

Summary of Consolidated Financial Results [Japanese GAAP] For the Fiscal Year Ended March 31, 2025

May 13, 2025

Listed company: Nippon Kayaku Co., Ltd. (URL <https://www.nipponkayaku.co.jp/english/>)
Listed stock exchange: Prime Market, Tokyo Stock Exchange
Code No.: 4272

Representative (name, position): Atsuhiro Wakumoto, President
Director in charge of inquiries: Tsutomu Kawamura, Senior Director, General Manager of Finance & Accounting Division

Scheduled date of the Annual Shareholders Meeting: June 26, 2025
Scheduled date for start of dividend payments: June 27, 2025
Filing date of securities report: June 25, 2025
Preparation of supplementary materials for financial results: Yes
Financial results presentation meeting: Yes (for securities analysts and institutional investors)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024–March 31, 2025) (Figures shown are rounded down to the nearest million yen.)

(1) Consolidated Operating Results

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	222,584	10.3	20,401	178.1	22,266	77.3	17,508	325.6
Fiscal year ended March 31, 2024	201,791	1.7	7,337	(65.9)	12,562	(45.4)	4,113	(72.5)

Note: Comprehensive income Fiscal year ended March 31, 2025: 13,126 million yen ((44.0)%)
Fiscal year ended March 31, 2024: 23,449 million yen (23.1%)

	Profit attributable to owners of parent per share—primary	Profit attributable to owners of parent per share—diluted	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	107.17	107.16	6.5	6.0	9.2
Fiscal year ended March 31, 2024	24.80	24.79	1.6	3.7	3.6

Reference: Equity in earnings of affiliates
Fiscal year ended March 31, 2025: 61 million yen
Fiscal year ended March 31, 2024: 411 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	373,708	268,520	71.6	1,673.24
As of March 31, 2024	363,173	270,548	74.2	1,625.18

Reference: Equity As of March 31, 2025: 267,528 million yen
As of March 31, 2024: 269,560 million yen

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(3) Status of Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	25,530	(27,313)	(4,756)	57,926
Fiscal year ended March 31, 2024	23,242	(19,409)	3,823	64,777

2. Status of Dividends

	Dividend amount per share					Total dividend payment (year)	Dividend payout ratio (consolidated)	Dividend payout to net assets ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Year			
	Yen							
Fiscal year ended March 31, 2024	–	22.50	–	22.50	45.00	7,463	181.4	2.9
Fiscal year ended March 31, 2025	–	22.50	–	37.50	60.00	9,676	56.0	3.6
Fiscal year ending March 31, 2026 (forecast)	–	30.00	–	30.00	60.00		–	

3. Consolidated Business Results Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	111,700	2.4	9,600	(14.0)	9,600	(17.7)	10,000	67.4	63.99
Full year	234,600	5.4	20,000	(2.0)	19,700	(11.5)	17,400	(0.6)	113.60

Notes

- (1) Significant changes in subsidiaries during the fiscal period (changes in designated subsidiaries that result in changes in scope of consolidation): None
- (2) Changes to accounting policies and estimates and restatements
 - [1] Changes to accounting policies associated with revision of accounting standards or similar items: Yes
 - [2] Changes other than [1]: None
 - [3] Changes to accounting estimates: None
 - [4] Restatements: None
- (3) Number of shares issued (common stock)
 - [1] Number of shares issued at end of the fiscal period (including treasury stock)
 - As of March 31, 2025: 165,003,570 shares
 - As of March 31, 2024: 170,503,570 shares
 - [2] Number of treasury stock at end of the fiscal period
 - As of March 31, 2025: 5,117,318 shares
 - As of March 31, 2024: 4,638,700 shares
 - [3] Average number of shares during the fiscal period
 - Fiscal year ended March 31, 2025: 163,370,767 shares
 - Fiscal year ended March 31, 2024: 165,837,724 shares

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Reference: Overview of Non-consolidated Business Results

1. Non-consolidated Business Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024–March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	130,472	8.3	4,538	–	12,984	185.0
Fiscal year ended March 31, 2024	120,527	(5.9)	(3,827)	–	4,556	(73.6)

	Net income		Net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
Fiscal year ended March 31, 2025	11,379	–	69.65		–	
Fiscal year ended March 31, 2024	(666)	–	(4.02)		–	

Notes to Non-consolidated Operating Results

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	265,421	177,345	66.8	1,109.15
As of March 31, 2024	261,647	185,195	70.8	1,116.51

Reference: Equity As of March 31, 2025: 177,345 million yen

As of March 31, 2024: 185,195 million yen

* Summary financial statements are not subject to audit by a certified public accountant or audit firm.

* Analysis related to appropriate use of the business results forecasts, and other notes

(Disclaimer concerning forward-looking statements)

The information in this report constitutes forward-looking statements regarding future events and performance. This information is based on the beliefs and assumptions of management in light of information currently available to it at the time of announcement and subject to a number of uncertainties that may affect future results. Actual business results may differ substantially from the forecasts herein due to various factors. For matters pertaining to business forecasts, please refer to 1. Overview of Operating Results, Financial Position, and Future Outlook, (4) Future Outlook” on page 5 of the Supplementary Information.

(How to obtain the supplementary materials for financial results)

We have scheduled a briefing on financial results for securities analysts and institutional investors on Wednesday, May 14, 2025. The materials for the briefing will be posted on the corporate website.

Supplementary Information

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1. Overview of Operating Results, Financial Position, and Future Outlook

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2025

During consolidated fiscal year ended March 31, 2025, the global economy maintained steady growth but faced continuing uncertainty from the invasion of Ukraine by Russia, other geopolitical risks, and tariff hikes by the new administration in the U.S.

The Mobility & Imaging Business Unit is affected by trends in the global mobility market. Despite the increasing strength of Chinese electric vehicle manufacturers and progression of other structural changes, the need for development of products that improve safety and comfort is high and this is a promising market when medium to long-term expansion can be expected in the future.

In the Fine Chemicals Business Unit, the need for semiconductor materials is increasing as rapid advances in digital technology lead to higher performance in the next generation of high-speed (5G/6G) communications devices and other digital equipment, the proliferation and growth of AI servers and other servers for data centers, and increasingly sophisticated electronic equipment in automobiles. In the printing industry, the switch from conventional analog printing to digitalization is advancing, and the need for environmental friendliness is increasing, one example of which is the demand for non-phenolic materials in the area of developer for thermal paper.

In the Life Science Business Unit, we contribute to extending the healthy lifespan of people in Japan through innovative drug development while ensuring a stable supply of high quality pharmaceuticals. We must do this to pass on a society to the next generation where all people in Japan can be assured of receiving quality medical care. Nippon Kayaku must determine how to swiftly and consistently engage in pharmaceutical research, development, manufacturing, and supply to meet these expectations. However, the increase in medical and other social security expenses is straining consumer finances and achieving sustainable healthcare is a challenge for us amid even stricter government measures to curb drug prices and other medical expenses. Products that contribute both to increased food production and reduction in negative environmental impacts by the agriculture industry are necessary as the global population continues to increase and importance of food security is stressed. To achieve these missions, we must continue to provide excellent, environmentally friendly agrochemicals along with the technology and services for them, support food supply, and contribute to growth of sustainable agriculture.

The Nippon Kayaku Group entered the third year of **KAYAKU Vision 2025 (KV25)**, the mid-term business plan which began in April 2022, amid such conditions. We continue to implement the roadmap to the vision specified for each business while advancing initiatives to address key company-wide issues aimed at achieving the vision.

As a result, consolidated net sales for the fiscal year ended March 31, 2025 totaled 222,584 million yen, an increase of 20,793 million yen (10.3%) year-on-year. Sales in the Mobility & Imaging Business Unit, Fine Chemicals Business Unit, and Life Science Business Unit all outperformed the previous fiscal year.

Operating income increased by 13,064 million yen (178.1%) to 20,401 million yen compared to the previous fiscal year.

Consolidated ordinary income totaled 22,266 million yen, an increase of 9,704 million yen (77.3%) year-on-year. The increase was due to growth in consolidated operating income which exceeded the decrease in foreign exchange gains.

Profit attributable to owners of parent was 17,508 million yen, an increase of 13,395 million yen (325.6%) year-on-year. The increase was mainly due to a gain on sales of investment securities.

Performance by business segment is as described below.

[Mobility & Imaging Business Unit]

Sales rose to 91,376 million yen, an increase of 10,174 million yen (12.5%) year-on-year.

In the safety systems business, problems with irregularities in certificates of conformance at some major auto manufacturers were resolved, but this did not result in a full rebound in demand and sales of airbag inflators and micro gas generators for seatbelt pretensioners underperformed year-on-year. Overseas, automobile sales slumped due to a stricter screening of auto loans in Thailand and Indonesia, the main markets in the ASEAN region. In contrast, demand in the Chinese market was supported by subsidies and incentives and sales to local manufacturers in China were strong. Overseas sales of airbag inflators, micro gas generators for seatbelt pretensioners, and squibs all outperformed year-on-year as sales were boosted by increasing yen weakness. The safety systems business overall outperformed year-on-year as a result.

The Polatechno business outperformed year-on-year as demand for components for X-ray analysis systems remained firm and was also boosted by gains from yen weakness.

Polarizing films outperformed year-on-year, owing to the price changes on some products implemented in the previous period. The Polatechno business overall outperformed year-on-year as a result.

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Segment profit totaled 13,311 million yen, an increase of 5,283 million yen (65.8%) year-on-year. This increase was due to growth in sales in both businesses.

[Fine Chemicals Business Unit]

Sales rose to 66,206 million yen, an increase of 9,134 million yen (16.0%) year-on-year.

The functional materials business as a whole outperformed the previous fiscal year. This outperformance resulted from firm demand for epoxy resins and other products groups as the semiconductor market rebounded.

The color materials business as a whole outperformed the previous fiscal year. Sales of industrial inkjet ink, home inkjet printer colorants, and developer for thermal paper were firm.

The catalyst business outperformed year-on-year owing to firm sales as major customers replaced catalysts.

Segment profit totaled 9,899 million yen, an increase of 4,715 million yen (91.0%) year-on-year. Sales growth in all businesses contributed to the growth in segment profit.

[Life Science Business Unit]

Sales rose to 65,001 million yen, an increase of 1,483 million yen (2.3%) year-on-year.

The pharmaceuticals business as a whole was on par with the previous fiscal year. Pharmaceuticals for the Japanese domestic market outperformed year-on-year due to growth in sales of antibody biosimilars ADALIMUMAB BS and BEVACIZUMAB BS. This growth compensated for the year-on-year underperformance in sales of active pharmaceutical ingredients for the Japanese domestic market and exports, sales from contract production, and diagnostic drugs.

The agrochemicals business outperformed the previous fiscal year. Export sales of DIAZINON and flometoquin were firm, in addition to growth in FINESAVE® sales in the domestic market.

Sales in the real estate business were on par with the previous fiscal year.

Segment profit totaled 6,354 million yen, an increase of 3,944 million yen (163.7%) year-on-year. The comparison with the previous fiscal year, in which SG&A expenses were high due to an upfront payment recorded on a contract with AnHeart Therapeutics (now, Nuvation Bio Inc.) in the pharmaceutical business, contributed to this increase.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2025

Total assets were 373,708 million yen, an increase of 10,535 million yen from the end of the previous consolidated fiscal year. The main increases were in construction in progress, an increase of 5,974 million yen; net defined benefit asset, an increase of 4,296 million yen; buildings and structures, net, an increase of 4,121 million yen; merchandise and finished goods, an increase of 3,356 million yen; notes and accounts receivable-trade, an increase of 2,844 million yen; and accounts receivable-other, an increase of 2,220 million yen. The main decreases were in investment securities, a decrease of 10,088 million yen; and securities, a decrease of 5,090 million yen.

Liabilities were 105,188 million yen, an increase of 12,563 million yen compared to the end of the previous consolidated fiscal year. The main increases were in bonds payable, an increase of 14,000 million yen; and long-term loans payable, an increase of 2,884 million yen. The main decrease was in current portion of bonds payable, a decrease of 8,000 million yen.

Net assets were 268,520 million yen, a decrease of 2,028 million yen compared to the end of the previous consolidated fiscal year. The main increases were in retained earnings, an increase of 3,500 million yen; and remeasurements of defined benefit plans, an increase of 2,511 million yen. The main decreases were in unrealized holding gains on other securities, a decrease of 4,134 million yen; and translation adjustments, a decrease of 2,818 million yen.

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(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2025

	Fiscal year ended March 31, 2024 (April 1, 2023– March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024– March 31, 2025)	Comparative change
	Million yen		
Cash flows from operating activities	23,242	25,530	2,287
Cash flows from investing activities	(19,409)	(27,313)	(7,904)
Cash flows from financing activities	3,823	(4,756)	(8,580)
Cash and cash equivalents at end of the year	64,777	57,926	(6,851)

Net cash provided by operating activities amounted to 25,530 million yen (versus a cash inflow of 23,242 million yen in the previous fiscal year). The positive cash flow was generated from profit before income taxes of 22,007 million yen, and depreciation and amortization of 13,935 million yen. The above factors more than compensated for income tax paid of 5,401 million yen and an increase in inventories of 4,978 million yen.

Net cash used in investing activities totaled 27,313 million yen (versus a cash outflow of 19,409 million yen in the previous fiscal year). The net outflow was mainly due to expenditures of 29,259 million yen for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to 4,756 million yen (versus a cash inflow of 3,823 million yen in the previous fiscal year). The positive cash flow was primarily generated from proceeds from issuance of bonds of 14,000 million yen and long-term loans payable of 10,100 million yen. However, this was not sufficient to compensate for expenditures for redemption of bonds of 8,000 million yen, expenditures for purchase of treasury stock of 7,882 million yen, dividends paid of 7,395 million yen, and expenditures for repayment of long-term loans payable of 5,453 million yen.

Reflecting the above cash flow performance, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2025 was 57,926 million yen, a decrease of 6,851 million yen from the end of the previous fiscal year.

Reference: Trends in Cash Flow Indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	77.2	77.8	78.7	74.2	71.6
Market-value-based equity ratio (%)	62.0	61.9	61.5	59.6	60.4
Ratio of cash flow to interest-bearing liabilities (years)	0.8	0.7	1.0	1.3	1.7
Interest coverage ratio	202.1	273.9	243.3	248.0	132.3

Equity ratio: Equity divided by total assets

Market-value-based equity ratio: Total market value of shares divided by total assets

Ratio of cash flow to interest-bearing liabilities: Interest-bearing debt divided by operating cash flows

Interest coverage ratio: Operating cash flows divided by interest payments

Notes 1: Each indicator is calculated using consolidated financial figures.

2: The total market value of shares is calculated on the number of total shares outstanding (less treasury stock) at end of year.

3: Operating cash flows makes use of the cash flows from operating activities.

4: Interest-bearing debt includes all liabilities declared in the Consolidated Balance Sheets on which interest is paid.

(4) Future Outlook

The business environment surrounding the Nippon Kayaku Group faces the risk of an economic downswing due to geopolitical risks, U.S. tariff hikes, and other concerning factors.

Under these conditions, the Nippon Kayaku Group aims to respond flexibly to changes in the business environment and pursue optimal use of operating capital to increase shareholder value, as well as expand existing businesses in global growth markets, accelerate the development of new businesses and new products, and enhance profits.

In the safety systems business, we will continue to enhance the product line-up and expand sales of airbag inflators, micro gas generators for seatbelt pretensioners, and squibs, and will continue to focus on research and development of new products that utilize explosives, a core technology.

In the Polatechno business, products under development include shades for HUDs required in vehicles, components for X-ray analysis systems used in mobile X-ray analysis systems, electron microscopes and other products.

In the functional materials business, the products being developed include circuit boards and high-performance resins used semiconductor encapsulation in the rapidly proliferating next generation of high-speed (5G/6G) communications, AI servers, and other data center equipment in the information and communications fields and the increasingly sophisticated electronic equipment in automobiles, epoxy resins used in carbon fiber-reinforced plastics, and semiconductor cleaners and semiconductor manufacturing equipment. In the color materials business, such products include industrial inkjet ink, functional colorants for use in image sensors, and dichromatic colorants for light-controlled glass. In the catalyst business, products under development include high-yield catalysts for the manufacture of acrylic acid and methacrylic acid, which contribute to energy and resource conservation, and green catalysts to contribute to the realization of a carbon neutral, hydrogen-based society.

In the pharmaceuticals business, we are targeting market penetration of new drugs such as PORTRAZZA[®], a biomedicine for lung cancer; DARVIAS[®], a drug for blood cancer; and ALAGLIO[®], a photodynamic diagnostic agent. We are working to expand our product line-up in antibody biosimilars, distinctive generic drugs created through ingenuity in pharmaceutical formulations, and other products in the cancer-related areas, and to further strengthen stable supply and the quality assurance system.

In the agrochemicals business, we are focusing on expanding domestic and export sales volume for flometoquin, an insecticide, working toward the development of new unique drug formulations and new insecticides, and development and introduction of biostimulants.

In the consolidated fiscal year ending March 31, 2026, Nippon Kayaku forecasts a 5.4% year-on-year increase in net sales to 234,600 million yen. We forecast operating income of 20,000 million yen, a decrease of 2.0% year-on-year; ordinary income of 19,700 million yen, a decrease of 11.5% year-on-year; and profit attributable to owners of parent of 17,400 million yen, a decrease of 0.6% year-on-year.

The main exchange rate assumption for the business results forecast is JPY144/USD.

(5) Basic Policy Concerning Profit Distribution and Dividends for the Fiscal Year Ended March 31, 2025 and Fiscal Year Ending March 31, 2026

The Nippon Kayaku Group focuses heavily on returning profits to shareholders. We are targeting a payout ratio at 40% or more of profit attributable to owners of parent during **KV25**, the mid-term business plan which began in the fiscal year ended March 31, 2023. This takes into account stable and consistent profit returns and the level of retained earnings. The Company will also be flexible in acquiring treasury shares as part of the return to shareholders, while securing sufficient retained earnings. Retained earnings will be used to invest in R&D, capital, and other investment and lending targeting sustained growth aimed at future development.

We plan to pay a year-end dividend of 37.5 yen per share. Combined with the dividend paid at the end of the second quarter, total dividends per share for the full year will be 60 yen.

The dividend for next fiscal year is forecast at 60 yen per share. This will consist of a dividend of 30 yen per share at the end of the second quarter and a year-end dividend of 30 yen per share.

2. Basic Stance on Selection of Accounting Principles

The Nippon Kayaku Group, for the time being, employs generally accepted accounting principles in Japan to prepare its consolidated financial statements. This decision takes into account comparability of different fiscal periods in the consolidated financial statements and with industry peers.

It should be noted that the Company plans to adopt the use of the International Financial Reporting Standards (IFRS) in a timely and adequate fashion should certain circumstances in Japan and abroad give rise to this need.

3. Consolidated Financial Statements and Notes to Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2024	As of March 31, 2025
	Million yen	
Assets		
Current assets		
Cash and deposits	56,749	55,425
Notes receivable-trade	3,263	4,137
Accounts receivable-trade	57,004	58,975
Electronically recorded monetary claims-operating	1,942	1,529
Securities	9,428	4,337
Merchandise and finished goods	41,561	44,917
Work in process	1,129	1,397
Raw materials and stores	24,318	25,227
Accounts receivable-other	4,418	6,639
Other	3,533	4,436
Allowance for doubtful accounts	(204)	(229)
Total current assets	203,146	206,794
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,109	48,231
Machinery, equipment and vehicles, net	26,131	26,252
Land	9,501	9,507
Construction in progress	15,302	21,277
Other, net	3,593	4,049
Total property, plant and equipment	98,638	109,317
Intangible assets		
Goodwill	783	640
Other	2,912	3,411
Total intangible assets	3,696	4,051
Investments and other assets		
Investment securities	45,481	35,393
Long-term loans receivable	581	521
Long-term prepaid expenses	1,516	2,576
Net defined benefit asset	6,735	11,032
Deferred tax assets	1,484	2,092
Other	1,941	1,977
Allowance for doubtful accounts	(48)	(49)
Total investments and other assets	57,692	53,544
Total non-current assets	160,027	166,914
Total assets	363,173	373,708

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	As of March 31, 2024	As of March 31, 2025
	Million yen	
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,018	19,869
Short-term loans payable	5,450	7,212
Current portion of bonds payable	8,000	-
Accounts payable-other	18,669	18,797
Accrued expenses	5,554	6,490
Income taxes payable	1,555	1,492
Refund liability	408	412
Provision for directors' bonuses	102	195
Other	1,056	1,136
Total current liabilities	59,815	55,606
Non-current liabilities		
Bonds payable	-	14,000
Long-term loans payable	18,000	20,884
Deferred tax liabilities	10,640	10,358
Provision for directors' retirement benefits	12	10
Net defined benefit liability	433	434
Long-term deposits received	3,208	3,311
Other	513	582
Total non-current liabilities	32,809	49,581
Total liabilities	92,624	105,188
Net assets		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	15,840	15,861
Retained earnings	199,214	202,714
Treasury stock	(5,413)	(6,527)
Total shareholders' equity	224,573	226,981
Accumulated other comprehensive income		
Unrealized holding gains on other securities	16,508	12,374
Translation adjustments	26,241	23,422
Remeasurements of defined benefit plans	2,237	4,749
Total accumulated other comprehensive income	44,987	40,546
Non-controlling interests	987	992
Total net assets	270,548	268,520
Total liabilities and net assets	363,173	373,708

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(2) Consolidated Statements of Income & Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Million yen	
Net sales	201,791	222,584
Cost of sales	140,490	151,102
Gross profit on sales	61,301	71,482
Selling, general and administrative expenses		
Selling expenses	20,353	20,849
General and administrative expenses	33,610	30,231
Total selling, general, and administrative expenses	53,964	51,080
Operating income	7,337	20,401
Non-operating income		
Interest income	843	906
Dividend income	1,010	1,023
Equity in earnings of affiliates	411	61
Foreign exchange gains	2,695	-
Insurance dividends received	192	197
Other	862	754
Total non-operating income	6,015	2,944
Non-operating expenses		
Interest expense	127	224
Foreign exchange losses	-	267
Compensation expenses	104	-
Expenses from under-utilized real estate	39	40
Other losses	518	547
Total non-operating expenses	790	1,080
Ordinary income	12,562	22,266
Extraordinary income		
Gain on sale of non-current assets	213	9
Gain on sale of investment securities	1,646	3,849
Gain on sale of businesses	311	-
Total extraordinary income	2,171	3,858
Extraordinary loss		
Impairment loss	2,647	-
Loss on disposal of non-current assets	591	1,176
Loss on valuation of investment securities	4,288	2,605
Extra retirement payments	-	335
Total extraordinary loss	7,527	4,117
Profit before income taxes	7,205	22,007
Income taxes-current	5,216	5,077
Income taxes-deferred	(2,190)	(649)
Total income taxes	3,026	4,428
Profit	4,179	17,578
Profit attributable to non-controlling interests	66	69
Profit attributable to owners of parent	4,113	17,508

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Nippon Kayaku Co., Ltd.
Summary of Consolidated Financial Results [Japanese GAAP]
For the Fiscal Year Ended March 31, 2025

Consolidated Statements of Comprehensive Income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Million yen	
Profit	4,179	17,578
Other comprehensive income		
Unrealized holding gains on other securities	8,483	(4,133)
Translation adjustments	9,020	(2,829)
Remeasurements of defined benefit plans	1,784	2,507
Share of other comprehensive income of companies accounted for by the equity-method	(18)	3
Total other comprehensive income	19,269	(4,452)
Comprehensive income	23,449	13,126
Comprehensive income attributable to:		
Owners of parent	23,272	13,067
Non-controlling interests	177	58

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Nippon Kayaku Co., Ltd.
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(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

	Shareholders' equity				
	Common stock	Additional Paid-in Capital	Retained earnings	Treasury stock	Total shareholders' equity
	Million yen				
Balance at beginning of the fiscal year	14,932	15,803	202,976	(5,523)	228,189
Changes during the fiscal year					
Dividends paid			(7,876)		(7,876)
Profit attributable to owners of parent			4,113		4,113
Purchase of treasury shares				(2)	(2)
Transfer-restricted stock remuneration		6		111	118
Change in treasury shares of parent arising from transactions with non-controlling shareholders		29			29
Net change in items other than shareholders' equity					
Total changes during the fiscal year	–	36	(3,762)	109	(3,616)
Balance at end of the fiscal year	14,932	15,840	199,214	(5,413)	224,573

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gains on other securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
	Million yen					
Balance at beginning of the fiscal year	8,023	17,331	473	25,828	1,008	255,027
Changes during the fiscal year						
Dividends paid						(7,876)
Profit attributable to owners of parent						4,113
Purchase of treasury shares						(2)
Transfer-restricted stock remuneration						118
Change in treasury shares of parent arising from transactions with non-controlling shareholders						29
Net change in items other than shareholders' equity	8,485	8,909	1,764	19,158	(20)	19,137
Total changes during the fiscal year	8,485	8,909	1,764	19,158	(20)	15,521
Balance at end of the fiscal year	16,508	26,241	2,237	44,987	987	270,548

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Summary of Consolidated Financial Results [Japanese GAAP]
For the Fiscal Year Ended March 31, 2025

Fiscal year ended March 31, 2025 (April 1, 2024–March 31, 2025)

	Shareholders' equity				
	Common stock	Additional Paid-in Capital	Retained earnings	Treasury stock	Total shareholders' equity
Million yen					
Balance at beginning of the fiscal year	14,932	15,840	199,214	(5,413)	224,573
Changes during the fiscal year					
Dividends paid			(7,412)		(7,412)
Profit attributable to owners of parent			17,508		17,508
Purchase of treasury shares				(7,875)	(7,875)
Cancellation of treasury shares		(15)	(6,595)	6,611	–
Transfer-restricted stock remuneration		8		150	159
Change in treasury shares of parent arising from transactions with non-controlling shareholders		28			28
Net change in items other than shareholders' equity					
Total changes during the fiscal year	–	21	3,500	(1,113)	2,408
Balance at end of the fiscal year	14,932	15,861	202,714	(6,527)	226,981

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gains on other securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Million yen						
Balance at beginning of the fiscal year	16,508	26,241	2,237	44,987	987	270,548
Changes during the fiscal year						
Dividends paid						(7,412)
Profit attributable to owners of parent						17,508
Purchase of treasury shares						(7,876)
Cancellation of treasury shares						–
Transfer-restricted stock remuneration						159
Change in treasury shares of parent arising from transactions with non-controlling shareholders						28
Net change in items other than shareholders' equity	(4,134)	(2,818)	2,511	(4,441)	4	(4,436)
Total changes during the fiscal year	(4,134)	(2,818)	2,511	(4,441)	4	(2,028)
Balance at end of the fiscal year	12,374	23,422	4,749	40,546	992	268,520

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Summary of Consolidated Financial Results [Japanese GAAP]
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(4) Consolidated Statements of Cash Flows

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Million yen		
Cash flows from operating activities		
Profit before income taxes	7,205	22,007
Depreciation and amortization	13,873	13,935
Impairment loss	2,647	–
Loss (gain) on sale of businesses	(311)	–
Amortization of goodwill	529	142
Increase (decrease) in other provisions	57	124
Interest and dividend income	(1,853)	(1,930)
Interest expense	127	224
Foreign exchange losses (gains)	(2,168)	(174)
Equity in (earnings) losses of affiliates	(411)	(61)
Gain on sales of property, plant and equipment	(213)	(9)
Loss (gain) on disposal of property, plant and equipment	591	1,176
Loss (gain) on valuation of investment securities	4,288	2,605
Loss (gain) on sales of investment securities	(1,646)	(3,849)
(Increase) decrease in notes and accounts receivable-trade	(4,996)	(2,884)
(Increase) decrease in inventories	6,026	(4,978)
(Increase) decrease in prepaid expenses	(116)	265
(Increase) decrease in accounts receivable-other	(1,348)	(2,265)
(Increase) decrease in advance payments	(251)	(1,295)
Increase (decrease) in notes and accounts payable-trade	2,084	961
Increase (decrease) in notes and accounts payable-other	2,677	1,749
Increase (decrease) in accrued expenses	123	927
Increase (decrease) in net defined benefit liability	37	12
(Increase) decrease in net defined benefit asset	(317)	(609)
Other	836	2,373
Subtotal	27,472	28,449
Interest and dividends received	2,054	2,203
Interest paid	(95)	(192)
Income tax paid	(6,306)	(5,401)
Income tax refund	117	471
Net cash provided by operating activities	23,242	25,530

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	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Million yen		
Cash flows from investing activities		
Net decrease (increase) in time deposits	(356)	(371)
Proceeds from withdrawal of time deposits	54	160
Short-term loan advances	(139)	(153)
Purchase of property, plant and equipment	(15,036)	(29,259)
Proceeds from sales of property, plant and equipment	234	12
Purchase of intangible assets	(428)	(1,140)
Purchase of securities	–	(109)
Proceeds from redemption of securities	377	247
Purchase of investment securities	(6,083)	(958)
Proceeds from sales of investment securities	2,614	6,016
Proceeds from redemption of investment securities	129	15
Purchase of shares of subsidiaries and associates	(366)	–
Long-term loan advances	(3)	(0)
Collection of long-term loans receivable	98	58
Payments for long-term prepaid expenses	(365)	(1,166)
Payment for retirement of property, plant and equipment	(558)	(609)
Proceeds from sale of businesses	433	–
Other	(12)	(55)
Net cash used in investing activities	(19,409)	(27,313)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	52	–
Proceeds from long-term borrowings	16,000	10,100
Repayment of long-term loans	(4,048)	(5,453)
Proceeds from issuance of bonds	–	14,000
Redemption of bonds	–	(8,000)
Purchase of treasury shares of subsidiaries	(155)	–
Purchase of treasury stock	(2)	(7,882)
Dividends paid	(7,855)	(7,395)
Dividends paid to non-controlling interests	(19)	(47)
Other	(147)	(77)
Net cash provided by financing activities	3,823	(4,756)
Effect of exchange rate change on cash and cash equivalents	4,024	(310)
Increase (decrease) in cash and cash equivalents	11,681	(6,851)
Cash and cash equivalents at beginning of the year	53,096	64,777
Cash and cash equivalents at end of the year	64,777	57,926

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(5) Notes to Consolidated Financial Statements
(Notes Regarding Assumptions for the Going Concern)
No items to report

(Changes to accounting policies)

(Application of Accounting Standard for Current Income Taxes and related guidance)

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, the “2022 revised accounting standard”) and related guidance from the beginning of the first quarter of the fiscal year ended March 31, 2025.

The accounting classification of income taxes (taxes assessed on other comprehensive income) was revised in accordance with the transitional treatment specified in the provision in Paragraph 20-3 of the 2022 revised accounting standard. This had no effect on the quarterly consolidated financial statements for the first three quarters of this consolidated fiscal year.

(Segment Information)

[1] Summary of reportable segments

The reportable segments of the Nippon Kayaku Group are structural units of the Group for which separate financial information can be acquired. These segments are subject to be examined periodically by the Board of Directors in order to evaluate business results and make decisions on the allocation of business resources.

Business groups are established by product and service for each reportable segment within the Nippon Kayaku Group. Each group develops comprehensive domestic and overseas strategies for the products and services it handles, and introduces business activities accordingly.

Business groups are established by product and service for each reportable segment within the Nippon Kayaku Group. There are three reportable segments: “Mobility & Imaging Business Unit,” “Fine Chemicals Business Unit,” and “Life Science Business Unit.”

The types of main products and services provided by the reportable segments are shown in the table below.

Reportable segment	Sales segment	Main products and services
Mobility & Imaging Business Unit	Safety Systems	Airbag inflators, micro gas generators for seatbelt pretensioners, and squibs
	Polatechno	Components for LCD displays, LCD projector components, and components for X-ray analysis systems
Fine Chemicals Business Unit	Functional Materials	Epoxy resins, maleimide resins, epoxy resin hardeners, reactive flame retardants, acrylic acid esters, UV-curable resins for resist, resist for MEMS (liquid and dry film resist), cleaners for LCDs and semiconductors, liquid crystal display sealants, and semiconductor manufacturing equipment (laminator, remover, mounter, UV irradiation equipment)
	Color Materials	Colorants for inkjet printers, dyes for inkjet textile printing, inks for industrial inkjet printers, image sensor materials, dichotomous colorants for dimmable glass, near infrared absorbers, dyes for textiles and paper, colorants for resins, developers for thermal paper, and pigment derivatives (synergists)
	Catalysts	Catalysts for the production of acrylic acid, acrolein, and methacrylic acid
Life Science Business Unit	Pharmaceuticals	Anti-cancer drugs, biological drugs, cardiovascular agents, photodynamic diagnostic agents, in-vitro diagnostic drugs, embolization materials, pharmaceutical API and intermediates, food additives, health food ingredients, preservatives for food quality, and cleaners and disinfectants
	Agrochemicals	Insecticides, herbicides, fungicides, miticides, public health insecticides, soil fumigants, and animal repellents
	Real Estate	Real estate business

[2] Methods for calculating the amounts for sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting treatment of the reportable segments is generally the same as described in Significant Accounting Policies for Preparing Consolidated Financial Statements. The profit reported in each reportable segment is operating profit. Intersegment sales and transfers are calculated based primarily on market prices and manufacturing costs.

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[3] Information concerning the amounts for sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

	Reportable segments				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemi- cals Business Unit	Life Science Business Unit	Total			
Million yen							
Sales							
Sales to third parties	81,201	57,072	63,518	201,791	201,791	–	201,791
Intersegment sales and transfers	–	169	0	170	170	(170)	–
Total	81,201	57,242	63,518	201,962	201,962	(170)	201,791
Segment profit	8,028	5,183	2,410	15,621	15,621	(8,284)	7,337
Segment assets	124,179	82,555	84,765	291,500	291,500	71,672	363,173
Other items							
Depreciation and amortization	7,013	3,607	2,754	13,375	13,375	498	13,873
Amortization of goodwill	85	444	–	529	529	–	529
Impairment loss	92	2,555	–	2,647	2,647	–	2,647
Changes in the amount of property, plant and equipment and intangible assets	6,752	7,776	3,864	18,393	18,393	903	19,296

Note 1: The amounts of adjustments are as shown below.

(1) The 8,284 million yen downward adjustment to segment profit reflects 8,218 million yen in corporate expense not allocable to the reportable segments and 66 million yen in eliminations for intersegment transactions. The corporate expenses are mainly a general and administrative expense that is not attributed to the reportable segments.

(2) The 71,672 million yen upward adjustment to segment assets factors in 71,821 million yen in corporate assets not allocable to reportable segments and 139 million yen in eliminations for intersegment transactions. Corporate assets primarily consist of excess operating funds (cash and securities) and long-term investment funds (investment securities, etc.) belonging to the parent company.

(3) The 498 million yen adjustment to depreciation and amortization is related to corporate assets.

(4) The 903 million yen upward adjustment to property, plant and equipment and intangible assets is related to the administrative divisions of the parent company head office.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

Nippon Kayaku Co., Ltd.
Summary of Consolidated Financial Results [Japanese GAAP]
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Fiscal year ended March 31, 2025 (April 1, 2024–March 31, 2025)

	Reportable segments				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemi- cals Business Unit	Life Science Business Unit	Total			
Million yen							
Sales							
Sales to third parties	91,376	66,206	65,001	222,584	222,584	–	222,584
Intersegment sales and transfers	–	196	0	196	196	(196)	–
Total	91,376	66,403	65,001	222,781	222,781	(196)	222,584
Segment profit	13,311	9,899	6,354	29,565	29,565	(9,163)	20,401
Segment assets	130,799	94,497	86,720	312,017	312,017	61,691	373,708
Other items							
Depreciation and amortization	6,734	3,811	2,795	13,342	13,342	593	13,935
Amortization of goodwill	–	142	–	142	142	–	142
Impairment loss	–	–	–	–	–	–	–
Changes in the amount of property, plant and equipment and intangible assets	9,040	12,632	4,846	26,519	26,519	1,079	27,598

Note 1: The amounts of adjustments are as shown below.

(1) The 9,163 million yen downward adjustment to segment profit reflects 9,050 million yen in corporate expense not allocable to the reportable segments and 112 million yen in eliminations for intersegment transactions. The corporate expenses are mainly a general and administrative expense that is not attributed to the reportable segments.

(2) The 61,691 million yen upward adjustment to segment assets factors in 61,836 million yen in corporate assets not allocable to reportable segments and 144 million yen in eliminations for intersegment transactions. Corporate assets primarily consist of excess operating funds (cash and securities) and long-term investment funds (investment securities, etc.) belonging to the parent company.

(3) The 593 million yen adjustment to depreciation and amortization is related to corporate assets.

(4) The 1,079 million yen upward adjustment to property, plant and equipment and intangible assets is related to the administrative divisions of the parent company head office.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the consolidated statements of income.

(Significant Subsequent Events)

(Cancellation of Treasury Stock)

At the Board of Directors meeting held on May 13, 2025, the Company resolved to cancel its own shares pursuant to the provisions of Article 178 of Companies Act.

1. Reason for cancellation of treasury shares

To eliminate concerns over future dilution of shares and further improve capital efficiency and share value by decreasing the total number of shares issued

2. Contents of the Board of Directors resolution on cancellation of treasury stock

(1) Type of shares to be cancelled: Common shares of the Company

(2) Total number of shares to be cancelled: 5,003,570 (3.03% of total shares issued before cancellation)

(3) Scheduled cancellation date: May 23, 2025

(4) Total number of shares issued after cancellation, including treasury shares: 160,000,000

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