%)**

Compression resulting from efforts implemented to reduce inventories of products and raw materials
Inventory buildup of titanium dioxide products (impact on CCC)

• **Property, Plant and Equipment -1,299 million yen (-2.9%)**

Impairment accounting for cosmetic ingredient manufacturing facilities

• **Repayment of long-term borrowings -2,400 million yen (-32.4%)**

	End-FY03/25	End-Dec. 2025
Equity ratio	63.5%	65.6%
CCC	194 days	197 days

(CCC: Cash Conversion Cycle)



CAPEX, Depreciation, and R&D Expense: Trends

(Millions of yen)

	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26 forecast	Q3 FY03/26
CAPEX	9,567	5,967	2,658	4,024	6,945	8,000	5,341
Depreciation	4,243	4,331	4,417	4,354	3,649	4,000	2,815
R&D	2,487	2,376	2,674	2,722	2,699	2,800	2,067

Capital Investment		
FY03/26 forecast		
	Growth investment	Restructuring investment
%	Approx. 50%	Approx. 50%
Primary details	<ul style="list-style-type: none"> Organic chemicals: Establishing a CDMO framework for pharmaceutical APIs/intermediates Cosmetics raw materials: Construction of a multipurpose plant for makeup materials (scheduled for completion in February) 	<ul style="list-style-type: none"> Restructuring of the Sakai and Onahama manufacturing sites Site consolidation measures targeting improved efficiency for the catalyst business

We appreciate your kind attention.

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