

Global "sukima" ideas



Nippon Kayaku Group Integrated Report 2025



Nippon Kayaku Group Corporate Vision

KAYAKU spirit

**Continuously providing society with the best
products through ceaseless progress and
the combined forces of our consciences.**

The **KAYAKU spirit** represents the ideal corporate vision shared by all our officers and employees.

Through the implementation of sustainable management guided by our **KAYAKU spirit**,
we at the Nippon Kayaku Group are aspiring to create both environmental and social value
in our quest to realize a sustainable society and increase corporate value.

Corporate Slogan

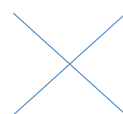
Global "sukima" ideas

At the Nippon Kayaku Group, we strive to deliver value through the pursuit of originality, rather than relying on scale.

To realize this ambition, each employee must strive to improve his or her capabilities while continuing to create products that deliver added value.

We are developing Nippon Kayaku into a company that the world truly needs, by accumulating unique technology that stands out in niche markets and elsewhere.

Technology
integration and
niche strategies



Energetic
corporate
culture

Technology Integration and Niche Strategies

Mobility & Imaging Business Unit

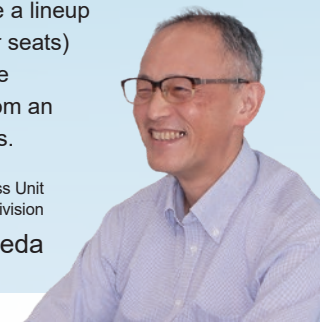
No. 1 global share of micro gas generators and squibs for external sales and toward further expansion of airbag inflators



Nippon Kayaku has knowledge in the safe handling of explosives nurtured through our industrial explosives business dating back to our founding. In 1991, based on our pyrotechnic design and manufacturing technologies combining explosives and metal containers accumulated through electric detonator products, we signed a contract for joint development of inflators with Sensor Technology Co., Ltd. aimed at introducing airbag modules in the market. This was the start of our automotive safety component business. The inflators born by combining the two companies' technologies have undergone numerous modifications so far. Today, we have a lineup that includes disc-shaped inflators for airbags (ones for driver and passenger seats) as well as cylinder-type inflators for side and knee airbags. Going forward, we expect even greater demand for cylinder-type inflators in particular arising from an increase in their installation due to stricter safety-related evaluation standards.

Mobility & Imaging Business Unit
General Manager of Planning & Coordination Division

Shigeru Maeda



Fine Chemicals Business Unit

No. 1 global share of epoxy resins for environmentally friendly semiconductor encapsulation and toward further growth with those for package substrates

Fine chemical products such as epoxy resins tend to fall into the low-profit, high-quantity category due to many market players and difficulty in differentiation. Amid such circumstances, we evolved our high-performance epoxy resins using thorough management and ingenuity in raw materials and manufacturing processes. Our high-performance resins achieve the several properties required by customers within a stable and strict scope while having high purity that suppresses the amount of chlorine contained as far as possible. In recognition of the reliability of our quality established in this way, our epoxy resins have secured the top global share as raw materials for semiconductor encapsulation. In recent years, the need for high-performance epoxy resins as materials for package substrates is rising in response to demand for semiconductors with greater performance and miniaturization, such as those for artificial intelligence, and sales volumes are expanding. We plan to prepare for higher medium- to long-term demand while developing a system for expanded production.

Fine Chemicals Business Unit
Head of Functional Materials Group

Yoshihiro Kawata



Life Science Business Unit

No. 1 share in Japan for the number of cancer-related products' lineups and anti-cancer drugs for unmet needs contributing to better healthcare

Nippon Kayaku has strengths in the development and provision of cancer-related pharmaceutical drugs, offering product groups meeting the diverse needs of patients. Besides our current key products of generic drugs and biosimilars, we will actively introduce new drugs related to cancer treatment in the future. Regarding IBTROZI®, a therapeutic agent for the rare ROS1-positive non-small cell lung cancer from U.S. company AnHeart Therapeutics Inc., we have obtained manufacturing and marketing approval from the Ministry of Health, Labour and Welfare in September 2025 and plan to launch it in FY2025. We hope to continue contributing toward improving patients' quality of life and advancing healthcare through the development and such of pharmaceuticals that can address unmet medical needs in the area of cancer treatment, an area in which we have particular strengths.

Life Science Business Unit
General Manager of Planning & Coordination Division

Yoshinori Hozumi



Upon Publication of Nippon Kayaku Group Integrated Report 2025



The Nippon Kayaku Group has achieved growth for more than 100 years through technology integration and niche strategies, as well as an energetic corporate culture fostered with our employees at the center.

In Integrated Report 2025, we aim to convey the Nippon Kayaku Group's organizational culture and value-creation initiatives in a manner that is easy for our shareholders, investors, and other stakeholders to understand, and to encourage them to look forward to our medium- to long-term growth.

We hope this report will help you better understand our initiatives and values, and we appreciate your continued support.

(Editorial administrative office: Corporate Communications Division)

Highlights of Integrated Report 2025

Learn About our New President Shigeyuki Kawamura

▶ Message from the President ■■ p. 16

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Editorial Policy

Organizations Covered

This report covers 27 out of the 48 companies in the Nippon Kayaku Group, in principle. The 27 companies covered are Nippon Kayaku Co., Ltd. and its 26 consolidated subsidiaries (as of March 31, 2025).

Time Period Covered

FY2024 (from April 1, 2024 to March 31, 2025). However, the report also contains some information from outside of this time period.

Date Published

October 31, 2025

Online version URL

<https://www.nipponkayaku.co.jp/english/ir/library/annual/index.html>

Guidelines Referenced

- International Integrated Reporting Framework
- GRI Standards
- Recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
- Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
- Guidance for Collaborative Value Creation
- IP and Intangible Assets Governance Guidelines



About Cover Design

By focusing on space and expressing the act of imagining new possibilities, the design depicts the Nippon Kayaku Group's means of capturing new perspectives and ideas and bringing out future possibilities. Light and colored bands symbolizing the ideas of our three business units flow from a hand-crafted visual frame, visually expressing the process by which innovation and energy spread throughout society and bring color and vitality to the cityscape.



Disclaimer

This integrated report contains various forward-looking statements about future developments that are based on the Nippon Kayaku Group assumptions and forecasts at present. They are subject to risks and uncertainties which could cause the actual outcome, including the company's financial position, its business development, and/or performance, to differ from those described in this report.

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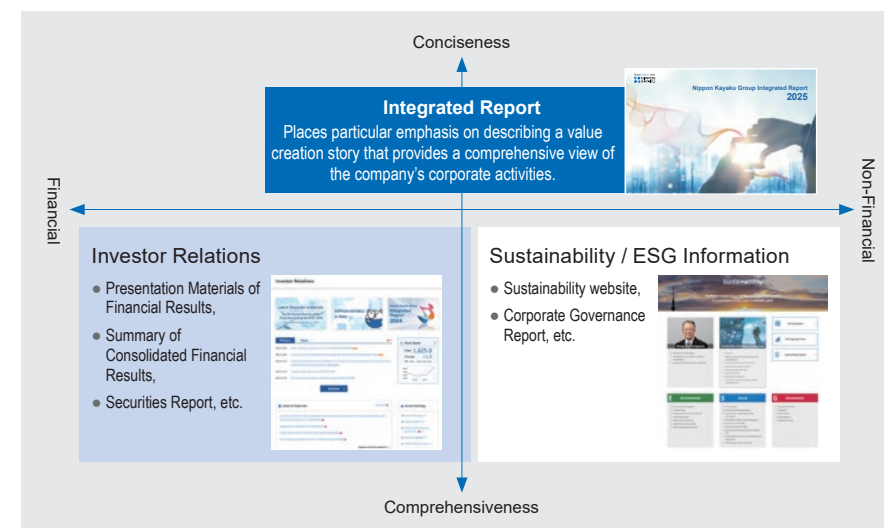
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Information Disclosed by the Nippon Kayaku Group

The Nippon Kayaku Group discloses various kinds of corporate information on the group's website in addition to the Integrated Report.

Investor Relations	Japanese	https://www.nipponkayaku.co.jp/ir/
	English	https://www.nipponkayaku.co.jp/english/ir/
Sustainability	Japanese	https://www.nipponkayaku.co.jp/sustainability/
	English	https://www.nipponkayaku.co.jp/english/sustainability/
		■ GRI Standard Content Index
	Japanese	https://www.nipponkayaku.co.jp/sustainability/support/gri/
	English	https://www.nipponkayaku.co.jp/english/sustainability/support/gri/
Reports		■ Annual Securities Report for the 168th Period (Japanese) https://ssl4.eir-parts.net/doc/4272/yo_ho_pdf/S100W41Y/00.pdf ■ Corporate Governance Report Japanese https://www.nipponkayaku.co.jp/sustainability/pdf/governance/corporate-governance/corporate_governance_report.pdf English https://www.nipponkayaku.co.jp/sustainability/pdf/governance/corporate-governance/corporate_governance_report_en.pdf
External Evaluation and Awards	Japanese	https://www.nipponkayaku.co.jp/sustainability/support/evaluation/
	English	https://www.nipponkayaku.co.jp/english/sustainability/support/evaluation/

Positioning of the Integrated Report



External Evaluations and Awards

ESG Index Inclusions and Ratings (as of August 2025)

FTSE4Good Index Series

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE4Good Index Series criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE4Good Index Series indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Index

FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong ESG practices.



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Blossom Japan Index indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Sector Relative Index

This index reflects the performance of the Japanese companies with outstanding ESG practices relative to others in their sector.



FTSE Blossom Japan Sector Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nippon Kayaku Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Blossom Japan Sector Relative Index indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

MSCI ESG Ratings*



A global rating index with seven levels of ESG risk and opportunity management from "AAA," the highest rank, to "CCC," the lowest rank (the Nippon Kayaku Group was rated AA in 2025).

MSCI Nihonkabu ESG Select Leaders Index*

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

This index has the MSCI Nihonkabu IMI Index as its parent index. It comprises companies with outstanding ESG evaluation.

MSCI Japan Empowering Women Index (WIN)*

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women Index is derived from its MSCI Japan IMI Top 700 parent index, and comprises the companies with outstanding records of promoting women's empowerment.

* The inclusion of Nippon Kayaku Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nippon Kayaku Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

S&P/JPX Carbon Efficient Index

It weights and ranks TOPIX companies based on how well they disclose environmental information and carbon efficiency (carbon emissions per unit of sales).



Morningstar Japan ex-REIT Gender Diversity Tilt Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index is based on the extent to which their gender diversity policies have been instilled throughout the organization, and on how they promote equal opportunities regardless of gender.

SOMPO Sustainability Index

The SOMPO Sustainability Index is an active index uniquely compiled from the Environmental, Social and Governance (ESG) scores given in the Environmental Management and ESG Management surveys conducted by SOMPO Risk Management allied to the stock value evaluations conducted by SOMPO Asset Management.



Sompo Sustainability Index

External Evaluations and Awards

Certification

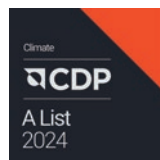
RBA (Responsible Business Alliance) Audit sees Kayaku Advanced Materials Certified Silver

KAM underwent an RBA Third-Party Audit (VAP Audit) in both 2021 and 2023. Its appropriate management in the audit areas of Labor, Safety & Health, Environment, Ethics and Management Systems was duly recognized, and deemed worthy of Silver Certification.

Recognition and Awards

CDP

The Nippon Kayaku Group earned an A in the CDP Climate Change Report and a A- in the CDP Water Security Report from CDP, an international NGO that carries out environmental examination and evaluation.



EcoVadis

The Nippon Kayaku Group earned a Committed Badge from EcoVadis, which carries out comprehensive evaluations of companies in the four fields of environment, labor and human rights, ethics, and sustainable procurement.

BroadBand Security (Gomez ESG Site Ranking)

The Nippon Kayaku Group was selected as an Outstanding Company in this ranking, which rated companies from the five perspectives of website user-friendliness, ESG sharing, E (environment), S (social), and G (governance).



BroadBand Security (Gomez IR Site Ranking)

The Nippon Kayaku Group was selected as an Outstanding Company in 2024 in this ranking, which evaluates companies based on four categories: ease of use of websites, adequacy of financial and business results information, adequacy of corporate and management information, and aggressiveness and innovativeness in disclosing information.



Daiwa Investor Relations (Daiwa Internet IR Award)

The Nippon Kayaku Group was selected as Selected in 2024 for the "Commendation Award" in the Internet IR category and the "Excellence Award" in the sustainability category, based on a survey and evaluation using the 5T&C framework (Timely, Transparent, Traceable, Trustworthy, Total, and Communication).



Nikko Investor Relations (Company Website Quality Ranking)

The Nippon Kayaku Group was selected in 2024 Best Award in comprehensive ranking segment, based on objective evaluation criteria set from the three viewpoints to "easy to understand," "easy to use," and "amount of information."



The mascot character of Nippon Kayaku Group
Kayakuma

"It is a great honor that our initiatives were recognized and we obtained external certification and evaluation. Please continue to look forward to the Nippon Kayaku Group's challenges for a sustainable future!"

Chapter 01 Global "sukima" ideas

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- Fine Chemicals Business Unit and Its Products
- Life Science Business Unit and Its Products

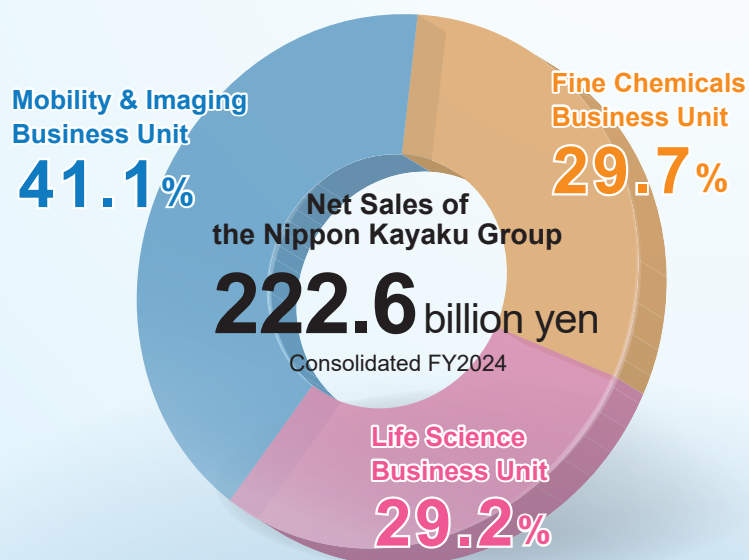
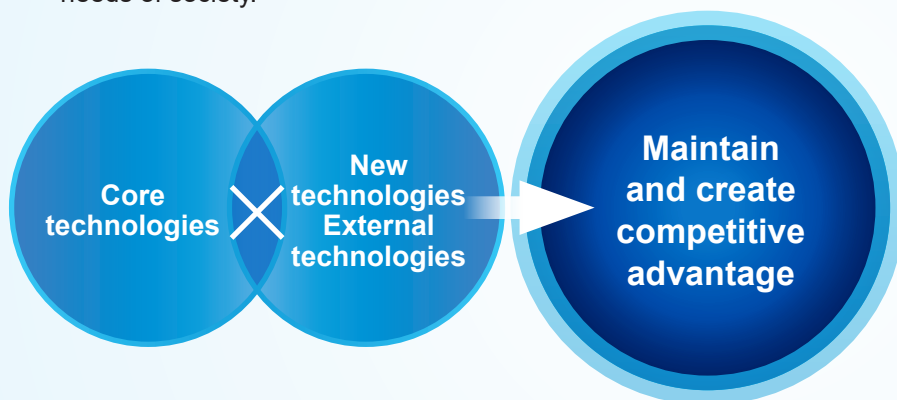
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Nippon Kayaku Group's Strengths and Three Business Units

The Nippon Kayaku Group pursues originality, implementing technology integration and niche strategies based on the slogan of Global "sukima" ideas that deliver value to expand the "sukima" niche markets that are discovered. Together with carefully protecting the core technologies developed since our establishment, we will combine them with the latest technologies of the times to continue creating innovative businesses and products that always meet the needs of society.



Products of Mobility & Imaging Business Unit

Safety Systems Business

- **Automotive Safety Components**
 - Airbag inflators
 - Micro gas generators for seatbelt pretensioners
 - Squibs (ignition components found in inflators and micro gas generators)
- **Drone Safety Devices**
 - PARASAFE® emergency parachute system for drones

Polatechno Business

- **Optical Components**
 - Automotive polarizers
 - Sun-guard films for head-up displays
 - Polarizers for passive LCDs
 - Polarizers for sunglasses
- **Precision Components**
 - Components for X-ray analysis systems (sources, windows, detectors)
 - Polarizers for projectors



Products of Fine Chemicals Business Unit

Functional Materials Business

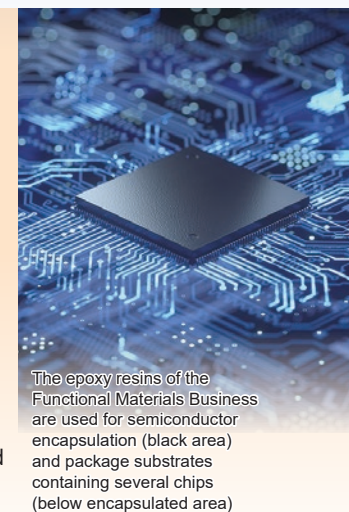
- **Resin Materials**
 - Epoxy resins
 - Maleimide resins
 - UV-curing type resins
- **Resist Materials for MEMS**
- **Cleaners for LCDs and Semiconductors**
- **Semiconductor Manufacturing Equipment**

Color Materials Business

- **Inkjet (IJ) Color Materials**
 - Consumer inkjet colorants
 - Industrial inkjet inks
- **Thermal Materials**
 - Non-phenol developers
 - Phenol developers
- **Dyes for Paper and Textiles**

Catalysts Business

- **Gas-Phase Oxidation Catalysts**
 - Catalysts for the production of acrylic acid
 - Catalysts for the production of methacrylic acid



Products of Life Science Business Unit

Pharmaceuticals Business

- **Cancer-Related Medical Pharmaceuticals**
 - New drugs
 - Generic drugs
 - Biosimilars

Agrochemicals Business

- **Pesticides for Vegetables and Fruit Trees**
 - Insecticides
 - Soil fumigants



Nippon Kayaku Group's Strengths and Three Business Units

Mobility & Imaging Business Unit and Its Products

Through progress in automotive safety components that provide safety to people around the world and light control technology that achieves new imaging devices, we contribute to the development of future mobility technologies.

Contribution to Society

Safety components and displays evolving together with automobiles

Safety components and in-vehicle displays continue to be installed while evolving with changes in automobiles, such as development in electric vehicles and the realization of automated driving. Using our core technologies, we will provide solutions for changing needs.

Continuing to provide safety and security for progress in mobility

We contribute toward improving safety and reliability in future mobility by applying the technologies developed in automotive safety components to provide safety devices for industrial drones and flying cars that are expected to be adopted in future society.

Topics: Ensuring Safety for the Future of Extensive Use of Air Mobility—PARASAFE® ■ p. 37

Core Technologies & Strengths

Handling of pyrotechnics and technologies for pyrotechnic design and manufacturing

- Knowledgeable in the safe handling of pyrotechnics from many years of experience and can properly comply with laws and regulations (Explosives Control Act)
- Acquisition of airbag inflator design technology from collaboration and reaching the top level of the industry through repeated in-house improvements

Five global locations producing automotive safety components

- Establishment of five locations to meet the rising needs of automotive safety components globally
- Development of a system that delivers products using optimal routes according to the trends of automobile production in each country

Light control technology, including the design and production of polarizers

- Technologies for dye synthesis and film processing that supports high durability dye-type polarizers
- Besides light control of displays, ability to meet the specialized needs of customers by also using X-ray control technology

Key Products

Safety Systems Business

■ Inflators

Inflators are built into the airbags installed in various locations of an automobile. They are filled with a gas-generating agent that applies explosive technology and serve as components that instantly inflate the airbags in the event of a collision.



Disc-shaped inflators (top) used in airbags for driver and passenger seats and cylinder-type inflators (bottom) for curtain, side, and knee airbags

■ Micro gas generators

Micro gas generators are compact gas generating devices used for seatbelt pretensioners, which are devices to retract seat belts in the event of a collision, safely restraining passengers in place.

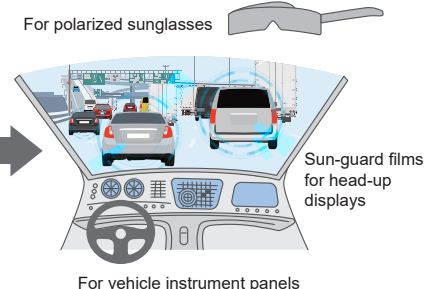
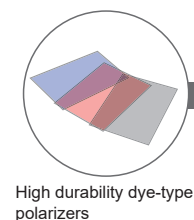
■ Squibs

A squib is an ignition device embedded in inflators and micro gas generators. It receives electric signals from impact sensors to operate safety devices.

Polatechno Business

■ High durability dye-type polarizers

High-durability dye-type polarizers with excellent resistance to heat and light are used as optical components that can withstand harsh environments such as automotive applications.



■ X-ray analyzer components

X-ray analyzer components—which are compact, lightweight, and emit little heat—are found in handheld X-ray detectors and such used by airports and border security.



Nippon Kayaku Group's Strengths and Three Business Units

Fine Chemicals Business Unit and Its Products

Using our core technologies in resins, colorants, and catalysts, we provide functional chemicals with added value in the areas of information, communication, digital printing, and basic chemicals to contribute to the realization of a prosperous and comfortable society.

Contribution to Society

Using high-performance semiconductor materials to support a comfortable life

We provide high-performance resins that can be used with semiconductors that are evolving due to AI technology and such. We also contribute to efficient production with our manufacturing equipment technology.

Environmentally friendly high-performance inks that are necessary for next-generation digital printing

We reduce waste using inks that can quickly print on demand, contributing to the creation of a sustainable society.

Core Technologies & Strengths

Management technology for producing resins with consistent quality and performance

- ▶ Ability to mass produce high-performance epoxy resins with few impurities and stable properties through careful management of raw materials and reaction conditions
- ▶ Ability to provide new materials with the matching properties in a short period of time using research and development that closely follows customers' requirements

Expertise in the development and production of inkjet colorants

- ▶ Development of industrial inkjet inks using colorant technology developed in inkjet inks for households
- ▶ Collaboration with printer and printhead manufacturers to build a joint development and sales system for industrial inks

World-class gas-phase oxidation catalysts

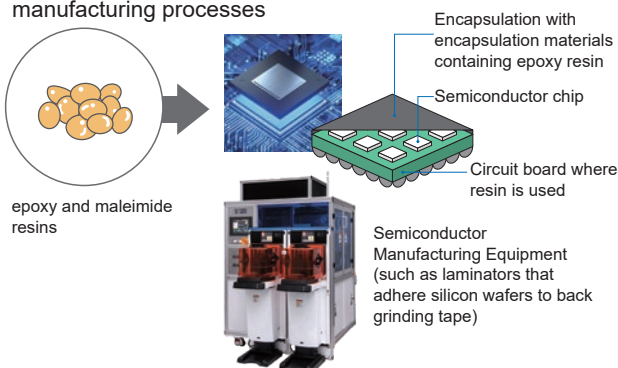
- ▶ Based on world-class catalyst technology introduced from U.S.-based Standard Oil Company (Ohio), continuing to improve yield and other performance, maintaining the industry's leading performance and quality even today
- ▶ Going beyond catalyst development, a practical technical support system that includes operational expertise at users' sites

Key Products

Functional Materials Business

- Semiconductor-related products (resins and other materials; manufacturing equipment)

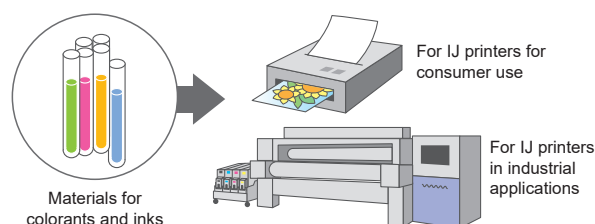
Besides high-performance epoxy resins for semiconductor encapsulation and package substrates, our Group company Teikoku Taping System provides laminators and other manufacturing equipment used in semiconductor manufacturing processes



Color Materials Business

- Colorants for inkjet printers

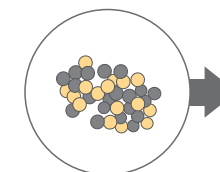
Instead of inkjet inks for households, for which demand is expected to remain flat, we are focusing on industrial inkjet ink, an area that is expected to expand in the future. We specialize in water-based pigment inks that are friendly to the environment. We currently sell inks for coated paper, and we are also developing inks for food packaging and other flexible packaging materials.



Catalysts Business

- Catalysts for the production of acrylic acid and methacrylic acid

We sell high-yield catalysts for the production of acrylic acid and methacrylic acid to production plants.



Catalysts for the production of acrylic acid (raw material for resins such as SAP*1 used in disposable diapers) and methacrylic acid (raw material for resins such as PMMA*2 used in acrylic glass)

*1 Superabsorbent polymer
*2 Polymethyl methacrylate



Disposable diapers made from SAP



Acrylic glass used in aquariums and such

Nippon Kayaku Group's Strengths and Three Business Units

Life Science Business Unit and Its Products

By promoting innovation using technologies we are strong in and stably supplying high-quality pharmaceuticals, we improve the quality of healthcare and provide environmentally friendly agrochemicals, thereby contributing to a society where people can live with peace of mind.

Contribution to Society

Supporting healthcare with expertise in cancer and stable supply of high-quality pharmaceuticals

We will contribute toward improving the quality of healthcare and patients' quality of life (QOL) by providing pharmaceutical drugs in cancer meeting unmet healthcare needs, such as rare diseases.

Delivering environmentally friendly agrochemicals to around the world and contributing to the development of sustainable agriculture

We will utilize our excellent formulation technology to develop new forms of existing formulations and new active pharmaceutical ingredients to intensively meet the world's agrochemical needs.

Core Technologies & Strengths

System for compiling and providing information to medical professionals

- ◉ Nationwide stationing of medical representatives who possess advanced expertise and cover information on all products
- ◉ Establishment of a Pharmaceutical Information Center for medical professionals and patients, and building of a support system for cancer treatment

Production facilities that contribute to the stable supply of pharmaceuticals for healthcare

- ◉ Operation of Takasaki Plant as a domestic production base for cancer-related generic drugs and biosimilars
- ◉ Promotion of facility expansion with a view of responding to replacement supply leading to product consolidation

Technical support and sales structure for global provision of agrochemicals

- ◉ Amid slow growth in Japan's agrochemical market, human resource allocation and business system organization focusing on expanding overseas, where further growth is expected

Key Products

Pharmaceuticals Business

With 49 products, we are number one in our lineup of cancer-related pharmaceuticals in Japan. We supply approximately 30%—in quantity—of injected anti-cancer drugs used in Japan, supporting domestic cancer treatment. In FY2024, our biosimilars and generic anti-cancer drugs helped to save more than 20 billion yen in medical fees, based on drug prices, helping patients to undergo cancer treatment with peace of mind.



■ New drugs

We sell new drugs, such as Portrazza®, a therapeutic agent for squamous non-small cell lung cancer and ALAGLIO®, a photodynamic diagnostic agent for bladder cancer. In September 2025, we obtained license to manufacture and sell IBTROZI®, a new ROS1 inhibitor, in Japan. We aim to start selling it during FY2025. We intend to continue expanding our lineup of new drugs to address unmet medical needs.

■ Biosimilars (BS)

We sell two therapeutic agents for inflammatory diseases and such, and three cancer-related products. We have the top market share in Japan for four of these products, assisting in the treatment of patients. In our broad policy (Basic Policy on Economic and Fiscal Management and Reform), we state that we will promote the use of our biosimilars and continue to spread their adoption. We are strengthening our initiatives for the manufacturing and sales of biosimilars in Japan.

■ Generic anti-cancer drugs

We sell 33 cancer-related products. New drugs, such as antibody drugs, are being developed in the area of cancer treatment, and our anti-cancer drugs are used in parallel with these drugs for various types of cancer. Amid the current need for a stable supply of generic drugs, we provide a stable supply while guaranteeing quality and expanding production, contributing to cancer treatment in Japan.

* All figures stated as of July 2025

Agrochemicals Business

We have a rich lineup of insecticides, soil fumigants, and such mainly for vegetables and fruit trees that meet the on-site needs of farmers. Using our strengths in formulation design, we develop new products as well as conduct long-term research and development in new active pharmaceutical ingredients. Besides selling in Japan, we will increase our overseas sales ratio, a major target market in the future.



FINESAVE® insecticide, launched in 2018, contains new active pharmaceutical ingredients

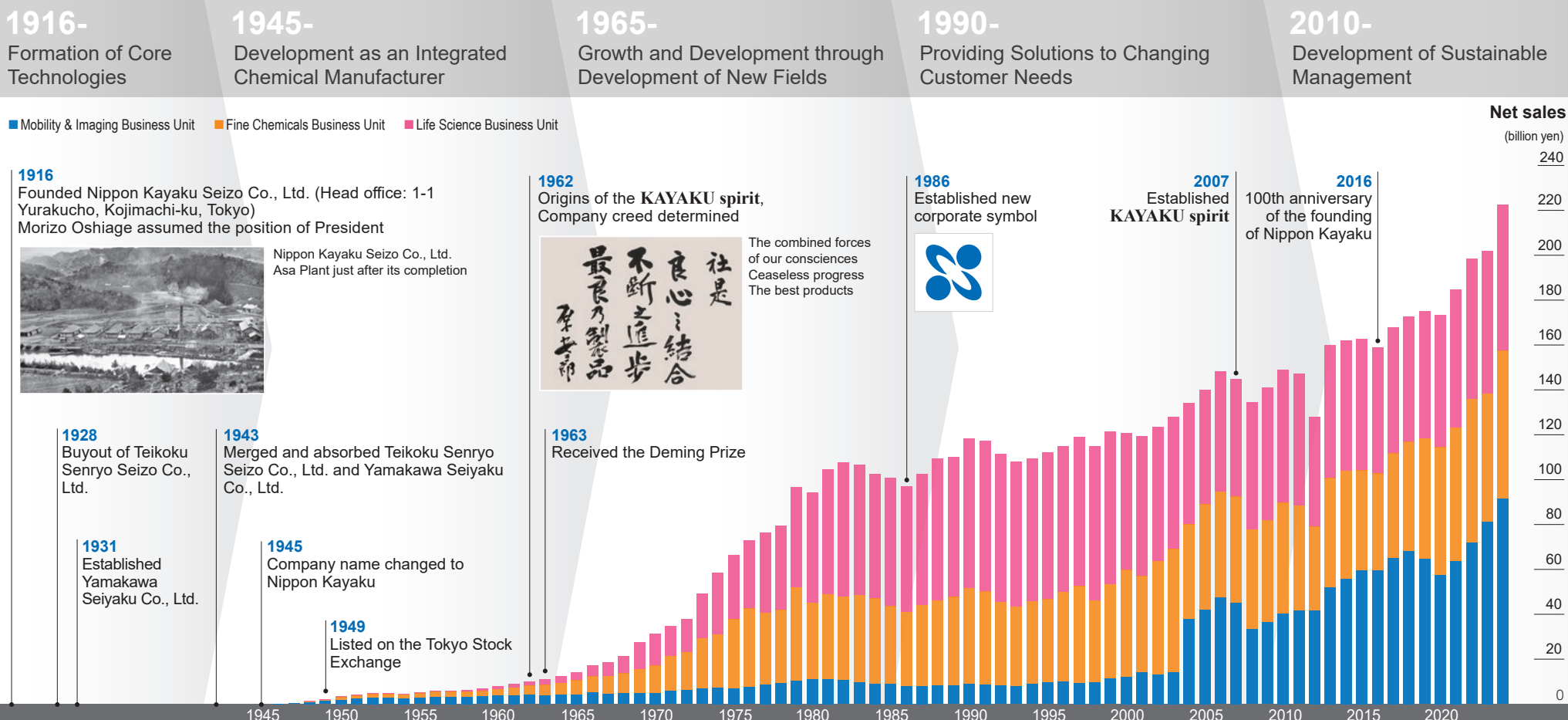
The History of Value Creation

The Nippon Kayaku Group's History and Trend in Net Sales

The Nippon Kayaku Group started when Nippon Kayaku Seizo Co., Ltd. was founded on June 5, 1916 as Japan's first private-sector industrial explosives manufacturer, continuing business for more than 100 years since then.

Facing and overcoming many trials and tribulations over the years, including the Great Depression in 1927, World War II, post-war chaos, trade liberalization, two oil crises, the burst of Japan's economic bubble, and the collapse of Lehman Brothers, the company transformed from a company specializing in explosives into a comprehensive explosives manufacturer and further evolved into a comprehensive chemical company.

Today, Nippon Kayaku continues to take on new challenges, seeking to be a company that can contribute toward the realization of a sustainable society.



The History of Value Creation

Providing the best products while evolving core technologies in step with the needs of the times

● Automotive safety components ★ Emergency parachute system for drones ▲ Polatechno

Mobility & Imaging Business Unit

★1917
Began production of Japan's first industrial dynamite

A pioneer in Japan



●1989
Began production of squibs

Technology changes

Applying safety pyrotechnics to automotive safety components



●1992
Began production of disk-type aluminum inflators



▲1992
Began shipments of a polarizing film used in projectors and in vehicles

Polatechno products on the market



●1998
Began production of micro gas generators



●2000
Began production of cylinder-type steel inflators

▲2004

Made a capital investment in MOXTEC, Inc. providing inorganic polarizers and components for X-ray analysis systems

▲2017
Expanded a business in components for X-ray analysis systems following a buyout of RaySpec Ltd.

●2018
Began mass production of new types of inflators

Weight reduction and smaller diameter

★2021
Began sales of PARASAFE® emergency parachute system for drones used for industrial purposes



Safety Systems

We provide safety and security for automobiles and new types of mobility by utilizing technologies for safe handling of pyrotechnics.

Polatechno

We are expanding high durability dye-type polarizers for applications such as in-vehicle liquid crystal displays and head-up displays, and focusing on initiatives to achieve growth of components for X-ray analysis systems.

● Functional materials ★ Color materials ■ Catalysts

Fine Chemicals Business Unit

★1916
Succeeded in producing sulfur black dye in Japan

A pioneer in Japan



★1951
Launched the direct dye, Kayarus, intended for use with cotton, hemp yarn, and other cellulose fibers



●1969
Began production of epoxy resins

■1972
Began manufacturing catalysts used in the production of acrylic acid used as a raw material for the high water absorption resin used in diapers, etc.

Catalyst products on the market

■1963

Entered into a contract with U.S. firm, Standard Oil Co. (Ohio), concerning the introduction of acrylic acid technologies (catalysts)

●1979
Began pilot production of the ultraviolet curing resin DPHA

★1984
Launched TG-SA® developer used for thermal paper such as those for boarding passes



★1999
Began full-scale production of colorants for inkjet printers

Conversion of applications of color materials



●2002
Launched the NC-3000 epoxy resins used for semiconductor encapsulation, etc.

Resins for semiconductors, still the main product



●2018
Launched maleimide resins for 5G substrates

★2020
Launched TG-MD®, a phenol-free developers for thermal paper

●2021
Made Teikoku Taping System Co., Ltd. a subsidiary and began selling semiconductor manufacturing equipment

Functional Materials

We focus on the expansion of semiconductor-related products by leveraging synergies among resins, cleaners, and manufacturing equipment.

Color Materials

We focus on the growth of industrial inkjet inks and dyes, and develop thermosensitive color developers and functional dyes.

Catalysts

In addition to catalysts for the production of acrylic acid and methacrylic acid, we develop catalysts that contribute to a hydrogen energy society.

● Ethical pharmaceuticals ★ Active pharmaceutical ingredients / Diagnostic agents ◆ Insecticides for vegetables and fruits, Soil fumigants

Life Science Business Unit

●1932
Launched the anti-inflammatory drug, ASPIRIN



◆1934
Began production of the soil fumigant, CHLOROPICRIN

Technology changes

Started production of agrochemicals using dye synthesis technology



●1948
Began production of the antibiotic, PENICILLIN

◆1964
Began production of the insecticide, DIAZINON® granules



●1969
Launched the antitumor antibiotic, BLEO®

Began focusing on oncology

●1984
Launched the anti-cancer drug, RANDA®

◆1992
Launched the bite damage prevention agent, R-731

●1994
Launched the prostate cancer drug, ODYNE®

◆2005
Launched the epidemic prevention agent, SAFROTIN® MC

●2014
Launched the biosimilar, INFLIXIMAB BS

A pioneer in Japan

◆2016
Launched the insecticide/miticide, FUHMOM®

Evolution of formulation technology

●2019
Launched Portrazza®, an anti-EGFR (epidermal growth factor receptor) human monoclonal antibody

●2021
Launched PEMETREXED, a generic drug
Launched ALAGLIO®, a photodynamic diagnostic agent

◆2018
Launched the insecticide, FINESAVE®

Launch of agrochemicals with medicinal ingredient developed in-house



●2022
Launched DARVIAS®, an anti-cancer drug
Launched BEVACIZUMAB BS, a biosimilar

●2023
Launched Adalimumab BS, a biosimilar

●2025
Obtained license to manufacture and sell the anti-cancer drug, IBTROZI® (September)

Pharmaceuticals

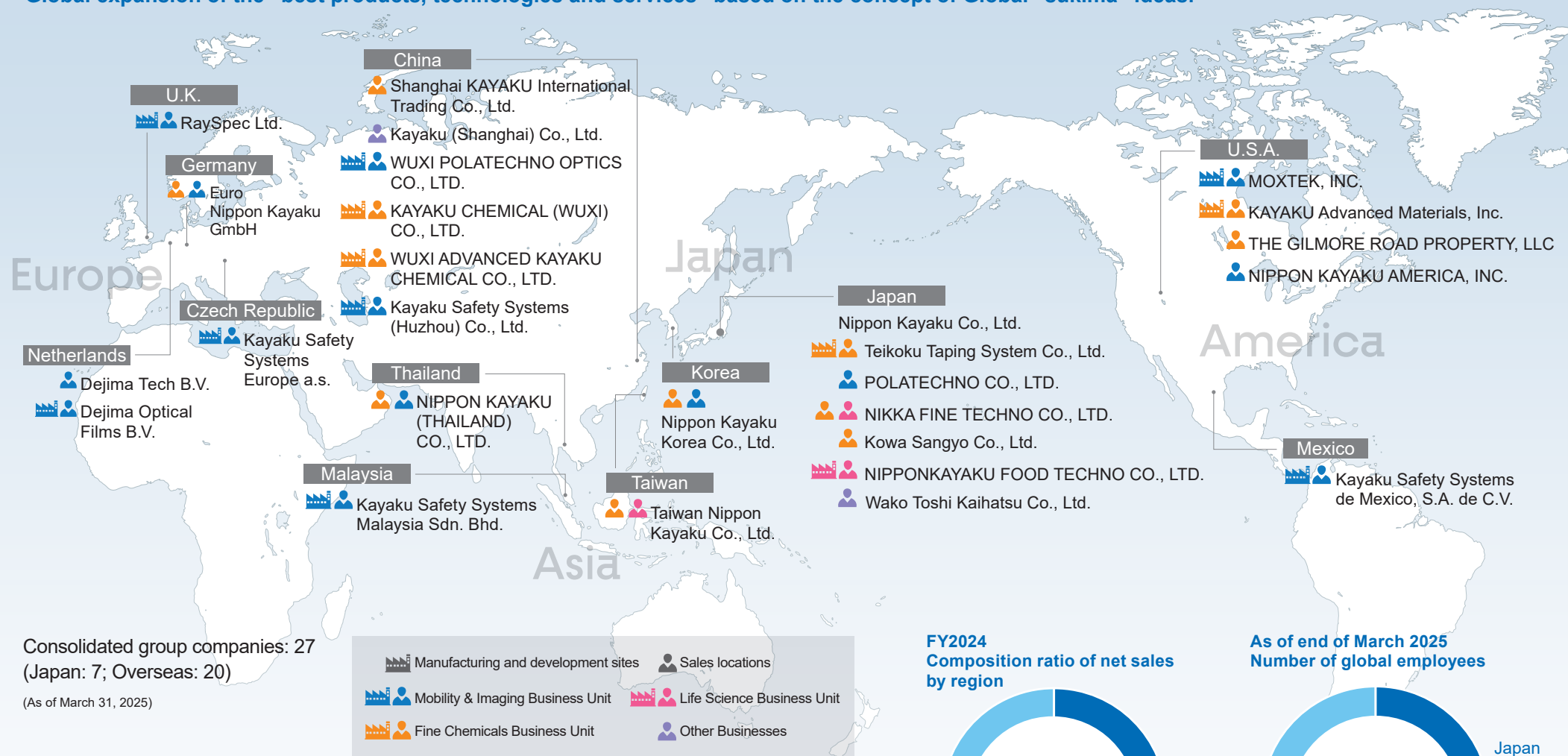
We reliably supply anti-cancer drugs and related products, mainly in the cancer field, while working on the development of outstanding pharmaceuticals and other products.

Agrochemicals

We contribute to sustainable agriculture by meeting the needs for agrochemicals specialized in the vegetable and fruit fields by using our strength in formulation technology.

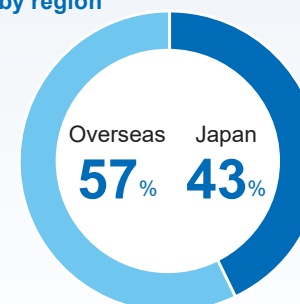
Global Business Expansion

Global expansion of the “best products, technologies and services” based on the concept of Global “sukima” ideas.



The Nippon Kayaku Group operates in three business units—Mobility & Imaging, Fine Chemicals, and Life Science—through 27 consolidated group companies in Japan and 11 other countries and regions. Nippon Kayaku strives to be an invaluable global company by applying core technologies, technologies which may even come to prominence in niche areas, to deliver the “best products, technologies and service” to fill out “sukima (gaps)” in the global market.

FY2024
Composition ratio of net sales
by region



As of end of March 2025
Number of global employees



Message from the President

“Adding Speedy Transformation to Seriousness”

— Upholding Nippon Kayaku’s Uniqueness While Enhancing Responsiveness to Change

Member of the Board,
President, Representative Director

Shigeyuki Kawamura

Profile

Joined Nippon Kayaku in 1987. After 19 years in pharmaceutical sales, he engaged in business management in the Safety Systems Business, such as making the business profitable and establishing overseas locations. In 2023, he became the officer in charge of the Mobility & Imaging Business Unit that was created due to business reorganization.

Message from the President

Appointment as President

In June 2025, I was appointed as the President and Representative Director of Nippon Kayaku Co., Ltd. First, I want to express my sincere gratitude to everyone for always giving us your strong support and kindness.

I was approached by former-President Wakumoto about the appointment as President at the start of 2025. It was something I did not expect, and I was so surprised that I was at a loss for words for a while. However, as I listened to his words while reflecting on my career at the company so far, I began to feel that this was a unique opportunity that allows me to contribute to the future of Nippon Kayaku more than before. I saw this challenge as fate and resolved to take it on with my heart and soul.

I joined the company in 1987 as a fresh graduate. Back then, the term "medical representative (MR)" was not yet in wide use. I was assigned to work as a pharmaceutical sales representative, and the term "proper" was used instead. My first workplace was in Osaka. While visiting hospitals and clinics to get them to adopt our products, I learned that I must first understand the feelings of the doctors, and to do so, it is most important to communicate closely and build trust. This experience is the starting point of my career, and today, it still serves as the foundation of my belief that, to get customers to use our products, we must begin by gaining their trust.

After working in pharmaceutical sales in Osaka, Tokyo, and Mie for a total of 19 years, I transferred to the Safety Systems Business, which handles automotive safety components. There, I took on the challenge of raw material procurement, a totally different area. I felt like I had switched to a completely different company, but I undertook this challenge with a positive mindset of doing my best in the environment I have been given. In time, I came to find this area interesting. And over the more than 19 years since, I have been blessed with many valuable opportunities, including turning the business profitable, achieving significant sales growth, establishing global bases, and gaining experience as the general manager of a group company in China. Even during such times, the importance of building relationships of trust—a mindset developed during my time in pharmaceutical sales—always remained as the core of my actions and was essential in the smooth execution of business activities.

In 2023, the Mobility & Imaging Business Unit—which integrates the Safety Systems Business and the Polatechno Business for polarizers—was created due to business reorganization. As the officer-in-charge, I did my best to fuse and grow the two businesses. However, in the process, I was faced with a heavy decision, both for the organization and personally, of having to solicit people willing to retire early as we worked on streamlining the Polatechno Business. As a member of management, it was extremely painful and involved a deep internal conflict to ask such a choice of people who had supported the company for many years. Looking to the future, anticipating changes, and depicting a path to sustainable growth leads to happiness for every employee. This experience made me keenly feel again the weight of responsibility as someone in management, and I renewed my determination to further practice management that has foresight and allows speedy decisions and actions going forward.



Message from the President

Lessons and Issues of **KV25** and Bringing a Sense of Speed and Flexibility to the Uniqueness of Nippon Kayaku

The Nippon Kayaku Group entered the final year of the Medium-term Business Plan **KAYAKU Vision 2025 (KV25)** in FY2025. During the period of **KV25**, net sales trended strongly, setting record highs each year. As a result, we expect net sales to reach 234.6 billion yen in FY2025, an increase of 12 billion yen from FY2024 and 4.6 billion yen above the initial plan.

Meanwhile, operating income is expected to be 20 billion yen, a decrease of 0.4 billion yen from FY2024 and 6.5 billion yen below the initial plan. This is largely due to the impact of the external environment, including soaring raw material prices, rising labor costs, and fluctuating exchange rates.

However, we have stated "strengthen earning power" that is not affected by such external factors as our biggest issue for the period of **KV25**. Although we sought to respond flexibly to environmental changes, operating income in the final fiscal year is lower than the plan and I feel there is room for improvement. In particular, due to delays in decision-making, an overly cautious attitude toward risks, inadequate organization of information, and other such factors, we fell behind in taking action. This is honestly a point for reflection. Going forward, we need to transform into a corporate structure that can quickly and accurately respond to changes in the business environment.

While the characteristics of future issues differ for each segment, they all require the ability to respond to change. The Mobility & Imaging Business Unit needs to flexibly and quickly respond to rapid changes in the Chinese market. Amid intensifying competition in semiconductor-related products, it is necessary for the Fine Chemicals Business Unit to use our technological capabilities and expand the scope of materials that can be proposed. It is important for the Life Science Business Unit to consolidate the areas that we are good in, such as generic anti-cancer drugs and biosimilars, and further accelerate the shift to an earning structure using new drugs.

Quickly and accurately respond to changes in the environment of each business unit to strengthen earning power

Mobility & Imaging Flexibly and quickly respond to rapid changes in the Chinese market
Fine Chemicals Expand lineup of materials that can be proposed for the advancing semiconductor market
Life Science Invest earnings from generic drugs and biosimilars into the introduction of new drugs to strengthen earning power

Business and Results Overview ■■ p. 34

Companies have their own uniqueness. The uniqueness of Nippon Kayaku is our sincerity and seriousness. This is the wellspring of the trust we have earned from our customers over the years, and it is also our pride. However, with the business environment changing even more rapidly due to technological innovation, geopolitical risks, and changes in the market itself,

seriousness alone is no longer enough to win the competition. We must constantly keep in mind to add a sense of speed and flexibility to the uniqueness of Nippon Kayaku. This is the most important issue that has to be carried over from **KV25** into the next Medium-term Business Plan.

Becoming a Company That Brings Excitement to Society

Nippon Kayaku has created new products by evolving core technologies according to the needs of the times and sometimes combining them with external technologies. To continue having our products, technologies, and services adopted by a wide range of markets, both domestic and overseas, and to further increase awareness of the Nippon Kayaku brand, it is essential to keep creating and nurturing new developmental themes with dreams, those that make our stakeholders excited.

Under **KV25**, we focused on the Creation of New Business and Products to strengthen earning power. And now, in the final year of the plan, we are steadily creating new themes that hold significant potential.

For example, the Safety Systems Business has embarked on the development theme of space pyrotechnics. We seek to help reduce the weight of fuel and improve payload efficiency by applying our pyrotechnic technology—nurtured through automotive safety components—in rocket propulsion systems. Applying our expertise in automotive safety components to space development and significantly increasing added value—this is truly a great example of fully drawing out the potential of technology. This theme started when a researcher casually thought that our technology may be useful for space development. At first, I felt somewhat skeptical about his idea, but as a result of being positive, believing in the potential and backing him, development progressed smoothly based on a system of cooperation with external parties, and our product was adopted for a rocket that is scheduled to be launched.

Besides this, the business units also came up with new themes, one after another, during the period of **KV25**. The Pharmaceuticals Business is working toward achieving Japan's first large-scale production of biopharmaceuticals. The Fine Chemicals Business Unit has launched several development projects in the environment and energy areas, including the development of catalysts for hydrogen production.

Research & Development ■■ p. 45

The Nippon Kayaku Group will continue to put in all efforts to adhere to our stance as a research and development company, where employees come up with ideas for solving social issues and the company actively invests in themes with potential.

Message from the President

Leaders Who Take the Lead in Working Together Will Change the Company

The issues I have mentioned—about the Nippon Kayaku Group becoming a company with a sense of speed and flexibility and generating many new themes with hidden potential—cannot be achieved by simply recognizing them. Eventually, it is the power of our people that allows us to confront these management issues head on. I have always cherished and upheld the belief that a company is made up of its people. Even if we have excellent strategies and innovative technologies, it is our people that apply them, and it is the abilities of our people that allow us to overcome issues.

In particular, the presence of leaders who draw out the organization's strengths is critical. Leaders at all levels within the company—from the President and executives to general managers, section managers, and the leaders on the ground—need to take ownership over the organization's work, making decisions and acting with responsibility. Leaders do not simply give instructions; they take the lead in working together. When Toyota Motor Corporation's Chairman Akio Toyoda was President, he said that bosses say "Do it" but leaders say "Let's do it."* I deeply empathize with his words. Besides deciding on the allocation of roles among subordinates, I think a true leader leads by example and builds relationships of trust while guiding the team toward results. An organization where the leaders at the various levels can say "Let's do it" will be able to decisively overcome even difficult management issues.

To achieve such an organization, better in-house education and appropriate personnel assignment will be even more important than before. One of our current education systems is the Nippon Kayaku Business Academy (NBA), where the management has opportunities to directly speak to the next generation of managerial candidates. Through the NBA, I convey the attitude of a leader, the ways to take responsibility, as well as the importance of increasing knowledge and awareness through reading and learning from one's seniors and constantly striving to improve oneself as a leader.

Human Resources ■ p. 49

* Refer to the following URL for the source of the quote.

■ Article (in Japanese) dated February 26, 2020 in "News" of Toyota Times
https://toyotatimes.jp/en/toyota_news/

Today, with the attention on utilization of human capital, we will first focus on our leaders and develop many excellent leaders. I hope this can lead to the Group's sustainable growth, including steadily solving management issues, enhancing the company's overall decision-making speed and execution, growing our business, and promoting management with high capital efficiency.

To Our Stakeholders

Nippon Kayaku is a company with sincere and serious employees. Some customers even say that we are too serious, but also a company that can be trusted. However, this is our asset, and it is a culture that will not change in the future.

Going forward, besides this sincerity, the entire organization will undertake speedy transformation while believing in the capabilities of each employee and developing leadership. We will also properly listen to feedback from our front lines and actively embark on new themes to raise our fundamental strengths as a company.

The Nippon Kayaku Group will place importance on dialogue with our shareholders and investors as we evolve the core technologies—passed down from the time of our establishment—according to the needs of the times, create products, technologies, and services that contribute to society, and achieve sustainable growth.

We hope you will continue to give us your unwavering support.

October 31, 2025

President, Representative Director

Shigeyoshi Kawamura



Chapter 02 Path to Growth

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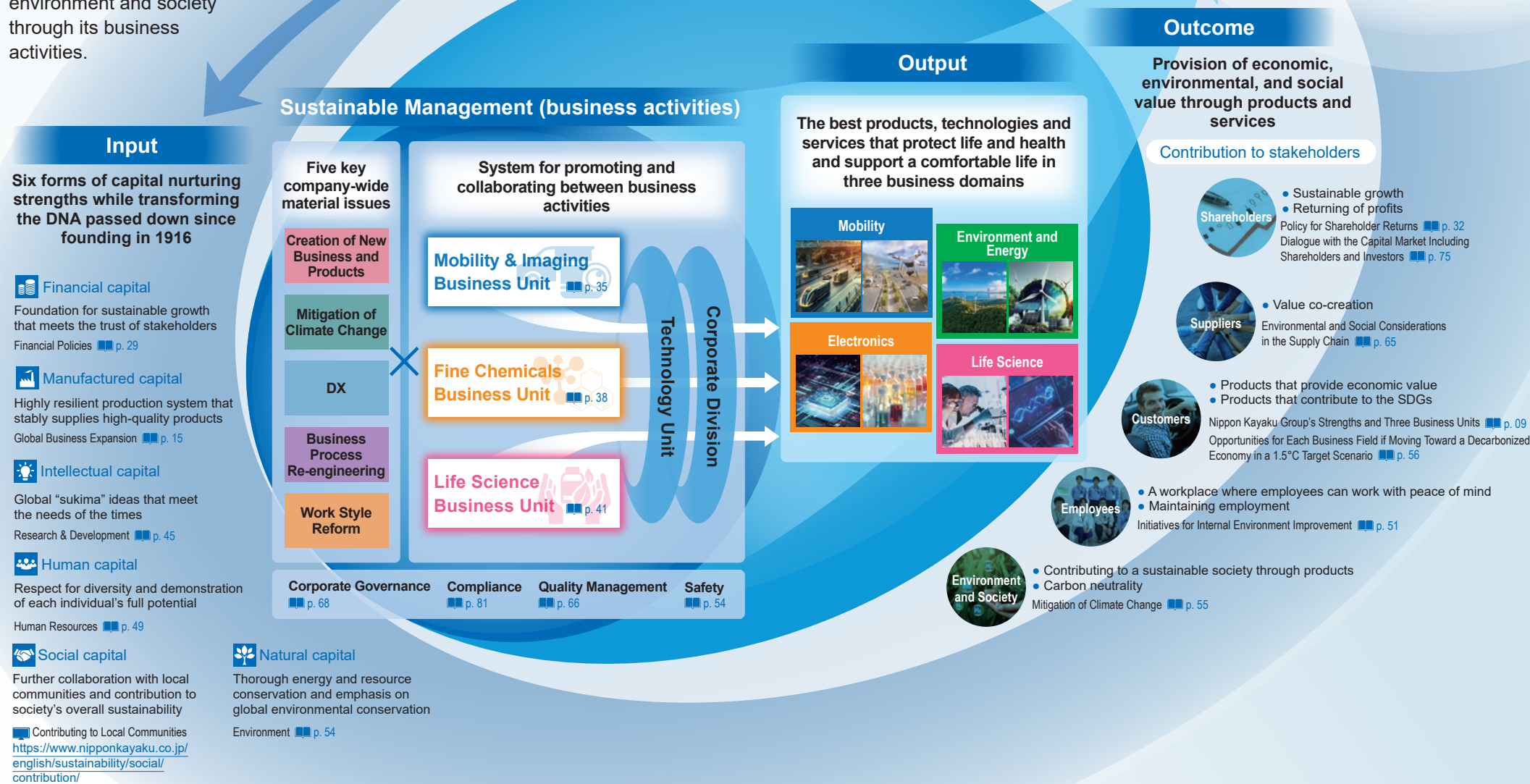
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Nippon Kayaku Group's Value Creation Process

Under its corporate vision, the **KAYAKU spirit**, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities.

KAYAKU spirit

Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences.



Progress of the Medium-term Business Plan *KAYAKU Vision 2025*

KV25 Company-wide Management Targets

Economic value

Net sales under the current Medium-term Business Plan **KAYAKU Vision 2025 (KV25)** continued to set new records until FY2024, the third year of the plan, and are expected to exceed the target of 230 billion yen in FY2025.

Meanwhile, operating income is trending below the target for each fiscal year due to factors such as soaring raw material prices, higher fixed costs, and the occurrence of license fees at the Life Science Business Unit. In FY2025, the final fiscal year of **KV25**, we will aim to achieve an operating income of 20 billion yen, which was the forecast as of May. At the same time, we will strengthen initiatives, such as passing on the costs to prices, and strive to get as close to the target as possible.

For return on equity (ROE), we will work toward achieving the target of 8% together with our capital policy. We will also continue measures toward achieving the medium-term target of a return on invested capital (ROIC) of 10% through company-wide capital efficiency improvement initiatives.

FY2025 Targets and FY2024 Results Related to Economic Value

Self-evaluation through FY2024: ○ Achieved △ Not achieved × Measures need to be revised

Net sales		Operating income	
Goals 230 billion yen		Goals 26.5 billion yen	
FY2024 results 222.6 billion yen	Self-evaluation ○	FY2024 results 20.4 billion yen	Self-evaluation △
ROE		ROIC	
Goals 8% or more		Goals 10% or more	
FY2024 results 6.5%	Self-evaluation ×	FY2024 results 7.1%	Self-evaluation △

Environmental and social value

We are steadily creating environmental and social value toward achieving the company-wide management targets of **KV25**. In the environmental aspect, toward achieving carbon neutrality by 2050, we have revised—in April 2024—our reduction targets for greenhouse gas emissions from the previous 2°C to the 1.5°C target that is expected to have greater effects. Besides information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in FY2025, we started disclosing information related to natural capital according to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

In the social aspect, we promote research and development in our key business areas and contribute to the realization of a sustainable society. We will also focus on improving respect for human rights across the supply chain as well as enhancing customer satisfaction.

Furthermore, we positioned investment in our people—the source of corporate activities—as one of our most important issues and conducted an employee engagement survey for the first time in FY2023. By analyzing the results and implementing improvement measures for the issues identified to build an organization where diverse human resources can apply themselves, we promote management centered on human capital.

Targets Related to Environmental and Social Value

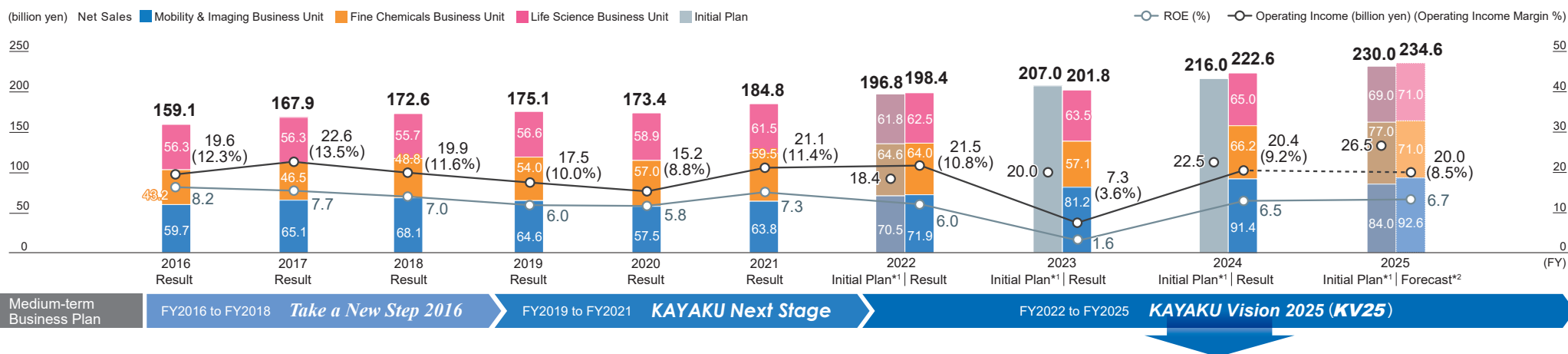
Greenhouse gas emissions	Building a digital society
Reduce by 46% in FY2030 (Compared to FY2019)	Providing environmentally friendly semiconductor materials that contribute to next-generation communications and digital transformation (DX)
Carbon neutrality	Creating a healthy society
Achieve by FY 2050	Contributing to the improvement of QOL Providing a stable supply of pharmaceuticals
Continuing to protect lives	Creating a company with a strong presence
Providing products that ensure safety and security in the mobility field	Increasing customer satisfaction Human rights due diligence to business partners
Supporting the supply of food	Human resources development
Providing safe agro-products to meet global food needs	Improve employee satisfaction Promotion of diversity (Percentage of female managers over 10%, etc.)

Progress of the Medium-term Business Plan *KAYAKU Vision 2025*

Ten-year Net Sales and Operating Income Trends and Plan, Including Period of *KV25*

*1 Figures of Initial Plan are based on the disclosure in the financial results presentation on May 13, 2022.

*2 Figures of Forecast are based on the disclosure in the financial results presentation on May 14, 2025.



■ *KV25*: Progress by FY2024 and Forecast for Final FY2025

Progress by FY2024	
Changes in net sales and operating income as well as their reasons	Nippon Kayaku Group as a whole Compared to KV25 initial plan Net sales: +6.6 billion yen (103%) Operating income: -2.1 billion yen (91%) [FY2024 results] <ul style="list-style-type: none"> Although the Fine Chemicals Business Unit saw a decrease in sales, the increase in sales at the other two business units was even higher Lower profits due to the Fine Chemicals and Life Science Business Units
	Mobility & Imaging Business Unit <ul style="list-style-type: none"> Exchange rate was advantageous with continued market recovery since FY2022 There was impact on profits from increases in raw materials costs and fixed costs
	Polatechno Business <ul style="list-style-type: none"> For dye-type polarizers, those for passive LCDs struggled and there was a shift toward launching sun-guard films for head-up displays Sales of X-ray analyzer components held firm
	Fine Chemicals Business Unit Functional Materials Business <ul style="list-style-type: none"> Epoxy resins for semiconductors, which had been sluggish since the second half of FY2022, started recovering in FY2024 centered on products for substrates
	Color Materials Business <ul style="list-style-type: none"> Demand for consumer inkjet colorants continued Industrial inkjet inks shifted toward strong performance
	Catalysts Business <ul style="list-style-type: none"> Held firm although performance fluctuated from year to year
	Life Science Business Unit Pharmaceuticals Business <ul style="list-style-type: none"> Impact of yearly drug pricing revisions was covered by higher volume to achieve continued growth For FY2023, costs of introducing new anti-cancer drugs for unmet needs led to lower profits
	Agrochemicals Business <ul style="list-style-type: none"> Held firm due to steady overseas sales, etc.

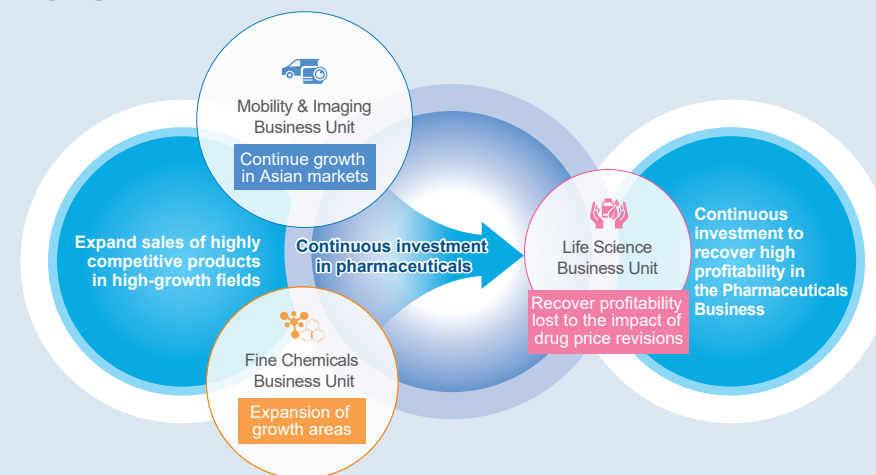
Forecast for FY2025 (final fiscal year)	
Changes in net sales and operating income as well as their reasons	Compared to KV25 initial plan Net sales: +4.6 billion yen (102%) Operating income: -6.5 billion yen (75%) <ul style="list-style-type: none"> Net sales are expected to exceed the KV25 plan, but operating income is expected to be below the plan due to soaring raw material prices, higher labor costs, and individual factors at each business unit
	Compared to KV25 initial plan Net sales: +8.6 billion yen (110%) Operating income: -1.8 billion yen (86%) <ul style="list-style-type: none"> Overseas sales are expected to grow, centered on customers in China and South Korea Newly expanded facilities are scheduled to contribute toward performance from FY2026
	<ul style="list-style-type: none"> While sun-guard films for HUDs will see an increase, products for passive LCDs will be sluggish, negatively affecting profits
	Compared to KV25 initial plan Net sales: -6.0 billion yen (92%) Operating income: -2.7 billion yen (80%) <ul style="list-style-type: none"> Higher sales are expected, but the delay in demand for epoxy resin encapsulation materials will negatively affect the KV25 plan Consumer inkjet colorants are expected to remain at the same level as the previous FY Industrial inkjet inks are expected to grow in the medium term, but will hit a plateau Performance is expected to be steady with net sales around 10 billion yen
	Compared to KV25 initial plan Net sales: +2.0 billion yen (103%) Operating income: -2.1 billion yen (79%) <ul style="list-style-type: none"> Demand is expected to be strong, although there will be impact from research and development costs and drug pricing revisions Strong performance is expected in both Japan and overseas

Progress of the Medium-term Business Plan *KAYAKU Vision 2025*

Position of Business Units for Company-wide Strengthening of Earning Power

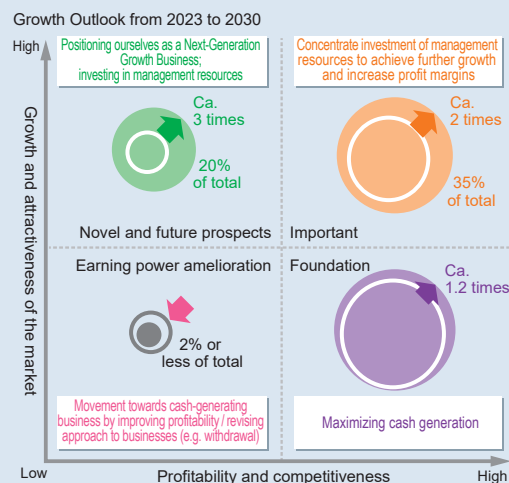
The Nippon Kayaku Group pursues management that is strong to market changes through several business units. In the past, when the Safety Systems Business shifted to automotive safety components from its previous form as the industrial pyrotechnic business, it was supported by the Functional Chemicals Business and Pharmaceuticals Business until stable income was achieved.

Currently, the Safety Systems Business is growing. It is under the Mobility & Imaging Business Unit, which has become an earning pillar of Nippon Kayaku. Meanwhile, the Pharmaceuticals Business—which is under the Life Science Business Unit—is in a business environment where its key products of generic drugs and biosimilars are easily affected by drug pricing revisions. Therefore, we invest in the new drug launches and such to improve the earning power of the Pharmaceuticals Business and use earnings from the other two business units to invigorate the Life Science Business Unit to seek overall growth for the Nippon Kayaku Group into the future.



Strengthen the Business Portfolio

We have clarified the positioning of the product groups in each business unit by evaluating and categorizing them in terms of growth and attractiveness of the market as well as profitability and competitiveness. We maximize cash generation by appropriately allocating management resources. At the same time, for product groups that need to improve profitability, we strive to keep their share of company-wide net sales to 2% or lower, such as by thoroughly searching for ways to improve profitability or withdrawing from those for which improvement is difficult.

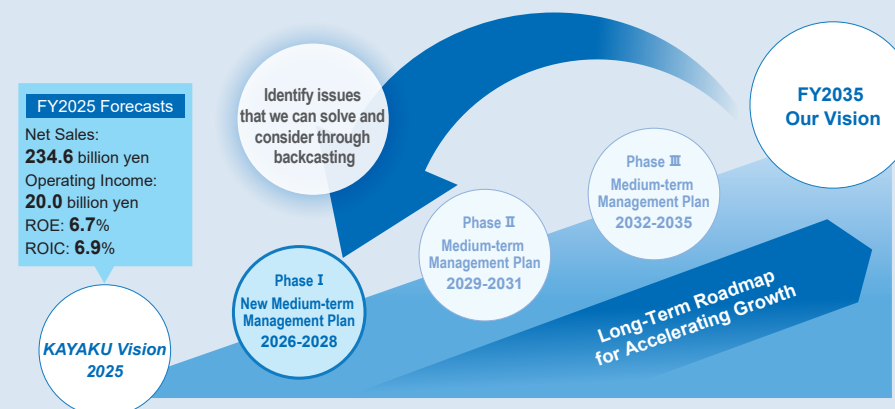


Toward the Next Medium-term Management Plan — Realizing Our Vision through Future-Oriented Sustainable Management —

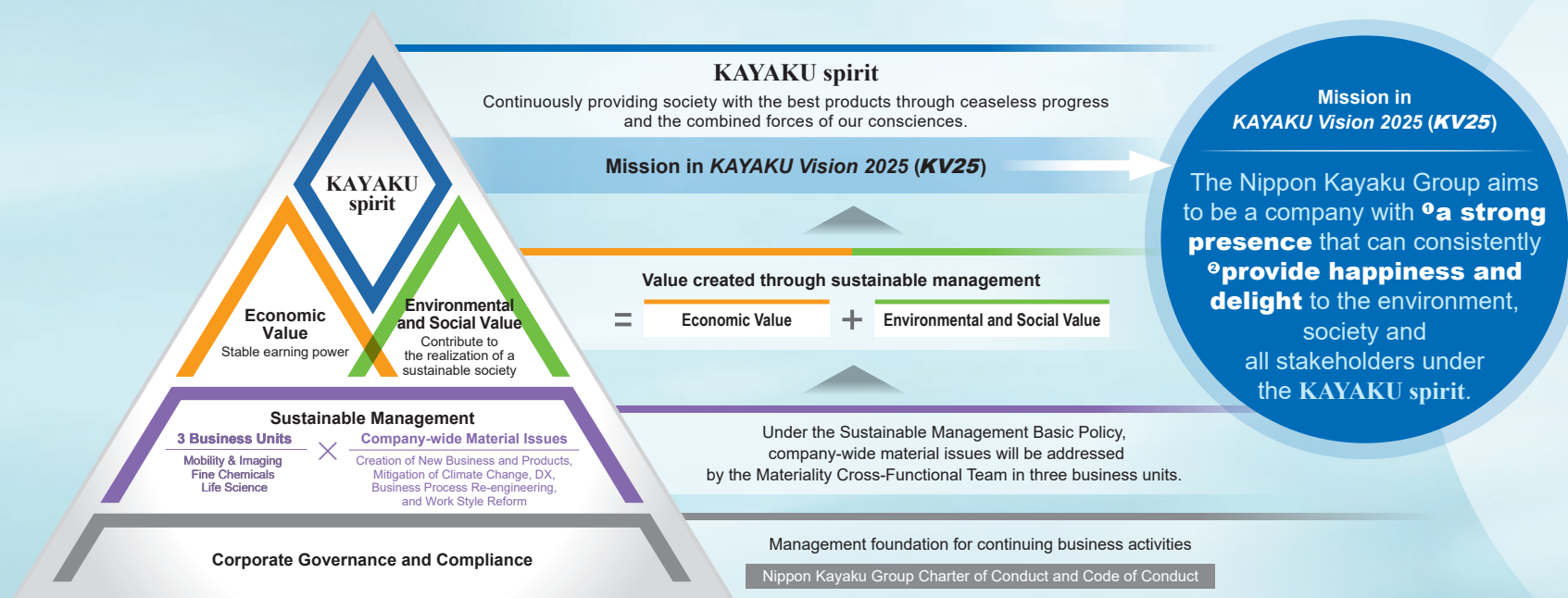
Toward the next medium-term corporate plan, it is necessary to set high targets to achieve sustainable growth after fully reflecting on the reasons leading to underachievement of **KV25**. Therefore, we plan to set the Nippon Kayaku Group's vision for 2035 as an ambitious long-term vision and formulate the medium-term corporate plan by back casting from 2035. The period until 2035 will be split into three phases, and the new medium-term corporate plan for Phase I, which spans FY2026 to FY2028, will be announced when we present our financial results for FY2025 (scheduled for May 2026).

	Mobility & Imaging	Fine Chemicals	Life Science
Important	<ul style="list-style-type: none"> Inflators HUD light shield films 	<ul style="list-style-type: none"> Semiconductor manufacturing products group Digital printing inks 	<ul style="list-style-type: none"> Unmet needs oncology drugs Biosimilars
Novel and future prospects	<ul style="list-style-type: none"> X-ray analyzer components Drone safety device 	<ul style="list-style-type: none"> New functional dyes Carbon neutral catalysts 	<ul style="list-style-type: none"> Bio-pharmaceuticals
Foundation	<ul style="list-style-type: none"> Squibs Micro gas generators 	<ul style="list-style-type: none"> Acrylic and methacrylic acid production catalysts Consumer inkjet colorants 	<ul style="list-style-type: none"> Generic anti-cancer drugs Insecticides
Earning power amelioration	<ul style="list-style-type: none"> Polarized film for projectors 	<ul style="list-style-type: none"> Thermal developers 	<ul style="list-style-type: none"> Non-core pharmaceuticals

Categorization as of May 2025



KAYAKU spirit and Sustainable Management



① Presence

At the Nippon Kayaku Group, we will show our presence as a corporation seeking sustainable growth and strive to improve our social recognition through technology integration and niche strategies rooted in Global "sukima" ideas.

② Provision of happiness and delight to all stakeholders

Besides continuing to provide the best products, technologies, and services through our three business units, we will work on important issues such as Mitigation of Climate Change and Work Style Reform so that we can provide value to all stakeholders related to the Nippon Kayaku Group.

The Nippon Kayaku Group's Corporate Vision is embodied by the **KAYAKU spirit**: "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Under the **KAYAKU spirit**, we aim to create environmental, social and economic value by engaging in sustainable management, create a sustainable society, and increase our corporate value.

As a standard of conduct to realize the **KAYAKU spirit**, we have established a Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of our corporate activities, we respect fundamental human rights, comply with laws and regulations, engage in fair business activities and respond to the trust of all stakeholders.

Nippon Kayaku Group Charter of Conduct and Code of Conduct
<https://www.nipponkayaku.co.jp/english/company/vision/conduct.html>

Basic Policy on Sustainable Management

Under its corporate vision, the **KAYAKU spirit**, the Nippon Kayaku Group will practice sustainable management that responds to the trust placed in it by all of its stakeholders, by ensuring transparency and fairness in management and contributing to the creation of a sustainable environment and society through its business activities. (**KAYAKU spirit**: Continuously providing society with the best products through ceaseless progress and the combined forces of our consciences.)

System

The Nippon Kayaku Group has created a Sustainable Management Meeting, chaired by the President under the direct supervision of the Board of Directors to implement sustainability initiatives throughout the group. In principle, Sustainable Management Meetings are held on a weekly basis to discuss and report on all matters relating to the sustainability of the corporate group, society, and the environment. Important agenda items are approved by the Sustainable Management Meeting before discussion and reporting at Board of Directors meetings. The **KAYAKU spirit** and Sustainable Management The Nippon Kayaku Group's Corporate Vision is embodied by the **KAYAKU spirit**: "continuously providing society with the best products through ceaseless progress and the combined forces of our consciences." Under the **KAYAKU spirit**, we aim to create environmental, social and economic value by engaging in sustainable management, create a sustainable society, and increase our corporate value. As a standard of conduct to realize the **KAYAKU spirit**, we have established a Nippon Kayaku Group Charter of Conduct and Code of Conduct. In all of our corporate activities, we respect fundamental human rights, comply with laws and regulations, engage in fair business activities and respond to the trust of all stakeholders.

Under the umbrella of the Sustainable Management Meeting, we have established four subcommittees: the Ethics Committee, the Risk Management Committee, the Environment, Safety, Quality Management Committee, and the Research & Development Management Committee. The committees hold meetings on a regular basis and discuss and report to the Sustainable Management Meeting to ensure the transparency and fairness of management.

Sustainability Promotion System
<https://www.nipponkayaku.co.jp/english/sustainability/management/system/>

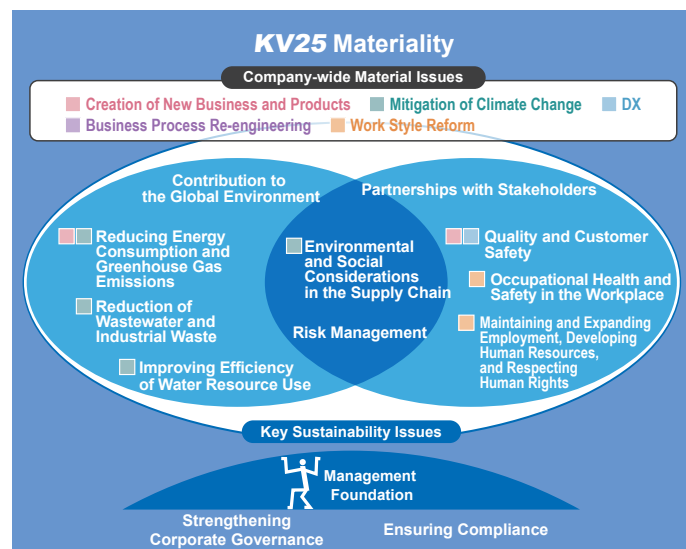
KAYAKU spirit and Sustainable Management

KV25 Materiality

In order to realize its mission of being a company with a strong presence that can consistently provide happiness and delight to the environment, society and all stakeholders under the **KAYAKU spirit**, the Nippon Kayaku Group has identified five key company-wide material issues (materiality) to be addressed as priorities: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform.

We have also appropriately identified important issues faced by the Group in implementing sustainable management, from both internal and external perspectives, **KV25** defined them as key sustainability issues (materiality), and formulated a Sustainability Action Plan linked to our business activities.

KV25 places top priority on addressing these company-wide material issues and the key sustainability issues that supplement them, to contribute to the creation of a sustainable environment and society based on our Basic Policy on Sustainable Management. **KV25** Materiality is a generic term combining these company-wide material issues and key sustainability issues.

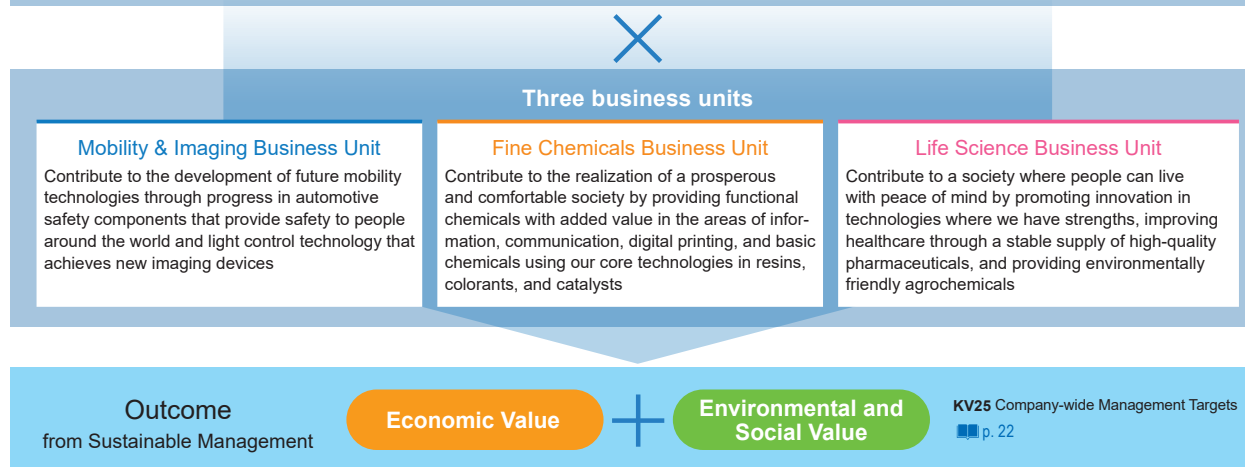


Realizing the Nippon Kayaku We Desire: Addressing Important Company-wide Issues

The Nippon Kayaku Group has identified five key issues that should be prioritized in company-wide cross-organizational projects, as company-wide material issues: Creation of New Business and Products, Mitigation of Climate Change, DX, Business Process Re-engineering and Work Style Reform. Our Materiality Cross-Functional Team (M-CFT), composed of members selected from multiple divisions, is working to instill awareness of initiatives addressing company-wide material issues and speed up the resolution of each issue.

Company-wide material issues	Initiatives
Creation of New Business and Products	We will contribute to realizing our mission by collaborating across the three business units and breaking down barriers within existing organizations to create new businesses and products in the four businesses of Mobility, Environment and Energy, Electronics, and Life Science. p. 45
Mitigation of Climate Change	We will work to prevent global warming—such as the reduction of greenhouse gas emissions—and achieve carbon neutrality, and make united efforts with each plant and research institute to combat climate change risks. p. 55
DX	Our current goals are to drive company-wide digital transformation (DX), increase sales through process transformation, and expand our businesses by reducing costs. Specifically, we will work to achieve DX in the areas of (1) IT education and awareness reform, (2) strengthening IT infrastructure through ERP and IT infrastructure restructuring, etc., (3) R&D, production, sales / marketing and management business processes. p. 63
Business Process Re-engineering	We will work to improve our asset efficiency and earning power by reviewing our group business management, business operation / control (management) and cost control methods, and by improving work efficiency and productivity through A3 activities (KAIZEN)* aimed at business process improvement—to eliminate all kinds of waste—and cost reduction. p. 31
Work Style Reform	We will work to implement work style reforms and personnel system reforms to enable every employee to work energetically and increase employee engagement, with the aim of being a good, strong, energetic company. p. 49

* A3 activities (KAIZEN): Awareness reform activities—based on awareness of reducing costs—designed to develop individual and organizational strengths (skills and expertise) and autonomy, to make the Nippon Kayaku Group an energetic company.



KAYAKU spirit and Sustainable Management

Method for Identifying Key Sustainability Issues

To appropriately grasp issues facing the Nippon Kayaku Group from both internal and external perspectives and respond to the expectations and demands of stakeholders, the key medium-term CSR issues were identified in 2019. To coincide with the start of the new Medium-term Business Plan—**KAYAKU Vision 2025**—and the shift 17 SDGs. By implementing initiatives to achieve the KPIs in the Sustainability Action Plan, we will contribute to the achievement of the SDGs and the creation of a sustainable society. from CSR management to sustainable management, in April 2022, we changed the term "key CSR issues" to "key sustainability issues" and reviewed them in order to appropriately respond to the diversification of our business activities and various changes in social issues.

STEP 1	Recognition of themes	Building on our previous key sustainability issues (laid down in our KAYAKU Next Stage key medium-term CSR issues), we have extracted themes from the GRI Standards on the demands of a diversifying society to serve as our base, and updated our issue items accordingly.
STEP 2	Creating point scores from internal and external opinions	<p>A Converting External Evaluations into Points: We have taken the evaluation standards of multiple international assessment bodies concerned with promoting responsible investment, as well as the SASB* required standards for separate industries, linked them to our issue items, and assigned external evaluation point scores to them.</p> <p>B Converting Internal Evaluations into Points: We have taken the key Medium-term Business Plan themes for each separate business and corporate division, linked them to our issue items, and assigned internal evaluation point scores to them.</p> <p>* The Sustainability Accounting Standards Board (SASB) is an American non-profit organization which determines sustainability information disclosure standards for each separate industry.</p>
STEP 3	Mapping of important issues	The materiality items "Strengthening Corporate Governance" and "Ensuring Compliance" are identified as the "most important issues for corporate survival." Other issues are mapped based on external and internal evaluations, which assign point-based assessments. Our resultant point-based map has had threshold levels inserted, with anything exceeding those thresholds being specified as key sustainability issues
STEP 4	Validation and approval	With intellectual input from our sustainability specialists taken into account, our specifying methods and specification results are reviewed by our key decision making institution, the Sustainable Management Meeting, and approved after two rounds of discussions.

Key Sustainability Issues Initiatives and KPIs

We have classified our key sustainability issues into three categories—most important issues for corporate survival, most important issues, and important issues—and established action plans for each issue.

The Nippon Kayaku Group's Sustainability Action Plan utilizes the SDG Compass* to link each key issue (materiality) with one or more of the 17 SDGs. By managing and disclosing the progress of KPIs every year and implementing sustainability activities, the Group aims to create environmental, social and economic value, help to achieve the SDGs (i.e., to create a sustainable society) and increase corporate value.

* The official name is "SDG Compass - Corporate Action Guidelines for SDGs", which was jointly developed by three international organizations, GRI, UNGC and WBCSD, as a guide to the SDGs for companies.



KAYAKU spirit and Sustainable Management

Sustainability Action Plan

<https://www.nipponkayaku.co.jp/english/sustainability/management/materiality/#h-02-04>

Key Sustainability Issues and Sustainability Action Plan (excerpt)

	Key sustainability issues	Action plans	Indicators (KPI)	FY2025 Targets	FY2024 Results
Most important issues for corporate survival	Ensuring Compliance	<ul style="list-style-type: none">Exercise thorough compliance, which is a basic principle for conducting corporate activities, and engaging in fair business operationsMaintain and enhance an open corporate culture with a high sense of ethics	Number of serious compliance violations*1 Compliance training rate Percentage of group companies with compliance / whistleblowing hotlines	0 100% 100%	0 97.7% 100%
	Strengthening Corporate Governance	<ul style="list-style-type: none">Strengthen corporate governance of the entire group and manage in a highly transparent and sound manner	Number of times that the assessment on the effectiveness of the Board of Directors meetings is evaluated Number of times internal business audits are performed by the Audit Division	Once per year 60 times in four years	Once 12 times
	Quality and Customer Safety	<ul style="list-style-type: none">Enhance our quality control and quality assurance systems by continuously improving our quality management system and ensuring thorough quality-related governanceImplement quality management, improve production efficiency and reduce process abnormalities through digitalization	Number of serious complaints by customers*2 Number of serious quality process abnormalities in processes*2	0 0	0 1
	Environmental and Social Considerations in the Supply Chain	<ul style="list-style-type: none">Practice supply chain management with consideration for environmental and social aspects, based on the Sustainable Procurement Guidelines	Response rate for confirmation of consent to Sustainable Procurement Guidelines Formulation and implementation of improvement plans using questionnaires to suppliers	(Non-consolidated) 90% (Non-consolidated) Disclose progress	(Non-consolidated) 91% Ensure that there are no human rights or environmental issues with any of our business partners
Most important issues	Reducing Energy Consumption and Greenhouse Gas Emissions	<ul style="list-style-type: none">Implement energy-saving and global warming countermeasures and achieve FY2030 environmental targetsIdentify issues and clarify strategies for achieving carbon neutrality by FY2050	Greenhouse gas emissions (Scope 1+2)	(Targets to be achieved by FY2030) 70,598 tons or less (A reduction of 46% or more compared to FY2019)	111,102t-CO ₂
	Reduction of Wastewater and Industrial Waste		VOC emissions	(Non-consolidated) Disclose results	(Non-consolidated) 60.3 tons
	Improving Efficiency of Water Resource Use		COD emissions	(Non-consolidated) Disclose results	(Non-consolidated) 222.2 tons
			Total waste output	(Non-consolidated) Disclose results	(Non-consolidated) 28,225 tons
			Recycling rate	(Non-consolidated) 80% or higher	(Non-consolidated) 86.5%
			Zero emission rate	(Non-consolidated) 1% or less	(Non-consolidated) 0.6%
			Goal setting in line with SBT and consideration and implementation of specific measures	Progress disclosed	Selected for CDP's Climate Change A List Promoted energy and resource conservation and introduced solar-powered PPA models
			Disclosure in line with TCFD recommendations	Progress disclosed	Information disclosed in Sustainability website
			Develop products and technologies with consideration for environmental issues	Progress disclosed	Information disclosed in Sustainability website
	Important issues		Occupational Health and Safety in the Workplace	<ul style="list-style-type: none">Strengthen the foundation for safe operation by thoroughly enforcing basic rules on safety and health and improving equipment and work proceduresImplement health and productivity management and provide a workplace environment with a healthy work-life balance where employees can work with enthusiasm	Number of serious accidents*3
Acquisition of certifications under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category)		(Non-consolidated) Continued certification	(Non-consolidated) Continued certification		
Percentage of paid leave taken		(Non-consolidated) 70% or higher	(Non-consolidated) 73%		
Percentage of employees who take mental health training		(Non-consolidated) 100%	The 2nd year of the 3-year plan has started as scheduled		
Percentage of employees receiving regular health checkups		(Non-consolidated) 100%	(Non-consolidated) 100%		
Ascertaining and improving employee satisfaction through questionnaire surveys		(Non-consolidated) Disclose progress	Conducted second engagement survey (slight improvement with a score of 48.4) Promoted improvement action plans at each workplace		
Maintaining and Expanding Employment, Developing Human Resources, and Respecting Human Rights		<ul style="list-style-type: none">Promoting diversity and inclusion through the recruitment of diverse human resources, effective HR assignment and exchangesPass down and strengthen technical capabilities in monozukuri (manufacturing) and achieve globalization in human resources through ongoing human resource developmentEngage in business operations that pay care and consideration to the human rights of employees and all other people involved in the supply chain	Percentage of female employees in management posts*4	(Non-consolidated) 10% or higher	(Non-consolidated) 8.3%
			Percentage of employees with disabilities	(Non-consolidated) Achieve legal minimum employment rate	(Non-consolidated) 2.11%
			Amount invested in education and training per employee	(Non-consolidated) Disclose results	(Non-consolidated) ¥72,015 / person
			Training hours per employee	(Non-consolidated) Disclose results	(Non-consolidated) 15 hours
			Number of training sessions held on human rights	Once or more per year	Once
			Human rights due diligence: human rights impact assessment rate	(Non-consolidated) Implemented by FY2022 (Consolidated) 100% by FY2025	Implementing actions to prevent, mitigate, and remedy adverse human rights impacts related to the priority risks identified through our Human Rights Risk Impact Assessment.
Risk Management		<ul style="list-style-type: none">Respond to various business related risks and ensure business continuity by maintaining production systems, ensuring the proper procurement of raw materials, and strengthening measures against disasters	Implementation rate of risk control activities for business, etc., and top five risk control activities	100%	100%
	Number of BCP drills conducted		Once or more per year	3 times	

*1 Number of serious accidents as judged by the Ethics Committee *2 Losses of 10 million yen or more *3 Accidents involving three or more people requiring time off work, or resulting in fatalities *4 Targets for the end of FY2024

Financial Policies

Message from Chief Financial Officer

Financial Strategy for Sustainable Growth

Member of the Board Managing Director,
In charge of Corporate Planning Division,
Corporate Communications Division,
Finance & Accounting Division and
Information Systems Division

Shinji Inoue



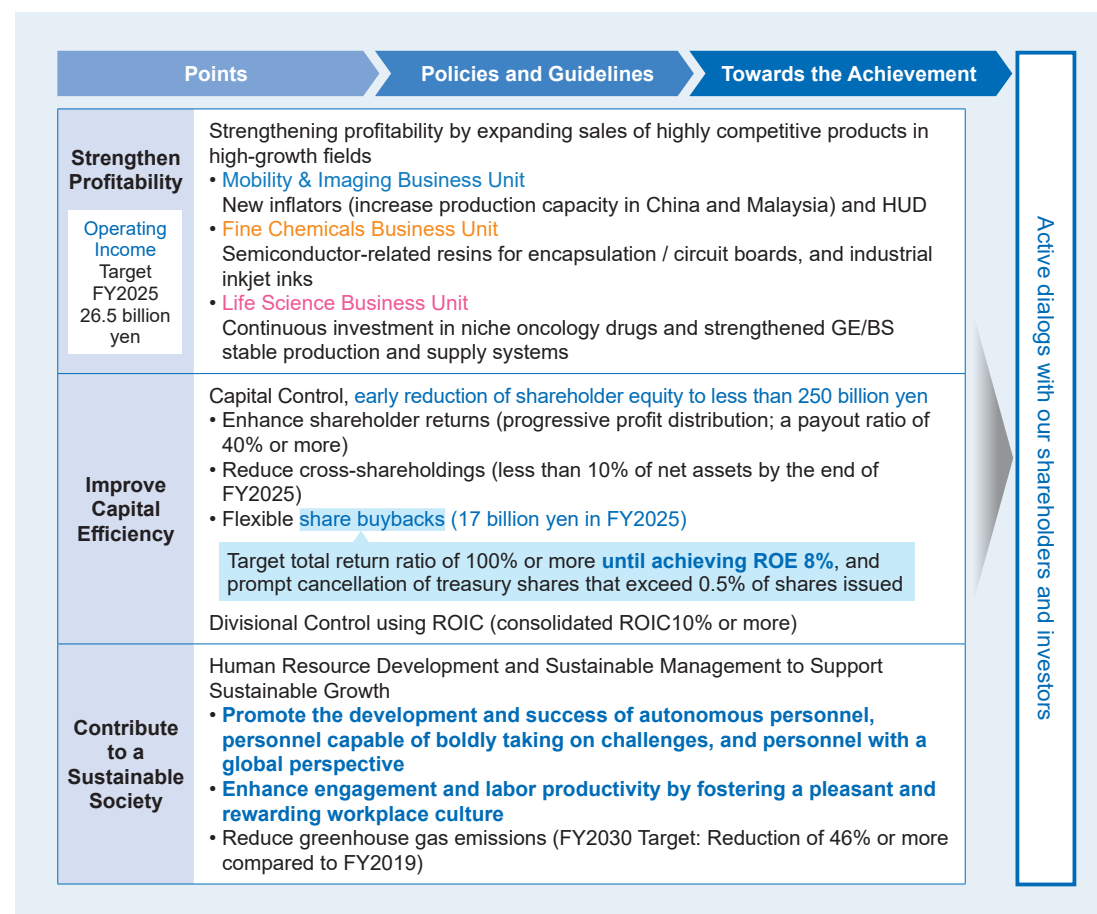
I wish to express my deep gratitude to all stakeholders for always giving us your strong support. As the final fiscal year of the Medium-term Business Plan **KAYAKU Vision 2025 (KV25)**, which spans a period of four years, FY2025 is a critical milestone. In the period of this plan, based on our cash allocation policy, we have steadily advanced portfolio transformation toward future growth and strengthened shareholder returns.

Supporting such initiatives are the strengths of the financial capital that the Nippon Kayaku Group has built over many years. The three business units are well balanced and supplement each other. They generate stable cash flow which is used as resources for investing in future growth, establishing a virtuous cycle. As a result, we continue to receive a rating of "A" from Rating and Investment Information, Inc. (R&I). This is an objective evaluation of our financial discipline and we truly appreciate it.

Toward the culmination of **KV25** in this fiscal year and the future beyond, we will maintain our solid financial structure while advancing optimization. Using our stable financial foundation as the driving force, we will create economic value and further focus on providing environmental and social value, including Mitigation of Climate Change, to contribute toward the realization of a sustainable society.

Action to Implement Management Practices that are Conscious of Cost of Capital and Stock Price

In response to Tokyo Stock Exchange's request for "Action to Implement Management That is Conscious of Cost of Capital and Stock Price," the Nippon Kayaku Group implements various measures under three pillars: strengthen earning power, improve capital efficiency, and contribute to a sustainable society. Specifically, we work to increase earning power by responding to greater demand in each business unit and expanding new products, and we strive to improve return on equity (ROE) together with our capital policies. In addition, as a company that promotes sustainable management, we work to reduce environmental and other business risks while focusing on human resource development and utilization.

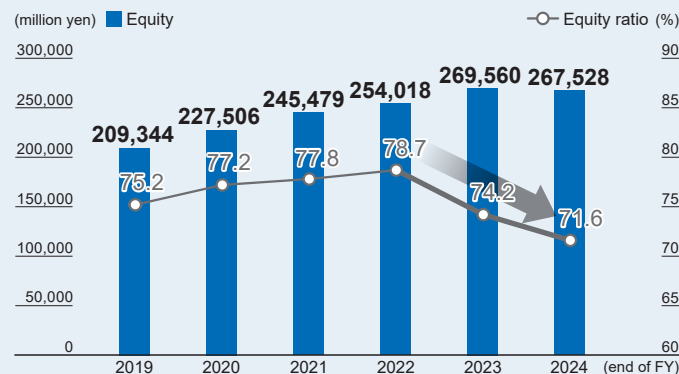


Financial Policies

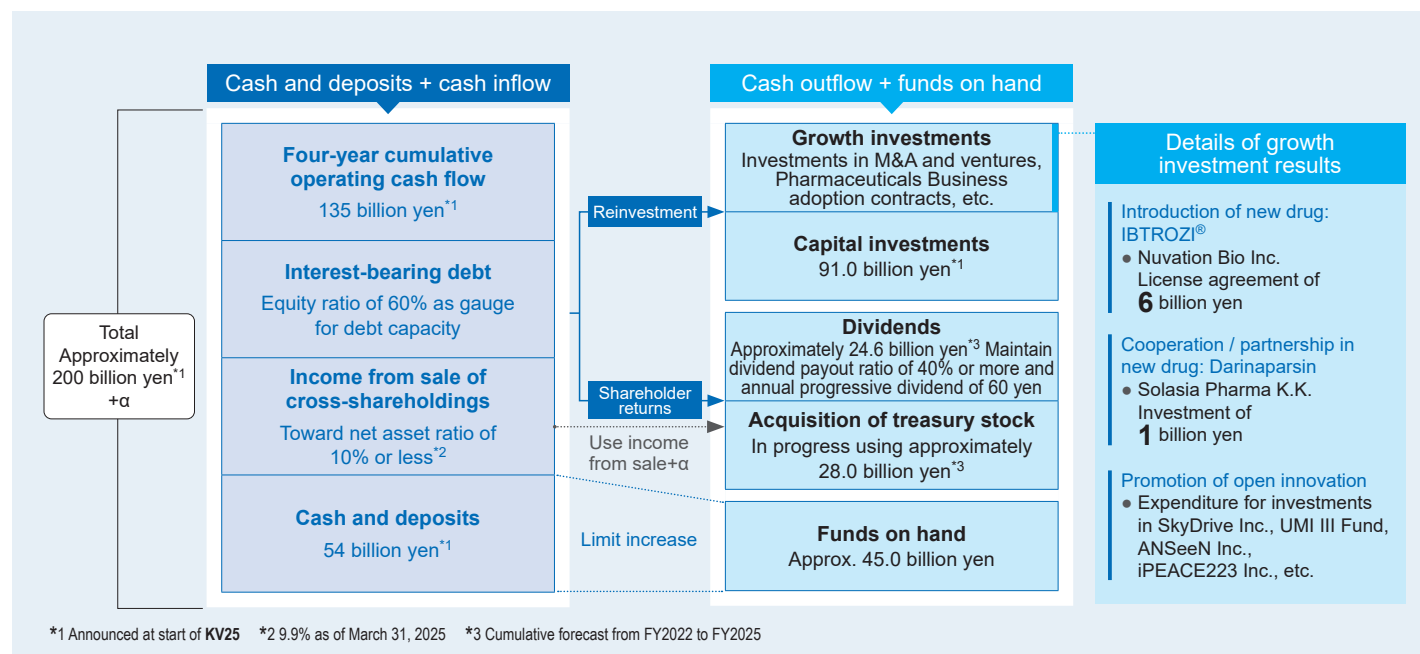
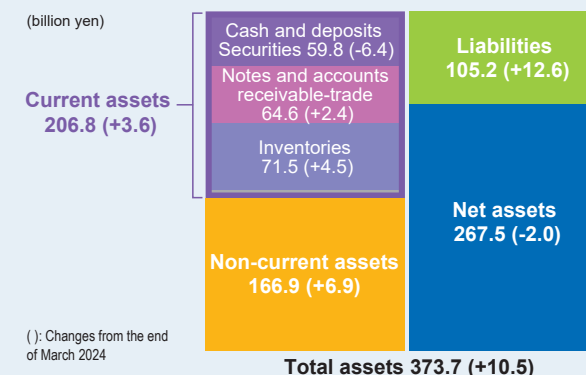
Financial Position as of March 31, 2025

Until around 2022, the Nippon Kayaku Group's equity ratio had trended at a high level close to 80%. However, this was brought down to 71.6% at the end of FY2024 based on the approach that it is acceptable to go as low as 60% when considering the utilization of borrowing and such. We will continue to maintain an appropriate financial position, including the control of current assets such as limiting the accumulation of cash and deposits, lowering of accounts receivable, and reduction of inventory.

■ Trend of Equity (Ratio)



■ FY2025 Financial Position



Approach to Cash Allocation During KV25

The cumulative cash allocation for **KV25** (FY2022 to FY2025) is set as a total of 200 billion yen with additional allocations. Cash inflow considers interest-bearing borrowing and income from the sale of cross-shareholdings, while cash outflow includes an adequate amount necessary for investment for the future. At the same time, we will strengthen shareholder returns.

Financial Policies

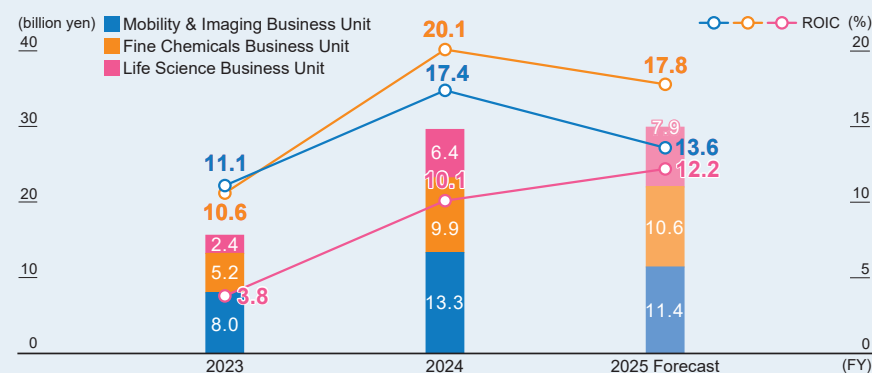
Promote ROIC Management

The Nippon Kayaku Group aims to achieve high capital efficiency through ROIC-based management by department. We monitor company-wide ROIC and ROIC by department. At the same time, implementing and deciding on capital budget with an emphasis on investment effectiveness, shortening collection periods by lowering accounts receivable, reducing inventory, and other such initiatives are undertaken in a multi-faceted manner, from management decisions to front-line activities.

	FY2023 Result	FY2024 Result	FY2025 Forecast
Operating Income	7.3 billion yen	20.4 billion yen	20.0 billion yen
Consolidated ROIC* ¹	2.7%	7.1%	6.9%

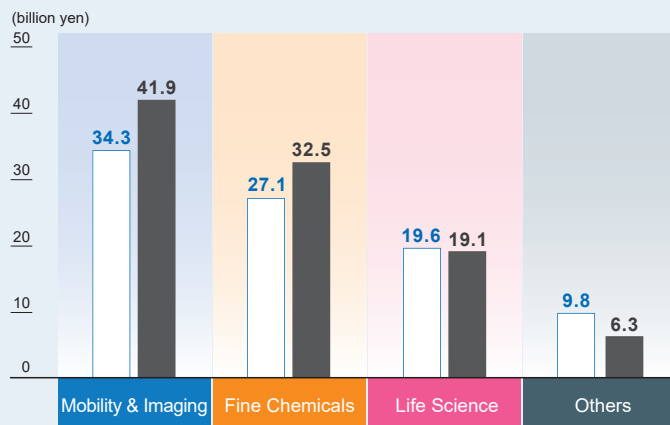
*¹ Consolidated ROIC: Operating income / Invested capital

■ ROIC Trends by Business Unit*²



*² ROIC by business unit: Operating income by industry segment / Invested capital by business units

□ Figures in blue denote cumulative investment planned for **KV25** 4 years (FY2022-25)
 ■ Figures in black are cumulative actual investment orders for 3 years (FY2022-24), plus the forecast in FY2025



vs. Mid-term Business Plan

Cumulative investment planned for
KV25 4 years (FY2022-25)
91 billion yen

cumulative actual investment orders for
 3 years (FY2022-24), plus the forecast in FY2025
99.8 billion yen

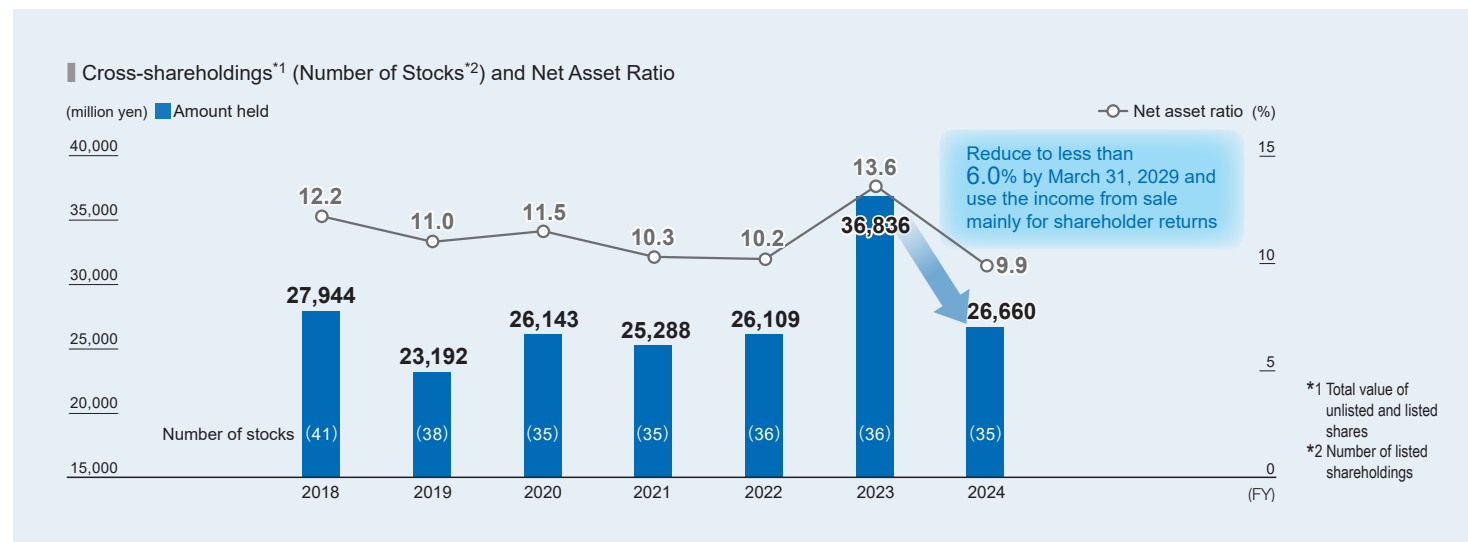
Progress of Capital Investments

During the period of **KV25** (FY2022 to FY2025), we actively invest to increase assets to respond to the strong demand for mainstay products, such as inflators of the Mobility & Imaging Business Unit and epoxy resins of the Fine Chemicals Business Unit. In addition, we constructed a new integrated pharmaceutical quality assurance building at the Takasaki Plant of the Life Science Business Unit to further enhance quality assurance for pharmaceuticals. The four-year cumulative plan for these capital investments is being implemented almost according to plan.

Financial Policies

Reduction of Cross-shareholdings

We examine the significance of possessing cross-shareholdings and sell them if we deem that they are not contributing toward improving corporate value over the medium-to-long term. In FY2023, the value of cross-shareholdings increased above expectations due to the rise in the Nikkei Stock Average, but we achieved our target of 10% or less of net asset ratio in FY2024. We will work toward reducing cross-shareholdings to less than 6.0% by March 31, 2029.



Policy for Shareholder Returns

The Nippon Kayaku Group regards returns to our shareholders as important. Our policy is to target a dividend payout ratio of 40% or higher and progressive dividends. We are also flexibly acquiring treasury stock, seeking to implement a total return ratio of 100% or more until we achieve an ROE of 8%.

We aim to acquire around 32 billion yen of treasury stock over a two-year period starting April 2025, and for FY2025, we are currently acquiring up to 17 billion yen of treasury stock. We will promptly cancel treasury stock in excess of 0.5% of issued shares.

