

Summary of Consolidated Financial Results [Japanese GAAP] For the First Quarter of the Fiscal Year Ending March 31, 2026

July 31, 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): Shigeyuki Kawamura, President

Director in charge of inquiries: Tsutomu Kawamura, Senior Director, General Manager of Finance & Accounting Division

Scheduled date for start of dividend payments: –

Preparation of supplementary materials for quarterly financial results: Yes

Quarterly results presentation meeting: Yes (for securities analysts and institutional investors)

1. Consolidated Business Results for the First Quarter of Fiscal Year Ending March 31, 2026 (April 1, 2025– June 30, 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	%
First quarter of fiscal year ending March 31, 2026	54,758	2.1	4,367	(21.6)	4,067	(44.1)	4,292	20.3
First quarter of fiscal year ended March 31, 2025	53,645	10.4	5,570	138.6	7,278	74.2	3,566	34.0

Note: Comprehensive income

First quarter of fiscal year ending March 31, 2026: 5,111 million yen ((45.5)%)

First quarter of fiscal year ended March 31, 2025: 9,374 million yen ((26.6)%)

	Profit attributable to owners of parent per share—primary	Profit attributable to owners of parent per share—diluted
	Yen	Yen
First quarter of fiscal year ending March 31, 2026	27.29	27.29
First quarter of fiscal year ended March 31, 2025	21.52	21.52

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	375,501	261,998	69.5
As of March 31, 2025	373,708	268,520	71.6

Reference: Equity As of June 30, 2025: 261,066 million yen
As of March 31, 2025: 267,528 million yen

2. Status of Dividends

	Dividend amount per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen				
Fiscal year ended March 31, 2025	–	22.50	–	37.50	60.00
Fiscal year ending March 31, 2026	–				
Fiscal year ending March 31, 2026 (forecast)		30.00	–	30.00	60.00

Note: Changes to the most recent dividend forecast: None

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

Note: Changes to the most recent forecast for consolidated business results: None

Notes

(1) Significant changes in subsidiaries during the first quarter (changes in designated subsidiaries that result in changes in scope of consolidation): None
Newly consolidated: (company name), Deconsolidated: (company name)

(2) Adoption of special accounting methods for presenting the quarterly consolidated financial statements: None

(3) Changes to accounting policies and estimates and restatement
[1] Changes to accounting policies associated with revision of accounting standards or similar items: None
[2] Changes other than [1]: None
[3] Changes to accounting estimates: None
[4] Restatements: None

(4) Number of shares issued (common stock)
[1] Number of shares issued at end of the fiscal period (including treasury stock)
As of June 30, 2025: 160,000,000 shares
As of March 31, 2025: 165,003,570 shares
[2] Number of treasury stock at end of the fiscal period
As of June 30, 2025: 4,387,416 shares
As of March 31, 2025: 5,117,318 shares
[3] Average number of shares during the fiscal period (cumulative)
First quarter of fiscal year ending March 31, 2026: 157,280,496 shares
First quarter of fiscal year ended March 31, 2025: 165,728,245 shares

* Accompanying financial statements audited by a certified public accountant or audit firm: None

* Analysis related to appropriate use of the business 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 “(3) Analysis of Forward-looking Statements, Including Consolidated Business Forecasts” on page 3 of the Supplementary Information.

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(How to obtain the materials for the briefing on quarterly financial results)

We have scheduled a teleconference for securities analysts and institutional investors on Thursday, July 31, 2025.

The materials for the briefing will be posted on the corporate website.

Supplementary Information

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1. Qualitative Information Concerning Results for the First Quarter

(1) Analysis of Operating Results

During the first quarter of this consolidated fiscal year (April 1 to June 30, 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 Nippon Kayaku Group entered the final year of **KAYAKU Vision 2025**, the mid-term business plan which began in fiscal year ended March 31, 2023, 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, net sales for the first quarter of this consolidated fiscal year totaled 54,758 million yen, an increase of 1,112 million yen (2.1%) year-on-year. Sales in the Mobility & Imaging Business Unit underperformed while sales in the Fine Chemicals Business Unit and Life Science Business Unit outperformed the first quarter of the previous fiscal year.

Despite the outperformance of the Fine Chemicals Business Unit and Life Science Business Unit, underperformance of the Mobility & Imaging Business Unit compared to the first quarter of the previous fiscal year resulted in 4,367 million yen in operating income, a decrease of 1,202 million yen (21.6%) year-on-year.

Ordinary income totaled 4,067 million yen, a decrease of 3,210 million yen (44.1%) year-on-year. Foreign exchange losses were the main reason behind the net decrease at the non-operating level.

Profit attributable to owners of parent was 4,292 million yen, an increase of 725 million yen (20.3%) 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 fell to 22,387 million yen, a decrease of 492 million yen (2.2%) year-on-year.

In the safety systems business, problems with irregularities in certificates of conformance which halted production and shipments at some major auto manufacturers were resolved and sales of airbag inflators and micro gas generators for seatbelt pretensioners outperformed year-on-year. Overseas, sales of airbag inflators and squibs to the Chinese market continued the steady performance of the previous period while sales of micro gas generators for seatbelt pretensioners to the North American market slumped, underperforming year-on-year. The safety systems business overall outperformed year-on-year as a result.

In the Polatechno business, shades for HUDs recorded year-on-year growth, while LCD projector components underperformed year-on-year. Components for X-ray analysis systems underperformed year-on-year due to inventory adjustments by main customers. The Polatechno business overall underperformed year-on-year as a result.

Segment profit totaled 2,357 million yen, a decrease of 1,354 million yen (36.5%) year-on-year. This decrease resulted from steep price increases for raw materials in the safety systems business, partially owing to fluctuation in foreign exchange rates, in addition to the decline in sales in the Polatechno business.

[Fine Chemicals Business Unit]

Sales rose to 16,710 million yen, an increase of 531 million yen (3.3%) year-on-year.

The functional materials business as a whole outperformed the first quarter of the previous fiscal year. This outperformance resulted from firm demand for every product group due to expanding demand for AI and high-end servers and in the semiconductor market in general.

The color materials business as a whole outperformed the first quarter of the previous fiscal year. This outperformance resulted from firm sales of industrial inkjet ink, home inkjet printer colorants, and developer for thermal paper.

The catalyst business underperformed the first quarter of the previous fiscal year.

Segment profit totaled 2,496 million yen, an increase of 97 million yen (4.0%) year-on-year. The increase stemmed from growth in sales in the functional materials and color materials businesses.

[Life Science Business Unit]

Sales rose to 15,659 million yen, an increase of 1,073 million yen (7.4%) year-on-year.

In the pharmaceuticals business, pharmaceuticals for the Japanese domestic market outperformed the first quarter of the previous fiscal year due to increased market penetration of the anti-cancer drug PORTRAZZA® I.V. Infusion, an anti-EGFR human monoclonal antibody, and the biosimilars, BEVACIZUMAB BS and ADALIMUMAB BS. Exports underperformed year-on-year, while sales of active pharmaceutical ingredients and diagnostic drugs for the Japanese domestic market outperformed year-on-year, resulting in year-on-year outperformance for the pharmaceuticals business as a whole.

The agrochemicals business as a whole outperformed the first quarter of the previous fiscal year due to the year-on-year increase in exports, despite the year-on-year underperformance in domestic sales.

Sales in the real estate business underperformed the first quarter of the previous fiscal year.

Segment profit totaled 1,863 million yen, an increase of 231 million yen (14.2%) year-on-year. This increase resulted from growth in sales in the pharmaceuticals and agrochemical businesses.

(2) Analysis of Financial Position

Total assets were 375,501 million yen, an increase of 1,792 million yen from the end of the previous consolidated fiscal year. The main increases were in machinery, equipment and vehicles, an increase of 3,586 million yen; merchandise and finished goods, an increase of 3,381 million yen; and cash and deposits, an increase of 2,469 million yen. The main decreases were in notes and accounts receivable-trade, a decrease of 2,954 million yen; and investment securities, a decrease of 2,952 million yen.

Liabilities were 113,503 million yen, an increase of 8,314 million yen compared to the end of the previous consolidated fiscal year. The main increases were in notes and accounts payable-trade, an increase of 6,541 million yen; and short-term loans payable, an increase of 6,000 million yen. The main decrease was in accounts payable-other, a decrease of 2,591 million yen.

Net assets were 261,998 million yen, a decrease of 6,521 million yen compared to the end of the previous consolidated fiscal year. The main decrease was in retained earnings, a decrease of 8,149 million yen.

(3) Analysis of Forward-looking Statements, Including Consolidated Business Forecasts

The business environment surrounding the Nippon Kayaku Group faces the risk of an economic downswing due to the risk of U.S. tariff hikes, in addition to geopolitical risks, and the risk of fluctuation in foreign exchange rates, and we need to maintain a cautious view.

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.

The business results forecasts for consolidated fiscal year ending March 31, 2026 have not changed from the numerical forecasts announced on May 13, 2025.

2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2025	As of June 30, 2025
	Million yen	
Assets		
Current assets		
Cash and deposits	55,425	57,895
Notes and accounts receivable-trade	63,112	60,158
Electronically recorded monetary claims-operating	1,529	1,559
Securities	4,337	2,469
Merchandise and finished goods	44,917	48,299
Work in process	1,397	1,297
Raw materials and stores	25,227	26,967
Other	11,075	10,982
Allowance for doubtful accounts	(229)	(137)
Total current assets	206,794	209,491
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,231	50,174
Machinery, equipment and vehicles, net	26,252	29,839
Other, net	34,834	31,155
Total property, plant and equipment	109,317	111,168
Intangible assets		
Goodwill	640	603
Other	3,411	3,270
Total intangible assets	4,051	3,873
Investments and other assets		
Investment securities	35,393	32,441
Net defined benefit asset	11,032	11,176
Other	7,168	7,398
Allowance for doubtful accounts	(49)	(49)
Total investments and other assets	53,544	50,967
Total non-current assets	166,914	166,010
Total assets	373,708	375,501

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	As of March 31, 2025	As of June 30, 2025
	Million yen	
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,869	26,411
Short-term loans payable	7,212	13,212
Accounts payable-other	18,797	16,206
Income taxes payable	1,492	1,130
Other	8,234	7,834
Total current liabilities	55,606	64,795
Non-current liabilities		
Bonds payable	14,000	14,000
Long-term loans payable	20,884	19,881
Net defined benefit liability	434	323
Other	14,263	14,503
Total non-current liabilities	49,581	48,707
Total liabilities	105,188	113,503
Net assets		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	15,861	15,865
Retained earnings	202,714	194,565
Treasury stock	(6,527)	(5,661)
Total shareholders' equity	226,981	219,702
Accumulated other comprehensive income		
Unrealized holding gains on other securities	12,374	11,489
Translation adjustments	23,422	24,997
Remeasurements of defined benefit plans	4,749	4,877
Total accumulated other comprehensive income	40,546	41,363
Non-controlling interests	992	931
Total net assets	268,520	261,998
Total liabilities and net assets	373,708	375,501

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

	First quarter of fiscal year ended March 31, 2025	First quarter of fiscal year ending March 31, 2026
	Million yen	
Net sales	53,645	54,758
Cost of sales	36,428	38,191
Gross profit on sales	17,217	16,566
Selling, general and administrative expenses	11,647	12,198
Operating income	5,570	4,367
Non-operating income		
Interest income	231	136
Dividend income	488	463
Equity in earnings of affiliates	–	81
Foreign exchange gains	1,126	–
Other	139	237
Total non-operating income	1,987	918
Non-operating expenses		
Interest expense	90	142
Equity in losses of affiliates	62	–
Foreign exchange losses	–	929
Other losses	124	147
Total non-operating expenses	278	1,218
Ordinary income	7,278	4,067
Extraordinary income		
Gain on sale of non-current assets	0	2
Gain on sale of investment securities	–	2,131
Total extraordinary income	0	2,133
Extraordinary loss		
Loss on disposal of non-current assets	193	188
Loss on valuation of investment securities	1,426	–
Total extraordinary loss	1,619	188
Profit before income taxes	5,659	6,013
Income taxes-current	1,192	996
Income taxes-deferred	884	699
Total income taxes	2,076	1,696
Profit	3,582	4,316
Profit attributable to non-controlling interests	15	24
Profit attributable to owners of parent	3,566	4,292

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Consolidated Statements of Comprehensive Income

	First quarter of fiscal year ended March 31, 2025	First quarter of fiscal year ending March 31, 2026
	Million yen	
Profit	3,582	4,316
Other comprehensive income		
Unrealized holding gains on other securities	533	(885)
Translation adjustments	5,275	1,552
Remeasurements of defined benefit plans	(18)	127
Share of other comprehensive income of companies accounted for by the equity-method	1	1
Total other comprehensive income	5,791	795
Comprehensive income	9,374	5,111
Comprehensive income attributable to:		
Owners of parent	9,298	5,110
Non-controlling interests	76	1

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Assumptions for the Going Concern)

No items to report

(Notes in Case of Significant Change in Shareholders' Equity)

(1) Purchase of treasury stock

The Company purchased 4,273,500 shares of treasury stock for 5,579 million yen during the first quarter of this consolidated fiscal year, as approved by resolution of the Board of Directors on November 11, 2024 and March 28, 2025.

(2) Cancellation of treasury stock

The Company canceled 5,003,570 shares of treasury stock on May 23, 2025 as approved by resolution of the Board of Directors on May 13, 2025. This resulted in decreases of 6,446 million yen in other retained earnings and 6,446 million yen in treasury stock.

As a result, retained earnings stood at 194,565 million yen and treasury stock, at 5,661 million yen as of the end of the first quarter of consolidated fiscal year ending March 31, 2026.

(Segment Information and Other Items)

First quarter of the fiscal year ended March 31, 2025 (April 1, 2024–June 30, 2024)

1. Information on sales and profit (loss) by reportable segment

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	22,880	16,179	14,585	53,645	—	53,645
Intersegment sales and transfers	—	38	0	38	(38)	—
Total	22,880	16,217	14,585	53,683	(38)	53,645
Segment profit	3,711	2,399	1,631	7,742	(2,172)	5,570

Note 1: The 2,172 million yen downward adjustment to segment profit reflects a negative 2,155 million yen in corporate expense not allocable to the reportable segments and 16 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

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

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment

(Material change in the amount of goodwill)

No items to report

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First quarter of the fiscal year ending March 31, 2026 (April 1, 2025–June 30, 2025)

1. Information on sales and profit (loss) by reportable segment

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	22,387	16,710	15,659	54,758	—	54,758
Intersegment sales and transfers	3	51	0	55	(55)	—
Total	22,391	16,762	15,659	54,813	(55)	54,758
Segment profit	2,357	2,496	1,863	6,717	(2,349)	4,367

Note 1: The 2,349 million yen downward adjustment to segment profit reflects a negative 2,318 million yen in corporate expense not allocable to the reportable segments and 30 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

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

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment
(Material change in the amount of goodwill)

No items to report

(Note on the Consolidated Statements of Cash Flows)

The Nippon Kayaku Group has not prepared a quarterly consolidated statement of cash flows for the first quarter of consolidated fiscal year ending March 31, 2026. Depreciation and amortization (including amortization of intangible assets, excluding goodwill) and amortization of goodwill during the first quarter of this consolidated fiscal year were as follows:

	First quarter of fiscal year ended March 31, 2025	First quarter of fiscal year ending March 31, 2026
	Million yen	
Depreciation and amortization	3,318	3,568
Goodwill	35	35