



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

**Financial Results Presentation
for the Fiscal Year Ended March 31, 2025**

May 27, 2025

[TSE Prime; Securities Code: 4078]

Key Points of This Presentation

FY03/25 results

➤ Operating profit and operating profit margin both roughly doubled YoY

Profitability improved significantly for businesses under efficiency review, with particular improvement in profitability secured through titanium oxide and zinc products. This stronger profitability was attributable in part to impairment accounting, as well as selling price revisions and unprofitable product cuts implemented in line with a business portfolio transformation strategy. Regarding growth businesses, improved semiconductor market conditions fueled a recovery in the electronic materials business, which, along with selling price adjustments, helped drive sharp rises in operating profit and our operating profit margin.

FY03/26 forecast

➤ Compared to FY03/25, we project operating profit will rise approximately 500 million yen, bringing our full-year outlook to 6,500 million yen.

Despite underperformance in growth businesses, we anticipate profit growth attributable to further improvement in the efficiency of both stable businesses and businesses under efficiency review, where profitability has already expanded. Due to the unpredictable nature of their effects, we have excluded potential impact from reciprocal US tariffs from our projections.

Shareholder returns

- Our FY03/26 forecast projects we will achieve 83% of our target minimum 8,000 million yen in total shareholder returns, which is included as a fundamental policy of our Medium-Term Management Plan, by the end of the year.
- For FY03/26, we plan to pay **130 yen per share** in annual dividends, based on a DOE benchmark of 3%.
- We have also approved a **share buyback of up to 2,500 million yen or one million shares** (equivalent to 6.17% of total issued shares).

Progress of Medium-Term Management Plan

- Profitability from businesses under efficiency review exceeded expectations, **driving operating profit into the 6,000 million-yen range**.
- Capital efficiency improved as **progress toward our cash conversion cycle reduction target exceeded 50% (cycle shortened 22 days YoY, boosting cash flow by 3,800 million yen)**.
- **ROE improved from -9.2% to 6.6%, making significant progress toward our FY03/27 target of 8%.**
- Non-financial initiatives are progressing as planned.
 (Contribute to people's well-being: △ / Protect the global environment: ○)
 (Address social challenges through manufacturing: △ / Build a transparent and strong management structure: ○)
 Self-assessment (○: Achieved; △: Not achieved or in progress)

FY03/25 Results Summary

FY03/25 Results Summary

● YoY performance — Net sales: +2.8% / operating profit: +107.8%

Net sales grew modestly as selling price revisions offset sales volume declines incurred through businesses under efficiency review due to efficiency enhancement efforts. Operating profit improved significantly thanks primarily to performance gains in these businesses and a rebound in sales volume performance from electronic materials.

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
<ul style="list-style-type: none"> Recovery in the semiconductor market Improvement in domestic zinc market conditions 	<ul style="list-style-type: none"> Persistent economic stagnation in China Sluggish demand for building materials in Japan Slow movement in automotive market 	<ul style="list-style-type: none"> Selling price revisions Improvement in operating ratio (Electronic materials) Expenses down YoY due to impairment losses recognized for FY03/24 	<ul style="list-style-type: none"> One-time valuation loss

● Versus initial projections: Net sales -0.3% / operating profit +12.8%

Net sales were roughly commensurate with projections as we prioritized pricing-led efficiency improvements over sales volume. Operating profit exceeded forecast by 12.8%, driven by efficiency gains including selling price revisions and expectation-exceeding sales performance from electronic materials.

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
<ul style="list-style-type: none"> Improvement in domestic zinc market conditions 	<ul style="list-style-type: none"> Persistent economic stagnation in China Slow movement in automotive market 	<ul style="list-style-type: none"> Improvement in operating ratio (Electronic materials) 	<ul style="list-style-type: none"> One-time valuation loss

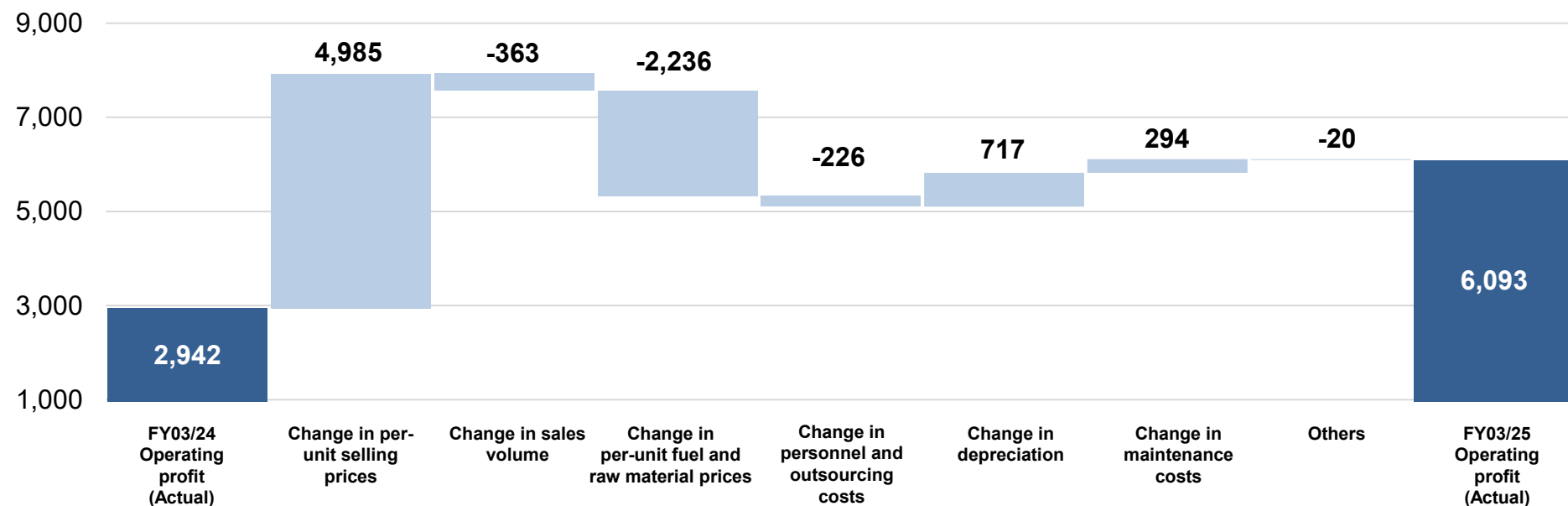
FY03/25 Results Overview (YoY, Versus Forecast)

	FY03/24 Actual		FY03/25 Actual		YoY Change		Initial FY03/25 Forecast		Versus Initial Forecast	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	82,105	—	84,409	—	2,303	2.8	87,000	—	(2,590)	(3.0)
Operating profit	2,942	3.6	6,093	7.2	3,151	107.1	5,400	6.2	693	12.8
Ordinary profit	3,066	3.7	6,279	7.4	3,212	104.7	5,200	6.0	1,079	20.8
Profit attributable to owners of parent	(7,092)	—	5,013	5.9	12,106	—	4,300	4.9	848	16.6
EPS	(437.65 yen)		309.21 yen		—		265.35 yen		—	

	YoY Comparison	Versus Initial Forecast
Net sales	Despite sales volume decline observed primarily from businesses under efficiency review, net sales rose 2.8% YoY thanks to sharp recovery in the volume of electronic materials sold, growing performance impact from selling price revisions, and an upturn in the domestic zinc market.	With the recovery of the semiconductor market, sales of electronic materials exceeded expectations and helped offset declines in sales performance from titanium oxide and other areas of businesses under efficiency review. As a result of these factors, net sales fell 3.0% short of initial forecast.
Operating profit	Operating profit increased 107.1% YoY, driven by a recovery in performance from electronic materials and profit growth generated through businesses under efficiency review, where we implemented selling price increases, impairment accounting, and the elimination of unprofitable products.	Driven by strong sales performance from electronic materials and rising favorable impact from selling price revisions (particularly pronounced in businesses under efficiency review), operating profit exceeded our initial forecast by 12.8% and finished 6.9% above our revised forecast (raised from 5,400 million yen to 5,700 million yen in Q3 FY03/24).

Factors Behind YoY Change in Operating Profit

(Millions of yen)



Positive Factors

Change in per-unit selling prices

- Baseline selling price increases from pricing initiatives launched during FY03/24
- Sales mix improvement achieved through profitability correction measures and the elimination of unprofitable products

Change in depreciation

Impairment losses recognized for Q3 FY03/24 positively impacted operating profit performance throughout FY03/25

Negative Factors

Change in per-unit fuel and raw material prices

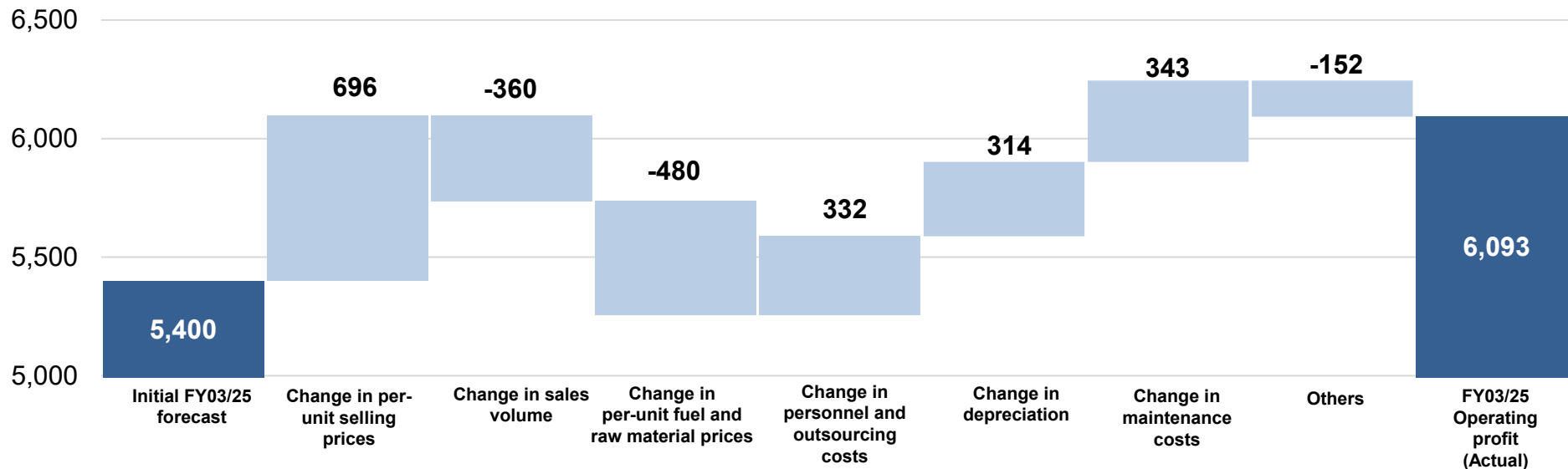
High fuel and raw material prices

Change in sales volume

Prioritization of a profitability-focused strategy led to sales volume declines in businesses under efficiency review

Factors Behind Operating Profit Variance (Versus Initial Projections)

(Millions of yen)



Positive Factors

Negative Factors

Change in per-unit selling prices

- Baseline selling price increases from pricing initiatives launched during FY03/24
- Sales mix improvement achieved through profitability correction measures and the elimination of unprofitable products

Change in maintenance costs

- Minimization of maintenance costs associated with titanium oxide products slated for discontinuation

Change in per-unit fuel and raw material prices

- High fuel and raw material prices

Change in sales volume

- Sales of unprofitable products performed through businesses under efficiency review scaled back in line with our profitability-focused strategy
- With the exception of electronic materials, growth businesses failed to generate sales volume growth in excess of initial projections

Balance Sheet (YoY Comparison)

Consolidated B/S (Millions of yen)	FY03/24	FY03/25	Change
Cash and deposits	16,590	16,183	-407
Notes and accounts receivable - trade	29,570	26,997	-2,573
Inventories	28,747	26,993	-1,754
Other	1,133	1,241	108
Total current assets	76,042	71,416	-4,626
Property, plant and equipment	40,463	44,520	4,057
Other	8,938	7,382	-1,556
Total property, plant and equipment	49,402	51,903	2,501
Total assets	125,445	123,319	-2,126
Notes and accounts payable - trade	9,066	8,561	-505
Short-term borrowings	15,108	11,512	-3,596
Other	7,582	7,835	253
Total current liabilities	31,757	27,910	-3,847
Long-term borrowings	8,930	7,406	-1,524
Convertible-bond-type bonds with share - acquisition rights	3,000	3,000	-
Other	6,290	5,614	-676
Total non-current liabilities	18,220	16,022	-2,198
Total liabilities	49,978	43,933	-6,045
Shareholders' equity	71,183	74,679	3,496
Other	4,282	4,706	424
Total net assets	75,466	79,386	3,920
Total liabilities and net assets	125,445	123,319	-2,126

[Key Factors Driving Change]

• Notes and Accounts Receivable -2,573 million yen (-8.7%)

- (1) Shortening of average collection period for receivables
- (2) Due to a bank holiday occurring on March 31, 2024, payments for some accounts receivable were deposited on the following business day.

• Inventories -1,754 million yen (-6.1%)

Despite growth in per-unit prices for both raw materials and products, inventories declined thanks to efforts undertaken to reduce inventory quantity.

• Property, Plant and Equipment +4,057 million yen (+10.0%)

- (1) Investment in growth businesses
(Multi-purpose plant for makeup materials [cosmetics])
(Entry into CDMO business for pharmaceutical APIs and intermediates [organic chemicals])
- (2) Restructuring of businesses under efficiency review (catalysts)

• Repayment of short-term borrowings: -3,596 million yen (-23.8%)

	End-FY03/24	End-FY03/25
Equity ratio	59.3%	63.5%
CCC	216 days	194 days

▲ Shortened by 22 days
(CCC: Cash Conversion Cycle)



Cash Flow Statement (YoY Comparison)

Consolidated C/F (Millions of yen)	FY03/24	FY03/25	Change
Beginning Cash and Cash Equivalents Balance	12,188	16,475	4,287
Profit (loss) before income taxes	(3,703)	5,973	9,676
Depreciation	4,354	3,649	(705)
Decrease (increase) in trade receivables	(1,868)	2,599	4,467
Decrease (increase) in inventories	1,501	1,926	425
Increase (decrease) in trade payables	385	(650)	(1,035)
Impairment losses	6,661	463	(6,198)
Income taxes refund (paid)	(620)	(848)	(228)
Other	157	(1,107)	(1,264)
Cash flows from operating activities	6,866	12,005	5,139
Purchase of property, plant and equipment	(4,024)	(6,948)	(2,924)
Sale of investment securities	157	1,369	1,212
Other	(96)	(134)	(38)
Cash flows from investing activities	(3,963)	(5,714)	(1,751)
FCF (Operating CF + Investment CF)	2,903	6,291	3,388
Increase (decrease) in short-term and long-term borrowings	2,383	(5,136)	(7,519)
Proceeds from issuance of bonds with share acquisition right	3,000		(3,000)
Dividends paid	(1,089)	(1,589)	(500)
Purchase of shares of subsidiaries	(3,067)	(152)	2,915
Other	35	(1)	(36)
Total Financial C/F	1,259	(6,879)	(8,138)
Total Translation Adjustments on Cash and Cash Equivalents	124	266	142
Total Change in Cash and Cash Equivalents	4,287	(322)	(4,609)
Ending Cash and Cash Equivalents Balance	16,475	16,153	(322)

Summary

Higher profits and improvements in our cash conversion cycle enabled us to reduce borrowings from financial institutions while maintaining dividends and investment, leaving us with ample borrowing capacity for future capital needs.

• Operating CF

(1) Increase in profit

Recovery in business performance

(2) Decrease in trade receivables

- Shortening of average collection period for receivables

- Due to a bank holiday occurring on March 31, 2024, payments for some accounts receivable were deposited on the following business day.

(3) Decrease in impairment losses

• Investing CF

(1) Investment in growth businesses

(Multi-purpose plant for makeup materials [cosmetics])

(Entry into CDMO business for pharmaceutical APIs and intermediates [organic chemicals])

(2) Restructuring of businesses under efficiency review (catalysts)

→ **Free cash flow increased 3,388 million yen**

• Financial CF

Repayment of short-term borrowings and curtailment of long-term financing



Changes in Segment Reporting

Objective	Following our full acquisition of Sakai Trading Co., Ltd., we aim to facilitate clearer understanding of our business structure while enabling management and disclosure of segment information more reflective of actual business conditions.
Changes	<p>(1) The Chemicals business, previously reported as a single segment, has been eliminated, and its sub-segments have been reclassified as separate reportable segments.</p> <p>(2) Barium, previously included within the “other” category of the chemical business, has been reclassified into a separate reportable segment.</p> <p>(3) The activities of Sakai Trading Co., Ltd. have been recategorized under more appropriate reportable segments.</p>

Previous

◇ Chemicals

- Electronic materials
- Cosmetic materials
- Organic chemicals
- Hygienic products
- Contract processing
- Titanium dioxide and zinc products
- Plastic additives
- Catalysts
- Others

◇ Medical

◇ . . . Reportable segments

Current

◇ Electronic materials

◇ Cosmetic materials

◇ Hygienic Products

◇ Contract processing

◇ Titanium dioxide and zinc products

◇ Plastic additives

◇ Catalysts

◇ Barium

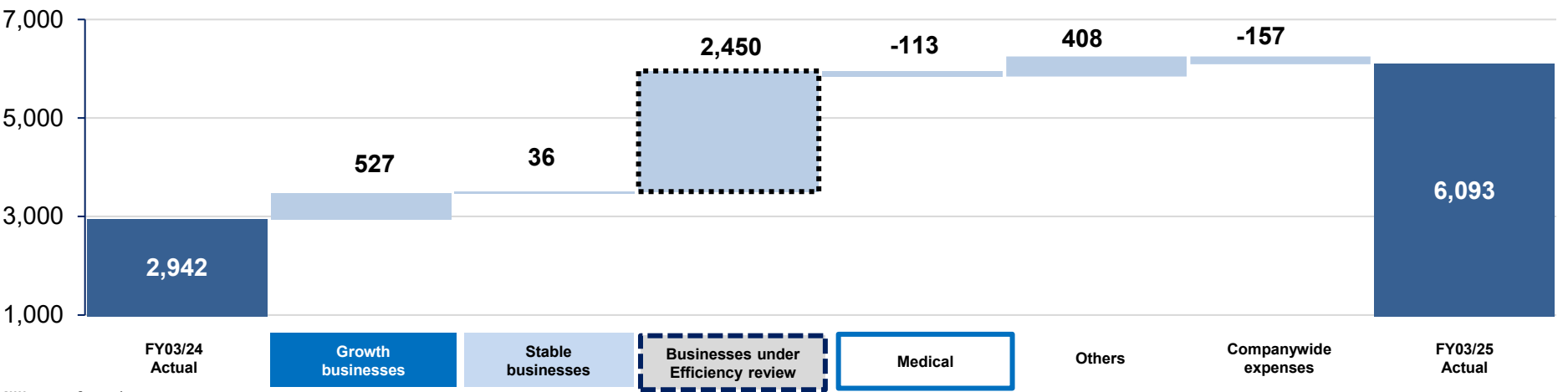
◇ Medical

◇ Others

Operating Profit Under New Reportable Segment Structure (YoY Comparison)

Operating Profit by Segment (Millions of yen)		FY03/24	FY03/25	Change
Growth businesses		2,029	2,557	527
	Electronic materials	616	1,493	876
	Cosmetic materials	120	293	173
	Organic chemicals	1,293	770	-522
Stable businesses		1,011	1,047	36
	Hygienic products	448	427	-21
	Contract processing	563	620	57
Businesses under efficiency review		1,268	3,718	2,450
	Titanium dioxide and zinc products	(22)	1,479	1,502
	Plastic additives	762	1,393	631
	Catalysts	351	18	-332
	Barium	177	826	648
Medical		89	(24)	-113
Others		762	1,171	408

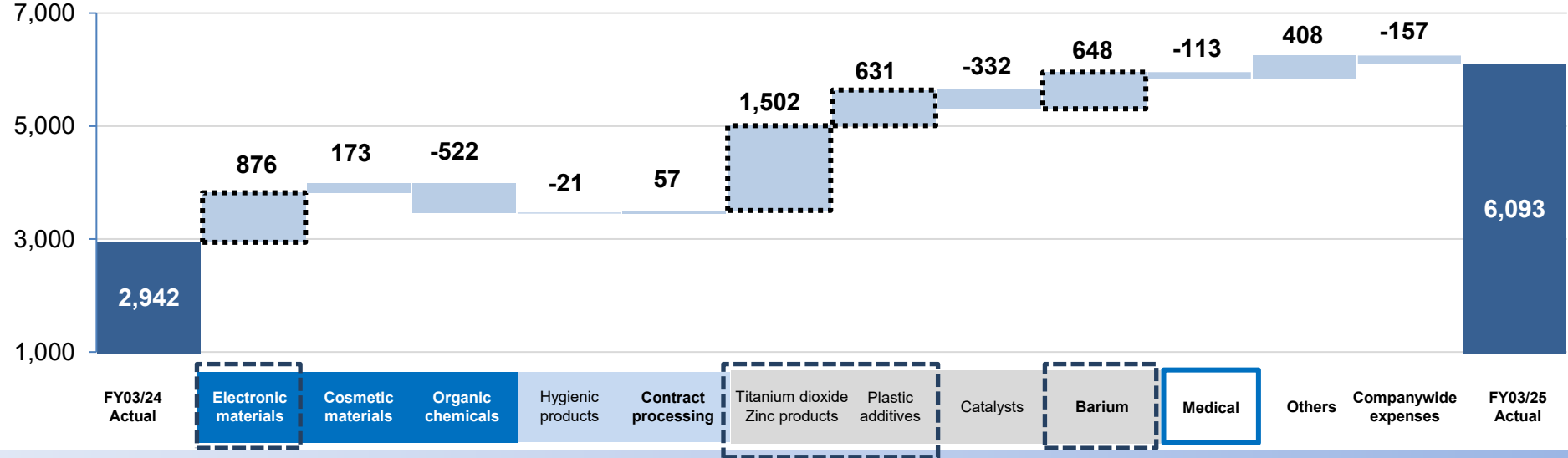
YoY Change in Operating Profit by Segment



(Millions of yen)

➤ Growth businesses generated profit growth as recovery in profit performance from electronic materials compensated for losses from organic chemicals.

➤ Businesses under efficiency review achieved a substantial increase in profit, with particularly significant strides made in categories including titanium dioxide and zinc products, and barium.



FY03/26 Earnings Forecast

FY03/26 Earnings Forecast

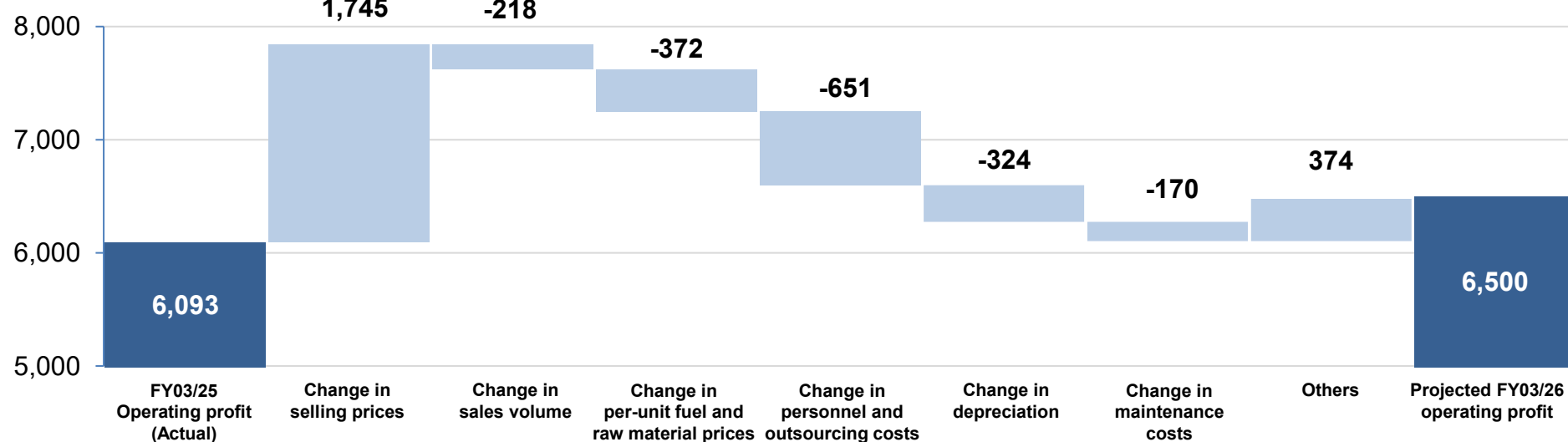
- We project growth in net sales thanks primarily to full-year impact from selling price adjustments implemented during FY03/25.
- For 1H, we anticipate solid operating profit performance, supported by expectation-exceeding results from profit improvement measures implemented during FY03/25. However, in 2H, we project growth in fixed cost pressures due to our termination of pigment-grade titanium dioxide production, which is scheduled to take place by end-2025.
- On a full-year basis, we project profit will grow thanks to ongoing selling price correction and cost-cutting measures.

	FY03/25		FY03/26						
	Full-year results		1H forecast		2H forecast		Full-year forecast		
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin	YoY
		%		%		%		%	%
Net sales	84,409	—	42,000	—	44,000	—	86,000	—	1.9
Operating profit	6,093	7.2	3,300	7.9	3,200	7.3	6,500	7.6	6.7
Ordinary profit	6,279	7.4	3,300	7.9	3,200	7.3	6,500	7.6	3.5
Profit attributable to owners of parent	5,013	5.9	2,800	6.7	2,700	6.1	5,500	6.4	9.7
External Factors (Assumptions)					Internal Factors (Assumptions)				
Positives		Negatives			Positives		Negatives		
<ul style="list-style-type: none"> Favorable semiconductor market conditions driven by strong AI-related demand 		<ul style="list-style-type: none"> Prolonged slowdown in the Chinese economy Sluggish demand in the automotive market Weak demand in the domestic building materials sector 			<ul style="list-style-type: none"> Continuation of selling price revisions 		<ul style="list-style-type: none"> Increase in personnel expenses 		

*Due to the prohibitive difficulty of predicting their effects, our projections do not reflect potential impact from reciprocal US tariff policies.

Factors Behind Projected YoY Change in Operating Profit

(Millions of yen)



Positive Factors

Change in per-unit selling prices

- Baseline selling price increases from ongoing pricing initiatives
- Sales mix improvement achieved through profitability correction measures and the elimination of unprofitable products

Negative Factors

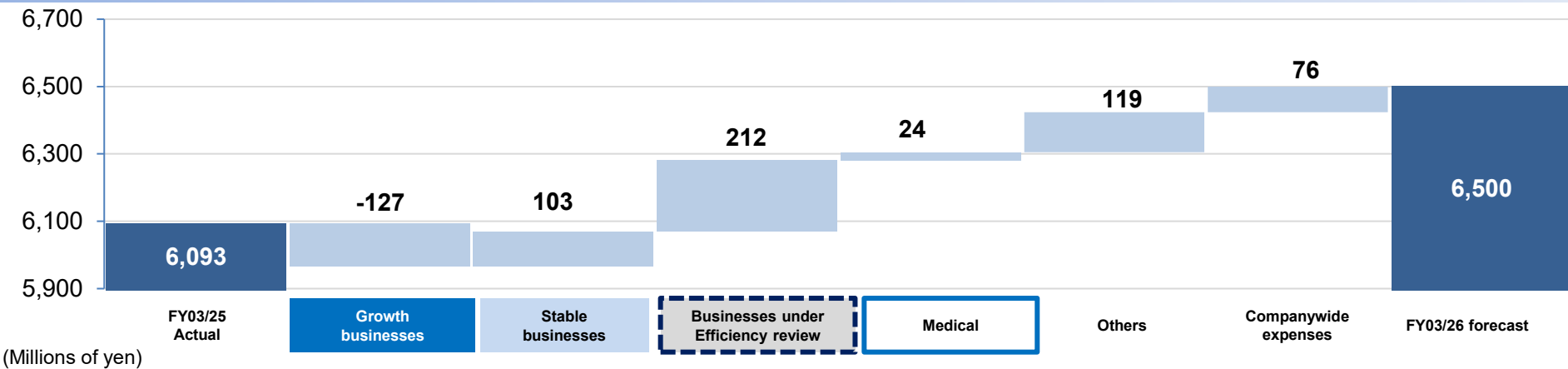
Change in personnel and outsourcing costs

- Increase in wage payments due to base salary hikes

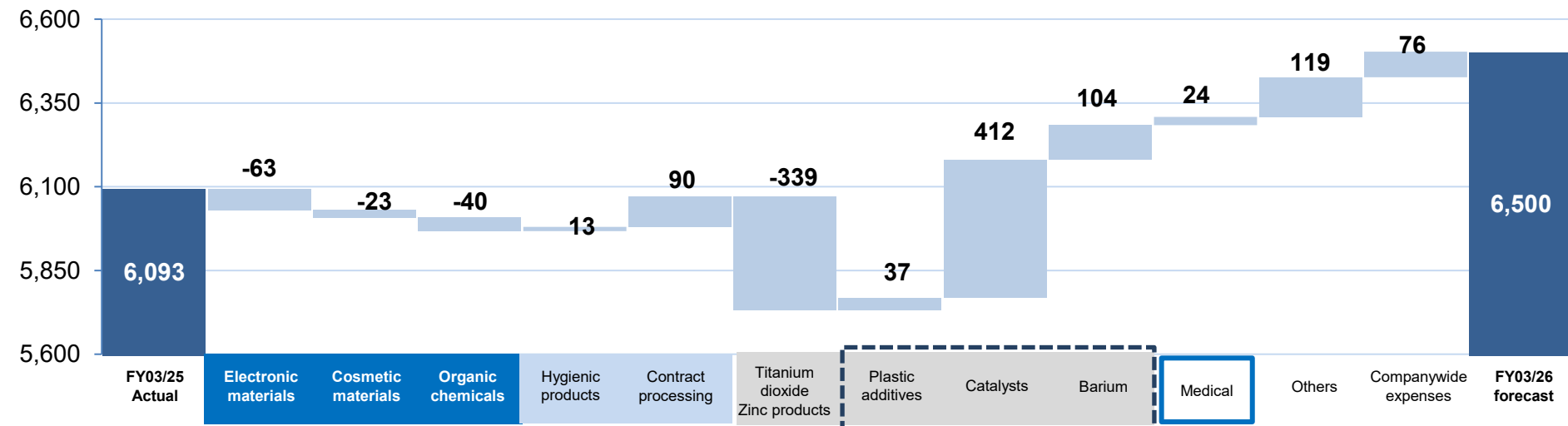
Segment Forecasts (FY03/26 Sales and Operating Profit)

	FY03/25 Actual			Full-year 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	10,100	1,430	14.2	86	0.9	-63	-4.2
Cosmetic materials	2,676	293	11.0	2,800	270	9.6	124	4.6	-23	-7.8
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	5,600	440	7.9	-23	-0.4	13	3.0
Contract processing	6,422	620	9.7	6,700	710	10.6	278	4.3	90	14.5
Titanium dioxide and zinc products	13,118	1,479	11.3	11,900	1,140	9.6	-1,218	-9.3	-339	-22.9
Plastic additives	13,061	1,393	10.7	13,600	1,430	10.5	539	4.1	37	2.7
Catalysts	3,186	18	0.6	3,500	430	12.3	314	9.9	412	2,288.9
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	—
Others	10,169	1,171	11.5	10,300	1,290	12.5	131	1.3	119	10.2
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

Projected YoY Change in Segment Operating Profits for FY03/26



- Although we anticipate ongoing fixed costs pressures stemming from our planned discontinuation of pigment-grade titanium dioxide production (by end-2025), we project selling price revisions implemented for businesses under efficiency review will contribute from the outset of FY03/26, thereby generating annual profit growth.
- We anticipate sluggish sales volume performance and ongoing fixed cost pressures will lead to a decline in profit from growth businesses.



CAPEX, Depreciation, and R&D Expense: Trends

(Millions of yen)

	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25 forecast	FY03/25	FY03/26 forecast
CAPEX	9,567	5,967	2,658	4,024	8,500	6,945	8,000
Depreciation	4,243	4,331	4,417	4,354	4,000	3,649	4,000
R&D	2,487	2,376	2,674	2,722	3,000	2,699	2,800

Capital Investment

	FY03/25		FY03/26 forecast	
	Growth investment	Restructuring investment	Growth investment	Restructuring investment
%	Approx. 40%	Approx. 60%	Approx. 50%	Approx. 50%
Primary details	<ul style="list-style-type: none"> Organic chemicals: support transition toward CDMO of pharmaceutical intermediates and APIs Cosmetic materials: construction of a multipurpose plant for makeup materials 	<ul style="list-style-type: none"> Restructuring of the Sakai and Onahama manufacturing sites Site consolidation measures targeting improved efficiency for the catalyst business 	See left	See left
Supplementary information	<ul style="list-style-type: none"> Deviations from projections emerged because some investments were booked for fiscal years other than those for which they were originally scheduled. 		<ul style="list-style-type: none"> We plan to continue pursuing similar investments. 	

FY03/26 Forecast (Current Outlook Regarding US Reciprocal Tariff Policy)

- Although we anticipate positive performance impact from ongoing yen appreciation, concerns remain over potential economic slowdown, which could have a particularly significant impact on business related to electronic materials. We will continue to monitor developments closely.

Positive impact	Negative impact
<ul style="list-style-type: none">• Foreign exchange Due to US-dollar depreciation and yen appreciation, we may be able to procure imported raw materials at an exchange rate more favorable than initially assumed.	<ul style="list-style-type: none">• Electronic materials-related impact Stagnation of transaction activity associated with semiconductor supply chains• Other segments Sales volume decline across a broad range of business areas due to weakened global consumption <p>*We have incurred no direct impact from reciprocal US tariff policies, but have observed indirect effects across all segments.</p>

*Due to the prohibitive difficulty of predicting their effects, our projections do not reflect potential impact from reciprocal US tariff policies.

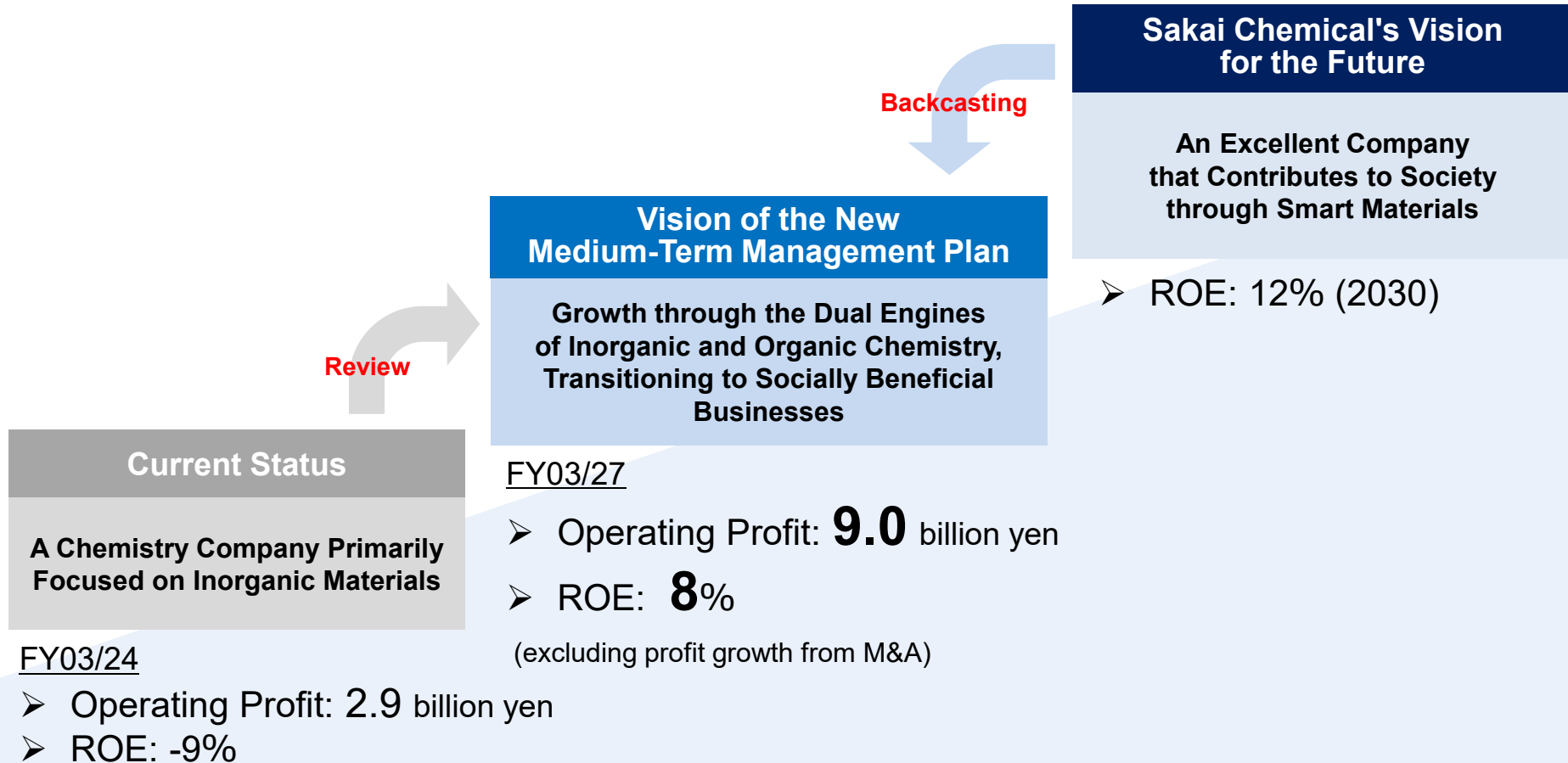
Business Environment Overview

	Segment	Assumptions for FY03/26 Forecast (as of May 2025)
Growth businesses	Electronic materials	We project ongoing favorable performance from AI-related operations but also anticipate conditions in the semiconductor market will remain sluggish, particularly in the automotive sector.
	Cosmetic materials	Cosmetic material demand appears to be on track toward a strong global recovery, but we continue to anticipate a challenging business environment in China.
	Organic chemicals	The eyeglass lens market is projected to hold steady. Due to growing competitive pressures, we project a decline in orders for key commercially distributed pharmaceutical API intermediates.
Businesses under efficiency review	Titanium dioxide and Zinc products	For titanium dioxide, oversupply conditions are expected to persist, with continued inflows of low-cost imports putting pressure on domestic sales. We forecast a YoY decline in the domestic market price for zinc.
	Plastic additives	Domestic demand: PVC market conditions are trending downward, making it challenging to increase sales. Overseas demand: Our medium-term outlook for PVC market growth remains unchanged, but we have observed some signs of deceleration due to economic stagnation in Thailand and notable headwinds from China. PVC : polyvinyl chloride
	Barium	We project performance from automotive parts and materials will remain sluggish but anticipate ongoing steady growth in the eyeglass lens market.

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

Positioning of “Transformation: BEYOND 2030”

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



"Transformation: BEYOND 2030"

Key Initiatives and Progress Summary for “Transformation: BEYOND 2030”

Transformation targets

Key initiatives

Progress summary

Transformation
1

**Raise
profitability**

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)
- Eliminate the pigment-grade titanium dioxide business

Self-assessment ○

(Operating profit; JPYbn)

FY03/24

2.9

FY03/25

6.0

Approx. 2× operating profit

Transformation
2

**Improve
capital
efficiency**

Achieving ROE that exceeds capital costs and improving PBR

- Manage cash flow and reduce assets through the sale of underutilized fixed assets
- Strengthen growth businesses through M&A and other proactive investment
- Improve capital efficiency through shareholder returns

Self-assessment ○

(ROE; %)

FY03/24

-9.2

FY03/25

6.6

Targeting ROE of 8%

Transformation
3

**Enhance non-
financial
performance**

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

Self-assessment ○

Implementation of planned
initiatives

Progress of “Transformation: BEYOND 2030”

Initiatives

Year-one progress

Objectives / corresponding measures for second and subsequent years

Expand earnings

Self-assessment

- Improved profitability through pricing and cost measures (selling price adjustments, consolidation/discontinuation of unprofitable products, etc.)
- Generated substantial profit growth through businesses under efficiency review and exceeded our initial target of 5.4 billion yen

Operating Profit (JPYbn)

Business type	FY03/24	FY03/25	Change
Growth	2.0	2.5	0.5
Stable	1.0	1.0	0.0
Under efficiency review	1.2	3.7	2.4
Medical	0.0	0.0	-0.1
Other	0.7	1.1	0.4

- Completed final coordination with customers regarding required inventory levels
 - Discontinuation of manufacturing: December 2025
 - Conclusion of sales: March 2026

- Expanded profits through growth businesses
 - (1) Concentrate on upselling to existing customers
 - (2) Expand market share by acquiring new customers
 - (3) Raise average selling price per unit by increasing still-unadjusted prices

Operating Profit (JPYbn)

Business type	FY03/25	FY03/26 total	Change
Growth	2.5	2.4	-0.1
Stable	1.0	1.1	0.1
Under efficiency review	3.7	3.9	0.2
Medical	0.0	0.0	0.0
Other	1.1	1.2	0.1

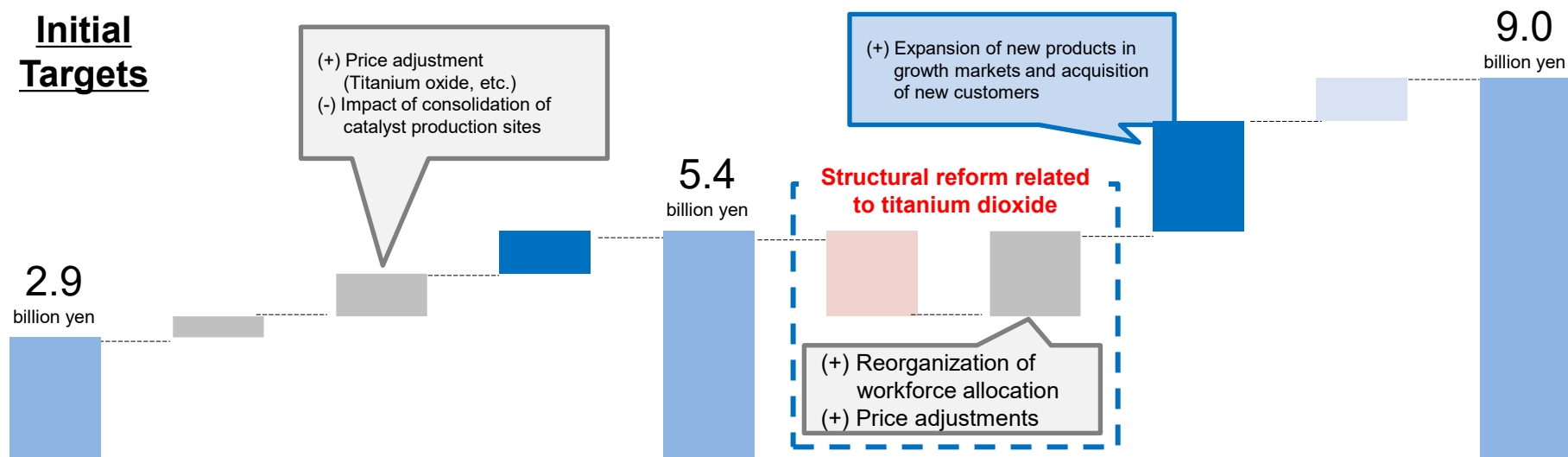
- Wrap up manufacturing and sales activities in preparation for termination of the business
- Gradually reallocate personnel in preparation for the Medium-Term Management Plan's third year

Discontinue pigment-grade titanium oxide business

Self-assessment

Progress of “Transformation: BEYOND 2030”

Initial Targets



Progress	1	2	3	Year one	4	5	6	7	Year two	Year three
FY03/24 Actual	Depreciation, etc.	Improvement of businesses under efficiency review	Capitalizing on market recovery through growth businesses	FY03/25 results	Impact from discontinuation of pigment-grade titanium oxide business	Improvements addressing rising fixed cost ratios	Capitalizing on market expansion through growth businesses	Expanding earnings from stable businesses, etc.	FY03/26 forecast	FY03/27 medium-term plan targets
FY03/25 (year one)	Aligned with projections	Exceeded projections	Some projections unmet	6.1 billion yen	—	—	—	—	—	—
FY03/26 (year two)	—	Improvements impacting performance throughout the year	Implementing initiatives with continued diligence	—	Proceeding as planned	Initiatives underway despite delays	Initiatives underway despite delays	Proceeding as planned	6.5 billion yen	—
FY03/27 (year three)	—	—	—	—	—	Offset previous delays	Offset previous delays	Proceed as planned	—	9.0 billion yen

Progress of “Transformation: BEYOND 2030”—Electronic Materials

Year-one progress

- **Dielectrics:** △
No significant progress achieved toward ensuring customer adoption within high-end and mid-range markets
- **Dielectric materials:** ○
Progress exceeded initial expectations thanks to market recovery, growth in the volume of high-profit products sold, and expanding impact from partial price adjustments

Profit growth measures (current medium-term plan period)

- **Keys toward expanding earnings under competitive conditions**
Accelerate technical response capabilities to ensure earlier customer adoption of new MLCC materials
- **Dielectrics:** Continue proposing development-stage products and providing prototyping support
- **Dielectric materials:** Continue adjusting prices and further improve our product portfolio

(Millions of yen)

Industrial Environment Analysis (MLCC Market)

Market

- Market trends move in strong alignment with those in the semiconductor industry
- Demand expansion (electrification of vehicles, emergence of AI, etc.)
- Ongoing trend toward miniaturization in the MLCC market, with rising demand for thinner dielectric layers and higher multilayer integration
- High customer stickiness: once materials are adopted, switching away from them typically involves a lengthy process

Competition

- Dielectrics: External suppliers use solid-state, oxalate, and hydrothermal synthesis methods, while vertically integrated manufacturers mainly utilize the solid-state method
- Dielectric materials: One European company, one Japanese company, several Chinese companies
- Striving to propose materials suitable for customer needs while ensuring a stable supply

Sakai Chemical

- Capable of supplying both base dielectric compounds and application-ready dielectric materials
- Adopted the hydrothermal synthesis method, which is ideally suited for miniaturization requirements in the MLCC market
- High share (approx. 40–50%) in the dielectric materials market*

*According to research conducted by Sakai Chemical

	FY03/25		FY03/26 forecast		Change	Rate of change
	Amount	%	Amount	%	Amount	%
Net sales	10,014	—	10,100	—	86	0.9
Operating profit	1,493	14.9	1,430	14.2	-63	-4.2

- We anticipate generating profit growth in FY03/26, the second year of our Medium-Term Management Plan, will be prohibitively difficult, but we will continue pitching development-stage dielectric products as planned. Meanwhile, we will incorporate further dielectric material price adjustments into our strategy to facilitate improved performance during the plan's third year.

Progress of “Transformation: BEYOND 2030”—Cosmetic Materials

Year-one progress

• Sunscreen agents: △

Shipments for a major overseas client have begun but have not been extensive enough to fully offset sales volume decline stemming from conditions in the Chinese market

• Makeup products: ○

Fully invested in the construction of a multipurpose plant scheduled for completion in February 2026 (earnings contribution expected to begin under next Medium-Term Management Plan)

Profit growth measures (current medium-term plan period)

■ Keys toward expanding earnings under competitive conditions

Proactively undertake sales expansion initiatives while concentrating on high-quality zinc materials subject to rising demand in less competitive market segments

• Sunscreen agents

Focusing on new customers, we will actively promote our ultra-fine zinc oxide — notable for its high transparency and strong UVA protection properties — while expanding sales channels into underdeveloped European markets and prioritizing sales growth in Europe and North America

(Millions of yen)

Industrial Environment Analysis (Sunscreen Market)

Market

- Shift from organic-based to inorganic materials (reflecting a broader movement aiming to reduce environmental impact)
- Growing demand for zinc oxide (driven by rising demand for UVA protection, which is essential for anti-aging skincare)
- Europe: Ongoing evaluation of zinc oxide as a UV filter
- United States: Rising demand for high-transparency materials
- China: Japanese manufacturers struggling due to economic slowdown

Competition

- Only a handful of manufacturers produce high-quality ultrafine-grade materials used in sunscreens

Sakai Chemical

- Share of the micronized zinc oxide market is approximately 20%*
- Major competitive edge in the field of powder processing technology
- Ultrafine zinc oxide products adopted by a major overseas company for the first time

*According to research conducted by Sakai Chemical

	FY03/25		FY03/26 forecast		Change	Rate of change
	Amount	%	Amount	%	Amount	%
Net sales	2,676	—	2,800	—	124	4.6
Operating profit	293	11.0	270	9.6	-23	-7.8

- For FY03/26, the second year of our Medium-Term Management Plan, our key focus will be price correction. We anticipate new customer acquisition and sales expansion efforts will begin generating sales volume gains during the plan's third year and are stepping up sales activities to facilitate this growth.

Progress of “Transformation: BEYOND 2030”—Organic Chemicals

Year-one progress

Organic sulfur compounds: △

Discussions regarding potential expansion of our production capacity remain ongoing. Sales fell short of targets due to inventory adjustments and other temporary factors.

Pharmaceutical APIs and intermediates: △

• Further expansion of existing CMO contracts: △

Targets unmet despite proactive efforts targeting expansion in sales of contract-manufactured products

• Progress of CDMO: ○

Operations aiming to facilitate CDMO development launched at new research facility

Profit growth measures (current medium-term plan period)

■ Keys toward expanding earnings under competitive conditions

• Organic sulfur compounds

While operating in a market with limited competition, strive to boost profitability while accelerating discussions regarding appropriate capacity expansion. Proceed with resource investment aiming to begin generating earnings during our next medium-term plan.

• Pharmaceutical APIs and intermediates

Building on the trust established through our strong CMO track record, expand sales and further strengthen our CDMO framework while aiming to generate early performance outcomes

(Millions of yen)

Industrial Environment Analysis

	Organic sulfur compounds	Pharmaceutical APIs and intermediates
Market	<ul style="list-style-type: none"> Changes in eyeglass lens materials: glass ⇒ plastic Increase in population with myopia ⇒ Growth in demand for high-refractive-index lenses Rise in value of eyeglasses as fashion items 	<ul style="list-style-type: none"> Major pharmaceutical companies strategically narrowing allocation of development resources toward core priorities ⇒ Outsourcing of development processes Geopolitical risks related to API production ⇒ Return to domestic API manufacturing
Competition	<ul style="list-style-type: none"> Competition very limited, with only one industry peer overseas 	<ul style="list-style-type: none"> Large number of well-established early-mover manufacturers
Sakai Chemical	<ul style="list-style-type: none"> Only supplier in Japan Technical expertise concerning the handling and production of organic sulfur compounds 	<ul style="list-style-type: none"> Extensive experience as a contract manufacturer (CMO) for leading pharmaceutical companies

	FY03/25		FY03/26 forecast		Change	Rate of change
	Amount	%	Amount	%	Amount	%
Net sales	6,638	—	7,500	—	862	13.0
Operating profit	770	11.6	730	9.7	-40	-5.2

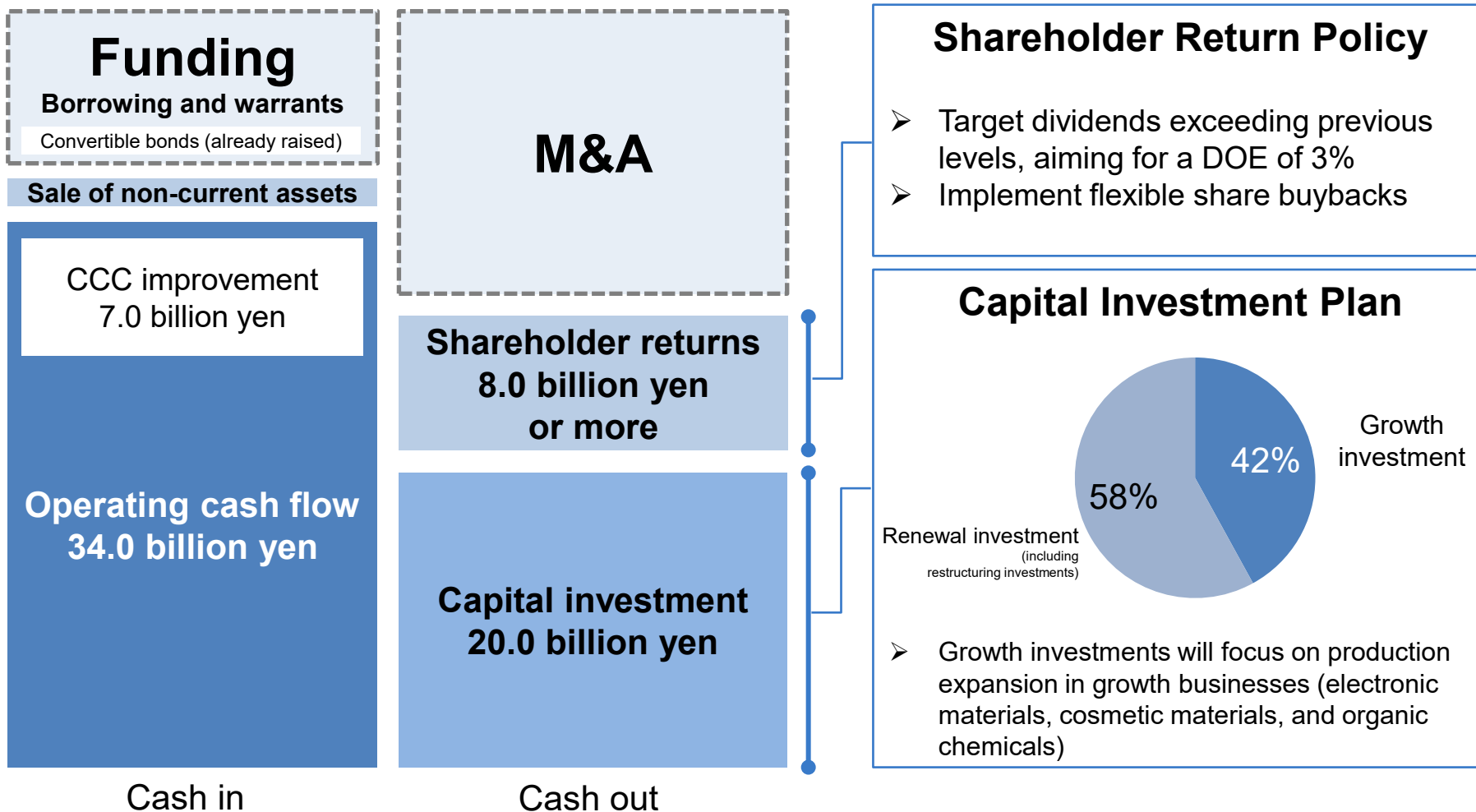
• For FY03/26, the second year of our Medium-Term Management Plan, we project growth in sales and a decline in profit. We anticipate expansion in shipments of organic sulfur compounds will drive sales increase, while profit drops due to a downturn in shipments of pharmaceutical intermediates. As time progresses, we will continue exploring optimal investment conditions for our organic sulfur compound activities. With regard to pharmaceutical API and intermediates, we plan to focus on securing new CMO and CDMO contracts.

CMO : Contract Manufacturing Organization

CDMO : Contract Development Manufacturing Organization

Progress of “Transformation: BEYOND 2030”—Capital Allocation

Initial plan: Allocate cash acquired through profit generation, an improved CCC, and non-current asset sales to capital investment, shareholder returns, and M&A.



Progress of “Transformation: BEYOND 2030”—Capital Allocation

Year one progress summary

Both cash inflow and outflow outcomes were more favorable than expected, reflecting smooth execution

Cash inflow: Exceeded expectations thanks to the monetization of business activities, particularly in businesses under efficiency review, and an improved cash conversion cycle.

Cash outflow: Capital investment targeting both growth and renewal/restructuring proceeded as planned, and shareholder returns exceeded projections thanks to higher-than-planned dividend payments.

• Funding

No large-scale borrowings or capital increases

• Sale of non-current assets

No significant progress

• Sale of investment securities

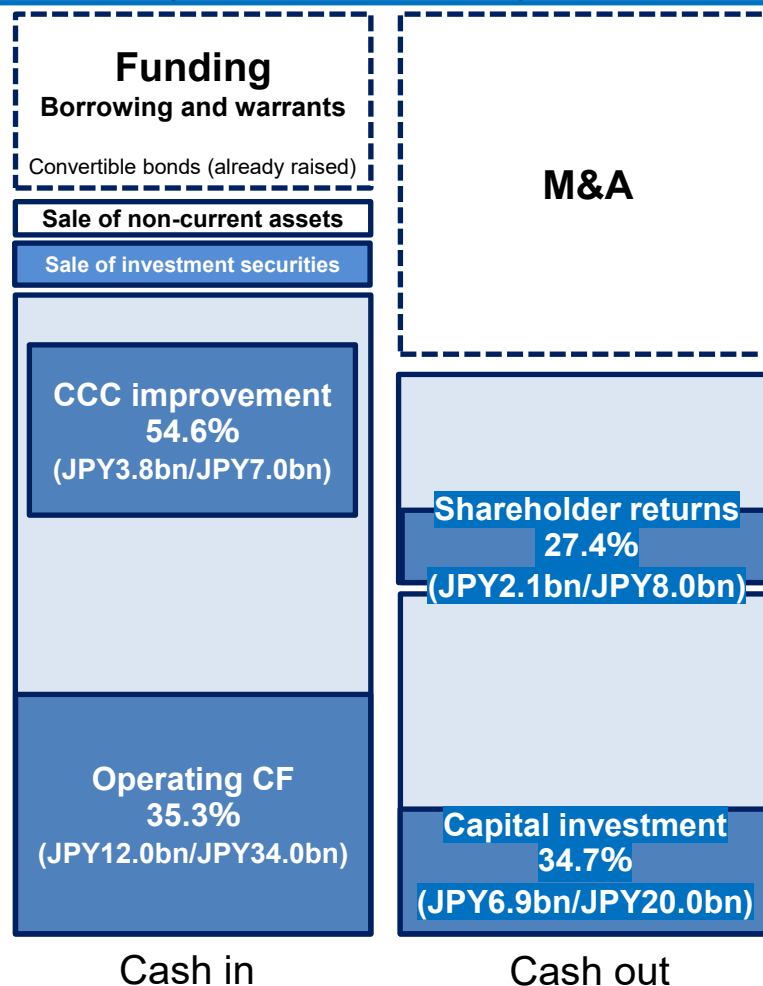
Completed a partial sale that was not initially projected (approx. 1.3 billion yen)

• CCC improvement

Successfully reduced inventory, cutting working capital by approximately 3.8 billion yen

• Operating CF

Exceeded our initial profit target and improved our CCC, achieving 35.3% of our operating CF target



• M&A

Exploring possibilities while focusing on growth businesses

• Shareholder returns

Having generated more profit than projected, we raised our dividend from 125 yen per share to 135 yen per share, returning a total of approximately 2.1 billion yen to shareholders.

• Capital investment

Proceeding as planned

Growth investment

Currently investing in organic chemicals, pharmaceutical APIs and intermediates, cosmetic materials, and makeup ingredients

Renewal/restructuring

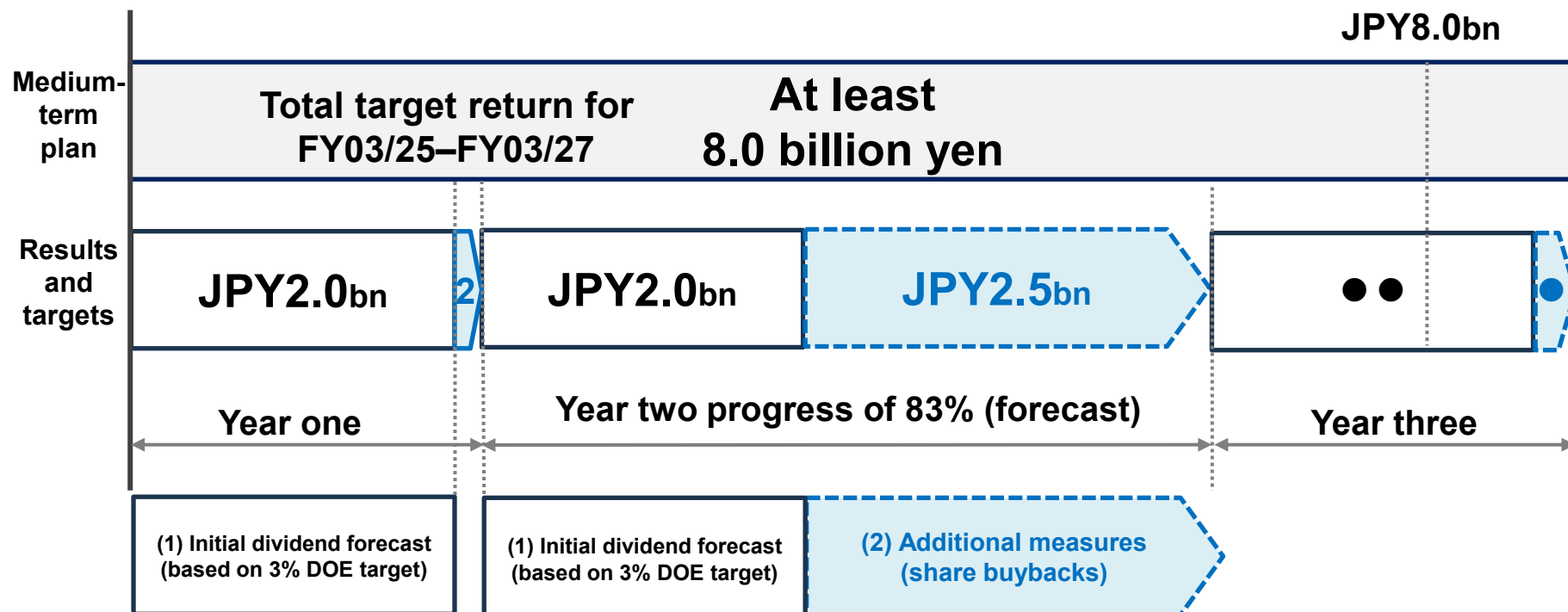
Steadily executed a range of efficiency-enhancing investments, including the consolidation of production sites operating under the catalyst business

Progress of “Transformation: BEYOND 2030”

Policy on Shareholder Returns

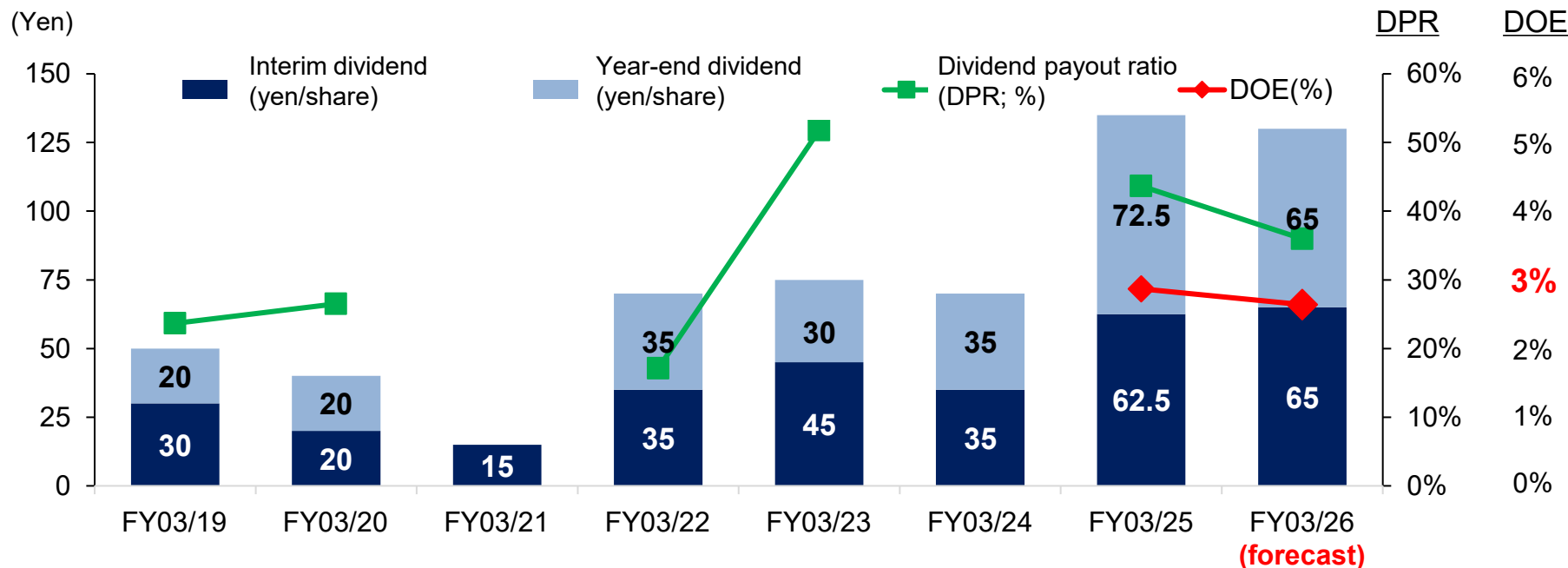
Basic policy aims to return a total of 8.0 billion yen or more to shareholders (FY03/25–FY03/27)

- (1) Distribute dividends stably while targeting a DOE of about 3%
- (2) Consider additional shareholder return measures (raising dividends, share buybacks, etc.) while carefully assessing performance trends and **remaining mindful of our target ROE**



Shareholder Returns

- To enhance capital efficiency and shareholder value per share, we have decided to conduct a share buyback of up to **2.5 billion yen**. **All acquired shares will be cancelled.**



Share buybacks

JPY2.0bn

—

—

JPY1.5bn

—

—

—

JPY2.5bn

DOE = dividend on equity

■ Cash conversion cycle target: 180 days or less

Target cumulative three-year monetary impact of 7.0 billion yen (by end-FY03/27)

⇒ During the first year of our Medium-Term Management Plan, we shorted our cash conversion cycle by 22 days and generated 3.8 billion yen in operating cash flow.

	Unit	FY03/24	FY03/25	Change
Trade receivables turnover period	Days	130	115	-15
Inventory turnover period	Days	126	115	-11
Accounts payable turnover period	Days	40	37	-3
CCC	Days	216	194	-22
Working capital	JPYbn	49.2	45.4	-3.8

Formula: working capital ÷ sales × 12 months × 30 days

Our Actions

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

Progress of “Transformation: BEYOND 2030” — 3

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

Material priorities	KPIs	Self-assessment	Progress / future action
Contribute to people's well-being	Major labor incidents: Zero cases	△	Although an accident requiring leave of at least four days occurred, but we have completed all necessary response and prevention measures.
	Engagement improvement	△	A company-wide third-party survey revealed current engagement scores are below average. In response, we are revising training programs for managers, including those related to performance evaluations.
	Promote 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.
Protect the global environment	Reduce CO ₂ emissions	○	We have achieved a 32% reduction in Scope 1 and 2 emissions relative to FY2013 levels. Meanwhile, we plan to steadily undertake efforts aiming improve visibility and data accuracy for Scope 3 emissions.
	Environmental incidents: Zero cases	○	We will continue closely monitoring changes in specific environmental variables through routine scheduled checks.
Address social challenges through manufacturing	Launch of smart material products	△	Moving forward, we will determine R&D priorities based on market trends while selectively allocating management resources to high-impact areas.
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)

Q&A

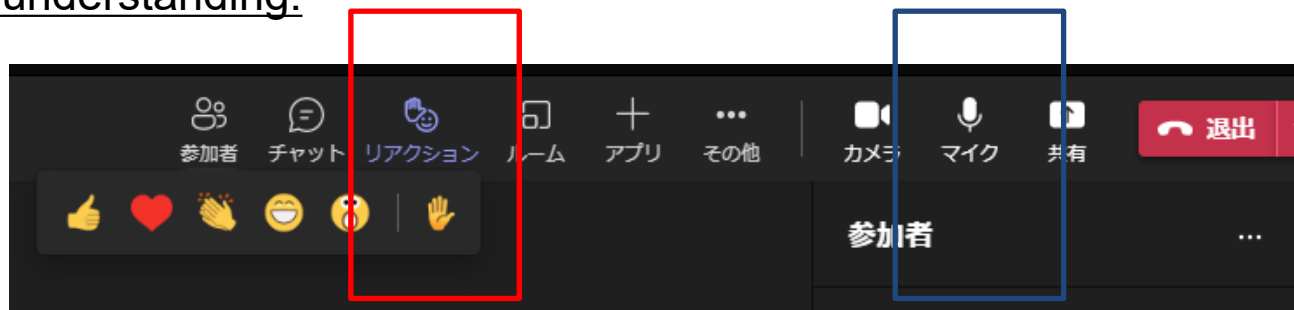
■ Q&A Procedure

(1) In-person attendees → (2) Online participants

*We respectfully request online participants wait until the in-person Q&A has concluded.

*Due to venue-related time constraints, we may not be able to respond to questions submitted online. We appreciate your understanding.

■ Procedure for Submitting Questions Online



Participants wishing to submit a question should indicate this intention using the “**Reactions**” feature.

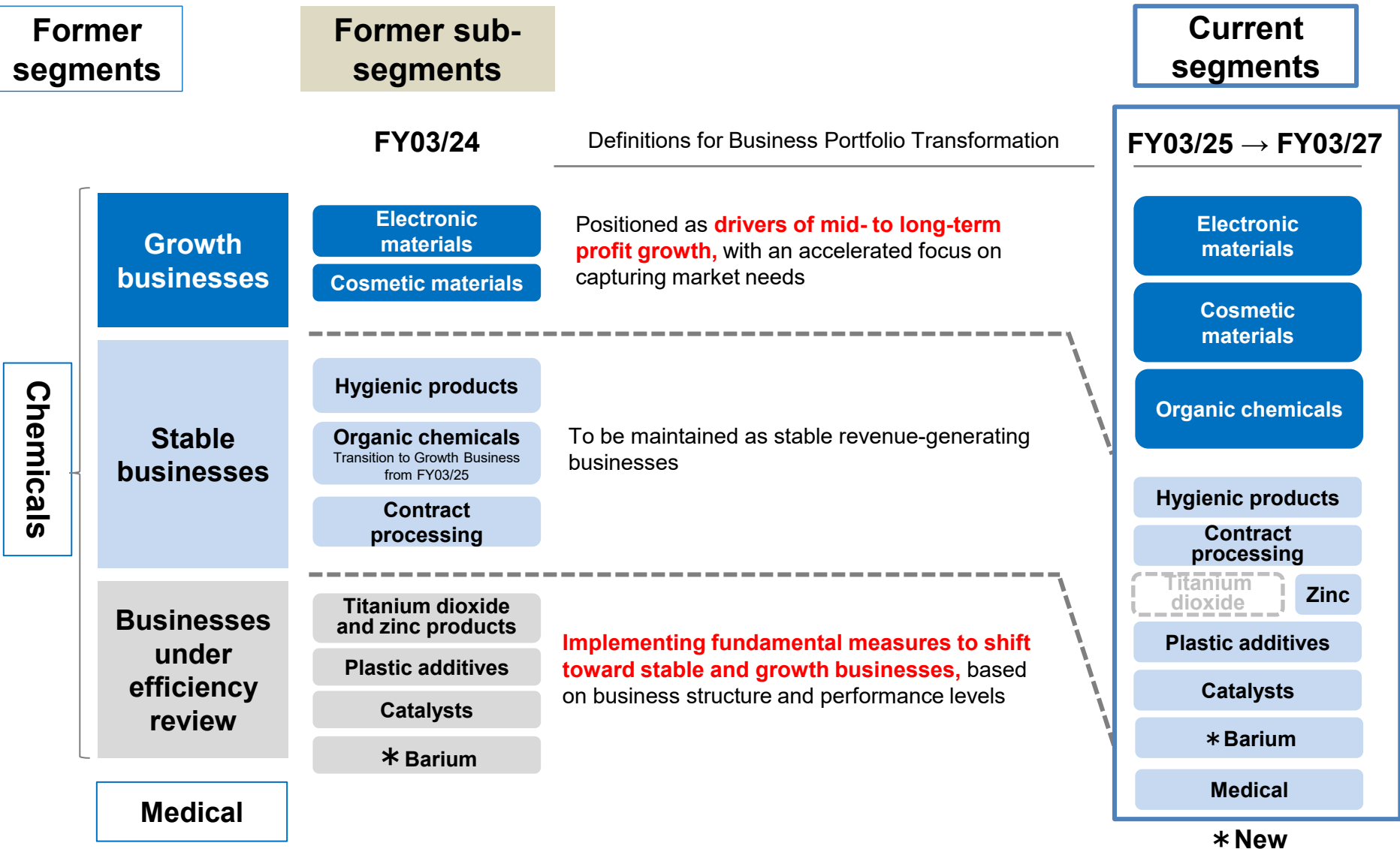
If multiple participants utilize the Reactions feature simultaneously, we will call on participants for their questions following the order in which the reactions appeared. (Note: Participants wishing to submit questions should not deactivate or deselect their reactions.)

Once your name has been called by the moderator, **please unmute your microphone** and begin speaking. (**Names will be omitted from the transcript subsequently published on our corporate website.**)

After your question has been answered, please deactivate/deselect your **reaction** and **mute your microphone**.

Reportable Segment Details for FY03/25

Relationships Between Former and Current Segments



Electronic Materials

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	7,857	—	10,014	—	2,156	27.4
Operating profit	616	7.8	1,493	14.9	876	142.2

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	9,538	—	10,014	—	476	5.0
Operating profit	1,318	13.8	1,493	14.9	175	13.3

• YoY Comparison

Sales	<p>(+) Increase in sales volume (dielectric materials) Despite sluggish demand in the automotive sector, sales secured through dielectric materials expanded overall thanks mainly to recovery in the broader semiconductor market, particularly in the field of consumer electronics.</p>
Operating profit	<p>(+) Sales volume recovery, improved operating efficiency, and expanded impact from selling price revisions Operating profit rose significantly thanks primarily to sales volume recovery driven mainly by dielectric materials, an improvement in plant operating rates, and spreading positive performance impact from selling price revisions implemented for both dielectrics and dielectric materials.</p>

● Versus Initial Projections

Sales	<p>(+) Sales volume growth and expanding impact from selling price hikes As conditions within the semiconductor market recovered, product shipments—of dielectric materials in particular—were strong, while positive performance impact from selling price revisions expanded. As a result, segment sales exceeded our initial projections.</p>
Operating profit	<p>(+) Sales volume growth, expanding impact from selling price revisions, and improved operating efficiency Strong sales contributed to improved plant utilization, while positive performance impact from selling price hikes intensified. Together, these factors drove operating profit performance exceeding our initial expectations.</p>

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	2,496	—	2,676	—	179	7.2
Operating profit	120	4.8	293	11.0	173	144.5

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	3,016	—	2,676	—	-340	-11.3
Operating profit	346	11.5	293	11.0	-53	-15.3

• YoY Comparison

Sales	(+) Sales volume growth Domestic sales volume performance struggled due in part to economic slowdown in China, but overall segment sales expanded YoY regardless thanks to steady recovery in exports.
Operating profit	(+) Sales volume growth, reduction of factory shutdown costs Operating profit improved due to sales volume growth and the absence of 100 million yen in factory shutdown costs previously booked for FY03/24.

● Versus Initial Projections

Sales	(-) Sales volume shortfall Domestic shipments fell short of expectations due primarily to persistent economic slowdown in China, and segment sales underperformed our initial projections.
Operating profit	(-) Sales volume shortfall Although we began selling to a new major overseas customer, impact from the domestic shipments shortfall was significant, and segment operating profit finished below our initial expectations.

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	7,799	—	6,638	—	-1,160	-14.9
Operating profit	1,293	16.6	770	11.6	-522	-40.4

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	7,377	—	6,638	—	-739	-10.0
Operating profit	1,132	15.3	770	11.6	-362	-32.0

• YoY Comparison

Sales	<u>(-) Sales volume decline</u> Sales fell due to a temporary decline in the volume of additives for plastic lenses sold and a downturn in shipments of core pharmaceutical intermediates.
Operating profit	<u>(-) Downturn in sales volume and growth in temporary expenses</u> Operating profit declined due in part to decreases in volumes of plastic lens additives and core pharmaceutical intermediates sold. Also hindering profit performance were temporary expenses incurred through the launch of a new head office and research facility.

● Versus Initial Projections

Sales	<u>(-) Decrease in sales volume</u> Sales fell short of our initial projections due primarily to a temporary decline in the volume of additives for plastic lenses sold and a downturn in orders for core pharmaceutical intermediates that occurred earlier than anticipated.
Operating profit	<u>(-) Sales volume downturn</u> Operating profit finished below our initial forecast due in part to a temporary decrease in the volume of plastic lens additives sold and a decline in orders for core pharmaceutical intermediates that occurred earlier than anticipated.

Hygienic Products

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	5,340	—	5,623	—	282	5.3
Operating profit	448	8.4	427	7.6	-21	-4.7

• YoY Comparison

Sales	(+) Forex impact (yen depreciation) on imported product transactions Growth in breathable film performance was sluggish due to commoditization in the Indonesian diaper market, but sales expanded regardless thanks to an imported products sales boost provided by yen depreciation.
Operating profit	(-) Forex impact (yen depreciation) and growth in miscellaneous expenses Operating profit declined due mainly to stagnation in sales of breathable films in Indonesia, local inflation that drove up expenses, and yen depreciation that raised the cost of importing products.

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	5,966	—	5,623		-343	-5.7
Operating profit	465	7.8	427	7.6	-38	-8.2

● Versus Initial Projections

Sales	(-) Sales volume decline Sales fell short of our initial expectations primarily because yen depreciation slowed down the movement of imported goods, exacting a particularly pronounced impact on trading operations.
Operating profit	(-) Rise in miscellaneous costs Operating profit underperformed our initial expectations mainly because personnel expenses and other general costs rose more significantly than anticipated.

Contract Processing

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	6,193	—	6,422	—	229	3.7
Operating profit	563	9.1	620	9.7	57	10.2

• YoY Comparison

Sales	<p>(+) Sales volume growth and expanding impact from selling price revisions</p> <p>Sales generated through contract processing rose thanks to sales volume growth driven by new customer acquisitions and performance expansion achieved through existing contracts. Thanks to these conditions and growing positive impact from selling price hikes, segment sales rose overall despite sluggish performance from processed pigments used for certain applications (particularly in construction materials).</p>
Operating profit	<p>(+) Increase in sales volume and expansion in impact from selling price adjustments</p> <p>Operating profit grew thanks to sales volume expansion and spreading impact from selling price hikes.</p>

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	6,303	—	6,422	—	119	1.9
Operating profit	511	8.1	620	9.7	109	21.3

● Versus Initial Projections

Sales	<p>(+) Spreading impact from selling price adjustments</p> <p>Sales secured through both contract processing and processed pigments exceeded our initial expectations, but segment sales outperformed our forecast thanks primarily to selling price hikes implemented for processed pigments.</p>
Operating profit	<p>(+) Increase in sales volume and growing impact from selling price revisions</p> <p>We observed sales volume growth driven by favorable contract processing outcomes including new customer acquisitions and expansion in performance achieved through ongoing contracts. Meanwhile, positive performance impact from selling price hikes implemented for processed pigments intensified. Thanks to these advantageous results, segment operating profit outperformed our initial projections.</p>

Titanium Dioxide and Zinc Products (Excluding Cosmetic Materials)

Businesses under efficiency review

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	13,931	—	13,118	—	-813	-5.8
Operating profit	(22)	(0.2)	1,479	11.3	1,502	—

• YoY Comparison

Sales	(-) Sales volume downturn Titanium dioxide sales volume declined as the company prioritized profitability over competing with low-priced Chinese products. Meanwhile, sales performance from zinc products was weak, particularly within the automotive tire market. Consequently, segment sales declined YoY.
Operating profit	(+) Selling price adjustments, reduction of fixed costs (impairment losses), and high domestic zinc prices Operating profit rose significantly, supported by higher selling prices for titanium dioxide, a downturn in fixed costs due to impairment losses recorded for FY03/24, and zinc product selling price hikes implemented in response to surging domestic zinc market prices.

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	13,845	—	13,118	—	-727	-5.3
Operating profit	1,136	8.2	1,479	11.3	343	30.2

● Versus Initial Projections

Sales	(-) Sales volume decrease Sales volumes generated through both titanium dioxide and zinc products fell short of our expectations. Consequently, segment sales underperformed our initial forecast.
Operating profit	(+) Efficiency measures and high domestic zinc prices Operating profit finished higher than forecast thanks mainly to a profitability-focused sales strategy, selling price hikes and other efficiency-based initiatives, and persistently high domestic zinc prices.

Plastic Additives

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	13,345	—	13,061	—	-284	-2.1
Operating profit	762	5.7	1,393	10.7	631	82.9

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	14,308	—	13,061	—	-1,247	-8.7
Operating profit	1,230	8.6	1,393	10.7	163	13.3

• YoY Comparison

Sales	(-) Downturn in sales volume Performance generated overseas through non-lead stabilizers and other products was favorable. However, segment sales declined due to fewer housing starts in Japan and a downturn in shipments of low-margin products that occurred in connection with our profitability-focused strategy.
Operating profit	(+) Selling price adjustments and product mix improvement We observed expansion in positive domestic performance impact from selling price revisions and growth in sales generated through non-lead stabilizers overseas. These favorable circumstances improved the segment's product mix and drove a YoY rise in operating profit.

● Versus Initial Projections

Sales	(-) Sales volume shortfall Sales fell short of our initial projections as ongoing economic stagnation in China and persistent weakness in domestic demand led to shipment volume stagnation.
Operating profit	(+) Favorable shift in product mix Operating profit finished higher than initially forecast thanks to an improved product mix driven by a decline in the volume of low-margin products sold and growth in sales secured through lead-free stabilizers overseas.

Catalysts

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	3,160	—	3,186	—	26	0.8
Operating profit	351	11.1	18	0.6	-332	-94.6

• YoY Comparison

Sales	(+) Sales volume growth achieved through prototype catalysts Despite growth in the volume of nickel catalysts sold, sales thereby generated fell due to a decline in nickel market prices. Meanwhile, we observed a decline in overseas deNOx catalyst sales secured through waste incineration facilities. However, thanks primarily to prototype catalyst sales, segment sales rose slightly YoY.
Operating profit	(-) Decline in nickel market price and a one-time impairment loss Operating profit declined YoY due mainly to lower per-unit nickel catalyst selling prices caused by a downturn in the market price for nickel and our recognition of a one-time impairment loss of approximately 200 million yen on nickel catalyst-related assets.

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	3,544	—	3,186	—	-358	-10.1
Operating profit	128	3.6	18	0.6	-110	-85.9

● Versus Initial Projections

Sales	(-) Sales volume shortfall and downturn in market prices for nickel Sales were lower than initially forecast due in part to shortfalls in the volumes of nickel and deNOx catalysts sold and further negative performance impact from declining market prices for nickel.
Operating profit	(-) One-time impairment loss Operating profit finished below our initial forecast due primarily to a one-off impairment loss of approximately 200 million yen booked in connection with nickel catalyst-related assets.

Barium

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Change	
	Amount	%	Amount	%	Amount	%
Sales	4,967	—	5,175	—	207	4.2
Operating profit	177	3.6	826	16.0	648	364.9

• YoY Comparison

Sales	(+) Selling price revisions Through a profitability-focused sales strategy selling price adjustments, we offset a decline in sales volume and generated YoY segment sales growth.
Operating profit	(+) Price adjustments and contribution from high-value-added products Operating profit rose YoY thanks to growth in positive performance impact from selling price adjustments implemented primarily for barium products used in paints and inks and contribution from sales of high-value-added products with eyeglass lens-related applications.

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	4,967	—	5,175	—	208	4.2
Operating profit	673	13.5	826	16.0	153	22.7

● Versus Initial Projections

Sales	(+) Selling price revisions Sales volumes fell short of our initial forecast, but overall segment sales exceeded our initial projections regardless thanks to expansion in positive performance impact from selling price adjustments and strong sales of high value-added products with eyeglass lens-related applications.
Operating profit	(+) Price adjustments and contribution from high-value-added products Operating profit exceeded our initial forecast thanks to expansion in positive performance impact from selling price adjustments implemented primarily for barium products used in paints in inks and sales of high-value-added products with eyeglass lens-related applications.

Medical

•YoY Comparison

(Millions of yen)

	FY03/24		FY03/25		Difference	
	Amount	%	Amount	%	Amount	%
Sales	8,054	—	8,321	—	267	3.3
Operating profit	89	2.1	(24)	(0.3)	-113	—
Sales (New businesses)	1,615	—	1,718	—	103	6.4

Note: New businesses refer to those not affected by drug price revisions.

• YoY Comparison

Sales	(+) Pharmaceutical product price hikes and sales volume growth achieved through medical devices and new business activities Despite a decrease in the volume of barium contrast media shipped, segment sales grew YoY due to government-approved price increases for certain pharmaceutical products, growth in sales volumes achieved through medical devices and expansion in performance generated through new business operations (related to supplements, etc.).
Operating profit	(-) Sluggish OTC performance and a one-time impairment loss Operating profit fell YoY in part because overdose prevention policies led to a decline in sales volumes secured through cold medicines and other OTC products. Another factor was a one-time impairment loss booked for Q1 in connection with barium contrast media-related assets.

● Versus Initial Projections

(Millions of yen)

	FY03/25 Plan		FY03/25 Actual		Difference	
	Amount	%	Amount	%	Amount	%
Sales	8,175	—	8,321	—	146	1.8
Operating profit	168	2.1	(24)	(0.3)	-192	—
Sales (New businesses)	1,808	—	1,718	—	-89	-4.9

● Versus Initial Projections

Sales	(+) Growth in volume of medical devices sold Sales exceeded our initial forecast thanks primarily to growth in the volume of KD-1 endoscope cleaning and disinfection systems sold.
Operating profit	(-) Impairment loss and sharp growth in raw materials prices Operating profit underperformed our initial expectations due to high raw material prices and a one-time impairment loss booked in connection with barium contrast media-related assets.

Reference Materials

- **Company Profile**
- **Our Businesses**
- **Performance Trends, etc.**



Sakai Chemical Industry Co., Ltd. Company Profile

Head office	5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka
Representative	President & Representative Director Toshiyuki Yagura
Established	June 1918
Businesses	Inorganic chemical, organic chemical, and pharmaceutical development, manufacture, and sales
Total assets	123,319 million yen (as of March 31, 2025)
Net assets	79,386 million yen (as of March 31, 2025)
Affiliates	15 consolidated subsidiaries (seven in Japan, eight overseas)
Employee counts	1,972 (consolidated) and 808 (parent); current as of March 31, 2025

Relationships Between Group Companies and Reportable Segments

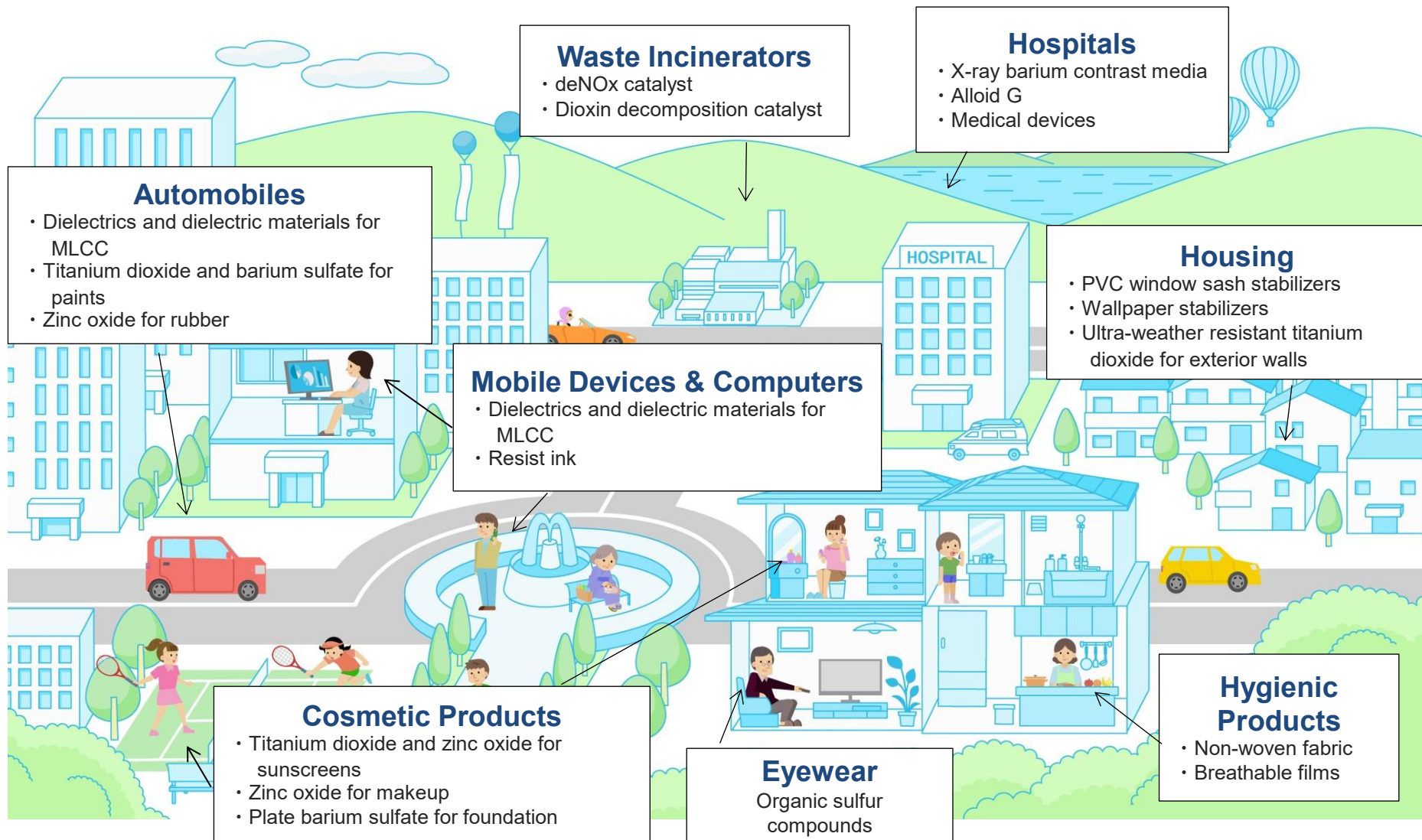
	Electronic materials	Cosmetic materials	Organic chemicals	Hygienic products	Contract processing	Titanium dioxide and zinc products	Plastic additives	Catalysts	Barium	Medical	Others
Sakai Chemical Industry Co., Ltd.	●	●	●			●	●	●	●	●	
Sakai Trading Co., Ltd.	●	●	●	●	●	●	●	●	●	●	●
Kaigen Pharma Co., Ltd.										●	
Osaki Industry Co., Ltd.											●
Resino Color Industry Co., Ltd.					●						
Kyodo Chemical Co., Ltd.							●				
Nippon Color Industry Co., Ltd.					●						
Katayama Seiyakusyo Co., Ltd.			●								
SCVN ^{*1}							●				
SSC ^{*2}							●				
S&S ^{*3}				●							

*1: Sakai Chemical (Vietnam) Co., Ltd.

*2: Siam Stabilizers and Chemicals Co., Ltd.

*3: Pt. S&S Hygiene Solution

Sakai Group Products in Everyday Life



Sales and Operating Profit (Former Reportable Segment Structure)

単位：百万円 (Unit : Million Yen)			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
			20.3	21.3	22.3	23.3	24.3	25.3 参考値
電子材料	売上高	Net Sales	8,499	9,723	10,857	8,939	8,978	11,555
Electronic materials	営業利益	Operating Profit	117	23	1,700	946	280	1,337
化粧品材料	売上高	Net Sales	2,534	1,698	2,460	2,790	2,498	2,677
Cosmetics Materials	営業利益	Operating Profit	735	292	301	430	-93	23
有機化学品	売上高	Net Sales	6,172	6,882	7,321	8,014	7,813	6,664
Organic chemicals	営業利益	Operating Profit	1,271	1,476	1,639	1,600	1,395	689
衛生材料	売上高	Net Sales	8,070	9,254	5,388	5,496	5,455	5,709
Hygienic products	営業利益	Operating Profit	174	440	331	327	404	552
受託加工	売上高	Net Sales	6,811	6,550	6,947	6,244	6,177	6,404
Contract processing	営業利益	Operating Profit	698	632	1,029	587	546	605
酸化チタン・亜鉛製品	売上高	Net Sales	12,771	11,866	13,257	15,067	14,269	13,464
Titanium dioxide and zinc products	営業利益	Operating Profit	-125	227	744	-34	-432	1,090
樹脂添加剤	売上高	Net Sales	12,583	11,543	12,489	13,354	13,418	13,080
Plastic additives	営業利益	Operating Profit	169	397	966	404	636	1,220
触 媒	売上高	Net Sales	3,703	3,210	3,644	4,193	3,527	3,135
Catalysts	営業利益	Operating Profit	26	-82	190	179	73	-223
無機材料	売上高	Net Sales						
Barium business	営業利益	Operating Profit						
医療事業	売上高	Net Sales	8,621	8,096	7,892	7,868	7,995	8,264
Medical business	営業利益	Operating Profit	594	452	418	272	86	-40
そ の 他	売上高	Net Sales	17,412	16,079	9,875	11,890	11,970	13,256
Other	営業利益	Operating Profit	2,549	2,327	2,284	1,930	2,274	3,212
全社費用 (HQ expenses)	HQ Expenses		-2,193	-1,880	-2,114	-2,236	-2,227	-2,377
合 計	売上高	Net Sales	87,177	84,918	80,135	83,861	82,105	84,409
TOTAL	営業利益	Operating Profit	4,015	4,304	7,494	4,407	2,942	6,093

*Figures for FY03/25 have not been reviewed by an external auditor and should therefore be regarded solely as reference data.

Quarterly Performance (Former Reportable Segment Structure)

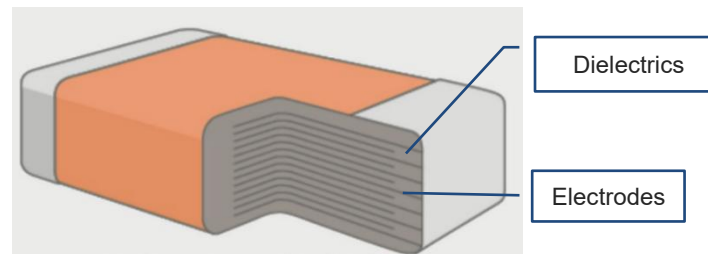
単位：百万円 (Unit : Million Yen)			24.3期 (FY 2023)				25.3期 (FY 2024)			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q 参考値
電子材料	売上高	Net Sales	2,144	1,953	2,267	2,613	3,103	2,783	2,745	2,923
Electronic materials	営業利益	Operating Profit	54	-30	114	141	340	274	425	296
化粧品材料	売上高	Net Sales	630	563	613	690	757	454	591	873
Cosmetics Materials	営業利益	Operating Profit	69	-78	5	-90	22	-128	11	118
有機化学品	売上高	Net Sales	2,465	1,262	1,255	2,829	1,954	1,234	1,449	2,025
Organic chemicals	営業利益	Operating Profit	591	215	79	509	415	-117	123	268
衛生材料	売上高	Net Sales	1,399	1,364	1,334	1,358	1,460	1,418	1,445	1,385
Hygienic products	営業利益	Operating Profit	134	121	110	37	137	122	156	135
受託加工	売上高	Net Sales	1,543	1,465	1,626	1,541	1,609	1,546	1,635	1,613
Contract processing	営業利益	Operating Profit	114	98	170	163	174	144	167	117
酸化チタン・亜鉛製品	売上高	Net Sales	3,680	3,401	3,807	3,378	3,641	3,288	3,360	3,174
Titanium dioxide and zinc products	営業利益	Operating Profit	-212	-307	-45	131	273	100	260	455
樹脂添加剤	売上高	Net Sales	3,382	3,561	3,469	3,004	3,185	3,372	3,455	3,066
Plastic additives	営業利益	Operating Profit	120	152	150	211	279	348	330	261
触媒	売上高	Net Sales	662	1,026	735	1,102	753	861	686	833
Catalysts	営業利益	Operating Profit	-82	109	8	36	-61	40	-9	-191
無機材料	売上高	Net Sales								
Barium business	営業利益	Operating Profit								
医療事業	売上高	Net Sales	1,995	2,163	2,194	1,642	2,115	2,149	2,271	1,729
Medical business	営業利益	Operating Profit	60	84	115	-173	-13	79	122	-228
その他	売上高	Net Sales	3,181	2,622	2,978	3,288	3,288	3,189	3,759	3,018
Other	営業利益	Operating Profit	650	172	645	805	651	765	1,074	721
全社費用 (HQ expenses)		HQ Expenses	-569	-554	-566	-536	-623	-599	-609	-544
合 計	売上高	Net Sales	21,086	19,385	20,283	21,350	21,869	20,316	21,381	20,842
TOTAL	営業利益	Operating Profit	932	-15	787	1,237	1,596	1,030	2,052	1,414

*Figures for Q4 FY03/25 have not been reviewed by an external auditor and should therefore be regarded solely as reference data.

Electronic Materials

Multilayer ceramic capacitors

- Dielectric (barium titanate)
- Dielectric materials
(high-purity barium carbonate)



A primary material for multilayer ceramic capacitors essential for electronic devices. A property of dielectrics is that they can store large amounts of electricity. We will continue to help improve capacitor performance by developing ultra-small, uniformly shaped spherical dielectrics.

**Used in places
like these**



Our Businesses

Cosmetic Materials

Sunscreens, foundations,

- Cosmetic materials: Achieve high UV blocking and smooth skin texture

**Used in places
like these**



Organic Materials

Plastic lenses, concrete, lubricants, pharmaceuticals

- Organic sulfur compounds: Improves refractive index of eyeglass lenses and used as a concrete admixture
- Organic phosphorus compounds: Used in lubricant additives
- Active pharmaceutical ingredients and intermediates

**Used in places
like these**



Our Businesses

Hygienic Products

Diapers, feminine hygiene products

- Breathable films: Retain moisture and allow only air to pass

Amid increasing demand overseas, our Indonesian subsidiary manufactures breathable films.

**Used in places
like these**



Contract Processing

Contracted manufacturing of inorganic and organic industrial chemical products
Pigments, colorants, functional inks, catalysts, plastic additives, etc.

Using our wide range of machinery, we cater to a wide range of fields, providing customized products and mass production prototyping.



Our Businesses

Plastic Additives

Pipes, joints, window frames, wallpapers, wire harnesses

- PVC stabilizers/non-PVC stabilizers
- Hydrotalcite: Used in lead-free PVC stabilizers and agricultural films due to its high heat retention and transparency



PVC stabilizers are added to improve the processability of plastics and inhibit degradation. There is currently a global trend to remove lead from PVC stabilizers and increased switching to lead-free products. Our subsidiary in Vietnam produces lead-free stabilizers and their raw material hydrotalcite, while our subsidiary in Thailand produces both lead-based and lead-free stabilizers, expanding sales primarily in Southeast Asia.

**Used in places
like these**



Our Businesses

Titanium Dioxide and Zinc Products

- Titanium dioxide: A white pigment with excellent coloring, concealing, weather resistance, and chemical stability
- Zinc oxide: A vulcanization accelerator for rubber products

Titanium dioxide is a material necessary in all kinds of fields including paints, inks, papermaking, plastics, and synthetic fibers.

Used in places like these



Catalysts

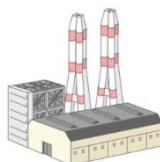
Waste incinerators, thermal power stations, margarine, adhesives, optical films

- deNOx catalysts: Remove nitrogen oxides
- Process catalysts (nickel catalysts): For hydrogenation of fats and plastics

With increasing demand for optical film and disposable diaper adhesives, which use nickel catalysts, business will be expanded.



Used in places like these



Our Businesses

Barium

- Barium sulfate
- Strontium salts
- Zirconium oxide dispersion, etc.

One of our specialties is barium sulfate, which is blended into various coatings, inks, and films, supporting essential functions such as enhancing aesthetic appeal and improving heat resistance. We also work with Zirconium oxide dispersion, which is mainly applied in eyeglass lenses to adjust their refractive index, as a developmental material.

**Used in places
like these**



Our Businesses (Medical)



Kaigen Pharma Co., Ltd.

X-ray barium contrast media

Used in gastrointestinal imaging

Manufacture of the raw medicinal material barium sulfate commenced in 1931. This familiar contrast medium is used in check-ups and is also exported overseas.



Medical devices

- Endoscope washing / disinfection equipment



Adapting to the shift from barium to examinations using gastrointestinal cameras, we are focusing on development as this business is unaffected by price revisions.

Alloid G

Drugs for peptic ulcers and gastroesophageal reflux disease

Stops bleeding and protects mucous membranes in gastric/duodenal ulcers, improves self-reported symptoms of gastroesophageal reflux disease.



OTC drugs

- Kaigen Series
- Kaigen Granules
- Kaigen Pack IB Granules



Sales to the Taiwan market using "Made in Japan" quality have commenced.

We appreciate your kind attention.

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