

# Explanation of Financial Results for the 2nd Quarter of the Year ending March 31, 2026

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November 10, 2025



**NIPPON CARBIDE INDUSTRIES CO., INC.**



# Summary of Financial Results for the 2nd Quarter of the Year ending March 31, 2026

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# Summary [Consolidated Statements of Income]

- In the Electronic and Functional Products Business, although shipments of Adhesives for Optical Related Fields decreased due to intensified competition in the Chinese market, shipments of products for pharmaceuticals and agricultural chemicals increased.
- In the Films and Sheetings Products Business, although shipments to the United States decreased due to the additional U.S tariff, shipments of products for motorcycles in Brazil and products for license plates in Europe increased.
- In the Construction Materials Related Business, sales of Aluminum Construction Materials for detached houses increased.
- In the Engineering Business, sales increased due to the expansion of the EPC business (which undertakes all three stages of engineering, procurement, and construction).
- The direct impact of the additional U.S tariff was approximately 100 million yen.
- As a result of the above, both **incomes and profits increased** compared to the same period of the previous year.

Unit: Million yen

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	23,370	<b>24,262</b>	891	+3.8%
<b>Operating profit</b>	1,263	<b>2,093</b>	830	+65.7%
<b>Operating profit / net sales</b>	5.4%	<b>8.6%</b>	—	+3.2 points
<b>Ordinary profit</b>	1,381	<b>2,363</b>	982	+71.1%
<b>Quarterly net profit</b>	847	<b>1,531</b>	683	+80.6%

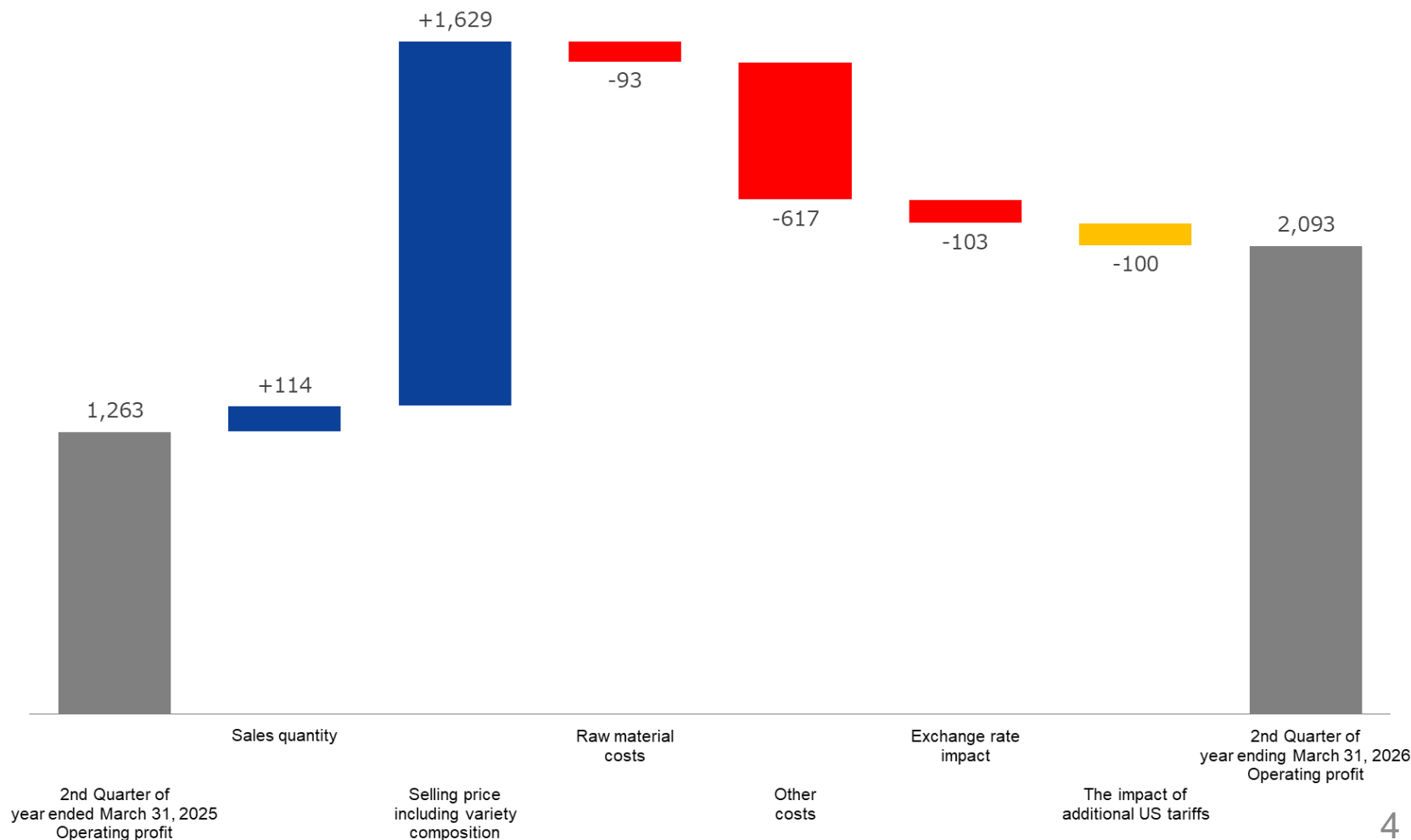
# Analysis of factors leading to changes in operating profit

2nd Quarter of year ended March 31, 2025 vs 2nd Quarter of year ending March 31, 2026



**Increase in profits** by 830 million yen compared to the same period of the previous year

Unit: Million yen



# Performance by segment



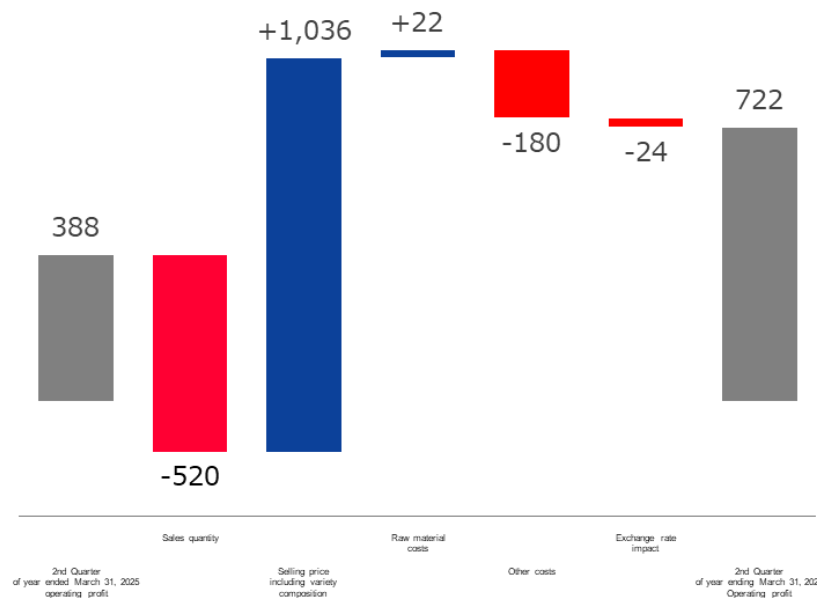
		2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison	
		Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronic and Functional Products	Net sales	8,621	<b>8,261</b>	- 360	-4.2%
	Operating profit	388	<b>722</b>	333	+85.9%
Films and Sheetings Products	Net sales	9,963	<b>10,460</b>	496	+5.0%
	Operating profit	966	<b>1,413</b>	446	+46.2%
Construction Materials Related	Net sales	3,501	<b>3,749</b>	247	+7.1%
	Operating profit	11	<b>78</b>	66	+560.5%
Engineering	Net sales	1,422	<b>1,911</b>	488	+34.3%
	Operating profit	91	<b>190</b>	99	+109.7%
Consolidated adjustment amount	Net sales	- 138	<b>- 120</b>	18	-
	Operating profit	- 194	<b>- 311</b>	- 117	-
Consolidated total amount	Net sales	23,370	<b>24,262</b>	891	+3.8%
	Operating profit	1,263	<b>2,093</b>	830	+65.7%



# Situation by segment: Electronic and Functional Products Business

Unit: Million yen

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	8,621	<b>8,261</b>	- 360	-4.2%
Functional Chemicals	1,889	<b>2,359</b>	470	+24.9%
Functional Polymers	3,907	<b>2,988</b>	- 919	-23.5%
Electronic Materials	2,825	<b>2,913</b>	88	+3.1%
Operating profit	388	<b>722</b>	333	+85.9%



## Functional Chemicals Increased in incomes and profits

- + Increase in shipments of products for semiconductors and electronic components with the gradual recovery of the electronics market
- + Increase in shipments of products for pharmaceutical and agricultural chemicals
- + Positive impact on profit/loss due to product prices revisions

## Functional Polymers Decreased in incomes and profits

- + Positive impact on profit/loss due to the decline in the raw material prices
- + Increase in shipments of raw materials for medical products due to expansion of sales in China
- Decrease in shipments of Adhesives for Optical Related Fields due to intensified competition in the Chinese market

## Electronic Materials Increased in incomes and profits

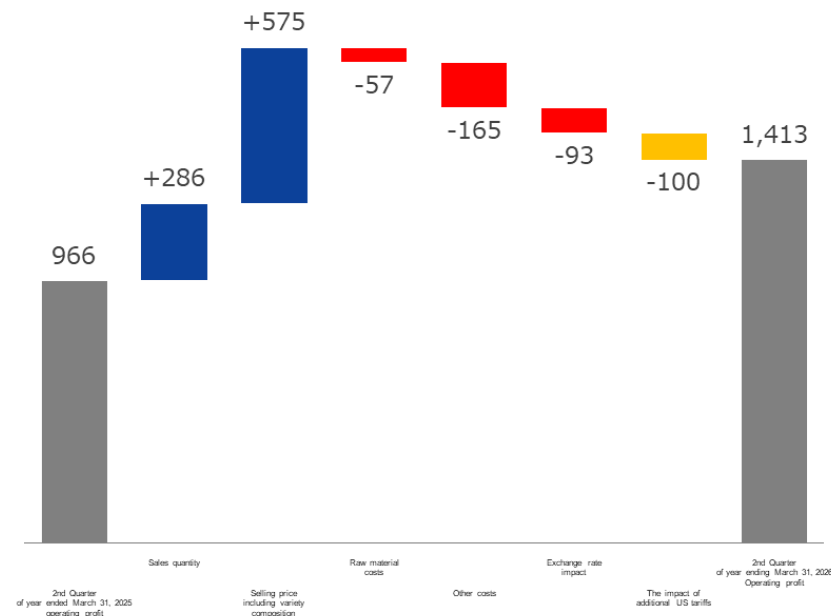
- + Increase in shipments of products for electronic components
- + Positive impact on profit/loss due to product prices revisions



# Situation by segment: Films and Sheetings Products Business

Unit: Million yen

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	9,963	<b>10,460</b>	496	+5.0%
<b>Films</b>	708	<b>753</b>	45	+6.4%
<b>Stickers</b>	3,588	<b>3,785</b>	197	+5.5%
<b>Retroreflective Sheetings</b>	5,665	<b>5,921</b>	256	+4.5%
<b>Operating profit</b>	966	<b>1,413</b>	446	+46.2%



## Films Increased in incomes and profits

- + Increase in shipments of Laser Markable Labels due to expansion of sales in China

## Stickers Increased in incomes and profits

- + Increase in shipments of 3D Emblems for automobiles due to expansion of sales in United States
- + Increase in shipments of products for motorcycles due to higher motorcycle production in Brazil

## Retroreflective Sheetings Increased in incomes and profits

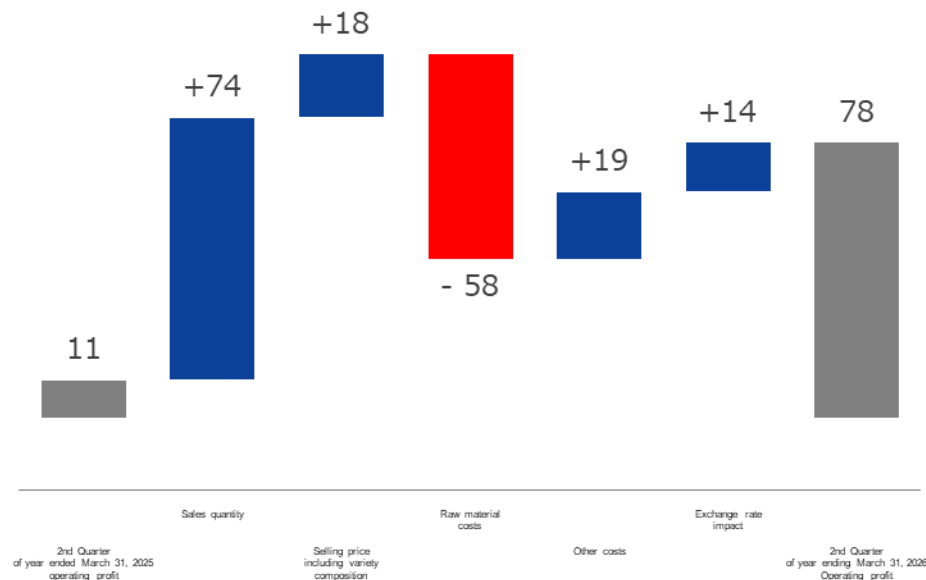
- Decrease in shipments to the United States due to additional U.S tariffs
- + Increase in shipments of products for license plates in Europe
- + Positive impact on profit/loss due to product prices revisions



# Situation by segment: Construction Materials Related Business

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	3,501	<b>3,749</b>	247	+7.1%
Operating profit	11	<b>78</b>	66	+560.5%

Unit: Million yen



## Increased in incomes and profits

- Increase in raw material prices due to the rise in the price of aluminum ingots
- + Increase in sales of Aluminum Construction Materials for detached houses



## Situation by segment: Engineering Business

Unit: Million yen

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	1,422	<b>1,911</b>	488	+34.3%
Operating profit	91	<b>190</b>	99	+109.7%

### Increased in incomes and profits

- + Increase in sales due to the completion of a large construction project for the steel field
- + Increase in sales due to the expansion of the EPC business  
(a business that undertakes all three stages of engineering, procurement, and construction)



# [Summary] Consolidated balance sheets

Unit: Million yen

	Year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	End-to-end ratio
Cash and deposits	14,538	13,211	- 1,327
Notes and accounts receivable - trade	13,928	14,637	709
Inventory	9,672	9,282	- 390
Tangible fixed assets/intangible fixed assets	23,712	22,857	- 854
Other	1,509	1,805	295
<b>Total assets</b>	<b>63,360</b>	<b>61,794</b>	- 1,566
Interest-bearing liabilities	9,902	8,524	- 1,378
Notes and accounts payable - trade	5,890	5,353	- 537
Other	9,662	9,862	200
<b>Total liabilities</b>	<b>25,454</b>	<b>23,739</b>	- 1,715
Shareholders' equity	25,388	26,569	1,180
Accumulated other comprehensive income	10,333	9,214	- 1,118
Non-controlling interests	2,184	2,271	86
<b>Total net assets</b>	<b>37,906</b>	<b>38,055</b>	149
<b>Total liabilities and net assets</b>	<b>63,360</b>	<b>61,794</b>	- 1,566
D/E ratio	0.28	0.24	- 0.04
Equity capital	35,721	35,783	62
Equity ratio	56.4%	57.9%	1.5points



# Consolidated statements of cash flows

Free cash flow was 1,483million yen

Unit: Million yen

	2nd Quarter of year ended March 31, 2025	2nd Quarter of year ending March 31, 2026	Year-on-year comparison
Profit before income taxes	1,381	<b>2,363</b>	982
Depreciation	940	<b>895</b>	- 45
Net cash provided by (used in) operating activities	- 36	<b>- 1,269</b>	- 1,233
Other	- 563	<b>- 266</b>	298
Cash flows from operating activities	1,722	<b>1,723</b>	1
Cash flows from investing activities	99	<b>- 239</b>	- 338
Free cash flows	1,822	<b>1,483</b>	- 339
Net increase (decrease) in borrowings	- 1,455	<b>- 1,352</b>	103
Dividends paid	- 465	<b>- 372</b>	93
Other	- 122	<b>- 113</b>	8
Cash flows from financing activities	- 2,042	<b>- 1,837</b>	204
Effect of exchange rate change on cash and cash equivalents	927	<b>- 744</b>	- 1,671
Net increase (decrease) in cash and cash equivalents	706	<b>- 1,098</b>	- 1,805
Final balance of cash and cash equivalents	12,764	<b>11,964</b>	- 799



# Forecast of full-year results for the year ending 31 March, 2026

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# Forecast of consolidated results for the year ending March 31, 2026



There are no revisions to the earnings forecast.

In addition, we expected a decline in operating profit of approximately 140 million yen due to the direct impact of the additional U.S tariff.

\*This reflects developments up to the U.S.-China tariff agreement on October 30

Unit: Million yen

	Year ended March 31, 2025		Year ending March 31, 2026		Year ending March 31, 2026		Year-on-year changes	
	Results	Profit margin	Forecasts announced on 5/13	Profit margin	Forecasts at present	Profit margin	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	48,727	-	49,000	—	<b>49,000</b>	—	273	+0.6%
Operating profit	3,493	7.2%	3,300	6.7%	<b>3,300</b>	<b>6.7%</b>	- 193	-5.5%
Ordinary profit	3,761	7.7%	3,400	6.9%	<b>3,400</b>	<b>6.9%</b>	- 361	-9.6%
Current Net profit	2,211	4.5%	2,300	4.7%	<b>2,300</b>	<b>4.7%</b>	89	+4.0%
Dividend per share	Interim	40yen	—	41yen	—	<b>41yen</b>	2yen	+2.5%
	Year end	40yen	—	41yen	—	<b>41yen</b>		

For the fiscal year ending March 2026, we plan to pay an annual dividend of 82 yen, up from the previous fiscal year.

The shareholder return policy aims to maintain a stable dividend with a payout ratio of at least 30%.

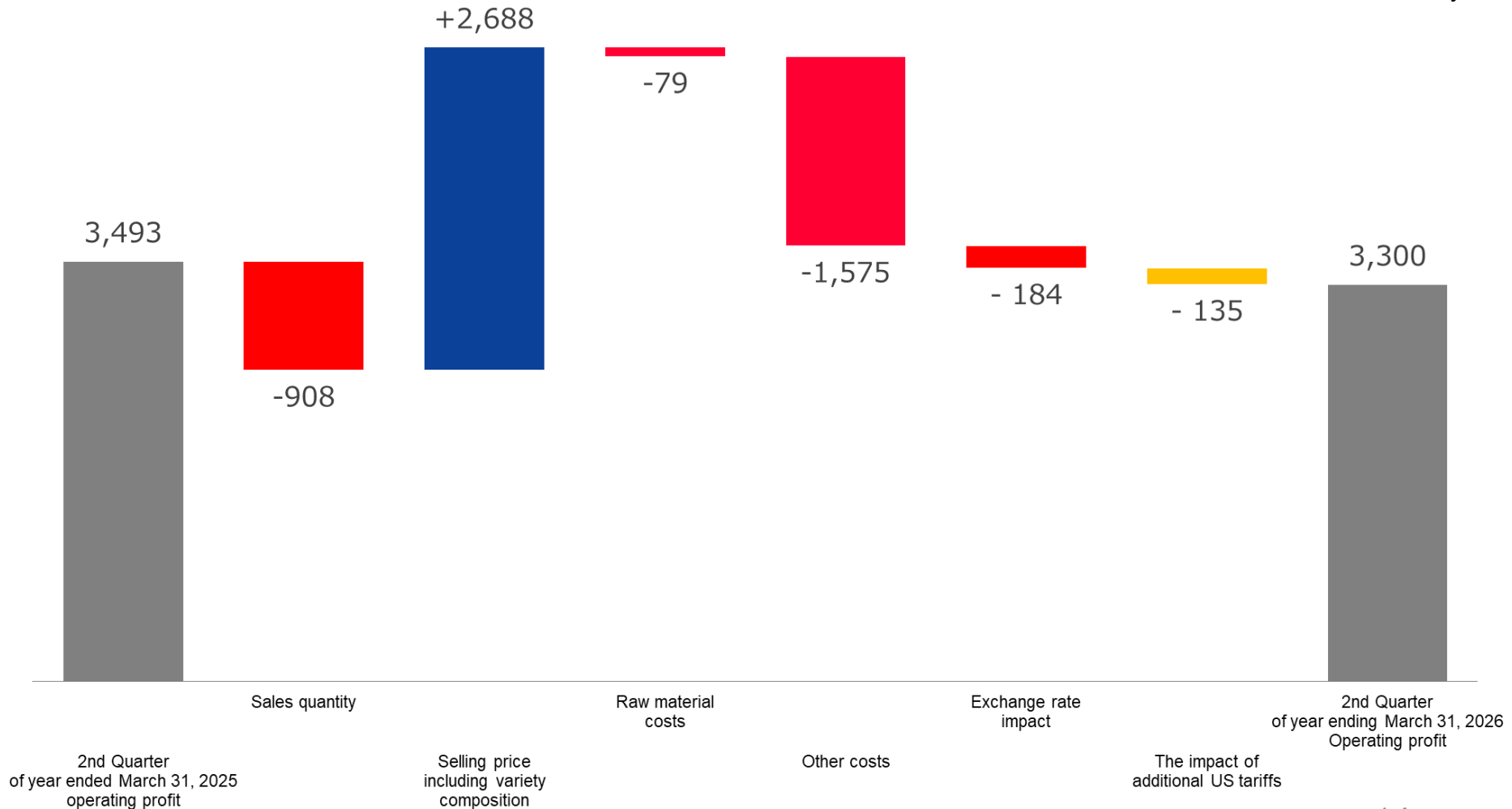
# Analysis of factors leading to changes in operating profit



FY2025 vs FY2026

**Decrease in profits** by 193million yen compared to the previous period

Unit: Million yen



# Business outlook for second half of the fiscal year by segment (First Half Comparison)



Electronic and Functional Products	Functional Chemicals	— Shipments of products for electronic components and products for pharmaceutical were concentrated in the first half and decreased in the second half due to customer-side factors
	Functional Polymers	— Decrease in shipments of Adhesives for Optical Related Fields due to intensified competition in the Chinese market
	Electronic Materials	+ Decrease in shipments of Semiconductor Mold Cleaner due to inventory adjustments at the distribution stage in the first half + Increase in shipments of products for electronic components with the gradual recovery of the electronics market
Films and Sheetings Products	Films	+ Increase in shipments of Laser Markable Labels due to expansion of sales in Japan and China
	Stickers	— Negative impact on profits/loss due to exchange rates although shipment volumes remained the same as in the first half
	Retroreflective Sheetings	— Negative impact on profits/loss due to exchange rates although shipment volumes remained the same as in the first half
Construction Materials Related		+ Increased sales of High Strength, High Functional Handrails for high-rise condominiums — Decrease in sales of Aluminum Construction Materials for detached houses
Engineering		+ Increase in sales due to the expansion of the EPC business (a business that undertakes all three stages of engineering, procurement, and construction) — Decrease in sales of the completion of a large construction project for the steel field

# Forecast by segment



Unit: Million yen

		Year ended March 31, 2025	Year ending March 31, 2026	Year ending March 31, 2026	Year-on-year changes	
		Results	Forecasts announced on 5/13	Forecasts at present	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronic and Functional Products	Net sales	17,414	17,800	<b>16,600</b>	- 814	-4.7%
	Operating profit	936	1,840	<b>1,280</b>	344	+36.8%
Films and Sheetings Products	Net sales	20,955	20,300	<b>21,300</b>	345	+1.6%
	Operating profit	2,568	1,940	<b>2,510</b>	- 58	-2.3%
Construction Materials Related	Net sales	7,004	7,400	<b>7,400</b>	396	+5.7%
	Operating profit	75	140	<b>80</b>	5	+6.7%
Engineering	Net sales	3,598	4,000	<b>4,000</b>	402	+11.2%
	Operating profit	433	300	<b>290</b>	- 143	-33.0%
Consolidated adjustment amount	Net sales	- 245	- 500	<b>- 300</b>	- 55	-
	Operating profit	- 518	- 920	<b>- 860</b>	- 342	-
Consolidated total amount	Net sales	48,727	49,000	<b>49,000</b>	273	+0.6%
	Operating profit	3,493	3,300	<b>3,300</b>	- 193	-5.5%



Actions to achieve management conscious of  
cost of capital and stock price

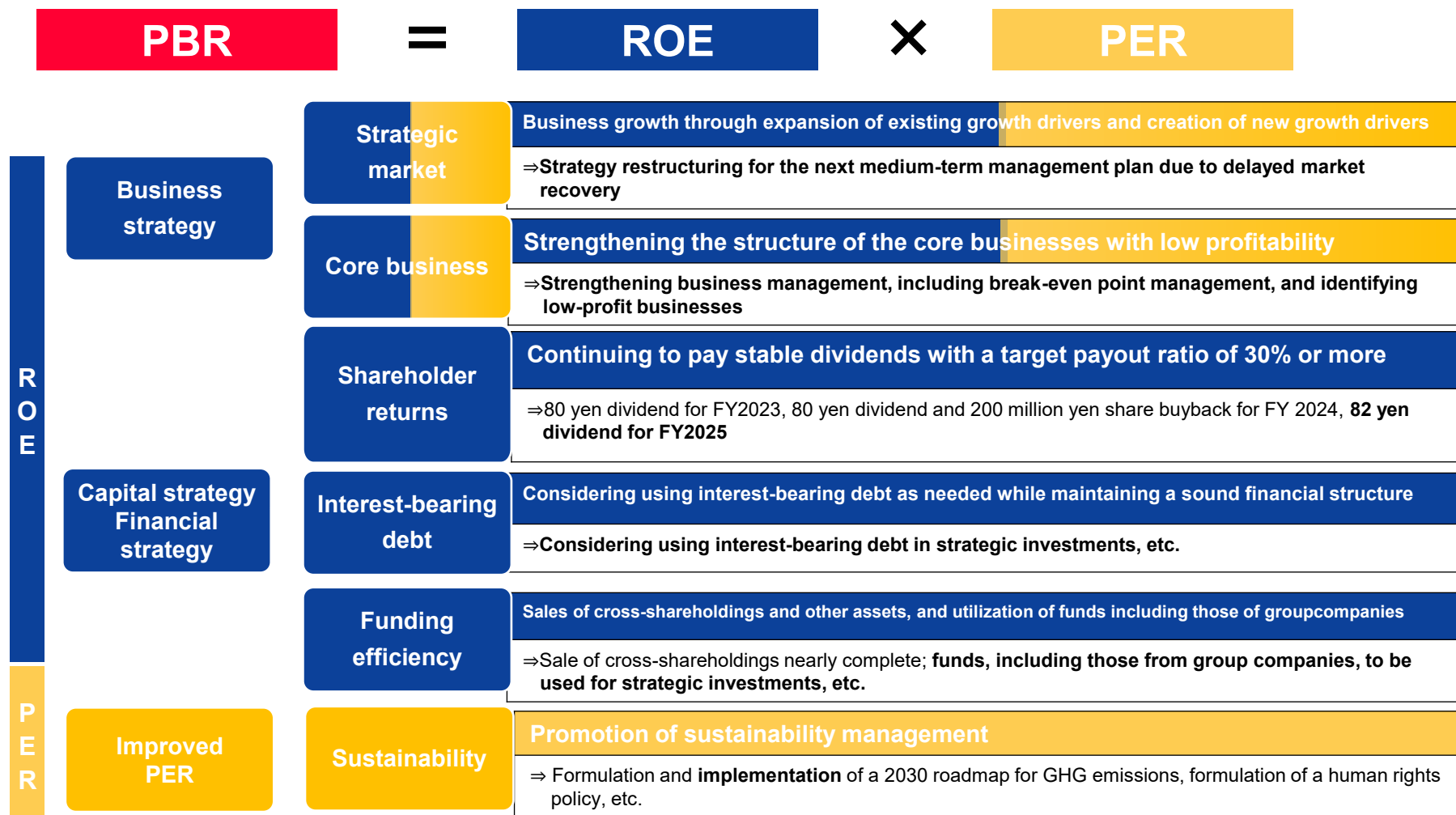
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# Initiatives for improved PBR

Recognizing that improving PBR is an important management issue, the company will promote measures from both ROE and PER perspectives.

PBR improved from 0.40 in the FY ended March 2023 to 0.58 in the second quarter of fiscal year ending March 2026.



**Bold text indicates measures currently being implemented**



# Initiatives related to strategic markets

- We have defined the strategic market sectors as “Semiconductors,” “Electronic devices,” “Environment,” “Life,” and “Mobility,” and are implementing the key measures below. We will maintain this direction and further reinforce it in the next medium-term management plan

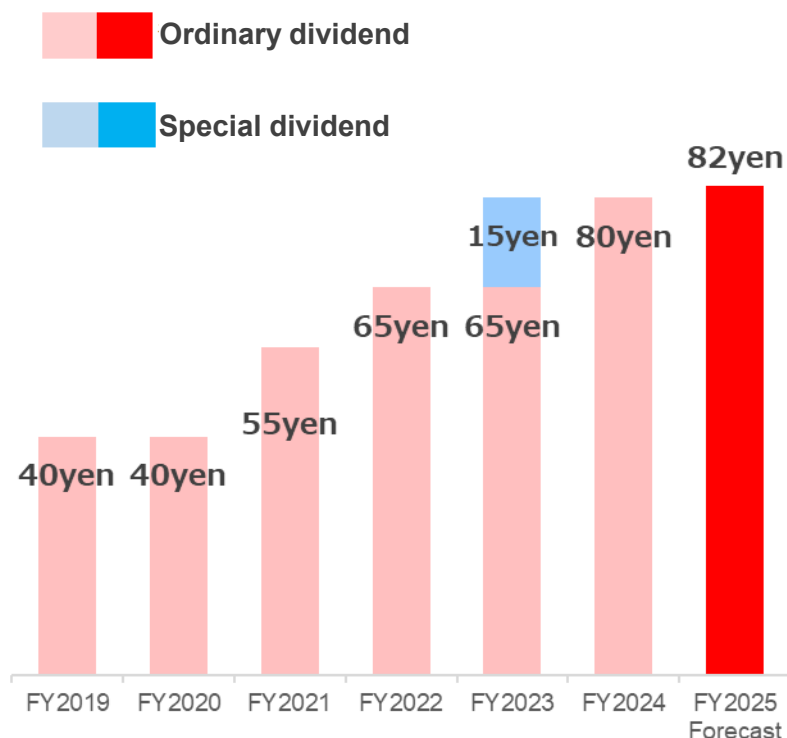
Strategic market sector	Actions implemented		Future direction
Semiconductors	✓ ✓	Implemented focused resource allocation to Chemicals for Semiconductor Materials, Additives for Semiconductor Photoresists, and other such products Promoted capacity expansion for Chemicals for Semiconductor Materials and the development of next-generation products	➤ We aim to promote the development of new customers and applications and to increase the added value of products through new product development
Electronic devices	✓	Pursued new needs for Chemicals for Manufacturing of Electronic Components and Binders for Electronic Components, while developing markets to create new products	➤ With high-speed communication and higher reliability as key concepts, we aim to further increase added value by developing new products for electronic materials
Environment	✓	Expanded sales of Carbon Neutral Transition Facilities in the steel and electric power fields	➤ We are participating in the equipment for zero-carbon steel and hydrogen production
Life	✓	Expanded sales of High Strength, High Functional Handrails for high-rise buildings and of products for the pharmaceutical and agricultural chemicals	➤ We are developing markets for products and technologies that improve the quality of life and address unmet needs
Mobility	✓ ✓	Expanded into additional regions for Retroreflective Sheeting for License Plates (Europe, the United States, etc.) Broadened our product line for mobility (3D Emblems, Laser Markable Labels)	➤ Through the effective use of our global supply chain, including our production and sales bases and major distributors, we will further expand into new sales regions and develop new customers



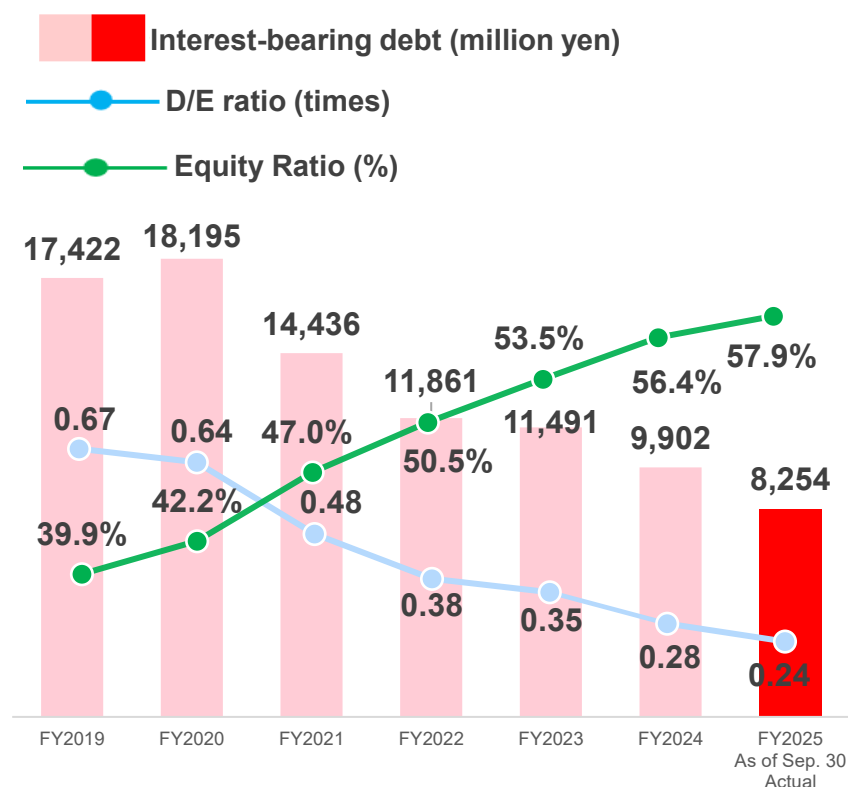
# Initiatives related to shareholder returns and interest-bearing debt

- We plan to maintain a stable dividend, targeting a payout ratio of at least 30%, and to increase dividends. We will continue to enhance shareholder returns further.
- The D/E ratio has fallen to 0.24 times, exceeding the target, and the equity ratio is 57.9%. We are ensuring financial soundness. Going forward, we will also consider using interest-bearing debt.

## Dividend trend



## Interest-bearing debt · D/E ratio · Equity Ratio

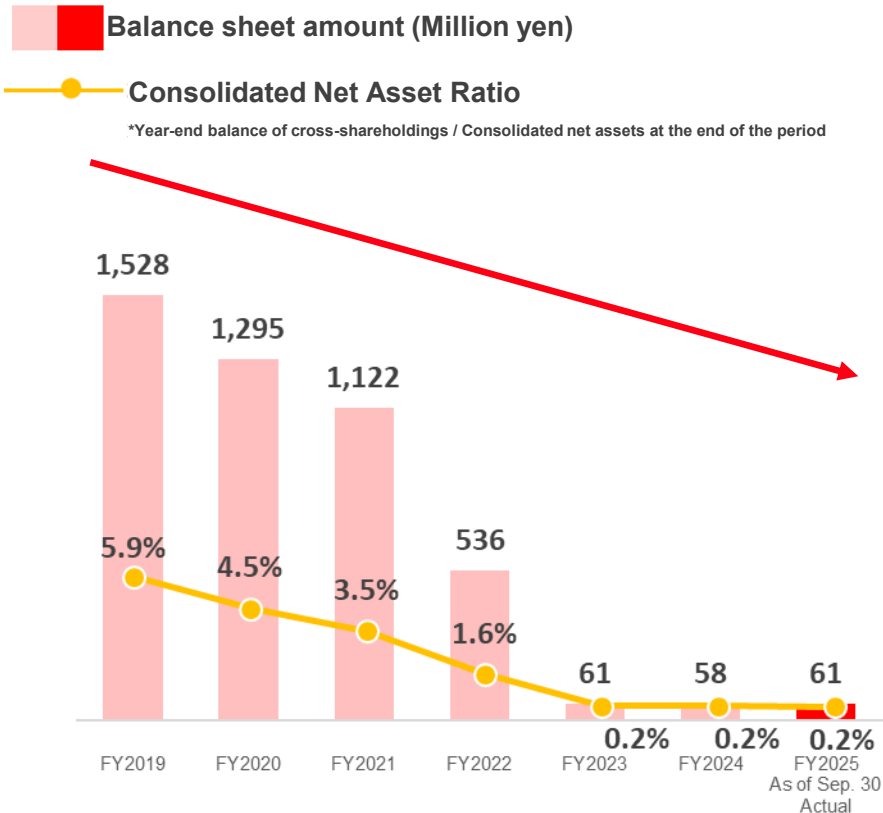


# Initiatives related to funding efficiency and sustainability

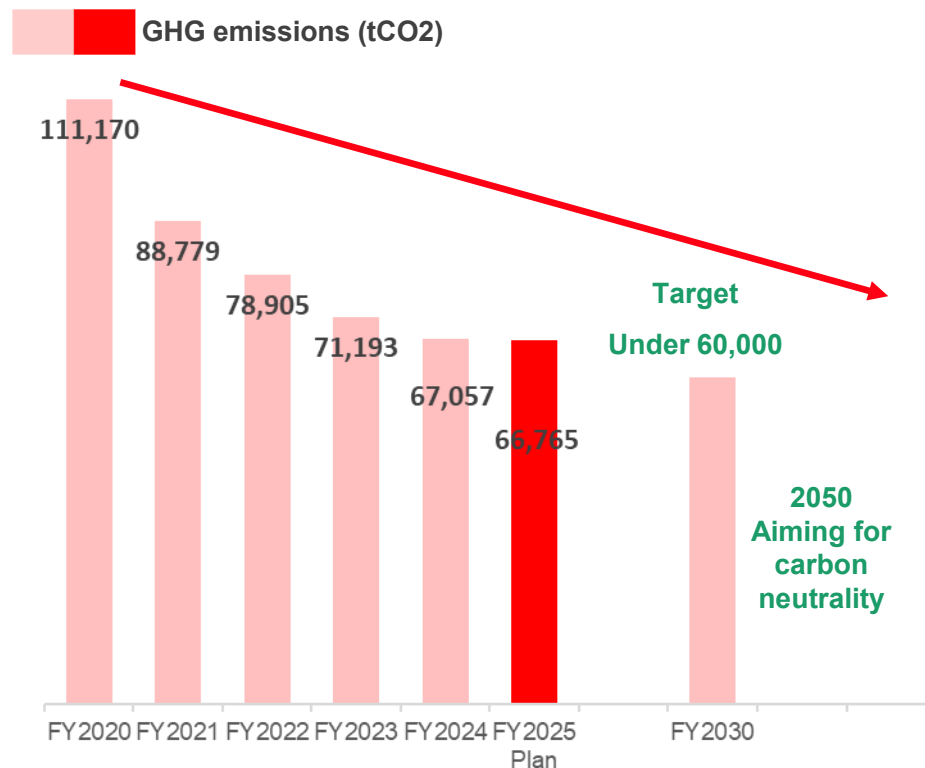


- In terms of capital strategy, we aim to sell cross-shareholdings and reduce them to 1% or less of consolidated net assets.
- In terms of sustainability, we are steadily promoting reductions in GHG emissions through energy-saving initiatives, improvements in production processes, switching to renewable energy sources, and other measures.

## Status of reduction of cross-shareholdings



## Status of GHG emission reductions





# TOPICS

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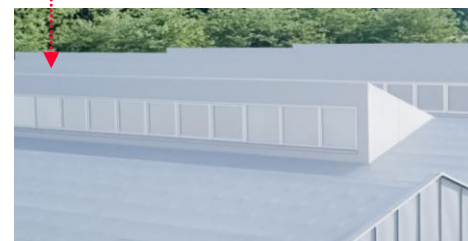
## Light-Diffusion Films adopted for skylights at Descente Apparel's new plant

The “Light-Diffusion Films” has been adopted for the skylight sections in the new plant within Mizusawa Factory of DESCENTE APPAREL LTD. (Oshu City, Iwate Prefecture).

This product softens glare from intense direct light and creates a comfortable indoor environment by diffusing light evenly and widely. In particular, it reduces intense light on floors, walls, furniture, and other surfaces caused by direct sunlight, delivering soft, natural light throughout the entire space. As a result, it also improves work efficiency and saves energy.



“Light-Diffusion Films” adopted for skylights at the Mizusawa Plant of Descente Apparel



Enlarged view of skylight



## Retroreflective Sheetings for License Plates: expanding regions of entry

Our “Retroreflective Sheetings for License Plates,” a growth drivers, have been adopted for the first time in Abu Dhabi, enabling us to enter the Middle Eastern market. This result reflects a high evaluation of their ability to demonstrate excellent weather resistance, even in the harsh, high-temperature environment of the Middle East.

In the current fiscal year as well, we have achieved our first orders in Mozambique (Africa) and Luxembourg (Europe). Our product-by-region strategies, tailored to regional characteristics and our ability to respond quickly to each country's specifications, have borne fruit. Going forward, leveraging high weather resistance and high visibility as strengths, we will accelerate our expansion in global markets.



License plate  
in Abu Dhabi



License plate  
in Mozambique



License plate  
in Luxembourg



## Nippon Carbide Industries to be featured in the U.S. Newsweek special “The rise of Japan’s Hidden Champions”

NIPPON CARBIDE INDUSTRIES CO., INC. is scheduled to be featured in the special “The rise of Japan’s Hidden Champions” in “Newsweek,” an international U.S. magazine on economic and social affairs. The article will introduce our initiatives in the electronics and safety fields, the deployment of “One & Only” products based on our unique technologies, and the value we create by addressing social issues.

In addition, an interview article with CEO Takahisa Sugiyama is scheduled to be published in “The Worldfolio,” a web media outlet that disseminates the initiatives of growing companies worldwide. Please take a look.



**For questions and inquiries from analysts/institutional investors,  
please contact**



**NIPPON CARBIDE INDUSTRIES CO., INC.**

Public Relations & Investor Relations Group  
Corporate Planning Department

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