SAKAI CHEMICAL INDUSTRY CO., LTD.

Interim Financial Results Presentation for the Fiscal Year Ending March 31, 2027

November 9, 2026

[TSE Prime; Securities Code: 4078]

Key Points of This Presentation

1H FY03/27 results

➢ **Progress exceeded plans**

- Electronic materials: Performed strongly by capturing AI data center-related demand.
- Hygienic products: New projects secured and cost reduction measures contributed.
- Contract processing: Sales mix improved, supported by shipments of high-value-added products and other factors.
- Barium: Barium products for paints and inks and products under development (materials for eyeglass lenses) performed steadily.

➢ **Secured YoY growth in net sales and profit**

- The impact on net sales and operating profit from the termination of the pigment-grade titanium dioxide business was offset mainly by the following businesses.
  → Electronic materials / Hygienic products / Contract processing: Same factors as in the comparison with plan.
  → Plastic additives: Progress in streamlining domestic operations and strong overseas sales of lead-free stabilizers and other products.
- Profit declined in cosmetic materials and the medical business.
  → Cosmetic materials: Despite a recovery mainly in overseas sales, profit declined due to the impact from discontinuation of the pigment-grade titanium dioxide business and other factors.
  → Medical: Profit declined due to drug price revisions and higher raw material and fuel costs.

➢ **Conducted share buybacks totaling 6.0 billion yen (1.52 million shares).**

Issued 1.519 million new shares following the conversion of convertible bonds with stock acquisition rights. Conducted share buybacks to enhance shareholder value per share and improve capital efficiency. The repurchased shares are scheduled to be canceled.

Full- year FY03/27 forecast and progress of the medium-term management plan

➢ **Net sales and operating profit are expected to exceed the initial plan by 3.3 billion yen and 500 million yen, respectively.**

- Reflects 1H progress that exceeded plans. The main outlook for 2H is as follows.
  → Electronic materials: Demand related to AI data centers and automotive applications is expected to remain firm.
  → Titanium dioxide/zinc products: Earnings are expected to continue exceeding projections due to the surge in the domestic reference price for zinc.
  → Barium: Although products under development are expected to undergo an adjustment in 2H, sales of barium products and other products are expected to remain firm.
  → Other businesses: Shipments of road materials and other products are expected to remain firm.

➢ **Net income: +200 million yen**

Although restructuring costs for the medical business were recorded in 1H, gains on the sale of cross-shareholdings are expected in 2H.

➢ **Shareholder returns: The annual dividend remains unchanged from the previously announced forecast.**

➢ **Continue working toward achieving an ROE of 8% / CCC is expected to meet the target of 180 days or less.**

1H FY03/27 Results Summary

1H FY03/27 Results Summary

● YoY performance — Net sales: +6.6% / operating profit: +6.3%

Contributions from the various businesses offset the impact from the termination of the pigment-grade titanium dioxide business, securing YoY growth in net sales and profit.
Growth businesses and other businesses mainly offset the negative sales impact, resulting in a 6.6% YoY increase in net sales.
Operating profit increased 6.3% YoY, driven mainly by profit growth in electronic materials, contract processing, and plastic additives.

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
• Semiconductor market remained firm • Increase in the domestic market price for zinc	• Persistent economic stagnation in China • Sluggish Thai economy • Weak demand in the domestic building materials sector • Shift in sunscreen market trends (from inorganic products to organic products)	• Selling price revisions • Improved sales mix (electronic materials, contract processing) • Site consolidation completed (catalysts)	• Decline in operating rate (discontinuation of the pigment-grade titanium dioxide business) • One-time valuation loss (electronic materials)

● Versus initial projections: Net sales +3.1% / operating profit +12.5%

Net sales increased 3.1%, driven mainly by strong sales in electronic materials, hygienic products, and the barium business.
Operating profit increased 12.5%, driven by an improved sales mix in stable businesses and increased sales volumes in businesses under efficiency review (barium).

External factors		Internal factors	
Positives	Negatives	Positives	Negatives
• Semiconductor market remained firm • Increase in the domestic market price for zinc	• Persistent economic stagnation in China	• Improved sales mix (contract processing)	• One-time valuation loss (electronic materials)

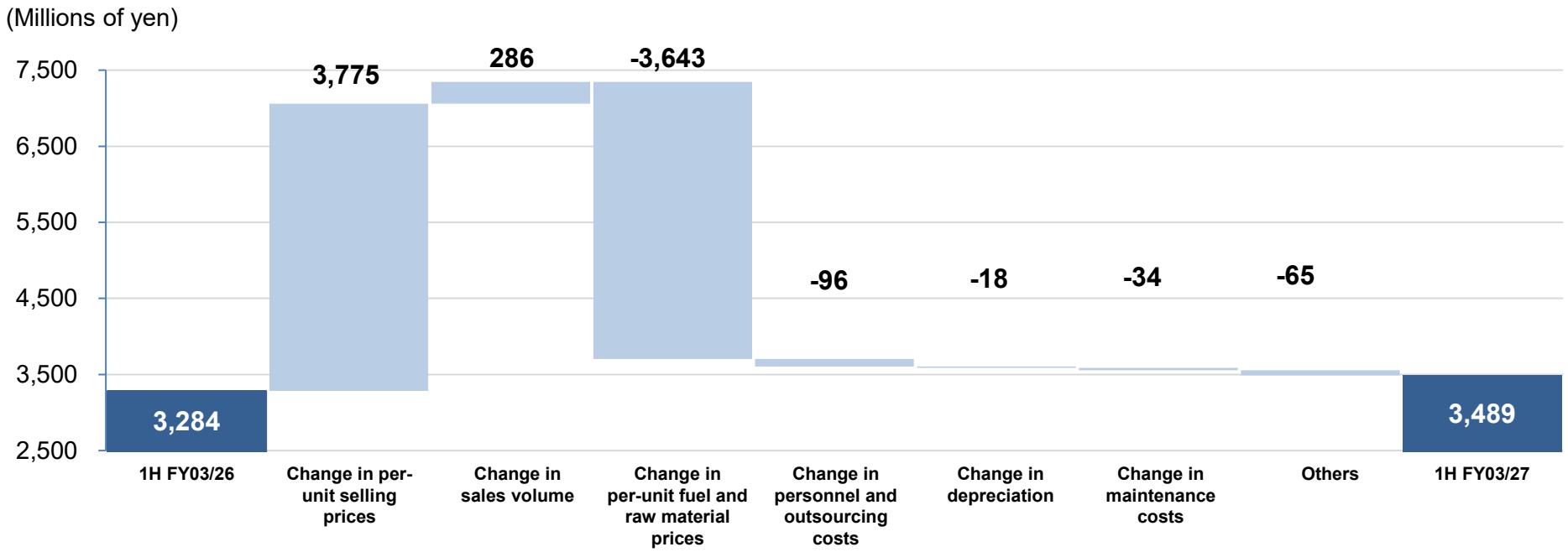
1H FY03/27 Results Overview (YoY, Versus Plan)

(Millions of yen)

	1H FY03/26 Actual		1H FY03/27 Actual		YoY Change		1H FY03/27 plan		Versus plan	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	40,353	—	43,000	—	2,647	6.6	41,700	—	1,300	3.1
Operating profit	3,284	8.1	3,489	8.1	205	6.3	3,100	7.4	389	12.5
Ordinary profit	3,269	8.1	3,572	8.3	303	9.3	3,200	7.7	372	11.6
Profit attributable to owners of parent	2,926	7.3	2,522	5.9	-404	-13.8	2,800	6.7	-278	-9.9
EPS	184.65 yen		161.25 yen		—		182.87 yen		—	

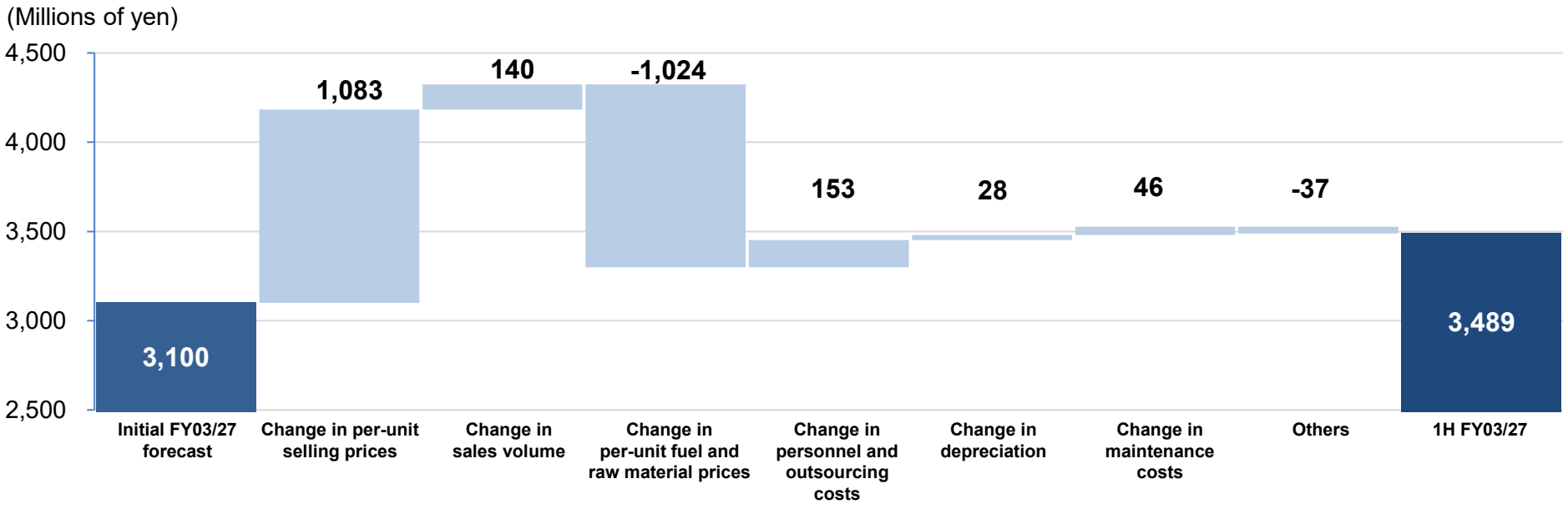
	YoY Comparison	Versus Initial Forecast
Net sales	Despite lower sales volumes in businesses under efficiency review due to the termination of the pigment-grade titanium dioxide business, net sales increased 6.6% YoY, driven by strong performance in electronic materials and other businesses.	Net sales exceeded plan by 3.1%, as the decline in sales of titanium dioxide and zinc products due to the termination of the pigment-grade titanium dioxide business was offset by increased sales volumes in electronic materials, supported by favorable semiconductor market conditions, as well as hygienic products and the barium business.
Operating profit	Operating profit increased 6.3% YoY, driven by strong performance in electronic materials and an improved sales mix in stable businesses.	Despite recording a one-time product valuation loss in electronic materials (-141 million yen), operating profit exceeded plan by 12.5%, driven by an improved sales mix in stable businesses and increased sales volumes in businesses under efficiency review (barium and titanium dioxide/zinc products).
Net income	Net income declined 13.8% YoY due to restructuring costs in the medical business (-420 million yen) recorded as extraordinary losses.	Net income declined 9.9% due to restructuring costs in the medical business (-420 million yen) recorded as extraordinary losses.

Factors Behind YoY Change in Operating Profit



Positive Factors	Negative Factors
Change in per-unit selling prices • Reflected increases in raw material and fuel costs caused by the deterioration in the Middle East situation in selling prices as needed (plastic additives, organic chemicals). • Surge in the domestic reference price for zinc	**Change in per-unit fuel and raw material prices** • Increase in raw material and fuel costs due to the deterioration in the Middle East situation

Factors Behind Operating Profit Variance (Versus Initial Forecast)



Positive Factors

Change in per-unit selling prices

- Reflected increases in raw material and fuel costs caused by the situation in the Middle East in selling prices as needed (plastic additives, organic chemicals).
- Surge in the domestic reference price for zinc

Negative Factors

Change in per-unit fuel and raw material prices

- Increase in raw material and fuel costs due to the deterioration in the Middle East situation

Balance Sheet Comparison

Consolidated B/S (Millions of yen)	FY03/26	1H FY03/27	Change
Cash and deposits	15,502	15,063	-439
Notes and accounts receivable - trade	25,056	25,694	638
Inventories	23,881	23,247	-634
Other	912	957	45
Total current assets	**65,352**	**64,961**	**-391**
Property, plant and equipment	43,167	42,033	-1,134
Other	8,697	10,650	1,953
Total non-current assets	**51,864**	**52,683**	**819**
Total assets	**117,216**	**117,644**	**428**
Notes and accounts payable - trade	8,632	9,758	1,126
Short-term borrowings	8,357	10,458	2,101
Other	8,281	6,970	-1,311
Total current liabilities	**25,272**	**27,186**	**1,914**
Long-term borrowings	4,643	5,783	1,140
Convertible-bond-type bonds with share acquisition rights	3,000	-	-3,000
Other	5,376	6,095	719
Total non-current liabilities	**13,021**	**11,878**	**-1,143**
Total liabilities	**38,293**	**39,064**	**771**
Shareholders' equity	72,771	71,026	-1,745
Other	6,150	7,554	1,404
Total net assets	**78,923**	**78,580**	**-343**
Total liabilities and net assets	**117,216**	**117,644**	**428**

[Key Factors Driving Change]

- **Non-current assets / Other: +1,953 million yen**
  Increase due to valuation differences on investment securities

- **Borrowings: +3,241 million yen**
  Used to fund growth investments and share buybacks.

- **Convertible-bond-type bonds with share acquisition rights: -3,000 million yen**
  Following the conversion of bonds, we issued 1.519 million new shares.

	End-FY03/24	End-1H FY03/27
Equity ratio	59.3%	65.7%
CCC	216 days	164 days

▲ Improvement of 52 days

(CCC: Cash Conversion Cycle)

Cash Flow Statement Comparison

Consolidated C/F (Millions of yen)	1H FY03/26	1H FY03/27	Change
Beginning cash and cash equivalents balance	**16,153**	**15,444**	**-708**
Profit (loss) before income taxes	4,349	3,795	-553
Impairment losses	14	387	372
Depreciation	1,849	1,905	56
Decrease (increase) in trade receivables	518	(648)	-1,166
Decrease (increase) in inventories	310	675	365
Gain (loss) on sale of property, plant and equipment	(1,172)	(1,172)	-
Increase (decrease) in trade payables	545	967	421
Income taxes refund (paid)	(572)	(1,126)	-553
Other	(89)	(681)	-592
Cash flows from operating activities	**5,752**	**4,102**	**-1,649**
Purchase of property, plant and equipment	(3,677)	(1,770)	1,906
Proceeds from sale of property, plant and equipment	1,274	1,325	50
Other	(199)	(248)	-49
Cash flows from investing activities	**(2,602)**	**(693)**	**1,908**
FCF (operating CF + investing CF)	**3,149**	**3,409**	**259**
Increase (decrease) in short-term and long-term borrowings	(967)	3,209	4,176
Purchase of treasury shares	(2,089)	(6,068)	-3,979
Dividends paid	(1,175)	(1,222)	-46
Other	(1)	(76)	-75
Cash flows from financing activities	**(4,232)**	**(4,157)**	**75**
Effect of exchange rate changes on cash and cash equivalents	**(222)**	**85**	**308**
Total change in cash and cash equivalents	**(1,305)**	**(662)**	**643**
Ending cash and cash equivalents balance	**14,847**	**14,782**	**-64**

Summary
Investing cash outflows decreased as a round of capital investment was completed, increasing FCF by approximately 300 million yen.
Conducted share buybacks totaling approximately 6.0 billion yen to enhance shareholder value and improve capital efficiency.

• Operating CF
(1) Increase in trade receivables (-1,166 million yen)
Net sales increased in growth businesses, stable businesses, and other businesses.

(2) Decrease in inventories (+365 million yen)
Mainly due to sales of titanium dioxide products held in inventory.

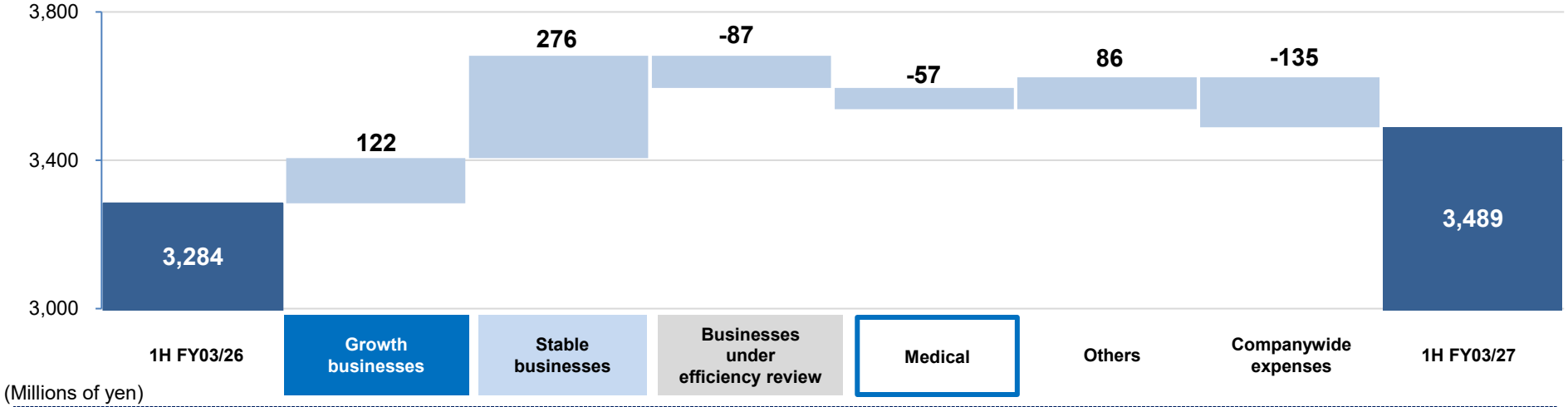
• Investing CF
Capital investment under the current medium-term management plan has largely been completed, resulting in a YoY improvement of 1,908 million yen in investing CF.
→ FCF: 3,409 million yen (+259 million yen YoY)

• Financing CF
Conducted share buybacks.

Operating Profit by Segment (Versus 1H FY03/26)

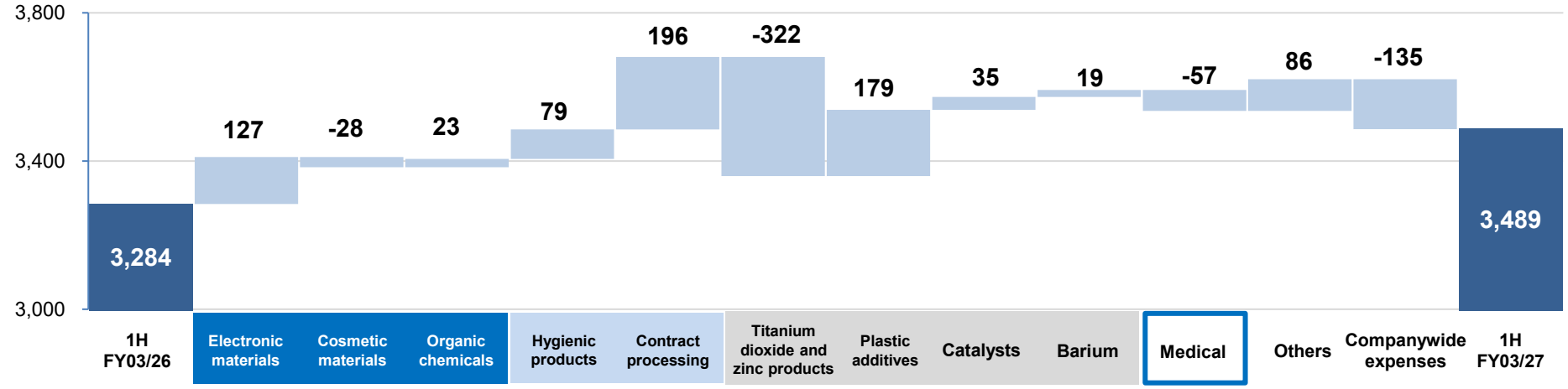
Operating profit by segment (millions of yen)	1H FY03/26	1H FY03/27	Change
Growth businesses	**1,300**	**1,423**	**122**
Electronic materials	1,014	1,141	127
Cosmetic materials	(215)	(244)	-28
Organic chemicals	502	525	23
Stable businesses	**533**	**809**	**276**
Hygienic products	181	260	79
Contract processing	351	548	196
Businesses under efficiency review	**1,819**	**1,732**	**-87**
Titanium dioxide and zinc products	657	335	-322
Plastic additives	520	699	179
Catalysts	150	185	35
Barium	491	511	19
Medical	**72**	**15**	**-57**
Other	**724**	**811**	**86**

Operating Profit by Segment (YoY Change)



(Millions of yen)

- Growth businesses and stable businesses drove profit growth.
  (Growth businesses: mainly the electronic materials business, supported by strong AI-related demand; stable businesses: mainly contract processing, which benefited from an improved sales mix and other factors)
- Profit declined in businesses under efficiency review due to the significant impact from the termination of the pigment-grade titanium dioxide business, but profit growth was secured in plastic additives, catalysts, and barium.



FY03/27 Earnings Forecast

FY03/27 Earnings Forecast

- In 2H, electronic materials are expected to continue performing strongly, but net sales and profit are projected to decline compared with 1H due to an anticipated decrease in sales of pigment-grade titanium dioxide inventory and deterioration in the sales mix in the previously strong barium business.
- For the full year, net sales and profit are expected to increase YoY, as solid performance from electronic materials and other businesses is expected to largely offset the impact from the termination of the pigment-grade titanium dioxide business.
- Net income is expected to increase, reflecting the absence of the substantial impairment losses recorded in the previous fiscal year and anticipated gains on sale of cross-shareholdings.

	FY03/26		FY03/27		FY03/27						
	Full-year results		Initial forecast		1H results		2H forecast		Revised forecast		
	Amount	Margin %	Amount	Margin %	Amount	Margin %	Amount	Margin %	Amount	Margin %	YoY %
Net sales	81,447	—	81,700	—	43,000	—	42,000	—	85,000	—	4.4
Operating profit	6,452	7.9	6,000	7.3	3,489	8.1	3,011	7.2	6,500	7.6	0.7
Ordinary profit	6,545	8.0	6,100	7.5	3,572	8.3	2,982	7.1	6,500	7.6	-0.7
Profit attributable to owners of parent	2,752	3.4	4,400	5.4	2,522	5.9	2,078	4.9	4,600	5.4	67.1

External factors (assumptions)		Internal factors (assumptions)	
Positives	Negatives	Positives	Negatives
• Semiconductor market expected to remain firm • Surge in the domestic reference price for zinc	• Persistent economic stagnation in China	• Shipments carried over to 2H (catalysts)	• Increase in fixed cost ratio • Decrease in inventory sales (pigment-grade titanium dioxide)

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

Business Environment Overview (Excluding the Situation in the Middle East)

	Segment	Assumptions for FY03/27 forecast (as of May 2026)	Assumptions for FY03/27 forecast (as of November 2026)
Growth businesses	Electronic materials	• We project ongoing favorable performance from AI data center-related operations.	• Business related to AI data centers and automotive applications is expected to remain firm.
	Cosmetic materials	• The outlook for sales to China remains challenging. • Due to global inflation and a temporary trend toward cost-consciousness, the shift from organic to inorganic materials is progressing more slowly than expected.	• The outlook for sales to China remains challenging. • Due to global inflation and a temporary trend toward cost-consciousness, the shift from organic to inorganic materials is progressing more slowly than expected. • Overseas sales, particularly to Europe and the United States, are recovering.
	Organic chemicals	• The optical functional materials market is projected to hold steady. • Due to intensifying competitive pressures, contract manufacturing orders for key commercially distributed pharmaceutical API intermediates are expected to trend downward.	• The optical functional materials market is projected to hold steady. • Due to intensifying competitive pressures, contract manufacturing orders for key commercially distributed pharmaceutical API intermediates are expected to trend downward.
Businesses under efficiency review	Titanium dioxide and zinc products	• Forecast a YoY increase in the domestic market price for zinc.	• The domestic market price for zinc is expected to remain high, as in 1H.
	Plastic additives	• Domestic demand: PVC market conditions are also trending downward, making it challenging to increase sales. • Overseas demand: Our medium-term outlook for PVC market growth remains unchanged, and the sluggish Thai economy is expected to bottom out.	• Domestic demand: PVC market conditions are also trending downward, making it challenging to increase sales. • Overseas demand: Our medium-term outlook for PVC market growth remains unchanged, and the sluggish Thai economy is expected to bottom out.
	Barium	• We project performance from automotive parts and materials will remain sluggish. • The eyeglass lens market is projected to hold steady.	• We project performance from automotive parts and materials will remain firm. • The eyeglass lens market is projected to hold steady.

PVC: polyvinyl chloride

Forecasts by Segment (Versus FY03/26 Results)

(Millions of yen)

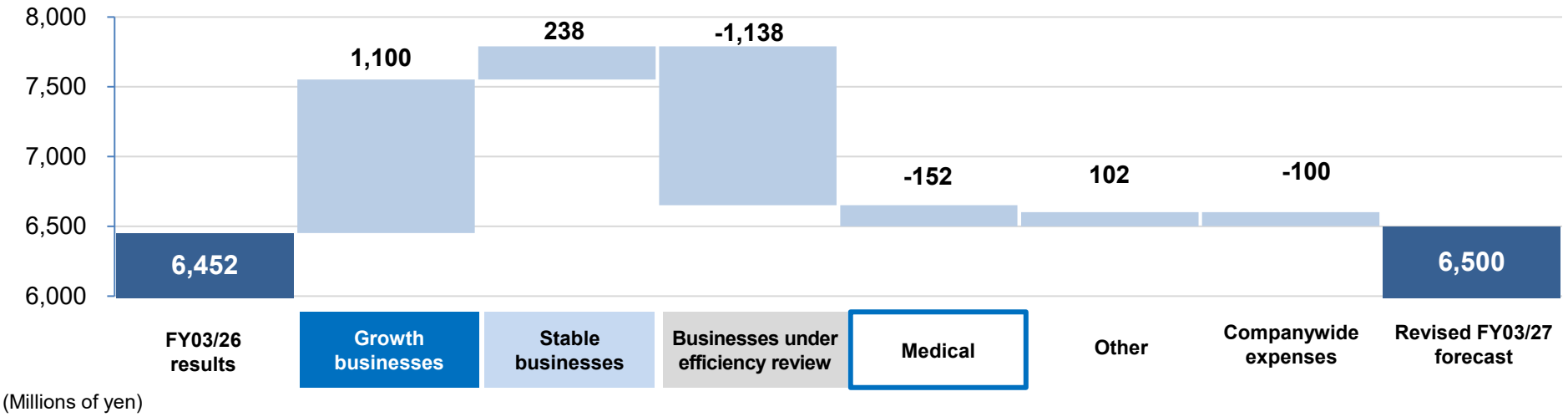
	FY03/26 results			Revised FY03/27 forecast			Difference			
	Sales	Operating profit	OPM	Sales	Operating profit	OPM	Sales		Operating profit	
	Amount	Amount	%	Amount	Amount	%	Amount	%	Amount	%
Electronic materials	11,377	1,816	16.0	12,800	2,600	20.3	1,423	12.5	784	43.2
Cosmetic materials	1,720	(437)	(25.4)	2,000	(400)	(20.0)	280	16.3	37	-8.5
Organic chemicals	7,185	721	10.0	8,000	1,000	12.5	815	11.3	279	38.7
Hygienic products	5,353	457	8.5	6,000	500	8.3	647	12.1	43	9.4
Contract processing	6,677	805	12.1	7,200	1,000	13.9	523	7.8	195	24.2
Titanium dioxide and zinc products	10,244	1,222	11.9	6,800	300	4.4	-3,444	-33.6	-922	-75.5
Plastic additives	11,507	1,068	9.3	11,800	1,200	10.2	293	2.5	132	12.4
Catalysts	3,462	648	18.7	4,000	700	17.5	538	15.5	52	8.0
Barium	5,100	1,200	23.5	5,600	800	14.3	500	9.8	-400	-33.3
Medical	8,391	(48)	(0.6)	8,700	(200)	(2.3)	309	3.7	-152	—
Other	10,427	1,498	14.4	12,100	1,600	13.2	1,673	16.0	102	6.8
Companywide expenses	—	(2,500)	—	—	(2,600)	—	—	—	-100	—
Consolidated	**81,447**	**6,452**	**7.9**	**85,000**	**6,500**	**7.6**	**3,553**	**4.4**	**48**	**0.7**

Forecasts by Segment (Versus Initial Forecast)

(Millions of yen)

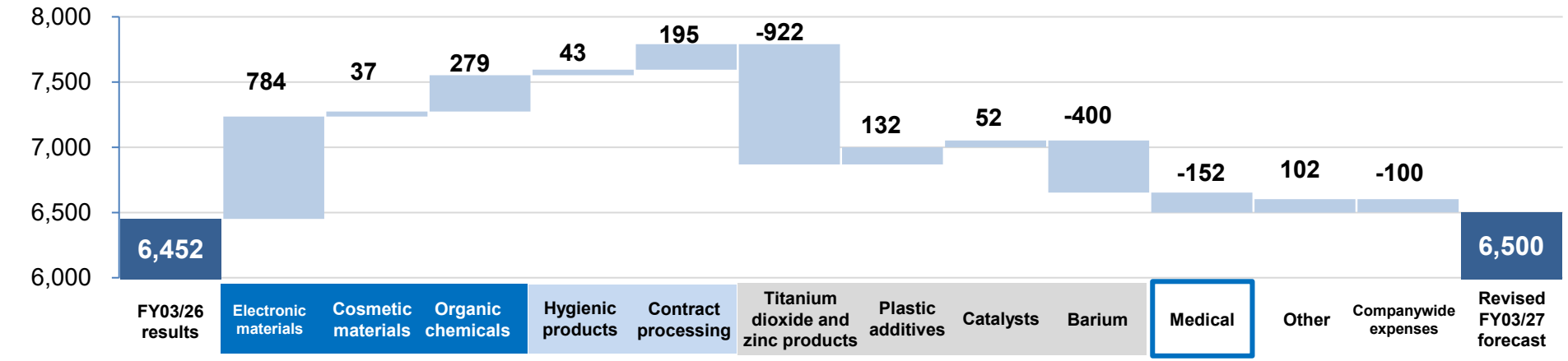
	Initial FY03/27 forecast			Revised FY03/27 forecast			Difference			
	Sales	Operating profit	OPM	Sales	Operating profit	OPM	Sales		Operating profit	
	Amount	Amount	%	Amount	Amount	%	Amount	%	Amount	%
Electronic materials	11,500	2,400	20.9	12,800	2,600	20.3	1,300	11.3	200	8.3
Cosmetic materials	2,000	(400)	(20.0)	2,000	(400)	(20.0)	0	—	0	—
Organic chemicals	8,000	1,000	12.5	8,000	1,000	12.5	0	—	0	—
Hygienic products	5,200	400	7.7	6,000	500	8.3	800	15.4	100	25.0
Contract processing	7,100	900	12.7	7,200	1,000	13.9	100	1.4	100	11.1
Titanium dioxide and zinc products	6,800	100	1.5	6,800	300	4.4	0	—	200	200.0
Plastic additives	11,800	1,200	10.2	11,800	1,200	10.2	0	—	0	—
Catalysts	4,000	700	17.5	4,000	700	17.5	0	—	0	—
Barium	5,100	700	13.7	5,600	800	14.3	500	9.8	100	14.3
Medical	8,700	(200)	(2.3)	8,700	(200)	(2.3)	0	—	0	—
Other	11,500	1,500	13.0	12,100	1,600	13.2	600	5.2	100	6.7
Companywide expenses	—	(2,300)	—	—	(2,600)	—	—	—	-300	—
Consolidated	**81,700**	**6,000**	**7.3**	**85,000**	**6,500**	**7.6**	**3,300**	**4.0**	**500**	**8.3**

Revised FY03/27 Forecast: Operating Profit by Segment (YoY Change)

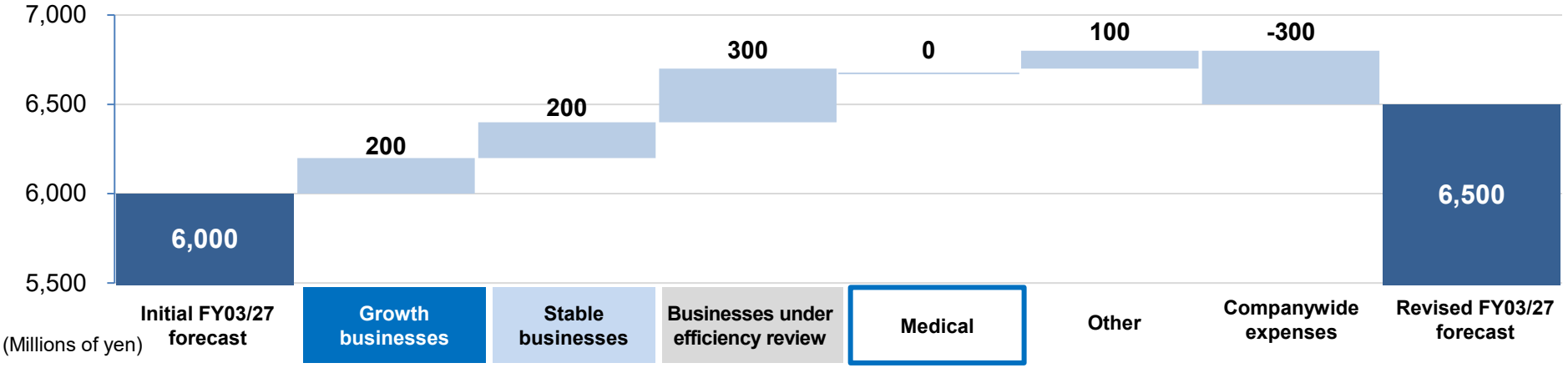


(Millions of yen)

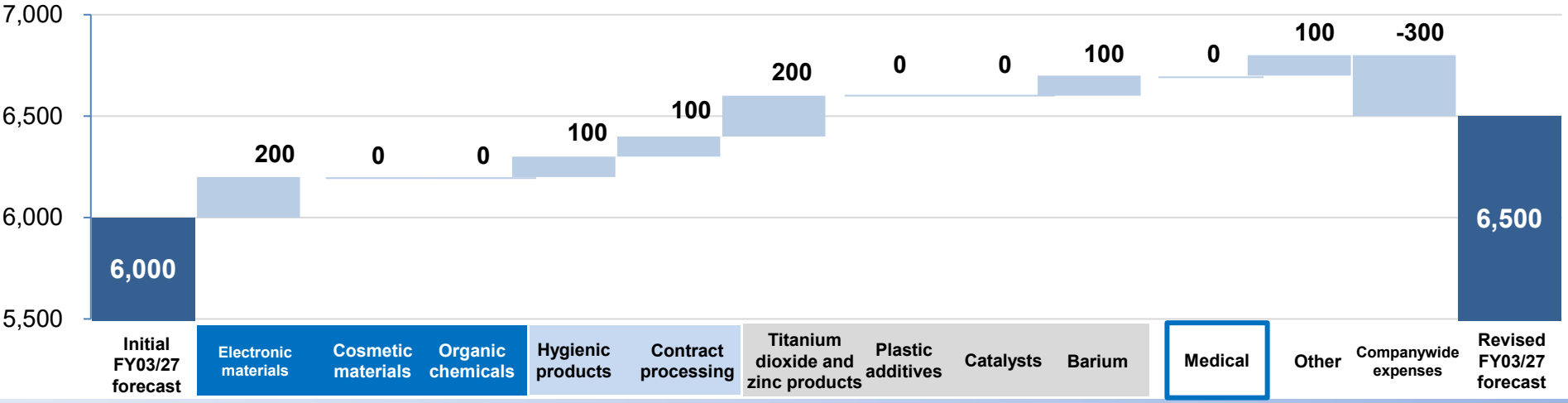
- Operating profit is expected to remain on par with the previous fiscal year, as the decline in businesses under efficiency review, significantly affected by the termination of the pigment-grade titanium dioxide business, is expected to be offset mainly by strong performance in electronic materials, supported by firm AI data center-related and automotive-related demand.



Revised FY03/27 Forecast: Operating Profit by Segment (Versus Initial Forecast)



- Growth businesses, stable businesses, and businesses under efficiency review are each expected to contribute to offsetting the increase in companywide expenses.
  - Growth businesses: Electronic materials: AI data center-related and automotive-related demand is expected to remain firm.
  - Stable businesses: Full-year forecast reflects strong performance in 1H.
  - Businesses under efficiency review: Titanium dioxide and zinc products: Surge in the domestic reference price for zinc; barium: Full-year forecast reflects strong performance in 1H.
- Companywide expenses are expected to increase due to more employees than anticipated applying for the special career transition support program and other factors.



Trends in CAPEX, Depreciation, and R&D Expenses

(Millions of yen)

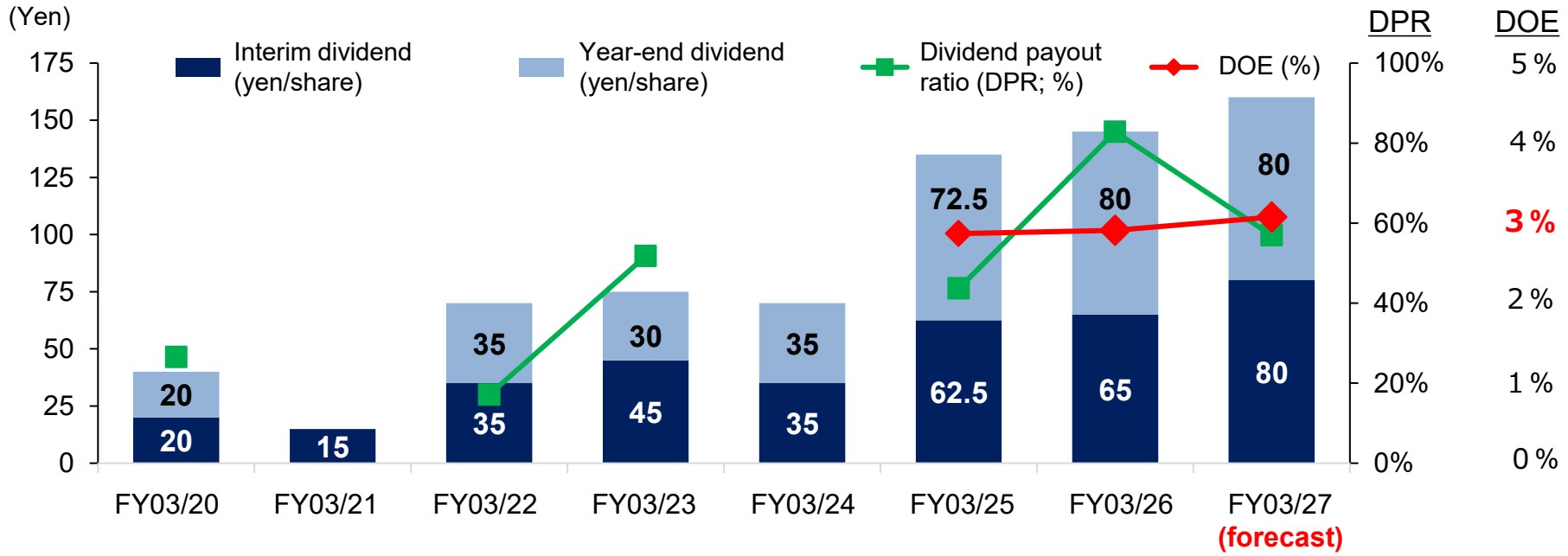
	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	FY03/27 forecast	1H FY03/27
CAPEX	5,967	2,658	4,024	6,945	6,065	5,400	2,246
Depreciation	4,331	4,417	4,354	3,649	3,735	4,000	1,905
R&D	2,376	2,674	2,722	2,699	2,842	3,300	1,433

Capital Investment		
	1H FY03/27	
	Growth investment	Restructuring investment
%	Approx. 30%	Approx. 70%
Primary details	• Barium: Capacity expansion for zirconium oxide dispersions for eyeglass lens materials	• Restructuring of the Sakai and Onahama manufacturing sites • System maintenance and inspection

Shareholder Returns

- The annual dividend remains unchanged from the previously announced forecast.

  An annual dividend of **160 yen per share** is planned (interim dividend: 80 yen/share, year-end dividend: 80 yen/share; **forecast** DOE: over 3%).



Share buybacks	—	—	**JPY1.5bn**	—	—	—	**JPY2.5bn**	**Undecided**

DOE = dividend on equity

Exercise of the Stock Acquisition Rights and Issuance of New Shares (Subsequent Events)

- The allottee (SH1, L.P.) requested full exercise of the Fourth Series Stock Acquisition Rights issued in June 2023. The exercise was completed and the new shares were issued by October 26, 2026.
- The Company plans to reserve the entire amount raised (approximately **2.0 billion yen**) for M&A.
- No impact on the annual dividend forecast (160 yen per share)

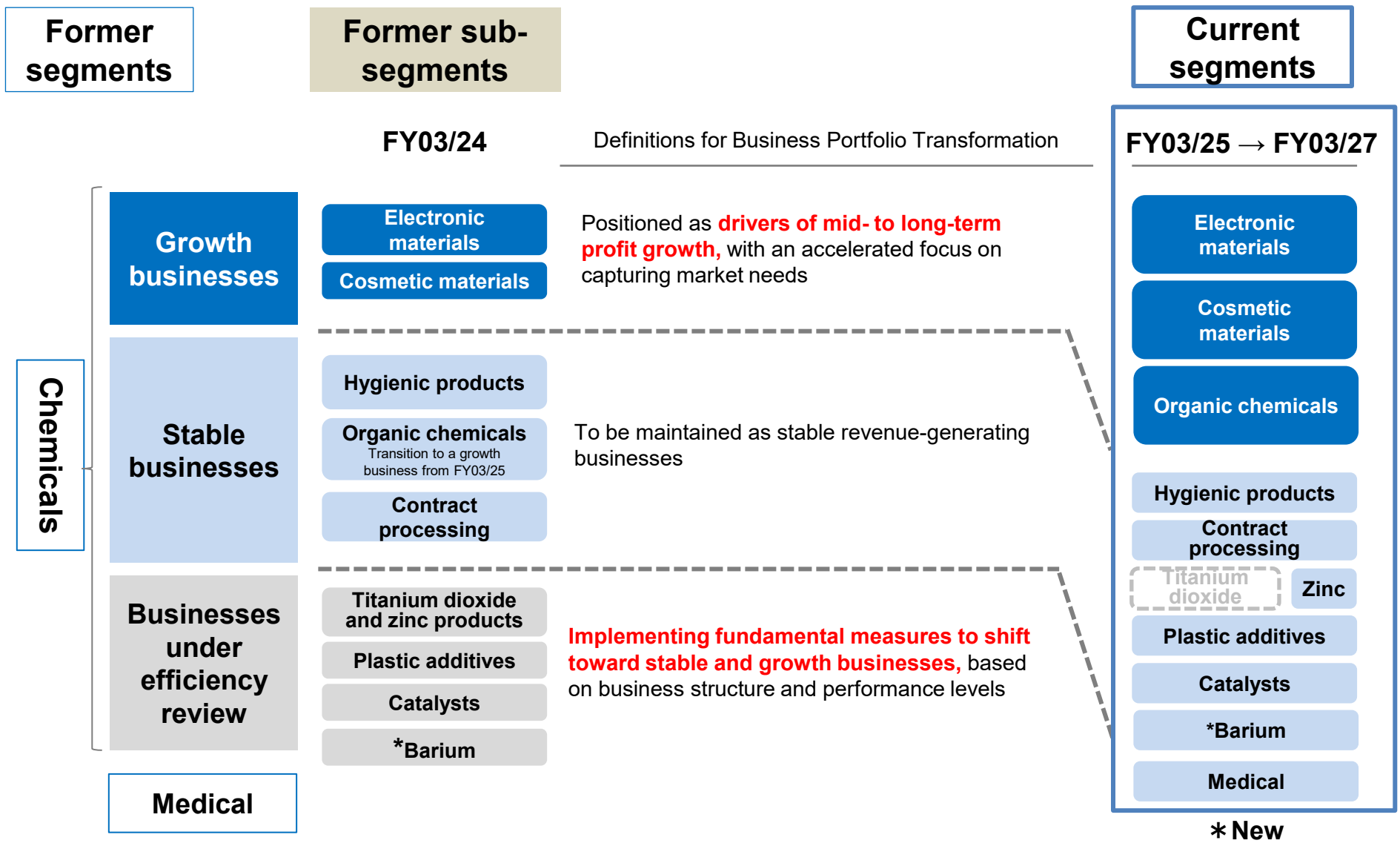
Number of stock acquisition rights exercised	10,126 units (100.0% of the total number issued)
Number of shares issued	1,012,600 shares
Total amount exercised	1,999,885,000 yen (100.0% of the total issue amount)
Number of unexercised stock acquisition rights	0 units (amount remaining unexercised: 0 yen)
(Reference) Total number of issued shares	17,518,987 shares (including 2,202,559 treasury shares) *As of the end of September

■ Use of proceeds

- The Company plans to reserve the entire amount for M&A. It intends to allocate these funds to M&A that contributes to business expansion, mainly in growth businesses.
- At present, no decision has been made on the specific details or amount of any M&A.
- If the reserved funds are not allocated to M&A by the exercise deadline set at the time the Stock Acquisition Rights were issued (December 31, 2027), or if any portion remains unallocated, the Company will also consider allocating them to higher-risk investments (R&D investment and new business investment).

Reportable Segment Details for FY03/27

Relationships Between Former and Current Segments



Electronic Materials

Growth businesses

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	5,847	—	6,377	—	530	9.1
Operating profit	1,014	17.4	1,141	17.9	127	12.5

● YoY Comparison

Sales

(+) Increased sales volumes of high-value-added products
Although overall sales volumes remained largely unchanged, strong shipments of high-value-added products believed to be for AI server-related applications in both dielectrics and dielectric materials resulted in higher sales.

Operating profit

(+) Improved sales mix
Although overall sales volumes remained largely unchanged, stronger shipments of high-value-added products believed to be for AI server-related applications in both dielectrics and dielectric materials improved profit margins, resulting in higher profit.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	11,500	—	6,377	—	55.5
Operating profit	2,400	20.9	1,141	17.9	47.5

● Versus Initial Forecast

Sales

(+) Sales volume growth
Sales reached 55.5% of our annual plan, thanks to recovery in the semiconductor market and strong shipments of dielectrics and dielectric materials.

Operating profit

(-) One-time valuation loss (dielectric materials)
Despite strong shipments of dielectrics and dielectric materials supported by recovery in the semiconductor market, progress against the annual plan was 47.5% due to a one-time product valuation loss recorded in dielectric materials (-141 million yen).

Cosmetic Materials

Growth businesses

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	694	—	1,047	—	352	50.7
Operating profit	(215)	—	(244)	—	-28	—

● YoY Comparison

Sales	**(+) Recovery in sales volumes** Although domestic sales continued to be affected by the economic slowdown in China, overseas shipment volumes recovered, particularly to Europe and the United States, resulting in higher sales.
Operating profit	**(-) Impact of increased fixed-cost pressure following termination of the titanium dioxide business** Although sales have been recovering, profit declined as the termination of the titanium dioxide business increased the share of fixed costs borne by the business, including general and administrative expenses, compared with previous levels.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	2,000	—	1,047	—	52.4
Operating profit	(400)	—	(244)	—	—

● Versus Initial Forecast

Sales	**(±) Largely in line with forecast** Efforts to increase sales volumes, mainly in overseas markets, progressed, resulting in sales generally in line with plan.
Operating profit	**(-) Higher-than-planned production suspension costs** Efforts to increase sales volumes, mainly in overseas markets, progressed, resulting in sales generally in line with plan. However, higher-than-planned production suspension costs and other factors resulted in a loss of 244 million yen in 1H.

Organic Chemicals

Growth businesses

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	3,814	—	4,002	—	187	4.9
Operating profit	502	13.2	525	13.1	23	4.7

● YoY Comparison

Sales	**(+) Increased sales volumes (organic sulfur compounds)** Although sales volumes of pharmaceutical API intermediates remained unchanged, increased sales volumes of organic sulfur compounds used as optical functional materials resulted in higher sales.
Operating profit	**(+) Increased sales volumes (organic sulfur compounds)** Although profit from pharmaceutical API intermediates declined due to a deterioration in the sales mix, strong sales of organic sulfur compounds resulted in overall profit growth.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	8,000	—	4,002	—	50.0
Operating profit	1,000	12.5	525	13.1	52.5

● Versus Initial Forecast

Sales	**(±) Largely in line with forecast** Sales of organic sulfur compounds and pharmaceutical API intermediates progressed generally in line with plan.
Operating profit	**(±) Largely in line with forecast** Profit from organic sulfur compounds and pharmaceutical API intermediates progressed generally in line with plan.

Hygienic Products

Stable businesses

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	2,570	—	3,127	—	556	21.7
Operating profit	181	7.0	260	8.3	79	43.9

● YoY Comparison

Sales

(+) Increased sales volumes
Sales increased as sales volumes of lower-cost films grew in the breathable film manufacturing and sales business in Indonesia, while the trading business expanded its range of products handled.

Operating profit

(+) Cost reductions and increased sales volumes
Profit increased as cost reduction measures took hold in breathable film manufacturing in Indonesia and trading volumes increased.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	5,200	—	3,127	—	60.1
Operating profit	400	7.7	260	8.3	65.0

● Versus Initial Forecast

Sales

(+) Sales volume growth
Progress against the annual plan reached 60.1%, mainly due to an increase in newly handled trading products.

Operating profit

(+) Sales volume growth
Progress against the annual plan reached 65.0%, mainly due to an increase in newly handled trading products.

Contract Processing

Stable businesses

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	3,291	—	3,646	—	354	10.8
Operating profit	351	10.7	548	15.0	196	55.8

● YoY Comparison

Sales

(+) Sales volume growth
Strong sales mainly to existing customers in both processed pigments and contract processing resulted in higher sales.

Operating profit

(+) Sales volume growth and improved sales mix (processed pigments)
Profit increased due to strong sales in both processed pigments and contract processing, as well as increased shipments of high-value-added products in processed pigments.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	7,100	—	3,646	—	51.4
Operating profit	900	12.7	548	15.0	60.9

● Versus Initial Forecast

Sales

(±) Largely in line with forecast
Both processed pigments and contract processing performed generally in line with plan, with progress against the annual plan reaching 51.4%.

Operating profit

(+) Improved sales mix (processed pigments)
Shipments of high-value-added products, particularly in processed pigments, and other factors improved the sales mix, bringing profit progress against the annual plan to 60.9%.

Titanium Dioxide and Zinc Products
(Excluding Cosmetic Materials)

Businesses under efficiency review

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	5,138	—	3,639	—	-1,499	-29.2
Operating profit	657	12.8	335	9.2	-322	-49.0

● YoY Comparison

Sales

(-) Sales volume decline due to termination of the pigment-grade titanium dioxide business
Following the termination of the pigment-grade titanium dioxide business in the previous fiscal year, sales of this product in the current fiscal year were limited to remaining inventory, resulting in lower sales volumes.

Operating profit

(-) Sales volume decline due to termination of the pigment-grade titanium dioxide business
Profit declined due to the significant impact from the termination of the pigment-grade titanium dioxide business in the previous fiscal year. Sales of this product in the current fiscal year were limited to remaining inventory, resulting in lower sales volumes.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	6,800	—	3,639	—	53.5
Operating profit	100	1.5	335	9.2	335.0

● Versus Initial Forecast

Sales

(+) Inventory sales brought forward and surge in the domestic reference price for zinc
Sales reached 53.5% of our annual forecast, reflecting some sales of pigment-grade titanium dioxide inventory being brought forward and the surge in the domestic reference price for zinc affecting zinc products.

Operating profit

(+) Inventory sales brought forward
Operating profit reached 335.0% of our annual forecast, driven particularly by the significant impact of pigment-grade titanium dioxide inventory sales being brought forward.

Plastic Additives

Businesses under efficiency review

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	5,820	—	6,217	—	396	6.8
Operating profit	520	8.9	699	11.3	179	34.5

● YoY Comparison

Sales

(+) Selling price revisions (domestic), sales volume growth (overseas)

Domestic sales increased as selling price revisions to reflect higher raw material and fuel costs offset lower sales volumes resulting from a profitability-focused sales strategy.
Overseas sales increased as expanded sales at the Vietnamese subsidiary offset the lingering impact of economic stagnation on the Thai subsidiary.

Operating profit

(+) Efficiency improvements (domestic), sales volume growth (overseas)

Domestic profit increased as measures prioritizing profitability improved production and sales efficiency. Overseas profit increased as sales expanded at the Vietnamese subsidiary.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	11,800	—	6,217	—	52.7
Operating profit	1,200	10.2	699	11.3	58.3

● Versus Initial Forecast

Sales

(+) Sales volume growth (overseas)

Strong sales in overseas markets, a focus area, particularly at the Vietnamese subsidiary, brought progress against the annual plan to 52.7%.

Operating profit

(+) Sales volume growth (overseas)

Strong sales in overseas markets, a focus area, particularly at the Vietnamese subsidiary, brought progress against the annual plan to 58.3%.

Catalysts

Businesses under efficiency review

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	1,221	—	1,579	—	358	29.4
Operating profit	150	12.3	185	11.8	35	23.5

● YoY Comparison

Sales

(+) Sales volume growth (nickel catalysts)
Although sales volumes of deNOx catalysts declined as some sales were carried over to 2H, sales volumes of nickel catalysts increased as customers' operating rates recovered from low levels in the previous fiscal year, resulting in higher sales.

Operating profit

(+) Absence of efficiency improvement costs
Profit increased as the one-time costs associated with site consolidation carried out through 1H of the previous fiscal year were no longer incurred in the current fiscal year.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	4,000	—	1,579	—	39.5
Operating profit	700	17.5	185	11.8	26.4

● Versus Initial Forecast

Sales

(±) Largely in line with forecast
Although some sales of deNOx catalysts were carried over to 2H, sales volumes were already planned to increase in 2H. Given this planned increase, sales were broadly in line with expectations despite reaching only 39.5% of our annual forecast.

Operating profit

(±) Largely in line with forecast
For the reasons described under sales, operating profit was broadly in line with expectations despite reaching only 26.4% of our full-year forecast.

Barium

Businesses under efficiency review

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Change	
	Amount	%	Amount	%	Amount	%
Sales	2,633	—	2,911	—	278	10.6
Operating profit	491	18.7	511	17.6	19	4.0

● YoY Comparison

Sales	**(+) Sales volume growth** Steady sales of mainstay barium products for paints and inks and products under development (zirconium oxide dispersions used as high-refractive-index and hard-coating materials for eyeglass lenses) resulted in higher sales.
Operating profit	**(+) Sales volume growth** Although the termination of the pigment-grade titanium dioxide business increased the share of fixed costs borne by the business, steady sales of mainstay barium products for paints and inks and products under development resulted in higher profit.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	5,100	—	2,911	—	57.1
Operating profit	700	13.7	511	17.6	73.0

● Versus Initial Forecast

Sales	**(+) Sales volume growth** Sales reached 57.1% of our full-year forecast, as sales of mainstay barium products for paints and inks and products under development exceeded budget.
Operating profit	**(+) Sales volume growth** Operating profit reached 73.0% of our full-year forecast, driven particularly by sales of products under development exceeding budget.

Medical

● YoY Comparison

(Millions of yen)

	1H FY03/26		1H FY03/27		Difference	
	Amount	%	Amount	%	Amount	%
Sales	4,356	—	4,352	—	-4	-0.1
Operating profit	72	1.7	15	0.3	-57	-79.0
Sales (New businesses)	978	—	1,011	—	33	3.4

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

● YoY Comparison

Sales

(-) Impact of drug price reductions and lower unit sales of medical devices

In prescription pharmaceuticals, export sales of mainstay barium contrast agents grew, but Alloid G, a drug for peptic ulcers and gastroesophageal reflux disease, was affected by drug price reductions. Combined with a downturn in medical device sales following the previous fiscal year's campaign, this resulted in lower sales.

Operating profit

(-) Impact of drug price reductions and higher raw material costs

Profit declined due to the significant impact of drug price reductions in prescription pharmaceuticals amid surging raw material prices.

● Versus Initial Forecast

(Millions of yen)

	FY03/27 Plan		1H FY03/27		Progress vs. plan
	Amount	%	Amount	%	%
Sales	8,700	—	4,352	—	50.0
Operating profit	(200)	(2.3)	15	0.3	—
Sales (New businesses)	2,000	—	1,011	—	50.6

● Versus Initial Forecast

Sales

(±) Largely in line with forecast (medical devices / contract manufacturing: favorable; OTC pharmaceuticals: below plan)

Although healthcare-related operations, including OTC pharmaceuticals, fell short of plan, medical device maintenance contracts, consumables sales, and contract-manufactured products performed well against plan, bringing segment sales to 50.0% of our full-year forecast.

Operating profit

(+) Growth in medical devices and contract-manufactured products

Steady shipments of medical devices and contract-manufactured products, which are unaffected by drug price revisions, resulted in an operating profit in 1H against a planned operating loss.

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 and Representative Director, Toshiyuki Yagura
Established	June 1918
Businesses	Inorganic chemical, organic chemical, and pharmaceutical development, manufacture, and sales
Total assets	117,684million yen (as of September 30, 2026)
Net assets	78,580 million yen (as of September 30, 2026)
Affiliates	15 consolidated subsidiaries (seven in Japan, eight overseas)
Employee counts	1,942 (consolidated) and 769 (parent); current as of March 31, 2026

Relationships Between Group Companies and Reportable Segments

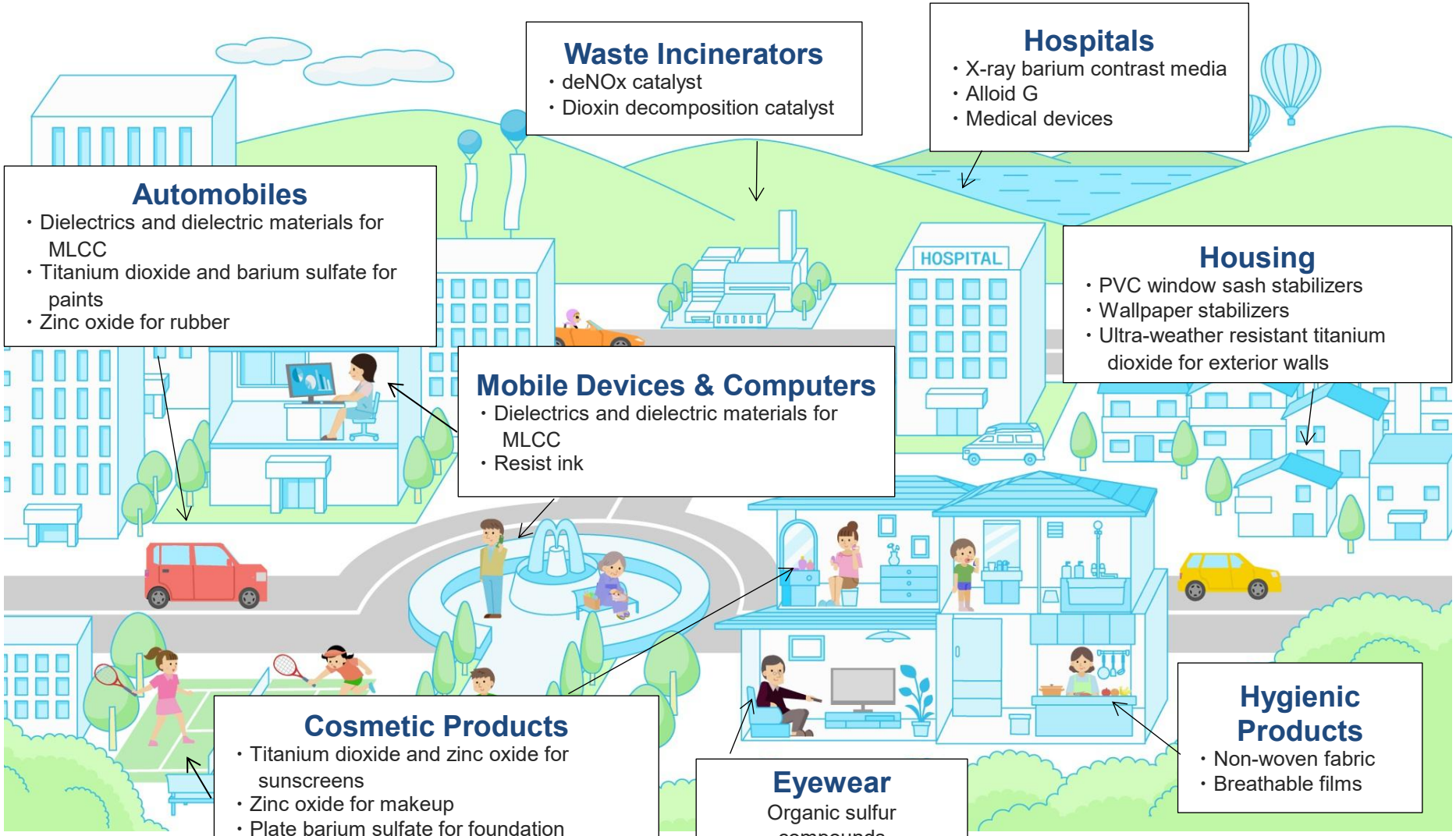
	Electronic materials	Cosmetic materials	Organic chemicals	Hygienic products	Contract processing	Titanium dioxide and zinc products	Plastic additives	Catalysts	Barium	Medical	Others
Sakai Chemical Industry Co., Ltd.	●	●	●			●	●	●	●	●	
Sakai Trading Co., Ltd.	●	●	●	●	●	●	●	●	●	●	●
Kaigen Pharma Co., Ltd.										●	
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



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	(1) The Chemicals business, previously reported as a single segment, has been eliminated, and its sub-segments have been reclassified as separate reportable segments. (2) Barium, previously included within the “other” category of the chemical business, has been reclassified into a separate reportable segment. (3) The activities of Sakai Trading Co., Ltd. have been recategorized under more appropriate reportable segments.

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**

Improvement in Cash Conversion Cycle: Progress of Medium-Term Management Plan “Transformation: BEYOND 2030”

■ Cash conversion cycle target: 180 days or less
Target cumulative three-year monetary impact of 7.0 billion yen (by end-FY03/27)

➢ **Compared to FY03/24, CCC shortened by 52 days to 164 days, with 10.1 billion yen in net cash generated from operating activities, significantly exceeding targets.**

	Unit	FY03/24	FY03/25	FY03/26	1H FY03/27	Change (FY03/24 ⇔ 1H FY03/27)
Trade receivables turnover period	Days	130	115	111	108	-22
Inventory turnover period	Days	126	115	106	97	-29
Accounts payable turnover period	Days	40	37	38	41	+1
CCC	Days	**216**	**194**	**178**	**164**	**-52**
Working capital	**JPYbn**	**49.2**	**45.4**	**40.3**	**39.1**	**-10.1**

Formula: working capital ÷ sales × 12 months (6 months) × 30 days

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

Quarterly Performance (Former Reportable Segment Structure)

セグメント業績推移（四半期）

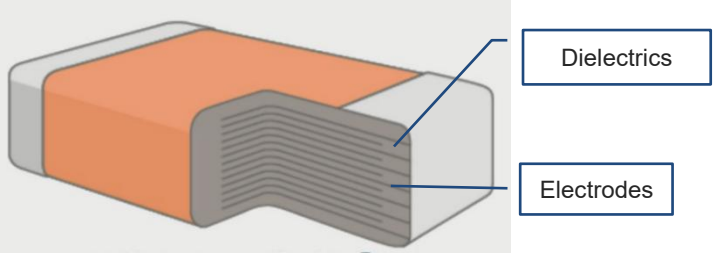
(Segment Performance Trends (Base on Quarterly)

単位：百万円 (Unit：Million Yen)			26.3期（FY 2025）				27.3期（FY 2026）			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
電子材料	売上高	Net Sales	2,870	2,976	2,821	2,708	3,364	3,013		
Electronic materials	営業利益	Operating Profit	476	538	424	377	581	560		
化粧品材料	売上高	Net Sales	337	357	426	598	534	512		
Cosmetics Materials	営業利益	Operating Profit	(63)	(152)	0	(220)	(105)	(138)		
有機化学品	売上高	Net Sales	2,121	1,692	1,613	1,757	1,922	2,079		
Organic chemicals	営業利益	Operating Profit	459	43	206	12	256	269		
衛生材料	売上高	Net Sales	1,283	1,287	1,417	1,365	1,428	1,699		
Hygienic products	営業利益	Operating Profit	79	101	127	149	142	117		
受託加工	売上高	Net Sales	1,596	1,695	1,702	1,683	1,730	1,915		
Contract processing	営業利益	Operating Profit	171	180	248	204	231	316		
酸化チタン・亜鉛製品	売上高	Net Sales	2,688	2,450	2,496	2,608	1,866	1,772		
Titanium dioxide and zinc products	営業利益	Operating Profit	409	248	167	397	142	192		
樹脂添加剤	売上高	Net Sales	3,012	2,808	2,886	2,799	3,114	3,102		
Plastic additives	営業利益	Operating Profit	341	178	282	265	322	377		
触　　媒	売上高	Net Sales	472	748	1,222	1,018	702	877		
Catalysts	営業利益	Operating Profit	(3)	154	392	105	84	101		
無機材料	売上高	Net Sales	1,341	1,291	1,317	1,149	1,484	1,427		
Barium business	営業利益	Operating Profit	289	201	396	312	303	207		
医療事業	売上高	Net Sales	2,097	2,258	2,224	1,810	2,107	2,244		
Medical business	営業利益	Operating Profit	6	65	89	(209)	(19)	34		
そ の 他	売上高	Net Sales	2,313	2,649	2,888	2,575	3,211	2,888		
Other	営業利益	Operating Profit	314	410	411	362	448	362		
全社費用 (HQ expenses)		HQ Expenses	(574)	(591)	(662)	(672)	(683)	(618)		
合　　計	**売上高**	**Net Sales**	**20,136**	**20,216**	**21,017**	**20,076**	**21,466**	**21,534**		
TOTAL	**営業利益**	**Operating Profit**	**1,904**	**1,379**	**2,083**	**1,084**	**1,705**	**1,784**		

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

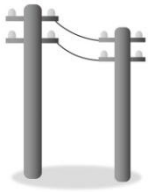
- PVC stabilizers/non-PVC stabilizers
- Hydrotalcite: Used in lead-free PVC stabilizers and agricultural films due to its high heat retention and transparency



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

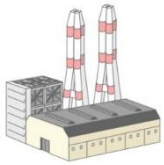
Waste incinerators, thermal power stations, margarine, adhesives, optical films

- 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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